

CECIL COUNTY

MARYLAND



Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Cecil County Maryland



Comprehensive Annual Financial Report For the Year Ended June 30, 2014

Prepared by the Cecil County Department of Finance

CECIL COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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and Finance

Office of the County Executive

Tari Moore
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

October 21, 2014

To County Executive Tari Moore, 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, 2014. 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 at June 30, 2014, 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 independent auditors report.

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 101,913 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 March 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 May 31 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 department 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 86.

Economic Condition and Outlook

Looking Forward in County Government. The Fiscal Year 2015 operating budget represents a 2.8% increase over the Fiscal Year 2014 budget. This budget is the second 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, and provides timely tax relief to our citizens. In part, the increase funds certain education and governmental expenses that were deferred while the economy was at its lowest.

The fiscal year 2015 budget reflects the following:

- Keeps the property tax rates the same as FY2014. The real property tax rate remained at \$0.9907 and the personal property tax rate at \$2.4768;
- Adds \$345,000 in critical funds to the Health Department to support new initiatives to reduce substance abuse in the County, including outreach, early intervention, and treatment services, funded by casino revenues;
- Provides additional funding in the Circuit Court for a County funded Drug Court Coordinator;
- Provides full funding for the costs associated with the newly filled Circuit Court judge position including administration and bailiffs;
- Adds an additional Assistant States Attorney position to prosecute drug cases;
- Adds a new Law Enforcement Deputy to provide additional resources for fighting drug and crime issues in the County via the Drug Task Force;
- Adds an additional dispatch position in Emergency Services to handle the ever increasing 911 calls for service;
- Increases operating funding to Cecil County Public Schools by 3.5% (overall funding by 3.4%) to fund teacher salary increases, health care cost increases, increased pension costs previously paid for by the state, and to fund capital renovations to schools;
- Increases operating funding to Cecil College by 3.5% (overall funding by 4.8%) to fund small capital projects, perform classroom refurbishment, teacher and staff salary increases, and fund a state-required 5-year master Plan;

- Increases operating funding for the Cecil County Public Library by 3.5% (overall funding by 3.1%) and supports a new Children's Librarian/Supervisor at the Elkton branch, increased support for library materials, and library staff salary increases;
- Supports a 1.75% cost of living adjustment and a step increase for the County's two bargaining units and all County employees;
- Provides funding for the addition of the Mid-County Connector bus route;
- Adoption of a 10% per ton increase on various refuse disposal revenue streams;
- Provides for the second year of a Wastewater User fee increase of 5.7% as part of a two year revenue initiative;
- The County committed \$2,076,000 of bond funds towards Phase 1 of Calvert Regional Park; the park uses 104 acres of land purchased under through the Open Space Program and Phase 1 consists of site preparation and construction of four multi-purpose athletic fields and one synthetic turf field, parking lots, and hard and soft trails for walking/running (project total \$7,168,000);



- Major capital projects for Cecil County Public Schools include \$4,700,000 of County bond funds to start the complete renovation of the Perryville Elementary school (project total \$18,763,000 including state funds) and \$446,000 of County bond funds towards roof replacements at Rising Sun and Conowingo Elementary Schools (project totals \$1,221,000);
- The Emergency Services Computer Added Dispatch System capital project increased by \$500,000 of County Bonds (project total \$2,380,000); and
- Various road and bridge replacements received \$5,300,000 in bond funds and \$350,000 in paygo (operating transfer) funds.

Factors Affecting Financial Condition

Jobs. The labor force in Cecil County has been over 50,000 for the last five years and averaged 51,202 in 2013. Local unemployment rates have continued to decline from a high in February 2010 of 11.8% to 6.6% in July 2014. The weekly wage in Cecil County increased from \$764 in 2010 to \$820 in 2013. 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 calculated by the American Community Survey (ACS) using three estimates 2009-2011 is \$66,025. The 2010 U.S. Census calculated the County's population as 101,108. The ACS reported that over 87% of County citizens over age 25 is a high school graduate or higher.

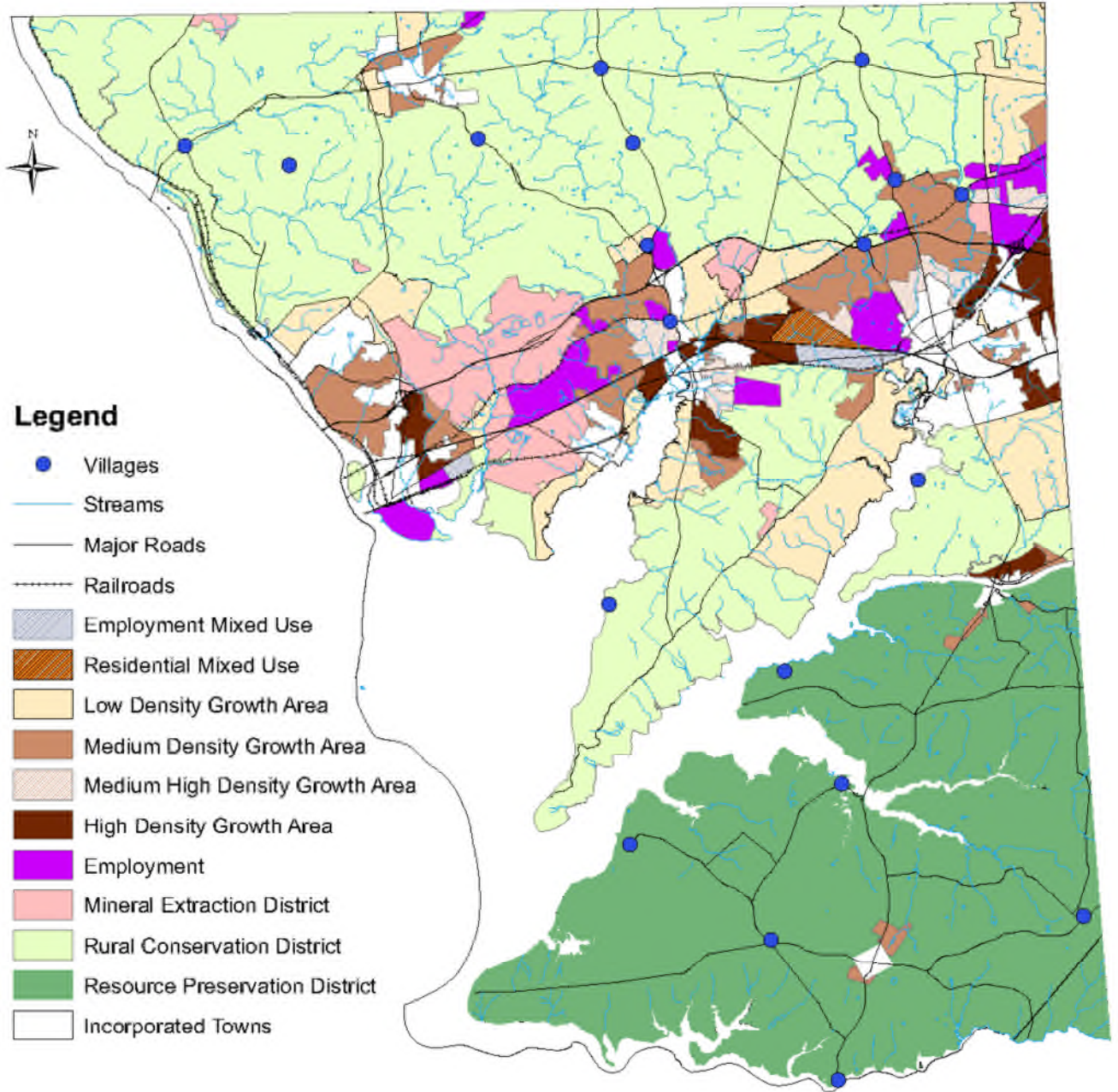
Local Economy. Cecil County has a diverse economy with northern and southern regions being highly agricultural with the middle more urban and a suburban region that is well connected by interstate highways, rail, and waterways with the Baltimore, Wilmington, and Philadelphia metropolitan areas. The County 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 1,993 businesses operating in Cecil County in 2012. Thirty County businesses employ over 100 workers. The top employer in the County is W.L. Gore which specializes in medical products and research and development and employs over 2,300 people. During FY2014 Gore continued expansion at their Lovett Farm facility and other locations. In recent years Ikea and Restoration Hardware have moved to Cecil County to establish regional and east coast distribution centers.

Other highlights of economic development include:

- Old Dominion Electric Cooperative is expanding a state-of-the-art natural gas fueled electric generation facility near Rising Sun (the Wildcat Point generation facility) that is likely to create 600 temporary construction and 30 permanent jobs;
- Perry Point Veterans Administration Medical Center expanded adding to its 35 unique complexes to include an Aqua Therapy Pool, Bowling Alley, Patient Game Room, Patient Gymnasium, Theatre, and Chapel;
- Union Hospital continues to grow adding state-of-the-art equipment, expanded outpatient services and in-patient facilities, a new emergency department with a maternal and infant center;
- Union Hospital also expanded an Urgent Care facility in Perryville; and
- Restoration Hardware expanded their Principio Business Park in North East adding 600,000 sq ft and 100 employees.

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 scheduled for the North East River Advanced Wastewater Treatment plant (Seneca Point) and sewer main improvements 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, its Public Schools, the Public Libraries, and Cecil College.

- 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 recently acquired the former Basell research and development facility consisting of approximately 91 acres and 141,000 square feet of finished space for renovation to house and expand a School of Technology for educational and training purposes.
- 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 Cecil College Engineering and Math Building was completed in September 2014 and is available to support teaching new technologies.
- The North East River Advanced Wastewater Treatment plant (Seneca Point) enhanced nutrient reduction project will not only reduce nutrients entering waterways but will allow Cecil County to provide job opportunities for its citizens and expanding population.

Cecil County is updating its government and services to meet the needs of its demanding 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. The changes continued into 2014 and the 2014 budget was the first produced by the new form of government.

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 recently changed a garage fund to a motor vehicle fund to manage the life-cycle costs of those 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. It also includes the recently announced appointment of a Special Assistant to the County Executive for Drug Policy to develop an action plan and long-term objectives to reduce substance abuse in Cecil County.

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. Strategic decisions are being made on the use of that fund balance to maintain quality services to meet the needs of Cecil County.

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 March 1 and County Council should pass a final budget by May 31, 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.

**Cecil County is Local Government
Providing or Supporting the Delivery of Local Services to its Citizens**



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, 2013. 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 thanks Lisa Saxton and Becky Anderson for their roles in successfully navigating key sections of the Department through the changes that occurred in 2014.

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, 2013

Executive Director/CEO

Cecil County, Maryland

Principal Officials

June 30, 2014

Elected Officials

Executive

County Executive

Tari Moore

County Council

District 1 & Vice President

Alan McCarthy

District 2

Joyce Bowsbey

District 3

Michael W. Dunn

District 4

Diana Broomell

District 5 & President

Robert J. Hodge

Other Elected Officials

Sheriff

Barry A. Janney, Sr.

State's Attorney

Edward D. E. Rollins, III

Circuit Court

Administrative Judge

Keith A. Baynes

Associate Judge

Jane Cairns Murray

Associate Judge

Brenda A. Sexton

Other Officials and Department Directors

Director of Administration

Alfred C. Wein, Jr.

County Attorney

Jason L. Allison

Department Directors

Economic Development

Lisa Webb

Emergency Management

Richard K. Brooks, III

Finance

Winston L. Robinson

Housing & Community Development

David B. Mahaney

Human Resources

Donna M. Nichols

Permits and Inspections

Patrick T. Conway

Planning and Zoning

Eric S. Sennstrom

Public Works

W. Scott Flanigan

Senior Services & Community Transit

David Trolio

District Court

Administrative Judge

Stephen J. Baker

Associate Judge

Bonnie G. Schneider

Cecil County, Maryland

County Executive

Cecil County has an Elected County Executive.



Tari Moore

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 5 & President
Robert J. Hodge



District 1 & Vice President
Alan McCarthy



District 2
Joyce Bowsbey

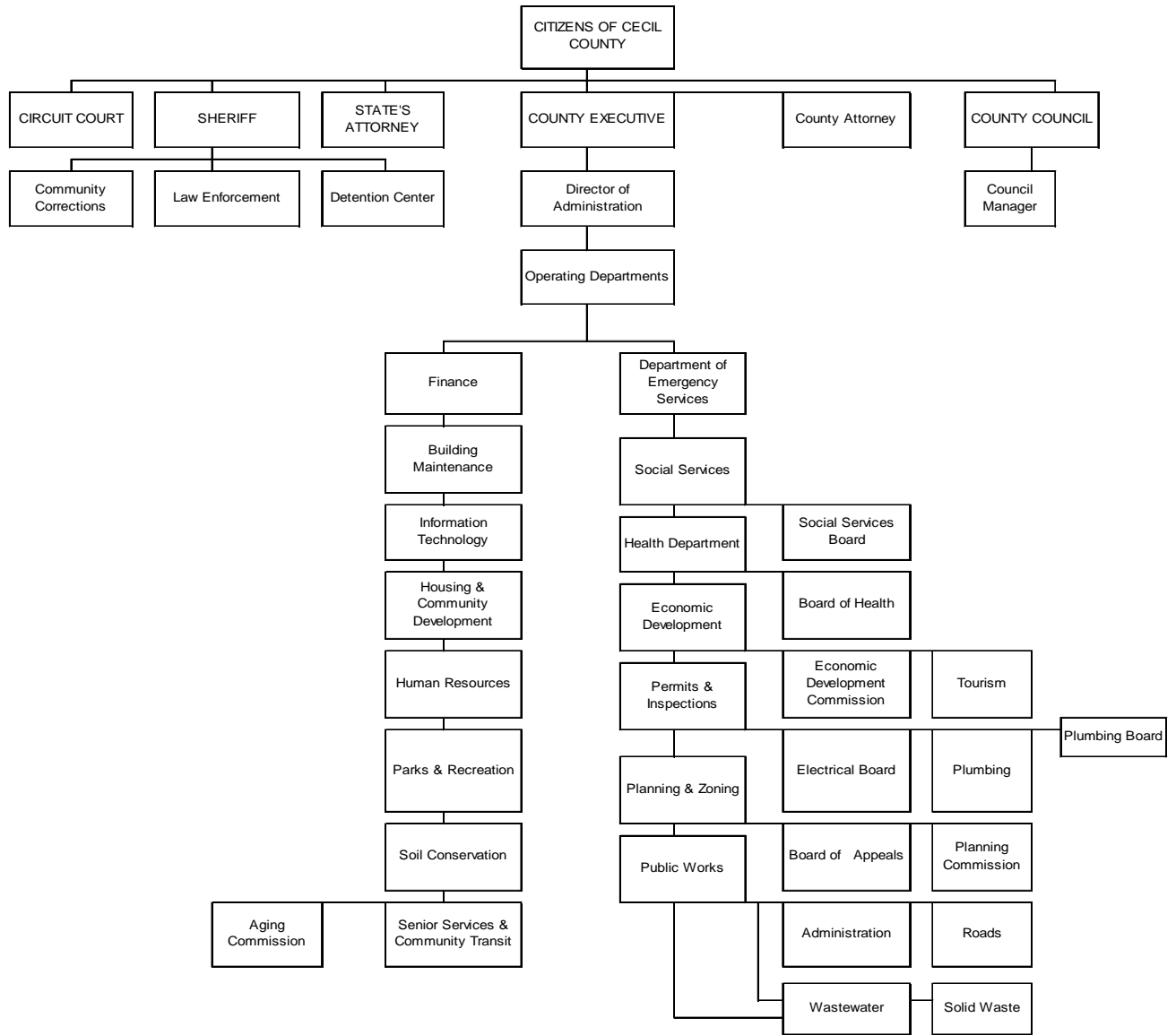


District 3
Michael W. Dunn



District 4
Diana Broomell

Cecil County, Maryland County Organizational Chart





SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

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, 2014, 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 opinion.

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, 2014, 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.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplemental schedules of funding progress and employer contributions for the Public Safety Employees Retirement System and Other Post Employment Benefits 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.

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

Hunt Valley, Maryland
October 21, 2014

SB & Company, LLC

CECIL COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2014

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, 2014. 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 at the close of the fiscal year by \$168,389,409 (net position). Of this amount, \$207,214,629 was invested in capital assets, net of related debt. The County reported \$15,914,261 restricted for specific purposes and a negative \$54,739,481 in unrestricted net position.
- Total net position of the County decreased by \$11,562,760. The net position of governmental activities decreased \$12,308,895 from the previous year; this was primarily caused by increased expenses for education programs and public safety activities. The net position from business activities increased \$746,135.
- Discretely presented component units reported net position of \$247,010,848, an increase of \$6,666,436 from the previous year. Unrestricted net position is reported as \$9,119,747 a decrease of \$5,297,965.

Fund Level

- As of June 30, 2014, the County reported combined ending fund balances in governmental funds of \$78,583,120 an increase of \$17,797,469 from the previous year.
- The unrestricted fund balance of the General Fund was \$29,029,084 or 17% of total General Fund expenditures and transfers out. Of this balance, \$17,548,538 has been committed for fiscal year 2014 expenditures and contingencies and \$4,055,000 assigned for future capital expenditures and to offset the potential outcome of an income tax case in the courts.
- The Capital Projects Fund had \$28,373,674 of restricted balances for capital projects and \$482,681 of committed fund balance to fund current and future County capital projects.
- The Other Governmental Funds had \$6,232,561 of restricted fund balance.

Long Term Debt

- The County's total net general obligation debt increased by \$35,905,999 to \$218,600,508. The County has adopted biennial issuance of general obligation debt; during FY2014 the County issued general obligation bonds related to its FY2013 and FY2014 capital program. The Wastewater and Landfill Funds had a net increase in debt of \$14,424,406 and governmental activities had a net increase of \$21,481,593.

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 and landfill 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, General Capital Projects, and the Board of Education Construction 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 80.

- *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 and Landfill funds, report activities that provide supplies and services to the general public. Internal service funds, the Central Garage, 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 100. The County reports two pension funds that are reported beginning on page 32. 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 37 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 on page 74.

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 78.

Statistical Section. The County also provides certain informational and statistical schedules that begin on page 103.

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 \$168,389,409. 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 Assets as of June 30, 2014 and 2013						
	Governmental Activities		Business-type Activities		Government-wide Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 103,922,615	\$ 90,183,144	\$ 28,096,304	\$ 17,351,910	\$ 132,018,919	\$ 107,535,054
Capital Assets	<u>213,363,625</u>	<u>208,313,601</u>	<u>80,821,499</u>	<u>80,800,801</u>	<u>294,185,124</u>	<u>289,114,402</u>
Total Assets	317,286,240	298,496,745	108,917,803	98,152,711	426,204,043	396,649,456
Total Deferred Outflow of Resources	2,941,292	3,487,471	-	-	2,941,292	3,487,471
Other Liabilities	32,775,147	11,440,325	5,983,183	4,434,601	38,758,330	15,874,926
Long Term Liabilities	<u>158,320,671</u>	<u>149,103,582</u>	<u>63,676,625</u>	<u>55,206,250</u>	<u>221,997,296</u>	<u>204,309,832</u>
Total Liabilities	191,095,818	160,543,907	69,659,808	59,640,851	221,997,296	204,309,832
Net Position:						
Invested in Capital Assets, net of Related Debt	166,819,030	157,253,521	40,395,599	36,274,177	207,214,629	193,527,698
Restricted	15,914,261	6,857,073	-	-	15,914,261	6,857,073
Unrestricted (Deficit)	<u>(53,601,877)</u>	<u>(22,670,285)</u>	<u>(1,137,604)</u>	<u>2,237,683</u>	<u>(54,739,481)</u>	<u>(20,432,602)</u>
Total Net Position	<u>\$ 129,131,414</u>	<u>\$ 141,440,309</u>	<u>\$ 39,257,995</u>	<u>\$ 38,511,860</u>	<u>\$ 168,389,409</u>	<u>\$ 179,952,169</u>

The largest component of the County’s net position, \$207,214,629 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, \$15,914,261, 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, increased by \$9,057,188.

The remaining portion of net position shows a negative unrestricted balance of \$54,739,481. Governmental activities' negative unrestricted position is \$53,601,877. Business-type activities unrestricted position of negative \$1,137,604 is derived from the Wastewater Fund which has a positive position of \$3,858,069 whereas the Landfill Fund has a negative position of \$4,995,673; 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 \$11,562,760 over the course of this fiscal year's operations.

Cecil County's Changes in Net Position

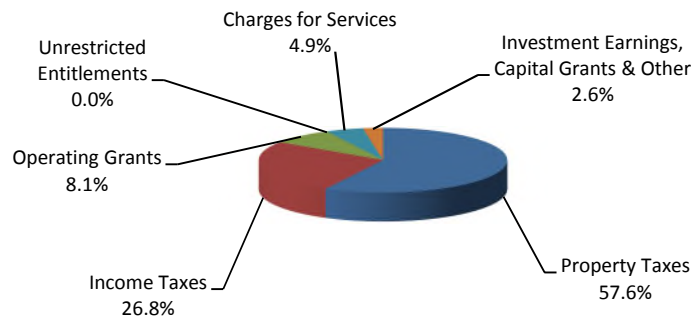
	Governmental Activities		Business-type Activities		Government-wide Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for Services	\$ 8,790,796	\$ 9,877,918	\$ 12,408,292	\$ 10,177,943	\$ 21,199,088	\$ 20,055,861
Operating Grants & Contributions	14,555,600	14,659,458	-	-	14,555,600	14,659,458
Capital Grants & Contributions	3,827,146	3,013,737	3,210,932	2,869,610	7,038,078	5,883,347
General Revenues:						
Property Taxes	103,397,531	104,706,894	-	-	103,397,531	104,706,894
Income Taxes	47,764,855	46,755,227	-	-	47,764,855	46,755,227
Entitlements	299,498	306,136	-	-	299,498	306,136
Investment Earnings	236,961	270,374	13,270	57,916	250,231	328,290
Other Revenue & Gains/Losses	568,691	117,277	-	9,302	568,691	126,579
Total Revenues	<u>179,441,078</u>	<u>179,707,021</u>	<u>15,632,494</u>	<u>13,114,771</u>	<u>195,073,572</u>	<u>192,821,792</u>
EXPENSES						
General Government	12,609,671	14,265,775	-	-	12,609,671	14,265,775
Public Safety	40,619,762	35,046,031	-	-	40,619,762	35,046,031
Highways, Streets, & Bridges	16,513,958	13,317,166	-	-	16,513,958	13,317,166
Health and Welfare	14,227,016	12,159,676	-	-	14,227,016	12,159,676
Recreation and Culture	1,291,050	1,091,711	-	-	1,291,050	1,091,711
Education	92,433,904	83,905,699	-	-	92,433,904	83,905,699
Public Libraries	4,576,546	4,318,158	-	-	4,576,546	4,318,158
Economic Development	2,703,849	1,500,430	-	-	2,703,849	1,500,430
Agricultural Programs	2,115,454	1,241,922	-	-	2,115,454	1,241,922
Interest on Long Term Debt	4,658,763	9,353,839	-	-	4,658,763	9,353,839
Wastewater	-	-	6,610,145	6,094,709	6,610,145	6,094,709
Landfill	-	-	8,276,214	6,504,396	8,276,214	6,504,396
Total Expenses	<u>191,749,973</u>	<u>176,200,407</u>	<u>14,886,359</u>	<u>12,599,105</u>	<u>206,636,332</u>	<u>188,799,512</u>
Increase (Decrease) in Net Position	(12,308,895)	3,506,614	746,135	515,666	(11,562,760)	4,022,280
Net Position - Beginning	<u>141,440,309</u>	<u>137,933,695</u>	<u>38,511,860</u>	<u>37,996,194</u>	<u>179,952,169</u>	<u>175,929,889</u>
Net Position - Ending	<u>\$ 129,131,414</u>	<u>\$ 141,440,309</u>	<u>\$ 39,257,995</u>	<u>\$ 38,511,860</u>	<u>\$ 168,389,409</u>	<u>\$ 179,952,169</u>

Governmental Activities

Revenues of governmental activities for fiscal year 2014 showed a decrease of \$265,943 over fiscal year 2013.

The following graph illustrates the governmental activities functional revenues received by source for fiscal year 2014:

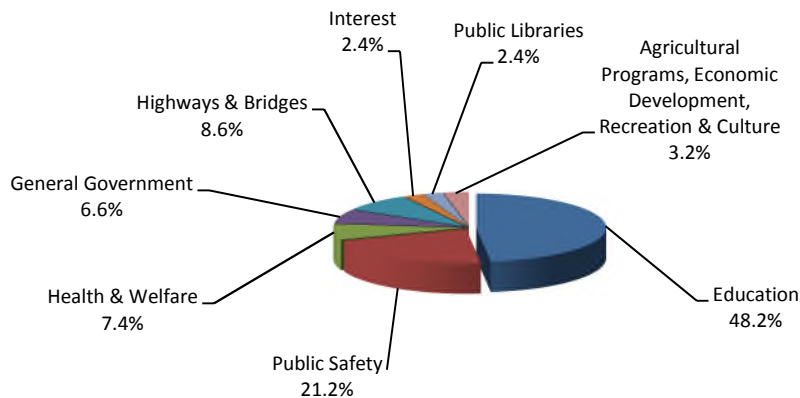
**Functional Revenue - Governmental Activities
Fiscal Year Ending June 30, 2014**



Expenses of governmental activities resulted in an increase of \$15,549,566 over fiscal year 2013. The largest increase in spending was in education with an increase of \$8,528,205 partly due to increases in operating funds transferred to components and partly due to increased capital expenditures related to education’s infrastructure. Public Safety expenses increased greatly due to lower staff turnover and lower attrition savings. The reduction of \$4,695,076 in interest on long-term debt is attributable to the prior year write off of bond discount according to a GASB Statement adopted in 2013.

The following graph illustrates the governmental activities functional expenses by source for the fiscal year 2014:

**Functional Expenses - Governmental Activities
Fiscal Year Ending June 30, 2014**



Business-type Activities

In 2014, the net position of business-type activities increased by \$746,135 from fiscal year 2013. The Wastewater fund net position increased by \$3,106,538 while the Landfill fund net position decreased \$2,360,403. Detailed explanations of the variance are contained in the financial analysis of the County's Funds - Proprietary Funds section starting on page 11.

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 \$78,583,120, an increase of \$17,797,469 compared with 2013. Of the current ending fund balances, the following categories are recorded and primary uses noted:

- \$10,982,077 is recorded as Nonspendable due to a \$4,931,854 advance to the Landfill Fund, \$4,560,222 advance to the Motor Vehicle Fund, \$1,084,601 advance to the Information Technology Fund, and \$405,400 is related to inventories and prepaid items;
- \$38,089,278 is recorded as Restricted; \$833,036 for Housing Programs, \$2,650,007 for the Casino Impact Fund, \$28,373,674 for Capital Projects and \$6,232,561 for other activities;
- \$18,031,219 is recorded as Committed; \$13,383,683 for the Reserve for Contingencies, \$4,164,855 for Fund Balance Appropriation in FY2015 and \$482,681 for Capital Projects.
- \$4,055,000 is recorded as Assigned with \$555,000 related to future capital expenditures and \$3,500,000 related to the potential outcome of an income tax case in the courts; and
- \$7,425,546 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 \$10,982,077 and the unrestricted fund balance was \$29,029,084. The statements show \$4,164,855 has been committed for fiscal year 2015 expenditures and \$13,383,683 to a reserve for contingencies. The County has assigned \$555,000 of the unrestricted fund balance for future capital projects and \$3,500,000 for potential income tax refunds depending on the outcome of a case before the courts and subsequent taxpayer requests. The schedule on the following page presents General Fund revenues and expenditures for 2014 compared to budget and 2013.

The revenues for fiscal year 2014 decreased \$1,210,935 compared to the prior fiscal year. Primary factors in these results are:

- Property taxes were lower than prior year by \$870,992 primarily due to declining assessments;
- Income taxes exceeded prior year by \$379,273 which primarily reflects the receipt of the State's disparity grant (new to Cecil County in 2014);
- Real estate transfer taxes (recordation taxes) were down by \$917,976; the current year was an average year reflecting the challenges of economy with only one transaction worth \$100,000+ of tax versus five such transactions in 2013.

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

	2013 Actual	2014 Actual	Variance Positive (Negative)	Final Budget	2014 Actual	Variance Positive (Negative)
Revenues						
Property Taxes	\$ 104,235,995	\$ 103,365,003	\$ (870,992)	\$ 101,764,411	\$ 103,365,003	\$ 1,600,592
Income Taxes	50,421,108	50,800,381	379,273	52,139,853	50,800,381	(1,339,472)
Licenses and Permits	1,736,610	1,682,772	(53,838)	1,450,265	1,682,772	232,507
Intergovernmental	5,562,280	5,778,847	216,567	6,871,034	5,778,847	(1,092,187)
Charges for Services	7,790,994	6,710,776	(1,080,218)	6,953,253	6,710,776	(242,477)
Investment Earnings	221,678	195,853	(25,825)	250,000	195,853	(54,147)
Contributions & Other Revenues	221,311	445,409	224,098	-	445,409	445,409
Total Revenues	170,189,976	168,979,041	(1,210,935)	169,428,816	168,979,041	(449,775)
Expenditures						
General Government						
County Executive Office	484,954	657,002	(172,048)	820,718	657,002	163,716
County Council	345,506	364,060	(18,554)	576,172	364,060	212,112
Other General Government	2,068,985	-	2,068,985	-	-	-
Human Resources	613,250	1,061,535	(448,285)	1,107,589	1,061,535	46,054
Finance Department	2,557,803	3,080,206	(522,403)	3,089,638	3,080,206	9,432
Information Systems	1,151,198	-	1,151,198	-	-	-
Circuit Court	1,975,941	2,265,541	(289,600)	2,353,814	2,265,541	88,273
Board of Elections	648,578	511,250	137,328	748,144	511,250	236,894
Liquor Board Licensing	170,570	199,358	(28,788)	214,503	199,358	15,145
Planning and Zoning	1,065,828	1,056,779	9,049	1,140,457	1,056,779	83,678
Building Maintenance (Total)	3,298,597	3,758,495	(459,898)	3,774,480	3,758,495	15,985
Public Works Administration	2,237,544	2,657,680	(420,136)	2,780,935	2,657,680	123,255
Roads Administration & Maintenance	6,555,665	8,473,794	(1,918,129)	8,449,817	8,473,794	(23,977)
Board of Parks	707,065	938,921	(231,856)	1,138,186	938,921	199,265
State's Attorney's Office	1,781,535	1,995,788	(214,253)	1,934,480	1,995,788	(61,308)
Sheriff's - Law Enforcement & Special Assignments	9,432,790	10,152,628	(719,838)	9,841,427	10,152,628	(311,201)
Sheriff's - Detention Ctr & Work Release	8,983,023	9,832,352	(849,329)	9,547,316	9,832,352	(285,036)
Emergency Management	7,229,108	7,826,900	(597,792)	8,522,362	7,826,900	695,462
Volunteer Fire Departments	3,812,328	3,853,271	(40,943)	3,815,529	3,853,271	(37,742)
Permits and Licenses	731,464	823,817	(92,353)	943,215	823,817	119,398
Animal Control	570,273	720,000	(149,727)	720,000	720,000	-
Health Department	2,497,550	2,887,562	(390,012)	2,885,519	2,887,562	(2,043)
Social Services	1,265,296	1,315,871	(50,575)	1,410,640	1,315,871	94,769
Domestic Violence	897,666	1,003,366	(105,700)	1,082,876	1,003,366	79,510
Non-Profit Agencies	269,626	251,280	18,346	255,343	251,280	4,063
Cecil County Board of Education	71,154,832	74,644,879	(3,490,047)	74,706,292	74,644,879	61,413
Cecil College	8,070,536	8,243,221	(172,685)	8,243,221	8,243,221	-
Public Libraries	4,283,817	4,417,020	(133,203)	4,583,920	4,417,020	166,900
Economic Development	883,078	970,543	(87,465)	1,020,535	970,543	49,992
Agriculture	549,353	592,905	(43,552)	604,231	592,905	11,326
Municipalities	697,502	664,218	33,284	664,218	664,218	-
Total Expenditures	146,991,261	155,220,242	(8,228,981)	156,975,577	155,220,242	1,755,335
Other Financing Sources (Uses)						
Transfers in	1,113,800	1,225,000	111,200	1,225,000	1,225,000	-
Transfers out	(16,761,245)	(20,293,589)	(3,532,344)	(20,323,351)	(20,293,589)	29,762
Total Other Financing Sources (Uses)	(15,647,445)	(19,068,589)	(3,421,144)	(19,098,351)	(19,068,589)	29,762
Net Change in Fund Balance	7,551,270	(5,309,790)	\$ (12,861,060)	(6,645,112)	(5,309,790)	\$ 1,335,322
Fund Balance - Beginning	37,769,681	45,320,951		45,320,951	45,320,951	
Fund Balance - Ending	\$ 45,320,951	\$ 40,011,161		\$ 38,675,839	\$ 40,011,161	

The current year's expenditures and transfers out increased by \$11,761,325 compared to fiscal year 2013 spending levels. The budget and actual amounts for Certain Other General Government expenditures were reclassified directly into operating departments during 2013 as part of the change from Commissioner to Charter government.

- Expenditures on behalf of the Board of Education increased by \$3,490,047. The State's shifting of costs to local budgets resulted in the County paying \$3,117,889 of pension costs, \$658,070 higher than in 2013. The County also paid \$1,796,587 of capital construction costs, \$257,588 above 2013.
- Roads Administration and Maintenance is up \$1,918,129, which included a one-time appropriation of \$2,000,000 for road resurfacing and pavement overlay repairs arising from weather related damages to county roads and public school facilities.
- Transfers Out were increased by \$3,532,344 primarily due to \$2,512,228 in increased general capital project expenditures and \$826,000 in increased college and public library capital project costs.

Other Major Funds – Comparison to Prior Year

The Housing Program Fund had a \$97,089 increase to fund balance. Revenues increased by \$303,746 while expenditures decreased \$129,499 from the previous year; the result is a slight positive net change in fund balances of \$97,089 versus last year's large drawdown of local funds by HUD that resulted in a \$336,156 negative net change in fund balance.

The Casino Local Impact Fund had a \$617,230 decrease to fund balance. Revenues decreased by \$116,123 while expenditures increased \$240,514 from the previous year. The fund's source of revenue (Penn National's casino) has faced increased competition from locations outside the County and is showing reduced shared profits.

The Capital Projects Fund had a \$20,248,437 increase to fund balance. Primary factors in the change were the issuance of \$29,840,000 of general obligation bonds and the \$5,793,533 increase in engineering and construction costs. The bond funded the FY2013 and FY2014 capital improvement programs. Capital projects with major activity included school, college, and bridge rehabilitation.

Proprietary Funds

Wastewater Services Fund. Operating revenues for fiscal year 2014 increased \$1,620,959 from last year to \$6,504,839, while operating expenses increased by \$488,444 to \$5,798,381 which resulted in operating income of \$706,458. Grants and capital contributions caused a change in Net Position after interest expense of \$3,106,538.

Landfill Fund. Operating revenues in the fund increased by \$609,390 from 2013 to \$5,903,453, while operating expenses increased by \$1,800,803 to \$7,765,909. The change in Net Position decreased by \$1,161,851 to a negative \$2,360,403. The County reviewed its depletion calculations related to the landfill and added \$1,391,681 more in expense compared to 2013.

**Snow – The Winter of 2014 hit Cecil County hard
- the plows were out keeping roads open.**



To repair damaged roads and school bus loops, the County allocated an additional \$2,000,000 for repairs.



General Fund Budgetary Highlights

Cecil County adopted its fiscal year 2014 budget on May 21, 2013, and amended it to meet operational needs during the year. The fiscal year included the effects of a full year change from the Commissioner form of government to the Charter County Executive/County Council form of government. 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 \$469,867 to revenues and other financing sources while expenditures and transfers increased by \$3,766,156. Additional grant funding and required payments for school pensions (responsibility was transferred by the State) accounted for the majority of the expenditure increase.

The final budget contained \$170,653,816 of revenues and other financing sources, \$177,298,928 of expenditures and transfers, and \$6,645,112 of appropriated fund balance. The actual revenues and other financing sources were \$449,775 less than the final budget and actual expenditures and transfers \$1,785,097 below the final budget.

- Property taxes exceeded budget by \$1,600,592 primarily due to modestly increasing assessments and an increase in a public utility personal property tax revenue source.
- Income taxes did not meet budget by \$1,339,472 as actual economic growth did not meet our budgeted expectations.
- Real estate transfer taxes (recordation taxes) were down versus budget by \$182,169, again the economy is challenging and there were only one transaction with over \$100,000 of tax.
- The Sheriff's Office and Detention Center expenditures were above budget by \$596,237; this was caused primarily by higher workers compensation (an actuarial adjustment that affected all departments) of \$316,329 and in part by much lower attrition than anticipated.
- Emergency Services was under budget by \$695,462; almost all of this related to grant expenditures that flowed into FY2015.
- Public Works' Roads Division was over budget by \$23,977, largely due to an increased allocation of worker's compensation costs.
- Public Works Administration was under budget by \$123,255 primarily caused by reduced costs for professional services versus budget attributed to timing.
- Most other departments had reduced expenditures that primarily came from either personnel attrition and benefit savings or reduced equipment and vehicle maintenance expenditures.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2014, Cecil County had invested \$294,184,824, net of accumulated depreciation, in a broad range of capital assets (table below). Depreciation and depletion charges for this fiscal year totaled \$14,756,598.

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

- Highway projects within the General Capital Projects Fund included the replacement of the following bridges: Carpenter’s Point Road Bridge, and Little Egypt Road Bridge, with major rehabilitations of Old Telegraph, Bethel Church and Red Toad Road Bridges.
- Completion of the Cecil County Correctional Facilities Pavement Overlay Project;
- Completed installation of Litter Fencing and an upgrade of the Metal Processing Facility at the Central Landfill;

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

Cecil County's Capital Assets as of June 30, 2014 and 2013
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 13,441,007	\$ 13,272,776	\$ 929,910	\$ 844,811	\$ 14,370,917	\$ 14,117,587
Construction in Progress	9,134,188	4,745,155	13,069,570	6,797,059	22,203,758	11,542,214
Landfill & Land Improvements	8,004,545	6,944,601	19,924,632	21,778,587	27,929,177	28,723,188
Highways & Bridges	91,797,140	93,118,946	-	-	91,797,140	93,118,946
Utility Systems	-	-	21,039,549	21,003,052	21,039,549	21,003,052
Buildings	69,733,762	71,841,473	9,812,580	10,158,481	79,546,342	81,999,954
Machinery & Equipment	21,252,683	18,390,650	16,045,258	20,218,811	37,297,941	38,609,461
Total Capital Assets	\$ 213,363,325	\$ 208,313,601	\$ 80,821,499	\$ 80,800,801	\$ 294,184,824	\$ 289,114,402

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 \$218,600,508. All of this debt is backed by the full faith and credit of the government. Governmental activities report \$159,539,698 and business-type activities report \$58,951,030 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 \$109,780. 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 2014 the County issued \$9,290,000 in general obligation bonds which support current construction programs at the Board of Education, Cecil College as well as construction of wastewater facilities and highway and bridge improvements. The County agreed to issue \$20,879,000 in Sanitary District Bond for improvements to the North East River Advanced Wastewater Treatment Plant. Further details can be found 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	
	2014	2012	2014	2013	2014	2013
General Obligation Bonds	\$ 159,649,478	\$ 138,167,885	\$ 58,951,030	\$ 44,526,624	\$ 218,600,508	\$ 182,694,509

Economic Factors and Next Year’s Budgets and Rates

Cecil County is expected to see modest growth for the next several years. 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 6.6% as of July 2014 and household income is growing.

There are many positive factors that will impact the County's economic future. Old Dominion Electric Cooperative will be building a natural gas fueled electric generation facility in Conowingo known as Wildcat Point, due to be completed in the Spring of 2017. Health care and related administrative facilities are opening in Conowingo and Elkton. Additional investments in North East, Perryville, and Fair Hill show that the economic attractions of the County are geographically broad and unlimited. The County has a planned growth corridor that is intended to attract light industry and commercial operations requiring infrastructure support. The renovation of the recently acquired Basell property for use as a School of Technology, the opening of the Engineering and Math Building at Cecil College, and the 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 2015 balances the need to make up for recent budget constraints by increasing support to law enforcement, emergency services, and education. The County Executive and Council held property tax rates constant while increasing Wastewater and Landfill rates to address recent operating losses. The County saved debt service costs by deferring bond issuance from 2013 to 2014, and has adopted the policy of bi-annual debt issuance. The 2015 budget was the second adopted since the change in government from Commissioner to Charter, which represented the first full year budget under Charter, and introduced new methods to review and inform the public of services and related costs. To meet the citizen’s needs, the County adopted a 2015 budget of \$178,449,108 which is 2.8% higher than 2014 and used \$4,164,855 of fund balance.

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 College - New Buildings, New Ideas, New Careers



BASIC FINANCIAL STATEMENTS

CECIL COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents (Note 3)	\$ 23,296,143	\$ 670,937	\$ 23,967,080	\$ 27,760,686
Investments (Note 3)	18,878,440	-	18,878,440	445,001
Receivables, Net (Note 4)	2,724,110	4,139,285	6,863,395	942,921
Due from Primary Government	-	-	-	2,871,790
Due from Other Governments	17,117,094	1,515,091	18,632,185	5,442,522
Internal Balances	4,931,854	(4,931,854)	-	-
Inventories	842,552	-	842,552	175,435
Prepaid Items & Other Assets	53,068	-	53,068	1,084,613
Restricted Assets:				
Cash and Investments (Note 3)	35,075,866	26,702,845	61,778,711	5,714,932
OPEB Overfunding	1,003,488	-	1,003,488	-
Capital Assets, Net: (Note 6)				
Land	13,441,007	929,910	14,370,917	6,531,516
Construction in Progress	9,134,188	13,069,570	22,203,758	24,460,658
Landfill & Land Improvements	8,004,545	19,924,632	27,929,177	10,516,384
Highways & Bridges	91,797,140	-	91,797,140	-
Wastewater Systems	-	21,039,549	21,039,549	-
Buildings & Improvements	69,733,762	9,812,580	79,546,342	185,748,128
Machinery & Equipment	21,252,683	16,045,258	37,297,941	10,491,280
Total Assets	317,285,940	108,917,803	426,203,743	282,185,866
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge of Refunding	2,941,292	-	2,941,292	-
Total Deferred Outflows of Resources	2,941,292	-	2,941,292	-
LIABILITIES				
Accounts Payable	10,349,731	1,856,613	12,206,344	23,282,156
Salary and Benefits Payable	2,955,979	79,894	3,035,873	573,607
Due to Other Governments	197,253	-	197,253	-
Unearned Revenue (Note 11)	418,090	3,089	421,179	1,820,252
Other Liabilities	1,006,746	443,625	1,450,371	-
Liabilities Payable with Restricted Assets	61,383	-	61,383	-
Long Term Liabilities (Note 8)				
Due within one year:				
Bonds Payable	9,813,461	3,501,401	13,314,862	-
Capital Leases	-	-	-	647,404
Insurance Claims Payable	5,590,117	-	5,590,117	-
Compensated Absences	1,369,396	98,561	1,467,957	602,536
Due in more than one year:				
Bonds Payable	158,558,965	55,449,629	214,008,594	971,008
Capital Leases	-	-	-	4,381,287
Compensated Absences	774,697	49,281	823,978	2,896,768
Accrued Landfill Closure/Postclosure	-	8,177,715	8,177,715	-
Total Liabilities	191,095,818	69,659,808	260,755,626	35,175,018
NET POSITION				
Net Investment in Capital Assets	166,819,030	40,395,599	207,214,629	232,719,275
Restricted for:				
Capital Projects	6,198,657	-	6,198,657	-
Health and Welfare	855,344	-	855,344	-
Agriculture	1,139,795	-	1,139,795	-
Economic Development	3,525,468	-	3,525,468	-
Debt Service and Other	4,194,997	-	4,194,997	5,171,826
Unrestricted	(53,601,877)	(1,137,604)	(54,739,481)	9,119,747
Total Net Position	\$ 129,131,414	\$ 39,257,995	\$ 168,389,409	\$ 247,010,848

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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Grants and Contributions		Primary Government		Total	
			Operating	Capital	Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 12,609,671	\$ 5,902,590	\$ 3,091,162	\$ -	\$ (3,615,919)	\$ -	\$ (3,615,919)	\$ -
Public Safety	40,619,762	1,891,611	2,058,034	1,078,234	(35,591,883)	-	(35,591,883)	-
Highways, Streets, and Bridges	16,513,958	375,530	1,104,165	2,475,805	(12,558,458)	-	(12,558,458)	-
Health and Welfare	14,227,016	444,778	7,404,208	273,107	(6,104,923)	-	(6,104,923)	-
Recreation and Culture	1,291,050	176,287	110,900	-	(1,003,863)	-	(1,003,863)	-
Education	92,433,904	-	-	-	(92,433,904)	-	(92,433,904)	-
Public Libraries	4,576,546	-	-	-	(4,576,546)	-	(4,576,546)	-
Economic Development	2,703,849	-	53,078	-	(2,650,771)	-	(2,650,771)	-
Agriculture	2,115,454	-	734,053	-	(1,381,401)	-	(1,381,401)	-
Interest on Long-Term Debt	4,658,763	-	-	-	(4,658,763)	-	(4,658,763)	-
Total Governmental Activities	<u>191,749,973</u>	<u>8,790,796</u>	<u>14,555,600</u>	<u>3,827,146</u>	<u>(164,576,431)</u>	<u>-</u>	<u>(164,576,431)</u>	<u>-</u>
Business-Type Activities:								
Wastewater	6,610,145	6,504,839	-	3,210,932	-	3,105,626	3,105,626	-
Landfill	8,276,214	5,903,453	-	-	-	(2,372,761)	(2,372,761)	-
Total Business-Type Activities	<u>14,886,359</u>	<u>12,408,292</u>	<u>-</u>	<u>3,210,932</u>	<u>-</u>	<u>732,865</u>	<u>732,865</u>	<u>-</u>
Total Primary Government	<u>\$ 206,636,332</u>	<u>\$ 21,199,088</u>	<u>\$ 14,555,600</u>	<u>\$ 7,038,078</u>	<u>\$ (164,576,431)</u>	<u>\$ 732,865</u>	<u>\$ (163,843,566)</u>	<u>-</u>
Component Units:								
Board of Education	\$ 213,797,135	\$ 2,177,752	\$ 61,617,596	\$ 7,318,153	-	-	-	(142,683,634)
Cecil College	32,297,559	6,982,374	4,748,218	15,802,606	-	-	-	(4,764,361)
Cecil County Library	6,178,565	186,299	-	447,015	-	-	-	(5,545,251)
Bainbridge Development Corporation	374,091	414,635	-	-	-	-	-	40,544
Total Component Units	<u>\$ 252,647,350</u>	<u>\$ 9,761,060</u>	<u>\$ 66,365,814</u>	<u>\$ 23,567,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(152,952,702)</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					103,397,531	-	103,397,531	-
Income Taxes					47,764,855	-	47,764,855	-
Investment Earnings					236,961	13,270	250,231	121,495
Other Revenues including Gains on Sale of Capital Assets					568,691	-	568,691	2,038,193
Payments From the Primary Government					-	-	-	85,287,728
Payments From the State Government					-	-	-	68,448,390
Entitlements, and Contributions not Restricted to Specific Programs					<u>299,498</u>	<u>-</u>	<u>299,498</u>	<u>3,723,332</u>
Total General Revenues, Special Items, and Transfers					<u>152,267,536</u>	<u>13,270</u>	<u>152,280,806</u>	<u>159,619,138</u>
Change in Net Position					(12,308,895)	746,135	(11,562,760)	6,666,436
Net Position - Beginning					<u>141,440,309</u>	<u>38,511,860</u>	<u>179,952,169</u>	<u>240,344,412</u>
Net Position - Ending					<u>\$ 129,131,414</u>	<u>\$ 39,257,995</u>	<u>\$ 168,389,409</u>	<u>\$ 247,010,848</u>

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

CECIL COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Housing Programs	Casino Local Impact	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash (Note 3)	\$ 12,825,271	\$ -	\$ -	\$ 2,204,593	\$ 4,182,260	\$ 19,212,124
Investments (Note 3)	14,542,918	-	-	-	-	14,542,918
Receivables, Net (Note 4)	1,521,501	-	-	-	166,343	1,687,844
Due from Other Funds	1,172,322	-	-	-	-	1,172,322
Due from Other Governments	10,232,706	22,924	563,581	4,533,118	737,505	16,089,834
Inventory	405,400	-	-	-	-	405,400
Prepaid Items & Other Assets	53,068	-	-	-	-	53,068
Advances to Other Funds	10,576,677	-	-	-	-	10,576,677
Restricted Assets:						
Cash and Investments (Note 3)	-	920,391	2,353,798	28,373,674	2,013,943	33,661,806
Total Assets	\$ 51,329,863	\$ 943,315	\$ 2,917,379	\$ 35,111,385	\$ 7,100,051	\$ 97,401,993
Liabilities:						
Accounts Payable	\$ 2,041,146	\$ 12,162	\$ 70,119	\$ 5,310,234	\$ 319,007	\$ 7,752,668
Salaries and Benefits Payable	2,848,062	16,258	-	-	65,510	2,929,830
Due to Other Funds	-	20,476	-	697,053	454,793	1,172,322
Due to Other Governments	-	-	197,253	-	-	197,253
Other Liabilities	1,766,599	-	-	-	100	1,766,699
Unearned Revenue (Note 11)	142,233	-	-	247,743	28,080	418,056
Liabilities Payable from Restricted Funds	-	61,383	-	-	-	61,383
Total Liabilities	6,798,040	110,279	267,372	6,255,030	867,490	14,298,211
Deferred Inflows of Resources						
Unavailable Revenue - Income Taxes	4,289,456	-	-	-	-	4,289,456
Unavailable Revenue - Property Taxes	231,206	-	-	-	-	231,206
Total Deferred Inflows of Resources	4,520,662	-	-	-	-	4,520,662
Fund Balances:						
Non-Spendable	10,982,077	-	-	-	-	10,982,077
Restricted	-	833,036	2,650,007	28,373,674	6,232,561	38,089,278
Committed	17,548,538	-	-	482,681	-	18,031,219
Assigned	4,055,000	-	-	-	-	4,055,000
Unassigned	7,425,546	-	-	-	-	7,425,546
Total Fund Balances	40,011,161	833,036	2,650,007	28,856,355	6,232,561	78,583,120
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 51,329,863	\$ 943,315	\$ 2,917,379	\$ 35,111,385	\$ 7,100,051	\$ 97,401,993

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, 2014

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

Total Fund Balances for Government Funds (Page 20)		\$ 78,583,120
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 \$9,665,911 of internal service fund capital assets accounted for in the following line.		203,697,414
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.		5,288,288
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	\$ 4,289,456	
Property Taxes	231,206	
Service Charges	3,081,603	7,602,265
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	\$ 1,003,488	
Compensated Absences	(2,105,281)	
Accrued interest on long-term debt	(1,006,746)	
Deferred - Bond Premium	(8,722,948)	
Deferred - Advance Refunding Difference	2,941,292	
Bonds and Notes Payable	(158,149,478)	(166,039,673)
Net Position of Governmental Activities (Page 18)		<u>\$ 129,131,414</u>

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, 2014

	<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>
REVENUES						
Property Taxes	\$ 103,365,003	\$ -	\$ -	\$ -	\$ -	\$ 103,365,003
Special Assessments - Current	-	-	-	-	6,140	6,140
Income Taxes	50,800,381	-	-	-	-	50,800,381
Licenses and Permits	1,682,772	-	-	-	-	1,682,772
Intergovernmental	5,778,847	4,198,490	2,113,825	629,577	1,744,438	14,465,177
Charges for Services	6,710,776	19,874	-	-	377,374	7,108,024
Investment Earnings	195,853	375	960	-	5,615	202,803
Contributions & Other Revenues	4,516	-	-	2,557	720,000	727,073
Total Revenues	<u>168,538,148</u>	<u>4,218,739</u>	<u>2,114,785</u>	<u>632,134</u>	<u>2,853,567</u>	<u>178,357,373</u>
EXPENDITURES						
Current:						
General Government	11,088,643	-	-	-	-	11,088,643
Public Safety	36,884,326	-	148,569	-	30,507	37,063,402
Highways, Streets, and Bridges	11,131,474	-	-	-	-	11,131,474
Health and Welfare	5,592,631	4,138,530	-	-	3,352,024	13,083,185
Recreation and Culture	990,382	-	-	-	-	990,382
Education	82,888,100	-	-	-	-	82,888,100
Public Libraries	4,417,020	-	-	-	-	4,417,020
Economic Development	970,543	-	658,446	-	-	1,628,989
Agriculture	592,905	-	-	-	1,504,703	2,097,608
Municipalities	664,218	-	-	-	-	664,218
Debt Service:						
Principal	-	-	-	-	9,858,406	9,858,406
Interest and Fiscal Charges	-	-	-	-	4,851,033	4,851,033
Capital Outlay	-	-	-	15,246,843	-	15,246,843
Total Expenditures	<u>155,220,242</u>	<u>4,138,530</u>	<u>807,015</u>	<u>15,246,843</u>	<u>19,596,673</u>	<u>195,009,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,317,906</u>	<u>80,209</u>	<u>1,307,770</u>	<u>(14,614,709)</u>	<u>(16,743,106)</u>	<u>(16,651,930)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from						
Capital Asset Disposal	440,893	-	-	-	-	440,893
Bonds Issued	-	-	-	29,840,000	-	29,840,000
Premium on Debt Issued	-	-	-	4,401,727	-	4,401,727
Bond Issuance Cost	-	-	-	(233,221)	-	(233,221)
Transfers In	1,225,000	16,880	-	5,023,437	20,121,778	26,387,095
Transfers Out	(20,293,589)	-	(1,925,000)	(4,168,506)	-	(26,387,095)
Total Other Financing Sources (Uses)	<u>(18,627,696)</u>	<u>16,880</u>	<u>(1,925,000)</u>	<u>34,863,437</u>	<u>20,121,778</u>	<u>34,449,399</u>
Net Change in Fund Balances	(5,309,790)	97,089	(617,230)	20,248,728	3,378,672	17,797,469
Fund Balances - Beginning	45,320,951	735,947	3,267,237	8,607,627	2,853,889	60,785,651
Fund Balances - Ending	<u>\$ 40,011,161</u>	<u>\$ 833,036</u>	<u>\$ 2,650,007</u>	<u>\$ 28,856,355</u>	<u>\$ 6,232,561</u>	<u>\$ 78,583,120</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, 2014**

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) **\$ 17,797,469**

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 (\$9,606,193) exceed capital outlay (\$9,492,716) in the current period. Depreciation excludes \$1,975,421 from the internal service fund. (113,477)

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. (156,184)

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	\$	32,528	
Income Taxes		<u>(2,736,028)</u>	
Net Adjustment			(2,703,500)

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>Debt Issued</u>	<u>Repayments:</u>	
General Obligation bonds	\$ (29,840,000)	\$ 9,858,406	
Premium on Debt Issued	<u>(4,401,727)</u>	<u>205,186</u>	
Net Adjustment	<u>(34,241,727)</u>	<u>10,063,592</u>	(24,178,135)

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.

Compensated Absences	\$	(350,502)	
Accrued Interest on Long-term Debt		<u>(12,916)</u>	
Net Adjustment			(363,418)

The change in net assets of certain internal service funds are reported with governmental activities. (2,591,650)

Change in Net Position of Governmental Activities (Page 19) **\$ (12,308,895)**

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, 2014

	<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>
REVENUES				
Property Taxes	\$ 101,764,411	\$ 101,764,411	\$ 103,365,003	\$ 1,600,592
Income Taxes	52,139,853	52,139,853	50,800,381	(1,339,472)
Licenses and Permits	1,412,225	1,450,265	1,682,772	232,507
Intergovernmental	6,476,207	6,871,034	5,778,847	(1,092,187)
Charges for Services	6,916,253	6,953,253	6,710,776	(242,477)
Investment Earnings	250,000	250,000	195,853	(54,147)
Contributions & Other Revenues	-	-	4,516	4,516
Total Revenues	<u>168,958,949</u>	<u>169,428,816</u>	<u>168,538,148</u>	<u>(890,668)</u>
EXPENDITURES				
Current:				
General Government	12,876,716	11,963,989	11,088,643	875,346
Highways, Streets, and Bridges	10,289,204	11,230,752	11,131,474	99,278
Recreation and Culture	1,157,579	1,194,256	990,382	203,874
Public Safety	35,914,496	36,996,820	36,884,326	112,494
Health and Welfare	5,625,167	5,767,343	5,592,631	174,712
Education	82,599,513	82,949,513	82,888,100	61,413
Public Libraries	4,583,920	4,583,920	4,417,020	166,900
Economic Development	987,431	1,020,535	970,543	49,992
Agriculture	595,495	604,231	592,905	11,326
Municipalities	664,218	664,218	664,218	-
Total Expenditures	<u>155,293,739</u>	<u>156,975,577</u>	<u>155,220,242</u>	<u>1,755,335</u>
Excess of Revenues Over Expenditures	<u>13,665,210</u>	<u>12,453,239</u>	<u>13,317,906</u>	<u>864,667</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Asset Disposal	-	-	440,893	440,893
Transfers In	1,225,000	1,225,000	1,225,000	-
Transfers Out	<u>(18,239,033)</u>	<u>(20,323,351)</u>	<u>(20,293,589)</u>	<u>29,762</u>
Total Other Financing Sources (Uses)	<u>(17,014,033)</u>	<u>(19,098,351)</u>	<u>(18,627,696)</u>	<u>470,655</u>
Net Change in Fund Balance	(3,348,823)	(6,645,112)	(5,309,790)	1,335,322
Fund Balance - Beginning	<u>45,320,951</u>	<u>45,320,951</u>	<u>45,320,951</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 41,972,128</u>	<u>\$ 38,675,839</u>	<u>\$ 40,011,161</u>	<u>\$ 1,335,322</u>

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
BUDGET AND ACTUAL
MAJOR FUND
HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 4,846,176	\$ 4,846,176	\$ 4,198,490	\$ (647,686)
Other Program Revenue & Charges for Services	2,000	2,000	19,874	17,874
Investment Earnings	-	-	375	375
Total Revenues	<u>4,848,176</u>	<u>4,848,176</u>	<u>4,218,739</u>	<u>(629,437)</u>
EXPENDITURES				
Current:				
Health and Welfare	<u>4,874,621</u>	<u>4,874,621</u>	<u>4,138,530</u>	<u>736,091</u>
Total Expenditures	<u>4,874,621</u>	<u>4,874,621</u>	<u>4,138,530</u>	<u>736,091</u>
Deficiency of Revenues (Under) Expenditures	<u>(26,445)</u>	<u>(26,445)</u>	<u>80,209</u>	<u>106,654</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	<u>26,445</u>	<u>26,445</u>	<u>16,880</u>	<u>(9,565)</u>
Total Other Financing Sources (Uses)	<u>26,445</u>	<u>26,445</u>	<u>16,880</u>	<u>(9,565)</u>
Net Change in Fund Balance	-	-	97,089	97,089
Fund Balance - Beginning	<u>735,947</u>	<u>735,947</u>	<u>735,947</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 735,947</u>	<u>\$ 735,947</u>	<u>\$ 833,036</u>	<u>\$ 97,089</u>

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
BUDGET AND ACTUAL
MAJOR FUND
CASINO LOCAL IMPACT
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,702,901	\$ 1,702,901	\$ 2,113,825	\$ 410,924
Investment Earnings	-	-	960	960
Total Revenues	<u>1,702,901</u>	<u>1,702,901</u>	<u>2,114,785</u>	<u>411,884</u>
EXPENDITURES				
Current:				
Public Safety	148,569	148,569	148,569	-
Economic Development	<u>666,667</u>	<u>666,667</u>	<u>658,446</u>	<u>8,221</u>
Total Expenditures	<u>815,236</u>	<u>815,236</u>	<u>807,015</u>	<u>8,221</u>
Excess of Revenues Over Expenditures	<u>887,665</u>	<u>887,665</u>	<u>1,307,770</u>	<u>420,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>(1,925,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,037,335)	(1,037,335)	(617,230)	420,105
Fund Balance - Beginning	<u>3,267,237</u>	<u>3,267,237</u>	<u>3,267,237</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,229,902</u>	<u>\$ 2,229,902</u>	<u>\$ 2,650,007</u>	<u>\$ 420,105</u>

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

Casino Local Impact Funds Support Public Safety Goals



Supported Charlestown's Acquisition of new Fire Apparatus

Supported First Responder Needs
with LifePak ©
Monitor / Defibrillators



CECIL COUNTY, MARYLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Wastewater	Landfill	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents (Note 3)	\$ 669,437	\$ 1,500	\$ 670,937	\$ 4,084,019
Investments (Note 3)	-	-	-	4,335,522
Receivables, Net: (Note 4)				
Accounts	1,483,502	547,126	2,030,628	831,092
Other	1,565	23,512	25,077	205,174
Due from Other Governments	1,515,091	-	1,515,091	1,027,260
Inventory	-	-	-	82,012
Prepaid Items & Other Assets	-	-	-	355,140
Restricted Assets				
Cash & Investments (Note 3)	<u>17,197,129</u>	<u>9,505,716</u>	<u>26,702,845</u>	<u>1,414,060</u>
Total Current Assets	<u>20,866,724</u>	<u>10,077,854</u>	<u>30,944,578</u>	<u>12,334,279</u>
Non-Current Assets:				
Accounts Receivable - Non-Current	2,083,580	-	2,083,580	-
Capital Assets, Net:				
Land	349,172	580,738	929,910	-
Construction in Progress	11,055,780	2,013,790	13,069,570	1,282,050
Vehicles	-	-	-	7,934,580
Landfill and Land Improvements	1,187,471	18,737,161	19,924,632	-
Wastewater Lines	21,039,549	-	21,039,549	-
Buildings	6,879,137	2,933,443	9,812,580	200,548
Machinery & Equipment	<u>14,309,259</u>	<u>1,735,999</u>	<u>16,045,258</u>	<u>248,733</u>
Total Non-Current Assets	<u>56,903,948</u>	<u>26,001,131</u>	<u>82,905,079</u>	<u>9,665,911</u>
Total Assets	<u>77,770,672</u>	<u>36,078,985</u>	<u>113,849,657</u>	<u>22,000,190</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,336,657	239,224	1,575,881	830,364
Construction Retainage Payable	267,505	13,227	280,732	-
Salary & Benefits Payable	34,970	44,924	79,894	26,149
Accrued Expenses & Other Liabilities	185,739	257,886	443,625	5,590,117
Unearned Revenue	-	3,089	3,089	3,081,637
Bonds Payable	1,999,804	1,501,597	3,501,401	74,485
Compensated Absences	<u>46,823</u>	<u>51,738</u>	<u>98,561</u>	<u>25,875</u>
Total Current Liabilities	<u>3,871,498</u>	<u>2,111,685</u>	<u>5,983,183</u>	<u>9,628,627</u>
Non-Current Liabilities:				
Bonds Payable				
(Net of Unamortized Discounts)	40,686,101	14,763,528	55,449,629	1,425,515
Advances From Other Funds	-	4,931,854	4,931,854	5,644,823
Compensated Absences	23,412	25,869	49,281	12,937
Accrued Landfill Closure and Postclosure Costs	<u>-</u>	<u>8,177,715</u>	<u>8,177,715</u>	<u>-</u>
Total Non-Current Liabilities	<u>40,709,513</u>	<u>27,898,966</u>	<u>68,608,479</u>	<u>7,083,275</u>
Total Liabilities	<u>44,581,011</u>	<u>30,010,651</u>	<u>74,591,662</u>	<u>16,711,902</u>
NET POSITION				
Net Investment in Capital Assets	29,331,592	11,064,007	40,395,599	9,579,971
Unrestricted	<u>3,858,069</u>	<u>(4,995,673)</u>	<u>(1,137,604)</u>	<u>(4,291,683)</u>
Total Net Position	<u>\$ 33,189,661</u>	<u>\$ 6,068,334</u>	<u>\$ 39,257,995</u>	<u>\$ 5,288,288</u>

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, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Wastewater</u>	<u>Landfill</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for Services:				
Sales and User Fees	\$ 4,998,754	\$ 5,874,397	\$10,873,151	\$ 16,079,524
Intergovernmental	1,496,734	29,056	1,525,790	-
Miscellaneous Revenue	9,351	-	9,351	-
Total Operating Revenues	<u>6,504,839</u>	<u>5,903,453</u>	<u>12,408,292</u>	<u>16,079,524</u>
OPERATING EXPENSES				
Salaries and Related	1,203,010	1,488,751	2,691,761	808,781
Materials, Supplies, and Services	2,261,940	3,243,561	5,505,501	4,472,375
Benefit Payments	-	-	-	12,007,042
Depreciation	2,333,431	671,598	3,005,029	1,999,105
Depletion	-	2,145,376	2,145,376	-
Landfill Closure and Postclosure	-	216,623	216,623	-
Total Operating Expenses	<u>5,798,381</u>	<u>7,765,909</u>	<u>13,564,290</u>	<u>19,287,303</u>
Operating Income (Loss)	<u>706,458</u>	<u>(1,862,456)</u>	<u>(1,155,998)</u>	<u>(3,207,779)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment Earnings	912	12,358	13,270	34,158
Interest Expense	(735,644)	(510,305)	(1,245,949)	-
Bond Issue Expense	(76,120)	-	(76,120)	-
Gain on Sale of Capital Assets	-	-	-	276,909
Total Non-Operating Revenues (Expenses)	<u>(810,852)</u>	<u>(497,947)</u>	<u>(1,308,799)</u>	<u>311,067</u>
Income (Loss) before Contributions and Transfers	<u>(104,394)</u>	<u>(2,360,403)</u>	<u>(2,464,797)</u>	<u>(2,896,712)</u>
Capital Contributions:				
Intergovernmental Capital Grant	693,000	-	693,000	1,351,341
Wastewater Connection Fees	1,555,570	-	1,555,570	-
Developers Capital Contributions	962,362	-	962,362	-
Change in Net Position	<u>3,106,538</u>	<u>(2,360,403)</u>	<u>746,135</u>	<u>(1,545,371)</u>
Net Position - Beginning	<u>30,083,123</u>	<u>8,428,737</u>	<u>38,511,860</u>	<u>6,833,659</u>
Net Position - Ending	<u>\$ 33,189,661</u>	<u>\$ 6,068,334</u>	<u>\$39,257,995</u>	<u>\$ 5,288,288</u>

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, 2014

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities -</u>
	<u>Wastewater</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Funds</u>
Cash Flows From Operating Activities:				
Receipts from Customers and Users	\$ 4,981,847	\$ 5,722,804	\$ 10,704,651	\$ 17,114,235
Payments to Suppliers	(963,972)	(3,205,957)	(4,169,929)	(14,476,322)
Payments to Employees	(1,194,138)	(1,466,863)	(2,661,001)	(574,626)
Net Cash from Operating Activities	<u>2,823,737</u>	<u>1,049,984</u>	<u>3,873,721</u>	<u>2,063,287</u>
Cash Flows From Non-Capital Financing Activities:				
Advances from Other Funds	-	(993,520)	(993,520)	5,544,219
Net Cash from Non-Capital Financing Activities	<u>-</u>	<u>(993,520)</u>	<u>(993,520)</u>	<u>5,544,219</u>
Cash Flows From Capital and Related Financing Activities:				
Proceeds from Bond Issues	17,673,000	-	17,673,000	1,500,000
Proceeds from Capital Grants Received	693,000	-	693,000	1,351,341
Proceeds from Sewage Connection Fees	1,490,024	-	1,490,024	-
Acquisition and Construction of Capital Assets	(6,492,686)	(811,878)	(7,304,564)	(11,622,483)
Principal Paid on Bond Maturities	(1,763,754)	(1,484,840)	(3,248,594)	-
Interest Paid on Bonds	(746,215)	(510,303)	(1,256,518)	-
Proceeds from Sale of Capital Assets	287,411	2,808,410	3,095,821	453,018
Net Cash from Capital and Related Financing Activities	<u>11,140,780</u>	<u>1,389</u>	<u>11,142,169</u>	<u>(8,318,124)</u>
Cash Flows From Investing Activities:				
Interest on Investments	912	12,358	13,270	34,158
Net Increase (Decrease) in Cash and Cash Equivalents	<u>13,965,429</u>	<u>70,211</u>	<u>14,035,640</u>	<u>(676,460)</u>
Cash and Cash Equivalents - June 30, 2013	<u>3,901,137</u>	<u>9,437,005</u>	<u>13,338,142</u>	<u>\$ 10,510,061</u>
<small>(including \$445,474, and \$9,436,005, respectively reported in restricted accounts)</small>				
Cash and Cash Equivalents - June 30, 2014	<u>\$ 17,866,566</u>	<u>\$ 9,507,216</u>	<u>\$ 27,373,782</u>	<u>\$ 9,833,601</u>
<small>(including \$17,197,129 and \$9,507,716 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, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Wastewater	Landfill	Total	Internal Service Funds
Reconciliation of Operating Income to Net Cash from Operating Activities:				
Operating Loss	\$ 706,458	\$ (1,862,456)	\$ (1,155,998)	\$ (3,207,779)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided from Operating Activities:				
Depreciation and Depletion	2,333,431	2,816,974	5,150,405	1,999,105
Increase in Closure/Postclosure Liability	-	216,623	216,623	-
Effect of Changes in Non-Cash Operating Assets and Liabilities:				
Accounts Receivable	(1,522,992)	(183,738)	(1,706,730)	(2,009,371)
Other Assets	1,335	64,786	66,121	21,845
Accounts Payable	1,230,811	(16,361)	1,214,450	668,660
Salaries & Benefits Payable	2,441	5,739	8,180	-
Accrued Expenses	65,822	(10,821)	55,001	1,546,745
Deferred Revenue	-	3,089	3,089	3,044,082
Compensated Absences	6,431	16,149	22,580	-
Net Cash Provided from Operating Activities	<u>\$ 2,823,737</u>	<u>\$ 1,049,984</u>	<u>\$ 3,873,721</u>	<u>\$ 2,063,287</u>
Schedule of non-cash capital and related financing activities:				
Decrease in Non-current Special Assessment/Connection Fees receivable	<u>\$ (79,977)</u>	<u>\$ -</u>	<u>\$ (79,977)</u>	<u>\$ -</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Trust Funds</u>		<u>Agency Funds</u>
	<u>Public Safety Retirement Fund</u>	<u>Other Post Employment Benefits Fund</u>	<u>State & Town Collections</u>
ASSETS			
Cash	\$ 159,622	\$ 532,812	\$ 811,236
Receivables, Net:			
Property Taxes & Fees	-	-	182,898
Investments, at fair value:			
Institutional Separate Accounts	41,225,869	-	-
Mutual Funds	-	3,778,098	-
Total Assets	<u>41,385,491</u>	<u>4,310,910</u>	<u>994,134</u>
LIABILITIES			
Accounts Payable	3,833	-	-
Due to Other Governments	-	-	994,134
Total Liabilities	<u>3,833</u>	<u>-</u>	<u>994,134</u>
NET POSITION			
Held in Trust for:			
Employee Benefits	41,381,658	4,310,910	-
Total Net Position	<u>\$ 41,381,658</u>	<u>\$ 4,310,910</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, 2014

	<u>Trust Funds</u>	
	<u>Public Safety Retirement Fund</u>	<u>Other Post Employment Benefits Fund</u>
ADDITIONS		
Contributions		
Cecil County	\$ 2,267,679	\$ 959,000
Participants	877,946	-
	<u>3,145,625</u>	<u>959,000</u>
Total Contributions		
INVESTMENT INCOME		
Net Appreciation		
in Fair Value of Investments	5,862,384	485,562
Interest and Dividends	628,811	88,550
	<u>6,491,195</u>	<u>574,112</u>
Less: Investment Expense	<u>(342,286)</u>	<u>(26,086)</u>
Net Investment Income	<u>6,148,909</u>	<u>548,026</u>
Total Additions	<u>9,294,534</u>	<u>1,507,026</u>
DEDUCTIONS		
Benefit Payments	1,333,484	480,650
Refunds of Contributions	122,225	-
Administrative Expense	37,187	8,113
	<u>1,492,896</u>	<u>488,763</u>
Total Deductions		
Change in Net Position	7,801,638	1,018,263
Net Position - Beginning	<u>33,580,020</u>	<u>3,292,647</u>
Net Position - Ending	<u>\$ 41,381,658</u>	<u>\$ 4,310,910</u>

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, 2014

	<u>Board of Education</u>	<u>Cecil College</u>	<u>Cecil County Public Library</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
ASSETS					
Cash	\$ 20,473,974	\$ 6,025,341	\$ 1,213,879	\$ 47,492	\$ 27,760,686
Investments	45,001	-	-	400,000	445,001
Receivables, Net	721,693	209,332	11,896	-	942,921
Due from Primary Government	-	2,871,790	-	-	2,871,790
Due from Other Governments	3,498,033	1,769,585	174,904	-	5,442,522
Inventories	175,435	-	-	-	175,435
Prepaid Expenses & Other Assets	579,811	496,802	8,000	-	1,084,613
Restricted Assets:					
Cash and Investments	-	5,714,932	-	-	5,714,932
Capital Assets, Net:					
Land	1,202,153	1,779,763	-	3,549,600	6,531,516
Construction in Progress	5,630,805	18,829,853	-	-	24,460,658
Land Improvements	10,516,384	-	-	-	10,516,384
Buildings & Leasehold Improvements	143,604,083	42,144,045	-	-	185,748,128
Machinery & Equipment	7,036,885	920,915	2,528,239	5,241	10,491,280
Total Assets	<u>193,484,257</u>	<u>80,762,358</u>	<u>3,936,918</u>	<u>4,002,333</u>	<u>282,185,866</u>
LIABILITIES					
Accounts Payable	17,827,003	5,324,176	123,426	7,551	23,282,156
Accrued Salaries and Benefits	-	573,607	-	-	573,607
Unearned Revenue	637,577	1,182,675	-	-	1,820,252
Due within one year:					
Capital Leases	647,404	-	-	-	647,404
Compensated Absences	341,262	218,737	42,537	-	602,536
Due in more than one year:					
Notes Payable	-	-	-	971,008	971,008
Capital Leases	4,381,287	-	-	-	4,381,287
Compensated Absences	2,766,129	109,368	21,271	-	2,896,768
Total Liabilities	<u>26,600,662</u>	<u>7,408,563</u>	<u>187,234</u>	<u>978,559</u>	<u>35,175,018</u>
NET POSITION					
Net Investment in Capital Assets	162,961,619	63,674,576	2,528,239	3,554,841	232,719,275
Restricted for:					
Donor Restrictions	-	5,171,826	-	-	5,171,826
Unrestricted	3,921,976	4,507,393	1,221,445	(531,067)	9,119,747
Total Net Position	<u>\$166,883,595</u>	<u>\$ 73,353,795</u>	<u>\$ 3,749,684</u>	<u>\$ 3,023,774</u>	<u>\$ 247,010,848</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Grants and Contributions			Component Units				
		Charges for Services	Operating	Capital	Board of Education	Cecil College	Cecil County Public Library	Bainbridge Development Corporation	Total
Board of Education									
Instruction	\$ 207,908,825	\$ 228,487	\$ 57,170,750	\$ 7,318,153	\$(143,191,435)	\$ -	\$ -	\$ -	\$(143,191,435)
Student Services	5,888,310	1,949,265	4,446,846	-	507,801	-	-	-	507,801
Total Board of Education	<u>\$ 213,797,135</u>	<u>\$ 2,177,752</u>	<u>\$ 61,617,596</u>	<u>\$ 7,318,153</u>	<u>\$(142,683,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$(142,683,634)</u>
Cecil College									
Instruction	\$ 30,650,182	\$ 5,263,745	\$ 4,748,218	\$ 15,802,606	-	(4,835,613)	-	-	(4,835,613)
Student Services	1,647,377	1,718,629	-	-	-	71,252	-	-	71,252
Total Cecil Community College	<u>\$ 32,297,559</u>	<u>\$ 6,982,374</u>	<u>\$ 4,748,218</u>	<u>\$ 15,802,606</u>	<u>-</u>	<u>(4,764,361)</u>	<u>-</u>	<u>-</u>	<u>(4,764,361)</u>
Cecil County Public Library									
Public Libraries	\$ 6,178,565	\$ 186,299	\$ -	\$ 447,015	-	-	(5,545,251)	-	(5,545,251)
Bainbridge Development Corporation									
Economic Development	\$ 374,091	\$ 414,635	\$ -	\$ -	-	-	-	40,544	40,544
General Revenues:									
Payments From the Primary Government					72,848,292	8,039,308	4,400,128	-	85,287,728
Payments From the State Government					62,076,718	5,288,172	1,083,500	-	68,448,390
Grants, Entitlements, and Contributions not Restricted to Specific Programs					-	3,723,332	-	-	3,723,332
Investment Earnings					8,178	112,098	1,187	32	121,495
Other Revenues including Capital Asset Gains					248,175	1,718,925	71,055	38	2,038,193
Total General Revenues, Special Items, and Transfers					<u>135,181,363</u>	<u>18,881,835</u>	<u>5,555,870</u>	<u>70</u>	<u>159,619,138</u>
Change in Net Position					(7,502,271)	14,117,474	10,619	40,614	6,666,436
Net Position - Beginning					<u>174,385,866</u>	<u>59,236,321</u>	<u>3,739,065</u>	<u>2,983,160</u>	<u>240,344,412</u>
Net Position - Ending					<u>\$ 166,883,595</u>	<u>\$ 73,353,795</u>	<u>\$ 3,749,684</u>	<u>\$ 3,023,774</u>	<u>\$ 247,010,848</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. The County has adopted all GASB Statements through No. 70 except for No. 68 and the related transition Statement 71 which are listed below and which the County plans to adopt by their effective dates after evaluating the effects of these pronouncements.

Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27.

Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.

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

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 last 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 County also reports the following fund types:

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.

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, 2014, are recorded as revenue.

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, 2013 and 2014, 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 estimated fair value at the date of donation. 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 absences for which employees will be paid, such as vacation. 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 30 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 preciously 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. The only deferred outflow included in the County's financial statement is a deferred charge on refunding that 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 only deferred inflow included in the County's financial statement is unavailable revenue that is reported 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).

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, assign, 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.

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 March 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 May 31. After the budget adoption, County Council must levy the amount of taxes or fees required by the Budget to ensure that the Budget is balance 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, 2014, 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, 2014, were the General Fund and certain Special Revenue Funds. As of FY2014, the Central Garage Fund was expanded and renamed to the Motor Vehicle Fund which includes the County fleet assets and the Information Technology Fund was established to incorporate a former department in the General Fund (both are Internal Service 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, 2014, expenditures exceeded appropriations for the following departments. Most of the excess came from a workers' compensation actuarial adjustment allocated to departments; the Sheriff's Office also had lower than expected attrition.

Fund	Budget Line Item	Over Budget
General Fund	State's Attorney Office	\$ 61,308
	Sheriff's Office	596,237
	Volunteer Fire Departments	37,742
	Health Department	2,043
	Transfers to Special Revenue Funds	85,957

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
<u>Cash</u>			
Insured Deposits (FDIC)	\$ 1,658,844	\$ 484,164	\$ 1,826,222
Money Market Mutual Funds	-	208,270	118,499
Uninsured Deposits - Collateral held by pledging bank's agent in the County or Unit's name	26,671,498	-	19,554,515
Certificates of Deposit due within 90 days - Collateral held by pledging bank's agent in the County or Unit's name	4,647,986	811,236	3,486,949
CDARS due within 90 days (FDIC Insured)	<u>13,023,658</u>	-	-
Total Cash	<u>\$ 46,001,986</u>	<u>\$ 1,503,670</u>	<u>\$ 24,986,185</u>
<u>Investments</u>			
Certificates of Deposit due greater than 90 days - Collateral held by pledging bank's agent in the County or Unit's name	\$ 15,010,180	\$ -	\$ 640,000
CDARS due greater than 90 days (FDIC Insured)	9,997,451	-	-
Other governmental agencies	5,800,082	-	-
Investment in Maryland Local Government Investment Pool	27,794,285	-	2,571,737
Institutional Separate Accounts *	-	41,225,869	-
Balanced Fund Mutual Fund *	-	<u>3,778,098</u>	<u>5,714,932</u>
Total Investments	<u>\$ 58,601,998</u>	<u>\$ 45,003,967</u>	<u>\$ 8,926,669</u>

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

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 nine institutional separate accounts, which were rated by Morning Star, of which four received a 4 star rating, and five received a 3 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, 2014:

<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	\$ 5,800,082	\$ -	\$ 5,800,082	\$ -	\$ -

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, 2014 and 2013, 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.

Restricted Cash and Investments

As of June 30, 2014, the County had \$61,778,711 in temporarily restricted cash and investments. Of this, unspent proceeds of bond offerings consist of \$28,373,674 in Capital Projects Funds, \$1,414,060 in the Information Technology Internal Service Fund, \$17,197,129 in the Wastewater Fund, and \$1,328,001 in the Landfill Fund. Restrictions related to the Landfill Closure and Postclosure Costs account for \$8,177,715. The remaining \$5,288,132 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:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
Cash	\$ 46,001,986	\$ 1,503,670	\$ 24,986,185	\$ 72,491,841
Investments	58,601,998	45,003,967	8,926,669	112,532,634
Petty Cash Amounts	20,247	-	7,765	28,012
Total	\$ 104,624,231	\$ 46,507,637	\$ 33,920,619	\$ 185,052,487
Unrestricted	\$ 42,845,520	\$ -	\$ 28,205,687	\$ 71,051,207
Restricted	61,778,711	-	5,714,932	67,493,643
Fiduciary Funds	-	46,507,637	-	46,507,637
Total Cash and Investments	\$ 104,624,231	\$ 46,507,637	\$ 33,920,619	\$ 185,052,487

4. Receivables

Primary Government

The following are receivables as of June 30, 2014, 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 \$1,036,266 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	\$ 1,455,815	\$ -	\$ -	\$ 1,455,815	\$ 1,455,815
Accounts	-	171,177	166,343	337,520	1,168,612
Notes	-	-	-	-	-
Interest and Other	624,366	-	-	624,366	829,540
Gross Receivables	2,080,181	171,177	166,343	2,417,701	3,453,967
Less: Allowances for					
Uncollectibles	(558,680)	(171,177)	-	(729,857)	(729,857)
Net Total Receivables	\$ 1,521,501	\$ -	\$ 166,343	\$ 1,687,844	\$ 2,724,110

Receivables as of June 30, 2014 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>Wastewater Services</u>		
		<u>Total</u>			
Receivables:					
Accounts	\$ 1,562,298	\$ 674,211	\$ 2,236,509	\$ -	\$ 2,236,509
Other	1,565	23,512	25,077	-	25,077
Non-Current	-	-	-	2,083,580	2,083,580
Gross Receivables	1,563,863	697,723	2,261,586	2,083,580	4,345,166
Less: Allowances for					
Uncollectibles	(78,796)	(127,085)	(205,881)	-	(205,881)
Net Total Receivables	<u>\$ 1,485,067</u>	<u>\$ 570,638</u>	<u>\$ 2,055,705</u>	<u>\$ 2,083,580</u>	<u>\$ 4,139,285</u>

Component Units

Receivables as of June 30 2014 for the Component Units were as follows:

	<u>Cecil</u>			<u>Total</u>
	<u>Board of Education</u>	<u>Cecil College</u>	<u>County Library</u>	
Receivables:				
Accounts	\$ 721,693	\$ -	\$ -	\$ 721,693
Other	-	944,073	11,896	955,969
Gross Receivables	721,693	944,073	11,896	1,677,662
Less: Allowances for				
Uncollectibles	-	(734,741)	-	(734,741)
Net Total Receivables	<u>\$ 721,693</u>	<u>\$ 209,332</u>	<u>\$ 11,896</u>	<u>\$ 942,921</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, 2014, there were three outstanding loans totaling \$164,249.

6. Capital Assets

A Primary Government

The following schedules reflect the consolidation of motor vehicles and major mobile equipment into the Motor Vehicle Internal Service Fund. The transfers between the enterprise funds and internal service fund were done at net asset value; this resulted in decreases and increases to the assets and accumulated depreciation but no gains or losses.

The capital asset activity for Governmental Activities for the year ended June 30, 2014, was as follows:

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 13,272,776	\$ 170,668	\$ (2,437)	\$ 13,441,007
Construction in Progress	<u>4,745,155</u>	<u>7,630,252</u>	<u>(3,241,219)</u>	<u>9,134,188</u>
Total Capital Assets Not Being Depreciated	<u>18,017,931</u>	<u>7,800,920</u>	<u>(3,243,656)</u>	<u>22,575,195</u>
Capital Assets Being Depreciated:				
Land Improvements	8,355,901	1,489,253	(22,720)	9,822,434
Highways & Bridges	221,988,614	4,386,298	(1,139,208)	225,235,704
Building & Improvements	87,070,952	48,184	(281,567)	86,837,569
Machinery & Equipment	<u>37,334,832</u>	<u>12,457,452</u>	<u>(1,524,382)</u>	<u>48,267,902</u>
Total Capital Assets Being Depreciated	<u>354,750,299</u>	<u>18,381,187</u>	<u>(2,967,877)</u>	<u>370,163,609</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,411,300)	(427,795)	21,206	(1,817,889)
Highways & Bridges	(128,869,668)	(5,708,104)	1,139,208	(133,438,564)
Building & Improvements	(15,229,479)	(2,003,662)	129,334	(17,103,807)
Machinery & Equipment	<u>(18,944,183)</u>	<u>(11,595,232)</u>	<u>3,524,196</u>	<u>(27,015,219)</u>
Total Accumulated Depreciation	<u>(164,454,630)</u>	<u>(19,734,793)</u>	<u>4,813,944</u>	<u>(179,375,479)</u>
Total Capital Assets Being Depreciated, Net	<u>190,295,669</u>	<u>(1,353,606)</u>	<u>1,846,067</u>	<u>190,788,130</u>
Governmental Activities Capital Assets, Net	<u>\$ 208,313,600</u>	<u>\$ 6,447,314</u>	<u>\$ (1,397,589)</u>	<u>\$ 213,363,325</u>

The capital asset activity for Business-Type Activities for the year ended June 30, 2014, was as follows:

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 844,811	\$ 99,900	\$ (14,801)	\$ 929,910
Construction in Progress	6,797,059	7,270,603	(998,092)	13,069,570
Total Capital Assets Not Being Depreciated	<u>7,641,870</u>	<u>7,370,503</u>	<u>(1,012,893)</u>	<u>13,999,480</u>
Capital Assets Being Depreciated:				
Landfill & Land Improvements	35,915,969	719,412	-	36,635,381
Wastewater Lines	35,184,240	962,362	-	36,146,602
Buildings & Improvements	17,273,125	118,212	-	17,391,337
Machinery & Equipment	<u>36,093,377</u>	<u>94,528</u>	<u>(9,044,392)</u>	<u>27,143,513</u>
Total Capital Assets Being Depreciated	<u>124,466,711</u>	<u>1,894,514</u>	<u>(9,044,392)</u>	<u>117,316,833</u>
Less Accumulated Depreciation for:				
Landfill & Land Improvements	(14,137,382)	(2,573,367)	-	(16,710,749)
Wastewater Lines	(14,181,188)	(925,865)	-	(15,107,053)
Building & Improvements	(7,114,644)	(464,113)	-	(7,578,757)
Machinery & Equipment	<u>(15,874,566)</u>	<u>(1,177,260)</u>	<u>5,953,571</u>	<u>(11,098,255)</u>
Total Accumulated Depreciation	<u>(51,307,780)</u>	<u>(5,140,605)</u>	<u>5,953,571</u>	<u>(50,494,814)</u>
Total Capital Assets Being Depreciated, Net	<u>73,158,931</u>	<u>(3,246,091)</u>	<u>(3,090,821)</u>	<u>66,822,019</u>
Business-Type Activities Capital Assets, Net	<u>\$ 80,800,801</u>	<u>\$ 4,124,412</u>	<u>\$ (4,103,714)</u>	<u>\$ 80,821,499</u>

Depreciation and depletion expense was charged to the following activities:

Governmental Activities:

General Government	\$ 746,475
Public Safety	2,345,411
Highways, Streets, and Bridges	5,795,160
Health and Welfare	147,254
Recreation and Culture	373,896
Public Libraries	<u>197,997</u>
	<u>\$ 9,606,193</u>

Business-type Activities:

Enterprise Funds:

Wastewater	\$ 2,333,431
Landfill	<u>2,816,974</u>
	<u>\$ 5,150,405</u>

Construction Commitments

Cecil County has active construction contracts as of June 30, 2104. The programs include highway, streets, bridges, and wastewater treatment facilities. At year end the County’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bridge Replacements	\$ 354,487	\$ 218,774
Road Improvements	2,607,728	661,748
North East River WWTP	7,917,910	24,469,712
Principio Sewer North Interceptor	791,997	1,603,214
Wastewater Improvements	1,267,405	585,630
Total	<u>\$ 12,939,527</u>	<u>\$ 27,539,078</u>

The Bridge replacement commitments at the end of the fiscal year did not include the construction for the Replacement of Baron Road Bridge over CSX in the amount of \$1,938,037. The contractor was issued Notice to Proceed on July 7, 2014.

B. Discretely Presented Component Units

The following summarizes the capital asset activity of the County’s component units for the year ended June 30, 2014:

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
<u>Board of Education</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,202,153	\$ -	\$ -	\$ 1,202,153
Construction in Progress	<u>8,039,066</u>	<u>7,522,881</u>	<u>(9,931,142)</u>	<u>5,630,805</u>
Total Capital Assets Not Being Depreciated	<u>9,241,219</u>	<u>7,522,881</u>	<u>(9,931,142)</u>	<u>6,832,958</u>
Capital Assets Being Depreciated:				
Building & Improvements	253,183,211	7,996,449	-	261,179,660
Land Improvements	14,533,028	490,566	-	15,023,594
Machinery & Equipment	<u>24,084,239</u>	<u>828,950</u>	<u>(1,681,907)</u>	<u>23,231,282</u>
Total Capital Assets Being Depreciated	<u>291,800,478</u>	<u>9,315,965</u>	<u>(1,681,907)</u>	<u>299,434,536</u>
Less Accumulated Depreciation for:				
Building & Improvements	(110,515,431)	(7,060,146)	-	(117,575,577)
Land Improvements	(3,797,286)	(709,924)	-	(4,507,210)
Machinery & Equipment	<u>(15,471,742)</u>	<u>(2,272,543)</u>	<u>1,549,888</u>	<u>(16,194,397)</u>
Total Accumulated Depreciation	<u>(129,784,459)</u>	<u>(10,042,613)</u>	<u>1,549,888</u>	<u>(138,277,184)</u>
Total Capital Assets Being Depreciated, Net	<u>162,016,019</u>	<u>(726,648)</u>	<u>(132,019)</u>	<u>161,157,352</u>
Board of Education Capital Assets, Net	<u>\$ 171,257,238</u>	<u>\$ 6,796,233</u>	<u>\$ (10,063,161)</u>	<u>\$ 167,990,310</u>

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

	<u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2014</u>
<u>Cecil College</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,779,763	\$ -	\$ -	\$ 1,779,763
Construction in Progress	<u>3,741,789</u>	<u>15,088,064</u>	<u>-</u>	<u>\$ 18,829,853</u>
Total Capital Assets Not Being Depreciated	<u>5,521,552</u>	<u>15,088,064</u>	<u>-</u>	<u>20,609,616</u>
Capital Assets Being Depreciated:				
Leasehold & Other Improvements	28,924,722	18,700	-	28,943,422
Building and Improvements	36,738,065	-	-	36,738,065
Machinery & Equipment	<u>6,708,117</u>	<u>258,059</u>	<u>(102,922)</u>	<u>6,863,254</u>
Total Capital Assets Being Depreciated	<u>72,370,904</u>	<u>276,759</u>	<u>(102,922)</u>	<u>72,544,741</u>
Less Accumulated Depreciation for:				
Leasehold & Other Improvements	(7,140,366)	(1,879,642)	-	(9,020,008)
Building & Improvements	(14,467,823)	(49,611)	-	(14,517,434)
Machinery & Equipment	<u>(5,653,995)</u>	<u>(377,302)</u>	<u>88,958</u>	<u>(5,942,339)</u>
Total Accumulated Depreciation	<u>(27,262,184)</u>	<u>(2,306,555)</u>	<u>88,958</u>	<u>(29,479,781)</u>
Total Capital Assets Being Depreciated, Net	<u>45,108,720</u>	<u>(2,029,796)</u>	<u>(13,964)</u>	<u>43,064,960</u>
Cecil College Capital Assets, Net	<u>\$ 50,630,272</u>	<u>\$ 13,058,268</u>	<u>\$ (13,964)</u>	<u>\$ 63,674,576</u>
<u>Public Library</u>				
Capital Assets Being Depreciated:				
Machinery & Equipment	<u>\$ 4,739,507</u>	<u>\$ 630,838</u>	<u>\$ (52,636)</u>	<u>\$ 5,317,709</u>
Total Capital Assets Being Depreciated	<u>4,739,507</u>	<u>630,838</u>	<u>(52,636)</u>	<u>5,317,709</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	<u>(2,070,319)</u>	<u>(771,787)</u>	<u>52,636</u>	<u>(2,789,470)</u>
Total Accumulated Depreciation	<u>(2,070,319)</u>	<u>(771,787)</u>	<u>52,636</u>	<u>(2,789,470)</u>
Total Capital Assets Being Depreciated, Net	<u>2,669,188</u>	<u>(140,949)</u>	<u>-</u>	<u>2,528,239</u>
Public Library Capital Assets, Net	<u>\$ 2,669,188</u>	<u>\$ (140,949)</u>	<u>\$ -</u>	<u>\$ 2,528,239</u>
<u>Bainbridge Development Corporation</u>				
Capital Assets Not Being Depreciated:				
Land	<u>\$ 3,549,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,549,600</u>
Total Capital Assets Not Being Depreciated	<u>3,549,600</u>	<u>-</u>	<u>-</u>	<u>3,549,600</u>
Capital Assets Being Depreciated:				
Land Improvements & Equipment	<u>14,934</u>	<u>3,828</u>	<u>(4,509)</u>	<u>14,253</u>
Total Capital Assets Being Depreciated	<u>14,934</u>	<u>3,828</u>	<u>(4,509)</u>	<u>14,253</u>
Less Accumulated Depreciation for:				
Land Improvements & Equipment	<u>(12,026)</u>	<u>(1,495)</u>	<u>4,509</u>	<u>(9,012)</u>
Total Accumulated Depreciation	<u>(12,026)</u>	<u>(1,495)</u>	<u>4,509</u>	<u>(9,012)</u>
Total Capital Assets Being Depreciated, Net	<u>2,908</u>	<u>2,333</u>	<u>-</u>	<u>5,241</u>
Bainbridge Development Corporation Capital Assets, Net	<u>\$ 3,552,508</u>	<u>\$ 2,333</u>	<u>\$ -</u>	<u>\$ 3,554,841</u>

7. Interfund Balances and Transfers

Interfund balances arise primarily from the General Fund's role as receiver, investor, and disbursing of cash. Transactions that are short-term were classified as inter-fund receivables. The Landfill Fund required an Advance of \$4,931,854 to assure cash funding of the Closure and Postclosure Liability in accordance with State Law; this is classified as an advance because the Landfill's cashflow is insufficient to repay the balance in the short term. The Motor Vehicle and Information Technology internal service funds hold depreciable assets; the receivables from these funds are considered advances because the cashflow from service charges is insufficient to repay the balances in the short term. The inter-fund receivables as of June 30, 2014, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing Programs Fund	\$ 20,476
	General Capital Projects Fund	697,053
	Special Revenue Funds	454,793
	Advance to Landfill Fund	4,931,854
	Advance to Motor Vehicle Fund	4,560,222
	Advance to Information Technology Fund	1,084,601
		<u>\$ 11,748,999</u>

Interfund transfers from the General Fund consist of operating transfers to finance debt service of \$14,717,104, capital projects of \$4,323,437 and \$1,253,048 to provide additional support to several special revenue programs, and the General Capital Projects Fund transferred \$4,168,506 of premium from the 2014 bond offering to the Debt Service Fund to finance future debt service. The transfers for the year ended June 30, 2014, were as follows:

	<u>Transfers In</u>				<u>Total</u>
	<u>Housing</u>	<u>General</u>	<u>Non-Major</u>	<u>General</u>	
<u>Transfers Out</u>	<u>Fund</u>	<u>Capital</u>	<u>Governmental</u>	<u>Fund</u>	
	<u>Fund</u>	<u>Projects</u>	<u>Funds</u>	<u>Fund</u>	
General Fund	\$ 16,880	\$ 4,323,437	\$ 15,953,272	\$ -	\$ 20,293,589
Casino Local Impact	-	700,000	-	1,225,000	1,925,000
General Capital Projects	-	-	4,168,506	-	4,168,506
Total	<u>\$ 16,880</u>	<u>\$ 5,023,437</u>	<u>\$ 20,121,778</u>	<u>\$ 1,225,000</u>	<u>\$ 26,387,095</u>

8. Long-Term Debt

A. Changes in Long-Term Liabilities

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 138,167,885	\$ 31,340,000	\$ (9,858,407)	\$ 159,649,478	\$ 9,813,461
Less: Deferred Charges					
Premium on Debts Issued	5,072,586	4,401,727	(751,365)	8,722,948	-
Total Bonds Payable	143,240,471	35,741,727	(10,609,772)	168,372,426	9,813,461
Insurance Claims Payable	4,108,333	13,488,826	(12,007,042)	5,590,117	5,590,117
Compensated Absences	1,754,779	1,956,249	(1,566,935)	2,144,093	1,369,396
Governmental Activity					
Long-Term Liabilities	<u>\$ 149,103,583</u>	<u>\$ 51,186,802</u>	<u>\$ (24,183,749)</u>	<u>\$ 176,106,636</u>	<u>\$ 16,772,974</u>
	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Bonds Payable	\$ 44,526,624	\$ 17,673,000	\$ (3,248,594)	\$ 58,951,030	\$ 3,501,401
Compensated Absences	125,562	118,615	(96,335)	147,842	98,561
Accrued Landfill Closure and Postclosure Costs	7,961,092	216,623	-	8,177,715	-
Business-Type Activity					
Long-Term Liabilities	<u>\$ 52,613,278</u>	<u>\$ 18,008,238</u>	<u>\$ (3,344,929)</u>	<u>\$ 67,276,587</u>	<u>\$ 3,599,962</u>
Component Units					
Board of Education	\$ 9,311,533	\$ 383,792	\$ (1,559,243)	\$ 8,136,082	\$ 988,666
Cecil College	310,740	17,365		328,105	218,737
Cecil County Public Library	65,072		(1,264)	63,808	42,537
Bainbridge Development	-	971,008	-	971,008	-
Component Units					
Long-Term Liabilities	<u>\$ 9,687,345</u>	<u>\$ 1,372,165</u>	<u>\$ (1,560,507)</u>	<u>\$ 9,499,003</u>	<u>\$ 1,249,940</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.

The following is a summary of general, special assessment, and revenue bonds outstanding as of June 30, 2014:

<u>Maturity</u>	<u>Issue</u>	<u>Description</u>	<u>Rates</u>	<u>June 30, 2014</u>
2002/2023	2,050,000	Sanitary District Bond 2002A Cherry Hill WWTP	2.0%	\$ 1,023,310
2002/2024	6,279,112	Sanitary District Bond 2002B North East River WWTP	1.9%	3,210,614
2003/2043	845,000	Sanitary District Bond 2003A Cherry Hill WWTP	4.252%	735,189
2004/2023	2,616,645	Sanitary District Bond, Series 2003B Lakeside/Rt 272 Sewer Upgrades	1.2%	1,312,955
2004/2044	1,585,000	Sanitary District Bond, Series 2004A Carpenters Point Ph I collection system	4.577%	1,410,807
2004/2025	\$8,000,000	Sanitary District Bond, Series 2004B Meadowview WWTP	1.1%	4,767,194
2004/2014	9,025,000	Consolidated Public Improvement Bonds 2004 General \$5,704,256 BOE \$2,197,686 College \$591,058 Library \$532,000	3.0%-4.3%	425,000
2005/2025	39,615,000	Consolidated Public Improvement and Refunding Bonds 2005 General \$12,069,296 BOE \$12,870,884 Library \$2,919,820 Refunding 1996 & 1999 \$11,755,000	3.75%-5%	4,170,000
2007/2027	26,720,000	Consolidated Public Improvement Bonds 2006 General \$4,407,443 BOE \$20,205,776 Library \$2,106,781	3.5%-5%	19,545,000
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%	24,860,000
2008/2027	2,702,000	Sanitary District Bond 2008A Washington Street Pump Station Carpenters Point Ph II collection system	1%	1,794,535
2009/2028	800,000	Sanitary District Bond 2008B Septage Receiving Facility	None	560,000
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%	20,770,000

List of Bonds outstanding at June 30, 2014 (continued):

Date of Issue/ Maturity	Amount of Original Issue	Description	Interest Rates	Balance Outstanding June 30, 2014
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%	\$ 19,000,000
2010/2030	15,420,000	Consolidated Public Improvement and Refunding Bonds 2010B 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%	1,073,124
2011/2014	2,140,000	Landfill Refunding Bond, Series 2010	1.90%	615,000
2011/2024	6,615,000	2011 GO Refunding Bond Refunding 2003 and 2004	2.35%	6,615,000
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%	32,890,000
2013/2025	9,290,000	Consolidated Public Improvement and Refunding Bonds of 2013 Refunding 2002 & 2005 \$9,290,000	2.0%-5.0%	9,280,000
2014/2036	20,879,000	Sanitary District Bond 2014 Northeast River WWTP ENR Upgrade (Only \$1,013,000 drawn at June 30, 2014)	2%	1,013,000
2014/2034	48,000,000	Consolidated Public Improvement Bonds 2014 General \$17,015,000 BOE \$14,325,000 Waste Water \$16,660,000	3.0%-5.0%	<u>48,000,000</u>
Sub-Total General Obligation Bonds				<u>218,490,728</u>
2004/2031	149,000	West View Shores II - Erosion Control	None	109,780
Sub-Total Special Assessment Debt				<u>109,780</u>
Total				<u><u>\$ 218,600,508</u></u>

The annual debt service requirements to maturity for principal and interest for bonds payable as of June 30, 2014, 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
2015	\$ 9,807,362	\$ 5,798,348	\$ 3,501,400	\$ 1,970,459	\$ 6,099	\$ -
2016	10,932,372	5,531,911	3,332,566	2,111,488	6,099	-
2017	10,796,534	5,120,363	4,240,213	2,198,634	6,099	-
2018	11,290,377	4,701,010	4,316,386	2,080,247	6,099	-
2019	11,152,914	4,304,316	4,392,543	1,964,360	6,099	-
2020-2024	52,920,378	15,418,645	22,875,166	7,835,312	30,494	-
2025-2029	38,274,217	6,059,405	18,924,688	4,400,661	30,494	-
2030-2034	14,365,544	1,424,272	13,721,735	1,608,767	18,297	-
2035-2039	-	-	2,946,440	255,842	-	-
2040-2044	-	-	548,552	66,915	-	-
2045-2045	-	-	17,339	4,075	-	-
Total	159,539,698	\$ 48,358,270	78,817,028	\$ 24,496,760	109,780	\$ -
Less: Funds not Drawn	-		(19,866,000)		-	
Total	\$ 159,539,698		\$ 58,951,028		\$ 109,780	

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, 2014, \$24,815,000 of Cecil County Maryland bonds outstanding from this defeasement are considered defeased.

D. Conduit Debt Obligations

The County has issued revenue based bonds to provide capital financing to third parties who are not part of the County or its component units. Although the debt bears the County's name, the County has no obligation for this debt beyond the resources of the third party or the related project as provided for in the bonds. Because the County has no liability for this debt, it is not recorded in the County's financial statements. The one outstanding revenue bond was paid off in July 2013.

9. Leases

A. Operating Leases

The County leases office facilities, including a public safety facility, under non-cancelable operating leases. 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, 2014:

<u>Years Ending June 30</u>	<u>Primary Government</u>	<u>Board of Education</u>
2015	\$ 435,252	\$ 529,934
2016	436,392	305,983
2017	450,373	308,877
2018	451,644	3,622
2019	466,384	-
2020-2024	2,446,620	-
2025-2027	601,257	-
Total Commitment under the Operating Lease	<u>\$ 5,287,922</u>	<u>\$ 1,148,416</u>

B. Capital Leases

The Board of Education has entered into capital leases for maintenance vehicles and portable classrooms. As of June 30, 2014, future minimum payments under capital leases were as follows:

<u>Years Ending June 30</u>	<u>Board of Education</u>
2015	\$ 813,910
2016	813,910
2017	813,910
2018	813,910
2019	813,910
2020-2021	<u>1,627,787</u>
Total Payments	5,697,337
Less Interest	<u>(668,646)</u>
Capitalized lease obligations	<u>\$ 5,028,691</u>

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 \$8,177,715 as of June 30, 2014, represented the cumulative amount reported to date based on the use of approximately 72.3% 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 10-12 years of remaining disposal life. The remaining estimated cost of closure and post-closure care of \$3,129,044 will be recognized as the remaining estimated capacity is filled. The total closure and post-closure liability calculation is based on current 2014 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>
<u>Unavailable Revenues</u>			
General Fund			
Income Taxes	\$ 4,289,456		
Property Taxes	<u>231,206</u>	<u>\$ 4,520,662</u>	<u>\$ -</u>
<u>Unearned Revenues</u>			
General Fund			
Unearned Grant Revenue		\$ 142,233	\$ 142,233
General Capital Project Fund			
Unearned Grant Revenue		247,743	247,743
Non-Major Funds			
Other Public Safety		10,565	10,565
Senior Services & Community Transit		<u>17,515</u>	<u>17,515</u>
		28,080	28,080
Internal Service Fund			
Health Insurance Fund		34	34
Motor Vehicle Fund		<u>3,081,603</u>	<u>3,081,603</u>
		3,081,637	3,081,637
Total Governmental Activities		<u>\$ 3,109,717</u>	<u>\$ 3,109,717</u>
Enterprise Funds			
Landfill Fund		<u>\$ 3,089</u>	<u>\$ 3,089</u>
Total Business-Type Activities		<u>\$ 3,089</u>	<u>\$ 3,089</u>

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. This includes the Reserve for Contingencies (Rainy Day).
- 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 \$10,982,077 as of June 30, 2014. The \$4,931,854 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 and Information Technology internal service funds hold depreciable assets; the receivables from these funds are considered as Advances and classified as Nonspendable because the cashflow from service charges is insufficient to repay the balance in the short term. The County’s Nonspendable fund balance detail is as follows:

Non-spendable	
Advance to Landfill Fund	\$ 4,931,854
Advance to Motor Vehicle Fund	4,560,222
Advance to Information Technology Fund	1,084,601
Inventory and Prepaid	405,400
	<u>\$ 10,982,077</u>

The General Fund had Committed fund balances of \$17,548,538 as of June 30, 2014. 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. This is equal to 7.5% of \$178,449,108 - fiscal year 2015 expenditures budgeted as of the end of June 30, 2014. The County’s Committed fund balance detail is as follows:

Committed	
Reserve for Contingencies (Rainy Day)	\$ 13,383,683
Fund Balance Appropriation FY2015	4,164,855
	<u>\$ 17,548,538</u>

The General Fund had Assigned fund balances of \$4,055,000 as of June 30, 2014. The Assigned amounts include amounts budgeted for General Fund transfers to capital projects (pay as you go) in the next fiscal year as well as an amount related to a state and local income tax issue that is under consider by Maryland courts. The Assigned fund balance detail is as follows:

Assigned		
County pay as you go funding FY2015		\$ 555,000
Income Tax Refunds - Wynne Case		<u>3,500,000</u>
		<u>\$ 4,055,000</u>

Other Funds

The restricted fund balances for all special revenue funds amounted to \$5,533,293 and are intended to be used for subsequent years' expenditures for various grants and activities. The \$28,373,674 restricted funds for all capital projects are bond funds intended to be used for on-going capital projects. The balances as of June 30, 2014 consist of the following:

Major Fund	Housing	Restricted	\$ 833,036
Major Fund	Casino Local Impact	Restricted	2,650,007
Major Fund	General Capital Projects	Restricted	28,373,674
Non-Major Funds	Other Governmental	Restricted	<u>6,232,561</u>
			<u>\$ 38,089,278</u>

The committed fund balances for all capital funds amounted to \$482,681 and are intended to be used for on-going capital projects. These balances as of June 30, 2014 consist of the following:

Major Fund	General Capital Projects	Committed	<u>\$ 482,681</u>
			<u>\$ 482,681</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 \$100,000 per plan year. During the fiscal year ended June 30, 2014, the County incurred a series of claims that exceeded the stop loss limit. The County received reimbursement for these claims and the fund finished the year with a fund balance above the amount required by the funds' fund balance policy.

The liability for Health Insurance Fund claims of \$1,720,117 was based on standard insurance industry practices for estimating claims for insured losses incurred but not reported by June 30, 2014. 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>
2012-2013	\$ 1,113,834	\$ 8,559,188	\$ (8,292,272)	\$ 1,380,750
2013-2014	1,380,750	10,231,503	(9,892,136)	1,720,117

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 \$3,870,000 is based on standard insurance industry practices for estimating claims for insured losses incurred but not reported by June 30, 2014.

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>
2012-2013	\$ 1,694,711	\$ 2,764,736	\$ (1,731,865)	\$ 2,727,582
2013-2014	2,727,582	3,257,324	(2,114,906)	3,870,000

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, 2014. Funding for the year ending June 30, 2015, is estimated to be \$8,320,684. 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, 2014, such funding amounted to \$69,730,403 and is estimated to be \$72,170,967 for the year ending June 30, 2015.

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, 2014, there were 247 active Plan members, 66 retirees receiving benefits, 1 disabled beneficiary receiving benefits and 21 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 Human Resources, 200 Chesapeake Blvd. Elkton, MD 21921.

Summary of significant accounting policies – basis of accounting and valuation of investments.

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 20.08% of covered payroll.

Annual Pension Cost. For the fiscal year ended June 30, 2014, the County’s annual contribution to the PPPSE was \$2,267,679 and equaled its required contribution. The required contribution to the Public Safety Plan was determined as part of the July 1, 2013, 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) rates of mortality rates vary by participant age and service. For healthy participants and beneficiaries, the RFP-2000 Combined Healthy tables with the Blue Collar adjustment and generational; projection by Scale AA. For disabled participants, the PBGC Disabled Life Mortality Tables (III & IV); (f) the amortization period is 18 years for the original unfunded liability, 23 years for Plan change, 15 years for assumption change and 15 years for actuarial gains and losses. The equivalent single amortization period is 15.80.

Three Year Historical Trend Information for the PPPSE System is as follows:

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of ARC Covered</u>
2012	\$ 2,220,158	100%
2013	2,173,305	100%
2014	2,267,679	100%

The funded status of the PPPSE plan as of June 30, 2013, the most recent valuation date, is as follows:

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)
2013	\$ 31,497,378	\$ 43,650,412	\$ 12,153,034	72.2%	\$ 10,967,011	110.8%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits. The Schedule of Funding Progress also discloses the relationship between the systems covered payroll and the unfunded actuarial accrued liability. This relationship, expressed as a ratio, is a measure of the significance of the unfunded AAL relative to the capacity to pay all contributions required to fund the liability.

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 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, 2014, 2013, and 2012, were \$ 2,280,940, \$1,421,618 and \$1,694,199 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, 2014, was equal to the required and actual contributions as follows:

	<u>MSRPS</u>	<u>Public Safety</u>	<u>Total</u>
Primary Government	\$ 2,280,940	\$ 2,267,679	\$ 4,548,619
Component Units			
Board of Education	16,100,939	-	16,100,939
Community College	469,254	-	469,254
Public Library	407,646	-	407,646
Total	<u>\$ 19,258,779</u>	<u>\$ 2,267,679</u>	<u>\$ 21,526,458</u>

B. 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 \$6,472,463 in 2014.

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 February 14, 2013 the date of the last actuarial valuation, approximately 95 retirees and their beneficiaries were receiving benefits, and an estimated 666 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.

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 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 the Annual Required Contribution (ARC) in the amount of \$970,000.

C. Annual OPEB Cost and Net OPEB Obligation

An actuarial study was prepared calculating the postemployment healthcare cost as of July 1, 2013. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability (“UAAL”) at \$7,648,000 and the Annual Required Contribution (“ARC”) of \$970,000. 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 25 years. This ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus any unfunded liability amortized over a period not to exceed thirty years. The 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, 2014:

Annual Required Contribution (ARC)	\$ 970,000
Interest on Net OPEB Obligation	(70,000)
Adjustment to the ARC	<u>59,000</u>
Annual OPEB Cost (Expenses)	959,000
Payments to retirees from General Fund	(480,650)
Contributions made	<u>(478,350)</u>
Increase in Net OPEB Obligation	-
Net OPEB obligation (asset) - beginning of year	<u>(1,003,488)</u>
Net OPEB obligation (asset) - end of year	<u>\$ (1,003,488)</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2014, were as follows:

<u>Fiscal Years Ended June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Covered</u>	<u>Net OPEB Obligation (Asset)</u>
2012	\$ 915,000	100%	\$ (1,003,488)
2013	920,000	100%	(1,003,488)
2014	959,000	100%	(1,003,488)

D. Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$10,883,000. The County fully funded the annual required contribution (ARC). As of June 30, 2014, there is \$4,310,910 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 annual required 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)
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%

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and Plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the July 1, 2013 actuarial valuation, the cost method used was the projected unit credit, with linear proration to assumed benefit commencement. The Society of Actuaries (SOA) Long Term Medical Trend model is used to develop the medical trend assumption; among the variables used in this model is a rate of inflation of 2.5%. Based on the SOA model, the initial medical trend rate is 9% decreasing gradually to 4.24% in 2111. The actuarial assumptions included a 7.0 percent rate of return and a 4.0% annual projected salary increase. The UAAL is being amortized over 25 years based on a level percentage of projected payroll.

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, 566 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. During fiscal year 2014, \$6,879,354 was recorded for current post-retirement health care costs.

REQUIRED SUPPLEMENTARY INFORMATION

The following schedule presents the County's actuarially determined funding progress for the Cecil County Pension Plan for Public Safety Employees.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date July 1	Actuarial Value of Assets (a)	Actuarial 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)
2002	\$ 4,930,633	\$ 12,312,475	\$7,381,842	40.0%	\$ 6,089,345	121.2%
2003	6,783,242	14,038,972	7,255,730	48.3%	6,426,628	112.9%
2004	8,665,871	16,498,936	7,833,065	52.5%	7,061,252	110.9%
2005	10,717,426	18,301,914	7,584,488	58.6%	7,249,072	104.6%
2006	12,928,657	21,635,271	8,706,614	59.8%	7,827,147	111.2%
2007*	15,442,512	26,337,765	10,895,253	58.6%	8,894,702	122.5%
2009**	19,775,437	31,813,317	12,037,880	62.2%	10,405,176	115.7%
2011	24,993,398	37,691,735	12,698,337	66.3%	10,439,660	121.6%
2013	31,497,378	43,650,412	12,153,034	72.2%	10,967,011	110.8%

* Reflects changes in Plan actuarial assumptions.

** Actuarial report is completed every two years.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Years Ended June 30	Annual Required Contribution	Percentage of ARC Covered	Net Pension Obligation
2012	2,220,158	100%	-
2013	2,173,305	100%	-
2013	2,267,679	100%	-

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

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)
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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	OPEB Cost (AOC)	Percentage of AOC Covered	Net Pension Obligation *
2012	931,000	100%	(1,003,488)
2013	920,000	100%	(1,003,488)
2013	959,000	100%	(1,003,488)

* 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 Parks & Recreation Adds Something to Life !



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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues				
Property Taxes	\$ 101,764,411	\$ 101,764,411	\$ 103,365,003	\$ 1,600,592
Income Taxes	52,139,853	52,139,853	50,800,381	(1,339,472)
Licenses and Permits	1,412,225	1,450,265	1,682,772	232,507
Intergovernmental	6,476,207	6,871,034	5,778,847	(1,092,187)
Charges for Services	6,916,253	6,953,253	6,710,776	(242,477)
Investment Earnings	250,000	250,000	195,853	(54,147)
Contributions & Other Revenues	-	-	4,516	4,516
Total Revenues	<u>168,958,949</u>	<u>169,428,816</u>	<u>168,538,148</u>	<u>(890,668)</u>
Other Financing Sources				
Proceeds from Capital Asset Disposal			440,893	440,893
Transfers in from Other Funds	1,225,000	1,225,000	1,225,000	-
Total Other Financing Sources	<u>1,225,000</u>	<u>1,225,000</u>	<u>1,665,893</u>	<u>440,893</u>
Total Revenues and Other Financing Sources	<u>\$ 170,183,949</u>	<u>\$ 170,653,816</u>	<u>\$ 170,204,041</u>	<u>\$ (449,775)</u>
Expenditures				
General Government				
County Executive	\$ 179,661	\$ 183,156	\$ 180,630	\$ 2,526
County Council	562,194	576,172	364,060	212,112
Office of Administrator	327,215	359,687	322,468	37,219
County Attorney & Legal	277,875	277,875	153,904	123,971
Human Resources	1,039,259	1,107,589	1,061,535	46,054
Finance Department	2,727,919	3,089,638	3,080,206	9,432
Information Systems	1,591,974	-	-	-
Circuit Court	2,157,547	2,326,765	2,239,332	87,433
Orphans Court	21,807	27,049	26,209	840
Board of Elections	748,144	748,144	511,250	236,894
Liquor Board Licensing	204,020	214,503	199,358	15,145
Planning and Zoning	1,184,038	1,140,457	1,056,779	83,678
Building Maintenance	1,855,063	1,912,954	1,892,912	20,042
Total General Government	<u>12,876,716</u>	<u>11,963,989</u>	<u>11,088,643</u>	<u>875,346</u>
Highways, Streets, and Bridges				
Public Works - Administration	2,932,257	2,780,935	2,657,680	123,255
Public Works - Roads Administration	3,609,732	4,059,846	4,183,939	(124,093)
Public Works - Roads Maintenance	3,747,215	4,389,971	4,289,855	100,116
Total Highways, Streets, and Bridges	<u>10,289,204</u>	<u>11,230,752</u>	<u>11,131,474</u>	<u>99,278</u>
Recreation and Culture				
Board of Parks	1,101,509	1,138,186	938,921	199,265
Building Maintenance	56,070	56,070	51,461	4,609
Total Recreation and Culture	<u>\$ 1,157,579</u>	<u>\$ 1,194,256</u>	<u>\$ 990,382</u>	<u>\$ 203,874</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Expenditures (Continued)				
Public Safety				
Sheriff's Office - Law Enforcement	\$ 9,198,061	\$ 9,577,427	\$ 9,827,971	\$ (250,544)
Sheriff's Office - Special Assignments	264,000	264,000	324,657	(60,657)
Sheriff's Office - Detention Center	7,129,649	7,368,308	7,650,724	(282,416)
Sheriff's Office - Work Release Program	<u>2,125,638</u>	<u>2,179,008</u>	<u>2,181,628</u>	<u>(2,620)</u>
Sheriff's Office - Department Total	18,717,348	19,388,743	19,984,980	(596,237)
State's Attorney's Office	1,896,042	1,934,480	1,995,788	(61,308)
Emergency Management	8,155,670	8,522,362	7,826,900	695,462
Volunteer Fire Departments	3,815,529	3,815,529	3,853,271	(37,742)
Permits and Licenses	913,544	943,215	823,817	119,398
Animal Control	720,000	720,000	720,000	-
Building Maintenance	<u>1,696,363</u>	<u>1,672,491</u>	<u>1,679,570</u>	<u>(7,079)</u>
Total Public Safety	<u>35,914,496</u>	<u>36,996,820</u>	<u>36,884,326</u>	<u>112,494</u>
Health and Welfare				
Health Department	2,885,519	2,885,519	2,887,562	(2,043)
Social Services	1,356,976	1,410,640	1,315,871	94,769
Domestic Violence	1,001,617	1,082,876	1,003,366	79,510
Non-Profit Agencies	250,764	255,343	251,280	4,063
Building Maintenance	<u>130,291</u>	<u>132,965</u>	<u>134,552</u>	<u>(1,587)</u>
Total Health and Welfare	<u>5,625,167</u>	<u>5,767,343</u>	<u>5,592,631</u>	<u>174,712</u>
Education				
Cecil County Board of Education	74,356,292	74,706,292	74,644,879	61,413
Cecil Community College	<u>8,243,221</u>	<u>8,243,221</u>	<u>8,243,221</u>	<u>-</u>
Total Education	<u>82,599,513</u>	<u>82,949,513</u>	<u>82,888,100</u>	<u>61,413</u>
Public Libraries	<u>4,583,920</u>	<u>4,583,920</u>	<u>4,417,020</u>	<u>166,900</u>
Economic Development	<u>987,431</u>	<u>1,020,535</u>	<u>970,543</u>	<u>49,992</u>
Agriculture	<u>595,495</u>	<u>604,231</u>	<u>592,905</u>	<u>11,326</u>
Municipalities	<u>664,218</u>	<u>664,218</u>	<u>664,218</u>	<u>-</u>
Total Expenditures	<u>155,293,739</u>	<u>156,975,577</u>	<u>155,220,242</u>	<u>1,755,335</u>
Other Financing Uses				
Transfers to Special Revenue Funds	1,157,503	1,167,091	1,253,048	(85,957)
Transfers to Debt Service Fund	14,807,530	14,807,530	14,717,104	90,426
Transfers to Capital Projects Funds	<u>2,274,000</u>	<u>4,348,730</u>	<u>4,323,437</u>	<u>25,293</u>
Total Other Financing Uses	<u>18,239,033</u>	<u>20,323,351</u>	<u>20,293,589</u>	<u>29,762</u>
Total Expenditures and Other Financing Uses	<u>\$ 173,532,772</u>	<u>\$ 177,298,928</u>	<u>\$ 175,513,831</u>	<u>\$ 1,785,097</u>

CECIL COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS			
Cash (Note 3)	\$ -	\$ 4,182,260	\$ 4,182,260
Receivables, Net (Note 4)	166,292	51	166,343
Due from Other Governments	737,505	-	737,505
Restricted Assets: Cash and Investments (Note 3)	<u>2,013,943</u>	<u>-</u>	<u>2,013,943</u>
Total Assets	<u>\$ 2,917,740</u>	<u>\$ 4,182,311</u>	<u>\$ 7,100,051</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 319,007	\$ -	\$ 319,007
Salaries and Benefits Payable	65,510	-	65,510
Due to Other Funds	454,793	-	454,793
Deferred Revenue	28,080	-	28,080
Other Liabilities	<u>100</u>	<u>-</u>	<u>100</u>
Total Liabilities	<u>867,490</u>	<u>-</u>	<u>867,490</u>
Fund Balances:			
Restricted	<u>2,050,250</u>	<u>4,182,311</u>	<u>6,232,561</u>
Total Fund Balances	<u>2,050,250</u>	<u>4,182,311</u>	<u>6,232,561</u>
Total Liabilities and Fund Balances	<u>\$ 2,917,740</u>	<u>\$ 4,182,311</u>	<u>\$ 7,100,051</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

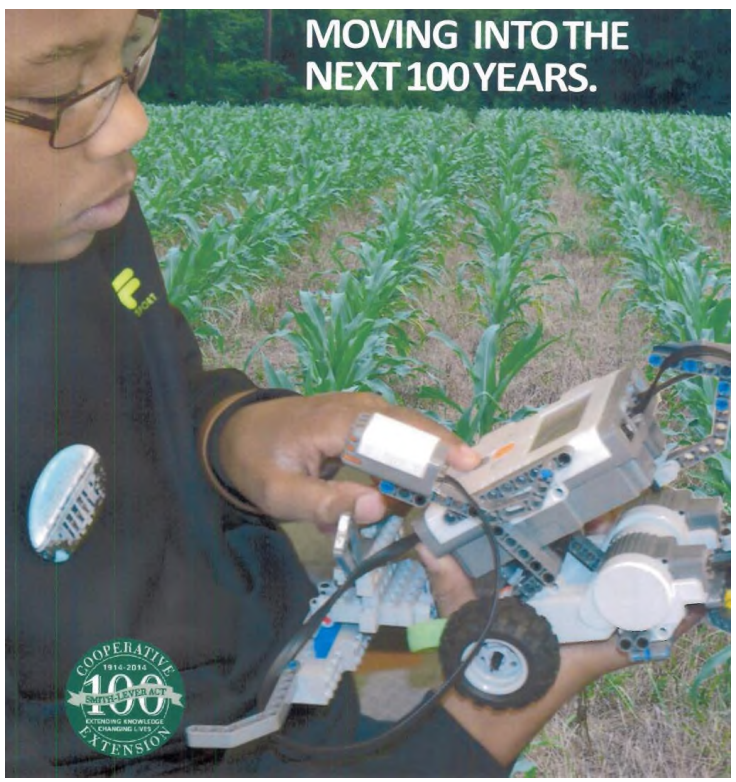
	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Special Assessments	\$ -	\$ 6,140	\$ 6,140
Intergovernmental	1,744,438	-	1,744,438
Charges for Services	377,374	-	377,374
Investment Earnings	5,615	-	5,615
Contributions & Other Revenues	720,000	-	720,000
Total Revenues	<u>2,847,427</u>	<u>6,140</u>	<u>2,853,567</u>
EXPENDITURES			
Current:			
Public Safety	30,507	-	30,507
Health and Welfare	3,352,024	-	3,352,024
Agriculture	1,504,703	-	1,504,703
Debt Service:			
Principal	-	9,858,406	9,858,406
Interest and Fiscal Charges	-	4,851,033	4,851,033
Total Expenditures	<u>4,887,234</u>	<u>14,709,439</u>	<u>19,596,673</u>
Deficiency of Revenues (Under) Expenditures	<u>(2,039,807)</u>	<u>(14,703,299)</u>	<u>(16,743,106)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	1,236,168	18,885,610	20,121,778
Total Other Financing Sources	<u>1,236,168</u>	<u>18,885,610</u>	<u>20,121,778</u>
Net Change in Fund Balances	(803,639)	4,182,311	3,378,672
Fund Balances - Beginning	<u>2,853,889</u>	<u>-</u>	<u>2,853,889</u>
Fund Balances - Ending	<u>\$ 2,050,250</u>	<u>\$ 4,182,311</u>	<u>\$ 6,232,561</u>



UNIVERSITY OF MARYLAND EXTENSION **Early Extension Ag Agents Working with Farmers**



University of Maryland Extension Agriculture Agents Have Been Helping Cecil County Farmers For Many Years



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 Public Safety Fund - This fund is used to account for federal funds legally restricted to specific public safety 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.

Senior Services & Community Transit 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, 2014

	<u>Other Public Safety</u>	<u>Agricultural Land Preservation</u>	<u>Senior Services & Community Transit</u>	<u>Economic Development Revolving Loan Fund</u>	<u>Total</u>
ASSETS					
Receivables, Net:					
Accounts	\$ -	\$ -	\$ 1,843	\$ -	\$ 1,843
Interest	-	-	-	200	200
Notes	-	-	-	164,249	164,249
Due from Other Governments	-	-	737,505	-	737,505
Restricted Assets: Cash and Investments	<u>23,251</u>	<u>1,181,850</u>	<u>-</u>	<u>808,842</u>	<u>2,013,943</u>
Total Assets	<u>\$ 23,251</u>	<u>\$ 1,181,850</u>	<u>\$ 739,348</u>	<u>\$ 973,291</u>	<u>\$ 2,917,740</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ 42,055	\$ 276,952	\$ -	\$ 319,007
Salaries and Benefits Payable	-	-	65,510	-	65,510
Due to Other Funds	-	-	356,963	97,830	454,793
Deferred Revenue	10,565	-	17,515	-	28,080
Other Liabilities	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
Total Liabilities	<u>10,565</u>	<u>42,055</u>	<u>717,040</u>	<u>97,830</u>	<u>867,490</u>
Fund Balances:					
Restricted	<u>12,686</u>	<u>1,139,795</u>	<u>22,308</u>	<u>875,461</u>	<u>2,050,250</u>
Total Fund Balances	<u>12,686</u>	<u>1,139,795</u>	<u>22,308</u>	<u>875,461</u>	<u>2,050,250</u>
Total Liabilities and Fund Balances	<u>\$ 23,251</u>	<u>\$ 1,181,850</u>	<u>\$ 739,348</u>	<u>\$ 973,291</u>	<u>\$ 2,917,740</u>

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, 2014**

	<u>Other Public Safety</u>	<u>Agricultural Land Preservation</u>	<u>Senior Services & Community Transit</u>	<u>Economic Development Revolving Loan Fund</u>	<u>Total</u>
REVENUES					
Intergovernmental	\$ (8,575)	\$ 14,053	\$ 1,738,960	\$ -	\$ 1,744,438
Charges for Services	-	-	377,374	-	377,374
Investment Earnings	-	-	-	5,615	5,615
Contributions & Other Revenues	-	720,000	-	-	720,000
Total Revenues	<u>(8,575)</u>	<u>734,053</u>	<u>2,116,334</u>	<u>5,615</u>	<u>2,847,427</u>
EXPENDITURES					
Current:					
Public Safety	30,507	-	-	-	30,507
Health and Welfare	-	-	3,352,024	-	3,352,024
Agriculture	-	1,504,703	-	-	1,504,703
Total Expenditures	<u>30,507</u>	<u>1,504,703</u>	<u>3,352,024</u>	<u>-</u>	<u>4,887,234</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(39,082)</u>	<u>(770,650)</u>	<u>(1,235,690)</u>	<u>5,615</u>	<u>(2,039,807)</u>
OTHER FINANCING SOURCES					
Transfers In	254	-	1,235,914	-	1,236,168
Total Other Financing Sources	<u>254</u>	<u>-</u>	<u>1,235,914</u>	<u>-</u>	<u>1,236,168</u>
Net Change in Fund Balances	<u>(38,828)</u>	<u>(770,650)</u>	<u>224</u>	<u>5,615</u>	<u>(803,639)</u>
Fund Balances - Beginning	<u>51,514</u>	<u>1,910,445</u>	<u>22,084</u>	<u>869,846</u>	<u>2,853,889</u>
Fund Balances - Ending	<u>\$ 12,686</u>	<u>\$ 1,139,795</u>	<u>\$ 22,308</u>	<u>\$ 875,461</u>	<u>\$ 2,050,250</u>

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

OTHER PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ (8,575)	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>(8,575)</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	-	30,507	30,507	-
Total Expenditures	<u>-</u>	<u>30,507</u>	<u>30,507</u>	<u>-</u>
Deficiency of Revenues (Under) Expenditures	<u>-</u>	<u>(30,507)</u>	<u>(39,082)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	254	254
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>254</u>	<u>254</u>
Net Change in Fund Balance	-	(30,507)	(38,828)	254
Fund Balance - Beginning	<u>51,514</u>	<u>51,514</u>	<u>51,514</u>	<u>254</u>
Fund Balance - Ending	<u>\$ 51,514</u>	<u>\$ 21,007</u>	<u>\$ 12,686</u>	<u>\$ 508</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 14,053	\$ 14,053
Contributions & Other Revenues	-	-	720,000	720,000
Total Revenues	<u>-</u>	<u>-</u>	<u>734,053</u>	<u>734,053</u>
EXPENDITURES				
Current:				
Agriculture	<u>305,746</u>	<u>1,910,445</u>	<u>1,504,703</u>	<u>405,742</u>
Total Expenditures	<u>305,746</u>	<u>1,910,445</u>	<u>1,504,703</u>	<u>405,742</u>
Deficiency of Revenues (Under) Expenditures	<u>(305,746)</u>	<u>(1,910,445)</u>	<u>(770,650)</u>	<u>1,139,795</u>
Net Change in Fund Balance	(305,746)	(1,910,445)	(770,650)	1,139,795
Fund Balance - Beginning	<u>1,910,445</u>	<u>1,910,445</u>	<u>1,910,445</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,604,699</u>	<u>\$ -</u>	<u>\$ 1,139,795</u>	<u>\$ 1,139,795</u>

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

SENIOR SERVICES & COMMUNITY TRANSIT
FOR THE YEAR ENDED JUNE 30, 2014

	<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>		
REVENUES				
Intergovernmental	\$ 1,799,494	\$ 2,205,493	\$ 1,738,960	\$ (466,533)
Charges for Services	<u>335,830</u>	<u>335,830</u>	<u>377,374</u>	<u>41,544</u>
Total Revenues	<u>2,135,324</u>	<u>2,541,323</u>	<u>2,116,334</u>	<u>(424,989)</u>
EXPENDITURES				
Current:				
Health and Welfare	<u>3,266,382</u>	<u>3,691,309</u>	<u>3,352,024</u>	<u>339,285</u>
Total Expenditures	<u>3,266,382</u>	<u>3,691,309</u>	<u>3,352,024</u>	<u>339,285</u>
Deficiency of Revenues (Under) Expenditures	<u>(1,131,058)</u>	<u>(1,149,986)</u>	<u>(1,235,690)</u>	<u>(85,704)</u>
OTHER FINANCING SOURCES				
Transfers In	<u>1,131,058</u>	<u>1,149,986</u>	<u>1,235,914</u>	<u>85,928</u>
Total Other Financing Sources	<u>1,131,058</u>	<u>1,149,986</u>	<u>1,235,914</u>	<u>85,928</u>
Net Change in Fund Balance	-	-	224	-
Fund Balance - Beginning	<u>22,084</u>	<u>22,084</u>	<u>22,084</u>	-
Fund Balance - Ending	<u>\$ 22,084</u>	<u>\$ 22,084</u>	<u>\$ 22,308</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, 2014

	<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>		
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 5,615	\$ 5,615
Total Revenues	<u>-</u>	<u>-</u>	<u>5,615</u>	<u>5,615</u>
EXPENDITURES				
Current:				
Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>5,615</u>	<u>5,615</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>5,615</u>	<u>5,615</u>
Fund Balance - Beginning	<u>869,846</u>	<u>869,846</u>	<u>869,846</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 869,846</u>	<u>\$ 869,846</u>	<u>\$ 875,461</u>	<u>\$ 5,615</u>

Cecil County Rebuilds Infrastructure to Meet its Citizens 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, 2014

ASSETS	
Cash	\$ 4,182,260
Receivables, Net	<u>51</u>
Total Assets	<u>\$ 4,182,311</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ <u>-</u>
Total Liabilities	<u>-</u>
 Fund Balance:	
Restricted	<u>4,182,311</u>
Total Fund Balances	<u>4,182,311</u>
 Total Liabilities and Fund Balance	 <u>\$ 4,182,311</u>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Special Assessments	\$ 6,140	\$ 6,140	\$ 6,140	\$ -
Total Revenues	<u>6,140</u>	<u>6,140</u>	<u>6,140</u>	<u>-</u>
EXPENDITURES				
Debt Service:				
Principal	9,848,407	9,848,407	9,858,406	(9,999)
Interest & Fiscal Charges	<u>4,965,263</u>	<u>4,965,263</u>	<u>4,851,033</u>	<u>114,230</u>
Total Expenditures	<u>14,813,670</u>	<u>14,813,670</u>	<u>14,709,439</u>	<u>104,231</u>
Deficiency of Revenues				
(Under) Expenditures	<u>(14,807,530)</u>	<u>(14,807,530)</u>	<u>(14,703,299)</u>	<u>104,231</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>14,807,530</u>	<u>14,807,530</u>	<u>18,885,610</u>	<u>4,078,080</u>
Total Other Financing Sources	<u>14,807,530</u>	<u>14,807,530</u>	<u>18,885,610</u>	<u>4,078,080</u>
Net Change in Fund Balance	-	-	4,182,311	4,182,311
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,182,311</u>	<u>\$ 4,182,311</u>

Cecil County's Internal Service Funds



HEALTH MANAGEMENT PROGRAM

Employee Health Care

Information Technology Services



Motor Vehicle & Major Equipment

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, 2014

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Information Technology</u>	<u>Motor Vehicle</u>	<u>Total Internal Service Funds</u>
ASSETS					
Current Assets:					
Cash and Cash Equivalents (Note 3)	\$ 4,084,019	\$ -	\$ -	\$ -	\$4,084,019
Investments (Note 3)	1,070,558	3,264,964	-	-	4,335,522
Receivables, Net:					
Accounts	97,995	733,097	-	-	831,092
Other	-	-	-	205,174	205,174
Due from Other Governments	-	-	880,008	147,252	1,027,260
Inventory	-	-	-	82,012	82,012
Prepaid Items & Other Assets	280,140	75,000	-	-	355,140
Restricted Assets					
Cash & Investments (Note 3)	-	-	1,414,060	-	1,414,060
Total Current Assets	<u>5,532,712</u>	<u>4,073,061</u>	<u>2,294,068</u>	<u>434,438</u>	<u>12,334,279</u>
Non-Current Assets:					
Capital Assets, Net:					
Construction In Progress	-	-	1,282,050	-	1,282,050
Vehicles	-	-	-	7,934,580	7,934,580
Buildings	-	-	-	200,548	200,548
Machinery & Equipment	-	-	244,726	4,007	248,733
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>1,526,776</u>	<u>8,139,135</u>	<u>9,665,911</u>
Total Assets	<u>5,532,712</u>	<u>4,073,061</u>	<u>3,820,844</u>	<u>8,573,573</u>	<u>22,000,190</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	5,574	40,652	291,304	492,834	830,364
Salary & Benefits Payable	-	-	26,149	-	26,149
Accrued Expenses	1,720,117	3,870,000	-	-	5,590,117
Unearned Revenue (Note 11)	34	-	-	3,081,603	3,081,637
Bonds Payable	-	-	74,485	-	74,485
Compensated Absences	-	-	25,875	-	25,875
Total Current Liabilities	<u>1,725,725</u>	<u>3,910,652</u>	<u>417,813</u>	<u>3,574,437</u>	<u>9,628,627</u>
Non-Current Liabilities:					
Bonds Payable	-	-	1,425,515	-	1,425,515
Advances from Other Funds (Note 7)	-	-	1,084,601	4,560,222	5,644,823
Compensated Absences	-	-	12,937	-	12,937
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>2,523,053</u>	<u>4,560,222</u>	<u>7,083,275</u>
Total Liabilities	<u>1,725,725</u>	<u>3,910,652</u>	<u>2,940,866</u>	<u>8,134,659</u>	<u>16,711,902</u>
NET POSITION					
Net Invested in Capital Assets	-	-	1,440,836	8,139,135	9,579,971
Unrestricted (Deficit)	3,806,987	162,409	(560,858)	(7,700,221)	(4,291,683)
Total Net Position	<u>\$ 3,806,987</u>	<u>\$ 162,409</u>	<u>\$ 879,978</u>	<u>\$ 438,914</u>	<u>\$ 5,288,288</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Information Technology</u>	<u>Motor Vehicle</u>	<u>Total Internal Service Funds</u>
Operating Revenues:					
Charges for Services	\$ 8,470,271	\$ 2,163,170	\$ 1,698,395	\$ 3,747,688	\$16,079,524
Operating Expenses:					
Benefit Payments	9,892,136	2,114,906	-	-	12,007,042
Salaries and Related	-	-	808,781	-	808,781
Materials, Supplies, and Services	1,469,260	55,560	865,930	2,081,625	4,472,375
Depreciation	-	-	23,684	1,975,421	1,999,105
Total Operating Expenses	<u>11,361,396</u>	<u>2,170,466</u>	<u>1,698,395</u>	<u>4,057,046</u>	<u>19,287,303</u>
Operating (Loss)	<u>(2,891,125)</u>	<u>(7,296)</u>	<u>-</u>	<u>(309,358)</u>	<u>(3,207,779)</u>
Non-Operating Revenues					
Investment Earnings	25,776	8,382	-	-	34,158
Gain on Fixed Asset Disposals	-	-	-	276,909	276,909
Total Non-Operating Revenues	<u>25,776</u>	<u>8,382</u>	<u>-</u>	<u>276,909</u>	<u>311,067</u>
Income Before					
Contributions and Transfers	(2,865,349)	1,086	-	(32,449)	(2,896,712)
Capital Contributions and Transfers:					
Intergovernmental Grants	-	-	879,978	471,363	1,351,341
Change in Net Position	(2,865,349)	1,086	879,978	438,914	(1,545,371)
Net Position - Beginning	<u>6,672,336</u>	<u>161,323</u>	<u>-</u>	<u>-</u>	<u>6,833,659</u>
Net Position - Ending	<u>\$ 3,806,987</u>	<u>\$ 162,409</u>	<u>\$ 879,978</u>	<u>\$ 438,914</u>	<u>\$ 5,288,288</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Information Technology</u>	<u>Motor Vehicle</u>	<u>Total Internal Service Funds</u>
Cash Flows From Operating Activities:					
Receipts from Service Charges & Insured	\$ 8,388,909	\$ 1,430,073	\$ 818,387	\$ 6,476,866	\$17,114,235
Payments to Suppliers and Providers	(10,933,327)	(1,010,333)	(743,820)	(1,788,842)	(14,476,322)
Payments to Employees	-	-	(574,626)	-	(574,626)
Net Cash Provided by Operating Activities	<u>(2,544,418)</u>	<u>419,740</u>	<u>(500,059)</u>	<u>4,688,024</u>	<u>2,063,287</u>
Cash Flows From Non-Capital Financing Activities:					
Advances from Other Funds	-	-	1,084,601	4,459,618	5,544,219
Cash Flows From Non-Capital Financing Activities:	<u>-</u>	<u>-</u>	<u>1,084,601</u>	<u>4,459,618</u>	<u>5,544,219</u>
Cash Flows From Capital and Related Financing Activities:					
Acquisition of Capital Assets	-	-	(1,550,460)	(10,072,023)	(11,622,483)
Proceeds from Bonds Issued	-	-	1,500,000	-	1,500,000
Proceeds from Capital Grants Received	-	-	879,978	471,363	1,351,341
Proceeds from Sale of Capital Assets	-	-	-	453,018	453,018
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>829,518</u>	<u>(9,147,642)</u>	<u>(8,318,124)</u>
Cash Flows From Investing Activities:					
Interest on Investments	25,776	8,382	-	-	34,158
Net Cash Flows From Investment Activities	<u>25,776</u>	<u>8,382</u>	<u>-</u>	<u>-</u>	<u>34,158</u>
Net Increase in Cash and Cash Equivalents	(2,518,642)	428,122	1,414,060	-	(676,460)
Cash and Cash Equivalents - June 30, 2013	<u>7,673,219</u>	<u>2,836,842</u>	<u>-</u>	<u>-</u>	<u>10,510,061</u>
Cash and Cash Equivalents - June 30, 2014	<u>\$ 5,154,577</u>	<u>\$ 3,264,964</u>	<u>\$ 1,414,060</u>	<u>\$ -</u>	<u>\$ 9,833,601</u>
<small>(including \$1,414,060 reported in restricted accounts of the Information technology Fund.)</small>					
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (loss)	\$ (2,891,125)	\$ (7,296)	\$ -	\$ (309,358)	\$ (3,207,779)
Adjustments to Reconcile Operating Income to Net Cash provided by (Used in) Operating Activities:					
Depreciation	-	-	23,684	1,975,421	1,999,105
Effect of changes in Assets and Liabilities:					
Accounts Receivable	(43,841)	(733,097)	(880,008)	(352,425)	(2,009,371)
Inventory	86,629	-	-	(64,784)	21,845
Accounts Payable	2,074	17,715	291,304	357,567	668,660
Accrued Expenses	339,366	1,142,418	64,961	-	1,546,745
Unearned Revenue	(37,521)	-	-	3,081,603	3,044,082
Total Adjustments	<u>346,707</u>	<u>427,036</u>	<u>(500,059)</u>	<u>4,997,382</u>	<u>5,271,066</u>
Net Cash Provided by Operating Activities	<u>\$ (2,544,418)</u>	<u>\$ 419,740</u>	<u>\$ (500,059)</u>	<u>\$ 4,688,024</u>	<u>\$ 2,063,287</u>

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, 2014**

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
COLLECTIONS - STATE TAXES				
Assets				
Cash	\$ 392,313	\$ 11,673,987	\$ (11,985,280)	\$ 81,020
Accounts Receivable - Property Taxes	<u>9,667</u>	<u>25,066,236</u>	<u>(25,068,314)</u>	<u>7,589</u>
Total Assets	<u>\$ 401,980</u>	<u>\$ 36,740,223</u>	<u>\$ (37,053,594)</u>	<u>\$ 88,609</u>
Liabilities				
Due to Other Governments	\$ <u>401,980</u>	\$ <u>42,630,219</u>	\$ <u>(42,943,590)</u>	\$ <u>88,609</u>
Total Liabilities	<u>\$ 401,980</u>	<u>\$ 42,630,219</u>	<u>\$ (42,943,590)</u>	<u>\$ 88,609</u>
COLLECTIONS - STATE BAY RESTORATION FEE				
Assets				
Cash	\$ 462,246	\$ 2,226,102	\$ (2,097,202)	\$ 591,146
Accounts Receivable - Fees	<u>142,988</u>	<u>4,936,628</u>	<u>(4,933,848)</u>	<u>145,768</u>
Total Assets	<u>\$ 605,234</u>	<u>\$ 7,162,730</u>	<u>\$ (7,031,050)</u>	<u>\$ 736,914</u>
Liabilities				
Due to Other Governments	\$ <u>605,234</u>	\$ <u>6,287,885</u>	\$ <u>(6,156,205)</u>	\$ <u>736,914</u>
Total Liabilities	<u>\$ 605,234</u>	<u>\$ 6,287,885</u>	<u>\$ (6,156,205)</u>	<u>\$ 736,914</u>
COLLECTIONS - CECILTON				
Assets				
Cash	\$ 5,130	\$ 171,184	\$ (171,884)	\$ 4,430
Accounts Receivable - Fees & Taxes	<u>651</u>	<u>501,362</u>	<u>(502,005)</u>	<u>8</u>
Total Assets	<u>\$ 5,781</u>	<u>\$ 672,546</u>	<u>\$ (673,889)</u>	<u>\$ 4,438</u>
Liabilities				
Due to Other Governments	\$ <u>5,781</u>	\$ <u>748,331</u>	\$ <u>(749,674)</u>	\$ <u>4,438</u>
Total Liabilities	<u>\$ 5,781</u>	<u>\$ 748,331</u>	<u>\$ (749,674)</u>	<u>\$ 4,438</u>
COLLECTIONS - CHESAPEAKE CITY				
Assets				
Cash	\$ 9,186	\$ 437,422	\$ (444,311)	\$ 2,297
Accounts Receivable - Property Taxes	<u>3</u>	<u>1,194,101</u>	<u>(1,194,045)</u>	<u>59</u>
Total Assets	<u>\$ 9,189</u>	<u>\$ 1,631,523</u>	<u>\$ (1,638,356)</u>	<u>\$ 2,356</u>
Liabilities				
Due to Other Governments	\$ <u>9,189</u>	\$ <u>1,683,330</u>	\$ <u>(1,690,163)</u>	\$ <u>2,356</u>
Total Liabilities	<u>\$ 9,189</u>	<u>\$ 1,683,330</u>	<u>\$ (1,690,163)</u>	<u>\$ 2,356</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
COLLECTIONS - CHARLESTOWN				
Assets				
Cash	\$ 2,479	\$ 402,861	\$ (402,445)	\$ 2,895
Accounts Receivable - Property Taxes	<u>2,105</u>	<u>1,243,897</u>	<u>(1,244,223)</u>	<u>1,779</u>
Total Assets	<u>\$ 4,584</u>	<u>\$ 1,646,758</u>	<u>\$ (1,646,668)</u>	<u>\$ 4,674</u>
Liabilities				
Due to Other Governments	\$ <u>4,584</u>	\$ <u>1,634,891</u>	\$ <u>(1,634,801)</u>	\$ <u>4,674</u>
Total Liabilities	<u>\$ 4,584</u>	<u>\$ 1,634,891</u>	<u>\$ (1,634,801)</u>	<u>\$ 4,674</u>
COLLECTIONS - ELKTON				
Assets				
Cash	\$ 38,590	\$ 6,448,877	\$ (6,425,038)	\$ 62,429
Accounts Receivable - Property Taxes	<u>46,835</u>	<u>19,539,514</u>	<u>(19,569,947)</u>	<u>16,402</u>
Total Assets	<u>\$ 85,425</u>	<u>\$ 25,988,391</u>	<u>\$ (25,994,985)</u>	<u>\$ 78,831</u>
Liabilities				
Due to Other Governments	\$ <u>85,425</u>	\$ <u>25,719,682</u>	\$ <u>(25,726,276)</u>	\$ <u>78,831</u>
Total Liabilities	<u>\$ 85,425</u>	<u>\$ 25,719,682</u>	<u>\$ (25,726,276)</u>	<u>\$ 78,831</u>
COLLECTIONS - NORTH EAST				
Assets				
Cash	\$ 13,913	\$ 1,609,800	\$ (1,618,036)	\$ 5,677
Accounts Receivable - Fees & Taxes	<u>61</u>	<u>4,901,530</u>	<u>(4,896,528)</u>	<u>5,063</u>
Total Assets	<u>\$ 13,974</u>	<u>\$ 6,511,330</u>	<u>\$ (6,514,564)</u>	<u>\$ 10,740</u>
Liabilities				
Due to Other Governments	\$ <u>13,974</u>	\$ <u>6,788,617</u>	\$ <u>(6,791,851)</u>	\$ <u>10,740</u>
Total Liabilities	<u>\$ 13,974</u>	<u>\$ 6,788,617</u>	<u>\$ (6,791,851)</u>	<u>\$ 10,740</u>
COLLECTIONS - PORT DEPOSIT				
Assets				
Cash	\$ 11,490	\$ 414,183	\$ (407,243)	\$ 18,430
Accounts Receivable - Property Taxes	<u>10,146</u>	<u>1,216,533</u>	<u>(1,220,563)</u>	<u>6,116</u>
Total Assets	<u>\$ 21,636</u>	<u>\$ 1,630,716</u>	<u>\$ (1,627,806)</u>	<u>\$ 24,546</u>
Liabilities				
Due to Other Governments	\$ <u>21,636</u>	\$ <u>1,664,184</u>	\$ <u>(1,661,274)</u>	\$ <u>24,546</u>
Total Liabilities	<u>\$ 21,636</u>	<u>\$ 1,664,184</u>	<u>\$ (1,661,274)</u>	<u>\$ 24,546</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
COLLECTIONS - PERRYVILLE				
Assets				
Cash	\$ 19,326	\$ 1,418,202	\$ (1,410,499)	\$ 27,029
Accounts Receivable - Property Taxes	<u>(935)</u>	<u>4,329,580</u>	<u>(4,328,543)</u>	<u>102</u>
Total Assets	<u>\$ 18,391</u>	<u>\$ 5,747,782</u>	<u>\$ (5,739,042)</u>	<u>\$ 27,131</u>
Liabilities				
Due to Other Governments	\$ <u>18,391</u>	\$ <u>5,697,967</u>	\$ <u>(5,689,227)</u>	\$ <u>27,131</u>
Total Liabilities	<u>\$ 18,391</u>	<u>\$ 5,697,967</u>	<u>\$ (5,689,227)</u>	<u>\$ 27,131</u>
COLLECTIONS - RISING SUN				
Assets				
Cash	\$ 22,486	\$ 824,939	\$ (831,542)	\$ 15,883
Accounts Receivable - Property Taxes	<u>761</u>	<u>2,421,738</u>	<u>(2,422,487)</u>	<u>12</u>
Total Assets	<u>\$ 23,247</u>	<u>\$ 3,246,677</u>	<u>\$ (3,254,029)</u>	<u>\$ 15,895</u>
Liabilities				
Due to Other Governments	\$ <u>23,247</u>	\$ <u>3,209,850</u>	\$ <u>(3,217,202)</u>	\$ <u>15,895</u>
Total Liabilities	<u>\$ 23,247</u>	<u>\$ 3,209,850</u>	<u>\$ (3,217,202)</u>	<u>\$ 15,895</u>
TOTALS - ALL FUNDS				
Assets				
Cash	\$ 977,159	\$ 25,627,557	\$ (25,793,480)	\$ 811,236
Accounts Receivable - Fees & Taxes	<u>212,282</u>	<u>65,351,119</u>	<u>(65,380,503)</u>	<u>182,898</u>
Total Assets	<u>\$ 1,189,441</u>	<u>\$ 90,978,676</u>	<u>\$ (91,173,983)</u>	<u>\$ 994,134</u>
Liabilities				
Due to Other Governments	\$ <u>1,189,441</u>	\$ <u>96,064,956</u>	\$ <u>(96,260,263)</u>	\$ <u>994,134</u>
Total Liabilities	<u>\$ 1,189,441</u>	<u>\$ 96,064,956</u>	<u>\$ (96,260,263)</u>	<u>\$ 994,134</u>

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.

Contents	<u>Page</u>
Financial Trends - Tables I to IV	105
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity - Tables V to VIII	110
These schedules contain information to help the reader assess the County's most significant revenue source, the property tax	
Debt Capacity - Tables IX to XIII	114
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.	
Demographic and Economic Information - Tables XIV - XVI	118
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information - Tables XVII to XVIII	121
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.

2014 Cecil County 5th Annual Wade In



Public Works'
Wade In & Stream
Cleanups Promote
Environmental Awareness
And Education



Table I

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 77,792,074	\$ 87,707,104	\$ 109,193,073	\$ 118,947,569	\$ 121,977,339	\$ 116,206,965	\$ 144,335,428	\$ 131,319,211	\$ 157,253,521	\$ 166,819,030
Restricted	2,364,272	4,463,489	4,461,531	4,964,961	4,429,739	27,864,318	15,691,081	21,257,511	6,857,073	15,914,261
Unrestricted (Deficit)	<u>2,653,858</u>	<u>11,042,730</u>	<u>(12,806,585)</u>	<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>
Total Governmental Activities Net Position	<u>\$ 82,810,204</u>	<u>\$ 103,213,323</u>	<u>\$ 100,848,019</u>	<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>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 23,806,044	\$ 20,670,342	\$ 23,793,438	\$ 31,193,004	\$ 33,060,858	\$ 42,218,878	\$ 42,443,506	\$ 38,470,096	\$ 36,274,177	\$ 40,395,599
Restricted	3,884,856	929,726	923,596	728,355	8,603,936	19,166,532	9,715,314	4,748,159	-	-
Unrestricted	<u>1,284,677</u>	<u>10,017,900</u>	<u>7,598,950</u>	<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>
Total Business-type Activities Net Position	<u>\$ 28,975,577</u>	<u>\$ 31,617,968</u>	<u>\$ 32,315,984</u>	<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>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 101,598,118	\$ 108,377,446	\$ 132,986,511	\$ 150,140,573	\$ 155,038,197	\$ 158,425,843	\$ 186,778,934	\$ 169,789,307	\$ 193,527,698	\$ 207,214,629
Restricted	6,249,128	5,393,215	5,385,127	5,693,316	13,033,675	47,030,850	25,406,395	26,005,670	6,857,073	15,914,261
Unrestricted	<u>3,938,535</u>	<u>21,060,630</u>	<u>(5,207,635)</u>	<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>
Total Primary Government Net Position	<u>\$ 111,785,781</u>	<u>\$ 134,831,291</u>	<u>\$ 133,164,003</u>	<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>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 7,911,265	\$ 8,566,145	\$ 10,421,607	\$ 11,919,037	\$ 13,303,837	\$ 13,294,360	\$ 13,541,706	\$ 13,473,632	\$ 14,265,775	\$ 12,609,671
Public Safety	21,746,418	24,026,137	28,205,141	31,247,533	33,334,883	34,059,214	34,124,715	34,008,873	35,046,031	40,619,762
Highways, Streets, and Bridges	8,738,927	11,364,774	13,348,855	13,669,424	13,981,175	13,432,401	14,174,041	13,893,866	13,317,166	16,513,958
Health and Welfare	8,371,293	9,124,169	10,219,407	10,937,738	11,756,789	12,100,852	12,498,027	12,177,894	12,159,676	14,227,016
Recreation and Culture	249,125	199,476	340,882	665,321	880,408	1,008,810	983,512	1,020,488	1,091,711	1,291,050
Education	67,220,411	75,496,621	96,385,038	87,757,907	96,520,700	83,991,156	81,391,571	78,627,416	83,905,699	92,433,904
Public Libraries	2,051,254	2,986,777	3,876,453	5,056,857	4,681,578	4,613,704	4,599,509	4,480,298	4,318,158	4,576,546
Economic Development	680,716	959,773	1,181,638	1,130,391	1,214,647	1,100,961	960,743	1,589,105	1,500,430	2,703,849
Agriculture	433,684	464,606	2,386,359	2,184,443	2,131,412	1,230,023	546,120	551,134	1,241,922	2,115,454
Interest on Long-Term Debt	3,099,629	3,507,162	4,330,990	5,393,680	5,492,318	6,060,747	5,550,175	4,939,364	9,353,839	4,658,763
Total Governmental Activities Expenses	<u>120,502,722</u>	<u>136,695,640</u>	<u>170,696,370</u>	<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>
Business-Type Activities:										
Water	701,969	824,410	867,921	922,353	1,103,638	1,097,403	1,168,243	672,752	-	-
Wastewater	3,010,680	3,511,634	3,953,215	4,303,249	5,069,605	5,290,073	5,200,826	5,734,358	6,094,709	6,610,145
Landfill	4,023,981	4,065,771	4,631,952	4,473,534	4,830,035	6,165,937	5,538,979	6,180,447	6,504,396	8,276,214
Total Business-Type Activities Expenses	<u>7,736,630</u>	<u>8,401,815</u>	<u>9,453,088</u>	<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>
Total Primary Government Expenses	<u>\$ 128,239,352</u>	<u>\$ 145,097,455</u>	<u>\$ 180,149,458</u>	<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>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	\$ 676,773	\$ 1,212,604	\$ 1,092,989	\$ 1,214,042	\$ 1,163,371	\$ 5,319,506	\$ 5,420,162	\$ 4,572,364	\$ 6,781,040	\$ 5,902,590
Public Safety	3,035,119	2,836,791	2,598,355	2,317,402	2,136,375	2,102,300	2,038,347	2,114,895	2,178,875	1,891,611
Highways, Streets, and Bridges	596,892	658,621	1,206,587	511,444	376,370	404,378	311,194	236,162	289,249	375,530
Other Activities	89,478	165,935	240,852	229,465	322,033	388,457	449,605	515,874	628,754	621,065
Operating Grants and Contributions	13,288,383	15,645,620	16,731,002	22,453,267	17,265,269	12,792,599	15,499,994	17,745,716	14,400,458	14,555,600
Capital Grants and Contributions	5,439,960	4,582,308	3,224,095	1,183,860	3,150,745	1,518,598	7,248,329	12,722,681	3,272,737	3,827,146
Total Governmental Activities Revenues	<u>23,126,605</u>	<u>25,101,879</u>	<u>25,093,880</u>	<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>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-Type Activities:										
Charges for Services:										
Water	651,059	755,310	787,028	1,263,870	1,308,395	1,228,117	1,275,093	653,831	-	-
Wastewater	2,284,445	3,883,929	2,477,454	2,986,929	3,372,665	3,362,841	3,683,375	4,737,750	4,883,880	6,504,839
Landfill	5,458,626	5,596,761	5,410,707	5,356,985	4,556,694	4,566,354	5,275,317	5,191,842	5,294,063	5,903,453
Capital Grants and Contributions	1,561,561	747,580	1,373,258	4,803,214	2,964,543	1,901,600	645,117	1,710,837	2,869,610	3,210,932
Total Business-Type Activities Revenues	9,955,691	10,983,580	10,048,447	14,410,998	12,202,297	11,058,912	10,878,902	12,294,260	13,047,553	15,619,224
Total Primary Government Revenues	\$ 33,082,296	\$ 36,085,459	\$ 35,142,327	\$ 42,320,478	\$ 36,616,460	\$ 33,584,750	\$ 41,846,533	\$ 50,201,952	\$ 40,598,666	\$ 42,792,766
OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes										
Property Taxes	\$ 66,332,180	\$ 72,324,454	\$ 80,546,737	\$ 86,399,908	\$ 96,078,658	\$ 101,463,330	\$ 101,274,085	\$ 102,575,768	\$ 104,706,894	\$ 103,397,531
Income Taxes	40,319,985	46,103,323	46,864,546	50,565,845	49,358,649	45,825,168	49,000,281	47,342,973	46,755,227	48,064,353
Investment Earnings	1,291,934	3,203,450	5,159,287	3,800,175	2,054,515	969,436	571,783	334,147	270,374	236,961
Other Revenues including Capital Asset Sales Gains (Losses)	77,784	34,099	1,965,275	61,174	345,432	(2,514)	48,787	40,831	117,277	568,691
Grants, Entitlements, and Contributions not Restricted to Specific Programs	7,740,018	10,331,555	8,701,341	6,714,410	5,013,347	109,595	518,068	163,625	306,136	-
Total Governmental Activities	115,761,901	131,996,881	143,237,186	147,541,512	152,850,601	148,365,015	151,413,004	150,457,344	152,155,908	152,267,536
Business-Type Activities:										
Investment Earnings	31,364	48,257	63,057	147,605	87,616	23,167	32,233	13,410	57,916	13,270
Other Revenues including Capital Asset Sales Gains (Losses)	15,949	12,369	39,500	2,905,486	18,309	1,348	(229,120)	(470,940)	9,302	-
Total Business-Type Activities	47,313	60,626	102,557	3,053,091	105,925	24,515	(196,887)	(457,530)	67,218	13,270
Total Primary Government	\$ 115,809,214	\$ 132,057,507	\$ 143,339,743	\$ 150,594,603	\$ 152,956,526	\$ 148,389,530	\$ 151,216,117	\$ 149,999,814	\$ 152,223,126	\$ 152,280,806
CHANGE IN NET POSITION										
Governmental Activities	\$ 18,385,784	\$ 20,403,119	\$ (2,365,304)	\$ 5,488,661	\$ (6,032,983)	\$ (1,375)	\$ 14,010,516	\$ 23,602,966	\$ 3,506,614	\$ (12,308,895)
Business-Type Activities	2,266,374	2,642,391	697,916	7,764,953	1,304,944	(1,469,986)	(1,226,033)	(750,827)	515,666	746,135
Total Primary Government	\$ 20,652,158	\$ 23,045,510	\$ (1,667,388)	\$ 13,253,614	\$ (4,728,039)	\$ (1,471,361)	\$ 12,784,483	\$ 22,852,139	\$ 4,022,280	\$ (11,562,760)

Table III

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL FUND										
Non-Spendable Fund Balance	\$ 984,084	\$ 749,029	\$ 1,200,339	\$ 650,647	\$ 885,779	\$ 1,304,977	\$ 1,807,790	\$ 477,087	\$ 6,400,689	\$ 10,982,077
Unrestricted Fund Balance										
Committed Fund Balance	9,886,289	11,124,105	11,508,756	12,091,588	12,254,857	15,089,601	13,885,400	13,118,597	16,363,777	17,548,538
Assigned Fund Balance	16,256,302	22,814,258	17,986,174	18,350,751	11,466,595	8,267,000	7,784,000	4,541,000	7,541,000	4,055,000
Unassigned Fund Balance	<u>7,938,314</u>	<u>5,533,641</u>	<u>5,106,793</u>	<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>
Total General Fund	<u>\$ 35,064,989</u>	<u>\$ 40,221,033</u>	<u>\$ 35,802,062</u>	<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>
ALL OTHER GOVERNMENTAL FUNDS										
Non-Spendable Fund Balance	\$ 10,079,721	\$ 319,003	\$ 280,791	\$ 504,735	\$ 452,524	\$ 415,600	\$ -	\$ -	\$ -	\$ -
Restricted Fund Balance	2,281,234	4,509,338	4,461,531	4,964,961	4,429,739	3,808,570	6,804,178	7,457,083	13,274,563	38,089,278
Unrestricted Fund Balance:										
Committed Fund Balance	<u>2,548,950</u>	<u>25,630,862</u>	<u>21,888,689</u>	<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>
Total All Other Governmental Funds	<u>\$ 14,909,905</u>	<u>\$ 30,459,203</u>	<u>\$ 26,631,011</u>	<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>

Table IV

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Property Taxes	\$ 66,492,561	\$ 72,387,227	\$ 78,510,957	\$ 86,506,000	\$ 96,173,901	\$ 101,345,357	\$ 101,811,471	\$ 102,628,643	\$ 104,235,995	\$ 103,371,143
Income Taxes	40,821,907	44,608,423	46,864,546	50,192,279	48,851,186	46,816,208	46,835,947	49,813,198	50,421,108	50,800,381
Licenses and Permits	1,941,049	2,042,609	1,663,294	1,534,913	1,298,179	1,320,505	1,427,706	1,545,645	1,736,610	1,682,772
Intergovernmental	21,936,800	28,758,685	25,679,805	29,783,816	24,422,814	13,787,534	22,873,190	27,651,332	16,238,456	14,465,177
Charges for Services	2,457,213	2,750,764	3,471,173	2,737,440	2,772,393	6,917,459	6,898,159	5,891,840	8,135,280	7,108,024
Investment Earnings	1,227,236	3,049,037	4,940,692	3,559,933	1,911,428	885,570	491,228	292,787	232,228	202,803
Contributions and Other Revenues	201,538	227,147	2,195,852	136,666	178,025	221,808	111,188	85,982	336,928	727,073
Total Revenues	135,078,304	153,823,892	163,326,319	174,451,047	175,607,926	171,294,441	180,448,889	187,909,427	181,336,605	178,357,373
EXPENDITURES										
General Government	7,704,805	8,719,551	9,750,668	10,819,769	11,643,833	11,767,891	12,158,101	13,106,207	12,903,976	11,088,643
Public Safety	21,967,248	24,051,219	27,881,771	30,385,329	32,059,207	33,410,429	33,121,253	33,444,470	33,873,650	37,063,402
Highways, Streets, and Bridges	9,231,564	15,761,574	16,931,434	11,711,984	12,915,367	8,525,908	9,438,103	9,601,220	8,793,209	11,131,474
Health and Welfare	8,322,146	9,062,543	10,141,388	10,733,945	11,664,982	12,271,033	12,416,523	12,078,386	12,119,555	13,083,185
Recreation and Culture	544,098	384,103	1,084,736	5,057,786	825,005	869,993	817,817	928,135	752,279	990,382
Education	64,940,787	68,968,426	73,076,278	72,085,349	78,055,262	76,577,821	76,475,835	75,267,220	79,225,368	82,888,100
Public Libraries	2,024,034	2,546,162	3,449,390	3,982,188	4,425,607	4,438,926	4,462,309	4,283,817	4,283,817	4,417,020
Economic Development	689,124	961,816	1,182,390	1,151,965	1,201,887	1,096,197	967,940	1,606,236	1,501,779	1,628,989
Agriculture	447,505	464,634	2,388,275	2,182,731	2,126,544	1,233,444	552,009	558,768	1,244,247	2,097,608
Municipalities	456,525	498,225	558,077	691,663	757,448	820,631	840,039	725,251	697,502	664,218
Capital Outlay	7,758,694	20,456,312	40,256,236	35,527,552	28,638,924	14,442,264	31,032,515	27,011,212	14,394,252	15,246,843
Debt Service:										
Principal	5,581,069	6,448,797	7,668,902	8,240,914	8,843,764	10,127,743	10,038,418	10,935,206	9,395,046	9,858,406
Interest	2,882,868	3,147,065	4,026,203	5,102,747	5,399,155	5,856,178	5,694,206	4,838,557	5,623,335	4,851,033
Total Expenditures	132,550,467	161,470,427	198,395,748	197,673,922	198,556,985	181,438,458	198,015,068	194,384,685	184,808,015	195,009,303
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,527,837	(7,646,535)	(35,069,429)	(23,222,875)	(22,949,059)	(10,144,017)	(17,566,179)	(6,475,258)	(3,471,410)	(16,651,930)
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Asset Disposal	214,898	112,617	95,045	129,571	772,086	70,529	80,500	74,639	146,905	440,893
Proceeds from Bonds Issued	9,028,100	27,998,905	26,727,140	28,575,000	23,020,000	13,870,000	-	13,267,000	-	29,840,000
Premium on Debt Issued	65,865	1,029,791	274,166	485,778	732,707	697,594	-	3,370,242	463,827	4,401,727
Refunding Bonds Issued	-	11,755,000	-	-	-	9,710,000	-	25,860,000	9,290,000	-
Bond Issuance Cost	-	(595,443)	(274,166)	(302,215)	(117,704)	(309,186)	-	(227,458)	-	(233,221)
Transfer to Refunding Agent	-	(11,949,000)	-	-	-	(9,819,040)	-	(28,156,780)	(9,531,073)	-
Transfers In	15,112,806	21,921,095	31,232,300	26,342,555	28,360,406	27,613,044	19,374,828	23,922,626	21,118,974	26,387,095
Transfers Out	(15,112,806)	(21,921,095)	(31,232,300)	(26,342,555)	(28,360,406)	(27,613,044)	(19,374,828)	(23,922,626)	(21,108,409)	(26,387,095)
Total Other Financing Sources (Uses)	9,308,863	28,351,870	26,822,185	28,888,134	24,407,089	14,219,897	80,500	14,187,643	380,224	34,449,399
Net Change in Fund Balances	\$ 11,836,700	\$ 20,705,335	\$ (8,247,245)	\$ 5,665,259	\$ 1,458,030	\$ 4,075,880	\$ (17,485,679)	\$ 7,712,385	\$ (3,091,186)	\$ 17,797,469
Debt Service as a Percentage of Non-capital Expenditures	7.28%	7.30%	7.99%	8.97%	9.15%	9.57%	9.42%	9.42%	8.81%	8.18%

Table V

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

Fiscal Year Ended June 30	Real Property				Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate ¹
	Residential Property	Governmental	Commercial / Industrial	Agricultural	Public Utilities	Other			
2014	\$ 6,963,756,250	n/a	\$ 1,830,995,567	\$ 504,922,966	\$ 173,134,000	\$ 248,296,000	\$ 953,466,796	\$ 8,767,637,987	1.062
2013	7,183,574,528	n/a	1,904,424,331	528,946,520	149,296,000	236,000,000	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	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	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	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	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	1,169,189,852	8,328,946,812	1.012
2007	5,763,862,087	436,840,091	1,547,882,305	422,341,717	138,899,260	189,847,330	901,625,706	7,598,047,084	1.041
2006	4,967,853,196	405,939,220	1,405,862,883	385,797,432	131,382,650	154,874,610	773,489,955	6,678,220,036	1.043
2005	4,449,676,407	393,125,559	1,274,390,137	355,656,994	132,872,830	140,035,850	650,957,586	6,094,800,191	1.046

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

Notes:

¹ 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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Cecil County Direct Rates										
Real Property	\$0.980	\$0.980	\$0.960	\$0.960	\$ 0.960	\$0.940	\$0.915	\$0.940	\$ 0.991	\$ 0.991
Personal Property	2.450	2.450	2.400	2.400	2.400	2.350	2.288	2.350	2.477	2.477
¹ Total Direct Tax Rate	1.046	1.043	1.041	1.012	1.009	0.983	0.956	0.996	1.054	1.062
Towns										
Cecilton	0.240	0.240	0.240	0.240	0.240	0.219	0.219	0.219	0.217	0.217
Charlestown	0.320	0.320	0.280	0.280	0.280	0.280	0.280	0.280	0.314	0.314
Chesapeake City	0.472	0.462	0.462	0.420	0.420	0.425	0.432	0.425	0.422	0.448
Elkton	0.544	0.544	0.544	0.504	0.504	0.464	0.473	0.466	0.463	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	0.376	0.362	0.362	0.362	0.362	0.353	0.353	0.339	0.314	0.314
Port Deposit	0.551	0.551	0.551	0.551	0.551	0.551	0.551	0.551	0.551	0.551
Rising Sun	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.406	0.406	0.406

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

Note: ¹ 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**

FISCAL YEAR 2014			
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total Assessed Value
W.L. Gore & Associates, Inc.	Manufacturing	\$ 116,139,040	1.32%
Delmarva Power & Light Company	Utility	102,880,990	1.17%
Ikea Property, Inc.	Retail	75,813,300	0.86%
Mid Atlantic Distribution Center	Distribution	57,075,733	0.65%
Penn Cecil Maryland	Casino Gaming	51,030,260	0.58%
Cole ID North East MD LLC	Distribution	45,708,500	0.52%
Wal-Mart Real Estate Bus Tr	Retail	25,886,300	0.30%
Mason Dixon Sand & Gravel Co.	Manufacturing	23,986,600	0.27%
Chesapeake Ridge LLC	Property Mgmt	23,463,700	0.27%
Pine Valley, LLC	Property Mgmt	21,631,190	0.25%
Totals		<u>\$ 543,615,613</u>	<u>6.20%</u>

FISCAL YEAR 2005			
Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total Assessed Value
W.L. Gore & Associates, Inc.	Manufacturing	\$ 100,430,261	1.63%
Delmarva Power & Light Company	Utility	73,509,960	1.19%
Ikea Property, Inc.	Retail	55,220,902	0.90%
Prologis-Macquarie Maryland	Retail	38,055,632	0.62%
Verizon Maryland	Communications	34,292,730	0.56%
Pine Valley, LLC	Retail	21,914,690	0.36%
Susquehanna Power Corporation	Utility	21,723,690	0.35%
Basell North America Inc.	Research	20,479,880	0.33%
Terumo Medical Corporation	Retail	18,900,009	0.31%
Northeast Commerce Center, LLC	Retail	17,682,328	0.29%
Totals		<u>\$ 402,210,082</u>	<u>6.54%</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 ¹	Collected within the Fiscal Year of Levy		Collections in	Total Collections to Date	
	for Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy
2014	\$ 100,162,002	\$ 99,753,092	99.6%	\$ -	\$ 99,753,092	99.6%
2013	101,864,701	101,573,341	99.7%	191,147	101,764,488	99.9%
2012	100,215,039	99,666,488	99.5%	486,397	100,152,885	99.9%
2011	97,464,433	97,214,771	99.7%	179,359	97,394,130	99.9%
2010	95,516,854	94,315,657	98.7%	1,085,209	95,400,866	99.9%
2009	93,799,686	93,433,467	99.6%	297,201	93,730,668	99.9%
2008	84,487,760	84,094,382	99.5%	346,883	84,441,265	99.9%
2007	76,292,949	75,856,903	99.4%	434,902	76,291,805	100.0%
2006	70,138,723	69,744,926	99.4%	392,970	70,137,896	100.0%
2005	63,924,981	63,528,555	99.4%	395,864	63,924,419	100.0%

Source: Cecil County Department of Finance

Note: ¹ 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 ²	Economic Development Bonds	Capital Leases	Special Assessment Bonds	Wastewater Bonds	Landfill Bonds	Capital Leases		of Personal Income	Per Capita ¹
2014	\$ 168,262,646	\$ -	\$ -	\$ 109,780	\$ 42,685,905	\$ 16,265,125	\$ -	\$ 227,323,456	5.19%	\$ 2,231
2013	143,124,592	-	-	115,879	26,776,659	17,749,965	-	187,767,095	4.65%	1,846
2012	146,564,707	-	316,247	121,978	28,440,508	19,116,764	-	194,560,204	4.99%	1,913
2011	142,990,434	-	930,441	135,263	28,568,841	20,017,483	-	192,642,462	5.18%	1,905
2010	152,424,991	-	1,521,017	148,548	46,887,137	3,190,000	-	204,171,693	5.46%	2,026
2009	147,566,584	-	2,088,882	161,836	31,324,561	3,625,000	699,344	185,466,207	5.21%	1,856
2008	132,552,771	-	2,634,911	173,384	27,435,710	4,040,000	912,603	167,749,379	5.41%	1,688
2007	114,842,045	-	-	184,934	19,289,499	4,430,000	-	138,746,478	4.20%	1,394
2006	94,952,363	831,578	-	184,981	19,358,859	4,800,000	-	120,127,781	4.28%	1,292
2005	73,482,009	883,543	-	53,407	14,494,145	5,150,000	-	94,063,104	3.35%	1,012

Source: Cecil County Department of Finance

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

¹ See Schedule XIV for population data.

² General Obligation Bonds are shown net (inclusive) of original issuance premiums. This ratio uses population data from the prior calendar year.

Table X

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

Fiscal Year	General Obligation Bonds²	Percentage of Actual Taxable Value¹ of Property	Per Capita³
2014	\$ 227,213,676	2.59%	\$ 2,229.49
2013	187,651,216	2.08%	1,845.22
2012	194,121,979	2.03%	1,908.88
2011	191,576,758	1.91%	1,894.77
2010	202,502,128	1.94%	2,009.03
2009	182,516,145	1.97%	1,826.51
2008	164,028,481	1.97%	1,650.72
2007	138,561,544	1.82%	1,392.49
2006	119,111,222	1.78%	1,281.44
2005	93,126,154	1.53%	1,001.88

Source: Cecil County Department of Finance

Note: ¹ See Schedule V for Actual Taxable Value of Property data.
² General Obligation Bonds are shown net (inclusive) of original
³ 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, 2014**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Cecil County</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property and Income Taxes			
Elkton	\$ 1,571,320	100%	\$ 1,571,320
North East	66,420	100%	66,420
Perryville	175,000	100%	175,000
Rising Sun	1,919,010	100%	1,919,010
Subtotal - Overlapping Debt			3,731,750
Cecil County Direct Debt	168,152,866	100%	168,152,866
Totals			<u>\$ 171,884,616</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

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

Fiscal Year	Wastewater Revenue Bonds						Water Revenue Bonds		
	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Water Charges and Other	Less: Operating Expenses	Net Available Revenue
				Principal	Interest				
2014	\$ 6,505,751	\$ 5,874,501	\$ 631,250	\$ 1,763,754	\$ 735,644	25%	\$ -	\$ -	\$ -
2013	4,939,317	5,309,937	(370,620)	1,663,849	784,772	-15%	-	-	-
2012	4,641,400	4,976,129	(334,729)	1,638,654	758,229	-14%	653,831	672,752	(18,921)
2011	3,696,270	4,425,922	(729,652)	1,571,460	774,904	-31%	1,289,093	1,168,243	120,850
2010	3,375,394	4,483,019	(1,107,625)	1,554,451	807,054	-47%	1,234,117	1,097,403	136,714
2009	3,455,046	4,386,638	(931,592)	1,346,574	682,966	-46%	1,308,395	1,103,638	204,757
2008	3,108,223	3,731,492	(623,269)	941,842	571,757	-41%	1,263,870	922,353	341,517
2007	2,498,596	3,520,669	(1,022,073)	927,856	432,546	-75%	787,028	867,921	(80,893)
2006	3,901,587	3,102,294	799,293	538,983	409,340	84%	755,310	824,410	(69,100)
2005	2,303,816	2,697,826	(394,010)	250,317	312,854	-70%	651,059	701,969	(50,910)

Fiscal Year	Landfill Revenue Bonds						Special Assessment Bonds		
	Landfill Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service	
				Principal	Interest			Principal	Coverage
2014	\$ 5,915,811	\$ 7,765,909	\$ (1,850,098)	\$ 1,484,840	\$ 510,305	-93%	\$ 6,099	\$ 6,099	100%
2013	5,296,542	5,965,106	(668,564)	1,366,799	539,290	-35%	6,099	6,099	100%
2012	5,196,182	5,619,803	(423,621)	900,718	560,644	-29%	13,287	13,287	100%
2011	5,294,655	4,822,085	472,570	508,759	716,894	39%	13,994	13,994	100%
2010	4,576,968	5,707,285	(1,130,317)	1,183,102	451,555	-69%	50,051	50,051	100%
2009	4,561,929	4,558,610	3,319	628,260	271,426	0%	50,132	50,132	100%
2008	5,383,296	4,245,780	1,137,516	645,989	227,754	130%	50,203	50,203	100%
2007	5,452,622	4,383,786	1,068,836	370,000	248,166	173%	44,242	44,242	100%
2006	5,627,360	3,798,326	1,829,034	350,000	267,445	296%	44,242	44,242	100%
2005	5,470,619	3,738,650	1,731,969	335,000	285,331	279%	43,968	43,968	100%

Source: Cecil County Department of Finance

Table XIV

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

Calendar Year	Population^a	Personal Income^{a,1}	Per Capita Income^a	Average Employment^{b,2}	Average Unemployment Rate^{b,2}	Median Price of Housing Sales^d	School Enrollment^{c,3}
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
2006	99,506	3,304,992,284	33,214	48,621	4.3%	299,000	16,521
2005	97,796	3,012,408,000	30,960	47,712	4.6%	225,000	16,535
2004	92,951	2,807,169,000	30,201	46,494	4.4%	199,000	16,475

- Sources:**
- ^a U.S. Census Bureau
 - ^b 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.
 - ^c Maryland Department of Planning, Planning Data Services
Employment data for 1998-1999 is from the U.S. Bureau of Labor Statistics
 - ^c Cecil County Board of Education Annual Budgets
 - ^d Maryland Association of Realtors

- Notes:**
- ¹ Personal Income is a total for the year.
 - ² 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).
 - ³ 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 2004			Calendar Year 2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W.L. Gore & Associates, Inc.	2,324	1	5.00%	2,387	1	5.05%
Cecil County Board of Education	1,933	2	4.16%	2,038	2	4.31%
Union Hospital	864	4	1.86%	1,236	3	2.61%
Perry Point V.A. Hospital	1,173	3	2.52%	1,125	4	2.38%
Terumo Medical Group	520	5	1.12%	639	5	1.35%
Cecil County Government	500	6	1.08%	532	6	1.13%
Wal-Mart Stores, Inc.	350	8	0.74%	500	7	1.06%
Cecil College	*			485	8	1.03%
ATK Tactical Systems	404	7	0.87%	436	9	0.92%
IKEA/Genco	*			370	10	0.78%
Penn National Gaming	*			350	11	0.74%
Basell North America Inc	350	9	0.74%	*		
Moon Nurseries	250	10	0.54%	*		
Totals	<u>8,668</u>		<u>17.35%</u>	<u>10,098</u>		<u>21.36%</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**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	97.50	85.00	91.00	91.00	103.00	104.00	102.00	107.00	104.00	99.00
Public Safety	260.45	251.00	260.00	282.00	298.00	289.00	291.00	284.00	303.00	302.00
Law Enforcement	84.00	86.00	83.00	87.00	92.00	96.00	97.00	97.00	95.00	99.00
Detention Center	57.50	52.00	57.00	66.00	62.00	55.00	65.00	63.00	84.00	81.00
EMS & Emergency Services	56.95	52.00	61.00	67.00	86.00	80.00	81.00	80.00	77.00	74.00
Other	62.00	61.00	59.00	62.00	58.00	58.00	48.00	44.00	47.00	48.00
Highways, Streets, and Bridges	66.00	69.00	70.00	76.00	72.00	67.00	68.00	64.00	68.00	65.00
Roads Maintenance	46.00	42.00	45.00	47.00	45.00	43.00	45.00	44.00	45.00	42.00
Engineering and Other	20.00	27.00	25.00	29.00	27.00	24.00	23.00	20.00	23.00	23.00
Health and Welfare	59.25	43.00	49.00	44.00	50.00	60.00	50.00	51.00	43.00	43.00
Senior Services	26.00	22.00	33.00	24.00	27.00	27.00	24.00	24.00	23.00	23.00
Other	33.25	21.00	16.00	20.00	23.00	33.00	26.00	27.00	20.00	20.00
Recreation and Culture	2.00	2.00	3.00	5.00	6.00	7.00	8.00	6.00	7.00	8.00
Economic Development	5.50	4.00	5.00	4.00	6.00	6.00	5.00	6.00	6.00	6.00
Agriculture	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Water	5.00	5.00	4.00	5.00	3.00	3.00	3.00	-	-	-
Wastewater	13.00	13.00	14.00	14.00	11.00	12.00	12.00	14.00	16.00	16.00
Landfill	23.00	20.00	24.00	25.00	24.00	24.00	25.00	25.00	22.00	25.00
Central Garage	-	-	-	-	-	-	-	-	-	-
Totals	535.70	496.00	524.00	551.00	578.00	577.00	569.00	562.00	574.00	569.00

Sources: Cecil County Finance and Human Resources Departments

Table XVII

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Physical Arrests	1,867	n/a	1,941	2,327	2,666	2,430	2,577	2,611	2,608	2,422
911 Calls	3,332	4,127	198,706	193,323	215,419	191,866	207,019	164,265	171,258	168,535
Fire/Paramedic Calls	13,865	13,304	n/a	16,207	16,553	13,201	13,525	22,751	23,217	28,845
Building Permits Issued	721	530	407	362	276	282	323	220	464	234
Highways, Streets, and Bridges										
Street Resurfacing (miles)	16.22	41.77	48.11	16.26	13.06	3.32	12.67	15.76	13.11	15.93
Health and Welfare										
Participants (avg. monthly)	967	1,025	1,300	1,600	1,155	1,078	1,170	1,327	1,434	1,135
Meals served	23,791	26,346	24,640	23,783	24,887	23,004	21,276	21,433	21,868	25,005
Bus Passengers	34,984	40,255	43,674	46,043	49,875	49,709	60,066	66,892	76,990	92,314
Recreation and Culture										
Recreation Registrations	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11,000	14,000	15,750
Recreation Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	150	180	197
Safetyville (attendance)	142	139	110	116	102	103	88	71	106	147
Agriculture										
Acres under Preservation Agreements	12,154	12,154	12,890	12,890	13,750	13,808	23,900	24,739	25,108	25,799
Water										
Average Daily Consumption (thousands of gallons)	164,577	177,399	185,890	168,195	162,417	162,748	169,546	87,039	n/a	n/a
Wastewater										
Annual Sewage Treatment (thousands of gallons)	459,973	464,268	480,524	408,599	469,597	509,706	496,752	520,077	526,507	648,139
Landfill										
Annual Tons of Refuse	115,279	127,273	128,213	117,876	102,236	108,033	91,475	84,855	83,428	84,796

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**

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police Patrol Units	62	66	82	80	85	85	85	89	83	95
Paramedic Units	4	6	7	8	8	8	8	8	8	8
Highways, Streets, and Bridges										
Roads & Highways (miles)	599	601	601	601	601	601	601	601	599	599
Bridges	95	95	95	95	95	95	95	95	95	97
Health and Welfare										
Buses	9	10	11	10	13	15	14	11	11	13
Recreation and Culture										
Park Acreage	501	501	501	525	525	525	531	531	531	535
Water										
Production Capacity (millions of gallons per day)	0.400	0.468	0.529	0.800	1.348	1.348	1.348	n/a	n/a	n/a
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	3.060	3.065	3.065	3.065	3.065	3.065	3.065	3.065	3.490	3.490
Landfill										
Remaining Built Capacity (cubic yards)	1,096,654	740,800	426,427	2,003,582	1,800,984	2,420,000	2,215,500	2,137,740	1,975,875	1,800,200

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.