

Cecil County Maryland



Comprehensive Annual Financial Report For The Year Ended June 30, 2007

Prepared by the Cecil County Treasurer's Office



CECIL COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	i
Cecil County Organization Chart	vii
Principal Officials	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Major Funds	
General Fund	22
Housing Programs	23
Highway	24
Statement of Net Assets - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28

CECIL COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

	<u>Page</u>
Basic Financial Statements (Continued)	
Fund Financial Statements (Continued):	
Statement of Fiduciary Net Assets - Fiduciary Funds and Similar Component Unit	30
Statement of Changes in Fiduciary Net Assets and Similar Component Unit	31
Statement of Net Assets - Discretely Presented Nonfiduciary Component Units	32
Statement of Activities - Discretely Presented Nonfiduciary Component Units	33
Notes to the Financial Statements	
1. Summary of Significant Accounting Policies	35
2. Stewardship, Compliance, and Accountability	42
3. Deposits and Investment Portfolio Disclosure	43
4. Receivables	46
5. Notes Receivable	47
6. Capital Assets	48
7. Interfund Receivables, Payables, and Transfers	52
8. Long-Term Debt	52
9. Leases	57
10. Landfill Closure and Postclosure Care Costs	58
11. Reserved and Designated Fund Balances	58
12. Risk Management	59
13. Commitments and Contingencies	60
14. Retirement Plans and Benefits	61
15. Post-Retirement Health Care Benefits	63
16. Subsequent Events	64
Combining and Individual Fund Statements and Schedules:	
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual - General Fund	66
Combining Balance Sheet - Non-Major Governmental Funds	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	70

CECIL COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

	<u>Page</u>
Combining and Individual Fund Statements and Schedules (Continued):	
Combining Balance Sheet -	
Non-Major Governmental Funds - Special Revenue Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Non-Major Governmental Funds - Special Revenue Funds	73
Schedule of Revenues, Expenditures, and Changes in Fund Balances -	
Budget and Actual	
Non-Major Governmental Funds - Special Revenue Funds	
Community Adult Rehabilitation Center	74
Other Public Safety	75
Open Space	76
Agricultural Land Preservation	77
Gilpin Falls Covered Bridge	78
Senior Services & Community Transit	79
Economic Development Revolving Loan Fund	80
Combining Balance Sheet -	
Non-Major Governmental Funds - Capital Project Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
Non-Major Governmental Funds - Capital Project Funds	83
Balance Sheet - Debt Service Fund	86
Schedule of Revenues, Expenditures, and Changes in Fund Balances -	
Budget and Actual	
Non-Major Governmental Funds - Debt Service Fund	87
Combining Statement of Net Assets - Internal Service Funds	89
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets -	
Non-Major Governmental Funds - Internal Service Funds	90
Combining Statement of Cash Flows - Internal Service Funds	91
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	94

CECIL COUNTY, MARYLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS (Continued)

STATISTICAL SECTION

	<u>Table</u>	<u>Page</u>
Government-wide Net Asset Information:		
Net Assets by Component	I	99
Changes in Net Assets	II	100
Governmental Fund Information:		
Fund Balances of Governmental Funds	III	102
Changes in Fund Balances of Governmental Funds	IV	103
Assessable Value and Actual Value of Taxable Property	V	104
Direct and Overlapping Property Tax Rates	VI	105
Principal Property Taxpayers	VII	106
Property Tax Levies and Collections	VIII	107
Ratios of Outstanding Debt by Type	IX	108
Ratios of General Bonded Debt Outstanding	X	109
Direct and Overlapping Governmental Activities Debt	XI	110
Legal Debt Limitation Information	XII	110
Pledged-Revenues Coverage	XIII	111
Demographic and Economic Statistics	XIV	112
Principal Employers	XV	113
Full-Time Equivalent County Government Employees by Function	XVI	114
Operating Indicators by Function	XVII	115
Capital Asset Statistics by Function	XVIII	116





**INTRODUCTORY
SECTION**



PAMELA R. HOWARD
CECIL COUNTY TREASURER
129 EAST MAIN STREET, ROOM 117
ELKTON, MARYLAND 21921-5970

TELEPHONE: (410) 996-5385 OR (410) 658-4041
FAX: (410) 996-5319

October 31, 2007

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

Pursuant to Maryland state law that requires essentially all local governments to prepare a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants, we hereby issue the Comprehensive Annual Financial Report of Cecil County for the fiscal year ended June 30, 2007.

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 Santora CPA Group, 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, 2007, 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, 2007, 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.

The annual budget serves as the foundation for Cecil County's financial planning and control. The County maintains certain budgetary controls (further explained in Note 2 to the financial statements) to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Estimates. Activities of the General Fund, certain Special Revenue Funds, and the Debt Service Fund are included in the annual budget. The County Commissioners may pass budget amendments through the end of the fiscal year and, with certain limitations, department heads may make transfers of appropriations within a department. The County uses a six-year Capital Improvement Program to plan and budget for its capital projects. This plan is updated throughout the fiscal year and is used as a management tool for decisions involving the scheduling and funding of various capital projects. The County includes the current portion of the Capital Improvement Plan in its annual operating budget. The County maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual operating budget has been adopted. For the General Fund and other major funds, this comparison is presented starting on page 22 as part of the basic financial statements for the governmental funds. For non-major governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report starting on page 74.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A 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 over 99,500 over a land area of 352 square miles. The County is empowered to levy a property tax on real property and certain personal property used in business, an income tax on residents and non-residents working in the County, and to levy or collect various other taxes and charges for services. Cecil County provides a wide range of services to its citizens including police, a correctional institution, and emergency management; the construction and maintenance of highways, streets, bridges, other infrastructure; and recreational activities and cultural events. Fire protection is provided by several volunteer fire departments located throughout the County and the County assists with the funding of these companies. Water and wastewater services are provided by the County in certain areas and a central landfill is maintained. Cecil County is also financially accountable for, and provides significant financial

support to, the legally separate Board of Education of Cecil County, Cecil Community College, the Cecil County Public Library and the Bainbridge Development Corporation. These entities, considered component units of the County, are included in these financial statements and are further described in Note 1 to the financial statements.

Economic Condition and Outlook

Cecil County is located in the northeastern part of the State, midway between Baltimore and Philadelphia. 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. Much of this area is also accessible by rail and Cecil County is becoming a key spot for those industries in the Mid-Atlantic region that demand access to transportation afforded by rail-served land.

Cecil County has an abundance of industrial land available for development. The County continues to pursue its primary economic development objective of encouraging substantial growth in the industrial sector, particularly in the areas of light manufacturing, distribution, research and development, and corporate office development. Unemployment in the County rose slightly to 4.3% for fiscal year 2007. This is just slightly above the state average of 3.85% for the same period.

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. While growth continues in the manufacturing and distribution sectors, agriculture remains a major segment of the economy and the County is taking steps to preserve its farmland. Cecil County has a growing tourism industry due to ready access to the Chesapeake Bay and five of its tributaries, several parks and outdoor recreation areas, scenic small towns and a wealth of history. The County continues to maintain an attractive mix of suburban and rural areas.

Property taxes and local income taxes provided approximately 76% of Cecil County's operating revenue for the fiscal year ended June 30, 2007. Although revenues from these two sources have increased annually over the past several years and are expected to continue to grow due to a combination of residential, commercial and industrial growth and rising assessment values, 2007 tax revenue was less than originally budgeted. This shortfall contributed to a deficit of \$4,418,971 which reduced fund balance to \$35,802,062 of which \$5,606,793 is unreserved and undesignated.

Under the Base Realignment and Closure act (BRAC), the United States Army is in the process of moving jobs from Fort Monmoth, New Jersey to Aberdeen Proving Ground (APG), located less than fifteen miles from Cecil County's southwest border. This relocation is expected to affect the entire region around APG including Harford, Baltimore, and Cecil counties. While the Army's ordinance school will move, thus reducing the number of "military" jobs by about 4,000, the base will gain approximately 8,200 new civilian jobs in the electronics and advanced communications research and development fields. Average pay for the new jobs is expected to be in the upper \$80,000 range; 62% will require a four year degree and 20% will require a master's degree. Additionally, many new contractor jobs are expected to be created in the surrounding area.

Major Initiatives

Current Year. In fiscal year 2006-2007, the County funded several major programs designed to improve services for citizens including the following:

- Continued systematic repair or replacement of the counties bridges. Four bridges were completed and reopened in FY2007. Total expenditure for bridge replacement during the fiscal year was \$ 4,198,321.
- Substantial completion of the new public library in Perryville and relocation of the Chesapeake City library to larger quarters.
- Began work on a new County Administration building which is expected to be substantially completed by November 2007.

The County continues to fund much of its capital improvement program through pay-as-you-go funding. Accordingly, it has designated over \$13.2 million of its June 30, 2007, General Fund fund balance toward capital projects.

Over 460 new jobs were created in Cecil County as a result of new or expanded industrial development during FY2007. Two examples of the types of development the County experienced include:

- Perryville Cold Storage constructed a new 400,000 square foot rail-serviced, refrigerated distribution center in the Principio Business Park at a cost of \$30 million.
- New England Motor Freight began operations at their truck terminal in the North East Commerce Center. The terminal cost nine million dollars to construct and employs 150.
- Champion Properties completed construction of a 600,000 square foot regional distribution center.

Long Term. Due to its ideal location and BRAC, the County is one of the fastest growing counties in Maryland. While the economic future is bright, the County must find ways to manage this growth in order to preserve the quality of life its citizens now enjoy.

In the area of education, renovation on Elkton High School and Perryville Middle School will continue throughout FY08, as well as renovation of the Calvert Elementary School and Perryville High School. Construction on the new library in Perryville is substantially complete with expected occupancy in late 2007. Planning will begin for renovation of the physical education building at the Cecil Community College Main Campus.

Showing a commitment to the future development of Cecil County, several firms are in the process of building in Cecil County. Some examples include:

- PTFE Compounds is building a 40,000 square foot manufacturing facility.
- Strickland Steel, a metal fabrication company, is building a 10,000 square foot facility in the Triumph Industrial Park
- Cecil Technology Campus has completed a 45,000 speculative building in the Principio Industrial Park. When finished, the campus will contain 225,000 square feet of office facilities.

Factors Affecting Financial Condition

Debt Administration. Moody's Investors Service has raised the County's rating on its general obligation debt to Aa3 while the rating from Standard & Poor's Corporation has remained AA-. Under current State statutes, the County's general obligation bonded debt issuances are subject to authorization by the Maryland State Legislature. The County has ongoing authority under State law to issue bonds for water and sewer projects up to 15% of the assessable base. At June 30, 2007, the County's net general obligation debt was \$114,842,045 and debt per capita equaled \$1,154.12.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, or other investments authorized by State statute and the County's Investment Policy. Each bank holding County funds provides regular reports of collateralization of the County's deposits. The County earned interest revenue of \$4,895,423 on all investments (excluding component units) for the year ended June 30, 2007.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. All investments held by the County during the year ended June 30, 2007, were classified in the lowest risk category as defined by the Governmental Accounting Standards Board.

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

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

The County also provides \$75 per month towards post-retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 59 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. While GAAP does not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits the County will be required to report this liability in next year.

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

Awards and Acknowledgements

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cecil County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the twenty-first consecutive year that the government has received this prestigious award which recognizes conformance with the highest standards for preparation of state and local government

financial reports. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

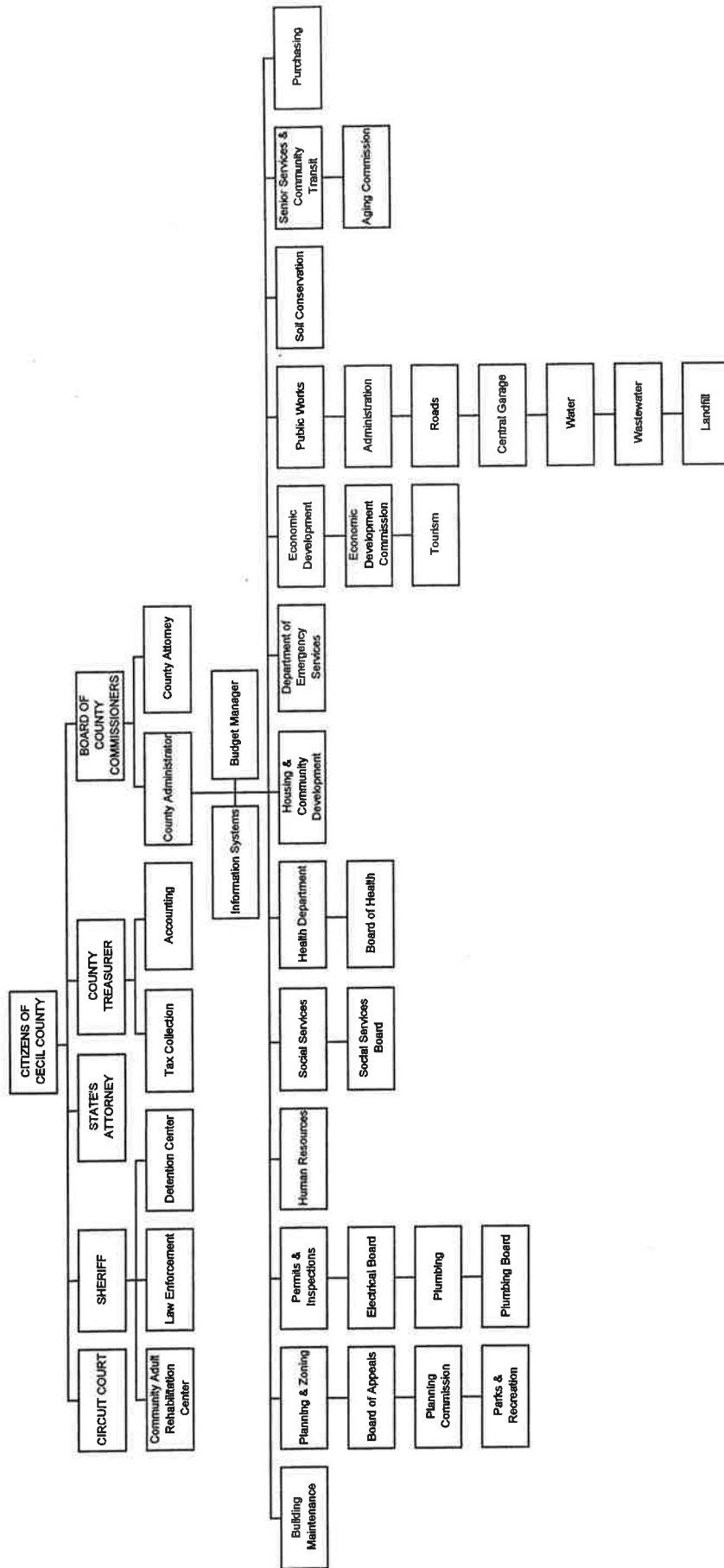
In closing, with the leadership and support of the Board of County Commissioners, preparation of this report reflects the interest and support in planning and conducting the operations of Cecil County Government in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Pamela R. Howard".

Pamela R. Howard
Treasurer of Cecil County

COUNTY ORGANIZATIONAL CHART CECIL COUNTY, MARYLAND FISCAL YEAR 2007



Cecil County, Maryland

Principal Officials

June 30, 2007

Elected Officials

Board of County Commissioners

President

Vice President

Commissioner

Commissioner

Commissioner

William C. Manlove

Mark H. Guns

Rebecca J. Demmler

Brian L. Lockhart

Wayne L. Tome

Treasurer

Pamela R. Howard

Sheriff

Barry A. Janney, Sr.

State's Attorney

Christopher J. Eastridge

Circuit Court

Administrative Judge

Judge

Judge

Dexter M. Thompson, Jr.

O. Robert Lidums

Richard E. Jackson

Other Officials and Department Directors

County Administrator

Alfred C. Wein, Jr.

County Attorney

Findlay M. McCool

Department Directors

Senior Services & Community Transit

Economic Development

Emergency Management

Housing & Community Development

Human Resources

Permits and Inspections

Planning and Zoning

Public Works

Susan Twigg

Vernon Thompson

Frank Muller

David B. Mahaney

Donna M. Nichols

Patrick T. Conway

Eric S. Sennstrom

W. Scott Flanigan

District Court

Administrative Judge

Judge

James C. McKinney

Stephen J. Baker

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, 2006

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**

Independent Auditors' Report

To the County Commissioners
Cecil County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cecil County, Maryland (the County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Education of Cecil County, Cecil Community College, Cecil County Public Library, and the Bainbridge Development Corporation, which collectively represents 100% of the assets and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Board of Education, Cecil Community College, Cecil County Public Library, and the Bainbridge Development Corporation, are based solely upon the reports of the other auditors.

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

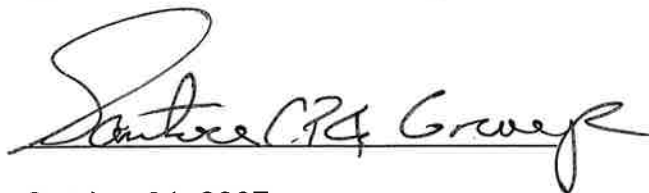
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Housing Programs Fund and Highway Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the County Commissioners

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2007, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 13, 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 have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Andrew P. Govey". The signature is written in a cursive style and is positioned above a horizontal line.

October 31, 2007
Newark, Delaware

CECIL COUNTY, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2007

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, 2007. 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 \$133,163,903 (net assets). Of this amount, \$132,986,511 was invested in capital assets, net of related debt, and \$5,385,127 was restricted for specific purposes. The County has a negative \$5,207,735 in unrestricted net assets due to the fact that while the County issues general obligation bonds to pay for school construction, the assets (school buildings) are owned by the Cecil County Board of Education which is a separate legal entity. Component units reported net assets of \$206,158,670, with \$8,488,513 unrestricted.
- Total net assets of the primary government decreased by \$1,667,388 or 1.2%. The net assets of governmental activities decreased \$2,365,304 from the previous year, while the net assets from business activities increased \$697,916.
- At June 30, 2007, the County reported combined ending fund balances in governmental funds of \$62,433,073, a decrease of \$8,247,163 from the previous year. A \$4,418,971 decrease in General Fund fund balance is largely attributable to additional pay-as-you-go funding for capital improvements combined with tax revenue falling short of original budget. The fund balance decrease in the General Capital Projects fund, \$792,891, was due to a reduction in grant revenue as projects were completed and grant revenue fully expended. The Board of Education Construction fund decreased by \$1,534,011 as expenditures exceeded new bond funding.
- The unreserved balance of the General Fund was \$23,092,967, or 15.1% of total General Fund expenditures and transfers out. Of this balance, \$17,486,174 has been designated for capital expenditures and fiscal year 2008 expenditures. The combined unreserved fund balance in the Special revenue, Debt service, General Capital Projects and non-major funds totaled \$26,046,841; of this, \$10,275,618 is attributable to the General Capital Projects Fund, \$8,656,619 is attributable to the Board of Education Construction Fund and \$6,451,874 to non-major funds.
- The County's general obligation debt related to governmental activities was \$115,740,554, an increase of \$19,348,065. This increase came from the issuance of the 2006 bonds.

Overview of the Financial Statements

This discussion and analysis is an introduction to Cecil County's basic financial statements. The County's basic financial statements 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 18) 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 19) 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 Community College, Cecil County Public Library, and the Bainbridge Development Corporation.

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

- *Governmental Funds* – Most of the County's basic services are reported in the governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, the fund statements focus on near-term inflows and outflows of spendable resources and the balances available for future spending at fiscal year end. This information may be useful in evaluating the County's near-term financing requirements.
Since the fund statements do not encompass the long-term focus of the government-wide statements, reconciliations are provided (pages 21 and 23) 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 71.

- *Proprietary Funds* –When the County charges for the services it provides, proprietary funds are generally used to report these activities. Cecil County uses two types of proprietary funds; enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements and internal service funds which are used to accumulate and allocate costs internally among the government funds. Proprietary funds (enterprise and internal service) utilize accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public – water, wastewater, and landfill services. Internal service funds report activities that provide supplies and services for the County's other programs and activities - the Central Garage and Health Insurance.
- *Fiduciary Funds* – The County acts as a fiduciary to account for resources held for the benefit of parties outside the government. The County has agency funds to collect and remit certain taxes and fees on behalf of the state and several local municipalities. The Cecil County Pension Plan for Public Safety Employees is a component unit 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 a fiduciary fund. Fiduciary funds are reported in a separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 32 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 37 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 68.

The County also provides certain informational and statistical schedules that begin on page 99.

Financial Analysis of the Government as a Whole

Net Assets. As noted earlier, Cecil County's net assets exceeded liabilities by \$133,163,903. 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, 2007 and 2006

	Governmental Activities		Business-type Activities		Government-wide Total	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 93,725,904	\$ 93,632,266	\$ 16,939,302	\$ 17,622,049	\$ 110,665,206	\$ 111,254,315
Capital Assets	139,785,004	117,284,416	47,491,036	44,934,023	187,276,040	162,218,439
Total Assets	233,510,908	210,916,682	64,430,338	62,556,072	297,941,246	273,472,754
Long Term Liabilities	108,216,398	89,698,558	28,375,353	28,518,228	136,591,751	118,216,786
Other Liabilities	24,446,491	18,004,801	3,739,101	2,419,876	28,185,592	20,424,677
Total Liabilities	132,662,889	107,703,359	32,114,454	30,938,104	164,777,343	138,641,463
Net Assets:						
Invested in Capital Assets, net of Related Debt	109,193,073	87,707,104	23,793,438	20,670,342	132,986,511	108,377,446
Restricted	4,461,531	4,463,489	923,596	929,726	5,385,127	5,393,215
Unrestricted (Deficit)	(12,806,585)	11,042,730	7,598,850	10,017,900	(5,207,735)	21,060,630
Total Net Assets	\$ 100,848,019	\$ 103,213,323	\$ 32,315,884	\$ 31,617,968	\$ 133,163,903	\$ 134,831,291

The largest component of the County's net assets, \$132,986,511, reflects its investment in capital assets (e.g., land, infrastructure, buildings, equipment, and others), less any related outstanding debt. The increase in Invested in Capital Assets (net of Related Debt) of \$24,609,065 is primarily caused by net capital asset additions exceeding the net change of depreciation and new debt. It should be noted that capital assets are not available for future spending as they are used to provide services to citizens. Although the County's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be liquidated to repay these liabilities. Additionally, it should be noted that while the County issues debt for the construction and renovation of public schools, the school buildings are owned by the legally separate Board of Education of Cecil County. Consequently, the County's financial statements reflect debt incurred on behalf of the Board of Education, but do not show the related asset.

Restricted net assets of \$5,385,127 are the next largest component and represent resources that are subject to external restrictions, state or County law provisions, or enabling legislation on how they may be used. Restricted assets for governmental activities decreased by \$1,958 while restricted net assets for business-type activities decreased \$6,130 for a total decrease of \$8,088 from fiscal year 2006.

The remaining portion of net assets is a negative unrestricted net asset balance of \$5,207,735. Governmental activities' unrestricted net assets, negative \$12,806,585, is due to outstanding debt incurred to construct or renovate buildings owned by the Board of Education. Business-type activities unrestricted net assets of \$7,598,850 are derived from the landfill, \$3,904,546, wastewater

services, \$3,927,898 and water services, negative \$233,594, and are essentially limited to use by the operation from which the net assets derive.

	Cecil County's Changes in Net Assets					
	Governmental Activities		Business-type Activities		Government-wide Total	
	2007	2006	2007	2006	2007	2006
REVENUES						
Program Revenues:						
Charges for Services	\$ 5,138,783	\$ 4,873,950	\$ 8,675,189	\$ 10,236,000	\$ 13,813,972	\$ 15,109,950
Operating Grants & Contributions	16,731,002	15,645,620	-	-	16,731,002	15,645,620
Capital Grants & Contributions	3,224,095	4,582,308	1,373,258	747,580	4,597,353	5,329,888
General Revenues:						
Property Taxes	80,546,737	72,324,454	-	-	80,546,737	72,324,454
Income Taxes	46,864,546	46,103,323	-	-	46,864,546	46,103,323
Entitlements	8,701,341	10,331,555	-	-	8,701,341	10,331,555
Investment Earnings	5,159,287	3,203,450	63,057	48,257	5,222,344	3,251,707
Other Revenue & Gains/Losses	1,965,275	34,099	39,500	12,369	2,004,775	46,468
Total Revenues	168,331,066	157,098,759	10,151,004	11,044,206	178,482,070	168,142,965
EXPENSES						
General Government	9,863,529	8,067,921	-	-	9,863,529	8,067,921
Public Safety	28,205,141	24,026,137	-	-	28,205,141	24,026,137
Highways, Streets, & Bridges	13,348,855	11,364,774	-	-	13,348,855	11,364,774
Health and Welfare	10,219,407	9,124,168	-	-	10,219,407	9,124,168
Recreation and Culture	340,882	199,476	-	-	340,882	199,476
Education	96,385,038	75,496,621	-	-	96,385,038	75,496,621
Public Libraries	3,876,453	2,986,777	-	-	3,876,453	2,986,777
Economic Development	1,181,638	959,773	-	-	1,181,638	959,773
Agricultural Programs	2,386,359	464,606	-	-	2,386,359	464,606
Municipalities	558,077	498,225	-	-	558,077	498,225
Interest on Long Term Debt	4,330,990	3,507,162	-	-	4,330,990	3,507,162
Water	-	-	867,921	824,410	867,921	824,410
Wastewater	-	-	3,953,215	3,511,634	3,953,215	3,511,634
Landfill	-	-	4,631,952	4,065,771	4,631,952	4,065,771
Total Expenses	170,696,370	136,695,640	9,453,088	8,401,815	180,149,458	145,097,455
Increase (Decrease) in Net Assets	\$ (2,365,304)	\$ 20,403,119	\$ 697,916	\$ 2,642,391	\$ (1,667,388)	\$ 23,045,510

Changes in Net Assets. As shown in the above schedule, the County's combined net assets decreased \$1,667,388 over the course of this fiscal year's operations.

The net assets of the governmental activities decreased \$2,365,304. The increase in revenue from governmental activities was relatively small, 7.1%, and was insufficient to cover the increase 24.9% in expenses caused by the demands of a growing population. Some key elements of the changes are:

- Property tax increase of \$8,222,283 (11.3%)
- Increase of \$4,179,004 (17.3%) in expenses for public safety
- Increase of \$20,888,417 (27.6%) in expenses for education

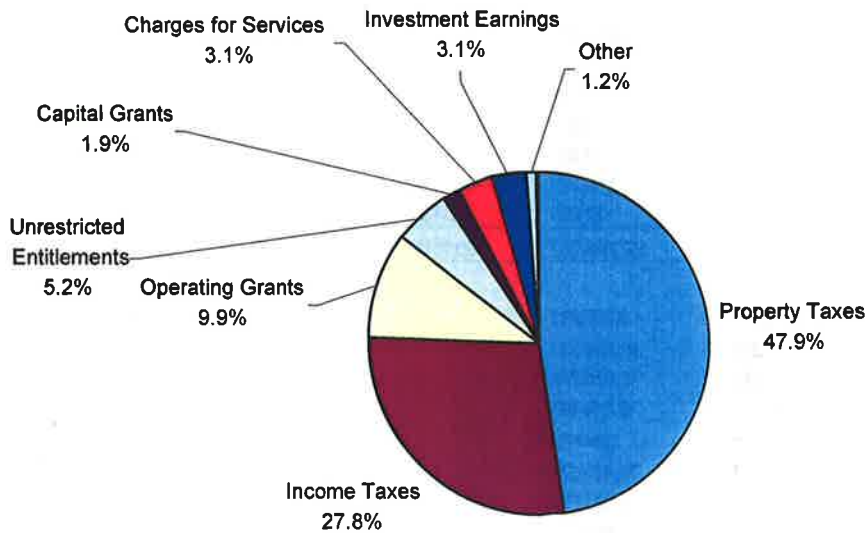
These items will be discussed in greater detail in the fund statement analysis beginning on page 9.

Although the net assets of the County's business-type activities increased by \$697,916, these resources cannot be used to make up for any net asset deficit in governmental activities due to state statutory restrictions. The County can only use these business-type net assets to finance the water, wastewater, and landfill operations.

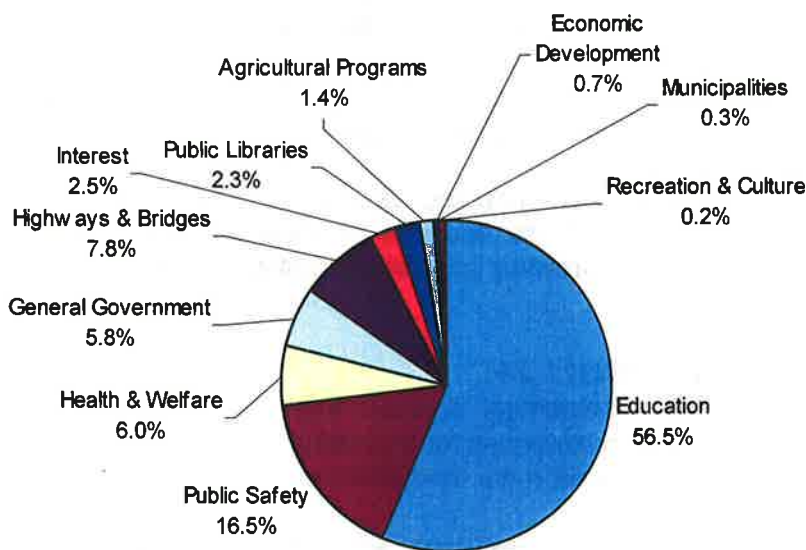
Governmental Activities

The following charts depict revenues and expenditures of the governmental activities for the fiscal year.

**Revenues - Governmental Activities
Fiscal Year Ending June 30, 2007**



**Functional Expenses - Governmental Activities
Fiscal Year Ending June 30, 2007**



Revenues of governmental activities for fiscal year 2007 exceeded 2006 by \$11,232,307. Of this increase, \$8,222,283 came from increased property tax revenues and \$1,955,837 from investment earnings. The key revenue elements are discussed later in the fund statement comparisons.

Expenses of governmental activities for fiscal year 2007 were \$34,000,729 higher than those of 2006 and increased in all categories. The largest component of the increase in governmental activities, \$20,888,417 in the education category, was due to increased spending for construction and renovation of schools. Public Safety expenses increased by \$4,179,004 in part because of increases in salaries and a new program to assist volunteer fire companies with the purchase of capital equipment. Renovation of several county bridges was largely responsible for a \$1,984,081 increase in Highways, Streets and Bridges and spending for agricultural land preservation increased \$1,921,753. Key components of these changes are discussed later in the fund statement comparison.

Business-type Activities

In 2007, net assets of business-type activities increased by \$697,916 from fiscal year 2006. This change was \$1,944,475 less than the increase that occurred between 2006 and 2005. In 2006, the Carpenter's Point sewer was largely completed and area residents were charged one-time fees for connection to the system, thus temporarily increasing revenue in that year.

Financial Analysis of the County's Funds

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

As the County completed the fiscal year, its governmental funds reported fund balances of \$62,433,073. Of the current ending fund balances, \$23,092,967 is reported as unreserved in the General Fund, \$26,046,841 as unreserved in special revenue, debt service and capital project funds, and \$13,293,265 is reported as reserved for encumbrances, inventories & prepaid items, contingencies, and notes receivable in all funds.

The unreserved balance of the General Fund amounts to 15.1% of total General Fund expenditures and transfers out. Of the unreserved balance, \$17,486,174 has been designated for capital expenditures and fiscal year 2008 expenditures.

Governmental Funds

General Fund – Comparison to Prior Year. The General Fund is the chief operating fund of the County. At the end of fiscal year, the reserved fund balance was \$12,709,095 and the unreserved fund balance was \$23,092,967. The General Fund reserved fund balance is not available for new spending; most of it, \$11,508,756, has already been committed for contingencies as required by County policy and the remaining balance consists of inventory & prepaid items and non-current notes receivable neither of which is readily available for spending. The County has designated \$13,211,790 of the unreserved fund balance for future capital projects and \$4,274,384 for fiscal year 2008 expenditures.

The fund balance of Cecil County's General Fund decreased by \$4,418,971 in fiscal year 2007. Total General Fund revenue increased by \$11,458,966 due largely to the following:

- Property taxes increased \$6,123,730 or 8.5% due to increased property tax assessments combined with growth in the County. The County maintained a constant tax rate (versus constant yield).
- Income taxes increased \$2,256,123 over the previous year as the County's economy continues to grow.
- Recordation fees decreased \$1,162,360 from 2006 as the County felt the effects of the nationwide slump in the housing market. This was the major cause of the \$983,275 decrease in intergovernmental revenues.
- Investment earnings increased by \$1,892,189 due to a combination of higher interest rates and more funds available for investment.
- The County received a refund of \$1,796,867. Woodlawn is an inactive landfill owned by the County and was included on the U.S. Environmental Protection Agency's (EPA) National Priorities List of hazardous waste sites. The County, along with other corporate entities, entered into a consent agreement in 1996 and was required to pay approximately \$4.8 million as its share of the cleanup. The cost of remediation, which is now complete, was less than anticipated and the excess funds have been returned to the participating parties.

While General Fund revenue increased by 8.4%, expenditures and transfers out increased by 15.9% or \$21,016,401 over 2006. The following are key components of this increase:

- Expenditures for education (excluding education-related construction) increased \$4,107,852 and consisted of a \$3,486,090 increase for the Board of Education and an increase of \$621,762 for Cecil Community College.
- Public Safety experienced a \$3,744,165 increase largely due to increased funding to volunteer fire companies for capital equipment, \$1,424,330 and increased wages and benefits for Sheriff's Office employees, \$1,042,072. Increased wages and wage benefits for other public safety employees as well as higher prices for gasoline accounted for the rest of the change.
- The Cecil County Public Library received \$903,228 in additional funding in fiscal year 2007 to assist with the increased operating costs.
- Transfers to other funds increased \$9,450,887 and included a \$6,699,267 increase in funding for capital projects.

General Fund – Comparison to Budget. Total revenues, \$148,430,108, exceeded budget by \$2,256,289 due mainly to the nearly \$1.8 million refund mentioned earlier. Revenue from income taxes exceeded final budget by \$1,064,546, however, this was offset by shortfalls in intergovernmental revenue including \$372,280 related to the Healthy Marriage grant; approximately \$200,000 in grants for emergency services; and approximately \$300,000 of shortfalls in various other grants. Charges for Services exceeded budget by \$227,437 which includes a \$199,762 increase in 911 fees.

Actual expenditures and transfers out were \$7,389,520 less than final budget. General Government expenditures were approximately \$2.7 million less than budget primarily due to operating savings in the Information Systems department, Board of Elections, Office of the Administrator, Special Projects and Reserve for Emergencies. The departments within the Public Safety category had combined operating savings of \$1,923,445; of this, approximately \$1.2 million was attributable to Law Enforcement and Emergency Management. The Department of Social Services won approval for a federal grant in the amount of \$556,000, but because the grant was awarded late in the fiscal year, \$358,556 was not spent as of June 30, 2007. Due mainly to delays in road paving and

equipment purchases in the Roads Department, the operating transfer from the General Fund to the Special Revenue funds was \$1,290,710 less than budget.

Housing Programs. The Fund remained relatively unchanged showing an increase to fund balance of \$86,772. Expenditures were up 5.3% from the previous year due to overall increases in the cost of operations.

Highway Fund. The Fund had increased spending of \$802,390 over 2006; over half of this increase was due to increased costs related to snow removal while the purchase of capital assets accounted for an additional \$121,599. Due to weather-related delays in construction combined with delays in purchasing capital equipment, expenditures were under budget by \$1,113,533; consequently, the operating transfer from the General fund was also under budget by \$1,067,353.

General Capital Projects Fund. Spending levels of general capital projects fund was relatively unchanged from 2006.

Board of Education Construction Fund. The Fund reported an increase of \$17,381,127 in spending compared to 2006 due to large construction costs associated with adding additional classrooms to accommodate full day kindergarten and the continued renovation of Elkton High and Perryville Middle School.

Non-Major Governmental Funds. Spending levels of non-major funds increased by \$7,407,688 compared to 2006. Approximately \$1.8 million of this was due to increased expenditures for agricultural land preservation; an additional \$2.1 million went toward payment of debt service and expenditures for library construction increased by just over \$3.4 million.

Proprietary Funds

Water Services Fund. Revenue in this fund increased by 4.2% from last year to \$787,028 and expenses increased by 5.3% to \$867,921 resulting in an operating loss of \$80,893. The continuing losses in this fund are primarily generated by depreciation on capital assets.

Wastewater Services Fund. This fund had an operating loss of \$1,043,215 versus a gain of \$781,635 in 2006. Revenues for fiscal year 2007 decreased by approximately \$1.4 million as fiscal year 2006 included a special assessment of \$1,478,400 for users of the Carpenter's Point sewer system. Adjusted for this one-time charge, revenues increased 3% or \$71,925 year over year. Operating expenses increased by \$418,375 to \$3,520,669 largely due to depreciation. Connection fees of \$923,950 and capital asset contributions from developers in the amount of \$443,508 combined to help offset the operating loss for a decrease in net assets of \$78,591.

Landfill Fund. In fiscal year 2007, the County began to strictly enforce regulations that allow only county residents to use the landfill; consequently revenue from user fees was down slightly \$186,054 from the previous year. At the same time, the County began an aggressive campaign to encourage recycling; the costs related to this program contributed to a \$585,460 increase in expenses. The landfill ended the year with operating income of \$1,026,921. Although operating income is down \$771,514 from the previous year, the county's ultimate goal is to prolong the useful life of the landfill thus deferring the cost.

Health Insurance Internal Service Fund – Premiums received from participants increased by \$483,559 to \$6,880,536 as price increases have taken effect. Medical claims and administrative fees increased \$244,858 to \$5,781,718 due to a combination of medical inflation and increased

prescription costs. The County strives to fund only 85% of health plan costs with the remainder paid by participants.

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 the 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 2007 operating costs were slightly lower than 2006 by \$29,511. In part, this represents an effort by the County to modernize its fleet and perform timely preventative maintenance.

General Fund Budgetary Highlights

The County adopted its fiscal year 2007 budget on May 30, 2006, 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 \$8,004,033 to expenditures and transfers and decreased revenues by \$2,113,757. The key elements of these changes are as follows:

- Transfers from the General Fund to the Capital Projects Fund were increased by \$5,133,000. Of this, the appropriation for the new county office building was increased by five million dollars.
- \$908,700 was re-appropriated from FY2006 for capital equipment purchases for the volunteer fire companies.
- The County received additional federal grant funds in the amount of \$556,000 to promote healthy marriages.
- Estimated revenue from property taxes was reduced by approximately \$2.4 million due to a reduction in the cap on assessment increases.
- A \$3,450,000 decrease in estimated income tax revenue was necessary due to a flat revenue stream.
- Estimated revenue from investment earnings was increased by \$3,230,000 due to favorable interest rates.

The final budget contained \$146,173,819 of revenues, \$160,214,844 of expenditures and transfers, and \$14,041,025 of appropriated fund balance. The actual revenues and other financing sources were \$2,351,334 above final budget and actual expenditures and transfers \$7,270,720 below final budget.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2007, the County had invested \$187,276,040, net of accumulated depreciation, in a broad range of capital assets (see the table below). Depreciation and depletion charges for this fiscal year totaled \$9,165,033.

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

- The completion of a Landfill gas recovery system.
- The construction of a new County Administration Building

- Highway projects within the Highway Fund and General Capital Projects Fund continue to emphasize complete refurbishment of the County's bridges as well as maintaining pavement resurfacing programs.

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

Cecil County's Capital Assets as of June 30, 2007 and 2006
(Net of Depreciation)

	Governmental Activites		Business-type Activites		Total	
	2007	2006	2007	2006	2007	2006
Construction in Progress	\$ 8,136,191	\$ 7,922,233	\$ 875,348	\$ 875,348	\$ 9,011,539	\$ 8,797,581
Construction & Land Improvements	13,766,302	13,480,856	3,381,721	2,058,173	17,148,023	15,539,029
Bridges & Structures	2,092,718	846,029	2,649,361	3,362,168	4,742,079	4,208,197
Highways & Bridges	81,582,240	72,055,342	-	-	81,582,240	72,055,342
Public Utilities Systems	-	-	13,840,930	13,452,215	13,840,930	13,452,215
Buildings	16,157,847	16,335,904	7,205,634	7,143,331	23,363,481	23,479,235
Furniture & Equipment	18,049,706	6,644,052	19,538,042	18,042,788	37,587,748	24,686,840
Capital Assets	\$ 139,785,004	\$ 117,284,416	\$ 47,491,036	\$ 44,934,023	\$ 187,276,040	\$ 162,218,439

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

Long Term Debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$138,746,478. All of this debt is backed by the full faith and credit of the government. Governmental activities report \$114,842,046 and business-type activities report \$19,289,498 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 \$184,934. 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 \$4,430,000.

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 November 2007, the County issued \$26,720,000 in general obligation bonds, all of which supported current construction programs at the Board of Education, Cecil County Libraries, and highway construction.

The County's bond rating from Moody's Investors Service increased to Aa3 while its, Standard and Poor's rating of AA-, remained the same. 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

Cecil County is expected to be the fastest growing county in Maryland for the next several years. While the Base Realignment and Closure Act (BRAC) is expected to bring more jobs to the region, especially in neighboring Harford County, it will also bring more residential growth and increased demands for services and infrastructure to Cecil County. The County must find a way to channel this growth to its designated growth corridor in order to preserve the agricultural areas in the rest of the county and to this end, it is working with State and local officials to develop adequate

infrastructure to support the growth.

Cecil's unemployment rate averaged 4.3% for fiscal year 2007 and is slightly higher than the State's average for the same period of time. The County's economy is a diversified mix of agricultural, manufacturing and service industries which follows national inflation and activity trends. It is not likely to be significantly impacted by any one industry's problems.

All these economic factors were taken into account when adopting the General Fund budget for fiscal year 2008. The County's budget addresses the development and land preservation needs as well as expanded public safety and infrastructure needs. The property tax rate decreased to \$.96 per \$100 of assessed value while reassessments and increased taxable assets increased the taxable assessed property base. The County appropriated \$4,274,384 of the current fiscal year \$23,092,967 unreserved fund balance for future expenditures.

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, 129 E. Main Street, Elkton, MD 21921. Effective January 11, 2008, this address will change to 200 Chesapeake Boulevard, Elkton, MD 21921.

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

BASIC FINANCIAL STATEMENTS

CECIL COUNTY, MARYLAND

STATEMENT OF NET ASSETS

JUNE 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Investments (Note 3)	\$ 69,983,120	\$ 12,903,767	\$ 82,886,887	\$ 27,502,065
Receivables, Net (Note 4)	1,570,782	3,427,922	4,998,704	1,557,718
Due from Primary Government	-	-	-	4,563,290
Due from Other Governments	19,044,782	-	19,044,782	2,734,519
Internal Balances	366,312	(366,312)	-	-
Inventories	344,204	-	344,204	185,835
Prepaid Items & Other Assets	1,417,410	50,329	1,467,739	518,753
Restricted Assets:				
Cash and Investments	999,294	923,596	1,922,890	3,522,514
Capital Assets, Net (Note 6):				
Land	8,136,191	875,348	9,011,539	6,531,516
Construction in Progress	13,766,302	3,381,721	17,148,023	52,403,358
Landfill & Land Improvements	2,092,718	2,649,361	4,742,079	3,394,017
Highways & Bridges	81,582,240	-	81,582,240	-
Utility Systems	-	13,840,930	13,840,930	-
Buildings	16,157,847	7,205,634	23,363,481	123,589,935
Machinery & Equipment	18,049,706	19,538,042	37,587,748	11,577,517
Total Assets	233,510,908	64,430,338	297,941,246	238,081,037
LIABILITIES				
Accounts Payable	7,167,327	2,038,014	9,205,341	9,814,117
Salary and Benefits Payable	1,492,445	91,214	1,583,659	10,279,741
Due to Component Units	4,563,290	-	4,563,290	-
Unearned Revenue	606,167	-	606,167	3,483,187
Other Liabilities	892,781	204,446	1,097,227	-
Liabilities Payable with Restricted Assets	20,156	-	20,156	-
Long Term Liabilities (Note 8):				
Due within one year:				
Bonds Payable	7,956,849	1,331,842	9,288,691	-
Capital Leases	-	-	-	631,742
Insurance Claims Payable	882,091	-	882,091	1,325,000
Compensated Absences	865,385	73,585	938,970	507,228
Due in more than one year:				
Bonds Payable	107,783,705	22,365,756	130,149,461	-
Capital Leases	-	-	-	3,339,540
Compensated Absences	432,693	36,794	469,487	2,541,812
Accrued Landfill Closure/Postclosure	-	5,972,803	5,972,803	-
Total Liabilities	132,662,889	32,114,454	164,777,343	31,922,367
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	109,193,073	23,793,438	132,986,511	193,525,061
Restricted for:				
Capital Projects	89,027	-	89,027	611,410
Health and Welfare	662,730	-	662,730	-
Agriculture	2,693,973	-	2,693,973	-
Economic Development	808,495	-	808,495	-
Debt Service and Other	207,306	923,596	1,130,902	3,533,686
Unrestricted	(12,806,585)	7,598,850	(5,207,735)	8,488,513
Total Net Assets	\$ 100,848,019	\$ 32,315,884	\$ 133,163,903	\$ 206,158,670

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, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Grants and Contributions		Primary Government		Total	
			Operating	General Capital	Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 9,863,529	\$ 1,092,989	\$ 384,441		\$ (8,386,099)	\$ -	\$ (8,386,099)	\$ -
Public Safety	28,205,141	2,598,355	2,343,615		(23,263,171)	-	(23,263,171)	-
Highways, Streets, and Bridges	13,348,855	1,206,587	6,919,931	3,224,095	(1,998,242)	-	(1,998,242)	-
Health and Welfare	10,219,407	169,214	5,639,821		(4,410,372)	-	(4,410,372)	-
Recreation and Culture	340,882	71,638	598,154		328,910	-	328,910	-
Education	96,385,038				(96,385,038)	-	(96,385,038)	-
Public Libraries	3,876,453				(3,876,453)	-	(3,876,453)	-
Economic Development	1,181,638		258,224		(923,414)	-	(923,414)	-
Agriculture	2,386,359		586,816		(1,799,543)	-	(1,799,543)	-
Municipalities	558,077				(558,077)	-	(558,077)	-
Interest on Long-Term Debt	4,330,990	-	-	-	(4,330,990)	-	(4,330,990)	-
Total Governmental Activities	170,696,370	5,138,783	16,731,002	3,224,095	(145,602,490)	-	(145,602,490)	-
Business-Type Activities:								
Water	867,921	787,028	-	5,800	-	(75,093)	(75,093)	-
Wastewater	3,953,215	2,477,454	-	1,367,458	-	(108,303)	(108,303)	-
Landfill	4,631,952	5,410,707	-	-	-	778,755	778,755	-
Total Business-Type Activities	9,453,088	8,675,189	-	1,373,258	-	595,359	595,359	-
Total Primary Government	\$180,149,458	\$ 13,813,972	\$ 16,731,002	\$ 4,597,353	(145,602,490)	595,359	(145,007,131)	-
Component Units:								
Board of Education	\$176,419,162	\$ 3,377,578	\$ 43,428,584	\$37,684,828	-	-	-	(91,928,172)
Cecil Community College	20,630,343	5,306,708	2,351,544	1,169,126	-	-	-	(11,802,965)
Cecil County Library	3,696,483	109,692	-	-	-	-	-	(3,586,791)
Bainbridge Development Corporation	817,600	64,203	-	-	-	-	-	(753,397)
Total Component Units	\$201,563,588	\$ 8,858,181	\$ 45,780,128	\$38,853,954	-	-	-	(108,071,325)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					78,732,734	-	78,732,734	-
Income Taxes					48,678,549	-	48,678,549	-
Investment Earnings					5,159,287	63,057	5,222,344	1,805,181
Other Revenues including Capital Asset Sales Gains					1,965,275	39,500	2,004,775	541,929
Payments From the Primary Government					-	-	-	76,354,468
Payments From the State Government					-	-	-	65,593,441
Grants, Entitlements, and Contributions not Restricted to Specific Programs					8,701,341	-	8,701,341	1,122,857
Total General Revenues, Special Items, and Transfers					143,237,186	102,557	143,339,743	145,417,876
Change in Net Assets					(2,365,304)	697,916	(1,667,388)	37,346,551
Net Assets - June 30, 2006					103,213,323	31,617,968	134,831,291	168,812,119
Net Assets - June 30, 2007					\$ 100,848,019	\$ 32,315,884	\$ 133,163,903	\$206,158,670

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

CECIL COUNTY, MARYLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Housing Programs	Highway	General Capital Projects	Board of Education Construction	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments (Note 3)	\$32,150,448	\$ -	\$2,488,062	\$ 12,907,264	\$ 10,930,567	\$ 6,578,695	\$ 65,055,036
Receivables, Net (Note 4)	1,070,469	-	757	28,290	-	449,725	1,549,241
Due from Other Funds	229,629	-	-	-	-	-	229,629
Due from Other Governments	17,263,166	8,000	1,484,545	-	-	289,071	19,044,782
Inventory	36,040	-	280,791	-	-	987	317,818
Advances to Other Funds	366,312	-	-	-	-	-	366,312
Other Assets	146,057	-	-	-	-	-	146,057
Restricted Assets:							
Cash and Investments (Note 3)	92,414	709,806	-	-	-	197,074	999,294
Total Assets	51,354,535	717,806	4,254,155	12,935,554	10,930,567	7,515,552	87,708,169
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 1,203,164	\$ 8,000	\$3,877,730	\$ 2,356,557	\$ 2,273,948	\$ 868,394	\$ 10,587,793
Salaries and Benefits Payable	1,254,181	16,403	95,634	-	-	126,227	1,492,445
Due to Other Funds	-	10,517	-	-	-	69,057	79,574
Due to Component Units	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-
Unearned Revenue	12,111,151	-	-	-	-	-	12,111,151
Other Liabilities	983,977	-	-	-	-	-	983,977
Liabilities Payable from Restricted Funds	-	20,156	-	-	-	-	20,156
Total Liabilities	15,552,473	55,076	3,973,364	2,356,557	2,273,948	1,063,678	25,275,096
Fund Balances:							
Reserved:							
Encumbrances	-	-	-	303,379	-	-	303,379
Inventories and Prepaid Items	182,097	-	280,791	-	-	-	462,888
Non-Current Notes Receivable	6,045	-	-	-	-	-	6,045
Contingencies	11,508,756	-	-	-	-	-	11,508,756
Pending tax refund	645,885	-	-	-	-	-	645,885
Advances to other funds	366,312	-	-	-	-	-	366,312
Unreserved, Reported in:							
General Fund:							
Designated	17,986,174	-	-	-	-	-	17,986,174
Undesignated	5,106,793	-	-	-	-	-	5,106,793
Special Revenue Funds	-	662,730	-	-	-	3,798,801	4,461,531
Debt Service Funds	-	-	-	-	-	-	-
Capital Project Funds	-	-	-	10,275,618	8,656,619	2,653,073	21,585,310
Total Fund Balances	35,802,062	662,730	280,791	10,578,997	8,656,619	6,451,874	62,433,073
Total Liabilities and Fund Balances	\$51,354,535	\$ 717,806	\$4,254,155	\$ 12,935,554	\$ 10,930,567	\$ 7,515,552	\$ 87,708,169

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
FOR THE YEAR ENDED JUNE 30, 2007**

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)		\$ 62,433,073
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 \$280,785 of internal service capital assets accounted for in the following line.		139,504,219
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 net assets.		4,159,117
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	\$ 415,464	
Income Taxes	<u>11,093,206</u>	11,508,670
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	\$ (1,298,078)	
Accrued interest on long-term debt	(892,781)	
Deferred Charges - Bond Issuance Costs	(1,388,056)	
Deferred Charges - Bond Premium	1,174,353	
Deferred Charges - Advance Refunding Difference	674,480	
Bonds and Notes Payable	<u>(115,026,978)</u>	<u>(116,757,060)</u>
Total Net Assets of Governmental Activities (Page 16)		<u>\$ 100,848,019</u>

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

CECIL COUNTY, MARYLAND

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Housing Programs</u>	<u>Highway</u>	<u>General Capital Projects</u>	<u>Board of Education Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Property Taxes	\$ 78,510,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,510,957
Special Assessments - Current	-	-	-	-	-	44,017	44,017
Income Taxes	46,864,546	-	-	-	-	-	46,864,546
Licenses and Permits	1,658,794	-	4,500	-	-	-	1,663,294
Intergovernmental	11,467,703	3,615,916	6,878,356	523,589	-	3,194,241	25,679,805
Charges for Services	3,120,102	-	6,202	-	-	344,869	3,471,173
Investment Earnings	4,895,423	15,295	-	-	-	29,974	4,940,692
Contributions & Other Revenues	1,912,583	131,269	-	-	-	107,983	2,151,835
Total Revenues	<u>148,430,108</u>	<u>3,762,480</u>	<u>6,889,058</u>	<u>523,589</u>	<u>-</u>	<u>3,721,084</u>	<u>163,326,319</u>
EXPENDITURES							
Current:							
General Government	9,750,668	-	-	-	-	-	9,750,668
Public Safety	26,275,432	-	-	-	-	1,606,339	27,881,771
Highways, Streets, and Bridges	2,247,359	-	14,684,075	-	-	-	16,931,434
Health and Welfare	4,185,312	3,675,708	-	-	-	2,280,368	10,141,388
Recreation and Culture	447,998	-	-	-	-	636,738	1,084,736
Education	73,076,278	-	-	-	-	-	73,076,278
Public Libraries	3,449,390	-	-	-	-	-	3,449,390
Economic Development	1,172,390	-	-	-	-	10,000	1,182,390
Agriculture	548,920	-	-	-	-	1,839,355	2,388,275
Municipalities	558,077	-	-	-	-	-	558,077
Debt Service:							
Principal	-	-	-	-	-	7,668,902	7,668,902
Interest	-	-	-	-	-	4,026,203	4,026,203
Capital Outlay	-	-	-	12,919,241	23,253,697	4,357,464	40,530,402
Total Expenditures	<u>121,711,824</u>	<u>3,675,708</u>	<u>14,684,075</u>	<u>12,919,241</u>	<u>23,253,697</u>	<u>22,425,369</u>	<u>198,669,914</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26,718,284</u>	<u>86,772</u>	<u>(7,795,017)</u>	<u>(12,395,652)</u>	<u>(23,253,697)</u>	<u>(18,704,285)</u>	<u>(35,343,595)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from							
Capital Asset Disposal	95,045	-	-	-	-	-	95,045
Bonds Issued	-	-	-	4,414,583	20,205,776	2,106,781	26,727,140
Premium on Debt Issued	-	-	-	274,166	-	-	274,166
Transfers In	-	-	7,756,805	6,914,012	1,513,910	15,047,573	31,232,300
Transfers Out	<u>(31,232,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,232,300)</u>
Total Other Financing Sources (Uses)	<u>(31,137,255)</u>	<u>-</u>	<u>7,756,805</u>	<u>11,602,761</u>	<u>21,719,686</u>	<u>17,154,354</u>	<u>27,096,351</u>
Net Change in Fund Balances	<u>(4,418,971)</u>	<u>86,772</u>	<u>(38,212)</u>	<u>(792,891)</u>	<u>(1,534,011)</u>	<u>(1,549,931)</u>	<u>(8,247,245)</u>
Fund Balances - June 30, 2006	<u>40,221,033</u>	<u>575,958</u>	<u>319,003</u>	<u>11,371,888</u>	<u>10,190,630</u>	<u>8,001,805</u>	<u>70,680,318</u>
Fund Balances - June 30, 2007	<u>\$ 35,802,062</u>	<u>\$ 662,730</u>	<u>\$ 280,791</u>	<u>\$ 10,578,997</u>	<u>\$ 8,656,619</u>	<u>\$ 6,451,874</u>	<u>\$ 62,433,073</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, 2007**

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) \$ (8,247,245)

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 (\$29,016,512) exceeded depreciation (\$6,463,127) in the year ended June 30, 2007. 22,553,385

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. (38,038)

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	\$ 221,777	
Income Taxes	<u>1,814,003</u>	
Net Adjustment		2,035,780

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	\$ (26,727,140)	\$7,668,902	
Issuance Costs & Similar Items		<u>(135,229)</u>	
Net Adjustment	<u>(26,727,140)</u>	<u>7,533,673</u>	(19,193,467)

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	\$ (120,856)	
Accrued interest on long-term debt	<u>(169,558)</u>	
Net Adjustment		(290,414)

The net revenue of certain internal service funds is reported with governmental activities. 814,695

Change in Net Assets of Government Activities (Page 17) \$ (2,365,304)

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, 2007

	<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	\$ 80,898,626	\$ 78,492,404	\$ 78,510,957	\$ 18,553
Income Taxes	49,250,000	45,800,000	46,864,546	1,064,546
Licenses and Permits	2,057,530	1,697,530	1,658,794	(38,736)
Intergovernmental	12,111,453	12,361,220	11,467,703	(893,517)
Charges for Services	2,269,967	2,892,665	3,120,102	227,437
Investment Earnings	1,700,000	4,930,000	4,895,423	(34,577)
Contributions & Other Revenues	-	-	1,912,583	1,912,583
Total Revenues	<u>148,287,576</u>	<u>146,173,819</u>	<u>148,430,108</u>	<u>2,256,289</u>
EXPENDITURES				
Current:				
General Government	12,200,484	12,354,992	9,750,668	2,604,324
Public Safety	27,348,906	28,198,877	26,275,432	1,923,445
Highways, Streets, and Bridges	2,666,846	2,667,819	2,247,359	420,460
Health and Welfare	4,100,171	4,632,267	4,185,312	446,955
Recreation and Culture	681,048	712,720	447,998	264,722
Education	73,074,078	73,076,278	73,076,278	-
Public Libraries	3,448,670	3,449,390	3,449,390	-
Economic Development	983,620	1,256,958	1,172,390	84,568
Agriculture	576,138	573,314	548,920	24,394
Municipalities	558,078	558,078	558,077	1
Total Expenditures	<u>125,638,039</u>	<u>127,480,693</u>	<u>121,711,824</u>	<u>5,768,869</u>
Excess of Revenues Over Expenditures	<u>22,649,537</u>	<u>18,693,126</u>	<u>26,718,284</u>	<u>8,025,158</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Asset Disposal	-	-	95,045	95,045
Transfers Out	(26,572,772)	(32,734,151)	(31,232,300)	1,501,851
Total Other Financing Sources (Uses)	<u>(26,572,772)</u>	<u>(32,734,151)</u>	<u>(31,137,255)</u>	<u>1,596,896</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(3,923,235)	(14,041,025)	(4,418,971)	9,622,054
Fund Balance - June 30, 2006	<u>40,221,033</u>	<u>40,221,033</u>	<u>40,221,033</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 36,297,798</u>	<u>\$ 26,180,008</u>	<u>\$ 35,802,062</u>	<u>\$ 9,622,054</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR FUND
HOUSING PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 3,304,898	\$ 3,506,929	\$ 3,615,916	\$ 108,987
Investment Earnings	5,700	5,700	15,295	9,595
Contributions & Other Revenues	24,500	24,500	131,269	106,769
Total Revenues	<u>3,335,098</u>	<u>3,537,129</u>	<u>3,762,480</u>	<u>225,351</u>
EXPENDITURES				
Current:				
Health and Welfare	<u>3,335,098</u>	<u>3,548,641</u>	<u>3,675,708</u>	<u>(127,067)</u>
Total Expenditures	<u>3,335,098</u>	<u>3,548,641</u>	<u>3,675,708</u>	<u>(127,067)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(11,512)</u>	<u>86,772</u>	<u>98,284</u>
Net Change in Fund Balance	<u>-</u>	<u>(11,512)</u>	<u>86,772</u>	<u>98,284</u>
Fund Balance - June 30, 2006	<u>575,958</u>	<u>575,958</u>	<u>575,958</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 575,958</u>	<u>\$ 564,446</u>	<u>\$ 662,730</u>	<u>\$ 98,284</u>

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

CECIL COUNTY, MARYLAND

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL**

**MAJOR FUND
HIGHWAY**

FOR THE YEAR ENDED JUNE 30, 2007

	<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	\$ 5,000	\$ 5,000	\$ 4,500	\$ (500)
Intergovernmental	15,105,024	6,960,450	6,878,356	(82,094)
Charges for Services	-	-	6,202	6,202
Investment Earnings	8,000	8,000	-	(8,000)
Total Revenues	<u>15,118,024</u>	<u>6,973,450</u>	<u>6,889,058</u>	<u>(84,392)</u>
EXPENDITURES				
Current:				
Highways, Streets, and Bridges	15,118,024	15,797,608	14,684,075	1,113,533
Total Expenditures	<u>15,118,024</u>	<u>15,797,608</u>	<u>14,684,075</u>	<u>1,113,533</u>
(Deficiency) of Revenues (Under) Expenditures	<u>-</u>	<u>(8,824,158)</u>	<u>(7,795,017)</u>	<u>1,029,141</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	8,824,158	7,756,805	(1,067,353)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>8,824,158</u>	<u>7,756,805</u>	<u>(1,067,353)</u>
Net Change in Fund Balance	-	-	(38,212)	(38,212)
Fund Balance - June 30, 2006	<u>-</u>	<u>319,003</u>	<u>319,003</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ -</u>	<u>\$ 319,003</u>	<u>\$ 280,791</u>	<u>\$ (38,212)</u>

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



CECIL COUNTY, MARYLAND
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	<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>Services</u>	<u>Services</u>			<u>Internal</u>
					<u>Service Funds</u>
ASSETS					
Current Assets:					
Cash and Investments	\$ -	\$ 2,348,075	\$ 10,555,692	\$ 12,903,767	\$ 4,928,084
Receivables, Net:					
Accounts	226,154	733,075	656,720	1,615,949	21,541
Other	4,451	34,302	13,254	52,007	-
Inventory	-	-	-	-	26,386
Prepaid Items and Other Assets	-	12,460	37,869	50,329	97,000
Total Current Assets	230,605	3,127,912	11,263,535	14,622,052	5,073,011
Non-Current Assets:					
Restricted Assets: Cash and Investments	-	-	923,596	923,596	-
Accounts Receivable - Non-Current	-	1,759,966	-	1,759,966	-
Capital Assets, Net:					
Land	18,367	379,143	477,838	875,348	-
Construction in Progress	380,881	1,824,962	1,175,878	3,381,721	-
Landfill and Land Improvements	-	1,010,986	1,638,375	2,649,361	-
Water and Wastewater Lines	895,576	12,945,354	-	13,840,930	-
Buildings	84,013	6,136,708	984,913	7,205,634	248,620
Machinery & Equipment	695,811	14,708,540	4,133,691	19,538,042	32,165
Total Non-Current Assets	2,074,648	38,765,659	9,334,291	50,174,598	280,785
Total Assets	2,305,253	41,893,571	20,597,826	64,796,650	5,353,796
LIABILITIES					
Current Liabilities:					
Accounts Payable	69,534	650,947	1,110,364	1,830,845	158,847
Construction Retainage Payable	-	119,883	87,286	207,169	-
Salary & Benefits Payable	10,914	30,385	49,915	91,214	-
Accrued Expenses & Other Liabilities	-	127,124	77,322	204,446	882,091
Due to Other Funds	-	-	-	-	150,055
Unearned Revenue	-	-	-	-	3,686
Bonds Payable	-	941,842	390,000	1,331,842	-
Compensated Absences	11,626	21,093	40,866	73,585	-
Total Current Liabilities	92,074	1,891,274	1,755,753	3,739,101	1,194,679
Non-Current Liabilities:					
Bonds Payable					
(Net of Unamortized Discounts)	-	18,347,657	4,018,099	22,365,756	-
Advances From Other Funds	366,312	-	-	366,312	-
Compensated Absences	5,813	10,548	20,433	36,794	-
Accrued Landfill Closure and Postclosure Costs	-	-	5,972,803	5,972,803	-
Total Non-Current Liabilities	372,125	18,358,205	10,011,335	28,741,665	-
Total Liabilities	464,199	20,249,479	11,767,088	32,480,766	1,194,679
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	2,074,648	17,716,194	4,002,596	23,793,438	280,785
Restricted for:					
Debt Service	-	-	923,596	923,596	-
Unrestricted	(233,594)	3,927,898	3,904,546	7,598,850	3,878,332
Total Net Assets	\$ 1,841,054	\$ 21,644,092	\$ 8,830,738	\$ 32,315,884	\$ 4,159,117

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, 2007

	<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>Services</u>	<u>Services</u>			<u>Internal</u>
					<u>Service Funds</u>
OPERATING REVENUES					
Charges for Services:					
Sales and User Fees	\$ 787,028	\$ 2,477,454	\$ 5,410,707	\$ 8,675,189	\$ 8,036,479
Total Operating Revenues	<u>787,028</u>	<u>2,477,454</u>	<u>5,410,707</u>	<u>8,675,189</u>	<u>8,036,479</u>
OPERATING EXPENSES					
Salaries and Related	293,456	753,118	1,107,792	2,154,366	-
Materials, Supplies, and Services	465,225	1,146,814	1,366,301	2,978,340	1,644,169
Benefit Payments	-	-	-	-	5,781,718
Depreciation	109,240	1,620,737	511,530	2,241,507	14,492
Depletion	-	-	460,370	460,370	-
Landfill Closure and Postclosure	-	-	937,793	937,793	-
Total Operating Expenses	<u>867,921</u>	<u>3,520,669</u>	<u>4,383,786</u>	<u>8,772,376</u>	<u>7,440,379</u>
Operating Income (Loss)	<u>(80,893)</u>	<u>(1,043,215)</u>	<u>1,026,921</u>	<u>(97,187)</u>	<u>596,100</u>
NON-OPERATING					
REVENUES (EXPENSES)					
Investment Earnings	-	21,142	41,915	63,057	218,595
Interest Expense	-	(432,546)	(248,166)	(680,712)	-
Gain/Loss on Sale of Capital Assets	-	8,570	30,930	39,500	-
Total Non-Operating					
Revenues (Expenses)	<u>-</u>	<u>(402,834)</u>	<u>(175,321)</u>	<u>(578,155)</u>	<u>218,595</u>
Net Income (Loss) before					
Contributions and Transfers	(80,893)	(1,446,049)	851,600	(675,342)	814,695
Capital Contributions:					
Sewage and Water Connection Fees	5,800	923,950	-	929,750	-
Developers Capital Contributions	-	443,508	-	443,508	-
Change in Net Assets	(75,093)	(78,591)	851,600	697,916	814,695
Net Assets - June 30, 2006	<u>1,916,147</u>	<u>21,722,683</u>	<u>7,979,138</u>	<u>31,617,968</u>	<u>3,344,422</u>
Net Assets - June 30, 2007	<u>\$ 1,841,054</u>	<u>\$21,644,092</u>	<u>\$ 8,830,738</u>	<u>\$32,315,884</u>	<u>\$ 4,159,117</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, 2007

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Wastewater</u>			<u>Activities -</u>
	<u>Services</u>	<u>Services</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal</u>
					<u>Service Funds</u>
Cash Flows From Operating Activities:					
Receipts from Customers and Users	\$ 775,950	\$ 2,534,226	\$ 5,314,530	\$ 8,624,706	\$ 8,037,199
Payments to Suppliers	(524,254)	(684,073)	(495,741)	(1,704,068)	(7,395,200)
Payments to Employees	(290,947)	(756,221)	(1,089,581)	(2,136,749)	-
Net Cash Provided by (used in)					
Operating Activities	<u>(39,251)</u>	<u>1,093,932</u>	<u>3,729,208</u>	<u>4,783,889</u>	<u>641,999</u>
Cash Flows From Non-Capital Financing Activities:					
Advances to Other Funds	-	-	-	-	(26,240)
Advances from Other Funds	304,565	(6,937)	-	297,628	-
Net Cash Provided by (used in)					
Non-Capital Financing Activities	<u>304,565</u>	<u>(6,937)</u>	<u>-</u>	<u>297,628</u>	<u>(26,240)</u>
Cash Flows From Capital and					
Related Financing Activities:					
Proceeds from Bond Issues and Capital Leases	-	726,968	-	726,968	-
Sewage and Water Connection Fees	5,800	923,950	-	929,750	-
Acquisition and Construction of Capital Assets	(271,114)	(1,372,764)	(3,674,665)	(5,318,543)	-
Principal Paid on Bond Maturities and Capital Leases	-	(927,856)	(370,000)	(1,297,856)	-
Interest Paid on Bonds and Capital Leases	-	(432,546)	(243,360)	(675,906)	-
Proceeds from Sale of Capital Assets	-	8,570	56,667	65,237	-
Net Cash Provided by (Used in) Capital					
and Related Financing Activities	<u>(265,314)</u>	<u>(1,073,678)</u>	<u>(4,231,358)</u>	<u>(5,570,350)</u>	<u>-</u>
Cash Flows From Investing Activities:					
Interest on Investments	-	21,142	41,915	63,057	218,595
Net Cash Provided by Investing Activities	<u>-</u>	<u>21,142</u>	<u>41,915</u>	<u>63,057</u>	<u>218,595</u>
Net Increase (Decrease) in Cash					
and Cash Equivalents	-	34,459	(460,235)	(425,776)	834,354
Cash and Cash Equivalents - June 30, 2006					
(including \$929,726 for the Landfill Fund reported in restricted accounts)	-	2,313,616	11,939,523	14,253,139	4,093,730
Cash and Cash Equivalents - June 30, 2007					
(including \$923,596 for the Landfill Fund reported in restricted accounts)	<u>\$ -</u>	<u>\$ 2,348,075</u>	<u>\$ 11,479,288</u>	<u>\$ 13,827,363</u>	<u>\$ 4,928,084</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, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>	
	<u>Water</u>	<u>Wastewater</u>	<u>Landfill</u>	<u>Internal</u>	
	<u>Services</u>	<u>Services</u>		<u>Total</u>	<u>Service Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (80,893)	\$(1,043,215)	\$1,026,921	\$ (97,187)	\$ 596,100
Adjustments to reconcile Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:					
Depreciation and Depletion	109,240	1,620,737	971,900	2,701,877	14,492
Increase in Closure/Postclosure Liability	-	-	937,793	937,793	-
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(11,078)	56,772	(96,176)	(50,482)	(2,533)
Decrease in Other Assets	-	1,517	8,308	9,825	10,181
Increase (Decrease) in Accounts Payable	(59,029)	471,728	865,098	1,277,797	2,848
Increase (Decrease) in Salaries & Benefits Payable	1,223	858	10,655	12,736	-
Increase (Decrease) in Accrued Expenses	-	(10,502)	(2,847)	(13,349)	17,659
Increase (Decrease) in Deferred Revenue	-	-	-	-	3,252
Increase (Decrease) in Compensated Absences	1,286	(3,963)	7,556	4,879	-
Net Cash Provided by (used in) Operating Activities	<u>\$ (39,251)</u>	<u>\$ 1,093,932</u>	<u>\$3,729,208</u>	<u>\$4,783,889</u>	<u>\$ 641,999</u>

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, 2007

	Pension Fund	Agency Funds
	(Blended	
	Component Unit)	
	Public Safety	State & Town
	Employees	Collections
ASSETS		
Cash and Short-Term Investments	\$ 845,831	\$ 307,784
Receivables, Net:		
Property Taxes & Fees	-	104,637
Interest & Other	40,183	-
Investments, at fair value:		
U.S. Government Obligations	1,000,804	-
U.S. Agencies Obligations	33,493	-
Other Governmental Agencies	2,289,093	-
Domestic Corporate Bonds	1,550,265	-
Domestic Stocks	8,520,717	-
International Stocks	1,800,618	-
	15,194,990	-
Total Investments		
	16,081,004	412,421
Total Assets		
	16,081,004	412,421
LIABILITIES		
Accounts Payable	5,839	-
Due to Other Governments	-	412,421
	5,839	412,421
Total Liabilities		
	5,839	412,421
NET ASSETS		
Held in Trust for:		
Employees' Pension Benefits	16,075,165	-
Total Net Assets	\$ 16,075,165	\$ -

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, 2007

	Pension Fund
	(Blended
	Component Unit)
	Public Safety
	Employees
ADDITIONS	
Contributions	
Cecil County	\$ 1,274,061
Participants	646,476
	1,920,537
Total Contributions	
INVESTMENT INCOME	
Net Appreciation	
in Fair Value of Investments	1,638,414
Interest and Dividends	487,140
	2,125,554
Less: Investment Expense	(132,161)
Net Investment Income	1,993,393
Total Additions	3,913,930
DEDUCTIONS	
Pension Benefits	409,872
Refunds of Contributions	140,019
Administrative Expense	75,899
	625,790
Total Deductions	625,790
Change in Net Assets	3,288,140
Net Assets - June 30, 2006	12,787,025
Net Assets - June 30, 2007	\$ 16,075,165

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

CECIL COUNTY, MARYLAND
STATEMENT OF NET ASSETS
DISCRETELY PRESENTED NONFIDUCIARY COMPONENT UNITS
JUNE 30, 2007

	<u>Board of Education</u>	<u>Cecil Community College</u>	<u>Cecil County Public Library</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
ASSETS					
Cash and Investments	\$ 23,176,123	\$ 2,779,430	\$ 1,158,444	\$ 388,068	\$ 27,502,065
Receivables, Net	296,854	570,364	8,500	682,000	1,557,718
Due from Primary Government	2,985,031	397,568	1,180,691	-	4,563,290
Due from Other Governments	2,734,519	-	-	-	2,734,519
Inventories	185,835	-	-	-	185,835
Prepaid Expenses & Other Assets	280,800	237,953	-	-	518,753
Restricted Assets:					
Cash and Investments	-	3,301,219	-	221,295	3,522,514
Capital Assets, Net:					
Land	1,202,153	1,779,763	-	3,549,600	6,531,516
Construction in Progress	52,403,358	-	-	-	52,403,358
Land Improvements	3,394,017	-	-	-	3,394,017
Buildings & Leasehold Improvements	94,847,980	28,741,955	-	-	123,589,935
Machinery & Equipment	8,633,842	1,383,815	1,554,606	5,254	11,577,517
Total Assets	<u>190,140,512</u>	<u>39,192,067</u>	<u>3,902,241</u>	<u>4,846,217</u>	<u>238,081,037</u>
LIABILITIES					
Accounts Payable	8,002,490	311,665	1,166,267	333,695	9,814,117
Accrued Salaries and Benefits	9,754,867	521,888	-	2,986	10,279,741
Unearned Revenue	2,122,965	1,337,722	-	22,500	3,483,187
Due within one year:					
Capital Leases	613,644	18,098	-	-	631,742
Insurance Claims Payable	1,325,000	-	-	-	1,325,000
Compensated Absences	312,525	153,484	41,219	-	507,228
Due in more than one year:					
Capital Leases	3,339,540	-	-	-	3,339,540
Compensated Absences	2,465,070	76,742	-	-	2,541,812
Total Liabilities	<u>27,936,101</u>	<u>2,419,599</u>	<u>1,207,486</u>	<u>359,181</u>	<u>31,922,367</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	156,528,166	31,887,435	1,554,606	3,554,854	193,525,061
Restricted for:					
Capital Projects	611,410	-	-	-	611,410
Donor Restrictions	-	3,533,686	-	-	3,533,686
Unrestricted	5,064,835	1,351,347	1,140,149	932,182	8,488,513
Total Net Assets	<u>\$ 162,204,411</u>	<u>\$ 36,772,468</u>	<u>\$ 2,694,755</u>	<u>\$ 4,487,036</u>	<u>\$ 206,158,670</u>

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

CECIL COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED NONFIDUCIARY COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Grants and Contributions			Component Units				
		Charges for Services	Operating	Capital	Board of Education	Cecil Community College	Cecil County Public Library	Bainbridge Development Corporation	Total
Board of Education									
Instruction	\$ 171,451,944	\$ 598,235	\$ 41,039,008	\$37,684,828	\$ (92,129,873)	\$ -	\$ -	\$ -	\$ (92,129,873)
Student Services	4,965,606	2,779,343	2,389,576	-	203,313	-	-	-	203,313
Interest on Long term Det	1,612	-	-	-	(1,612)	-	-	-	(1,612)
Total Board of Education	<u>\$ 176,419,162</u>	<u>\$ 3,377,578</u>	<u>\$ 43,428,584</u>	<u>\$37,684,828</u>	<u>(91,928,172)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,928,172)</u>
Cecil Community College									
Instruction	\$ 19,653,633	\$ 4,334,868	\$ 2,351,544	\$ 1,169,126	-	(11,798,095)	-	-	(11,798,095)
Student Services	976,710	971,840	-	-	-	(4,870)	-	-	(4,870)
Total Cecil Community College	<u>\$ 20,630,343</u>	<u>\$ 5,306,708</u>	<u>\$ 2,351,544</u>	<u>\$ 1,169,126</u>	<u>-</u>	<u>(11,802,965)</u>	<u>-</u>	<u>-</u>	<u>(11,802,965)</u>
Cecil County Public Library									
Public Libraries	\$ 3,696,483	\$ 109,692	\$ -	\$ -	-	-	(3,586,791)	-	(3,586,791)
Total Cecil County Library	<u>\$ 3,696,483</u>	<u>\$ 109,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(3,586,791)</u>	<u>-</u>	<u>(3,586,791)</u>
Bainbridge Development Corporation									
Economic Development	\$ 817,600	\$ 64,203	\$ -	\$ -	-	-	-	(753,397)	(753,397)
Total Bainbridge Development Corporation	<u>\$ 817,600</u>	<u>\$ 64,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(753,397)</u>	<u>(753,397)</u>
General Revenues:									
Payments From the Primary Government					65,715,090	7,194,488	3,444,890	-	76,354,468
Payments From the State Government					61,013,725	3,833,805	745,911	-	65,593,441
Grants, Entitlements, and Contributions not Restricted to Specific Programs					-	1,113,473	9,384	-	1,122,857
Investment Earnings					1,143,097	579,056	22,925	60,103	1,805,181
Other Revenues including Capital Asset Sales Gains					215,963	192,149	133,817	-	541,929
Total General Revenues, Special Items, and Transfers					<u>128,087,875</u>	<u>12,912,971</u>	<u>4,356,927</u>	<u>60,103</u>	<u>145,417,876</u>
Change in Net Assets					36,159,703	1,110,006	770,136	(693,294)	37,346,551
Net Assets - June 30, 2006					<u>126,044,708</u>	<u>35,662,462</u>	<u>1,924,619</u>	<u>5,180,330</u>	<u>168,812,119</u>
Net Assets - June 30, 2007					<u>\$ 162,204,411</u>	<u>\$36,772,468</u>	<u>\$ 2,694,755</u>	<u>\$4,487,036</u>	<u>\$ 206,158,670</u>

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



Summary of Significant Accounting Policies

The accounting and reporting policies of the County conform in all material respects to accounting principles generally accepted (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. 42, and Statements 44, 46, 47 and 50.

In June 2004, the GASB issued Statement No. 47 "Accounting for Termination Benefits" to be implemented in statements for periods beginning after June 15, 2006. This statement establishes accounting standards for termination benefits. As of June 30, 2007, Cecil County does not provide termination benefits.

In May 2007, the GASB issued Statement No. 50, "Pension Disclosures" to be implemented for periods beginning after June 15, 2007. This statement amends certain disclosure requirements. The County has adopted this Statement for the fiscal year ended June 30, 2007.

The following summarizes the County's significant accounting policies.

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.

Blended Component Unit

The Cecil County Pension Plan for Public Safety Employees 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 Plan is a blended component unit because it provides services and benefits exclusively to 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 Community 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 of the relationship under State law and the funding of 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 of the relationship under State law and the funding of a 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 Community 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 changes in net assets) report information on all of the non-fiduciary activities of the County (the primary government) and its component units. Eliminations of interfund 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 segment 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.

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 in 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 90 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 assets acquisitions are reported as expenditures in governmental funds. Long-term debt issues and acquisitions under capital leases are reported as other financing sources.

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major enterprise funds:

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

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

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

The County also reports the following fund types:

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

The **Pension Fund** accounts for the activities of The Cecil County Pension Plan for Public Safety Employees, a blended component unit, which accumulates resources for pension benefit payments to qualified public safety employees or their beneficiaries.

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 interfund 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 customers for sales and services. The water and wastewater funds recognize as operating revenues the portion of connection fees related to the cost to connect customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

1. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

Receivables and Payables

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

Personal property taxes are imposed on certain machinery and equipment used in business. Personal property taxes are billed and recorded as receivables annually throughout the year. Payment is due in 30 days. The County charges one percent per month interest on all delinquent business taxes as well as a three percent penalty, which accrues March 1.

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, 2007, 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, July 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, 2006 and 2007, 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 fiscal year ended June 30, 2007, 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 (\$25,000 to \$50,000 for land improvements, buildings, and infrastructure) and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost or estimated historical cost. Estimated historical 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>
Land and Leasehold Improvements	15 – 30
Roads and Bridges	8 – 50
Buildings	20 – 50
Building Improvements	20 – 30
Vehicles, Computers, Equipment	5 – 15

Deferred Revenue

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

Compensated Absences

Compensated absences are those earned but unused absences for which employees will be paid, such as vacation and sick leave. Employees are granted vacation and sick leave in varying amounts. It is the County's policy to permit employees to accumulate all earned but unused sick leave and up to 30 days of vacation leave. Vacation and sick pay are accrued as applicable in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements.

Long-Term Liabilities

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

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

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

Net Assets and Fund Equity

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

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

2. Stewardship, Compliance, and Accountability

A. Budgetary Accounting and Control

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

- a. The County adopts legal annual budgets for the general fund, certain special revenue funds and the debt service fund. The County legally adopts project length budgets for its capital projects funds. Since project periods may differ from the County's fiscal year, a comparison of budgetary information for the combined capital projects funds would not be meaningful and has not been presented in the accompanying financial statements.
- b. As of February 1 of each year, County department heads are required to submit to the Board of Estimates preliminary operating budgets for the fiscal year commencing the following July 1. The operating budgets submitted include proposed expenditures and the means of financing them as well as narrative justification for increases of operating expenditures (i.e., additional employees, capital expenditures and so forth).
- c. The submitted budgets are then subject to a detailed review by the Board of Estimates. This review process, which continues through May, includes meetings with the department heads, making comparisons with prior years' spending patterns, and forecasting future needs.
- d. As required by the County Code, the proposed budget is made available for public inspection for at least 10 days prior to the date of adoption, with adoption required by June 1. Simultaneous to the budget adoption, the Board of Estimates adopts the appropriate measures required to put the budget into effect and fixes the rate of taxation.

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, 2007, 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.

Expenditures may not legally exceed budgeted appropriations at the departmental level. Appropriations lapse at fiscal year end for all funds except the capital projects funds. The County legally adopts project-length budgets for its capital projects funds and unexpended appropriations automatically carry forward to the next fiscal year.

1. 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, 2007, were 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.

2. Expenditures Over Appropriations

During the year ended June 30, 2007, expenditures in the Housing Programs Fund exceeded appropriations by \$127,067.

3. Deposit and Investment Portfolio Disclosure

The County maintains a cash and investment pool that is available for use by all funds except the pension plan fund, which is 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 specific grant or 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 02% 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)	\$ 347,258	\$ 1,485,126
Uninsured Deposits - Collateral held by pledging bank's agent in the County or Unit's name	2,431,801	3,494,895
Certificates of Deposit due within One Year - Collateral held by pledging bank's agent in the County or Unit's name	24,802,857	3,328,603
Total Deposits	\$ 27,581,916	\$ 8,308,624
Investments		
Money Market Mutual Funds	20,543,022	-
Investment in Maryland Local Government Investment Pool	37,833,328	20,417,655
U.S. Government obligations	976,932	-
U.S. Agencies - Government guaranteed	33,492	499,531
U.S. Agencies - Other	2,312,965	-
Corporate Bonds	1,550,266	-
Stock Equities	10,321,335	-
Balanced Fund Mutual Fund	-	3,000,987
Total Investments	\$ 73,571,340	\$ 23,918,173

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 minimizes credit risk by limiting its fixed income investments to those of U.S. Treasury and U.S. Agency securities backed by the full faith and credit of the U.S. Government; other U.S. Agency securities; and corporate notes and bonds with a rating comparable to Standard & Poor's rating of A. All agency securities held by the County that were not explicitly guaranteed by the U.S. Government had a rating of AAA.

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 AAAM. 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. All bonds are pension plan assets and had a S&P rating of A or better at purchase.

Interest Rate Risk. The County limits its interest rate risk by primarily investing in securities with maturity dates under one year.

All corporate bonds, U.S. Treasury, and U.S. Agencies investments are held by the pension plan. It is the plan's policy to hold investments until maturity unless there is an economic reason to do otherwise. As of June 30, 2007, the pension plan had the following investments and maturities.

<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. Treasury Obligations	\$ 976,932	\$ 183,341	\$ 329,194	\$ 288,623	\$ 175,774
U.S. Agencies - Govt. guaranteed	33,492	-	-	-	33,492
U.S. Agencies - Other	2,312,965	117,443	146,135	265,409	1,783,978
Corporate Bonds	1,550,265	133,791	722,469	622,830	71,175
	<u>\$ 4,873,654</u>	<u>\$ 434,575</u>	<u>\$ 1,197,798</u>	<u>\$ 1,176,862</u>	<u>\$ 2,064,419</u>

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 ensures diversity of its portfolio as follows: Large capitalization, 35% - 50%; mid capitalization, 0% - 10%; small capitalization, 0% - 10%; international equity, 0% - 5%; fixed income, 5% - 50%; and cash equivalents 0% - 10%. At June 30, 2007, the plan had \$1,605,760 or 10.0% of its assets invested in Federal National Mortgage Association securities. All investments were in compliance with the County's and Pension's Investment Policies.

The following provides reconciliation between the amounts disclosed in the footnote on page 46 and the amounts presented in the Statement of Net Assets.

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Deposits	\$ 27,581,916	\$ 8,308,624	\$ 35,890,540
Investments	73,571,340	23,918,173	97,489,513
Petty Cash Amounts	5,126	7,100	12,226
Total	<u>\$ 101,158,382</u>	<u>\$ 32,233,897</u>	<u>\$ 133,392,279</u>
Unrestricted	\$ 82,886,887	\$ 27,502,065	\$ 110,388,952
Restricted	1,922,890	3,522,514	5,445,404
Fiduciary Funds	16,348,605	1,209,318	17,557,923
Total Cash and Investments	<u>\$ 101,158,382</u>	<u>\$ 32,233,897</u>	<u>\$ 133,392,279</u>

4. Receivables

Primary Government

The following are receivables as of year-end for the Government’s major and non-major funds including applicable allowances for uncollectible accounts. Receivables of the internal service funds in the amount of \$21,541 are included in the governmental activities of the government-wide statement.

	Governmental Fund Financial Statements					Government-wide Statements	
	General	Housing Programs	Highway	Capital Projects	Non-Major Funds	Total	Governmental Activities
Receivables:							
Property Taxes	\$ 1,195,149	\$ -	\$ -	\$ -	\$ -	\$ 1,195,149	\$ 1,195,149
Accounts	-	100,284	-	28,290	145,041	273,615	295,156
Notes-Current (Note 5)	2,537	-	-	-	-	2,537	2,537
Notes-Non-Current (Note 5)	6,063	-	-	-	303,680	309,743	309,743
Interest and Other	524,882	-	757	-	1,004	526,643	526,643
Gross Receivables	1,728,631	100,284	757	28,290	449,725	2,307,687	2,329,228
Less: Allowances for Uncollectibles	(658,162)	(100,284)	-	-	-	(758,446)	(758,446)
Net Total Receivables	\$ 1,070,469	\$ -	\$ 757	\$ 28,290	\$ 449,725	\$ 1,549,241	\$ 1,570,782

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

	Enterprise Fund Financial Statements						Government-wide Statements
	Current			Non-Current			Business-type Activities
	Water Services	Wastewater Services	Landfill Services	Total	Water Services	Wastewater Services	
Receivables:							
Accounts	\$ 226,154	\$ 771,827	\$ 752,805	\$ 1,750,786	\$ -	\$ -	\$ 1,750,786
Other	4,451	34,302	13,254	52,007	-	-	52,007
Non-Current	-	-	-	-	-	1,759,966	1,759,966
Gross Receivables	230,605	806,129	766,059	1,802,793	-	1,759,966	3,562,759
Less: Allowances for Uncollectibles	-	(38,752)	(96,085)	(134,837)	-	-	(134,837)
Net Total Receivables	\$ 230,605	\$ 767,377	\$ 669,974	\$ 1,667,956	\$ -	\$ 1,759,966	\$ 3,427,922

Component Units

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

	<u>Board of Education</u>	<u>Cecil Community College</u>	<u>Cecil County Library</u>	<u>Bainbridge Development Corporation</u>	<u>Total</u>
Receivables:					
Accounts	296,854	967,932	8,500	682,000	1,955,286
Other	-	-	-	-	-
Gross Receivables	296,854	967,932	8,500	682,000	1,955,286
Less: Allowances for Uncollectibles	-	(397,568)	-	-	(397,568)
Net Total Receivables	<u>296,854</u>	<u>570,364</u>	<u>8,500</u>	<u>682,000</u>	<u>1,557,718</u>

Notes Receivable

General Fund

The County, in cooperation with the Maryland Department of Business and Economic Development, provided an economic development loan to James E. Water, II trading as Triumph Industrial Park which expanded its facilities thereby adding jobs to the local economy. As of June 30, 2007, the balance was 8,600. This loan has an interest rate of 5% and final payment is due June 2010. Additionally, the County has guaranteed a related State loan in the amount of \$210,000.

3. Economic Development Loan Fund

The fund provides small loans in conjunction with other lenders to enhance economic development within the County. The total outstanding at June 30, 2007 was \$303,680.

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

The capital asset activity for Governmental Activities for the year ended June 30, 2007 was as follows:

	<u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated				
Land	\$ 7,922,233	\$ 213,958	\$ -	\$ 8,136,191
Construction in Progress	13,480,856	9,140,432	(8,854,986)	13,766,302
Total Capital Assets Not Being Depreciated	<u>21,403,089</u>	<u>9,354,390</u>	<u>(8,854,986)</u>	<u>21,902,493</u>
Capital Assets Being Depreciated				
Land Improvements	1,124,222	1,302,037	-	2,426,259
Highways & Bridges	178,002,309	13,854,366	(5,415,792)	186,440,823
Building and Improvements	23,830,511	356,512	-	24,187,023
Machinery & Equipment	13,845,782	12,998,689	(624,823)	26,219,648
Total Capital Assets Being Depreciated	<u>216,802,824</u>	<u>28,511,604</u>	<u>(6,040,615)</u>	<u>239,273,813</u>
Less Accumulated Depreciation for:				
Land Improvements	(278,193)	(55,348)	-	(333,541)
Highways & Bridges	(105,946,967)	(4,327,468)	5,415,792	(104,858,643)
Building and Improvements	(7,494,607)	(537,713)	-	(8,032,320)
Machinery & Equipment	(7,201,730)	(1,557,089)	592,021	(8,166,798)
Total Accumulated Depreciation	<u>(120,921,497)</u>	<u>(6,477,618)</u>	<u>6,007,813</u>	<u>(121,391,302)</u>
Total Capital Assets Being Depreciated, Net	<u>95,881,327</u>	<u>22,033,986</u>	<u>(32,802)</u>	<u>117,882,511</u>
Government Activities Capital Assets, Net	<u>\$ 117,284,416</u>	<u>\$ 31,388,376</u>	<u>\$ (8,887,788)</u>	<u>\$ 139,785,004</u>

The capital asset activity for Business-Type Activities for the year ended June 30, 2007 was as follows:

	<u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 875,348	\$ -	\$ -	\$ 875,348
Construction in Progress	<u>2,058,174</u>	<u>4,343,020</u>	<u>(3,019,473)</u>	<u>3,381,721</u>
Total Capital Assets Not Being Depreciated	<u>2,933,522</u>	<u>4,343,020</u>	<u>(3,019,473)</u>	<u>4,257,069</u>
Capital Assets Being Depreciated				
Landfill and Land Improvements	14,277,371	261,596		14,538,967
Water & Wastewater Lines	22,840,519	1,105,809	-	23,946,328
Buildings & Improvements	11,456,084	349,212	-	11,805,296
Machinery & Equipment	<u>23,630,913</u>	<u>2,721,884</u>	<u>(183,419)</u>	<u>26,169,378</u>
Total Capital Assets Being Depreciated	<u>72,204,887</u>	<u>4,438,501</u>	<u>(183,419)</u>	<u>76,459,969</u>
Less Accumulated Depreciation for:				
Landfill and Land Improvements	(10,915,203)	(974,403)	-	(11,889,606)
Water & Wastewater Lines	(9,388,304)	(717,094)	-	(10,105,398)
Building and Improvements	(4,312,753)	(286,909)	-	(4,599,662)
Machinery & Equipment	<u>(5,588,125)</u>	<u>(1,200,892)</u>	<u>157,682</u>	<u>(6,631,335)</u>
Total Accumulated Depreciation	<u>(30,204,385)</u>	<u>(3,179,298)</u>	<u>157,682</u>	<u>(33,226,001)</u>
Total Capital Assets Being Depreciated, Net	<u>42,000,502</u>	<u>1,259,203</u>	<u>(25,737)</u>	<u>43,233,968</u>
Business-Type Activities Capital Assets, Net	<u>\$ 44,934,024</u>	<u>\$ 5,602,223</u>	<u>\$ (3,045,210)</u>	<u>\$ 47,491,037</u>

Depreciation and depletion expense was charged to the following activities:

Governmental Activities:

General Government	\$ 225,100
Public Safety	1,156,676
Highways, Streets, and Bridges	4,772,372
Health and Welfare	219,682
Recreation and Culture	40,949
Public Libraries	47,351
Economic Development	995
	<u>\$ 6,463,126</u>

Business-type Activities:

Enterprise Funds:	
Water	\$ 109,240
Wastewater	1,620,737
Landfill	<u>1,449,321</u>
	<u>\$ 3,179,298</u>

Construction Commitments

Cecil County has active construction contracts as of June 30, 2007. 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	\$ 126,163	\$ 1,046,136
Other Capital Projects	2,218,891	6,968,227
Total	<u>\$ 2,345,054</u>	<u>\$ 8,014,363</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, 2007.

	<u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
<u>Board of Education</u>				
Capital Assets Not Being Depreciated				
Land	\$ 1,202,153	\$ -	\$ -	\$ 1,202,153
Construction in Progress	19,676,889	37,680,377	(4,953,907)	52,403,359
Total Capital Assets Not Being Depreciated	<u>20,879,042</u>	<u>37,680,377</u>	<u>(4,953,907)</u>	<u>53,605,511</u>
Capital Assets Being Depreciated				
Land Improvements	4,158,988	468,427	-	4,627,415
Building and Improvements	165,780,078	2,930,859	(107,800)	168,603,137
Machinery & Equipment	18,989,664	3,409,771	(2,060,172)	20,339,263
Total Capital Assets Being Depreciated	<u>188,928,730</u>	<u>6,809,057</u>	<u>(2,167,972)</u>	<u>193,569,815</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,023,354)	(210,045)	-	(1,233,399)
Building and Improvements	(68,747,052)	(5,010,620)	2,515	(73,755,157)
Machinery & Equipment	(11,673,077)	(2,001,186)	1,968,842	(11,705,421)
Total Accumulated Depreciation	<u>(81,443,483)</u>	<u>(7,221,851)</u>	<u>1,971,357</u>	<u>(86,693,977)</u>
Total Capital Assets Being Depreciated, Net	<u>107,485,247</u>	<u>(412,794)</u>	<u>(196,615)</u>	<u>106,875,838</u>
Board of Education Capital Assets, Net	<u>\$ 128,364,289</u>	<u>\$ 37,267,583</u>	<u>\$ (5,150,522)</u>	<u>\$ 160,481,350</u>

Capital assets of County's component Units (continued)

Community College

Capital Assets Not Being Depreciated				
Land	\$ 1,248,276	\$ 531,487	\$ -	\$ 1,779,763
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>1,248,276</u>	<u>531,487</u>	<u>-</u>	<u>1,779,763</u>
Capital Assets Being Depreciated				
Leasehold and Other Improvements	3,170,318	116,924	-	3,287,242
Building and Improvements	36,201,011	561,824	-	36,762,835
Machinery & Equipment	5,580,173	229,177	(49,406)	5,759,944
Total Capital Assets Being Depreciated	<u>44,951,502</u>	<u>907,925</u>	<u>(49,406)</u>	<u>45,810,021</u>
Less Accumulated Depreciation for:				
Leasehold and Other Improvements	(1,319,452)	(171,548)	-	(1,491,000)
Building and Improvements	(8,901,213)	(915,909)	-	(9,817,122)
Machinery & Equipment	(4,039,199)	(386,207)	49,277	(4,376,129)
Total Accumulated Depreciation	<u>(14,259,864)</u>	<u>(1,473,664)</u>	<u>49,277</u>	<u>(15,684,251)</u>
Total Capital Assets Being Depreciated, Net	<u>30,691,638</u>	<u>(565,739)</u>	<u>(129)</u>	<u>30,125,770</u>
Community College Capital Assets, Net	<u>\$ 31,939,914</u>	<u>\$ (34,252)</u>	<u>\$ (129)</u>	<u>\$ 31,905,533</u>

Public Library

Capital Assets Being Depreciated				
Machinery & Equipment	2,411,726	569,121	(284,902)	2,695,945
Total Capital Assets Being Depreciated	<u>2,411,726</u>	<u>569,121</u>	<u>(284,902)</u>	<u>2,695,945</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	(1,014,482)	(411,759)	284,902	(1,141,339)
Total Accumulated Depreciation	<u>(1,014,482)</u>	<u>(411,759)</u>	<u>284,902</u>	<u>(1,141,339)</u>
Total Capital Assets Being Depreciated, Net	<u>1,397,244</u>	<u>157,362</u>	<u>-</u>	<u>1,554,606</u>
Public Library Capital Assets, Net	<u>\$ 1,397,244</u>	<u>\$ 157,362</u>	<u>\$ -</u>	<u>\$ 1,554,606</u>

Wainbridge Development Corporation

Capital Assets Not Being Depreciated				
Land	\$ 3,549,600	\$ -	\$ -	\$ 3,549,600
Total Capital Assets Not Being Depreciated	<u>3,549,600</u>	<u>-</u>	<u>-</u>	<u>3,549,600</u>
Capital Assets Being Depreciated				
Machinery & Equipment	5,052	5,550	-	10,602
Total Capital Assets Being Depreciated	<u>5,052</u>	<u>5,550</u>	<u>-</u>	<u>10,602</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	(3,480)	(1,868)	-	(5,348)
Total Accumulated Depreciation	<u>(3,480)</u>	<u>(1,868)</u>	<u>-</u>	<u>(5,348)</u>
Total Capital Assets Being Depreciated, Net	<u>1,572</u>	<u>3,682</u>	<u>-</u>	<u>5,254</u>
Wainbridge Development Corporation Capital Assets, Net	<u>\$ 3,551,172</u>	<u>\$ 3,682</u>	<u>\$ -</u>	<u>\$ 3,554,854</u>

7. Interfund Receivables, Payables, Advances and Transfers

Interfund balances arise primarily from the General Fund's role as receiver, investor, and disbursing officer of cash. Transactions that are short term are classified as interfund receivables. The composition of interfund receivables as of June 30, 2007, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Housing Programs Fund	\$ 10,517
	Non-Major Governmental Funds	69,057
	Internal Service Funds	150,055
		<u>\$ 229,629</u>

Interfund transfers from the General Fund consist of operating transfers to finance debt service of \$11,606,846, capital projects and highway maintenance of \$17,020,139, and \$2,605,315 to provide additional support to several special revenue programs. The transfers for the year ended June 30, 2007 are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	<u>Highway Fund</u>	<u>General Capital Projects Fund</u>	<u>Board of Education Construction Fund</u>	<u>Library Construction Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ 7,756,805	\$ 6,914,012	\$ 1,513,910	\$ 650,000	\$ 14,397,573	\$ 31,232,300

8. Long-Term Debt

A. Changes in Long-Term Liabilities

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 95,968,924	\$ 26,727,140	\$ (7,669,084)	\$ 115,026,980	\$ 7,972,692
Less: Deferred Charges					
Premium on Debts Issued	1,253,188	274,166	(139,299)	1,388,055	139,299
Gain on Refunding	(829,623)	-	155,142	(674,481)	(155,142)
Total Bonds Payable	96,392,489	27,001,306	(7,653,241)	115,740,554	7,956,849
Insurance Claims Payable	776,298	5,589,022	(5,483,229)	882,091	882,091
Compensated Absences	1,177,222	1,442,995	(1,322,140)	1,298,077	865,385
Governmental Activity Long-Term Liabilities	\$ 98,346,009	\$ 34,033,323	\$ (14,458,610)	\$ 117,920,722	\$ 9,704,325

Changes in Long-Term Liabilities (continued)

Business-Type Activities:					
Bonds Payable	\$ 24,290,387	\$ 726,967	\$ (1,297,856)	\$ 23,719,498	\$ 1,336,252
Less: Discount on Issuance	<u>(26,706)</u>	<u>-</u>	<u>4,806</u>	<u>(21,900)</u>	<u>(4,410)</u>
Total Bonds Payable	24,263,681	726,967	(1,293,050)	23,697,598	1,331,842
Compensated Absences	105,498	96,327	(91,446)	110,379	73,585
Accrued Landfill Closure and Postclosure Costs	<u>5,512,433</u>	<u>460,370</u>	<u>-</u>	<u>5,972,803</u>	<u>-</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 29,881,612</u>	<u>\$ 1,283,664</u>	<u>\$ (1,384,496)</u>	<u>\$ 29,780,780</u>	<u>\$ 1,405,427</u>
Component Units					
Board of Education	\$ 7,099,847	\$ 1,815,800	\$ (859,868)	\$ 8,055,779	\$ 2,251,169
Cecil Community College	234,920	21,926	(8,522)	248,324	171,582
Cecil County Public Library	<u>31,146</u>	<u>10,073</u>	<u>-</u>	<u>41,219</u>	<u>41,219</u>
Component Units Long-Term Liabilities	<u>\$ 7,365,913</u>	<u>\$ 1,847,799</u>	<u>\$ (868,390)</u>	<u>\$ 8,345,322</u>	<u>\$ 2,463,970</u>

The fund responsible for incurring the compensated absences pays the obligation.

1. General Obligation Bonds

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

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

Cecil County has also recorded the issuance of revenue bonds (i.e., bonds supported by revenues of the County's enterprise operations). The economic essence of the 2000 Maryland Environmental Services Lease, Revenue Bonds is that of a revenue bond obligation issued by the County. The bonds financed the expansion of the County's central landfill and the County has pledged income derived from the landfill to pay debt service. In the event that a deficiency exists at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources are received.

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

The following is a summary of general, special assessment, and revenue bonds outstanding as June 30, 2007.

<u>Date of Issue/ Maturity</u>	<u>Amount of Original Issue</u>	<u>Description</u>	<u>Interest Rates</u>	<u>Balance Outstanding June 30, 2007</u>
1988/2007	1,295,949	Refinanced Bonds issued for reconstruction of the County jail.	8.6%	64,086
1992/2011	367,103	Maryland Water Quality Financing Administration, Charlestown Manor Sewer.	4.45%	91,712
1997/2012	4,850,000	Consolidated Public Improvement Bonds of 1997.	4.9725%	2,380,000
1999/2019	11,795,000	Consolidated Public Improvement Bonds of 1999.	5.10% - 5.25%	800,000
2001/2010	2,068,166	Consolidated Public Improvement Bonds of 2001, Series A.	5.765%	967,959
2001/2021	15,245,000	Consolidated Public Improvement Bonds of 2001, Series B.	5.765%	12,465,000
2002/2023	2,050,000	Sanitary District Bond, Series 2002	2.0%	1,702,255
2002/2024	6,279,112	Sanitary District Bond, Series 2002B	1.9%	5,346,014
2002/2017	13,795,000	Consolidated Public Improvement and Refunding Bonds of 2002	3.0%-3.875%	10,775,000
2003/2043	845,000	Sanitary District Bond, Series 2003A	4.252%	812,214
2003/2023	21,140	Consolidated Public Improvement and Refunding Bonds of 2003	2.25%-4.5%	14,180,000
2004/2023	2,616,645	Sanitary District Bond, Series 2003B	1.2%	2,241,020
2004/2044	1,585,000	Sanitary District Bond, Series 2004A	4.577%	1,543,296
2004/2025	8,000,000	Sanitary District Bond, Series 2004B	1.1%	7,552,988

List of Bonds outstanding at June 30, 2007 (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, 2007</u>
2004/2024	9,025,000	Consolidated Public Improvement Bonds of 2004	3.0% - 4.3%	8,350,000
2005/2025	39,615,000	Consolidated Public Improvement and Refunding Bonds of 2005	3.75% - 5%	38,140,000
2007/2027	26,720,000	Consolidated G.O. Public Improvement Bonds of 2006	3.5% - 5%	<u>26,720,000</u>
Sub-Total General Obligation Bonds				<u>134,131,544</u>
1996/2011	107,801	West View Shores - Shore Erosion Control District	None	35,934
2004/2019	149,000	West View Shores II - Shore Erosion Control District	None	<u>149,000</u>
Sub-Total Special Assessment Debt				<u>184,934</u>
2000/2015	6,385,000	Maryland Environmental Services Lease, Revenue Bonds (Cecil Co.), Series 2000	4.75% - 5.5%	<u>4,430,000</u>
Sub-Total Revenue Bonds				<u>4,430,000</u>
Total				<u>\$ 138,746,478</u>

Bonds issued and 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 the bonds are for school construction. Funding from Sanitary District Bonds is used to design, plan, renovate, construct or equip various water or wastewater facilities. Maryland Environmental Services Lease, Revenue Bonds were used to pay for construction of a new cell at the landfill. The County also issued bonds to pay for reconstruction of the County jail (1988/2007), Charlestown Manor Sewer (1992/2011) and erosion control at West View Shores.

The annual debt service requirements to maturity for principal and interest for bonds payable as of June 30, 2007, 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	Int
2008	7,961,145	4,497,543	941,842	377,403	11,550	-	390,000	
2009	7,124,847	4,220,426	957,125	337,959	11,550	-	415,000	
2010	7,463,374	3,929,964	972,713	322,371	13,286	-	435,000	
2011	7,367,680	3,494,135	980,461	306,471	13,286	-	460,000	
2012	7,160,000	3,363,203	977,025	290,614	13,286	-	2,730,000	
2013-2017	29,925,000	12,996,722	5,120,519	1,217,674	30,494	-	-	
2018-2022	28,175,000	7,011,403	5,540,596	797,597	30,494	-	-	
2023-2027	19,665,000	1,767,604	2,262,318	412,947	30,494	-	-	
2028-2032	-	-	343,699	304,801	30,494	-	-	
2033-2037	-	-	428,015	220,485	-	-	-	
2038-2042	-	-	533,033	115,467	-	-	-	
2043-2047	-	-	232,151	15,630	-	-	-	
	114,842,046	\$ 41,281,000	19,289,498	\$ 4,719,418	184,934	\$ -	4,430,000	\$ 1
Less: Funds not Drawn	-	-	-	-	-	-	-	-
Total	\$ 114,842,046		\$ 19,289,498		\$ 184,934		\$ 4,430,000	

C. Conduit Debt Obligations

The County has issued revenue based bonds for the express purpose of providing capital financing to third parties who are not part of the County or its component units. Although the debt bears the County's name, the County has no obligation for this debt beyond the resources of the third party or the related project as provided for in the bonds. Because the County has no liability for this debt, it is not recorded in the County's financial statements. Three revenue bond issues are outstanding. The face amount of these offerings amount to \$7,935,000. As of June 30, 2007, the aggregate principal amount remaining payable for these bonds is \$6,480,711.

Leases

Operating Leases

The County leases office facilities including a public safety facility under noncancelable 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>
2008	398,024	637,116
2009	392,170	607,038
2010	359,700	345,447
2011	382,180	352,676
2012	389,674	360,095
2013-2017	2,073,373	-
2018-2022	2,281,593	-
2023-2027	2,549,067	-
2028-2032	2,686,885	-
2033-2037	1,791,242	-
Total Commitment under the Operating Lease	<u>\$ 13,303,908</u>	<u>\$ 2,302,372</u>

Capital Leases

The Board of Education has entered into capital leases for maintenance vehicles and portable classrooms. Cecil Community College has entered into capital leases for an automobile and telephone system upgrades. These leases expire at various times over the next four fiscal years. As of June 30, 2007, future minimum payments under capital leases were as follows:

	<u>Board of Education</u>	<u>Community College</u>
2008	613,644	18,465
2009	634,730	-
2010	546,427	-
2011-2021	2,158,383	-
Total Commitment under the Capital Leases	<u>3,953,184</u>	<u>18,465</u>

10. Landfill Closure and Postclosure 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 postclosure 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 postclosure 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 postclosure care liability of \$5,972,803 at June 30, 2007, represented the cumulative amount reported to date based on the use of approximately 90% of the estimated capacity of the currently constructed cells at the landfill. The remaining estimated cost of closure and postclosure care of \$624,647 will be recognized as the remaining estimated capacity is filled. The amount is based on what it would cost to perform all closure and postclosure care in 2007. Actual cost may be different because of inflation, changes in technology, or changes in regulations. The estimated life of the landfill is through 2011.

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 postclosure care. The County is in compliance with these requirements.

11. Reserved and Designated Fund Balances

The County reserves fund balance where amounts either do not constitute "available spendable resources" or are not expected to be received by the General Fund in the next operating cycle. Fund balances have been reserved for the following purposes at June 30, 2007:

General Fund

The reserved fund balance of \$12,709,095 at June 30, 2007, represents the following:

Inventory, Deposits, and Prepaid Expenses	\$ 182,097
Contingencies in accordance with Board of County Commissioners' resolution	11,508,756
IKEA refund due to change in prior year personal property assessment	645,885
Advance to Water Services Fund	366,312
Non-Current Notes Receivable	<u>6,045</u>
	<u>\$ 12,709,095</u>

The designated fund balance of \$17,486,174 at June 30, 2007, represents the following:

Designated for subsequent year's expenditures	\$ 4,274,384
Designated for park land acquisition	\$ 500,000
Designated for anticipated pay-as-you go capital projects funding	<u>13,211,790</u>
	<u>\$ 17,986,174</u>

Other Funds

The reserved fund balance in other funds amounts to \$584,170 at June 30, 2007, and consists of the following:

Major Fund	Highway Fund	Inventory	\$ 280,791
Major Fund	General Capital Projects	Encumbrances	<u>303,379</u>
			<u>\$ 584,170</u>

The unreserved fund balances for all special revenue funds amounting to \$4,461,531 and all capital funds totaling \$21,585,310 are designated to be used for subsequent years' expenditures for various grants, activities, and capital projects.

2. Risk Management

1. Health Insurance

The County is self-insured for health care benefits provided to employees. The County pays 5% 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 benefits to employees of the County government, and two component units (Cecil Community College and Cecil County Public Library). Under the Plan, charges are made to employers on a formula basis. Interfund 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 \$150,000 per plan year or if total claims for a plan year exceed a formula-based limit. Settled claims have not exceeded the commercial coverage purchased by the County in any of the past three fiscal years.

The liability for Health Insurance Fund claims of \$882,091 is based on standard insurance industry practices in estimating claims for insured losses incurred but not reported by June 30, 2007. Historical claims experience and other relevant reports are the bases for these estimates.

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

	<u>Beginning Fiscal Year Liability</u>	<u>Claims and Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Fiscal Year Liability</u>
2005-2006	696,457	5,241,880	(5,162,039)	776,298
2006-2007	776,298	5,589,022	(5,483,229)	882,091

B. Other Insurance

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

The County insures its primary liability, property damage, and excess liability coverages through participation in the Maryland Local Government Insurance Trust (LGIT), a public entity risk pool. The LGIT created a self-insurance pool to offer coverage to Maryland local governments.

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 Community College current expenditures. The County has met the funding requirement for the year ended June 30, 2007. Funding for the year ending June 30, 2008, is estimated to be \$7,410,325. 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, 2007, such funding amounted to \$65,715,090 and is estimated to be \$65,915,162 for the year ending June 30, 2008.

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.

4. Employee Retirement Systems and Pension Plans

.. 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, 2006, the date of the latest actuarial valuation, there were 179 active Plan members, 25 retirees 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, 129 . Main St. Elkton, MD 21921. After January 4, 2008, the address for the Department of Human Resources will be 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 17.4% of covered payroll.

Annual Pension Cost. For the fiscal year ended June 30, 2007, the County's annual contribution to the PPPSE was \$1,274,061 and equaled its required and actual contribution. The required contribution to the Public Safety Plan was determined as part of the July 1, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 8% investment rate of return compounded annually, net of investment expenses; (b) projected salary increases of 7.5% per year compounded annually for the first five years, 7% annually for the next five years, and 6% annually thereafter; (c) termination of service estimates as 12% annually for the first five years, 6% annually for the next five years, and 1% annually thereafter; (d) an inflation rate of 3.5% resulting in post-retirement benefit increases of the maximum 2%; (e) rates of mortality, disablement and retirement are based on the 1994 Group Annuity Mortality Tables, a 1952 Society of Actuaries study, and comparable pension experience. 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. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007, was 26 years.

Three-Year Trend Information for PPPSE

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Covered</u>	<u>Net Pension Obligation</u>
2005	1,160,256	100%	-
2006	1,251,450	100%	-
2007	1,274,061	100%	-

The Plan has had three actuarial valuations. These valuations are summarized as follows:

SCHEDULE OF FUNDING PROGRESS

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

<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>
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%

Maryland State Retirement and Pension System (MSRPS)

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

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

unding 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, 2007, 2006, and 2005, were \$998,860, 764,589 and \$723,287 respectively and equaled the required and actual 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, 2007, was equal to the required and actual contributions as follows:

	<u>MSRPS</u>	<u>Public Safety</u>	<u>Total</u>
Primary Government	\$ 998,860	\$ 1,274,061	\$ 2,272,921
Component Units			
Board of Education	9,106,080	-	9,106,080
Community College	273,172	-	273,172
Public Library	131,093	-	131,093
Total	<u>\$ 10,509,205</u>	<u>\$ 1,274,061</u>	<u>\$ 11,783,266</u>

4. Defined Contribution Plan

Employees of the Community 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 also has chosen TIAA-CREF to provide retirement benefits to certain employees not eligible to participate in any other plan. This plan is a Defined Contribution Plan. Covered payroll for employees participating in the TIAA-CREF Plan was \$5,034,562 in 2007. The amount contributed by the State on the College's behalf was \$339,656 (6.70% of covered payroll), and the amount contributed by the College was \$33,115 (.65% of covered payroll) for fiscal year 2007.

5. Post-Retirement Health Care Benefits

Primary Government

In addition to the pension plans described in Note 14 the County provides post-retirement health care benefits, in accordance with a County-approved plan, to all employees of the County, Cecil County Public Library and Cecil Community College. The retiree must be continuously employed for four years immediately preceding retirement date and must have attained the age of 62 with five years of service or age 55 with 15 years of service. Currently, 59 employees have met these eligibility requirements and participate in the Plan. The County contributes \$75 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. During fiscal year 2007, post-retirement health care costs of \$52,425 were recorded.

Board of Education

The Board of Education (the Board) offers post-retirement health care benefits, in accordance with a Board-adopted plan, to all retired employees who have completed fourteen years or more of service and been continuously covered by the Board's health care plan for one year prior to retirement. Currently, 426 retirees meet these requirements. The Board pays retirees' health care premium up to a maximum of \$5,237 per year based on years of service and employee classification. Expenditures for post-retirement health care benefits are recognized as retirees' report claims and an accrual for an estimate of the amount payable at each year-end is provided. During fiscal year 2007, \$1,615,262 was recorded for post-retirement health care costs.

16. Subsequent events

The County's primary bank, Mercantile County Bank, was purchased by PNC Bank on March 2, 2007; the bank formally began operating as PNC on September 17, 2007. This change is not expected to adversely affect the County.

On October 1, 2007, the County established a new 457(b) defined contribution employee retirement plan with MetLife. This plan replaces the 457(b) plan that was established in 1973. Under the previous plan, investment contracts were established between ING (previously Aetna) and the employee on an individual basis; the County acted as intermediary to withhold and remit employee contributions. Under the new Plan, the County will act as the Plan Sponsor in a Trust capacity for the employees. An investment committee has been the overall administration of the plan and an investment consultant has been engaged to advise the committee as to various investment options. Employees who join the plan can select from a variety of investment options covering a broad range of market sectors or employees may opt to leave funds with ING, but will be unable to make future payroll contributions.

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 following budget and actual schedule presents General Fund 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, 2007**

	<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	\$ 80,898,626	\$ 78,492,404	\$ 78,510,957	\$ 18,553
Income Taxes	49,250,000	45,800,000	46,864,546	1,064,546
Licenses and Permits	2,057,530	1,697,530	1,658,794	(38,736)
Intergovernmental	12,111,453	12,361,220	11,467,703	(893,517)
Charges for Services	2,269,967	2,892,665	3,120,102	227,437
Investment Earnings	1,700,000	4,930,000	4,895,423	(34,577)
Contributions & Other Revenues	-	-	1,912,583	1,912,583
Total Revenues	<u>148,287,576</u>	<u>146,173,819</u>	<u>148,430,108</u>	<u>2,256,289</u>
Other Financing Sources				
Proceeds from Capital Asset Disposal	-	-	95,045	95,045
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>95,045</u>	<u>95,045</u>
Total Revenues and Other Financing Sources	<u>\$148,287,576</u>	<u>\$146,173,819</u>	<u>\$148,525,153</u>	<u>\$ 2,351,334</u>
Expenditures				
General Government				
County Commissioners	\$ 403,899	\$ 396,366	\$ 358,724	\$ 37,642
Office of Administrator	706,585	664,728	436,897	227,831
Budget	100,005	100,522	94,479	6,043
Administration Building Maintenance	27,200	14,700	11,452	3,248
Purchasing Department	158,017	152,787	150,849	1,938
Central Store Building Maintenance	7,400	7,400	6,563	837
Other General Government	1,541,363	1,574,663	1,302,713	271,950
Judgments and Losses	20,000	20,000	10,866	9,134
Reserve for Emergencies	250,000	250,000	-	250,000
Human Resources	583,922	576,566	537,517	39,049
Tax Collection	948,174	963,846	856,891	106,955
Accounting	661,046	632,950	552,556	80,394
Information Systems	1,299,334	1,318,002	775,011	542,991
Circuit Court	1,647,065	1,827,535	1,553,221	274,314
Orphans Court	24,411	24,411	21,418	2,993
Board of Elections	1,002,454	1,002,454	512,803	489,651
Voting Machine Maintenance	3,200	3,200	2,440	760
Liquor Board Licensing	211,517	210,052	202,077	7,975
Planning and Zoning	703,456	692,625	595,969	96,656
Board of Appeals	28,600	28,600	19,844	8,756
Planning Commission	38,000	42,000	39,568	2,432
Chesapeake Bay Critical Area	289,484	286,232	275,749	10,483
Courthouse Maintenance	1,545,352	1,565,353	1,433,061	132,292
Total General Government	<u>\$ 12,200,484</u>	<u>\$ 12,354,992</u>	<u>\$ 9,750,668</u>	<u>\$ 2,604,324</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Expenditures (Continued)				
Public Safety				
State's Attorney's Office	\$ 1,647,381	\$ 1,691,007	\$ 1,601,253	\$ 89,754
Sheriff's Office - Law Enforcement	8,211,245	7,868,494	7,174,235	694,259
Sheriff - Special Assignments	41,515	57,515	52,410	5,105
Sheriff Patrol - Charlestown	41,515	41,515	36,514	5,001
Sheriff Patrol - Chesapeake City	41,515	41,515	29,399	12,116
Sheriff Patrol - Port Deposit	22,900	-	-	-
Detention Center	5,931,372	5,871,021	5,595,519	275,502
Detention Center Maintenance	308,400	309,253	272,487	36,766
County Work Release Program	577,466	622,198	562,648	59,550
Community Work Service Program	15,188	15,188	13,201	1,987
Emergency Management	2,156,426	2,425,017	1,920,399	504,618
Emergency Medical Services	2,737,330	2,618,148	2,612,735	5,413
Volunteer Fire Departments	3,736,572	4,645,272	4,490,489	154,783
Civil Defense - 911 System	120,100	130,100	129,472	628
EMCDA Facility Maintenance	455,359	534,022	468,228	65,794
Permits and Licenses	795,887	794,877	782,708	12,169
Society for the Prevention of Cruelty to Animals	508,735	533,735	533,735	-
Total Public Safety	<u>27,348,906</u>	<u>28,198,877</u>	<u>26,275,432</u>	<u>1,923,445</u>
Highways, Streets, and Bridges				
Public Works Administration	2,593,808	2,594,089	2,185,457	408,632
Weed Control	73,038	73,730	61,902	11,828
Total Highways, Streets, and Bridges	<u>2,666,846</u>	<u>2,667,819</u>	<u>2,247,359</u>	<u>420,460</u>
Health and Welfare				
Health Department	2,218,522	2,218,522	2,218,521	1
New Health Department Maintenance	181,792	155,274	123,431	31,843
Mosquito Control	34,640	34,640	19,480	15,160
Pauper Burials	3,000	3,000	2,000	1,000
Social Services	475,052	471,142	460,385	10,757
Domestic Violence	621,181	645,275	627,284	17,991
Healthy Marriage	-	556,000	197,444	358,556
Domestic Violence - Coord. Council	46,443	46,543	43,707	2,836
Youth Panel	15,516	15,716	14,523	1,193
Maryland School for the Blind	4,290	7,890	6,575	1,315
Senior Center Maintenance	62,420	40,950	37,849	3,101
Old Help Center Maintenance	6,000	6,000	5,474	526
Cecil County Adult Day Care	34,237	34,237	34,237	-
Non-Profit Agencies	397,078	397,078	394,402	2,676
Total Health and Welfare	<u>\$ 4,100,171</u>	<u>\$ 4,632,267</u>	<u>\$ 4,185,312</u>	<u>\$ 446,955</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, 2007

	<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	\$ 651,968	\$ 683,640	\$ 426,184	\$ 257,456
Parks and Recreation Maintenance	8,670	8,670	7,667	1,003
Old Library Building Maintenance	20,410	20,410	14,147	6,263
Total Recreation and Culture	<u>681,048</u>	<u>712,720</u>	<u>447,998</u>	<u>264,722</u>
Education				
Cecil County Board of Education	65,715,090	65,715,090	65,715,090	-
Cecil Community College	7,328,988	7,331,188	7,331,188	-
Cecil Community College - Scholarships	30,000	30,000	30,000	-
Total Education	<u>73,074,078</u>	<u>73,076,278</u>	<u>73,076,278</u>	<u>-</u>
Public Libraries	<u>3,448,670</u>	<u>3,449,390</u>	<u>3,449,390</u>	<u>-</u>
Economic Development	<u>983,620</u>	<u>1,256,958</u>	<u>1,172,390</u>	<u>84,568</u>
Agriculture				
Agricultural Extension Service	197,186	197,186	190,526	6,660
Agricultural Extension Serv. - Bldg Maint.	44,778	44,778	43,962	816
Soil Conservation	306,174	303,350	289,674	13,676
Gypsy Moth Control	28,000	28,000	24,758	3,242
Total Agriculture	<u>576,138</u>	<u>573,314</u>	<u>548,920</u>	<u>24,394</u>
Municipalities	<u>558,078</u>	<u>558,078</u>	<u>558,077</u>	<u>1</u>
Total Expenditures	<u>125,638,039</u>	<u>127,480,693</u>	<u>121,711,824</u>	<u>5,768,869</u>
Other Financing Uses				
Transfers to Special Revenue Funds	10,624,451	11,652,830	10,362,120	1,290,710
Transfers to Debt Service Fund	12,173,686	12,173,686	11,606,846	566,840
Transfers to Capital Projects Funds	3,774,635	8,907,635	9,263,334	(355,699)
Total Other Financing Uses	<u>26,572,772</u>	<u>32,734,151</u>	<u>31,232,300</u>	<u>1,501,851</u>
Total Expenditures and Other Financing Uses	<u>\$152,210,811</u>	<u>\$160,214,844</u>	<u>\$152,944,124</u>	<u>\$ 7,270,720</u>

CECIL COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 3,364,697	\$ -	\$ 3,213,998	\$ 6,578,695
Receivables, Net	449,674	51	-	449,725
Due from Other Governments	289,071	-	-	289,071
Inventory	987	-	-	987
Restricted Assets: Cash and Investments	<u>197,074</u>	<u>-</u>	<u>-</u>	<u>197,074</u>
Total Assets	<u>\$ 4,301,503</u>	<u>\$ 51</u>	<u>\$ 3,213,998</u>	<u>\$ 7,515,552</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 307,469	\$ -	\$ 560,925	\$ 868,394
Salaries and Benefits Payable	126,227	-	-	126,227
Due to Other Funds	69,006	51	-	69,057
Due to Component Units	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>502,702</u>	<u>51</u>	<u>560,925</u>	<u>1,063,678</u>
Fund Balances:				
Reserved:				
Encumbrances	-	-	-	-
Unreserved:				
Special Revenue Funds	3,798,801	-	-	3,798,801
Debt Service	-	-	-	-
Capital Project Funds	<u>-</u>	<u>-</u>	<u>2,653,073</u>	<u>2,653,073</u>
Total Fund Balances	<u>3,798,801</u>	<u>-</u>	<u>2,653,073</u>	<u>6,451,874</u>
Total Liabilities and Fund Balances	<u>\$ 4,301,503</u>	<u>\$ 51</u>	<u>\$ 3,213,998</u>	<u>\$ 7,515,552</u>

CECIL COUNTY, MARYLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<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	\$ -	\$ 44,017	\$ -	\$ 44,017
Intergovernmental	3,194,241	-	-	3,194,241
Charges for Services	344,869	-	-	344,869
Investment Earnings	29,974	-	-	29,974
Contributions & Other Revenues	107,983	-	-	107,983
Total Revenues	<u>3,677,067</u>	<u>44,017</u>	<u>-</u>	<u>3,721,084</u>
EXPENDITURES				
Current:				
Public Safety	1,606,339	-	-	1,606,339
Health and Welfare	2,280,368	-	-	2,280,368
Recreation and Culture	636,738	-	-	636,738
Economic Development	10,000	-	-	10,000
Agriculture	1,839,355	-	-	1,839,355
Debt Service:				
Principal	-	7,668,902	-	7,668,902
Interest	-	4,026,203	-	4,026,203
Capital Outlay	-	-	4,357,464	4,357,464
Total Expenditures	<u>6,372,800</u>	<u>11,695,105</u>	<u>4,357,464</u>	<u>22,425,369</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,695,733)</u>	<u>(11,651,088)</u>	<u>(4,357,464)</u>	<u>(18,704,285)</u>
OTHER FINANCING SOURCES				
Bonds Issued	-	-	2,106,781	2,106,781
Transfers In	2,605,315	11,606,846	835,412	15,047,573
Total Other Financing Sources	<u>2,605,315</u>	<u>11,606,846</u>	<u>2,942,193</u>	<u>17,154,354</u>
Net Change in Fund Balances	(90,418)	(44,242)	(1,415,271)	(1,549,931)
Fund Balances - June 30, 2006	<u>3,889,219</u>	<u>44,242</u>	<u>4,068,344</u>	<u>8,001,805</u>
Fund Balances - June 30, 2007	<u>\$ 3,798,801</u>	<u>\$ -</u>	<u>\$ 2,653,073</u>	<u>\$ 6,451,874</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 a "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 a Maryland Agricultural Land Preservation Foundation programs), and County funding of agricultural land easement purchases and direct land purchases.

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

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

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

CECIL COUNTY, MARYLAND
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2007

	Community Adult Rehabilitation Center	Other Public Safety	Open Space	Agricultural Land Preservation	Gilpin Falls Covered Bridge	Senior Services & Community Transit	Economic Development Revolving Loan Fund	Total
ASSETS								
Cash and Investments	\$ -	\$ 30,492	\$ 358,902	\$ 2,577,039	\$ 89,027	\$ -	\$ 309,237	\$ 3,364,697
Receivables, Net:								
Accounts	2,259	-	25,797	116,934	-	-	-	144,990
Interest	-	-	-	-	-	-	1,004	1,004
Notes	-	-	-	-	-	-	303,680	303,680
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Other Governments	79,278	-	38,752	-	-	171,041	-	289,071
Inventory	987	-	-	-	-	-	-	987
Restricted Assets: Cash and Investments	2,500	-	-	-	-	-	194,574	197,074
Total Assets	\$ 85,024	\$ 30,492	\$ 423,451	\$ 2,693,973	\$ 89,027	\$ 171,041	\$ 808,495	\$ 4,301,503
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 10,033	\$ -	\$ 246,637	\$ -	\$ -	\$ 50,799	\$ -	\$ 307,469
Salaries and Benefits Payable	53,976	-	-	-	-	72,251	-	126,227
Due to Other Funds	21,015	-	-	-	-	47,991	-	69,006
Total Liabilities	85,024	-	246,637	-	-	171,041	-	502,702
Fund Balances:								
Unreserved, Designated: Subsequent Years' Expenditures	-	30,492	176,814	2,693,973	89,027	-	808,495	3,798,801
Total Fund Balances	-	30,492	176,814	2,693,973	89,027	-	808,495	3,798,801
Total Liabilities and Fund Balances	\$ 85,024	\$ 30,492	\$ 423,451	\$ 2,693,973	\$ 89,027	\$ 171,041	\$ 808,495	\$ 4,301,503

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Community Adult Rehabilitation Center	Other Public Safety	Open Space	Agricultural Land Preservation	Gilpin Falls Covered Bridge	Senior Services & Community Transit	Economic Development Revolving Loan Fund	Total
REVENUES								
Intergovernmental	\$ 1,025,230	\$ -	\$ 501,283	\$ 586,816	\$ -	\$ 1,070,912	\$ 10,000	\$3,194,241
Charges for Services	226,024	-	-	-	-	118,845	-	344,869
Investment Earnings	-	-	-	-	4,502	-	25,472	29,974
Contributions & Other Revenues	-	-	94,871	-	-	13,112	-	107,983
Total Revenues	<u>1,251,254</u>	<u>-</u>	<u>596,154</u>	<u>586,816</u>	<u>4,502</u>	<u>1,202,869</u>	<u>35,472</u>	<u>3,677,067</u>
EXPENDITURES								
Current:								
Public Safety	1,580,734	25,605	-	-	-	-	-	1,606,339
Health and Welfare	-	-	-	-	-	2,280,368	-	2,280,368
Recreation and Culture	-	-	636,738	-	-	-	-	636,738
Economic Development	-	-	-	-	-	-	10,000	10,000
Agriculture	-	-	-	1,839,355	-	-	-	1,839,355
Total Expenditures	<u>1,580,734</u>	<u>25,605</u>	<u>636,738</u>	<u>1,839,355</u>	<u>-</u>	<u>2,280,368</u>	<u>10,000</u>	<u>6,372,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(329,480)</u>	<u>(25,605)</u>	<u>(40,584)</u>	<u>(1,252,539)</u>	<u>4,502</u>	<u>(1,077,499)</u>	<u>25,472</u>	<u>(2,695,733)</u>
OTHER FINANCING SOURCES								
Transfers In	329,480	20,524	177,812	1,000,000	-	1,077,499	-	2,605,315
Total Other Financing Sources	<u>329,480</u>	<u>20,524</u>	<u>177,812</u>	<u>1,000,000</u>	<u>-</u>	<u>1,077,499</u>	<u>-</u>	<u>2,605,315</u>
Net Change in Fund Balances	<u>-</u>	<u>(5,081)</u>	<u>137,228</u>	<u>(252,539)</u>	<u>4,502</u>	<u>-</u>	<u>25,472</u>	<u>(90,418)</u>
Fund Balances - June 30, 2006	<u>-</u>	<u>35,573</u>	<u>39,586</u>	<u>2,946,512</u>	<u>84,525</u>	<u>-</u>	<u>783,023</u>	<u>3,889,219</u>
Fund Balances - June 30, 2007	<u>\$ -</u>	<u>\$ 30,492</u>	<u>\$ 176,814</u>	<u>\$ 2,693,973</u>	<u>\$ 89,027</u>	<u>\$ -</u>	<u>\$ 808,495</u>	<u>\$3,798,801</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMMUNITY ADULT REHABILITATION CENTER
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
REVENUES				
Intergovernmental	\$ 1,223,425	\$ 1,223,425	\$ 1,025,230	\$ (198,195)
Charges for Services	<u>218,250</u>	<u>218,250</u>	<u>226,024</u>	<u>7,774</u>
Total Revenues	<u>1,441,675</u>	<u>1,441,675</u>	<u>1,251,254</u>	<u>(190,421)</u>
EXPENDITURES				
Current:				
Public Safety	<u>1,744,008</u>	<u>1,719,002</u>	<u>1,580,734</u>	<u>138,268</u>
Total Expenditures	<u>1,744,008</u>	<u>1,719,002</u>	<u>1,580,734</u>	<u>138,268</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(302,333)</u>	<u>(277,327)</u>	<u>(329,480)</u>	<u>(52,153)</u>
OTHER FINANCING SOURCES				
Transfers In	<u>302,333</u>	<u>277,327</u>	<u>329,480</u>	<u>52,153</u>
Total Other Financing Sources	<u>302,333</u>	<u>277,327</u>	<u>329,480</u>	<u>52,153</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2006	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CECIL COUNTY, MARYLAND

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
OTHER PUBLIC SAFETY
FOR THE YEAR ENDED JUNE 30, 2007**

	<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				
Contributions & Other Revenues	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Public Safety	-	56,097	25,605	30,492
Total Expenditures	-	56,097	25,605	30,492
(Deficiency) of Revenues				
(Under) Expenditures	-	(56,097)	(25,605)	30,492
OTHER FINANCING SOURCES				
Transfers In	-	20,524	20,524	-
Total Other Financing Sources	-	20,524	20,524	-
Net Change in Fund Balance	-	(35,573)	(5,081)	30,492
Fund Balance - June 30, 2006	35,573	35,573	35,573	-
Fund Balance - June 30, 2007	\$ 35,573	\$ -	\$ 30,492	\$ 30,492

CECIL COUNTY, MARYLAND

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
OPEN SPACE
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 899,858	\$ 899,858	\$ 501,283	\$ (398,575)
Contributions & Other Revenues	-	-	94,871	94,871
Total Revenues	<u>899,858</u>	<u>899,858</u>	<u>596,154</u>	<u>(303,704)</u>
EXPENDITURES				
Current:				
Recreation and Culture	<u>1,077,670</u>	<u>1,077,670</u>	<u>636,738</u>	<u>440,932</u>
Total Expenditures	<u>1,077,670</u>	<u>1,077,670</u>	<u>636,738</u>	<u>440,932</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(177,812)</u>	<u>(177,812)</u>	<u>(40,584)</u>	<u>137,228</u>
OTHER FINANCING SOURCES				
Transfers In	<u>177,812</u>	<u>177,812</u>	<u>177,812</u>	<u>-</u>
Total Other Financing Sources	<u>177,812</u>	<u>177,812</u>	<u>177,812</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>137,228</u>	<u>137,228</u>
Fund Balance - June 30, 2006	<u>39,586</u>	<u>39,586</u>	<u>39,586</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 39,586</u>	<u>\$ 39,586</u>	<u>\$ 176,814</u>	<u>\$ 137,228</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
AGRICULTURAL LAND PRESERVATION
FOR THE YEAR ENDED JUNE 30, 2007

	<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	\$ -	\$ -	\$ 586,816	\$ 586,816
Total Revenues	<u>-</u>	<u>-</u>	<u>586,816</u>	<u>586,816</u>
EXPENDITURES				
Current:				
Agriculture	<u>1,000,000</u>	<u>4,126,976</u>	<u>1,839,355</u>	<u>2,287,621</u>
Total Expenditures	<u>1,000,000</u>	<u>4,126,976</u>	<u>1,839,355</u>	<u>2,287,621</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,000,000)</u>	<u>(4,126,976)</u>	<u>(1,252,539)</u>	<u>2,874,437</u>
OTHER FINANCING SOURCES				
Transfers In	<u>1,000,000</u>	<u>1,180,464</u>	<u>1,000,000</u>	<u>(180,464)</u>
Total Other Financing Sources	<u>1,000,000</u>	<u>1,180,464</u>	<u>1,000,000</u>	<u>(180,464)</u>
Net Change in Fund Balance	-	(2,946,512)	(252,539)	2,693,973
Fund Balance - June 30, 2006	<u>2,946,512</u>	<u>2,946,512</u>	<u>2,946,512</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 2,946,512</u>	<u>\$ -</u>	<u>\$ 2,693,973</u>	<u>\$ 2,693,973</u>

CECIL COUNTY, MARYLAND

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
GILPIN FALLS COVERED BRIDGE
FOR THE YEAR ENDED JUNE 30, 2007**

	<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				
Investment Earnings	\$ -	\$ -	\$ 4,502	\$ 4,502
Total Revenues	<u>-</u>	<u>-</u>	<u>4,502</u>	<u>4,502</u>
EXPENDITURES				
Current:				
Highways, Streets, and Bridges	<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>4,502</u>	<u>4,502</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>4,502</u>	<u>4,502</u>
Fund Balance - June 30, 2006	<u>84,525</u>	<u>84,525</u>	<u>84,525</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 84,525</u>	<u>\$ 84,525</u>	<u>\$ 89,027</u>	<u>\$ 4,502</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
SENIOR SERVICES & COMMUNITY TRANSIT
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,216,534	\$ 1,312,921	\$ 1,070,912	\$ (242,009)
Charges for Services	93,000	93,000	118,845	25,845
Contributions & Other Revenues	-	-	13,112	13,112
Total Revenues	<u>1,309,534</u>	<u>1,405,921</u>	<u>1,202,869</u>	<u>(203,052)</u>
EXPENDITURES				
Current:				
Health and Welfare	<u>2,420,466</u>	<u>2,578,466</u>	<u>2,280,368</u>	<u>298,098</u>
Total Expenditures	<u>2,420,466</u>	<u>2,578,466</u>	<u>2,280,368</u>	<u>298,098</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,110,932)</u>	<u>(1,172,545)</u>	<u>(1,077,499)</u>	<u>95,046</u>
OTHER FINANCING SOURCES				
Transfers In	<u>1,110,932</u>	<u>1,172,545</u>	<u>1,077,499</u>	<u>(95,046)</u>
Total Other Financing Sources	<u>1,110,932</u>	<u>1,172,545</u>	<u>1,077,499</u>	<u>(95,046)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - June 30, 2006	-	-	-	-
Fund Balance - June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
ECONOMIC DEVELOPMENT REVOLVING LOAN FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<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				
Intergovernmental	\$ -	\$ 10,000	\$ 10,000	\$ -
Charges for Services	-	-	-	-
Investment Earnings	-	-	25,472	25,472
Total Revenues	<u>-</u>	<u>10,000</u>	<u>35,472</u>	<u>25,472</u>
EXPENDITURES				
Current:				
Economic Development	-	10,000	10,000	-
Total Expenditures	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>25,472</u>	<u>25,472</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>25,472</u>	<u>25,472</u>
Fund Balance - June 30, 2006	<u>783,023</u>	<u>783,023</u>	<u>783,023</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 783,023</u>	<u>\$ 783,023</u>	<u>\$ 808,495</u>	<u>\$ 25,472</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.

Community College Construction - This fund is used to account for the acquisition, construction, and renovation of capital facilities and other fixed assets of Cecil Community 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, 2007

	<u>Community College Construction</u>	<u>Library Construction</u>	<u>Gilpin Falls Construction</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ -	\$ 2,827,448	\$ 386,550	\$ 3,213,998
Total Assets	<u>-</u>	<u>2,827,448</u>	<u>386,550</u>	<u>3,213,998</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	-	545,070	15,855	560,925
Total Liabilities	<u>-</u>	<u>545,070</u>	<u>15,855</u>	<u>560,925</u>
Fund Balances:				
Reserved:				
Encumbrances	-	-	-	-
Unreserved:				
Designated:				
Various Construction Projects	-	2,282,378	370,695	2,653,073
Total Fund Balances	<u>-</u>	<u>2,282,378</u>	<u>370,695</u>	<u>2,653,073</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 2,827,448</u>	<u>\$ 386,550</u>	<u>\$ 3,213,998</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Community College Construction	Library Construction	Gilpin Falls Construction	Total
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital Projects	185,412	4,146,876	25,176	4,357,464
(Deficiency) of Revenues (Under) Expenditures	<u>(185,412)</u>	<u>(4,146,876)</u>	<u>(25,176)</u>	<u>(4,357,464)</u>
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	2,106,781	-	2,106,781
Transfers In	185,412	650,000	-	835,412
Total Other Financing Sources	<u>185,412</u>	<u>2,756,781</u>	<u>-</u>	<u>2,942,193</u>
Net Change in Fund Balances	-	(1,390,095)	(25,176)	(1,415,271)
Fund Balances - June 30, 2006	<u>-</u>	<u>3,672,473</u>	<u>395,871</u>	<u>4,068,344</u>
Fund Balances - June 30, 2007	<u>\$ -</u>	<u>\$ 2,282,378</u>	<u>\$ 370,695</u>	<u>\$ 2,653,073</u>



Debt Service Fund

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

CECIL COUNTY, MARYLAND

**BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2007**

ASSETS

Cash and Investments	\$	-
Receivables, Net		<u>51</u>
Total Assets		<u>51</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Due to Other Funds		<u>51</u>
Total Liabilities		<u>51</u>

Fund Balances:

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

**Total Liabilities and
Fund Balances**

\$ 51

CECIL COUNTY, MARYLAND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
NON-MAJOR FUND
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Special Assessments	\$ 44,105	\$ 44,105	\$ 44,017	\$ (88)
Total Revenues	<u>44,105</u>	<u>44,105</u>	<u>44,017</u>	<u>(88)</u>
EXPENDITURES				
Debt Service:				
Principal	7,693,004	7,693,004	7,668,902	24,102
Interest	<u>4,524,787</u>	<u>4,524,787</u>	<u>4,026,203</u>	<u>498,584</u>
Total Expenditures	<u>12,217,791</u>	<u>12,217,791</u>	<u>11,695,105</u>	<u>522,686</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(12,173,686)</u>	<u>(12,173,686)</u>	<u>(11,651,088)</u>	<u>522,598</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>12,173,686</u>	<u>12,173,686</u>	<u>11,606,846</u>	<u>(566,840)</u>
Total Other Financing				
Sources (Uses)	<u>12,173,686</u>	<u>12,173,686</u>	<u>11,606,846</u>	<u>(566,840)</u>
Net Change in Fund Balance	-	-	(44,242)	(44,242)
Fund Balance - June 30, 2006	<u>44,242</u>	<u>44,242</u>	<u>44,242</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 44,242</u>	<u>\$ 44,242</u>	<u>\$ -</u>	<u>\$ (44,242)</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 Community College, and Cecil County Public Library.

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

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007

	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 4,928,084	\$ -	\$ 4,928,084
Receivables, Net:			
Accounts	21,541	-	21,541
Inventory	-	26,386	26,386
Prepaid Items & Other Assets	<u>97,000</u>	<u>-</u>	<u>97,000</u>
Total Current Assets	<u>5,046,625</u>	<u>26,386</u>	<u>5,073,011</u>
Non-Current Assets:			
Capital Assets, Net:			
Buildings	-	248,620	248,620
Machinery & Equipment	<u>-</u>	<u>32,165</u>	<u>32,165</u>
Total Non-Current Assets	<u>-</u>	<u>280,785</u>	<u>280,785</u>
Total Assets	<u>\$ 5,046,625</u>	<u>\$ 307,171</u>	<u>\$ 5,353,796</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,731	\$ 157,116	\$ 158,847
Due to Other Funds	-	150,055	150,055
Accrued Expenses	882,091	-	882,091
Unearned Revenue	<u>3,686</u>	<u>-</u>	<u>3,686</u>
Total Liabilities	<u>887,508</u>	<u>307,171</u>	<u>1,194,679</u>
NET ASSETS			
Invested in Capital Assets	-	280,785	280,785
Unrestricted (Deficit)	<u>4,159,117</u>	<u>(280,785)</u>	<u>3,878,332</u>
Total Net Assets	<u>\$ 4,159,117</u>	<u>\$ -</u>	<u>\$ 4,159,117</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for Services	\$ 6,879,816	\$ 1,156,663	\$ 8,036,479
Operating Expenses:			
Benefit Payments	5,781,718	-	5,781,718
Materials, Supplies, and Services	501,998	1,142,171	1,644,169
Depreciation	-	14,492	14,492
Total Operating Expenses	<u>6,283,716</u>	<u>1,156,663</u>	<u>7,440,379</u>
Operating Income (Loss)	<u>596,100</u>	<u>-</u>	<u>596,100</u>
Non-Operating Revenues			
Investment Earnings	<u>218,595</u>	<u>-</u>	<u>218,595</u>
Total Non-Operating Revenues	<u>218,595</u>	<u>-</u>	<u>218,595</u>
Change in Net Assets	814,695	-	814,695
Net Assets - June 30, 2006	<u>3,344,422</u>	<u>-</u>	<u>3,344,422</u>
Net Assets - June 30, 2007	<u>\$ 4,159,117</u>	<u>\$ -</u>	<u>\$ 4,159,117</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
Cash Flows From Operating Activities:			
Receipts from Service Charges & Insured	\$ 6,880,536	\$ 1,156,663	\$ 8,037,199
Payments to Suppliers and Providers	<u>(6,264,777)</u>	<u>(1,130,423)</u>	<u>(7,395,200)</u>
Net Cash Provided by Operating Activities	<u>615,759</u>	<u>26,240</u>	<u>641,999</u>
Cash Flows From Non-Capital Financing Activities:			
Advances to Other Funds	<u>-</u>	<u>(26,240)</u>	<u>(26,240)</u>
Net Cash Flows From Non-Capital Financing Activities	<u>-</u>	<u>(26,240)</u>	<u>(26,240)</u>
Cash Flows From Investing Activities:			
Interest on Investments	<u>218,595</u>	<u>-</u>	<u>218,595</u>
Net Cash Flows From Non-Capital Financing Activities	<u>218,595</u>	<u>-</u>	<u>218,595</u>
Net Increase in Cash and Cash Equivalents	834,354	-	834,354
Cash and Cash Equivalents - June 30, 2006	<u>4,093,730</u>	<u>-</u>	<u>4,093,730</u>
Cash and Cash Equivalents - June 30, 2007	<u>\$ 4,928,084</u>	<u>\$ -</u>	<u>\$ 4,928,084</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	\$ 596,100	-	\$ 596,100
Adjustments to Reconcile Operating Income to Net Cash provided by (Used in) Operating Activities:			
Depreciation	-	14,492	14,492
Changes in Assets and Liabilities:			
(Increase) in Accounts Receivable	(2,533)	-	(2,533)
Decrease in Inventory	-	10,181	10,181
Increase in Accounts Payable	1,281	1,567	2,848
Increase in Accrued Expenses	17,659	-	17,659
Increase in Deferred Revenue	<u>3,252</u>	<u>-</u>	<u>3,252</u>
Total Adjustments	<u>19,659</u>	<u>26,240</u>	<u>45,899</u>
Net Cash Provided by Operating Activities	<u>\$ 615,759</u>	<u>\$ 26,240</u>	<u>\$ 641,999</u>



Fiduciary Fund Type - Agency Funds

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

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

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

own Collection Funds - These fund are maintained to account for taxes billed and collected on half 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, 2007

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
COLLECTIONS - STATE TAXES				
Assets				
Cash	\$ 119,608	\$ 8,491,050	\$ (8,466,045)	\$ 144,613
Accounts Receivable - Property Taxes	<u>16,266</u>	<u>10,078,369</u>	<u>(10,066,756)</u>	<u>27,879</u>
Total Assets	<u>\$ 135,874</u>	<u>\$ 18,569,419</u>	<u>\$ (18,532,801)</u>	<u>\$ 172,492</u>
Liabilities				
Due to Other Governments	<u>135,874</u>	<u>16,933,446</u>	<u>(16,896,828)</u>	<u>172,492</u>
Total Liabilities	<u>\$ 135,874</u>	<u>\$ 16,933,446</u>	<u>\$ (16,896,828)</u>	<u>\$ 172,492</u>
COLLECTIONS - STATE BAY RESTORATION FEE				
Assets				
Cash	\$ 78,088	\$ 870,537	\$ (864,683)	\$ 83,942
Accounts Receivable - Fees	<u>42,373</u>	<u>912,607</u>	<u>(888,651)</u>	<u>66,329</u>
Total Assets	<u>\$ 120,461</u>	<u>\$ 1,783,144</u>	<u>\$ (1,753,334)</u>	<u>\$ 150,271</u>
Liabilities				
Due to Other Governments	<u>120,461</u>	<u>1,608,727</u>	<u>(1,578,917)</u>	<u>150,271</u>
Total Liabilities	<u>\$ 120,461</u>	<u>\$ 1,608,727</u>	<u>\$ (1,578,917)</u>	<u>\$ 150,271</u>
COLLECTIONS - CECILTON				
Assets				
Cash	\$ 2,252	\$ 133,833	\$ (135,280)	\$ 805
Accounts Receivable - Fees & Taxes	<u>750</u>	<u>108,073</u>	<u>(108,816)</u>	<u>7</u>
Total Assets	<u>\$ 3,002</u>	<u>\$ 241,906</u>	<u>\$ (244,096)</u>	<u>\$ 812</u>
Liabilities				
Due to Other Governments	<u>3,002</u>	<u>133,434</u>	<u>(135,624)</u>	<u>812</u>
Total Liabilities	<u>\$ 3,002</u>	<u>\$ 133,434</u>	<u>\$ (135,624)</u>	<u>\$ 812</u>
COLLECTIONS - CHESAPEAKE CITY				
Assets				
Cash	\$ 2,422	\$ 282,424	\$ (283,772)	\$ 1,074
Accounts Receivable - Property Taxes	<u>(285)</u>	<u>288,778</u>	<u>(287,573)</u>	<u>920</u>
Total Assets	<u>\$ 2,137</u>	<u>\$ 571,202</u>	<u>\$ (571,345)</u>	<u>\$ 1,994</u>
Liabilities				
Due to Other Governments	<u>2,137</u>	<u>496,053</u>	<u>(496,196)</u>	<u>1,994</u>
Total Liabilities	<u>\$ 2,137</u>	<u>\$ 496,053</u>	<u>\$ (496,196)</u>	<u>\$ 1,994</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
COLLECTIONS - CHARLESTOWN				
Assets				
Cash	\$ 2,109	\$ 230,739	\$ (228,127)	\$ 4,721
Accounts Receivable - Property Taxes	<u>793</u>	<u>253,761</u>	<u>(252,232)</u>	<u>2,322</u>
Total Assets	<u>\$ 2,902</u>	<u>\$ 484,500</u>	<u>\$ (480,359)</u>	<u>\$ 7,043</u>
Liabilities				
Due to Other Governments	<u>2,902</u>	<u>228,410</u>	<u>(224,269)</u>	<u>7,043</u>
Total Liabilities	<u>\$ 2,902</u>	<u>\$ 228,410</u>	<u>\$ (224,269)</u>	<u>\$ 7,043</u>
COLLECTIONS - ELKTON				
Assets				
Cash	\$ 25,918	\$ 4,858,255	\$ (4,832,888)	\$ 51,285
Accounts Receivable - Property Taxes	<u>13,361</u>	<u>4,984,515</u>	<u>(4,994,396)</u>	<u>3,480</u>
Total Assets	<u>\$ 39,279</u>	<u>\$ 9,842,770</u>	<u>\$ (9,827,284)</u>	<u>\$ 54,765</u>
Liabilities				
Due to Other Governments	<u>39,279</u>	<u>4,848,806</u>	<u>(4,833,320)</u>	<u>54,765</u>
Total Liabilities	<u>\$ 39,279</u>	<u>\$ 4,848,806</u>	<u>\$ (4,833,320)</u>	<u>\$ 54,765</u>
COLLECTIONS - NORTH EAST				
Assets				
Cash	\$ 13,363	\$ 1,163,251	\$ (1,167,493)	\$ 9,121
Accounts Receivable - Fees & Taxes	<u>786</u>	<u>1,217,876</u>	<u>(1,217,582)</u>	<u>1,080</u>
Total Assets	<u>\$ 14,149</u>	<u>\$ 2,381,127</u>	<u>\$ (2,385,075)</u>	<u>\$ 10,201</u>
Liabilities				
Due to Other Governments	<u>14,149</u>	<u>1,324,596</u>	<u>(1,328,544)</u>	<u>10,201</u>
Total Liabilities	<u>\$ 14,149</u>	<u>\$ 1,324,596</u>	<u>\$ (1,328,544)</u>	<u>\$ 10,201</u>
COLLECTIONS - PORT DEPOSIT				
Assets				
Cash	\$ 3,128	\$ 257,586	\$ (256,468)	\$ 4,246
Accounts Receivable - Property Taxes	<u>383</u>	<u>269,938</u>	<u>(270,198)</u>	<u>123</u>
Total Assets	<u>\$ 3,511</u>	<u>\$ 527,524</u>	<u>\$ (526,666)</u>	<u>\$ 4,369</u>
Liabilities				
Due to Other Governments	<u>3,511</u>	<u>255,108</u>	<u>(254,250)</u>	<u>4,369</u>
Total Liabilities	<u>\$ 3,511</u>	<u>\$ 255,108</u>	<u>\$ (254,250)</u>	<u>\$ 4,369</u>

CECIL COUNTY, MARYLAND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>
COLLECTIONS - PERRYVILLE				
Assets				
Cash	\$ 2,784	\$ 1,031,111	\$ (1,025,918)	\$ 7,977
Accounts Receivable - Property Taxes	<u>1,296</u>	<u>1,286,423</u>	<u>(1,285,222)</u>	<u>2,497</u>
Total Assets	<u>\$ 4,080</u>	<u>\$ 2,317,534</u>	<u>\$ (2,311,140)</u>	<u>\$ 10,474</u>
Liabilities				
Due to Other Governments	<u>4,080</u>	<u>1,026,262</u>	<u>(1,019,868)</u>	<u>10,474</u>
Total Liabilities	<u>\$ 4,080</u>	<u>\$ 1,026,262</u>	<u>\$ (1,019,868)</u>	<u>\$ 10,474</u>
TOTALS - ALL FUNDS				
Assets				
Cash	\$ 249,672	\$ 17,318,786	\$ (17,260,674)	\$ 307,784
Accounts Receivable - Fees & Taxes	<u>75,723</u>	<u>19,400,340</u>	<u>(19,371,426)</u>	<u>104,637</u>
Total Assets	<u>\$ 325,395</u>	<u>\$ 36,719,126</u>	<u>\$ (36,632,100)</u>	<u>\$ 412,421</u>
Liabilities				
Due to Other Governments	<u>325,395</u>	<u>26,854,842</u>	<u>(26,767,816)</u>	<u>412,421</u>
Total Liabilities	<u>\$ 325,395</u>	<u>\$ 26,854,842</u>	<u>\$ (26,767,816)</u>	<u>\$ 412,421</u>

**STATISTICAL
SECTION**

CECIL COUNTY, MARYLAND

STATISTICAL SECTION (Unaudited)

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	99
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	104
These schedules contain information to help the reader assess the County's most significant revenue source, the property tax	
Debt Capacity	108
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	113
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	115
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the services it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The County implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.



Table I

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

	2003	2004	2005	2006	2007
GOVERNMENTAL ACTIVITIES					
Invested in Capital Assets, Net of Related Debt Restricted	\$ 76,401,238	\$ 72,003,665	\$ 77,792,074	\$ 87,707,104	\$ 109,193,073
Unrestricted (Deficit)	2,538,876 (16,602,232)	1,665,713 (9,244,958)	2,364,272 2,653,858	4,463,489 11,042,730	4,461,531 (12,806,585)
Total Governmental Activities Net Assets	\$ 62,337,882	\$ 64,424,420	\$ 82,810,204	\$ 103,213,323	\$ 100,848,019
BUSINESS-TYPE ACTIVITIES					
Invested in Capital Assets, Net of Related Debt Restricted	\$ 21,074,093	\$ 21,354,093	\$ 23,806,044	\$ 20,670,342	\$ 23,793,438
Unrestricted	8,694,845 (6,888,054)	7,985,353 (2,630,243)	3,884,856 1,284,677	929,726 10,017,900	923,596 7,598,850
Total Business-type Activities Net Assets	\$ 22,880,884	\$ 26,709,203	\$ 28,975,577	\$ 31,617,968	\$ 32,315,884
PRIMARY GOVERNMENT					
Invested in Capital Assets, Net of Related Debt Restricted	\$ 97,475,331	\$ 93,357,758	\$ 101,598,118	\$ 108,377,446	\$ 132,986,511
Unrestricted	11,233,721 (23,490,286)	9,651,066 (11,875,201)	6,249,128 3,938,535	5,393,215 21,060,630	5,385,127 (5,207,735)
Total Primary Government Net Assets	\$ 85,218,766	\$ 91,133,623	\$ 111,785,781	\$ 134,831,291	\$ 133,163,903

Note: Governmental activities infrastructure was not fully included in net assets until June 30, 2003.

Table II

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

	2003	2004	2005	2006	2007
EXPENSES					
Governmental Activities:					
General Government	\$ 7,275,238	\$ 6,933,993	\$ 7,454,740	\$ 8,067,921	\$ 9,863,529
Public Safety	19,282,438	19,540,348	21,746,418	24,026,137	28,205,141
Highways, Streets, and Bridges	8,632,969	12,200,812	8,738,927	11,364,774	13,348,855
Health and Welfare	8,067,082	8,520,107	8,371,293	9,124,169	10,219,407
Recreation and Culture	327,824	202,076	249,125	199,476	340,882
Education	64,563,579	70,352,269	67,220,411	75,496,621	96,385,038
Public Libraries	1,614,184	1,743,588	2,051,254	2,986,777	3,876,453
Economic Development	613,022	699,693	680,716	959,773	1,181,638
Agriculture	738,883	1,070,545	433,684	464,606	2,386,359
Municipalities	402,968	407,229	456,525	498,224	558,077
Interest on Long-Term Debt	2,713,340	3,229,277	3,099,629	3,507,162	4,330,990
Total Governmental Activities Expenses	114,231,527	124,899,937	120,502,722	136,695,640	170,696,370
Business-Type Activities:					
Water	639,719	692,929	701,969	824,410	867,921
Wastewater	1,968,218	3,413,619	3,010,680	3,511,634	3,953,215
Landfill	2,857,562	3,606,459	4,023,981	4,065,771	4,631,952
Total Business-Type Activities Expenses	5,465,499	7,713,007	7,736,630	8,401,815	9,453,088
Total Primary Government Expenses	\$ 119,697,026	\$ 132,612,944	\$ 128,239,352	\$ 145,097,455	\$ 180,149,458
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Government	\$ 628,601	\$ 735,974	\$ 676,773	\$ 1,212,604	\$ 1,092,989
Public Safety	2,461,803	3,237,223	3,035,119	2,836,791	2,598,355
Highways, Streets, and Bridges	358,069	380,381	596,892	658,621	1,206,587
Other Activities	107,375	88,937	89,478	165,935	240,852
Operating Grants and Contributions	13,223,679	11,856,206	13,288,383	15,645,620	16,731,002
Capital Grants and Contributions	4,210,794	4,477,692	5,439,960	4,582,308	3,224,095
Total Governmental Activities Revenues	20,990,321	20,776,413	23,126,605	25,101,879	25,093,880

Business-Type Activities:						
Charges for Services:						
Water	567,276	590,572	651,059	755,310	787,028	
Wastewater	1,976,789	2,076,379	2,284,445	3,883,929	2,477,454	
Landfill	3,689,550	4,916,840	5,458,626	5,596,761	5,410,707	
Capital Grants and Contributions	1,881,288	3,891,555	1,561,561	747,580	1,373,258	
Total Business-Type Activities Revenues	8,114,903	11,475,346	9,955,691	10,983,580	10,048,447	
Total Primary Government Revenues	\$ 29,105,224	\$ 32,251,759	\$ 33,082,296	\$ 36,085,459	\$ 35,142,327	
OTHER CHANGES IN NET ASSETS						
Governmental Activities:						
Taxes						
Property Taxes	\$ 57,951,494	\$ 60,207,047	\$ 66,332,180	\$ 72,324,454	\$ 80,546,737	
Income Taxes	32,969,176	38,561,366	40,319,985	46,103,323	46,864,546	
Investment Earnings	721,355	615,315	1,291,934	3,203,450	5,159,287	
Other Revenues including Capital Asset Sales Gains (Losses)	52,490	(32,990)	77,784	34,099	1,965,275	
Grants, Entitlements, and Contributions not Restricted to Specific Programs	5,210,633	6,859,324	7,740,018	10,331,555	8,701,341	
Total Governmental Activities	96,905,148	106,210,062	115,761,901	131,996,881	143,237,186	
Business-Type Activities:						
Investment Earnings	61,716	26,150	31,364	48,257	63,057	
Other Revenues including Capital Asset Sales Gains (Losses)	5,197	39,830	15,949	12,369	39,500	
Total Business-Type Activities	66,913	65,980	47,313	60,626	102,557	
Total Primary Government	\$ 96,972,061	\$ 106,276,042	\$ 115,809,214	\$ 132,057,507	\$ 143,339,743	
CHANGE IN NET ASSETS						
Governmental Activities	\$ 3,663,942	\$ 2,086,538	\$ 18,385,784	\$ 20,403,119	\$ (2,365,304)	
Business-Type Activities	2,716,317	3,828,319	2,266,374	2,642,391	697,916	
Total Primary Government	\$ 6,380,259	\$ 5,914,857	\$ 20,652,158	\$ 23,045,510	\$ (1,667,388)	

Note: Governmental activities infrastructure was not fully included in net assets fiscal year 2003. Changes in net assets for 2002 and 2003 are as restated in 2003 and 2004 to reflect accounting for additions of infrastructure. The inclusion of infrastructure added \$55,393,097 of Net Assets in fiscal year 2003.

Table III

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
GENERAL FUND										
Reserved	\$ 2,042,627	\$ 10,712,038	\$ 7,868,664	\$ 9,070,216	\$ 8,933,871	\$ 9,063,736	\$ 9,692,221	\$ 10,870,373	\$ 11,873,134	\$ 12,709,095
Unreserved	11,992,236	6,407,356	13,251,581	11,508,202	14,452,675	14,252,821	18,593,674	24,194,616	28,347,899	23,092,967
Total General Fund	\$ 14,034,863	\$ 17,119,394	\$ 21,120,245	\$ 20,578,418	\$ 23,386,546	\$ 23,316,557	\$ 28,285,895	\$ 35,064,989	\$ 40,221,033	\$ 35,802,062
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 467,823	\$ 1,073,147	\$ 520,443	\$ 1,993,591	\$ 514,001	\$ 660,651	\$ 1,655,815	\$ 10,079,721	\$ 6,155,925	\$ 584,170
Unreserved, reported in:										
Special Revenue Funds	3,254,638	3,733,555	903,106	1,046,450	2,318,015	2,538,876	1,665,713	2,281,234	4,465,096	4,461,531
Capital Projects Funds	5,210,949	10,768,341	6,672,524	1,529,099	5,405,047	4,975,972	6,530,771	2,548,950	19,793,940	21,585,310
Debt Service Fund	-	80,055	80,046	143	-	-	-	-	44,242	-
Total All Other Governmental Funds	\$ 8,933,410	\$ 15,645,098	\$ 8,176,119	\$ 4,569,283	\$ 8,237,063	\$ 8,175,499	\$ 9,852,299	\$ 14,909,905	\$ 30,459,203	\$ 26,631,011

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUES										
Property Taxes	\$ 44,732,296	\$ 45,944,527	\$ 47,717,414	\$ 48,956,587	\$ 53,097,214	\$ 57,848,567	\$ 60,150,986	\$ 66,492,561	\$ 72,387,227	\$ 78,510,957
Income Taxes	24,337,166	26,119,410	27,384,545	30,820,850	34,402,824	34,360,500	39,138,613	40,821,907	44,608,423	46,864,546
Licenses and Permits	1,027,289	988,800	980,578	1,073,033	1,246,724	1,391,728	2,131,113	1,941,049	2,042,609	1,663,294
Intergovernmental	11,433,713	13,087,505	15,076,309	15,089,086	18,361,113	22,160,485	19,993,244	21,936,800	28,758,685	25,679,805
Charges for Services	1,135,763	1,206,508	1,386,338	1,154,578	1,829,614	2,164,120	2,311,402	2,457,213	2,750,764	3,471,173
Investment Earnings	1,517,489	1,225,652	1,809,152	2,198,496	1,035,166	702,722	621,827	1,227,236	3,049,037	4,940,692
Contributions and Other Revenues	379,267	414,681	474,914	360,885	688,533	539,958	85,264	201,558	227,147	2,195,852
Total Revenues	84,562,983	88,987,083	94,829,250	100,653,515	110,661,188	119,168,060	124,432,449	135,078,304	153,823,892	163,326,319
EXPENDITURES										
General Government	4,587,833	5,188,260	5,962,152	5,485,236	6,451,441	6,952,723	7,186,682	7,704,805	8,719,551	9,750,668
Public Safety	11,821,794	12,378,012	14,299,248	14,985,144	15,866,760	18,355,160	19,400,748	21,967,248	24,051,219	27,881,771
Highways, Streets, and Bridges	5,378,126	4,186,516	5,422,131	7,934,755	7,204,390	8,578,023	7,346,119	9,231,564	15,761,574	16,931,434
Health and Welfare	5,795,774	5,758,425	6,259,762	6,533,824	7,129,992	7,993,921	8,322,146	8,322,146	9,062,543	10,141,388
Recreation and Culture	416,507	233,632	183,810	211,089	449,184	401,404	177,808	544,098	384,103	1,084,736
Education	43,470,902	46,984,526	50,397,818	53,641,440	56,291,300	59,697,628	62,051,052	64,940,787	68,968,426	73,076,278
Public Libraries	874,032	891,510	969,623	1,004,640	1,161,496	1,543,402	1,729,574	2,024,034	2,546,162	3,449,390
Economic Development	428,712	295,670	426,489	934,080	591,931	594,456	697,522	689,124	961,816	1,182,390
Agriculture	252,971	267,185	284,331	305,256	1,162,567	733,528	1,076,099	447,505	464,634	2,388,275
Municipalities	297,387	309,533	318,891	330,482	1,133,856	402,968	407,229	456,525	496,225	598,077
Capital Outlay	10,337,589	8,067,858	7,727,229	8,911,966	14,741,912	11,076,447	11,494,366	7,758,694	20,456,312	40,256,236
Debt Service:										
Principal	3,467,033	3,429,380	4,191,551	4,623,362	5,726,222	5,152,338	5,795,467	5,581,069	6,448,797	7,688,902
Interest	2,598,768	2,515,994	2,899,815	2,693,922	2,919,288	2,953,205	2,851,153	2,882,868	3,147,065	4,026,203
Total Expenditures	89,727,438	90,506,501	98,342,850	107,595,196	120,830,319	124,435,203	128,974,685	132,550,467	161,470,427	198,395,748
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,164,455)	(1,519,418)	(4,513,600)	(6,941,681)	(10,169,131)	(5,267,143)	(4,542,236)	2,527,837	(7,646,535)	(35,069,429)
OTHER FINANCING SOURCES (USES)										
Proceeds from Capital Asset Disposal	\$ -	\$ -	\$ 36,773	\$ 61,687	\$ 49,102	\$ 77,703	\$ 48,264	\$ 214,898	\$ 112,617	\$ 95,045
Capital Leases	-	-	608,515	857,024	332,950	-	-	-	-	-
Proceeds from Bonds Issued	4,850,000	12,675,055	-	2,068,166	15,779,996	13,795,000	21,140,000	9,028,100	27,998,905	26,727,140
Premium on Debt Issued	-	-	-	-	-	136,928	195,104	65,965	1,029,791	274,166
Refunding Bonds Issued	-	-	-	-	-	-	(10,194,994)	-	11,755,000	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	(595,443)	(274,166)
Transfer to Refunding Agent	-	-	-	-	-	(8,874,041)	-	-	(11,949,000)	-
Transfers In	12,139,993	8,027,157	12,434,637	12,642,323	11,817,587	14,197,927	14,009,992	15,112,806	21,921,095	31,232,300
Transfers Out	(12,139,993)	(8,027,157)	(12,434,637)	(12,642,323)	(11,817,587)	(14,197,927)	(14,009,992)	(15,112,806)	(21,921,095)	(31,232,300)
Total Other Financing Sources (Uses)	4,850,000	12,675,055	643,288	2,968,877	16,162,048	5,135,590	11,188,374	9,308,863	28,351,870	26,822,185
Net Change in Fund Balances	(314,455)	11,155,637	(3,870,312)	(3,954,804)	5,992,917	(131,553)	6,646,138	11,836,700	20,705,335	(8,247,245)
Prior Period Adjustments	981,667	(1,359,418)	402,184	(193,859)	482,981	-	-	-	-	-
Net Change in Fund Balances	\$ 667,212	\$ 9,796,219	\$ (3,468,128)	\$ (4,148,663)	\$ 6,475,908	\$ (131,553)	\$ 6,646,138	\$ 11,836,700	\$ 20,705,335	\$ (8,247,245)
Debt Service as a Percentage of Noncapital Expenditures	6.96%	6.76%	7.35%	6.98%	7.33%	6.67%	6.86%	6.53%	6.80%	7.40%

Note: Within expenditures of 1998 to 2002, departments have been reclassified to their current categories for comparative purposes.

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

Fiscal Year Ended June 30	Real Property			Commercial / Industrial			Personal Property			Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate ¹
	Residential Property	Governmental	Commercial / Industrial	Agricultural	Public Utilities	Other	Property	Value	Rate			
2007	\$ 5,763,862,087	\$ 484,633,433	\$ 1,547,882,305	\$ 422,341,717	\$ 138,899,260	\$ 189,847,330	\$ 901,625,706	\$ 7,645,840,426	1.041			
2006	4,967,853,196	436,840,091	1,405,862,883	385,797,432	131,382,650	154,874,610	773,489,955	6,709,120,907	1.043			
2005	4,449,676,407	405,939,220	1,274,390,137	355,656,994	132,872,830	140,035,850	\$650,957,586	6,107,613,852	1.046			
2004	3,960,790,828	393,125,559	1,003,860,179	330,078,706	129,405,860	131,815,890	183,856,173	5,765,220,849	1.048			
2003	3,983,147,689	374,799,525	1,040,058,303	330,078,706	148,352,920	149,198,280	187,428,805	5,838,206,618	1.063			
2002	4,824,976,892	367,697,250	n/a	n/a	152,337,950	143,676,210	562,228,330	4,933,562,247	1.068			
2001	4,589,635,835	n/a	n/a	n/a	153,325,070	113,481,860	69,852,500	4,933,669,165	1.064			
2000	4,243,007,953	n/a	n/a	n/a	n/a	258,121,480	-	4,501,129,433	1.064			
1999	4,050,325,865	n/a	n/a	n/a	n/a	257,887,740	-	4,308,213,605	1.068			
1998	3,909,986,993	n/a	n/a	n/a	n/a	252,115,330	-	4,162,102,323	1.069			

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.

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

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

³ Public Utilities is included in Other.

Table VI

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Cecil County Direct Rates										
Real Property	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.980	\$0.960
Personal Property	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.450	2.400
² Total Direct Tax Rate	1.069	1.068	1.064	1.064	1.068	1.063	1.048	1.046	1.046	1.043
Towns										
Cecilton	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240	0.240
Charlestown	0.320	0.320	0.320	0.320	0.320	0.320	0.320	0.320	0.320	0.280
Chesapeake City	0.472	0.472	0.472	0.472	0.470	0.470	0.472	0.472	0.462	0.462
Elkton	0.448	0.444	0.444	0.444	0.444	0.444	0.544	0.544	0.544	0.544
North East	0.480	0.480	0.480	0.480	0.480	0.480	0.480	0.480	0.480	0.480
Perryville	0.376	0.376	0.376	0.376	0.376	0.376	0.376	0.376	0.362	0.362
Port Deposit	0.600	0.600	0.600	0.600	0.580	0.580	0.580	0.551	0.551	0.551
Rising Sun	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.360

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

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

² The total direct tax rate is a weighted average of real and personal property rates.

Table VII

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	1998			2007		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
W.L. Gore & Associates, Inc.	\$ 33,320,710	3	1.83%	\$ 106,703,105	1	1.40%
Delmarva Power & Light Company	65,041,380	1	3.57%	64,926,800	2	0.85%
Ikea Property, Inc.				42,690,303	3	0.56%
Verizon-Maryland				32,627,460	4	0.43%
Pine Valley, LLC				27,346,360	5	0.36%
Wal-Mart Real Estate Business				22,399,066	6	0.29%
Basell USA, Inc.				19,556,616	7	0.26%
Terumo Medical Corporation	7,970,620	5	0.43%	19,371,320	8	0.25%
Kenneth O. Lester Company, Inc				17,930,936	9	0.23%
Magazine Stonegate, LLC				<u>17,371,566</u>	10	0.23%
Totals	\$ 106,332,710		5.83%	\$ 370,923,532		4.85%

Source: Cecil County Treasurer's Office

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

Table VIII

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year</u>	<u>Total Tax Levy¹</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
	<u>for Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2007	\$ 76,292,949	\$ 75,856,903	99.4%	\$ -	\$ 75,856,903	99.4%
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%
1999	45,774,156	45,140,465	98.6%	633,691	45,774,156	100.0%
1998	44,244,487	43,699,314	98.8%	472,745	44,172,059	99.8%

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**
(Unaudited)

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Economic Development		Special Assessment		Capital Leases	Water Bonds	Wastewater Bonds	Landfill Bonds	Capital Leases	Total				
		Bonds	Bonds	Bonds	Bonds							Bonds			
2007	\$ 114,842,045	\$ -	\$ -	\$ 184,934	\$ -	\$ 19,289,499	\$ 4,430,000	\$ -	\$ 138,746,478	4.20%	\$ 1,394				
2006	94,952,363	831,578	-	184,981	-	19,358,859	4,800,000	-	120,127,781	4.28%	1,292				
2005	73,482,009	883,543	-	53,407	-	14,494,145	5,150,000	-	94,063,104	3.35%	1,012				
2004	69,981,419	933,014	-	57,494	-	9,485,220	5,485,000	-	85,942,147	3.06%	925				
2003	64,337,693	980,020	-	64,681	-	2,652,381	5,800,000	-	73,834,775	2.80%	817				
2002	63,897,997	1,024,868	-	71,867	-	623,471	6,100,000	-	71,718,203	2.86%	811				
2001	53,461,393	1,067,560	-	79,054	534,996	696,598	6,329,116	56,101	62,224,818	2.55%	720				
2000	54,715,605	1,108,296	396,125	86,240	590,000	832,544	-	-	57,728,810	2.55%	682				
1999	58,647,291	1,150,045	-	93,427	672,522	962,251	-	66,100	61,591,636	2.91%	746				
1998	50,243,435	381,094	-	100,614	749,346	1,088,571	-	162,084	52,725,144	2.65%	651				

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 112 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
(Unaudited)**

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		
2007	\$ 114,842,045	-	\$ 114,842,045	1.50%	\$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	1.20%	\$ 800.05
2004	\$ 69,981,419	933,014	70,914,433	1.21%	762.92
2003	\$ 64,337,693	980,020	65,317,713	1.10%	722.81
2002	\$ 63,897,997	1,024,868	64,922,865	1.30%	734.55
2001	\$ 53,461,393	1,067,560	54,528,953	1.08%	630.53
2000	\$ 54,715,605	1,108,296	55,823,901	1.22%	659.93
1999	\$ 58,647,291	1,150,045	59,797,336	1.36%	723.91
1998	\$ 50,243,435	381,094	50,624,529	1.21%	625.36

Source: Cecil County Treasurer's Office

- Note:**
- ¹ See Schedule V on page 104 for Actual Taxable Value of Property data.
 - ² See Schedule XIV on page 112 for population data.
This ratio uses population data from the prior calendar year.
 - ³ Economic Development Loans are State loans relented to local businesses. Payments from these businesses support the debt service of the loans.

Table XI

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2007
(Unaudited)**

<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	\$ 3,593,348	100%	\$ 3,593,348
North East	626,068	100%	626,068
Perryville	348,930	100%	348,930
Port Deposit	160,409	100%	160,409
Rising Sun	1,675,234	100%	<u>1,675,234</u>
Subtotal - Overlapping Debt			6,403,989
Cecil County Direct Debt	114,842,045	100%	<u>114,842,045</u>
Totals			<u>\$127,650,023</u>

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

Table XII

**LEGAL DEBT LIMITATION INFORMATION
(Unaudited)**

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

Table XIII

**PLEGGED - REVENUES COVERAGE
LAST TEN FISCAL YEARS**
(Unaudited)

Fiscal Year	Wastewater Revenue Bonds					Water Revenue Bonds				
	Sewer Charges and Other ¹	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Water Charges and Other ¹	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest
2007	\$2,498,596	\$3,520,669	\$(1,022,073)	\$927,856	\$432,546	\$787,028	\$867,921	\$(80,893)	\$-	\$-
2006	3,901,587	3,102,294	799,293	538,983	409,340	755,310	824,410	(69,100)	-	-
2005	2,303,816	2,697,826	(394,010)	250,317	312,854	651,059	701,969	(50,910)	-	-
2004	2,098,851	3,246,232	(1,147,381)	244,005	167,387	590,572	692,929	(102,357)	-	-
2003	2,030,547	1,916,721	113,826	247,221	51,497	567,276	639,719	(72,443)	-	-
2002	1,980,712	1,717,738	262,974	139,922	29,698	531,304	596,769	(65,465)	-	-
2001	1,895,302	1,970,369	(75,067)	135,945	32,754	512,389	561,789	(49,400)	55,004	40,089
2000	1,817,769	1,764,483	53,286	129,708	38,743	432,127	562,836	(130,709)	82,526	43,911
1999	1,757,266	1,592,986	164,280	126,320	44,614	586,563	592,407	(5,844)	76,824	54,485
1998	2,135,298	2,426,752	(291,454)	197,755	103,964	-	-	-	-	-

Fiscal Year	Landfill Revenue Bonds					Special Assessment Bonds				
	Landfill Charges and Other ¹	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Special Assessment Collections	Debt Service ⁴ Principal	Debt Service ⁴ Interest	Debt Service ⁴ Coverage	Debt Service ⁴ Coverage
2007	\$5,452,622	\$4,383,786	\$1,068,836	\$370,000	\$248,166	\$44,242	\$44,242	\$-	1.00	1.00
2006	5,627,360	3,798,326	1,829,034	350,000	267,445	44,242	44,242	-	1.00	1.00
2005	5,470,619	3,738,650	1,731,969	335,000	285,331	43,968	43,968	-	1.00	1.00
2004	4,920,518	3,304,058	1,616,460	315,000	296,545	43,855	43,855	-	1.00	1.00
2003	3,697,508	2,534,833	1,162,675	300,000	301,593	43,753	43,753	-	1.00	1.00
2002	3,977,830	2,024,880	1,952,950	341,100	355,186	43,753	43,753	-	1.00	1.00
2001	3,135,216	1,397,348	1,737,868	86,590	61,040	43,445	43,445	-	1.00	1.00
2000	3,188,129	2,125,846	1,062,283	66,100	111,971	43,496	43,496	-	1.00	1.00
1999	2,228,103	454,189	1,773,914	95,984	272,771	43,393	43,393	-	1.00	1.00
1998	2,128,460	2,067,430	61,030	154,828	255,640	43,290	43,290	-	1.00	1.00

Source: Cecil County Treasurer's Office

Table XIV

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)**

Calendar Year	Population ^a	Personal Income ^{a,1}	Per Capita Income ^a	Employment ^{b,2}	Unemployment Rate ^{b,2}	Median Price of Housing Sales ^d	School Enrollment ^{c,3}
2006	99,506	\$3,304,992,284	\$ 33,214	50,960	4.4%	\$299,000	16,421
2005	97,796	\$3,012,408,000	\$ 30,960	49,105	4.0%	\$225,000	16,521
2004	92,951	\$2,807,169,000	\$ 30,201	44,585	4.4%	\$199,000	16,790
2003	92,951	2,807,169,000	30,201	40,008	7.2%	167,000	16,475
2002	90,366	2,634,131,000	29,150	40,168	6.0%	150,000	16,203
2001	88,385	2,511,827,000	28,419	39,775	5.6%	135,000	16,095
2000	86,481	2,442,220,000	28,240	39,368	5.5%	127,000	15,905
1999	84,591	2,261,476,000	26,734	39,841	3.9%	125,951	15,680
1998	82,603	2,117,674,000	25,637	38,910	7.3%	116,567	15,562
1997	80,952	1,986,069,000	24,534	37,957	8.1%	113,355	15,391

Sources: ^a U. S. Department of Commerce, Bureau of Economic Analysis (BEA)

^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.

Employment data for 1995-1999 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.

⁴ Population, personal income, and per capita income statistics for 2004 have not been released;

Table XV

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	Calendar Year 1997			Calendar Year 2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
W.L. Gore & Associates, Inc.	1,727	1	4.86%	2,506	1	4.92%
Cecil County Board of Education	1,662	2	4.68%	2,132	2	4.18%
Perry Point V.A. Hospital	1,284	3	3.62%	1,000	3	1.96%
Union Hospital	705	4	1.99%	900	4	1.77%
ATK Tactical Systems (formerly Thiokol Corp.)	410	7	1.15%	591	5	1.16%
Cecil County Government	436	6	1.23%	500	6	0.98%
Terumo Medical Corp.	408	8	1.15%	400	7	0.78%
IKEA Maryland	-		0.00%	370	8	0.73%
Cecil College	-		0.00%	300	9	0.59%
Wal-Mart Stores, Inc.	229	10	-	300	10	0.59%
Totals	<u>6,861</u>		<u>18.68%</u>	<u>8,999</u>		<u>17.66%</u>

Sources: Cecil County Department of Economic Development

Table XVI

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES
BY FUNCTION
LAST EIGHT FISCAL YEARS
(Unaudited)**

Function	Full-Time Equivalent Employees as of June 30							
	2000	2001	2002	2003	2004	2005	2006	2007
General Government	79.79	79.96	81.46	86.17	90.00	97.50	85.00	91.00
Public Safety	238.30	242.12	247.95	253.95	257.95	260.45	251.00	260.00
Law Enforcement	78.00	80.00	83.00	82.00	83.00	84.00	86.00	83.00
Detention Center	59.30	59.30	60.00	60.00	60.00	57.50	52.00	57.00
EMS & Emergency Services	47.00	47.82	49.95	55.45	56.95	56.95	52.00	61.00
Other	54.00	55.00	55.00	56.50	58.00	62.00	61.00	59.00
Highways, Streets, and Bridges	54.90	63.00	64.00	68.50	66.00	66.00	69.00	70.00
Roads Maintenance	40.90	46.00	46.00	48.00	47.00	46.00	42.00	45.00
Engineering and Other	14.00	17.00	18.00	20.50	19.00	20.00	27.00	25.00
Health and Welfare	47.40	53.40	52.25	54.75	55.75	59.25	43.00	49.00
Senior Services	20.50	22.00	22.00	24.00	24.00	26.00	22.00	33.00
Other	26.90	31.40	30.25	30.25	31.75	33.25	21.00	16.00
Recreation and Culture	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Economic Development	4.00	4.00	5.50	6.50	5.50	5.50	4.00	5.00
Agriculture	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Water	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Wastewater	13.00	13.00	13.00	13.00	13.00	13.00	13.00	14.00
Landfill	19.00	21.00	23.00	22.00	22.00	23.00	20.00	24.00
Central Garage	9.00	8.00	7.00	-	-	-	-	-
Totals	476.39	495.48	505.16	515.87	521.20	535.70	496.00	524.00

Sources: Cecil County Budget and Human Resources Departments

Note: Budgeted Positions at the end of the fiscal year. There are no positions purposefully kept vacant. (Actual data is not available.)
Data for 1998 - 1999 is not available.

Table XVII

**OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Physical Arrests	n/a	n/a	n/a	n/a	n/a	n/a	1,816	1,867	n/a	1,941
911 Sheriffs Calls	n/a	n/a	2,344	2,739	3,103	3,057	3,146	3,332	4,127	80,638
Fire/Paramedic Calls	n/a	n/a	7,790	8,240	12,337	12,228	12,670	13,865	13,304	198,706
Building Permits Issued	562	614	672	665	703	834	776	721	530	407
Highways, Streets, and Bridges										
Street Resurfacing (miles)	32.32	30.74	22.31	32.90	28.10	27.29	22.52	16.22	41.77	48.11
Health and Welfare										
Participants (avg. monthly)	n/a	n/a	n/a	944	1,108	1,207	800	967	1,025	1,300
Meals served	n/a	n/a	n/a	28,063	27,172	28,460	25,011	23,791	26,346	24,640
Bus Passengers	n/a	n/a	n/a	n/a	n/a	29,061	31,980	34,984	40,255	43,674
Recreation and Culture										
Safetyville (attendance)	121	164	95	152	141	146	158	142	139	110
Agriculture										
Acres under Preservation Agreements	6,242	7,922	8,583	8,823	10,752	11,686	12,154	12,154	12,154	12,890
Water										
Average Daily Consumption (thousands of gallons)	107,774	128,693	134,897	135,865	142,397	152,618	159,997	164,577	177,399	185,890
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	349,338	368,296	360,848	390,033	418,753	413,444	435,346	459,973	464,268	480,524
Landfill										
Annual Tons of Refuse	48,951	59,222	68,891	73,518	92,218	87,268	110,947	116,501	166,691	151,926

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
(Unaudited)

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Police Patrol Units	n/a	n/a	n/a	52	59	60	62	62	66	82
Paramedic Units	3	3	3	3	3	3	4	4	6	7
Highways, Streets, and Bridges										
Roads & Highways (miles)	579	581	583	585	587	588	594	599	601	601
Bridges	102	102	102	102	102	102	104	104	104	104
Health and Welfare										
Buses	6	7	8	8	8	9	9	9	10	11
Recreation and Culture										
Park Acreage	n/a	603	603	603	603	603	603	603	603	603
Water										
Production Capacity (millions of gallons per day)	0.400	0.400	0.400	0.400	0.400	0.400	0.400	0.400	0.468	0.529
Wastewater										
Wastewater Treatment Capacity (millions of gallons per day)	2.890	2.890	2.890	2.890	2.890	2.890	3.060	3.060	3.065	3.065
Landfill										
Remaining Built Capacity (cubic yards)	533,874	363,747	169,406	2,000,000	1,793,194	1,596,288	1,352,026	1,096,654	740,800	426,427

Sources: Various Cecil County departments.

Note: Quantifiable and meaningful capital asset indicators are not available for all functions.
n/a = Not available