

Cecil County Maryland



Comprehensive Annual Financial Report For The Year Ended June 30, 2010

Prepared by the Cecil County Treasurer's Office

CECIL COUNTY, MARYLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**INTRODUCTORY
SECTION**



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October 27, 2010

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

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, 2010.

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 for the fiscal year ended June 30, 2010, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Cecil County's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Cecil County 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 auditor 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.

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 the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

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 nearly 104,000 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 companies 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 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.

The annual budget is the foundation for Cecil County's financial planning and control. The County maintains certain budgetary controls (further explained in Notes 2A and 2B 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 82.

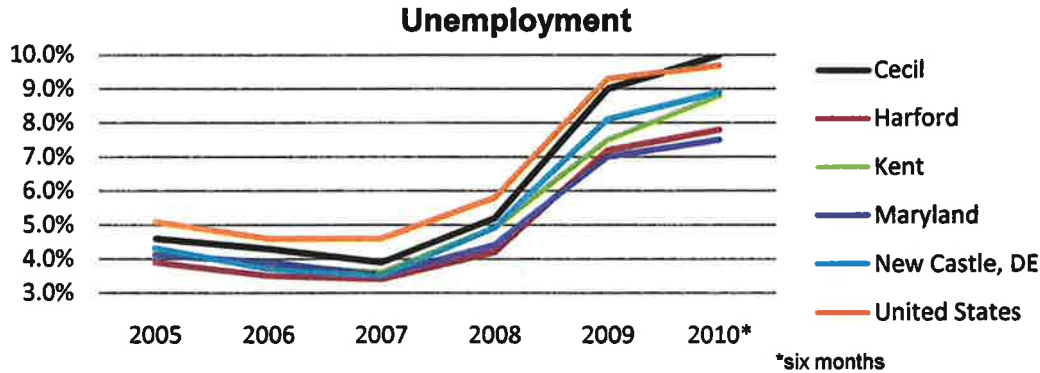
Economic Condition and Outlook

The Maryland Department of Planning estimates Cecil County's population to 103,850. Due to its location midway between Baltimore and Philadelphia and the availability of commercial and industrial land, Cecil County is projected to be among the fastest growing counties in Maryland through 2030 and is expected to see its population increase to 155,000 within the next twenty years. 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 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, but Cecil is developing a well diversified local economy. Cecil's manufacturing sector is nearly three times that of the State of Maryland with an average weekly wage of \$1,314 and provides jobs for 15% of the total workforce. Employment at the County's three major private sector employers, W.L. Gore, Terumo and ATK Elkton has remained strong. Terumo has taken on new projects and increased employment at its two Cecil plants, while W.L Gore has expanded or retooled one of its twelve in-county plants each year since 2006. Employment opportunities for over 55% of those employed in the County are provided by four other sectors: government; trade and transportation; education and health services; and leisure and hospitality.

Payrolls in Cecil County have not seen the decline that current economic conditions are causing elsewhere. The average weekly wage is \$842 and is the second highest of Maryland's sixteen smallest counties. Median household income is \$64,900. However, Cecil has not been immune to the recession. The unemployment rate for the first six months of calendar 2010 has risen to 10%, largely due to plant closures at Chrysler, General Motors and Valero in neighboring New Castle County, Delaware.

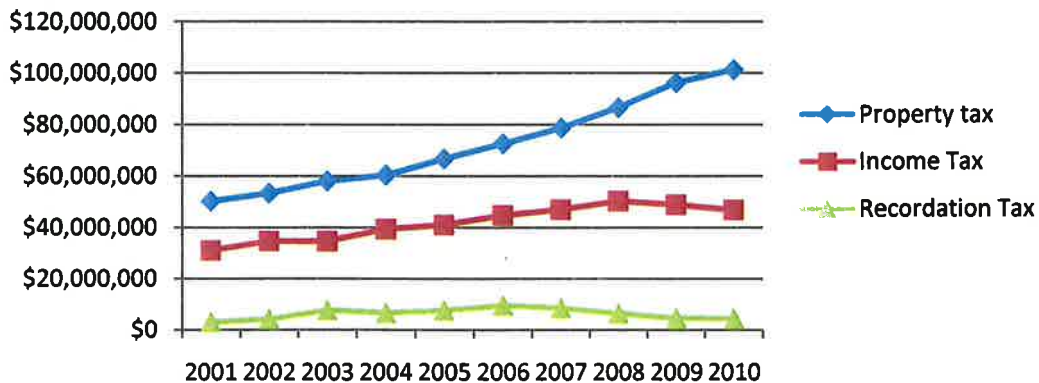
Following is a chart depicting unemployment in Cecil and the surrounding areas for the past five and a half years.



A long history of conservative financial management practices coupled with an increase in property tax revenue helped shelter the County from the worst of the recession in FY2010. Property tax revenue increased by \$5,171,456 to \$101,345,357 as a result of increased assessment values attributable to the final phase-in for properties assessed in 2006. Actual general fund expenditures were \$4 million less than budget and helped offset a \$3.5 million shortfall in revenue. Additionally, a series of mid-year budget cuts in FY2009 combined with across-the-board cuts in FY2010 enabled the County to finish the year with \$34,640,965 in fund balance. Although the fund balance decreased \$1.7 million from the prior year, the County had budgeted for a \$3.2 million decrease in fund balance. In accordance with its Fund Balance Policy, the County committed 7.5% of its FY2010 revenue, \$12,063,774, to its contingency (rainy day) fund.

As previously mentioned, property tax revenue increased by 5.4% in FY2010, but is expected to be flat for the next two to three years. Income tax revenue declined by 4.2% to \$46,816,208. Recordation tax, which is closely tied to the real estate market, declined by 4.9% when compared to last year, but it should be noted that the County saved \$219,128 in administrative fees by collecting the tax in-house rather than having the State collect on the County's behalf. Total recordation tax for the year totaled \$4,418,308. The following chart depicts three of the County's most important revenue sources for the past ten years.

**MAJOR REVENUE SOURCES
2001 through 2010**



Despite the recent economic downturn, the future looks bright for Cecil County. Penn National Gaming's 75,000 square foot Hollywood Casino slots facility opened September 25, 2010, bringing 350 new jobs and a real property tax assessment of approximately \$35 million. Micropore, a manufacturer from New Castle County, is expanding its operation to the Upper Chesapeake Corporate Center and will occupy a previously vacant facility. The transfer of jobs from Fort Monmouth, New Jersey to nearby Aberdeen Proving Ground under the 2005 Base Realignment and Closure (BRAC) is expected to be completed in September 2011. Over 3.5 million square feet of office and laboratory space is being added to APG along with approximately 8,200 new civilian jobs with an average pay of \$87,000. Much of the construction has been completed and 2,500 new employees are already in place. Of the current on-base jobs, 12% are held by County residents. It is expected that in excess of 10,000 indirect and induced jobs will be created in the region as a result of this move.

Major Initiatives

Current Year. In fiscal year 2010, the County funded several major programs designed to improve services for citizens including the following:

- Completed renovations on the County courthouse that included an additional courtroom, new security system and a more efficient use of overall space. Total expenditure during fiscal year was \$3.7 million.
- Substantially completed construction of a new physical education building at Cecil College. County's share of project for FY2010 was nearly \$8.3 million.
- Completed the Elk River Park Boat Ramp at a total cost of \$1.7 million dollars funded by several grants.
- Renovation of Elkton High School was completed; the County's share of this project was \$32 million. Capital projects at several schools included Perryville High roof and HVAC system, and renovation of Calvert Elementary.

The County continues to fund a portion of its capital improvement program through pay-as-you-go funding. Accordingly, it has assigned over \$2.1 million of its June 30, 2010, General Fund fund balance toward capital projects. Some capital projects currently underway or in the planning stages include a \$30.6 million renovation to the Cecil County Detention Center, renovation to Thomson Estates Elementary and North East High Schools, and replacement of two bridges.

Factors Affecting Financial Condition

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. As a result, due to the extraordinarily low interest rates during the year, the County's General Fund investment earnings were down 53.8% to \$868,961.

Risk Management. The County became self-insured for Workers' Compensation for its employees in FY2010. The County is self-insured for health care 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.

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, 2009. This was the twenty-fourth 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.

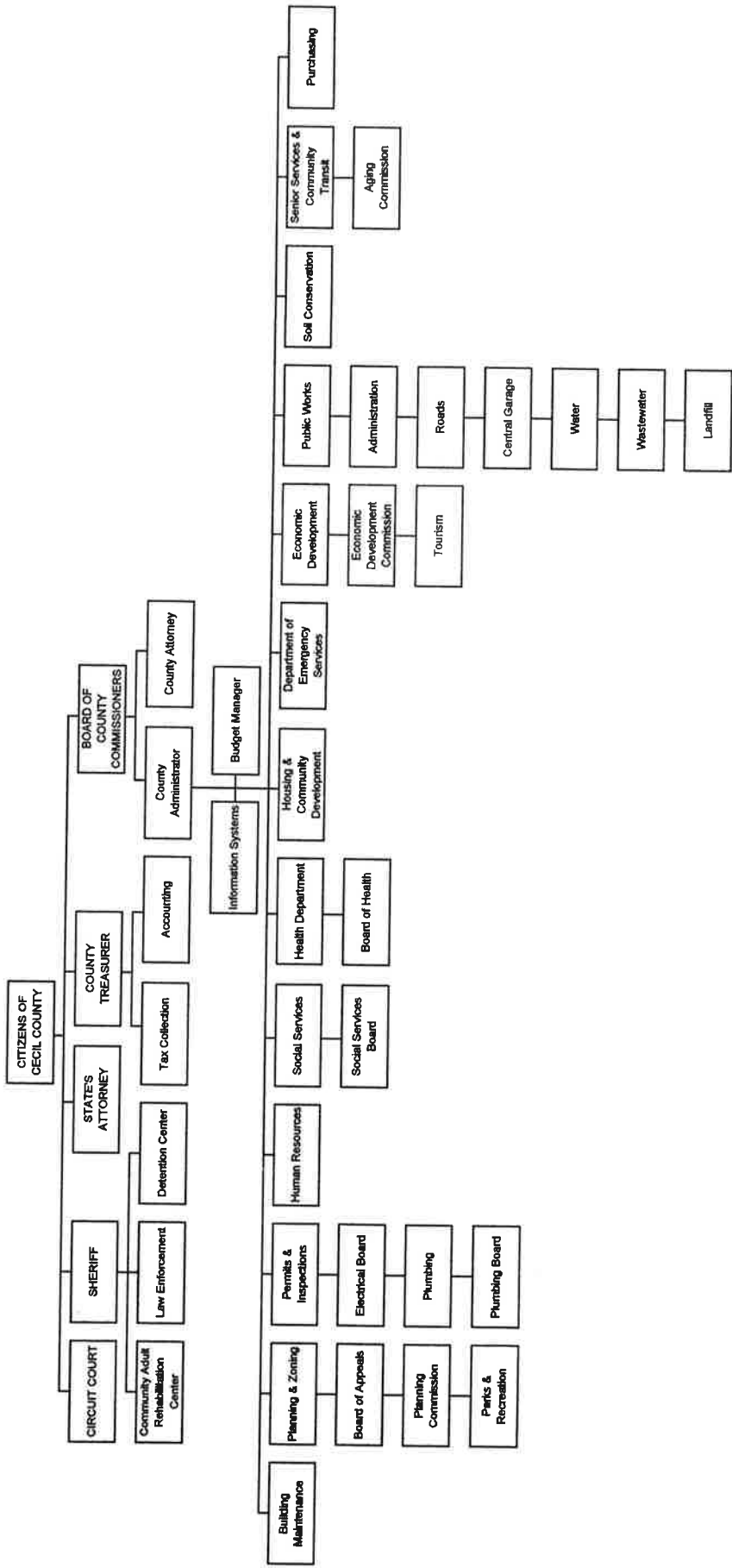
In closing, with the leadership and support of the Board of County Commissioners, preparation of this report reflects the interest and support in planning and conducting the operations of Cecil County Government in a responsible and progressive manner.

Respectfully Submitted,



Pamela R. Howard
Treasurer of Cecil County

COUNTY ORGANIZATIONAL CHART CECIL COUNTY, MARYLAND FISCAL YEAR 2010



Cecil County, Maryland

Principal Officials

June 30, 2010

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

O. Robert Lidums

V. Michael Whelan

Other Officials and Department Directors

County Administrator

Alfred C. Wein, Jr.

County Attorney

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

Al Wein (Acting)

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, 2009

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

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, 2010, 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 an opinion 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 reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Cecil County, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2010, and their changes in financial position and their cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

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 in 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 or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hunt Valley, Maryland
October 27, 2010

SB & Company, LLC

**CECIL COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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, 2010. 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 \$140,293,267 (net assets). Of this amount, \$158,425,843 was invested in capital assets, net of related debt. The County reported \$47,030,850 restricted for specific purposes and negative \$65,163,426 in unrestricted net assets. Component units reported net assets of \$250,241,025 with \$12,695,770 unrestricted.
- Total net assets of the primary government decreased by \$1,471,361. The net assets of governmental activities decreased \$1,375 from the previous year, while the net assets from business activities decreased \$1,469,986.
- At June 30, 2010, the County reported combined ending fund balances in governmental funds of \$73,650,132, an increase of \$4,075,780 from the previous year.
- The unrestricted balance of the General Fund was \$33,335,988 or 20% of total General Fund expenditures and transfers out. Of this balance, \$15,089,601 has been committed for fiscal year 2011 expenditures and contingencies and \$8,267,000 assigned for future capital expenditures and to offset reductions in state funding.
- The County's general obligation debt related to governmental activities was \$153,985,879; an increase of \$4,620,496. This increase came from the issuance of the 2010 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 resources that have been segregated for specific activities or objectives. Cecil County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental, proprietary, and fiduciary.

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

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 77.

- *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, the Water, Wastewater, and Landfill funds, report activities that provide supplies and services to the general public. Internal service funds, the Central Garage, Health Insurance and Workers Compensation Fund, report activities that provide supplies and services for the County's other programs and activities.
- *Fiduciary Funds* – The County acts as a fiduciary to account for resources held for the benefit of parties outside the government. 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 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 74. The County also provides certain informational and statistical schedules that begin on page 105.

Financial Analysis of the Government as a Whole

Net Assets. As noted earlier, Cecil County's net assets exceeded liabilities by \$140,293,269. 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, 2010 and 2009

	Governmental Activities		Business-type Activities		Government-wide Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 101,743,397	\$ 99,798,396	\$ 26,193,464	\$ 15,822,062	\$ 127,936,861	\$ 115,620,459
Capital Assets	167,969,013	167,406,590	73,825,142	68,472,829	241,794,155	235,879,419
Total Assets	269,712,410	267,204,986	100,018,606	84,294,891	369,731,016	351,499,878
Long Term Liabilities	159,235,910	154,043,205	56,907,173	41,475,128	216,143,083	195,518,333
Other Liabilities	10,156,287	12,840,111	3,138,379	1,376,723	13,294,666	14,216,835
Total Liabilities	169,392,197	166,883,316	60,045,552	42,851,851	229,437,749	209,735,168
Net Assets:						
Invested in Capital Assets, net of Related Debt	116,206,965	121,977,339	42,218,878	33,060,858	158,425,843	155,038,197
Restricted	27,864,318	4,429,739	19,166,532	8,603,936	47,030,850	13,033,675
Unrestricted (Deficit)	(43,751,070)	(26,085,408)	(21,412,356)	(221,754)	(65,163,426)	(26,307,162)
Total Net Assets	\$ 100,320,213	\$ 100,321,670	\$ 39,973,054	\$ 41,443,040	\$ 140,293,267	\$ 141,764,710

The largest component of the County's net assets, \$158,425,843, reflects its investment in capital assets (e.g., land, infrastructure, buildings, equipment, and others), less any related outstanding debt. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be liquidated to repay these liabilities. Additionally, it should be noted that while the County issues debt for the construction and renovation of the public schools and 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 \$47,030,850 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 increased by \$23,434,579 and restricted net assets for business-type activities increased \$10,562,596 for a total increase of \$33,997,175 from fiscal year 2009.

The remaining portion of net assets show a negative unrestricted net assets balance of \$65,163,424. Governmental activities' negative unrestricted net assets of \$43,751,068 represents net assets that may be used at the County's discretion. Business-type activities negative unrestricted net assets of \$21,412,356 are derived from the landfill, (\$17,891,089), wastewater services, (\$3,252,105) and water services, (\$269,162), 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 \$1,471,361 over the course of this fiscal year's operations.

	Cecil County's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Government-wide Total	
	2010	2009	2010	2009	2010	2009
REVENUES						
Program Revenues:						
Charges for Services	\$ 8,214,641	\$ 3,998,149	\$ 9,157,312	\$ 9,237,754	\$ 17,371,953	\$ 13,235,903
Operating Grants & Contributions	12,792,599	17,265,269	-	-	12,792,599	17,265,269
Capital Grants & Contributions	1,518,598	3,150,745	1,901,600	2,964,543	3,420,198	6,115,288
General Revenues:						
Property Taxes	101,463,330	96,078,658	-	-	101,463,330	96,078,658
Income Taxes	45,825,168	49,358,649	-	-	45,825,168	49,358,649
Entitlements	109,595	5,013,347	-	-	109,595	5,013,347
Investment Earnings	969,436	2,054,515	23,167	87,616	992,603	2,142,131
Other Revenue & Gains/Losses	(2,514)	345,432	1,348	18,309	(1,166)	363,741
Total Revenues	170,890,853	177,264,764	11,083,427	12,308,222	181,974,280	189,572,986
EXPENSES						
General Government	13,294,360	13,303,837	-	-	13,294,360	13,303,837
Public Safety	34,059,214	33,334,884	-	-	34,059,214	33,334,884
Highways, Streets, & Bridges	13,432,401	13,981,175	-	-	13,432,401	13,981,175
Health and Welfare	12,100,852	11,756,789	-	-	12,100,852	11,756,789
Recreation and Culture	1,008,810	880,408	-	-	1,008,810	880,408
Education	83,991,156	96,520,700	-	-	83,991,156	96,520,700
Public Libraries	4,613,704	4,681,578	-	-	4,613,704	4,681,578
Economic Development	1,100,961	1,214,647	-	-	1,100,961	1,214,647
Agricultural Programs	1,230,023	2,131,412	-	-	1,230,023	2,131,412
Interest on Long Term Debt	6,060,747	5,492,318	-	-	6,060,747	5,492,318
Water	-	-	1,097,403	1,103,638	1,097,403	1,103,638
Wastewater	-	-	5,290,073	5,069,605	5,290,073	5,069,605
Landfill	-	-	6,165,937	4,830,035	6,165,937	4,830,035
Total Expenses	170,892,228	183,297,748	12,553,413	11,003,278	183,445,641	194,301,026
Increase (Decrease) in Net Assets	\$ (1,375)	\$ (6,032,984)	\$ (1,469,986)	\$ 1,304,944	\$ (1,471,361)	\$ (4,728,040)

Revenue from governmental activities decreased 3.6%, and expenses decreased 6.8%, resulting in a decrease in net assets of \$1,375.

Some key elements of the changes are:

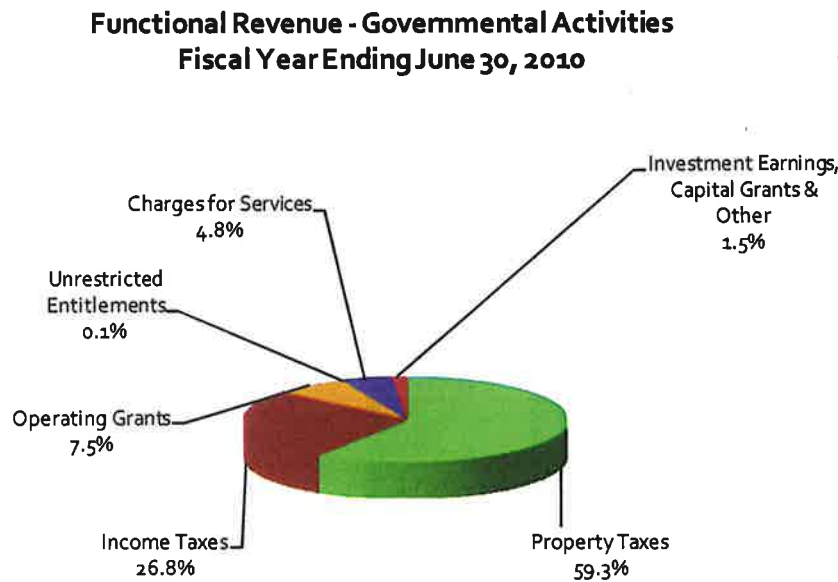
- Increase of \$724,330 (2.2%) in public safety expenses.
- Decrease of \$12,529,544 (13%) in expenses for education.
- Decrease of \$901,389 (42.3%) in expenses for agricultural programs.

The net assets of the County's business-type activities decreased by \$1,469,986. These items will be discussed in greater detail in the fund statement analysis beginning on page 10.

Governmental Activities

Revenues of governmental activities for fiscal year 2010 showed a decrease of 3.6% or \$6,373,911 over fiscal year 2009 due to the nationwide recession. Property taxes increased \$5,384,672 due to Maryland's three-year assessment cycle, however many of the other categories depicted below decreased in FY2010 to bring overall revenue down for the year.

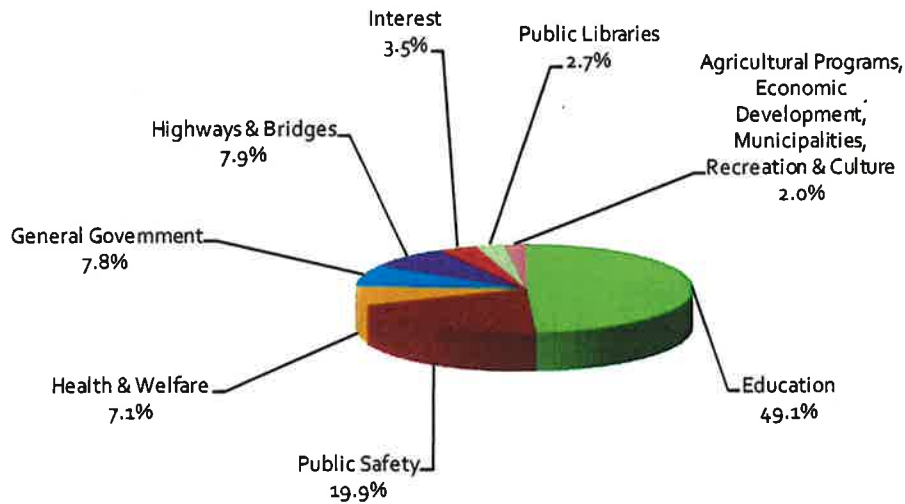
The following graph illustrates the governmental activities functional revenue received by source for fiscal year 2010:



Expenses of governmental activities resulted in a decrease of \$12,405,519. The largest reduction in spending was in the area of education with a decrease of approximately \$12,500,000. Slight increases occurred in public safety, health and welfare, and recreation, however other categories in the government remained basically unchanged due to the Administration's decision to hold or reduce spending.

The following graph illustrates the governmental activities functional expenses by source for the fiscal year 2010:

**Functional Expenses - Governmental Activities
Fiscal Year Ending June 30, 2010**



Business-type Activities

In 2010, net assets of business-type activities decreased by \$1,469,986 from fiscal year 2009. Expenses for water decreased \$6,235, while wastewater and landfill increased \$220,468 and \$1,335,902 respectively. Wastewater's increase was due to depreciation and interest on bonds. Depletion and post-closure expenses 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. Unrestricted 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 \$73,650,134. Of the current ending fund balances, \$33,335,988 is reported as unrestricted in the General Fund, \$34,784,997 as unrestricted in capital project funds, \$3,808,570 as restricted in special revenue funds and \$1,720,577 is reported as non-spendable for advances, tax deferrals and inventories & prepaid items.

Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the fiscal year, the non-spendable fund balance was \$1,304,977 and the unrestricted fund balance was \$33,335,988. The statements show \$15,089,601 has been committed for fiscal year 2011 expenditures and contingencies. The County has assigned \$4,917,000 of the unrestricted fund balance for future capital projects; \$2,500,000 to help offset anticipated FY2012 State funding cuts; \$500,000 for ongoing legal expenses related to certain County assets; \$100,000 for underground storage tank remediation; and \$250,000 for health department renovations.

General Fund – Comparison to Prior Year.

The fund balance of Cecil County's General Fund decreased by \$1,728,922 in fiscal year 2010.

Total General Fund revenue increased by \$1,251,587 due largely to the following:

- Property taxes increased \$5,171,456 or 5.4% due to increased property tax assessments resulting from Maryland's three-year assessment cycle. The County maintained a constant tax rate (versus constant yield).
- Income taxes decreased \$2,034,978 primarily due to the recession.
- Investment earnings decreased by \$1,010,200 as interest rates continued to remain at an all time low.

General Fund expenditures and transfers out remained basically unchanged.

General Fund – Comparison to Budget. Property and recordation taxes exceeded budget by \$653,572 and \$827,419 respectively. However the aforementioned were offset by budget shortfalls in nearly all other revenue categories including a \$2,583,792 shortfall in income taxes. In addition, Investment earnings were \$281,039 below budget.

Actual expenditures and transfers out were \$5,031,123 less than the 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 \$1,038,969 less than budget, Public Safety had an expenditure shortfall of \$1,828,037 and savings were realized in nearly all other categories. Approximately \$850,000 of payroll expense was saved as many budgeted positions remained unfilled. Savings of \$948,378 were realized in operating transfers as a result of State cuts to support special revenue funds, including \$571,858 savings in Highway, \$172,871 in Community Adult Rehabilitation Center and \$188,974 in Senior Services and Transit.

Housing Programs. The fund had a \$36,421 decrease to fund balance. Expenditures were up 6% from the previous year due to the increase in housing programs, however these expenditures are offset by associated grant revenues.

Highway Fund. The fund had a decrease in spending of \$3,936,635 from fiscal year 2009 due to a decrease in repairs to bridges and viaducts and decrease in machinery and equipment purchases. Total expenditures were under budget by \$1,741,972; consequently, the operating transfer from the General Fund was also under budget by \$571,858.

General Capital Projects Fund. Expenditures in the fund decreased \$3,581,914 from the previous year. This activity reflects that many projects are currently in the early or final stages of design and engineering and will enter the construction phase in the next fiscal year. Also, the County completed the County courthouse renovation project, which took place throughout fiscal year 2009 and early fiscal year 2010.

Board of Education Construction Fund. The fund reported a decrease of \$4,255,405 in spending compared to 2009. This activity reflects the completion of certain major projects at County public schools including Elkton High School and Perryville High School.

Non-Major Governmental Funds. Spending levels of non-major funds increased by \$2,451,167 compared to 2009, as the Cecil College Construction Fund is now shown as a non-major fund.

Proprietary Funds

Water Services Fund. While operating revenue in this fund remained constant, expenses decreased slightly to \$1,097,403 resulting in operating income of \$130,714. The fund supports less payroll expense due to the pending sale of County water plants.

Wastewater Services Fund. Due to a decrease in volume, operating revenues for fiscal year 2010 decreased \$9,824 from last year to \$3,362,841, while operating expenses increased by \$96,381 to \$4,483,019, which resulted in an operating loss of \$1,120,178. The increase in expenditures is mainly attributable to increased depreciation.

Landfill Fund. Operating revenue in the fund increased \$9,660 from 2009, while operating expenses increased by \$1,148,675 to \$5,707,285. Continued increase in recycling activity results in lower revenues and slightly 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. Depletion and post-closure cost are the main reason for the increase in expenses.

Health Insurance Internal Service Fund – Premiums received from participants increased \$231,375 to \$8,372,726. The County pays 85% of the premium and the employee pays 15%. Medical claims and administrative fees increased \$312,862 to \$8,199,037 due to an unusual number of catastrophic claims that reached the stop-loss limit.

Workers Compensation Internal Service Fund – The County established a self-funded workers compensation fund. Premiums received from the County were \$1,767,779. Benefit claims and administrative fees were \$1,589,934, which included \$1,039,075 for claims incurred but not reported as of June 30, 2010.

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 2010 operating costs were slightly higher than 2009 by \$67,466 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 2010 budget on May 26, 2009, 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 \$1,386,179 to revenues and other financing sources while expenditures and transfers increased by \$3,058,395. Additional grant funding accounted for just over \$2.0 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.

The final budget contained \$164,784,280 of revenues and other financing sources, \$168,012,492 of expenditures and transfers, and \$3,228,212 of appropriated fund balance. The actual revenues and other financing sources were \$3,531,833 less than the final budget and actual expenditures and transfers \$5,031,123 below the final budget.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2010, the County had invested \$241,794,155, net of accumulated depreciation, in a broad range of capital assets (table next page). Depreciation and depletion charges for this fiscal year totaled \$12,592,192.

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

- Completed renovations on the County courthouse
- Substantially completed construction of a new physical education building at Cecil College
- Highway projects within the General Capital Projects Fund continue to emphasize complete refurbishment of the County's bridges.
- Elk River Park Boat Ramp.

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

Cecil County's Capital Assets as of June 30, 2010 and 2009
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 13,127,862	\$ 13,075,348	\$ 918,469	\$ 918,469	\$ 14,046,331	\$ 13,993,817
Construction in Progress	9,901,793	11,673,841	9,620,019	4,420,365	19,521,812	16,094,206
Landfill & Land Improvements	3,931,231	2,353,272	8,303,873	7,510,293	12,235,104	9,863,565
Highways & Bridges	81,317,298	82,587,425	-	-	81,317,298	82,587,425
Utility Systems	-	-	19,480,237	18,704,788	19,480,237	18,704,788
Buildings	39,747,364	36,932,975	11,380,616	11,370,989	51,127,980	48,303,964
Machinery & Equipment	19,943,465	20,783,729	24,121,928	25,547,925	44,065,393	46,331,654
Total Capital Assets	\$ 167,969,013	\$ 167,406,590	\$ 73,825,142	\$ 68,472,829	\$ 241,794,155	\$ 235,879,419

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

Long Term Debt. At the end of the current fiscal year, the County had total general obligation debt of \$199,312,128. All of this debt is backed by the full faith and credit of the government. Governmental activities report \$152,424,991 and business-type activities report \$46,887,137 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 \$148,548. 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 \$3,190,000. 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 February 2010, the County issued \$40,580,000 in general obligation bonds 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 and the partial refunding of 2001 B Public Improvement Bonds.

The County's bond rating remained stable with a rating of Aa3 from Moody's Investors Service and Standard and Poor's rating of 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 County continues to face significant fiscal challenges as the state further reduced or eliminated funding. The unemployment rate for the first six months of calendar 2010 has risen to 10%, largely due to several plant closures in neighboring New Castle County, Delaware.

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. This relocation

will affect the entire region around Aberdeen Proving Grounds (APG) including Harford, Baltimore and Cecil Counties. APG will gain approximately 8,500 new civilian jobs with an average annual salary of \$87,000. Of the current on-base jobs, 12 percent are held by Cecil County residents. It is also expected that 10,000 indirect and many induced jobs will be created in the region thus increasing regional job availability and wealth. Penn National Gaming Inc. has constructed a Video Lottery casino in the western part of the County generating both new employment opportunities and property tax revenue.

The General Fund budget for fiscal year 2011 attempts to balance the recession induced shortfalls with the County's need for infrastructure. While the property tax rate was reduced from \$.94 to \$.9135 per \$100 of assessed value, assessment increases will cause property tax revenue to increase by approximately one million dollars. As the County continues to implement cost savings initiatives, the operating budget for all General Fund departments was reduced or remained unchanged. Operating transfers from the General Fund to Capital Projects were reduced as the County either deferred or removed several projects. The County appropriated \$2,725,827 of current fiscal year \$33,335,990 unrestricted 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 them from sources listed in Note 1 to the financial statements.

BASIC FINANCIAL STATEMENTS

CECIL COUNTY, MARYLAND

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash	\$ 7,306,913	\$ 20,737,881	\$ 28,044,794	\$ 31,322,017
Investments and Cash equivalents	64,441,185	1,174,003	65,615,188	3,202,355
Receivables, Net	2,905,263	3,974,989	6,880,252	946,949
Due from Primary Government	-	-	-	674,863
Due from Other Governments	19,378,803	24,100	19,402,903	5,863,811
Internal Balances	464,862	(464,862)	-	-
Inventories	478,880	-	478,880	189,107
Prepaid Items & Other Assets	2,427,591	41,742	2,469,333	990,962
Restricted Assets:				
Cash and Investments	4,339,900	705,611	5,045,511	299
Capital Assets, Net:				
Land	13,127,862	918,469	14,046,331	6,531,516
Construction in Progress	9,901,793	9,620,019	19,521,812	34,850,945
Landfill & Land Improvements	3,931,231	8,303,873	12,235,104	12,467,174
Highways & Bridges	81,317,298	-	81,317,298	-
Utility Systems	-	19,480,237	19,480,237	-
Buildings	39,747,364	11,380,616	51,127,980	174,375,253
Machinery & Equipment	19,943,465	24,121,928	44,065,393	15,575,803
Total Assets	269,712,410	100,018,606	369,731,016	286,991,054
LIABILITIES				
Accounts Payable	5,501,319	2,604,689	8,106,008	7,161,966
Salary and Benefits Payable	2,123,798	114,669	2,238,467	13,803,892
Due to Component Units	674,863	-	674,863	-
Due to Other Governments	7,236	-	7,236	-
Unearned Revenue	524,837	-	524,837	1,417,472
Other Liabilities	1,292,439	419,021	1,711,460	-
Liabilities Payable with Restricted Assets	65,061	-	65,061	-
Long Term Liabilities				
Due within one year:				
Bonds Payable	9,569,216	2,080,219	11,649,435	-
Capital Leases	590,576	-	590,576	1,932,521
Insurance Claims Payable	2,137,329	-	2,137,329	1,636,000
Compensated Absences	1,038,946	79,031	1,117,977	327,000
Due in more than one year:				
Bonds Payable	144,416,663	47,986,966	192,403,629	-
Capital Leases	930,441	-	930,441	7,926,662
Compensated Absences	519,473	39,516	558,989	2,544,516
Accrued Landfill Closure/Postclosure	-	6,721,441	6,721,441	-
Total Liabilities	169,392,197	60,045,552	229,437,749	36,750,029
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	116,206,965	42,218,878	158,425,843	233,941,508
Restricted for:				
Capital Projects	24,055,788	18,460,921	42,516,709	47,563
Health and Welfare	1,240,844	-	1,240,844	-
Agriculture	1,412,127	-	1,412,127	-
Economic Development	850,664	-	850,664	-
Debt Service and Other	304,895	705,611	1,010,506	3,556,184
Unrestricted	(43,751,070)	(21,412,356)	(65,163,426)	12,695,770
Total Net Assets	\$ 100,320,213	\$ 39,973,054	\$ 140,293,267	\$ 250,241,025

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, 2010

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	\$ 13,294,360	\$ 5,319,506	\$ 625,569	\$ 97,781	\$ (7,251,504)	\$ -	\$ (7,251,504)	\$ -
Public Safety	34,059,214	2,102,300	2,761,365	-	(29,195,549)	-	(29,195,549)	-
Highways, Streets, and Bridges	13,432,401	404,378	1,517,783	880,021	(10,630,219)	-	(10,630,219)	-
Health and Welfare	12,100,852	193,477	7,429,790	-	(4,477,585)	-	(4,477,585)	-
Recreation and Culture	1,008,810	194,980	375,910	540,796	102,876	-	102,876	-
Education	83,991,156	-	-	-	(83,991,156)	-	(83,991,156)	-
Public Libraries	4,613,704	-	-	-	(4,613,704)	-	(4,613,704)	-
Economic Development	1,100,961	-	57,050	-	(1,043,911)	-	(1,043,911)	-
Agriculture	1,230,023	-	25,132	-	(1,204,891)	-	(1,204,891)	-
Interest on Long-Term Debt	6,060,747	-	-	-	(6,060,747)	-	(6,060,747)	-
Total Governmental Activities	<u>170,892,228</u>	<u>8,214,641</u>	<u>12,792,599</u>	<u>1,518,598</u>	<u>(148,366,390)</u>	<u>-</u>	<u>(148,366,390)</u>	<u>-</u>
Business-Type Activities:								
Water	1,097,403	1,228,117	-	6,000	-	136,714	136,714	-
Wastewater	5,290,073	3,362,841	-	1,895,600	-	(31,632)	(31,632)	-
Landfill	6,165,937	4,566,354	-	-	-	(1,599,583)	(1,599,583)	-
Total Business-Type Activities	<u>12,553,413</u>	<u>9,157,312</u>	<u>-</u>	<u>1,901,600</u>	<u>-</u>	<u>(1,494,501)</u>	<u>(1,494,501)</u>	<u>-</u>
Total Primary Government	<u>\$183,445,641</u>	<u>\$ 17,371,953</u>	<u>\$ 12,792,599</u>	<u>\$ 3,420,198</u>	<u>(148,366,390)</u>	<u>(1,494,501)</u>	<u>(149,860,891)</u>	<u>-</u>
Component Units:								
Board of Education	\$206,591,420	\$ 3,127,083	\$ 59,739,771	\$ 10,397,865	-	-	-	(133,326,701)
Cecil College	28,234,896	6,829,707	4,377,490	10,272,515	-	-	-	(6,755,184)
Cecil County Library	5,575,013	162,417	-	-	-	-	-	(5,412,596)
Bainbridge Development Corporation	257,008	24,000	-	-	-	-	-	(233,008)
Total Component Units	<u>\$240,658,337</u>	<u>\$ 10,143,207</u>	<u>\$ 64,117,261</u>	<u>\$ 20,670,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145,727,489)</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					101,463,330	-	101,463,330	-
Income Taxes					45,825,168	-	45,825,168	-
Investment Earnings					969,436	23,167	992,603	607,092
Other Revenues including Capital Asset Sales (Gains/Loss)					(2,514)	1,348	(1,166)	588,195
Payments From the Primary Government					-	-	-	80,843,051
Payments From the State Government					-	-	-	72,247,568
Entitlements, and Contributions not Restricted to Specific Programs					109,595	-	109,595	2,801,013
Total General Revenues, Special Items, and Transfers					<u>148,365,015</u>	<u>24,515</u>	<u>148,389,530</u>	<u>157,086,919</u>
Change in Net Assets					(1,375)	(1,469,986)	(1,471,361)	11,359,430
Net Assets - June 30, 2009					<u>100,321,588</u>	<u>41,443,040</u>	<u>141,764,630</u>	<u>238,881,595</u>
Net Assets - June 30, 2010					<u>\$ 100,320,213</u>	<u>\$ 39,973,054</u>	<u>\$ 140,293,269</u>	<u>\$ 250,241,025</u>

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

CECIL COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Housing Programs	Highway	Capital Projects	Board of Education Construction	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 5,685,176	\$ -	\$ 83,776	\$ -	\$ -	\$ 23,688	\$ 5,792,640
Investments	24,581,408	-	-	27,639,630	7,136,987	864,713	60,222,738
Receivables, Net (Note 4)	1,884,916	-	1,000	-	-	205,332	2,091,248
Due from Other Funds	1,422,309	-	-	-	-	-	1,422,309
Due from Other Governments	15,999,913	57,508	278,244	111,439	-	2,931,699	19,378,803
Inventory	39,322	-	415,600	-	-	-	454,922
Advances to Other Funds	464,862	-	-	-	-	-	464,862
Other Assets	796,515	-	-	-	-	-	796,515
Restricted Assets:							
Cash and Investments (Note 3)	130,312	1,338,622	-	-	-	2,870,966	4,339,900
Total Assets	\$51,004,733	\$ 1,396,130	\$ 778,620	\$ 27,751,069	\$ 7,136,987	\$ 6,896,398	\$ 94,963,937
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 1,315,463	\$ 32,184	\$ 251,750	\$ 1,667,181	\$ 546,309	\$ 757,978	\$ 4,570,865
Salaries and Benefits Payable	1,828,375	28,462	111,270	-	-	155,691	2,123,798
Due to Other Funds	-	29,539	-	-	-	1,264,594	1,294,133
Due to Component Units	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	7,236	-	-	7,236
Deferred Revenue	11,807,110	-	-	-	-	32,682	11,839,792
Other Liabilities	1,412,820	-	-	-	-	100	1,412,920
Liabilities Payable from Restricted Funds	-	65,061	-	-	-	-	65,061
Total Liabilities	16,363,768	155,246	363,020	1,674,417	546,309	2,211,045	21,313,805
Fund Balances:							
Non-Spendable Fund Balance	1,304,977	-	415,600	-	-	-	1,720,577
Restricted Fund Balance	-	1,240,884	-	-	-	2,567,686	3,808,570
Unrestricted Fund Balance							
Committed Fund Balance	15,089,601	-	-	26,076,652	6,590,678	2,117,667	49,874,598
Assigned Fund Balance	8,267,000	-	-	-	-	-	8,267,000
Unassigned Fund Balance	9,979,387	-	-	-	-	-	9,979,387
Total Fund Balances	34,640,965	1,240,884	415,600	26,076,652	6,590,678	4,685,353	73,650,132
Total Liabilities and Fund Balances	\$51,004,733	\$ 1,396,130	\$ 778,620	\$ 27,751,069	\$ 7,136,987	\$ 6,896,398	\$ 94,963,937

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, 2010

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)		\$ 73,650,132
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 \$262,111 of internal service fund capital assets accounted for in the following line.		167,706,902
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.		4,584,961
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	\$ 332,101	
Income Taxes	<u>10,983,195</u>	11,315,296
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	\$ (1,558,419)	
Accrued interest on long-term debt	(1,292,439)	
Deferred - Bond Premium	(2,563,768)	
Deferred - Bond Issuance Costs	1,420,676	
Deferred - Advance Refunding Difference	1,151,429	
Bonds and Notes Payable	<u>(154,094,557)</u>	<u>(156,937,078)</u>
Total Net Assets of Governmental Activities (Page 16)		<u>\$ 100,320,213</u>

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

CECIL COUNTY, MARYLAND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Housing Programs</u>	<u>Highway</u>	<u>General Capital Projects</u>	<u>Board of Education Construction</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Property Taxes	\$ 101,345,357	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,345,357
Special Assessments - Current	-	-	-	-	-	50,051	50,051
Income Taxes	46,816,208	-	-	-	-	-	46,816,208
Licenses and Permits	1,304,334	-	16,171	-	-	-	1,320,505
Intergovernmental	4,151,592	4,314,115	1,129,656	771,954	-	3,420,217	13,787,534
Charges for Services	6,607,135	-	-	-	-	310,324	6,917,459
Investment Earnings	868,961	7,280	-	-	-	9,329	885,570
Contributions & Other Revenues	86,331	11,063	-	-	-	72,363	171,757
Total Revenues	<u>161,181,918</u>	<u>4,332,458</u>	<u>1,145,827</u>	<u>771,954</u>	<u>-</u>	<u>3,862,284</u>	<u>171,294,441</u>
EXPENDITURES							
Current:							
General Government	11,767,891	-	-	-	-	-	11,767,891
Public Safety	31,690,342	-	-	-	-	1,720,087	33,410,429
Highways, Streets, and Bridges	2,434,872	-	6,091,036	-	-	-	8,525,908
Health and Welfare	5,184,783	4,398,264	-	-	-	2,687,986	12,271,033
Recreation and Culture	849,251	-	-	-	-	20,742	869,993
Education	76,577,821	-	-	-	-	-	76,577,821
Public Libraries	4,438,926	-	-	-	-	-	4,438,926
Economic Development	1,096,197	-	-	-	-	-	1,096,197
Agriculture	507,611	-	-	-	-	725,833	1,233,444
Municipalities	820,631	-	-	-	-	-	820,631
Debt Service:							
Principal	-	-	-	-	-	10,127,743	10,127,743
Interest	-	-	-	-	-	5,856,178	5,856,178
Bond Issuance Cost	-	-	-	261,478	-	47,708	309,186
Capital Outlay	-	-	-	5,650,575	6,505,831	2,285,858	14,442,264
Total Expenditures	<u>135,368,325</u>	<u>4,398,264</u>	<u>6,091,036</u>	<u>5,912,053</u>	<u>6,505,831</u>	<u>23,472,135</u>	<u>181,747,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>25,813,593</u>	<u>(65,806)</u>	<u>(4,945,209)</u>	<u>(5,140,099)</u>	<u>(6,505,831)</u>	<u>(19,609,851)</u>	<u>(10,453,203)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from							
Capital Asset Disposal	70,529	-	-	-	-	-	70,529
Bonds Issued	-	-	-	11,473,000	1,646,000	751,000	13,870,000
Premium on Debt Issued	-	-	-	540,846	-	156,748	697,594
Refunding Bonds Issued	-	-	-	-	-	9,710,000	9,710,000
Advance Refunding Agent	-	-	-	-	-	(9,819,040)	(9,819,040)
Transfers In	-	29,385	4,967,723	2,151,662	1,157,000	19,307,274	27,613,044
Transfers Out	(27,613,044)	-	-	-	-	-	(27,613,044)
Total Other Financing Sources (Uses)	<u>(27,542,515)</u>	<u>29,385</u>	<u>4,967,723</u>	<u>14,165,508</u>	<u>2,803,000</u>	<u>20,105,982</u>	<u>14,529,083</u>
Net Change in Fund Balances	<u>(1,728,922)</u>	<u>(36,421)</u>	<u>22,514</u>	<u>9,025,409</u>	<u>(3,702,831)</u>	<u>496,131</u>	<u>4,075,880</u>
Fund Balances - June 30, 2009	<u>36,369,887</u>	<u>1,277,305</u>	<u>393,086</u>	<u>17,051,243</u>	<u>10,293,508</u>	<u>4,189,222</u>	<u>69,574,252</u>
Fund Balances - June 30, 2010	<u>\$ 34,640,965</u>	<u>\$ 1,240,884</u>	<u>\$ 415,600</u>	<u>\$ 26,076,652</u>	<u>\$ 6,590,678</u>	<u>\$ 4,885,353</u>	<u>\$ 73,650,132</u>

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

CECIL COUNTY, MARYLAND

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

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) \$ 4,075,880

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. 655,469

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. (73,043)

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	\$ 117,973	
Income Taxes	<u>(991,040)</u>	
Net Adjustment		(873,067)

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	\$ (13,870,000)	\$ 10,127,743	
Current Refunding	(9,710,000)	9,819,040	
Issuance Costs & Similar Items	<u>(388,408)</u>	<u>82,125</u>	
Net Adjustment	<u>(23,968,408)</u>	<u>20,028,908</u>	(3,939,500)

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	\$ 4,180	
Accrued interest on long-term debt	<u>(286,694)</u>	
Net Adjustment		(282,514)

The change in net assets of certain internal service funds are reported with governmental activities. 435,400

Change in Net Assets of Government Activities (Page 17) \$ (1,375)

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u>
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
REVENUES				
Property Taxes	\$ 100,691,785	\$ 100,691,785	\$ 101,345,357	\$ 653,572
Income Taxes	49,400,000	49,400,000	46,816,208	(2,583,792)
Licenses and Permits	1,304,870	1,304,870	1,304,334	(536)
Intergovernmental	7,901,649	5,853,052	4,151,592	(1,701,460)
Charges for Services	2,449,797	5,884,573	6,607,135	722,562
Investment Earnings	1,150,000	1,150,000	868,961	(281,039)
Contributions & Other Revenues	-	-	88,331	88,331
Total Revenues	<u>162,898,101</u>	<u>164,284,280</u>	<u>161,181,918</u>	<u>(3,102,362)</u>
EXPENDITURES				
Current:				
General Government	12,506,094	12,806,860	11,767,891	1,038,969
Public Safety	32,335,090	33,518,379	31,690,342	1,828,037
Highways, Streets, and Bridges	2,826,104	2,741,225	2,434,872	306,353
Health and Welfare	5,118,193	5,625,435	5,184,783	440,652
Recreation and Culture	969,290	1,137,875	849,251	288,624
Education	76,551,116	76,631,116	76,577,821	53,295
Public Libraries	4,438,926	4,438,926	4,438,926	-
Economic Development	1,106,624	1,164,029	1,096,197	67,832
Agriculture	563,527	566,594	507,611	58,983
Municipalities	820,631	820,631	820,631	-
Total Expenditures	<u>137,235,595</u>	<u>139,451,070</u>	<u>135,368,325</u>	<u>4,082,745</u>
Excess of Revenues Over Expenditures	<u>25,662,506</u>	<u>24,833,210</u>	<u>25,813,593</u>	<u>980,383</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Asset Disposal	500,000	500,000	70,529	(429,471)
Transfers Out	<u>(27,718,502)</u>	<u>(28,561,422)</u>	<u>(27,613,044)</u>	<u>948,378</u>
Total Other Financing Sources (Uses)	<u>(27,218,502)</u>	<u>(28,061,422)</u>	<u>(27,542,515)</u>	<u>518,907</u>
Net Change in Fund Balance	(1,555,996)	(3,228,212)	(1,728,922)	1,499,290
Fund Balance - June 30, 2009	<u>28,851,337</u>	<u>25,814,376</u>	<u>36,369,887</u>	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ 27,295,341</u>	<u>\$ 22,586,164</u>	<u>\$ 34,640,965</u>	<u>\$ 12,054,801</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND
HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget -
				Positive
				(Negative)
REVENUES				
Licenses and Permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,250,051	5,118,490	4,314,115	(804,375)
Investment Earnings	15,000	15,000	7,280	(7,720)
Contributions & Other Revenues	14,000	14,000	11,063	(2,937)
Total Revenues	<u>4,279,051</u>	<u>5,147,490</u>	<u>4,332,458</u>	<u>(815,032)</u>
EXPENDITURES				
Current:				
Health and Welfare	<u>4,315,640</u>	<u>5,184,079</u>	<u>4,398,264</u>	<u>785,815</u>
Total Expenditures	<u>4,315,640</u>	<u>5,184,079</u>	<u>4,398,264</u>	<u>785,815</u>
Deficiency of Revenues				
Under Expenditures	<u>(36,589)</u>	<u>(36,589)</u>	<u>(65,806)</u>	<u>(29,217)</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	<u>36,589</u>	<u>36,589</u>	<u>29,385</u>	<u>(7,204)</u>
Net Change in Fund Balance	-	-	(36,421)	(36,421)
Fund Balance - June 30, 2009	<u>1,277,305</u>	<u>1,277,305</u>	<u>1,277,305</u>	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ 1,277,305</u>	<u>\$ 1,277,305</u>	<u>\$ 1,240,884</u>	<u>\$ (36,421)</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FUND
HIGHWAY
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and Permits	\$ 3,000	\$ 11,400	\$ 16,171	\$ 4,771
Intergovernmental	<u>4,311,980</u>	<u>2,282,027</u>	<u>1,129,656</u>	<u>(1,152,371)</u>
Total Revenues	<u>4,314,980</u>	<u>2,293,427</u>	<u>1,145,827</u>	<u>(1,147,600)</u>
EXPENDITURES				
Current:				
Highways, Streets, and Bridges	<u>9,022,565</u>	<u>7,833,008</u>	<u>6,091,036</u>	<u>1,741,972</u>
Total Expenditures	<u>9,022,565</u>	<u>7,833,008</u>	<u>6,091,036</u>	<u>1,741,972</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(4,707,585)</u>	<u>(5,539,581)</u>	<u>(4,945,209)</u>	<u>594,372</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>4,707,585</u>	<u>5,539,581</u>	<u>4,967,723</u>	<u>(571,858)</u>
Net Change in Fund Balance	-	-	22,514	22,514
Fund Balance - June 30, 2009	<u>393,086</u>	<u>393,086</u>	<u>393,086</u>	-
Fund Balance - June 30, 2010	<u>\$ 393,086</u>	<u>\$ 393,086</u>	<u>\$ 415,600</u>	<u>\$ 22,514</u>

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

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CECIL COUNTY, MARYLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<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>
ASSETS					
Current Assets:					
Cash	\$ -	\$ 4,670,911	\$ 16,066,970	\$ 20,737,881	\$ 1,514,273
Investments and Cash equivalents	-	-	1,174,003	1,174,003	4,218,447
Receivables, Net:					
Accounts	303,434	1,021,293	463,400	1,788,127	814,015
Other	20,440	8,313	248	29,001	-
Due from Other Governments	-	7,439	16,661	24,100	-
Inventory	-	-	-	-	23,958
Prepaid Items and Other Assets	-	24,533	17,209	41,742	210,400
Total Current Assets	323,874	5,732,489	17,738,491	23,794,854	6,781,093
Non-Current Assets:					
Restricted Assets: Cash and Investments	-	-	705,611	705,611	-
Accounts Receivable - Non-Current	-	2,157,861	-	2,157,861	-
Capital Assets, Net:					
Land	25,734	411,896	480,839	918,469	-
Construction in Progress	-	4,282,009	5,338,010	9,620,019	-
Landfill and Land Improvements	-	1,267,150	7,036,723	8,303,873	-
Water and Wastewater Lines	2,038,466	17,441,771	-	19,480,237	-
Buildings	235,835	7,940,850	3,203,931	11,380,616	223,448
Machinery & Equipment	576,003	17,481,945	6,063,980	24,121,928	38,663
Total Non-Current Assets	2,876,038	50,983,482	22,829,094	76,688,614	262,111
Total Assets	3,199,912	56,715,971	40,567,585	100,483,468	7,043,204
LIABILITIES					
Current Liabilities:					
Accounts Payable	100,930	708,246	1,286,912	2,096,088	192,397
Construction Retainage Payable	-	332,346	176,255	508,601	-
Salary & Benefits Payable	12,526	38,749	63,394	114,669	-
Accrued Expenses & Other Liabilities	-	131,360	287,661	419,021	2,137,329
Due to Other Funds	-	-	-	-	128,176
Deferred Revenue	-	-	-	-	341
Bonds Payable	-	1,571,460	508,759	2,080,219	-
Compensated Absences	9,812	29,680	39,539	79,031	-
Total Current Liabilities	123,268	2,811,841	2,362,520	5,297,629	2,458,243
Non-Current Liabilities:					
Bonds Payable (Net of Unamortized Discounts)	-	27,389,436	20,597,530	47,986,966	-
Advances From Other Funds	464,862	-	-	464,862	-
Compensated Absences	4,906	14,840	19,770	39,516	-
Accrued Landfill Closure and Postclosure Costs	-	-	6,721,441	6,721,441	-
Total Non-Current Liabilities	469,768	27,404,276	27,338,741	55,212,785	-
Total Liabilities	593,036	30,216,117	29,701,261	60,510,414	2,458,243
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	2,876,038	24,808,342	14,534,498	42,218,878	262,111
Restricted for:					
Capital Projects	-	4,943,617	13,517,304	18,460,921	-
Debt Service	-	-	705,611	705,611	-
Unrestricted	(269,162)	(3,252,105)	(17,891,089)	(21,412,356)	4,322,850
Total Net Assets	\$ 2,606,876	\$ 26,499,854	\$ 10,866,324	\$ 39,973,054	\$ 4,584,961

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, 2010**

	<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>
OPERATING REVENUES					
Charges for Services:					
Sales and User Fees	\$ 1,228,117	\$ 3,362,841	\$ 4,566,354	\$ 9,157,312	\$ 11,484,265
OPERATING EXPENSES					
Salaries and Related	248,967	733,059	1,381,427	2,363,453	-
Materials, Supplies, and Services	670,042	1,630,234	1,528,201	3,828,477	2,082,457
Benefit Payments	-	-	-	-	9,031,525
Depreciation	178,394	2,119,726	1,192,650	3,490,770	20,004
Depletion	-	-	603,477	603,477	-
Landfill Closure and Postclosure	-	-	1,001,530	1,001,530	-
Total Operating Expenses	<u>1,097,403</u>	<u>4,483,019</u>	<u>5,707,285</u>	<u>11,287,707</u>	<u>11,133,986</u>
Operating Income (Loss)	<u>130,714</u>	<u>(1,120,178)</u>	<u>(1,140,931)</u>	<u>(2,130,395)</u>	<u>350,279</u>
NON-OPERATING REVENUES (EXPENSES)					
Investment Earnings	-	12,553	10,614	23,167	83,866
Interest Expense	-	(807,054)	(458,652)	(1,265,706)	-
Gain on Sale of Capital Assets	-	1,348	-	1,348	1,255
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>(793,153)</u>	<u>(448,038)</u>	<u>(1,241,191)</u>	<u>85,121</u>
Net Income (Loss) before Contributions and Transfers	130,714	(1,913,331)	(1,588,969)	(3,371,586)	435,400
Capital Contributions:					
Sewage and Water Connection Fees	6,000	1,803,065	-	1,809,065	-
Developers Capital Contributions	-	92,535	-	92,535	-
Change in Net Assets	136,714	(17,731)	(1,588,969)	(1,469,986)	435,400
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>
Net Assets - June 30, 2010	<u>\$ 2,606,876</u>	<u>\$ 26,499,854</u>	<u>\$ 10,866,324</u>	<u>\$ 39,973,054</u>	<u>\$ 4,584,961</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, 2010

	<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>
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$1,214,099	\$2,875,706	\$ 4,524,756	\$ 8,614,561	\$ 10,761,434
Payments to Suppliers	(613,452)	(1,293,572)	(163,428)	(2,070,452)	(10,035,869)
Payments to Employees	(247,861)	(729,558)	(1,383,547)	(2,360,966)	-
Net Cash Provided from Operating Activities	<u>352,786</u>	<u>852,576</u>	<u>2,977,781</u>	<u>4,183,143</u>	<u>725,565</u>
Cash Flows From Non-Capital Financing Activities:					
Advances to Other Funds	-	-	-	-	(41,904)
Advances from Other Funds	(358,786)	-	-	(358,786)	-
Transfers Out	-	-	-	-	-
Net Cash Provided from Non-Capital Financing Activities	<u>(358,786)</u>	<u>-</u>	<u>-</u>	<u>(358,786)</u>	<u>(41,904)</u>
Cash Flows From Capital and Related Financing Activities:					
Proceeds from Bond Issues	-	165,785	17,000,000	17,165,785	-
Sewage and Water Connection Fees	6,000	1,803,065	-	1,809,065	-
Acquisition and Construction of Capital Assets	-	(4,095,618)	(5,258,407)	(9,354,025)	-
Principal Paid on Bond Maturities and Capital Lease:	-	(1,554,451)	(1,183,102)	(2,737,553)	-
Interest Paid on Bonds and Capital Leases	-	(807,054)	(455,104)	(1,262,158)	-
Proceeds from Sale of Capital Assets	-	1,348	-	1,348	1,255
Net Cash Provided from Capital and Related Financing Activities	<u>6,000</u>	<u>(4,486,925)</u>	<u>10,103,387</u>	<u>5,622,462</u>	<u>1,255</u>
Cash Flows From Investing Activities:					
Interest on Investments	-	12,553	10,614	23,167	83,866
Net Increase (Decrease) in Cash and Cash Equivalents	<u>-</u>	<u>(3,621,796)</u>	<u>13,091,782</u>	<u>9,469,986</u>	<u>768,782</u>
Cash and Cash Equivalents - June 30, 2009	<u>-</u>	<u>8,292,707</u>	<u>4,854,802</u>	<u>13,147,509</u>	<u>4,963,938</u>
Cash and Cash Equivalents - June 30, 2010	<u>\$ -</u>	<u>\$4,670,911</u>	<u>\$ 17,946,584</u>	<u>\$ 22,617,495</u>	<u>\$ 5,732,720</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, 2010

	<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)	\$ 130,714	\$(1,120,178)	\$(1,140,931)	\$(2,130,395)	\$ 350,279
Adjustments to reconcile Operating Income (Loss) to Net Cash provided from Operating Activities:					
Depreciation and Depletion	178,394	2,119,726	1,796,127	4,094,247	20,004
Increase in Closure/Postclosure Liability	-	-	1,001,530	1,001,530	-
Effect of changes in Assets and Liabilities:					
Accounts Receivable	(14,018)	(487,136)	(41,597)	(542,751)	(723,051)
Other Assets	-	(6,014)	6,136	122	(89,521)
Accounts Payable	56,589	337,317	1,158,952	1,552,858	23,259
Salaries & Benefits Payable	717	3,995	(959)	3,753	-
Accrued Expenses	-	5,360	199,685	205,045	1,144,254
Deferred Revenue	-	-	-	-	341
Compensated Absences	390	(494)	(1,162)	(1,266)	-
Net Cash Provided from Operating Activities	<u>\$ 352,786</u>	<u>\$ 852,576</u>	<u>\$ 2,977,781</u>	<u>\$ 4,183,143</u>	<u>\$ 725,565</u>

Non-Cash Investing, Capital, and Financing Activities:

Capital Assets of \$92,535 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, 2010

	<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	\$ 119,039	\$ 208,098	\$ 759,729
Receivables, Net:			
Property Taxes & Fees	-	-	129,635
Investments, at fair value:			
Institutional Separate Accounts	19,341,024	-	-
Mutual Funds	-	1,393,080	-
Total Investments	<u>19,341,024</u>	<u>1,393,080</u>	<u>-</u>
Total Assets	<u>19,460,063</u>	<u>1,601,178</u>	<u>889,364</u>
LIABILITIES			
Accounts Payable	2,517	590	-
Due to Other Governments	-	-	889,364
Total Liabilities	<u>2,517</u>	<u>590</u>	<u>889,364</u>
NET ASSETS			
Held in Trust for:			
Employee Benefits	19,457,546	1,600,588	-
Total Net Assets	<u>\$ 19,457,546</u>	<u>\$ 1,600,588</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, 2010

	<u>Trust Funds</u>	
	<u>Public Safety Retirement Fund</u>	<u>Other Post Employment Benefits Fund</u>
ADDITIONS		
Contributions		
Cecil County	\$ 1,798,040	\$ 648,000
Participants	817,056	-
Other	7,500	-
Total Contributions	<u>2,622,596</u>	<u>648,000</u>
INVESTMENT INCOME		
Net Appreciation (Depreciation) in Fair Value of Investments	1,941,683	102,259
Interest and Dividends	<u>207,156</u>	<u>23,630</u>
	2,148,839	125,889
Less: Investment Expense	<u>(10,760)</u>	<u>(9,033)</u>
Net Investment Income (Loss)	<u>2,138,079</u>	<u>116,856</u>
Total Additions	<u>4,760,675</u>	<u>764,856</u>
DEDUCTIONS		
Benefit Payments	739,170	331,750
Refunds of Contributions	76,230	-
Administrative Expense	<u>63,888</u>	<u>11,403</u>
Total Deductions	<u>879,288</u>	<u>343,153</u>
Change in Net Assets	3,881,387	421,703
Net Assets - June 30, 2009	<u>15,576,159</u>	<u>1,178,885</u>
Net Assets - June 30, 2010	<u>\$ 19,457,546</u>	<u>\$ 1,600,588</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, 2010

	<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	\$ 25,519,036	\$ 4,506,083	\$ 1,263,308	\$ 33,590	\$ 31,322,017
Investments	-	3,202,355	-	-	3,202,355
Receivables, Net	192,660	330,289	-	424,000	946,949
Due from Primary Government	546,309	128,554	-	-	674,863
Due from Other Governments	2,762,731	3,078,080	23,000	-	5,863,811
Inventories	189,107	-	-	-	189,107
Prepaid Expenses & Other Assets	759,082	222,293	9,587	-	990,962
Restricted Assets:					
Cash and Investments	-	299	-	-	299
Capital Assets, Net:					
Land	1,202,153	1,779,763	-	3,549,600	6,531,516
Construction in Progress	14,468,604	20,382,341	-	-	34,850,945
Land Improvements	10,323,443	2,143,731	-	-	12,467,174
Buildings & Leasehold Improvements	150,190,503	24,184,750	-	-	174,375,253
Machinery & Equipment	11,586,914	1,362,787	2,622,153	3,949	15,575,803
Total Assets	<u>217,740,542</u>	<u>61,321,325</u>	<u>3,918,048</u>	<u>4,011,139</u>	<u>286,991,054</u>
LIABILITIES					
Accounts Payable	3,543,169	3,391,218	188,436	39,143	7,161,966
Accrued Salaries and Benefits	12,771,062	974,957	57,873	-	13,803,892
Unearned Revenue	367,989	1,046,983	-	2,500	1,417,472
Due within one year:					
Capital Leases	1,932,521	-	-	-	1,932,521
Insurance Claims Payable	1,636,000	-	-	-	1,636,000
Compensated Absences	327,000	-	-	-	327,000
Due in more than one year:					
Capital Leases	7,926,662	-	-	-	7,926,662
Compensated Absences	2,544,516	-	-	-	2,544,516
Total Liabilities	<u>31,048,919</u>	<u>5,413,158</u>	<u>246,309</u>	<u>41,643</u>	<u>36,750,029</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	177,912,434	49,853,372	2,622,153	3,553,549	233,941,508
Restricted for:					
Capital Projects	47,563	-	-	-	47,563
Donor Restrictions	-	3,556,184	-	-	3,556,184
Unrestricted	8,731,626	2,498,611	1,049,586	415,947	12,695,770
Total Net Assets	<u>\$ 186,691,623</u>	<u>\$ 55,908,167</u>	<u>\$ 3,671,739</u>	<u>\$ 3,969,496</u>	<u>\$ 250,241,025</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, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes In Net Assets				
	Expenses	Grants and Contributions			Component Units				
		Charges for Services	Operating	Capital	Board of Education	Cecil College	Cecil County Public Library	Bainbridge Development Corporation	Total
Board of Education									
Instruction	\$ 201,026,723	\$ 502,640	\$ 24,989,315	\$ 10,397,865	\$(165,136,903)	\$ -	\$ -	\$ -	\$(165,136,903)
Student Services	5,445,415	2,824,443	34,750,456	-	31,929,484	-	-	-	31,929,484
Interest on Long term Deb	119,282	-	-	-	(119,282)	-	-	-	(119,282)
Total Board of Education	\$ 206,591,420	\$ 3,127,083	\$ 59,739,771	\$ 10,397,865	(133,326,701)	-	-	-	(133,326,701)
Cecil College									
Instruction	\$ 27,078,105	\$ 5,733,888	\$ 4,377,490	\$ 10,272,515	-	(6,694,212)	-	-	(6,694,212)
Student Services	1,156,791	1,095,819	-	-	-	(60,972)	-	-	(60,972)
Total Cecil Community College	\$ 28,234,896	\$ 6,829,707	\$ 4,377,490	\$ 10,272,515	-	(6,755,184)	-	-	(6,755,184)
Cecil County Public Library									
Public Libraries	\$ 5,575,013	\$ 162,417	\$ -	\$ -	-	-	(5,412,596)	-	(5,412,596)
Bainbridge Development Corporation									
Economic Development	\$ 257,008	\$ 24,000	\$ -	\$ -	-	-	-	(233,008)	(233,008)
General Revenues:									
Payments From the Primary Government					68,385,625	8,018,500	4,438,926	-	80,843,051
Payments From the State Government					66,376,929	4,865,360	1,005,279	-	72,247,568
Grants, Entitlements, and Contributions not Restricted to Specific Programs					-	2,784,079	16,934	-	2,801,013
Investment Earnings					136,820	463,582	6,478	212	607,092
Other Revenues including Capital Asset Sales Gains					288,943	186,731	47,748	64,773	588,195
Total General Revenues, Special Items, and Transfers					135,188,317	16,318,252	5,515,365	64,985	157,086,919
Change in Net Assets					1,861,616	9,563,068	102,769	(168,023)	11,359,430
Net Assets - June 30, 2009					184,830,007	46,345,099	3,568,970	4,137,519	238,881,595
Net Assets - June 30, 2010					\$ 186,691,623	\$ 55,908,167	\$ 3,671,739	\$3,969,496	\$ 250,241,025

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

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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. 59.

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.

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 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 workers compensation and 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. 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 maturing on or before September 30, 2010. 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, 2011, 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, 2009 and 2010, 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. 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, non-spendable and restricted fund balance represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Committed fund balance represents amounts that are reserved for a particular purpose by the Board of County Commissioners and would require action by the board to release the fund balance from its commitment. Assigned 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, 2010, 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, 2010, 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 end June 30, 2010, 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.

	Primary Government	Discretely Presented Component Units
Deposits		
Insured Deposits (FDIC)	\$ 1,295,396	\$ 2,130,966
Money Market Mutual Funds	824,650	196,082
Uninsured Deposits - Collateral held by pledging bank's agent in the County or Component Unit's name	14,321,208	7,212,095
Certificates of Deposit due within 90 days - Collateral held by pledging bank's agent in the County or Unit's name	-	1,510,113
CDARS due within 90 days (FDIC Insured)	17,542,850	-
Total Deposits	\$ 33,984,104	\$ 11,049,256
Investments		
Certificates of Deposit due greater than 90 days - Collateral held by pledging bank's agent in the County or Unit's name	\$ 12,082,825	\$ 5,401,883
CDARS due greater than 90 days (FDIC Insured)	11,705,569	-
Other governmental agencies	10,032,950	-
Investment in Maryland Local Government Investment Pool	31,793,845	16,209,530
Institutional Separate Accounts *	19,341,024	-
Balanced Fund Mutual Fund *	1,571,951	3,202,355
Total Investments	\$ 86,528,164	\$ 24,813,768

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

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

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. Six of the eight separate accounts were rated by Morning Star of which two received a 4 star rating, three received a 3 star rating and one account received a one star rating, with 5 being the best and 1 being the worst. The remaining two separate accounts were rated using the peer group ranking (one of these accounts received a quartile rank of 1 and one account received a quartile rank of 2, 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, 2010:

<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	\$ 10,032,950	\$ -	\$ 10,032,950	\$ -	\$ -

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

The Pension Plan's investment policy applies the prudent person rule to its investments. The Plan invests in Institutional Separate Accounts, which are essentially mutual funds. This sub-advised approach provides the Plan with access to some of the most respected investment professionals in the industry. The investment policy establishes an asset allocation by asset class where allowable ranges are identified by asset class. Rebalancing is performed on at least a quarterly basis, as appropriate, such that the allocation for each asset class shall not exceed the bounds of the allowable ranges. During the years ended June 30, 2010 and 2009, the Plan complied with the Plan's investment policy.

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

The chart below 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	\$ 33,984,104	\$ 11,049,256	\$ 45,033,360
Investments	86,528,164	24,813,768	111,341,932
Petty Cash Amounts	14,198	6,700	20,898
Total	\$ 120,526,466	\$ 35,869,724	\$ 156,396,190
Unrestricted	\$ 93,659,983	\$ 31,014,593	\$ 124,674,576
Restricted	5,045,512	3,509,780	8,555,292
Fiduciary Funds	21,820,971	1,345,351	23,166,322
Total Cash and Investments	\$ 120,526,466	\$ 35,869,724	\$ 156,396,190

4. Receivables

Primary Government

The following are receivables as of June 30, 2010 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 \$814,015 are included in the governmental activities of the government-wide statement.

	<u>Governmental Fund Financial Statements</u>					<u>Government-wide Statements</u>
	<u>General</u>	<u>Housing Programs</u>	<u>Highway</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Governmental Activities</u>
Receivables:						
Property Taxes	\$ 1,952,411	\$ -	\$ -	\$ -	\$ 1,952,411	\$ 1,952,411
Accounts	-	133,152	-	8,022	141,174	955,189
Notes-Current (Note 5)	-	-	-	-	-	-
Notes-Non-Current (Note 5)	-	-	-	196,874	196,874	196,874
Interest and Other	732,277	-	1,000	436	733,713	733,713
Gross Receivables	2,684,688	133,152	1,000	205,332	3,024,172	3,838,187
Less: Allowances for Uncollectibles	(799,772)	(133,152)	-	-	(932,924)	(932,924)
Net Total Receivables	<u>\$ 1,884,916</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 205,332</u>	<u>\$ 2,091,248</u>	<u>\$ 2,905,263</u>

Receivables as of June 30, 2010 for the Government's enterprise funds and business-type activities including applicable allowances for uncollectible accounts are as follows:

	<u>Enterprise Fund Financial Statements</u>					<u>Government-wide Statements</u>
	<u>Current</u>					<u>Business-type Activities</u>
	<u>Water Services</u>	<u>Wastewater Services</u>	<u>Landfill Services</u>	<u>Total</u>	<u>Wastewater Services</u>	
Receivables:						
Accounts	\$ 303,434	\$ 1,070,190	\$ 580,796	\$ 1,954,420	\$ -	\$ 1,954,420
Other	20,440	8,313	248	29,001	-	29,001
Non-Current	-	-	-	-	2,157,861	2,157,861
Gross Receivables	323,874	1,078,503	581,044	1,983,421	2,157,861	4,141,282
Less: Allowances for Uncollectibles	-	(48,897)	(117,396)	(166,293)	-	(166,293)
Net Total Receivables	<u>\$ 323,874</u>	<u>\$ 1,029,606</u>	<u>\$ 463,648</u>	<u>\$ 1,817,128</u>	<u>\$ 2,157,861</u>	<u>\$ 3,974,989</u>

Component Units

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

	<u>Board of Education</u>	<u>Cecil College</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
Gross Receivables	192,660	792,460	424,000	1,409,120
Less: Allow ances for Uncollectibles	-	(462,171)	-	(462,171)
Net Total Receivables	<u>\$ 192,660</u>	<u>\$ 330,289</u>	<u>\$ 424,000</u>	<u>\$ 946,949</u>

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. This loan had an interest rate of 5% and final payment was made in 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, 2010 there were four outstanding loans totaling \$196,874.

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

The capital asset activity for Governmental Activities for the year ended June 30, 2010 was as follows:

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 13,075,348	\$ 52,514	\$ -	\$ 13,127,862
Construction in Progress	<u>11,673,841</u>	<u>6,991,476</u>	<u>(8,763,524)</u>	<u>9,901,793</u>
Total Capital Assets Not Being Depreciated	<u>24,749,189</u>	<u>7,043,990</u>	<u>(8,763,524)</u>	<u>23,029,655</u>
Capital Assets Being Depreciated:				
Land Improvements	2,870,947	1,712,715	-	4,583,662
Highways & Bridges	193,237,700	3,366,524	(396,472)	196,207,752
Building & Improvements	46,832,636	3,991,723	-	50,824,359
Machinery & Equipment	<u>31,567,862</u>	<u>1,914,162</u>	<u>(726,689)</u>	<u>32,755,335</u>
Total Capital Assets Being Depreciated	<u>274,509,145</u>	<u>10,985,124</u>	<u>(1,123,161)</u>	<u>284,371,108</u>
Less Accumulated Depreciation for:				
Land Improvements	(517,675)	(134,756)	-	(652,431)
Highways & Bridges	(110,650,276)	(4,636,650)	396,472	(114,890,454)
Building & Improvements	(9,899,661)	(1,177,334)	-	(11,076,995)
Machinery & Equipment	<u>(10,784,132)</u>	<u>(2,681,383)</u>	<u>653,645</u>	<u>(12,811,870)</u>
Total Accumulated Depreciation	<u>(131,851,744)</u>	<u>(8,630,123)</u>	<u>1,050,117</u>	<u>(139,431,750)</u>
Total Capital Assets Being Depreciated, Net	<u>142,657,401</u>	<u>2,355,001</u>	<u>(73,044)</u>	<u>144,939,358</u>
Governmental Activities Capital Assets, Net	<u>\$ 167,406,590</u>	<u>\$ 9,398,991</u>	<u>\$ (8,836,568)</u>	<u>\$ 167,969,013</u>

The capital asset activity for Business-Type Activities for the year ended June 30, 2010 was as follows:

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 918,469	\$ -	\$ -	\$ 918,469
Construction in Progress	<u>4,420,365</u>	<u>8,881,526</u>	<u>(3,681,872)</u>	<u>9,620,019</u>
Total Capital Assets Not Being Depreciated	<u>5,338,834</u>	<u>8,881,526</u>	<u>(3,681,872)</u>	<u>10,538,488</u>
Capital Assets Being Depreciated:				
Landfill & Land Improvements	18,194,365	1,666,784	-	19,861,149
Water & Wastewater Lines	30,366,724	1,617,592	-	31,984,316
Buildings & Improvements	16,782,832	453,117	-	17,235,949
Machinery & Equipment	<u>34,592,855</u>	<u>509,414</u>	<u>(134,537)</u>	<u>34,967,732</u>
Total Capital Assets Being Depreciated	<u>99,936,776</u>	<u>4,246,907</u>	<u>(134,537)</u>	<u>104,049,146</u>
Less Accumulated Depreciation for:				
Landfill & Land Improvements	(10,684,072)	(873,204)	-	(11,557,276)
Water & Wastewater Lines	(11,661,936)	(842,143)	-	(12,504,079)
Building & Improvements	(5,411,844)	(443,489)	-	(5,855,333)
Machinery & Equipment	<u>(9,044,930)</u>	<u>(1,935,411)</u>	<u>134,537</u>	<u>(10,845,804)</u>
Total Accumulated Depreciation	<u>(36,802,782)</u>	<u>(4,094,247)</u>	<u>134,537</u>	<u>(40,762,492)</u>
Total Capital Assets Being Depreciated, Net	<u>63,133,994</u>	<u>152,660</u>	<u>-</u>	<u>63,286,654</u>
	<u>\$ 68,472,828</u>	<u>\$ 9,034,186</u>	<u>\$ (3,681,872)</u>	<u>\$ 73,825,142</u>

Depreciation and depletion expense was charged to the following activities:

Governmental Activities:

General Government	\$ 824,225
Public Safety	1,835,621
Highways, Streets, and Bridges	5,266,076
Health and Welfare	205,780
Recreation and Culture	176,452
Public Libraries	185,747
Economic Development	4,044
	<u>\$ 8,497,945</u>

Business-type Activities:

Enterprise Funds:	
Water	\$ 178,394
Wastewater	2,119,726
Landfill	<u>1,796,127</u>
	<u>\$ 4,094,247</u>

Construction Commitments

Cecil County has active construction contracts as of June 30, 2010. 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 and Bridges	\$ 1,756,617	# \$ 2,306,464
Detention Center Renovations	1,527,253	1,274,225
EMS Paramedic Station	68,950	581,875
Landfill - Cell 4 Re-Development	3,468,265	10,065,254
Wastewater Treatment Facilities	<u>2,622,946</u>	<u>4,838,840</u>
Total	<u>\$ 9,444,031</u>	<u>\$ 19,066,658</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, 2010:

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
<u>Board of Education</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,202,153	\$ -	\$ -	\$ 1,202,153
Construction in Progress	<u>58,503,666</u>	<u>10,397,865</u>	<u>(54,432,927)</u>	<u>14,468,604</u>
Total Capital Assets Not Being Depreciated	<u>59,705,819</u>	<u>10,397,865</u>	<u>(54,432,927)</u>	<u>15,670,757</u>
Capital Assets Being Depreciated:				
Land Improvements	7,746,094	4,677,714	-	12,423,808
Building & Improvements	192,742,032	47,244,347	(94,369)	239,892,010
Machinery & Equipment	<u>24,251,960</u>	<u>4,431,121</u>	<u>(3,136,421)</u>	<u>25,546,660</u>
Total Capital Assets Being Depreciated	<u>224,740,086</u>	<u>56,353,182</u>	<u>(3,230,790)</u>	<u>277,862,478</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,704,771)	(395,594)	-	(2,100,365)
Building & Improvements	(83,724,858)	(5,978,107)	1,458	(89,701,507)
Machinery & Equipment	<u>(13,726,275)</u>	<u>(2,997,423)</u>	<u>2,763,952</u>	<u>(13,959,746)</u>
Total Accumulated Depreciation	<u>(99,155,904)</u>	<u>(9,371,124)</u>	<u>2,765,410</u>	<u>(105,761,618)</u>
Total Capital Assets Being Depreciated, Net	<u>125,584,182</u>	<u>46,982,058</u>	<u>(465,380)</u>	<u>172,100,860</u>
Board of Education Capital Assets, Net	<u>\$ 185,290,001</u>	<u>\$ 57,379,923</u>	<u>\$ (54,898,307)</u>	<u>\$ 187,771,617</u>

Capital assets of County's component units (continued)

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
<u>Cecil College</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 1,779,763	\$ -	\$ -	\$ 1,779,763
Construction in Progress	10,155,366	10,226,975	-	20,382,341
Total Capital Assets Not Being Depreciated	<u>11,935,129</u>	<u>10,226,975</u>	-	<u>22,162,104</u>
Capital Assets Being Depreciated:				
Leasehold & Other Improvements	4,234,133	-	-	4,234,133
Building and Improvements	36,762,835	-	-	36,762,835
Machinery & Equipment	6,639,181	254,663	(328,531)	6,565,313
Total Capital Assets Being Depreciated	<u>47,636,149</u>	<u>254,663</u>	<u>(328,531)</u>	<u>47,562,281</u>
Less Accumulated Depreciation for:				
Leasehold & Other Improvements	(1,883,359)	(207,043)	-	(2,090,402)
Building & Improvements	(11,657,764)	(920,321)	-	(12,578,085)
Machinery & Equipment	(5,140,207)	(369,450)	307,131	(5,202,526)
Total Accumulated Depreciation	<u>(18,681,330)</u>	<u>(1,496,814)</u>	<u>307,131</u>	<u>(19,871,013)</u>
Total Capital Assets Being Depreciated, Net	<u>28,954,819</u>	<u>(1,242,151)</u>	<u>(21,400)</u>	<u>27,691,268</u>
Cecil College Capital Assets, Net	<u>\$ 40,889,948</u>	<u>\$ 8,984,824</u>	<u>\$ (21,400)</u>	<u>\$ 49,853,372</u>
<u>Public Library</u>				
Capital Assets Being Depreciated:				
Machinery & Equipment	\$ 3,961,515	\$ 762,516	\$ (492,403)	\$ 4,231,628
Total Capital Assets Being Depreciated	<u>3,961,515</u>	<u>762,516</u>	<u>(492,403)</u>	<u>4,231,628</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	(1,390,415)	(711,463)	492,403	(1,609,475)
Total Accumulated Depreciation	<u>(1,390,415)</u>	<u>(711,463)</u>	<u>492,403</u>	<u>(1,609,475)</u>
Total Capital Assets Being Depreciated, Net	<u>2,571,100</u>	<u>51,053</u>	<u>-</u>	<u>2,622,153</u>
Public Library Capital Assets, Net	<u>\$ 2,571,100</u>	<u>\$ 51,053</u>	<u>\$ -</u>	<u>\$ 2,622,153</u>
<u>Bainbridge Development Corporation</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,549,600	\$ -	\$ -	\$ 3,549,600
Total Capital Assets Not Being Depreciated	<u>3,549,600</u>	-	-	<u>3,549,600</u>
Capital Assets Being Depreciated:				
Machinery & Equipment	10,602	3,304	(1,958)	11,948
Total Capital Assets Being Depreciated	<u>10,602</u>	<u>3,304</u>	<u>(1,958)</u>	<u>11,948</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	(8,873)	(1,084)	1,958	(7,999)
Total Accumulated Depreciation	<u>(8,873)</u>	<u>(1,084)</u>	<u>1,958</u>	<u>(7,999)</u>
Total Capital Assets Being Depreciated, Net	<u>1,729</u>	<u>2,220</u>	<u>-</u>	<u>3,949</u>
Bainbridge Development Corporation Capital Assets, Net	<u>\$ 3,551,329</u>	<u>\$ 2,220</u>	<u>\$ -</u>	<u>\$ 3,553,549</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 agent of cash. Transactions that are short-term are classified as inter-fund receivables. The inter-fund receivables as of June 30, 2010, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing Programs Fund	\$ 29,539
	Non-Major Governmental Funds	1,264,594
	Internal Service Funds	128,176
		<u>\$ 1,422,309</u>

Inter-fund transfers from the General Fund consist of operating transfers to finance debt service of \$15,933,870, capital projects and highway maintenance of \$9,845,385, and \$1,833,789 to provide additional support to several special revenue programs. The transfers for the year ended June 30, 2010 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>Non-Major Governmental Funds</u>	
General Fund	\$ 29,385	\$ 4,967,723	\$ 2,151,662	\$ 1,157,000	\$ 19,307,274	\$ 27,613,044

8. Long-Term Debt

A. Changes in Long-Term Liabilities

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 147,728,420	\$ 23,580,000	\$ (18,734,881)	\$ 152,573,539	\$ 9,447,783
Less: Deferred Charges					
Premium on Debts Issued	2,257,781	540,849	(234,861)	2,563,769	234,861
Gain on Refunding	(620,817)	113,428	(644,040)	(1,151,429)	(113,428)
Total Bonds Payable	149,365,384	24,234,277	(19,613,782)	153,985,879	9,569,216
Capital Leases	2,088,882	-	(567,865)	1,521,017	590,576
Insurance Claims Payable	1,026,341	8,463,650	(7,352,662)	2,137,329	2,137,329
Compensated Absences	1,562,599	1,893,820	(1,898,000)	1,558,419	1,038,946
Governmental Activity Long-Term Liabilities	<u>\$ 154,043,206</u>	<u>\$ 34,591,747</u>	<u>\$ (29,432,309)</u>	<u>\$ 159,202,644</u>	<u>\$ 13,336,067</u>

Changes in Long-Term Liabilities (continued)

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Business-Type Activities:					
Bonds Payable	\$ 34,949,561	\$ 17,165,786	\$ (2,038,210)	\$ 50,077,137	\$ 2,083,292
Less: Discount on Issuance	(13,501)	-	3,549	(9,952)	(3,073)
Total Bonds Payable	34,936,060	17,165,786	(2,034,661)	50,067,185	2,080,219
Capital Leases	699,343	-	(699,343)	-	-
Compensated Absences	119,814	114,418	(115,685)	118,547	79,031
Accrued Landfill Closure and Postclosure Costs	5,719,911	1,001,530	-	6,721,441	-
Business-Type Activity Long-Term Liabilities	\$ 41,475,128	\$ 18,281,734	\$ (2,849,689)	\$ 56,907,173	\$ 2,159,250
Component Units					
Board of Education	\$ 14,622,477	\$ 1,938,153	\$ (2,193,931)	\$ 14,366,699	\$ 3,895,521
Cecil College	320,209	-	(6,577)	313,632	209,088
Cecil County Public Library	55,805	2,068	-	57,873	38,582
Component Units Long-Term Liabilities	\$ 14,998,491	\$ 1,940,221	\$ (2,200,508)	\$ 14,738,204	\$ 4,143,191

Compensated absences are reported in the fund which incurred the obligation and liabilities are liquidated within the respective 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 of June 30, 2010.

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2010</u>
1992/2011	\$ 367,103	Maryland Water Quality Financing Administration, Charlestown Manor	4.45%	\$ 18,470
1997/2012	4,850,000	Consolidated Public Improvement Bonds 1997 General \$20,000 BOE \$3,540,690 College \$1,289,310	4.9725%	1,280,000
2001/2010	2,068,166	Consolidated Public Improvement Bonds 2001A General \$2,023,463 Library \$44,703	5.765%	236,919
2001/2021	15,245,000	Consolidated Public Improvement Bonds 2001B General \$2,645,000 BOE \$12,310,920 College \$289,080	5.765%	1,395,000
2002/2023	2,050,000	Sanitary District Bond 2002A CherryHill WWPT	2.0%	1,422,760
2002/2024	6,279,112	Sanitary District Bond 2002B North East River WWTP	1.9%	4,465,173
2002/2017	13,795,000	Consolidated Public Improvement and Refunding Bonds 2002 General \$1,510,318 BOE \$3,456,660 Refunding 1993 & 1995 \$8,828,022	3.0%-3.875%	7,350,000
2003/2043	845,000	Sanitary District Bond 2003A CherryHill WWTP	4.252%	781,971
2003/2023	21,140,000	Consolidated Public Improvement and Refunding Bonds of 2003 General \$3,521,742 BOE \$3,896,804 College \$3,558,262 Refunding Bal. 1993 \$10,163,192	2.25%-4.5%	9,170,000

List of Bonds outstanding at June 30, 2010 (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, 2010</u>
2004/2023	2,616,645	Sanitary District Bond, Series 2003B Lakeside/Rt 272 Sewer Upgrades	1.2%	\$ 1,852,747
2004/2044	1,585,000	Sanitary District Bond, Series 2004A Carpenters Point Ph I collection system	4.577%	1,491,549
2004/2025	\$ 8,000,000	Sanitary District Bond, Series 2004B Meadowview WWTP	1.1%	6,385,148
2004/2024	9,025,000	Consolidated Public Improvement Bonds 2004 General \$5,704,256 BOE \$2,197,686 College \$591,058 Library \$532,000	3.0%-4.3%	7,285,000
2005/2025	39,615,000	Consolidated Public Improvement and Refunding Bonds 2005 General \$12,069,296 BOE \$12,870,884 Library \$2,919,820 Refunding 1996 & 1999 \$11,755,000	3.75%-5%	32,510,000
2007/2027	26,720,000	Consolidated Public Improvement Bonds 2006 General \$4,407,443 BOE \$20,205,776 Library \$2,106,781	3.5%-5%	23,865,000
2008/2027	32,045,000	Consolidated Public Improvement Bonds 2007 General \$9,401,700 BOE \$15,530,046 College \$743,254 Waste Water \$6,370,000	4%-5%	29,810,000
2008/2027	2,702,000	Sanitary District Bond 2008A Washington Street Pump Station Carpenters Point Ph II collection system	1%	2,332,117
2009/2028	800,000	Sanitary District Bond 2008B Septage Receiving Facility	None	720,000

List of Bonds outstanding at June 30, 2010 (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, 2010</u>
2009/2028	27,695,000	Consolidated Public Improvement Bonds 2009 General \$6,857,437 BOE \$9,175,563 College \$6,987,000 Waste Water \$3,700,000 Solid Waste \$975,000	3.0%-4.375%	\$ 26,310,000
2010/2021	25,160,000	Consolidated Public Improvement and Refunding Bonds 2010A General \$4,553,000 BOE \$1,646,000 College \$751,000 Solid Waste \$8,500,000 Refunding 2001B \$9,710,000	2.0%-3.0%	25,160,000
2010/2030	15,420,000	Consolidated Public Improvement and Refunding Bonds 2010B General \$6,920,000 Solid Waste \$8,500,000	4.75%-5.7%	15,420,000
2010/2030	1,257,000	Sanitary District Bond 2010A Carpenters Point Ph III collection system (Only \$50,274 drawn at June 30, 2010)	1%	<u>50,274</u>
Sub-Total General Obligation Bonds				<u>199,312,128</u>
1996/2011	107,801	West View Shores I - Erosion Control	None	14,373
2004/2019	149,000	West View Shores II - Erosion Control	None	<u>134,175</u>
Sub-Total Special Assessment Debt				148,548
2000/2015	6,385,000	Maryland Environmental Services Lease Revenue Bonds 2000 (Cecil County)	4.75%-5.5%	<u>3,190,000</u>
Total				<u>\$ 202,650,676</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 annual debt service requirements to maturity for principal and interest for bonds payable as of June 30, 2010, are as follows:

Year Ending June 30	General Obligation Bonds				Special Assessment Bonds		Revenue Bonds	
	Governmental Activities		Business-Type Activities		Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 9,434,556	\$ 6,043,022	\$ 1,620,219	\$ 1,355,979	\$ 13,286	\$ -	\$ 460,000	\$ 158,181
2012	10,307,727	5,665,473	2,209,371	1,369,619	13,286	-	490,000	133,654
2013	9,172,701	5,095,798	2,440,649	1,316,893	6,099	-	515,000	107,266
2014	9,161,709	4,754,290	2,569,193	1,264,014	6,099	-	545,000	78,971
2015	8,775,013	4,428,460	2,603,749	1,210,622	6,099	-	575,000	48,800
2016-2020	44,513,820	17,231,844	13,579,193	6,050,245	30,494	-	605,000	16,638
2021-2025	41,257,094	8,784,423	13,548,135	4,451,104	30,494	-	-	-
2026-2030	19,802,371	1,728,579	8,183,569	1,387,961	30,494	-	-	-
2031-2035	-	-	392,053	256,447	12,197	-	-	-
2036-2040	-	-	488,241	160,259	-	-	-	-
2041-2045	-	-	459,491	47,691	-	-	-	-
2046-2050	-	-	-	-	-	-	-	-
	<u>152,424,991</u>	<u>53,731,889</u>	<u>48,093,863</u>	<u>18,870,834</u>	<u>148,548</u>	<u>-</u>	<u>3,190,000</u>	<u>543,510</u>
Less: Funds not Draw n	-	-	(1,206,726)	-	-	-	-	-
Total	<u>\$ 152,424,991</u>		<u>\$ 46,887,137</u>		<u>\$ 148,548</u>		<u>\$ 3,190,000</u>	

C. Current Defeasement of Long-Term Debt

During 2010, the County defeased a portion of the callable maturities of the Consolidated Public Improvements Bonds of 2001B by placing a portion of the proceeds of the Consolidated Public Improvement and Refunding Bonds of 2010A in an irrevocable trust with an escrow agent to provide for future debt service payments on the callable bonds. At June 30, 2010, \$9,710,000 of bonds outstanding are considered defeased. An economic gain of \$644,040 was realized on the transaction.

D. Conduit Debt Obligations

The County has issued revenue based bonds to provide capital financing to third parties who are not part of the County or its component units. Although the debt bears the County's name, the County has no obligation for this debt beyond the resources of the third party or the related project as provided for

in the bonds. Because the County has no liability for this debt, it is not recorded in the County's financial statements. Three revenue bond issues are outstanding. The total offering is \$18,035,000. As of June 30, 2010, the aggregate principal amount outstanding for these bonds is \$13,500,912.

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>
2011	\$ 468,194	\$ 605,163
2012	432,228	373,716
2013	485,225	261,999
2014	450,253	245,271
2015	503,250	252,629
2016-2020	2,441,907	-
2021-2026	2,626,597	-
Total Commitment under the Operating Lease	<u>\$ 7,407,654</u>	<u>\$ 1,738,778</u>

B. Capital Leases

The General Fund has entered into a capital lease for the purchase of equipment for the new administration building. The Board of Education has entered into capital leases for maintenance vehicles and portable classrooms. As of June 30, 2010, future minimum payments under capital leases were as follows:

	<u>Governmental</u>	<u>Board of Education</u>
2011	\$ 645,018	\$ 2,255,734
2012	645,018	1,552,925
2013	322,510	1,199,493
2014	-	813,910
2015	-	813,910
2016-2020	-	4,883,458
Total Payments	1,612,546.00	11,519,430.00
Less Interest	<u>91,529</u>	<u>1,660,247</u>
Capitalized lease obligations	<u>\$ 1,521,017</u>	<u>\$ 9,859,183</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 \$6,721,441 as of June 30, 2010, represented the cumulative amount reported to date based on the use of approximately 62.72% of the estimated capacity of the currently constructed cells at the landfill. Based on the historical average disposal volume in the last 5 years, it is anticipated that the existing landfill has approximately 10-12 years of remaining disposal life. The remaining estimated cost of closure and post-closure care of \$3,994,974 will be recognized as the remaining estimated capacity is filled. The total closure and post-closure liability calculation is based on current 2010 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. Fund Balance

General Fund

Non-spendable fund balance reports resources that cannot be spent because of their form, or due to legal or contractual requirements.

The Non-spendable fund balance of \$1,304,977 as of June 30, 2010, represents the following:

Inventory and Prepaid	\$ 835,836
Advance to Water Services Fund	464,862
Senior CitizenTax Deferral	<u>4,279</u>
	<u>\$ 1,304,977</u>

Committed fund balance reports resources with self-imposed limitations approved by the Board of County Commissioners prior to the end of the period. Formal action is required to remove or modify a constraint reflected in the committed fund balance.

The Committed fund balance of \$15,089,601 as of June 30, 2010, represents the following:

Committed

Contingencies (Rainy Day)	\$ 12,063,774
Fund Balance Appropriation FY2011	<u>3,025,827</u>
	<u>\$ 15,089,601</u>

Assigned fund balance records the portion of fund balance that reflects the government’s intended use of resources. Assigned fund balance can be established by either the Board of County Commissioners or County Administrator. Unlike committed fund balance, formal action is not required to impose, remove or modify assigned fund balance.

The Assigned fund balance of \$8,267,000 as of June 30, 2010, represents the following:

Assigned

Offset of FY2012 State revenue reduction	\$ 2,500,000
On-going legal expenses related to sale of certain assets	500,000
Health Department Renovations	250,000
Courthouse UST remediation	100,000
County pay as you go funding FY2012	<u>4,917,000</u>
	<u>\$ 8,267,000</u>

Other Funds

The fund balance in other funds amounts to \$39,009,167 as of June 30, 2010, and consists of the following:

Major Fund	Highway Fund	Non-Spendable	\$ 415,600
Major Fund	Housing	Restricted	1,240,884
Non-Major Funds	Other Governmental	Restricted	2,567,686
Major Fund	General Capital Projects	Committed	26,076,652
Major Fund	Board of Education Construction	Committed	6,590,678
Non-Major Funds	Other Capital Projects	Committed	<u>2,117,667</u>
			<u>\$ 39,009,167</u>

The restricted fund balances for all special revenue funds amounting to \$3,808,570 and committed fund balance for all capital funds totaling \$34,784,997 are intended 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. During the fiscal year ended June 30, 2010, the County incurred a series of claims that exceeded the stop loss limit. The County received reimbursement for these claims and the fund finished the year with a fund balance above the amount required by the funds' fund balance policy.

The liability for Health Insurance Fund claims of \$1,098,254 is based on standard insurance industry practices for estimating claims for insured losses incurred but not reported by June 30, 2010. 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:

	Beginning Fiscal Year Liability	Claims and Claims Incurred	Claims Paid	Ending Fiscal Year Liability
2008-2009	\$ 937,759	\$ 7,044,547	\$ (6,955,965)	\$ 1,026,341
2009-2010	1,026,341	7,424,575	(7,352,662)	1,098,254

B. Workers Compensation Insurance

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

The liability for Workers Compensation Fund claims of \$1,039,075 is based on standard insurance industry practices for estimating claims for insured losses incurred but not reported by June 30, 2010.

The fund's claims liability for the fiscal year is as follows:

	<u>Beginning Fiscal Year Liability</u>	<u>Claims and Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Fiscal Year Liability</u>
2009-2010	\$ -	\$ 1,352,758	\$ (313,683)	\$ 1,039,075

C. Other Insurance

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

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

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, 2010. Funding for the year ending June 30, 2011, is estimated to be \$8,043,967. 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, 2010, such funding amounted to \$68,385,625 and is estimated to be \$68,350,618 for the year ending June 30, 2011.

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, 2009, the date of the latest actuarial valuation, there were 221 active Plan members, 41 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, 2010, the County's annual contribution to the PPPSE was \$1,798,040 and equaled its required contribution. The required contribution to the Public Safety Plan was determined as part of the July 1, 2009, 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 at 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>Ended June 30</u>	<u>Required Contribution</u>	<u>of ARC Covered</u>	<u>Pension Obligation</u>
2008	\$ 1,410,479	100%	\$ -
2009	1,753,647	100%	-
2010	1,798,040	100%	-

The funded status of the PPPSE plan as of June 30, 2009, the most recent valuation date, is as follows:

<u>Actuarial Valuation Date July 1</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>
2009	\$ 19,775,437	\$ 31,813,317	\$ 12,037,880	62.2%	\$ 10,405,176	115.7%

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

Maryland State Retirement and Pension System (MSRPS)

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

to the State Retirement and Pension System of Maryland, 301 West Preston Street, Baltimore, MD 21201, or by calling 1-800-492-5909.

Funding policy. The contribution requirements for plan members, the County and its component units are established by State law. Employees are required to contribute two percent to seven percent of their compensation, depending on the plan in which they are enrolled. Employers, including the County, are required to contribute at an actuarially determined rate based on annual actuarial valuations using the entry age normal cost method with projection and other actuarial assumptions adopted by the Board of Trustees. Current employer contribution rates to the Employees' Retirement and Employees' Pension plans vary from 8.1% to 13.1% of covered payroll depending on the plan. The County's contributions to the MSRPS for the years ending June 30, 2010, 2009, and 2008, were \$1,212,634, \$1,125,107 and \$1,185,747, 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, 2010, was equal to the required and actual contributions as follows:

	<u>MSRPS</u>	<u>Public Safety</u>	<u>Total</u>
Primary Government	\$ 1,212,634	\$ 1,798,040	\$ 3,010,674
Component Units			
Board of Education	13,251,127	-	13,251,127
Community College	427,492	-	427,492
Public Library	300,836	-	300,836
	<u>15,192,089</u>	<u>1,798,040</u>	<u>16,990,129</u>
Total	\$ 15,192,089	\$ 1,798,040	\$ 16,990,129

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 \$5,870,486 in 2010. The amount contributed by the State on the College's behalf was \$388,841 (6.6% of covered payroll), and the amount contributed by the College was \$39,559 (.67% of covered payroll) for fiscal year 2010.

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, 2010, 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 Commissioners 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 funded the Annual Required Contribution (ARC) in the amount of \$648,000.

C. Annual OPEB Cost and Net OPEB Obligation

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 \$668,000. The postemployment healthcare cost was determined under the Projected Unit Credit Actuarial Cost Method and uses a level percentage closed amortization 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 ended June 30, 2010.

Annual Required Contribution (ARC)	\$ 668,000
Interest on Net OPEB Obligation	(79,000)
Adjustment to the ARC	<u>59,000</u>
Annual OPEB Cost	648,000
Payments to retirees from General Fund	(331,750)
Contributions made	<u>(316,250)</u>
Increase in Net OPEB Obligation	-
Net OPEB obligation (asset) - beginning of year	<u>(1,003,488)</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (1,003,488)</u></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, 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 516,000	294.47%	\$ (1,003,488)
June 30, 2010	648,000	100%	(1,003,488)

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 \$1,003,488 in trust fund assets. The County fully funded the annual required contribution (ARC). As of June 30, 2010, there were \$1,600,588 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 have 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 \$7,022 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 2010, \$3,412,156 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 was 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 in fiscal year 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%
2009**	19,775,437	31,813,317	12,037,880	62.2%	10,405,176	115.7%

* Reflects changes in Plan actuarial assumptions.

** Actuarial report is completed every two years.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended June 30	Annual Required Contribution	Percentage of ARC Covered	Net Pension Obligation
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%	-
2010	1,798,040	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 Required Contribution	Percentage of ARC Covered	Net Pension Obligation *
2009	\$ 516,000	100%	\$ (1,003,488)
2010	648,000	100%	(1,003,488)

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

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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, 2010

	<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	\$100,691,785	\$100,691,785	\$101,345,357	\$ 653,572
Income Taxes	49,400,000	49,400,000	46,816,208	(2,583,792)
Licenses and Permits	1,304,870	1,304,870	1,304,334	(536)
Intergovernmental	7,901,649	5,853,052	4,151,592	(1,701,460)
Charges for Services	2,449,797	5,884,573	6,607,135	722,562
Investment Earnings	1,150,000	1,150,000	868,961	(281,039)
Contributions & Other Revenues	-	-	88,331	88,331
Total Revenues	<u>162,898,101</u>	<u>164,284,280</u>	<u>161,181,918</u>	<u>(3,102,362)</u>
Other Financing Sources				
Proceeds from Capital Asset Disposal	500,000	500,000	70,529	(429,471)
Total Other Financing Sources	<u>500,000</u>	<u>500,000</u>	<u>70,529</u>	<u>(429,471)</u>
Total Revenues and Other Financing Sources	<u>\$163,398,101</u>	<u>\$164,784,280</u>	<u>\$161,252,447</u>	<u>\$ (3,531,833)</u>
Expenditures				
General Government				
County Commissioners	\$ 374,958	\$ 392,574	\$ 379,261	\$ 13,313
Office of Administrator	208,739	219,992	211,231	8,761
Budget	110,868	113,446	112,913	533
Administration Building Maintenance	673,310	665,810	650,481	15,329
Purchasing Department	216,074	248,004	209,715	38,289
Central Store Building Maintenance	1,500	1,500	736	764
Other General Government	1,908,132	2,144,963	2,138,486	6,477
Judgments and Losses	10,000	20,000	15,100	4,900
Reserve for Emergencies	125,000	-	-	-
Human Resources	581,059	573,049	552,020	21,029
Treasurer's Office	1,738,027	1,743,594	1,657,457	86,137
Information Systems	1,348,870	1,365,108	1,199,229	165,879
Circuit Court	1,982,487	1,905,809	1,728,637	177,172
Orphans Court	23,203	23,248	21,151	2,097
Board of Elections	457,192	457,192	327,340	129,852
Voting Machine Maintenance	2,900	2,900	1,374	1,526
Liquor Board Licensing	227,733	228,976	213,756	15,220
Planning and Zoning	1,002,932	1,117,268	820,257	297,011
Board of Appeals	28,500	28,500	14,439	14,061
Planning Commission	37,500	37,500	12,076	25,424
Chesapeake Bay Critical Area	315,826	323,560	320,059	3,501
Courthouse Maintenance	1,131,284	1,193,867	1,182,173	11,694
Total General Government	<u>\$ 12,506,094</u>	<u>\$ 12,806,860</u>	<u>\$ 11,767,891</u>	<u>\$ 1,038,969</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
Expenditures (Continued)				
Public Safety				
State's Attorney's Office	\$ 1,729,194	\$ 1,740,951	\$ 1,715,163	\$ 25,788
Sheriff's Office - Law Enforcement	8,813,134	9,027,562	8,868,858	158,704
Sheriff - Special Assignments	55,710	57,445	54,358	3,087
Sheriff Patrol - Charlestown	47,235	48,841	47,615	1,226
Sheriff Patrol - Chesapeake City	35,370	59,172	59,009	163
COPS Grant	288,581	-	-	-
Detention Center	6,643,646	6,747,525	6,228,953	518,572
Detention Center Maintenance	348,209	355,608	266,879	88,729
County Work Release Program	684,996	714,688	661,650	53,038
Community Work Service Program	17,232	17,423	3,656	13,767
Emergency Management	3,664,432	4,373,944	3,741,206	632,738
Emergency Medical Services	3,220,571	3,279,756	3,131,831	147,925
Volunteer Fire Departments	4,724,402	4,994,561	4,838,961	155,600
Civil Defense - 911 System	144,000	144,000	141,941	2,059
EMCDA Facility Maintenance	547,000	554,300	552,341	1,959
Permits and Licenses	723,378	754,603	729,921	24,682
Society for the Prevention of Cruelty to Animals	648,000	648,000	648,000	-
Total Public Safety	<u>32,335,090</u>	<u>33,518,379</u>	<u>31,690,342</u>	<u>1,828,037</u>
Highways, Streets, and Bridges				
Public Works Administration	2,746,632	2,660,818	2,398,882	261,936
Weed Control	79,472	80,407	35,990	44,417
Total Highways, Streets, and Bridges	<u>2,826,104</u>	<u>2,741,225</u>	<u>2,434,872</u>	<u>306,353</u>
Health and Welfare				
Health Department	2,445,950	2,445,950	2,445,950	-
New Health Department Maintenance	126,440	145,038	138,397	6,641
Mosquito Control	39,365	39,365	22,415	16,950
Pauper Burials	2,800	2,800	1,600	1,200
Social Services	771,899	962,932	838,960	123,972
Domestic Violence	770,295	831,854	801,727	30,127
Healthy Marriage	556,000	754,419	512,919	241,500
Domestic Violence - Coord. Council	50,273	50,406	44,117	6,289
Youth Panel	64,704	89,896	84,676	5,220
Maryland School for the Blind	5,667	5,667	2,294	3,373
Senior Center Maintenance	2,300	11,500	9,144	2,356
Old Help Center Maintenance	6,800	6,800	3,776	3,024
Cecil County Adult Day Care	34,237	34,237	34,237	-
Non-Profit Agencies	241,463	244,571	244,571	-
Total Health and Welfare	<u>\$ 5,118,193</u>	<u>\$ 5,625,435</u>	<u>\$ 5,184,783</u>	<u>\$ 440,652</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, 2010**

	<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	\$ 874,590	\$ 1,031,875	\$ 763,577	\$ 268,298
Parks and Recreation Maintenance	70,500	81,800	73,295	8,505
Old Library Building Maintenance	24,200	24,200	12,379	11,821
Total Recreation and Culture	<u>969,290</u>	<u>1,137,875</u>	<u>849,251</u>	<u>288,624</u>
Education				
Cecil County Board of Education	68,385,625	68,465,625	68,412,433	53,192
Cecil Community College	8,125,027	8,125,027	8,124,924	103
Cecil Community College - Scholarships	40,464	40,464	40,464	-
Total Education	<u>76,551,116</u>	<u>76,631,116</u>	<u>76,577,821</u>	<u>53,295</u>
Public Libraries	<u>4,438,926</u>	<u>4,438,926</u>	<u>4,438,926</u>	<u>-</u>
Economic Development	<u>1,106,624</u>	<u>1,164,029</u>	<u>1,096,197</u>	<u>67,832</u>
Agriculture				
Agricultural Extension Service	143,476	143,476	103,070	40,406
Soil Conservation	369,536	372,603	367,496	5,107
Gypsy Moth Control	50,515	50,515	37,045	13,470
Total Agriculture	<u>563,527</u>	<u>566,594</u>	<u>507,611</u>	<u>58,983</u>
Municipalities	<u>820,631</u>	<u>820,631</u>	<u>820,631</u>	<u>-</u>
Total Expenditures	<u>137,235,595</u>	<u>139,451,070</u>	<u>135,368,325</u>	<u>4,082,745</u>
Other Financing Uses				
Transfers to Special Revenue Funds	6,803,009	7,742,419	6,801,512	940,907
Transfers to Debt Service Fund	15,773,493	15,941,341	15,933,870	7,471
Transfers to Capital Projects Funds	5,142,000	4,877,662	4,877,662	-
Total Other Financing Uses	<u>27,718,502</u>	<u>28,561,422</u>	<u>27,613,044</u>	<u>948,378</u>
Total Expenditures and Other Financing Uses	<u>\$164,954,097</u>	<u>\$168,012,492</u>	<u>\$162,981,369</u>	<u>\$ 5,031,123</u>

CECIL COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash	\$ -	\$ -	\$ 23,688	\$ 23,688
Investments	-	-	864,713	864,713
Receivables, Net	204,935	397	-	205,332
Due from Other Funds	-	-	-	-
Due from Other Governments	543,529	-	2,388,170	2,931,699
Restricted Assets: Cash and Investments	<u>2,870,966</u>	<u>-</u>	<u>-</u>	<u>2,870,966</u>
Total Assets	<u>\$ 3,619,430</u>	<u>\$ 397</u>	<u>\$ 3,276,571</u>	<u>\$ 6,896,398</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 633,769	\$ -	\$ 124,209	\$ 757,978
Salaries and Benefits Payable	155,691	-	-	155,691
Due to Other Funds	229,502	397	1,034,695	1,264,594
Deferred Revenue	32,682	-	-	32,682
Other Liabilities	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
Total Liabilities	<u>1,051,744</u>	<u>397</u>	<u>1,158,904</u>	<u>2,211,045</u>
Fund Balances:				
Restricted Fund Balance	2,567,686	-	-	2,567,686
Unrestricted Fund Balance	-	-	2,117,667	2,117,667
Committed Fund Balance	<u>-</u>	<u>-</u>	<u>2,117,667</u>	<u>2,117,667</u>
Total Fund Balances	<u>2,567,686</u>	<u>-</u>	<u>2,117,667</u>	<u>4,685,353</u>
Total Liabilities and Fund Balances	<u>\$ 3,619,430</u>	<u>\$ 397</u>	<u>\$ 3,276,571</u>	<u>\$ 6,896,398</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<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	\$ -	\$ 50,051	\$ -	\$ 50,051
Intergovernmental	2,723,623	-	696,594	3,420,217
Charges for Services	310,324	-	-	310,324
Investment Earnings	9,329	-	-	9,329
Contributions & Other Revenues	72,363	-	-	72,363
Total Revenues	<u>3,115,639</u>	<u>50,051</u>	<u>696,594</u>	<u>3,862,284</u>
EXPENDITURES				
Current:				
Public Safety	1,720,087	-	-	1,720,087
Health and Welfare	2,687,986	-	-	2,687,986
Recreation and Culture	20,742	-	-	20,742
Agriculture	725,833	-	-	725,833
Debt Service:				
Principal	-	10,127,743	-	10,127,743
Interest	-	5,856,178	-	5,856,178
Bond Issuance Cost	-	47,708	-	47,708
Capital Outlay	350,058	-	1,935,800	2,285,858
Total Expenditures	<u>5,504,706</u>	<u>16,031,629</u>	<u>1,935,800</u>	<u>23,472,135</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,389,067)</u>	<u>(15,981,578)</u>	<u>(1,239,206)</u>	<u>(19,609,851)</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	-	751,000	751,000
Premium on Debt Issued	-	156,748	-	156,748
Refunding Bonds Issued	-	9,710,000	-	9,710,000
Advance Refunding Agent	-	(9,819,040)	-	(9,819,040)
Transfers In	1,804,404	15,933,870	1,569,000	19,307,274
Total Other Financing Sources	<u>1,804,404</u>	<u>15,981,578</u>	<u>2,320,000</u>	<u>20,105,982</u>
Net Change In Fund Balances	(584,663)	-	1,080,794	496,131
Fund Balances - June 30, 2009	<u>3,152,349</u>	<u>-</u>	<u>1,036,873</u>	<u>4,189,222</u>
Fund Balances - June 30, 2010	<u>\$ 2,567,686</u>	<u>\$ -</u>	<u>\$ 2,117,667</u>	<u>\$ 4,685,353</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.

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

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

CECIL COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Community Adult Rehabilitation Center	Other Public Safety	Open Space	Agricultural Land Preservation	Senior Services & Community Transit	Economic Development Revolving Loan Fund	Total
ASSETS							
Receivables, Net:							
Accounts	\$ 7,487	\$ -	\$ -	\$ -	\$ 138	\$ -	\$ 7,625
Interest	-	-	-	-	-	436	436
Notes	-	-	-	-	-	196,874	196,874
Due from Other Governments	122,063	-	89,760	-	331,706	-	543,529
Restricted Assets: Cash and Investments	<u>2,377</u>	<u>53,837</u>	<u>248,081</u>	<u>1,913,317</u>	<u>-</u>	<u>653,354</u>	<u>2,870,966</u>
Total Assets	<u>131,927</u>	<u>\$ 53,837</u>	<u>\$ 337,841</u>	<u>\$ 1,913,317</u>	<u>\$ 331,844</u>	<u>\$ 850,664</u>	<u>\$ 3,619,430</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 11,978	\$ 7,177	\$ 46,924	\$ 501,190	\$ 66,500	\$ -	\$ 633,769
Salaries and Benefits Payable	63,170.00	-	-	-	92,521	-	155,691
Due to Other Funds	56,779.00	-	-	-	172,723	-	229,502
Deferred Revenue	-	-	32,682	-	-	-	32,682
Other Liabilities	-	-	-	-	100	-	100
Total Liabilities	<u>\$ 131,927</u>	<u>\$ 7,177</u>	<u>\$ 79,606</u>	<u>\$ 501,190</u>	<u>\$ 331,844</u>	<u>\$ -</u>	<u>\$ 1,051,744</u>
Fund Balances:							
Restricted Fund Balance	-	<u>46,660</u>	<u>258,235</u>	<u>1,412,127</u>	<u>-</u>	<u>850,664</u>	<u>2,567,686</u>
Total Fund Balances	<u>-</u>	<u>46,660</u>	<u>258,235</u>	<u>1,412,127</u>	<u>-</u>	<u>850,664</u>	<u>2,567,686</u>
Total Liabilities and Fund Balances	<u>\$ 131,927</u>	<u>\$ 53,837</u>	<u>\$ 337,841</u>	<u>\$ 1,913,317</u>	<u>\$ 331,844</u>	<u>\$ 850,664</u>	<u>\$ 3,619,430</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Community Adult Rehabilitation Center	Other Public Safety	Open Space	Agricultural Land Preservation	Senior Services & Community Transit	Economic Development Revolving Loan Fund	Total
REVENUES							
Intergovernmental	\$ 907,292	\$ -	\$ 321,039	\$ 25,132	\$ 1,470,160	\$ -	\$ 2,723,623
Charges for Services	162,599	-	-	-	147,725	-	310,324
Investment Earnings	-	-	-	-	-	9,329	9,329
Contributions & Other Revenues	-	-	47,332	-	25,031	-	72,363
Total Revenues	<u>1,069,891</u>	<u>-</u>	<u>368,371</u>	<u>25,132</u>	<u>1,642,916</u>	<u>9,329</u>	<u>3,115,639</u>
EXPENDITURES							
Current:							
Public Safety	1,655,205	64,882	-	-	-	-	1,720,087
Health and Welfare	-	-	-	-	2,687,986	-	2,687,986
Recreation and Culture	-	-	20,742	-	-	-	20,742
Capital Outlay	-	-	350,058	-	-	-	350,058
Agriculture	-	-	-	725,833	-	-	725,833
Total Expenditures	<u>1,655,205</u>	<u>64,882</u>	<u>370,800</u>	<u>725,833</u>	<u>2,687,986</u>	<u>-</u>	<u>5,504,706</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(585,314)</u>	<u>(64,882)</u>	<u>(2,429)</u>	<u>(700,701)</u>	<u>(1,045,070)</u>	<u>9,329</u>	<u>(2,389,067)</u>
OTHER FINANCING SOURCES							
Transfers In	<u>585,314</u>	<u>60,015</u>	<u>114,005</u>	<u>-</u>	<u>1,045,070</u>	<u>-</u>	<u>1,804,404</u>
Total Other Financing Sources	<u>585,314</u>	<u>60,015</u>	<u>114,005</u>	<u>-</u>	<u>1,045,070</u>	<u>-</u>	<u>1,804,404</u>
Net Change in Fund Balances	-	(4,867)	111,576	(700,701)	-	9,329	(584,663)
Fund Balances - June 30, 2009	-	51,527	146,659	2,112,828	-	841,335	3,152,349
Fund Balances - June 30, 2010	\$ -	\$ 46,660	\$ 258,235	\$ 1,412,127	\$ -	\$ 850,664	\$ 2,567,686

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

COMMUNITY ADULT REHABILITATION CENTER
FOR THE YEAR ENDED JUNE 30, 2010

	<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	\$ 868,613	\$ 868,613	\$ 907,292	\$ 38,679
Charges for Services	131,400	131,400	162,599	31,199
Total Revenues	<u>1,000,013</u>	<u>1,000,013</u>	<u>1,069,891</u>	<u>69,878</u>
EXPENDITURES				
Current:				
Public Safety	1,758,198	1,758,198	1,655,205	102,993
Total Expenditures	<u>1,758,198</u>	<u>1,758,198</u>	<u>1,655,205</u>	<u>102,993</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(758,185)</u>	<u>(758,185)</u>	<u>(585,314)</u>	<u>172,871</u>
OTHER FINANCING SOURCES				
Transfers In	758,185	758,185	585,314	(172,871)
Total Other Financing Sources	<u>758,185</u>	<u>758,185</u>	<u>585,314</u>	<u>(172,871)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2009	-	-	-	-
Fund Balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CECIL COUNTY, MARYLAND

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

**OTHER PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2010**

	<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	-	111,542	64,882	46,660
Total Expenditures	<u>-</u>	<u>111,542</u>	<u>64,882</u>	<u>46,660</u>
(Deficiency) of Revenues (Under) Expenditures	<u>-</u>	<u>(111,542)</u>	<u>(64,882)</u>	<u>46,660</u>
OTHER FINANCING SOURCES				
Transfers In	-	60,015	60,015	-
Total Other Financing Sources	<u>-</u>	<u>60,015</u>	<u>60,015</u>	<u>-</u>
Net Change in Fund Balance	-	(51,527)	(4,867)	46,660
Fund Balance - June 30, 2009	<u>51,527</u>	<u>51,527</u>	<u>51,527</u>	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ 51,527</u>	<u>\$ -</u>	<u>\$ 46,660</u>	<u>\$ 46,660</u>

CECIL COUNTY, MARYLAND

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

**OPEN SPACE
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget -
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 775,367	\$ 775,367	\$ 321,039	\$ (454,328)
Contributions & Other Revenues	81,089	81,089	47,332	(33,757)
Total Revenues	<u>856,456</u>	<u>856,456</u>	<u>368,371</u>	<u>(488,085)</u>
EXPENDITURES				
Current:				
Recreation and Culture	73,531	73,531	20,742	52,789
Capital Outlay	851,930	896,930	350,058	546,872
Total Expenditures	<u>925,461</u>	<u>970,461</u>	<u>370,800</u>	<u>599,661</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(69,005)</u>	<u>(114,005)</u>	<u>(2,429)</u>	<u>111,576</u>
OTHER FINANCING SOURCES				
Transfers In	69,005	114,005	114,005	-
Total Other Financing Sources	<u>69,005</u>	<u>114,005</u>	<u>114,005</u>	<u>-</u>
Net Change in Fund Balance	-	-	111,576	111,576
Fund Balance - June 30, 2009	<u>146,659</u>	<u>146,659</u>	<u>146,659</u>	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ 146,659</u>	<u>\$ 146,659</u>	<u>\$ 258,235</u>	<u>\$ 111,576</u>

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

AGRICULTURAL LAND PRESERVATION
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 25,132	\$ 25,132
Total Revenues	<u>-</u>	<u>-</u>	<u>25,132</u>	<u>25,132</u>
EXPENDITURES				
Current:				
Agriculture	-	2,112,828	725,833	1,386,995
Total Expenditures	<u>-</u>	<u>2,112,828</u>	<u>725,833</u>	<u>1,386,995</u>
(Deficiency) of Revenues (Under) Expenditures	<u>-</u>	<u>(2,112,828)</u>	<u>(700,701)</u>	<u>1,412,127</u>
Net Change in Fund Balance	-	(2,112,828)	(700,701)	1,412,127
Fund Balance - June 30, 2009	<u>2,112,828</u>	<u>2,112,828</u>	<u>2,112,828</u>	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ 2,112,828</u>	<u>\$ -</u>	<u>\$ 1,412,127</u>	<u>\$ 1,412,127</u>

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

SENIOR SERVICES & COMMUNITY TRANSIT
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,341,782	\$ 1,963,358	\$ 1,470,160	\$ (493,198)
Charges for Services	101,160	182,160	147,725	(34,435)
Investment Earnings	-	-	-	-
Contributions & Other Revenues	81,000	-	25,031	25,031
Total Revenues	<u>1,523,942</u>	<u>2,145,518</u>	<u>1,642,916</u>	<u>(502,602)</u>
EXPENDITURES				
Current:				
Health and Welfare	2,755,587	3,379,562	2,687,986	691,576
Total Expenditures	<u>2,755,587</u>	<u>3,379,562</u>	<u>2,687,986</u>	<u>691,576</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,231,645)</u>	<u>(1,234,044)</u>	<u>(1,045,070)</u>	<u>188,974</u>
OTHER FINANCING SOURCES				
Transfers In	1,231,645	1,234,044	1,045,070	(188,974)
Total Other Financing Sources	<u>1,231,645</u>	<u>1,234,044</u>	<u>1,045,070</u>	<u>(188,974)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2009	-	-	-	-
Fund Balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ECONOMIC DEVELOPMENT REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 9,329	\$ 9,329
Total Revenues	<u>-</u>	<u>-</u>	<u>9,329</u>	<u>9,329</u>
EXPENDITURES				
Current:				
Economic Development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>9,329</u>	<u>9,329</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>9,329</u>	<u>9,329</u>
Fund Balance - June 30, 2009	<u>841,335</u>	<u>841,335</u>	<u>841,335</u>	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ 841,335</u>	<u>\$ 841,335</u>	<u>\$ 850,664</u>	<u>\$ 9,329</u>

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Non-Major Governmental Funds

Debt Service Fund

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

CECIL COUNTY, MARYLAND

**BALANCE SHEET
NON-MAJOR FUND
DEBT SERVICE FUND
JUNE 30, 2010**

ASSETS	
Receivables, Net	\$ <u>397</u>
Total Assets	<u>397</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to Other Funds	<u>397</u>
Total Liabilities	<u>397</u>
Fund Balance:	
Restricted	<u>-</u>
Total Fund Balances	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>397</u>

CECIL COUNTY, MARYLAND

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

**DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 49,389	\$ 49,389	\$ 50,051	\$ 662
Total Revenues	<u>49,389</u>	<u>49,389</u>	<u>50,051</u>	<u>662</u>
EXPENDITURES				
Debt Service:				
Principal	9,459,407	10,105,115	10,127,743	(22,628)
Interest	<u>6,363,475</u>	<u>5,885,615</u>	<u>5,856,178</u>	<u>29,437</u>
Total Expenditures	<u>15,822,882</u>	<u>15,990,730</u>	<u>15,983,921</u>	<u>6,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,773,493)</u>	<u>(15,941,341)</u>	<u>(15,933,870)</u>	<u>7,471</u>
OTHER FINANCING SOURCES (USES)				
Premium on Debt Issued	-	-	156,748	156,748
Refunding Bonds Issued	-	-	9,710,000	9,710,000
Bond Issuance Cost	-	-	(47,708)	(47,708)
Advance Refunding Agent	-	-	(9,819,040)	(9,819,040)
Transfers In	<u>15,773,493</u>	<u>15,941,341</u>	<u>15,933,870</u>	<u>(7,471)</u>
Total Other Financing Sources	<u>15,773,493</u>	<u>15,941,341</u>	<u>15,933,870</u>	<u>(7,471)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2009	<u>44,242</u>	<u>44,242</u>	<u>-</u>	<u>(44,242)</u>
Fund Balance - June 30, 2010	<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.

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

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, 2010

	<u>College Construction</u>	<u>Library Construction</u>	<u>Gilpin Falls Construction</u>	<u>Total</u>
ASSETS				
Cash	\$ -	\$ 23,688	\$ -	\$ 23,688
Investments	-	864,713	-	864,713
Due from Other Governments	<u>1,806,221</u>	<u>-</u>	<u>581,949</u>	<u>2,388,170</u>
Total Assets	<u>\$ 1,806,221</u>	<u>\$ 888,401</u>	<u>\$ 581,949</u>	<u>\$ 3,276,571</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 122,109	\$ -	\$ 2,100	\$ 124,209
Due to Other Funds	<u>549,875</u>	<u>-</u>	<u>484,820</u>	<u>1,034,695</u>
Total Liabilities	<u>671,984</u>	<u>-</u>	<u>486,920</u>	<u>1,158,904</u>
Fund Balances:				
Unrestricted:				
Committed Fund Balance	<u>1,134,237</u>	<u>888,401</u>	<u>95,029</u>	<u>2,117,667</u>
Total Liabilities and Fund Balances	<u>\$ 1,806,221</u>	<u>\$ 888,401</u>	<u>\$ 581,949</u>	<u>\$ 3,276,571</u>

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

CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>College Construction</u>	<u>Library Construction</u>	<u>Gilpin Falls Construction</u>	<u>Total</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 696,594	\$ 696,594
EXPENDITURES				
Capital Outlay	944,956	150,000	840,844	1,935,800
(Deficiency) of Revenues (Under) Expenditures	<u>(944,956)</u>	<u>(150,000)</u>	<u>(144,250)</u>	<u>(1,239,206)</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	751,000	-	-	751,000
Transfers In	819,000	750,000	-	1,569,000
Total Other Financing Sources	<u>1,570,000</u>	<u>750,000</u>	<u>-</u>	<u>2,320,000</u>
Net Change in Fund Balances	625,044	600,000	(144,250)	1,080,794
Fund Balances - June 30, 2009	<u>509,193</u>	<u>288,401</u>	<u>239,279</u>	<u>1,036,873</u>
Fund Balances - June 30, 2010	<u>\$ 1,134,237</u>	<u>\$ 888,401</u>	<u>\$ 95,029</u>	<u>\$ 2,117,667</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.

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

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, 2010

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current Assets:				
Cash	\$ 1,514,273	\$ -	\$ -	\$ 1,514,273
Investments	3,042,895	1,175,552	-	4,218,447
Receivables, Net:				
Accounts	813,422	-	593	814,015
Inventory	-	-	23,958	23,958
Prepaid Items & Other Assets	<u>135,400</u>	<u>75,000</u>	<u>-</u>	<u>210,400</u>
Total Current Assets	<u>5,505,990</u>	<u>1,250,552</u>	<u>24,551</u>	<u>6,781,093</u>
Non-Current Assets:				
Capital Assets, Net:				
Buildings	-	-	223,448	223,448
Machinery & Equipment	<u>-</u>	<u>-</u>	<u>38,663</u>	<u>38,663</u>
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>262,111</u>	<u>262,111</u>
Total Assets	<u>5,505,990</u>	<u>1,250,552</u>	<u>286,662</u>	<u>7,043,204</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	33,266	159,131	192,397
Due to Other Funds	645	-	127,531	128,176
Accrued Expenses	1,098,254	1,039,075	-	2,137,329
Unearned Revenue	<u>341</u>	<u>-</u>	<u>-</u>	<u>341</u>
Total Liabilities	<u>1,099,240</u>	<u>1,072,341</u>	<u>286,662</u>	<u>2,458,243</u>
NET ASSETS				
Invested in Capital Assets	-	-	262,111	262,111
Unrestricted (Deficit)	<u>4,406,750</u>	<u>178,211</u>	<u>(262,111)</u>	<u>4,322,850</u>
Total Net Assets	<u>\$ 4,406,750</u>	<u>\$ 178,211</u>	<u>\$ -</u>	<u>\$ 4,584,961</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
Operating Revenues:				
Charges for Services	\$ 8,372,726	\$ 1,767,779	\$ 1,343,760	\$ 11,484,265
Operating Expenses:				
Benefit Payments	7,678,767	1,352,758	-	9,031,525
Materials, Supplies, and Services	520,270	237,176	1,325,011	2,082,457
Depreciation	-	-	20,004	20,004
Total Operating Expenses	<u>8,199,037</u>	<u>1,589,934</u>	<u>1,345,015</u>	<u>11,133,986</u>
Operating Income (Loss)	<u>173,689</u>	<u>177,845</u>	<u>(1,255)</u>	<u>350,279</u>
Non-Operating Revenues				
Investment Earnings	83,500	366	-	83,866
Gain on Fixed Asset Disposals	-	-	1,255	1,255
Total Non-Operating Revenues	<u>83,500</u>	<u>366</u>	<u>1,255</u>	<u>85,121</u>
Change in Net Assets	257,189	178,211	-	435,400
Net Assets - June 30, 2009	<u>4,149,561</u>	<u>-</u>	<u>-</u>	<u>4,149,561</u>
Net Assets - June 30, 2010	<u>\$ 4,406,750</u>	<u>\$ 178,211</u>	<u>\$ -</u>	<u>\$ 4,584,961</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
Cash Flows From Operating Activities:				
Receipts from Service Charges & Insured	\$ 7,650,609	\$ 1,767,779	\$ 1,343,046	\$ 10,761,434
Payments to Suppliers and Providers	<u>(8,141,524)</u>	<u>(592,593)</u>	<u>(1,301,752)</u>	<u>(10,035,869)</u>
Net Cash Provided by Operating Activities	<u>(490,915)</u>	<u>1,175,186</u>	<u>41,294</u>	<u>725,565</u>
Cash Flows From Non-Capital Financing Activities:				
Advances to Other Funds	<u>645</u>	<u>-</u>	<u>(42,549)</u>	<u>(41,904)</u>
Net Cash Flows From Non-Capital Financing Activities	<u>645</u>	<u>-</u>	<u>(42,549)</u>	<u>(41,904)</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition of Capital Assets	-	-	-	-
Proceeds from Sale of Capital Assets	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>1,255</u>
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>1,255</u>	<u>1,255</u>
Cash Flows From Investing Activities:				
Interest on Investments	<u>83,500</u>	<u>366</u>	<u>-</u>	<u>83,866</u>
Net Cash Flows From Non-Capital Financing Activities	<u>83,500</u>	<u>366</u>	<u>-</u>	<u>83,866</u>
Net Increase in Cash and Cash Equivalents	(406,770)	1,175,552	-	768,782
Cash and Cash Equivalents - June 30, 2009	<u>4,963,938</u>	<u>-</u>	<u>-</u>	<u>4,963,938</u>
Cash and Cash Equivalents - June 30, 2010	<u>\$ 4,557,168</u>	<u>\$ 1,175,552</u>	<u>\$ -</u>	<u>\$ 5,732,720</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income (loss)	\$ 173,689	\$ 177,845	\$ (1,255)	\$ 350,279
Adjustments to Reconcile Operating Income to Net Cash provided by (Used in) Operating Activities:				
Depreciation	-	-	20,004	20,004
Effect of changes in Assets and Liabilities:				
Accounts Receivable	(722,458)	-	(593)	(723,051)
Inventory	-	-	(121)	(121)
Prepaid Items	(14,400)	(75,000)	-	(89,400)
Accounts Payable	-	-	23,259	23,259
Accrued Expenses	71,913	1,072,341	-	1,144,254
Unearned Revenue	<u>341</u>	<u>-</u>	<u>-</u>	<u>341</u>
Total Adjustments	<u>(664,604)</u>	<u>997,341</u>	<u>42,549</u>	<u>375,286</u>
Net Cash Provided by Operating Activities	<u>\$ (490,915)</u>	<u>\$ 1,175,186</u>	<u>\$ 41,294</u>	<u>\$ 725,565</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, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
COLLECTIONS - STATE TAXES				
Assets				
Cash	\$ 143,880	\$ 24,640,305	\$ (24,537,175)	\$ 247,010
Accounts Receivable - Property Taxes	<u>1,504</u>	<u>14,354,554</u>	<u>(14,324,471)</u>	<u>31,587</u>
Total Assets	<u>\$ 145,384</u>	<u>\$ 38,994,859</u>	<u>\$ (38,861,646)</u>	<u>\$ 278,597</u>
Liabilities				
Due to Other Governments	<u>\$ 145,384</u>	<u>\$ 36,672,659</u>	<u>\$ (36,539,446)</u>	<u>\$ 278,597</u>
Total Liabilities	<u>\$ 145,384</u>	<u>\$ 36,672,659</u>	<u>\$ (36,539,446)</u>	<u>\$ 278,597</u>
COLLECTIONS - STATE BAY RESTORATION FEE				
Assets				
Cash	\$ 358,766	\$ 1,728,728	\$ (1,722,262)	\$ 365,232
Accounts Receivable - Fees	<u>70,242</u>	<u>878,621</u>	<u>(877,333)</u>	<u>71,530</u>
Total Assets	<u>\$ 429,008</u>	<u>\$ 2,607,349</u>	<u>\$ (2,599,595)</u>	<u>\$ 436,762</u>
Liabilities				
Due to Other Governments	<u>429,008</u>	<u>3,023,399</u>	<u>(3,015,645)</u>	<u>436,762</u>
Total Liabilities	<u>\$ 429,008</u>	<u>\$ 3,023,399</u>	<u>\$ (3,015,645)</u>	<u>\$ 436,762</u>
COLLECTIONS - CECILTON				
Assets				
Cash	\$ 589	\$ 281,966	\$ (281,002)	\$ 1,553
Accounts Receivable - Fees & Taxes	<u>-</u>	<u>198,685</u>	<u>(197,997)</u>	<u>688</u>
Total Assets	<u>\$ 589</u>	<u>\$ 480,651</u>	<u>\$ (478,999)</u>	<u>\$ 2,241</u>
Liabilities				
Due to Other Governments	<u>589</u>	<u>470,317</u>	<u>(468,665)</u>	<u>2,241</u>
Total Liabilities	<u>\$ 589</u>	<u>\$ 470,317</u>	<u>\$ (468,665)</u>	<u>\$ 2,241</u>
COLLECTIONS - CHESAPEAKE CITY				
Assets				
Cash	\$ 443	\$ 735,382	\$ (731,452)	\$ 4,373
Accounts Receivable - Property Taxes	<u>-</u>	<u>435,058</u>	<u>(434,597)</u>	<u>461</u>
Total Assets	<u>\$ 443</u>	<u>\$ 1,170,440</u>	<u>\$ (1,166,049)</u>	<u>\$ 4,834</u>
Liabilities				
Due to Other Governments	<u>443</u>	<u>1,160,746</u>	<u>(1,156,355)</u>	<u>4,834</u>
Total Liabilities	<u>\$ 443</u>	<u>\$ 1,160,746</u>	<u>\$ (1,156,355)</u>	<u>\$ 4,834</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
COLLECTIONS - CHARLESTOWN				
Assets				
Cash	\$ 1,118	\$ 646,316	\$ (643,109)	4,325
Accounts Receivable - Property Taxes	<u>5</u>	<u>363,588</u>	<u>(363,134)</u>	<u>459</u>
Total Assets	\$ 1,123	\$ 1,009,904	\$ (1,006,243)	\$ 4,784
Liabilities				
Due to Other Governments	<u>1,123</u>	<u>1,001,004</u>	<u>(997,343)</u>	<u>4,784</u>
Total Liabilities	\$ 1,123	\$ 1,001,004	\$ (997,343)	\$ 4,784
COLLECTIONS - ELKTON				
Assets				
Cash	\$ 83,828	\$ 11,013,935	\$ (10,987,563)	\$ 110,200
Accounts Receivable - Property Taxes	<u>6,858</u>	<u>6,210,271</u>	<u>(6,202,151)</u>	<u>14,978</u>
Total Assets	\$ 90,686	\$ 17,224,206	\$ (17,189,714)	\$ 125,178
Liabilities				
Due to Other Governments	<u>90,686</u>	<u>17,072,731</u>	<u>(17,038,239)</u>	<u>125,178</u>
Total Liabilities	\$ 90,686	\$ 17,072,731	\$ (17,038,239)	\$ 125,178
COLLECTIONS - NORTH EAST				
Assets				
Cash	\$ 7,907	\$ 3,352,418	\$ (3,349,851)	\$ 10,474
Accounts Receivable - Fees & Taxes	<u>2,969</u>	<u>1,776,103</u>	<u>(1,773,244)</u>	<u>5,828</u>
Total Assets	\$ 10,876	\$ 5,128,521	\$ (5,123,095)	\$ 16,302
Liabilities				
Due to Other Governments	<u>10,876</u>	<u>5,106,931</u>	<u>(5,101,505)</u>	<u>16,302</u>
Total Liabilities	\$ 10,876	\$ 5,106,931	\$ (5,101,505)	\$ 16,302
COLLECTIONS - PORT DEPOSIT				
Assets				
Cash	\$ 10,311	\$ 817,266	\$ (820,679)	\$ 6,898
Accounts Receivable - Property Taxes	<u>820</u>	<u>429,077</u>	<u>(426,913)</u>	<u>2,984</u>
Total Assets	\$ 11,131	\$ 1,246,343	\$ (1,247,592)	\$ 9,882
Liabilities				
Due to Other Governments	<u>11,131</u>	<u>1,238,002</u>	<u>(1,239,251)</u>	<u>9,882</u>
Total Liabilities	\$ 11,131	\$ 1,238,002	\$ (1,239,251)	\$ 9,882

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
COLLECTIONS - PERRYVILLE				
Assets				
Cash	\$ 30,827	\$ 2,811,517	\$ (2,832,680)	\$ 9,664
Accounts Receivable - Property Taxes	<u>1,897</u>	<u>1,698,884</u>	<u>(1,699,661)</u>	<u>1,120</u>
Total Assets	<u>\$ 32,724</u>	<u>\$ 4,510,401</u>	<u>\$ (4,532,341)</u>	<u>\$ 10,784</u>
Liabilities				
Due to Other Governments	<u>32,724</u>	<u>4,516,086</u>	<u>(4,538,026)</u>	<u>10,784</u>
Total Liabilities	<u>\$ 32,724</u>	<u>\$ 4,516,086</u>	<u>\$ (4,538,026)</u>	<u>\$ 10,784</u>
TOTALS - ALL FUNDS				
Assets				
Cash	\$ 637,669	\$ 46,027,833	\$ (45,905,773)	\$ 759,729
Accounts Receivable - Fees & Taxes	<u>84,295</u>	<u>26,344,841</u>	<u>(26,299,501)</u>	<u>129,635</u>
Total Assets	<u>\$ 721,964</u>	<u>\$ 72,372,674</u>	<u>\$ (72,205,274)</u>	<u>\$ 889,364</u>
Liabilities				
Due to Other Governments	<u>721,964</u>	<u>70,261,875</u>	<u>(70,094,475)</u>	<u>889,364</u>
Total Liabilities	<u>\$ 721,964</u>	<u>\$ 70,261,875</u>	<u>\$ (70,094,475)</u>	<u>\$ 889,364</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	105
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity - Tables V to VIII	110
These schedules contain information to help the reader assess the County's most significant revenue source, the property tax	
Debt Capacity - Tables IX to XIII	114
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information - Tables XIV - XVI	118
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
Operating Information - Tables XVII to XVIII	121
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the services it performs.	

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

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Table I

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

	2006	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES					
Invested in Capital Assets, Net of Related Debt	\$ 87,707,104	\$ 109,193,073	\$ 118,947,569	\$ 121,977,339	\$ 92,151,177
Restricted	4,463,489	4,461,531	4,964,961	4,429,739	3,808,530
Unrestricted (Deficit)	11,042,730	(12,806,585)	(17,557,877)	(26,085,408)	4,360,508
Total Governmental Activities Net Assets	\$ 103,213,323	\$ 100,848,019	\$ 106,354,653	\$ 100,321,670	\$ 100,320,215
BUSINESS-TYPE ACTIVITIES					
Invested in Capital Assets, Net of Related Debt	\$ 20,670,342	\$ 23,793,438	\$ 31,193,004	\$ 33,060,858	\$ 23,757,957
Restricted	929,726	923,596	728,355	8,603,936	8,596,108
Unrestricted	10,017,900	7,598,850	8,216,737	(221,754)	7,618,989
Total Business-type Activities Net Assets	\$ 31,617,968	\$ 32,315,884	\$ 40,138,096	\$ 41,443,040	\$ 39,973,054
PRIMARY GOVERNMENT					
Invested in Capital Assets, Net of Related Debt	\$ 108,377,446	\$ 132,986,511	\$ 150,140,573	\$ 155,038,197	\$ 115,909,134
Restricted	5,393,215	5,385,127	5,693,316	13,033,675	12,404,638
Unrestricted	21,060,630	(5,207,735)	(9,341,140)	(26,307,162)	11,979,497
Total Primary Government Net Assets	\$ 134,831,291	\$ 133,163,903	\$ 146,492,749	\$ 141,764,710	\$ 140,293,269

Table II

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

	2006	2007	2008	2009	2010
EXPENSES					
Governmental Activities:					
General Government	\$ 8,566,145	\$ 10,421,606	\$ 11,919,037	\$ 13,303,837	\$ 13,294,360
Public Safety	24,026,137	28,205,141	31,247,533	33,334,883	34,059,214
Highways, Streets, and Bridges	11,364,774	13,348,855	13,669,424	13,981,175	13,432,401
Health and Welfare	9,124,169	10,219,407	10,937,738	11,756,789	12,100,852
Recreation and Culture	199,476	340,882	665,321	880,408	1,008,810
Education	75,496,621	96,385,038	87,757,907	96,520,700	83,991,156
Public Libraries	2,986,777	3,876,453	5,056,857	4,681,578	4,613,704
Economic Development	959,773	1,181,638	1,130,391	1,214,647	1,100,961
Agriculture	464,606	2,386,359	2,184,443	2,131,412	1,230,023
Interest on Long-Term Debt	3,507,162	4,330,990	5,393,680	5,492,318	6,060,747
Total Governmental Activities Expenses	136,695,640	170,696,370	169,962,331	183,297,747	170,892,228
Business-Type Activities:					
Water	824,410	867,921	922,353	1,103,638	1,097,403
Wastewater	3,511,634	3,953,215	4,303,249	5,069,605	5,290,073
Landfill	4,065,771	4,631,952	4,473,534	4,830,035	6,165,937
Total Business-Type Activities Expenses	8,401,815	9,453,088	9,699,136	11,003,278	12,553,413
Total Primary Government Expenses	\$ 145,097,455	\$ 180,149,458	\$ 179,661,467	\$ 194,301,025	\$ 183,445,641
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Government	\$ 1,212,604	\$ 1,092,989	\$ 1,214,042	\$ 1,163,371	\$ 5,319,506
Public Safety	2,836,791	2,598,355	2,317,402	2,136,375	2,102,300
Highways, Streets, and Bridges	658,621	1,206,587	511,444	376,370	404,378
Other Activities	165,935	240,852	229,465	322,033	388,457
Operating Grants and Contributions	15,645,620	16,731,002	22,453,267	17,265,269	12,792,599
Capital Grants and Contributions	4,582,308	3,224,095	1,183,860	3,150,745	1,518,598
Total Governmental Activities Revenues	25,101,879	25,093,880	27,909,480	24,414,163	22,525,838

Business-Type Activities:									
Charges for Services:									
Water	755,310	787,028	1,263,870	1,308,395	1,228,117				
Wastewater	3,883,929	2,477,454	2,986,929	3,372,665	3,362,841				
Landfill	5,596,761	5,410,707	5,356,985	4,556,694	4,566,354				
Capital Grants and Contributions	747,580	1,373,258	4,803,214	2,964,543	1,901,600				
Total Business-Type Activities Revenues	<u>10,983,580</u>	<u>10,048,447</u>	<u>14,410,998</u>	<u>12,202,297</u>	<u>11,058,912</u>				
Total Primary Government Revenues	\$ 36,085,459	\$ 35,142,327	\$ 42,320,478	\$ 36,616,460	\$ 33,584,750				
OTHER CHANGES IN NET ASSETS									
Governmental Activities:									
Taxes									
Property Taxes	\$ 72,324,454	\$ 80,546,737	\$ 86,399,908	\$ 96,078,658	\$ 101,463,330				
Income Taxes	46,103,323	46,864,546	50,565,845	49,358,649	45,825,168				
Investment Earnings	3,203,450	5,159,287	3,800,175	2,054,515	969,436				
Other Revenues including Capital Asset Sales Gains (Losses)	34,099	1,965,275	61,174	345,432	(2,514)				
Grants, Entitlements, and Contributions not Restricted to Specific Programs	10,331,555	8,701,341	6,714,410	5,013,347	109,595				
Total Governmental Activities	<u>131,996,881</u>	<u>143,237,186</u>	<u>147,541,512</u>	<u>152,850,601</u>	<u>148,365,015</u>				
Business-Type Activities:									
Investment Earnings	48,257	63,057	147,605	87,616	23,167				
Other Revenues including Capital Asset Sales Gains (Losses)	12,369	39,500	2,905,486	18,309	1,348				
Total Business-Type Activities	<u>60,626</u>	<u>102,557</u>	<u>3,053,091</u>	<u>105,925</u>	<u>24,515</u>				
Total Primary Government	\$ 132,057,507	\$ 143,339,743	\$ 150,594,603	\$ 152,956,526	\$ 148,389,530				
CHANGE IN NET ASSETS									
Governmental Activities	\$ 20,403,120	\$ (2,365,304)	\$ 5,488,661	\$ (6,032,983)	\$ (1,375)				
Business-Type Activities	2,642,391	697,916	7,764,953	1,304,944	(1,469,986)				
Total Primary Government	<u>\$ 23,045,511</u>	<u>\$ (1,667,388)</u>	<u>\$ 13,253,614</u>	<u>\$ (4,728,039)</u>	<u>\$ (1,471,361)</u>				

Table III

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL FUND										
Non-Spendable Fund Balance	\$ -	\$ 1,123,470	\$ 1,055,428	\$ 1,083,012	\$ 984,084	\$ 749,029	\$ 1,200,339	\$ 650,647	\$ 885,779	\$ 1,304,977
Restricted Fund Balance										
Unrestricted Fund Balance										
Committed Fund Balance	9,070,216	7,810,401	8,008,308	8,609,209	9,886,289	11,124,105	11,508,756	12,091,588	12,254,857	15,089,601
Assigned Fund Balance	7,301,976	9,284,907	7,704,491	10,059,038	16,256,302	22,814,258	17,986,174	18,350,751	11,466,595	8,267,000
Unassigned Fund Balance	4,206,226	5,167,768	6,548,330	8,534,636	7,938,314	5,533,641	5,106,793	7,629,769	11,762,656	9,979,389
Total General Fund	\$ 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	\$ 34,640,967
ALL OTHER GOVERNMENTAL FUNDS										
Non-Spendable Fund Balance	\$ 75,585	\$ 514,001	\$ 660,651	\$ 1,655,815	\$ 10,079,721	\$ 319,003	\$ 280,791	\$ 504,735	\$ 452,524	\$ 415,600
Restricted Fund Balance	1,170,334	2,318,015	2,538,876	1,665,713	2,281,234	4,509,338	4,461,531	4,964,961	4,429,739	3,808,570
Unrestricted Fund Balance:										
Committed Fund Balance	3,323,464	5,405,047	4,975,972	6,530,771	2,548,950	25,630,862	21,888,689	23,923,855	28,322,186	34,784,997
Total All Other Governmental Funds	\$ 4,569,383	\$ 8,237,063	\$ 8,175,499	\$ 9,852,299	\$ 14,909,905	\$ 30,459,203	\$ 26,631,011	\$ 29,393,551	\$ 33,204,449	\$ 39,009,167

Table IV

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Property Taxes	\$ 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	\$ 101,345,357
Income Taxes	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	46,816,208
Licenses and Permits	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	1,320,505
Intergovernmental	15,089,086	18,361,113	22,160,465	19,993,244	21,936,800	28,756,685	25,679,805	29,783,816	24,422,814	13,787,534
Charges for Services	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	6,917,459
Investment Earnings	2,198,496	1,035,166	702,722	621,827	1,221,236	3,049,037	4,940,692	3,559,933	1,911,428	885,570
Contributions and Other Revenues	360,885	688,533	539,958	85,264	201,538	227,147	2,195,852	136,666	178,025	221,808
Total Revenues	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	171,294,441
EXPENDITURES										
General Government	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	11,767,891
Public Safety	14,985,144	15,866,760	18,355,160	19,400,748	21,967,248	24,051,219	27,881,771	30,385,329	32,059,207	33,410,429
Highways, Streets, and Bridges	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	8,525,908
Health and Welfare	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	12,271,033
Recreation and Culture	211,089	449,184	401,404	177,808	544,098	384,103	1,084,736	5,057,786	825,005	869,993
Education	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	76,577,821
Public Libraries	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	4,438,926
Economic Development	934,080	591,931	594,456	697,522	689,124	961,816	1,182,390	1,151,965	1,201,887	1,096,197
Agriculture	305,256	1,162,567	733,528	1,076,099	447,505	464,634	2,388,275	2,182,731	2,126,544	1,233,444
Municipalities	330,482	1,133,856	402,968	407,229	456,525	498,225	558,077	691,663	757,448	820,631
Capital Outlay	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	14,442,264
Debt Service:										
Principal	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	10,127,743
Interest	2,693,922	2,919,268	2,953,205	2,851,153	2,882,868	3,147,065	4,026,203	5,102,747	5,399,155	5,856,178
Total Expenditures	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	181,438,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	(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)	(10,144,017)
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Asset Disposal	61,687	49,102	77,703	48,264	214,898	112,617	95,045	129,571	772,086	70,529
Capital Leases	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	13,870,000
Premium on Debt Issued	-	-	136,928	195,104	65,865	1,029,791	274,166	485,778	732,707	697,594
Refunding Bonds Issued	-	-	-	(10,194,994)	-	11,755,000	-	-	-	9,710,000
Bond Issuance Cost	-	-	-	-	-	(595,443)	(274,166)	(302,215)	(117,704)	(309,186)
Transfer to Refunding Agent	-	-	(6,874,041)	-	-	(11,949,000)	-	-	-	(9,819,040)
Transfers In	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	27,613,044
Transfers Out	(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)	(27,613,044)
Total Other Financing Sources (Uses)	2,986,877	16,162,048	5,135,590	11,188,374	9,308,863	28,351,870	28,822,185	28,888,134	24,407,089	14,219,897
Net Change in Fund Balances	(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	4,075,880
Prior Period Adjustments	(193,859)	482,991	-	-	-	-	-	-	-	-
Net Change in Fund Balances	\$ (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	\$ 4,075,880
Debt Service as a Percentage of Non-capital Expenditures	8.01%	8.87%	7.70%	7.94%	7.28%	7.30%	7.99%	8.97%	9.15%	9.57%

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

Table V

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

Fiscal Year Ended June 30	Residential Property			Real Property			Personal Property			Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate ¹
	Property	Governmental	Commercial / Industrial	Agricultural	Public Utilities	Other	Public Utilities	Other	Other			
2010	\$ 7,931,814,707	n/a	\$ 1,808,137,513	\$601,504,059	\$ 133,390,680	\$ 183,492,540	\$ 133,390,680	\$ 183,492,540	\$ 677,356,425	\$ 9,980,983,074	0.918	
2009	7,810,141,161	n/a	1,679,833,744	548,985,870	133,234,270	180,868,020	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	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	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	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	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	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	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	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	153,325,070	113,481,860	69,852,500	4,933,669,165	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.

Table VI

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

	<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>	<u>2010</u>
Cecil County Direct Rates										
Real Property	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.960	\$0.960	\$0.960	\$ 0.940
Personal Property	2.450	2.450	2.450	2.450	2.450	2.450	2.400	2.400	2.400	0.235
² Total Direct Tax Rate	1.064	1.068	1.063	1.048	1.046	1.046	1.043	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	0.219
Charlestown	0.320	0.320	0.320	0.320	0.320	0.320	0.280	0.280	0.280	0.280
Chesapeake City	0.472	0.470	0.470	0.472	0.472	0.462	0.462	0.420	0.420	0.425
Elkton	0.444	0.444	0.444	0.544	0.544	0.544	0.544	0.504	0.504	0.464
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	0.362	0.362	0.362	0.362	0.353
Port Deposit	0.600	0.580	0.580	0.580	0.551	0.551	0.551	0.551	0.551	0.551
Rising Sun	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360

Sources: Cecil County Treasurer's Office
The government of each town establishes its 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	2001			2010		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
W.L. Gore & Associates, Inc.	\$ 62,994,353		3.10%	\$ 132,841,222	1	1.33%
Delmarva Power & Light Company	70,218,690		3.45%	82,904,200	2	0.83%
Ikea Property, Inc.				34,043,678	3	0.34%
Pine Valley, LLC				31,420,940	4	0.31%
Verizon-Maryland				31,179,880	5	0.31%
VRS Stonegate, LLC (formally Magazine Stongate LLC.)				27,599,580	6	0.28%
Chesapeake Ridge, LLC				25,793,432	7	0.26%
Terumo Medical Corporation	11,638,900		0.57%	23,393,290	8	0.23%
Pettinaro Enterprises				23,374,992	9	0.23%
Kenneth O. Lester Company, Inc	-		-	20,231,360	10	0.20%
Totals	\$ 144,851,943		7.12%	\$ 432,782,574		4.34%

Source: Cecil County Treasurer's Office.

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

Table VIII

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

Fiscal Year	Total Tax Levy ¹	Collected within the Fiscal Year of Levy		Collections in	Total Collections to Date	
	for Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy
2010	\$ 95,516,854	\$ 94,315,657	98.7%	\$ -	\$ 94,315,657	98.7%
2009	93,799,686	93,433,467	99.6%	348,902	93,782,369	100.0%
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		Percentage of	
	General Obligation Bonds	Economic Development Bonds	Capital Leases	Special Assessment Bonds	Water Bonds	Wastewater Bonds	Landfill Bonds	Capital Leases	Primary Government	Personal Income	Per Capita ¹	
2010	\$ 152,424,991	\$ -	\$ 1,521,017	\$ 148,548	\$ -	\$ 46,887,137	\$ 3,190,000	\$ -	\$ 204,171,693	5.46%	\$ 2,026	
2009	147,566,584	-	2,088,882	161,836	-	31,324,561	3,625,000	699,344	185,466,207	5.21%	1,856	
2008	132,552,771	-	2,634,911	173,384	-	27,435,710	4,040,000	912,603	167,749,379	5.41%	1,688	
2007	114,842,045	-	-	184,934	-	19,289,499	4,430,000	-	138,746,478	4.20%	1,394	
2006	94,952,363	831,578	-	184,981	-	19,358,859	4,800,000	-	120,127,781	4.28%	1,292	
2005	73,482,009	883,543	-	53,407	-	14,494,145	5,150,000	-	94,063,104	3.35%	1,012	
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	

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		
2010	\$ 152,424,991	\$ -	\$ 152,424,991	1.53%	\$1,512.21
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

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 relent 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, 2010**

<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%	\$ 2,298,935
North East	429,736	100%	346,058
Perryville	271,510	100%	249,500
Rising Sun	1,271,523	100%	<u>1,198,331</u>
Subtotal - Overlapping Debt			4,092,824
Cecil County Direct Debt	152,424,991	100%	<u>152,424,991</u>
Totals			<u>\$ 156,517,815</u>

Sources: Cecil County Treasurer's Office
The government of each town is the source of its respective debt.

Table XII

**LEGAL DEBT LIMITATION INFORMATION
(Unaudited)**

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

Table XIV

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

Calendar Year	Population^a	Personal Income^{a,1}	Per Capita Income^a	Average Employment^{b,2}	Average Unemployment Rate^{b,2}	Median Price of Housing Sales^d	School Enrollment^{c,3}
2009	100,796	\$ 3,736,203,000	\$ 37,381	46,259	9.0%	\$ 225,000	16,271
2008	99,926	3,562,166,000	35,648	48,310	5.3%	235,000	16,290
2007	99,368	3,562,166,000	35,848	48,844	3.9%	255,000	16,421
2006	99,506	3,304,992,284	33,214	48,621	4.3%	299,000	16,521
2005	97,796	3,012,408,000	30,960	47,712	4.6%	225,000	16,535
2004	92,951	2,807,169,000	30,201	46,494	4.4%	199,000	16,475
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

Sources: ^a U.S. Census Bureau

^b Maryland Department of Labor, Licensing, and Regulation (DLLR)
BEA and DLLR data is presented as revised periodically based on census and survey results and analysis, and changes to statistical benchmarks.

^c Maryland Department of Planning, Planning Data Services
Employment data for 1998-1999 is from the U.S. Bureau of Labor Statistics

^c Cecil County Board of Education Annual Budgets

^d Maryland Association of Realtors

Notes: ¹ Personal Income is a total for the year.

² Employment and unemployment rates are adjusted annual averages. Employment is calculated as the count of County citizens employed in any location (i.e., inside or outside the County).

³ School enrollment is for the school year ended in June of the calendar year.

Table XV

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

Taxpayer	2001			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Cecil County Board of Education	1,907	1	4.13%	2,328	1	5.03%
W.L. Gore & Associates, Inc.	1,792	2	3.88%	2,302	2	4.98%
Perry Point V.A. Hospital	1,284	3	2.78%	1,125	3	2.43%
Union Hospital	700	4	1.52%	1,000	4	2.16%
ATK Tactical Systems (formerly Thiokol Corp.)	420	8	0.91%	750	5	1.62%
Cecil County Government	469	6	1.02%	577	6	1.25%
Wal-Mart Stores, Inc.	-	-	-	500	7	1.08%
IKEA Maryland	-	-	-	370	8	0.80%
Terumo Medical Corp.	550	5	1.19%	345	9	0.75%
Cecil College	-	-	-	300	10	0.65%
Basell North America	250	10	0.54%	-	-	-
Acme Markets	260	9	0.56%	-	-	-
Maryland Transportation	468	7	1.01%	-	-	-
Totals	8,100		17.54%	9,597		20.75%

Sources: Cecil County Department of Economic Development

Table XVI

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST TEN 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>	<u>2010</u>
General Government	79.96	81.46	86.17	90.00	97.50	85.00	91.00	91.00	103.00	104.00
Public Safety	242.12	247.95	253.95	257.95	260.45	251.00	260.00	282.00	298.00	289.00
Law Enforcement	80.00	83.00	82.00	83.00	84.00	86.00	83.00	87.00	92.00	96.00
Detention Center	59.30	60.00	60.00	60.00	57.50	52.00	57.00	66.00	62.00	55.00
EMS & Emergency Services	47.82	49.95	55.45	56.95	56.95	52.00	61.00	67.00	86.00	80.00
Other	55.00	55.00	56.50	58.00	62.00	61.00	59.00	62.00	58.00	58.00
Highways, Streets, and Bridges	63.00	64.00	68.50	66.00	66.00	69.00	70.00	76.00	72.00	67.00
Roads Maintenance	46.00	46.00	48.00	47.00	46.00	42.00	45.00	47.00	45.00	43.00
Engineering and Other	17.00	18.00	20.50	19.00	20.00	27.00	25.00	29.00	27.00	24.00
Health and Welfare	53.40	52.25	54.75	55.75	59.25	43.00	49.00	44.00	50.00	60.00
Senior Services	22.00	22.00	24.00	24.00	26.00	22.00	33.00	24.00	27.00	27.00
Other	31.40	30.25	30.25	31.75	33.25	21.00	16.00	20.00	23.00	33.00
Recreation and Culture	2.00	2.00	2.00	2.00	2.00	2.00	3.00	5.00	6.00	7.00
Economic Development	4.00	5.50	6.50	5.50	5.50	4.00	5.00	4.00	6.00	6.00
Agriculture	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	5.00	5.00
Water	5.00	5.00	5.00	5.00	5.00	5.00	4.00	5.00	3.00	3.00
Wastewater	13.00	13.00	13.00	13.00	13.00	13.00	14.00	14.00	11.00	12.00
Landfill	21.00	23.00	22.00	22.00	23.00	20.00	24.00	25.00	24.00	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	577.00

Sources: Cecil County Budget and Human Resources Departments

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

Table XVII

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Physical Arrests	n/a	n/a	n/a	1,816	1,867	n/a	1,941	2,327	2,666	2,430
911 Calls	2,739	3,103	3,057	3,146	3,332	4,127	198,706	193,323	215,419	191,866
Fire/Paramedic Calls	8,240	12,337	12,228	12,670	13,865	13,304	n/a	16,207	16,553	13,201
Building Permits Issued	665	703	834	776	721	530	407	362	276	221
Highways, Streets, and Bridges										
Street Resurfacing (miles)	32.90	28.10	27.29	22.52	16.22	41.77	48.11	16.26	13.06	3.32
Health and Welfare										
Participants (avg. monthly)	944	1,108	1,207	800	967	1,025	1,300	1,600	1,155	1,078
Meals served	28,063	27,172	28,460	25,011	23,791	26,346	24,640	23,783	24,887	23,004
Bus Passengers	n/a	n/a	29,061	31,980	34,984	40,255	43,674	46,043	49,875	49,709
Recreation and Culture										
Safetyville (attendance)	152	141	146	158	142	139	110	116	102	103
Agriculture										
Acres under Preservation Agreements	8,823	10,752	11,686	12,154	12,154	12,154	12,890	12,890	13,750	13,808
Water										
Average Daily Consumption (thousands of gallons)	135,865	142,397	152,618	159,997	164,577	177,399	185,890	168,195	162,417	162,748
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	390,033	418,753	413,444	435,346	459,973	464,268	480,524	408,599	469,597	509,706
Landfill										
Annual Tons of Refuse	73,518	92,218	87,268	110,947	116,501	166,691	151,926	141,928	128,389	111,313

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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police Patrol Units	52	59	60	62	62	66	82	80	85	85
Paramedic Units	3	3	3	4	4	6	7	8	8	8
Highways, Streets, and Bridges										
Roads & Highways (miles)	585	587	588	594	599	601	601	601	601	601
Bridges	102	102	102	104	104	104	104	95	95	95
Health and Welfare										
Buses	8	8	9	9	9	10	11	10	13	15
Recreation and Culture										
Park Acreage	603	603	603	603	603	603	603	717	717	717
Water										
Production Capacity (millions of gallons per day)	0.400	0.400	0.400	0.400	0.400	0.468	0.529	0.800	1.348	1.348
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	2.890	2.890	2.890	3.060	3.060	3.065	3.065	3.065	3.065	3.065
Landfill										
Remaining Built Capacity (cubic yards)	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	2,420,000

Sources: Various Cecil County departments.

Note: Quantifiable and meaningful capital asset indicators are not available for all functions. FY2010 remaining Landfill capacity increased due to ongoing redevelopment project.