

Cecil County Maryland



Comprehensive Annual Financial Report For The Year Ended June 30, 2009

Prepared by the Cecil County Treasurer's Office



CECIL COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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cecil county



1. RISING SUN
2. PORT DEPOSIT
3. PERRYVILLE
4. CHARLESTOWN
5. NORTH EAST
6. ELKTON
7. CHESAPEAKE CITY
8. CECILTON

SASSAFRAS RIVER



**INTRODUCTORY
SECTION**



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October 30, 2009

To The Board of County Commissioners and
The Citizens of Cecil County, Maryland

Pursuant to Maryland state law that requires essentially all local governments 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, we hereby issue the Comprehensive Annual Financial Report of Cecil County for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of Cecil County. Consequently, management of the County assumes responsibility for the completeness and fairness of the presentation, including all disclosures. To provide a reasonable basis for making these representations, the management of Cecil County has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient information for the preparation of the County's financial statements in conformity with GAAP. Because the cost should not outweigh the benefits, Cecil County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Cecil County's financial statements have been audited by SB & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Cecil County as of and for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent public accountants concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Cecil County's financial statements as of and for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent public accountants report is the first component of the financial section of this report.

The independent audit of the financial statements of Cecil County was 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 public accountant to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

The annual budget serves as the foundation for Cecil County's financial planning and control. The County maintains certain budgetary controls (further explained in Note 2 to the financial statements) to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Estimates. Activities of the General Fund, certain Special Revenue Funds, and the Debt Service Fund are included in the annual budget. The County Commissioners may pass budget amendments through the end of the fiscal year and, with certain limitations, department heads may make transfers of appropriations within a department. 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 in its annual operating 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 governmental fund for which an appropriated annual operating budget has been adopted. For the General Fund and other major funds, this comparison is presented starting on page 22 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 80.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A is located immediately following the report of the independent public accountants.

Profile of the Government

Cecil County was incorporated in 1674 and is located in the northeast corner of the State of Maryland. Local government is provided by a Board of five Commissioners, elected every four years, who exercise those powers granted by the General Assembly of Maryland. The Commissioners exercise both legislative and executive powers under a Maryland commissioner form of government. Other elected officials include the County Treasurer, the Sheriff, the State's Attorney, and three Circuit Court Judges.

The government serves a population of approximately 100,000 over a land area of 352 square miles. The County is empowered to levy a property tax on real property and certain personal property used in 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 institution, and emergency management; the construction and maintenance of highways, streets, bridges, other infrastructure; and recreational activities and cultural events. Fire protection is provided by several volunteer fire departments located throughout the County and the County assists with the funding of these companies. Water and wastewater services are provided by the County in certain areas and a

central landfill is maintained. Cecil County is also financially accountable for, and provides significant financial support to, the legally separate Board of Education of Cecil County, Cecil Community College, the Cecil County Public Library and the 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.

Economic Condition and Outlook

Located in the northeastern part of the State, midway between Baltimore and Philadelphia, Cecil County is projected to be among the fastest growing counties in Maryland through 2030. From a residential, industrial and commercial standpoint, Cecil County's location is ideal. Interstate 95, the most important business corridor on the Country's east coast, traverses the northern part of the county from east to west and provides Cecil County easy access to major Mid-Atlantic markets which has resulted in strong economic growth. Cecil County has an abundance of industrial land, much of it is accessible by rail, available for development and the County continues to pursue its primary economic development objective of encouraging substantial growth in the industrial sector, with emphasis on light manufacturing, distribution, research and development, and corporate office development.

In accordance with its adopted land use plan, Cecil County encourages development in what is locally known as the "growth corridor" located between Route 40 and I-95. Agriculture remains a major segment of the economy and the County is taking steps to preserve its farmland. Cecil County has a growing tourism industry due to ready access to the Chesapeake Bay and five of its tributaries, several parks and outdoor recreation areas, scenic small towns and a wealth of history. The County continues to maintain an attractive mix of suburban and rural areas while still experiencing growth in the manufacturing area.

As a result of the recession, unemployment in the County increased from 3.9% for fiscal year 2008 to 5.3% in fiscal year 2009 which is below the State average of 7.4%. The County was adversely affected by the closing of the nearby General Motors Boxwood plant and Chrysler's Newark plant. However, we continue to see growth in the number of in-County jobs and Cecil's median income is \$63,850. Manufacturing employs 15.2% of the County workforce and, unlike most of the Country; this figure is increasing rather than decreasing.

Property taxes and local income taxes provided approximately 91% of Cecil County's operating revenue for the fiscal year ended June 30, 2009. It is anticipated that the future rate of growth from these two sources will be low as the County and the rest of the country work through the current recession. Demonstrating the County's fiscal responsibility and conservative financial management, a series of mid-year budget cuts enabled the County to reduce its planned use of fund balance by 59.4%. The County had planned to expend \$5.8 million of fund balance, but was only required to spend \$2,352,868 leaving an unreserved, undesignated fund balance of \$11,762,656.

Major Initiatives

Current Year. In fiscal year 2009, the County funded several major programs designed to improve services for citizens including the following:

- Began renovations on the County courthouse that included an additional courtroom. Total expenditure during the 2009 fiscal year was \$ \$3,018,815.
- Began construction of a new physical education building at Cecil College. The County's share of projects for FY2009 was just under seven million dollars.

- Design and engineering for the renovation of the Detention Center was completed and construction is expected to begin in the Fall of 2009.
- Continued with the County's bridge renovation plan and completed the bridge on Red Toad Road over Principio Creek. Total expenditure on road and bridge projects for the year exceeded \$4 million.

The County continues to fund much of its capital improvement program through pay-as-you-go funding. Accordingly, it has designated nearly \$7 million of its June 30, 2009, General Fund fund balance toward capital projects.

Over 400 new jobs were created in a variety of occupations in Cecil County as a result of new or expanded industrial development during FY2009. Total investment in these companies exceeded \$1.7 million. Some examples of the types of development the County experienced include:

- WL Gore, Elk Mills II, is producing a new product line for the world- famous company, thus creating 200 jobs.
- BRC Rail invested \$1.5 million in a facility to refurbish rail cars adding 65 new jobs.
- Philips Mushroom, a commercial mushroom grower, created 84 jobs and invested \$1.5 million in a new facility in the southern end of the County.

Long Term. Cecil County will continue to be one of the fastest growing counties in Maryland and expects to continue to experience moderate industrial growth due to its location and the availability of land.

The activities associated with the Base Realignment and Closure act (BRAC) are well ahead of schedule. This relocation will affect the entire region around Aberdeen Proving Grounds including Harford, Baltimore, and Cecil counties. While the Army's ordinance school will move, thus reducing the number of "military" jobs by about 4,000, the base will gain approximately 8,200 new civilian jobs in the electronics and advanced communications research and development fields. Average pay for the new jobs is expected to be in the upper \$80,000 range; 62% will require a four year degree and 20% will require a master's degree. Additionally, many new contractor jobs are expected to be created in the surrounding area. The first of the BRAC related companies to open in Cecil County is Integrity Tool and Fastener, Inc. which will open its doors in early fiscal year 2010.

Penn National Gaming has submitted an application to the State to construct a \$69.4 million Video Lottery Terminal casino with 1500 slots terminals in the western end of the County. This application will likely be approved in the Autumn of FY2010. The facility is expected to create 400 permanent jobs paying an average of \$40,000 per year. The casino will be the hub of a larger "entertainment center" which will include restaurants, retail shops, theaters, office space and a conference center hotel and ultimately provide over 800 jobs.

In the area of education, renovation of Elkton High School will be completed in FY2010. Renovations to Calvert Elementary School are progressing and the County will fund projects at the Perryville High School including repairs to the HVAC system and roof. Construction of Cecil College's new physical education building will continue through 2010. Additionally, the County has allocated funding for design and engineering of the new stadium at Elkton High School.

Factors Affecting Financial Condition

Debt Administration. The County received a rate increase from AA- to AA from Standard and Poor's and retained its Aa3 rating with Moody's Investors Service on its general obligation debt. Under current State statutes, the County's general obligation bonded debt issuances are subject to authorization by the Maryland State Legislature. The County has ongoing authority under State law to issue bonds for water and sewer projects up to 15% of the assessable base. At June 30, 2009, the County's net general obligation debt was \$147,566,584 and debt per capita equaled \$1,476.76.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, or other investments authorized by State statute and the County's Investment Policy. Each bank holding County funds provides regular reports of collateralization of the County's deposits. The County earned interest revenue of \$2,142,131 on all investments (excluding component units) for the year ended June 30, 2009.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. All investments held by the County during the year ended June 30, 2009, were classified in the lowest risk category as defined by the Governmental Accounting Standards Board.

Risk Management. The County is self-insured for the health care insurance provided for employees of County government, Cecil College and the Cecil County Public Library. The County insures liability, property damage and excess liability coverage through the Maryland Local Government Insurance Trust, which is a public entity risk pool. Workers' compensation insurance is provided through Injured Workers Insurance Fund, an independent agency of the State of Maryland, but the County will become self-insured as of July 1, 2009.

Pension and Other Post-employment Benefits. The County sponsors a single-employer defined benefit pension plan for its public safety employees. All other employees, excluding some contractual and part-time employees, are covered through the County's participation in the Maryland State Retirement and Pension System. The County has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment to the Pension System.

The County also provides \$75 to \$150 (based on years of service) per month towards post-retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 66 retired employees receiving these benefits, which were previously financed on a pay-as-you-go basis. In Fiscal Year 2009, the County established the Cecil County, Maryland Non-Pension Post Employment Benefits Trust to accumulate funds to provide current and future other post employment benefits except pension (OPEB). The County established the Trust on June 17, 2008, and prefunded it with \$1,003,488 on August 25, 2008. Additional information regarding this fund can be found on pages 30-31 and in Note 15.

Additional information on the County's pension arrangements and post-employment benefits can be found in Notes 14 and 15 to the financial statements.

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, 2008. This was

the twenty-third consecutive year that the government has received this prestigious award which 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 satisfied both GAAP and applicable legal requirements.

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

Acknowledgements. The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Cecil County Treasurer's Office; each member of the staff has my sincere appreciation.

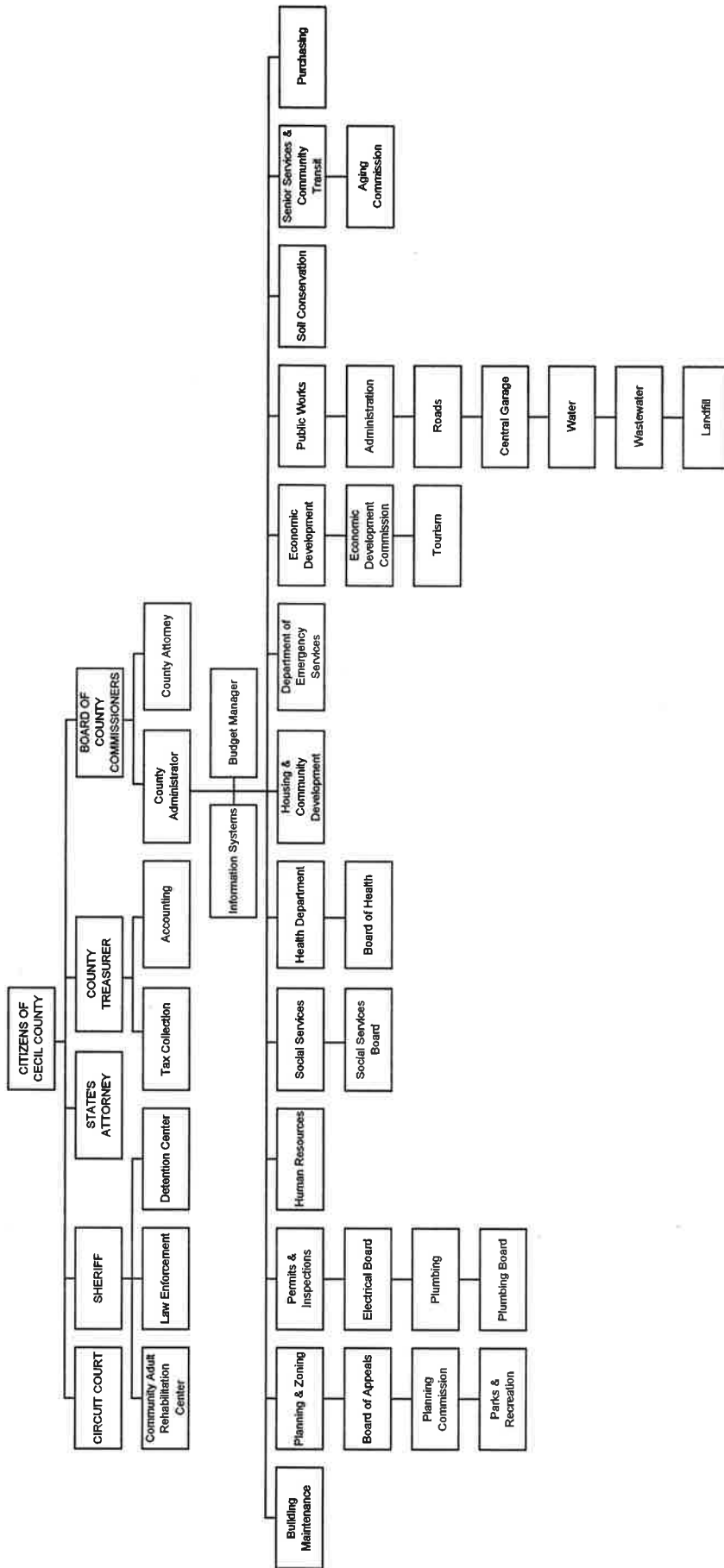
In closing, with the leadership and support of the Board of County Commissioners, preparation of this report reflects the interest and support in planning and conducting the operations of Cecil County Government in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Pamela R. Howard". The signature is written in black ink and is positioned above the printed name and title.

Pamela R. Howard
Treasurer of Cecil County

COUNTY ORGANIZATIONAL CHART CECIL COUNTY, MARYLAND FISCAL YEAR 2009



Cecil County, Maryland

Principal Officials

June 30, 2009

Elected Officials

Board of County Commissioners

President
Vice President
Commissioner
Commissioner
Commissioner

Brian L. Lockhart
Rebecca J. Demmler
Robert J. Hodge
James T. Mullins
Wayne L. Tome

Treasurer

Pamela R. Howard

Sheriff

Barry A. Janney, Sr.

State's Attorney

Christopher J. Eastridge

Circuit Court

Administrative Judge
Judge
Judge

Richard E. Jackson
O. Robert Lidums
Dexter M. Thompson, Jr.

Other Officials and Department Directors

County Administrator
County Attorney

Alfred C. Wein, Jr.
H. Norman Wilson, Jr.

Department Directors

Senior Services & Community Transit
Economic Development
Emergency Management
Housing & Community Development
Human Resources
Permits and Inspections
Planning and Zoning
Public Works

Susan Twigg
Vernon Thompson
Richard K. Brooks, III
David B. Mahaney
Donna M. Nichols
Patrick T. Conway
Eric S. Sennstrom
W. Scott Flanigan

District Court

Administrative Judge
Judge

Stephen J. Baker
Bonnie G. Schneider

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



**FINANCIAL
SECTION**



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the County Commissioners
Cecil County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cecil County, Maryland (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units: the Board of Education of Cecil County, Cecil College, 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 discretely presented component units of the Board of Education of Cecil County, Cecil College, Cecil County Public Library, and the Bainbridge Development Corporation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report 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 the County, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Housing Programs Fund, and Highway Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

In accordance with *Government Auditing Standards*, we have issued our report dated October 30, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information, as listed on the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hunt Valley, Maryland
October 30, 2009

SB & Company, LLC

**CECIL COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

The Treasurer of Cecil County and the Board of County Commissioners of Cecil County are pleased to present to readers of the financial statements of Cecil County this narrative overview and analysis of the financial activities of Cecil County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal.

Financial Highlights

- The assets of the County (primary government) exceeded its liabilities at the close of the fiscal year by \$141,764,710 (net assets). Of this amount, \$155,038,197 was invested in capital assets, net of related debt, and \$13,033,675 was restricted for specific purposes. The County has a negative \$26,307,162 in unrestricted net assets due to the fact that while the County issues general obligation bonds to pay for construction, the assets (buildings) for which these bonds are issued are owned by the Cecil County component units which are separate legal entities. Component units reported net assets of \$238,881,595 with \$13,361,216 unrestricted.
- Total net assets of the primary government decreased by \$4,728,039. The net assets of governmental activities decreased \$6,032,983 from the previous year, while the net assets from business activities increased \$1,304,944.
- At June 30, 2009, the County reported combined ending fund balances in governmental funds of \$69,574,336, an increase of \$1,458,030 from the previous year. Of the current ending fund balances, \$23,229,251 is reported as unreserved in the General Fund, \$29,109,028 as unreserved in special revenue and capital project funds, and a total of \$17,236,057 is reported as reserved for encumbrances, inventories and prepaid items, contingencies, and notes receivable in all funds.
- The unreserved balance of the General Fund was \$23,229,251, or 14% of total General Fund expenditures and transfers out. Of this balance, \$11,466,595 has been designated for capital expenditures and fiscal year 2010 expenditures.
- The County's general obligation debt related to governmental activities was \$149,365,383, an increase of \$15,490,314. This increase came from the issuance of the 2009 public improvement bonds.

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 Assets (page 16) presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities (page 17) presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets 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 the 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 water, wastewater, and landfill services it provides.
- *Discretely Presented Nonfiduciary 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 18 and provide detailed information about the major individual funds. A fund is a grouping of related accounts designed to maintain control over specific sources 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 year end. 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 19 and 21) to demonstrate the differences between the Governmental Funds Balance Sheet and the Statement of Net Assets 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:

- General
- Housing Programs
- Highway
- General Capital Projects
- Board of Education Construction
- Cecil College Construction

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 75.

- *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 used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public – water, wastewater, and landfill services. Internal service funds report activities that provide supplies and services for the County's other programs and activities - the Central Garage and Health Insurance.
- *Fiduciary Funds* – The County acts as a fiduciary to account for resources held for the benefit of parties outside the government. The County has agency funds to collect and remit certain taxes and fees on behalf of the state and several local municipalities.

The Cecil County Pension Plan for Public Safety Employees is a fiduciary fund of the county. Payment of retirement, disability and death benefits to participants as well as contributions from the county and participants are accounted for in this fiduciary fund.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, commonly referred to as Other Post Employment Benefits (OPEB). The County has implemented GASB Statement No. 45 in fiscal year 2009. Statement 45 addresses how governmental entities should account for and report the cost and obligation related to post employment healthcare and other non-pension benefits. Activities relating to these activities are accounted for in the Cecil County Maryland Non-Pension Post Employment Benefits Trust Fund. The County recognizes the cost of post employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information relative to future liabilities which is useful in assessing potential demands on the County's future cash flow. The unfunded liability was amortized over a period of 29 years using the level percentage of pay method.

Fiduciary funds are reported in a separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 30 and are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent assets available to the County to finance its operations.

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 35 of this report.

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

Financial Analysis of the Government as a Whole

Net Assets. As noted earlier, Cecil County's net assets exceeded liabilities by \$141,764,710. Over time, changes in net assets serve as a useful indicator of a government's financial position. A year-to-year comparison of net assets follows:

Cecil County's Net Assets as of June 30, 2009 and 2008

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Government-wide Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 99,798,397	\$ 98,554,171	\$ 15,822,062	\$ 16,847,760	\$ 115,620,459	\$ 115,401,931
Capital Assets	<u>167,406,590</u>	<u>159,728,956</u>	<u>68,472,829</u>	<u>63,563,826</u>	<u>\$ 235,879,419</u>	<u>223,292,782</u>
Total Assets	267,204,987	258,283,127	84,294,891	80,411,586	351,499,878	338,694,713
Long Term Liabilities	154,043,205	129,806,927	41,475,128	37,954,331	195,518,333	167,761,258
Other Liabilities	<u>12,840,112</u>	<u>22,121,547</u>	<u>1,376,723</u>	<u>2,319,159</u>	<u>14,216,835</u>	<u>24,440,706</u>
Total Liabilities	166,883,317	151,928,474	42,851,851	40,273,490	209,735,168	192,201,964
Net Assets:						
Invested in Capital Assets, net of Related Debt	121,977,339	118,947,569	33,060,858	31,406,264	155,038,197	150,353,833
Restricted	4,429,739	4,964,961	8,603,936	728,355	13,033,675	5,693,316
Unrestricted (Deficit)	<u>(26,085,408)</u>	<u>(17,557,877)</u>	<u>(221,754)</u>	<u>8,003,477</u>	<u>(26,307,162)</u>	<u>(9,554,400)</u>
Total Net Assets	\$ 100,321,670	\$ 106,354,653	\$ 41,443,040	\$ 40,138,096	\$ 141,764,710	\$ 146,492,749

The largest component of the County's net assets, \$155,038,197 reflects its investment in capital assets (e.g., land, infrastructure, buildings, equipment, and others), less any related outstanding debt. The increase in Invested in Capital Assets (net of Related Debt) of \$4,684,364 is primarily caused by net capital asset additions exceeding the net change of depreciation and new debt. It should be noted that capital assets are not available for future spending as they are used to provide services to citizens. 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 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, but do not show the related assets.

Restricted net assets of \$13,033,675 are the next largest component and represent resources that are subject to external restrictions, state or county law provisions, or enabling legislation on how they may be used. Restricted assets for governmental activities decreased by \$535,222 and restricted net assets for business-type activities increased \$7,875,581 for a total increase of \$7,340,359 from fiscal year 2008.

The remaining portion of net assets is a negative unrestricted net asset balance of \$26,307,162. Governmental activities' unrestricted net assets, negative \$26,085,408, are due to outstanding debt incurred to construct or renovate buildings owned by Cecil County component units. Business-type activities unrestricted net assets of negative \$221,754 are derived from the landfill, negative \$2,567,074, wastewater services, \$2,929,591 and water services, negative \$584,271, and are essentially limited to use by the operation from which the net assets derive.

Changes in Net Assets. As shown in the following schedule, the County's combined net assets decreased \$4,728,040 over the course of this fiscal year's operations.

	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 3,998,149	\$ 4,272,353	\$ 9,237,754	\$ 9,607,784	\$ 13,235,903	\$ 13,880,137
Operating Grants & Contributions	17,265,269	22,453,267	-	-	17,265,269	22,453,267
Capital Grants & Contributions	3,150,745	1,183,860	2,964,543	4,803,214	6,115,288	5,987,074
General Revenues:						
Property Taxes	96,078,658	86,399,908	-	-	96,078,658	86,399,908
Income Taxes	49,358,649	50,565,845	-	-	49,358,649	50,565,845
Entitlements	5,013,347	6,714,410	-	-	5,013,347	6,714,410
Investment Earnings	2,054,515	3,800,175	87,616	147,605	2,142,131	3,947,780
Other Revenue & Gains/Losses	345,432	61,174	18,309	2,905,486	363,741	2,966,660
Total Revenues	<u>177,264,764</u>	<u>175,450,992</u>	<u>12,308,222</u>	<u>17,464,089</u>	<u>189,572,986</u>	<u>192,915,081</u>
EXPENSES						
General Government	12,546,389	11,227,374	-	-	12,546,389	11,227,374
Public Safety	33,334,883	31,247,533	-	-	33,334,883	31,247,533
Highways, Streets, & Bridges	13,981,175	13,669,424	-	-	13,981,175	13,669,424
Health and Welfare	11,756,789	10,937,738	-	-	11,756,789	10,937,738
Recreation and Culture	880,408	665,321	-	-	880,408	665,321
Education	96,520,700	87,757,907	-	-	96,520,700	87,757,907
Public Libraries	4,681,578	5,056,857	-	-	4,681,578	5,056,857
Economic Development	1,214,647	1,130,393	-	-	1,214,647	1,130,393
Agricultural Programs	2,131,412	2,184,442	-	-	2,131,412	2,184,442
Municipalities	757,448	691,663	-	-	757,448	691,663
Interest on Long Term Debt	5,492,318	5,393,680	-	-	5,492,318	5,393,680
Water	-	-	1,103,638	922,353	1,103,638	922,353
Wastewater	-	-	5,069,605	4,303,249	5,069,605	4,303,249
Landfill	-	-	4,830,035	4,473,534	4,830,035	4,473,534
Total Expenses	<u>183,297,747</u>	<u>169,962,331</u>	<u>11,003,278</u>	<u>9,699,136</u>	<u>194,301,025</u>	<u>179,661,468</u>
Increase (Decrease) in Net Assets	<u>\$ (6,032,983)</u>	<u>\$ 5,488,661</u>	<u>\$ 1,304,944</u>	<u>\$ 7,764,953</u>	<u>\$ (4,728,039)</u>	<u>\$ 13,253,614</u>

The net assets of the governmental activities decreased \$6,032,983. While revenue from governmental activities increased slightly, over 1%, and expenses increased 7.8%.

Some key elements of the changes are:

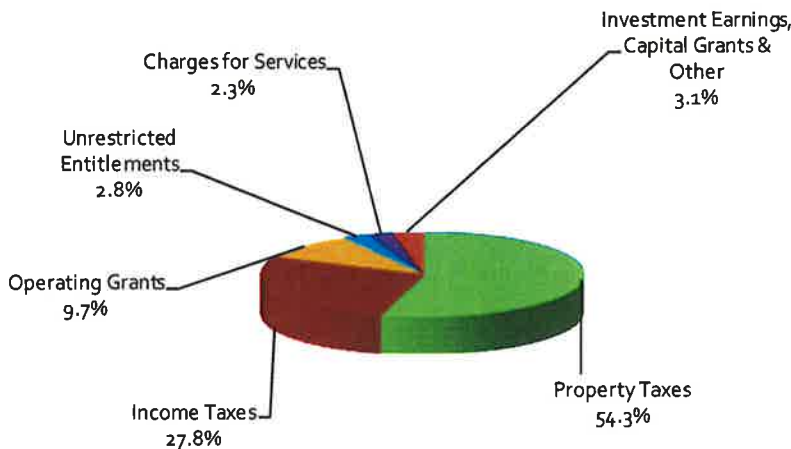
- Increase of \$1,319,015 (11.7%) in general government expenses.
- Increase of \$8,762,793 (10%) in expenses for education.
- Increase of \$2,087,350 (6.7%) in expenses for public safety.

These items will be discussed in greater detail in the fund statement analysis beginning on page 10. Although the net assets of the County's business-type activities increased by \$1,304,944, these resources cannot be used to make up for any net asset deficit in governmental activities due to state statutory restrictions. The County can only use these business-type net assets to finance the water, wastewater, and landfill operations.

Governmental Activities

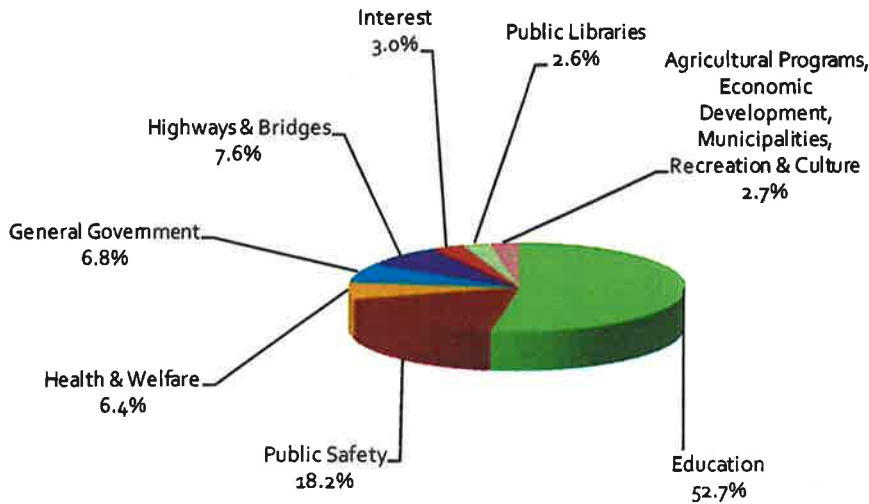
Revenues of governmental activities for fiscal year 2009 showed only a slight increase of 1% or \$1,813,772 over fiscal year 2008 as the County began to see the effects of the recession. Property taxes increased \$9,678,750 due to Maryland's three-year assessment cycle, but most other categories decreased.

Functional Revenue - Governmental Activities
Fiscal Year Ending June 30, 2009



Expenses of governmental activities increased by \$13,335,416, with the largest increase, \$8,762,793 related to increases to education. Increases occurred in nearly every category.

**Functional Expenses - Governmental Activities
Fiscal Year Ending June 30, 2009**



Business-type Activities

In 2009, net assets of business-type activities increased by \$1,304,944 from fiscal year 2008. This change was \$6,460,009 less than the increase that occurred between 2007 and 2008, and is largely attributable to a decline in capital grants and contributions, \$1,838,671, as well as the effects of a three million dollar spike in 2007 other revenue related to the recapture of previously recorded depletion and post-closure costs. Expenses for the water, wastewater and landfill funds increased \$181,285, \$766,356, and \$356,501, respectively. The increase in water was largely due to a \$222,070 increase to professional services that was offset by decreases in several other categories. Wastewater's increase was due to greater spending in professional services, \$466,281, depreciation, \$212,615, and interest on bonds, \$106,352 offset by decreases in other categories. Depletion of \$318,078 accounted for most of the increase in landfill expenses.

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. Unreserved fund balance is particularly helpful in measuring the net resources available for spending at fiscal year end.

As the County completed the fiscal year, its governmental funds reported fund balances of \$69,574,336. Of the current ending fund balances, \$23,229,251 is reported as unreserved in the General Fund, \$29,109,028 as unreserved in special revenue and capital project funds, and \$17,236,057 is reported as reserved for encumbrances, inventories & prepaid items, contingencies, and notes receivable in all funds.

The unreserved balance of the General Fund amounts to 14% of total General Fund expenditures and transfers out. Of the unreserved balance, \$11,466,595 has been designated for capital expenditures and fiscal year 2010 expenditures.

Governmental Funds

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 reserved fund balance was \$13,140,635 and the unreserved fund balance was \$23,229,251. The General Fund reserved fund balance is not available for new spending; most of it, \$12,254,857 has already been committed for contingencies as required by County policy and the remaining balance consists of inventory and prepaid items and non-current notes receivable neither of which are readily available for spending. The County has designated \$6,744,000 of the unreserved fund balance for future capital projects, \$1,622,595 for fiscal year 2010 expenditures, \$2,500,000 to help offset anticipated FY2011 State funding cuts, \$500,000 for ongoing legal expenses related to certain County assets and \$100,000 for underground storage tank remediation.

The fund balance of Cecil County's General Fund decreased by \$2,352,868 in fiscal year 2009.

Total General Fund revenue increased by \$4,754,533 or 3.1% due largely to the following:

- Property taxes increased \$9,667,901 or 11.2% due to increased property tax assessments resulting from Maryland's three-year assessment cycle. The County maintained a constant tax rate (versus constant yield).
- Recordation taxes decreased \$1,883,054 as the housing market collapsed.
- Income taxes decreased \$1,341,093 due to the recession.
- Investment earnings decreased by \$1,639,651 as interest rates fell to near 0% in 2009.

General Fund expenditures and transfers out increased by \$11,674,097 over 2008. The following are key components of this increase:

- Expenditures for education increased \$5,969,913 which included a \$5.48 million increase to the Public Schools.
- Support to the Highway Fund increased by \$1,799,971 as the County replaced State cuts
- The County established a trust to accumulate funds for non-pension post retirement benefits and prefunded it with just over one million dollars.

The remaining increase was primarily a result of salary and benefit increases, \$2,885,629, from additional staffing and annual payroll adjustments.

General Fund – Comparison to Budget. Property taxes exceeded budget by \$606,292, but this was offset by budget shortfalls in nearly all other revenue categories including a \$248,814 shortfall in income taxes. The effects of the collapse of the real estate market are demonstrated by the following budget shortfalls: Recordation tax, \$1,619,044; Building permits, \$293,106; and Storm water management, \$190,116. Investment earnings were \$520,839 below budget. Revenue from the community work release program was \$147,458 below budget as many eligible inmates were unable to find jobs.

Actual expenditures and transfers out were \$5,979,775 less than final budget as the County initiated across-the-board budget reductions in anticipation of reduced State assistance and the slumping economy. General Government costs were \$1,366,560 less than budget, Public Safety had an expenditure shortfall of \$2,513,381 and savings were realized in nearly all other categories. Approximately \$1.5 million was saved as many budgeted positions remained unfilled and over \$500,000 was saved by delaying or eliminating certain capital purchases. Savings in excess of \$1,000,000 were realized in operating transfers as a result of cuts to support to the special revenue funds, including \$738,485 savings in Highway, \$206,486 in Community Adult Rehabilitation Center and \$137,060 in Senior Services and Transit.

Housing Programs. The Fund had a \$254,027 increase to fund balance. Expenditures were up 8% from the previous year due to the addition of a new housing program, however these expenditures are offset by associated grant revenues.

Highway Fund. The Fund had an increase in spending of \$1,129,458 from fiscal year 2008 due to an increase in repairs to bridges and viaducts and the purchase of additional machinery & equipment. Total expenditures were under budget by \$550,894; consequently, the operating transfer from the General Fund was also under budget by \$738,485.

General Capital Projects Fund. Expenditures in the fund decreased \$8,012,537 from the previous year. This activity reflects the completion of the County Administration Building.

Board of Education Construction Fund. The Fund reported a decrease of \$4,157,731 in spending compared to 2008. This activity reflects the near completion of certain major projects at County public schools including Elkton High School and Perryville Middle School.

Cecil College Construction Fund. This fund has been added as a major fund in fiscal year 2009 due to the construction of a new Physical Education Building, which caused a \$6,716,359 increase in spending compared to 2008.

Non-Major Governmental Funds. Spending levels of non-major funds decreased by \$5,462,819 compared to 2008, as the Cecil College Construction Fund is now shown as a major fund and the Perryville Library was completed.

Proprietary Funds

Water Services Fund. Operating revenue in this fund increased by 3.5% to \$1,308,395. Expenses increased by 19.6% to \$1,103,638 resulting in operating income of \$204,757.

Wastewater Services Fund. While operating revenues for fiscal year 2009 increased by 12.6% from last year to \$3,372,665 it was insufficient to offset a \$655,146 or 17.6% increase in expenses which resulted in an operating loss of \$1,013,973. The increase in expenditures is attributable to increased depreciation and operating cost.

Landfill Fund. Operating revenue in the fund decreased \$800,291 from 2008, while operating expenses increased by \$312,830 to \$4,558,610. This decrease in revenues can be attributed to a reduction in construction debris as the housing market has declined. Additionally, increased recycling activity results in lower revenues and higher expenses as citizens are not charged for disposal of recycled materials and the County pays to have recyclables removed from the Landfill. However, this ultimately saves landfill space and delays the need for costly landfill expansion.

Health Insurance Internal Service Fund – Premiums received from participants increased by \$620,905 to \$8,141,351 as price increases have taken effect. Medical claims and administrative fees increased \$671,492 to \$7,279,990 due to a combination of medical inflation and increased prescription costs. The County pays 85% of the premium and the employee pays 15%.

Central Garage Internal Service Fund – The County uses a third party vehicle maintenance company to operate the County's vehicle maintenance facility. The Fund records the full value of the services, parts, and cost of supplying the facility to the contractor and charges user departments for the services. The fund allocates back to users all costs and retains as net assets only the remaining useful life of buildings and equipment. The fund's 2009 operating costs were slightly higher than 2008 by \$37,758 due to an increase in expenses that are not covered under the County's contract.

General Fund Budgetary Highlights

The County adopted its fiscal year 2009 budget on May 20, 2008, and amended it to meet operational needs during the year. The legal level of budgetary control is at the departmental level and while department heads may make budget transfers within their own department, the Board of County Commissioners must approve any budget amendments that increase or decrease revenue or move appropriations between departments.

Budget changes during the year added \$3,010,885 to revenues and other financing sources while expenditures and transfers increased by \$5,176,267. Additional grant funding accounted for just over \$1.6 million additional budgetary revenues and accompanying expenditures and included \$1.2 million in additional grant funding for various programs designed to enhance public safety as well as a \$314,896 re-appropriation of federal grant funds related to the Healthy Marriage Grant. Approximately one million dollars of revenue and matching expenditures were created by the transfer of excess County funding in the Health Insurance fund back to the General fund. This money was then used to establish and prefund a non-pension post employment trust fund which will be discussed in greater detail in Note 15. The balance of the expenditure increase was largely due to costs incurred for projects that were in process but not completed at the end of fiscal year 2008.

The final budget contained \$164,232,066 of revenues and other financing sources, \$170,038,548 of expenditures and transfers, and \$5,806,482 of appropriated fund balance. The actual revenues and other financing sources were \$2,526,161 less than final budget and actual expenditures and transfers \$5,979,775 below final budget.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2009, the County had invested \$235,879,419, net of accumulated depreciation, in a broad range of capital assets (table below). Depreciation and depletion charges for this fiscal year totaled \$11,455,063.

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

- The renovation of the County Court House
- Highway projects within the Highway Fund and General Capital Projects Fund continue to emphasize complete refurbishment of the County's bridges as well as maintaining pavement resurfacing programs.
- Upgrade of Route 40 pump stations.

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

Cecil County's Capital Assets as of June 30, 2009 and 2008
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 13,075,348	\$ 12,995,474	\$ 918,469	\$ 915,468	\$ 13,993,817	\$ 13,910,942
Construction in Progress	11,673,841	3,701,356	4,420,365	3,112,339	16,094,206	6,813,695
Landfill & Land Improvements	2,353,272	2,303,240	7,510,293	8,034,828	9,863,565	10,338,068
Highways & Bridges	82,587,425	81,501,017	-	-	82,587,425	81,501,017
Utility Systems	-	-	18,704,788	16,459,823	18,704,788	16,459,823
Buildings	36,932,975	38,227,062	11,370,989	11,523,216	48,303,964	49,750,278
Machinery & Equipment	20,783,729	21,000,807	25,547,925	23,518,152	46,331,654	44,518,959
Total Capital Assets	\$ 167,406,590	\$ 159,728,956	\$ 68,472,829	\$ 63,563,826	\$ 235,879,419	\$ 223,292,782

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 bonded debt of \$182,677,981. All of this debt is backed by the full faith and credit of the government. Governmental activities report \$147,566,584 and business-type activities report \$31,324,561 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 \$161,836. Revenue bonds for which the government is liable for fee or tax increases to repay the debt in the event revenue from landfill fees is insufficient to pay the related debt service account for \$3,625,000.

The County is empowered by state law to issue debt obligations within the limits of authority passed from time to time by the state legislature. There is no legal aggregate limit to the amount of indebtedness. In June 2009, the County issued \$27,695,000 in general obligation bonds, all of which supported current construction programs at the Board of Education, Cecil College and the County Detention Center, as well as construction of wastewater facilities, storm water management improvements at the landfill and highway improvements.

The County's bond rating remained stable with a rating of Aa3 from Moody's Investors Service while Standard and Poor's rating increased from AA- to AA. Additional information on the County's long-term debt can be found in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

While Cecil County is expected remain the fastest growing county in Maryland for the next several years, it is not immune from the current global recession. The State has made substantial budget cuts to the fiscal year 2010 budget including a 90% cut to highway funding. Many county residents have been adversely affected by the closing of the General Motors Boxwood plant and Chrysler's Newark assembly plant. Unemployment jumped to 9.8% in June 2009.

However, there are positive economic signs. The pace of the Base Realignment and Closure Act (BRAC) is ahead of schedule and, anecdotally, several recent residential real estate purchases have been made by people moving to Cecil County from the Fort Monmouth area. The first business, Integrity Tool and Fasteners, associated with BRAC is expected to open within weeks. Another bright spot is the February 2009 application by Penn National Gaming Inc. to construct a Video Lottery Terminal gambling casino in the western part of the County.

The General Fund budget for fiscal year 2010 attempts to balance the recession induced shortfalls with the County's need for infrastructure. While the property tax rate was reduced from \$.96 to \$.94 per \$100 of assessed value, assessment increases will cause property tax revenue to increase by approximately five million dollars. However, this is expected to be offset by reduced revenue in most other categories, resulting in a modest 1.3% overall revenue increase. With exception of Public Safety, which received a 1.1% increase to its operating budget, all other general fund departmental budgets were reduced. Operating transfers from the General Fund to Capital Projects will increase 21.1% as the County continues with its bridge replacement program and begins construction of a new detention center. The Highway fund and the Community Adult Rehabilitation Program will also receive increased funding as the County attempts to replace some of the State cuts. The County appropriated \$11,466,595 of current fiscal year \$23,229,251 unreserved fund balance to ensure that it could meet its obligations to County citizens.

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 Pamela R. Howard, Cecil County Treasurer, 200 Chesapeake Boulevard, Elkton, MD 21921.

The component units issue their own audited financial statements. These statements may be obtained directly from the units from sources listed in Note 1 to the financial statements.

BASIC FINANCIAL STATEMENTS

CECIL COUNTY, MARYLAND

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Investments	\$ 71,874,245	\$ 12,434,070	\$ 84,308,315	\$ 30,682,225
Receivables, Net	1,403,360	3,286,169	4,689,529	2,723,854
Due from Primary Government	-	-	-	3,845,041
Due from Other Governments	22,129,792	170,169	22,299,961	3,049,716
Internal Balances	823,649	(823,649)	-	-
Inventories	456,899	-	456,899	196,398
Prepaid Items & Other Assets	1,452,533	41,864	1,494,397	879,964
Restricted Assets:				
Cash and Investments	1,657,919	713,439	2,371,358	3,083,921
Capital Assets, Net:				
Land	13,075,348	918,469	13,993,817	6,531,516
Construction in Progress	11,673,841	4,420,365	16,094,206	68,659,032
Landfill & Land Improvements	2,353,272	7,510,293	9,863,565	8,392,097
Highways & Bridges	82,587,425	-	82,587,425	-
Utility Systems	-	18,704,788	18,704,788	-
Buildings	36,932,975	11,370,989	48,303,964	134,122,245
Machinery & Equipment	20,783,729	25,547,925	46,331,654	14,597,488
Total Assets	<u>267,204,987</u>	<u>84,294,891</u>	<u>351,499,878</u>	<u>276,763,497</u>
LIABILITIES				
Accounts Payable	5,600,795	1,053,329	6,654,124	8,449,264
Salary and Benefits Payable	2,010,545	110,915	2,121,460	12,880,730
Due to Component Units	3,845,041	-	3,845,041	-
Due to Other Governments	17,777	-	17,777	-
Unearned Revenue	314,748	-	314,748	1,553,417
Other Liabilities	1,005,745	212,479	1,218,224	-
Liabilities Payable with Restricted Assets	45,461	-	45,461	-
Long Term Liabilities				
Due within one year:				
Bonds Payable	9,613,809	2,038,209	11,652,018	-
Capital Leases	567,865	223,432	791,297	1,505,775
Insurance Claims Payable	1,026,341	-	1,026,341	1,549,000
Compensated Absences	1,041,733	79,876	1,121,609	637,675
Due in more than one year:				
Bonds Payable	139,751,574	32,897,851	172,649,425	-
Capital Leases	1,521,017	475,911	1,996,928	8,760,846
Compensated Absences	520,866	39,938	560,804	2,545,195
Accrued Landfill Closure/Postclosure	-	5,719,911	5,719,911	-
Total Liabilities	<u>166,883,317</u>	<u>42,851,851</u>	<u>209,735,168</u>	<u>37,881,902</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	121,977,339	33,060,858	155,038,197	222,035,757
Restricted for:				
Capital Projects	-	7,890,497	7,890,497	47,460
Health and Welfare	1,277,390	-	1,277,390	-
Agriculture	2,112,828	-	2,112,828	-
Economic Development	841,335	-	841,335	-
Debt Service and Other	198,186	713,439	911,625	3,437,162
Unrestricted	(26,085,408)	(221,754)	(26,307,162)	13,361,216
Total Net Assets	<u>\$ 100,321,670</u>	<u>\$ 41,443,040</u>	<u>\$ 141,764,710</u>	<u>\$ 238,881,595</u>

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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Grants and Contributions		Governmental Activities	Primary Government		
			Operating	Capital		Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 12,546,389	\$ 1,163,371	\$ 724,103	\$ 632,865	\$ (10,026,050)	\$ -	\$ (10,026,050)	\$ -
Public Safety	33,334,883	2,136,375	2,807,276	603,614	(27,787,618)	-	(27,787,618)	-
Highways, Streets, and Bridges	13,981,175	376,370	6,371,877	722,189	(6,510,739)	-	(6,510,739)	-
Health and Welfare	11,756,789	143,373	6,916,023	-	(4,697,393)	-	(4,697,393)	-
Recreation and Culture	880,408	178,660	202,719	1,192,077	693,048	-	693,048	-
Education	96,520,700	-	-	-	(96,520,700)	-	(96,520,700)	-
Public Libraries	4,681,578	-	-	-	(4,681,578)	-	(4,681,578)	-
Economic Development	1,214,647	-	153,831	-	(1,060,816)	-	(1,060,816)	-
Agriculture	2,131,412	-	89,440	-	(2,041,972)	-	(2,041,972)	-
Municipalities	757,448	-	-	-	(757,448)	-	(757,448)	-
Interest on Long-Term Debt	5,492,318	-	-	-	(5,492,318)	-	(5,492,318)	-
Total Governmental Activities	183,297,747	3,998,149	17,265,269	3,150,745	(158,883,584)	-	(158,883,584)	-
Business-Type Activities:								
Water	1,103,638	1,308,395	-	-	-	204,757	204,757	-
Wastewater	5,069,605	3,372,665	-	2,964,543	-	1,267,603	1,267,603	-
Landfill	4,830,035	4,556,694	-	-	-	(273,341)	(273,341)	-
Total Business-Type Activities	11,003,278	9,237,754	-	2,964,543	-	1,199,019	1,199,019	-
Total Primary Government	\$194,301,025	\$13,235,903	\$17,265,269	\$6,115,288	(158,883,584)	1,199,019	(157,684,565)	-
Component Units:								
Board of Education	\$200,005,513	\$3,387,089	\$51,554,961	\$14,513,846	-	-	-	(130,549,617)
Cecil College	25,862,307	5,905,443	4,037,460	10,043,332	-	-	-	(5,876,072)
Cecil County Library	5,396,048	159,625	56,529	-	-	-	-	(5,179,894)
Bainbridge Development Corporation	317,986	136,685	-	-	-	-	-	(181,301)
Total Component Units	\$231,581,854	\$9,588,842	\$55,648,950	\$24,557,178	-	-	-	(141,786,884)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					96,078,658	-	96,078,658	-
Income Taxes					49,358,649	-	49,358,649	-
Investment Earnings					2,054,515	87,616	2,142,131	691,714
Other Revenues including Capital Asset Sales Gains					345,432	18,309	363,741	179,557
Payments From the Primary Government					-	-	-	82,240,769
Payments From the State Government					-	-	-	75,598,461
Entitlements, and Contributions not Restricted to Specific Programs					5,013,347	-	5,013,347	2,337,629
Total General Revenues, Special Items, and Transfers					152,850,601	105,925	152,956,526	161,048,130
Change in Net Assets					(6,032,983)	1,304,944	(4,728,039)	19,261,246
Net Assets - June 30, 2008					106,354,653	40,138,096	146,492,749	219,620,349
Net Assets - June 30, 2009					\$ 100,321,670	\$ 41,443,040	\$ 141,764,710	\$ 238,881,595

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

CECIL COUNTY, MARYLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Housing Programs</u>	<u>Highway</u>	<u>Capital Projects</u>	<u>Board of Education Construction</u>	<u>Cecil College Construction</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and Investments (Note 3)	\$32,994,013	\$ -	\$ -	\$ 17,184,026	\$ 10,755,142	\$ 3,140,533	\$ 2,836,593	\$ 66,910,307
Receivables, Net (Note 4)	965,386	-	850	-	82	-	346,078	1,312,396
Due from Other Funds	607,951	-	-	-	-	-	-	607,951
Due from Other Governments	17,717,432	34,184	900,737	1,726,045	-	746,986	1,004,408	22,129,792
Inventory	38,142	-	393,086	-	-	-	1,834	433,062
Advances to Other Funds	823,649	-	-	-	-	-	-	823,649
Other Assets	23,988	-	-	-	-	-	-	23,988
Restricted Assets:								
Cash and Investments (Note 3)	-	1,349,204	-	-	-	-	308,715	1,657,919
Total Assets	\$53,170,561	\$ 1,383,388	\$ 1,294,673	\$ 18,910,071	\$ 10,755,224	\$ 3,887,519	\$ 4,497,628	\$ 93,899,064
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	1,709,350	23,856	701,766	1,841,051	-	-	251,608	4,527,631
Salaries and Benefits Payable	1,721,890	22,252	112,319	-	-	-	154,084	2,010,545
Due to Other Funds	-	14,429	87,502	-	-	-	330,113	432,044
Due to Component Units	-	-	-	-	461,715	3,378,326	5,000	3,845,041
Due to Other Governments	-	-	-	17,777	-	-	-	17,777
Deferred Revenue	12,426,415	-	-	-	-	-	76,695	12,503,110
Other Liabilities	943,019	-	-	-	-	-	100	943,119
Liabilities Payable from Restricted Funds	-	45,461	-	-	-	-	-	45,461
Total Liabilities	16,800,674	105,998	901,587	1,858,828	461,715	3,378,326	817,600	24,324,728
Fund Balances:								
Reserved:								
Encumbrances	-	-	-	3,642,897	-	-	59,438	3,702,335
Inventories and Prepaid Items	62,130	-	393,086	-	-	-	-	455,216
Non-Current Notes Receivable	-	-	-	-	-	-	-	-
Contingencies	12,254,857	-	-	-	-	-	-	12,254,857
Advances to other funds	823,649	-	-	-	-	-	-	823,649
Unreserved, Reported in:								
General Fund:								
Designated	11,466,595	-	-	-	-	-	-	11,466,595
Undesignated	11,762,656	-	-	-	-	-	-	11,762,656
Special Revenue Funds	-	1,277,390	-	-	-	-	3,152,349	4,429,739
Capital Project Funds	-	-	-	13,408,346	10,293,509	509,193	468,241	24,679,289
Total Fund Balances	36,369,887	1,277,390	393,086	17,051,243	10,293,509	509,193	3,680,028	69,574,336
Total Liabilities and Fund Balances	\$53,170,561	\$ 1,383,388	\$ 1,294,673	\$ 18,910,071	\$ 10,755,224	\$ 3,887,519	\$ 4,497,628	\$ 93,899,064

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 ASSETS
JUNE 30, 2009

The Total Net Assets reported for governmental activities in the Statement of Net Assets (Page 16) is different because:

Total Fund Balances for Government Funds (Page 18)		\$ 69,574,336
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 Assets. Also excluded are \$282,115 of internal service fund capital assets accounted for in the following line.		167,124,475
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 Assets. The increase is equal to the internal service fund net assets.		4,149,561
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 unearned revenue in the funds.		
Property Taxes	\$ 214,127	
Income Taxes	<u>11,974,235</u>	12,188,362
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.		
Compensated Absences	\$ (1,562,599)	
Accrued interest on long-term debt	(1,005,742)	
Deferred - Bond Premium	(2,257,786)	
Deferred - Bond Issuance Costs	1,307,545	
Deferred - Advance Refunding Difference	620,817	
Bonds and Notes Payable	<u>(149,817,299)</u>	<u>(152,715,064)</u>
Total Net Assets of Governmental Activities (Page 16)		<u>\$ 100,321,670</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General	Housing Programs	Highway	General Capital Projects	Board of Education Construction	College Construction	Non-Major Governmental Funds	Total Governmental Funds
REVENUES								
Property Taxes	\$ 96,173,901	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,173,901
Special Assessments - Current	-	-	-	-	-	-	50,132	50,132
Income Taxes	48,851,186	-	-	-	-	-	-	48,851,186
Licenses and Permits	1,294,929	-	3,250	-	-	-	-	1,298,179
Intergovernmental	9,166,694	4,305,799	5,612,778	2,577,299	-	-	2,760,244	24,422,814
Charges for Services	2,489,266	-	-	-	-	-	283,127	2,772,393
Investment Earnings	1,879,161	18,917	-	-	-	-	13,350	1,911,428
Contributions & Other Revenues	75,194	30,132	-	-	-	-	22,567	127,893
Total Revenues	159,930,331	4,354,848	5,616,028	2,577,299	-	-	3,129,420	175,607,926
EXPENDITURES								
Current:								
General Government	11,643,833	-	-	-	-	-	-	11,643,833
Public Safety	30,217,859	-	-	-	-	-	1,841,347	32,059,206
Highways, Streets, and Bridges	2,887,696	-	10,027,671	-	-	-	-	12,915,367
Health and Welfare	5,079,727	4,125,329	-	-	-	-	2,459,926	11,664,982
Recreation and Culture	819,136	-	-	-	-	-	5,869	825,005
Education	78,055,262	-	-	-	-	-	-	78,055,262
Public Libraries	4,425,607	-	-	-	-	-	-	4,425,607
Economic Development	1,201,887	-	-	-	-	-	-	1,201,887
Agriculture	609,912	-	-	-	-	-	1,516,632	2,126,544
Municipalities	757,448	-	-	-	-	-	-	757,448
Debt Service:								
Principal	-	-	-	-	-	-	8,843,764	8,843,764
Interest	-	-	-	-	-	-	5,399,155	5,399,155
Bond Issuance Cost	-	-	-	117,704	-	-	-	117,704
Capital Outlay	-	-	-	9,376,263	10,761,236	7,547,150	954,275	28,638,924
Total Expenditures	135,698,367	4,125,329	10,027,671	9,493,967	10,761,236	7,547,150	21,020,968	198,674,688
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,231,964	229,519	(4,411,643)	(6,916,668)	(10,761,236)	(7,547,150)	(17,891,548)	(23,066,762)
OTHER FINANCING SOURCES (USES)								
Proceeds from								
Capital Asset Disposal	772,086	-	-	-	-	-	-	772,086
Bonds Issued	-	-	-	6,857,437	9,175,563	6,987,000	-	23,020,000
Premium on Debt Issued	-	-	-	732,707	-	-	-	732,707
Transfers In	1,003,488	24,508	4,356,260	3,829,354	1,420,000	740,000	16,986,796	28,360,406
Transfers Out	(28,360,406)	-	-	-	-	-	-	(28,360,406)
Total Other Financing Sources (Uses)	(26,584,832)	24,508	4,356,260	11,419,498	10,595,563	7,727,000	16,986,796	24,524,793
Net Change in Fund Balances	(2,352,868)	254,027	(55,383)	4,502,830	(165,673)	179,850	(904,752)	1,458,031
Fund Balances - June 30, 2008	38,722,755	1,023,363	448,469	12,548,413	10,459,182	329,343	4,584,781	68,116,305
Fund Balances - June 30, 2009	\$ 36,369,887	\$ 1,277,390	\$ 393,086	\$ 17,051,243	\$ 10,293,509	\$ 509,193	\$ 3,680,029	\$ 69,574,336

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, 2009**

Amounts reported for governmental activities in the Statement of Activities (Page 17) are different because:

Net Change in Fund Balances - Total Government Funds (Page 20) \$ 1,458,031

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 capital outlays exceed depreciation in the current period. 8,124,293

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. (426,654)

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	\$ (95,243)	
Income Taxes	<u>507,463</u>	
Net Adjustment		412,220

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 issuance costs, 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	\$ (23,020,000)	\$ 8,843,764	
Issuance Costs & Similar Items	<u>(615,003)</u>	<u>(170,747)</u>	
Net Adjustment	<u>(23,635,003)</u>	<u>8,673,017</u>	(14,961,986)

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	\$ (111,246)	
Accrued interest on long-term debt	<u>77,584</u>	
Net Adjustment		(33,662)

The change in net assets of certain internal service funds are reported with governmental activities. (605,225)

Change in Net Assets of Government Activities (Page 17) \$ (6,032,983)

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, 2009**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 95,567,609	\$ 95,567,609	\$ 96,173,901	\$ 606,292
Income Taxes	49,100,000	49,100,000	48,851,186	(248,814)
Licenses and Permits	1,523,680	1,523,680	1,294,929	(228,751)
Intergovernmental	10,166,119	11,844,667	9,166,694	(2,677,973)
Charges for Services	2,463,773	2,792,622	2,489,266	(303,356)
Investment Earnings	2,400,000	2,400,000	1,879,161	(520,839)
Contributions & Other Revenues	-	-	75,194	75,194
Total Revenues	<u>161,221,181</u>	<u>163,228,578</u>	<u>159,930,331</u>	<u>(3,298,247)</u>
EXPENDITURES				
Current:				
General Government	12,874,289	13,010,393	11,643,833	1,366,560
Public Safety	31,977,605	32,731,240	30,217,859	2,513,381
Highways, Streets, and Bridges	3,298,318	3,085,447	2,887,696	197,751
Health and Welfare	5,145,710	5,612,743	5,079,727	533,016
Recreation and Culture	1,058,635	938,881	819,136	119,745
Education	78,055,262	78,055,262	78,055,262	-
Public Libraries	4,425,607	4,425,607	4,425,607	-
Economic Development	1,238,060	1,324,887	1,201,887	123,000
Agriculture	675,945	619,550	609,912	9,638
Municipalities	757,449	757,449	757,448	1
Total Expenditures	<u>139,506,880</u>	<u>140,561,459</u>	<u>135,698,367</u>	<u>4,863,092</u>
Excess of Revenues Over Expenditures	<u>21,714,301</u>	<u>22,667,119</u>	<u>24,231,964</u>	<u>1,564,845</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Asset Disposal	-	-	772,086	772,086
Operating Transfers In	-	1,003,488	1,003,488	-
Transfers Out	<u>(25,355,401)</u>	<u>(29,477,089)</u>	<u>(28,360,406)</u>	<u>1,116,683</u>
Total Other Financing Sources (Uses)	<u>(25,355,401)</u>	<u>(28,473,601)</u>	<u>(26,584,832)</u>	<u>1,888,769</u>
Net Change in Fund Balance	<u>(3,641,100)</u>	<u>(5,806,482)</u>	<u>(2,352,868)</u>	<u>3,453,614</u>
Fund Balance - June 30, 2008	<u>32,492,437</u>	<u>31,620,858</u>	<u>38,722,755</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ 28,851,337</u>	<u>\$ 25,814,376</u>	<u>\$ 36,369,887</u>	<u>\$ 10,555,511</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR FUND
HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 3,674,805	\$ 4,590,614	\$ 4,305,799	\$ (284,815)
Investment Earnings	-	-	18,917	18,917
Contributions & Other Revenues	19,500	19,500	30,132	10,632
Total Revenues	<u>3,694,305</u>	<u>4,610,114</u>	<u>4,354,848</u>	<u>(255,266)</u>
EXPENDITURES				
Current:				
Health and Welfare	3,745,870	4,639,514	4,125,329	514,185
Total Expenditures	<u>3,745,870</u>	<u>4,639,514</u>	<u>4,125,329</u>	<u>514,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(51,565)</u>	<u>(29,400)</u>	<u>229,519</u>	<u>258,919</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	51,565	29,400	24,508	(4,892)
Total Other Financing Sources (Uses)	<u>51,565</u>	<u>29,400</u>	<u>24,508</u>	<u>(4,892)</u>
Net Change in Fund Balance	-	-	254,027	254,027
Fund Balance - June 30, 2008	<u>1,023,363</u>	<u>1,023,363</u>	<u>1,023,363</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ 1,023,363</u>	<u>\$ 1,023,363</u>	<u>\$ 1,277,390</u>	<u>\$ 254,027</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR FUND
HIGHWAY
FOR THE YEAR ENDED JUNE 30, 2009

	<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				
Licenses and Permits	\$ 5,000	\$ 5,000	\$ 3,250	\$ (1,750)
Intergovernmental	<u>6,557,820</u>	<u>5,478,820</u>	<u>5,612,778</u>	<u>133,958</u>
Total Revenues	<u>6,562,820</u>	<u>5,483,820</u>	<u>5,616,028</u>	<u>132,208</u>
EXPENDITURES				
Current:				
Highways, Streets, and Bridges	<u>10,314,462</u>	<u>10,578,565</u>	<u>10,027,671</u>	<u>550,894</u>
Total Expenditures	<u>10,314,462</u>	<u>10,578,565</u>	<u>10,027,671</u>	<u>550,894</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(3,751,642)</u>	<u>(5,094,745)</u>	<u>(4,411,643)</u>	<u>683,102</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>3,751,642</u>	<u>5,094,745</u>	<u>4,356,260</u>	<u>(738,485)</u>
Total Other Financing				
Sources (Uses)	<u>3,751,642</u>	<u>5,094,745</u>	<u>4,356,260</u>	<u>(738,485)</u>
Net Change in Fund Balance	-	-	(55,383)	(55,383)
Fund Balance - June 30, 2008	<u>448,469</u>	<u>448,469</u>	<u>448,469</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ 448,469</u>	<u>\$ 448,469</u>	<u>\$ 393,086</u>	<u>\$ (55,383)</u>

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



CECIL COUNTY, MARYLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Landfill</u>	<u>Total</u>	<u>Activities -</u> <u>Internal</u> <u>Service Funds</u>
ASSETS					
Current Assets:					
Cash and Investments	\$ -	\$ 8,292,707	\$ 4,141,363	\$ 12,434,070	\$ 4,963,938
Receivables, Net:					
Accounts	288,135	895,340	437,275	1,620,750	90,964
Other	21,721	9,671	1,437	32,829	-
Due from Other Governments	-	170,169	-	170,169	-
Inventory	-	-	-	-	23,837
Prepaid Items and Other Assets	-	18,519	23,345	41,864	121,000
Total Current Assets	309,856	9,386,406	4,603,420	14,299,682	5,199,739
Non-Current Assets:					
Restricted Assets: Cash and Investments	-	-	713,439	713,439	-
Accounts Receivable - Non-Current	-	1,632,590	-	1,632,590	-
Capital Assets, Net:					
Land	25,734	411,896	480,839	918,469	-
Construction in Progress	-	2,705,622	1,714,743	4,420,365	-
Landfill and Land Improvements	-	954,657	6,555,636	7,510,293	-
Water and Wastewater Lines	2,137,706	16,567,082	-	18,704,788	-
Buildings	245,916	7,836,513	3,288,560	11,370,989	232,003
Machinery & Equipment	645,077	18,281,424	6,621,424	25,547,925	50,112
Total Non-Current Assets	3,054,433	48,389,784	19,374,641	70,818,858	282,115
Total Assets	3,364,289	57,776,190	23,978,061	85,118,540	5,481,854
LIABILITIES					
Current Liabilities:					
Accounts Payable	44,341	441,539	288,747	774,627	135,872
Construction Retainage Payable	-	261,736	16,966	278,702	-
Salary & Benefits Payable	11,809	34,754	64,352	110,915	-
Accrued Expenses & Other Liabilities	-	126,000	86,479	212,479	1,026,341
Due to Other Funds	-	-	-	-	170,080
Capital Leases Payable	-	-	223,432	223,432	-
Bonds Payable	-	1,554,450	483,759	2,038,209	-
Compensated Absences	9,552	30,010	40,314	79,876	-
Total Current Liabilities	65,702	2,448,489	1,204,049	3,718,240	1,332,293
Non-Current Liabilities:					
Capital Leases Payable	-	-	475,911	475,911	-
Bonds Payable					
(Net of Unamortized Discounts)	-	28,795,111	4,102,740	32,897,851	-
Advances From Other Funds	823,649	-	-	823,649	-
Compensated Absences	4,776	15,005	20,157	39,938	-
Accrued Landfill Closure and Postclosure Costs	-	-	5,719,911	5,719,911	-
Total Non-Current Liabilities	828,425	28,810,116	10,318,719	39,957,260	-
Total Liabilities	894,127	31,258,605	11,522,768	43,675,500	1,332,293
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	3,054,433	16,407,633	13,598,792	33,060,858	282,115
Restricted for:					
Capital Projects	-	7,180,361	710,136	7,890,497	-
Debt Service	-	-	713,439	713,439	-
Unrestricted	(584,271)	2,929,591	(2,567,074)	(221,754)	3,867,446
Total Net Assets	\$ 2,470,162	\$ 26,517,585	\$ 12,455,293	\$ 41,443,040	\$ 4,149,561

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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Landfill</u>	<u>Total</u>	<u>Activities -</u> <u>Internal</u> <u>Service Funds</u>
OPERATING REVENUES					
Charges for Services:					
Sales and User Fees	\$ 1,308,395	\$ 3,372,665	\$ 4,556,694	\$ 9,237,754	\$ 9,418,900
Total Operating Revenues	<u>1,308,395</u>	<u>3,372,665</u>	<u>4,556,694</u>	<u>9,237,754</u>	<u>9,418,900</u>
OPERATING EXPENSES					
Salaries and Related	249,318	760,789	1,298,005	2,308,112	-
Materials, Supplies, and Services	695,703	1,602,177	1,640,875	3,938,755	1,863,730
Benefit Payments	-	-	-	-	7,279,990
Depreciation	158,617	2,023,672	1,044,361	3,226,650	20,004
Depletion	-	-	318,078	318,078	-
Landfill Closure and Postclosure	-	-	257,291	257,291	-
Total Operating Expenses	<u>1,103,638</u>	<u>4,386,638</u>	<u>4,558,610</u>	<u>10,048,886</u>	<u>9,163,724</u>
Operating Income (Loss)	<u>204,757</u>	<u>(1,013,973)</u>	<u>(1,916)</u>	<u>(811,132)</u>	<u>255,176</u>
NON-OPERATING					
REVENUES (EXPENSES)					
Investment Earnings	-	82,381	5,235	87,616	143,087
Interest Expense	-	(682,967)	(271,425)	(954,392)	-
Gain/Loss on Sale of Capital Assets	1,225	4,045	13,039	18,309	-
Total Non-Operating Revenues (Expenses)	<u>1,225</u>	<u>(596,541)</u>	<u>(253,151)</u>	<u>(848,467)</u>	<u>143,087</u>
Net Income (Loss) before Contributions and Transfers	205,982	(1,610,514)	(255,067)	(1,659,599)	398,263
Capital Contributions:					
Intergovernmental Capital Grant	-	-	-	-	-
Sewage and Water Connection Fees	-	820,725	-	820,725	-
Developers Capital Contributions	-	2,143,818	-	2,143,818	-
Transfers Out	-	-	-	-	(1,003,488)
Change in Net Assets	205,982	1,354,029	(255,067)	1,304,944	(605,225)
Net Assets - June 30, 2008	<u>2,264,180</u>	<u>25,163,556</u>	<u>12,710,360</u>	<u>40,138,096</u>	<u>4,754,786</u>
Net Assets - June 30, 2009	<u>\$2,470,162</u>	<u>\$26,517,585</u>	<u>\$12,455,293</u>	<u>\$41,443,040</u>	<u>\$ 4,149,561</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, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Landfill</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$1,330,945	\$3,651,103	\$ 4,777,816	\$ 9,759,864	\$9,368,259
Payments to Suppliers	(884,514)	(2,119,960)	(1,869,213)	(4,873,687)	(9,079,048)
Payments to Employees	(258,086)	(760,842)	(1,288,496)	(2,307,424)	-
Net Cash Provided by Operating Activities	<u>188,345</u>	<u>770,301</u>	<u>1,620,107</u>	<u>2,578,753</u>	<u>289,211</u>
Cash Flows From Non-Capital Financing Activities:					
Advances to Other Funds	-	-	-	-	(40,714)
Advances from Other Funds	340,402	-	-	340,402	-
Transfers Out	-	-	-	-	(1,003,488)
Net Cash Provided by (used in) Non-Capital Financing Activities	<u>340,402</u>	<u>-</u>	<u>-</u>	<u>340,402</u>	<u>(1,044,202)</u>
Cash Flows From Capital and Related Financing Activities:					
Proceeds from Bond Issues	-	4,260,426	975,000	5,235,426	-
Sewage and Water Connection Fees	-	820,725	-	820,725	-
Acquisition and Construction of Capital Assets	(529,972)	(3,365,139)	(2,401,764)	(6,296,875)	-
Principal Paid on Bond Maturities and Capital Leases	-	(1,346,574)	(628,260)	(1,974,834)	-
Interest Paid on Bonds and Capital Leases	-	(682,966)	(267,436)	(950,402)	-
Proceeds from Sale of Capital Assets	1,225	4,045	-	5,270	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(528,747)</u>	<u>(309,483)</u>	<u>(2,322,460)</u>	<u>(3,160,690)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest on Investments	-	82,381	5,235	87,616	143,086
Net Cash Provided by Investing Activities	<u>-</u>	<u>82,381</u>	<u>5,235</u>	<u>87,616</u>	<u>143,086</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>-</u>	<u>543,199</u>	<u>(697,118)</u>	<u>(153,919)</u>	<u>(611,905)</u>
Cash and Cash Equivalents - June 30, 2008 (including \$728,355 for the Landfill Fund reported in restricted accounts)	<u>-</u>	<u>7,749,508</u>	<u>5,551,920</u>	<u>13,301,428</u>	<u>5,575,843</u>
Cash and Cash Equivalents - June 30, 2009 (including \$713,439 for the Landfill Fund reported in restricted accounts)	<u>\$ -</u>	<u>\$8,292,707</u>	<u>\$ 4,854,802</u>	<u>\$ 13,147,509</u>	<u>\$4,963,938</u>

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, 2009

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Landfill</u>	<u>Total</u>	<u>Activities -</u> <u>Internal</u> <u>Service Funds</u>
Reconciliation of Operating Income to Net Cash					
Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 204,757	\$(1,013,973)	\$ (1,916)	\$ (811,132)	\$ 255,176
Adjustments to reconcile Operating Income (Loss)					
to Net Cash provided by (Used in) Operating Activities:					
Depreciation and Depletion	158,617	2,023,672	1,362,439	3,544,728	20,004
Increase in Closure/Postclosure Liability	-	-	257,291	257,291	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	22,550	278,438	221,122	522,110	(50,066)
(Increase) Decrease in Other Assets	-	2,368	6,899	9,267	(28,011)
Increase (Decrease) in Accounts Payable	(188,811)	(517,589)	(250,893)	(957,293)	4,101
Increase (Decrease) in Salaries & Benefits Payable	(2,596)	(3,662)	8,019	1,761	-
Increase (Decrease) in Accrued Expenses	-	(2,562)	\$15,656	13,094	88,582
Increase (Decrease) in Deferred Revenue	-	-	-	-	(575)
Increase (Decrease) in Compensated Absences	(6,172)	3,609	1,490	(1,073)	-
Net Cash Provided by (used in) Operating Activities	<u>\$ 188,345</u>	<u>\$ 770,301</u>	<u>\$ 1,620,107</u>	<u>\$ 2,578,753</u>	<u>\$ 289,211</u>

Non-Cash Investing, Capital, and Financing Activities:

Capital Assets of \$2,143,818 were acquired by the Wastewater Fund through contributions from developers.

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

CECIL COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<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 and Short-Term Investments	\$ 106,847	\$ 308,313	\$ 637,669
Receivables, Net:			
Property Taxes & Fees	-	-	84,295
Interest & Other	470	-	-
Investments, at fair value:			
Institutional Separate Accounts	15,473,363	-	-
Mutual Funds	-	887,900	-
Total Investments	<u>15,473,363</u>	<u>887,900</u>	<u>-</u>
Total Assets	<u>15,580,680</u>	<u>1,196,213</u>	<u>721,964</u>
LIABILITIES			
Accounts Payable	4,521	11,500	-
Due to Other Funds	-	5,828	721,964
Total Liabilities	<u>4,521</u>	<u>17,328</u>	<u>721,964</u>
NET ASSETS			
Held in Trust for:			
Employee Benefits	15,576,159	1,178,885	-
Total Net Assets	<u>\$ 15,576,159</u>	<u>\$ 1,178,885</u>	<u>\$ -</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Trust Funds	
	Public Safety Retirement Fund	Other Post Employment Benefits Fund
ADDITIONS		
Contributions		
Cecil County	\$ 1,753,647	\$ 516,000
Participants	803,781	-
Initial Funding	-	1,003,488
Total Contributions	<u>2,557,428</u>	<u>1,519,488</u>
INVESTMENT INCOME		
Net Appreciation (Depreciation) in Fair Value of Investments	(3,038,590)	(100,655)
Interest and Dividends	<u>411,882</u>	<u>19,178</u>
	(2,626,708)	(81,477)
Less: Investment Expense	<u>(153,645)</u>	<u>(5,198)</u>
Net Investment Income (Loss)	<u>(2,780,353)</u>	<u>(86,675)</u>
Total Additions	<u>(222,925)</u>	<u>1,432,813</u>
DEDUCTIONS		
Benefit Payments	690,015	236,325
Refunds of Contributions	60,236	-
Administrative Expense	<u>61,416</u>	<u>17,603</u>
Total Deductions	<u>811,667</u>	<u>253,928</u>
Change in Net Assets	(1,034,592)	1,178,885
Net Assets - June 30, 2008	<u>16,610,751</u>	<u>-</u>
Net Assets - June 30, 2009	<u>\$ 15,576,159</u>	<u>\$ 1,178,885</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2009

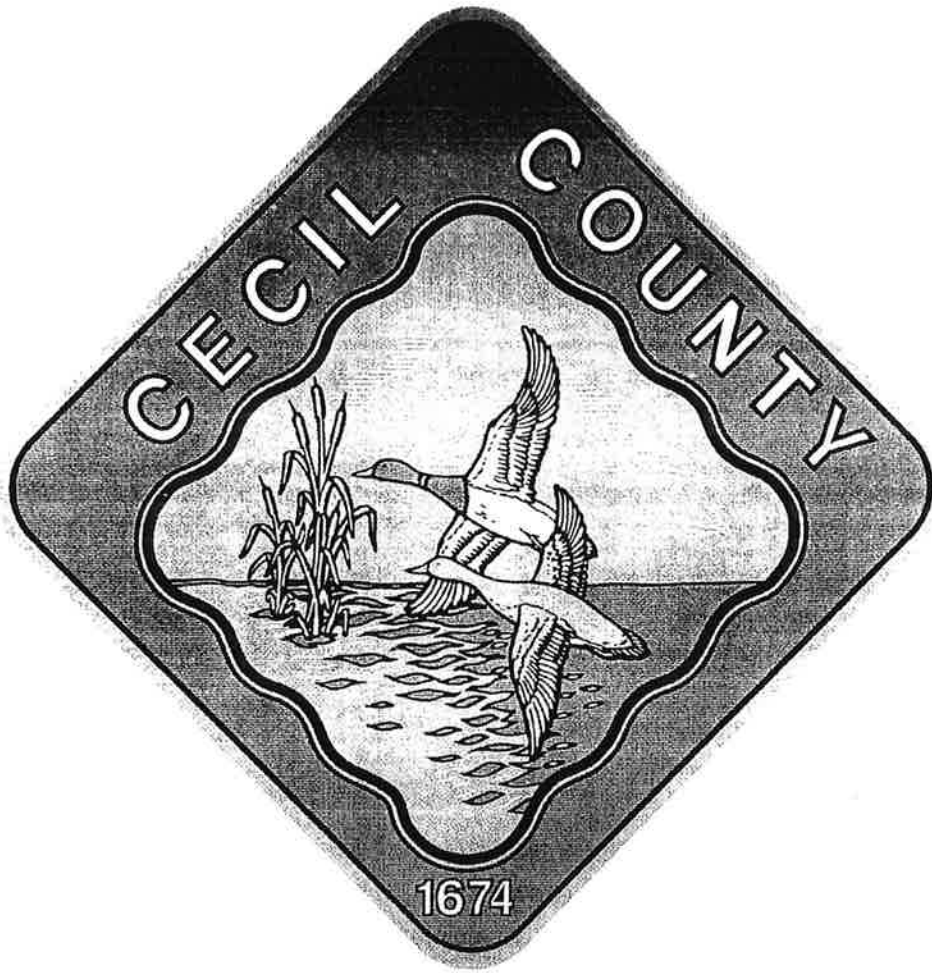
	<u>Board of Education</u>	<u>Cecil College</u>	<u>Cecil County Public Library</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
ASSETS					
Cash and Investments	\$ 25,390,734	\$ 3,920,075	\$ 1,266,146	\$ 105,270	\$ 30,682,225
Receivables, Net	665,322	1,428,532	-	630,000	2,723,854
Due from Primary Government	461,715	3,378,326	5,000	-	3,845,041
Due from Other Governments	2,347,803	683,347	18,566	-	3,049,716
Inventories	196,398	-	-	-	196,398
Prepaid Expenses & Other Assets	689,098	190,866	-	-	879,964
Restricted Assets:					
Cash and Investments	-	3,083,921	-	-	3,083,921
Capital Assets, Net:					
Land	1,202,153	1,779,763	-	3,549,600	6,531,516
Construction in Progress	58,503,666	10,155,366	-	-	68,659,032
Land Improvements	6,041,323	2,350,774	-	-	8,392,097
Buildings & Leasehold Improvements	109,017,174	25,105,071	-	-	134,122,245
Machinery & Equipment	10,525,685	1,498,974	2,571,100	1,729	14,597,488
Total Assets	<u>215,041,071</u>	<u>53,575,015</u>	<u>3,860,812</u>	<u>4,286,599</u>	<u>276,763,497</u>
LIABILITIES					
Accounts Payable	2,996,590	5,067,557	236,037	149,080	8,449,264
Accrued Salaries and Benefits	12,182,686	698,044	-	-	12,880,730
Unearned Revenue	409,311	1,144,106	-	-	1,553,417
Due within one year:					
Capital Leases	1,505,775	-	-	-	1,505,775
Insurance Claims Payable	1,549,000	-	-	-	1,549,000
Compensated Absences	368,397	213,473	55,805	-	637,675
Due in more than one year:					
Capital Leases	8,760,846	-	-	-	8,760,846
Compensated Absences	2,438,459	106,736	-	-	2,545,195
Total Liabilities	<u>30,211,064</u>	<u>7,229,916</u>	<u>291,842</u>	<u>149,080</u>	<u>37,881,902</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	175,023,380	40,889,948	2,571,100	3,551,329	222,035,757
Restricted for:					
Capital Projects	47,460	-	-	-	47,460
Donor Restrictions	-	3,437,162	-	-	3,437,162
Unrestricted	9,759,167	2,017,989	997,870	586,190	13,361,216
Total Net Assets	<u>\$184,830,007</u>	<u>\$ 46,345,099</u>	<u>\$ 3,568,970</u>	<u>\$ 4,137,519</u>	<u>\$238,881,595</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, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Grants and Contributions			Component Units				Total
		Charges for Services	Operating	Capital	Board of Education	Cecil College	Cecil County Public Library	Bainbridge Development Corporation	
Board of Education									
Instruction	\$ 195,524,802	\$ 473,758	\$ 48,541,421	\$ 14,513,848	\$(131,995,777)	\$ -	\$ -	\$ -	\$(131,995,777)
Student Services	4,377,939	2,913,331	3,013,540	-	1,548,932	-	-	-	1,548,932
Interest on Long term Deb	102,772	-	-	-	(102,772)	-	-	-	(102,772)
Total Board of Education	\$ 200,005,513	\$ 3,387,089	\$ 51,554,961	\$ 14,513,848	(130,549,617)	-	-	-	(130,549,617)
Cecil College									
Instruction	\$ 24,668,613	\$ 4,787,162	\$ 4,037,460	\$ 10,043,332	-	(5,800,659)	-	-	(5,800,659)
Student Services	1,193,694	1,118,281	-	-	-	(75,413)	-	-	(75,413)
Total Cecil Community College	\$ 25,862,307	\$ 5,905,443	\$ 4,037,460	\$ 10,043,332	-	(5,876,072)	-	-	(5,876,072)
Cecil County Public Library									
Public Libraries	\$ 5,396,048	\$ 159,625	\$ 56,529	\$ -	-	-	(5,179,894)	-	(5,179,894)
Total Cecil County Library	\$ 5,396,048	\$ 159,625	\$ 56,529	\$ -	-	-	(5,179,894)	-	(5,179,894)
Bainbridge Development Corporation									
Economic Development	\$ 317,986	\$ 136,685	\$ -	\$ -	-	-	-	(181,301)	(181,301)
Total Bainbridge Development Corporation	\$ 317,986	\$ 136,685	\$ -	\$ -	-	-	-	(181,301)	(181,301)
General Revenues:									
Payments From the Primary Government					69,915,162	7,900,000	4,425,607	-	82,240,769
Payments From the State Government					69,823,348	4,823,444	951,669	-	75,598,461
Grants, Entitlements, and Contributions not Restricted to Specific Programs					382,313	1,936,750	18,566	-	2,337,629
Investment Earnings					1,146,445	(466,365)	11,634	-	691,714
Other Revenues including Capital Asset Sales Gains					-	179,557	-	-	179,557
Total General Revenues, Special Items, and Transfers					141,267,268	14,373,386	5,407,476	-	161,048,130
Change in Net Assets					10,717,651	8,497,314	227,582	(181,301)	19,261,246
Net Assets - June 30, 2008					174,112,356	37,847,785	3,341,388	4,318,820	219,620,349
Net Assets - June 30, 2009					\$ 184,830,007	\$ 46,345,099	\$ 3,568,970	\$ 4,137,519	\$ 238,881,595

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



1. Summary of Significant Accounting Policies

The accounting and reporting policies of the County conform in all material respects to generally accepted accounting principles (GAAP) in the United States as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). The County has adopted all GASB Statements through No. 53, and Statements 55 and 56.

In February 2009, the GASB issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010. This statement's objective is to improve the usefulness, including understandability, of governmental fund balance information. The County plans to adopt this Statement for the fiscal year ending June 30, 2010.

The following summarizes the County's significant accounting policies:

A. Financial Reporting Entity

Cecil County (the County) was incorporated in 1674. Local government is provided by a Board of five Commissioners, elected every four years, who exercise those 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 the Board of County Commissioners of Cecil County (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 Commissioners appoint 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 assets 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.

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.

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.

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 **Highway Fund**, a special revenue fund, was established to account for the expenditures on highway and road operations in the County. State highway user revenues fund the majority of these expenditures.

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. Bonds and other general County resources fund these expenditures.

The **Board of Education – Construction Fund**, a capital projects fund, was established to account for the expenditures on Board of Education buildings and other capital facilities funded by bonds and general County resources.

The **Cecil College – Construction Fund**, a capital projects fund, was established to account for the expenditures on Cecil College buildings and other capital facilities funded by bonds and general County resources.

The County reports the following major enterprise funds:

The **Water Fund** accounts for the water service operations and is intended to be self-supporting through user charges. The Water Fund operates water treatment, storage, and distributions systems.

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 maintenance services and financing of health insurance provided by the County to other departments or 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 and Port Deposit.

All government and business-type activities and enterprise funds of the County follow Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County also has the option to follow subsequent private-sector guidance for its business-type activities and enterprise funds with certain limitations, but has elected not to do so.

With limited exceptions, the effects of inter-fund 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.

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. The water and wastewater funds recognize as operating revenues the portion of connection fees related to the cost to connect customers to the system. 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.

When both restricted and unrestricted resources are available for use in certain programs, it is the County's policy to apply cost-reimbursement grant resources first to those programs, followed by bond proceeds, categorical block grants, and then by general revenues, as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities within one year of acquisition. 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.

Investments of the pension plan 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.

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." 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 real estate taxes as yet uncollected are included as deferred revenue. The amounts collected within the first 60 days of the fiscal year ended June 30, 2010, 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 is determined annually by the Board of County Commissioners. For the tax years ended December 31, 2008 and 2009, 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 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 deferred as not available.

Water, 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 water and 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.

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.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of the General Fund, Highway 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.

Restricted Assets

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

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 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

Deferred Revenue

Deferred revenue consists of revenues that have not met all requirements of revenue recognition. Deferred items primarily consist of reimbursement-type grants where costs have not yet been incurred; this includes instances where the County receives periodic advance funding, but has not expended the funds nor met all the criteria to claim the funds as revenue for the current fiscal period. Deferred interest income has also been recorded with a note receivable. In the fund financial statements, deferred revenue includes property and income taxes that are not available resources.

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 deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets and Fund Equity

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary, and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Assets are classified as "Invested in Capital Assets, Net of Related Debt," legally "Restricted" for a specific purpose or "Unrestricted" and available for appropriation for the general purposes of the fund.

In the governmental fund financial statements, reservations of fund balance represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Designations of fund balance represent tentative management plans that are subject to change.

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. As of February 1 of each year, County department heads are required to submit to the Board of Estimates 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 and so forth).
- c. The submitted budgets are then subject to a detailed review by the Board of Estimates. This review process, which continues through May, includes meetings with the department heads, making comparisons with prior years' spending patterns, and forecasting future needs.

- d. As required by the County Code, the proposed budget is made available for public inspection for at least 10 days prior to the date of adoption, with adoption required by June 1. Simultaneous to the budget adoption, the Board of Estimates adopts the appropriate measures required to put the budget into effect and fixes the rate of taxation.
- e. After the legal adoption of the budget, the Commissioners file a copy of the budget with the Department of Fiscal Services of the State of Maryland. Should supplemental budget appropriations be required, the Commissioners may authorize such budget changes at the bi-weekly Commissioners' meetings. The County's legal level of budgetary control is at the departmental level. Department heads may make budget amendments within their respective departments, however all amendments above the departmental level, i.e., interdepartmental and functional, require the formal approval of the County Commissioners in public session. The original budget adopted for the fiscal year ended June 30, 2009, and the budget as revised for budget amendments approved by the County Commissioners 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 yearend 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, 2009, are the General Fund and major Special Revenue Funds.

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

C. Expenditures Over Appropriations

During the year ended June 30, 2009, there were no expenditures that exceeded appropriations.

3. Deposit and Investment Portfolio Disclosure

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." Restricted cash and investments represent deposits and investments that are held by the County subject to loan imposed restrictions. 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.

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
<u>Deposits</u>		
Insured Deposits (FDIC)	\$ 1,184,046	\$ 1,875,225
bank's agent in the County or Unit's name	15,293,610	3,179,645
Certificates of Deposit due within One Year - Collateral held by pledging bank's agent in the County or Unit's name	<u>26,662,973</u>	<u>4,801,854</u>
Total Deposits	<u>\$ 43,140,629</u>	<u>\$ 9,856,724</u>
<u>Investments</u>		
Certificates of Deposit due within 13-24 months - Collateral held by pledging bank's agent in the County or Unit's name	\$ 2,080,271	\$ -
Money Market Mutual Funds	820,286	149,681
Investment in Maryland Local Government Investment Pool	37,626,762	22,240,944
U.S. Agencies - Other	4,043,693	-
Institutional Separate Accounts	15,473,363	-
Balanced Fund Mutual Fund	<u>903,214</u>	<u>2,806,822</u>
Total Investments	<u>\$ 60,947,589</u>	<u>\$ 25,197,447</u>

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.

The Pension Plan invests in Institutional Separate Accounts. The Institutional Separate Accounts were rated by Morning Star if the fund had at least five years of history. If the fund, had less than five years of history, a peer group ranking was used to classify how the fund performed against other funds similar in nature. The Plan holds a total of eight separate accounts. Four of the eight separate accounts were rated by Morning Star of which three received a 3 star rating and one account received a 5 star rating, with 5 being the best and 1 being the worst. The remaining four separate accounts were rated using the peer group ranking (three of these accounts received a quartile rank of 1 and one account received a quartile rank of 3, with 1 being the best and 4 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 one year. 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, 2009:

<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	\$ 4,043,693	-	\$ 4,043,693	-	-

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 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. As of June 30, 2009, the Plan was in compliance 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.

The following provides reconciliation between the amounts disclosed in the chart below and the amounts presented in the Statement of Net Assets.

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Deposits	\$ 43,140,626	\$ 9,856,724	\$ 52,997,350
Investments	60,947,589.00	25,197,447	86,145,036
Petty Cash Amounts	5,550.00	6,700	12,250
Total	\$ 104,093,765	\$ 35,060,871	\$ 139,154,636
Unrestricted	\$ 84,240,673	\$ 30,682,225	\$ 114,922,898
Restricted	2,439,000	3,083,921	5,522,921
Fiduciary Funds	17,414,092	1,294,725	18,708,817
Total Cash and Investments	\$ 104,093,765	\$ 35,060,871	\$ 139,154,636

4. Receivables**Primary Government**

The following are receivables as of year-end 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 \$90,964 are included in the governmental activities of the government-wide statement.

	Governmental Fund Financial Statements						Government-wide Statements
	General	Housing Programs	Highway	Capital Projects	Non-Major Funds	Total	Governmental Activities
Receivables:							
Property Taxes	\$ 1,034,199	\$ -	\$ -	\$ -	\$ -	\$ 1,034,199	\$ 1,034,199
Accounts	-	114,982	-	82	14,640	129,704	220,668
Notes-Current (Note 5)	2,846	-	-	-	-	2,846	2,846
Notes-Non-Current (Note 5)	-	-	-	-	330,825	330,825	330,825
Interest and Other	639,252	-	850	-	613	640,715	640,715
Gross Receivables	1,676,297	114,982	850	82	346,078	2,138,289	2,229,253
Less: Allowances for Uncollectibles	(710,911)	(114,982)	-	-	-	(825,893)	(825,893)
Net Total Receivables	\$ 965,386	\$ -	\$ 850	\$ 82	\$ 346,078	\$ 1,312,396	\$ 1,403,360

Receivables as of year-end for the Government's enterprise funds and business-type activities including applicable allowances for uncollectible accounts are as follows:

	Enterprise Fund Financial Statements						Government-wide Statements
	Current				Non-Current		Business-type Activities
	Water Services	Wastewater Services	Landfill Services	Total	Water Services	Wastewater Services	
Receivables:							
Accounts	\$ 288,135	\$ 944,237	\$ 554,671	\$ 1,787,043	\$ -	\$ -	\$ 1,787,043
Other	21,721	9,671	1,437	32,829	-	-	32,829
Non-Current	-	-	-	-	-	1,632,590	1,632,590
Gross Receivables	309,856	953,908	556,108	1,819,872	-	1,632,590	3,452,462
Less: Allowances for Uncollectibles	-	(48,897)	(117,396)	(166,293)	-	-	(166,293)
Net Total Receivables	\$ 309,856	\$ 905,011	\$ 438,712	\$ 1,653,579	\$ -	\$ 1,632,590	\$ 3,286,169

Component Units

Receivables as of year-end for the Component Units are as follows:

	<u>Board of Education</u>	<u>Cecil College</u>	<u>Cecil County Library</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
Receivables:					
Accounts	\$ 665,322	\$ 689,056	\$ -	\$ 630,000	\$ 1,984,378
Gross Receivables	665,322	689,056	-	630,000	1,984,378
Less: Allowances for Uncollectibles	-	(453,298)	-	-	(453,298)
Net Total Receivables	\$ 665,322	\$ 235,758	\$ -	\$ 630,000	\$ 1,531,080

5. Notes Receivable

A. General Fund

The County, in cooperation with the Maryland Department of Business and Economic Development, provided an economic development loan to James E. Waters, II, trading as Triumph Industrial Park, which expanded its facilities thereby adding jobs to the local economy. As of June 30, 2009, the balance was \$2,846. This loan has an interest rate of 5% and final payment is due June 2010. Additionally, the County has guaranteed a related State loan in the amount of \$210,000.

B. 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, 2009 there were five outstanding loans totaling \$330,825.

6. Capital Assets**A. Primary Government**

The capital asset activity for Governmental Activities for the year ended June 30, 2009 was as follows:

	<u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 12,995,474	\$ 79,874	\$ -	\$ 13,075,348
Construction in Progress	<u>3,701,356</u>	<u>10,224,688</u>	<u>(2,252,203)</u>	<u>11,673,841</u>
Total Capital Assets Not Being Depreciated	<u>16,696,830</u>	<u>10,304,562</u>	<u>(2,252,203)</u>	<u>24,749,189</u>
Capital Assets Being Depreciated:				
Land Improvements	2,721,086	149,861	-	2,870,947
Highways & Bridges	189,369,657	5,684,996	(1,816,953)	193,237,700
Building & Improvements	47,077,577	152,054	(396,995)	46,832,636
Machinery & Equipment	<u>30,473,272</u>	<u>2,293,431</u>	<u>(1,198,841)</u>	<u>31,567,862</u>
Total Capital Assets Being Depreciated	<u>269,641,592</u>	<u>8,280,342</u>	<u>(3,412,789)</u>	<u>274,509,145</u>
Less Accumulated Depreciation for:				
Land Improvements	(417,847)	(99,828)	-	(517,675)
Highways & Bridges	(107,868,641)	(4,598,587)	1,816,952	(110,650,276)
Building & Improvements	(8,850,513)	(1,110,501)	61,353	(9,899,661)
Machinery & Equipment	<u>(9,472,465)</u>	<u>(2,419,497)</u>	<u>1,107,830</u>	<u>(10,784,132)</u>
Total Accumulated Depreciation	<u>(126,609,466)</u>	<u>(8,228,413)</u>	<u>2,986,135</u>	<u>(131,851,744)</u>
Total Capital Assets Being Depreciated, Net	<u>143,032,126</u>	<u>51,929</u>	<u>(426,654)</u>	<u>142,657,401</u>
Governmental Activities Capital Assets, Net	<u>\$ 159,728,956</u>	<u>\$ 10,356,491</u>	<u>\$ (2,678,857)</u>	<u>\$ 167,406,590</u>

The capital asset activity for Business-Type Activities for the year ended June 30, 2009 was as follows:

	<u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 915,469	\$ 3,000	\$ -	\$ 918,469
Construction in Progress	<u>3,112,339</u>	<u>5,222,921</u>	<u>(3,914,895)</u>	<u>\$ 4,420,365</u>
Total Capital Assets Not Being Depreciated	<u>4,027,808</u>	<u>5,225,921</u>	<u>(3,914,895)</u>	<u>5,338,834</u>
Capital Assets Being Depreciated:				
Landfill & Land Improvements	18,180,865	13,500	-	18,194,365
Water & Wastewater Lines	27,297,472	3,069,252	-	30,366,724
Buildings & Improvements	16,504,498	278,334	-	16,782,832
Machinery & Equipment	<u>30,824,761</u>	<u>3,850,931</u>	<u>(82,837)</u>	<u>34,592,855</u>
Total Capital Assets Being Depreciated	<u>92,807,596</u>	<u>7,212,017</u>	<u>(82,837)</u>	<u>99,936,776</u>
Less Accumulated Depreciation for:				
Landfill & Land Improvements	(10,146,037)	(538,034)	-	(10,684,071)
Water & Wastewater Lines	(10,837,650)	(824,286)	-	(11,661,936)
Building & Improvements	(4,981,282)	(430,562)	-	(5,411,844)
Machinery & Equipment	<u>(7,306,609)</u>	<u>(1,821,158)</u>	<u>82,837</u>	<u>(9,044,930)</u>
Total Accumulated Depreciation	<u>(33,271,578)</u>	<u>(3,614,040)</u>	<u>82,837</u>	<u>(36,802,781)</u>
Total Capital Assets Being Depreciated, Net	<u>59,536,018</u>	<u>3,597,977</u>	<u>-</u>	<u>63,133,995</u>
Business-Type Activities Capital Assets, Net	<u>\$ 63,563,826</u>	<u>\$ 8,823,898</u>	<u>\$ (3,914,895)</u>	<u>\$ 68,472,829</u>

Depreciation and depletion expense was charged to the following activities:

Governmental Activities:		Business-type Activities:	
General Government	\$ 848,545	Enterprise Funds:	
Public Safety	1,687,398	Water	\$ 158,617
Highways, Streets, and Bridges	5,179,496	Wastewater	2,023,672
Health and Welfare	189,341	Landfill	<u>1,362,439</u>
Recreation and Culture	137,593		<u>\$ 3,544,728</u>
Public Libraries	181,997		
Economic Development	<u>4,043</u>		
	<u>\$ 8,228,413</u>		

Construction Commitments

Cecil County has active construction contracts as of June 30, 2009. The programs include highway, streets, bridges, an emergency communications system, and water production 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>
Highways & Bridges	\$ 5,900,435	# \$ 3,199,348
Elk River Park & Dredging	1,191,065	917,939
Courthouse Renovations	3,369,426	330,395
Wastewater Treatment Facilities	<u>670,642</u>	<u>3,461,654</u>
Total	<u>\$ 11,131,568</u>	<u>\$ 7,909,336</u>

B. Discretely Presented Component Units

The following summarizes the capital asset activity of the County's component units for the year ended June 30, 2009:

	<u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2009</u>
<u>Board of Education</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,202,153	\$ -	\$ -	\$ 1,202,153
Construction in Progress	<u>68,647,217</u>	<u>14,511,075</u>	<u>(24,654,626)</u>	<u>58,503,666</u>
Total Capital Assets Not Being Depreciated	<u>69,849,370</u>	<u>14,511,075</u>	<u>(24,654,626)</u>	<u>59,705,819</u>
Capital Assets Being Depreciated:				
Land Improvements	4,668,799	3,079,187	(1,892)	7,746,094
Building & Improvements	174,121,660	19,064,541	(444,169)	192,742,032
Machinery & Equipment	<u>23,066,130</u>	<u>3,587,333</u>	<u>(2,401,503)</u>	<u>24,251,960</u>
Total Capital Assets Being Depreciated	<u>201,856,589</u>	<u>25,731,061</u>	<u>(2,847,564)</u>	<u>224,740,086</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,463,182)	(242,961)	1,372	(1,704,771)
Building & Improvements	(78,750,233)	(5,285,000)	310,375	(83,724,858)
Machinery & Equipment	<u>(13,135,537)</u>	<u>(2,754,802)</u>	<u>2,164,064</u>	<u>(13,726,275)</u>
Total Accumulated Depreciation	<u>(93,348,952)</u>	<u>(8,282,763)</u>	<u>2,475,811</u>	<u>(99,155,904)</u>
Total Capital Assets Being Depreciated, Net	<u>108,507,637</u>	<u>17,448,298</u>	<u>(371,753)</u>	<u>125,584,182</u>
Board of Education Capital Assets, Net	<u>\$ 178,357,007</u>	<u>\$ 31,959,373</u>	<u>\$ (25,026,379)</u>	<u>\$ 185,290,001</u>

Capital assets of County's component units (continued)

	June 30, 2008	Increases	Decreases	June 30, 2009
<u>Cecil College</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,779,763	\$ -	\$ -	\$ 1,779,763
Construction in Progress	<u>1,098,526</u>	<u>9,056,840</u>	<u>-</u>	<u>\$ 10,155,366</u>
Total Capital Assets Not Being Depreciated	<u>2,878,289</u>	<u>9,056,840</u>	<u>-</u>	<u>11,935,129</u>
Capital Assets Being Depreciated:				
Leasehold & Other Improvements	3,635,701	598,432	-	4,234,133
Building & Improvements	36,762,835	-	-	36,762,835
Machinery & Equipment	<u>6,199,852</u>	<u>499,171</u>	<u>(59,842)</u>	<u>6,639,181</u>
Total Capital Assets Being Depreciated	<u>46,598,388</u>	<u>1,097,603</u>	<u>(59,842)</u>	<u>47,636,149</u>
Less Accumulated Depreciation for:				
Leasehold & Other Improvements	(1,674,114)	(209,245)	-	(1,883,359)
Building & Improvements	(10,737,443)	(920,321)	-	(11,657,764)
Machinery & Equipment	<u>(4,781,018)</u>	<u>(419,031)</u>	<u>59,842</u>	<u>(5,140,207)</u>
Total Accumulated Depreciation	<u>(17,192,575)</u>	<u>(1,548,597)</u>	<u>59,842</u>	<u>(18,681,330)</u>
Total Capital Assets Being Depreciated, Net	<u>29,405,813</u>	<u>(450,994)</u>	<u>-</u>	<u>28,954,819</u>
Cecil College Capital Assets, Net	<u>\$ 32,284,102</u>	<u>\$ 8,605,846</u>	<u>\$ -</u>	<u>\$ 40,889,948</u>
<u>Public Library</u>				
Capital Assets Being Depreciated:				
Machinery & Equipment	<u>\$ 3,728,625</u>	<u>\$ 660,144</u>	<u>\$ (427,254)</u>	<u>\$ 3,961,515</u>
Total Capital Assets Being Depreciated	<u>3,728,625</u>	<u>660,144</u>	<u>(427,254)</u>	<u>3,961,515</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	<u>(1,267,152)</u>	<u>(550,517)</u>	<u>427,254</u>	<u>(1,390,415)</u>
Total Accumulated Depreciation	<u>(1,267,152)</u>	<u>(550,517)</u>	<u>427,254</u>	<u>(1,390,415)</u>
Total Capital Assets Being Depreciated, Net	<u>2,461,473</u>	<u>109,627</u>	<u>-</u>	<u>2,571,100</u>
Public Library Capital Assets, Net	<u>\$ 2,461,473</u>	<u>\$ 109,627</u>	<u>\$ -</u>	<u>\$ 2,571,100</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:				
Machinery & Equipment	<u>10,602</u>	<u>-</u>	<u>-</u>	<u>10,602</u>
Total Capital Assets Being Depreciated	<u>10,602</u>	<u>-</u>	<u>-</u>	<u>10,602</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	<u>(7,545)</u>	<u>(1,328)</u>	<u>-</u>	<u>(8,873)</u>
Total Accumulated Depreciation	<u>(7,545)</u>	<u>(1,328)</u>	<u>-</u>	<u>(8,873)</u>
Total Capital Assets Being Depreciated, Net	<u>3,057</u>	<u>(1,328)</u>	<u>-</u>	<u>1,729</u>
Bainbridge Development Corporation Capital Assets, Net	<u>\$ 3,552,657</u>	<u>\$ (1,328)</u>	<u>\$ -</u>	<u>\$ 3,551,329</u>

7. Inter-fund Receivables, Payables, Advances and Transfers

Inter-fund balances arise primarily from the General Fund's role as receiver, investor, and disbursing officer of cash. Transactions that are short-term are classified as inter-fund receivables. The inter-fund receivables as of June 30, 2009, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing Programs Fund	\$ 14,429
	Highway	87,502
	OPEB Fund	5,828
	Non-Major Governmental Funds	330,113
	Internal Service Funds	170,080
		<u>\$ 607,952</u>

Inter-fund transfers from the General Fund consist of operating transfers to finance debt service of \$14,192,787, capital projects and highway maintenance of \$10,345,614, and \$3,822,006 to provide additional support to several special revenue programs. The transfers for the year ended June 30, 2009 are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>	
	<u>Housing Fund</u>	<u>Highway Fund</u>	<u>General Capital Projects Fund</u>	<u>Board of Education Construction Fund</u>	<u>Cecil College Construction Fund</u>		<u>Non-Major Governmental Funds</u>
General Fund	\$ 24,508	\$ 4,356,260	\$ 3,829,354	\$ 1,420,000	\$ 740,000	\$ 17,990,284	\$ 28,360,406

8. Long-Term Debt

A. Changes in Long-Term Liabilities

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 132,726,157	\$ 23,020,000	\$ (8,017,737)	\$ 147,728,420	\$ 9,251,162
Deferred Charges/Revenues					
Premium on Debts Issued	1,688,725	732,707	(163,652)	2,257,780	163,651
Gain on Refunding	(539,813)	(280,000)	198,996	(620,817)	198,996
Total Bonds Payable	133,875,069	23,472,707	(7,982,393)	149,365,383	9,613,809
Capital Leases	2,634,911	-	(546,029)	2,088,882	567,865
Insurance Claims Payable	937,759	7,044,547	(6,955,965)	1,026,341	1,026,341
Compensated Absences	1,451,353	1,903,548	(1,792,302)	1,562,599	1,041,733
Governmental Activity Long-Term Liabilities	<u>\$ 138,899,093</u>	<u>\$ 32,420,802</u>	<u>\$ (17,276,689)</u>	<u>\$ 154,043,205</u>	<u>\$ 12,249,748</u>

Changes in Long-Term Liabilities (continued)

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Bonds Payable	\$ 31,475,710	\$ 5,235,426	\$ (1,761,575)	\$ 34,949,561	\$ 2,041,758
Less: Discount on Issuance	(17,491)	-	3,990	(13,501)	(3,549)
Total Bonds Payable	31,458,219	5,235,426	(1,757,585)	34,936,060	2,038,209
Capital Leases	912,603	-	(213,260)	699,343	223,432
Compensated Absences	120,889	119,964	(121,039)	119,814	79,876
Accrued Landfill Closure and Postclosure Costs	5,462,620	257,291	-	5,719,911	-
Business-Type Activity Long-Term Liabilities	<u>\$ 37,954,331</u>	<u>\$ 5,612,681</u>	<u>\$ (2,091,884)</u>	<u>\$ 41,475,128</u>	<u>\$ 2,341,517</u>
Component Units					
Board of Education	\$ 14,674,654	\$ 1,946,486	\$ (1,998,663)	\$ 14,622,477	\$ 3,423,172
Cecil College	289,144	31,065	-	320,209	213,473
Cecil County Public Library	54,386	1,419	-	55,805	55,805
Component Units Long-Term Liabilities	<u>\$ 15,018,184</u>	<u>\$ 1,978,970</u>	<u>\$ (1,998,663)</u>	<u>\$ 14,998,491</u>	<u>\$ 3,692,450</u>

Compensated absences are reported in the fund which incurred the obligation and liabilities are liquidated within the respected fund.

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.

Cecil County has also recorded the issuance of revenue bonds (i.e., bonds supported by revenues of the County's enterprise operations). The economic essence of the 2000 Maryland Environmental Services Lease, Revenue Bonds is that of a revenue bond obligation issued by the County. The bonds financed the expansion of the County's central landfill and the County has pledged income derived from the landfill to pay debt service. 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.

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 June 30, 2009.

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2009</u>
1992/2011	\$ 367,103	Maryland Water Quality Financing Administration, Charlestown Manor Sewer.	4.45%	\$ 43,956
1997/2012	4,850,000	Consolidated Public Improvement Bonds of 1997.	4.9725%	1,665,000
2001/2010	2,068,166	Consolidated Public Improvement Bonds of 2001, Series A.	5.765%	507,922
2001/2021	15,245,000	Consolidated Public Improvement Bonds of 2001, Series B.	5.765%	11,225,000
2002/2023	2,050,000	Sanitary District Bond, Series 2002	2.0%	1,517,777
2002/2024	6,279,112	Sanitary District Bond, Series 2002B	1.9%	4,764,330
2002/2017	13,795,000	Consolidated Public Improvement and Refunding Bonds of 2002	3.0%-3.875%	8,520,000
2003/2043	845,000	Sanitary District Bond, Series 2003A	4.252%	792,482
2003/2023	21,140,000	Consolidated Public Improvement and Refunding Bonds of 2003	2.25%-4.5%	10,510,000
2004/2023	2,616,645	Sanitary District Bond, Series 2003B	1.2%	1,983,718
2004/2044	1,585,000	Sanitary District Bond, Series 2004A	4.577%	1,509,576
2004/2025	8,000,000	Sanitary District Bond, Series 2004B	1.1%	6,778,694

List of Bonds outstanding at June 30, 2009 (continued):

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2009</u>
2004/2024	\$ 9,025,000	Consolidated Public Improvement Bonds of 2004	3.0% - 4.3%	\$ 7,650,000
2005/2025	39,615,000	Consolidated Public Improvement and Refunding Bonds of 2005	3.75% - 5%	34,825,000
2007/2027	26,720,000	Consolidated G.O. Public Improvement Bonds of 2006	3.5% - 5%	24,850,000
2008/2027	32,045,000	Consolidated G.O. Public Improvement Bonds of 2007	4% - 5%	30,945,000
2008/2027	2,702,000	Sanitary District Bond, Series 2008A (Only \$2,478,480 drawn at June 30, 2009)	1%	2,347,692
2008/2028	800,000	Sanitary District Bond, Series 2008B	None	760,000
2009/2028	27,695,000	Consolidated G.O. Public Improvement Bonds of 2009	3.00% - 4.375%	<u>27,695,000</u>
Sub-Total General Obligation Bonds				<u>178,891,147</u>
1996/2011	107,801	West View Shores - Shore Erosion Control District	None	21,560
2004/2019	149,000	West View Shores II - Shore Erosion Control District	None	<u>140,274</u>
Sub-Total Special Assessment Debt				<u>161,834</u>
2000/2015	6,385,000	Maryland Environmental Services Lease, Revenue Bonds (Cecil Co.), Series 2000	4.75% - 5.5%	<u>3,625,000</u>
Sub-Total Revenue Bonds				<u>3,625,000</u>
Total				<u>\$ 182,677,981</u>

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. The majority of these bonds are for school construction. Funding from Sanitary District Bonds is used to design, plan, renovate, construct or equip various water or wastewater facilities. Maryland Environmental Services Lease, Revenue Bonds were used to pay for construction of a new cell at the landfill. The County also issued bonds to pay for construction of the Charlestown Manor Sewer (1992/2011) and erosion control at West View Shores.

The annual debt service requirements to maturity for principal and interest for bonds payable as of June 30, 2009, are as follows:

Ending June 30	Activities		Activities		Activities		Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 9,520,830	\$ 5,808,481	\$ 1,603,210	\$ 776,174	\$ 13,286	\$ -	\$ 435,000	\$ 180,844
2011	9,460,319	5,325,975	1,620,219	747,401	13,286	-	460,000	158,181
2012	9,284,687	5,112,634	1,626,059	711,329	13,286	-	490,000	133,654
2013	8,485,741	4,761,999	1,651,651	675,368	6,099	-	515,000	107,266
2014	8,307,790	4,420,265	1,676,545	638,689	6,099	-	545,000	78,971
2015-2019	41,022,905	17,186,946	8,803,739	2,599,405	30,495	-	1,180,000	65,438
2020-2024	38,734,883	8,905,559	8,946,686	1,582,215	30,495	-	-	-
2025-2029	22,749,431	1,859,197	4,211,580	655,773	30,495	-	-	-
2030-2034	-	-	375,223	273,277	18,293	-	-	-
2035-2039	-	-	467,278	181,222	-	-	-	-
2040-2044	-	-	548,552	66,915	-	-	-	-
2045-2049	-	-	17,339	4,075	-	-	-	-
	<u>\$ 147,566,586</u>	<u>\$ 53,381,056</u>	<u>\$ 31,548,081</u>	<u>\$ 8,911,843</u>	<u>\$ 161,834</u>	<u>\$ -</u>	<u>\$ 3,625,000</u>	<u>\$ 724,354</u>
Less: Funds not Drawn	-	-	(223,520)	-	-	-	-	-
Total	<u>\$ 147,566,586</u>	-	<u>\$ 31,324,561</u>	-	<u>\$ 161,834</u>	-	<u>\$ 3,625,000</u>	-

C. Conduit Debt Obligations

The County has issued revenue based bonds for the express purpose of providing 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. Three revenue bond issues are outstanding. The face amounts of these offerings amount to \$7,935,000. As of June 30, 2009, the aggregate principal amount remaining payable for these bonds is \$6,015,419.

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 are as follows:

	<u>Primary Government</u>	<u>Board of Education</u>
2010	\$ 400,578	\$ 594,320
2011	468,194	587,775
2012	432,228	373,716
2013	485,225	57,606
2014	450,253	-
2015-2019	2,489,542	-
2020-2024	2,417,594	-
2025-2028	664,619	-
Total Commitment under the Operating Lease	<u>\$ 7,808,233</u>	<u>\$ 1,613,417</u>

B. Capital Leases

The General Fund has entered into a capital lease for the purchase of equipment for the new administration building. The Landfill Fund has entered into a capital lease for the purchase of a compactor. The Board of Education has entered into capital leases for maintenance vehicles and portable classrooms. As of June 30, 2009, future minimum payments under capital leases were as follows:

	<u>Governmental</u>	<u>Business Type</u>	<u>Board of Education</u>
2010	\$ 645,018	\$ 255,989	\$ 1,870,151
2011	645,018	255,989	1,870,181
2012	645,018	255,190	1,167,341
2013	322,510	-	813,910
2014	-	-	813,910
2015-2023	-	-	5,697,367
Total Payments	<u>\$ 2,257,564</u>	<u>\$ 767,168</u>	<u>\$ 12,232,860</u>
Less Interest	168,682	67,825	1,966,239
Capitalized lease obligations	<u>\$ 2,088,882</u>	<u>\$ 699,343</u>	<u>\$ 10,266,621</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 \$5,719,911 at June 30, 2009, represented the cumulative amount reported to date based on the use of approximately 71% of the estimated capacity of the currently constructed cells at the landfill. The remaining estimated cost of closure and post-closure care of \$2,287,174 will be recognized as the remaining estimated capacity is filled. The total closure and post-closure liability calculation is based on current 2009 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. Reserved and Designated Fund Balances

The County reserves fund balance where amounts either do not constitute "available spendable resources" or are not expected to be received by the General Fund in the next operating cycle. Fund balances have been reserved for the following purposes at June 30, 2009:

General Fund

The reserved fund balance of \$13,140,636 at June 30, 2009, represents the following:

Inventory, Deposits, and Prepaid Expenses	\$ 62,130
Contingencies in accordance with Board of County Commissioners' resolution	12,254,857
Advance to Water Services Fund	<u>823,649</u>
	<u>\$ 13,140,636</u>

The designated fund balance of \$11,466,595 at June 30, 2009, represents the following:

Designated for County Courthouse underground storage tank remediation	100,000
Designated to compensate for FY2011 cuts in State funding.	<u>2,500,000</u>
	<u>\$ 11,466,595</u>

Other Funds

The reserved fund balance in other funds amounts to \$4,095,421 at June 30, 2009, and consists of the following:

Major Fund	Highway Fund	Inventory	\$ 393,086
Major Fund	General Capital Projects	Encumbrances	3,642,897
Non-Major Fund	Gilpin Falls Construction	Encumbrances	<u>59,438</u>
			<u>\$ 4,095,421</u>

The unreserved fund balances for all special revenue funds amounting to \$4,429,739 and all capital funds totaling \$24,679,289 are designated to be used for subsequent years' expenditures for various grants, activities, and capital projects.

12. Risk Management

A. Health Insurance

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

The County manages the Plan through retention of risk in the Internal Service Fund and the purchase of commercial insurance. The payment of health-related claims is processed through a third-party administrator. Excess insurance is purchased to cover individual claims that exceed \$200,000 per plan year. Settled claims have not exceeded the commercial coverage purchased by the County in the last two fiscal years.

The liability for Health Insurance Fund claims of \$1,026,341 is based on standard insurance industry practices for estimating claims for insured losses incurred but not reported by June 30, 2009. Historical claims experience and other relevant reports are the basis for these estimates.

Changes in the fund's claims liability for the last two fiscal years are as follows:

	<u>Beginning Fiscal Year Liability</u>	<u>Claims and Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Fiscal Year Liability</u>
2007-2008	\$ 882,091	\$ 6,323,035	\$ (6,267,367)	\$ 937,759
2008-2009	937,759	7,044,547	(6,955,965)	1,026,341

B. 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) and Injured Workers' Insurance Fund. Coverage and deductibles under LGIT vary depending on type of incident. The Injured Workers' Insurance Fund provides coverage up to the statutory limit of each incident. Effective July 1, 2009 the County became self-insured for workers compensation benefits.

The County insures its primary liability, property damage, and excess liability coverage through participation in the Maryland Local Government Insurance Trust (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.

13. 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, 2009. Funding for the year ending June 30, 2010, is estimated to be \$8,081,500. 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, 2009, such funding amounted to \$69,915,162 and is estimated to be \$68,385,625 for the year ending June 30, 2010.

B. Litigation and Grant 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.

The use of grant monies received by the County for funding certain programs or projects is subject to compliance audits by disbursing governmental agencies. The County believes it is in compliance with all significant grant requirements.

14. 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 the Board of County Commissioners of 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 July 1, 2007, the date of the latest actuarial valuation, there were 192 active Plan members, 31 retirees receiving benefits, 1 disabled beneficiary receiving benefits and 6 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 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 19.0% of covered payroll.

Annual Pension Cost. For the fiscal year ended June 30, 2009, the County's annual contribution to the PPPSE was \$1,753,647 and equaled its required contribution. The required contribution to the Public Safety Plan was determined as part of the July 1, 2007, actuarial valuation using the projected unit actuarial cost method and level percentage – closed amortization method. The actuarial assumptions included: (a) 7.5% investment rate of return compounded annually, net of investment expenses; (b) projected salary increases of 11.0% per year compounded annually for the first five years, 10.0% annually for the next five years, and 5.75% annually thereafter; (c) termination of service estimates as 25.0% annually for the first three years, 15.0% annually for the next two years, 8% annually for the next three years and 2.0% annually thereafter; (d) an inflation rate of 3.0% resulting in post-retirement benefit increases of the maximum 2%; (e) rates of mortality, disablement and retirement are based on the RP-2000 combined annuitant and non-annuitant no collar adjustment, sex distinct, projected to 2008 and PBGC Disabled Life Mortality Tables III and IV. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

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 APC Covered</u>	<u>Net Pension Obligation</u>
2007	\$ 1,274,061	100%	-
2008	1,410,479	100%	-
2009	1,753,647	100%	-

The funded status of the PPPSE plan as of June 30, 2007, the most recent valuation date, is as follows:

**Retirement Plans and Benefits
Cecil County Pension Plan for Public Safety Employees**

<u>Actuarial Valuation Date June 30</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Cost Method (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2007	\$ 15,442,512	\$ 26,337,765	\$ 10,895,253	58.6%	\$ 8,894,702	122.5%

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 and 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, 2009, 2008, and 2007, were \$1,125,107, \$1,185,747 and \$998,860, respectively and equaled the required contribution for each year.

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, 2009, was equal to the required and actual contributions as follows:

	<u>MSRPS</u>	<u>Public Safety</u>	<u>Total</u>
Primary Government	\$ 1,125,107	\$ 1,274,061	\$ 2,399,168
Component Units			
Board of Education	11,076,893	-	11,076,893
Community College	337,229	-	337,229
Public Library	220,066	-	220,066
Total	<u>\$ 12,759,295</u>	<u>\$ 1,274,061</u>	<u>\$ 14,033,356</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 \$5,708,897 in 2009. The amount contributed by the State on the College's behalf was \$374,608 (6.5% of covered payroll), and the amount contributed by the College was \$39,287 (.68% of covered payroll) for fiscal year 2009.

15. 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 dependants 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 June 30, 2009 the date of the last actuarial valuation, approximately 66 retirees and their beneficiaries were receiving benefits, and an estimated 655 active employees are potentially eligible to receive future benefits.

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 the Board of County Commissioner of 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 prefunded with an initial contribution of \$1,003,485 at the beginning of the fiscal year. In addition the County funded the Annual Required Contribution (ARC) in the amount of \$516,000.

C. Annual OPEB Cost and Net OPEB Obligation

In accordance with GASB Statement No. 45, an actuarial study was prepared calculating the postemployment healthcare cost as of June 30, 2009. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at \$7,039,000 and the Annual Required Contribution ("ARC") of \$516,000. The postemployment healthcare cost was determined under the Projected Unit Credit Actuarial Cost Method. The calculation uses an 8.0 percent discount rate and the amortization of the UAAL over 30 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 ending June 30, 2009.

Annual Required Contribution (ARC)	\$ 516,000.00
Interest on Net OPEB Obligation	-
Adjustment to the ARC	-
Annual OPEB Cost	<u>516,000.00</u>
Payments to retirees from General Fund	(236,325.00)
Contributions made	<u>(1,283,163.00)</u>
Increase in Net OPEB Obligation	(1,003,488.00)
Net OPEB obligation (asset) - beginning of year	-
Net OPEB obligation (asset) - end of year	<u>\$ (1,003,488.00)</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, 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 516,000.00	294.47%	\$ (1,003,488.00)

D. Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$7,039,000. At the actual valuation date, there were no trust fund assets. The County established a trust fund in June 2008 with the intention to fully funding the annual required contribution (ARC). The County made a \$1,003,488 initial contribution to the trust. As of June 30, 2009, there were \$1,178,885 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 shows whether the actuarial value of the plans assets is increasing or decreasing over time related to the AAL.

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 June 30, 2009 actuarial valuation, the cost method used was the projected unit credit, with linear proration to assumed benefit commencement. The actuarial assumptions included a 8.0 percent rate of return and an annual healthcare cost trend rate of 10.5 percent trending down over the next five years to a rate of 5.5 percent for future years. The UAAL is being amortized over thirty 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 been continuously covered by the Board's health care plan for one year prior to retirement. Currently, 480 retirees meet these requirements. The Board pays retirees' health care premiums up to a maximum of \$6,327 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 2009, \$3,163,196 was recorded for current post-retirement health care costs.

16. Subsequent Events

By unanimous resolutions dated October 7, 2008 the Board of County Commissioners approved (i) the expansion of franchises for the operation of water and wastewater systems within the so-called Extended Elkton West Service Area, in eastern Cecil County, and (ii) the execution and delivery of a series of three asset purchase agreements between the County and the franchisees for the sale and conveyance of seven water and wastewater facilities located in the franchise area. Closing of these sales and conveyances were to have occurred by June 30, 2009, but closing was delayed because County residents and community organizations filed suit to challenge the County's authority to sell and convey the water and wastewater assets. The County prevailed in the matter before the Circuit Court for Cecil County, in July 2009, but the challengers have appealed the Circuit Court's ruling. The County expects the Circuit Court's ruling to be affirmed on appeal, following which the County expects to conclude the sale and conveyance of the assets to the franchisees, who must also seek and obtain approval for the transactions from the Maryland Public Service Commission. That approval is also expected to be granted. The sale and conveyance is now expected to occur late in fiscal year 2010, or early in fiscal 2011. The County's Seneca Point Wastewater Treatment plant is not affected by these proposed sales and conveyances, and is to be retained in County ownership and operation.

REQUIRED SUPPLEMENTARY INFORMATION

The following schedules present the County's actuarially determined funding progress and required contribution 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 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)
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%

* Reflects changes in Plan actuarial assumptions. July 1, 2007 is the most recent actuarial report.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Pension Cost	Percentage of APC Covered
2004	\$ 1,055,473	100%
2005	1,160,256	100%
2006	1,251,450	100%
2007	1,274,061	100%
2008	1,410,479	100%
2009	1,753,647	100%

The following schedules present the County's actuarially determined funding progress and required contribution for the Cecil County Non-Pension Post Employment Trust Fund.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30	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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of ARC Covered
2009	\$ 1,753,647	100%



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.

CECIL COUNTY, MARYLAND

**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER
FINANCING SOURCES (USES) - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2009

	<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				
Property Taxes	\$ 95,567,609	\$ 95,567,609	\$ 96,173,901	\$ 606,292
Income Taxes	49,100,000	49,100,000	48,851,186	(248,814)
Licenses and Permits	1,523,680	1,523,680	1,294,929	(228,751)
Intergovernmental	10,166,119	11,844,667	9,166,694	(2,677,973)
Charges for Services	2,463,773	2,792,622	2,489,266	(303,356)
Investment Earnings	2,400,000	2,400,000	1,879,161	(520,839)
Contributions & Other Revenues	-	-	75,194	75,194
Total Revenues	<u>161,221,181</u>	<u>163,228,578</u>	<u>159,930,331</u>	<u>(3,298,247)</u>
Other Financing Sources				
Proceeds from Capital Asset Disposal	-	-	772,086	772,086
Proceeds from Long Term Debt	-	-	-	-
Proceeds from Capital Lease Additions	-	-	-	-
Bond Issuance Cost	-	-	-	-
Transfers in from Health Insurance Fund	-	1,003,488	1,003,488	-
Appropriated Fund Balance	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>1,003,488</u>	<u>1,775,574</u>	<u>772,086</u>
Total Revenues and Other Financing Sources	<u>\$161,221,181</u>	<u>\$164,232,066</u>	<u>\$161,705,905</u>	<u>\$(2,526,161)</u>
Expenditures				
General Government				
County Commissioners	\$ 398,403	\$ 407,679	\$ 377,813	\$ 29,866
Office of Administrator	226,775	220,775	208,304	12,471
Budget	111,782	112,603	110,439	2,164
Administration Building Maintenance	265,250	262,898	189,943	72,955
Purchasing Department	219,681	217,099	209,565	7,534
Central Store Building Maintenance	7,950	4,950	463	4,487
Other General Government	2,077,016	2,134,352	1,937,832	196,520
Judgments and Losses	20,000	40,000	39,618	382
Reserve for Emergencies	250,000	250,000	-	250,000
Human Resources	611,306	596,210	569,873	26,337
Treasurer's Office	1,712,131	1,651,580	1,574,236	77,344
Information Systems	1,181,690	1,146,494	1,105,980	40,514
Circuit Court	1,939,795	1,910,544	1,746,929	163,615
Orphans Court	24,428	24,428	22,399	2,029
Board of Elections	636,468	636,468	389,372	247,096
Voting Machine Maintenance	3,250	3,250	1,563	1,687
Liquor Board Licensing	236,161	231,905	211,711	20,194
Planning and Zoning	808,682	1,087,101	1,035,078	52,023
Board of Appeals	28,500	18,500	13,379	5,121
Planning Commission	37,500	18,500	15,274	3,226
Chesapeake Bay Critical Area	315,777	314,845	305,334	9,511
Courthouse Maintenance	1,761,744	1,720,212	1,578,728	141,484
Total General Government	<u>\$ 12,874,289</u>	<u>\$ 13,010,393</u>	<u>\$ 11,643,833</u>	<u>\$ 1,366,560</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, 2009

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
Expenditures (Continued)				
Public Safety				
State's Attorney's Office	\$ 1,748,427	\$ 1,750,099	\$ 1,681,912	\$ 68,187
Sheriff's Office - Law Enforcement	8,806,831	8,780,263	8,283,716	496,547
Sheriff - Special Assignments	55,710	55,710	42,751	12,959
Sheriff Patrol - Charlestown	47,235	47,235	42,554	4,681
Sheriff Patrol - Chesapeake City	35,370	45,770	42,299	3,471
Detention Center	6,634,006	6,701,643	6,353,036	348,607
Detention Center Maintenance	343,929	350,427	261,896	88,531
County Work Release Program	673,426	705,466	653,526	51,940
Community Work Service Program	17,232	17,832	17,199	633
Emergency Management	3,458,781	4,252,812	3,358,331	894,481
Emergency Medical Services	3,346,108	3,283,331	3,103,142	180,189
Volunteer Fire Departments	4,536,288	4,536,288	4,272,811	263,477
Civil Defense - 911 System	201,250	201,250	160,284	40,966
EMCDA Facility Maintenance	502,225	503,825	483,481	20,344
Permits and Licenses	896,187	824,689	791,321	33,368
Society for the Prevention of Cruelty to Animals	674,600	674,600	669,600	5,000
Total Public Safety	<u>31,977,605</u>	<u>32,731,240</u>	<u>30,217,859</u>	<u>2,513,381</u>
Highways, Streets, and Bridges				
Public Works Administration	3,213,880	2,999,798	2,817,841	181,957
Weed Control	84,438	85,649	69,855	15,794
Total Highways, Streets, and Bridges	<u>3,298,318</u>	<u>3,085,447</u>	<u>2,887,696</u>	<u>197,751</u>
Health and Welfare				
Health Department	2,574,684	2,574,684	2,574,684	-
New Health Department Maintenance	149,937	148,428	114,541	33,887
Mosquito Control	39,365	39,365	23,364	16,001
Pauper Burials	3,000	3,000	2,000	1,000
Social Services	713,887	763,477	735,166	28,311
Domestic Violence	660,823	768,750	749,001	19,749
Healthy Marriage	556,000	870,896	469,847	401,049
Domestic Violence - Coord. Council	51,166	51,166	44,337	6,829
Youth Panel	56,179	72,308	68,642	3,666
Maryland School for the Blind	5,667	5,667	4,835	832
Senior Center Maintenance	42,200	22,200	4,958	17,242
Old Help Center Maintenance	7,000	7,000	2,550	4,450
Cecil County Adult Day Care	34,237	34,237	34,237	-
Non-Profit Agencies	251,565	251,565	251,565	-
Total Health and Welfare	<u>\$ 5,145,710</u>	<u>\$ 5,612,743</u>	<u>\$ 5,079,727</u>	<u>\$ 533,016</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, 2009

	<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>
Expenditures (Continued)				
Recreation and Culture				
Board of Parks	\$ 1,017,235	\$ 889,511	\$ 778,527	\$ 110,984
Parks and Recreation Maintenance	24,500	31,750	25,804	5,946
Old Library Building Maintenance	16,900	17,620	14,805	2,815
Total Recreation and Culture	<u>1,058,635</u>	<u>938,881</u>	<u>819,136</u>	<u>119,745</u>
Education				
Cecil County Board of Education	69,915,162	69,915,162	69,915,162	-
Cecil Community College	8,101,100	8,101,100	8,101,100	-
Cecil Community College - Scholarships	39,000	39,000	39,000	-
Total Education	<u>78,055,262</u>	<u>78,055,262</u>	<u>78,055,262</u>	<u>-</u>
Public Libraries	<u>4,425,607</u>	<u>4,425,607</u>	<u>4,425,607</u>	<u>-</u>
Economic Development	<u>1,238,060</u>	<u>1,324,887</u>	<u>1,201,887</u>	<u>123,000</u>
Agriculture				
Agricultural Extension Service	213,687	199,471	199,470	1
Agricultural Extension Serv. - Bldg Maint.	46,681	5,643	5,642	1
Soil Conservation	368,387	367,246	361,035	6,211
Gypsy Moth Control	47,190	47,190	43,765	3,425
Total Agriculture	<u>675,945</u>	<u>619,550</u>	<u>609,912</u>	<u>9,638</u>
Municipalities	<u>757,449</u>	<u>757,449</u>	<u>757,448</u>	<u>1</u>
Total Expenditures	<u>139,506,880</u>	<u>140,561,459</u>	<u>135,698,367</u>	<u>4,863,092</u>
Other Financing Uses				
Transfers to Special Revenue Funds	6,202,555	9,287,354	8,178,265	1,109,089
Transfers to Debt Service Fund	14,997,846	14,200,381	14,192,787	7,594
Transfers to Capital Projects Funds	4,155,000	5,989,354	5,989,354	-
Total Other Financing Uses	<u>25,355,401</u>	<u>29,477,089</u>	<u>28,360,406</u>	<u>1,116,683</u>
Total Expenditures and Other Financing Uses	<u>\$ 164,862,281</u>	<u>\$ 170,038,548</u>	<u>\$ 164,058,773</u>	<u>\$ 5,979,775</u>

CECIL COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 2,543,192	\$ -	\$ 293,401	\$ 2,836,593
Receivables, Net	345,854	224	-	346,078
Due from Other Governments	481,095	-	523,313	1,004,408
Inventory	1,834	-	-	1,834
Restricted Assets: Cash and Investments	<u>308,715</u>	<u>-</u>	<u>-</u>	<u>308,715</u>
Total Assets	<u>\$ 3,680,690</u>	<u>\$ 224</u>	<u>\$ 816,714</u>	<u>\$ 4,497,628</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 62,905	\$ -	\$ 188,703	\$ 251,608
Salaries and Benefits Payable	154,084	-	-	154,084
Due to Other Funds	234,557	224	95,332	330,113
Due to Other Governments	-	-	-	-
Due to Component Units	-	-	5,000	5,000
Deferred Revenue	76,695	-	-	76,695
Other Liabilities	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total Liabilities	<u>528,341</u>	<u>224</u>	<u>289,035</u>	<u>817,600</u>
Fund Balances:				
Reserved:				
Encumbrances	-	-	59,438	59,438
Unreserved:				
Special Revenue Funds	3,152,349	-	-	3,152,349
Capital Project Funds	<u>-</u>	<u>-</u>	<u>468,241</u>	<u>468,241</u>
Total Fund Balances	<u>3,152,349</u>	<u>-</u>	<u>527,679</u>	<u>3,680,028</u>
Total Liabilities and Fund Balances	<u>\$ 3,680,690</u>	<u>\$ 224</u>	<u>\$ 816,714</u>	<u>\$ 4,497,628</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES				
Special Assessments	\$ -	\$ 50,132	\$ -	\$ 50,132
Intergovernmental	2,236,931	-	523,313	2,760,244
Charges for Services	283,127	-	-	283,127
Investment Earnings	13,350	-	-	13,350
Contributions & Other Revenues	22,567	-	-	22,567
Total Revenues	<u>2,555,975</u>	<u>50,132</u>	<u>523,313</u>	<u>3,129,420</u>
EXPENDITURES				
Current:				
Public Safety	1,841,347	-	-	1,841,347
Health and Welfare	2,459,926	-	-	2,459,926
Recreation and Culture	5,869	-	-	5,869
Agriculture	1,516,632	-	-	1,516,632
Debt Service:				
Principal	-	8,843,764	-	8,843,764
Interest	-	5,399,155	-	5,399,155
Capital Outlay	222,304	-	731,971	954,275
Total Expenditures	<u>6,046,078</u>	<u>14,242,919</u>	<u>731,971</u>	<u>21,020,968</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(3,490,103)</u>	<u>(14,192,787)</u>	<u>(208,658)</u>	<u>(17,891,548)</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	-	-	-
Transfers In	2,794,009	14,192,787	93,155	17,079,951
Transfers Out	(93,155)	-	-	(93,155)
Total Other Financing Sources	<u>2,700,854</u>	<u>14,192,787</u>	<u>93,155</u>	<u>16,986,796</u>
Net Change in Fund Balances	(789,249)	-	(115,503)	(904,752)
Fund Balances - June 30, 2008	<u>3,941,598</u>	<u>-</u>	<u>643,183</u>	<u>4,584,781</u>
Fund Balances - June 30, 2009	<u>\$ 3,152,349</u>	<u>\$ -</u>	<u>\$ 527,680</u>	<u>\$ 3,680,028</u>

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.

Community Adult Rehabilitation Center Fund - This fund is used to account for the activities of the "live-in, work-out" center located at the Cecil County Detention Center. The program is supported by legally restricted state grants, charges to the inmate population, and funds from County government resources.

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

Open Space Fund - This fund is used to account for state Program Open Space Fund grants legally restricted to the acquisition and/or development of recreational facilities.

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.

Gilpin Falls Covered Bridge Fund - This fund is used to account for funds restricted to the support of repairs and maintenance to historic Gilpin Falls Covered Bridge

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 County government resources providing additional funds.

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, 2009

	Community Adult Rehabilitation Center	Other Public Safety	Open Space	Agricultural Land Preservation	Glipin Falls Covered Bridge	Senior Services & Community Transit	Economic Development Revolving Loan Fund	Total
ASSETS								
Cash and Investments	\$ -	\$ 51,527	\$ 175,437	\$ 2,112,546	\$ -	\$ -	\$ 203,682	\$ 2,543,192
Receivables, Net:								
Accounts	14,416	-	-	-	-	-	-	14,416
Interest	-	-	-	-	-	-	613	613
Notes	-	-	-	-	-	-	330,825	330,825
Due from Other Governments	82,983	-	51,079	282	-	346,751	-	481,095
Inventory	1,834	-	-	-	-	-	-	1,834
Restricted Assets: Cash and Investments	2,500	-	-	-	-	-	306,215	308,715
Total Assets	\$ 101,733	\$ 51,527	\$ 226,516	\$ 2,112,828	\$ -	\$ 346,751	\$ 841,335	\$ 3,680,690
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 17,693	\$ -	\$ 3,162	\$ -	\$ -	\$ 42,050	\$ -	\$ 62,905
Salaries and Benefits Payable	64,274	-	-	-	-	89,810	-	154,084
Due to Other Funds	19,766	-	-	-	-	214,791	-	234,557
Deferred Revenue	-	-	76,695	-	-	-	-	76,695
Other Liabilities	-	-	-	-	-	100	-	100
Total Liabilities	\$ 101,733	\$ -	\$ 79,857	\$ -	\$ -	\$ 346,751	\$ -	\$ 528,341
Fund Balances:								
Unreserved, Designated: Subsequent Years' Expenditures	-	51,527	146,659	2,112,828	-	-	841,335	3,152,349
Total Fund Balances	-	51,527	146,659	2,112,828	-	-	841,335	3,152,349
Total Liabilities and Fund Balances	\$ 101,733	\$ 51,527	\$ 226,516	\$ 2,112,828	\$ -	\$ 346,751	\$ 841,335	\$ 3,680,690

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Community Adult Rehabilitation Center	Other Public Safety	Open Space	Agricultural Land Preservation	Gilpin Falls Covered Bridge	Senior Services & Community Transit	Economic Development Revolving Loan Fund	Total
REVENUES								
Intergovernmental	\$ 825,847	\$ -	\$ 181,686	\$ 89,440	\$ -	\$ 1,139,958	\$ -	\$2,236,931
Charges for Services	144,094	-	-	-	-	139,033	-	283,127
Investment Earnings	-	-	-	-	554	-	12,796	13,350
Contributions & Other Revenues	-	-	3,270	-	-	19,297	-	22,567
Total Revenues	969,941	-	184,956	89,440	554	1,298,288	12,796	2,555,975
EXPENDITURES								
Current:								
Public Safety	1,687,632	153,715	-	-	-	-	-	1,841,347
Highways, Streets, and Bridges	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	2,459,926	-	2,459,926
Recreation and Culture	-	-	5,869	-	-	-	-	5,869
Capital Outlay	-	-	222,304	-	-	-	-	222,304
Agriculture	-	-	-	1,516,632	-	-	-	1,516,632
Total Expenditures	1,687,632	153,715	228,173	1,516,632	-	2,459,926	-	6,046,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	(717,691)	(153,715)	(43,217)	(1,427,192)	554	(1,161,638)	12,796	(3,490,103)
OTHER FINANCING SOURCES								
Transfers In	717,691	177,118	57,291	680,271	-	1,161,638	-	2,794,009
Transfers Out	-	-	-	-	(93,155)	-	-	(93,155)
Total Other Financing Sources	717,691	177,118	57,291	680,271	(93,155)	1,161,638	-	2,700,854
Net Change in Fund Balances	-	23,403	14,074	(746,921)	(92,601)	-	12,796	(789,249)
Fund Balances - June 30, 2008	-	28,124	132,585	2,859,749	92,601	-	828,539	3,941,598
Fund Balances - June 30, 2009	\$ -	\$ 51,527	\$ 146,659	\$ 2,112,828	\$ -	\$ -	\$ 841,335	\$3,152,349

CECIL COUNTY, MARYLAND

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

**COMMUNITY ADULT REHABILITATION CENTER
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,153,300	\$ 828,300	\$ 825,847	\$ (2,453)
Charges for Services	<u>224,500</u>	<u>143,500</u>	<u>144,094</u>	<u>594</u>
Total Revenues	<u>1,377,800</u>	<u>971,800</u>	<u>969,941</u>	<u>(1,859)</u>
EXPENDITURES				
Current:				
Public Safety	<u>1,895,977</u>	<u>1,895,977</u>	<u>1,687,632</u>	<u>208,345</u>
Total Expenditures	<u>1,895,977</u>	<u>1,895,977</u>	<u>1,687,632</u>	<u>208,345</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(518,177)</u>	<u>(924,177)</u>	<u>(717,691)</u>	<u>206,486</u>
OTHER FINANCING SOURCES				
Transfers In	<u>518,177</u>	<u>924,177</u>	<u>717,691</u>	<u>(206,486)</u>
Total Other Financing Sources	<u>518,177</u>	<u>924,177</u>	<u>717,691</u>	<u>(206,486)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CECIL COUNTY, MARYLAND

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

**OTHER PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Contributions & Other Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Safety	-	205,242	153,715	51,527
Total Expenditures	<u>-</u>	<u>205,242</u>	<u>153,715</u>	<u>51,527</u>
(Deficiency) of Revenues (Under) Expenditures	<u>-</u>	<u>(205,242)</u>	<u>(153,715)</u>	<u>51,527</u>
OTHER FINANCING SOURCES				
Transfers In	-	177,118	177,118	-
Total Other Financing Sources	<u>-</u>	<u>177,118</u>	<u>177,118</u>	<u>-</u>
Net Change in Fund Balance	-	(28,124)	23,403	51,527
Fund Balance - June 30, 2008	28,124	-	28,124	51,527
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2008	<u>28,124</u>	<u>28,124</u>	<u>28,124</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ 28,124</u>	<u>\$ -</u>	<u>\$ 51,527</u>	<u>\$ 51,527</u>

CECIL COUNTY, MARYLAND

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

**OPEN SPACE
FOR THE YEAR ENDED JUNE 30, 2009**

	<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				
Intergovernmental	\$ 550,275	\$ 592,534	\$ 181,686	\$ (410,848)
Contributions & Other Revenues	<u>137,500</u>	<u>137,500</u>	<u>3,270</u>	<u>(134,230)</u>
Total Revenues	<u>687,775</u>	<u>730,034</u>	<u>184,956</u>	<u>(545,078)</u>
EXPENDITURES				
Current:				
Public Safety	-	-	-	-
Highways, Streets, and Bridges	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Culture	96,347	96,347	5,869	90,478
Capital Outlay	<u>634,633</u>	<u>690,978</u>	<u>222,304</u>	<u>468,674</u>
Total Expenditures	<u>730,980</u>	<u>787,325</u>	<u>228,173</u>	<u>559,152</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(43,205)</u>	<u>(57,291)</u>	<u>(43,217)</u>	<u>14,074</u>
OTHER FINANCING SOURCES				
Transfers In	<u>43,205</u>	<u>57,291</u>	<u>57,291</u>	<u>-</u>
Total Other Financing Sources	<u>43,205</u>	<u>57,291</u>	<u>57,291</u>	<u>-</u>
Net Change in Fund Balance	-	-	14,074	14,074
Fund Balance - June 30, 2008	<u>132,585</u>	<u>132,585</u>	<u>132,585</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ 132,585</u>	<u>\$ 132,585</u>	<u>\$ 146,659</u>	<u>\$ 14,074</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

AGRICULTURAL LAND PRESERVATION
FOR THE YEAR ENDED JUNE 30, 2009

	<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	\$ -	\$ -	\$ 89,440	\$ 89,440
Total Revenues	<u>-</u>	<u>-</u>	<u>89,440</u>	<u>89,440</u>
EXPENDITURES				
Current:				
Agriculture	3,193,973	3,540,020	1,516,632	2,023,388
Total Expenditures	<u>3,193,973</u>	<u>3,540,020</u>	<u>1,516,632</u>	<u>2,023,388</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,193,973)</u>	<u>(3,540,020)</u>	<u>(1,427,192)</u>	<u>2,112,828</u>
OTHER FINANCING SOURCES				
Transfers In	500,000	680,271	680,271	-
Total Other Financing Sources	<u>500,000</u>	<u>680,271</u>	<u>680,271</u>	<u>-</u>
Net Change in Fund Balance	(2,693,973)	(2,859,749)	(746,921)	2,112,828
Fund Balance - June 30, 2008	<u>2,859,749</u>	<u>2,859,749</u>	<u>2,859,749</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ 165,776</u>	<u>\$ -</u>	<u>\$ 2,112,828</u>	<u>\$ 2,112,828</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

GILPIN FALLS COVERED BRIDGE
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 554	\$ 554
Total Revenues	<u>-</u>	<u>-</u>	<u>554</u>	<u>554</u>
EXPENDITURES				
Current:				
Highways, Streets, and Bridges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>554</u>	<u>554</u>
OTHER FINANCING (USES)				
Operating Transfers Out	(93,155)	(93,155)	(93,155)	-
Total Other Financing Sources (Uses)	<u>(93,155)</u>	<u>(93,155)</u>	<u>(93,155)</u>	<u>-</u>
Net Change in Fund Balance	(93,155)	(93,155)	(92,601)	554
Fund Balance - June 30, 2008	<u>92,601</u>	<u>92,601</u>	<u>92,601</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ (554)</u>	<u>\$ (554)</u>	<u>\$ -</u>	<u>\$ 554</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

SENIOR SERVICES & COMMUNITY TRANSIT
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 1,252,690	\$ 1,341,781	\$ 1,139,958	\$ (201,823)
Charges for Services	136,300	136,300	139,033	2,733
Contributions & Other Revenues	-	14,180	19,297	5,117
Total Revenues	<u>1,388,990</u>	<u>1,492,261</u>	<u>1,298,288</u>	<u>(193,973)</u>
EXPENDITURES				
Current:				
Health and Welfare	<u>2,726,956</u>	<u>2,790,960</u>	<u>2,459,926</u>	<u>331,034</u>
Total Expenditures	<u>2,726,956</u>	<u>2,790,960</u>	<u>2,459,926</u>	<u>331,034</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,337,966)</u>	<u>(1,298,699)</u>	<u>(1,161,638)</u>	<u>137,061</u>
OTHER FINANCING SOURCES				
Transfers In	<u>1,337,966</u>	<u>1,298,699</u>	<u>1,161,638</u>	<u>(137,061)</u>
Total Other Financing Sources	<u>1,337,966</u>	<u>1,298,699</u>	<u>1,161,638</u>	<u>(137,061)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

ECONOMIC DEVELOPMENT REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<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				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	12,796	12,796
Total Revenues	<u>-</u>	<u>-</u>	<u>12,796</u>	<u>12,796</u>
EXPENDITURES				
Current:				
Economic Development	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>12,796</u>	<u>12,796</u>
Net Change in Fund Balance	-	-	12,796	12,796
Fund Balance - June 30, 2008	<u>828,539</u>	<u>828,539</u>	<u>828,539</u>	<u>-</u>
Fund Balance - June 30, 2009	<u>\$ 828,539</u>	<u>\$ 828,539</u>	<u>\$ 841,335</u>	<u>\$ 12,796</u>

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
DEBT SERVICE FUND
JUNE 30, 2009**

ASSETS

Cash and Investments	\$	-
Receivables, Net		<u>224</u>
Total Assets		<u>224</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Due to Other Funds	\$	<u>224</u>
Total Liabilities		<u>224</u>

Fund Balance:

Debt Service	\$	<u>-</u>
Total Fund Balances		<u>-</u>

**Total Liabilities and
Fund Balance**

\$ 224

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR FUND

DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<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				
Special Assessments	\$ 49,639	\$ 49,639	\$ 50,132	\$ 493
Total Revenues	<u>49,639</u>	<u>49,639</u>	<u>50,132</u>	<u>493</u>
EXPENDITURES				
Debt Service:				
Principal	8,733,083	8,843,765	8,843,764	1
Interest	<u>6,314,402</u>	<u>5,406,255</u>	<u>5,399,155</u>	<u>7,100</u>
Total Expenditures	<u>15,047,485</u>	<u>14,250,020</u>	<u>14,242,919</u>	<u>7,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,997,846)</u>	<u>(14,200,381)</u>	<u>(14,192,787)</u>	<u>7,594</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>14,997,846</u>	<u>14,200,381</u>	<u>14,192,787</u>	<u>(7,594)</u>
Total Other Financing Sources (Uses)	<u>14,997,846</u>	<u>14,200,381</u>	<u>14,192,787</u>	<u>(7,594)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2008	<u>44,242</u>	<u>44,242</u>	-	<u>(44,242)</u>
Fund Balance - June 30, 2009	<u>\$ 44,242</u>	<u>\$ 44,242</u>	<u>\$ -</u>	<u>\$ (44,242)</u>

Non-Major Governmental Funds

Capital Projects Funds

The Capital Projects Funds account for all financial resources used in acquiring and constructing capital facilities and other fixed assets excluding those financed by the proprietary and trust funds.

Library Construction - This fund is used to account for the acquisition, construction, and renovation of capital facilities in the Cecil County Public Library System. These expenditures are financed from the proceeds of certain County general obligation bonds and from County general resources.

Gilpin Falls Construction - This fund is used to account for the renovation of the Gilpin Falls Covered Bridge, which is an historical landmark located in the County. These expenditures are financed from donations, grants, and County general resources.

CECIL COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
JUNE 30, 2009

	<u>Library Construction</u>	<u>Gilpin Falls Construction</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 293,401	\$ -	\$ 293,401
Due from Other Governments	<u>-</u>	<u>523,313</u>	<u>523,313</u>
Total Assets	<u>\$ 293,401</u>	<u>\$ 523,313</u>	<u>\$ 816,714</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	-	188,703	188,703
Due to Other Funds	-	95,332	95,332
Due to Component Units	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Liabilities	<u>5,000</u>	<u>284,035</u>	<u>289,035</u>
Fund Balances:			
Reserved:			
Encumbrances	-	59,438	59,438
Unreserved:			
Designated:			
Various Construction Projects	<u>288,401</u>	<u>179,840</u>	<u>468,241</u>
Total Fund Balances	<u>288,401</u>	<u>239,278</u>	<u>527,679</u>
Total Liabilities and Fund Balances	<u>\$ 293,401</u>	<u>\$ 523,313</u>	<u>\$ 816,714</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Library Construction</u>	<u>Gilpin Falls Construction</u>	<u>Total</u>
REVENUES			
Intergovernmental	\$ -	\$ 523,313	\$ 523,313
Total Revenues	<u>-</u>	<u>523,313</u>	<u>523,313</u>
EXPENDITURES			
Capital Projects	<u>27,538</u>	<u>704,433</u>	<u>731,971</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(27,538)</u>	<u>(181,120)</u>	<u>(208,658)</u>
OTHER FINANCING SOURCES (USES)			
Bonds Issued	-	-	-
Premium on Debt Issued	-	-	-
Bond Issuance Cost	-	-	-
Transfers In	<u>-</u>	<u>93,155</u>	<u>93,155</u>
Total Other Financing Sources	<u>-</u>	<u>93,155</u>	<u>93,155</u>
Net Change in Fund Balances	(27,538)	(87,965)	(115,503)
Fund Balances - June 30, 2008	<u>315,939</u>	<u>327,244</u>	<u>643,183</u>
Fund Balances - June 30, 2009	<u>\$ 288,401</u>	<u>\$ 239,279</u>	<u>\$ 527,680</u>

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.

Central Garage Fund - This fund is used to account for the expenditures and allocations of the vehicle repair and maintenance shop. The expenditures consist of a third party vehicle maintenance services contract and the costs (including depreciation and utilities) to provide use of the County's central garage facility.

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2009

	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 4,963,938	\$ -	\$ 4,963,938
Receivables, Net:			
Accounts	90,964	-	90,964
Inventory	-	23,837	23,837
Prepaid Items & Other Assets	<u>121,000</u>	<u>-</u>	<u>121,000</u>
Total Current Assets	<u>5,175,902</u>	<u>23,837</u>	<u>5,199,739</u>
Non-Current Assets:			
Capital Assets, Net:			
Buildings	-	232,003	232,003
Machinery & Equipment	<u>-</u>	<u>50,112</u>	<u>50,112</u>
Total Non-Current Assets	<u>-</u>	<u>282,115</u>	<u>282,115</u>
Total Assets	<u>\$ 5,175,902</u>	<u>\$ 305,952</u>	<u>\$ 5,481,854</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ -	\$ 135,872	\$ 135,872
Due to Other Funds	-	170,080	170,080
Accrued Expenses	<u>1,026,341</u>	<u>-</u>	<u>1,026,341</u>
Total Liabilities	<u>1,026,341</u>	<u>305,952</u>	<u>1,332,293</u>
NET ASSETS			
Invested in Capital Assets	-	282,115	282,115
Unrestricted (Deficit)	<u>4,149,561</u>	<u>(282,115)</u>	<u>3,867,446</u>
Total Net Assets	<u>\$ 4,149,561</u>	<u>\$ -</u>	<u>\$ 4,149,561</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for Services	\$ 8,141,351	\$ 1,277,549	\$ 9,418,900
Operating Expenses:			
Benefit Payments	7,279,990	-	7,279,990
Materials, Supplies, and Services	606,185	1,257,545	1,863,730
Depreciation	-	20,004	20,004
Total Operating Expenses	<u>7,886,175</u>	<u>1,277,549</u>	<u>9,163,724</u>
Operating Income (Loss)	<u>255,176</u>	<u>-</u>	<u>255,176</u>
Non-Operating Revenues			
Investment Earnings	143,087	-	143,087
Total Non-Operating Revenues	<u>143,087</u>	<u>-</u>	<u>143,087</u>
Income Before			
Contributions and Transfers	398,263	-	398,263
Transfers In	-	-	-
Transfers Out	<u>(1,003,488)</u>	<u>-</u>	<u>(1,003,488)</u>
Change in Net Assets	(605,225)	-	(605,225)
Net Assets - June 30, 2008	<u>4,754,786</u>	<u>-</u>	<u>4,754,786</u>
Net Assets - June 30, 2009	<u>\$ 4,149,561</u>	<u>\$ -</u>	<u>\$ 4,149,561</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
Cash Flows From Operating Activities:			
Receipts from Service Charges & Insured	\$ 8,090,710	\$ 1,277,549	\$ 9,368,259
Payments to Suppliers and Providers	<u>(7,822,113)</u>	<u>(1,256,935)</u>	<u>(9,079,048)</u>
Net Cash Provided by Operating Activities	<u>268,597</u>	<u>20,614</u>	<u>289,211</u>
Cash Flows From Non-Capital Financing Activities:			
Advances to Other Funds	(20,100)	(20,614)	(40,714)
Return of Previous General Fund Allocation	<u>(1,003,488)</u>	<u>-</u>	<u>(1,003,488)</u>
Net Cash Flows From Non-Capital Financing Activities	<u>(1,023,588)</u>	<u>(20,614)</u>	<u>(1,044,202)</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities:			
Interest on Investments	<u>143,086</u>	<u>-</u>	<u>143,086</u>
Net Cash Flows From Non-Capital Financing Activities	<u>143,086</u>	<u>-</u>	<u>143,086</u>
Net Increase in Cash and Cash Equivalents	(611,905)	-	(611,905)
Cash and Cash Equivalents - June 30, 2008	<u>5,575,843</u>	<u>-</u>	<u>5,575,843</u>
Cash and Cash Equivalents - June 30, 2009	<u>\$ 4,963,938</u>	<u>\$ -</u>	<u>\$ 4,963,938</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ 255,176	\$ -	\$ 255,176
Adjustments to Reconcile Operating Income to Net Cash provided by (Used in) Operating Activities:			
Depreciation	-	20,004	20,004
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(50,066)	-	(50,066)
(Increase) in Inventory	-	(4,011)	(4,011)
(Increase) in Prepaid Items	(24,000)	-	(24,000)
Decrease (Increase) in Accounts Payable	(520)	4,621	4,101
Increase in Accrued Expenses	88,582	-	88,582
Decrease in Deferred Revenue	<u>(575)</u>	<u>-</u>	<u>(575)</u>
Total Adjustments	<u>13,421</u>	<u>20,614</u>	<u>34,035</u>
Net Cash Provided by Operating Activities	<u>\$ 268,597</u>	<u>\$ 20,614</u>	<u>\$ 289,211</u>

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, 2009**

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
COLLECTIONS - STATE TAXES				
Assets				
Cash	\$ 104,804	\$ 10,555,177	\$ (10,516,101)	\$ 143,880
Accounts Receivable - Property Taxes	<u>18,089</u>	<u>13,195,707</u>	<u>(13,212,292)</u>	<u>1,504</u>
Total Assets	<u>\$ 122,893</u>	<u>\$ 23,750,884</u>	<u>\$ (23,728,393)</u>	<u>\$ 145,384</u>
Liabilities				
Due to Other Governments	<u>122,893</u>	<u>21,878,365</u>	<u>(21,855,874)</u>	<u>145,384</u>
Total Liabilities	<u>\$ 122,893</u>	<u>\$ 21,878,365</u>	<u>\$ (21,855,874)</u>	<u>\$ 145,384</u>
COLLECTIONS - STATE BAY RESTORATION FEE				
Assets				
Cash	\$ 86,302	\$ 860,066	\$ (587,602)	\$ 358,766
Accounts Receivable - Fees	<u>67,477</u>	<u>873,655</u>	<u>(870,890)</u>	<u>70,242</u>
Total Assets	<u>\$ 153,779</u>	<u>\$ 1,733,721</u>	<u>\$ (1,458,492)</u>	<u>\$ 429,008</u>
Liabilities				
Due to Other Governments	<u>153,779</u>	<u>1,716,666</u>	<u>(1,441,437)</u>	<u>429,008</u>
Total Liabilities	<u>\$ 153,779</u>	<u>\$ 1,716,666</u>	<u>\$ (1,441,437)</u>	<u>\$ 429,008</u>
COLLECTIONS - CECILTON				
Assets				
Cash	\$ 1,421	\$ 336,794	\$ (337,626)	\$ 589
Accounts Receivable - Fees & Taxes	<u>272</u>	<u>177,071</u>	<u>(177,343)</u>	<u>-</u>
Total Assets	<u>\$ 1,693</u>	<u>\$ 513,865</u>	<u>\$ (514,969)</u>	<u>\$ 589</u>
Liabilities				
Due to Other Governments	<u>1,693</u>	<u>488,139</u>	<u>(489,243)</u>	<u>589</u>
Total Liabilities	<u>\$ 1,693</u>	<u>\$ 488,139</u>	<u>\$ (489,243)</u>	<u>\$ 589</u>
COLLECTIONS - CHESAPEAKE CITY				
Assets				
Cash	\$ 2,701	\$ 670,541	\$ (672,799)	\$ 443
Accounts Receivable - Property Taxes	<u>2,565</u>	<u>371,608</u>	<u>(374,173)</u>	<u>-</u>
Total Assets	<u>\$ 5,266</u>	<u>\$ 1,042,149</u>	<u>\$ (1,046,972)</u>	<u>\$ 443</u>
Liabilities				
Due to Other Governments	<u>5,266</u>	<u>1,043,322</u>	<u>(1,048,145)</u>	<u>443</u>
Total Liabilities	<u>\$ 5,266</u>	<u>\$ 1,043,322</u>	<u>\$ (1,048,145)</u>	<u>\$ 443</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
COLLECTIONS - CHARLESTOWN				
Assets				
Cash	\$ 1,027	\$ 574,669	\$ (574,578)	1,118
Accounts Receivable - Property Taxes	<u>1,623</u>	<u>355,604</u>	<u>(357,222)</u>	<u>5</u>
Total Assets	<u>\$ 2,650</u>	<u>\$ 930,273</u>	<u>\$ (931,800)</u>	<u>\$ 1,123</u>
Liabilities				
Due to Other Governments	<u>2,650</u>	<u>929,026</u>	<u>(930,553)</u>	<u>1,123</u>
Total Liabilities	<u>\$ 2,650</u>	<u>\$ 929,026</u>	<u>\$ (930,553)</u>	<u>\$ 1,123</u>
COLLECTIONS - ELKTON				
Assets				
Cash	\$ 53,761	\$ 10,844,896	\$ (10,814,829)	\$ 83,828
Accounts Receivable - Property Taxes	<u>14,304</u>	<u>6,058,883</u>	<u>(6,066,329)</u>	<u>6,858</u>
Total Assets	<u>\$ 68,065</u>	<u>\$ 16,903,779</u>	<u>\$ (16,881,158)</u>	<u>\$ 90,686</u>
Liabilities				
Due to Other Governments	<u>68,065</u>	<u>16,802,661</u>	<u>(16,780,040)</u>	<u>90,686</u>
Total Liabilities	<u>\$ 68,065</u>	<u>\$ 16,802,661</u>	<u>\$ (16,780,040)</u>	<u>\$ 90,686</u>
COLLECTIONS - NORTH EAST				
Assets				
Cash	\$ 7,848	\$ 2,913,124	\$ (2,913,065)	\$ 7,907
Accounts Receivable - Fees & Taxes	<u>2,514</u>	<u>1,664,235</u>	<u>(1,663,780)</u>	<u>2,969</u>
Total Assets	<u>\$ 10,362</u>	<u>\$ 4,577,359</u>	<u>\$ (4,576,845)</u>	<u>\$ 10,876</u>
Liabilities				
Due to Other Governments	<u>10,362</u>	<u>4,566,496</u>	<u>(4,565,982)</u>	<u>10,876</u>
Total Liabilities	<u>\$ 10,362</u>	<u>\$ 4,566,496</u>	<u>\$ (4,565,982)</u>	<u>\$ 10,876</u>
COLLECTIONS - PORT DEPOSIT				
Assets				
Cash	\$ 2,015	\$ 746,485	\$ (738,189)	\$ 10,311
Accounts Receivable - Property Taxes	<u>1,116</u>	<u>418,138</u>	<u>(418,434)</u>	<u>820</u>
Total Assets	<u>\$ 3,131</u>	<u>\$ 1,164,623</u>	<u>\$ (1,156,623)</u>	<u>\$ 11,131</u>
Liabilities				
Due to Other Governments	<u>3,131</u>	<u>1,145,687</u>	<u>(1,137,687)</u>	<u>11,131</u>
Total Liabilities	<u>\$ 3,131</u>	<u>\$ 1,145,687</u>	<u>\$ (1,137,687)</u>	<u>\$ 11,131</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
COLLECTIONS - PERRYVILLE				
Assets				
Cash	\$ 4,780	\$ 2,508,907	\$ (2,482,860)	\$ 30,827
Accounts Receivable - Property Taxes	<u>9,836</u>	<u>1,708,857</u>	<u>(1,716,796)</u>	<u>1,897</u>
Total Assets	<u>\$ 14,616</u>	<u>\$ 4,217,764</u>	<u>\$ (4,199,656)</u>	<u>\$ 32,724</u>
Liabilities				
Due to Other Governments	<u>14,616</u>	<u>4,160,406</u>	<u>(4,142,298)</u>	<u>32,724</u>
Total Liabilities	<u>\$ 14,616</u>	<u>\$ 4,160,406</u>	<u>\$ (4,142,298)</u>	<u>\$ 32,724</u>
TOTALS - ALL FUNDS				
Assets				
Cash	\$ 264,659	\$ 30,010,659	\$ (29,637,649)	\$ 637,669
Accounts Receivable - Fees & Taxes	<u>117,796</u>	<u>24,823,758</u>	<u>(24,857,259)</u>	<u>84,295</u>
Total Assets	<u>\$ 382,455</u>	<u>\$ 54,834,417</u>	<u>\$ (54,494,908)</u>	<u>\$ 721,964</u>
Liabilities				
Due to Other Governments	<u>382,455</u>	<u>52,730,768</u>	<u>(52,391,259)</u>	<u>721,964</u>
Total Liabilities	<u>\$ 382,455</u>	<u>\$ 52,730,768</u>	<u>\$ (52,391,259)</u>	<u>\$ 721,964</u>

**STATISTICAL
SECTION**

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	103
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	108
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	112
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	116
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	119
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; schedules presenting government-wide information include information beginning in that year.



Table I

**NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)**

	2005	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES					
Invested in Capital Assets, Net of Related Debt	\$ 77,792,074	\$ 87,707,104	\$ 109,193,073	\$ 118,947,569	\$ 121,977,339
Restricted	2,364,272	4,463,489	4,461,531	4,964,961	4,429,739
Unrestricted (Deficit)	2,653,858	11,042,730	(12,806,585)	(17,557,877)	(26,085,408)
Total Governmental Activities Net Assets	\$ 82,810,204	\$ 103,213,323	\$ 100,848,019	\$ 106,354,653	\$ 100,321,670
BUSINESS-TYPE ACTIVITIES					
Invested in Capital Assets, Net of Related Debt	\$ 23,806,044	\$ 20,670,342	\$ 23,793,438	\$ 31,193,004	\$ 33,060,858
Restricted	3,884,856	929,726	923,596	728,355	8,603,936
Unrestricted	1,284,677	10,017,900	7,598,850	8,216,737	(221,754)
Total Business-type Activities Net Assets	\$ 28,975,577	\$ 31,617,968	\$ 32,315,884	\$ 40,138,096	\$ 41,443,040
PRIMARY GOVERNMENT					
Invested in Capital Assets, Net of Related Debt	\$ 101,598,118	\$ 108,377,446	\$ 132,986,511	\$ 150,140,573	\$ 155,038,197
Restricted	6,249,128	5,393,215	5,385,127	5,693,316	13,033,675
Unrestricted	3,938,535	21,060,630	(5,207,735)	(9,341,140)	(26,307,162)
Total Primary Government Net Assets	\$ 111,785,781	\$ 134,831,291	\$ 133,163,903	\$ 146,492,749	\$ 141,764,710

Table II

**CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(Accrual Basis of Accounting)**

	2005	2006	2007	2008	2009
EXPENSES					
Governmental Activities:					
General Government	\$ 7,454,740	\$ 8,067,921	\$ 9,863,529	\$ 11,227,374	\$ 12,546,389
Public Safety	21,746,418	24,026,137	28,205,141	31,247,533	33,334,883
Highways, Streets, and Bridges	8,738,927	11,364,774	13,348,855	13,669,424	13,981,175
Health and Welfare	8,371,293	9,124,169	10,219,407	10,937,738	11,756,789
Recreation and Culture	249,125	199,476	340,882	665,321	880,408
Education	67,220,411	75,496,621	96,385,038	87,757,907	96,520,700
Public Libraries	2,051,254	2,986,777	3,876,453	5,056,857	4,681,578
Economic Development	680,716	959,773	1,181,638	1,130,391	1,214,647
Agriculture	433,684	464,606	2,386,359	2,184,443	2,131,412
Municipalities	456,525	498,224	558,077	691,663	757,448
Interest on Long-Term Debt	3,099,629	3,507,162	4,330,990	5,393,680	5,492,318
Total Governmental Activities Expenses	120,502,722	136,695,640	170,696,370	169,962,331	183,297,747
Business-Type Activities:					
Water	701,969	824,410	867,921	922,353	1,103,638
Wastewater	3,010,680	3,511,634	3,953,215	4,303,249	5,069,605
Landfill	4,023,981	4,065,771	4,631,952	4,473,534	4,830,035
Total Business-Type Activities Expenses	7,736,630	8,401,815	9,453,088	9,699,136	11,003,278
Total Primary Government Expenses	\$ 128,239,352	\$ 145,097,455	\$ 180,149,458	\$ 179,661,467	\$ 194,301,025
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Government	\$ 676,773	\$ 1,212,604	\$ 1,092,989	\$ 1,214,042	\$ 1,163,371
Public Safety	3,035,119	2,836,791	2,598,355	2,317,402	2,136,375
Highways, Streets, and Bridges	596,892	658,621	1,206,587	511,444	376,370
Other Activities	89,478	165,935	240,852	229,465	322,033
Operating Grants and Contributions	13,288,383	15,645,620	16,731,002	22,453,267	17,265,269
Capital Grants and Contributions	5,439,960	4,582,308	3,224,095	1,183,860	3,150,745
Total Governmental Activities Revenues	23,126,605	25,101,879	25,093,880	27,909,480	24,414,163

Business-Type Activities:									
Charges for Services:									
Water	651,059	755,310	787,028	1,263,870	1,308,395				
Wastewater	2,284,445	3,883,929	2,477,454	2,986,929	3,372,665				
Landfill	5,458,626	5,596,761	5,410,707	5,356,985	4,556,694				
Capital Grants and Contributions	1,561,561	747,580	1,373,258	4,803,214	2,964,543				
Total Business-Type Activities Revenues	9,955,691	10,983,580	10,048,447	14,410,998	12,202,297				
Total Primary Government Revenues	\$ 33,082,296	\$ 36,085,459	\$ 35,142,327	\$ 42,320,478	\$ 36,616,460				
OTHER CHANGES IN NET ASSETS									
Governmental Activities:									
Taxes									
Property Taxes	\$ 66,332,180	\$ 72,324,454	\$ 80,546,737	\$ 86,399,908	\$ 96,078,658				
Income Taxes	40,319,985	46,103,323	46,864,546	50,565,845	49,358,649				
Investment Earnings	1,291,934	3,203,450	5,159,287	3,800,175	2,054,515				
Other Revenues including Capital Asset Sales Gains (Losses)	77,784	34,099	1,965,275	61,174	345,432				
Grants, Entitlements, and Contributions not Restricted to Specific Programs	7,740,018	10,331,555	8,701,341	6,714,410	5,013,347				
Total Governmental Activities	115,761,901	131,996,881	143,237,186	147,541,512	152,850,601				
Business-Type Activities:									
Investment Earnings	31,364	48,257	63,057	147,605	87,616				
Other Revenues including Capital Asset Sales Gains (Losses)	15,949	12,369	39,500	2,905,486	18,309				
Total Business-Type Activities	47,313	60,626	102,557	3,053,091	105,925				
Total Primary Government	\$ 115,809,214	\$ 132,057,507	\$ 143,339,743	\$ 150,594,603	\$ 152,956,526				
CHANGE IN NET ASSETS									
Governmental Activities	\$ 18,385,784	\$ 20,403,119	\$ (2,365,304)	\$ 5,488,661	\$ (6,032,983)				
Business-Type Activities	2,266,374	2,642,391	697,916	7,764,953	1,304,944				
Total Primary Government	\$ 20,652,158	\$ 23,045,510	\$ (1,667,388)	\$ 13,253,614	\$ (4,728,039)				

Table III

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL FUND										
Reserved	\$ 7,868,664	\$ 9,070,216	\$ 8,933,871	\$ 9,063,736	\$ 9,692,221	\$ 10,870,373	\$ 11,873,134	\$ 12,709,095	\$ 12,742,235	\$ 13,140,636
Unreserved	13,251,581	11,508,202	14,452,675	14,252,821	18,593,674	24,194,616	28,347,899	23,092,967	25,980,520	23,229,251
Total General Fund	\$21,120,245	\$20,578,418	\$23,386,546	\$23,316,557	\$28,285,895	\$35,064,989	\$40,221,033	\$35,802,062	\$38,722,755	\$36,369,887
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 520,443	\$ 1,993,591	\$ 514,001	\$ 680,651	\$ 1,655,815	\$ 10,079,721	\$ 6,155,925	\$ 584,170	\$ 1,956,805	\$ 4,095,421
Unreserved, reported in:										
Special Revenue Funds	903,106	1,046,450	2,318,015	2,538,876	1,665,713	2,281,234	4,465,096	4,461,531	4,964,961	4,429,739
Capital Projects Funds	6,672,524	1,529,099	5,405,047	4,975,972	6,530,771	2,548,950	19,793,940	21,585,310	22,471,785	24,679,289
Debt Service Fund	80,046	143	-	-	-	-	44,242	-	-	-
Total All Other Governmental Funds	\$ 8,176,119	\$ 4,569,283	\$ 8,237,063	\$ 8,175,499	\$ 9,852,299	\$ 14,909,905	\$ 30,459,203	\$ 26,631,011	\$ 29,393,551	\$ 33,204,449

Table IV

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES										
Property Taxes	\$ 47,717,414	\$ 49,956,587	\$ 53,097,214	\$ 57,848,567	\$ 60,150,986	\$ 66,492,561	\$ 72,387,227	\$ 78,510,957	\$ 86,506,000	\$ 96,173,901
Income Taxes	27,384,545	30,820,850	34,402,824	34,360,500	39,138,613	40,821,907	44,608,423	46,864,546	50,192,279	48,851,186
Licenses and Permits	980,578	1,073,033	1,246,724	1,391,728	2,131,113	1,941,049	2,042,609	1,663,294	1,534,913	1,298,179
Intergovernmental	15,076,309	15,089,086	18,361,113	22,160,465	19,993,244	21,936,600	28,758,685	25,679,805	29,783,816	24,422,814
Charges for Services	1,386,338	1,154,578	1,829,614	2,164,120	2,311,402	2,457,213	2,750,764	3,471,173	2,737,440	2,772,393
Investment Earnings	1,809,152	2,198,496	1,035,166	702,722	621,827	1,227,236	3,049,037	4,940,692	3,559,933	1,911,428
Contributions and Other Revenues	474,914	360,885	688,533	539,958	85,264	201,535	227,147	2,195,852	136,666	178,025
Total Revenues	94,829,250	100,653,515	110,661,188	119,168,060	124,432,449	135,078,304	153,823,892	163,326,319	174,451,047	175,607,926
EXPENDITURES										
General Government	5,962,152	5,485,236	6,451,441	6,952,723	7,186,682	7,704,805	8,719,551	9,750,668	10,819,769	11,643,833
Public Safety	14,299,248	14,985,144	15,866,760	18,355,160	19,400,748	21,967,248	24,051,219	27,661,771	30,385,329	32,059,207
Highways, Streets, and Bridges	5,422,131	7,934,755	7,204,390	8,578,023	7,346,119	9,231,564	15,761,574	16,931,434	11,711,984	12,915,367
Health and Welfare	6,259,762	6,533,824	7,129,992	7,993,921	8,760,866	8,322,146	9,062,543	10,141,388	10,733,945	11,664,982
Recreation and Culture	183,810	211,089	449,184	401,404	177,808	544,098	384,103	1,084,736	5,057,786	825,005
Education	50,397,818	53,641,440	56,291,300	59,697,628	62,051,052	64,940,787	68,968,426	73,076,278	72,085,349	78,055,262
Public Libraries	969,623	1,004,640	1,161,496	1,543,402	1,729,574	2,024,034	2,546,162	3,449,390	3,982,188	4,425,607
Economic Development	426,489	934,080	591,931	594,456	697,522	689,124	961,816	1,182,390	1,151,965	1,201,887
Agriculture	284,331	305,256	1,162,567	733,528	1,076,099	447,505	464,634	2,368,275	2,182,731	2,126,544
Municipalities	318,891	330,482	1,133,856	402,968	407,229	456,525	488,225	558,077	691,663	757,448
Capital Outlay	7,727,229	8,911,966	14,741,912	11,076,447	11,494,366	7,758,694	20,456,312	40,256,236	35,527,552	28,638,924
Debt Service:										
Principal	4,191,551	4,623,362	5,726,222	5,152,338	5,795,467	5,581,069	6,448,797	7,668,902	8,240,914	8,843,764
Interest	2,899,615	2,693,922	2,919,288	2,953,205	2,851,153	2,882,868	3,147,065	4,026,203	5,102,747	5,399,155
Total Expenditures	99,342,850	107,595,196	120,830,319	124,435,203	128,974,685	132,550,467	161,470,427	198,395,748	197,673,922	198,556,985
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,513,600)	(6,941,681)	(10,169,131)	(5,267,143)	(4,542,236)	2,527,837	(7,646,535)	(35,069,429)	(23,222,875)	(22,949,059)
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Asset Disposal	36,773	61,687	49,102	77,703	48,264	214,898	112,617	95,045	129,571	772,086
Capital Leases	606,515	857,024	332,950	-	-	-	-	-	-	-
Proceeds from Bonds Issued	-	2,068,166	15,779,996	13,795,000	21,140,000	9,028,100	27,998,905	26,727,140	28,575,000	23,020,000
Premium on Debt Issued	-	-	-	136,928	195,104	65,865	1,029,791	274,166	485,778	732,707
Refunding Bonds Issued	-	-	-	-	(10,194,994)	-	11,755,000	-	-	-
Bond Issuance Cost	-	-	-	-	-	-	(595,443)	(274,166)	(302,215)	(117,704)
Transfer to Refunding Agent	-	-	-	(8,874,041)	-	-	(11,949,000)	-	-	-
Transfers In	12,434,637	12,642,323	11,817,587	14,197,927	14,009,992	15,112,806	21,921,095	31,232,300	26,342,555	28,360,406
Transfers Out	(12,434,637)	(12,642,323)	(11,817,587)	(14,197,927)	(14,009,992)	(15,112,806)	(21,921,095)	(31,232,300)	(26,342,555)	(28,360,406)
Total Other Financing Sources (Uses)	643,288	2,986,877	16,162,048	5,135,590	11,188,374	9,308,863	28,351,870	26,822,185	28,888,134	24,407,089
Net Change in Fund Balances	(3,870,312)	(3,954,804)	5,992,917	(131,553)	6,646,138	11,836,700	20,705,335	(8,247,245)	5,665,259	1,458,030
Prior Period Adjustments	402,184	(193,859)	482,991	-	-	-	-	-	-	-
Net Change in Fund Balances	(3,468,128)	(4,148,663)	6,475,908	(131,553)	6,646,138	11,836,700	20,705,335	(8,247,245)	5,665,259	1,458,030
Debt Service as a Percentage of Noncapital Expenditures	8.39%	8.01%	8.87%	7.70%	7.94%	7.28%	7.30%	7.96%	8.97%	9.15%

Note: Within expenditures of 2000 to 2002, departments have been reclassified to their current categories for comparative purposes.

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			
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
2004	3,960,790,828	374,799,525	1,003,860,179	330,078,706	129,405,860	131,815,890	183,856,173	5,746,894,815	1.048
2003	3,983,147,689	367,697,250	1,040,058,303	330,078,706	148,352,920	149,198,280	187,428,805	5,831,104,343	1.063
2002	4,824,976,892 ²	n/a	n/a	n/a	152,337,950	143,676,210	562,228,330	4,933,562,247	1.068
2001	4,589,635,835 ²	n/a	n/a	n/a	153,325,070	113,481,860	69,852,500	4,933,669,165	1.064
2000	4,243,007,953 ²	n/a	n/a	n/a	n/a	258,121,480 ³	-	4,501,129,433	1.064

Source: Maryland State Department of Assessment and Taxation
Cecil County Treasurer's Office

Notes: Effective for the fiscal year 2002 assessment, real property was taxed at 100% of the assessed value of property; tax rates were adjusted accordingly. Personal property was taxed at 100% for all fiscal years. For presentation purposes, all years are presented at 100% of the assessed value and the total direct tax rate has been adjusted accordingly.
n/a - Information not available at time of publication.

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

² Agricultural and Commercial/Industrial Property is included in Residential due to lack of data.

³ Public Utilities is included in Other.

Table VI

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Cecil County Direct Rates										
Real Property	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$ 0.980	\$0.960	\$0.960	\$0.960
Personal Property	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.400	2.400	2.400
² Total Direct Tax Rate	1.064	1.064	1.068	1.063	1.048	1.046	1.046	1.043	1.043	1.043
Towns										
Cecilton	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240
Charlestown	0.320	0.320	0.320	0.320	0.320	0.320	0.320	0.280	0.280	0.280
Chesapeake City	0.472	0.472	0.470	0.470	0.472	0.472	0.462	0.462	0.420	0.420
Elkton	0.444	0.444	0.444	0.444	0.544	0.544	0.544	0.544	0.504	0.504
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	0.376	0.376	0.376	0.376	0.376	0.362	0.362	0.362	0.362
Port Deposit	0.600	0.600	0.580	0.580	0.580	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	0.360	0.360	0.360

Sources: Cecil County Treasurer's Office
The government of each town is the source of their respective tax rate.

Notes: ¹ Effective for the fiscal year 2002 assessment, real property was taxed at 100% of the assessed value of property; tax rates were adjusted accordingly. Personal property was taxed at 100% for all fiscal years. For presentation purposes, all years are presented at 100% of the assessed value and the total direct tax rate has been adjusted accordingly.

² 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**

Taxpayer	2000			2009		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
W.L. Gore & Associates, Inc.	\$ 58,002,692		2.64%	\$ 124,360,302	1	1.34%
Delmarva Power & Light Company	67,392,940		3.07%	61,795,260	2	0.67%
Ikea Property, Inc.				39,678,864	3	0.43%
Verizon-Maryland				30,387,120	4	0.33%
Pine Valley, LLC				30,042,936	5	0.32%
VRS Stonegate, LLC (formally Magazine Stongate LLC.)	5,938,840		0.27%	22,858,600	6	0.25%
Terumo Medical Corporation	10,071,660		0.45%	22,025,934	7	0.24%
Basell USA, Inc.				19,938,630	8	0.21%
Pettinaro Enterprises				19,650,808	9	0.21%
Kenneth O. Lester Company, Inc	-			19,538,870	10	0.21%
Totals	<u>\$ 141,406,132</u>		<u>6.43%</u>	<u>\$ 390,277,324</u>		<u>4.21%</u>

Source: Cecil County Treasurer's Office

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

Table VIII

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

Fiscal Year	Total Tax Levy' for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 93,799,686	\$ 93,433,467	99.6%	\$ -	\$ 93,433,467	99.6%
2008	84,487,760	84,094,382	99.5%	393,378	84,487,760	100.0%
2007	76,292,949	75,856,903	99.4%	429,290	76,286,193	100.0%
2006	70,138,723	69,744,926	99.4%	391,863	70,136,789	100.0%
2005	63,924,981	63,528,555	99.4%	400,915	63,929,470	100.0%
2004	58,403,516	57,844,275	99.0%	559,241	58,403,516	100.0%
2003	55,623,605	55,312,121	99.4%	249,970	55,562,091	99.9%
2002	52,367,094	51,839,088	99.0%	528,006	52,367,094	100.0%
2001	49,548,638	49,022,617	98.9%	458,799	49,481,416	99.9%
2000	47,556,314	46,984,136	98.8%	502,228	47,486,364	99.9%

Source: Cecil County Treasurer's Office

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.

Table IX

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

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Economic Development Bonds	Capital Leases	Special Assessment Bonds	Water Bonds	Wastewater Bonds	Landfill Bonds	Capital Leases	Wastewater Bonds	Landfill Bonds	Capital Leases	Total Primary Government			
2009	\$ 147,566,584	\$ -	\$ 2,088,882	\$ 161,836	\$ -	\$ 31,324,561	\$ 3,625,000	\$ 699,344	\$ -	\$ 912,603	\$ 185,466,207	5.21%	\$ 1,856		
2008	132,552,771	-	2,634,911	173,384	-	27,435,710	4,040,000	912,603	-	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		
2004	69,981,419	933,014	-	57,494	-	9,485,220	5,485,000	-	-	-	85,942,147	3.06%	925		
2003	64,337,693	980,020	-	64,681	-	2,652,381	5,800,000	-	-	-	73,834,775	2.80%	817		
2002	63,897,997	1,024,868	-	71,867	-	623,471	6,100,000	-	-	-	71,718,203	2.86%	811		
2001	53,461,393	1,067,560	-	79,054	534,996	696,598	6,329,116	56,101	-	-	62,224,818	2.55%	720		
2000	54,715,605	1,108,296	396,125	86,240	590,000	832,544	-	-	-	-	57,728,810	2.55%	682		

Source: Cecil County Treasurer's Office

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

¹ See Schedule XIV on page 116 for population data.

This ratio uses population data from the prior calendar year.

Table X

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ¹ of Property	Per Capita ²
	General Obligation Bonds	Economic Development Bonds ³	Total		
2009	\$ 147,566,584	\$ -	\$ 147,566,584	1.59%	\$1,476.76
2008	132,552,771	-	132,552,771	1.59%	1,333.96
2007	114,842,045	-	114,842,045	1.51%	1,154.12
2006	94,952,363	831,578	95,783,941	1.42%	1,030.48
2005	73,482,009	883,543	74,365,552	1.21%	800.05
2004	69,981,419	933,014	70,914,433	1.22%	762.92
2003	64,337,693	980,020	65,317,713	1.10%	722.81
2002	63,897,997	1,024,868	64,922,865	1.30%	734.55
2001	53,461,393	1,067,560	54,528,953	1.08%	630.53
2000	54,715,605	1,108,296	55,823,901	1.22%	659.93

Source: Cecil County Treasurer's Office

Note: ¹ See Schedule V on page 108 for Actual Taxable Value of Property data.

² See Schedule XIV on page 116 for population data.

This ratio uses population data from the prior calendar year.

³ Economic Development Loans are State loans relented to local businesses. Payments from these businesses support the debt service of the loans.

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property and Income Taxes			
Elkton	\$ 2,516,494	100%	\$ 2,516,494
North East	429,736	100%	429,736
Perryville	271,510	100%	271,510
Rising Sun	1,271,523	100%	1,271,523
Subtotal - Overlapping Debt			4,489,263
Cecil County Direct Debt	147,566,584	100%	147,566,584
Totals			<u>\$ 152,055,847</u>

Sources: Cecil County Treasurer's Office
The government of each town is the source of their 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 borrowings be repaid and all demands fully satisfied on or before June 30 of the fiscal year in which the money is borrowed.

Table XIII

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

Fiscal Year	Wastewater Revenue Bonds						Water Revenue Bonds					
	Sewer Charges and Other ¹	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Water Charges and Other ¹	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest					Principal	Interest	
2009	\$ 3,455,046	\$ 4,386,638	\$ (931,592)	\$ 1,346,574	\$ 682,966	-0.46	\$ 1,308,395	\$ 1,103,638	\$ 204,757	\$ -	-	
2008	3,108,223	3,731,492	(623,269)	941,842	571,757	-0.41	1,263,870	922,353	341,517	-	-	
2007	2,498,596	3,520,669	(1,022,073)	927,856	432,546	-0.75	787,028	867,921	(80,893)	-	-	
2006	3,901,587	3,102,294	799,293	538,983	409,340	0.84	755,310	824,410	(69,100)	-	-	
2005	2,303,816	2,697,826	(394,010)	250,317	312,854	-0.70	651,059	701,969	(50,910)	-	-	
2004	2,098,851	3,246,232	(1,147,381)	244,005	167,387	-2.79	590,572	692,929	(102,357)	-	-	
2003	2,030,547	1,916,721	113,826	247,221	51,497	0.38	567,276	639,719	(72,443)	-	-	
2002	1,980,712	1,717,738	262,974	139,922	29,698	1.55	531,304	596,769	(65,465)	-	-	
2001	1,895,302	1,970,369	(75,067)	135,945	32,754	-0.45	512,389	561,789	(49,400)	55,004	40,089	
2000	1,817,769	1,764,483	53,286	129,708	38,743	0.32	432,127	562,836	(130,709)	82,526	43,911	

Fiscal Year	Landfill Revenue Bonds						Special Assessment Bonds					
	Landfill Charges and Other ¹	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service ⁴	Principal	Coverage	Principal	Coverage
				Principal	Interest							
2009	\$ 4,561,929	\$ 4,558,610	\$ 3,319	\$ 628,260	\$ 263,446	0.00	\$ 50,132	\$ 50,132	50,132	1.00	-	-
2008	5,383,296	4,245,780	1,137,516	645,989	227,754	1.30	50,203	50,203	50,203	1.00	-	-
2007	5,452,622	4,383,786	1,068,836	370,000	248,166	1.73	44,242	44,242	44,242	1.00	-	-
2006	5,627,360	3,798,326	1,829,034	350,000	267,445	2.96	44,242	44,242	44,242	1.00	-	-
2005	5,470,619	3,738,650	1,731,969	335,000	285,331	2.79	43,968	43,968	43,968	1.00	-	-
2004	4,920,518	3,304,058	1,616,460	315,000	296,545	2.64	43,855	43,855	43,855	1.00	-	-
2003	3,697,508	2,534,833	1,162,675	300,000	301,593	1.93	43,753	43,753	43,753	1.00	-	-
2002	3,977,830	2,024,880	1,952,950	341,100	355,186	2.80	43,753	43,753	43,753	1.00	-	-
2001	3,135,216	1,397,348	1,737,868	86,590	61,040	11.77	43,445	43,445	43,445	1.00	-	-
2000	3,188,129	2,125,846	1,062,283	66,100	111,971	5.97	43,496	43,496	43,496	1.00	-	-

Source: Cecil County Treasurer's Office

Table XIV

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

Calendar Year	Population ^a	Personal Income ^{a,1,4}	Per Capita Income ^{a,4}	Average Employment ^{b,2}	Average Unemployment Rate ^{b,2}	Median Price of Housing Sales ^d	School Enrollment ^{c,3}
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
2003	92,951	2,807,169,000	30,201	40,008	7.2%	167,000	16,203
2002	90,366	2,634,131,000	29,150	40,168	6.0%	150,000	16,095
2001	88,385	2,511,827,000	28,419	39,775	5.6%	135,000	15,905
2000	86,481	2,442,220,000	28,240	39,368	5.5%	127,000	15,680
1999	84,591	2,261,476,000	26,734	39,841	3.9%	125,951	15,550

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

^e 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.

⁴ Personal income, and per capita income statistics for 2008 have not been released; the preceding year's actual is used as it is the most current data at the time of presentation.

Table XV

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

Taxpayer	2000			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W.L. Gore & Associates, Inc.	1,870	1	4.75%	2,300	2	4.76%
Cecil County Board of Education	1,821	2	4.63%	2,464	1	5.10%
Perry Point V.A. Hospital	1,303	3	3.31%	1,125	3	2.33%
Union Hospital	714	4	1.81%	713	5	1.48%
ATK Tactical Systems (formerly Thiokol Corp.)	415	8	1.05%	795	4	1.65%
Cecil County Government	454	7	1.15%	610	6	1.26%
Wal-Mart Stores, Inc.	-	-	-	500	7	1.03%
IKEA Maryland	-	-	0.00%	370	8	0.77%
Terumo Medical Corp.	471	6	1.20%	345	9	0.71%
Cecil College	-	-	0.00%	300	10	0.62%
Totals	7,048		17.90%	9,522		19.71%

Sources: Cecil County Department of Economic Development

Table XVI

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

<u>Function</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	79.96	81.46	86.17	90.00	97.50	85.00	91.00	91.00	103.00
Public Safety	242.12	247.95	253.95	257.95	260.45	251.00	260.00	282.00	298.00
Law Enforcement	80.00	83.00	82.00	83.00	84.00	86.00	83.00	87.00	92.00
Detention Center	59.30	60.00	60.00	60.00	57.50	52.00	57.00	66.00	62.00
EMS & Emergency Services	47.82	49.95	55.45	56.95	56.95	52.00	61.00	67.00	86.00
Other	55.00	55.00	56.50	58.00	62.00	61.00	59.00	62.00	58.00
Highways, Streets, and Bridges	63.00	64.00	68.50	66.00	66.00	69.00	70.00	76.00	72.00
Roads Maintenance	46.00	46.00	48.00	47.00	46.00	42.00	45.00	47.00	45.00
Engineering and Other	17.00	18.00	20.50	19.00	20.00	27.00	25.00	29.00	27.00
Health and Welfare	53.40	52.25	54.75	55.75	59.25	43.00	49.00	44.00	50.00
Senior Services	22.00	22.00	24.00	24.00	26.00	22.00	33.00	24.00	27.00
Other	31.40	30.25	30.25	31.75	33.25	21.00	16.00	20.00	23.00
Recreation and Culture	2.00	2.00	2.00	2.00	2.00	2.00	3.00	5.00	6.00
Economic Development	4.00	5.50	6.50	5.50	5.50	4.00	5.00	4.00	6.00
Agriculture	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00
Water	5.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00	3.00
Wastewater	13.00	13.00	13.00	13.00	13.00	13.00	14.00	14.00	11.00
Landfill	21.00	23.00	22.00	22.00	23.00	20.00	24.00	25.00	24.00
Central Garage	8.00	7.00	-	-	-	-	-	-	-
Totals	495.48	505.16	515.87	521.20	535.70	496.00	524.00	551.00	578.00

Sources: Cecil County Budget and Human Resources Departments

Note: Budgeted Positions at the end of the fiscal year. There are no positions purposefully kept vacant. (Actual data is not available.)

Table XVII

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Physical Arrests	n/a	n/a	n/a	n/a	1,816	1,867	n/a	1,941	2,327	2,666
911 Calls	2,344	2,739	3,103	3,057	3,146	3,332	4,127	198,706	193,323	215,419
Fire/Paramedic Calls	7,790	8,240	12,337	12,228	12,670	13,865	13,304	n/a	16,207	16,553
Building Permits Issued	672	665	703	834	776	721	530	407	362	276
Highways, Streets, and Bridges										
Street Resurfacing (miles)	22.31	32.90	28.10	27.29	22.52	16.22	41.77	48.11	16.26	13.06
Health and Welfare										
Participants (avg. monthly)	n/a	944	1,108	1,207	800	967	1,025	1,300	1,600	1,155
Meals served	n/a	28,063	27,172	28,460	25,011	23,791	26,346	24,640	23,783	24,887
Bus Passengers	n/a	n/a	n/a	29,061	31,980	34,984	40,255	43,674	46,043	49,875
Recreation and Culture										
Safetyville (attendance)	95	152	141	146	158	142	139	110	116	102
Agriculture										
Acres under Preservation Agreements	8,583	8,823	10,752	11,686	12,154	12,154	12,154	12,890	12,890	13,750
Water										
Average Daily Consumption (thousands of gallons)	134,897	135,865	142,397	152,618	159,997	164,577	177,399	185,890	168,195	162,417
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	360,848	390,033	418,753	413,444	435,346	459,973	464,268	480,524	408,599	469,597
Landfill										
Annual Tons of Refuse	68,891	73,518	92,218	87,268	110,947	116,501	166,691	151,926	141,928	128,389

Sources: Various Cecil County departments.

Note: Quantifiable and meaningful capital asset indicators are not available for all functions.

n/a = Not available

As of FY2007 a new Communication Systems came online to accept County-wide emergency calls.

Table XVIII

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police Patrol Units	n/a	52	59	60	62	62	66	82	80	85
Paramedic Units	3	3	3	3	4	4	6	7	8	8
Highways, Streets, and Bridges										
Roads & Highways (miles)	583	585	587	588	594	599	601	601	601	601
Bridges	102	102	102	102	104	104	104	104	95	95
Health and Welfare										
Buses	8	8	8	9	9	9	10	11	10	13
Recreation and Culture										
Park Acreage	603	603	603	603	603	603	603	603	717	717
Water										
Production Capacity (millions of gallons per day)	0.400	0.400	0.400	0.400	0.400	0.400	0.468	0.529	0.800	1.348
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	2.890	2.890	2.890	2.890	3.060	3.060	3.065	3.065	3.065	3.065
Landfill										
Remaining Built Capacity (cubic yards)	169,406	2,000,000	1,793,194	1,596,288	1,352,026	1,096,654	740,800	426,427	2,003,582	1,800,984

Sources: Various Cecil County departments.

Note: Quantifiable and meaningful capital asset indicators are not available for all functions.

n/a = Not available

FY2008 remaining Landfill capacity increased due to updated topographical information.