



# CECIL COUNTY, MARYLAND

## DEPARTMENT OF FINANCE

### FISCAL IMPACT NOTE

### SUMMARY OF LEGISLATION

**SPONSOR:** Council President at the request of the County Executive

**RESOLUTION NO. 40-2024** – Authorization to provide a loan to the Cecil County Public Schools to finish building the North East Middle/High School complex.

**SYNOPSIS:** A Resolution to amend the Annual Budget and Appropriation Ordinance for Cecil County, Maryland, for the fiscal year ending June 30, 2025, to allow the Board of Education of Cecil County to borrow from the County up to \$41,000,000 interest free to finish construction of the North East Middle/High School complex by the end of FY2027. This loan, which will result in creation of a Notes Receivable and Restricted Cash position on the County's Balance Sheet, is necessitated by the fact that the State of Maryland is unable to commit the balance of their full contribution of \$103,000,000 in order to allow the Board of Education to complete construction by the end of FY2027. Without this loan, the schools' construction cannot be completed until FY2032. As a result, the Board of Education of Cecil County will remit any and all school construction funds provided by the State for the North East Middle/High School Complex project to the County until the loan is fully paid, beginning in FY2026. It is agreed and recognized that the State funding for the North East Middle/High School Complex project will be the sole and exclusive source for the repayment of the loan and that no other funds or other sources of revenue budgeted for the Board of Education shall be used for repayment of the loan. It is further agreed and recognized that a \$4,000,000 funding request for the North East Middle/High School Complex must remain the highest ranked project submission for Cecil County Public School's annual State CIP school construction funding request throughout the duration of this loan, and that the first \$4,000,000 in annual State school construction funding must be used to satisfy the County debt. Should Cecil County Public Schools choose to apply some, or all, of their additional annual school construction funding allotment to extinguish the debt more rapidly, this may be done at their sole discretion without penalty.

**FISCAL IMPACT SUMMARY:** There is no impact to the fund balance or net position; however, it will reduce the County's liquidity as it will restrict available cash position until the loan is paid off.

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#### **FISCAL ANALYSIS:**

Without this loan, the schools' construction cannot be completed until FY2032. As a result, the Board of Education of Cecil County will remit any and all school construction funds provided by the State to the County until the loan is fully paid, beginning in FY2026.