

# CECIL COUNTY MARYLAND



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

# Cecil County Maryland



## Comprehensive Annual Financial Report For the Year Ended June 30, 2017

Prepared by the Cecil County Department of Finance

**CECIL COUNTY, MARYLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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# CECIL COUNTY, MARYLAND

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**Office of the County Executive**

Alan McCarthy  
County Executive

Alfred C. Wein, Jr.  
Director of Administration

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**CECIL COUNTY, MARYLAND**

Department of Finance  
200 Chesapeake Boulevard, Suite 1100, Elkton, MD 21921

December 21, 2017

To County Executive Alan McCarthy, the Members of County Council,  
and the Citizens of Cecil County, Maryland:

We are pleased to submit this Comprehensive Annual Financial Report (CAFR) for Cecil County, Maryland for the fiscal year ended June 30, 2017. Pursuant to the Cecil County Charter and Maryland state law, our local government is required to prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning Cecil County's financial position and results of operations; consequently, management of the County assumes responsibility for the complete and fair presentation, including all disclosures. In order to provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to provide reasonable assurance that County assets are safeguarded from loss, theft or misuse and to provide sufficient information for the preparation of the County's financial statements in conformity with GAAP.

SB & Company, LLC, a firm of licensed certified public accountants, audited the County's financial statements. The objective of the independent audit is to provide a reasonable basis for the expression of an opinion regarding the financial statements taken as a whole. The audit involves examining, on a test basis, evidence supporting the amounts represented, disclosures in the financial statements; assessing the accounting principles used and significant estimates used by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the testing, that there is a reasonable basis for the expression of an unmodified opinion, and that the financial statements of Cecil County present fairly in all material aspects the financial position as of June 30, 2017, and for the year then ended. The independent public accountant's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Cecil County is part of a broader, federally mandated, "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only

on the fair presentation of the financial statements, but also on the internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are available in the County's separately issued Single Audit report.

Generally accepted accounting principles 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). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A immediately follows the report of the independent public accountants.

### **Profile of the Government**

Incorporated in 1674, Cecil County is located in the northeast corner of the State of Maryland. Cecil County, Maryland is governed by a County Executive and County Council pursuant to the Charter of Cecil County, Maryland. The Charter provides, among other things, for the election of the County Executive and the organization, powers, and duties of the executive and administrative branches; the election, organization, powers, and duties of the legislative branch, and fiscal and budgetary matters. The Charter supersedes a Commissioner form of government that existed until December 2012 whereupon the five Commissioners (combined executive/legislative) became five Council members (legislative branch). Other elected officials include the Sheriff, the State's Attorney, and three Circuit Court Judges.

Cecil County Government serves an estimated population of 102,603 over a land area of 352 square miles. The County is empowered to levy a property tax on real property and personal property used in connection with a business, an income tax on residents and non-residents working in the County, and to levy or collect various other taxes and charges for services. Cecil County provides a wide range of services to its citizens including police, a correctional facility, emergency management services, the construction and maintenance of roads, bridges, and other infrastructure, recreational activities and cultural events. Fire protection is provided by several volunteer fire departments located through the County and the County assists with the funding of these companies. The County maintains a landfill and provides wastewater services to certain areas. Cecil County is also financially accountable for and provides significant financial support to the legally separate Board of Education of Cecil County, Cecil College, the Cecil County Public Library, and Bainbridge Development Corporation. These entities, considered component units of the County, are included in these financial statements and are further described in Note 1 to the financial statements.

The annual budget serves as the foundation of Cecil County's financial planning and control. Annually, the County Executive directs the Department of Finance to prepare a proposed Budget including anticipated revenues and proposed expenditures which is submitted to County Council not later than April 1 of each year. County Council may not change the revenue estimates, may decrease or delete proposed expenditures, but may not increase proposed expenditures. County Council shall approve the budget by June 15 of each year. Activities of the General Fund, certain Special Revenue Funds, and the Debt Service Fund are included in the annual budget. The budget is presented by fund, function (e.g., public safety), and department (e.g., Sheriff's office). Within the approval system established by the County Executive, Department heads may transfer resources within a department and a fund. New revenue estimates that result in increased expenditure appropriations and transfers between departments or funds require a Budget Amendment approved by County Council.



The County uses a six-year Capital Improvement Program to plan and budget for its capital projects. This plan is updated throughout the fiscal year and is used as a management tool for decisions involving the scheduling and funding of various capital projects. The County includes the current portion of the Capital Improvement Plan as its annual Capital Budget. The County maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual operating budget has been adopted. For the General Fund and other major funds, this comparison is presented on page 24 as part of the basic financial statements for the governmental funds. For non-major governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report starting on page 92.

**Economic Condition and Outlook**

**Looking Forward in County Government.** The Fiscal Year 2018 operating budget represents a 3.7% increase over the Fiscal Year 2017 budget. This budget is the fifth one to be developed following the transition from the Commissioner form of government to Charter. The budget reflects a balanced approach and was crafted by adhering to sound fiscal management policies and practices. In part, the increase funds certain education and governmental expenses that were deferred while the economy was at its lowest.

The fiscal year 2018 budget reflects the following:

- Establishes a balanced budget with no use of Fund Balance. This is the first time in 20 years that a County Executive or the Commissioners have adopted such a budget;
- Fulfills promises to our citizens by working to retain experienced, trained employees to staff public safety and other positions within Cecil County Government, the Board of Education, Cecil College, and our Public Libraries:
  - Law Enforcement Officers collectively bargained under the FOP agreement and all County employees will receive a 2% Step increase on July 1, 2017;
  - For Emergency Responders collectively bargained under the IAFF agreement, a new pay scale will be initiated on July 1, 2017, that will provide for a new grade for Paramedic Lieutenants and a new grade for Paramedic Captains. Paramedics with 5 or more years of service will be recognized as Senior Paramedics and compensated by moving up one grade. Paramedics with less than five years of service will receive a 4% pay increase;
  - Corrections Officers within the Detention Center and Work Release who have been employed with the County for more than 5 years will receive a 6% increase and will earn the rank of Senior Correctional Officer;
  - For Cecil College and Cecil Public Library - funding from the County supports wage increases as presented in their respective budgets;
  - For the Board of Education, funding supports their efforts to retain teaching and administrative staff;
  - The Budget includes the increased costs of the healthcare program provided to County, College, and Library employees. The budget anticipates normal cost increases and a drop (but not a cessation) of high-dollar claims;

- Provides an increase to the regular allocation to the Board of Education for managing the County's public schools by \$1,717,590 to a total of \$81,688,528. This is above the State's Maintenance of Effort calculation and is an increase of 1.34% from FY 2017;
- The County's small capital support program for the Board of Education funds an energy performance contract, a new project to replace VAV (Variable Air Volume) units at Bo Manor High School, and the resurfacing of tennis courts at North East High School;
- Supports the public safety workforce that strives to provide round-the-clock law enforcement, paramedic, and fire protection to the County's growing number of citizens:
  - Three additional positions in Law Enforcement will provide a Deputy to support the sex offender unit, a Deputy to support the street level crimes unit, and a Deputy to provide much needed security at the County Administration Building;
  - Two Dispatchers will be added to the 911 Center. This Center is central to emergency communications with citizens and assuring responsiveness to citizen's urgent needs;
  - Two additional Paramedics will be added to the 24 hour first responder team. This should help improve response time and reduce the reliance on overtime;
  - Funds agreements made by the County in its contract with the IAFF contract to provide increases in pay, stipends for training mandatory within their profession, and helps assure the retention of these employees;
  - A new position is added to support a home monitoring program at the Detention Center's Work Release program. This follows-up on a pilot program intended to monitor non-violent inmates and allow them to retain productive work while reducing the costs of housing prisoners;
- Continuing support of Volunteer Fire Companies in Cecil County, \$325,000 in Vehicle Replacement Matching funds for \$100,000 each to Perryville, North East, and Singerly to purchase new ambulances and \$25,000 to Water Witch to secure a new tanker;
- Cecil College continues to suffer from the State's flat funding of all community colleges. To continue the affordable quality education of Cecil residents in preparation for skilled jobs, the County's funding of \$10,908,992 is \$898,604 or 9.0% higher than FY2017. The increase includes support for the replacement of computers;
- Increased funding of \$359,550 (7.1% over FY2017) to \$5,442,217 for the Cecil County Public Library allows the hiring of a part-time small business library associate to assist the County's growing number of small businesses;
- Supports Cecil Transit's expanding needs by funding a full-time dispatcher and the launch of transit shuttle service connecting the Perryville and Newark train stations. Cecil Transit continues to expand services to our citizens using a combination of revenue from fares, State grants, and County funds;
- To support Economic Development efforts, the County has announced the combining of Planning, Permits, and the Plans Review section of Public Works into the Land Use and Development Services Department. This will bring one-stop capabilities to permitting. The Capital Improvement Program continues to support the modernization of Permitting software that will also allow internet applications and electronic payment of permits;
- Provides \$733,000 to the road asphalt overlay program and increases the surface treatment program to \$500,000;
- Reflects Debt Service savings of \$2,121,553 from the amortization of bond premiums received during the issuance of 2014 and 2016 bonds;

- Provides \$500,000 of funding towards compliance work related to the State's Municipal Separate Storm Sewer System (MS4) phase two permit. The funds are hopefully to be used as matching funds on a larger State/federal grant to satisfy a milestone of restoring 20% of the impervious surface area within Cecil County by the year 2025;
- Provides full funding to Cecil County Public Library for the design and engineering of the new Library in North East. The land has been acquired and this project is needed to fulfill citizens' needs in that area. This will also ultimately allow renovation and expansion of patron useable space at the Elkton Library;
- The General Capital Budget is supporting the P25 Dispatch Migration Project Phase II. This project is required by a combination of changing State and technical requirements that have produced a multi-year project that will help protect our citizens;
- Major capital projects for Cecil County Public Schools include the replacement of Gilpin Manor Elementary School and capital projects that receive partial funding from the State including the roof replacements at Cecil Manor Elementary and Bo Manor Middle / High School, and Boiler replacements at Perryville High, Conowingo Elementary, and the Providence School;
- The Wastewater Capital Budget addresses the pressing need for expansion of service along the Western Rte. 40 corridor to allow for commercial growth and promote new jobs. The need to replace the Port Deposit / Bainbridge treatment plant is also included;

The fiscal year 2018 budget also required the following changes to revenues:

- There is zero use of fund balance in the General Fund revenues versus the use of \$2,474,523 fund balance in the FY 2017 original budget;
- The adopted property tax rate effective July 1, 2017, is set at 1.0414, an increase of .0500 over the current tax rate of .9914 thus adding \$5,273,937 above the projection in the FY2017 Budget;
- An income tax rate of 3.0% has been adopted; this increase of 0.2% from 2.8% is the first change in the local income tax rate since 2001. This change will be effective with the next income tax year starting January 1, 2018, yielding \$2,056,000 in this fiscal year;
- Reflects a Wastewater User Rate increase of 3.0% to \$10.32 per 1,000 gallons as the last part of a five year revenue initiative.

### **Factors Affecting Financial Condition**

**Jobs.** The labor force in Cecil County has been over 50,000 for the last five years and was estimated as 53,611 in June 2017. Local unemployment rates have continued to decline from a high in February 2010 of 11.8% to 4.7% in June 2017. The weekly wage in Cecil County increased from \$764 in 2010 to \$909 in the 4<sup>th</sup> quarter of 2016. Approximately 50% of the County's citizens find employment in nearby Baltimore or Wilmington metropolitan areas; this diversity mitigates the impact of specific economic events. The median household income as estimated calculated by the Census for 2011-2015 is \$66,689. As of June 2016, the Census estimated the County's population as 102,603. The ACS reported that over 87.9% of County citizens over age 25 is a high school graduate or higher.

**Local Economy.** Cecil County has a diverse economy with northern and southern regions being highly agricultural with the middle more urban and a suburban region that is well connected by interstate highways, rail, and waterways with the Baltimore, Wilmington, and Philadelphia metropolitan areas. The County has adopted a Comprehensive Plan for Land Use (map on next

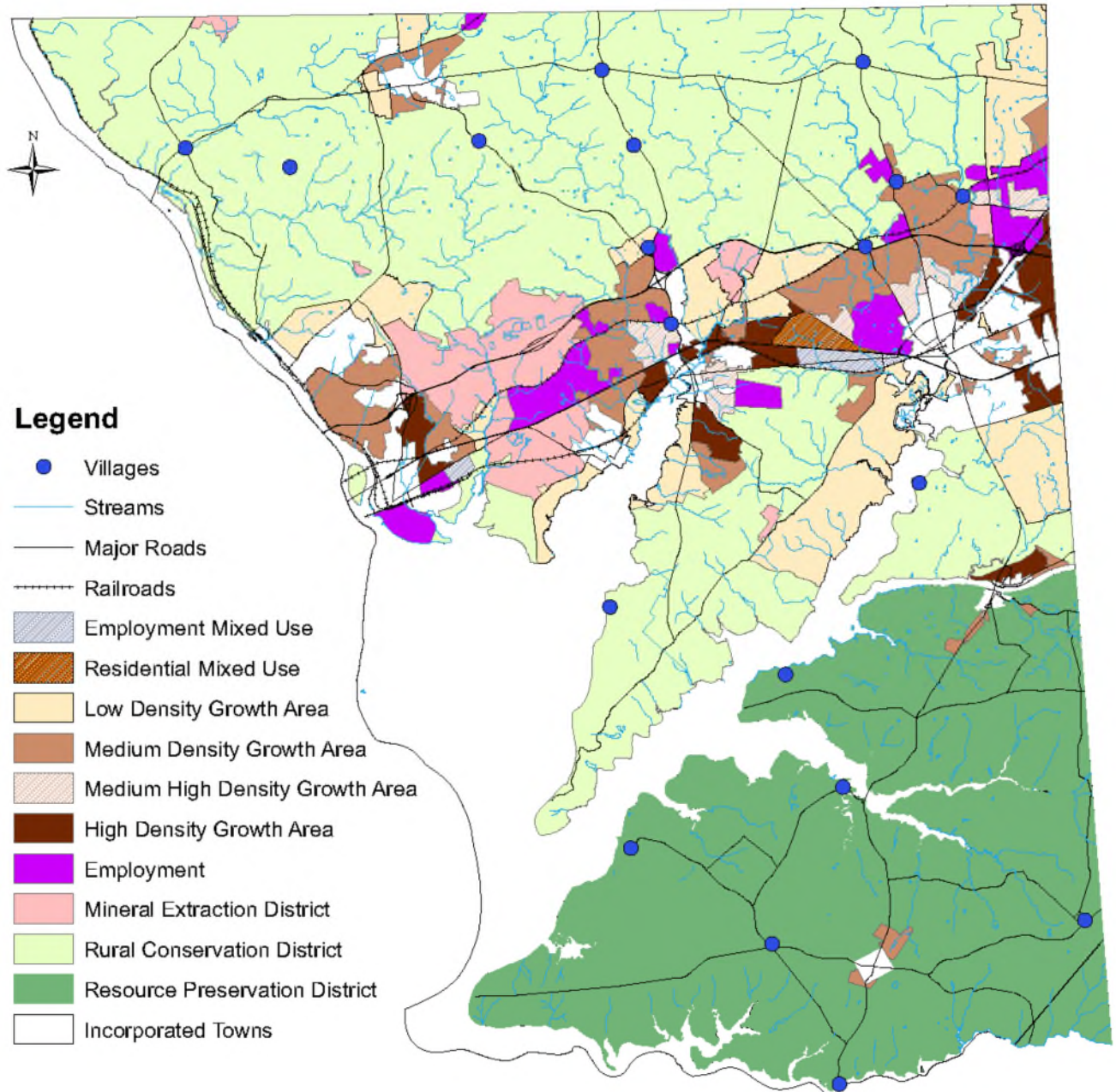
page) that encourages development in the “Growth Corridor” between US Route 40 and Interstate 95. Much of the County’s non-agricultural economy focuses on distribution, light manufacturing, research and development, health care, leisure and hospitality, and corporate offices.

The State reported 1,968 businesses operating in Cecil County; employing 31,688 people per 4<sup>th</sup> quarter 2016 Census data. The top employer in the County is W.L. Gore & Associates, which specializes in medical products and research and development and has a workforce of over 2,400. Forty-two County businesses employ over 100 workers.

Other highlights of economic development include:

- Cecil County became the site of Maryland’s second Amazon distribution center. The result will be \$90 million in capital investment creating a 1.15 million square-foot warehouse distribution facility employing 1,000 people;
- Lidl, one of the world’s largest retailers, will open a new regional headquarters and distribution center in the Principio Business Park in Cecil County as part of its U.S. expansion. The company will invest \$100 million in the project and create 100 new full-time jobs at the facility over the next three years;
- TRUaire, a manufacturer of HVAC grilles and registers, built a 150,000 square-foot warehouse at Principio Business Park for their new distribution center. The facility features 28 truck docks, 30-foot ceilings and office space. The project was completed in July 2017;
- Fortress Steel, a steel fabricator headquartered in Newark, DE, purchased a 60,000 square-foot property in Cecil County and plans to move their entire business to the location by third quarter 2017. Fortress Steel employs 90 employees;
- Chesapeake Utilities continues their expansion of natural gas service along US Route 40 westward from Mechanics Valley Road. Upon completion, this infrastructure will serve customers in the greater North East area, including Principio Business Park;
- Fair Hill International was nominated by the United States Equestrian Federation (USEF) to host a world class, four-star horse event in the fall of 2019. This four-star event is a world class event on par with the Olympics, drawing international competitors. Currently, the only four-star horse event/competition in the United States is the Kentucky Three-Day Event, held in Lexington, Ky. in April;
- Expansions to existing businesses include upgrades at Operational Experience, Fluoron, Micropore, Painted Sky Alpaca Farm, and Chateau Bu-De; and
- Development and construction continued on the 112-acre Calvert Regional Park site, which once complete, will feature synthetic turf fields designed for football, soccer, field hockey, lacrosse and rugby.

# CECIL COUNTY LAND USE MAP 2010 COMPREHENSIVE PLAN



Cecil County  
Office of Planning & Zoning  
April 13, 2010



**Long Term Financial Planning and Major Initiatives**

Cecil County continues to update, improve, and expand its infrastructure in order to attract businesses which will contribute to the economic health of its community without damaging the environment. Education and public safety remain top priorities as part of this plan.

The County's infrastructure investments include a well maintained system of County maintained roads in addition to I-95 and state highways. The improvements completed at the North East River Advanced Wastewater Treatment Plant (Seneca Point), the planned replacement of the Port Deposit Wastewater Treatment Plant, and sewer main improvements underway will assure that residential and commercial growth can occur in designated growth areas to provide living and career opportunities to County families. The agricultural economy of the County is supported in many ways including education, good transportation, and agricultural land preservation programs.

The County is investing for the long term often through initiatives in cooperation with businesses, the Public Schools, the Public Libraries, Cecil College, and its Parks.

- The County is supporting early learning programs in the Public Schools to give County children an early start on learning.
- The County and Public Schools have renovated Perryville Elementary School to provide modern mechanical systems and more efficient classroom layout and design. Also, we are constructing a new Gilpin Manor Elementary School to replace the current 64 year old facility providing a modern educational facility with increased student capacity. The School of Technology opened in September 2015.
- The County is annually expanding the Community Transit program by working with Cecil College to allow commuting to this resource, and by working with Harford County (MD), New Castle County (De), and Maryland Transportation Authority to expand integration with nearby transportation networks making available regional job opportunities.
- The County is supporting the Maryland Broadband Initiative to bring high speed internet capability to County businesses, the schools, the college, and the public libraries.
- The County and Cecil Public Libraries have acquired land for a new North East branch library that will create expanded space and modern resources serving an underserved and expanding demographic area of the County.
- The planned replacement of the Port Deposit Wastewater Treatment Plant will be sited in the Port Deposit/Bainbridge area providing development opportunities in this area and allow Cecil County to provide job opportunities for its citizens and expanding population.
- The planned extension of County sewer mains along the Rt 40 growth corridor will provide the incentives for businesses to invest in this area by showing, not just promising, infrastructure that meets growing needs.
- Construction of new facilities at Calvert Regional Park are adding more recreational resources to County citizens and provide job opportunities by providing a venue for Sports Tourism and Special Events activities.

Cecil County updated its government and services to meet the increasing needs of its population. In December 2012, the County changed from a Commissioner form of government to a County Executive and County Council form of government. This is intended to provide a more responsive and efficient County government through a central executive while moving certain legislative responsibilities from the State legislature to the County Council.

To support the long term financial planning and to support a longer term perspective versus short term, the County has a six year capital improvement program, uses landfill and wastewater rate studies, and uses an information technology internal service fund to manage the life-cycle costs of the County's information and communication assets.

Through actions and the budget, the County Executive has emphasized policies that will promote the current and future welfare of the County's citizens. These policies include the expansion of infrastructure for job creation, support for education, and building safer communities. Emergency Services has installed Computer Aided Dispatch (CAD) software at the 911 Center and laptops in vehicles as well as a Jail Management System. The Sheriff has created specialized units to provide outreach and crime prevention programs to diminish criminal activity and enhance coordination within the law enforcement community.

Cecil County was able to maintain services to its citizens throughout the recent economic recession because it obtained and maintained a strong fund balance in its General Fund. The decision not to use fund balance in the FY2018 budget is a strategic decision to hold fund balance to maintain quality services to meet the needs of Cecil County under all economic conditions.

### **Relevant Financial Policies**

Cecil County balances its budgets and practices prudent financial planning in order to provide and maintain the quality of life that our residents expect for their tax dollars.

The County Executive's main objective in managing the budget process was to ensure that every citizen had a role in developing and balancing the budget. This process starts in January with a forum for the exchange of meaningful information between the public and the County Executive in the early stages of the budget development process. The County Executive proposes a budget by April 1 and County Council should pass a final budget by June 15, the County Executive presents a Budget Message and proposed Budget to Council.

The County has adopted financial policies in its County Charter, County Code, and administrative policies. These policies include guidance on levels of long-term debt, allocation and safety of investments, "rainy day" fund reserve levels, and the use of rate studies for enterprise funds.



**Awards and Acknowledgements**

**Awards** - 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 for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the twenty-eighth consecutive year that the County has received this award. This award recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfies generally accepted accounting principles as well as legal requirements.

A Certificate of Achievement is valid for only one year and we believe that the current CAFR will meet the Certificate of Achievement Program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

**Acknowledgments** - The preparation of the report would not have been possible without the tireless and dedicated service of the entire staff of the Cecil County Department of Finance, the support of various elected and appointed officials and County departments. We wish to express our sincere appreciation to everyone who assisted and contributed to the preparation of this report. The Director again thanks Deputy Director Lisa Saxton and Budget Manager Becky Anderson for their roles in successfully navigating key sections of the Department through the changes that occurred in 2017 and Jeff Koss for his efforts in accounting and financial statement preparation.

We wish to acknowledge the County Executive and the County Council for their unfailing support for the County's efforts to maintain the highest standards of professionalism in the management of Cecil County Maryland for the good of its citizens.

Respectfully submitted,



Winston L. Robinson  
Director of Finance



Lisa A. Saxton  
Deputy Director of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Cecil County**  
**Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**Cecil County, Maryland**

**Principal Officials**

**June 30, 2017**

**Elected Officials**

**Executive**

County Executive

Dr. Alan McCarthy

**County Council**

District 1

Bob Meffley

District 2 & President

Joyce Bowsbey

District 3 & Vice President

Dan Schneckenburger

District 4

George Patchell

District 5

Jackie Gregory

**Other Elected Officials**

Sheriff

Scott Adams

State's Attorney

Steven L. Trostle

Circuit Court

Administrative Judge

Keith A. Baynes

Associate Judge

Jane Cairns Murray

Associate Judge

Brenda A. Sexton

Associate Judge

William W. Davis

**Other Officials and Department Directors**

Director of Administration

Alfred C. Wein, Jr.

County Attorney

Jason L. Allison

Department Directors

Economic Development

Christopher Moyer

Emergency Management

Richard K. Brooks, III

Finance

Winston L. Robinson

Human Resources

Sally Thompson

Information Technology

(Vacant)

Parks and Recreation

Clyde S. VanDyke

Land Use & Development Services

Eric S. Sennstrom

Public Works

W. Scott Flanigan

Community Services

David P. Trolio

District Court

Administrative Judge

Bonnie G. Schneider

Associate Judge

Clara E. Campbell

## Cecil County, Maryland

### County Executive

Cecil County has an Elected County Executive.



Alan McCarthy

### County Council

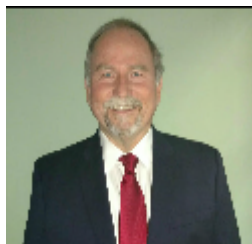
Cecil County has five Council members elected from different geographic districts, but are elected at-large by all voting citizens. Council elects its own President and Vice President.



District 2 & President  
Joyce Bowsbey



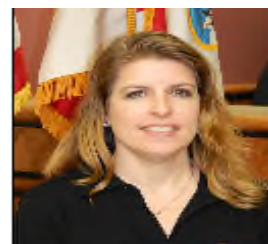
District 3 & Vice President  
Dan Schneckenburger



District 1  
Bob Meffley

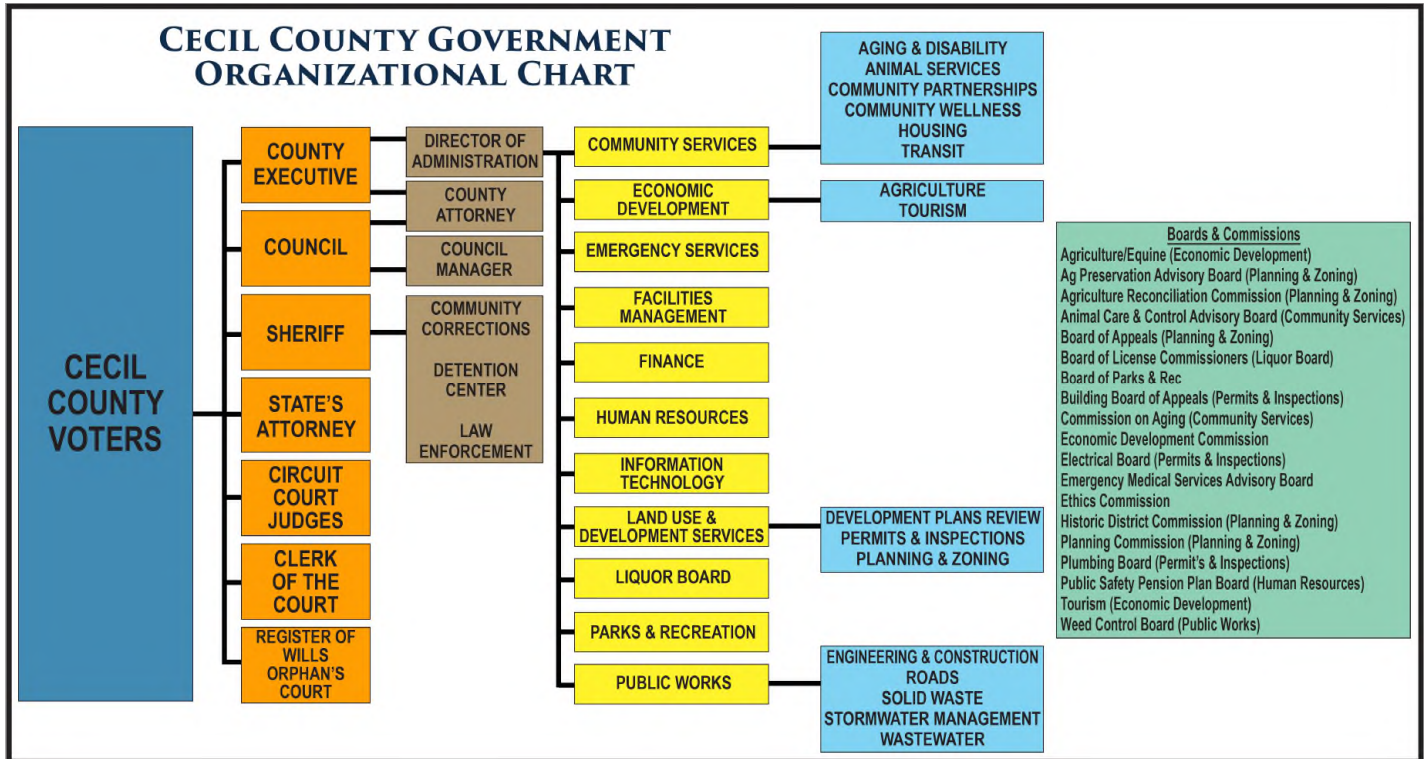


District 4  
George Patchell



District 5  
Jackie Gregory

**Cecil County, Maryland**  
**County Organizational Chart**





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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Citizens of Cecil County, Maryland and  
The County Executive and County Council of Cecil County

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cecil County, Maryland (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Education of Cecil County, Cecil College, the Cecil County Public Library, and the Bainbridge Development Corporation. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

### *Opinions*

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cecil County, Maryland, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general, housing programs, and casino local impact funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required supplemental schedule of changes in the County's net pension liability and related ratios, the schedule of County contributions, and the schedule of investment returns for the Cecil County Pension Plan for Public Safety Employees, the schedule of County's proportionate share of the net pension liability and the schedule of County contributions for the Maryland State Retirement and Pension System, the schedule of County's net OPEB liability, the schedule of County contributions, the schedule of investment returns, and the schedule of funding progress & employer contributions for the Cecil County Post Employment Benefit Trusts be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, combining and individual fund statements, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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The accompanying combining and individual fund statements and budgetary comparison schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hunt Valley, Maryland  
December 21, 2017

*SB & Company, LLC*

## CECIL COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2017

The County Executive and County Council are pleased to present to the readers of the financial statements of the County this narrative overview and analysis of the financial activities of Cecil County for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal.

### **Financial Highlights**

#### **Government-wide**

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the fiscal year by \$129,353,057 (net position). Of this amount, \$203,062,837 was invested in capital assets, net of related debt. The County reported \$8,420,657 restricted for specific purposes and a negative \$82,130,437 in unrestricted net position.
- Total net position of the County decreased in fiscal year 2017 by \$7,920,996. The net position of governmental activities decreased \$7,942,312 from the previous year; this was \$1,211,427 unfavorable change from the prior year primarily due to fewer capital grants and contributions. The net position from business activities increased \$21,316; down by \$960,520 from the previous year due to increased costs related to the startup of the North East Wastewater Treatment Plant.
- Discretely presented component units reported net position of \$262,154,151, a decrease of \$988,287 from the previous year. Unrestricted net position is reported as \$12,125,383, an increase of \$5,737,393.

#### **Fund Level**

- As of June 30, 2017, the County reported combined ending fund balances in governmental funds of \$44,210,855, a decrease of \$13,518,726 from the previous year.
- The unrestricted fund balance of the General Fund was \$25,575,096 or 14% of total General Fund expenditures and transfers out. Of this balance, \$14,227,610 has been assigned as the Reserve for Contingencies (Rainy Day Fund) and \$1,100,000 has been assigned to offset the potential refunds from the outcome of an income tax court case. The unassigned fund balance of the General Fund was \$10,247,486.
- The Capital Projects Fund had \$742,979 of restricted balances for County capital projects and Component Unit capital projects.
- The Other Governmental Funds had \$7,677,678 of restricted fund balance.

#### **Long Term Debt**

- The County's total net general obligation debt decreased by \$14,999,808 to \$227,469,485. The County has adopted biennial issuance of general obligation debt. The Wastewater and Landfill Funds had a net decrease in debt of \$3,876,038 and governmental activities had a net decrease of \$11,123,770.



**Overview of the Financial Statements**

This discussion and analysis is an introduction to Cecil County's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of Cecil County's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 18) presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Cecil County is improving or deteriorating.

The Statement of Activities (page 19) presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Cecil County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statements also present financial information for the County's component units.

- *Governmental Activities* – Most of the County's basic services are reported in this category. Taxes and intergovernmental revenues generally support these services. Services provided include general administration, public safety, public works, social services, parks, education, libraries, and economic development.
- *Business-type Activities* – The County charges fees to customers to help it cover all or most of the cost of the wastewater, landfill, and property management services it provides.
- *Discretely Presented Non-fiduciary Component Units (Component Units)* – Component units are legally separate organizations for which the County is financially accountable. The County includes in this report the Board of Education of Cecil County, Cecil College, Cecil County Public Library, and the Bainbridge Development Corporation.

**Fund Financial Statements.** The fund financial statements begin on page 20 and provide detailed information about the major individual funds. A fund is a grouping of related accounts designed to maintain control over specific resources that have been segregated for specific activities or objectives. Cecil County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental Funds* – Most of the County's basic services are reported in the governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, the fund statements focus on near-term inflows and outflows of spendable resources and the balances available for future spending at

fiscal yearend. This information may be useful in evaluating the County’s near-term financing requirements.

Since the fund statements do not encompass the long-term focus of the government-wide statements, reconciliations are provided (pages 21 and 23) to demonstrate the differences between the Governmental Funds Balance Sheet and the Statement of Net Position and between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities. Comparison of the two sets of statements for the governmental funds and the governmental activities may provide the reader with insight into the long-term impact of short-term financing decisions as the fund statements are from a short-term perspective and the activities statements show long term information.

The County presents the following major governmental funds individually in the County’s basic financial statements: the General Fund, Housing Programs, the Casino Local Impact Fund, and the General Capital Projects Fund. The remaining non-major governmental funds have been combined and presented in one column. Combining statements for the non-major funds is presented beginning on page 92.

- *Proprietary Funds* – When the County charges for the services it provides, proprietary funds are generally used to report these activities. Cecil County uses two types of proprietary funds; enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements and internal service funds which are used to accumulate and allocate costs internally among the government funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method of accounting used by private sector businesses. Enterprise funds, the Wastewater, Landfill, and Property Management funds, report activities that provide supplies and services to the general public. Internal service funds, the Motor Vehicle, Information Technologies, Health Insurance, and Workers Compensation funds, report activities that provide supplies and services for the County’s other programs and activities.
- *Fiduciary Funds* – The County acts as a fiduciary to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County has agency funds to collect and remit certain taxes and fees on behalf of the state and several local municipalities and these are presented beginning on page 116. The County reports two pension funds that are reported beginning on page 112. The Cecil County Pension Plan for Public Safety Employees is used to report resources held in trust for retirement, disability and death benefits to participants. The Cecil County Maryland Non-Pension Post Employment Benefits Trust Fund is used to report resources held in trust for post-employment healthcare and other non-pension benefits of participants.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 36 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County’s progress in funding its obligation to provide pension benefits to its employees. The required supplementary information can be found beginning on page 82.

**Other information.** Other information includes combining financial statements for non-major governmental funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the governmental fund financial statements. Detailed General Fund budget information, as well as, combining and individual non-major fund statements begins on page 90.

**Statistical Section.** The County also provides certain informational and statistical schedules that begin on page 121.

**Financial Analysis of the Government as a Whole**

**Net Position.** As noted earlier, Cecil County’s assets and deferred outflows of resources exceeded liabilities by \$129,353,057. Over time, changes in net position serves as a useful indicator of a government’s financial position. A year-to-year comparison of net position follows:

**Cecil County's Net Position as of June 30, 2017 and 2016**

	Governmental Activities		Business-type Activities		Government-wide Total	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 67,543,368	\$ 79,542,206	\$ 14,482,657	\$ 26,685,934	\$ 82,026,025	\$106,228,140
Capital Assets	222,940,350	226,821,314	116,742,584	113,557,138	339,682,934	340,378,452
<b>Total Assets</b>	290,483,718	306,363,520	131,225,241	140,243,072	421,708,959	446,606,592
<b>Total Deferred Outflow of Resources</b>	12,023,574	13,649,808	511,921	594,835	12,535,495	14,244,643
Other Liabilities	12,511,195	12,762,654	3,352,235	4,112,444	15,863,430	16,875,098
Long Term Liabilities	198,349,446	212,577,126	86,631,300	92,396,663	284,980,746	304,973,789
<b>Total Liabilities</b>	210,860,641	225,339,780	89,983,535	96,509,107	300,844,176	321,848,887
<b>Total Deferred Inflow of Resources</b>	6,643,710	1,728,295	-	-	6,643,710	1,728,295
Net Position:						
Net Investment in						
Capital Assets	155,575,258	163,724,657	47,487,579	47,186,961	203,062,837	210,911,618
Restricted	8,420,657	17,513,461	-	-	8,420,657	17,513,461
Unrestricted (Deficit)	(78,992,974)	(88,292,865)	(3,137,463)	(2,858,161)	(82,130,437)	(91,151,026)
<b>Total Net Position</b>	<u>\$ 85,002,941</u>	<u>\$ 92,945,253</u>	<u>\$ 44,350,116</u>	<u>\$ 44,328,800</u>	<u>\$129,353,057</u>	<u>\$137,274,053</u>

The largest component of the County’s net position, \$203,062,837 reflects its investment in capital assets (e.g., land, infrastructure, buildings, equipment, and others), less any related outstanding debt. Although the County’s investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be liquidated to repay these liabilities. Additionally, it should be noted that while the County issues debt for the construction and renovation of the public schools and the college, the buildings are owned by the legally separate component units. Consequently, the County’s financial statements reflect debt incurred on behalf of the Board of Education and Cecil College, but do not show the related assets.

Another portion of the County's net position, \$8,420,657, consists of resources subject to external restrictions such as state or county law provisions, or enabling legislation, on how these resources may be used. Restricted resources, all in governmental activities, decreased by \$9,092,804.

The remaining portion of net position shows a negative unrestricted balance of \$82,130,437. Governmental activities' negative unrestricted position is \$78,992,974. Business-type activities unrestricted position of negative \$3,137,463 is derived from the Wastewater and Landfill Funds which have negative positions of \$1,113,716 and \$2,052,887, respectively, offset by the Property Management Fund which has a positive position of \$29,140; these positions are essentially limited to use by the operation from which the net positions derive.

**Changes in Net Position.** As shown in the following schedule, the County's combined net position decreased \$7,920,996 over the course of this fiscal year's operations.

**Cecil County's Changes in Net Position**

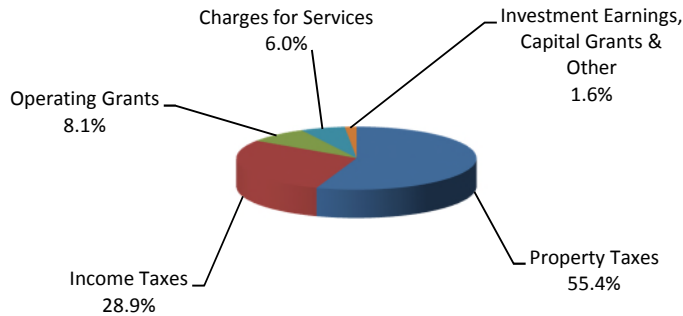
	Governmental Activities		Business-type Activities		Government-wide Total	
	2017	2016	2017	2016	2017	2016
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 11,633,940	\$ 12,214,819	\$ 14,660,021	\$ 13,203,406	\$ 26,293,961	\$ 25,418,225
Operating Grants & Contributions	15,554,549	14,730,843	-	49,998	15,554,549	14,780,841
Capital Grants & Contributions	2,549,237	3,620,846	1,199,597	2,810,889	3,748,834	6,431,735
General Revenues:						
Property Taxes	106,490,517	106,810,382	-	-	106,490,517	106,810,382
Income Taxes	55,493,386	55,496,525	-	-	55,493,386	55,496,525
Investment Earnings	284,934	130,596	89,221	73,285	374,155	203,881
Other Revenue & Gains/Losses	108,004	128,138	-	41,164	108,004	169,302
Transfers	186,453	105,991	(186,453)	(105,991)	-	-
<b>Total Revenues</b>	<b>192,301,020</b>	<b>193,238,140</b>	<b>15,762,386</b>	<b>16,072,751</b>	<b>208,063,406</b>	<b>209,310,891</b>
<b>EXPENSES</b>						
General Government	12,619,834	13,103,376	-	-	12,619,834	13,103,376
Public Safety	43,903,804	41,637,795	-	-	43,903,804	41,637,795
Highways, Streets, & Bridges	16,467,551	17,134,114	-	-	16,467,551	17,134,114
Health and Welfare	15,755,447	15,163,709	-	-	15,755,447	15,163,709
Recreation and Culture	1,780,757	1,541,526	-	-	1,780,757	1,541,526
Education	96,384,547	98,805,396	-	-	96,384,547	98,805,396
Public Libraries	5,523,248	5,122,366	-	-	5,523,248	5,122,366
Economic Development	1,776,517	1,675,209	-	-	1,776,517	1,675,209
Agricultural Programs	1,463,623	851,667	-	-	1,463,623	851,667
Interest on Long Term Debt	4,568,004	4,933,867	-	-	4,568,004	4,933,867
Wastewater	-	-	8,882,464	8,004,698	8,882,464	8,004,698
Landfill	-	-	6,287,612	6,818,531	6,287,612	6,818,531
Property Management	-	-	570,994	267,686	570,994	267,686
<b>Total Expenses</b>	<b>200,243,332</b>	<b>199,969,025</b>	<b>15,741,070</b>	<b>15,090,915</b>	<b>215,984,402</b>	<b>215,059,940</b>
<b>Increase (Decrease) in Net Position</b>	<b>(7,942,312)</b>	<b>(6,730,885)</b>	<b>21,316</b>	<b>981,836</b>	<b>(7,920,996)</b>	<b>(5,749,049)</b>
<b>Net Position - Beginning</b>	<b>92,945,253</b>	<b>99,676,138</b>	<b>44,328,800</b>	<b>43,346,964</b>	<b>137,274,053</b>	<b>143,023,102</b>
<b>Net Position - Ending</b>	<b>\$ 85,002,941</b>	<b>\$ 92,945,253</b>	<b>\$ 44,350,116</b>	<b>\$ 44,328,800</b>	<b>\$ 129,353,057</b>	<b>\$ 137,274,053</b>

**Governmental Activities**

Revenues of governmental activities for fiscal year 2017 showed a decrease of \$937,120 over fiscal year 2016.

The following graph illustrates the governmental activities functional revenues received by source for fiscal year 2017:

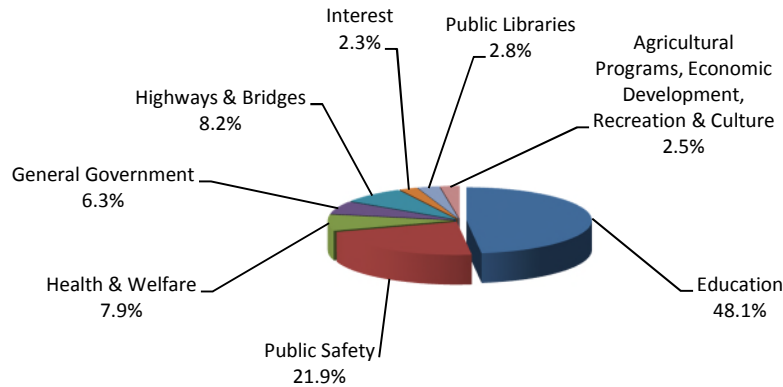
**Functional Revenue - Governmental Activities  
Fiscal Year Ending June 30, 2017**



Expenses of governmental activities (operating and capital) resulted in an increase of \$274,307 over fiscal year 2016. Primarily components were increased spending for public safety of \$2,266,009, agricultural programs of \$611,956, and health and welfare of \$591,738, offset by decreases in education of \$2,420,849 and highways, streets, and bridges of \$666,563.

The following graph illustrates the governmental activities functional expenses by source for the fiscal year 2017:

**Functional Expenses - Governmental Activities  
Fiscal Year Ending June 30, 2017**



**Business-type Activities**

In 2017, the net position of business-type activities increased by \$21,316 from fiscal year 2016. The net position of the Wastewater Fund decreased by \$1,634,986. The net positions of the Landfill and Property Management Funds increased by \$1,630,334 and \$25,968, respectively. Detailed explanations of the variance are contained in the financial analysis of the County's Funds - Proprietary Funds section starting on page 12.

**Financial Analysis of the County's Funds**

As previously noted, Cecil County uses fund accounting as a means of ensuring and demonstrating compliance with finance-related legal requirements. Governmental funds provide useful information regarding near-term inflows, outflows, and balances of spendable resources. Unrestricted fund balance is particularly helpful in measuring the net resources available for spending at fiscal yearend.

**Governmental Funds**

As the County completed the fiscal year, its governmental funds reported combined fund balances of \$44,210,855, a decrease of \$13,518,726 compared with 2016. Of the current ending fund balances, the following categories are recorded and primary uses noted:

- \$10,215,102 is recorded as Nonspendable due to a \$3,282,676 advance to the Wastewater Fund, a \$2,313,813 advance to the Landfill Fund, a \$4,121,172 advance to the Motor Vehicle Fund, and \$466,334 related to inventories and prepaid items;
- \$8,420,657 is recorded as Restricted; \$660,180 for Housing Programs, \$1,651,091 for the Casino Impact Fund, \$742,979 for Capital Projects, and \$5,366,407 for other (primarily grant) activities;
- \$15,327,610 is recorded as Assigned and consists of \$14,227,610 for the Reserve for Contingencies and \$1,100,000 for potential income tax refunds related to a court decision; and
- \$10,247,486 is the remaining fund balance, thus this is classified as Unassigned.

**General Fund – Comparison to Prior Year.** The General Fund is the chief operating fund of the County. At the end of the fiscal year, the non-spendable fund balance was \$10,215,102 and the unrestricted fund balance was \$25,575,096. The statements reflect that zero dollars has been required to be committed for fiscal year 2018 expenditures due to a balanced budget. Assigned funds include \$14,227,610 as a reserve for contingencies and \$1,100,000 for potential income tax refunds related to a court decision and subsequent taxpayer requests. Unassigned funds of \$10,247,486 are up \$4,040,815 from 2016 primarily due to the lack of committed dollars for FY2018 as noted above. The schedule on the following page presents General Fund revenues and expenditures for 2017 compared to budget and 2016.

The revenues and transfers in for fiscal year 2017 increased \$1,041,066 compared to the prior fiscal year. Primary factors in these results are:

- Property taxes were less than prior year by \$421,241 primarily due to small changes in personal property tax assessments as equipment depreciates with age;
- Income taxes exceeded prior year by \$1,807,688 - part of the increase was due to a State correction of prior year distributions of \$661,779;
- Real estate transfer taxes (recordation taxes and deed transfer fees) decreased by \$609,099; transfer taxes and permits are currently dependent on big projects as the underlying residential market is slow to find consistent strong growth.

**CECIL COUNTY, MARYLAND  
GENERAL FUND ACTIVITY vs PRIOR YEAR AND BUDGET**

	<u>2016 Actual</u>	<u>2017 Actual</u>	<u>Variance Positive (Negative)</u>	<u>Final Budget</u>	<u>2017 Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>						
Property Taxes	\$ 106,833,074	\$ 106,411,833	\$ (421,241)	\$ 107,532,352	\$ 106,411,833	\$ (1,120,519)
Income Taxes	55,806,618	57,614,306	1,807,688	56,439,257	57,614,306	1,175,049
Licenses and Permits	2,383,661	1,981,371	(402,290)	1,996,645	1,981,371	(15,274)
Intergovernmental	2,731,665	2,618,492	(113,173)	3,403,918	2,618,492	(785,426)
Charges for Services	9,335,358	8,957,602	(377,756)	9,070,763	8,957,602	(113,161)
Investment Earnings	103,144	230,402	127,258	125,000	230,402	105,402
Contributions & Other Revenues	51,749	46,821	(4,928)	2,000	46,821	44,821
<b>Total Revenues</b>	<u>177,245,269</u>	<u>177,860,827</u>	<u>615,558</u>	<u>178,569,935</u>	<u>177,860,827</u>	<u>(709,108)</u>
<b>Expenditures</b>						
<b>General Government</b>						
County Executive	193,914	252,472	(58,558)	252,810	252,472	338
County Council	335,243	341,830	(6,587)	399,544	341,830	57,714
Office of Administrator	306,358	275,754	30,604	346,821	275,754	71,067
County Attorney & Legal	179,275	196,409	(17,134)	183,871	196,409	(12,538)
Human Resources	1,116,000	1,212,515	(96,515)	1,272,930	1,212,515	60,415
Finance Department	2,756,461	2,587,707	168,754	2,793,586	2,587,707	205,879
Circuit Court	2,095,153	2,093,239	1,914	2,145,668	2,093,239	52,429
Orphans Court	36,087	39,172	(3,085)	41,352	39,172	2,180
Board of Elections	764,176	773,067	(8,891)	830,238	773,067	57,171
Liquor Board Licensing	210,621	201,948	8,673	190,654	201,948	(11,294)
Building Maintenance (Total)	3,733,074	3,679,100	53,974	3,879,086	3,679,100	199,986
Public Works Administration	2,564,083	2,729,756	(165,673)	2,911,089	2,729,756	181,333
Roads Administration & Maintenance	8,174,365	6,555,176	1,619,189	6,818,554	6,555,176	263,378
Board of Parks	886,801	1,044,006	(157,205)	1,071,508	1,044,006	27,502
State's Attorney's Office	2,255,889	2,179,528	76,361	2,192,753	2,179,528	13,225
Sheriff's - Law Enforcement & Special Assignments	11,078,277	12,210,560	(1,132,283)	11,451,453	12,210,560	(759,107)
Sheriff's - Detention Ctr & Work Release	9,992,982	10,304,968	(311,986)	10,552,662	10,304,968	247,694
Emergency Management	7,756,681	8,002,256	(245,575)	8,581,566	8,002,256	579,310
Volunteer Fire Departments	3,711,270	3,782,112	(70,842)	3,789,008	3,782,112	6,896
Land Use & Development Services	2,031,162	1,920,404	110,758	2,117,176	1,920,404	196,772
Animal Control	657,035	733,910	(76,875)	768,043	733,910	34,133
Health Department	3,410,835	3,420,326	(9,491)	3,420,383	3,420,326	57
Social Services	753,337	714,387	38,950	859,757	714,387	145,370
Domestic Violence	650,853	320,380	330,473	368,023	320,380	47,643
Non-Profit Agencies	136,360	142,344	(5,984)	136,364	142,344	(5,980)
Cecil County Board of Education	80,553,713	81,614,311	(1,060,598)	81,634,351	81,614,311	20,040
Cecil College	9,392,115	10,406,259	(1,014,144)	10,406,267	10,406,259	8
Public Libraries	4,882,779	5,250,869	(368,090)	5,255,817	5,250,869	4,948
Economic Development	1,003,958	988,265	15,693	1,129,227	988,265	140,962
Agriculture	621,117	634,696	(13,579)	632,281	634,696	(2,415)
Municipalities	671,363	674,409	(3,046)	674,409	674,409	-
<b>Total Expenditures</b>	<u>162,911,337</u>	<u>165,282,135</u>	<u>(2,370,798)</u>	<u>167,107,251</u>	<u>165,282,135</u>	<u>1,825,116</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	1,854,991	2,280,499	425,508	1,938,000	2,280,499	342,499
Transfers out	(16,061,843)	(16,923,572)	(861,729)	(17,331,056)	(16,923,572)	407,484
Proceeds from Capital Asset Disposal	2,088	36	(2,052)	-	36	36
<b>Total Other Financing Sources (Uses)</b>	<u>(14,204,764)</u>	<u>(14,643,037)</u>	<u>(438,273)</u>	<u>(15,393,056)</u>	<u>(14,643,037)</u>	<u>750,019</u>
<b>Net Change in Fund Balance</b>	129,168	(2,064,345)	\$ (2,193,513)	(3,930,372)	(2,064,345)	\$ 1,866,027
<b>Fund Balance - Beginning</b>	<u>37,725,375</u>	<u>37,854,543</u>		<u>37,854,543</u>	<u>37,854,543</u>	
<b>Fund Balance - Ending</b>	<u>\$ 37,854,543</u>	<u>\$ 35,790,198</u>		<u>\$ 33,924,171</u>	<u>\$ 35,790,198</u>	

The current year's expenditures and transfers out increased by \$3,232,527 compared to fiscal year 2016 spending levels.

- Expenditures on behalf of the Board of Education increased by \$1,060,598. The majority of this change was due to an \$859,660 increase in operating allocation with a slight increase for capital construction cost related to small projects.
- Expenditures on behalf of Cecil College increased \$1,014,144 compared to last fiscal year primarily due to increased health insurance costs and slight increases in operating allocation and capital construction cost.
- Sheriff's Office Law Enforcement, Detention, and Community Corrections areas increased by \$1,444,269 over FY2016 due to health insurance costs, five additional patrol deputies, and compensation increases.
- Public Works' Roads Division saw expenditures decrease by \$1,619,189 primarily due to reduced budgets of \$1,300,000 for asphalt overlay and related road maintenance programs.

### **Other Major Funds – Comparison to Prior Year**

The Housing Program Fund had a \$129,422 increase to fund balance. Revenues and transfers in increased by \$308,117 while expenditures increased \$275,222 from the previous year; the result is a positive net change in fund balance.

The Casino Local Impact Fund had a \$35,996 increase to fund balance. Revenues increased by \$221,030 while expenditures and operating transfers out decreased \$152,256 from the previous year.

The Capital Projects Fund had a \$9,367,832 decrease to fund balance. This change is consistent with the pattern of biennial issuance of bonds and spending for the capital improvement programs.

### **Proprietary Funds**

**Wastewater Services Fund.** Operating revenues for fiscal year 2017 increased \$415,418 from last year to \$5,999,821, while operating expenses increased by \$783,957 to \$7,173,806 which resulted in an operating loss of \$1,173,985. After capital grants, capital contributions, and interest expense the Change in Net Position is negative \$1,634,986. Operating costs related to depreciation increased as the North East Wastewater Treatment Plant was put into service and assets replaced by the new equipment were disposed before the end of their depreciable life.

**Landfill Fund.** Operating revenues in the fund increased by \$564,538 from FY2016 primarily due to rate increases, while operating expenses decreased by \$542,832 in large part due to cost reduction measures taken by management across the board. The resulting change in Net Position is \$1,630,334.

**Property Management Fund.** This fund began with the purchase of the 107 Chesapeake Blvd. property in January 2016. Operating revenues in the fund were \$782,635 for the fiscal year, while operating expenses were \$308,576, and the fund made a \$186,453 transfer to the General Fund. Including interest expense and earnings, this resulted in a change in Net Position of \$25,968 for fiscal year 2017.



**General Fund Budgetary Highlights**

Cecil County adopted its fiscal year 2017 budget on June 7, 2016, and amended it to meet operational needs during the year. The legal level of budgetary control is at the departmental level and while department heads may make budget transfers within their own department, the County Executive shall introduce and County Council must approve any budget amendments that increase or decrease revenue or move appropriations between departments.

Budget changes during the year added \$23,000 to revenues and other financing sources. Expenditures and transfers increased by \$1,478,849 primarily due to \$1,250,000 of increased health costs due to major cases and \$157,000 of transition costs after the November election.

The final budget contained \$180,507,935 of revenues and other financing sources, \$184,438,307 of expenditures and transfers, and \$3,930,372 of appropriated fund balance. The actual revenues and other financing sources were \$366,573 less than the final budget and actual expenditures and transfers were \$2,232,600 below the final budget.

- Property taxes were \$1,120,519 below budget with \$453,762 being reduced personal property taxes and the remainder being reduced real property taxes.
- Income taxes exceeded budget by \$1,175,049; part of the increase was due a State correction of prior year distributions of \$661,779 and the remainder comes from consistent but slow economic growth.
- Real estate recordation taxes and deed transfer fees were up compared to budget by \$609,099 as the real estate economy started to show positive signs of growth.
- Intergovernmental revenues were down versus budget by \$785,426 due primarily to \$570,640 of budgeted highway user revenues that the County did not receive.
- The Sheriff's Office was over budget by \$511,413 caused by reduced attrition savings due to lower employee turnover offset by lower Detention Center professional service costs of \$377,922.
- Emergency Management was under budget by \$579,310 primarily due to \$439,173 of attrition savings due to employee turnover.
- Public Works Roads Division was under budget by \$263,378 primarily due to reduced vehicle operating and maintenance costs of \$225,713.
- Most other departments had reduced expenditures that primarily came from either personnel attrition, benefit savings or reduced equipment and vehicle maintenance expenditures.

**Capital Assets and Debt Administration**

**Capital Assets.** As of June 30, 2017, Cecil County had invested \$339,682,934, net of accumulated depreciation, in a broad range of capital assets (table below). Depreciation and depletion charges for this fiscal year totaled \$19,309,621.

Major capital asset events during the current fiscal year included the following:

- Completion of Highway projects included Waibel Road and Bridge, Reservoir and Star Route Roads culverts, and Red Toad Road intersection;
- Renovations at the Historical Society of Cecil County building;
- Parks and Recreation continued construction phases at Calvert Regional Park to bring sports opportunities to County citizens and attract regional events;

- Construction at 107 Chesapeake Blvd to consolidate rented facilities and allow expansion of the Sheriff’s facilities; and,
- Completion of major improvements to the North East River Advanced Wastewater Treatment Plant and upgrades to the Highlands and various other pump stations and sewer systems across the County.

The following table comprises the County’s capital assets net of accumulated depreciation and depletion:

**Cecil County’s Capital Assets as of June 30, 2017 and 2016**  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 14,935,834	\$ 14,803,614	\$ 3,368,327	\$ 1,420,510	\$ 18,304,161	\$ 16,224,124
Construction in Progress	5,922,567	5,750,415	12,706,733	45,039,753	18,629,300	50,790,168
Landfill & Land Improvements	11,469,588	12,034,898	20,849,979	17,452,403	32,319,567	29,487,301
Highways & Bridges	100,629,786	100,834,913	-	-	100,629,786	100,834,913
Utility Systems	-	-	31,038,919	19,253,907	31,038,919	19,253,907
Buildings	67,668,801	69,391,581	22,468,700	16,023,664	90,137,501	85,415,245
Machinery & Equipment	22,313,774	24,005,893	26,309,926	14,366,901	48,623,700	38,372,794
<b>Total Capital Assets</b>	<b>\$ 222,940,350</b>	<b>\$ 226,821,314</b>	<b>\$ 116,742,584</b>	<b>\$ 113,557,138</b>	<b>\$ 339,682,934</b>	<b>\$ 340,378,452</b>

Additional information on the County’s capital assets is contained in Note 6 to the financial statements.

**Long Term Debt.** At the end of the current fiscal year, the County had total general obligation debt of \$227,469,485. All of this debt is backed by the full faith and credit of the government. Governmental activities report \$153,287,446 and business-type activities report \$74,182,039 of general obligation bonds. Special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment consists of \$91,483. The Cecil County Charter restricts aggregate non-self-supporting indebtedness to 5% of the assessable real property of the County and 15% of the personal and operating real property. By County Code, sanitary district debt is limited to 15% of the assessed value of all property.

During 2017 the County issued \$583,040 in general obligation bonds to support current construction programs as further detailed in Note 8.

The County’s bond rating remained stable with a rating of Aa2 from Moody’s Investor’s Service and received an upgrade from Standard and Poor’s increasing the rating to AA+. Additional information on the County’s long-term debt can be found in Note 8 to the financial statements.

**Cecil County’s Outstanding Debt**  
**General Obligation Bonds**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 153,287,446	\$ 164,411,216	\$ 74,182,039	\$ 78,058,077	\$ 227,469,485	\$ 242,469,293

**Economic Factors and Next Year's Budgets and Rates**

Cecil County is expected to see modest growth for the next several years, although employer expansion plans announced during the past year are likely to accelerate that growth. The County has a diverse well-connected economy that includes agriculture, distribution, light manufacturing, research and development, health care, leisure and hospitality, and corporate offices. The County continues to face significant fiscal challenges as the state further reduces or eliminates funding often transferring programs or costs to the local level. The unemployment rate has decreased to 4.7% as of June 2017 and household income is growing.

There are many positive factors that will impact the County's economic future. Amazon has announced a warehouse and distribution facility with 1,000 jobs. Additional local growth has been announced by Lidl, TRUaire, Fortress Steel, and several projects within the Principio Business Park. The County has a designated growth corridor that is intended to attract light industry and commercial operations. The expansion of County sewer west of Elkton and coordination with other utilities will add infrastructure required to fuel investment. The continued commitment to Calvert Regional Park and the recently completed upgrade of the North East Advanced Wastewater Treatment Plant (Seneca Point) show strong support for the County's future.

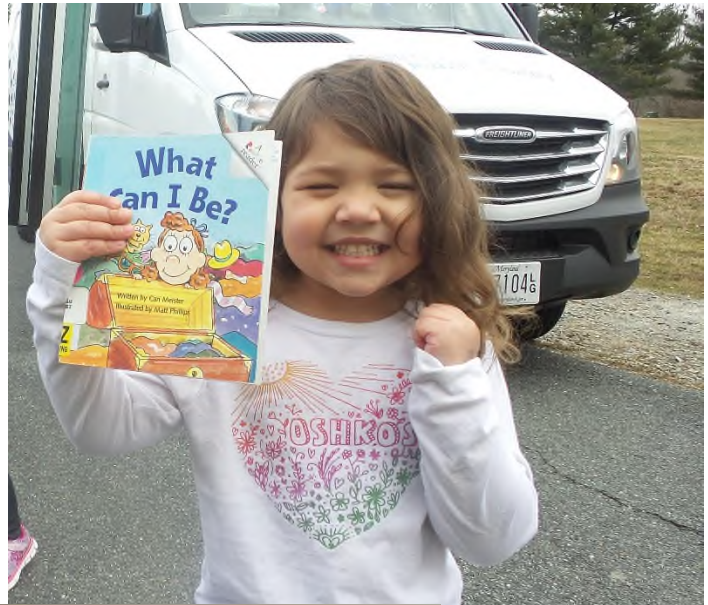
The General Fund budget for fiscal year 2018 provided the balanced budget that does not use Fund balance for the first time in twenty years. The expenditure budget provides for seven additional officers for law enforcement, the 911 center, and emergency medical services. The budget also provides for increased compensation for all county employee groups (including public safety employees, school employees, library, and college employees), funds drug rehabilitation programs, continues volunteer fire vehicle replacements, and restores the asphalt overlay program for County roads. Funding to County public schools was increased above maintenance of effort and assists Cecil College in a period of State flat funding. The capital improvement program continued funding for the Gilpin Manor Elementary Replacement, Calvert Regional Park development, and a new North East library. The County Executive's proposed balanced budget was adopted after Council did not pass a budget. The County property tax rate was set to 1.0414 an increase of .0500 as of July 1, 2017, and the income tax rate was set to 3.00 an increase of 0.20 as of January 1, 2018. Wastewater and Landfill rates were increased to address recent operating losses.

**Requests for Information**

This financial report is designed to provide a general overview of Cecil County's finances to the citizens of Cecil County and other users of such data. Requests for additional copies of this report, questions concerning any of the information in this report, and requests for additional financial information should be addressed to Winston L. Robinson, Cecil County Director of Finance, 200 Chesapeake Boulevard, Suite 1100, Elkton, MD 21921.

The component units issue their own audited financial statements. These statements may be obtained directly from the component units. Their contact information can be found in Note 1A of the financial statements.

## Cecil County Public Libraries Deliver Dreams



# BASIC FINANCIAL STATEMENTS

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents (Note 3)	\$ 13,330,413	\$ 193,476	\$ 13,523,889	\$ 18,513,266
Investments (Note 3)	20,750,283	-	20,750,283	26,578,257
Receivables, Net (Note 4)	2,308,733	4,298,066	6,606,799	1,932,181
Due from Primary Government	-	-	-	4,291,148
Due from Other Governments	13,918,566	950,632	14,869,198	268,284
Internal Balances	5,596,489	(5,596,489)	-	-
Inventories	507,223	-	507,223	149,762
Prepaid Items & Other Assets	356,325	5,569	361,894	1,218,723
Restricted Assets:				
Cash and Investments (Note 3)	8,641,940	14,631,403	23,273,343	6,056,493
OPEB Overfunding	2,133,396	-	2,133,396	-
Capital Assets, Net: (Note 6)				
Land	14,935,834	3,368,327	18,304,161	10,890,816
Construction in Progress	5,922,567	12,706,733	18,629,300	3,862,186
Landfill & Land Improvements	11,469,588	20,849,979	32,319,567	190,266
Highways & Bridges	100,629,786	-	100,629,786	-
Wastewater Systems	-	31,038,919	31,038,919	-
Buildings & Improvements	67,668,801	22,468,700	90,137,501	221,229,737
Machinery & Equipment	22,313,774	26,309,926	48,623,700	11,246,529
<b>Total Assets</b>	<b>290,483,718</b>	<b>131,225,241</b>	<b>421,708,959</b>	<b>306,427,648</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge of Refunding	4,315,178	511,921	4,827,099	-
Contributions Subsequent to Measurement Date	1,356,684	-	1,356,684	3,870,124
Changes in Assumptions	896,031	-	896,031	73,595
Net difference projected vs. actual investment earnings	5,455,681	-	5,455,681	43,395
<b>Total Deferred Outflows of Resources</b>	<b>12,023,574</b>	<b>511,921</b>	<b>12,535,495</b>	<b>3,987,114</b>
<b>LIABILITIES</b>				
Accounts Payable	6,282,507	1,007,600	7,290,107	25,116,226
Salary and Benefits Payable	2,924,597	126,560	3,051,157	865,624
Due to Other Governments	120,329	-	120,329	-
Unearned Revenue (Note 11)	727,533	1,444,500	2,172,033	2,080,108
Other Liabilities	1,278,535	773,575	2,052,110	-
Liabilities Payable with Restricted Assets	1,177,694	-	1,177,694	-
Long Term Liabilities (Note 8)				
Due within one year:				
Bonds Payable	13,686,057	4,766,771	18,452,828	-
Capital Leases	372,339	-	372,339	1,013,727
Insurance Claims Payable	5,223,427	-	5,223,427	-
Compensated Absences	1,606,570	98,935	1,705,505	625,076
Due in more than one year:				
Bonds Payable	152,655,794	70,054,085	222,709,879	-
Capital Leases	1,503,971	-	1,503,971	2,528,831
Notes Payable	-	-	-	91,841
Compensated Absences	803,285	49,468	852,753	2,676,162
Accrued Landfill Closure/Postclosure	-	9,065,552	9,065,552	-
Net Pension Liability	22,498,003	-	22,498,003	11,980,874
<b>Total Liabilities</b>	<b>210,860,641</b>	<b>87,387,046</b>	<b>298,247,687</b>	<b>46,978,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Differences between expected and actual experience	2,512,448	-	2,512,448	4,793
Changes in Assumptions	831,853	-	831,853	1,243,900
Net difference projected vs. actual investment earnings	3,299,409	-	3,299,409	21,736
<b>Total Deferred Inflows of Resources</b>	<b>6,643,710</b>	<b>-</b>	<b>6,643,710</b>	<b>1,270,429</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	155,575,258	47,487,579	203,062,837	243,876,976
Restricted for:				
Capital Projects	742,979	-	742,979	109,745
Health and Welfare	667,130	-	667,130	-
Agriculture	208,663	-	208,663	-
Economic Development	2,542,945	-	2,542,945	-
Debt Service and Other	4,258,940	-	4,258,940	6,053,760
Unrestricted	(78,992,974)	(3,137,463)	(82,130,437)	12,125,383
<b>Total Net Position</b>	<b>\$ 85,002,941</b>	<b>\$ 44,350,116</b>	<b>\$ 129,353,057</b>	<b>\$ 262,165,864</b>

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Grants and Contributions		Primary Government			
			Operating	Capital	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 12,619,834	\$ 8,150,707	\$ 1,192,849	\$ 31,528	\$ (3,244,750)	\$ -	\$ (3,244,750)	\$ -
Public Safety	43,903,804	2,268,430	2,689,563	20,720	(38,925,091)	-	(38,925,091)	-
Highways, Streets, and Bridges	16,467,551	217,050	2,147,297	1,974,470	(12,128,734)	-	(12,128,734)	-
Health and Welfare	15,755,447	748,577	8,694,355	135,398	(6,177,117)	-	(6,177,117)	-
Recreation and Culture	1,780,757	249,176	4,432	247,845	(1,279,304)	-	(1,279,304)	-
Education	96,384,547	-	-	139,276	(96,245,271)	-	(96,245,271)	-
Public Libraries	5,523,248	-	-	-	(5,523,248)	-	(5,523,248)	-
Economic Development	1,776,517	-	768,572	-	(1,007,945)	-	(1,007,945)	-
Agriculture	1,463,623	-	57,481	-	(1,406,142)	-	(1,406,142)	-
Interest on Long-Term Debt	4,568,004	-	-	-	(4,568,004)	-	(4,568,004)	-
Total Governmental Activities	<u>200,243,332</u>	<u>11,633,940</u>	<u>15,554,549</u>	<u>2,549,237</u>	<u>(170,505,606)</u>	<u>-</u>	<u>(170,505,606)</u>	<u>-</u>
<b>Business-Type Activities:</b>								
Wastewater	8,882,464	5,999,821	-	1,199,597	-	(1,683,046)	(1,683,046)	-
Landfill	6,287,612	7,877,565	-	-	-	1,589,953	1,589,953	-
Property Management	570,994	782,635	-	-	-	211,641	211,641	-
Total Business-Type Activities	<u>15,741,070</u>	<u>14,660,021</u>	<u>-</u>	<u>1,199,597</u>	<u>-</u>	<u>118,548</u>	<u>118,548</u>	<u>-</u>
Total Primary Government	<u>\$ 215,984,402</u>	<u>\$ 26,293,961</u>	<u>\$ 15,554,549</u>	<u>\$ 3,748,834</u>	<u>\$ (170,505,606)</u>	<u>\$ 118,548</u>	<u>\$ (170,387,058)</u>	<u>-</u>
<b>Component Units:</b>								
Board of Education	\$ 227,073,768	\$ 2,194,058	\$ 66,297,108	\$ 10,643,736	-	-	-	(147,938,866)
Cecil College	35,989,331	8,022,237	5,341,615	554,902	-	-	-	(22,070,577)
Cecil County Library	6,522,780	154,989	-	349,695	-	-	-	(6,018,096)
Bainbridge Development Corporation	1,083,066	447,782	764,880	34,121	-	-	-	163,717
Total Component Units	<u>\$ 270,668,945</u>	<u>\$ 10,819,066</u>	<u>\$ 72,403,603</u>	<u>\$ 11,582,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175,863,822)</u>
<b>General Revenues:</b>								
Taxes:								
Property Taxes, Levied for General Purposes					106,490,517	-	106,490,517	-
Income Taxes					55,493,386	-	55,493,386	-
Investment Earnings					284,934	89,221	374,155	111,763
Other Revenues including Gains on Sale of Capital Assets					108,004	-	108,004	1,690,831
Payments From the Primary Government					-	-	-	95,627,620
Payments From the State Government					-	-	-	73,745,773
Entitlements, and Contributions not Restricted to Specific Programs					-	-	-	3,699,548
Transfers					186,453	(186,453)	-	-
Total General Revenues, Special Items, and Transfers					<u>162,563,294</u>	<u>(97,232)</u>	<u>162,466,062</u>	<u>174,875,535</u>
Change in Net Position					(7,942,312)	21,316	(7,920,996)	(988,287)
<b>Net Position - Beginning</b>					<u>92,945,253</u>	<u>44,328,800</u>	<u>137,274,053</u>	<u>263,154,151</u>
<b>Net Position - Ending</b>					<u>\$ 85,002,941</u>	<u>\$ 44,350,116</u>	<u>\$ 129,353,057</u>	<u>\$ 262,165,864</u>

The Notes to the Financial Statements are an integral part of this statement.

CECIL COUNTY, MARYLAND

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General	Housing Programs	Casino Local Impact	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash (Note 3)	\$ 8,761,387	\$ -	\$ -	\$ -	\$ 4,240,884	\$ 13,002,271
Investments (Note 3)	12,967,540	-	-	-	-	12,967,540
Receivables, Net (Note 4)	2,061,214	5,593	-	-	65,531	2,132,338
Due from Other Funds	2,957,507	-	-	-	-	2,957,507
Due from Other Governments	11,253,360	54,296	343,798	323,556	1,788,906	13,763,916
Inventory	466,334	-	-	-	-	466,334
Other Assets	33,107	-	-	-	-	33,107
Advances to Other Funds	9,717,661	-	-	-	-	9,717,661
Restricted Assets:						
Cash and Investments (Note 3)	-	758,686	1,647,678	4,056,797	1,109,731	7,572,892
<b>Total Assets</b>	<b>\$ 48,218,110</b>	<b>\$ 818,575</b>	<b>\$ 1,991,476</b>	<b>\$ 4,380,353</b>	<b>\$ 7,205,052</b>	<b>\$ 62,613,566</b>
<b>Liabilities:</b>						
Accounts Payable	\$ 1,843,095	\$ 15,725	\$ 61,796	\$ -	\$ 273,621	\$ 2,194,237
Salaries and Benefits Payable	2,673,344	21,977	-	-	191,162	2,886,483
Due to Other Funds	-	13,227	-	2,127,462	816,818	2,957,507
Due to Other Governments	-	-	120,329	-	-	120,329
Other Liabilities	2,817,533	-	158,260	164,684	110,344	3,250,821
Unearned Revenue (Note 11)	-	-	-	275,000	446,700	721,700
Liabilities Payable from Restricted Funds	-	107,466	-	1,070,228	-	1,177,694
<b>Total Liabilities</b>	<b>7,333,972</b>	<b>158,395</b>	<b>340,385</b>	<b>3,637,374</b>	<b>1,838,645</b>	<b>13,308,771</b>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue - Income Taxes	4,808,819	-	-	-	-	4,808,819
Unavailable Revenue - Property Taxes	285,121	-	-	-	-	285,121
<b>Total Deferred Inflows of Resources</b>	<b>5,093,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,093,940</b>
<b>Fund Balances:</b>						
Non-Spendable	10,215,102	-	-	-	-	10,215,102
Restricted	-	660,180	1,651,091	742,979	5,366,407	8,420,657
Assigned	15,327,610	-	-	-	-	15,327,610
Unassigned	10,247,486	-	-	-	-	10,247,486
<b>Total Fund Balances</b>	<b>35,790,198</b>	<b>660,180</b>	<b>1,651,091</b>	<b>742,979</b>	<b>5,366,407</b>	<b>44,210,855</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 48,218,110</b>	<b>\$ 818,575</b>	<b>\$ 1,991,476</b>	<b>\$ 4,380,353</b>	<b>\$ 7,205,052</b>	<b>\$ 62,613,566</b>

The Notes to the Financial Statements are an integral part of this statement.



**CECIL COUNTY, MARYLAND**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Amounts reported for governmental activities in the statement of net position (page 18) are different because:

**Total Fund Balances for Government Funds (Page 20)** \$ 44,210,855

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Capital assets net of accumulated depreciation, as detailed in Note 6, are included in the Statement of Net Position. Also excluded are \$13,021,313 of internal service fund capital assets accounted for in the following line. 209,919,037

Internal service funds are used by management to charge the costs of fleet management and health insurance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. The increase is equal to the internal service fund net position. 5,843,064

Some of the County's taxes and other revenues will be collected after year-end, but are not available soon enough to pay the current year's expenditures and, therefore, are reported as unavailable revenue in the funds.

Income Taxes	\$ 4,808,819	
Property Taxes	285,121	
Service Charges	840,511	5,934,451

Long-term liabilities applicable to the governmental activities including bonds payable are not due and payable in the current year and, accordingly, are not reported as fund liabilities.

Over Funding of Net OPEB Obligation	\$ 2,133,396	
Compensated Absences	(2,372,512)	
Accrued interest on long-term debt	(1,278,535)	
Deferred - Bond Premium	(13,054,404)	
Deferred - Advance Refunding Difference	4,315,178	
Pension Deferred Outflows	7,708,396	
Pension Deferred Inflows	(6,643,710)	
Net Pension Liability	(22,498,003)	
Bonds and Notes Payable	(149,214,272)	(180,904,466)

**Net Position of Governmental Activities (Page 18)** \$ 85,002,941

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Housing Programs</u>	<u>Casino Local Impact</u>	<u>General Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 106,411,833	\$ -	\$ -	\$ -	\$ -	\$ 106,411,833
Special Assessments - Current	-	-	-	-	6,099	6,099
Income Taxes	57,614,306	-	-	-	-	57,614,306
Licenses and Permits	1,981,371	-	-	-	-	1,981,371
Intergovernmental	2,618,492	5,120,121	2,595,382	205,808	5,260,864	15,800,667
Charges for Services	8,957,602	32,070	-	-	662,897	9,652,569
Investment Earnings	230,402	2,215	4,625	-	6,986	244,228
Contributions & Other Revenues	<u>46,821</u>	<u>-</u>	<u>-</u>	<u>387,677</u>	<u>40,742</u>	<u>475,240</u>
<b>Total Revenues</b>	<u>177,860,827</u>	<u>5,154,406</u>	<u>2,600,007</u>	<u>593,485</u>	<u>5,977,588</u>	<u>192,186,313</u>
<b>EXPENDITURES</b>						
Current:						
General Government	9,746,142	-	-	-	690,569	10,436,711
Public Safety	40,873,193	-	-	-	1,267,570	42,140,763
Highways, Streets, and Bridges	9,284,932	-	-	-	276,542	9,561,474
Health and Welfare	4,765,054	5,068,382	-	-	5,359,034	15,192,470
Recreation and Culture	1,044,006	-	-	-	4,432	1,048,438
Education	92,020,570	-	-	-	-	92,020,570
Public Libraries	5,250,869	-	-	-	-	5,250,869
Economic Development	988,265	-	687,446	-	65,376	1,741,087
Agriculture	634,696	-	-	-	806,302	1,440,998
Municipalities	674,409	-	-	-	-	674,409
Debt Service:						
Principal	-	-	-	-	10,971,475	10,971,475
Interest and Fiscal Charges	-	-	-	-	5,668,428	5,668,428
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,743,836</u>	<u>-</u>	<u>9,743,836</u>
<b>Total Expenditures</b>	<u>165,282,136</u>	<u>5,068,382</u>	<u>687,446</u>	<u>9,743,836</u>	<u>25,109,728</u>	<u>205,891,528</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>12,578,691</u>	<u>86,024</u>	<u>1,912,561</u>	<u>(9,150,351)</u>	<u>(19,132,140)</u>	<u>(13,705,215)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from						
Capital Asset Disposal	36	-	-	-	-	36
Transfers In	2,280,499	43,398	-	147,565	16,880,173	19,351,635
Transfers Out	<u>(16,923,571)</u>	<u>-</u>	<u>(1,876,565)</u>	<u>(365,046)</u>	<u>-</u>	<u>(19,165,182)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(14,643,036)</u>	<u>43,398</u>	<u>(1,876,565)</u>	<u>(217,481)</u>	<u>16,880,173</u>	<u>186,489</u>
<b>Net Change in Fund Balances</b>	(2,064,345)	129,422	35,996	(9,367,832)	(2,251,967)	(13,518,726)
<b>Fund Balances - Beginning</b>	<u>37,854,543</u>	<u>530,758</u>	<u>1,615,095</u>	<u>10,110,811</u>	<u>7,618,374</u>	<u>57,729,581</u>
<b>Fund Balances - Ending</b>	<u>\$ 35,790,198</u>	<u>\$ 660,180</u>	<u>\$ 1,651,091</u>	<u>\$ 742,979</u>	<u>\$ 5,366,407</u>	<u>\$ 44,210,855</u>

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Amounts reported for governmental activities in the Statement of Activities (Page 19) are different because:

**Net Change in Fund Balances - Total Government Funds (Page 22)** \$ (13,518,726)

Governmental funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$10,441,154) exceed capital outlay (\$5,253,276) in the current period. Depreciation excludes \$3,085,736 from the internal service fund. (3,573,437)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset less accumulated depreciation. 112,904

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The following are the net changes in these non-current resources.

Property Taxes	\$	78,684	
Income Taxes		<u>(2,120,920)</u>	
Net Adjustment			(2,042,236)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

<u>Repayments:</u>			
General Obligation bonds	\$	10,971,475	
Premium on Debt Issued		1,009,875	
Net Adjustment		<u>\$ 11,981,350</u>	11,981,350

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following are the impact of the net changes in balances.

Pension Expense	\$	(2,222,836)	
Change in OPEB Accrual		626,000	
Compensated Absences		(188,998)	
Accrued Interest on Long-term Debt		<u>90,549</u>	
Net Adjustment			(1,695,285)

The change in net assets of certain internal service funds are reported with governmental activities. 793,118

**Change in Net Position of Governmental Activities (Page 19)** \$ (7,942,312)

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>				
Property Taxes	\$ 107,532,352	\$ 107,532,352	\$ 106,411,833	\$ (1,120,519)
Income Taxes	56,439,257	56,439,257	57,614,306	1,175,049
Licenses and Permits	1,996,645	1,996,645	1,981,371	(15,274)
Intergovernmental	3,403,918	3,403,918	2,618,492	(785,426)
Charges for Services	9,047,763	9,070,763	8,957,602	(113,161)
Investment Earnings	125,000	125,000	230,402	105,402
Contributions & Other Revenues	2,000	2,000	46,821	44,821
<b>Total Revenues</b>	<u>178,546,935</u>	<u>178,569,935</u>	<u>177,860,827</u>	<u>(709,108)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	10,166,049	10,350,382	9,746,142	604,240
Highways, Streets, and Bridges	9,635,038	9,729,643	9,284,932	444,711
Recreation and Culture	1,037,314	1,071,508	1,044,006	27,502
Public Safety	40,712,557	41,261,353	40,873,193	388,160
Health and Welfare	4,943,412	4,962,013	4,765,054	196,959
Education	91,688,451	92,040,618	92,020,570	20,048
Public Libraries	5,082,667	5,255,817	5,250,869	4,948
Economic Development	1,080,344	1,129,227	988,265	140,962
Agriculture	626,029	632,281	634,696	(2,415)
Municipalities	674,409	674,409	674,409	-
<b>Total Expenditures</b>	<u>165,646,270</u>	<u>167,107,251</u>	<u>165,282,136</u>	<u>1,825,115</u>
<b>Excess of Revenues</b> <b>Over Expenditures</b>	<u>12,900,665</u>	<u>11,462,684</u>	<u>12,578,691</u>	<u>1,116,007</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Capital Asset Disposal	-	-	36	36
Transfers In	1,938,000	1,938,000	2,280,499	342,499
Transfers Out	(17,313,188)	(17,331,056)	(16,923,571)	407,485
<b>Total Other Financing Sources (Uses)</b>	<u>(15,375,188)</u>	<u>(15,393,056)</u>	<u>(14,643,036)</u>	<u>750,020</u>
<b>Net Change in Fund Balance</b>	(2,474,523)	(3,930,372)	(2,064,345)	1,866,027
<b>Fund Balance - Beginning</b>	<u>37,854,543</u>	<u>37,854,543</u>	<u>37,854,543</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 35,380,020</u>	<u>\$ 33,924,171</u>	<u>\$ 35,790,198</u>	<u>\$ 1,866,027</u>

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MAJOR FUND**

**HOUSING PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 4,668,493	\$ 4,713,634	\$ 5,120,121	\$ 406,487
Other Program Revenue & Charges for Services	8,000	8,000	32,070	24,070
Investment Earnings	-	-	2,215	2,215
<b>Total Revenues</b>	<u>4,676,493</u>	<u>4,721,634</u>	<u>5,154,406</u>	<u>432,772</u>
<b>EXPENDITURES</b>				
Current:				
Health and Welfare	<u>4,660,999</u>	<u>4,729,160</u>	<u>5,068,382</u>	<u>(339,222)</u>
<b>Total Expenditures</b>	<u>4,660,999</u>	<u>4,729,160</u>	<u>5,068,382</u>	<u>(339,222)</u>
<b>Deficiency of Revenues</b> <b>(Under) Expenditures</b>	<u>15,494</u>	<u>(7,526)</u>	<u>86,024</u>	<u>93,550</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	<u>30,455</u>	<u>48,323</u>	<u>43,398</u>	<u>(4,925)</u>
<b>Total Other Financing</b> <b>Sources (Uses)</b>	<u>30,455</u>	<u>48,323</u>	<u>43,398</u>	<u>(4,925)</u>
<b>Net Change in Fund Balance</b>	45,949	40,797	129,422	88,625
<b>Fund Balance - Beginning</b>	<u>530,758</u>	<u>530,758</u>	<u>530,758</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 576,707</u>	<u>\$ 571,555</u>	<u>\$ 660,180</u>	<u>\$ 88,625</u>

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MAJOR FUND**

**CASINO LOCAL IMPACT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 2,658,139	\$ 2,658,139	\$ 2,595,382	\$ (62,757)
Investment Earnings	<u>1,000</u>	<u>1,000</u>	<u>4,625</u>	<u>3,625</u>
<b>Total Revenues</b>	<u>2,659,139</u>	<u>2,659,139</u>	<u>2,600,007</u>	<u>(59,132)</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	<u>816,667</u>	<u>839,654</u>	<u>687,446</u>	<u>152,208</u>
<b>Total Expenditures</b>	<u>816,667</u>	<u>839,654</u>	<u>687,446</u>	<u>152,208</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,842,472</u>	<u>1,819,485</u>	<u>1,912,561</u>	<u>93,076</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(1,876,565)</u>	<u>(1,876,565)</u>	<u>(1,876,565)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(1,876,565)</u>	<u>(1,876,565)</u>	<u>(1,876,565)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	(34,093)	(57,080)	35,996	93,076
<b>Fund Balance - Beginning</b>	<u>1,615,095</u>	<u>1,615,095</u>	<u>1,615,095</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 1,581,002</u>	<u>\$ 1,558,015</u>	<u>\$ 1,651,091</u>	<u>\$ 93,076</u>

The Notes to the Financial Statements are an integral part of this statement.

# Cecil College

## Studying & Starting a Career



**CECIL COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Wastewater	Landfill	Property Management	Total	Internal Service Funds
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents (Note 3)	\$ -	\$ 1,500	\$ 191,976	\$ 193,476	\$ 328,142
Investments (Note 3)	-	-	-	-	7,782,743
Receivables, Net: (Note 4)					
Accounts	1,763,329	643,068	-	2,406,397	6,084
Other	1,368	13,739	-	15,107	170,311
Due from Other Governments	950,632	-	-	950,632	154,650
Inventory	-	-	-	-	40,889
Other Assets	5,569	-	-	5,569	323,218
Restricted Assets					
Cash & Investments (Note 3)	5,565,851	9,065,552	-	14,631,403	1,069,048
<b>Total Current Assets</b>	<b>8,286,749</b>	<b>9,723,859</b>	<b>191,976</b>	<b>18,202,584</b>	<b>9,875,085</b>
<b>Non-Current Assets:</b>					
Accounts Receivable - Non-Current	1,876,562	-	-	1,876,562	-
Capital Assets, Net:					
Land	2,296,988	580,739	490,600	3,368,327	-
Construction in Progress	10,519,705	2,187,028	-	12,706,733	433,349
Vehicles	-	-	-	-	6,946,181
Landfill and Land Improvements	5,993,163	14,856,816	-	20,849,979	-
Wastewater Lines	21,910,791	-	-	21,910,791	-
Wastewater Systems	9,128,128	-	-	9,128,128	-
Buildings	12,747,734	3,150,041	6,570,925	22,468,700	209,289
Machinery & Equipment	24,848,545	1,461,381	-	26,309,926	5,432,494
<b>Total Non-Current Assets</b>	<b>89,321,616</b>	<b>22,236,005</b>	<b>7,061,525</b>	<b>118,619,146</b>	<b>13,021,313</b>
<b>Total Assets</b>	<b>97,608,365</b>	<b>31,959,864</b>	<b>7,253,501</b>	<b>136,821,730</b>	<b>22,896,398</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge of Refunding	461,255	50,666	-	511,921	-
<b>Total Deferred Outflows of Resources</b>	<b>461,255</b>	<b>50,666</b>	<b>-</b>	<b>511,921</b>	<b>-</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	660,519	69,695	21,228	751,442	753,464
Construction Retainage Payable	239,514	-	16,644	256,158	-
Salary & Benefits Payable	59,449	67,111	-	126,560	38,114
Accrued Expenses & Other Liabilities	409,141	239,470	124,964	773,575	5,307,412
Unearned Revenue	1,444,500	-	-	1,444,500	846,344
Capital Leases Payable	-	-	-	-	372,339
Bonds Payable	3,588,196	920,628	257,947	4,766,771	157,532
Compensated Absences	51,088	47,847	-	98,935	24,895
<b>Total Current Liabilities</b>	<b>6,452,407</b>	<b>1,344,751</b>	<b>420,783</b>	<b>8,217,941</b>	<b>7,500,100</b>
<b>Non-Current Liabilities:</b>					
Bonds Payable					
(Net of Unamortized Discounts)	51,136,265	12,124,538	6,793,282	70,054,085	3,915,643
Capital Leases Payable	-	-	-	-	1,503,971
Advances From Other Funds	3,282,676	2,313,813	-	5,596,489	4,121,172
Compensated Absences	25,544	23,924	-	49,468	12,448
Accrued Landfill Closure and Postclosure Costs	-	9,065,552	-	9,065,552	-
<b>Total Non-Current Liabilities</b>	<b>54,444,485</b>	<b>23,527,827</b>	<b>6,793,282</b>	<b>84,765,594</b>	<b>9,553,234</b>
<b>Total Liabilities</b>	<b>60,896,892</b>	<b>24,872,578</b>	<b>7,214,065</b>	<b>92,983,535</b>	<b>17,053,334</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	38,286,444	9,190,839	10,296	47,487,579	8,140,876
Unrestricted	(1,113,716)	(2,052,887)	29,140	(3,137,463)	(2,297,812)
<b>Total Net Position</b>	<b>\$ 37,172,728</b>	<b>\$ 7,137,952</b>	<b>\$ 39,436</b>	<b>\$ 44,350,116</b>	<b>\$ 5,843,064</b>

The Notes to the Financial Statements are an integral part of this statement.



**CECIL COUNTY, MARYLAND**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities -</b>
	<b>Wastewater</b>	<b>Landfill</b>	<b>Property Management</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for Services:					
Sales and User Fees	\$ 5,991,052	\$ 7,851,546	\$ 782,635	\$14,625,233	\$21,197,513
Intergovernmental	-	12,600	-	12,600	73,848
Miscellaneous Revenue	8,769	13,419	-	22,188	-
<b>Total Operating Revenues</b>	<b>5,999,821</b>	<b>7,877,565</b>	<b>782,635</b>	<b>14,660,021</b>	<b>21,271,361</b>
<b>OPERATING EXPENSES</b>					
Salaries and Related	1,262,727	1,487,905	-	2,750,632	885,088
Materials, Supplies, and Services	2,031,416	2,382,500	140,390	4,554,306	4,950,804
Benefit Payments	-	-	-	-	11,072,050
Depreciation	3,879,663	736,862	168,186	4,784,711	3,085,736
Depletion	-	1,005,918	-	1,005,918	-
Landfill Closure and Postclosure	-	241,550	-	241,550	-
<b>Total Operating Expenses</b>	<b>7,173,806</b>	<b>5,854,735</b>	<b>308,576</b>	<b>13,337,117</b>	<b>19,993,678</b>
<b>Operating Income (Loss)</b>	<b>(1,173,985)</b>	<b>2,022,830</b>	<b>474,059</b>	<b>1,322,904</b>	<b>1,277,683</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Investment Earnings	48,060	40,381	780	89,221	47,877
Interest Expense	(1,510,309)	(425,721)	(262,418)	(2,198,448)	(161,307)
Bond Issue Expense	(198,349)	(7,156)	-	(205,505)	(24,506)
Gain on Disposal of Capital Assets	-	-	-	-	224,530
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,660,598)</b>	<b>(392,496)</b>	<b>(261,638)</b>	<b>(2,314,732)</b>	<b>86,594</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(2,834,583)</b>	<b>1,630,334</b>	<b>212,421</b>	<b>(991,828)</b>	<b>1,364,277</b>
<b>Capital Contributions and Transfers:</b>					
Intergovernmental Capital Grant	610,177	-	-	610,177	207,339
Wastewater Connection Fees	512,704	-	-	512,704	-
Developers Capital Contributions	76,716	-	-	76,716	-
Transfers Out	-	-	(186,453)	(186,453)	-
<b>Change in Net Position</b>	<b>(1,634,986)</b>	<b>1,630,334</b>	<b>25,968</b>	<b>21,316</b>	<b>1,571,616</b>
<b>Net Position - Beginning</b>	<b>38,807,714</b>	<b>5,507,618</b>	<b>13,468</b>	<b>44,328,800</b>	<b>4,271,448</b>
<b>Net Position - Ending</b>	<b>\$ 37,172,728</b>	<b>\$ 7,137,952</b>	<b>\$ 39,436</b>	<b>\$44,350,116</b>	<b>\$ 5,843,064</b>

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Property			Total	Internal
	Wastewater	Landfill	Management		Service Funds
<b>Cash Flows From Operating Activities:</b>					
Receipts from Customers and Users	\$ 7,471,098	\$ 7,773,852	\$ 807,036	\$ 15,244,950	\$ 21,107,081
Payments to Suppliers	(4,216,693)	(2,451,967)	(105,460)	(6,668,660)	(15,784,843)
Payments to Employees	(1,248,651)	(1,477,073)	-	(2,725,724)	(884,112)
<b>Net Cash from Operating Activities</b>	<u>2,005,754</u>	<u>3,844,812</u>	<u>701,576</u>	<u>5,850,566</u>	<u>4,438,126</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>					
Advances from Other Funds	3,282,676	(2,316,722)	(186,453)	965,954	(1,256,085)
<b>Net Cash from Non-Capital Financing Activities</b>	<u>3,282,676</u>	<u>(2,316,722)</u>	<u>(186,453)</u>	<u>965,954</u>	<u>(1,256,085)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Proceeds from Bond Issues	-	-	-	-	1,897,134
Proceeds from Capital Grants Received	407,520	-	-	407,520	310,762
Proceeds from Sewage Connection Fees	512,704	-	-	512,704	-
Acquisition and Construction of Capital Assets	(8,763,569)	(15,317)	(194,015)	(8,778,886)	(2,904,066)
Principal Paid on Bond Maturities	(2,843,802)	(885,883)	(248,771)	(3,729,685)	(197,624)
Interest Paid on Bonds	(1,632,900)	(425,721)	(265,246)	(2,058,621)	(161,307)
Proceeds from Sale of Capital Assets	-	-	-	-	88,570
<b>Net Cash from Capital and Related Financing Activities</b>	<u>(12,320,047)</u>	<u>(1,326,921)</u>	<u>(708,032)</u>	<u>(13,646,968)</u>	<u>(966,531)</u>
<b>Cash Flows From Investing Activities:</b>					
Interest on Investments	48,060	40,381	780	88,441	47,877
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(6,983,557)</u>	<u>241,550</u>	<u>(192,129)</u>	<u>(6,742,007)</u>	<u>2,263,388</u>
<b>Cash and Cash Equivalents - June 30, 2016</b>	<u>12,549,408</u>	<u>8,825,502</u>	<u>384,105</u>	<u>21,374,910</u>	<u>6,916,545</u>
<small>(including \$12,429,135, \$8,824,002 and \$264,304 respectively reported in restricted accounts)</small>					
<b>Cash and Cash Equivalents - June 30, 2017</b>	<u>\$ 5,565,851</u>	<u>\$ 9,067,052</u>	<u>\$ 191,976</u>	<u>\$ 14,632,903</u>	<u>\$ 9,179,933</u>
<small>(including \$5,565,851 and \$9,065,552 respectively reported in restricted accounts)</small>					

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	
	<b>Wastewater</b>	<b>Landfill</b>	<b>Property Management</b>		<b>Total</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities:</b>					
Operating Income (Loss)	\$(1,173,985)	\$ 2,022,830	\$ 474,059	\$ 848,845	\$ 1,277,683
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided from Operating Activities:					
Depreciation and Depletion	3,879,663	1,742,780	168,186	5,622,443	3,085,736
Increase in Closure/Postclosure Liability	-	241,550	-	241,550	-
Effect of Changes in Non-Cash Operating Assets and Liabilities:					
Accounts Receivable	26,777	(106,110)	24,401	(79,333)	501,250
Other Assets	424	-	-	424	183,798
Accounts Payable	(2,210,837)	(62,437)	34,930	(2,273,274)	(155,006)
Salaries & Benefits Payable	12,084	10,408	-	22,492	1,256
Compensated Absences	12,087	3,599	-	15,686	(281)
Accrued Expenses	15,041	(7,808)	-	7,233	209,220
Deferred Revenue	1,444,500	-	-	1,444,500	(665,530)
<b>Net Cash Provided from Operating Activities</b>	<b>\$ 2,005,754</b>	<b>\$ 3,844,812</b>	<b>\$ 701,576</b>	<b>\$ 5,850,566</b>	<b>\$ 4,438,126</b>
<b>Schedule of non-cash capital and related financing activities:</b>					
Decrease in Non-current Special Assessment/Connection Fees receivable	\$ 55,868	\$ -	\$ -	\$ 55,868	\$ -

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<u>Total Pension Funds</u>	<u>Agency Funds State &amp; Town Collections</u>
<b>ASSETS</b>		
Cash	\$ 565,068	\$ 551,837
Receivables, Net:		
Property Taxes & Fees	-	251,098
Investments, at fair value:		
Institutional Separate Accounts	44,375,561	-
Mutual Funds	<u>12,562,592</u>	<u>-</u>
<b>Total Assets</b>	<u>57,503,221</u>	<u>802,935</u>
<b>LIABILITIES</b>		
Accounts Payable	4,652	-
Due to Other Governments	<u>-</u>	<u>802,935</u>
<b>Total Liabilities</b>	<u>4,652</u>	<u>802,935</u>
<b>NET POSITION</b>		
Held in Trust for:		
Employee Benefits	<u>57,498,569</u>	<u>-</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 57,498,569</u>	<u>\$ -</u>

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Total Pension Funds</b>
<b>ADDITIONS</b>	
Contributions	
Cecil County	\$ 3,050,732
Participants	957,910
Total Contributions	4,008,642
<b>INVESTMENT INCOME</b>	
Investment Earnings:	
Net Depreciation	
in Fair Value of Investments	6,289,786
Interest and Dividends	1,303,411
Investment Earnings Total	7,593,197
Less: Investment Expense	(354,879)
Net Investment Income (Loss)	7,238,318
Total Additions	11,246,960
<b>DEDUCTIONS</b>	
Benefit Payments	2,443,554
Refunds of Contributions	332,399
Administrative Expense	76,572
Total Deductions	2,852,525
<b>Change in Net Position</b>	8,394,435
<b>Net Position - Beginning</b>	49,104,134
<b>Net Position - Ending</b>	\$ 57,498,569

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**JUNE 30, 2017**

	<u>Board of Education</u>	<u>Cecil College</u>	<u>Cecil County Public Library</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 12,476,083	\$ 3,498,105	\$ 1,794,831	\$ 744,247	\$ 18,513,266
Investments	22,878,257	3,700,000	-	-	26,578,257
Receivables, Net	1,360,622	470,892	-	100,667	1,932,181
Due from Primary Government	4,225,288	12,200	53,660	-	4,291,148
Due from Other Governments	-	268,284	-	-	268,284
Inventories	149,762	-	-	-	149,762
Prepaid Expenses & Other Assets	484,018	583,493	151,212	-	1,218,723
Restricted Assets:					
Cash and Investments	-	5,949,312	-	107,181	6,056,493
Capital Assets, Net:					
Land	5,561,453	1,779,763	-	3,549,600	10,890,816
Construction in Progress	3,862,186	-	-	-	3,862,186
Land Improvements	141,650	-	-	48,616	190,266
Buildings & Leasehold Improvements	163,985,640	57,244,097	-	-	221,229,737
Machinery & Equipment	7,295,923	1,244,670	2,705,936	-	11,246,529
<b>Total Assets</b>	<u>222,420,882</u>	<u>74,750,816</u>	<u>4,705,639</u>	<u>4,550,311</u>	<u>306,427,648</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Contributions Subsequent to Measurement Date	3,830,965	-	39,159	-	3,870,124
Changes in Assumptions	-	-	73,595	-	73,595
Net difference projected vs. actual investment earnings	-	-	43,395	-	43,395
<b>Total Deferred Outflows</b>	<u>3,830,965</u>	<u>-</u>	<u>156,149</u>	<u>-</u>	<u>3,987,114</u>
<b>LIABILITIES</b>					
Accounts Payable	23,774,170	760,500	263,304	318,252	25,116,226
Accrued Salaries and Benefits	-	769,320	96,304	-	865,624
Unearned Revenue	891,831	1,181,488	6,789	-	2,080,108
Due within one year:					
Capital Leases	961,930	51,797	-	-	1,013,727
Compensated Absences	402,194	222,882	-	-	625,076
Due in more than one year:					
Notes Payable	-	-	-	91,841	91,841
Capital Leases	2,469,665	59,166	-	-	2,528,831
Compensated Absences	2,564,721	111,441	-	-	2,676,162
Net Pension Liability	11,543,395	-	437,479	-	11,980,874
<b>Total Liabilities</b>	<u>42,607,906</u>	<u>3,156,594</u>	<u>803,876</u>	<u>410,093</u>	<u>46,978,469</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Changes in Assumptions	1,243,900	-	-	-	1,243,900
Differences between expected and actual experience	-	-	4,793	-	4,793
Net difference projected vs. actual investment earnings	-	-	21,736	-	21,736
<b>Total Deferred Inflows</b>	<u>1,243,900</u>	<u>-</u>	<u>26,529</u>	<u>-</u>	<u>1,270,429</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	177,415,257	60,157,567	2,705,936	3,598,216	243,876,976
Restricted for:					
Capital Projects	48,402	-	-	61,343	109,745
Donor Restrictions	-	5,745,901	307,859	-	6,053,760
Unrestricted	4,936,382	5,690,754	1,017,588	480,659	12,125,383
<b>Total Net Position</b>	<u>\$182,400,041</u>	<u>\$ 71,594,222</u>	<u>\$ 4,031,383</u>	<u>\$ 4,140,218</u>	<u>\$ 262,165,864</u>

The Notes to the Financial Statements are an integral part of this statement.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Grants and Contributions			Component Units				Total
		Charges for Services	Operating	Capital	Board of Education	Cecil College	Cecil County Public Library	Bainbridge Development Corporation	
<b>Board of Education</b>									
Instruction	\$ 221,113,692	\$ 344,928	\$ 61,386,375	\$ 10,643,736	\$ (148,738,653)	\$ -	\$ -	\$ -	\$ (148,738,653)
Student Services	5,960,076	1,849,130	4,910,733	-	799,787	-	-	-	799,787
Total Board of Education	<u>\$ 227,073,768</u>	<u>\$ 2,194,058</u>	<u>\$ 66,297,108</u>	<u>\$ 10,643,736</u>	<u>(147,938,866)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(147,938,866)</u>
<b>Cecil College</b>									
Instruction	\$ 34,299,133	\$ 6,440,274	\$ 5,341,615	\$ 554,902	-	(21,962,342)	-	-	(21,962,342)
Student Services	1,690,198	1,581,963	-	-	-	(108,235)	-	-	(108,235)
Total Cecil Community College	<u>\$ 35,989,331</u>	<u>\$ 8,022,237</u>	<u>\$ 5,341,615</u>	<u>\$ 554,902</u>	<u>-</u>	<u>(22,070,577)</u>	<u>-</u>	<u>-</u>	<u>(22,070,577)</u>
<b>Cecil County Public Library</b>									
Public Libraries	\$ 6,522,780	\$ 154,989	\$ -	\$ 349,695	-	-	(6,018,096)	-	(6,018,096)
<b>Bainbridge Development Corporation</b>									
Economic Development	\$ 1,083,066	\$ 447,782	\$ 764,880	\$ 34,121	-	-	-	163,717	163,717
<b>General Revenues:</b>									
Payments From the Primary Government					80,610,438	9,934,415	5,082,767	-	95,627,620
Payments From the State Government					66,919,712	5,652,417	1,173,644	-	73,745,773
Grants, Entitlements, and Contributions not Restricted to Specific Programs					-	3,699,548	-	-	3,699,548
Investment Earnings					87,206	21,933	1,474	1,150	111,763
Other Revenues including Capital Asset Gains					178,959	1,347,286	164,586	-	1,690,831
Total General Revenues, Special Items, and Transfers					<u>147,796,315</u>	<u>20,655,599</u>	<u>6,422,471</u>	<u>1,150</u>	<u>174,875,535</u>
Change in Net Position					(142,551)	(1,414,978)	404,375	164,867	(988,287)
<b>Net Position - Beginning</b>					<u>182,542,592</u>	<u>73,009,200</u>	<u>3,627,008</u>	<u>3,975,351</u>	<u>263,154,151</u>
<b>Net Position - Ending</b>					<u>\$ 182,400,041</u>	<u>\$ 71,594,222</u>	<u>\$ 4,031,383</u>	<u>\$ 4,140,218</u>	<u>\$ 262,165,864</u>

The Notes to the Financial Statements are an integral part of this statement.

**1. Summary of Significant Accounting Policies**

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. During the year ending June 30, 2017 the County has adopted all applicable GASB Statements through No. 82 (other than those listed below); these statements did not have a material effect on the County’s financial statements. The County has evaluated GASB Statement No. 75 (“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”) and expects the adoption to have a material impact on the County’s fiscal year 2018 financial statements.

GASB has issued the following Statements which the County plans to adopt by their effective dates after evaluating the effects of these pronouncements.

Statement No. 81 Irrevocable Split-Interest Agreements.

Statement No. 83 Certain Asset Retirement Obligations.

Statement No. 84 Fiduciary Activities.

Statement No. 85 Omnibus 2017.

Statement No. 86 Certain Debt Extinguishment Issues.

The significant accounting policies of the County are described below.

**A. Financial Reporting Entity**

Cecil County (the County) was incorporated in 1674. Cecil County is governed by an elected County Executive and an elected County Council pursuant to the Charter of Cecil County, Maryland pursuant to a Charter that became effective in December 2012. The Charter provides, among other things, for the election of the County Executive and the organization, powers, and duties of the executive and administrative branches; the election, organization, powers, and duties of the legislative branch, and fiscal and budgetary matters. The Charter supersedes a Commissioner form of government where the five Commissioners (combined executive/legislative) exercised powers granted by the General Assembly of Maryland. The County principally provides general administrative services; public safety services; street, highway, and bridge repairs and maintenance; education; a correctional institution; and sanitation system maintenance.

The County is financially accountable for legally separate organizations if it appoints a voting majority of the organization's board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County may also be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

The accompanying financial statements include various agencies, departments, organizations, and offices which are legally part of Cecil County, Maryland (the primary government), and the County’s blended and discretely presented component units; entities for which the government is considered financially accountable. The discretely presented component units are reported in a separate column in



the government-wide financial statements to emphasize that they are legally separate from the government.

The Cecil County Pension Plan for Public Safety Employees (the Plan) is a public employee retirement plan that covers certain public safety employees. The County appoints all members of the Plan's trustees, makes all employer contributions to the Plan, only County public safety employees can be members of the Plan, and the County is financially responsible for the Plan's pension obligations.

The Cecil County Maryland Non-Pension Employment Benefits Plan collects monies to assist retirees with payment of post-retirement health insurance premiums. Both Plans are fiduciary funds of the County.

**Discretely Presented Component Units**

The Board of Education of Cecil County is responsible for elementary and secondary education in the County and operates all public schools (grades K through 12). The County is financially accountable for the Board of Education because the County approves the Board's annual budget and provides a substantial portion of the Board's operating and capital funding.

Cecil College provides post-secondary and continuing education for residents of Cecil County and its surrounding counties. The County is financially accountable for the College because the County approves the annual budget and provides a substantial portion of the College's operating and capital budgets.

The Cecil County Public Library operates all public libraries within the County. The County is financially accountable for the Library because the County approves the annual budget and provides the majority of the Library's operating and capital budgets.

The Bainbridge Development Corporation was established to develop the closed Bainbridge Naval Training Center located outside Port Deposit. The Corporation received the property of the former Center from the U. S. Navy and may grant, sell, or conduct business activity to develop the property to the benefit of Cecil County. The County appoints all members of the Corporation's Board of Directors and the County is the recipient of net earnings in excess of the needs of the Corporation.

Each of the discretely presented component units has been audited by other independent auditors and these reports have been issued under separate covers. Complete financial statements of the individual component units can be obtained from their respective administrative offices.

Board of Education of Cecil County  
201 Booth Street  
Elkton, MD 21921

Cecil College  
One Seahawk Drive  
North East, MD 21901

Cecil County Public Library  
301 Newark Avenue  
Elkton, MD 21921

Bainbridge Development Corporation  
98 North Main Street, PO Box 2  
Port Deposit, MD 21904

## Related Organizations

Officials of the Cecil County have been instrumental in the establishment of Cecil County Neighborhood Youth Panel, Inc., Community Services Foundation of Cecil County Inc., and CASA. Two additional organizations are in the process of being formed and receiving 501(c)(3) approval from IRS: Friends of Cecil County Parks and Recreation, Inc. and Cecil County, Maryland Animal Services Foundation, Inc. Although the County appoints some of the governing board members, these members do not represent substantially the same governing body of the County. The County is not able to impose its will on the organizations and the organizations do not provide specific financial benefits or impose specific financial burdens to the County. Accordingly, the financial activities of Cecil County Neighborhood Youth Panel, Inc., Community Services Foundation of Cecil County Inc., CASA, Friends of Cecil County Parks and Recreation, Inc., and Cecil County, Maryland Animal Services Foundation, Inc. are not included in the County's financial statements.

## **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County (the primary government) and its component units. Eliminations of inter-fund activity have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. In addition, the fund financial statements present internal service funds and fiduciary funds by fund type.

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

### **Government-wide, Proprietary, and Fiduciary Fund Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (non-exchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. Agency funds report only assets and liabilities as they do not have a measurement focus, but do use the accrual basis of accounting.

With limited exceptions, the effects of internal activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

### **Government Fund Financial Statements**

The government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For governmental fund types, the County considers all revenues to be available if they are collected within 60 days after fiscal year-end. Revenues considered susceptible to accrual include property taxes, income taxes, franchise taxes, licenses, interest and dividend income, and grants associated with the current fiscal year. Only the portion of the special assessments receivable due within the current fiscal year is considered to be susceptible to accrual and recognized as revenue in the current fiscal year. All other revenue items are considered measurable and available only when cash is received by the County.

Amounts recorded as program revenues include a) charges to customers or applicants for materials, services or privileges provided, b) operating grants and contributions, and c) capital grants and contributions. Internally dedicated resources including all taxes are reported as general revenues. Expenditures are recorded when the related fund liability is incurred (upon receipt of goods or services), except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Long-term debt issues and acquisitions under capital leases are reported as other financing sources.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and landfill enterprise funds and the garage and health insurance internal service funds are charges to internal and external customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The pension trust fund and other postemployment benefit trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for assets and liabilities.

The County reports the following major governmental funds:

The **General Fund** is the primary operating fund of the County. It accounts for all financial resources of the County except those resources required to be accounted for in another fund. The general tax revenues of the County, as well as other resources received and not designated for a specified purpose, are accounted for in the General Fund.

The **Housing Programs Fund**, a special revenue fund, accounts for state and federal grants legally restricted to assist low income families and individuals with paying their rent, utility, and other housing costs.

The **Casino Local Impact Fund**, a special revenue fund, was established to account for the County's share of the revenue generated at Penn National's Hollywood Casino in Perryville. The County has agreed to share 35% of the revenue with the Town of Perryville.

The **General Capital Projects – Construction Fund**, a capital projects fund, was established to account for the expenditures on buildings and other facilities intended for general use by the County and its component units. Bonds and other general County resources fund these expenditures.

The County reports the following major enterprise funds:

The **Wastewater Fund** accounts for the sewage and wastewater service operations and is intended to be self-supporting through user charges. The Wastewater Fund operates sewage collection and treatment systems.

The **Landfill Fund** accounts for the solid waste operations and is intended to be self-supporting through user charges. The Landfill Fund operates solid waste collection points, recycling programs, and a central landfill.

The **Property Management Fund** accounts for the County's landlord responsibilities. The Fund was established in 2016 based on the economics of ownership versus lease of a multi-tenant building where the County was a tenant. The Fund currently manages a multi-tenant office building located at 107 Chesapeake Blvd. in Elkton.

The County also reports the following fund types:

The **Internal Service Funds** are used to account for vehicle and information systems services and financing of workers compensation and health insurance provided by the County to other departments and component units of the County on a cost-reimbursement basis. In addition, employee contributions to the health insurance plan and related expenses are accounted for within these funds.

The **Pension Funds** are fiduciary funds of the County and are used to account for monies set aside by the County to pay for future post-retirement benefits. This group consists of The Cecil County Pension Plan for Public Safety Employees Trust Fund which accumulates resources for pension benefit payments to qualified public safety employees or their beneficiaries and The Cecil County Maryland Non-Pension Post-Employment Benefits Trust Fund which collects monies to assist retirees with payment of post-retirement health insurance premiums.

The **Agency Funds** account for assets held by the County in a custodial capacity (assets equal liabilities) and do not present results of operations or have a measurement focus. The State Tax Collection Fund and the State Bay Restoration Fund are used to account for taxes and fees collected by the County on behalf of the State of Maryland. The Town Collection Funds are used to account for taxes and fees collected by the County on behalf of the towns of Cecilton, Charlestown, Chesapeake City, Elkton, North East, Perryville, Port Deposit and Rising Sun.

The preparation of the County's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent items at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could differ from those estimates.

**D. Assets, Liabilities and Net Assets or Equity**

**i. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments maturing within 90 days. Available funds are pooled in the General Fund and investment income is recorded in the General Fund unless required to do otherwise by statute, grant, or covenant.

**Restricted Investments** may occur in connection with various bond and trust agreements. Investments are deposited into restricted accounts for the purpose of constructing capital additions.

**Investments** of the pension plans are recorded at fair value. Securities traded on a national or international exchange are valued at the last reported sales price using current exchange rates.

**ii. Receivables and Payables**

**Property taxes** on real estate are recorded as receivables and attached as an enforceable lien on property on July 1, the date levied. Semi-annual installment payments are mandatory for qualified properties unless the taxpayer chooses to pay in one installment. Qualified property is defined as "an owner-occupied principal residence or certain commercial properties whose real estate tax amount is less than \$50,000." Under the semi-annual plan, one-half of the tax bill is due September 30 with the balance due on December 31. For all other properties, the bill is due in its entirety on September 30. After the due date, interest is charged on the delinquent portion at one percent per month. A three percent penalty is charged March 1 and thereafter. The County holds an annual property tax lien certificate sale the first Monday of June to collect all unpaid property taxes as of that date.

**Personal property taxes** are imposed on certain machinery and equipment used in business. Personal property taxes are billed and recorded as receivables annually throughout the year. Payment is due in 30 days. The County charges one percent per month interest on all delinquent business taxes. The County bills and collects its own property taxes, and revenues are recognized in the government funds in the period in which they become susceptible to accrual, that is, when they become both measurable and available. Outstanding tax levies are offset on the government fund balance sheet by deferred revenues in the liabilities section. Annual, interim and delinquent property taxes as yet uncollected are included as unavailable revenue. The amounts collected within the first 60 days of the fiscal year ended June 30, 2017, are recorded as revenue.

**Property taxes** are set per the Cecil County Charter, after enacting the Annual Budget and Appropriations Ordinance, the County shall levy the amount of taxes required by the budget to ensure that the budget is balanced so that proposed revenues equal proposed expenditures. The property tax rate for fiscal year 2017 was \$.9914 per \$100 of assessed value. The personal property tax rate for fiscal year 2017 was \$2.4785 per \$100 of assessed value.

County property tax and personal property tax revenues in fiscal year 2017 were not reduced by a material amount due to agreements enacted by legislative resolutions for Payments in Lieu of Taxes ("PILOT") as allowed by Maryland Code Annotated 7-512(a)(2) and 7-512(b).

**Local income taxes** are collected on behalf of the County by the State of Maryland and are remitted to the County monthly except for the months of April and December. In the event a taxpayer lives in an incorporated municipality, the County only receives 33 percent of the income tax, with the remainder going to the respective municipality. The tax rate may be changed annually at the recommendation of the County Executive and approval by the County Council. For the tax years ended December 31, 2016 and 2017, the local income tax rate was 2.80 percent of Maryland taxable income. Income taxes collected by the State and remitted within the first 60 days of the next fiscal year, are recorded as due from other governments. In accordance with GASB Statement 33, income taxes are considered a derived revenue transaction and amounts due to the County from transactions prior to year-end but not collected within 60 days are recorded in the governmental fund balance sheet as a receivable and an equal amount as unavailable revenue.

**Wastewater and Landfill customer charges** are recorded when billed except that an amount is recorded for services rendered, but not yet billed, as of the close of the fiscal year. The accrued amount is based on actual billings made subsequent to year-end for wastewater customers that are billed quarterly based on consumption/use through the end of the quarter.

**Revenues** in the government-wide financial statements are susceptible to accrual in the period in which they become measurable unless accorded other treatment by GASB standards. All revenues and receivables in the government-wide and governmental fund statements are shown net of allowances for uncollectible accounts. Allowances are based on historic trends or specific account evaluation as necessary.

**Due to/from Other Funds** which are recorded in the fund financial statements, is the year-end outstanding balance of a variety of transactions between funds to finance operations, service debt and otherwise meet obligations as they become due. Interfund receivables that are unlikely to be paid within a year are considered to be Advances.

**Due to/from Other Governments (or Component Units)** primarily consist of amounts arising from transfer payments and amounts due from grantors or to grantees for specific programs and capital projects.

**Internal Balances** are the residual balances outstanding between governmental activities and business-type activities as reported in the government-wide financial statements.

### iii. Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of the General Fund and Enterprise Funds consist of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

### iv. Restricted Assets

Certain assets of the County are classified as restricted as their use is limited by third party restrictions and or enabling legislation.

**v. Capital Assets**

Capital assets including property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County has defined capital assets as assets with a minimum cost of \$5,000 (\$25,000 to \$50,000 for land improvements, buildings, and infrastructure) and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Estimated historic costs are either based on similar assets of the same era or on deflated current values obtained from the Maryland Department of Assessments and Taxation. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the County and its components are depreciated using the straight-line method over the estimated useful lives of the related assets. The County records six months' depreciation in the year the asset is acquired. Depletion of the landfill is based on usage of estimated capacity. The County and its components generally use the following estimated useful lives unless an asset's life has been adjusted based on actual experience:

<u>Asset Class</u>	<u>Years</u>
Leasehold Improvements	15 – 30
Roads and Bridges	8 – 50
Buildings	20 – 50
Building Improvements	20 – 30
Vehicles, Computers, Equipment	5 – 15

**vi. Liabilities**

**Compensated Absences**

Compensated absences are those earned but unused vacation and personal time for which employees will be paid. Employees are granted vacation in varying amounts. It is the County's policy to permit employees to accumulate all earned but unused vacation leave up to 35 days. Vacation pay is accrued as applicable in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements.

**Long-Term Liabilities**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts as well as issuance costs are expensed when incurred.

**Self-Insurance**

The County is exposed to various risks of losses relating to workers compensation and employee health and accident claims. It is the policy of the County not to purchase commercial insurance to cover these risks because of its prohibitive cost. Instead the County covers these claims through Internal Service Funds. The County does maintain commercial insurance coverage for general liability and property losses. The County also maintains commercial insurance coverage to cap its exposure to one time and total annual loss amounts.

The claims liabilities included in the Workers Compensation and Health Insurance Funds are based on the results of actuarial studies and include amounts for claims previously incurred, including both reported and unreported claims. It is the County's practice to obtain actuarial studies no less than bi-annually. Costs are charged back to other funds by these internal service funds using various allocation methods.

#### **vii. Deferred Outflows and Deferred Inflows of Resources**

**Deferred outflows of resources** are reported in addition to assets. These represent the acquisition of net position that applies to future periods and will be recognized as an outflow of resources (expense or expenditure) in those future periods. A deferred charge on refunding is reported in the government-wide statement of net position. A deferred charge of refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Deferred inflows of resources** are reported in addition to liabilities. These represent the acquisition of net position that applies to future periods and will be recognized as an inflow of resources (revenue) in those future periods. The County's financial statement reports unavailable revenue in the governmental funds balance sheet. Unavailable revenue results primarily from property and income taxes but also various fees that are imposed but not paid within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available (primarily through payment).

**Deferred outflows / inflows of resources related to pensions** are recognized and classified as either deferred outflows of resources or deferred inflows of resources accordingly, these are deferred, amortized, and recognized as outflows or inflows in future periods:

- Differences between expected and actual experience in the measurement of the total pension liability;
- Changes of assumptions or other inputs;
- Net difference between projected and actual earnings on pension plan investments;
- Changes in the employer's proportion and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the pension plan) and the employer's proportionate share of contributions; and
- Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions.

#### **viii. Net Position Flow Assumption**

The County may fund outlays from both restricted (e.g., bond or grant proceeds) and unrestricted resources. In order to calculate the amounts reported as restricted - net position, and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption is made as to the order in which resources are expected to be used or consumed. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

#### **ix. Fund Balance Flow Assumptions**

The County may fund outlays from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts reported as restricted,



committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption is made as to the order in which resources are expected to be used or consumed. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**x. Net Position and Fund Equity**

The difference between assets, deferred inflows, liabilities, deferred outflows is "Net Position" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Position includes items classified as Net Investment in Capital Assets, balances "Restricted" for a specific purpose or "Unrestricted" and available for appropriation for the general purposes.

In the governmental fund financial statements, the difference between assets, deferred inflows, liabilities, deferred outflows is "Fund Balance." Non-spendable and restricted fund balance represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Committed fund balance represents amounts that are reserved for a particular purpose by the County Council and would require action by the council to release the fund balance from its commitment. Assigned fund balance represents tentative management plans that are subject to change. Further discussion of these items is in Note 12.

**xi. Fair Value Measurements**

Cecil County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

**2. Stewardship, Compliance, and Accountability****A. Budgetary Accounting and Control**

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

- a. The County adopts legal annual budgets for the general fund, certain special revenue funds and the debt service fund. The County legally adopts project length budgets for its capital projects funds. Since project periods may differ from the County's fiscal year, a comparison of budgetary information for the combined capital projects funds would not be meaningful and has not been presented in the accompanying financial statements.
- b. In January of each year, County department heads are required to submit to the County Executive preliminary operating budgets for the fiscal year commencing the following July 1. The operating budgets submitted include proposed expenditures and the means of financing them as well as narrative justification for increases of operating expenditures (i.e. additional employees, capital expenditures).
- c. The County Executive reviews the departmental requests and prepares a Proposed Budget with the assistance of the Department of Finance and submits it to County Council not later than April 1. The Proposed budget consists of a Current Expense Budget, the Current Revenue Budget, the Capital Budget, and the Capital Improvement Program. The County Executive also proposes the tax and fee rates for the fiscal year. This review process includes meetings with the department heads, comparisons with prior years' spending patterns, and forecasts of future needs.
- d. The proposed budget is reviewed by County Council through a process that includes one or more public hearings. Council may decrease or delete expenditure items, but may not change revenue projections. The Budget is required to be adopted not later than June 15. After the budget adoption, County Council must levy the amount of taxes or fees required by the Budget to endure that the Budget is balanced so that proposed revenues equal proposed expenditures.
- e. Should supplemental budget appropriations be required, the County Executive shall propose and County Council shall consider such budget changes at the scheduled Council meetings and public hearings.
- f. The County's legal level of budgetary control is at the departmental level. With the approval of the County Executive, Department heads may make budget amendments within their respective departments, however all amendments above the departmental level, i.e., interdepartmental and inter-fund, require formal proposal by the County Executive and consideration and approval by the County Council. The original budget adopted for the fiscal year ended June 30, 2017, and the budget as revised for budget amendments approved by the County Council during the year are presented as part of the budget versus actual schedules presented in these financial statements.
- f. Expenditures may not legally exceed budgeted appropriations at the departmental level. Appropriations lapse at fiscal year-end for all funds except the capital projects funds. The County legally adopts project-length budgets for its capital projects funds and unexpended appropriations automatically carry forward to the next fiscal year.

**B. Legally Adopted Budgets – General and Major Special Revenue Funds**

Governmental funds, for which budgets have been legally adopted and included in the appropriate Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the year ended June 30, 2017, were the General Fund and certain Special Revenue Funds.

All budgets for the above funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted deficiencies within each governmental fund are provided for by prior year designations of fund balance.

**C. Expenditures Over Appropriations**

During the year ended June 30, 2017, expenditures exceeded appropriations for the following departments.

<u>Fund</u>	<u>Budget Line Item</u>	<u>Over Budget</u>
General Fund	Legal	\$ 12,538
	Liquor Board Licensing	11,294
	Board of Parks	23,319
	Sheriff's Office	511,413
	Non-Profit Agencies	5,980
	Agriculture	2,415

**3. Deposits and Investments**

The County maintains a cash and investment pool that is available for use by all funds except the trust funds, which are managed separately. Each fund type's portion of this pool is displayed on the combined balance sheet under the caption "Cash and Investments." Each component unit manages its cash and investments in a similar manner.

Custodial Risk In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits in excess of FDIC insurance.

The summary below identifies the investment type of the deposits and investments of the primary government and its component units.

	Primary Government	Fiduciary Funds	Discretely Presented Component Units
<b>Cash</b>			
Insured Deposits (FDIC)	\$ 1,031,856	\$ 165,288	\$ 1,602,731
Money Market Mutual Funds	-	399,780	200,504
Uninsured Deposits - Collateral held by pledging bank's agent in the County or Unit's name	9,490,398	551,838	15,348,601
Certificates of Deposit due within 90 days - Collateral held by pledging bank's agent in the County or Unit's name	-	-	1,779,518
<b>Total Cash</b>	<b>\$ 10,522,254</b>	<b>\$ 1,116,906</b>	<b>\$ 18,931,354</b>
<b>Investments</b>			
Certificates of Deposit due greater than 90 days - Collateral held by pledging bank's agent in the County or Unit's name	\$ 14,125,560	\$ -	\$ -
Other governmental agencies	3,506,248	-	-
Investment in Maryland Local Government Investment Pool	20,527,473	-	26,578,257
Institutional Separate Accounts *	-	44,375,561	-
Mutual Fund *	8,845,200	12,562,592	5,630,240
<b>Total Investments</b>	<b>\$ 47,004,481</b>	<b>\$ 56,938,153</b>	<b>\$ 32,208,497</b>

\* The above investments are invested in the Cecil County Pension Plan for Public Safety Employees, the Cecil County Non-Pension Post Employment Trust Fund, Landfill Post Closure and the Cecil Community College Foundation.

The summary below identifies the fair market value level of the investments of the primary government and fiduciary funds.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2017
<b>Investments by Fair Value Level:</b>				
Federal Agencies	\$ -	\$ 3,506,248	\$ -	\$ 3,506,248
Other Post Employment Benefits and Pension Funds:				
Institutional Separate Accounts	-	44,375,561	-	44,375,561
Fixed Income Funds	8,603,709	-	-	8,603,709
Equity Mutual Funds	12,804,087	-	-	12,804,087
<b>Total Investments at Fair Value</b>	<b>\$ 21,407,796</b>	<b>\$ 47,881,809</b>	<b>\$ -</b>	<b>\$ 69,289,605</b>
<b>Investments Carried at Amortized Cost:</b>				
MLGIP	\$ -	\$ -	\$ -	\$ 20,527,473
Collateralized Certificates of Deposit	-	-	-	14,125,556
<b>Total Investments at Amortized Cost</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,653,029</b>
<b>Total Investments</b>	<b>\$ 21,407,796</b>	<b>\$ 47,881,809</b>	<b>\$ -</b>	<b>\$ 103,942,634</b>

Fair Market Value Levels Debt securities (Fixed Income funds) classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Equity Mutual funds listed on a national market or exchange are valued at the last sales price, or , if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy. Institutional Separate accounts classified in level 2 of the fair value hierarchy are valued based on quoted prices for similar assets in active markets or identical assets in less active markets, such as dealers or broker markets.

Credit Risk It is the County’s policy to minimize credit risk by investing only in the highest quality investments including U.S. Treasury and U.S. Government Agency obligations; collateralized repurchase agreements and certificates of deposit; the Maryland Local Government Investment Pool; commercial paper and money market mutual funds of the highest rating; and bankers’ acceptances guaranteed by a financial institution with the highest rating.

With regards to the Pension Plan, no rating was available for the money market fund. The Plan holds ten institutional separate accounts, which were rated by Morning Star, of which one received a 5 star rating, four received a 4 star rating, four received a 3 star rating and one account received a 2 star rating, with 5 being the best and 1 being the worst.

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 AAA. All money market funds have a Moody’s rating of Aaa. A bank sponsored collateral pool for governmental entities is 102% collateralized with U.S. Treasury and federal agency securities, securities of agencies of the U.S. government that have an implied and not explicit guarantee are classified as U.S. Agencies – Other.

Interest Rate Risk The County limits its interest rate risk by primarily investing in securities with maturity dates under five years. All U.S. Treasury, and U.S. Agencies investments are held by the general fund. It is the policy of the general fund to hold investments until maturity unless there is an economic reason to do otherwise. Listed below are the investments and maturities as of June 30, 2017:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>Over 10 Years</u>
U.S. Agencies - Other	\$ 3,506,248	\$ -	\$ 3,502,648	\$ -	\$ -

Concentration Risk. The County limits the investment in certain instruments to a certain percentage of its portfolio as follows: U.S Treasury Obligations and U.S. Government Agency or sponsored instrumentalities, 100%; Repurchase agreements, 100%; Maryland Local Government Investment Pool, 100%; collateralized, non-negotiable certificates of deposit, 80%; money market mutual funds, 60%, bankers acceptances, 40% and commercial paper, 5%. The County’s portfolio was in compliance with this policy.

The Pension Plan’s investment policy applies the prudent person rule to its investments. The Plan invests in Institutional Separate Accounts, which are essentially mutual funds. This sub-advised approach provides the Plan with access to some of the most respected investment professionals in the industry. The investment policy establishes an asset allocation by asset class where allowable ranges are identified by asset class. Rebalancing is performed on at least a quarterly basis, as appropriate,

such that the allocation for each asset class shall not exceed the bounds of the allowable ranges. During the years ended June 30, 2017, 2016, and 2015, the Plan complied with the Plan’s investment policy.

The OPEB Trust’s investment policy applies the prudent person rule to its investments as a whole and its Investment Consultants and/or Investment Managers. The investment policy requires that no more than 5% of any class of investments shall be in one corporation or affiliated group. Further, the policy requires that no more than 20% of any class of investments shall be in any one industry; investments in U.S. Treasury and U.S. Agency obligations are not limited.

In fiscal year 2017, following the enactment of the State of Maryland legislation, the County Council passed legislation creating a Landfill Closure Restricted Investment Account to accumulate funds to pay for the closure and post-closure costs of the County’s landfill. The Landfill Closure Account’s investment policy applies the prudent person rule to its investments as a whole and its Investment Consultants and/or Investment Managers. The investment policy requires that no more than 5% of any class of investments shall be in one corporation or affiliated group. Further, the policy requires that no more than 20% of any class of investments shall be in any one industry; investments in U.S. Treasury and U.S. Agency obligations are not limited.

**Restricted Cash and Investments**

As of June 30, 2017, the County had \$23,273,343 in temporarily restricted cash and investments. Of this, unspent proceeds of bond offerings consist of \$4,056,797 in Capital Projects Funds, \$1,069,048 in the Information Technology Internal Service Fund, and \$5,565,851 in the Wastewater Fund. Restrictions related to the Landfill Closure and Postclosure Costs account for \$9,065,552. The remaining \$3,516,095 is funds restricted by various grants or state laws. The bond proceeds and other funds as required are invested, tracked and managed separately from operating cash. The funds are subject to the imposed expenditure restrictions.

The chart below provides reconciliation between the amounts disclosed in the chart below and the amounts presented in the Statement of Net Position:

	<b>Primary Government</b>	<b>Fiduciary Funds</b>	<b>Component Units</b>	<b>Total</b>
Cash	\$ 10,522,254	\$ 1,116,906	\$ 18,931,354	\$ 30,570,514
Investments	47,004,481	56,938,153	32,208,497	136,151,131
Petty Cash Amounts	20,780	-	8,165	28,945
<b>Total</b>	<b>\$ 57,547,515</b>	<b>\$ 58,055,059</b>	<b>\$ 51,148,016</b>	<b>\$ 166,750,590</b>
Unrestricted	\$ 34,274,172	-	\$ 45,091,523	\$ 79,365,695
Restricted	23,273,343	-	6,056,493	29,329,836
Fiduciary Funds	-	58,055,059	-	58,055,059
<b>Total Cash and Investments</b>	<b>\$ 57,547,515</b>	<b>\$ 58,055,059</b>	<b>\$ 51,148,016</b>	<b>\$ 166,750,590</b>

4. Receivables

Primary Government

The following are receivables as of June 30, 2017, for the Government’s major and non-major funds including applicable allowances for uncollectible accounts. Receivables of the internal service funds in the amount of \$176,395 are included in the governmental activities of the government-wide statement.

	<u>Governmental Fund Financial Statements</u>				<u>Government-wide Statements</u>
	<u>General</u>	<u>Housing Programs</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Governmental Activities</u>
Receivables:					
Property Taxes	\$ 2,069,701	\$ -	\$ -	\$ 2,069,701	\$ 2,069,701
Accounts	-	218,396	65,531	283,927	290,011
Interest and Other	538,323	2,654	-	540,977	711,288
Gross Receivables	2,608,024	221,050	65,531	2,894,605	3,071,000
Less: Allowances for Uncollectibles	(546,810)	(215,457)	-	(762,267)	(762,267)
Net Total Receivables	<u>\$ 2,061,214</u>	<u>\$ 5,593</u>	<u>\$ 65,531</u>	<u>\$ 2,132,338</u>	<u>\$ 2,308,733</u>

Receivables as of June 30, 2017, for the Government’s enterprise funds and business-type activities including applicable allowances for uncollectible accounts were as follows:

	<u>Enterprise Fund Financial Statements</u>			<u>Government-wide Statements</u>
	<u>Current</u>		<u>Non-Current</u>	<u>Business-type Activities</u>
	<u>Wastewater Services</u>	<u>Landfill Services</u>	<u>Total</u>	
Receivables:				
Accounts	\$ 1,851,232	\$ 676,914	\$ 2,528,146	\$ -
Other	1,368	13,739	15,107	-
Non-Current	-	-	-	1,876,562
Gross Receivables	1,852,600	690,653	2,543,253	1,876,562
Less: Allowances for Uncollectibles	(87,903)	(33,846)	(121,749)	-
Net Total Receivables	<u>\$ 1,764,697</u>	<u>\$ 656,807</u>	<u>\$ 2,421,504</u>	<u>\$ 1,876,562</u>

**Component Units**

Receivables as of June 30, 2017, for the Component Units were as follows:

	<u>Board of Education</u>	<u>Cecil College</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
Receivables:				
Accounts	\$ 1,360,622	\$ -	\$ 100,667	\$ 1,461,289
Other	<u>-</u>	<u>1,428,575</u>	<u>-</u>	<u>1,428,575</u>
Gross Receivables	1,360,622	1,428,575	100,667	2,889,864
Less: Allowances for				
Uncollectibles	<u>-</u>	<u>(957,683)</u>	<u>-</u>	<u>(957,683)</u>
Net Total Receivables	<u>\$ 1,360,622</u>	<u>\$ 470,892</u>	<u>\$ 100,667</u>	<u>\$ 1,932,181</u>

**5. Notes Receivable**

**Economic Development Revolving Loan Fund**

The fund provides small loans, through a revolving loan fund, in conjunction with other lenders to enhance economic development within the County. As of June 30, 2017, there were two outstanding loans totaling \$29,508.



6. Capital Assets

A. Primary Government

The capital asset activity for Governmental Activities for the year ended June 30, 2017, was as follows:

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
<b><u>Governmental Activities:</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 14,803,614	\$ 132,220	\$ -	\$ 14,935,834
Construction in Progress	<u>5,750,415</u>	<u>5,234,101</u>	<u>(5,061,949)</u>	<u>5,922,567</u>
Total Capital Assets Not Being Depreciated	<u>20,554,029</u>	<u>5,366,321</u>	<u>(5,061,949)</u>	<u>20,858,401</u>
Capital Assets Being Depreciated:				
Land Improvements	14,954,358	214,844	-	15,169,202
Highways & Bridges	242,196,395	5,837,919	(217,246)	247,817,068
Building & Improvements	90,680,994	447,105	-	91,128,099
Machinery & Equipment	<u>56,789,045</u>	<u>2,967,535</u>	<u>(970,285)</u>	<u>58,786,295</u>
Total Capital Assets Being Depreciated	<u>404,620,792</u>	<u>9,467,403</u>	<u>(1,187,531)</u>	<u>412,900,664</u>
Less Accumulated Depreciation for:				
Land Improvements	(2,919,460)	(780,154)	-	(3,699,614)
Highways & Bridges	(141,361,482)	(6,043,046)	217,246	(147,187,282)
Building & Improvements	(21,289,413)	(2,169,885)	-	(23,459,298)
Machinery & Equipment	<u>(32,783,152)</u>	<u>(4,528,907)</u>	<u>839,538</u>	<u>(36,472,521)</u>
Total Accumulated Depreciation	<u>(198,353,507)</u>	<u>(13,521,992)</u>	<u>1,056,784</u>	<u>(210,818,715)</u>
Total Capital Assets Being Depreciated, Net	<u>206,267,285</u>	<u>(4,054,589)</u>	<u>(130,747)</u>	<u>202,081,949</u>
Governmental Activities Capital Assets, Net	<u>\$226,821,314</u>	<u>\$ 1,311,732</u>	<u>\$ (5,192,696)</u>	<u>\$222,940,350</u>

The capital asset activity for Business-Type Activities for the year ended June 30, 2017, was as follows:

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,420,510	\$ 1,947,817	\$ -	\$ 3,368,327
Construction in Progress	45,039,753	6,858,501	(39,191,521)	12,706,733
Total Capital Assets Not Being Depreciated	<u>46,460,263</u>	<u>8,806,318</u>	<u>(39,191,521)</u>	<u>16,075,060</u>
Capital Assets Being Depreciated:				
Landfill & Land Improvements	37,501,180	4,987,543	-	42,488,723
Wastewater Lines	36,212,542	12,874,153	-	49,086,695
Buildings & Improvements	24,648,132	7,216,890	(27,500)	31,837,522
Machinery & Equipment	27,876,336	14,282,693	(1,728,542)	40,430,486
Total Capital Assets Being Depreciated	<u>126,238,190</u>	<u>39,361,279</u>	<u>(1,756,042)</u>	<u>163,843,426</u>
Less Accumulated Depreciation for:				
Landfill & Land Improvements	(20,048,777)	(1,589,967)	-	(21,638,744)
Wastewater Lines	(16,958,635)	(1,089,141)	-	(18,047,776)
Building & Improvements	(8,624,468)	(765,437)	21,083	(9,368,822)
Machinery & Equipment	(13,509,435)	(2,346,084)	1,734,959	(14,120,560)
Total Accumulated Depreciation	<u>(59,141,315)</u>	<u>(5,790,629)</u>	<u>1,756,042</u>	<u>(63,175,902)</u>
Total Capital Assets Being Depreciated, Net	<u>67,096,875</u>	<u>33,570,650</u>	<u>-</u>	<u>100,667,524</u>
Business-Type Activities Capital Assets, Net	<u>\$ 113,557,138</u>	<u>\$ 42,376,968</u>	<u>\$ (39,191,521)</u>	<u>\$ 116,742,584</u>

Depreciation and depletion expense was charged to the following activities:

**Governmental Activities:**

General Government	\$ 1,249,633
Public Safety	3,509,973
Highways, Streets, and Bridges	7,438,315
Health and Welfare	359,460
Recreation and Culture	739,390
Public Libraries	223,557
Economic Development	1,664
	<u>\$ 13,521,992</u>

**Business-type Activities:**

Enterprise Funds:	
Wastewater	\$ 3,879,663
Landfill	1,742,780
Property Management	168,186
	<u>\$ 5,790,629</u>

**Construction Commitments**

Cecil County has active construction contracts as of June 30, 2017. The programs include highway, streets, bridges, wastewater treatment facilities, and upgrades to sewers. At year-end, the County's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Oldfieldpoint Road Improvements	\$ 2,157,768	\$ 541,889
Razor Strap Road Bridge & Road Improvements	1,802,123	544,317
Upgrade Nottingham Road Facility	326,856	554,362
Port Deposit WWTP	904,166	368,825
Elkton West Sanitary Sewer	1,985,766	238,488
Red Toad Road Sewer Line Replacement	70,200	411,269
<b>Total</b>	<b>\$ 7,246,879</b>	<b>\$ 2,659,150</b>

**B. Discretely Presented Component Units**

The following summarizes the capital asset activity of the County's component units for the year ended June 30, 2017:

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
<b><u>Board of Education</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 5,561,453	\$ -	\$ -	\$ 5,561,453
Construction in Progress	<u>16,382,833</u>	<u>10,638,302</u>	<u>(23,158,949)</u>	<u>3,862,186</u>
Total Capital Assets Not Being Depreciated	<u>21,944,286</u>	<u>10,638,302</u>	<u>(23,158,949)</u>	<u>9,423,639</u>
Capital Assets Being Depreciated:				
Building & Improvements	279,536,145	17,920,859	-	297,457,004
Land Improvements	17,233,951	168,059	-	17,402,010
Machinery & Equipment	<u>21,869,946</u>	<u>4,541,695</u>	<u>(158,089)</u>	<u>26,253,554</u>
Total Capital Assets Being Depreciated	<u>318,640,042</u>	<u>22,630,613</u>	<u>(158,089)</u>	<u>341,112,568</u>
Less Accumulated Depreciation for:				
Building & Improvements	(132,356,036)	(1,115,328)	-	(133,471,364)
Land Improvements	(6,073,916)	(11,186,444)	-	(17,260,360)
Machinery & Equipment	<u>(16,090,209)</u>	<u>(2,976,691)</u>	<u>109,269</u>	<u>(18,957,631)</u>
Total Accumulated Depreciation	<u>(154,520,161)</u>	<u>(15,278,463)</u>	<u>109,269</u>	<u>(169,689,355)</u>
Total Capital Assets Being Depreciated, Net	<u>164,119,881</u>	<u>7,352,150</u>	<u>(48,820)</u>	<u>171,423,213</u>
Board of Education Capital Assets, Net	<u>\$ 186,064,167</u>	<u>\$ 17,990,452</u>	<u>\$ (23,207,769)</u>	<u>\$ 180,846,852</u>

Capital assets of the County's component units (continued):

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
<b><u>Cecil College</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,779,763	\$ -	\$ -	\$ 1,779,763
Construction in Progress	6,501	-	(6,501)	-
Total Capital Assets Not Being Depreciated	<u>1,786,264</u>	<u>-</u>	<u>(6,501)</u>	<u>1,786,264</u>
Capital Assets Being Depreciated:				
Leasehold & Other Improvements	29,026,761	24,728	(166,527)	28,884,962
Building and Improvements	59,072,745	-	-	59,072,745
Machinery & Equipment	7,181,793	357,039	(185,411)	7,353,421
Total Capital Assets Being Depreciated	<u>95,281,299</u>	<u>381,767</u>	<u>(351,938)</u>	<u>95,311,128</u>
Less Accumulated Depreciation for:				
Leasehold & Other Improvements	(12,781,353)	(1,834,536)	146,984	(14,468,905)
Building & Improvements	(15,637,156)	(607,549)	-	(16,244,705)
Machinery & Equipment	(5,914,967)	(322,977)	129,193	(6,108,751)
Total Accumulated Depreciation	<u>(34,333,476)</u>	<u>(2,765,062)</u>	<u>276,177</u>	<u>(36,822,361)</u>
Total Capital Assets Being Depreciated, Net	<u>60,947,823</u>	<u>(2,383,295)</u>	<u>(75,761)</u>	<u>58,488,767</u>
Cecil College Capital Assets, Net	<u>\$ 62,734,087</u>	<u>\$ (2,383,295)</u>	<u>\$ (82,262)</u>	<u>\$ 60,268,530</u>
<b><u>Public Library</u></b>				
Capital Assets Being Depreciated:				
Machinery & Equipment	\$ 5,138,159	\$ 689,919	\$ (765,022)	\$ 5,063,056
Less Accumulated Depreciation for:				
Machinery & Equipment	(2,384,909)	(737,233)	765,022	(2,357,120)
Total Accumulated Depreciation	<u>(2,384,909)</u>	<u>(737,233)</u>	<u>765,022</u>	<u>(2,357,120)</u>
Total Capital Assets Being Depreciated, Net	<u>2,753,250</u>	<u>(47,314)</u>	<u>-</u>	<u>2,705,936</u>
Public Library Capital Assets, Net	<u>\$ 2,753,250</u>	<u>\$ (47,314)</u>	<u>\$ -</u>	<u>\$ 2,705,936</u>
<b><u>Bainbridge Development Corporation</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,549,600	\$ -	\$ -	\$ 3,549,600
Capital Assets Being Depreciated:				
Machinery & Equipment	29,406	35,216	-	64,622
Less Accumulated Depreciation for:				
Machinery & Equipment	(11,560)	(4,446)	-	(16,006)
Total Accumulated Depreciation	<u>(11,560)</u>	<u>(4,446)</u>	<u>-</u>	<u>(16,006)</u>
Total Capital Assets Being Depreciated, Net	<u>17,846</u>	<u>30,770</u>	<u>-</u>	<u>48,616</u>
Bainbridge Development Corporation Capital Assets, Net	<u>\$ 3,567,446</u>	<u>\$ 30,770</u>	<u>\$ -</u>	<u>\$ 3,598,216</u>

**7. Interfund Balances and Transfers**

Interfund balances arise primarily from the General Fund’s role as receiver, investor, and disbursing officer of cash. Transactions that are short-term in nature are classified as inter-fund receivables. The Landfill Fund required an Advance of \$2,313,813 to assure cash funding of the Closure and Post closure Liability in accordance with State Law; this is classified as an advance because the Landfill’s cash flow is insufficient to repay the balance in the short term. The \$3,282,676 due from the Wastewater Fund is considered an advance because the fund has not generated enough cash flow in recent years and the cash flow from service charges is insufficient to repay the balance in the short term. The Motor Vehicle internal service fund holds depreciable assets; the receivables from this fund are considered an advance because the cash flow from service charges is insufficient to repay the balances in the short term. The inter-fund receivables as of June 30, 2017, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Funds	\$ 816,818
	General Capital Projects Fund	2,127,462
	Housing Programs Fund	13,227
	Advance to Wastewater Fund	3,282,676
	Advance to Landfill Fund	2,313,813
	Advance to Motor Vehicle Fund	<u>4,121,172</u>
		<u>\$ 12,675,168</u>

Interfund transfers from the General Fund consist of operating transfers to finance debt service of \$15,120,232 and \$1,144,625 to provide additional support to several special revenue programs. The transfers for the year ended June 30, 2017, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>Housing Fund</u>	<u>General Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>General Fund</u>	
General Fund	\$ 43,398	\$ -	\$ 16,880,173	\$ -	\$ 16,923,571
Property Management	-	-	-	186,453	186,453
Casino Local Impact	-	147,565	-	1,729,000	1,876,565
General Capital Projects	-	-	-	365,046	365,046
Total	<u>\$ 43,398</u>	<u>\$ 147,565</u>	<u>\$ 16,880,173</u>	<u>\$ 2,280,499</u>	<u>\$ 19,351,635</u>

8. Long-Term Debt

A. Changes in Long-Term Liabilities

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 164,411,216	\$ -	\$ (11,123,770)	\$ 153,287,446	\$ 11,880,454
Premium on Debts Issued	14,958,733	-	(1,904,328)	13,054,405	1,805,603
Total Bonds Payable	179,369,949	-	(13,028,098)	166,341,851	13,686,057
Capital Leases	-	1,921,640	(45,330)	1,876,310	372,339
Insurance Claims Payable	5,038,906	11,256,571	(11,072,050)	5,223,427	5,223,427
Compensated Absences	2,221,139	2,232,056	(2,043,340)	2,409,855	1,606,570
Net Pension Liability	25,947,132	-	(3,449,129)	22,498,003	-
Governmental Activity Long-Term Liabilities	<u>\$ 212,577,126</u>	<u>\$ 15,410,267</u>	<u>\$ (29,637,947)</u>	<u>\$ 198,349,446</u>	<u>\$ 20,888,393</u>
	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Bonds Payable	\$ 78,058,077	\$ 583,040	\$ (4,459,078)	\$ 74,182,039	\$ 4,667,407
Premium on Debt Issued	741,235	-	(102,418)	638,817	99,364
Total Bonds Payable	78,799,312	583,040	(4,561,496)	74,820,856	4,766,771
Compensated Absences	142,814	128,512	(122,923)	148,403	98,935
Accrued Landfill Closure and Postclosure Costs	8,824,002	241,550	-	9,065,552	-
Business-Type Activity Long-Term Liabilities	<u>\$ 87,766,128</u>	<u>\$ 953,102</u>	<u>\$ (4,684,419)</u>	<u>\$ 84,034,811</u>	<u>\$ 4,865,706</u>
<b>Component Units</b>					
Board of Education	\$ 18,029,767	\$ 2,166,689	\$ (2,254,551)	\$ 17,941,905	\$ 1,364,124
Cecil College	492,888	-	(47,602)	445,286	398,211
Cecil County Public Library	371,623	65,856	-	437,479	25,898
Bainbridge Development	91,841	-	-	91,841	-
Component Units Long-Term Liabilities	<u>\$ 18,986,119</u>	<u>\$ 4,329,970</u>	<u>\$ (2,302,153)</u>	<u>\$ 18,916,511</u>	<u>\$ 1,788,233</u>

Compensated absences are reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The General Fund normally pays compensated absence liabilities not recorded in internal service funds.

**B. General Obligation Bonds**

Cecil County issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds have been issued for both governmental and business-type activities; they are direct obligations and pledge the full faith and credit of the government. These bonds are generally issued as 10 to 20 year serial bonds with varying amounts of principal due each year.

Cecil County has also issued special assessment debt to provide for the construction of shore erosion control projects. These funds will be repaid from amounts levied against the property owners benefited by the construction. In the event that a deficiency exists at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources are received.

Bond issues described as “Consolidated Public Improvement Bonds” are used to finance the design, planning, renovation, construction, and equipping of public facilities in Cecil County. Funding from Sanitary District Bonds is used to design, plan, renovate, construct or equip various wastewater facilities.

There are certain limitations and restrictions contained in the various bond indentures including call provisions. The County is in compliance with the limitations and restrictions.

A detailed list of bonds outstanding as of June 30, 2017, is contained on pages 60 and 61.

The annual debt service requirements to maturity for principal and interest for bonds payable as of June 30, 2017, were as follows:

Year Ending June 30	General Obligation Bonds				Special Assessment Bonds	
	Governmental Activities		Business-Type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 11,874,355	\$ 5,518,474	\$ 4,667,407	\$ 2,407,064	\$ 6,099	\$ -
2019	11,971,138	5,094,546	4,714,319	2,278,012	6,099	-
2020	11,566,708	4,676,758	4,868,141	2,144,187	6,099	-
2021	11,890,694	4,227,477	4,972,256	2,003,539	6,099	-
2022	11,899,418	3,768,553	5,411,359	1,846,929	6,099	-
2023-2027	54,998,571	12,168,025	22,908,293	6,833,477	30,494	-
2028-2032	27,180,853	4,536,463	18,722,514	3,262,307	30,494	-
2033-2037	11,814,226	805,866	10,240,844	804,691	-	-
2038-2042	-	-	533,033	115,467	-	-
2043-2045	-	-	232,150	15,630	-	-
Total	153,195,963	\$ 40,796,162	77,270,316	\$ 21,711,303	91,483	\$ -
Less: Funds not Draw n	-	-	(3,088,277)	-	-	-
Total	\$ 153,195,963	-	\$ 74,182,039	-	\$ 91,483	-

The following is a summary of general, special assessment, and revenue bonds outstanding as of June 30, 2017:

<b>Date of Issue / Maturity</b>	<b>Amount of Original Issue</b>	<b>Description</b>	<b>Interest Rates</b>	<b>Balance Outstanding June 30, 2017</b>
2002/2023	\$ 2,050,000	Sanitary District Bond 2002A Cherry Hill WWTP	2.00%	\$ 702,259
2002/2024	6,279,112	Sanitary District Bond 2002B North East River WWTP	1.90%	2,205,728
2003/2043	845,000	Sanitary District Bond 2003A Cherry Hill WWTP	4.25%	694,525
2004/2023	2,616,645	Sanitary District Bond 2003B Lakeside/Rt 272 Sewer Upgrades	1.20%	890,868
2004/2044	1,585,000	Sanitary District Bond 2004A Carpenters Point Ph I Collection System	4.58%	1,340,025
2004/2025	8,000,000	Sanitary District Bond 2004B Meadowview WWTP	1.10%	3,506,409
2008/2027	32,045,000	Consolidated Public Improvement Bonds 2007 General \$9,401,700 BOE \$15,530,046 College \$743,254 Waste Water \$6,370,000	4%-5%	1,510,000
2008/2027	2,702,000	Sanitary District Bond 2008A Washington Street Pump Station Carpenters Point Ph II Collection System	1%	1,377,070
2009/2028	800,000	Sanitary District Bond 2008B Septage Receiving Facility	None	440,000
2009/2028	27,695,000	Consolidated Public Improvement Bonds 2009 General \$6,857,437 BOE \$9,175,563 College \$6,987,000 Waste Water \$3,700,000 Solid Waste \$975,000	3.0%-4.375%	2,770,000



List of Bonds outstanding at June 30, 2017 (continued):

<u>Date of Issue / Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2017</u>
2010/2021	\$25,160,000	Consolidated Public Improvement and Refunding Bonds 2010A General \$4,553,000 BOE \$1,646,000 College \$751,000 Solid Waste \$8,500,000 Refunding 2001B \$9,710,000	2.0%-3.0%	\$ 11,500,000
2010/2030	15,420,000	Consolidated Public Improvement 2010 B Build America Bonds General \$6,920,000 Solid Waste \$8,500,000	4.75%-5.7%	15,420,000
2010/2030	1,257,000	Sanitary District Bond 2010A Carpenters Point Ph III Collection System	1%	884,707
2011/2024	6,615,000	2011 GO Refunding Bond Refunding 2003 and 2004	2.35%	6,455,000
2012/2032	33,995,000	Consolidated Public Improvement and Refunding Bonds of 2012 General \$11,504,000 BOE \$560,000 College \$1,203,000 Waste Water \$1,483,000 Refunding 2002,2003,2004 & 2005 \$19,245,000	2.25%-5.0%	26,990,000
2013/2025	9,290,000	Consolidated Public Improvement and Refunding Bonds of 2013 Refunding 2002 & 2005 \$9,290,000	2.0%-5.0%	6,385,000
2014/2036	20,879,000	Sanitary District Bond 2014 Northeast River WWTP ENR Upgrade (Only \$16,931,412 drawn at June 30, 2017)	2%	16,931,412
2014/2034	48,000,000	Consolidated Public Improvement 2014 General \$17,015,000 BOE \$14,325,000 Waste Water \$16,660,000	3.0%-5.0%	43,795,000
2015/2027	34,975,000	2015 GO Refunding Bond Refunding 2006 and 2007	3.0%-4.0%	34,975,000
2016/2036	50,530,000	Consolidated Public Improvement and Refunding Bonds of 2016 General \$12,343,200 BOE \$11,664,800 College \$2,002,000 Property Management \$7,300,000 Waste Water \$2,490,000 Refunding 2009 \$14,730,000	2.25%-5.0%	<u>48,605,000</u>
Sub-Total General Obligation Bonds				<u>227,378,003</u>
2004/2031	149,000	West View Shores II - Erosion Control	None	<u>91,483</u>
Sub-Total Special Assessment Debt				<u>91,483</u>
Total				<u>\$ 227,469,486</u>

**C. Defeasance of Debt**

Prior Year Defeasance of Debt. In prior years, Cecil County defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2017, \$34,375,000 of Cecil County Maryland bonds outstanding from this defeasement are considered defeased.

**9. Leases**

**A. Operating Leases**

The County no longer leases office facilities after the purchase of 107 Chesapeake Blvd in Elkton. The Board of Education leases office and warehouse space, and bus parking. The future minimum lease payments for these leases were as of June 30, 2017:

<u>Years Ending June 30</u>	<u>Board of Education</u>
2018	\$ 1,351,203
2019	986,399
2020	533,982
2021	<u>427,683</u>
Total Commitment under the Operating Lease	<u>\$ 3,299,267</u>

**B. Capital Leases**

The County has a Master Equipment Lease/Purchase Agreement with Banc of America Public Capital Corp. The agreements allow the County to purchase equipment at an adjustable market rate of interest. The Board of Education has entered into capital leases for maintenance vehicles and portable classrooms. As such, the present value of all future minimum lease payments has been recorded as a capital lease obligation on the statement of net position. As of June 30, 2017, future minimum payments under capital leases were as follows:

<u>Years Ending June 30</u>	<u>Primary Government</u>		<u>Board of Education</u>
	<u>Motor Vehicle</u>	<u>IT Equip</u>	
2018	\$ 192,512	\$ 208,777	\$ 1,006,182
2019	192,512	208,777	903,124
2020	192,512	208,777	820,136
2021	192,512	208,777	803,912
2022	<u>192,512</u>	<u>160,288</u>	-
Total Payments	962,560	995,396	3,533,354
Less Interest	<u>(42,474)</u>	<u>(39,172)</u>	<u>(101,759)</u>
Capitalized lease obligations	<u>\$ 920,086</u>	<u>\$ 956,224</u>	<u>\$ 3,431,595</u>

Capitalized leases for the County at June 30, 2017, consist of the following assets shown at original cost as summarized below:

<u>Type of Property</u>	<u>Primary Government</u>		<u>Board of</u>
	<u>Motor Vehicle</u>	<u>IT Equip</u>	<u>Education</u>
Vehicles	\$ 920,086	\$ -	\$ -
Buildings	-	-	465,039
Improvements other than buildings	-	-	5,446,293
IT Equipment	-	956,224	4,456,712
Total	920,086	956,224	10,368,044
Less Accumulated Depreciation	(30,670)	(31,874)	(4,278,494)
Net Assets Under Lease	<u>\$ 889,416</u>	<u>\$ 924,350</u>	<u>\$ 6,089,550</u>

#### 10. Landfill Closure and Post-closure Care Costs

State and federal laws and regulations require the County to place a final cover on its central refuse landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date.

The landfill closure and post-closure care liability of \$9,065,552 as of June 30, 2017, represented the cumulative amount reported to date based on the use of approximately 79% of the estimated capacity of the currently constructed cells at the landfill. Based on the historical average disposal volume in the last 5 years, it is anticipated that the existing landfill has approximately 8-10 years of remaining disposal life. The remaining estimated cost of closure and post-closure care of \$2,348,756 will be recognized as the remaining estimated capacity is filled. The total closure and post-closure liability calculation is based on current 2017 costs. Actual cost may be different because of inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to meet certain financial assurance requirements relative to financing the expected cost of closure and post-closure care. The County is in compliance with these requirements.

11. Deferred Revenues

Government Funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. In the government-wide statement, deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

	<u>Governmental Fund Financial Statements</u>	<u>Government-wide Financial Statements</u>
<b><u>Unavailable Revenues</u></b>		
<b>General Fund</b>		
Income Taxes	\$ 4,808,819	\$ -
Property Taxes	<u>285,121</u>	<u>-</u>
<b>Total Governmental Activities</b>	<b><u>\$ 5,093,940</u></b>	<b><u>\$ -</u></b>
<b><u>Unearned Revenues</u></b>		
<b>General Capital Project Fund</b>		
Unearned Grant Revenue	275,000	275,000
<b>Non-Major Funds</b>		
Other Special Revenues	206,894	206,894
Community Services	<u>239,806</u>	<u>239,806</u>
	446,700	446,700
<b>Internal Service Fund</b>		
Motor Vehicle Fund	<u>-</u>	<u>846,344</u>
<b>Total Governmental Activities</b>	<b><u>\$ 721,700</u></b>	<b><u>\$ 1,568,044</u></b>

**12. Fund Balance**

The County has adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted** – Amounts that can be spent only for specific purposes because of the County Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed** – Amounts that can be used only for specific purposes determined by formal County Council legislative action.
- Assigned** – Amounts that are allocated for a future use by the County Executive but are not spendable until a budget ordinance is passed by County Council.
- Unassigned** – All amounts not included in other spendable classifications.

The details of the fund balances are included in the Balance Sheet of Governmental Funds. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the County Executive. Decreases to fund balance first reduce Unassigned Fund Balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

**General Fund**

The General Fund had Nonspendable fund balances of \$10,215,102 as of June 30, 2017. The \$2,313,813 due from the Landfill Fund is considered an Advance (discussed in Note 7) and therefore is classified as Nonspendable fund balance; the fund has not generated enough cash flow over time to maintain state mandated Closure/Post-Closure reserves and that cash has been advanced by the General Fund. The Motor Vehicle internal service fund holds depreciable assets; the receivables from this fund is considered as Advances and classified as Nonspendable because the cash flow from service charges is insufficient to repay the balance in the short term. The \$3,282,676 due from the Wastewater Fund is considered an Advance (discussed in Note 7) and therefore is classified as Nonspendable fund balance; the fund has not generated enough cash flow in recent years and the cash flow from service charges is insufficient to repay the balance in the short term. The County's Nonspendable fund balance detail is as follows:

<b>Non-spendable</b>	
Advance to Landfill Fund	\$ 2,313,813
Advance to Motor Vehicle Fund	4,121,172
Advance to Wastewater Fund	3,282,676
Inventory and Prepaid	<u>497,441</u>
	<u>\$ 10,215,102</u>

The General Fund had Committed fund balances of zero as of June 30, 2017. The County did not utilize Fund Balance Appropriation in the fiscal year 2018 approved budget to attain a balanced budget.

The General Fund had Assigned fund balances of \$15,327,610 as of June 30, 2017. The Reserve for Contingencies was legislated to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions or public emergency. The Reserve is equal to 7.5% of \$189,701,743 - fiscal year 2018 expenditures budgeted as of the end of June 30,

2017. The Assigned amount is also related to a state and local income tax court case that has resulted in potential refunds of local income tax.

The Assigned fund balance detail is as follows:

<b>Assigned</b>		
Reserve for Contingencies (Rainy Day)		\$ 14,227,610
Income Tax Refunds - Wynne Case		<u>1,100,000</u>
		<u>\$ 15,327,610</u>

The General Fund is the only governmental fund that can report a positive Unassigned fund balance; the Unassigned balance as of June 30, 2017 is \$10,247,486.

**Other Funds**

The restricted fund balances for all special revenue funds amounted to \$7,677,678 and are intended to be used for subsequent years' expenditures for various grants and activities. The \$742,979 restricted funds for all capital projects are bond funds intended to be used for on-going capital projects. The balances as of June 30, 2017 consist of the following:

<b>Restricted</b>		
Major Fund	Housing	\$ 660,180
Major Fund	Casino Local Impact	1,651,091
Major Fund	General Capital Projects	742,979
Non-Major Funds	Other Governmental	<u>5,366,407</u>
		<u>\$ 8,420,657</u>

**13. Risk Management**

**A. Health Insurance**

The County is self-insured for health care benefits provided to employees. The County pays 85% of the cost of providing benefits with employees contributing 15% of the cost. Benefits are provided through the Health Insurance Internal Service Fund. The Fund was established in fiscal year 1993 to provide health care benefits to employees of the County government, and two component units (Cecil College and Cecil County Public Library). Under the Plan, charges are made to employers on a formula basis. Inter-fund charges within the County are recorded as revenue in the Health Insurance Fund and as expenditure/expense to the benefiting department.

The County manages the Plan through retention of risk in the Internal Service Fund and the purchase of commercial insurance. The payment of health-related claims is processed through a third-party administrator. Excess insurance is purchased to cover individual claims that exceed \$200,000 per plan year. During the fiscal year ended June 30, 2017, the County incurred a series of claims that exceeded the stop loss limit; the County received reimbursement for these claims.

The liability for Health Insurance Fund claims of \$1,093,427 was based on standard insurance industry practices for estimating claims for insured losses incurred but not reported by June 30, 2017. Historical claims experience and other relevant reports are the basis for these estimates.

An analysis of claims liabilities recorded in the Health Insurance Fund is presented below:

	<u>Beginning Fiscal Year Liability</u>	<u>Claims and Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Fiscal Year Liability</u>
2015-2016	\$ 1,474,886	\$ 10,274,520	\$ (10,718,500)	\$ 1,030,906
2016-2017	1,030,906	9,440,259	(9,377,738)	1,093,427

**B. Workers Compensation Insurance**

Effective July 1, 2009, the County became self-insured for workers compensation benefits provided to employees. The County manages the Plan through retention of risk in the Internal Service Fund and the purchase of commercial insurance. The payment of workers compensation claims is processed through a third-party administrator. Excess insurance is purchased to cover individual claims that exceed \$500,000 per plan year.

The liability for Workers Compensation Fund claims of \$4,130,000 is based on standard insurance industry practices for estimating claims for insured losses incurred but not reported by June 30, 2017.

An analysis of claims liabilities recorded in the Workers' Compensation Fund is presented below:

	<u>Beginning Fiscal Year Liability</u>	<u>Claims and Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Fiscal Year Liability</u>
2015-2016	\$ 4,463,000	\$ (92,801)	\$ (362,199)	\$ 4,008,000
2016-2017	4,008,000	956,350	(834,350)	4,130,000

**C. Other Insurance**

The County is exposed to various risks of loss related to torts, thefts or damage to assets, destruction of assets, errors and omissions, injuries to employees and other losses. The County participates in the Maryland Local Government Insurance Trust (LGIT). Coverage and deductibles under LGIT vary depending on type of incident.

The County insures its primary liability, property damage, and excess liability coverage through participation in LGIT, a public entity risk pool. For the pooled coverage, there is a total risk and cost sharing for all participants. Liabilities in excess of assets of the Trust may be assessed to participating members. Stop loss insurance is provided to protect against catastrophic losses. Premiums are paid by the General Fund. The County does not have any claim liability in addition to premiums, unless an assessment is made by the Trust.

**14. Commitments and Contingencies****A. Educational Funding Commitments**

The Annotated Code of Maryland (the Code) requires that the County provide funding equal to at least 32% of the Cecil College current expenditures. The County has met the funding requirement for the year ended June 30, 2017. Funding for the year ending June 30, 2018, is estimated to be \$10,544,478. The Code also requires that the County maintain its funding level from year to year for the Board of Education. For the year ended June 30, 2017, such funding amounted to \$76,666,693 and is estimated to be \$81,688,528 for the year ending June 30, 2018.

**B. Grant Compliance**

The County receives Federal and State funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on the filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustment resulting from subsequent examinations is recognized in the year in which the results of such examinations become known. County officials do not expect any significant adjustment as a result of these examinations.

**C. Litigation Compliance**

The County is a party to numerous legal proceedings, many of which normally occur in governmental operations. The legal proceedings are not, in the opinion of the County's attorneys, likely to have a material adverse impact on the County's financial position.

**15. Employee Retirement Systems and Pension Plans****A. Pension Plans – Primary Government**

The County sponsors a single-employer, defined benefit pension plan, the Cecil County Pension Plan for Public Safety Employees (PPPSE), to provide benefits to certain law enforcement and public safety personnel. Except for employees of the Bainbridge Development Corporation, all other County employees and the employees of its component units are covered by the Maryland State Retirement and Pension System (MSRPS), a cost-sharing multiple employer public employee retirement system.

**Cecil County Pension Plan for Public Safety Employees (PPPSE)**

Plan description. Established by Cecil County on July 1, 2002, the Cecil County Pension Plan for Public Safety Employees (PPPSE) is a single-employer, defined benefit pension plan which provides retirement, disability and death benefits to Plan members and their beneficiaries. The Plan covers all full-time employees on the County's Public Safety Pay Scale hired after June 30, 2002, the Cecil County Sheriff, and eligible public safety employees who have opted to convert from the Maryland State Retirement and Pension System Plan. As of June 30, 2017, there were 250 active Plan members, 93 retirees receiving benefits, 4 disabled beneficiary receiving benefits and 26 members entitled to but not yet receiving retirement benefits. Responsibility for the administration and operation of the Plan is vested with a 9-member Board of Trustees. The Plan issues publicly available financial statements, which are available from the Cecil County Department of Finance, 200 Chesapeake Blvd., Elkton, MD 21921 or [www.ccgov.org/government/finance/financial-reports](http://www.ccgov.org/government/finance/financial-reports).



The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For fixed income securities, fair value may be based on quoted market prices.

Funding Policy. The contribution requirements of Plan members and the County are established by resolution of the former Board of County Commissioners and may be amended by resolution. Plan members are required to contribute 8% of the base compensation. Cecil County, as the employer, is required to make actuarially determined annual contribution amounts; the current rate is 15.83% of covered payroll.

Annual Pension Cost. For the fiscal year ended June 30, 2017, the County’s annual contribution to the PPPSE was \$2,102,732 which was equal to the actuarially determined contribution. The required contribution to the Public Safety Plan was determined as part of the July 1, 2016, actuarial valuation using the projected unit actuarial cost method and level percentage – closed amortization method. The actuarial assumptions included: (a) 7.0% investment rate of return compounded annually, net of investment expenses; (b) projected salary increases vary by years of service; (c) termination of service rates vary by years of service; (d) an inflation rate of 2.5% resulting in post-retirement benefit increases of the maximum 2%; (e) For healthy participants and beneficiaries, the RFP-2014 Combined Healthy tables with the Blue Collar adjustment and generational; projection by Scale MP-2015. For disabled participants, the table is set forward five years; (f) the remaining amortization period is no more than 20 years.

The long-term expected rate of return of 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 allocation percentage and by adding expected inflation (2.5%). The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	52%	6.44%
International	12%	7.44%
Emerging Markets	3%	9.42%
Fixed Income	33%	2.02%
Cash	0%	1.06%

Discount rate. The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and that the County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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 the projected benefit payments to determine the total pension liability.

	<b>Changes in the Net Pension Liability</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at 6/30/16</b>	\$ 54,976,856	\$ 43,916,896	\$ 11,059,960
<b>Changes for the year:</b>			
Service cost	2,336,327	-	2,336,327
Interest	3,769,916	-	3,769,916
Difference between Expected/Actual Experience	(1,268,373)	-	(1,268,373)
Contributions - Employer	(998,224)	2,102,732	(3,100,956)
Contributions - Member	-	957,910	(957,910)
Net Investment Income	-	6,587,039	(6,587,039)
Benefit Payments/ Refunds	(2,241,817)	(2,241,817)	-
Administrative Expense	-	(56,331)	56,331
<b>Net Changes</b>	<u>1,597,829</u>	<u>7,349,533</u>	<u>(5,751,704)</u>
<b>Balances at 6/30/17</b>	<u>\$ 56,574,685</u>	<u>\$ 51,266,429</u>	<u>\$ 5,308,256</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.0 percent, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
County's Net Pension Liability	\$ 13,918,887	\$ 5,308,256	\$ 4,353,260

Detailed information about the pension plan’s net position is available in the separately issued PSPP financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017, the County recognized pension expense of \$2,025,918. As of June 30, 2017 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,155,221
Changes in Assumptions	337,254	831,853
Net difference between projected and actual earnings on pension plan investments	<u>3,304,849</u>	<u>2,788,935</u>
Total	<u>\$ 3,642,103</u>	<u>\$ 5,776,009</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Pension Expense</u>
2018	\$ (77,876)
2019	(77,878)
2020	(402,669)
2021	(1,197,721)
2022	<u>(377,762)</u>
Total	<u>\$ (2,133,906)</u>

**Maryland State Retirement and Pension System (MSRPS)**

Plan description. Except for public safety personnel participating in the Pension Plan for Public Safety described previously and employees of Bainbridge Development Corporation, the employees of the County and its component units are covered by a plan within either the Employees’ Retirement and Pension System or the Teachers’ Retirement and Pension System. These plans are part of the Maryland State Retirement and Pension System (MSRPS), a cost-sharing multiple-employer public employee retirement system administered by the State Retirement Agency. The MSRPS was established by the State Personnel and Pensions Article of the Annotated Code of Maryland (State law) to provide retirement allowances and other benefits to state employees, teachers, police, judges, legislators and employees of participating governmental units. Responsibility for the administration and operation of the MSRPS is vested in a 14-member Board of Trustees. The MSRPS issues annual financial statements which are publicly available at [www.sra.state.md.us](http://www.sra.state.md.us) or may be obtained by writing to the State Retirement and Pension System of Maryland, 301 West Preston Street, Baltimore, MD 21201, or by calling 1-800-492-5909.

Funding policy. The contribution requirements for plan members, the County and its component units are established by State law. Employees are required to contribute two percent to seven percent of their compensation, depending on the plan in which they are enrolled. Employers, including the County, are required to contribute at an actuarially determined rate based on annual actuarial valuations using the entry age normal cost method with projection and other actuarial assumptions adopted by the Board of Trustees. Current employer contribution rates to the Employees’ Retirement and Employees’

Pension plans vary from 8.1% to 13.1% of covered payroll depending on the plan. The County's contributions to the MSRPS for the years ending June 30, 2017, 2016, and 2015 were \$1,527,216, \$1,462,786, and \$1,516,240 respectively and equaled the required contribution for each year. Amounts contributed by the State on behalf of the component units can be found in their respective financial statements.

Summary of total pension costs. The total annual pension cost for the County and its component units to the MSRPS and the Pension Plan for Public Safety Employees for the year ended June 30, 2017, was equal to the required and actual contributions as follows:

	<u>MSRPS</u>	<u>Public Safety</u>	<u>Total</u>
Primary Government	\$ 1,527,216	\$ 2,102,732	\$ 3,629,948
Component Units			
Board of Education	13,326,522	-	13,326,522
Community College	615,668	-	615,668
Public Library	460,524	-	460,524
Total	<u>\$ 15,929,930</u>	<u>\$ 2,102,732</u>	<u>\$ 18,032,662</u>

Pension Liabilities. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: As of June 30, 2017, the County reported a liability of \$17,189,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participants members, actuarially determined. As of June 30, 2016, the County's proportion was .0729%.

For the year ended June 30, 2017, the County recognized pension expense of \$2,222,836. As of June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions Subsequent to Measurement Date	\$ 1,356,684	\$ -
Differences between expected and actual experience	-	357,227
Changes in Assumptions	558,777	-
Net difference between projected and actual earnings on pension plan investments	<u>2,150,832</u>	<u>510,474</u>
Total	<u>\$ 4,066,293</u>	<u>\$ 867,701</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Pension Expense</u>
2018	\$ 424,667
2019	424,667
2020	646,172
2021	374,170
2022	<u>(27,768)</u>
Total	<u>\$ 1,841,908</u>

Actuarial Assumptions. The key actuarial assumptions used to perform the June 30, 2016 pension liability calculation are as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Inflation	2.70% General, 3.205% Wage
Salary Increases	3.45% to 10.70% Including Inflation
Investment Rate of Return	7.55%

Mortality rates were based on the RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

The long-term expected rate of return of 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 allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the System’s Board after considering input from the System’s investment consultant(s) and actuary(s). For each major asset allocation, the best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Public Equity	37%	6.60%
Private Equity	10%	7.40%
Rate Sensitive	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	9%	3.70%
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current active and inactive employees. Therefore, the long-term 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 County’s proportionate share of the net pension liability to changes in the discount rate. The following presents the County’s proportionate share of the net pension calculated using the discount rate of 7.55 percent, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.55 percent) or 1 percentage point higher (8.55 percent) than the current rate:

	<b>1% Decrease</b> <b>6.55%</b>	<b>Current Discount Rate</b> <b>7.55%</b>	<b>1% Increase</b> <b>8.55%</b>
County’s Net Pension Liability	\$ 23,611,608	\$ 17,189,747	\$ 11,845,796

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s Comprehensive Annual Report for the fiscal year ended June 30, 2016. This can be found at: [www.sra.state.md.us/Agency/Downloads/CAFR/CAFR\\_fullreport.pdf](http://www.sra.state.md.us/Agency/Downloads/CAFR/CAFR_fullreport.pdf).

**B. Pension Plans – Component Units**

Cecil County Public Schools: As of June 30, 2017, the Public Schools reported a liability of approximately \$11.5 million for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Public School’s proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2016, the Board’s proportion for ERS was 0.0489%, which was substantially the same from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the Public Schools recognized pension expense for ERS of approximately \$952 thousand. Detailed retirement plan information for the Public Schools is available in their current year audited financial statements.

Cecil County Library: As of June 30, 2017, the Library reported a liability of approximately \$437 thousand for its proportionate share of the Employees Retirement System of the State of Maryland (ERS) net pension liability. The ERS net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library’s proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2016, the Board’s proportion for ERS was 0.0019%, which was substantially the same from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the Library recognized pension expense for ERS of approximately \$50 thousand. Detailed retirement plan information for the Library is available in their current year audited financial statements.

**C. Defined Contribution Plan**

Employees of Cecil College are eligible to be covered under the Teachers' Insurance and Annuity Association - College Retirement Equity Fund (TIAA-CREF). TIAA-CREF, a private insurance company, is the optional retirement program chosen by the State Board of Community Colleges for professional staff only. The College has also chosen a TIAA-CREF plan to provide retirement benefits to certain employees not eligible to participate in any other plan. Covered payroll for employees participating in the TIAA-CREF Plan was \$6,795,738 in 2017.

**16. Other Post-Employment Benefits****A. Plan Description**

The Cecil County Maryland Non-Pension Post-Employment Benefits Trust (the "Plan") is a single employer defined benefit plan administered by the County. The Plan provides medical, prescription drug, dental and vision to all eligible retired employees of the County, Cecil County Public Library and Cecil College. The retiree must be continuously enrolled under the Cecil County Employee Benefit Plan for four years immediately preceding retirement date and must meet the eligibility requirements of the plan. 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 depending on the employee's years of service, the County contributes \$75 to \$150 per month per participant to the Plan, and the participant is required to pay the balance of the Plan's insurance premiums, as well as any annual deductibles. As of July 1, 2016, the date of the last actuarial valuation, approximately 87 retirees and their beneficiaries were receiving benefits, and an estimated 698 active employees are potentially eligible to receive future benefits. The Plan issues publicly available financial statements, which are available from the Cecil County Department of Finance, 200 Chesapeake Blvd. , Elkton, MD 21921 or [ccgov.org/government/finance/financial-reports](http://ccgov.org/government/finance/financial-reports).

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For fixed income securities, fair value may be based on quoted market prices.

**B. Funding Policy**

The County pays a portion of retiree healthcare premiums based on years of service. The retiree pays the remaining premium, including the cost of eligible dependents. The County pays post-retirement medical benefits (normal cost) from the General Fund, not from the trust. The Cecil County Maryland, Non-Pension Post-Employment Benefits Trust was established by Cecil County to provide funding for post -retirement non-pension benefits for certain employees of the County, Cecil College and the Cecil County Library. The County funded \$413,864 which was \$82,864 over and above the Actuarially Determined Contribution (ADC) of \$331,000.

**C. Annual OPEB Cost and Net OPEB Obligation**

An actuarial study was prepared calculating the postemployment healthcare cost as of July 1, 2016. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability (“UAAL”) at \$617,638 and the ADC of \$331,000. The post-employment healthcare cost was determined under the Projected Unit Credit Actuarial Cost Method and uses a level percentage closed amortization method. The calculation uses a 7 percent discount rate and the amortization of the UAAL over 30 years. This ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus any unfunded liability amortized over a period not to exceed thirty years. The County pays post-retirement medical benefits (normal cost) from the General Fund, not from the trust.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the year ended June 30, 2017:

Actuarially Determined Contribution (ADC)	\$ 331,000
Interest on Net OPEB Obligation	(106,000)
Adjustment to the ADC	97,000
	<hr/>
Annual OPEB Cost (Expenses)	322,000
Payments to retirees from General Fund	(534,136)
Contributions made	(413,864)
	<hr/>
Increase in Net OPEB Obligation	(626,000)
Net OPEB obligation (asset) - beginning of year	(1,507,396)
	<hr/>
Net OPEB obligation (asset) - end of year	<u>\$ (2,133,396)</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years, were as follows:

<u>Fiscal Years</u> <u>Ended June 30</u>	<u>Annual OPEB</u> <u>Cost (AOC)</u>	<u>Percentage of</u> <u>AOC</u> <u>Covered</u>	<u>Net OPEB</u> <u>Obligation (Asset)</u>
2015	\$ 872,000	121%	\$ (1,190,396)
2016	593,000	153%	(1,507,396)
2017	322,000	294%	(2,133,396)

Discount rate. The discount rate used to measure the OPEB liability was 7.0 percent. The included calculations assume that the members and the County will continue to make the current contribution levels. Based on that assumption, the plan’s fiduciary net position is expected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB investments was applied to all periods of the projected benefit payments to determine the Actuarially Determined Contribution.



	Changes in the Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 6,198,136	\$ 5,187,238	\$ 1,010,898
<b>Changes for the year:</b>			
Service Cost	309,000	-	309,000
Interest	415,000		415,000
Changes of Benefit Terms	-		-
Experience Losses	-		-
ER Trust Contribution		948,000	(948,000)
Net Investment Income		651,279	(651,279)
Changes in Assumptions	-		-
Benefit Payments	(534,136)	(534,136)	-
Administrative Expense		(20,241)	20,241
<b>Net Changes</b>	<u>189,864</u>	<u>1,044,902</u>	<u>(855,038)</u>
<b>Balances at 6/30/17</b>	<u>\$ 6,388,000</u>	<u>\$ 6,232,140</u>	<u>\$ 155,860</u>
<i>Funded Status</i>		<i>97.56%</i>	

Sensitivity of Total and Net OPEB liability to changes in the discount rate and the trend rate.

The following table presents the County's Total and Net OPEB liability using the discount rate of 7.0 percent, as well as what it would be using a discount rate that is 1 percentage point lower or 1 percentage point higher.

	1% Decrease	Current	1% Increase
	6.00%	Discount Rate 7.00%	8.00%
Net OPEB Liability/(Asset)	\$ 1,019,860	\$ 155,860	\$ 11,845,796

The following table presents the County's Total and Net OPEB liability using the trend, as well as what it would be using a trend rate that is 1 percentage point lower or 1 percentage point higher.

	1% Decrease	Current	1% Increase
	6.00%	Trend Rate 7.00%	8.00%
Net OPEB Liability/(Asset)	\$ (550,140)	\$ 155,860	\$ 1,035,860

**D. Funding Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$5,658,000. The County fully funded the actuarially determined contribution (ADC). As of June 30, 2017, there is \$6,232,140 in net assets. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and health

care cost trends. The amounts determined from the actuarial study regarding the funded status of the Plan and actuarial determined contributions of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost Method (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2014	\$ 4,310,910	\$ 10,400,000	\$ 6,089,090	41.5%	\$ 26,852,179	22.7%
2015	4,805,577	8,396,000	3,590,423	57.2%	27,669,211	13.0%
2016	5,040,362	5,658,000	617,638	89.1%	29,774,797	2.1%

**Actuarial Assumptions:** The total OPEB liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Asset valuation method	Market Value of Assets
Actuarial cost method	Projected Unit Credit Method
Amortization method	Level Percentage – Closed
Amortization period	30 years (as of July 1, 2008)
Inflation	Implicit in healthcare cost increase below
Projected salary increase	4.0% per year
Discount rate	7.0%, net of investment expenses
Healthcare cost trend rate	Based on Society of Actuaries Long Term Medical Trend Model. The initial rate is 5.90% decreasing gradually. The ultimate rate is 4.0% and is reached in 2076.
Employees Included	25% of active employees enrolled in health care 5% of terminated employees currently enrolled in Health care
Marital Status and Age of Spouse	Actual coverage election

The actuarial assumptions used in the June 30, 2017 valuation are based on a weighted average of the projected claims with retiree claims for each fiscal year weighted 20% each (a total of 60 percent), and age adjusted employee claims for the 2015-2016 period and the 2014-2015 period weighted 20% each (a total of 40 percent). For the employee claims data the resulting average claims were age adjusted and increased 39 percent to account for selection paid medical claims and prescription for employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual determined contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation (2.3%). The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	49%	7.50%
International equity	15%	8.61%
Fixed income	35%	3.86%
Cash	1%	1.06%

**Board of Education**

The Board of Education (the Board) offers post-retirement health care benefits, in accordance with a Board-adopted plan, to all retired employees who have completed fourteen years or more of service and have been continuously covered by the Board's health care plan for one year prior to retirement. Currently, 686 retirees meet these requirements. The Board pays retirees' health care premiums up to a maximum of \$8,583 per year based on years of service and employee classification. Expenditures for post-retirement health care benefits are recognized as retirees report claims and include an accrual for the estimate of the amount payable at the end of the fiscal year.

The components of the net OPEB liability of the Board of Education for fiscal year 2017, were as follows:

Total OPEB liability	\$ 91,788,926
Plan fiduciary net position	10,209,398
Board of Education's net OPEB liability	<u>\$ 81,579,528</u>
Plan fiduciary net position as a percentage of the total OPEB liability	11.12%

**17. Subsequent Events**

In September 2017, Bill 2017-16 was approved by County Council to authorize issuing of general obligation bonds of \$42,400,000 to fund the Capital Improvement Program for budget years FY2017 and FY2018.

In September 2017, Resolution 38-2017 was passed to authorize the County to issue bonds to refund the 2010B BABS Series and 2011 Refunding Series outstanding bonds for the purpose of realizing savings in the total cost of debt service. The resolution states that the issuance may not exceed \$21,774,000.

In October 2017, the County introduced a bill to amend the Annual Budget and Appropriation Ordinance for FY2018 to replace existing general obligation bonds appropriation authority of \$8,070,000 for the construction of the Elkton West sanitary Sewer Sub-district project with a loan approved from the United States Department of Agriculture (USDA).

As part of the fiscal year 2018 budget and related legislation passed in June 2017, the County was authorized to initiate a \$2,000,000 capital lease for purchasing vehicles and IT equipment.

# Town of Elkton

## History, Living, Art



## REQUIRED SUPPLEMENTARY INFORMATION

**THE CECIL COUNTY PENSION PLAN  
FOR PUBLIC SAFETY EMPLOYEES  
SCHEDULE OF CHANGES IN THE COUNTY'S  
NET PENSION LIABILITY AND RELATED RATIOS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Total Pension Liability</b>				
Service cost	\$ 2,197,590	\$ 2,283,832	\$ 2,338,610	\$ 2,336,327
Interest	2,922,270	3,327,286	3,553,215	3,769,916
Differences between expected and actual experience	-	(1,214,713)	(736,331)	(1,268,373)
Changes of assumptions	2,298,433	674,511	-	(998,224)
Benefit payments, including refunds of member contributions	<u>(1,455,709)</u>	<u>(1,808,984)</u>	<u>(1,877,716)</u>	<u>(2,241,817)</u>
Net change in total pension liability	5,962,584	3,261,932	3,277,778	1,597,829
Total pension liability - beginning	<u>42,474,563</u>	<u>48,437,146</u>	<u>51,699,078</u>	<u>54,976,856</u>
Total pension liability - ending (a)	<u>\$ 48,437,147</u>	<u>\$ 51,699,078</u>	<u>\$ 54,976,856</u>	<u>\$ 56,574,685</u>
<b>Plan Fiduciary net position</b>				
Contributions - employer	\$ 2,267,679	\$ 2,199,663	\$ 2,288,108	\$ 2,102,732
Contributions - member	877,946	909,516	925,386	957,910
Net investment income	6,148,908	1,316,789	(1,304,390)	6,587,039
Benefit payments, including refunds of member contributions	(1,455,709)	(1,808,984)	(1,877,716)	(2,241,817)
Administrative expense	<u>(33,352)</u>	<u>(50,396)</u>	<u>(66,571)</u>	<u>(56,331)</u>
Net change in plan fiduciary net position	7,805,472	2,566,588	(35,183)	7,349,533
Plan fiduciary net position - beginning	<u>33,580,020</u>	<u>41,385,491</u>	<u>43,952,079</u>	<u>43,916,896</u>
Plan fiduciary net position - ending (b)	<u>\$ 41,385,492</u>	<u>\$ 43,952,079</u>	<u>\$ 43,916,896</u>	<u>\$ 51,266,429</u>
<b>County's net pension liability - ending (a)-(b)</b>	<u>\$ 7,051,655</u>	<u>\$ 7,746,999</u>	<u>\$ 11,059,960</u>	<u>\$ 5,308,256</u>
Plan fiduciary net position as a percentage of the total pension liability	85.44%	85.02%	79.88%	90.62%
Covered employee payroll <sup>1</sup>	\$ 10,968,011	\$ 11,505,952	\$ 11,637,624	\$ 11,869,325
County's net pension liability as a percentage of covered-employee payroll	64.29%	67.33%	95.04%	44.72%
Expected average remaining service years of all participants	6	6	6	6

<sup>1</sup> Per GASB 82, the amount shown reflect pensionable earnings only

**Notes to schedule:**

Information for fiscal year 2013 and earlier is not available.

Benefit Changes: None

Change of Assumptions: Fiscal year 2017, reflects a change in the expected rates of future mortality and a reduction in the assumed rate of annual post-retirement Cost of Living Adjustments (COLA)

**Source:** Cecil County Public Safety Pension Plan Actuarial Reports

**THE CECIL COUNTY PENSION PLAN  
FOR PUBLIC SAFETY EMPLOYEES  
SCHEDULE OF COUNTY CONTRIBUTIONS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,267,679	\$ 2,199,663	\$ 2,171,030	\$ 2,102,732
Contributions in relation to the actuarially determined contribution	<u>2,267,679</u>	<u>2,199,663</u>	<u>2,288,108</u>	<u>2,102,732</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (117,078)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 10,968,011	\$ 11,505,952	\$ 11,637,624	\$ 11,869,325
Contributions as a percentage of covered employee payroll	20.68%	19.12%	19.66%	17.72%

**Notes to schedule:**

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year and the next following year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Cost
Amortization method	Level Percentage of Payroll
Remaining amortization period	No more than 22 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Rates vary by participant service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation.
Retirement age	Rates vary by participant age and service
Mortality	For healthy participants and beneficiaries, the RFP-2014 Combined Healthy tables with the Blue Collar adjustment and generational projection by Scale MP-2015. For disabled participants, the table is set forward five years

Prior Year Information:

Information for fiscal year 2013 and earlier is not available

**Source:** Cecil County Public Safety Pension Plan Actuarial Reports

**THE CECIL COUNTY PENSION PLAN  
FOR PUBLIC SAFETY EMPLOYEES  
SCHEDULE OF INVESTMENT RETURNS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	17.88%	3.10%	-2.93%	14.82%

Notes to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is complied, pension plans should present information for those years for which information is available.

**MARYLAND STATE RETIREMENT AND PENSION SYSTEM  
SCHEDULE OF COUNTY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
County's portion of the net pension liability	0.0575%	0.0657%	0.0716%	0.0729%
County's porportionate share of the net pension liability	\$ 11,323,431	\$ 11,659,304	\$ 14,887,172	\$ 17,189,747
Covered-employee payroll	26,603,993	26,852,179	27,669,211	30,198,680
County's Net Pension Liability as a percentage of covered employee payroll	42.56%	43.42%	53.80%	56.92%
Plan fiduciary net position as a percentage of the total pension liability	67.20%	71.87%	68.78%	65.79%

**MARYLAND STATE RETIREMENT AND PENSION SYSTEM  
SCHEDULE OF COUNTY CONTRIBUTIONS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,531,008	\$ 1,509,892	\$ 1,419,302	\$ 1,356,684
Contributions in relation to the actuarially determined contribution	<u>1,531,008</u>	<u>1,509,892</u>	<u>1,419,302</u>	<u>1,356,684</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 26,603,993	\$ 26,852,179	\$ 27,669,211	\$ 30,198,680
Contributions as a percentage of covered employee payroll	5.75%	5.62%	5.13%	4.49%

**Source:** Maryland State Retirement and Pension System

**Note:** Information for fiscal year 2013 and earlier is not available



**THE CECIL COUNTY, MARYLAND NON-PENSION  
POST EMPLOYMENT BENEFIT TRUSTS  
SCHEDULE OF CHANGES IN THE COUNTY'S  
NET OPEB LIABILITY AND RELATED RATIOS**

	<b>2017</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 309,000
Interest	415,000
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(534,136)
Net change in OPEB liability	189,864
Total OPEB liability - beginning	6,198,136
Total OPEB liability - ending (a)	\$ 6,388,000
 <b>Plan Fiduciary net position</b>	
Contributions - employer	\$ 948,000
Net investment income	651,279
Benefit payments	(534,136)
Administrative expense	(20,241)
Net change in plan fiduciary net position	1,044,902
Plan fiduciary net position - beginning	5,187,238
Plan fiduciary net position - ending (b)	\$ 6,232,140
 <b>County's net pension liability - ending (a)-(b)</b>	 <b>\$ 155,860</b>

Fiduciary net position as a percentage of the total OPEB liability 97.56%

Covered employee payroll <sup>1</sup>

Net OPEB liability as a percentage of payroll <sup>1</sup>

Expected average remaining service years of all participants 10

<sup>1</sup> Since the OPEB plan does not depend on salary, the salary information is not shown.

**Notes to schedule:**

Information for fiscal year 2016 and earlier is not available.

Benefit Changes: None

Changes of assumptions: None

Discount Rate:

6/30/2016 7.0%

6/30/2017 7.0%

**Source:** Cecil County Public Safety Pension Plan Actuarial Reports

**THE CECIL COUNTY, MARYLAND NON-PENSION  
POST EMPLOYMENT BENEFIT TRUSTS  
SCHEDULE OF CHANGES IN THE COUNTY'S  
SCCHEDULE OF COUNTY CONTRIBUTIONS**

	<b>2017</b>
Actuarially determined contribution	\$ 331,000
Contributions in relation to the actuarially determined contribution	413,864
Contribution deficiency (excess)	\$ (82,864)
Covered employee payroll <sup>1</sup>	
Net OPEB liability as a percentage of payroll <sup>1</sup>	

<sup>1</sup> Since the OPEB plan does not depend on salary, the salary information is not shown.

**Notes to schedule:**

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year and the next following year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Cost
Amortization method	Level Percentage of Payroll
Remaining amortization period	30 years (as of July 1, 2008)
Asset valuation method	Market Value
Inflation	Implicit in healthcare cost increase below
Salary increases	4.0% per year
Investment rate of return	7.0%, net of investment expense
Healthcare cost trend rate	Based on Society of Actuaries Long Term Medical Trend Model The initial rate is 5.90% decreasing gradually. The ultimate rate is 3.98% and is reached in 2100.
Employees Included	25% of active employees enrolled in health care 5% of terminated employees currently enrolled in health care
Marital Status and Age of Spouse	Actual coverage election

Prior Year Information:

Information for fiscal year 2016 and earlier is not available

**Source:** Cecil County Public Safety Pension Plan Actuarial Reports

**THE CECIL COUNTY, MARYLAND NON-PENSION  
POST EMPLOYMENT BENEFIT TRUSTS  
SCHEDULE OF INVESTMENT RETURNS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	12.97%

Notes to schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 pension plans should present information for those years for which information is available.

The following schedule presents the County's actuarially determined funding progress for the Cecil County Non-Pension Post Employment Trust Fund.

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date July 1</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Projected Unit Cost Method (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
2009	\$ 1,100,000	\$ 7,039,000	\$ 5,939,000	15.6%	\$ 28,693,498	20.7%
2011	2,025,000	9,286,000	7,261,000	21.8%	25,443,669	28.5%
2012	2,573,261	10,114,000	7,540,739	25.4%	25,795,025	29.2%
2013	3,185,000	10,833,000	7,648,000	29.4%	26,603,993	28.7%
2014	4,310,910	10,400,000	6,089,090	41.5%	26,852,179	22.7%
2015	4,805,577	8,396,000	3,590,423	57.2%	27,669,211	13.0%
2016	5,040,363	5,658,000	617,637	89.1%	29,774,797	2.1%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year Ended June 30</b>	<b>OPEB ADC</b>	<b>Percentage of ADC Covered</b>	<b>Net Pension Obligation **</b>
2009*	\$ 516,000	100%	\$ (1,003,488)
2010	668,000	100%	(1,003,488)
2011	896,000	100%	(1,003,488)
2012	931,000	100%	(1,003,488)
2013	932,000	100%	(1,003,488)
2014	970,000	100%	(1,003,488)
2015	881,000	120%	(1,190,396)
2016	602,000	151%	(1,507,396)
2017	331,000	286%	(2,133,396)

\* First year of plan

\*\* It should be noted that the County has a negative OPEB obligation, which means that the Plan is currently funded in excess of the required amount.

# Cecil County Public Schools Learning Through Doing



# **CECIL COUNTY, MARYLAND**

## **Major Governmental Fund**

### **General Fund**

The General Fund is the general operating fund of the County. It is used to account for all financial resources except for those required to be accounted for in another fund.

The schedules on the following pages present General Fund budget and actual activity in its lowest level of legal budgetary control - the department.

Note that due to the size of the Department of Public Works and the Sheriff's Office, the divisions of those departments are shown and totaled. Also, the divisions of Building Maintenance are shown in the four primary functions that they serve to more closely disclose the costs of each function.

**CECIL COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER**  
**FINANCING SOURCES (USES) - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Property Taxes	\$ 107,532,352	\$ 107,532,352	\$ 106,411,833	\$ (1,120,519)
Income Taxes	56,439,257	56,439,257	57,614,306	1,175,049
Licenses and Permits	1,996,645	1,996,645	1,981,371	(15,274)
Intergovernmental	3,403,918	3,403,918	2,618,492	(785,426)
Charges for Services	9,047,763	9,070,763	8,957,602	(113,161)
Investment Earnings	125,000	125,000	230,402	105,402
Contributions & Other Revenues	2,000	2,000	46,821	44,821
<b>Total Revenues</b>	<u>178,546,935</u>	<u>178,569,935</u>	<u>177,860,827</u>	<u>(709,108)</u>
<b>Other Financing Sources</b>				
Proceeds from Capital Asset Disposal	-	-	36	36
Transfers in from Other Funds	1,938,000	1,938,000	2,280,499	342,499
<b>Total Other Financing Sources</b>	<u>1,938,000</u>	<u>1,938,000</u>	<u>2,280,535</u>	<u>342,535</u>
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 180,484,935</u>	<u>\$ 180,507,935</u>	<u>\$ 180,141,362</u>	<u>\$ (366,573)</u>
<b>Expenditures</b>				
<b>General Government</b>				
County Executive	\$ 203,989	\$ 252,810	\$ 252,472	\$ 338
County Council	384,544	399,544	341,830	57,714
Office of Administrator	323,675	346,821	275,754	71,067
County Attorney & Legal	183,129	183,871	196,409	(12,538)
Human Resources	1,219,821	1,272,930	1,212,515	60,415
Finance Department	2,754,466	2,793,586	2,587,708	205,878
Circuit Court	2,109,228	2,145,668	2,093,239	52,429
Orphans Court	38,352	41,352	39,172	2,180
Board of Elections	830,238	830,238	773,067	57,171
Liquor Board Licensing	187,549	190,654	201,948	(11,294)
Building Maintenance	1,931,058	1,892,908	1,772,028	120,880
<b>Total General Government</b>	<u>10,166,049</u>	<u>10,350,382</u>	<u>9,746,142</u>	<u>604,240</u>
<b>Highways, Streets, and Bridges</b>				
Public Works - Administration	2,865,334	2,911,089	2,729,756	181,333
Public Works - Roads Administration	4,651,480	4,566,644	4,339,770	226,874
Public Works - Roads Maintenance	2,118,224	2,251,910	2,215,406	36,504
<b>Total Highways, Streets, and Bridges</b>	<u>9,635,038</u>	<u>9,729,643</u>	<u>9,284,932</u>	<u>444,711</u>
<b>Recreation and Culture</b>				
Board of Parks	957,981	969,833	993,152	(23,319)
Building Maintenance	79,333	101,675	50,854	50,821
<b>Total Recreation and Culture</b>	<u>\$ 1,037,314</u>	<u>\$ 1,071,508</u>	<u>\$ 1,044,006</u>	<u>\$ 27,502</u>

**CECIL COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER**  
**FINANCING SOURCES (USES) - BUDGET AND ACTUAL**  
**GENERAL FUND (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
<b>Expenditures (Continued)</b>				
<b>Public Safety</b>				
Sheriff's Office - Law Enforcement	\$ 10,905,926	\$ 11,131,722	\$ 11,754,801	\$ (623,079)
Sheriff's Office - Special Assignments	319,731	319,731	455,759	(136,028)
Sheriff's Office - Detention Center	8,051,697	8,126,015	7,877,779	248,236
Sheriff's Office - Work Release Program	2,396,721	2,426,647	2,427,189	(542)
Sheriff's Office - Department Total	21,674,075	22,004,115	22,515,528	(511,413)
State's Attorney's Office	2,138,956	2,192,753	2,179,528	13,225
Emergency Management	8,515,522	8,581,566	8,002,256	579,310
Volunteer Fire Departments	3,784,008	3,789,008	3,782,112	6,896
Land Use & Development Services	2,079,858	2,117,176	1,959,234	157,942
Animal Control	720,000	768,043	695,080	72,963
Building Maintenance	1,800,138	1,808,692	1,739,455	69,237
<b>Total Public Safety</b>	<u>40,712,557</u>	<u>41,261,353</u>	<u>40,873,193</u>	<u>388,160</u>
<b>Health and Welfare</b>				
Health Department	3,420,383	3,420,383	3,420,326	57
Social Services	849,206	859,757	714,387	145,370
Domestic Violence	362,481	368,023	320,380	47,643
Non-Profit Agencies	136,364	136,364	142,344	(5,980)
Building Maintenance	174,978	177,486	167,617	9,869
<b>Total Health and Welfare</b>	<u>4,943,412</u>	<u>4,962,013</u>	<u>4,765,054</u>	<u>196,959</u>
<b>Education</b>				
Cecil County Board of Education	81,634,351	81,634,351	81,614,311	20,040
Cecil Community College	10,054,100	10,406,267	10,406,259	8
<b>Total Education</b>	<u>91,688,451</u>	<u>92,040,618</u>	<u>92,020,570</u>	<u>20,048</u>
<b>Public Libraries</b>	<u>5,082,667</u>	<u>5,255,817</u>	<u>5,250,869</u>	<u>4,948</u>
<b>Economic Development</b>	<u>1,080,344</u>	<u>1,129,227</u>	<u>988,265</u>	<u>140,962</u>
<b>Agriculture</b>	<u>626,029</u>	<u>632,281</u>	<u>634,696</u>	<u>(2,415)</u>
<b>Municipalities</b>	<u>674,409</u>	<u>674,409</u>	<u>674,409</u>	<u>-</u>
<b>Total Expenditures</b>	<u>165,646,270</u>	<u>167,107,251</u>	<u>165,282,136</u>	<u>1,825,115</u>
<b>Other Financing Uses</b>				
Transfers to Special Revenue Funds	2,183,246	2,201,114	1,803,339	397,775
Transfers to Debt Service Fund	15,129,942	15,129,942	15,120,232	9,710
<b>Total Other Financing Uses</b>	<u>17,313,188</u>	<u>17,331,056</u>	<u>16,923,571</u>	<u>407,485</u>
<b>Total Expenditures and Other Financing Uses</b>	<u>\$ 182,959,458</u>	<u>\$ 184,438,307</u>	<u>\$ 182,205,707</u>	<u>\$ 2,232,600</u>

**CECIL COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>			
Cash (Note 3)	\$ -	\$ 4,240,884	\$ 4,240,884
Receivables, Net (Note 4)	65,480	51	65,531
Due from Other Governments	1,788,906	-	1,788,906
Restricted Assets: Cash and Investments (Note 3)	<u>1,109,731</u>	<u>-</u>	<u>1,109,731</u>
<b>Total Assets</b>	<u>\$ 2,964,117</u>	<u>\$ 4,240,935</u>	<u>\$ 7,205,052</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 273,621	\$ -	\$ 273,621
Salaries and Benefits Payable	191,162	-	191,162
Due to Other Funds	816,818	-	816,818
Deferred Revenue	446,700	-	446,700
Other Liabilities	<u>110,344</u>	<u>-</u>	<u>110,344</u>
<b>Total Liabilities</b>	<u>1,838,645</u>	<u>-</u>	<u>1,838,645</u>
<b>Fund Balances:</b>			
Restricted	<u>1,125,472</u>	<u>4,240,935</u>	<u>5,366,407</u>
<b>Total Fund Balances</b>	<u>1,125,472</u>	<u>4,240,935</u>	<u>5,366,407</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,964,117</u>	<u>\$ 4,240,935</u>	<u>\$ 7,205,052</u>



**CECIL COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGE IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>REVENUES</b>			
Special Assessments	\$ -	\$ 6,099	\$ 6,099
Intergovernmental	5,260,864	-	5,260,864
Charges for Services	662,897	-	662,897
Investment Earnings	6,986	-	6,986
Contributions & Other Revenues	<u>40,742</u>	<u>-</u>	<u>40,742</u>
<b>Total Revenues</b>	<u>5,971,489</u>	<u>6,099</u>	<u>5,977,588</u>
<b>EXPENDITURES</b>			
Current:			
General Government	690,569	-	690,569
Highways, Streets, and Bridges	276,542	-	276,542
Public Safety	1,267,570	-	1,267,570
Health and Welfare	5,359,034	-	5,359,034
Recreation and Culture	4,432	-	4,432
Economic Development	65,376	-	65,376
Agriculture	806,302	-	806,302
Debt Service:			
Principal	-	10,971,475	10,971,475
Interest and Fiscal Charges	<u>-</u>	<u>5,668,428</u>	<u>5,668,428</u>
<b>Total Expenditures</b>	<u>8,469,825</u>	<u>16,639,903</u>	<u>25,109,728</u>
<b>Deficiency of Revenues (Under) Expenditures</b>	<u>(2,498,336)</u>	<u>(16,633,804)</u>	<u>(19,132,140)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	<u>1,759,941</u>	<u>15,120,232</u>	<u>16,880,173</u>
<b>Total Other Financing Sources</b>	<u>1,759,941</u>	<u>15,120,232</u>	<u>16,880,173</u>
<b>Net Change in Fund Balances</b>	(738,395)	(1,513,572)	(2,251,967)
<b>Fund Balances - Beginning</b>	<u>1,863,867</u>	<u>5,754,507</u>	<u>7,618,374</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,125,472</u>	<u>\$ 4,240,935</u>	<u>\$ 5,366,407</u>

# Cecil County Public Libraries Reading, Art, Activities, and My Special Book



## CECIL COUNTY, MARYLAND

### Non-Major Governmental Funds

#### Special Revenue Funds

Special Revenue Funds are used to account for operating revenues that are restricted to finance particular functions or activities of government.

**Other Special Revenue Funds** - These funds are used to account for granted funds legally restricted to specific purposes.

**Agricultural Land Preservation Fund** - This fund is used to account for federal, state (including the Maryland Agricultural Land Preservation Foundation programs), and County funding of agricultural land easement purchases and direct land purchases.

**Community Services Fund** - This fund is used to account for services, programs, and activities supported by legally restricted state and federal grants, and funds from County government resources.

**Economic Development Revolving Loan Fund** - This fund is used to account for federal Community Development Block Grants and State revolving loan programs legally restricted to economic development programs within the County.

**CECIL COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	<b>Other Special Revenues</b>	<b>Agricultural Land Preservation</b>	<b>Community Services</b>	<b>Economic Development Revolving Loan Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Receivables, Net:					
Accounts	\$ 17,258	\$ 3,376	\$ 15,279	\$ -	\$ 35,913
Interest	-	-	-	59	59
Notes	-	-	-	29,508	29,508
Due from Other Governments	971,527	-	817,379	-	1,788,906
Restricted Assets: Cash and Investments	<u>42,157</u>	<u>205,287</u>	<u>-</u>	<u>862,287</u>	<u>1,109,731</u>
<b>Total Assets</b>	<b><u>\$ 1,030,942</u></b>	<b><u>\$ 208,663</u></b>	<b><u>\$ 832,658</u></b>	<b><u>\$ 891,854</u></b>	<b><u>\$ 2,964,117</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 105,813	\$ -	\$ 167,808	\$ -	\$ 273,621
Salaries and Benefits Payable	73,829	-	117,333	-	191,162
Due to Other Funds	598,683	-	218,135	-	816,818
Deferred Revenue	206,894	-	239,806	-	446,700
Other Liabilities	<u>27,718</u>	<u>-</u>	<u>82,626</u>	<u>-</u>	<u>110,344</u>
<b>Total Liabilities</b>	<b><u>1,012,937</u></b>	<b><u>-</u></b>	<b><u>825,708</u></b>	<b><u>-</u></b>	<b><u>1,838,645</u></b>
<b>Fund Balances:</b>					
Restricted	<u>18,005</u>	<u>208,663</u>	<u>6,950</u>	<u>891,854</u>	<u>1,125,472</u>
<b>Total Fund Balances</b>	<b><u>18,005</u></b>	<b><u>208,663</u></b>	<b><u>6,950</u></b>	<b><u>891,854</u></b>	<b><u>1,125,472</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,030,942</u></b>	<b><u>\$ 208,663</u></b>	<b><u>\$ 832,658</u></b>	<b><u>\$ 891,854</u></b>	<b><u>\$ 2,964,117</u></b>

**CECIL COUNTY, MARYLAND**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Other Special Revenue</b>	<b>Agricultural Land Preservation</b>	<b>Community Services</b>	<b>Economic Development Revolving Loan Fund</b>	<b>Total</b>
<b>REVENUES</b>					
Intergovernmental	\$ 2,609,680	\$ 57,481	\$ 2,593,703	\$ -	\$ 5,260,864
Charges for Services	-	-	662,897	-	662,897
Investment Earnings	-	-	-	6,986	6,986
Contributions & Other Revenues	<u>40,742</u>	-	-	-	<u>40,742</u>
<b>Total Revenues</b>	<u>2,650,422</u>	<u>57,481</u>	<u>3,256,600</u>	<u>6,986</u>	<u>5,971,489</u>
<b>EXPENDITURES</b>					
Current:					
General Government	690,569	-	-	-	690,569
Highways, Streets, and Bridges	276,542	-	-	-	276,542
Recreation and Culture	4,432	-	-	-	4,432
Public Safety	1,267,570	-	-	-	1,267,570
Health and Welfare	957,809	-	4,401,225	-	5,359,034
Economic Development	65,376	-	-	-	65,376
Agriculture	-	<u>806,302</u>	-	-	<u>806,302</u>
<b>Total Expenditures</b>	<u>3,262,298</u>	<u>806,302</u>	<u>4,401,225</u>	<u>-</u>	<u>8,469,825</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(611,876)</u>	<u>(748,821)</u>	<u>(1,144,625)</u>	<u>6,986</u>	<u>(2,498,336)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers In	<u>615,316</u>	-	<u>1,144,625</u>	-	<u>1,759,941</u>
<b>Total Other Financing Sources</b>	<u>615,316</u>	-	<u>1,144,625</u>	-	<u>1,759,941</u>
<b>Net Change in Fund Balances</b>	3,440	(748,821)	-	6,986	(738,395)
<b>Fund Balances - Beginning</b>	<u>14,565</u>	<u>957,484</u>	<u>6,950</u>	<u>884,868</u>	<u>1,863,867</u>
<b>Fund Balances - Ending</b>	<u>\$ 18,005</u>	<u>\$ 208,663</u>	<u>\$ 6,950</u>	<u>\$ 891,854</u>	<u>\$ 1,125,472</u>

**CECIL COUNTY, MARYLAND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**OTHER SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 4,283,940	\$ 8,871,192	\$ 2,609,680	\$ (6,261,512)
Contributions & Other Revenues	<u>61,428</u>	<u>112,664</u>	<u>40,742</u>	<u>(71,922)</u>
<b>Total Revenues</b>	<u>4,345,368</u>	<u>8,983,856</u>	<u>2,650,422</u>	<u>(6,333,434)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	\$ 725,330	\$ 803,669	\$ 690,569	113,100
Highways, Streets, and Bridges	770,886	2,513,573	276,542	2,237,031
Recreation and Culture	10,002	538,477	4,432	534,045
Public Safety	2,625,309	4,421,218	1,267,570	3,153,648
Health and Welfare	881,366	1,218,449	957,809	260,640
Economic Development	<u>25,586</u>	<u>115,107</u>	<u>65,376</u>	<u>49,731</u>
<b>Total Expenditures</b>	<u>5,038,479</u>	<u>9,610,493</u>	<u>3,262,298</u>	<u>6,348,195</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(693,111)</u>	<u>(626,637)</u>	<u>(611,876)</u>	<u>14,761</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>683,111</u>	<u>664,456</u>	<u>615,316</u>	<u>(49,140)</u>
<b>Total Other Financing Sources</b>	<u>683,111</u>	<u>664,456</u>	<u>615,316</u>	<u>(49,140)</u>
<b>Net Change in Fund Balance</b>	(10,000)	37,819	3,440	(34,379)
<b>Fund Balance - Beginning</b>	<u>14,565</u>	<u>14,565</u>	<u>14,565</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 4,565</u>	<u>\$ 52,384</u>	<u>\$ 18,005</u>	<u>\$ (34,379)</u>

**CECIL COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**

**AGRICULTURAL LAND PRESERVATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 57,481	\$ 57,481
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>57,481</u>	<u>57,481</u>
<b>EXPENDITURES</b>				
Current:				
Agriculture	<u>1,178,680</u>	<u>1,178,680</u>	<u>806,302</u>	<u>372,378</u>
<b>Total Expenditures</b>	<u>1,178,680</u>	<u>1,178,680</u>	<u>806,302</u>	<u>372,378</u>
<b>Deficiency of Revenues (Under) Expenditures</b>	<u>(1,178,680)</u>	<u>(1,178,680)</u>	<u>(748,821)</u>	<u>429,859</u>
<b>Net Change in Fund Balance</b>	(1,178,680)	(1,178,680)	(748,821)	429,859
<b>Fund Balance - Beginning</b>	<u>957,484</u>	<u>957,484</u>	<u>957,484</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ (221,196)</u>	<u>\$ (221,196)</u>	<u>\$ 208,663</u>	<u>\$ 429,859</u>

**CECIL COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**

**COMMUNITY SERVICES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 2,740,892	\$ 2,871,099	\$ 2,593,703	\$ (277,396)
Charges for Services	<u>574,397</u>	<u>590,813</u>	<u>662,897</u>	<u>72,084</u>
<b>Total Revenues</b>	<u>3,315,289</u>	<u>3,461,912</u>	<u>3,256,600</u>	<u>(205,312)</u>
<b>EXPENDITURES</b>				
Current:				
Health and Welfare	<u>4,784,969</u>	<u>4,931,592</u>	<u>4,401,225</u>	<u>530,367</u>
<b>Total Expenditures</b>	<u>4,784,969</u>	<u>4,931,592</u>	<u>4,401,225</u>	<u>530,367</u>
<b>Deficiency of Revenues (Under) Expenditures</b>	<u>(1,469,680)</u>	<u>(1,469,680)</u>	<u>(1,144,625)</u>	<u>325,055</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	<u>1,469,680</u>	<u>1,469,680</u>	<u>1,144,625</u>	<u>(325,055)</u>
<b>Total Other Financing Sources</b>	<u>1,469,680</u>	<u>1,469,680</u>	<u>1,144,625</u>	<u>(325,055)</u>
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning</b>	<u>6,950</u>	<u>6,950</u>	<u>6,950</u>	-
<b>Fund Balance - Ending</b>	<u>\$ 6,950</u>	<u>\$ 6,950</u>	<u>\$ 6,950</u>	<u>\$ -</u>



**CECIL COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**

**ECONOMIC DEVELOPMENT REVOLVING LOAN FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment Earnings	\$ -	\$ -	\$ 6,986	\$ 6,986
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>6,986</u>	<u>6,986</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues</b> <b>Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>6,986</u>	<u>6,986</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>6,986</u>	<u>6,986</u>
<b>Fund Balance - Beginning</b>	<u>884,868</u>	<u>884,868</u>	<u>884,868</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 884,868</u>	<u>\$ 884,868</u>	<u>\$ 891,854</u>	<u>\$ 6,986</u>

# Cecil County Public Schools Modernizing to Fit Student's Current Needs



## **CECIL COUNTY, MARYLAND**

### **Non-Major Governmental Funds**

#### **Debt Service Fund**

The Debt Service Fund is maintained to account for the issuance and payment of long term general obligation bonds and other long term debt.

**CECIL COUNTY, MARYLAND**  
**BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUND**

**DEBT SERVICE FUND**  
**JUNE 30, 2017**

<b>ASSETS</b>	
Cash	\$ 4,240,884
Receivables, Net	<u>51</u>
<b>Total Assets</b>	<b><u>\$ 4,240,935</u></b>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Accounts Payable	\$ <u>-</u>
<b>Total Liabilities</b>	<u>-</u>
 <b>Fund Balance:</b>	
Restricted	<u>4,240,935</u>
<b>Total Fund Balances</b>	<u>4,240,935</u>
 <b>Total Liabilities and Fund Balance</b>	 <b><u>\$ 4,240,935</u></b>

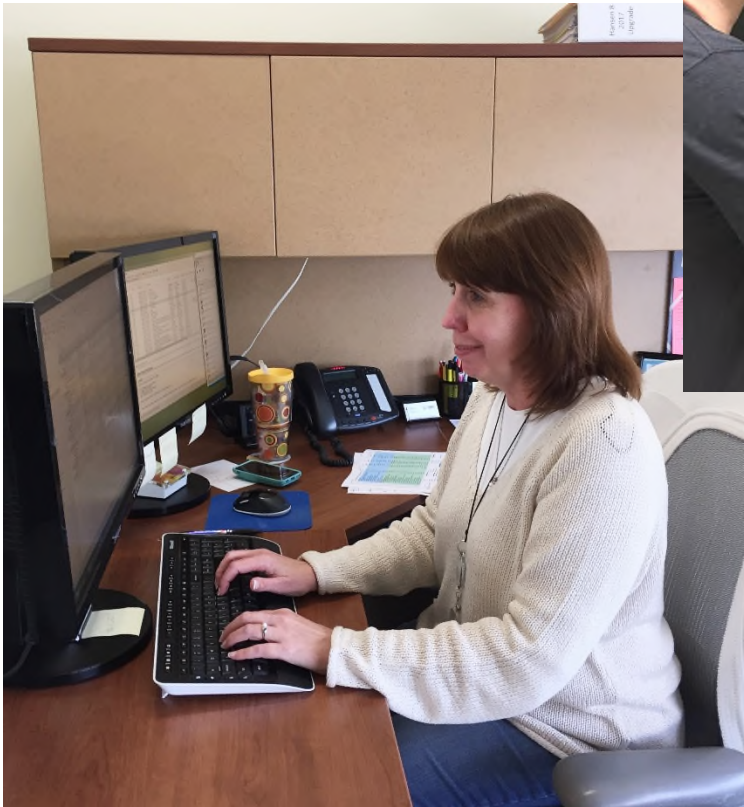
**CECIL COUNTY, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**NON-MAJOR GOVERNMENTAL FUND**

**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Special Assessments	\$ 6,140	\$ 6,140	\$ 6,099	\$ (41)
<b>Total Revenues</b>	<u>6,140</u>	<u>6,140</u>	<u>6,099</u>	<u>(41)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	10,971,475	10,971,475	10,971,475	-
Interest & Fiscal Charges	<u>5,668,639</u>	<u>5,668,639</u>	<u>5,668,428</u>	<u>211</u>
<b>Total Expenditures</b>	<u>16,640,114</u>	<u>16,640,114</u>	<u>16,639,903</u>	<u>211</u>
<b>Deficiency of Revenues</b> <b>(Under) Expenditures</b>	<u>(16,633,974)</u>	<u>(16,633,974)</u>	<u>(16,633,804)</u>	<u>170</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>15,129,942</u>	<u>15,129,942</u>	<u>15,120,232</u>	<u>(9,710)</u>
<b>Total Other Financing</b> <b>Sources</b>	<u>15,129,942</u>	<u>15,129,942</u>	<u>15,120,232</u>	<u>(9,710)</u>
<b>Net Change in Fund Balance</b>	(1,504,032)	(1,504,032)	(1,513,572)	(9,540)
<b>Fund Balance - Beginning</b>	<u>5,754,507</u>	<u>5,754,507</u>	<u>5,754,507</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 4,250,475</u>	<u>\$ 4,250,475</u>	<u>\$ 4,240,935</u>	<u>\$ (9,540)</u>



# Cecil County Information Technology Services Behind the Scenes But Always There



## CECIL COUNTY, MARYLAND

### Internal Service Funds

Internal Service Funds are maintained to account for the financing of goods and/or services provided by one department to other departments or governmental units on a cost-reimbursement basis.

**Health Insurance Fund** - This fund is used to account for the expenditures and allocations of costs of the group health insurance plan. The Plan employer participants are Cecil County Government, Cecil College, and Cecil County Public Library.

**Workers Compensation Fund** - This fund is used to account for the expenditures and allocations of the costs of the self-insured workers compensation benefits. The expenditures consist of payments for work related injuries to employees. Stop loss insurance is provided to protect against catastrophic losses.

**Motor Vehicle Fund** - This fund is used to account for the expenditures and allocations of the costs of the County fleet of vehicles. The expenditures consist of depreciation and the operating costs of the County central garage including utilities and a contract maintenance services. In 2014, the County changed this fund from just a maintenance service cost allocation fund to a fund that owned and depreciated the vehicles as well as performed maintenance services. As part of this change, the County acquired vehicles from the General Fund and Enterprise Funds.

**Information Technology Fund** - This fund is used to account for the expenditures and allocations of the costs of the County's information technology department. The expenditures consist of depreciation and operating costs related to maintaining the County's computer and network infrastructure, communication and telephone infrastructure, and copier services. In 2014, the County created this fund and transferred in the budget and responsibilities from the General Fund.

**CECIL COUNTY, MARYLAND**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2017**

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Information Technology</u>	<u>Motor Vehicle</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents (Note 3)	\$ 328,142	\$ -	\$ -	\$ -	\$ 328,142
Investments (Note 3)	1,470,080	6,312,663	-	-	7,782,743
Receivables, Net:					
Accounts	6,084	-	-	-	6,084
Other	170,155	-	156	-	170,311
Due from Other Governments	-	-	5,100	149,550	154,650
Inventory	-	-	-	40,889	40,889
Other Assets	185,400	75,000	37,186	25,632	323,218
Restricted Assets					
Cash & Investments (Note 3)	-	-	1,069,048	-	1,069,048
<b>Total Current Assets</b>	<u>2,159,861</u>	<u>6,387,663</u>	<u>1,111,490</u>	<u>216,071</u>	<u>9,875,085</u>
<b>Non-Current Assets:</b>					
Capital Assets, Net:					
Construction In Progress	-	-	433,349	-	433,349
Vehicles	-	-	-	6,946,181	6,946,181
Buildings	-	-	-	209,289	209,289
Machinery & Equipment	-	-	5,432,494	-	5,432,494
<b>Total Non-Current Assets</b>	<u>-</u>	<u>-</u>	<u>5,865,843</u>	<u>7,155,470</u>	<u>13,021,313</u>
<b>Total Assets</b>	<u>2,159,861</u>	<u>6,387,663</u>	<u>6,977,333</u>	<u>7,371,541</u>	<u>22,896,398</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	9,050	71,545	145,114	527,755	753,464
Salary & Benefits Payable	-	-	38,114	-	38,114
Accrued Expenses	1,093,427	4,130,000	83,360	625	5,307,412
Unearned Revenue (Note 11)	-	-	-	846,344	846,344
Bonds Payable	-	-	157,532	-	157,532
Capital Lease	-	-	194,637	177,702	372,339
Compensated Absences	-	-	24,895	-	24,895
<b>Total Current Liabilities</b>	<u>1,102,477</u>	<u>4,201,545</u>	<u>643,652</u>	<u>1,552,426</u>	<u>7,500,100</u>
<b>Non-Current Liabilities:</b>					
Bonds Payable	-	-	3,915,643	-	3,915,643
Capital Lease	-	-	761,587	742,384	1,503,971
Advances from Other Funds (Note 7)	-	-	-	4,121,172	4,121,172
Compensated Absences	-	-	12,448	-	12,448
<b>Total Non-Current Liabilities</b>	<u>-</u>	<u>-</u>	<u>4,689,678</u>	<u>4,863,556</u>	<u>9,553,234</u>
<b>Total Liabilities</b>	<u>1,102,477</u>	<u>4,201,545</u>	<u>5,333,330</u>	<u>6,415,982</u>	<u>17,053,334</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	-	-	1,905,492	6,235,384	8,140,876
Unrestricted (Deficit)	1,057,384	2,186,118	(261,489)	(5,279,825)	(2,297,812)
<b>Total Net Position</b>	<u>\$ 1,057,384</u>	<u>\$ 2,186,118</u>	<u>\$ 1,644,003</u>	<u>\$ 955,559</u>	<u>\$ 5,843,064</u>



**CECIL COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Information Technology</u>	<u>Motor Vehicle</u>	<u>Total Internal Service Funds</u>
<b>Operating Revenues:</b>					
Charges for Services	\$ 11,727,205	\$ 1,685,916	\$ 3,380,460	\$ 4,403,932	\$21,197,513
Miscellaneous Revenue	-	-	-	73,848	73,848
	<u>11,727,205</u>	<u>1,685,916</u>	<u>3,380,460</u>	<u>4,477,780</u>	<u>21,271,361</u>
<b>Operating Expenses:</b>					
Benefit Payments	10,115,700	956,350	-	-	11,072,050
Salaries and Related	-	-	885,088	-	885,088
Materials, Supplies, and Services	574,194	60,021	1,788,607	2,527,982	4,950,804
Depreciation	-	-	799,942	2,285,794	3,085,736
	<u>10,689,894</u>	<u>1,016,371</u>	<u>3,473,637</u>	<u>4,813,776</u>	<u>19,993,678</u>
<b>Total Operating Expenses</b>					
	<u>10,689,894</u>	<u>1,016,371</u>	<u>3,473,637</u>	<u>4,813,776</u>	<u>19,993,678</u>
<b>Operating Income (Loss)</b>	<u>1,037,311</u>	<u>669,545</u>	<u>(93,177)</u>	<u>(335,996)</u>	<u>1,277,683</u>
<b>Non-Operating Revenues (Expenses)</b>					
Investment Earnings	1,977	38,729	7,171	-	47,877
Interest Expense	-	-	(161,307)	-	(161,307)
Bond Issue Expense	-	-	(12,253)	(12,253)	(24,506)
Gain on Fixed Asset Disposals	-	-	-	224,530	224,530
	<u>1,977</u>	<u>38,729</u>	<u>(166,389)</u>	<u>212,277</u>	<u>86,594</u>
<b>Total Non-Operating Revenues</b>					
	<u>1,977</u>	<u>38,729</u>	<u>(166,389)</u>	<u>212,277</u>	<u>86,594</u>
<b>Income (Loss) Before</b>					
<b>Contributions and Transfers</b>	1,039,288	708,274	(259,566)	(123,719)	1,364,277
<b>Capital Contributions and Transfers:</b>					
Intergovernmental Grants	-	-	51,221	156,118	207,339
	<u>1,039,288</u>	<u>708,274</u>	<u>(208,345)</u>	<u>32,399</u>	<u>1,571,616</u>
<b>Change in Net Position</b>					
	<u>1,039,288</u>	<u>708,274</u>	<u>(208,345)</u>	<u>32,399</u>	<u>1,571,616</u>
<b>Net Position - Beginning</b>	18,096	1,477,844	1,852,348	923,160	4,271,448
	<u>18,096</u>	<u>1,477,844</u>	<u>1,852,348</u>	<u>923,160</u>	<u>4,271,448</u>
<b>Net Position - Ending</b>	<u>\$ 1,057,384</u>	<u>\$ 2,186,118</u>	<u>\$ 1,644,003</u>	<u>\$ 955,559</u>	<u>\$ 5,843,064</u>

**CECIL COUNTY, MARYLAND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Information Technology</u>	<u>Motor Vehicle</u>	<u>Total Internal Service Funds</u>
<b>Cash Flows From Operating Activities:</b>					
Receipts from Service Charges & Insured	\$ 12,227,433	\$ 1,685,916	\$ 3,380,460	\$ 3,813,272	\$21,107,081
Payments to Suppliers and Providers	(10,627,639)	(862,357)	(1,953,514)	(2,341,332)	(15,784,843)
Payments to Employees	-	-	(884,112)	-	(884,112)
<b>Net Cash Provided by Operating Activities</b>	<u>1,599,794</u>	<u>823,559</u>	<u>542,834</u>	<u>1,471,940</u>	<u>4,438,126</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>					
Advances from Other Funds	-	-	-	(1,256,085)	(1,256,085)
<b>Cash Flows From Non-Capital Financing Activities:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,256,085)</u>	<u>(1,256,085)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Proceeds from Capital Lease Received	-	-	989,301	907,833	1,897,134
Proceeds from Capital Grants Received	-	-	49,374	261,388	310,762
Acquisition of Capital Assets	-	-	(1,430,420)	(1,473,646)	(2,904,066)
Principal Paid on Debt Maturities	-	-	(197,624)	-	(197,624)
Interest Paid on Debt	-	-	(161,307)	-	(161,307)
Proceeds from Sale of Capital Assets	-	-	-	88,570	88,570
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>	<u>(750,676)</u>	<u>(215,855)</u>	<u>(966,531)</u>
<b>Cash Flows From Investing Activities:</b>					
Interest on Investments	1,977	38,729	7,171	-	47,877
<b>Net Cash Flows From Investment Activities</b>	<u>1,977</u>	<u>38,729</u>	<u>7,171</u>	<u>-</u>	<u>47,877</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,601,771	862,288	(200,671)	-	2,263,388
<b>Cash and Cash Equivalents - June 30, 2016</b>	<u>196,451</u>	<u>5,450,375</u>	<u>1,269,719</u>	<u>-</u>	<u>6,916,545</u>
<b>Cash and Cash Equivalents - June 30, 2017</b>	<u>\$ 1,798,222</u>	<u>\$ 6,312,663</u>	<u>\$ 1,069,048</u>	<u>\$ -</u>	<u>\$ 9,179,933</u>

(Including \$1,069,048 reported in FY2017 in restricted accounts of the Information Technology Fund.)

**Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ 1,037,311	\$ 669,545	\$ (93,177)	\$ (335,996)	\$ 1,277,683
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	-	-	799,942	2,285,794	3,085,736
Effect of changes in Assets and Liabilities:					
Accounts Receivable	500,228	-	-	1,022	501,250
Inventory	-	-	-	-	-
Other Assets	-	-	158,165	25,633	183,798
Accounts Payable	(266)	32,014	(347,145)	160,392	(155,006)
Salary & Benefits Payable	-	-	1,256	-	1,256
Compensated Absences	-	-	(281)	-	(281)
Accrued Expenses	62,521	122,000	24,074	625	209,220
Unearned Revenue	-	-	-	(665,530)	(665,530)
Total Adjustments	<u>562,483</u>	<u>154,014</u>	<u>636,011</u>	<u>1,807,936</u>	<u>3,160,443</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,599,794</u>	<u>\$ 823,559</u>	<u>\$ 542,834</u>	<u>\$ 1,471,940</u>	<u>\$ 4,438,126</u>

## CECIL COUNTY, MARYLAND

### Fiduciary Fund Type - Pension Funds

**Public Safety Retirement Fund** - This fund is used to account for the pension system of certain law enforcement and public safety employees of Cecil County.

**Other Post Employment Benefits Fund** - This fund is used to account for the County's other post-employment benefits; the trust fund will act as a funding mechanism for the employer's cost of retiree benefits.

**CECIL COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION TRUST FUNDS**  
**JUNE 30, 2017**

	<b>Public Safety Retirement Fund</b>	<b>Other Post Employment Benefits Fund</b>	<b>Total Pension Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash	\$ 235,212	\$ 329,856	\$ 565,068
Investments, at fair value:			
Institutional Separate Accounts	44,375,561	-	44,375,561
Mutual Funds	<u>6,660,144</u>	<u>5,902,448</u>	<u>12,562,592</u>
Total Investments	<u>51,035,705</u>	<u>5,902,448</u>	<u>56,938,153</u>
<b>Total Assets</b>	<u>51,270,917</u>	<u>6,232,304</u>	<u>57,503,221</u>
<b>LIABILITIES</b>			
Accounts Payable	<u>4,488</u>	<u>164</u>	<u>4,652</u>
<b>Total Liabilities</b>	<u>4,488</u>	<u>164</u>	<u>4,652</u>
<b>NET POSITION</b>			
Held in Trust for:			
Employee Benefits	<u>51,266,429</u>	<u>6,232,140</u>	<u>57,498,569</u>
<b>Total Net Position</b>	<u>\$ 51,266,429</u>	<u>\$ 6,232,140</u>	<u>\$ 57,498,569</u>

The Notes to the Financial Statements are an integral part of this statement.

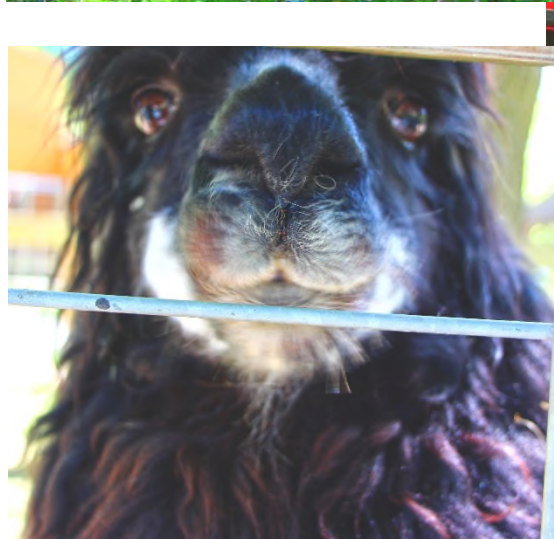
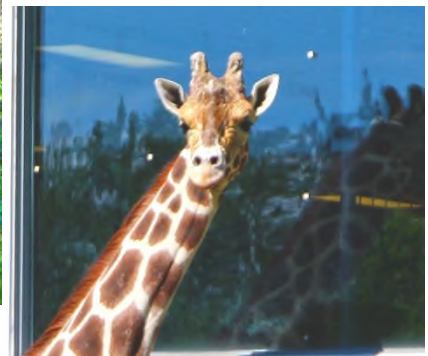
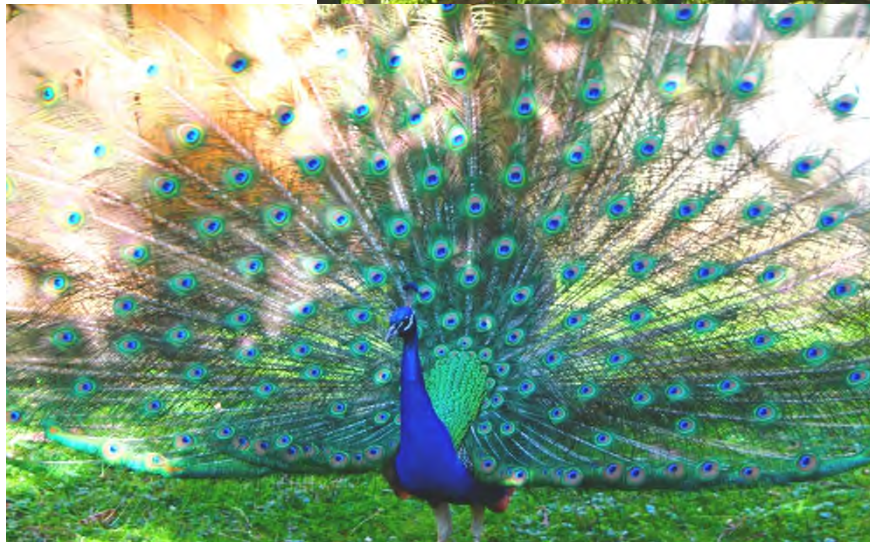
**CECIL COUNTY, MARYLAND**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Public Safety Retirement Fund</u>	<u>Other Post Employment Benefits Fund</u>	<u>Total Pension Funds</u>
<b>ADDITIONS</b>			
Contributions			
Cecil County	\$ 2,102,732	\$ 948,000	\$ 3,050,732
Participants	<u>957,910</u>	<u>-</u>	<u>957,910</u>
Total Contributions	<u>3,060,642</u>	<u>948,000</u>	<u>4,008,642</u>
<b>INVESTMENT INCOME</b>			
Investment Earnings:			
Net Depreciation			
in Fair Value of Investments	5,732,783	557,003	6,289,786
Interest and Dividends	<u>1,170,867</u>	<u>132,544</u>	<u>1,303,411</u>
Total Investment Earnings	6,903,650	689,547	7,593,197
Less: Investment Expense	<u>(316,611)</u>	<u>(38,268)</u>	<u>(354,879)</u>
Net Investment Income (Loss)	<u>6,587,039</u>	<u>651,279</u>	<u>7,238,318</u>
Total Additions	<u>9,647,681</u>	<u>1,599,279</u>	<u>11,246,960</u>
<b>DEDUCTIONS</b>			
Benefit Payments	1,909,418	534,136	2,443,554
Refunds of Contributions	332,399	-	332,399
Administrative Expense	<u>56,331</u>	<u>20,241</u>	<u>76,572</u>
Total Deductions	<u>2,298,148</u>	<u>554,377</u>	<u>2,852,525</u>
<b>Change in Net Position</b>	7,349,533	1,044,902	8,394,435
<b>Net Position - Beginning</b>	<u>43,916,896</u>	<u>5,187,238</u>	<u>49,104,134</u>
<b>Net Position - Ending</b>	<u>\$ 51,266,429</u>	<u>\$ 6,232,140</u>	<u>\$ 57,498,569</u>

The Notes to the Financial Statements are an integral part of this statement.

# Plumpton Park Zoo A Place For Your Wild Side



## CECIL COUNTY, MARYLAND

### **Fiduciary Fund Type - Agency Funds**

The Agency Funds are maintained to account for assets held by the County in an agency capacity.

**State Tax Collection Fund** - This fund is maintained to account for state taxes collected and held in an agency capacity.

**State Bay Restoration Fee Collection Fund** - This fund is maintained to account for State Bay Restoration Fees collected and held in an agency capacity.

**Town Collection Funds** - These funds are maintained to account for taxes billed and collected on behalf of the County's incorporated towns and held in an agency capacity.

**CECIL COUNTY, MARYLAND**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<b>COLLECTIONS - STATE TAXES</b>				
<b>Assets</b>				
Cash	\$ 124,592	\$ 10,676,124	\$ (10,718,752)	\$ 81,964
Accounts Receivable - Property Taxes	<u>11,366</u>	<u>12,753,899</u>	<u>(12,737,137)</u>	<u>28,128</u>
<b>Total Assets</b>	<u>\$ 135,958</u>	<u>\$ 23,430,023</u>	<u>\$ (23,455,889)</u>	<u>\$ 110,092</u>
<b>Liabilities</b>				
Due to Other Governments	\$ 135,958	\$ 30,934,109	\$ (30,959,975)	\$ 110,092
<b>Total Liabilities</b>	<u>\$ 135,958</u>	<u>\$ 30,934,109</u>	<u>\$ (30,959,975)</u>	<u>\$ 110,092</u>
<b>COLLECTIONS - STATE BAY RESTORATION FEE</b>				
<b>Assets</b>				
Cash	\$ 439,536	\$ 1,881,777	\$ (1,980,767)	\$ 340,546
Accounts Receivable - Fees	<u>160,296</u>	<u>3,887,393</u>	<u>(3,886,921)</u>	<u>160,768</u>
<b>Total Assets</b>	<u>\$ 599,832</u>	<u>\$ 5,769,170</u>	<u>\$ (5,867,688)</u>	<u>\$ 501,314</u>
<b>Liabilities</b>				
Due to Other Governments	\$ 599,832	\$ 5,145,776	\$ (5,244,294)	\$ 501,314
<b>Total Liabilities</b>	<u>\$ 599,832</u>	<u>\$ 5,145,776</u>	<u>\$ (5,244,294)</u>	<u>\$ 501,314</u>
<b>COLLECTIONS - CECILTON</b>				
<b>Assets</b>				
Cash	\$ 5,766	\$ 172,238	\$ (174,828)	\$ 3,176
Accounts Receivable - Fees & Taxes	<u>9</u>	<u>346,114</u>	<u>(346,105)</u>	<u>18</u>
<b>Total Assets</b>	<u>\$ 5,775</u>	<u>\$ 518,352</u>	<u>\$ (520,933)</u>	<u>\$ 3,194</u>
<b>Liabilities</b>				
Due to Other Governments	\$ 5,775	\$ 516,493	\$ (519,074)	\$ 3,194
<b>Total Liabilities</b>	<u>\$ 5,775</u>	<u>\$ 516,493</u>	<u>\$ (519,074)</u>	<u>\$ 3,194</u>
<b>COLLECTIONS - CHESAPEAKE CITY</b>				
<b>Assets</b>				
Cash	\$ 7,038	\$ 375,600	\$ (380,069)	\$ 2,569
Accounts Receivable - Property Taxes	<u>60</u>	<u>760,990</u>	<u>(760,382)</u>	<u>668</u>
<b>Total Assets</b>	<u>\$ 7,098</u>	<u>\$ 1,136,590</u>	<u>\$ (1,140,451)</u>	<u>\$ 3,237</u>
<b>Liabilities</b>				
Due to Other Governments	\$ 7,098	\$ 1,131,313	\$ (1,135,174)	\$ 3,237
<b>Total Liabilities</b>	<u>\$ 7,098</u>	<u>\$ 1,131,313</u>	<u>\$ (1,135,174)</u>	<u>\$ 3,237</u>



**CECIL COUNTY, MARYLAND**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<b>COLLECTIONS - CHARLESTOWN</b>				
<b>Assets</b>				
Cash	\$ 4,547	\$ 463,416	\$ (456,657)	\$ 11,306
Accounts Receivable - Property Taxes	<u>4,365</u>	<u>938,215</u>	<u>(936,147)</u>	<u>6,433</u>
<b>Total Assets</b>	<u>\$ 8,912</u>	<u>\$ 1,401,631</u>	<u>\$ (1,392,804)</u>	<u>\$ 17,739</u>
<b>Liabilities</b>				
Due to Other Governments	\$ <u>8,912</u>	\$ <u>1,370,305</u>	\$ <u>(1,361,478)</u>	\$ <u>17,739</u>
<b>Total Liabilities</b>	<u>\$ 8,912</u>	<u>\$ 1,370,305</u>	<u>\$ (1,361,478)</u>	<u>\$ 17,739</u>
<b>COLLECTIONS - ELKTON</b>				
<b>Assets</b>				
Cash	\$ 92,939	\$ 6,582,129	\$ (6,616,911)	\$ 58,157
Accounts Receivable - Property Taxes	<u>12,186</u>	<u>13,352,772</u>	<u>(13,342,372)</u>	<u>22,586</u>
<b>Total Assets</b>	<u>\$ 105,125</u>	<u>\$ 19,934,901</u>	<u>\$ (19,959,283)</u>	<u>\$ 80,743</u>
<b>Liabilities</b>				
Due to Other Governments	\$ <u>105,125</u>	\$ <u>19,570,501</u>	\$ <u>(19,594,883)</u>	\$ <u>80,743</u>
<b>Total Liabilities</b>	<u>\$ 105,125</u>	<u>\$ 19,570,501</u>	<u>\$ (19,594,883)</u>	<u>\$ 80,743</u>
<b>COLLECTIONS - NORTH EAST</b>				
<b>Assets</b>				
Cash	\$ 16,750	\$ 1,661,671	\$ (1,662,531)	\$ 15,890
Accounts Receivable - Fees & Taxes	<u>2,158</u>	<u>3,340,853</u>	<u>(3,342,000)</u>	<u>1,011</u>
<b>Total Assets</b>	<u>\$ 18,908</u>	<u>\$ 5,002,524</u>	<u>\$ (5,004,531)</u>	<u>\$ 16,901</u>
<b>Liabilities</b>				
Due to Other Governments	\$ <u>18,908</u>	\$ <u>4,974,646</u>	\$ <u>(4,976,653)</u>	\$ <u>16,901</u>
<b>Total Liabilities</b>	<u>\$ 18,908</u>	<u>\$ 4,974,646</u>	<u>\$ (4,976,653)</u>	<u>\$ 16,901</u>
<b>COLLECTIONS - PORT DEPOSIT</b>				
<b>Assets</b>				
Cash	\$ 32,059	\$ 398,016	\$ (409,710)	\$ 20,365
Accounts Receivable - Property Taxes	<u>13,895</u>	<u>826,335</u>	<u>(816,734)</u>	<u>23,496</u>
<b>Total Assets</b>	<u>\$ 45,954</u>	<u>\$ 1,224,351</u>	<u>\$ (1,226,444)</u>	<u>\$ 43,861</u>
<b>Liabilities</b>				
Due to Other Governments	\$ <u>45,954</u>	\$ <u>1,169,662</u>	\$ <u>(1,171,755)</u>	\$ <u>43,861</u>
<b>Total Liabilities</b>	<u>\$ 45,954</u>	<u>\$ 1,169,662</u>	<u>\$ (1,171,755)</u>	<u>\$ 43,861</u>

**CECIL COUNTY, MARYLAND**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
<b>COLLECTIONS - PERRYVILLE</b>				
<b>Assets</b>				
Cash	\$ 33,644	\$ 1,399,562	\$ (1,422,926)	\$ 10,280
Accounts Receivable - Property Taxes	<u>717</u>	<u>2,844,395</u>	<u>(2,842,989)</u>	<u>2,123</u>
<b>Total Assets</b>	<b><u>\$ 34,361</u></b>	<b><u>\$ 4,243,957</u></b>	<b><u>\$ (4,265,915)</u></b>	<b><u>\$ 12,403</u></b>
<b>Liabilities</b>				
Due to Other Governments	<u>\$ 34,361</u>	<u>\$ 4,230,595</u>	<u>\$ (4,252,553)</u>	<u>\$ 12,403</u>
<b>Total Liabilities</b>	<b><u>\$ 34,361</u></b>	<b><u>\$ 4,230,595</u></b>	<b><u>\$ (4,252,553)</u></b>	<b><u>\$ 12,403</u></b>
<b>COLLECTIONS - RISING SUN</b>				
<b>Assets</b>				
Cash	\$ 2,303	\$ 1,268,473	\$ (1,263,192)	\$ 7,584
Accounts Receivable - Property Taxes	<u>4,010</u>	<u>2,567,036</u>	<u>(2,565,179)</u>	<u>5,867</u>
<b>Total Assets</b>	<b><u>\$ 6,313</u></b>	<b><u>\$ 3,835,509</u></b>	<b><u>\$ (3,828,371)</u></b>	<b><u>\$ 13,451</u></b>
<b>Liabilities</b>				
Due to Other Governments	<u>\$ 6,313</u>	<u>\$ 3,798,880</u>	<u>\$ (3,791,742)</u>	<u>\$ 13,451</u>
<b>Total Liabilities</b>	<b><u>\$ 6,313</u></b>	<b><u>\$ 3,798,880</u></b>	<b><u>\$ (3,791,742)</u></b>	<b><u>\$ 13,451</u></b>
<b>TOTALS - ALL FUNDS</b>				
<b>Assets</b>				
Cash	\$ 759,174	\$ 24,879,006	\$ (25,086,343)	\$ 551,837
Accounts Receivable - Fees & Taxes	<u>209,062</u>	<u>41,618,002</u>	<u>(41,575,966)</u>	<u>251,098</u>
<b>Total Assets</b>	<b><u>\$ 968,236</u></b>	<b><u>\$ 66,497,008</u></b>	<b><u>\$ (66,662,309)</u></b>	<b><u>\$ 802,935</u></b>
<b>Liabilities</b>				
Due to Other Governments	<u>\$ 968,236</u>	<u>\$ 72,842,280</u>	<u>\$ (73,007,581)</u>	<u>\$ 802,935</u>
<b>Total Liabilities</b>	<b><u>\$ 968,236</u></b>	<b><u>\$ 72,842,280</u></b>	<b><u>\$ (73,007,581)</u></b>	<b><u>\$ 802,935</u></b>

# CECIL COUNTY, MARYLAND

## STATISTICAL SECTION

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

<b>Contents</b>	<b><u>Page</u></b>
<b>Financial Trends - Tables I to IV</b>	121
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
<b>Revenue Capacity - Tables V to VIII</b>	126
These schedules contain information to help the reader assess the County's most significant revenue source, the property tax.	
<b>Debt Capacity - Tables IX to XIII</b>	130
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
<b>Demographic and Economic Information - Tables XIV - XVI</b>	134
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
<b>Operating Information - Tables XVII to XVIII</b>	137
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the services it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The County implemented GASB 34 in 2003 and GASB 54 was implemented in 2010; Table III has been restated to reflect the change in fund balance presentation.

# Union Hospital - Elkton Delivering Modern Medical Services as a Team



Table I

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>GOVERNMENTAL ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 118,947,569	\$ 121,977,339	\$ 116,206,965	\$ 144,335,428	\$ 131,319,211	\$ 157,253,521	\$ 166,819,030	\$ 171,724,604	\$ 163,724,657	\$ 155,575,258
Restricted	4,964,961	4,429,739	27,864,318	15,691,081	21,257,511	6,857,073	15,914,261	12,254,006	17,513,461	8,420,657
Unrestricted (Deficit)	<u>(17,557,877)</u>	<u>(26,085,408)</u>	<u>(43,751,070)</u>	<u>(45,695,780)</u>	<u>(14,643,027)</u>	<u>(22,670,285)</u>	<u>(53,601,877)</u>	<u>(84,302,472)</u>	<u>(88,292,865)</u>	<u>(78,992,974)</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 106,354,653</u>	<u>\$ 100,321,670</u>	<u>\$ 100,320,213</u>	<u>\$ 114,330,729</u>	<u>\$ 137,933,695</u>	<u>\$ 141,440,309</u>	<u>\$ 129,131,414</u>	<u>\$ 99,676,138</u>	<u>\$ 92,945,253</u>	<u>\$ 85,002,941</u>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 31,193,004	\$ 33,060,858	\$ 42,218,878	\$ 42,443,506	\$ 38,470,096	\$ 36,274,177	\$ 40,395,599	\$ 49,134,864	\$ 47,186,961	\$ 47,487,579
Restricted	728,355	8,603,936	19,166,532	9,715,314	4,748,159	-	-	-	-	-
Unrestricted	<u>8,216,737</u>	<u>(221,754)</u>	<u>(21,412,356)</u>	<u>(13,411,799)</u>	<u>(5,222,061)</u>	<u>2,237,683</u>	<u>(1,137,604)</u>	<u>(5,787,900)</u>	<u>(2,858,161)</u>	<u>(3,137,463)</u>
<b>Total Business-type Activities Net Position</b>	<u>\$ 40,138,096</u>	<u>\$ 41,443,040</u>	<u>\$ 39,973,054</u>	<u>\$ 38,747,021</u>	<u>\$ 37,996,194</u>	<u>\$ 38,511,860</u>	<u>\$ 39,257,995</u>	<u>\$ 43,346,964</u>	<u>\$ 44,328,800</u>	<u>\$ 44,350,116</u>
<b>PRIMARY GOVERNMENT</b>										
Net Investment in Capital Assets	\$ 150,140,573	\$ 155,038,197	\$ 158,425,843	\$ 186,778,934	\$ 169,789,307	\$ 193,527,698	\$ 207,214,629	\$ 220,859,468	\$ 210,911,618	\$ 203,062,837
Restricted	5,693,316	13,033,675	47,030,850	25,406,395	26,005,670	6,857,073	15,914,261	12,254,006	17,513,461	8,420,657
Unrestricted	<u>(9,341,140)</u>	<u>(26,307,162)</u>	<u>(65,163,426)</u>	<u>(59,107,579)</u>	<u>(19,865,088)</u>	<u>(20,432,602)</u>	<u>(54,739,481)</u>	<u>(90,090,372)</u>	<u>(91,151,026)</u>	<u>(82,130,437)</u>
<b>Total Primary Government Net Position</b>	<u>\$ 146,492,749</u>	<u>\$ 141,764,710</u>	<u>\$ 140,293,267</u>	<u>\$ 153,077,750</u>	<u>\$ 175,929,889</u>	<u>\$ 179,952,169</u>	<u>\$ 168,389,409</u>	<u>\$ 143,023,102</u>	<u>\$ 137,274,053</u>	<u>\$ 129,353,057</u>

Table II

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>EXPENSES</b>										
<b>Governmental Activities:</b>										
General Government	\$ 11,919,037	\$ 13,303,837	\$ 13,294,360	\$ 13,541,706	\$ 13,473,632	\$ 14,265,775	\$ 12,609,671	\$ 12,826,539	\$ 13,103,376	\$12,619,834
Public Safety	31,247,533	33,334,883	34,059,214	34,124,715	34,008,873	35,046,031	40,619,762	40,998,732	41,637,796	43,903,804
Highways, Streets, and Bridges	13,669,424	13,981,175	13,432,401	14,174,041	13,893,866	13,317,166	16,513,958	16,162,586	17,134,114	16,467,551
Health and Welfare	10,937,738	11,756,789	12,100,852	12,498,027	12,177,894	12,159,676	14,227,016	14,331,807	15,163,709	15,755,447
Recreation and Culture	665,321	880,408	1,008,810	983,512	1,020,488	1,091,711	1,291,050	1,356,836	1,541,526	1,780,757
Education	87,757,907	96,520,700	83,991,156	81,391,571	78,627,416	83,905,699	92,433,904	102,085,334	98,805,396	96,384,547
Public Libraries	5,056,857	4,681,578	4,613,704	4,599,509	4,480,298	4,318,158	4,576,546	4,946,275	5,122,366	5,523,248
Economic Development	1,130,391	1,214,647	1,100,961	960,743	1,589,105	1,500,430	2,703,849	1,549,098	1,675,209	1,776,517
Agriculture	2,184,443	2,131,412	1,230,023	546,120	551,134	1,241,922	2,115,454	614,728	851,666	1,463,623
Interest on Long-Term Debt	5,393,680	5,492,318	6,060,747	5,550,175	4,939,364	9,353,839	4,658,763	5,135,996	4,933,867	4,568,004
Total Governmental Activities Expenses	<u>169,962,331</u>	<u>183,297,747</u>	<u>170,892,228</u>	<u>168,370,119</u>	<u>164,762,070</u>	<u>176,200,407</u>	<u>191,749,973</u>	<u>200,007,931</u>	<u>199,969,025</u>	<u>200,243,332</u>
<b>Business-Type Activities:</b>										
Water	922,353	1,103,638	1,097,403	1,168,243	672,752	-	-	-	-	-
Wastewater	4,303,249	5,069,605	5,290,073	5,200,826	5,734,358	6,094,709	6,610,145	6,971,250	8,004,698	8,882,464
Landfill	4,473,534	4,830,035	6,165,937	5,538,979	6,180,447	6,504,396	8,276,214	7,743,691	6,818,531	6,287,612
Property Management	-	-	-	-	-	-	-	-	373,677	570,994
Total Business-Type Activities Expenses	<u>9,699,136</u>	<u>11,003,278</u>	<u>12,553,413</u>	<u>11,908,048</u>	<u>12,587,557</u>	<u>12,599,105</u>	<u>14,886,359</u>	<u>14,714,941</u>	<u>15,196,906</u>	<u>15,741,070</u>
<b>Total Primary Government Expenses</b>	<u>\$ 179,661,467</u>	<u>\$ 194,301,025</u>	<u>\$ 183,445,641</u>	<u>\$ 180,278,167</u>	<u>\$ 177,349,627</u>	<u>\$ 188,799,512</u>	<u>\$ 206,636,332</u>	<u>\$ 214,722,872</u>	<u>\$ 215,165,931</u>	<u>\$ 215,984,402</u>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
General Government	\$ 1,214,042	\$ 1,163,371	\$ 5,319,506	\$ 5,420,162	\$ 4,572,364	\$ 6,781,040	\$ 5,902,590	\$ 6,598,891	\$ 8,471,469	\$8,150,707
Public Safety	2,317,402	2,136,375	2,102,300	2,038,347	2,114,895	2,178,875	1,891,611	1,960,971	2,533,004	2,268,430
Highways, Streets, and Bridges	511,444	376,370	404,378	311,194	236,162	289,249	375,530	191,757	397,877	217,050
Other Activities	229,465	322,033	388,457	449,605	515,874	628,754	621,065	773,109	812,469	997,753
Operating Grants and Contributions	22,453,267	17,265,269	12,792,599	15,499,994	17,745,716	14,400,458	14,555,600	13,742,967	14,730,843	15,554,549
Capital Grants and Contributions	1,183,860	3,150,745	1,518,598	7,248,329	12,722,681	3,272,737	3,827,146	5,558,647	3,620,846	2,549,237
Total Governmental Activities Revenues	<u>27,909,480</u>	<u>24,414,163</u>	<u>22,525,838</u>	<u>30,967,631</u>	<u>37,907,692</u>	<u>27,551,113</u>	<u>27,173,542</u>	<u>28,826,342</u>	<u>30,566,508</u>	<u>29,737,726</u>

Table II

**CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-Type Activities:</b>										
Charges for Services:										
Water	1,263,870	1,308,395	1,228,117	1,275,093	653,831	-	-	-	-	-
Wastewater	2,986,929	3,372,665	3,362,841	3,683,375	4,737,750	4,883,880	6,504,839	5,654,938	5,584,673	5,999,821
Landfill	5,356,985	4,556,694	4,566,354	5,275,317	5,191,842	5,294,063	5,903,453	6,632,144	7,313,027	7,877,565
Property Management	-	-	-	-	-	-	-	-	386,868	782,635
Capital Grants and Contributions	4,803,214	2,964,543	1,901,600	645,117	1,710,837	2,869,610	3,210,932	6,496,436	2,810,889	1,199,597
Total Business-Type Activities Revenues	14,410,998	12,202,297	11,058,912	10,878,902	12,294,260	13,047,553	15,619,224	18,783,518	16,095,457	15,859,618
<b>Total Primary Government Revenues</b>	<b>\$ 42,320,478</b>	<b>\$ 36,616,460</b>	<b>\$ 33,584,750</b>	<b>\$ 41,846,533</b>	<b>\$ 50,201,952</b>	<b>\$ 40,598,666</b>	<b>\$ 42,792,766</b>	<b>\$ 47,609,860</b>	<b>\$ 46,661,965</b>	<b>\$ 45,597,344</b>
<b>OTHER CHANGES IN NET POSITION</b>										
<b>Governmental Activities:</b>										
Taxes										
Property Taxes	\$ 86,399,908	\$ 96,078,658	\$ 101,463,330	\$ 101,274,085	\$ 102,575,768	\$ 104,706,894	\$ 103,397,531	\$ 102,727,666	\$ 106,810,382	\$ 106,490,517
Income Taxes	50,565,845	49,358,649	45,825,168	49,000,281	47,342,973	46,755,227	48,064,353	56,937,725	55,496,525	55,493,386
Investment Earnings	3,800,175	2,054,515	969,436	571,783	334,147	270,374	236,961	226,259	130,596	284,934
Other Revenues including Capital Asset Sales Gains (Losses)	61,174	345,432	(2,514)	48,787	40,831	117,277	568,691	209,749	234,129	108,004
Grants, Entitlements, and Contributions not Restricted to Specific Programs	6,714,410	5,013,347	109,595	518,068	163,625	306,136	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	186,453
Total Governmental Activities	147,541,512	152,850,601	148,365,015	151,413,004	150,457,344	152,155,908	152,267,536	160,101,399	162,671,632	162,563,294
<b>Business-Type Activities:</b>										
Investment Earnings	147,605	87,616	23,167	32,233	13,410	57,916	13,270	20,392	73,285	89,221
Other Revenues including Capital Asset Sales Gains (Losses)	2,905,486	18,309	1,348	(229,120)	(470,940)	9,302	-	-	10,000	-
Transfers	-	-	-	-	-	-	-	-	-	(186,453)
Total Business-Type Activities	3,053,091	105,925	24,515	(196,887)	(457,530)	67,218	13,270	20,392	83,285	(97,232)
<b>Total Primary Government</b>	<b>\$ 150,594,603</b>	<b>\$ 152,956,526</b>	<b>\$ 148,389,530</b>	<b>\$ 151,216,117</b>	<b>\$ 149,999,814</b>	<b>\$ 152,223,126</b>	<b>\$ 152,280,806</b>	<b>\$ 160,121,791</b>	<b>\$ 162,754,917</b>	<b>\$ 162,466,062</b>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	\$ 5,488,661	\$ (6,032,983)	\$ (1,375)	\$ 14,010,516	\$ 23,602,966	\$ 3,506,614	\$ (12,308,895)	\$ (11,080,190)	\$ (6,730,885)	\$ (7,942,312)
Business-Type Activities	7,764,953	1,304,944	(1,469,986)	(1,226,033)	(750,827)	515,666	746,135	4,088,969	981,836	21,316
Total Primary Government	<b>\$ 13,253,614</b>	<b>\$ (4,728,039)</b>	<b>\$ (1,471,361)</b>	<b>\$ 12,784,483</b>	<b>\$ 22,852,139</b>	<b>\$ 4,022,280</b>	<b>\$ (11,562,760)</b>	<b>\$ (6,991,221)</b>	<b>\$ (5,749,049)</b>	<b>\$ (7,920,996)</b>

Table III

**FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>GENERAL FUND</b>										
Non-Spendable Fund Balance	\$ 650,647	\$ 885,779	\$ 1,304,977	\$ 1,807,790	\$ 477,087	\$ 6,400,689	\$ 10,982,077	\$ 13,335,406	\$ 10,603,047	\$ 10,215,102
Unrestricted Fund Balance										
Committed Fund Balance	12,091,588	12,254,857	15,089,601	13,885,400	13,118,597	16,363,777	17,548,538	14,683,298	16,196,482	-
Assigned Fund Balance	18,350,751	11,466,595	8,267,000	7,784,000	4,541,000	7,541,000	4,055,000	3,500,000	2,300,000	15,327,610
Unassigned Fund Balance	<u>7,629,769</u>	<u>11,762,656</u>	<u>9,979,387</u>	<u>12,876,339</u>	<u>19,632,997</u>	<u>15,015,485</u>	<u>7,425,546</u>	<u>6,206,671</u>	<u>8,755,014</u>	<u>10,247,486</u>
<b>Total General Fund</b>	<u>\$ 38,722,755</u>	<u>\$ 36,369,887</u>	<u>\$ 34,640,965</u>	<u>\$ 36,353,529</u>	<u>\$ 37,769,681</u>	<u>\$ 45,320,951</u>	<u>\$ 40,011,161</u>	<u>\$ 37,725,375</u>	<u>\$ 37,854,543</u>	<u>\$ 35,790,198</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Non-Spendable Fund Balance	\$ 504,735	\$ 452,524	\$ 415,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Fund Balance	4,964,961	4,429,739	3,808,570	6,804,178	7,457,083	13,274,563	38,089,278	12,254,036	17,513,461	8,420,657
Unrestricted Fund Balance:										
Committed Fund Balance	<u>23,923,855</u>	<u>28,322,186</u>	<u>34,784,997</u>	<u>13,006,747</u>	<u>18,650,074</u>	<u>2,190,137</u>	<u>482,681</u>	-	<u>2,361,577</u>	-
<b>Total All Other Governmental Funds</b>	<u>\$ 29,393,551</u>	<u>\$ 33,204,449</u>	<u>\$ 39,009,167</u>	<u>\$ 19,810,925</u>	<u>\$ 26,107,157</u>	<u>\$ 15,464,700</u>	<u>\$ 38,571,959</u>	<u>\$ 12,254,036</u>	<u>\$ 19,875,038</u>	<u>\$ 8,420,657</u>

**Notes:**

In FY2017, after management review the Contingency Reserve was changed from Committed Fund Balance to Assigned Fund Balance.



Table IV

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Property Taxes	\$ 86,506,000	\$ 96,173,901	\$ 101,345,357	\$ 101,811,471	\$ 102,628,643	\$ 104,235,995	\$ 103,371,143	\$ 102,735,882	\$ 106,839,214	\$ 106,417,932
Income Taxes	50,192,279	48,851,186	46,816,208	46,835,947	49,813,198	50,421,108	50,800,381	53,954,296	55,806,618	57,614,306
Licenses and Permits	1,534,913	1,298,179	1,320,505	1,427,706	1,545,645	1,736,610	1,682,772	1,741,618	2,383,661	1,981,371
Intergovernmental	29,783,816	24,422,814	13,787,534	22,873,190	27,651,332	16,238,456	14,465,177	16,122,745	16,441,829	15,800,667
Charges for Services	2,737,440	2,772,393	6,917,459	6,898,159	5,891,840	8,135,280	7,108,024	7,783,110	9,831,158	9,652,569
Investment Earnings	3,559,933	1,911,428	885,570	491,228	292,787	232,228	202,803	200,176	109,889	244,228
Contributions and Other Revenues	136,666	178,025	221,808	111,188	85,982	336,928	727,073	-	119,614	475,240
<b>Total Revenues</b>	<b>174,451,047</b>	<b>175,607,926</b>	<b>171,294,441</b>	<b>180,448,889</b>	<b>187,909,427</b>	<b>181,336,605</b>	<b>178,357,373</b>	<b>182,537,827</b>	<b>191,531,983</b>	<b>192,186,313</b>
<b>EXPENDITURES</b>										
General Government	10,819,769	11,643,833	11,767,891	12,158,101	13,106,207	12,903,976	11,088,643	11,176,755	11,412,816	10,436,710
Public Safety	30,385,329	32,059,207	33,410,429	33,121,253	33,444,470	33,873,650	37,063,402	38,531,809	39,188,740	42,140,763
Highways, Streets, and Bridges	11,711,984	12,915,367	8,525,908	9,438,103	9,601,220	8,793,209	11,131,474	11,554,492	11,217,928	9,561,474
Health and Welfare	10,733,945	11,664,982	12,271,033	12,416,523	12,078,386	12,119,555	13,083,185	13,841,044	14,778,726	15,192,470
Recreation and Culture	5,057,786	825,005	869,993	817,817	928,135	752,279	990,382	1,077,710	938,744	1,048,438
Education	72,085,349	78,055,262	76,577,821	76,475,835	75,267,220	79,225,368	82,888,100	85,446,064	89,945,828	92,020,570
Public Libraries	3,982,188	4,425,607	4,438,926	4,462,309	4,283,817	4,283,817	4,417,020	4,749,675	4,882,779	5,250,869
Economic Development	1,151,965	1,201,887	1,096,197	967,940	1,606,236	1,501,779	1,628,989	1,528,922	1,648,873	1,741,087
Agriculture	2,182,731	2,126,544	1,233,444	552,009	558,768	1,244,247	2,097,608	605,650	840,466	1,440,998
Municipalities	691,663	757,448	820,631	840,039	725,251	697,502	664,218	667,120	671,363	674,409
Capital Outlay	35,527,552	28,638,924	14,442,264	31,032,515	27,011,212	14,394,252	15,246,843	26,832,434	19,720,867	9,743,836
Debt Service:										
Principal	8,240,914	8,843,764	10,127,743	10,038,418	10,935,206	9,395,046	9,858,406	9,794,710	9,784,234	10,971,475
Interest	5,102,747	5,399,155	5,856,178	5,694,206	4,838,557	5,623,335	4,851,033	5,568,661	5,397,046	5,668,428
<b>Total Expenditures</b>	<b>197,673,922</b>	<b>198,556,985</b>	<b>181,438,458</b>	<b>198,015,068</b>	<b>194,384,685</b>	<b>184,808,015</b>	<b>195,009,303</b>	<b>211,375,046</b>	<b>210,428,410</b>	<b>205,891,527</b>
<b>Deficiency of Revenues Under Expenditures</b>	<b>(23,222,875)</b>	<b>(22,949,059)</b>	<b>(10,144,017)</b>	<b>(17,566,179)</b>	<b>(6,475,258)</b>	<b>(3,471,410)</b>	<b>(16,651,930)</b>	<b>(28,837,219)</b>	<b>(18,896,427)</b>	<b>(13,705,214)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Capital Asset Disposal	129,571	772,086	70,529	80,500	74,639	146,905	440,893	17,600	2,088	36
Proceeds from Bonds Issued	28,575,000	23,020,000	13,870,000	-	13,267,000	-	29,840,000	-	23,210,000	-
Premium on Debt Issued	485,778	732,707	697,594	-	3,370,242	463,827	4,401,727	3,730,456	5,209,762	-
Refunding Bonds Issued	-	-	9,710,000	-	25,860,000	9,290,000	-	31,128,617	12,243,531	-
Bond Issuance Cost	(302,215)	(117,704)	(309,186)	-	(227,458)	-	(233,221)	-	(78,558)	-
Advance Refunding Agent	-	-	(9,819,040)	-	(28,156,780)	(9,531,073)	-	(34,643,163)	(14,038,367)	-
Transfers In	26,342,555	28,360,406	27,613,044	19,374,828	23,922,626	21,118,974	26,387,095	18,761,837	21,431,745	19,351,635
Transfers Out	(26,342,555)	(28,360,406)	(27,613,044)	(19,374,828)	(23,922,626)	(21,108,409)	(26,387,095)	(18,761,837)	(21,333,604)	(19,165,183)
<b>Total Other Financing Sources (Uses)</b>	<b>28,888,134</b>	<b>24,407,089</b>	<b>14,219,897</b>	<b>80,500</b>	<b>14,187,643</b>	<b>380,224</b>	<b>34,449,399</b>	<b>233,510</b>	<b>26,646,597</b>	<b>186,488</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,665,259</b>	<b>\$ 1,458,030</b>	<b>\$ 4,075,880</b>	<b>\$ (17,485,679)</b>	<b>\$ 7,712,385</b>	<b>\$ (3,091,186)</b>	<b>\$ 17,797,469</b>	<b>\$ (28,603,709)</b>	<b>\$ 7,750,170</b>	<b>\$ (13,518,726)</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	8.97%	9.15%	9.57%	9.26%	9.54%	8.75%	7.93%	7.79%	7.64%	8.29%

Table V

**ASSESSED VALUE AND ACTUAL VALUE  
OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Real Property				Personal Property		Total Taxable Actual Value	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate <sup>1</sup>
	Residential Property	Governmental	Commercial / Industrial	Agricultural	Public Utilities	Other				
2017	\$ 7,251,167,566	n/a	\$ 2,728,635,767	\$ 523,372,208	\$ 189,268,000	\$ 247,205,000	\$ 10,939,648,541	\$ 1,027,108,919	\$ 9,912,539,622	1.057
2016	7,204,868,497	n/a	2,643,369,801	507,534,006	198,056,000	233,500,000	\$ 10,787,328,304	1,015,229,774	9,772,098,530	1.056
2015	6,933,465,147	n/a	1,871,273,169	489,623,429	141,257,000	230,000,000	\$ 9,665,618,745	995,209,501	8,670,409,244	1.054
2014	6,963,756,250	n/a	1,830,995,567	504,922,966	141,257,000	230,000,000	\$ 9,670,931,783	953,466,796	8,717,464,987	1.054
2013	7,183,574,528	n/a	1,904,424,331	528,946,520	149,296,000	236,000,000	\$ 10,002,241,379	960,909,069	9,041,332,310	1.054
2012	7,682,905,130	n/a	1,952,981,591	539,244,741	117,881,000	259,900,000	\$ 10,552,912,462	975,324,958	9,577,587,504	0.996
2011	8,289,959,319	n/a	1,865,379,056	580,610,700	129,707,850	165,677,050	\$ 11,031,333,975	1,013,288,272	10,018,045,703	0.956
2010	8,378,308,042	n/a	1,808,137,513	601,504,059	133,390,680	183,492,540	\$ 11,104,832,834	677,356,425	10,427,476,409	0.983
2009	7,810,141,161	n/a	1,679,833,744	548,985,870	133,234,270	180,868,020	\$ 10,353,063,065	1,066,412,895	9,286,650,170	1.009
2008	6,881,115,239	\$ 484,633,433	1,346,611,854	483,730,198	133,224,330	168,821,610	\$ 9,498,136,664	1,169,189,852	8,328,946,812	1.012

Source: Maryland State Department of Assessment and Taxation  
Cecil County Department of Finance

Notes:

<sup>1</sup> The total direct tax rate is a weighted average of real and personal property rates.

Table VI

**DIRECT AND OVERLAPPING  
PROPERTY TAX RATES  
(per \$100 of Assessed Value)  
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Cecil County Direct Rates</b>										
Real Property	\$0.960	\$0.960	\$0.940	\$0.915	\$0.940	\$0.991	\$0.991	\$0.991	\$0.991	\$0.991
Personal Property	2.400	2.400	2.350	2.288	2.350	2.477	2.477	2.477	2.477	2.479
<sup>1</sup> Total Direct Tax Rate	1.012	1.009	0.983	0.956	0.996	1.054	1.054	1.054	1.056	1.057
<b>Towns</b>										
Cecilton	0.240	0.240	0.219	0.219	0.219	0.217	0.217	0.220	0.220	0.237
Charlestown	0.280	0.280	0.280	0.280	0.280	0.314	0.314	0.333	0.333	0.333
Chesapeake City	0.420	0.420	0.425	0.432	0.425	0.422	0.448	0.449	0.449	0.449
Elkton	0.504	0.504	0.464	0.473	0.466	0.463	0.586	0.586	0.586	0.586
North East	0.480	0.480	0.480	0.480	0.480	0.480	0.480	0.480	0.480	0.480
Perryville	0.362	0.362	0.353	0.353	0.339	0.314	0.314	0.313	0.313	0.310
Port Deposit	0.551	0.551	0.551	0.551	0.551	0.551	0.551	0.554	0.551	0.551
Rising Sun	0.360	0.360	0.360	0.360	0.406	0.406	0.406	0.406	0.406	0.480

**Sources:** Cecil County Department of Finance  
The government of each town establishes its respective tax rate.

**Note:** <sup>1</sup> The total direct tax rate is a weighted average of real and personal property rates.

Table VII

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

<b>FISCAL YEAR 2017</b>			
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
W.L. Gore & Associates Inc.	Manufacturing	\$ 107,568,036	1.09%
Delmarva Power & Light Company	Utility	103,113,553	1.04%
Ikea Property Inc	Retail	93,894,943	0.95%
Mid - Atlantic Distribution	Distribution	70,689,067	0.71%
Cole ID	Distribution	63,176,433	0.64%
Penn Cecil Maryland Inc.	Casino Gaming	44,732,190	0.45%
Charlestown Crossing Apts.	Property Management	30,459,733	0.31%
Walmart Real Estate Business	Property Management	29,879,347	0.30%
Pine Valley LLC	Property Management	25,405,700	0.26%
Third Artel Chesapeake Ridge	Property Management	24,785,910	0.25%
Totals		<u>\$ 593,704,912</u>	<u>5.99%</u>

<b>FISCAL YEAR 2008</b>			
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Assessed Value</b>
W.L. Gore & Associates, Inc.	Manufacturing	\$ 106,703,105	1.40%
Delmarva Power & Light Company	Utility	64,926,800	0.85%
Ikea Property, Inc.	Retail	42,690,303	0.56%
Verizon-Maryland	Communications	32,627,460	0.43%
Pine Valley, LLC	Property Mgmt	27,346,360	0.36%
Wal-Mart Real Estate Business	Property Mgmt	22,399,066	0.29%
Basell USA, Inc.	Research	19,556,616	0.26%
Terumo Medical Corporation	Research	19,371,320	0.25%
Kenneth O. Lester Company, Inc	Distribution	17,930,936	0.23%
Magazine Stonegate, LLC	Property Mgmt	17,371,566	0.23%
Totals		<u>\$ 370,923,532</u>	<u>4.86%</u>

**Source:** Cecil County Department of Finance

**Note:** Taxpayer data included only if in the top ten for that year.

Table VIII

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy <sup>1</sup>	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
	for Fiscal Year	Amount	Percentage of Levy		Amount	Percentage of Levy
2017	\$ 101,641,723	\$ 101,569,226	99.9%	\$ -	\$ 101,569,226	99.9%
2016	101,636,001	101,463,753	99.8%	164,327	101,628,080	100.0%
2015	99,732,494	99,440,061	99.7%	246,350	99,686,411	100.0%
2014	100,162,002	99,753,092	99.6%	384,913	100,138,005	100.0%
2013	101,864,701	101,573,341	99.7%	252,143	101,825,484	100.0%
2012	100,215,039	99,666,488	99.5%	507,927	100,174,415	100.0%
2011	97,464,433	97,214,771	99.7%	210,479	97,425,250	100.0%
2010	95,516,854	94,315,657	98.7%	1,159,844	95,475,501	100.0%
2009	93,799,686	93,433,467	99.6%	330,590	93,764,057	100.0%
2008	84,487,760	84,094,382	99.5%	363,343	84,457,725	100.0%

**Source:** Cecil County Department of Finance

**Note:** <sup>1</sup> For presentation purposes, the County considers Tax Levy to be the taxes levied during the normal tax year and excludes adjustments to prior year taxes.

**Note:** Total tax levy is all tax bill additions and insolvencies from general ledger for fiscal year. Amount collected is the total tax levy reduced by the ending general ledger balance.

Table IX

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage	
	General Obligation Bonds	Capital Leases	Special Assessment Bonds	Wastewater Bonds	Landfill Bonds	Property Mgmt.	Capital Leases		of Personal Income	Per Capita <sup>1</sup>
2017	\$ 166,250,368	\$ -	\$ 91,483	\$ 54,724,461	\$ 13,045,166	\$ 7,051,229	\$ 1,876,310	\$ 243,039,017	5.47%	\$ 2,369
2016	179,272,367	-	97,582	57,568,263	13,931,049	7,300,000	-	258,169,261	6.06%	2,522
2015	159,837,619	-	103,681	49,061,076	14,763,528	-	-	223,765,904	5.16%	2,186
2014	168,262,646	-	109,780	42,685,905	16,265,125	-	-	227,323,456	5.19%	2,231
2013	139,637,122	-	115,879	26,776,659	17,749,965	-	-	184,279,625	4.57%	1,812
2012	151,143,753	316,247	121,978	28,440,508	19,116,764	-	-	199,139,250	5.11%	1,958
2011	144,302,654	930,441	135,263	28,568,841	20,017,483	-	-	193,954,682	5.22%	1,918
2010	153,837,331	1,521,017	148,548	46,887,137	3,190,000	-	-	205,584,033	5.50%	2,040
2009	149,203,547	2,088,882	161,836	31,324,561	3,625,000	-	699,344	187,103,170	5.25%	1,872
2008	133,701,683	2,634,911	173,384	27,435,710	4,040,000	-	912,603	168,898,291	5.45%	1,700

**Source:** Cecil County Department of Finance

**Notes:** Details regarding the County's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See Schedule XIV for population data.

This ratio uses population data from the prior calendar year.

Table X

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value<sup>1</sup> of Property</u>	<u>Per Capita<sup>2</sup></u>
2017	\$ 241,071,224	2.43%	\$ 2,349.55
2016	250,771,679	2.57%	2,449.37
2015	223,662,223	2.58%	2,184.56
2014	227,213,676	2.61%	2,229.49
2013	184,163,746	2.04%	1,810.92
2012	198,701,025	2.07%	1,953.91
2011	192,888,978	1.93%	1,907.75
2010	203,914,468	1.96%	2,023.04
2009	184,153,108	1.98%	1,842.89
2008	165,177,393	1.98%	1,662.28

**Source:** Cecil County Department of Finance

**Note:** <sup>1</sup> See Schedule V for Actual Taxable Value of Property data.  
<sup>2</sup> See Schedule XIV for population data.  
 This ratio uses population data from the prior calendar year.

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Cecil County</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property and Income Taxes</b>			
Elkton	\$ 566,268	100%	\$ 566,268
North East	1,783,500	100%	1,783,500
Perryville	2,630,000	100%	2,630,000
Rising Sun	1,650,228	100%	<u>1,650,228</u>
Subtotal - Overlapping Debt			6,629,996
<b>Cecil County Direct Debt</b>	166,250,368	100%	<u>166,250,368</u>
Totals			<u>\$ 172,880,364</u>

**Sources:** Cecil County Department of Finance  
The government of each town is the source of its respective debt.

Table XII

**LEGAL DEBT LIMITATION INFORMATION  
(Unaudited)**

There is no aggregate limit to the amount of bonds and other evidences of indebtedness that may be outstanding at any one time for Cecil County. There is a general limitation for short-term borrowing in any fiscal year; the County is authorized to borrow up to \$2,500,000 on a temporary basis provided that all such borrowing be repaid and all demands fully satisfied on or before June 30 of the fiscal year in which the money is borrowed.



Table XIII

**PLEGGED - REVENUES COVERAGE  
LAST TEN FISCAL YEARS**

Fiscal Year	Wastewater Revenue Bonds						Special Assessment Bonds		
	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service	
				Principal	Interest			Principal	Coverage
2017	\$ 6,047,881	\$ 7,372,155	\$ (1,324,274)	\$ 3,334,137	\$ 1,510,309	-27%	\$ 6,099	\$ 6,099	100%
2016	5,631,738	6,571,666	(939,928)	2,367,669	1,433,032	-25%	6,099	6,099	100%
2015	8,586,607	5,696,015	2,890,592	1,999,804	1,275,235	88%	6,099	6,099	100%
2014	6,505,751	5,874,501	631,250	1,763,754	735,644	25%	6,099	6,099	100%
2013	4,939,317	5,309,937	(370,620)	1,663,849	784,772	-15%	6,099	6,099	100%
2012	4,641,400	4,976,129	(334,729)	1,638,654	758,229	-14%	13,287	13,287	100%
2011	3,696,270	4,425,922	(729,652)	1,571,460	774,904	-31%	13,994	13,994	100%
2010	3,375,394	4,483,019	(1,107,625)	1,554,451	807,054	-47%	50,051	50,051	100%
2009	3,455,046	4,386,638	(931,592)	1,346,574	682,966	-46%	50,132	50,132	100%
2008	3,108,223	3,731,492	(623,269)	941,842	571,757	-41%	50,203	50,203	100%

Fiscal Year	Landfill Revenue Bonds					
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ 7,917,946	\$ 5,861,891	\$ 2,056,055	\$ 876,171	\$ 425,721	158%
2016	7,348,970	6,399,300	949,670	893,354	419,231	72%
2015	6,652,536	7,230,652	(578,116)	1,501,597	513,039	-29%
2014	5,915,811	7,765,909	(1,850,098)	1,484,840	510,305	-93%
2013	5,296,542	5,965,106	(668,564)	1,366,799	539,290	-35%
2012	5,196,182	5,619,803	(423,621)	900,718	560,644	-29%
2011	5,294,655	4,822,085	472,570	508,759	716,894	39%
2010	4,576,968	5,707,285	(1,130,317)	1,183,102	451,555	-69%
2009	4,561,929	4,558,610	3,319	628,260	271,426	0%
2008	5,383,296	4,245,780	1,137,516	645,989	227,754	130%

Fiscal Year	Property Management Revenue Bonds					
	Property Mgmt Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ 783,415	\$ 308,576	\$ 474,839	\$ 248,771	\$ 262,418	93%
2016	387,145	158,400	228,745	-	109,286	209%

Source: Cecil County Department of Finance  
 Note: The property management fund began in FY 2016

Table XIV

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population<sup>a</sup></b>	<b>Personal Income<sup>a,1</sup></b>	<b>Per Capita Income<sup>a</sup></b>	<b>Average Employment<sup>b,2</sup></b>	<b>Average Unemployment Rate<sup>b,2</sup></b>	<b>Median Price of Housing Sales<sup>d</sup></b>	<b>School Enrollment<sup>c,3</sup></b>
2016	102,603	\$ 4,440,668,000	\$ 43,374	51,074	4.7%	\$ 194,765	15,633
2015	102,382	4,262,448,000	41,632	50,042	6.0%	197,902	15,859
2014	102,383	4,337,575,000	42,562	48,665	6.6%	194,000	15,681
2013	101,913	4,383,534,000	43,104	47,269	7.7%	193,000	15,824
2012	101,696	4,036,174,000	39,689	46,810	8.4%	218,278	15,634
2011	101,694	3,897,356,000	38,508	46,188	8.9%	199,900	15,827
2010	101,108	3,715,479,000	36,861	44,944	9.9%	214,000	15,937
2009	100,796	3,736,203,000	37,381	46,259	9.0%	225,000	16,271
2008	99,926	3,562,166,000	35,648	48,310	5.3%	235,000	16,290
2007	99,368	3,562,166,000	35,848	48,844	3.9%	255,000	16,421

- Sources:**
- <sup>a</sup> U.S. Census Bureau
  - <sup>b</sup> Maryland Department of Labor, Licensing, and Regulation (DLLR)  
BEA and DLLR data is presented as revised periodically based on census and survey results and analysis, and changes to statistical benchmarks.
  - <sup>c</sup> Maryland Department of Planning, Planning Data Services
  - <sup>c</sup> Cecil County Board of Education Annual Budgets
  - <sup>d</sup> Maryland Association of Realtors

- Notes:**
- <sup>1</sup> Personal Income is a total for the year.
  - <sup>2</sup> Employment and unemployment rates are adjusted annual averages. Employment is calculated as the count of County citizens employed in any location (i.e., inside or outside the County).
  - <sup>3</sup> School enrollment is for the school year ended in June of the calendar year.

Table XV

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Calendar Year 2007			Calendar Year 2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W.L. Gore & Associates, Inc.	2,667	1	5.46%	2,405	1	4.81%
Cecil County Board of Education	1,805	2	3.70%	2,200	2	4.40%
Perry Point V.A. Hospital	1,125	3	2.30%	1,500	3	3.00%
Union Hospital	864	4	1.77%	1,235	4	2.47%
Wal-Mart Stores, Inc.	500	7	1.02%	795	5	1.59%
Terumo Medical Group	345	9	0.71%	610	6	1.22%
Cecil County Government	730	5	1.49%	603	7	1.20%
IKEA/Genco	370	8	0.76%	580	8	1.16%
Cecil College	300	10	0.61%	515	9	1.03%
ATK Tactical Systems	682	6	1.40%	465	10	0.93%
Totals	<u>9,388</u>		<u>19.22%</u>	<u>10,908</u>		<u>21.81%</u>

\*Note: Employer is not one of the principal employers during the year noted

Sources: Cecil County Department of Economic Development

Table XVI

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES  
BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Government	91	103	104	102	107	104	99	110	99	105
Public Safety	282	298	289	291	284	303	302	303	315	321
Law Enforcement	87	92	96	97	97	95	99	105	105	108
Detention Center	66	62	55	65	63	84	81	70	78	74
EMS & Emergency Services	67	86	80	81	80	77	74	77	84	83
Other	62	58	58	48	44	47	48	51	48	56
Highways, Streets, and Bridges	76	72	67	68	64	68	65	68	67	61
Roads Maintenance	47	45	43	45	44	45	42	41	44	42
Engineering and Other	29	27	24	23	20	23	23	27	23	19
Health and Welfare	44	50	60	50	51	43	43	61	47	58
Senior Services	24	27	27	24	24	23	23	39	30	37
Other	20	23	33	26	27	20	20	22	17	21
Recreation and Culture	5	6	7	8	6	7	8	8	8	8
Economic Development	4	6	6	5	6	6	6	7	6	7
Agriculture	5	5	5	5	5	5	5	5	5	4
Water	5	3	3	3	-	-	-	-	-	-
Wastewater	14	11	12	12	14	16	16	15	14	16
Landfill	25	24	24	25	25	22	25	24	22	23
Totals	551	578	577	569	562	574	569	601	583	603

Sources: Cecil County Finance and Human Resources Departments

Table XVII

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety</b>										
Physical Arrests	2,327	2,666	2,430	2,577	2,611	2,608	2,422	2,548	2,743	3,066
911 Calls	193,323	215,419	191,866	207,019	164,265	171,258	168,535	224,643	135,127	129,993
Fire/Paramedic Calls	16,207	16,553	13,201	13,525	22,751	23,217	28,845	29,820	12,360	14,441
Building Permits Issued	362	276	282	323	220	464	234	202	192	198
<b>Highways, Streets, and Bridges</b>										
Street Resurfacing (miles)	16.26	13.06	3.32	12.67	15.76	13.11	15.93	18.07	15.49	6.35
<b>Health and Welfare</b>										
Participants (avg. monthly)	1,600	1,155	1,078	1,170	1,327	1,434	1,135	1,235	1,765	1,327
Meals served	23,783	24,887	23,004	21,276	21,433	21,868	25,005	18,052	29,066	33,808
Bus Passengers	46,043	49,875	49,709	60,066	66,892	76,990	92,314	100,929	101,251	97,043
<b>Recreation and Culture</b>										
Recreation Registrations	n/a	n/a	n/a	n/a	11,000	14,000	15,750	15,130	14,620	17,388
Recreation Programs	n/a	n/a	n/a	n/a	150	180	197	157	162	244
Safetyville (attendance)	116	102	103	88	71	106	147	64	86	71
<b>Agriculture</b>										
Acres under Preservation Agreements	12,890	13,750	13,808	23,900	24,739	25,108	25,799	26,382	26,497	27,079
<b>Water</b>										
Average Daily Consumption (thousands of gallons)	168,195	162,417	162,748	169,546	87,039	n/a	n/a	n/a	n/a	n/a
<b>Wastewater</b>										
Annual Sewage Treatment (thousands of gallons)	408,599	469,597	509,706	496,752	520,077	526,507	648,139	580,480	578,510	539,450
<b>Landfill</b>										
Annual Tons of Refuse	117,876	102,236	108,033	91,475	84,855	83,428	84,796	83,449	85,172	87,706

**Sources:** Various Cecil County departments.

**Note:** Quantifiable and meaningful operating indicators are not available for all functions.  
 NA = Not available  
 As of FY2007 a new Communication Systems came online to accept County-wide emergency calls.  
 The County sold the Water Operations effective December 21, 2011.

Table XVIII

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety</b>										
Police Patrol Units	80	85	85	85	89	83	95	100	100	100
Paramedic Units	8	8	8	8	8	8	8	8	8	8
<b>Highways, Streets, and Bridges</b>										
Roads & Highways (miles)	601	601	601	601	601	599	599	600	604	604
Bridges	95	95	95	95	95	95	97	97	97	98
<b>Health and Welfare</b>										
Buses	10	13	15	14	11	11	13	17	17	14
<b>Recreation and Culture</b>										
Park Acreage	525	525	525	531	531	531	535	535	535	535
<b>Water</b>										
Production Capacity (millions of gallons per day)	0.800	1.348	1.348	1.348	n/a	n/a	n/a	n/a	n/a	n/a
<b>Wastewater</b>										
Wastewater Treatment Capacity (millions of gallons per day)	3.065	3.065	3.065	3.065	3.065	3.490	3.490	3.490	3.465	3.165
<b>Landfill</b>										
Remaining Built Capacity (cubic yards)	2,003,582	1,800,984	2,420,000	2,215,500	2,137,740	1,975,875	1,800,200	1,628,300	1,501,646	1,333,555

**Sources:** Various Cecil County departments.

**Note:** Quantifiable and meaningful capital asset statistics are not available for all functions.  
FY2010 remaining Landfill capacity increased due to ongoing redevelopment project.  
The County sold the Water Operations effective December 21, 2011.