

Comprehensive Annual Financial Report



Fiscal Year Ended
June 30, 2010



*"Continuous Improvement:
Everyone. Every Way.
Every Day"*

Cecil County Public Schools

A Component Unit of Cecil County
George Washington Carver Education Leadership Center
201 Booth Street
Elkton, Maryland 21921
www.ccps.org



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Cecil County Public Schools
A Component Unit of Cecil County
George Washington Carver Education Leadership Center
201 Booth Street, Elkton, Maryland 21921

FISCAL YEAR ENDED JUNE 30, 2010

BOARD OF EDUCATION

Christine M. Sopa, President
Lauren C. Camphausen, Vice President
Kirsten A. Gerhart, Member
Donna M. Zane, Member
R. Christopher Loller, Member
David E. Hale, Student Member

D'Ette Devine, Ed.D, Superintendent of Schools and Secretary/Treasurer
Carolyn Teigland, Ed.D., Associate Superintendent for Education Services
Vincent Cariello, Associate Superintendent for Administrative Services
Thomas Kappra, Chief Financial Officer

Prepared by the Department of Business Services

**CECIL COUNTY PUBLIC SCHOOLS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Organization Chart.....	1
Leadership Team.....	2
Letter of Transmittal.....	3
GFOA Certificate of Achievement.....	10
ASBO International Certificate in Excellence.....	11
 FINANCIAL SECTION	
Independent Auditors' Report.....	13
Management's Discussion and Analysis.....	15
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets.....	29
Statement of Activities.....	30
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	31
Reconciliation of Governmental Funds Balance Sheet with the Statement of Net Assets.....	32
Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds.....	33
Reconciliation of Net Change in Fund Balance with Change in Net Assets.....	34
Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual – General Fund.....	35
Statement of Fiduciary Net Assets.....	36
Statement of Changes in Fiduciary Net Assets Retiree Benefit Trust Fund.....	37
Notes to Basic Financial Statements.....	38
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress by Valuation Date.....	57
Schedule of Employer Contributions.....	57
INDIVIDUAL FUND FINANCIAL STATEMENTS	
Statement of Changes in Assets and Liabilities – Agency Fund – Student Activities.....	59

**CECIL COUNTY PUBLIC SCHOOLS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

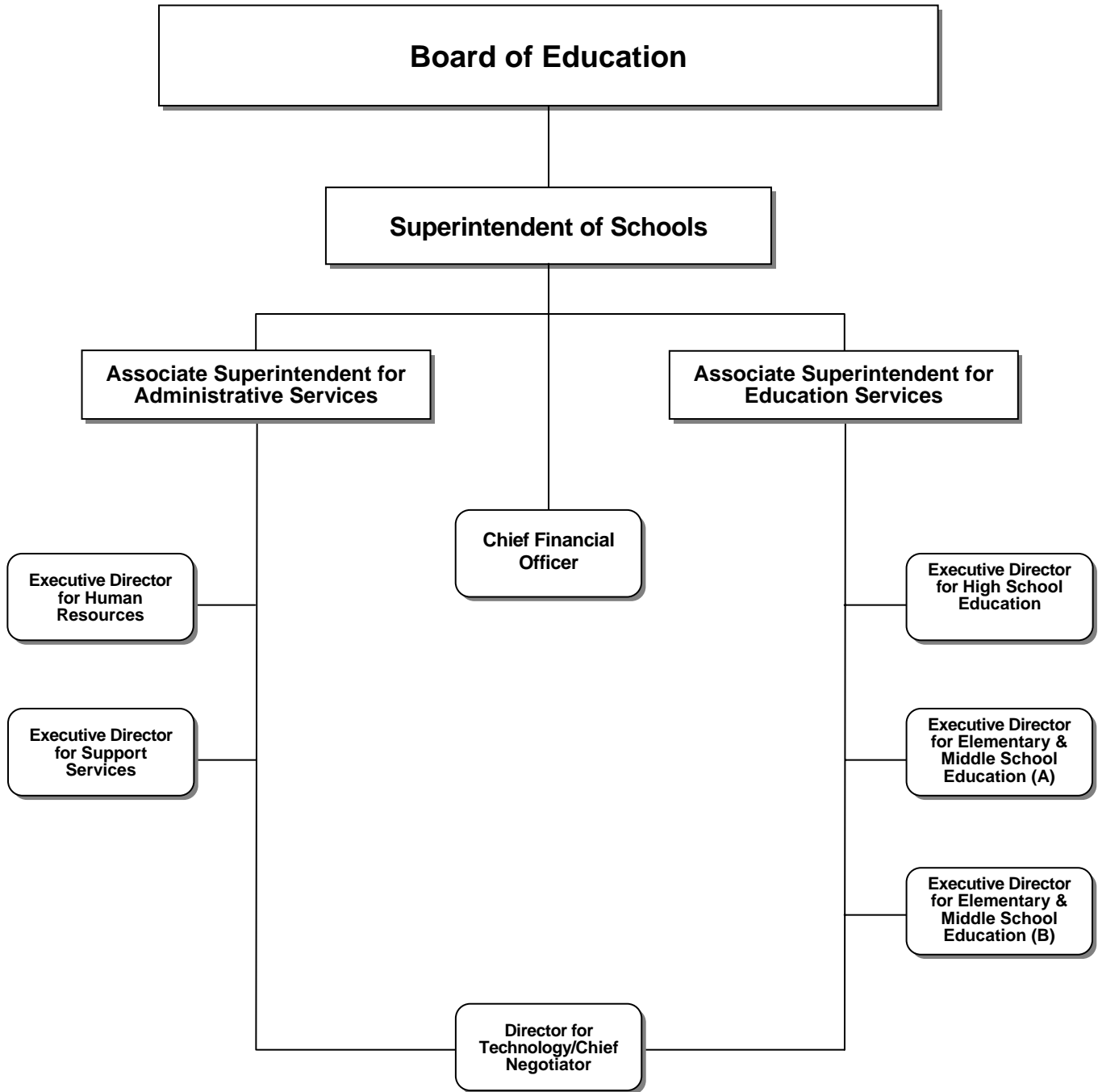
TABLE OF CONTENTS (continued)

	Page
STATISTICAL SECTION	
Statistical Section Contents.....	61
Net Assets by Component.....	63
Changes in Net Assets, Governmental Funds.....	64
Fund Balances of Governmental Funds.....	65
Changes in Fund Balance of Governmental Funds.....	66
Current Expense Fund, Final Approved Budget by Function.....	67
Current Expense Fund, Revenues by Source.....	68
Current Expense Fund, Expenditures by Function, Budgetary Basis (non-GAAP).....	69
Special Revenue Fund, Revenues by Source.....	70
Special Revenue Fund, Expenditures by Object.....	71
Capital Project Fund, Revenues by Source.....	72
Capital Project Fund, Expenditures by Type.....	73
Government-wide, Revenues by Source.....	74
Government-wide, Expenditures by Function.....	75
Enrollments by School.....	76
Principal Employers	77
Cecil County, Maryland Demographic and Economic Statistics	78
Full-Time Equivalent Employees Budgeted by Function General Fund	79
Cost per Student Budgetary Basis (non-GAAP)	80
Other Operating Data	81
Capital Asset Information	82
Student Academic Performance.....	83
OTHER SUPPLEMENTARY INFORMATION	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	85
Independent Auditors’ Report on Compliance with requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	87
Schedule of Findings and Questioned Costs – Financial Reporting.....	90
Schedule of Expenditures of Federal Awards.....	92
Notes to Schedule of Expenditures of Federal Awards.....	98

THIS PAGE INTENTIONALLY LEFT
BLANK

INTRODUCTORY SECTION

CECIL COUNTY PUBLIC SCHOOLS



Our mission is to provide an excellent pre-kindergarten through graduation learning experience that enables ALL students to demonstrate the skills, knowledge, and attitudes required for lifelong learning and productive citizenship in an ever-changing global society.

**LEADERSHIP TEAM
AS OF JULY 1, 2010**

D'Ette W. Devine, Ed.D.	Superintendent of Schools and Secretary/Treasurer of the Board of Education
Carolyn J. Teigland, Ed.D.	Associate Superintendent for Education Services
Vincent Cariello	Associate Superintendent for Administrative Services
Thomas M. Kappra	Chief Financial Officer
Jeffrey Lawson, Ed.D.	Executive Director for High School Education
Peter L. McCallum, Ed.D.	Executive Director for Elementary and Middle School Education
Mark S. Zawislak, Ed.D.	Executive Director for Elementary and Middle School Education
Robert L. Davis	Executive Director for Human Resources
Perry A. Willis	Executive Director for Support Services
Earle L. Miller, Jr.	Director of Technology and Chief Negotiator

September 17, 2010

To the Board of Education of Cecil County and
Citizens of Cecil County,

The Comprehensive Annual Financial Report of the Cecil County Public Schools (School System) for the fiscal year ended June 30, 2010 is prepared pursuant to the requirements of Section 5-109 of the Public School Laws of Maryland.

The School System is one governed by a Board of Education (Board) consisting of five elected members pursuant to State law and to which Cecil County provides partial fiscal support. Because of this fiscal relationship and the County's control over the budget process, the School System is a component unit of the County for financial reporting purposes, a requirement of the Governmental Accounting Standards Board (GASB).

Responsibilities for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the School System. We believe the data is accurate in all material respects and presented in a manner that fairly reflects the financial position and the results of operations of the School System. All disclosures necessary to enable the readers to gain maximum understanding of the School System's financial affairs are provided.

Generally Accepted Accounting Principles (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). The design of this letter of transmittal complements the MD&A and should be read in conjunction with it. The School System's MD&A can be found at the beginning of the Financial Section.

The report is available to all interested parties. Copies are forwarded to Board members, Leadership Team members, appropriate officials of the State of Maryland and Cecil County, all of the schools, and public libraries. Copies are also distributed to other school districts, individuals and organizations upon request. It is also available to the public on our web site www.ccps.org.

THE REPORTING ENTITY AND ITS SERVICES

The report includes the financial activities of the Cecil County School System, a component unit of the Cecil County Government, as they relate to the services provided for a comprehensive pre-school, elementary and secondary public school education. The School System serves 16,271 students in 30 schools throughout our county including 17 elementary, 6 middle, 5 high schools, a career and technology center and an alternative school. Approximately 2.2 million square feet of building space is proudly maintained to ensure a safe and secure learning environment. The school buildings are multi-use facilities outside of the instructional day, serving many community groups and organizations for meetings and recreational use. Our fleet of buses travel

CECIL COUNTY PUBLIC SCHOOLS

D'Ette W. Devine, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

2.4 million miles annually transporting students safely to and from school. Cecil County Public Schools is the 14th largest of the 24 School Systems in Maryland.

As one of the largest employers in Cecil County, the School System has approximately 2,328 employees including 1,216 teachers. A strong new teacher support program as well as mentor opportunities and leadership academies are in place to ensure teacher success and promote a quality work experience throughout the School System. A core business partnership council of approximately 70 members lends their expertise and resources to further strengthen our School System.

Long-term Financial Planning

In 2002 the state legislature enacted the *Bridge to Excellence in Public Schools Act (BTE)*. This law initiated major changes in state financing of local schools to achieve adequate and equitable funding to Maryland's twenty four districts. During the phase-in of the BTE legislation, State per student funding increased from \$3,834 in fiscal 2004 to \$5,924 in fiscal 2008. Since then, the state legislature has frozen the per student appropriation for fiscal years 2009 through 2011. With adjustments due to changes in student demographics, the State per student funding for fiscal 2011 will be \$6,151. Current funding formulas provide for annual increases tied to the Consumer Price Index capped at 1% starting in fiscal 2012. Reductions in formula funding currently supplemented with funds from the Federal American Reinvestment and Recovery Act (ARRA) State Fiscal Stabilization grant (SFSF) will reduce funding by \$1.6 million or \$102 per student. A total reduction in revenue as a result of the loss of all ARRA funding will exceed \$4.4 million.

Relevant Financial Policies

The School System has no authority to levy and collect taxes. All funding is provided by the federal, state and county governments. The School System has authority to transfer funds within major categories of expenditure, as defined by statute, upon the approval of the Cecil County Board of Commissioners.

In order to receive an increase in State Foundation Aid, the County must appropriate an amount equal to, or greater than, the prior year per student appropriation. This 'Maintenance of Effort' calculation ensures equal funding relative to enrollment as that of prior years in terms of total dollars. In fiscal year 2010, the County reduced funding to the minimum maintenance level of \$4,375 per student. For Fiscal 2011 the County will provide funding at the same minimum Maintenance of Effort level.

The annual operating budget of the School System is approved by the Cecil County Board of Commissioners in May each year for the following fiscal year. The School System's approved budget for fiscal year 2011 totals \$181.8 million dollars, funded 38% by the County, 54% by the State and 8% by Federal and other sources.

CECIL COUNTY PUBLIC SCHOOLS

D'Ette W. Devine, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

ECONOMIC CONDITION AND OUTLOOK

Cecil County encompasses 352 square miles in the northeastern corner of Maryland, bordering neighboring states of Delaware and Pennsylvania. According to the Maryland Department of Planning, the population of Cecil County is now 103,850. Cecil is projected to be among the fastest growing counties in Maryland through 2030 with the population expected to increase by nearly 50% to 155,000 residents.

The county's labor force has averaged nearly 51,000 for the past four years. The number of in-County jobs has remained fairly steady at over 30,000 but the unemployment rate has increased from 5.2% in 2008 to 9.0% in 2009. With an out-commute of 53%, a large portion of the increase in unemployment can be attributed to plant closures at Chrysler, General Motors and Valero in neighboring New Castle County.

Payrolls in Cecil County have yet to see the decline that the current economic conditions are causing. The weekly wage in Cecil County is \$842, the 2nd highest wage among Maryland's sixteen smallest counties and the median household income is \$64,900.

Thirty-four of the county's 1,960 businesses employ over 100 workers. The manufacturing sector in Cecil County continues to be strong, employing 4,600 or 15% of the total workforce. Cecil County's manufacturing sector is nearly three times that of the State of Maryland with an average weekly wage of \$1,314. In addition, four other sectors, government, trade and transportation, education and health services, and leisure and hospitality together provide employment opportunities for over 55% of those employed in the county.

Employment at our three major private sector employers, W.L. Gore, Terumo and ATK Elkton has remained strong. During the past three years, Terumo Medical and Cardiovascular has taken on new projects and increased employment at their two Cecil plants and W.L. Gore expanded or retooled one of its twelve in-county plants each year.

Recently, Micropore, a manufacturer from New Castle County, moved their entire operation to the Upper Chesapeake Corporate Center occupying a previously vacant 95,000 square foot facility. Opening in September of this year, Penn National Gaming is constructing the Hollywood Casino, a 75,000 square foot, \$97,000,000 slots facility in Perryville. Hiring and training is underway for the projected 350 employees.

The Regional Transformation of Base Realignment & Closure (BRAC)

Aberdeen Proving Ground (APG), located just seven miles west of Cecil County, is one of the most significant U.S. Army installations experiencing Department of Defense (DoD) personnel growth as a result of the BRAC 2005 decision; it will host 12 additional commands, activities and directorates from eight different states. The arrival of these tech sector jobs to our region has already begun. Out of 8,500 positions anticipated to transfer to APG by September 2011, 2,300 personnel have already relocated. In-bound technical fields that will drive curriculum in the area of Science, Technology, Engineering and Math (STEM) include communications and electronics, research and development, test and evaluation, and bio-chemical. Approximately

CECIL COUNTY PUBLIC SCHOOLS

D'Ette W. Devine, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

40% of the jobs relocating to APG will arrive as vacancies, providing opportunity for the regional workforce which currently commutes extensively out of the region. These technical and professional jobs, 85% of which will require a security clearance and most requiring a minimum of a bachelor's degree, provide opportunity for our local workforce to live and work within their own communities. More than 40 defense contractors have established a presence in the APG community. Because of required specialized job skills and a global competitive market, lifelong learning is an integral part of this knowledge economy. The School System, colleges and universities are partnering with the private sector to offer tailored coursework to meet market demands.

The BRAC 2005 decision, which consolidates and synergizes mission growth at APG and other installations nationwide, must by federal law be fully implemented by September 15, 2011. The Chesapeake Science and Security Corridor (CSSC), comprised of central and northeastern Maryland and the BRAC-impacted border jurisdictions within Delaware and Pennsylvania, is well-positioned with regard to workforce, education and quality of life assets that support a thriving defense community. The CSSC was named 2009 Active Base Community of the Year by the Association of Defense Communities, indicative of the strong collaboration between community and installation. APG and Cecil County Public Schools have established partnerships for STEM initiatives with two key tenant activities; the US Army Research Development and Engineering Command or RDECOM, and Edgewood Chemical and Biological Center (ECBC).

MAJOR SCHOOL SYSTEM INITIATIVES

Our Mission

Our mission is to provide an excellent pre-kindergarten through graduation learning experience that enables ALL students to demonstrate the skills, knowledge and attitudes required for lifelong learning and productive citizenship in an ever-changing, global society.

The School System submitted its five year *Strategic Plan* in accordance with the Maryland *Bridge to Excellence Act*. The Maryland State Board of Education approved the Plan in December 2003. It now serves as the framework for the School System's continuous improvement efforts to achieve our Mission. Annual updates to the Plan are submitted every October to evaluate the effectiveness of our strategies with modifications as necessary.

The School System has set three main goals within the *Strategic Plan* for student success:

1. All students will meet or exceed high academic standards
2. All students will learn in safe, secure and inviting environments
3. All students will benefit from effective and efficient support and services provided by a learning organization

What do we want for our children? We want all students to achieve at high academic levels as demonstrated by student achievement at the proficient or advance levels on state assessments. We offer rigorous programs with technology incorporated as a tool to enhance learning, to

CECIL COUNTY PUBLIC SCHOOLS

D'Ette W. Devine, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

prepare students for college and/or the world of work. We want all students to learn in safe, secure and inviting environments ready to respond to emergencies, abstaining from violent, disruptive or harmful behaviors with the support of parents, guardians and the community. We want all students to benefit from effective and efficient support services and to be taught by highly qualified professionals in well-maintained and instructionally conducive facilities.

A comprehensive, rigorous instructional program is provided for all students. Individual student needs are addressed through differentiation of instruction. Disabled students are educated in the least restrictive environment in their home school with their age appropriate peers to the degree possible. Supplemental aids and services are provided as needed to support student achievement. Students who are gifted and talented receive services through the challenge program. Cecil County students continue to demonstrate effective performance on state and national assessments. 68% of students taking advanced placement (AP) exams scored a three or better. This compares to a state average of 63% and a national average of 58%. Approximately 70% of Cecil County students report their intent to continue their education through a two or four-year college or specialized training school beyond graduation.

Recent Accomplishments

The School System is a diverse learning community where stakeholders are respected, valued and contribute to an excellent education program in an ever-changing global society. The following are the major programmatic initiatives accomplished before or within fiscal year 2010:

Our efforts to improve the academic achievement of our students included:

- Pre-kindergarten in 13 of our 17 elementary schools and full day kindergarten in all schools
- Balanced literacy instruction designed to meet the needs of all students
- Curriculum programs aligned with state and national standards
- Use of online teaching resources to help students meet success on high school assessments
- Foreign language instruction for high school credit in every middle school

Our efforts to improve the learning environment of our schools included:

- Guidance and child development counselors in every school to provide first line prevention services in the areas of positive student behavior and avoidance of substance abuse
- Ongoing surveys of community members and parents to assess our School System efforts
- Active partnerships with business and community leaders
- Regular safety reviews at each school to assess readiness to respond to incidents

Our efforts to improve support and services for our students and staff included:

- Professional development in Strategic Instructional Models for Success
- Implementation of a wellness policy by Food and Nutrition to provide nutritious meals
- Providing a new level of classroom instructional support through 24 instructional coaches

CECIL COUNTY PUBLIC SCHOOLS

D'Ette W. Devine, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

The Future

Funding for the following major programmatic initiatives were included in the annual operating budget for the fiscal year 2011:

Our efforts to improve the academic achievement of our students include:

- Expansion of early intervention, pre-kindergarten, child find and infants and toddlers
- The alignment of career and technology programs with state requirements
- Appropriate Assistance classes to support students not meeting HSA requirements
- Continued implementation of the freshman academy program in two high schools

Our efforts to improve the learning environment of our schools include:

- Expanding partnerships with business and community leaders
- Updating safe schools CERT training to help school leaders prepare for crisis situations

Our efforts to improve support and services for our students and staff include:

- Continued recruitment and retention efforts to assure that every child is taught by highly qualified staff
- Expanding on-line staff development and collaboration
- Additional investment in technology and support services to expand integrating technology in curriculum and drive data based decision making

FINANCIAL INFORMATION

Internal Controls

To assure the integrity of the financial records supporting the financial statements, consideration is given to the adequacy of internal accounting controls sufficient to provide reasonable assurance that assets are properly safeguarded and accounted for and are utilized only in accordance with management authorization. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The Board of Education selected the accounting firm of Reznick Group, P.C. to perform this audit under a contract awarded in fiscal year 2009, renewable for four succeeding years.

In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the OMB Circular A-133 Single Audit Act Amendments of 1996. The Independent Auditors' Report on the financial statements is included in the Financial Section of this Report. The Independent Auditors' Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and the Independent Auditors' Report on

CECIL COUNTY PUBLIC SCHOOLS

D'Ette W. Devine, Ed.D., *Superintendent*

201 Booth Street, Elkton, MD 21921

Compliance with requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 are included as Other Supplementary Information following the Statistical Section of the report.

We are pleased to report that the auditors' report on the School System's basic financial statements is without qualification, the highest possible outcome of the audit process.

AWARDS AND ACKNOWLEDGEMENTS

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 Public Schools for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This is the seventh consecutive year that the School System achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

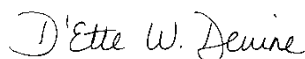
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials (ASBO) International has awarded a Certificate of Excellence in Financial Reporting to Cecil County Public Schools for its CAFR for the fiscal year ended June 30, 2009.

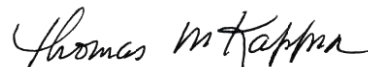
The Certificate of Excellence in Financial Reporting is the highest recognition in School System financial reporting issued by ASBO International and is only conferred to School Systems that have met or exceeded the standards of the program. This is the seventh consecutive year the School System was awarded the ASBO Certificate of Excellence in Financial Reporting. We believe our current CAFR continues to conform to the Certificate of Excellence Program requirements and we are submitting it to ASBO International for consideration.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Finance Office. The high standards to which this report conforms reflects the professional competence of all individuals responsible for its preparation. We wish to express our appreciation for a job well done.

Sincerely,



D'Ette W. Devine, Ed.D.
Superintendent of Schools
Secretary/Treasurer



Thomas M. Kappa
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cecil County Public Schools
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

CECIL COUNTY PUBLIC SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

Evin Green

President

John D. Russo

Executive Director

THIS PAGE INTENTIONALLY LEFT
BLANK

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Education of
Cecil County, Maryland

We have audited the accompanying basic financial statements, as defined in the Management Discussion and Analysis, of the governmental activities and each major fund of Cecil County Public Schools (the School System), a component unit of Cecil County, Maryland, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the School System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the School System as of June 30, 2010, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated September 17, 2010, on our consideration of the School System'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 those reports 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. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying required supplementary information such as Management's Discussion and Analysis on pages 15 through 28 and School System's actuarially determined funding progress and required contributions for the School System's Retiree Benefit Trust Fund on page 57 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

The accompanying Schedule of Expenditures of Federal Awards on pages 92 through 97 are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purposes of forming opinions on the basic financial statements of the School System. The Introductory and Statistical Sections and the Individual Fund Financial Statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The Individual Fund Financial Statement has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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.

Reznick Group, P.C.

Baltimore, Maryland
September 17, 2010

The following chart summarizes the major features of the School System's financial statements, including the portion of the School System's activities they cover and the types of information contained therein. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Government Funds	Fiduciary Funds
Scope	Entire system (except fiduciary funds)	The activities of the school system that are not proprietary or fiduciary	Instances in which the School System administers resources on behalf of someone else, such as scholarship programs, grants, and student activity fund and funds held in trust for a specific purpose, such as retiree healthcare
Required financial statements	-Statement of net assets -Statement of activities	-Balance sheet -Statement of revenues, expenditures, and changes in fund balance	-Statement of fiduciary net assets -Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resource focus	Modified accrual basis and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both fiscal and capital, short term and long term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term liabilities included	All assets and liabilities, both short term and long term; the School System's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods and services have been received and the related liabilities are due and payable	All additions and deletions during the year, regardless of when cash is received or paid

BASIC FINANCIAL STATEMENTS

The Basic Financial Statement section includes three kinds of financial statements that present different views of the School System's activities and financial position. These include the Government-wide Financial Statements: *Statement of Net Assets* and *Statement of Activities*, the Fund Financial Statements: *Balance Sheet - Governmental Funds*, *Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds*, *Statement of Fiduciary Net Assets*, *Statement of Changes in Fiduciary Net Assets* and the Budget vs. Actual Financial Statement: *Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual*. The Notes to the Basic Financial Statements are an integral part of these financial statements. They explain some of the information in the financial statements and provide more detail.

Government-wide Statements

The School System's government-wide financial statements provide both short-term and long-term information about the School System's overall financial status. Accounting methods similar to those used by private-sector companies are used to prepare these statements. They report information about the School System as a whole using the full accrual basis of accounting. They take into account all revenue and expenses associated with the fiscal year even if the cash was not received or the expenses paid. The government-wide financial statements include:

The *Statement of Net Assets* presents all of the School System's assets and liabilities with the difference between the two reported as net assets. The statement consolidates all of the School System's current financial resources with capital assets net of depreciation and total liabilities.

The *Statement of Activities* presents all of the current year's revenues and expenses regardless of when cash is received or paid. This statement also presents a comparison between direct expenses and program revenues for each program of the School System. The majority of the School System's revenue is general revenue grants and contributions from the county, state, and federal governments.

The two government-wide statements report the School System's net assets and how they have changed. Net assets, the difference between the School System's assets and liabilities, are one way to measure the School System's financial health or position. Over time, the increases or decreases in the School System's net assets can be an indicator of whether its financial position is improving or deteriorating.

To assess the School System's overall health, you need to consider additional non-financial factors such as the County's economic condition, trends in enrollment, changes to the property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the School System's activities include administration, regular instruction and special education, student personnel and health services, plant operations and maintenance, transportation, food and nutrition, community services and

capital outlay. County appropriations funded by taxes and other fees, as well as state formula aid, finance most of these activities.

The School System's Food and Nutrition program serves lunch at all schools and breakfast at many schools. The Food and Nutrition operation is supported by charges for meals, donated federal food commodities, and reimbursements in accordance with government food programs.

The government-wide financial statements can be found immediately following this *Management's Discussion and Analysis*.

Fund Financial Statements

The fund financial statements focus on individual parts of the School System, reporting the School System's operations in more detail than the government-wide statements using a modified accrual basis of accounting.

These statements provide more detailed information about the School System's funds focusing on its most significant or "major" funds as opposed to focusing on the School System as a whole. Funds are used by the School System to track specific sources of revenue and expenditures on a particular program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds with similar information presented in the government-wide statements. A reconciliation and description of the relationship between governmental activities (*Statement of Net Assets and Statement of Activities*) and government funds can be found in the Financial Section.

The School System uses three major funds. These funds are described below:

- The ***General Fund*** is used to focus upon the operation of the School System's educational and support services programs.
- The ***Special Revenue Fund*** is used to record the financial transactions of the food and nutrition program.
- The ***Capital Projects Fund*** reports the revenue and expenditures related to school construction projects ranging from site improvements to minor and major building renovation and addition projects.

Fiduciary funds financial statements are used to account for resources held for the benefit of parties outside the School System. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the School System's own programs. Additionally, there is no analysis of the School System's fiduciary fund in this management discussion and analysis. Fiduciary funds use the accrual basis of accounting. The School System's Fiduciary Funds consist of the following:

- The *Student Activity Agency Fund* consists primarily of funds raised by students, for their benefit, which are held in trust by the School System. The basic fiduciary fund statements include the *Statement of Fiduciary Assets and Liabilities* in the Basic Financial Statement section and the *Statement of Changes in Assets and Liabilities-Agency Fund-Student Activities* in the Individual Fund Financial Statement section.
- The *Retiree Benefit Trust Fund* consists of contributions of the School System to establish a reserve to pay for health and welfare benefits of future retirees. Contributions to the Trust qualify as contributions within the meaning of Governmental Accounting Standards Board Statement Numbers 43 and 45. The basic fiduciary fund statements include the *Statement of Fiduciary Assets and Liabilities* and the *Statement of Changes in Fiduciary Net Assets- Retiree Healthcare Benefit Trust Fund* both in the Basic Financial Statement section.

Budget vs. Actual Financial Statements

A *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual* is presented for the General Fund which is a legally adopted budget. This statement found in the Financial Section, shows original and final adopted budgets, along with actual revenues and expenditures compared to the final budget. Open encumbrances are treated as expenditures in this statement.

The *Special Revenue Fund* does not require a legally adopted budget, and therefore, a budget vs. actual comparison is not reported here.

The *Capital Projects Fund* is used to account for revenues and expenditures associated with the acquisition or construction of major capital projects. Projects are approved by the State and County governments on a project basis. Funds are appropriated as expenditures are recognized; therefore, a budget vs. actual comparison is not reported here.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As of June 30, 2010, the School System had total assets of \$217.7 million. Of the \$30 million current assets, approximately 85.2% was in cash and cash equivalents and 11% was due from other governments. Noncurrent assets, 86.2% of the total assets, represent the value of land, buildings, furniture and equipment net of accumulated depreciation. Of the \$31 million in total liabilities as of June 30, 2010, 66.3% are current liabilities to settle within the next fiscal year. Non-current liabilities, 33.7% of total liabilities, include principal payments on lease-purchase agreements and accrued liability for earned annual leave for the School System's current employees.

The resulting \$186.7 million in net assets consists of \$177.9 million invested in capital assets (net of related debt), \$8.7 million unrestricted and \$0.05 million restricted for capital projects.

A comparison of Net Assets for 2010 vs. 2009 is shown below:

	<u>2010</u>	<u>2009</u>	<u>Increase/ (Decrease)</u>	
Assets				
Current assets	\$ 29,968,927	\$ 29,751,070	\$ 217,857	0.7%
Capital assets	<u>187,771,617</u>	<u>185,290,001</u>	<u>2,481,616</u>	1.3%
Total assets	<u>217,740,544</u>	<u>215,041,071</u>	<u>2,699,473</u>	1.3%
Liabilities				
Current liabilities	20,577,743	19,011,759	1,565,984	8.2%
Long term liabilities	<u>10,471,178</u>	<u>11,199,305</u>	<u>(728,127)</u>	(6.5)%
Total liabilities	<u>31,048,921</u>	<u>30,211,064</u>	<u>837,857</u>	2.8%
Net Assets				
Investment in capital assets, net of related debt	177,912,434	175,023,380	2,889,054	1.7%
Restricted for capital projects	47,563	47,460	103	0.2%
Unrestricted (deficit)	<u>8,731,626</u>	<u>9,759,167</u>	<u>(1,027,541)</u>	(10.5)%
Net assets, end of year	<u>\$ 186,691,623</u>	<u>\$ 184,830,007</u>	<u>\$ 1,861,616</u>	1.0%

Change in Net Assets

The School System's combined net assets increased by \$1.9 million or 1.0% on June 30, 2010, to \$186.7 million. Current assets increased by \$0.2 million due to a increase in cash and cash equivalents of \$0.1 million, an increase in funds due from other governmental agencies of \$0.5 million, a decrease in accounts receivable of \$0.5 million and an increase in other current assets of \$0.06 million. Capital assets increased by \$2.4 million or 1.3% due to two major addition/renovation projects at Elkton High School and Calvert Elementary School.

Current liabilities increased by \$1.6 million or 8.2%. Accrued salaries increased \$0.6 million. This represents salaries earned by 10 month employees who elect to be paid over 12 months. Accounts payable increased by \$0.6 million while estimated health care claims incurred but not reported increased by \$0.09 million. Long-term liabilities decreased by \$0.7 million or 6.5%.

Statement of Activities

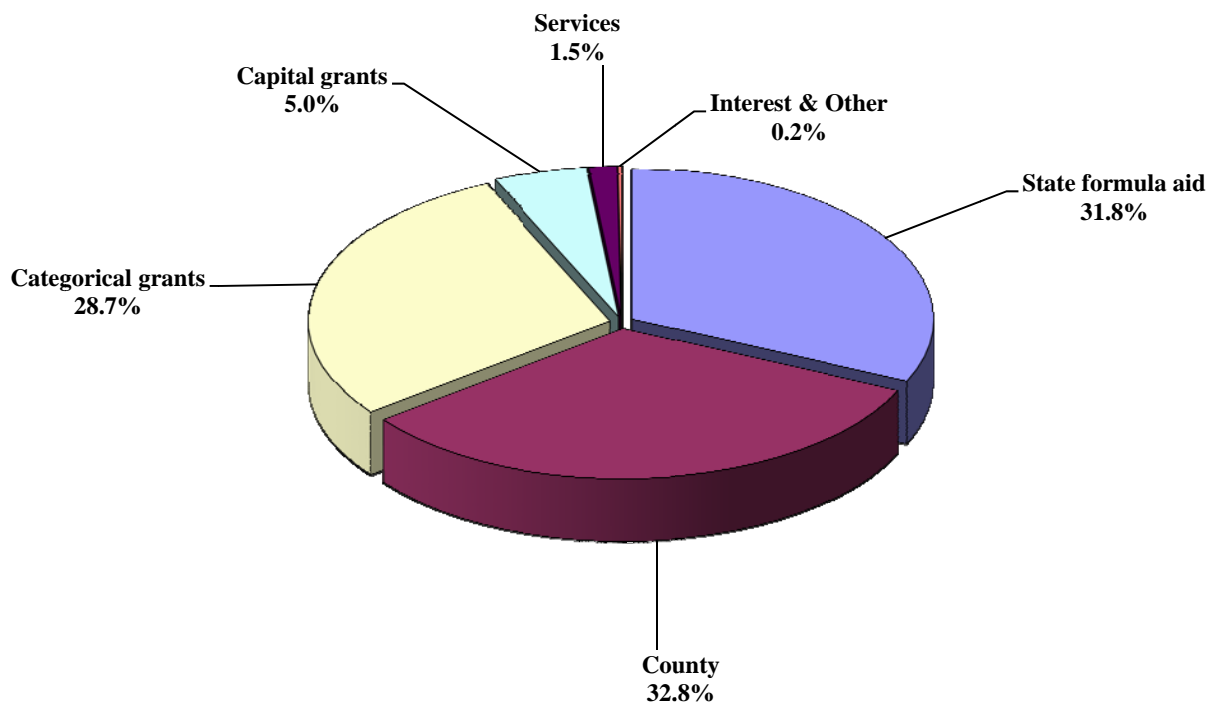
A comparison of revenue by source for 2010 vs. 2009 is shown below:

	<u>2010</u>	<u>2009</u>	<u>Increase/ (Decrease)</u>	
Revenue				
Program Revenues				
Charges for Services	\$ 3,127,083	\$ 3,387,089	\$ (260,006)	(7.7)%
Operating grants and contributions	59,739,771	51,554,961	8,184,810	15.9%
Capital grants and contributions	10,397,865	14,513,846	(4,115,981)	(28.4)%
General Revenues				
Grants and contributions not restricted to certain programs	134,762,554	139,738,510	(4,975,956)	(3.6)%
Other	425,763	1,528,758	(1,102,995)	(72.1)%
Total Revenue	<u>208,453,036</u>	<u>210,723,164</u>	<u>(2,270,128)</u>	(1.1)%
Expenses				
Administration	5,985,974	5,785,097	200,877	3.5%
Mid-level administration	19,061,356	18,379,730	681,626	3.7%
Instruction	110,788,959	107,393,111	3,395,848	3.2%
Special education	33,516,554	32,465,449	1,051,105	3.2%
Student personnel services	1,476,303	1,562,735	(86,432)	(5.5)%
Student health services	2,161,204	2,136,947	24,257	1.1%
Student transportation	9,367,220	9,270,764	96,456	1.0%
Operation of plant	13,615,550	13,531,123	84,427	0.6%
Maintenance of plant	4,735,829	4,684,698	51,131	1.1%
Food and nutrition	5,445,415	4,377,939	1,067,476	24.4%
Community services	317,774	315,148	2,626	0.8%
Interest on long-term debt	119,282	102,772	16,510	16.1%
Total expenses	<u>206,591,420</u>	<u>200,005,513</u>	<u>6,585,907</u>	3.3%
Change in net assets	<u>\$ 1,861,616</u>	<u>\$ 10,717,651</u>	<u>\$ (8,856,035)</u>	(82.6)%

Revenue

Cecil County Public Schools' revenues from fiscal year 2010 were in the amount of \$208.5 million. Program revenue came from three major sources. These include charges for services of \$3.1 million, operating program grants from the state and federal government of \$59.8 million and capital grants from the State of Maryland and Cecil County Government of \$10.4 million. In addition to program sources, the School System received general revenue from the State of Maryland of \$66.4 million, Cecil County Government of \$68.4 million, investment earnings and other miscellaneous income of \$0.4 million.

Cecil County Public Schools' Revenue Sources
Fiscal Year 2010

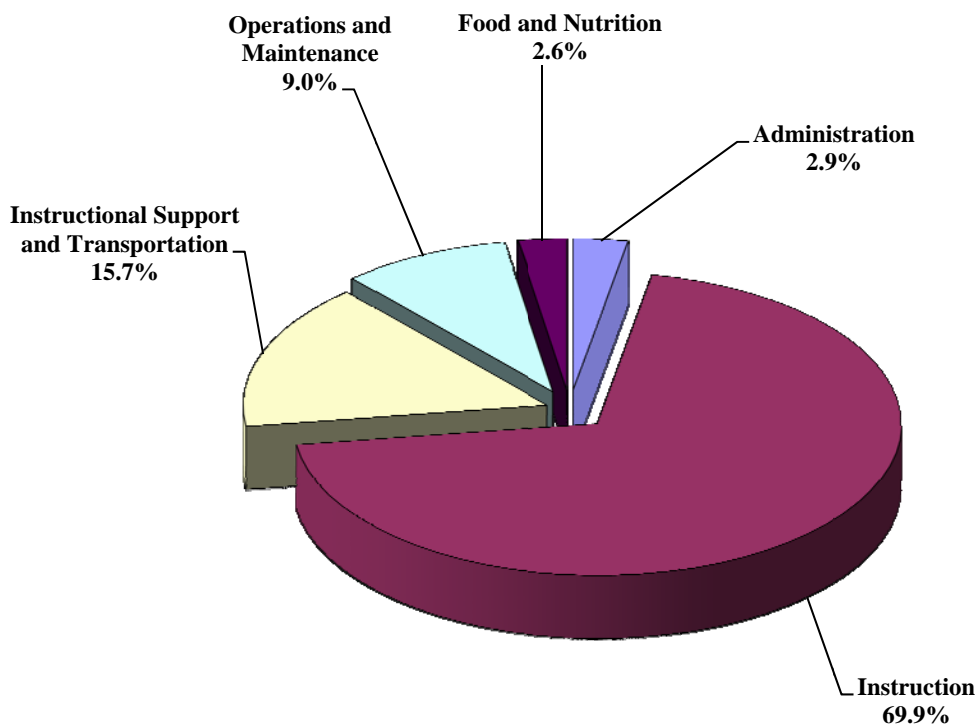


Expenses

The revenues received during 2010 were used to pay expenses of \$206.6 million. These expenses are reported by functional categories of activities established by the Maryland State Department of Education. Fringe benefit costs for employees have been distributed across each functional category to more accurately report the expenses of each function.

The expenses classified by the State's categorical functions can be further summarized for 2010 as follows:

**Combined Expenses for Cecil County Public Schools
for the Fiscal Year 2010**



GOVERNMENT FUNDS FINANCIAL HIGHLIGHTS

The total assets of the School System's government funds exceeded liabilities at the end of the fiscal year by \$11.7 million. Total government fund revenues increased \$8.8 million, with a \$4.1 million decrease in capital projects and a \$12.8 million increase in the general fund. The School System received \$74.9 million or 35.9% of its governmental activities funding from the county, \$113.4 million or 54.4% from the state, and \$16.2 million for 7.8% from federal entitlement grants.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

Major Fund Balances

The following schedule shows the School System's change in fund balances:

	General	Special Revenue	Capital Projects	Total Governmental Funds
Fund balance, beginning of year	\$ 12,415,612	\$ 150,411	\$ 47,460	\$ 12,613,483
Fund balance, end of year	<u>11,312,893</u>	<u>290,249</u>	<u>47,563</u>	<u>11,650,705</u>
Net change in fund balances	<u>\$ (1,102,719)</u>	<u>\$ 139,838</u>	<u>\$ 103</u>	<u>\$ (962,778)</u>

The General Fund decreased \$1,102,719 from the previous year to \$11,312,893. The fiscal 2010 operating budget included an appropriation to utilize \$3,000,000 in revenue from the fund balance. System wide cost saving initiatives including; not filling vacant positions, reductions in discretionary spending, and implementing long-term cost reduction strategies allowed \$1,897,281 to remain in the fund balance.

The Special Revenue Fund increased \$139,838 from the previous year to \$290,249. This represents 2.3% of total fund expenditures. This increase is attributed to a continuing effort to control expenses, the funding of some equipment and training cost by grant money, increased reimbursement rates, and an uncharacteristic increase in free breakfast and lunch participation due to general economic conditions.

The Capital Projects Fund increased \$103 from the previous year to \$47,563. All capital expenditures are approved on a project basis. Any fluctuation in the fund balance is due to the timing of expenditures.

General Fund Budgetary Highlights

This measure can be useful as a measure of the general fund's liquidity. However, it is important to note that the School System is fiscally dependent on grants and appropriations from the county, state and federal governments. Once the budget is adopted through the budget process prior to the start of the fiscal year, these amounts rarely change.

CECIL COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis

Year Ended June 30, 2010

The School System is authorized to transfer funds between major categories of the budget. The following schedule shows the total additions, reductions and transfers made to the original operating budget by major category:

	Original Budget	Final Budget	Additions	Reductions	Total Change
Revenue					
Intergovernmental					
Cecil County, Maryland	\$ 68,385,625	\$ 68,385,625	\$ -	\$ -	\$ -
State of Maryland	95,921,788	96,484,618	562,830	-	562,830
United States government	12,498,846	17,451,476	4,952,630	-	4,952,630
Other sources					
Investment interest	600,000	600,000	-	-	-
Other	3,400,000	4,335,296	935,296	-	935,296
Total revenue	<u>\$ 180,806,259</u>	<u>\$ 187,257,015</u>	<u>\$ 6,450,756</u>	<u>\$ -</u>	<u>\$ 6,450,756</u>
Expenditures					
Current					
Administration	\$ 4,315,068	\$ 4,876,625	\$ 561,557	\$ -	\$ 561,557
Mid-level administration	13,826,148	13,983,555	157,407	-	157,407
Instruction salaries	68,583,377	69,325,912	742,535	-	742,535
Instruction materials and supplies	3,151,313	3,212,806	61,493	-	61,493
Instruction other costs	3,256,127	4,983,237	1,727,110	-	1,727,110
Special education	25,378,757	28,425,214	3,046,457	-	3,046,457
Student personnel services	1,026,252	1,097,652	71,400	-	71,400
Student health services	1,599,918	1,597,388	-	2,530	(2,530)
Student transportation	9,477,383	9,526,608	49,225	-	49,225
Operation of plant	11,837,750	11,874,521	36,771	-	36,771
Maintenance of plant	3,750,623	3,884,927	134,304	-	134,304
Fixed charges	34,096,962	33,824,110	-	272,852	(272,852)
Community services	249,843	387,912	138,069	-	138,069
Capital outlay	256,738	256,548	-	190	(190)
Total expenditures	<u>\$ 180,806,259</u>	<u>\$ 187,257,015</u>	<u>\$ 6,726,328</u>	<u>\$ 275,572</u>	<u>\$ 6,450,756</u>

The General Fund is the School System's primary operating fund. The final budget of \$187.3 million exceeded the original budget of \$180.8 million by \$6.4 million. This is due to additional restricted grants received from state and federal sources of \$5.5 million and an increase in other revenue of \$0.9 million.

Capital Assets and Long Term Debt Activity

The School System's investment in capital assets for its governmental activities as of June 30, 2010 amounts to \$187.8 million (net of accumulated depreciation of \$105.8 million). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress. The School System has no infrastructure assets (roads, bridges, streets, etc).

The following schedule shows the School System's capital assets by type:

	2010	2009
Land	\$ 1,202,153	\$ 1,202,153
Buildings	150,190,504	109,017,174
Improvements other than buildings	10,323,442	6,041,323
Furniture, fixtures, and equipment	11,586,914	10,525,685
Construction in progress	14,468,604	58,503,666
Total	<u>\$ 187,771,617</u>	<u>\$ 185,290,001</u>

The total increase in the School System's net capital assets during the year was \$2.5 million. Major capital projects during the fiscal year ended June 30, 2010 included:

- Completion of the addition/expansion project at Elkton High School totaling \$0.8 million
- Completion of the HVAC/roof replacement at Perryville High School totaling \$0.5 million
- Continuation of planning/renovation project at Calvert Elementary School totaling \$5.0 million
- Continuation of HVAC repairs at Leeds Elementary totaling \$1.0 million.
- Continuation of the stadium renovation at Elkton High School totaling \$1.6 million

By State Statute, the School System owns assets but not the debt associated with those facilities as it is fully dependent on the state and county governments. Capital expenditures are approved and funded by the state and local governments on a project basis. Future commitments on projects in progress total \$2.6 million. Please see Note 5 for details of changes in capital assets and construction commitments and Note 6 for long-term obligations.

Agency Fund

The School System's Student Activity Agency Fund reports funds raised by students, for their benefit, which are held in trust by the School System. For the fiscal year ended June 30, 2010 the total funds held in cash and cash equivalents was \$1,345,351.

Fiduciary Fund

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, commonly referred to as Other Post Employment Benefits (OPEB). The School System implemented GASB Statement No. 45 in fiscal year 2008. This addresses how governmental entities should account for and report their cost and obligation related to post employment healthcare and other non-pension benefits. Annual OPEB cost for employers our size will be based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay retiree benefits accrued during active service. The School

System established an OPEB Trust and entered that Trust in a Pooled OPEB Investment Trust. Fiduciary responsibilities remain with the member Trustees serving as Trustees of the Pooled OPEB Investment Trust.

The School System contribution to the Trust in fiscal year 2010 represents the actuarial determined pre-funding amount of \$938,632 necessary to result in a Net OPEB Obligation (NOO) of zero at year end.

FUTURE FINANCIAL IMPACTS

The State of Maryland *Bridge to Excellence in Public Schools* and the Federal *No Child Left Behind Acts* established a number of requirements for public school systems. Some of these requirements include full-day kindergarten for all elementary schools (completed in fiscal 2007), all teachers must be highly qualified and expanded choice options for parents. All students must reach proficiency levels on state assessments by 2014. In addition there are new certification and assessment standards for paraprofessionals and extensive data tracking and reporting requirements. All of these requirements have cost impacts. The financial well being of the State and County has a significant impact upon the School System's ability to meet the requirements of the *Bridge to Excellence* and *No Child Left Behind Acts*.

During fiscal year 2010, the Board of Education used the Strategic Plan to monitor progress and school system priorities. Generally, the School System has been very successful in addressing all aspects of the Strategic Plan. The Strategic Plan, which is updated each year, will continue to serve as a guide to the School System to monitor school system performance in fiscal year 2011 and plan for fiscal year 2012 and beyond.

The fiscal year 2011 approved operating budget, adopted in May 2010, was constructed using a modified application of zero-based budgeting based upon the School System's Strategic Plan and long range fiscal plan. This budget supports the School System's mission by addressing the three primary goals and thirteen major objectives of the Board of Education.

The School System continues to face significant fiscal challenges as projection from both State and County funding remain flat. In addition, over \$4.4 million in federal ARRA funding will no longer be available in fiscal 2012.

Based on these funding projections, the School System has implemented a number of cost reduction initiatives that have a longer term impact. Major long-term cost reduction initiatives in the fiscal year 2011 operating budget include:

- Elimination of 50 positions saving \$3.8 million
- Revised health care plan provisions saving \$2.3 million
- Reduction in discretionary spending and implementing long-term cost reduction strategies saving \$1.3 million
- \$0.3 million decrease in the cost to transport students

Contact for Additional Information

This financial report is designed to provide our citizens, taxpayers, customers, vendors and creditors with a general overview of the School System's finances and to demonstrate the School System's accountability for the funding it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Cecil County Public Schools, George Washington Carver Education Leadership Center, 201 Booth Street, Elkton, Maryland 21921.

BASIC FINANCIAL STATEMENTS

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

Current assets

Cash and cash equivalents	\$ 25,519,036
Due from Cecil County, Maryland	546,309
Due from State of Maryland	1,032,013
Due from United States government	1,730,718
Accounts receivable	192,660
Prepaid items	759,082
Inventory	189,107
Total current assets	<u>29,968,925</u>

Noncurrent assets

Capital assets (net of accumulated depreciation)	
Land	1,202,153
Buildings	150,190,503
Improvements other than buildings	10,323,443
Furniture, fixtures and equipment	11,586,914
Construction in progress	14,468,604
Total noncurrent assets	<u>187,771,617</u>
Total assets	<u><u>217,740,542</u></u>

LIABILITIES

Current liabilities

Accounts payable	3,543,169
Accrued salaries	12,771,062
Estimated healthcare claims incurred but not reported	1,636,000
Capital leases due within one year	1,932,521
Compensated absences due within one year	327,000
Unearned revenue - federal	122,929
Unearned revenue - state	27,048
Unearned revenue - other	218,012
Total current liabilities	<u>20,577,741</u>

Noncurrent liabilities

Capital leases due in more than one year	7,926,662
Compensated absences due in more than one year	2,544,516
Total noncurrent liabilities	<u>10,471,178</u>
Total liabilities	<u>31,048,919</u>

NET ASSETS

Invested in capital assets, net of related debt	177,912,434
Restricted for	
Capital projects	47,563
Unrestricted	8,731,626
Total net assets	<u>\$ 186,691,623</u>

The notes to the basic financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Function/programs	Program Revenue				Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Administration	\$ 5,985,974	\$ -	\$ 1,375,685	\$ -	\$ (4,610,289)
Mid-level administration	19,061,356	-	1,726,902	-	(17,334,454)
Instruction salaries	96,126,396	470,817	28,957,849	-	(66,697,730)
Instruction materials and supplies	2,866,679	-	874,469	10,397,865	8,405,655
Instruction other costs	11,795,884	-	1,326,949	-	(10,468,935)
Special education	33,516,554	-	15,696,997	-	(17,819,557)
Student personnel services	1,476,303	-	170,147	-	(1,306,156)
Student health services	2,161,204	-	177,676	-	(1,983,528)
Student transportation	9,367,220	-	4,664,967	-	(4,702,253)
Operation of plant	13,615,550	-	643,383	-	(12,972,167)
Maintenance of plant	4,735,829	-	380,054	-	(4,355,775)
Food and nutrition	5,445,415	2,624,443	3,470,456	-	649,484
Community services	317,774	31,823	274,237	-	(11,714)
Interest on long-term debt	119,282	-	-	-	(119,282)
Total government activities	<u>\$ 206,591,420</u>	<u>\$ 3,127,083</u>	<u>\$ 59,739,771</u>	<u>\$ 10,397,865</u>	<u>(133,326,701)</u>
State aid not restricted to specific purposes					66,376,929
Local aid not restricted to specific purposes					68,385,625
Interest and investment earnings					136,820
Miscellaneous					288,943
Total general revenues					<u>135,188,317</u>
Change in net assets					1,861,616
Net assets - beginning					184,830,007
Net assets - ending					<u>\$186,691,623</u>

The notes to the basic financial statements are an integral part of this statement.

CECIL COUNTY PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 24,860,171	\$ 614,073	\$ 44,792	\$ 25,519,036
Due from				
Cecil County, Maryland	-	-	546,309	546,309
State of Maryland	682,301	44,441	305,271	1,032,013
United States government	1,513,006	217,712	-	1,730,718
General fund	-	-	76,560	76,560
Special revenue fund	446,490	-	-	446,490
Accounts receivable	176,738	15,922	-	192,660
Prepaid items	759,082	-	-	759,082
Inventory	-	189,107	-	189,107
Total Assets	\$ 28,437,788	\$ 1,081,255	\$ 972,932	\$ 30,491,975
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Accounts payable	2,492,236	191,449	859,484	3,543,169
Accrued salaries	12,771,062	-	-	12,771,062
Estimated claims incurred but not reported	1,636,000	-	-	1,636,000
Deferred revenue - federal	55,968	66,961	-	122,929
Deferred revenue - state	27,048	-	-	27,048
Deferred revenue - other	66,021	86,106	65,885	218,012
Due to capital fund	76,560	-	-	76,560
Due to general fund	-	446,490	-	446,490
Total liabilities	17,124,895	791,006	925,369	18,841,270
 Fund balance				
Reserved				
Encumbrances	120,456	3,000	-	123,456
Unreserved				
Designated for subsequent year's expenditures	2,000,000	-	-	2,000,000
Designated for health care	2,678,184	-	-	2,678,184
Designated reserve for fuel cost contingency	500,000	-	-	500,000
Designated reserve for technology	500,000	-	-	500,000
Undesignated	5,514,253	287,249	47,563	5,849,065
Total fund balance	11,312,893	290,249	47,563	11,650,705
Total liabilities and fund balance	\$ 28,437,788	\$ 1,081,255	\$ 972,932	\$ 30,491,975

The notes to the basic financial statements are an integral part of this statement.

**CECIL COUNTY PUBLIC SCHOOLS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total fund balance	\$	11,650,705
--------------------	----	------------

Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital Assets	\$	293,533,235	
Accumulated depreciation		<u>(105,761,618)</u>	187,771,617

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Capital leases payable	\$	(9,859,183)	
Accrued vacation leave		<u>(2,871,516)</u>	<u>(12,730,699)</u>

Total net assets	\$	<u><u>186,691,623</u></u>
------------------	----	---------------------------

The notes to the basic financial statements are an integral part of this statement.

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenue				
Intergovernmental				
Cecil County, Maryland	\$ 68,385,625	\$ -	\$ 6,505,831	\$ 74,891,456
State of Maryland	109,451,038	253,811	3,670,655	113,375,504
United States government	13,040,030	3,193,011	-	16,233,041
Other sources				
Sale of food	-	2,620,110	-	2,620,110
Investment interest	126,983	9,734	103	136,820
Other	946,757	27,967	221,379	1,196,103
Total revenue	<u>191,950,433</u>	<u>6,104,633</u>	<u>10,397,968</u>	<u>208,453,034</u>
Expenditures				
Current				
Administration	4,321,143	247,948	95,112	4,664,203
Mid-level administration	13,904,019	-	12,470	13,916,489
Instruction salaries	68,835,894	-	-	68,835,894
Instruction materials and supplies	2,767,849	-	98,830	2,866,679
Instruction other	6,013,569	-	10,191,453	16,205,022
Special education	25,741,368	-	-	25,741,368
Student personnel services	1,078,355	-	-	1,078,355
Student health services	1,538,634	-	-	1,538,634
Student transportation	9,175,806	-	-	9,175,806
Operation of plant	11,424,861	-	-	11,424,861
Maintenance of plant	3,735,664	-	-	3,735,664
Fixed charges	45,694,939	630,454	-	46,325,393
Community services	304,972	-	-	304,972
Food service				
Excess (deficiency) of revenues	-	2,349,073	-	2,349,073
Food	-	2,366,052	-	2,366,052
Contracted services	-	61,155	-	61,155
Supplies and materials	-	192,814	-	192,814
Other operating cost	-	117,299	-	117,299
Total expenditures	<u>194,537,073</u>	<u>5,964,795</u>	<u>10,397,865</u>	<u>210,899,733</u>
Excess (Deficiency) of Revenue over expenditures	(2,586,640)	139,838	103	(2,446,699)
Other financing sources (uses)				
Capital leases	<u>1,483,921</u>	-	-	<u>1,483,921</u>
Net change in fund balances	(1,102,719)	139,838	103	(962,778)
Fund balance, beginning of year	<u>12,415,612</u>	<u>150,411</u>	<u>47,460</u>	<u>12,613,483</u>
Fund balance, end of year	<u>\$ 11,312,893</u>	<u>\$ 290,249</u>	<u>\$ 47,563</u>	<u>\$ 11,650,705</u>

The notes to the basic financial statements are an integral part of this statement.

**RECONCILIATION OF NET CHANGE IN FUND BALANCE
WITH CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2010**

Total change in fund balance	\$	(962,778)
------------------------------	----	-----------

Amounts reported in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in government funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the combined statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (9,371,124)		
Capital outlays	<u>10,368,819</u>		997,695

Capital lease proceeds which provide current financial resources in the governmental funds are not reported as revenues in the statement of activities.	1,483,921
---	-----------

Net repayment and recognition of capital lease principal is an expenditure in the governmental funds, but these changes reduce long-term liabilities in the statement of net assets and do not affect the statement of activities.

Repayment of existing capital leases	1,891,359		
Capital lease additions	<u>(1,483,921)</u>		407,438

In the statement of activities, accrued leave is measured by amounts earned during the year. In the governmental funds, however, expenditures for this item are measured by the amount of financial resources used. This year, vacation used was less than the amounts earned.	<u>(64,660)</u>
--	-----------------

Total change in net assets	\$	<u>1,861,616</u>
----------------------------	----	------------------

The notes to the basic financial statements are an integral part of this statement.

**STATEMENT OF REVENUE, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue				
Intergovernmental				
Cecil County, Maryland	\$ 68,385,625	\$ 68,385,625	\$ 68,385,625	\$ -
State of Maryland	95,921,788	96,484,618	96,221,208	(263,410)
United States government	12,498,846	17,451,476	13,067,636	(4,383,840)
Other sources				
Investment interest	600,000	600,000	126,983	(473,017)
Other	3,400,000	4,335,296	946,508	(3,388,788)
Total revenue	<u>180,806,259</u>	<u>187,257,015</u>	<u>178,747,960</u>	<u>(8,509,055)</u>
Expenditures				
Current				
Administration	4,315,068	4,876,625	4,278,297	598,328
Mid-level administration	13,826,148	13,983,555	13,802,737	180,818
Instruction salaries	68,583,377	69,325,912	68,835,894	490,018
Instruction materials and supplies	3,151,313	3,212,806	2,780,870	431,936
Instruction other costs		4,983,237	4,483,947	499,290
Special education	25,378,757	28,425,214	25,737,862	2,687,352
Student personnel services	1,026,252	1,097,652	1,071,343	26,309
Student health services	1,599,918	1,597,388	1,532,178	65,210
Student transportation	9,477,383	9,526,608	9,175,806	350,802
Operation of plant	11,837,750	11,874,521	11,424,861	449,660
Maintenance of plant	3,750,623	3,884,927	3,754,132	130,795
Fixed charges	34,096,962	33,824,110	32,443,812	1,380,298
Community services	249,843	387,912	304,971	82,941
Capital outlay	<u>256,738</u>	<u>256,548</u>	<u>223,969</u>	<u>32,579</u>
Total expenditures and encumbrances	177,550,132	187,257,015	179,850,679	7,406,336
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES				
	<u>\$ 3,256,127</u>	<u>\$ -</u>	(1,102,719)	<u>\$ (1,102,719)</u>
Fund balance, beginning			<u>12,949,986</u>	
Fund balance, ending			<u>\$ 11,847,267</u>	

The notes to the basic financial statements are an integral part of this statement.

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

ASSETS	Retiree Benefit Trust Fund	Student Activity Agency Fund
	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 3,261,278	\$ 1,345,351
Total assets	<u>3,261,278</u>	<u>1,345,351</u>
 LIABILITIES AND NET ASSETS		
Due to other groups	<u>-</u>	<u>1,345,351</u>
	<u>-</u>	<u>1,345,351</u>
Net Assets	<u>\$ 3,261,278</u>	<u>\$ -</u>

The notes to the basic financial statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
RETIREE BENEFIT TRUST FUND
YEAR ENDED JUNE 30, 2010**

ADDITIONS

Contributions:	
Employer	\$ 938,632
Member	<u>-</u>
Total contributions	<u>938,632</u>
Investment income:	
From investment activity:	
Interest/Dividends	59,789
Realized loss from investments	10,518
Unrealized loss from investments	<u>95,743</u>
Total investment activity	<u>166,050</u>
Investment activity expenses:	
Investment custodial fees	<u>(8,221)</u>
Total investment expenses	<u>(8,221)</u>
Total net additions	1,096,461

DEDUCTIONS

Administration service fees	108
Auditing fees	3,680
Insurance expense	2,206
Consulting	1,624
General legal fees	401
Net assets - ending	-
Travel and education	<u>4</u>
Total deductions	<u>8,023</u>
Net assets - beginning	<u>2,172,840</u>
	<u>\$ 3,261,278</u>

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The School System is a body politic and corporate established through the Education Article of the Annotated Code of Maryland in 1868. Educational services are provided to students pre-kindergarten through graduation in 30 school facilities owned and operated in Cecil County, Maryland by the Board of Education of Cecil County, a five member Board elected to four-year terms and one student member who serves for one year. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all youth of Cecil County. A small number of students are placed in state-operated and non-public educational facilities to meet their special needs.

The School System is a component unit of Cecil County, Maryland and the School System's financial results are included in the County's comprehensive annual financial report. Elected County Commissioners are responsible for approving the School System's budget. The County is responsible for levying taxes and collecting and distributing funds to the School System. The School System is financially dependent upon appropriations from the County.

The financial statements of the School System are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, applicable to governmental entities, as prescribed by the Governmental Accounting Standards Board (GASB).

B. Government-wide Financial Statements

The Government-wide financial statements report on all of the non-fiduciary activities of the primary government. Activities between funds that are representative of lending borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds and are eliminated from the statements. Inter-fund charges to the Special Revenue Fund representing administrative overhead charges from the General Fund are included in direct expenses and not eliminated. The School System does not have business-type activities; therefore, the statements only include governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes: 1) charges to individuals who directly benefit from the goods or services provided by the function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not included among program revenue are reported instead as general revenue.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Funds Financial Statements are reported using the current financial resources measurement focus and the modified basis of accounting. Revenues are recognized as soon as they are measurable and available. Generally, the School System considers revenue measurable and available when appropriated or otherwise known to be forthcoming from the funding sources. For this purpose, the School System considers revenues available if they are collected within 60 days of the end of the fiscal year. Special grant program revenue is recognized in accordance with the terms of the grant; generally, at the time program funds are expended. Principal revenue sources considered susceptible to accrual include federal and state grants and local county government appropriations. The School System on a direct basis generates no tax revenue.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Exceptions to this practice include special revenue fund inventory items considered expenditures at the time the items are used and debt service recorded as an expenditure at the time payment is made by the county government.

Special Revenue Fund revenue and expenditures include the value of commodities donated by the United States Department of Agriculture which were consumed during the fiscal year. The value of donated commodities in inventory at year-end is reported as unearned revenue. Revenues are considered available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School System considers revenue to be available if they are collected within 60 days of the end of the current fiscal year.

The funds are separately accounted for in accordance with the purpose of the related revenue and expenditures. The financial statements present the results of operations of the funds with the measurement focus on the sources, uses, and balance of financial resources.

The School System uses three major funds. These funds comprise the total governmental funds as described below:

- The *General Fund* is used to focus upon the operation of the School System's educational and support services programs.
- The *Special Revenue Fund* is used to record the financial transactions of the Food and Nutrition program.
- The *Capital Projects Fund* reports the revenue and expenditures related to school construction projects ranging from site improvements to minor and major building renovation and addition projects.

The School System's Fiduciary Funds consist of the following:

- ***Student Activity Agency Fund*** consists primarily of funds raised by students, for their benefit, which are held in trust by the School System. Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.
- ***Retiree Benefit Fiduciary Trust Fund*** consists of contributions of the School System to establish a reserve to pay for health and welfare benefits of future retirees. Contributions to the Trust qualify as contributions and are reported using the economic resource measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred. Fiduciary funds are not reported in the government-wide financial statements.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

The School System's cash and cash equivalents include certificates of deposit and overnight repurchase agreements with original maturities of three months or less when acquired and are carried at cost which approximates fair value.

Investments are recorded at fair value, based on closing market prices at year-end. The fair value of the position in the Maryland Local Government Investment Pool is the same as the value of the pool shares.

The Annotated Code of Maryland authorizes the School System to invest in the following: time deposits, savings accounts, and demand deposit accounts in banks and savings and loan associations that are secured with collateral as set forth in the State Finance and Procurement Article; any investment portfolio created under the Maryland Government Investment Pool that is administered by the Office of the State Treasurer, an obligation for which the United States has pledged its full faith and credit for the payment of the principal and interest; an obligation that a federal agency or a federal instrumentality has issued in accordance with an act of congress; a repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities; bankers' acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter; commercial paper and money market mutual funds that contain only securities listed above receiving the highest possible rating.

Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business. Governmental fund type receivables consist primarily of amounts due from the county, state, or federal governments, or other Maryland Boards of Education. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year.

Inter-fund Balances/Inter-fund Activity

Inter-fund receivable and payable balances are non-interest bearing and are normally settled in the subsequent period. All governmental funds' payables are disbursed through the General Fund. Inter-fund activity consists primarily of transfers from other funds to the general fund to cover accounts payable. Most inter-fund expenditures disbursed from the General Fund are reimbursed the following period.

Inventories and Prepaid Items

The Special Revenue Fund inventories include federal government donated food commodities that are valued at estimated market value. The remaining inventories are accounted for under the consumption method and are stated at average cost.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets which include land, land improvements, buildings and equipment are defined by the School System as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year and sensitive items, such as cameras, computers and computer peripherals with a value of more than \$500. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Costs of uncompleted projects are accumulated in construction-in-progress and are carried at the lower of cost or market. The School System does not incur debt for the construction of capital projects; therefore, construction period interest is not capitalized.

Land improvements, buildings and equipment with a value in excess of \$1,000 are depreciated using the straight-line method over the following estimated useful life:

<u>Assets</u>	<u>Years</u>
Improvements	15
Buildings	20 – 50
Equipment	5 – 20

Accrued Salaries

Teachers' salaries are considered earned at the completion of the school year. Teachers who are eligible may elect to be paid their ten month salary over twelve months. The salaries are paid within the first two months of the succeeding fiscal year.

Health Insurance and Estimated Claims Incurred But Not Reported

The School System participates in a “minimum premium plan” with CareFirst for its healthcare insurance. Under this plan, the School System is responsible for paying all claims up to an agreed upon aggregate level. Individual and aggregate stop loss insurance policies are responsible for claims in excess of \$200,000 per claim and in the aggregate of 125% of estimated (expected) claims. The School System has provided an accrual for claims incurred for the current fiscal year but not reported.

Compensated Absences

Twelve month employees may earn annual vacation leave at various accrual rates dependent on length of service and the bargaining unit that represents them. Unused annual leave may be accrued up to a maximum of fifty days. All accrued annual leave is payable upon separation of employment. The governmental fund financial statements record expenditures when employees are paid for leave. The government-wide financial statements present the cost of accumulated vacation leave as a liability.

Employees are also eligible to earn sick leave and accrue unused balances throughout their employment. There is no liability reported for sick leave because employees are not paid their unused balance upon separation, except for up to 10 days upon retirement. Based on past experience, management does not expect such amounts to be significant.

Long-term Obligations

The School System has no authority to issue bonded debt. Debt incurred by the county or state governments to finance school construction remains a debt of the issuing government and along with the related debt service, is not reported in the School System’s financial statements. The school system occasionally finances the purchase of technology equipment, school busses, maintenance vehicles and relocatable classrooms, over periods ranging from three to five years. In addition, the School System has a fifteen year capital lease for various building improvements as part of an energy performance contract. All long-term obligations are subject to the School System’s annual appropriation from the state and local governments.

Deferred/Unearned Revenue

Deferred revenue occurs when the School System receives funds before it has a legal claim to them or when funds received do not meet the criteria for recognition in the current period. Deferred revenue for governmental activities consists of tuition payments received in advance of summer school, restricted grant funds advanced to the School System and the value of donated food commodities not used.

Net Assets and Fund Balance

In the *Statement of Net Assets*, net assets are reported as invested in capital assets (net of related debt), restricted (based on some externally imposed restrictions or use of funds, such as grant funding for a specific purpose), or unrestricted.

In the *Government Funds Financial Statements*, governmental funds report reservations of fund balance for encumbrances (outstanding purchase order commitments). Designations of fund balance represent tentative management plans that are subject to change. The School System has designated a portion of its unreserved fund balance as a contingency for the projected maximum liability for the medical, dental, vision and drug plans in excess of established premiums, a contingency for excessive fuel cost due to unforeseen events, contingencies for technology and any other unforeseen emergency, and a designation for subsequent year's expenditures.

NOTE 2 BUDGETARY INFORMATION

A. Budgetary Requirements

The School System follows the budget requirements for local school systems within the State of Maryland as specified by state law:

1. The School System must submit annual budgets for its General Fund prior to March 15th.
2. Following public hearings, the County Commissioners must approve the budgets by June 1st. Subsequent supplemental appropriations also require the County Commissioners' approval.
3. The General Fund budget is prepared and approved by major expenditure categories as specified by state law. Actual expenditures may not exceed appropriations for a category. These categories include:

Administration	Student transportation
Mid-level administration	Operation of plant
Instruction salaries	Maintenance of plant
Instruction materials and supplies	Fixed charges
Instruction other costs	Community services
Special education	Food and nutrition
Student personnel services	Capital outlay
Student health services	

4. The School System may transfer funds between major categories with approval of the County Commissioners. The School System has the authority to transfer funds between objects of expenditures (i.e. salaries and wages, contracted services, materials and supplies, other charges, and equipment) within major categories, but must notify the County Commissioners of such action at the end of each month. In accordance with the Education Article, Title 5, §5-105, of Maryland Annotated Code, the School System may not exceed the appropriation by category.
5. The management and staff of the School System are responsible for preparing the budget, monitoring budgetary expenditures, reporting, and making recommendations for transfers between objects of expenditure and major categories.

6. Unencumbered appropriations lapse at the end of each year, except in the Capital Projects Fund where appropriations do not lapse. Encumbered appropriations are liquidated through expenditures in the subsequent fiscal year. The portion of fund balance related to lapsed appropriations must be re-appropriated.

B. Reconciliation between GAAP and Budgetary Basis

Budgets are not established on a basis consistent with Generally Accepted Accounting Principles (GAAP) in the United States of America. *The Schedule of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance – Budget (non-GAAP budgetary basis) and Actual – General Fund* has been prepared on a prescribed budgetary basis of accounting to demonstrate compliance with the legal requirements of the County, the State of Maryland, and special federal and state grant programs.

The differences between the GAAP and budgetary basis relating to the general fund are shown below.

General Fund

Fund Balance Ending, June 30, 2010 – Non-GAAP	\$ 11,847,267
Maryland State Department payments to State Retirement and Pension System on behalf of the School System for eligible employees	
Revenue	13,251,127
Expenditures	(13,251,127)
Current year encumbrances reported as expenditures for budget purposes and not in GAAP statements	(120,456)
Cumulative effect of encumbrances reported as expenditures in prior years	<u>(413,918)</u>
Fund Balance Ending, June 30, 2010 – GAAP Basis	<u>\$ 11,312,893</u>

NOTE 3 CASH AND CASH EQUIVALENTS

By statute, the School System is authorized to invest in obligations of the U.S. Government and agencies, bankers' acceptance agreements, repurchase agreements fully collateralized by U.S. Government securities, mutual funds which invest in U.S. Government securities and the Maryland Local Government Investment Pool.

At June 30, 2010, the carrying amount and bank balances of the School System's deposits with financial institutions totaled \$26,864,388 and \$26,757,468 respectively. All of the bank deposits are covered by federal deposit insurance and/or collateral held in the School System's name.

<u>Government Funds</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Deposits</u>		
Insured - Federal Deposit Insurance Corporation	\$ 1,199,482	\$ 1,201,584
Uninsured - collateral held by bank in School System's name	5,238,380	6,144,885
Certificate of Deposit due within one year - collateral held by bank in the School System's name	6,166,996	5,151,468
Total deposits	<u>12,604,858</u>	<u>12,497,937</u>
<u>Investments</u> - Maryland Local Government Investment Pool	<u>14,259,530</u>	<u>14,259,530</u>
Total cash and investments	<u>\$ 26,864,388</u>	<u>\$ 26,757,468</u>
 Reconciliation of above to the Statement of Net Assets:		
General Fund	\$ 24,860,172	\$ 24,661,549
Special Revenue Fund	614,073	614,023
Capital Projects Fund	44,792	44,792
Total cash and cash equivalents - Statement of Net Assets	<u>25,519,037</u>	<u>25,320,364</u>
Fiduciary Fund	<u>1,345,351</u>	<u>1,437,103</u>
Total cash and investments	<u>\$ 26,864,388</u>	<u>\$ 26,757,468</u>

Credit and Interest Rate Risk-The School System is bound by Maryland law (COMAR 6-222) to minimize credit and interest rate risk by investing only in the highest quality investments and therefore, has no formal Board investment policy. The law states that permissible investments are limited to U.S. Treasury and U.S. Government Agency obligations, collateralized repurchase agreements and certificates of deposit, money market mutual funds of the highest rating and any investment portfolio created under the Maryland Local Government Investment Pool.

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. The fair value of our position in the pool is equal to the shares outstanding.

Investment in External Investment Pool-The Board has funds designated for Other Post-Employment Benefits that are held by Maryland Association of Boards of Education (MABE). As of June 30, 2010, MABE held \$3,261,278 in cash and cash equivalents in the investment pool for the Board. The investment policy of MABE is set and monitored by MABE's Board of Trustees. MABE primarily invests in registered securities and mutual funds.

NOTE 4 INTER-FUND RECEIVABLES, PAYABLES

The composition of inter-fund balances as of June 30, 2010, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Capital Projects	General	Timing of reimbursements	\$ 76,560
General	Special Revenue	Deficit cash balance	446,490
Total			<u>\$ 523,050</u>

NOTE 5 CAPITAL ASSETS

A. ACTIVITY

The following is a summary of the changes in the capital assets owned by the School System during the fiscal year 2010:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital assets not being depreciated				
Land	\$ 1,202,153	\$ -	\$ -	\$ 1,202,153
Construction-in-progress	58,503,666	10,397,865	(54,432,927)	14,468,604
Total capital assets not being depreciated	<u>59,705,819</u>	<u>10,397,865</u>	<u>(54,432,927)</u>	<u>15,670,757</u>
Capital assets being depreciated				
Buildings	192,742,032	47,244,348	(94,369)	239,892,011
Improvements other than buildings	7,746,094	4,677,713	-	12,423,807
Furniture, equipment and vehicles	24,251,960	4,431,121	(3,136,421)	25,546,660
Total capital assets being depreciated	<u>224,740,086</u>	<u>56,353,182</u>	<u>(3,230,790)</u>	<u>277,862,478</u>
Less accumulated depreciation for				
Buildings	(83,724,858)	(5,978,107)	1,458	(89,701,507)
Improvements other than buildings	(1,704,771)	(395,594)	-	(2,100,365)
Furniture, equipment and vehicles	(13,726,275)	(2,997,423)	2,763,952	(13,959,746)
Total accumulated depreciation	<u>(99,155,904)</u>	<u>(9,371,124)</u>	<u>2,765,410</u>	<u>(105,761,618)</u>
Total capital assets being depreciated, net	<u>125,584,182</u>	<u>46,982,058</u>	<u>(465,380)</u>	<u>172,100,860</u>
	<u>\$ 185,290,001</u>	<u>\$ 57,379,923</u>	<u>\$ (54,898,307)</u>	<u>\$ 187,771,617</u>

Depreciation expense was charged to functions/programs as follows:

<u>Government activities:</u>	<u>Amount</u>
Administration	\$ 373,596
Mid-level administration	99,493
Instruction other costs	8,353,052
Special education	76,038
Student personnel services	2,253
Student health services	18,436
Student transportation	95,050
Operation of plant	66,164
Maintenance of plant	95,011
Food and nutrition	191,888
Community service	143
	<u>\$ 9,371,124</u>

B. Construction Commitments

The School System has active construction projects as of June 30, 2010. These projects are additions and renovations to school buildings. At year-end the School System commitments with contractors are as follows:

<u>Projects</u>	<u>Spent to Date</u>	<u>Remaining Commitments</u>
Elkton High Addition/Renovation	\$ 51,182,668	\$ -
Perryville High HVAC/Roofing	2,837,724	-
Cecil Technical High Planning	2,422,087	143,397
Calvert Elementary Addition/Renovation	9,526,553	1,825,973
Leeds Elementary HVAC	1,036,885	549,746
Elkton High Stadium Renovation	1,662,597	86,731
Total	<u>\$ 68,668,514</u>	<u>\$ 2,605,847</u>

NOTE 6 LONG-TERM OBLIGATIONS

A. Compensated Absences

School system employees who are employed on a twelve-month basis are granted annual leave at varying rates based on years of service. Those employees may accumulate annual leave up to a maximum of fifty days. Upon termination of employment, accumulated annual leave is paid to the employee and is reported in the form of salary expenditures in the General Fund and Special Revenue Fund. Annual leave pay is accrued when incurred in the government-wide statement.

B. Capital Leases

The School System's capital leases represent obligations incurred to finance the purchase of school maintenance vehicles, relocatables, and improvements to buildings. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded

at the present value of the future minimum lease payments at the inception date. Both the General Fund and the Capital Projects Fund are being used to liquidate capital leases. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Total</u>
Improvements other than buildings	\$ 9,328,794
Technology equipment (FY2008)	2,670,805
Technology equipment (FY2009)	1,318,263
Technology equipment (FY2010)	<u>1,483,921</u>
	\$ 14,801,783
Less accumulated depreciation	<u>(4,339,454)</u>
	<u>\$ 10,462,329</u>

The following are the future minimum payments under the School System's capital lease agreements, and represent the present value of the minimum lease payments for the amount capitalized as of the fiscal year ended June 30, 2010:

<u>Fiscal years ending June 30:</u>	<u>Total</u>
2011	\$ 2,255,734
2012	1,552,925
2013	1,199,493
2014	813,910
2015	813,910
2016-2020	4,069,548
2021	<u>813,910</u>
Total payments	11,519,430
Less interest	<u>1,660,247</u>
Capitalized lease obligations	<u>\$ 9,859,183</u>

C. Changes in Long-term Liabilities

Long-term liabilities reported in the Statement of Net Assets include capital leases and compensated absences. The schedule below presents the current year activity and year-end balances for the School System's long-term liabilities:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Capital leases	\$ 10,266,621	\$ 1,483,921	\$ (1,891,359)	\$ 9,859,183	\$ 1,932,521
Compensated absences	<u>2,806,856</u>	<u>367,232</u>	<u>(302,572)</u>	<u>2,871,516</u>	<u>327,000</u>
Long-term liabilities	<u>\$ 13,073,477</u>	<u>\$ 1,851,153</u>	<u>\$ (2,193,931)</u>	<u>\$ 12,730,699</u>	<u>\$ 2,259,521</u>

NOTE 7 OPERATING LEASES

The School System has long-term commitments as the lessee under various non-cancelable operating leases for warehouse space, office space and bus parking. Total rent expenditures incurred in fiscal year 2010 under these leases amounted to \$593,159. The aggregate future rental payments under these commitments are \$1,738,778 as summarized below:

<u>Fiscal year ending June 30:</u>	<u>Building Rent</u>	<u>Office Equipment</u>
2011	\$ 238,128	\$ 367,035
2012	245,268	128,448
2013	245,271	16,728
2014	245,271	-
2015	252,629	-
Total	<u>\$ 1,226,567</u>	<u>\$ 512,211</u>

NOTE 8 GRANT PROGRAM REVENUE

Certain programs serving specific needs and purposes of the School System and the welfare of the students are funded by restricted federal and state grants. Monies so acquired, amounting to approximately \$70,137,636 during the fiscal year ended June 30, 2010, were used in the designated programs and not supplant funding for the unrestricted programs. The general and special revenue funds accounted for approximately \$59,739,771 and the capital project fund accounted for approximately \$10,397,865.

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Risk Management

The School System is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and related disasters. The system is a member of the Maryland Association of Boards of Education Group Insurance Pool (MABE) and the Workers' Compensation Group Self-Insurance Fund. MABE is a public entity risk pool currently operating as a common risk management and insurance program for fourteen member counties to reduce the amount of claims expenditures incurred. Under the group insurance pool, coverage for casualty losses are at the replacement cost of the asset; general liability losses are limited to \$100,000 per incident as provided by the State of Maryland's Sovereign Immunity Law. In the event that the Sovereign Immunity Law is not applicable, the system is covered up to \$1,000,000 per incident. There have been no reductions in the insurance coverage in the current year and settlements have not exceeded insurance coverage for the last three fiscal years. The Workers' Compensation Group Self-Insurance Fund provides coverage for up to the statutory limit of each incident.

B. Healthcare Claims Incurred But Not Reported

The School System is self insured for the core healthcare plan. Healthcare claims incurred but not reported as of June 30, 2010, are estimated to be in the amount of \$1,636,000. This amount is \$87,000 greater than the claims estimated to be outstanding in the prior year and is expected to be paid within the next fiscal year.

Fiscal Year	Beginning Balance	Increase	Decrease	Ending Balance
2009	\$ 1,317,600	\$ 231,400	\$ -	1,549,000
2010	\$ 1,549,000	\$ 87,000	\$ -	1,636,000

C. Sick Leave

As of June 30, 2010, the amount of accumulated unused sick leave was estimated to be \$29,263,178. It is not practical to estimate the portion of such amount that will ultimately be paid because payment is contingent upon employees' future illnesses. Management expects the School System's commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees.

As a condition of retirement, the School System will pay employees up to ten days accumulated sick leave. All accrued sick leave above 10 days is applied to each employee's service record. Management, based on past experience, does not expect such amounts to be significant.

D. Sick Leave Bank

As of June 30, 2010, the amount of accumulated unused sick leave included in the sick leave bank was estimated to be \$1,028,034. The sick leave bank is an extra source of sick leave available to those employees who are eligible and elect to participate. Participation is based on a formula for donating sick days to the bank based on the employees' classification and accrued sick leave. Management believes it is not practical to estimate the portion of such amount which will ultimately be paid because payment is contingent upon employees' future illnesses.

Management expects the School System's commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees.

E. Special Grants

The School System participates in a number of federal and state assisted programs. These programs are subject generally to program compliance audits by the grantors or their representatives. As of June 30, 2010, the compliance audits of certain programs have not yet been conducted and/or accepted by the appropriate authorities. Accordingly, the system's compliance with applicable program requirements for these programs will be established conclusively at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. Based on past experience, the School System does not expect such amounts, if any, to be significant.

F. Labor Relations

This fiscal year represents the third year of a three year collective bargaining agreement with the Cecil County Classroom Teachers' Association (CCCTA), reached in fiscal year 2008, which provided for Cost of Living Adjustments (COLA) of 1.1% for fiscal year 2010 and of 1.8% for fiscal year 2011. In addition to COLA increases, this agreement also provides improvements in tuition reimbursement, extra pay for extra duty and retiree health care at the same cost of living adjustment rate.

This fiscal year represents the third year of a three year collective bargaining agreement with the Cecil County Public Schools Administrators' and Supervisors' Association (CCPSASA) which provided for a COLA increase of 1.1% for fiscal 2010 and of 1.8% for fiscal year 2011. In addition to COLA increases, this agreement also provides improvements in tuition reimbursement and retiree health care at the same cost of living adjustment rate.

This fiscal year represents the second year of a two year collective bargaining agreement with the Cecil Education Support Personnel Association (CESPA) which provides for a 1.8% COLA. In addition to COLA increases, this agreement also provides improvements in tuition reimbursement and retiree health care at the same cost of living adjustment rate.

Meet and confer discussions with the Central Office Support Services Leadership Association (COSSLA) in fiscal 2006 was extended in 2010 and 2011 and provides for a COLA increase of 1.1% and 1.8% respectively. In addition to COLA increases, this agreement also provides improvements in tuition reimbursement and retiree health care at the same cost of living adjustment rate.

NOTE 10 RETIREMENT SYSTEMS

A. Plan Description

The employees of the School System are covered by the State Retirement and Pension System of Maryland (the System). The State Retirement Agency (the Agency) is the administrator of the State Retirement and Pension System of Maryland, a cost sharing multiple-employer public-employee retirement system. The System was established by the State Personnel and Pension Articles of the Annotated Code of Maryland and provides retirement allowances to System members and beneficiaries. Responsibility for the administration and operation of the System is vested with a 14-member Board of Trustees (Trustees). Teachers and employees of the School System in related positions are covered by either the Teachers Retirement System or the Teachers Pension System (Teachers Systems) of the State of Maryland. The Employees Retirement and Pension Systems (Employees Systems) cover principally custodial, maintenance, cafeteria and administration employees not eligible to participate in the Teachers Systems. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Baltimore, Maryland 21202 or by calling (800) 492-5909.

B. Funding Policy

Members of the Teacher and Employee's Retirement Systems participants are required to contribute 5% or 7% of their earnable compensation depending on their retirement option. Members of the Employees' Pension System are required to contribute 5% of earnable compensation. Employer contribution rates are determined actuarially. The employer contribution rates for fiscal year 2010 were 13.15% for the Teacher Systems and 9.93% of covered payroll for the Employee Pension System.

The State makes a substantial portion of the School System's annual required contributions to the Teachers Systems on behalf of the School System. The State's contributions on behalf of the School System to the Teachers Systems for the year ended June 30, 2010 was \$13,251,127. The fiscal 2010 contributions made by the State on behalf of the School System have been included as both revenues and expenditures in the General Fund in the accompanying *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. The revenue is included in Intergovernmental Revenue - State of Maryland with the offsetting expense included in Fixed Charges.

The School System makes the entire employer required annual contributions to the Employees Systems as well as those that relate to positions in the Teachers Systems funded through federal and state restricted programs. The School System's contributions to the Teachers and Employees Systems for the year ended June 30, 2010, 2009, and 2008 were \$1,632,345, \$1,325,949 and \$1,507,179 respectively, all of which were 100% of the required contribution.

The computation of the pension contribution requirements for fiscal year 2010 was based on the same actuarial assumptions, benefits provisions, actuarial funding method, and other significant factors used to determine pension contributions requirements in the previous year.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The Cecil County Public Schools Retiree Health and Welfare Plan (the "Plan") is a single employer defined benefit healthcare plan administered by the School System. The Plan provides medical, prescription drug, dental and vision benefits to eligible retirees, their spouses and eligible dependants. All classes of employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Teachers' pension system, which are age 55 with 15 years of service, 30 years of service or age 62 with 5 years of service. To be eligible for continued retiree healthcare coverage, the retiree must have been enrolled in the School System's sponsored Plan for at least one full year immediately prior to retirement. In addition, eligible spouses and dependants desiring coverage through the eligible retiree's plan must be enrolled in the Plan immediately prior to the retiree's effective date of retirement. As of July 1, 2008, the date of the last actuarial valuation, approximately 480 retirees and their beneficiaries were receiving benefits, and an estimated 2,170 active employees are potentially eligible to receive future benefits.

B. Funding Policy

The School System pays retiree healthcare premiums based on age and years-of-service. Under 65/non-Medicare eligible employees may receive from \$3,321 for 14 years-of-service up to \$7,022 for 30+ years of service. Retirees age 65+ or eligible for medicare may receive from \$2,050 for 14 years of service up to \$3,550 for 30+ years of service. The retiree pays the remaining premium for the selected plan, including the cost of eligible dependants. The amount of the subsidy may be subject to the collective bargaining process and/or the School System's determination of contribution limits. The authority to establish and amend benefit provisions of the Plan rests with the School System.

For the fiscal year 2010, retirees contributed \$1.9 million or 43.9% of the total premiums and benefits cost of \$4.4 million. In May 2008, the School System created the Retiree Benefit Trust of the Board of Education of Cecil County (the "Trust") in order to arrange for the establishment of a reserve to pay promised future health and welfare benefits for employee services that have already occurred. The School System intends the contributions to the Trust qualify as "contributions in relation to the actuarial required contribution" that the Trust will qualify as a "trust or equivalent arrangement".

Contributions by the School System are solely dependent on the governmental entities that provide funding for the School System. Employee and retiree contributions are not permitted. The Chief Financial Officer, Associate Superintendent for Administrative Services and the Human Resources Benefits Manager are the trustees of the Trust with final authority in all matters pertaining to the Trust.

In May 2008, the School System entered into an agreement with the Maryland Association of Boards of Education (MABE), together with certain member Boards of Education in Maryland to establish the MABE Pooled OPEB Investment Trust (MABE Pool) in order to pool assets of the member Boards of Education for investment purposes only. Each member of the MABE Pool is required to designate a member Trustee who is a trustee of the member trust. The member trustees of the MABE Pool shall ensure that the MABE Pool keep such records as are necessary in order to maintain a separation of the assets of the Trust from the assets of trusts maintained by other governmental employers. Assets of the member trusts are reported in their respective CAFR using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available.

The Trust prohibits any part of the Trust to be used for or diverted to purposes other than providing benefits to participants and beneficiaries under the Plan. The Trust provides that in no event will the assets of the Trust be transferred to an entity that is not a state, a political subdivision or an entity the income of which is excluded from taxation under taxation under Section 115 of the IRS Code.

The Pool issues a publicly available audited GAAP-basis report that includes financial statements and required supplementary information for the Trust. This report may be obtained by writing to Steve James, Trust Administrator, Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, MD 21401 or calling (410) 841-5414.

C. Annual OPEB Cost and Net OPEB Obligation

The School System’s annual other post employment benefit (OPEB) cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined within the parameters set forth by the Governmental Accounting Standards Board (GASB). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year plus any unfunded liability amortized over a period not to exceed thirty years. The School System pays post retirement medical benefits (normal cost) from the General Fund, not from the Trust.

Annual required contribution	\$ 3,775,274
Adjustment to annual required contribution	<u>(363,118)</u>
Annual OPEB cost	3,412,156
Payments to retirees from general fund	(2,473,524)
Prefunding contribution	<u>(938,632)</u>
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ -</u></u>

The School System’s OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal 2009 and 2010, are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual	
		OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 3,163,196	100.0%	\$ -
June 30, 2010	\$ 3,412,156	100.0%	\$ -

D. Funding Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability (AAL) for benefits was \$41.7 million with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$40.3 million. The annual payroll of active employees covered by the Plan was \$111.2 million and the ratio of the UAAL to covered payroll was 36.2%. The School System established the Retiree Benefit Trust Fund in May 2008 with the intention to fully fund the annual required contribution (ARC). At the actual valuation date there were no trust fund assets. As of June 30, 2010, there were \$3.26 million in net assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and Plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of net assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the cost method used was the projected unit credit, with linear proration to decrement attribution. The actuarial assumptions include an 8% investment return per annum. The projected annual healthcare cost trend rate is 10.5% initially, reduced by decrements to an ultimate rate of 5.5% after five years. The UAAL is being amortized with open periods over thirty years based on a level percentage of projected payrolls.

NOTE 12 INSURANCE POOLS

The School System participates in the Maryland Association of Boards of Education Group Insurance Pool (the Pool) and Workmen's Compensation Group Self-Insurance Fund (the Fund) for its general liability, property and workmen's compensation insurance coverage. Annual contributions are made based on historical loss, exposure factors and payroll levels.

The Pool and the Fund have excess loss insurance for both specific and aggregate losses. Although the Pool and the Fund maintain reserves, the School System could be assessed for its share of any future shortfalls.

The School System's Other Post Employment Benefit Plan (OPEB Plan) is administered through the School System's Retiree Benefits Trust Fund as an irrevocable trust and a member trust of the Maryland Association of Boards of Education (MABE) Pooled OPEB Investment Trust (MABE Pool). Assets of the trust fund are dedicated to providing post-retirement health insurance coverage to current and eligible future retirees.

THIS PAGE INTENTIONALLY LEFT
BLANK

**REQUIRED
SUPPLEMENTARY
INFORMATION**

The following schedules present the School System's actuarially determined funding progress and required contributions for the School System's Retiree Benefit Trust Fund.

**SCHEDULE OF FUNDING PROGRESS
 BY VALUATION DATE**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
July 1, 2007	\$ -	\$ 49,099,000	\$ 49,099,000	0.0%	\$ 106,223,798	46.2%
July 1, 2008	\$ 1,480,000	\$ 41,746,315	\$ 40,266,315	3.5%	\$ 111,175,780	36.2%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Percentage Contributed
June 30, 2008	\$ 3,215,737	100.0%
June 30, 2009	\$ 3,163,196	100.0%
June 30, 2010	\$ 3,412,156	100.0%

THIS PAGE INTENTIONALLY LEFT
BLANK

INDIVIDUAL FUND
FINANCIAL STATEMENT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Assets:				
Cash and cash equivalents	\$ 1,294,725	\$ 2,889,466	\$ (2,838,840)	\$ 1,345,351
Total Assets	\$ 1,294,725	\$ 2,889,466	\$ (2,838,840)	\$ 1,345,351
Liabilities:				
Due to student groups	\$ 1,294,725	\$ 2,889,466	\$ (2,838,840)	\$ 1,345,351
Total Liabilities	\$ 1,294,725	\$ 2,889,466	\$ (2,838,840)	\$ 1,345,351

THIS PAGE INTENTIONALLY LEFT
BLANK

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Cecil County Public School'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 government's overall financial health.

	Page
FINANCIAL	63
<i>These schedules contain trend information to help the reader understand how the School System's financial performance and well-being have changed over time.</i>	
REVENUE AND EXPENSE	67
<i>These schedules contain information to help the reader assess the School System's most significant revenue by source and expenditures by function.</i>	
DEMOGRAPHIC	76
<i>These schedules offer demographic indicators to help the reader understand the environment within which the School System's financial activities take place.</i>	
OPERATING	79
<i>These schedules contain data to help the reader understand how the information in the School System's financial report relates to the services the School System provides.</i>	

**THIS PAGE INTENTIONALLY LEFT
BLANK**

**CECIL COUNTY PUBLIC SCHOOLS
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS**

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities									
Invested in capital assets net of related debt	\$177,912,434	\$175,023,380	\$167,798,316	\$156,528,166	\$123,977,382	\$108,410,260	\$108,515,175	\$109,704,348	\$108,324,787
Restricted for capital projects	47,563	47,460	40,074	611,410	487,935	346,608	336,530	335,461	29,460
Unrestricted	8,731,626	9,759,167	6,273,966	5,064,835	1,579,391	2,186,620	1,900,680	1,870,109	2,000,923
Total governmental activities net assets	<u>\$ 186,691,623</u>	<u>\$ 184,830,007</u>	<u>\$ 174,112,356</u>	<u>\$ 162,204,411</u>	<u>\$ 126,044,708</u>	<u>\$ 110,943,488</u>	<u>\$ 110,752,385</u>	<u>\$ 111,909,918</u>	<u>\$ 110,355,170</u>

Source: Statement of Net Assets
Note: Data is not available for 2001

**CECIL COUNTY PUBLIC SCHOOLS
CHANGES IN NET ASSETS
GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS**

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses									
Government activities:									
Administration	\$ 5,985,974	\$ 5,785,097	\$ 5,345,436	\$ 4,876,720	\$ 4,559,329	\$ 3,789,294	\$ 3,155,072	\$ 3,088,035	\$ 2,951,853
Mid-level administration	19,061,356	18,379,730	17,641,192	16,004,079	15,176,098	14,158,839	13,329,431	12,515,270	11,368,249
Instruction									
Salaries	96,126,396	92,771,442	88,770,368	81,836,635	76,741,777	71,729,858	66,932,297	62,776,576	60,259,909
Materials and supplies	2,866,679	3,554,132	3,191,191	3,101,396	2,863,712	2,763,589	2,634,229	2,897,518	2,446,763
Other costs	11,795,884	11,067,537	8,698,392	4,801,808	4,288,118	4,858,382	1,650,215	1,708,612	1,312,826
Special education	33,516,554	32,465,449	30,677,957	27,118,984	25,674,929	21,904,331	20,126,357	18,476,142	17,135,205
Student personnel services	1,476,303	1,562,735	1,163,427	993,420	973,329	878,333	796,439	747,294	747,526
Student health services	2,161,204	2,136,947	2,024,228	1,932,511	1,785,583	1,698,234	1,548,604	1,460,961	1,388,403
Student transportation	9,367,220	9,270,764	9,479,243	8,633,675	8,305,099	7,570,359	7,051,501	6,713,711	6,238,274
Operation of plant	13,615,550	13,531,123	14,126,567	12,366,791	11,372,420	10,644,108	9,475,506	9,117,663	8,044,433
Maintenance of plant	4,735,829	4,684,698	4,857,755	4,794,585	4,472,663	3,802,878	3,789,486	3,488,245	3,796,502
Food and nutrition	5,445,415	4,377,939	5,439,250	4,965,606	4,905,918	4,611,152	4,555,062	4,223,165	3,826,252
Community services	317,774	315,148	312,701	254,059	368,156	295,110	724,890	877,412	663,412
Capital outlay	-	-	1,837,886	4,737,281	4,883,382	418,741	7,012,381	7,483,438	6,021,379
Interest on long-term debt	119,282	102,772	834	1,612	13,672	14,030	-	-	-
Total governmental activities expenses	\$ 206,591,420	\$ 200,005,513	\$ 193,566,427	\$ 176,419,162	\$ 166,384,185	\$ 149,137,238	\$ 142,781,470	\$ 135,574,042	\$ 126,200,986
Program Revenues									
Government activities:									
Charges for services:									
Instruction salaries	\$ 470,817	\$ 454,827	\$ 589,832	\$ 571,537	\$ 478,198	\$ 571,836	\$ 526,998	\$ 174,574	\$ 243,983
Maintenance of plant	-	-	-	-	-	-	8,495	10,085	15,872
Food and nutrition	2,624,443	2,913,331	2,951,531	2,779,343	2,664,251	2,584,766	2,633,070	2,468,692	4,029,520
Community services	31,823	18,931	27,476	26,698	27,409	6,482	-	-	-
Operating grants and contributions	59,739,771	51,554,961	48,901,527	43,428,584	39,155,944	35,217,219	31,523,443	29,059,168	27,548,981
Capital grants and contributions	10,397,865	14,513,846	17,653,368	37,684,828	21,119,550	2,483,459	4,883,765	7,778,010	8,728,059
Total governmental activities program revenue	\$ 73,264,719	\$ 69,455,896	\$ 70,123,734	\$ 84,490,990	\$ 63,445,352	\$ 40,863,762	\$ 39,575,771	\$ 39,490,529	\$ 40,566,415
Total governmental activities net expense	(133,326,701)	(130,549,617)	(123,442,693)	(91,928,172)	(102,938,833)	(108,273,476)	(103,205,699)	(96,083,513)	(85,634,571)
General Revenue and Other Changes in Net Assets									
Government activities:									
State aid not restricted to specific purposes	\$ 66,376,929	\$ 69,823,348	\$ 69,088,532	\$ 61,013,725	\$ 54,793,124	\$ 49,408,575	\$ 45,748,277	\$ 43,555,339	\$ 38,020,051
Local aid not restricted to specific purposes	68,385,625	69,915,162	64,435,162	65,715,090	62,229,000	58,708,711	56,089,930	53,984,355	50,884,355
Interest and investment earnings	136,820	382,313	852,892	1,143,097	781,976	272,663	171,972	203,401	305,743
Miscellaneous	288,943	1,146,445	974,052	215,963	235,953	74,630	37,987	346,805	624,261
Total governmental activities	\$ 135,188,317	\$ 141,267,268	\$ 135,350,638	\$ 128,087,875	\$ 118,040,053	\$ 108,464,579	\$ 102,048,166	\$ 98,089,900	\$ 89,834,410
Change in Net Assets	\$ 1,861,616	\$ 10,717,651	\$ 11,907,945	\$ 36,159,703	\$ 15,101,220	\$ 191,103	\$ (1,157,533)	\$ 2,006,387	\$ 4,199,839

Source: Statement of Activities

Notes: Data is not available for 2001. Capital Outlay includes unallocated depreciation in years 2002, 2003 2004. Capital Outlay has been allocated to other functions since 2009.

CECIL COUNTY PUBLIC SCHOOLS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General fund										
Reserved	\$ 120,456	\$ 71,802	\$ 95,090	\$ -	\$ 43,726	\$ 4,229	\$ 4,948	\$ 23,034	\$ 66,994	\$ 290,308
Unreserved	<u>11,192,437</u>	<u>12,343,810</u>	<u>9,036,104</u>	<u>7,278,498</u>	<u>3,225,623</u>	<u>3,587,564</u>	<u>3,241,207</u>	<u>3,042,225</u>	<u>2,498,691</u>	<u>2,098,881</u>
Total general fund	<u>\$11,312,893</u>	<u>\$12,415,612</u>	<u>\$9,131,194</u>	<u>\$7,278,498</u>	<u>\$3,269,349</u>	<u>\$3,591,793</u>	<u>\$3,246,155</u>	<u>\$3,065,259</u>	<u>\$2,565,685</u>	<u>\$2,389,189</u>
All other governmental funds										
Reserved	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,058	\$ 97,813	\$ 266,593
Unreserved, reported in:										
Special revenue fund	287,249	150,411	(58,865)	563,932	1,022,983	1,273,543	1,104,490	1,206,893	1,169,661	1,123,880
Capital project fund	<u>47,563</u>	<u>47,460</u>	<u>40,074</u>	<u>611,410</u>	<u>487,935</u>	<u>346,608</u>	<u>336,530</u>	<u>335,461</u>	<u>300,455</u>	<u>146,688</u>
Total all other governmental funds	<u>\$ 337,812</u>	<u>\$ 197,871</u>	<u>\$ (18,791)</u>	<u>\$ 1,175,342</u>	<u>\$ 1,510,918</u>	<u>\$ 1,620,151</u>	<u>\$ 1,441,020</u>	<u>\$ 1,543,412</u>	<u>\$ 1,567,929</u>	<u>\$ 1,537,161</u>

Source: Balance Sheet - Governmental Funds

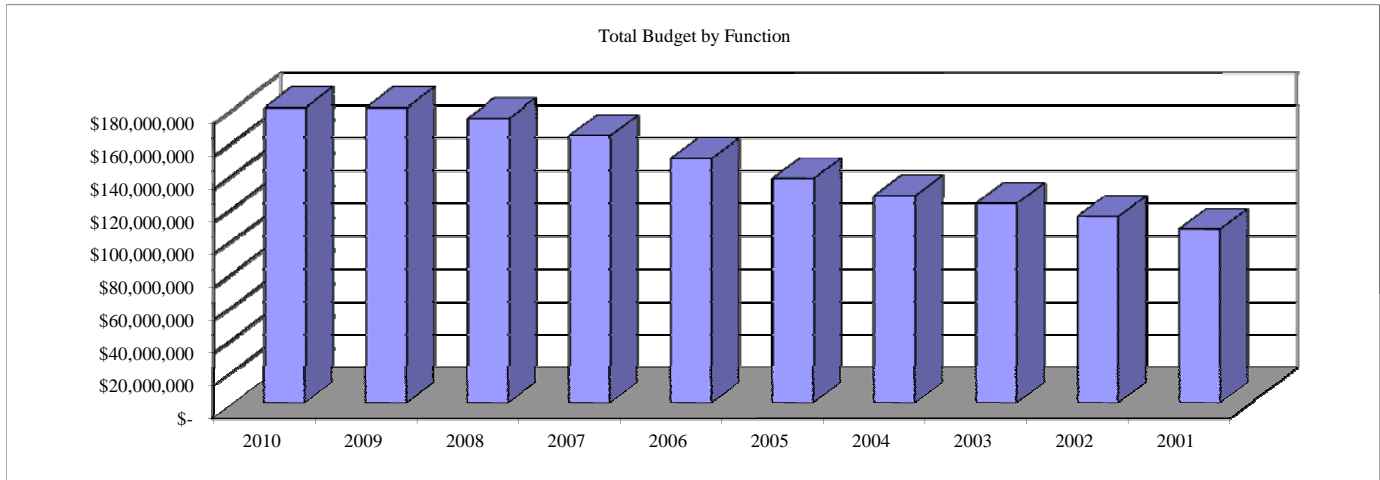
CECIL COUNTY PUBLIC SCHOOLS
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue										
Intergovernmental										
Cecil County	\$ 74,891,456	\$ 80,676,398	\$ 79,342,555	\$ 88,968,786	\$ 68,101,426	\$ 65,762,152	\$ 65,565,985	\$ 63,044,845	\$ 62,088,358	\$ 60,645,112
State of Maryland	113,375,504	102,650,748	100,158,750	100,521,180	92,019,405	67,545,464	61,128,078	66,698,690	60,777,801	59,629,539
United States government	16,233,041	11,194,258	10,279,566	9,885,344	9,986,993	10,418,590	9,926,312	9,271,524	8,086,996	7,197,204
Other sources										
Sale of food	2,620,110	2,913,331	2,951,522	2,978,660	2,664,250	2,584,768	2,599,999	2,460,442	2,678,673	2,202,608
Investment interest	136,820	382,313	852,892	1,143,097	781,977	272,663	171,972	203,401	305,743	724,233
Other	1,196,103	1,829,221	1,664,741	1,142,843	807,592	783,004	710,791	770,885	732,682	772,809
Total revenue	\$208,453,034	\$199,646,269	\$195,250,026	\$204,639,910	\$174,361,643	\$147,366,641	\$140,103,137	\$142,449,787	\$134,670,253	\$131,171,505
Expenditures										
Administration	\$ 4,664,203	\$ 4,244,817	\$ 4,462,646	\$ 4,198,799	\$ 3,814,226	\$ 3,170,595	\$ 2,518,893	\$ 2,601,009	\$ 2,433,402	\$ 2,399,317
Mid-level administration	13,916,489	13,503,143	13,184,316	12,447,326	11,724,442	10,975,494	10,393,809	9,907,445	8,996,357	8,518,157
Instruction										
Salaries	68,835,894	67,418,883	65,284,743	62,111,692	57,924,179	54,207,475	51,033,162	48,502,455	46,469,692	42,890,178
Materials and supplies	2,866,679	4,800,674	3,191,191	3,101,396	2,863,712	2,763,589	2,634,229	2,897,518	2,456,789	2,362,930
Other costs	16,205,022	17,699,218	5,268,109	3,651,467	3,358,290	2,205,561	2,266,233	2,002,129	1,870,595	1,919,273
Special education	25,741,368	25,141,877	24,135,599	21,837,669	20,631,222	17,605,865	16,240,239	15,150,669	13,955,302	12,565,158
Student personnel services	1,078,355	1,181,589	876,693	757,159	741,104	682,552	618,698	587,119	585,766	324,606
Student health services	1,538,634	1,551,549	1,535,533	1,540,252	1,365,813	1,292,101	1,203,225	1,134,861	1,084,359	1,006,369
Student transportation	9,175,806	9,057,367	9,276,228	8,482,576	8,113,016	7,426,357	6,865,039	6,665,516	6,148,803	6,013,354
Operation of plant	11,424,861	11,455,733	12,405,004	10,979,716	9,885,513	9,226,095	8,259,725	8,005,471	7,068,961	7,303,630
Maintenance of plant	3,735,664	3,900,601	4,089,328	4,162,629	3,845,849	3,315,542	3,274,108	2,931,453	3,338,629	2,700,454
Fixed charges	46,325,393	32,002,395	29,253,910	24,729,453	24,267,210	21,784,323	19,541,851	23,316,796	22,074,615	21,568,819
Community services	304,972	303,880	304,802	247,512	359,832	288,500	658,716	783,449	560,804	574,469
Food service									3,946,835	3,431,824
Salaries and wages	2,349,073	2,320,630	2,279,254	2,068,668	1,869,478	1,679,448	1,653,166	1,520,737		
Food	2,366,052	2,358,512	2,644,705	2,363,182	2,275,904	2,025,601	2,086,816	1,885,482		
Contracted services	61,155	40,293	98,591	51,788	39,740	41,033	208,977	21,804		
Supplies and materials	192,814	170,666	198,850	251,665	324,717	154,796	15,555	171,084		
Other operating cost	117,299	48,704	243,036	57,173	52,147	396,027	428,732	516,993		
Capital outlay	-	262,921	23,780,886	37,816,102	25,304,452	3,256,972	5,033,670	8,051,743	9,202,652	14,483,301
Debt service								4,869,358	4,269,428	4,156,005
Principal	-	-	-	99,691	96,442	3,067,686	3,161,444	-	-	-
Interest	-	-	-	10,422	13,672	1,796,816	1,788,344	-	-	-
Total expenditures	\$210,899,733	\$197,463,452	\$202,513,424	\$200,966,337	\$178,870,960	\$147,362,428	\$139,884,631	\$141,523,091	\$134,462,989	\$132,217,844
Excess of revenues over (under) expenditures	(2,446,699)	2,182,817	(7,263,398)	3,673,573	(4,509,317)	4,213	218,506	926,696	207,264	(1,046,339)
Other financing sources (uses)										
Proceeds of capital lease obligation	1,483,921	1,318,263	7,921,961	-	4,077,640	520,556	-	-	-	-
Net change in fund balances	\$ (962,778)	\$ 3,501,080	\$ 658,563	\$ 3,673,573	\$ (431,677)	\$ 524,769	\$ 218,506	\$ 926,696	\$ 207,264	\$ (1,046,339)

Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Note: Capital Outlay was allocated to other functions in 2010.

**CECIL COUNTY PUBLIC SCHOOLS
CURRENT EXPENSE FUND
FINAL APPROVED BUDGET BY FUNCTION
LAST TEN FISCAL YEARS**

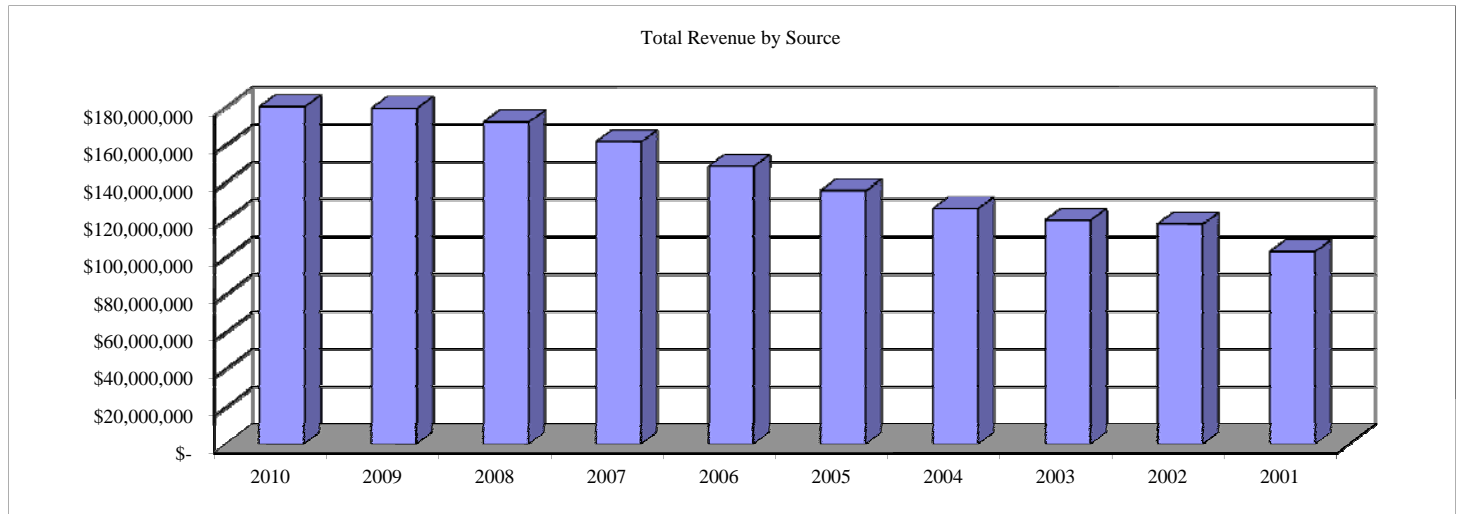
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Administration	\$ 4,876,625	\$ 4,392,656	\$ 4,487,486	\$ 4,174,847	\$ 3,604,719	\$ 3,180,908	\$ 2,632,936	\$ 2,672,814	\$ 2,660,771	\$ 2,365,830
Mid-level administration	13,983,555	13,610,518	13,174,739	12,499,961	11,715,451	10,983,002	10,423,900	9,907,757	9,007,411	8,584,867
Instruction salaries	69,325,912	68,071,684	65,875,628	62,523,864	58,177,958	54,469,564	51,194,879	49,364,096	47,523,436	44,371,766
Instruction supplies	3,212,806	3,730,402	3,511,322	3,367,758	2,941,079	2,895,422	2,659,247	2,961,365	2,716,540	2,528,784
Instruction other costs	4,983,237	3,657,985	2,992,522	3,891,850	3,436,801	2,457,853	2,331,456	2,008,488	1,909,643	2,069,199
Special education	28,425,214	25,245,749	24,202,546	22,109,940	20,639,515	17,671,775	16,516,837	15,522,133	14,217,065	12,729,884
Student personnel services	1,097,652	1,179,127	1,056,848	781,833	743,728	689,043	660,188	588,348	585,871	336,583
Student health services	1,597,388	1,564,277	1,581,126	1,553,096	1,370,105	1,302,407	1,204,205	1,134,861	1,093,667	1,026,498
Pupil transportation	9,526,608	9,534,990	9,359,598	8,822,452	8,179,091	7,507,035	6,865,705	6,685,441	6,159,845	5,755,964
Operation of plant	11,874,521	12,644,815	12,467,016	11,024,182	9,885,229	9,237,863	8,273,751	7,852,195	7,106,459	7,149,914
Maintenance of plant	3,884,927	4,021,544	4,246,735	4,328,488	3,900,348	3,672,589	3,277,800	3,076,805	3,167,765	2,863,036
Fixed charges	33,824,110	33,570,528	29,921,089	27,341,300	24,031,765	22,203,877	19,628,607	18,896,050	16,971,289	15,306,352
Community services	387,912	370,676	412,116	191,454	117,788	115,704	659,912	104,807	99,416	96,052
Capital outlay	256,548	274,977	262,337	367,481	407,936	379,070	104,816	1,002,137	612,169	799,424
Total Budget by Function	\$187,257,015	\$181,869,928	\$173,551,108	\$162,978,506	\$149,151,513	\$136,766,112	\$126,434,239	\$121,777,297	\$113,831,347	\$105,984,153
Increase over prior year	\$ 5,387,087 3.0%	\$ 8,318,820 4.8%	\$ 10,572,602 6.5%	\$ 13,826,993 9.3%	\$ 12,385,401 9.1%	\$ 10,331,873 8.2%	\$ 4,656,942 3.8%	\$ 7,945,950 7.0%	\$ 7,847,194 7.4%	\$ 8,519,860 8.7%



Source: Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**CECIL COUNTY PUBLIC SCHOOLS
CURRENT EXPENSE FUND
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

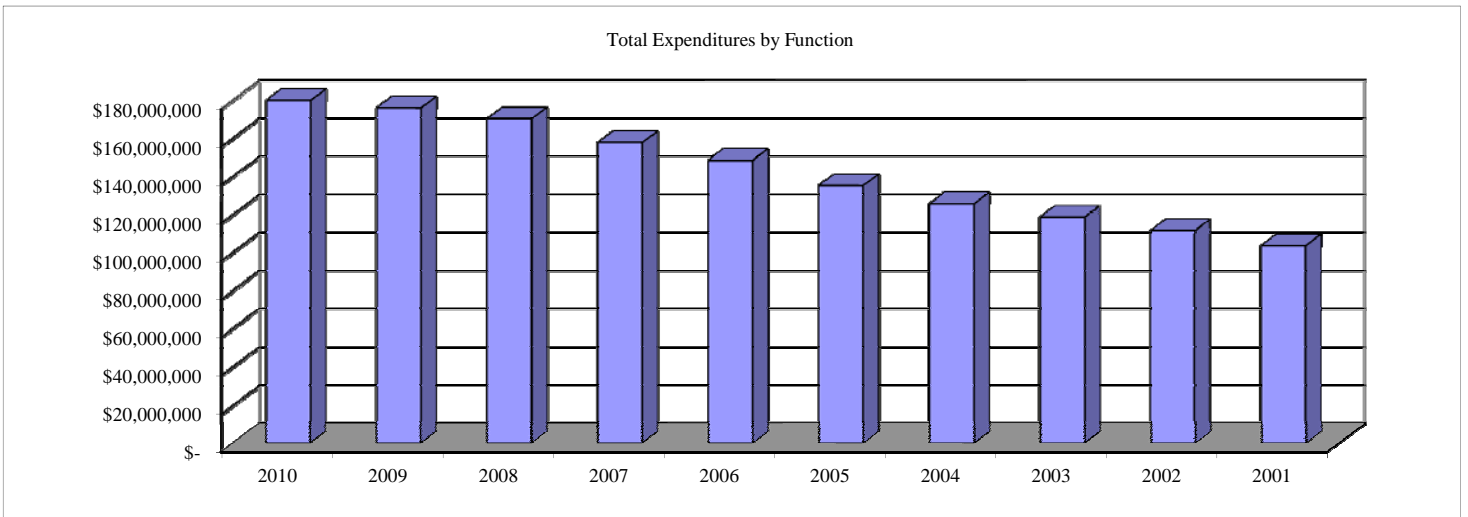
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cecil County	\$ 68,385,625	\$ 69,915,162	\$ 64,435,162	\$ 65,715,090	\$ 62,229,000	\$ 58,708,711	\$ 56,089,930	\$ 53,984,355	\$ 50,884,355	\$ 48,407,433
State of Maryland	109,451,038	98,716,390	97,140,744	85,994,422	76,628,427	67,216,157	60,752,254	57,085,082	58,984,317	47,369,787
Federal government	13,040,030	8,421,734	7,897,822	7,921,279	7,840,748	8,520,909	8,179,000	7,697,118	6,736,149	5,914,837
Other sources										
Interest earned	126,983	360,840	782,377	968,642	557,947	234,895	152,894	174,169	264,254	648,589
Other	946,757	1,769,954	1,641,233	1,006,559	771,363	668,173	584,830	531,463	449,347	503,918
Total revenue by source	\$191,950,433	\$179,184,080	\$171,897,338	\$161,605,992	\$148,027,485	\$135,348,845	\$125,758,908	\$119,472,187	\$117,318,422	\$102,844,564
Increase over prior year	\$ 12,766,353 7.1%	\$ 7,286,742 4.2%	\$ 10,291,346 6.4%	\$ 13,578,507 9.2%	\$ 12,678,640 9.4%	\$ 9,589,937 7.6%	\$ 6,286,721 5.3%	\$ 2,153,765 1.8%	\$ 14,473,858 14.1%	\$ 7,313,054 7.7%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
CURRENT EXPENSE FUND
EXPENDITURES BY FUNCTION
BUDGETARY BASIS (non-GAAP)
LAST TEN FISCAL YEARS**

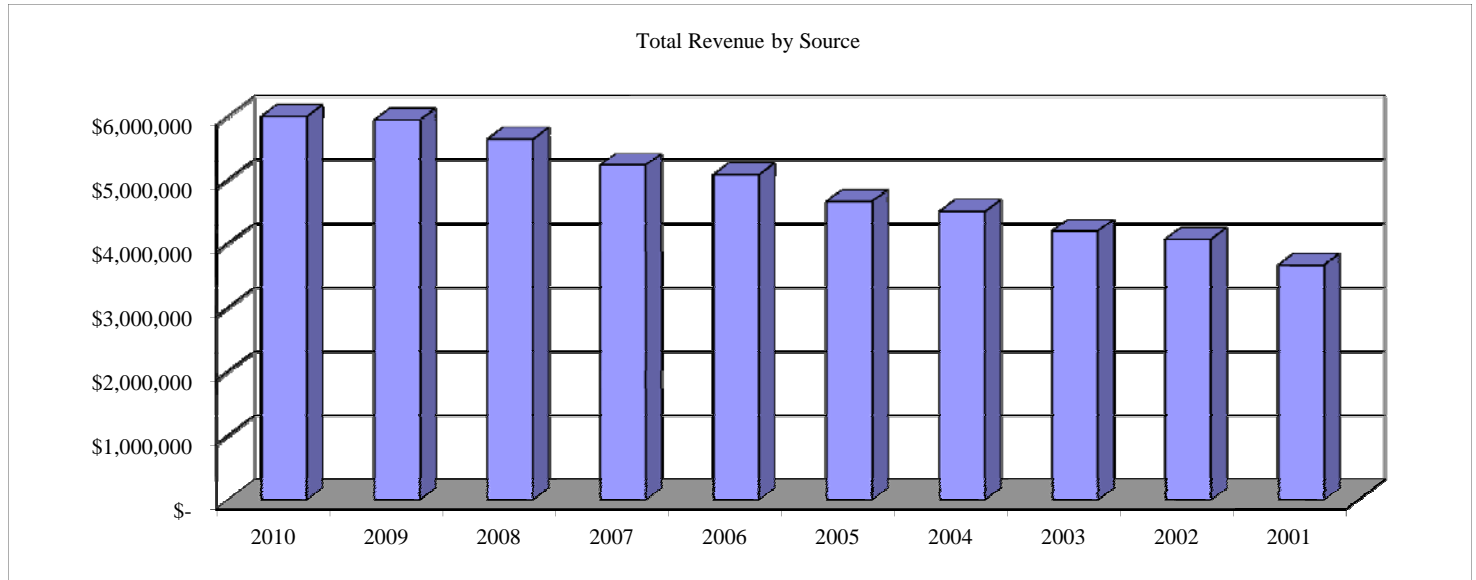
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Administration	\$ 4,278,297	\$ 3,972,509	\$ 4,205,829	\$ 3,945,416	\$ 3,592,672	\$ 3,170,595	\$ 2,518,893	\$ 2,601,222	\$ 2,434,643	\$ 2,364,661
Mid-level administration	13,802,737	13,463,355	13,110,617	12,447,326	11,701,656	10,975,494	10,393,809	9,907,445	8,996,428	8,495,456
Instruction										
Salaries	68,835,894	67,418,883	65,284,748	62,111,692	57,924,179	54,207,475	51,033,162	48,502,455	46,469,692	42,866,238
Materials and supplies	2,780,870	3,342,175	3,196,670	3,095,071	2,866,571	2,767,818	2,638,926	2,910,376	2,446,115	2,214,773
Other costs	4,483,947	3,417,105	2,745,854	3,566,308	3,356,482	2,205,561	2,266,233	2,006,043	1,868,162	1,919,273
Special education	25,737,862	25,141,877	24,112,326	21,837,451	20,631,440	17,605,865	16,240,490	15,151,180	13,765,148	12,461,471
Student personnel services	1,071,343	1,178,331	876,691	757,159	741,104	682,552	618,698	587,348	585,766	324,372
Student health services	1,532,178	1,548,471	1,535,541	1,540,252	1,365,813	1,292,101	1,203,225	1,134,861	1,084,359	1,005,938
Student transportation	9,175,806	9,057,367	9,216,073	8,482,576	8,113,016	7,426,357	6,865,039	6,670,916	6,148,803	6,013,249
Operation of plant	11,424,861	11,455,733	12,404,997	10,979,716	9,883,587	9,226,095	8,259,725	8,005,471	7,068,514	7,115,768
Maintenance of plant	3,754,132	3,894,868	4,178,169	4,136,816	3,894,402	3,260,405	3,274,108	2,931,453	3,313,624	2,493,369
Fixed charges	32,443,812	31,443,817	28,706,198	24,218,125	23,842,208	21,784,323	19,541,851	17,271,338	16,479,552	15,398,734
Community services	304,971	302,251	304,801	247,512	359,832	288,500	658,716	783,449	560,841	574,469
Capital outlay	223,969	262,921	261,222	187,698	117,227	114,296	70,085	80,542	97,852	96,505
Total expenditures by function	\$179,850,679	\$175,899,663	\$170,139,736	\$157,553,118	\$148,390,189	\$135,007,437	\$125,582,960	\$118,544,099	\$111,319,499	\$103,344,276
Increase over prior year	3,951,016 2.2%	5,759,927 3.4%	12,586,618 8.0%	9,162,929 6.2%	13,382,752 9.9%	9,424,477 7.5%	7,038,861 5.9%	7,224,600 6.5%	7,975,223 7.7%	8,449,771 8.9%



Source: Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**CECIL COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

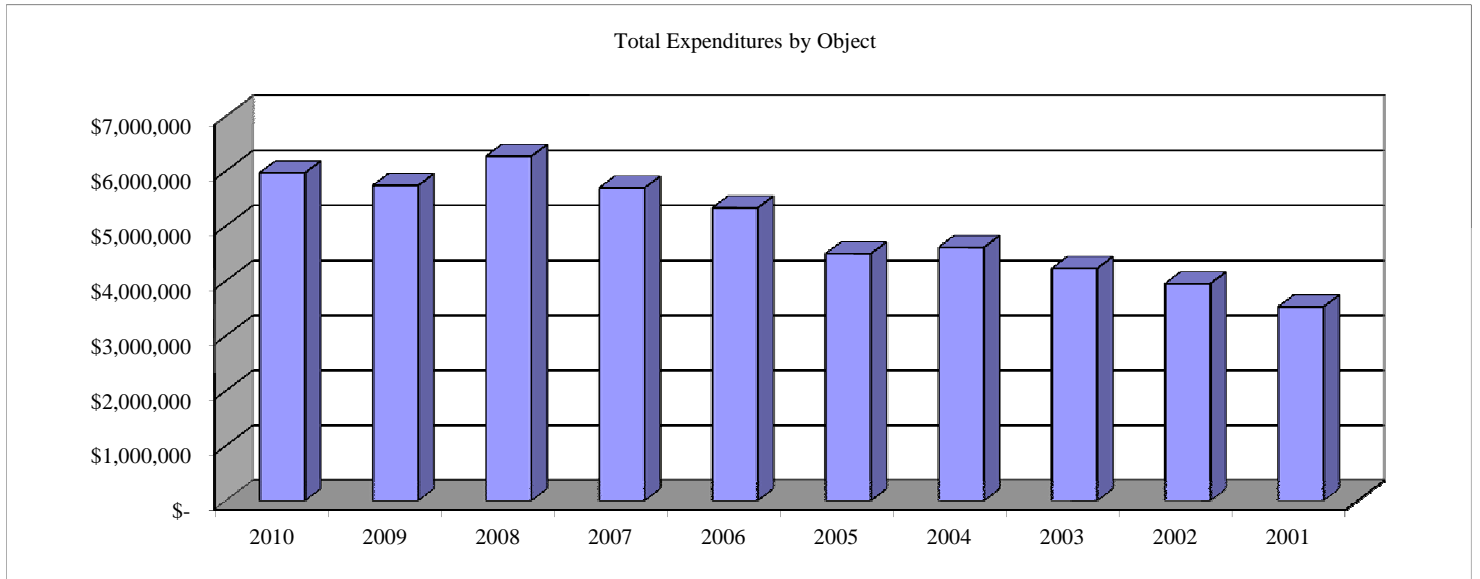
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
State of Maryland	\$ 253,811	\$ 241,016	\$ 272,031	\$ 226,256	\$ 176,781	\$ 146,114	\$ 144,287	\$ 129,944	\$ -	\$ 59,586
Federal government	3,193,011	2,772,524	2,381,744	2,163,320	1,859,263	1,897,681	1,747,312	1,574,406	1,350,847	1,344,305
Sale of meals	2,620,110	2,913,331	2,951,522	2,779,343	2,951,232	2,584,768	2,599,999	2,460,442	2,678,673	2,202,608
Interest earned	9,734	16,858	38,294	55,430	85,202	28,814	14,826	23,325	31,449	54,342
Other	27,967	-	1,032	5,717	3,302	3,504	-	8,250	-	-
Total revenue by source	\$ 6,104,633	\$ 5,943,729	\$ 5,644,623	\$ 5,230,066	\$ 5,075,780	\$ 4,660,881	\$ 4,506,424	\$ 4,196,367	\$ 4,060,969	\$ 3,660,841
Increase over prior year	\$ 160,904 2.7%	\$ 299,106 5.3%	\$ 414,557 7.9%	\$ 154,286 3.0%	\$ 414,899 8.9%	\$ 154,457 3.4%	\$ 310,057 7.4%	\$ 135,398 3.3%	\$ 400,128 10.9%	\$ 412,932 12.7%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
SPECIAL REVENUE FUND
EXPENDITURES BY OBJECT
LAST TEN FISCAL YEARS**

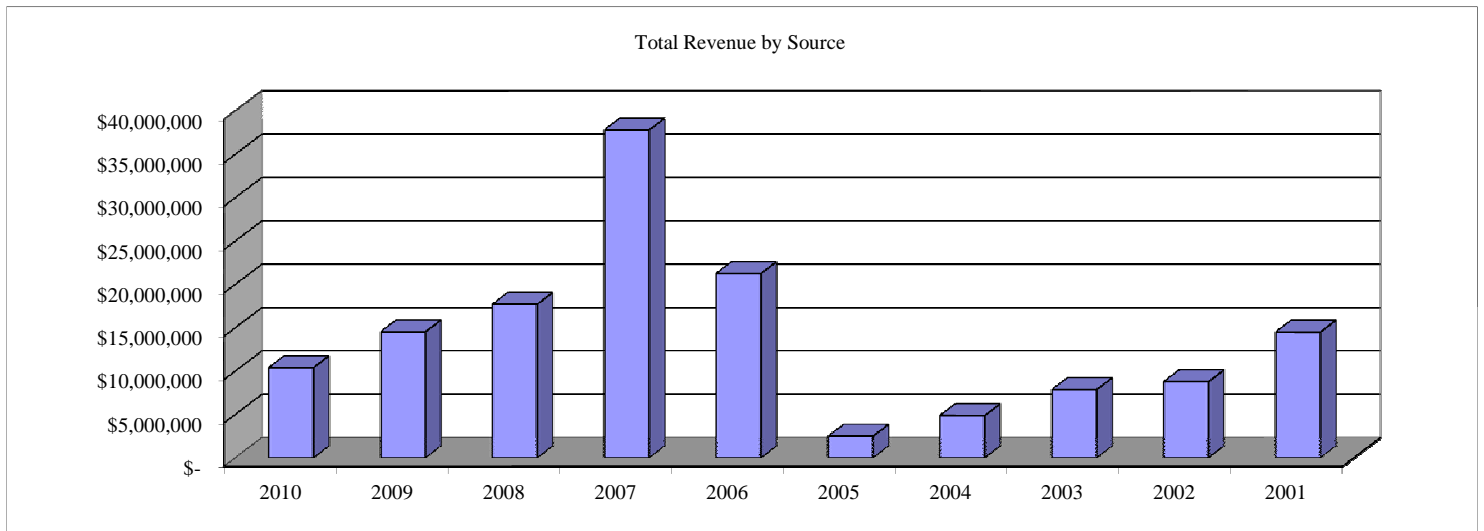
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Salary	\$2,349,073	\$2,320,630	\$2,279,254	\$2,068,668	\$1,869,478	\$1,679,448	\$1,653,166	\$1,520,737	\$1,406,775	\$1,300,641
Food, incl. donated comm.	2,366,052	2,358,512	2,644,705	2,363,182	2,275,904	2,025,601	2,086,816	1,885,482	1,849,539	1,616,258
Contracted service	61,155	40,293	98,591	51,788	39,740	41,033	208,977	21,804	150,934	23,282
Supplies	192,814	170,666	198,850	251,665	324,717	154,796	155,557	171,084	106,807	126,648
Other charges	907,279	828,941	844,184	784,448	696,407	396,027	428,732	516,993	343,479	311,765
Equipment	88,422	15,411	201,836	169,366	120,094	194,923	76,636	110,330	89,301	146,361
Total expenditures by object	\$5,964,795	\$5,734,453	\$6,267,420	\$5,689,117	\$5,326,340	\$4,491,828	\$4,609,884	\$4,226,430	\$3,946,835	\$3,524,955
Increase over prior year	\$ 230,342 4.0%	\$ (532,967) -8.5%	\$ 578,303 10.2%	\$ 362,777 6.8%	\$ 834,512 18.6%	\$ (118,056) -2.6%	\$ 383,454 9.1%	\$ 279,595 7.1%	\$ 421,880 12.0%	\$ 401,524 12.9%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
CAPITAL PROJECT FUND
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

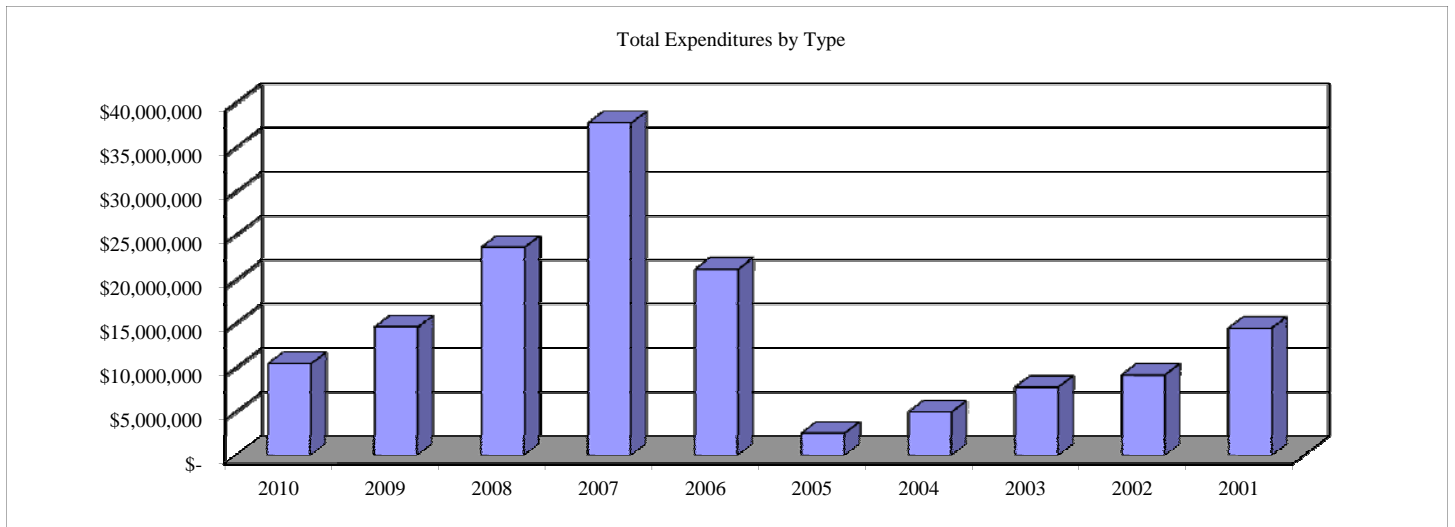
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cecil County	\$ 6,505,831	\$ 10,761,236	\$ 14,907,393	\$ 23,253,696	\$ 5,872,426	\$ 2,188,939	\$ 4,526,267	\$ 4,191,132	\$ 6,898,493	\$ 8,176,232
State of Maryland	3,670,655	3,693,342	2,745,975	14,300,564	15,214,197	183,193	231,537	3,438,206	1,822,284	6,033,940
Federal government	-	-	-	-	-	-	-	-	-	-
Interest earned	103	4,615	32,221	119,025	138,828	8,953	4,253	5,907	10,040	21,302
Other	221,379	59,267	22,476	130,567	32,927	111,327	125,961	231,172	53,484	268,891
Total	\$ 10,397,968	\$ 14,518,460	\$ 17,708,065	\$ 37,803,852	\$ 21,258,378	\$ 2,492,412	\$ 4,888,018	\$ 7,866,417	\$ 8,784,301	\$ 14,500,365
Increase over prior year	\$ (4,120,492) -28.4%	\$ (3,189,605) -18.0%	\$(20,095,787) -53.2%	\$ 16,545,474 77.8%	\$ 18,765,966 752.9%	\$ (2,395,606) -49.0%	\$ (2,978,399) -37.9%	\$ (917,884) -10.4%	\$ (5,716,064) -39.4%	\$ 2,817,164 24.1%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
CAPITAL PROJECT FUND
EXPENDITURES BY TYPE
LAST TEN FISCAL YEARS**

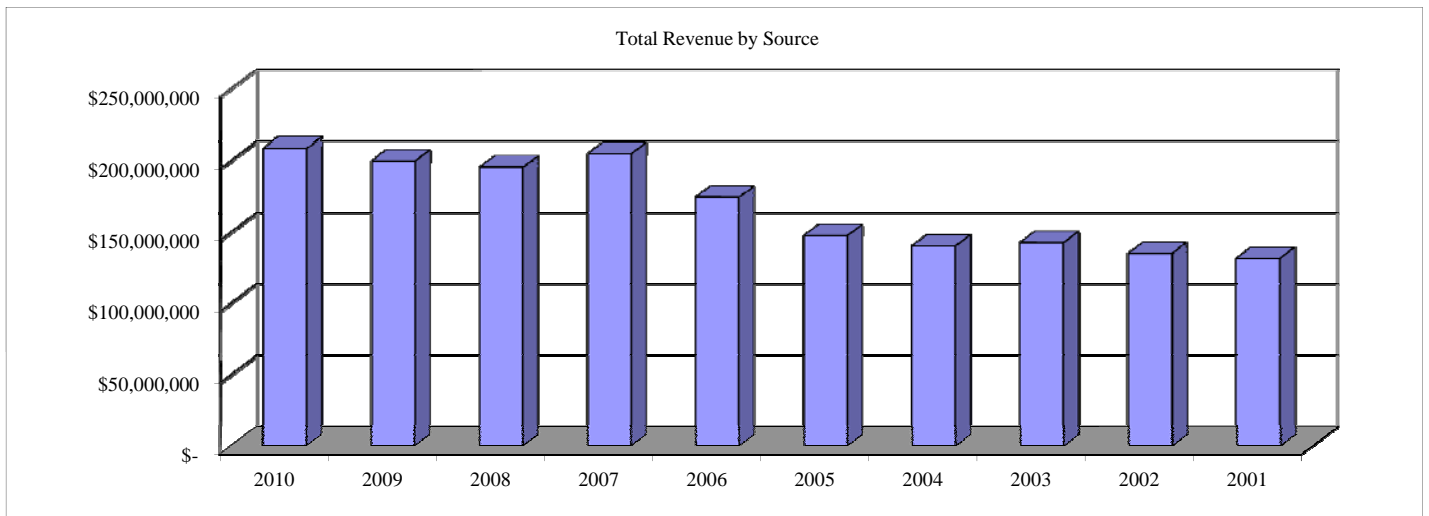
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building	9,971,247	14,312,335	23,503,181	37,516,954	21,086,622	2,274,853	1,729,853	6,052,049	7,774,087	11,680,546
Site improvement	8,000	64,539	16,482	37,306	-	-	-	89,780	3,880	7,464
Remodeling	205,239	77,703	-	-	-	-	2,772,467	1,044,782	755,150	2,085,673
Equipment	213,379	56,497	10,893	126,117	30,428	207,480	384,629	554,527	589,990	588,224
Total expenditures by type	\$ 10,397,865	\$ 14,511,074	\$ 23,530,556	\$37,680,377	\$21,117,050	\$ 2,482,333	\$ 4,886,949	\$ 7,741,138	\$ 9,123,107	\$14,361,907
Increase over prior year	\$ (4,113,209) -28.3%	\$ (9,019,482) -38.3%	\$ (14,149,821) -37.6%	\$16,563,327 78.4%	\$18,634,717 750.7%	\$ (2,404,616) -49.2%	\$ (2,854,189) -36.9%	\$ (1,381,969) -15.1%	\$ (5,238,800) -36.5%	\$ 4,617,434 47.4%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
GOVERNMENT-WIDE
REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

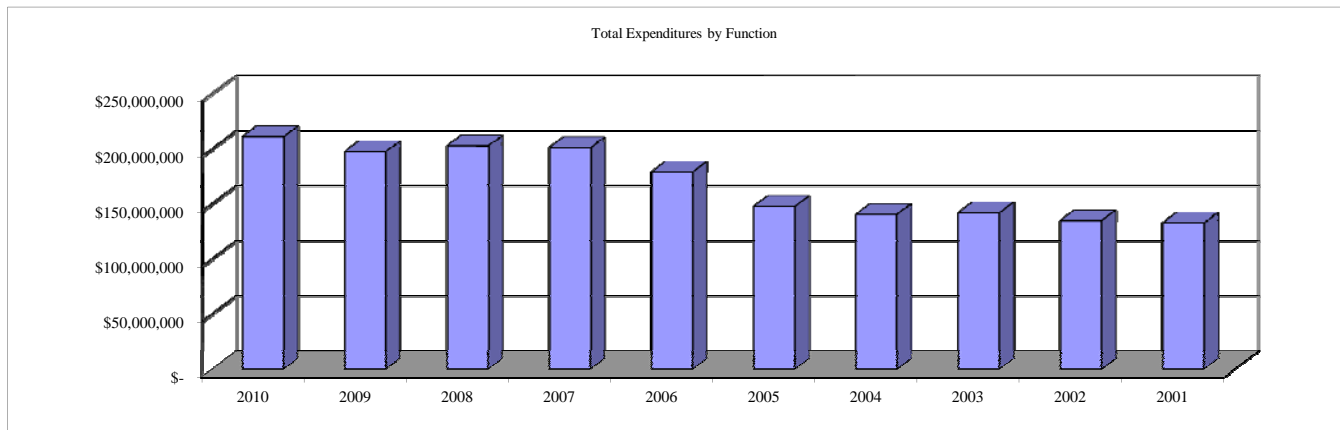
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cecil County	\$ 74,891,456	\$ 80,676,398	\$ 79,342,555	\$ 88,968,786	\$ 68,101,426	\$ 65,762,152	\$ 65,565,985	\$ 63,044,845	\$ 62,088,358	\$ 60,645,112
State of Maryland	113,375,504	102,650,748	100,158,750	100,521,242	92,019,405	67,545,464	61,128,078	66,698,690	60,777,801	59,629,539
Federal government	16,233,041	11,194,258	10,279,566	10,084,599	9,700,011	10,418,590	9,926,312	9,271,524	8,086,996	7,197,204
Sale of meals	2,620,110	2,913,331	2,951,522	2,779,343	2,951,232	2,584,768	2,599,999	2,460,442	2,678,673	2,202,608
Interest earned	136,820	382,313	852,892	1,143,097	781,977	272,662	171,972	203,401	305,743	724,233
Other	1,196,103	1,829,221	1,664,741	1,142,843	807,592	783,004	710,790	770,885	732,682	772,809
Total revenue by source	\$208,453,034	\$199,646,269	\$195,250,026	\$204,639,910	\$174,361,643	\$147,366,640	\$140,103,136	\$142,449,787	\$134,670,253	\$131,171,505
Increase over prior year	\$ 8,806,765 4.4%	\$ 4,396,243 2.3%	\$ (9,389,884) -4.6%	\$ 30,278,267 17.4%	\$ 26,995,003 18.3%	\$ 7,263,504 5.2%	\$ (2,346,651) -1.6%	\$ 7,779,534 5.8%	\$ 3,498,748 2.7%	\$ 8,589,412 7.0%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

**CECIL COUNTY PUBLIC SCHOOLS
GOVERNMENT-WIDE
EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Administration	\$ 4,664,203	\$ 4,244,817	\$ 4,462,646	\$ 4,198,799	\$ 3,814,226	\$ 3,170,595	\$ 2,518,893	\$ 2,601,009	\$ 2,433,402	\$ 2,399,317
Mid-level administration	13,916,489	13,503,143	13,184,316	12,447,326	11,724,442	10,975,494	10,393,809	9,907,445	8,996,357	8,518,157
Instruction										
Salaries	68,835,894	67,418,883	65,284,743	62,111,692	57,924,179	54,207,475	51,033,162	48,502,455	46,469,692	42,890,178
Materials and supplies	2,866,679	4,800,674	3,191,191	3,101,396	2,863,712	2,763,589	2,634,229	2,897,518	2,456,789	2,362,930
Other costs	16,205,022	17,699,218	5,268,109	3,651,467	3,358,290	2,205,561	2,266,233	2,002,129	1,870,595	1,919,273
Special education	25,741,368	25,141,877	24,135,599	21,837,669	20,631,222	17,605,865	16,240,239	15,150,669	13,955,302	12,565,158
Student personnel services	1,078,355	1,181,589	876,693	757,159	741,104	682,552	618,698	587,119	585,766	324,606
Student health services	1,538,634	1,551,549	1,535,533	1,540,252	1,365,813	1,292,101	1,203,225	1,134,861	1,084,359	1,006,369
Student transportation	9,175,806	9,057,367	9,276,228	8,482,576	8,113,016	7,426,357	6,865,039	6,665,516	6,148,803	6,013,354
Operation of plant	11,424,861	11,455,733	12,405,004	10,979,716	9,885,513	9,226,095	8,259,725	8,005,471	7,068,961	7,303,630
Maintenance of plant	3,735,664	3,900,601	4,089,328	4,162,629	3,845,849	3,315,542	3,274,108	2,931,453	3,338,629	2,700,454
Fixed charges	46,325,393	32,002,395	29,253,910	24,729,453	24,267,210	21,784,323	19,541,851	23,316,796	22,074,615	21,568,819
Community services	304,972	303,880	304,802	247,512	359,832	288,500	658,716	783,449	560,804	574,469
Food and nutrition	5,086,393	4,938,805	5,464,436	4,792,476	4,561,986	4,296,905	4,533,248	4,116,100	3,946,835	3,431,824
Capital outlay	-	262,921	23,780,886	37,816,102	25,304,452	3,256,972	5,033,670	8,051,743	9,202,652	14,483,301
Debt service	-	-	-	110,113	110,114	4,864,502	4,949,788	4,869,358	4,269,428	4,156,005
Total expenditures by function	\$ 210,899,733	\$ 197,463,452	\$ 202,513,424	\$ 200,966,337	\$ 178,870,960	\$ 147,362,428	\$ 140,024,633	\$ 141,523,091	\$ 134,462,989	\$ 132,217,844
Increase over prior year	\$ 13,436,281 6.8%	\$ (5,049,972) -2.5%	\$ 1,547,087 0.8%	\$ 22,095,377 12.4%	\$ 31,508,532 21.4%	\$ 7,337,795 5.2%	\$ (1,498,458) -1.1%	\$ 7,060,102 5.3%	\$ 2,245,145 1.7%	\$ 9,882,764 8.1%



Source: Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Note: Capital Outlay was allocated to other functions in 2010.

**CECIL COUNTY PUBLIC SCHOOLS
ENROLLMENTS BY SCHOOL
LAST TEN FISCAL YEARS**

	2010 Capacity	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
County Population:		103,850	99,926	103,490	99,506	97,796	95,536	92,955	90,335	88,394	86,481
<u>Elementary Schools:</u>											
Bainbridge Elementary	449	424	383	259	240	264	278	292	301	304	308
Bay View Elementary	608	621	615	609	602	595	540	503	466	485	434
Calvert Elementary	284	332	321	338	334	341	355	360	364	389	357
Cecil Manor Elementary	523	488	454	472	473	460	478	524	539	513	527
Cecilton Elementary	350	338	339	311	327	337	319	309	336	376	367
Charlestown Elementary	292	211	200	196	206	198	184	168	184	180	191
Chesapeake City Elementary	353	315	307	291	290	302	301	286	305	325	344
Conowingo Elementary	534	560	567	553	552	544	528	512	534	544	582
Elk Neck Elementary	501	433	446	443	418	418	423	479	605	615	648
Gilpin Manor Elementary	416	423	431	372	405	424	455	463	469	447	413
Holly Hall Elementary	624	603	619	577	547	587	579	531	490	483	475
Kenmore Elementary	306	306	315	329	316	296	307	326	337	344	355
Leeds Elementary	408	394	402	404	417	395	407	426	440	440	461
North East Elementary	542	478	492	493	524	521	515	487	373	396	399
Perryville Elementary	593	397	375	387	366	370	430	438	450	496	526
Rising Sun Elementary	715	681	721	823	830	839	798	754	726	726	751
Thomson Estates Elementary	614	512	533	535	548	598	619	683	662	675	670
Elementary School Total:	8,112	7,516	7,520	7,392	7,395	7,489	7,516	7,541	7,581	7,738	7,808
<u>Middle Schools:</u>											
Bohemia Manor Middle	601	479	478	488	508	513	551	544	522	498	480
Cherry Hill Middle	775	532	494	498	524	571	565	536	560	532	528
Elkton Middle	712	593	626	652	663	662	662	636	593	572	546
North East Middle	712	776	753	769	831	826	822	822	797	788	784
Perryville Middle	860	572	615	627	686	709	721	767	771	756	822
Rising Sun Middle	818	708	688	717	714	712	710	743	747	735	670
Middle School Total:	4,478	3,660	3,654	3,751	3,926	3,993	4,031	4,048	3,990	3,881	3,830
<u>High Schools:</u>											
Bohemia Manor High	643	740	733	742	739	717	671	658	580	562	520
Elkton High	1,380	1,141	1,112	1,120	1,109	1,097	1,066	1,039	1,012	966	941
North East High	1,009	1,138	1,084	1,143	1,114	1,110	1,094	1,079	991	939	925
Perryville High	944	899	905	948	972	986	1,039	1,039	1,019	1,044	968
Rising Sun High	903	1,177	1,201	1,194	1,166	1,129	1,117	1,068	1,027	945	880
High School Total:	4,879	5,095	5,035	5,147	5,100	5,039	4,987	4,883	4,629	4,456	4,234
<u>Other Schools:</u>											
Cecil County High School*	48	84	90	85	29	-	1	3	3	20	33
School of Technology*	475	507	479	550	512	458	464	557	518	455	N/A
Grand Total	17,992	16,271	16,209	16,290	16,421	16,521	16,535	16,475	16,203	16,095	15,905
High School Graduates:		1,137	1,080	1,106	950	945	1,015	929	891	878	807

*Includes schools that are not home based. Students are taken from their primary location for a period of time during the school day.

Source: U.S. Census Bureau, Cecil County Public Schools Department of Student Services

**CECIL COUNTY, MARYLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2001			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Cecil County Board of Education	1,907	1	4.13%	2,328	1	5.03%
W. L. Gore & Associates, Inc.	1,792	2	3.88%	2,302	2	4.98%
Perry Point V.A. Hospital	1,284	3	2.78%	1,125	3	2.43%
Union Hospital	700	4	1.52%	1,000	4	2.16%
ATK Tactical Systems (formerly Thiokol Corp.)	420	8	0.91%	750	5	1.62%
Cecil County Government	469	6	1.02%	581	6	1.26%
Wal-Mart Stores, Inc.	*			500	7	1.08%
IKEA/Genco	N/A	N/A	N/A	370	8	0.80%
Terumo Medical Corporation	550	5	1.19%	345	9	0.75%
Cecil College	*			300	10	0.65%
Basell North America, Inc. (formerly Montell USA)	250	10	0.54%	*		
Acme Markets	260	9	0.56%	*		
Maryland Transportation Authority	468	7	1.01%	*		
Totals	<u>8,100</u>		<u>17.54%</u>	<u>9,601</u>		<u>20.76%</u>

Source: Cecil County Department of Economic Development
*Note: Employer is not one of the ten largest employers during the year noted.

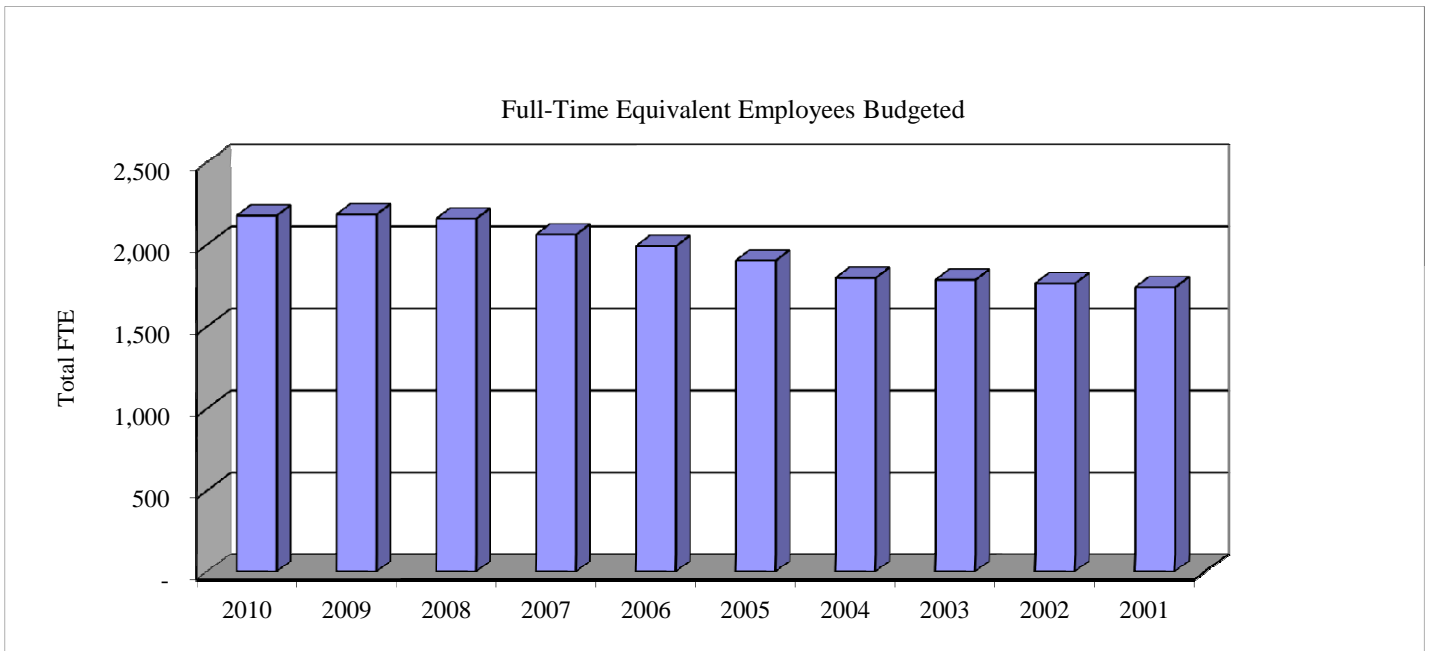
**CECIL COUNTY, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Income	Employment	Unemployment Rate	Median Price of Housing Sales	School Enrollment
2009	103,850	\$ 3,370,452	\$ 32,455	46,259	9.0%	\$ 225,000	16,271
2008	99,926	3,206,925	32,093	48,310	5.3%	235,000	16,290
2007	103,490	3,229,405	31,205	51,558	4.0%	279,157	16,421
2006	99,506	3,304,992	33,214	50,960	4.4%	299,000	16,521
2005	97,796	3,027,764	30,960	49,105	4.0%	225,000	16,535
2004	95,536	3,034,128	31,759	44,585	4.4%	199,000	16,475
2003	92,955	2,807,334	30,201	40,008	7.2%	167,000	16,203
2002	90,335	2,633,265	29,150	40,168	6.0%	150,000	16,095
2001	88,394	2,512,069	28,419	39,775	5.6%	135,000	15,905
2000	86,481	2,442,223	28,240	39,368	5.5%	127,000	15,680
1999	85,951	2,297,814	26,734	39,841	3.9%	125,951	15,550
1998	82,603	2,117,693	25,637	38,910	7.3%	116,567	15,327

Sources: Cecil County Department of Economic Development, Maryland Association of Realtors, U.S. Census Bureau

**CECIL COUNTY PUBLIC SCHOOLS
FULL-TIME EQUIVALENT EMPLOYEES BUDGETED BY FUNCTION
GENERAL FUND
LAST TEN FISCAL YEARS**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Administration	49.75	50.75	49.75	47.75	46.75	43.75	40.25	38.75	36.50	36.50
Mid-level administration	208.00	206.25	204.25	197.00	196.00	192.00	162.50	159.50	155.03	154.53
Instruction salaries	1,213.23	1,217.94	1,212.84	1,182.53	1,135.85	1,071.72	1,032.00	1,041.16	1,024.74	1,028.00
Special education	434.46	434.97	419.41	368.60	349.55	337.05	313.45	305.00	303.60	292.60
Student personnel services	15.00	14.00	14.00	14.00	20.00	20.00	12.00	11.25	6.00	5.00
Student health services	34.00	34.00	34.00	33.00	32.56	32.50	30.50	30.38	29.50	28.58
Student transportation	27.00	27.00	28.00	27.00	26.00	28.00	28.50	28.50	28.50	27.50
Operation of plant	140.00	142.00	141.00	138.00	136.50	130.50	125.00	124.00	121.50	120.00
Maintenance of plant	51.50	53.00	51.00	51.00	46.00	46.00	45.00	45.00	45.00	45.00
Community services	-	-	-	-	-	-	6.00	-	12.50	-
Capital outlay	3.50	4.00	4.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Total by function	2,176.44	2,183.91	2,158.25	2,061.88	1,991.21	1,903.52	1,797.20	1,785.54	1,764.87	1,739.71
Increase over prior year	-7.47 -0.3%	25.66 1.2%	96.37 4.7%	70.67 3.5%	87.69 4.6%	106.32 5.9%	11.66 0.7%	20.67 1.2%	25.16 1.4%	61.12 3.6%



Source: Cecil County Public Schools, Approved Budget

CECIL COUNTY PUBLIC SCHOOLS
COST PER STUDENT
BUDGETARY BASIS (non-GAAP)
LAST TEN FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total student enrollment	16,271	16,209	16,290	16,421	16,521	16,535	16,475	16,203	16,095	15,905
Administration	\$ 263	\$ 245	\$ 258	\$ 240	\$ 217	\$ 192	\$ 153	\$ 161	\$ 151	\$ 149
Mid-level administration	848	831	805	758	708	664	631	611	559	534
Instruction										
Salaries	4,231	4,159	4,008	3,782	3,506	3,278	3,098	2,993	2,887	2,695
Materials and supplies	171	206	196	188	174	167	160	180	152	139
Other costs	276	211	169	217	203	133	138	124	116	121
Special education	1,582	1,551	1,480	1,330	1,249	1,065	986	935	855	783
Student personnel services	66	73	54	46	45	41	38	36	36	20
Student health services	94	96	94	94	83	78	73	70	67	63
Student transportation	564	559	566	517	491	449	417	412	382	378
Operation of plant	702	707	762	669	598	558	501	494	439	447
Maintenance of plant	231	240	256	252	236	197	199	181	206	157
Fixed charges	1,994	1,940	1,762	1,475	1,443	1,317	1,186	1,066	1,024	968
Community services	19	19	19	15	22	17	40	48	35	36
Capital outlay	14	16	16	11	7	7	4	5	6	6
Total cost per student	<u>\$ 11,055</u>	<u>\$ 10,853</u>	<u>\$ 10,445</u>	<u>\$ 9,594</u>	<u>\$ 8,982</u>	<u>\$ 8,163</u>	<u>\$ 7,624</u>	<u>\$ 7,316</u>	<u>\$ 6,915</u>	<u>\$ 6,496</u>
Increase over prior year	\$ 202 1.9%	\$ 408 3.9%	\$ 851 8.9%	\$ 612 6.8%	\$ 819 10.0%	\$ 539 7.1%	\$ 308 4.2%	\$ 401 5.8%	\$ 419 6.5%	\$ 444 7.3%

Source: Statement of Revenue, Expenditures, Encumbrances, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - General Fund

**CECIL COUNTY PUBLIC SCHOOLS
OTHER OPERATING DATA
LAST TEN FISCAL YEARS**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total student enrollment:	16,271	16,209	16,290	16,421	16,521	16,535	16,475	16,203	16,095	15,905
<u>FOOD & NUTRITION</u>										
Number of days lunch served	179	180	179	180	180	180	179	178	180	180
Average number of lunches served daily:										
Free lunch	3,475	3,054	2,595	2,460	2,453	2,295	2,144	2,052	1,958	1,813
Reduced price	660	680	690	685	671	628	589	544	508	496
Regular price	340	3,883	4,662	4,755	4,613	4,274	3,897	3,766	3,824	3,598
Total average number of lunches served daily:	4,475	7,617	7,947	7,900	7,737	7,197	6,630	6,362	6,290	5,907
Percentage of student participation:										
Students receiving free lunch	21.4%	18.8%	15.9%	15.0%	14.8%	13.9%	13.0%	12.7%	12.2%	11.4%
Students paying reduced price	4.1%	4.2%	4.2%	4.2%	4.1%	3.8%	3.6%	3.4%	3.2%	3.1%
Students paying regular price	2.1%	24.0%	28.6%	29.0%	27.9%	25.8%	23.7%	23.2%	23.8%	22.6%
Total percentage of student participation	27.6%	47.0%	48.7%	48.2%	46.8%	43.5%	40.3%	39.3%	39.2%	37.1%
Cost per lunch to student:										
Elementary	\$2.10	\$2.10	\$1.60	\$1.45	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Secondary	\$2.25	\$2.25	\$1.75	\$1.60	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
<u>STUDENT TRANSPORTATION</u>										
Number of students eligible to ride the bus	14,971	14,841	15,187	15,169	15,062	14,911	14,324	14,219	14,098	13,815
Number of school bus riders daily	11,858	10,935	11,136	10,974	11,119	10,578	10,604	10,171	N/A	N/A
Percentage of student participation	72.9%	67.5%	68.4%	66.8%	67.3%	64.0%	64.4%	62.8%	N/A	N/A
Number of school bus routes:										
County	10	10	10	11	10	10	13	13	13	14
Private contractor	147	147	147	145	142	138	127	125	128	122
<u>TEACHER DATA</u>										
Total number of budgeted teachers	1,235.33	1,238.66	1,234.16	1,190.30	1,156.50	1,110.87	1,067.25	1,052.93	1,049.44	1,028.00
Minimum salary	\$ 42,132	\$ 41,674	\$ 40,061	\$ 38,336	\$ 36,862	\$ 35,788	\$ 34,412	\$ 33,088	\$ 31,815	\$ 30,300
Maximum salary *	\$ 76,003	\$ 70,284	\$ 67,692	\$ 64,986	\$ 67,673	\$ 64,889	\$ 62,480	\$ 60,404	\$ 57,908	\$ 55,532
Average annual salary	\$ 58,189	\$ 56,885	\$ 54,519	\$ 52,646	\$ 51,048	\$ 49,800	\$ 48,635	\$ 46,946	\$ 45,165	\$ 43,066
Increase over prior year	2.3%	4.3%	3.6%	3.1%	2.5%	2.4%	3.6%	3.9%	4.9%	13.9%
Percentage of teachers with Master's and/or APC	68.4%	66.2%	55.1%	54.8%	55.0%	55.8%	56.4%	55.6%	54.9%	54.3%
Percentage of teachers with Master's plus credits	5.9%	5.6%	5.2%	5.6%	6.3%	6.2%	7.1%	7.2%	7.4%	7.4%
Percentage of teachers with Doctorate	0.4%	0.4%	0.4%	0.3%	0.4%	0.2%	0.3%	0.3%	0.3%	0.3%
Student/Teacher ratio	13.2	13.1	13.2	13.8	14.3	14.9	15.4	15.4	15.3	15.5

*Includes additional stipends for advanced training and longevity

Source: Cecil County Public Schools Department of Food Services, Department of Student Transportation, Department of Human Resources

**CECIL COUNTY PUBLIC SCHOOLS
CAPITAL ASSET INFORMATION
AS OF JUNE 30, 2010**

	Square Feet	Acres	Capacity	Year Constructed
<u>Central Offices:</u>				
G.W. Carver Center	32,357	6	N/A	1953
Facilities Department	14,752	6	N/A	1925
<u>Elementary Schools:</u>				
Bainbridge Elementary	51,818	15	449	1956
Bay View Elementary	61,884	15	608	1961
Calvert Elementary	36,870	16	284	1981
Cecil Manor Elementary	49,586	10	523	1955
Cecilton Elementary	35,321	8	350	1939
Charlestown Elementary	42,522	20	292	1959
Chesapeake City Elementary	42,727	10	353	1939
Conowingo Elementary	48,946	19	534	1955
Elk Neck Elementary	52,706	29	501	1991
Gilpin Manor Elementary	54,435	9	416	1952
Holly Hall Elementary	61,711	15	624	1963
Kenmore Elementary	37,775	11	306	1985
Leeds Elementary	42,964	17	408	1968
North East Elementary	61,396	11	542	1951
Perryville Elementary	62,520	10	593	1955
Rising Sun Elementary	69,296	12	715	1957
Thomson Estates Elementary	70,130	17	614	1976
<u>Middle Schools:</u>				
Bohemia Manor Middle*	N/A	N/A	601	1958
Cherry Hill Middle	92,990	39	775	1968
Elkton Middle	72,600	14	712	1937
North East Middle	103,750	10	712	1932
Perryville Middle	102,746	26	860	1928
Rising Sun Middle	104,765	20	818	1931
<u>High Schools:</u>				
Bohemia Manor High*	141,124	35	643	1958
Elkton High	187,046	37	1,380	1958
North East High	129,840	50	1,009	1970
Perryville High	135,772	39	944	1978
Rising Sun High	124,600	42	903	1991
<u>Other Schools:</u>				
Cecil County High School	16,645	9	106	1923
School of Technology	76,700	50	500	1965
Total:	2,218,294	627	18,075	

*See Bohemia Manor High School, Bohemia Manor Middle School and Bohemia Manor High School share the same building

**CECIL COUNTY PUBLIC SCHOOLS
STUDENT ACADEMIC PERFORMANCE
AS OF JUNE 30, 2010**

Maryland School Assessment (MSA) Percentage of Students Passing

		Reading		Math	
		CECIL COUNTY	STATE	CECIL COUNTY	STATE
Grade 3	Advanced	17.9	21.2	23.4	34.1
	Proficient	66.6	62.8	59.5	51.9
	Basic	15.5	16.0	17.0	14.0
Grade 4	Advanced	25.1	29.5	36.7	46.6
	Proficient	63.4	57.9	52.6	43.6
	Basic	11.5	12.6	10.8	9.8
Grade 5	Advanced	52.8	53.3	17.7	25.3
	Proficient	38.3	36.1	62.0	57.9
	Basic	8.9	10.6	20.3	16.9
Grade 6	Advanced	34.9	43.3	23.0	29.7
	Proficient	45.8	42.8	54.7	50.1
	Basic	19.3	13.9	22.3	20.2
Grade 7	Advanced	39.0	45.1	18.6	23.4
	Proficient	39.7	36.8	54.1	49.2
	Basic	21.2	18.2	27.3	27.4
Grade 8	Advanced	39.8	44.8	24.6	29.5
	Proficient	38.9	35.5	42.6	35.9
	Basic	21.3	19.6	32.8	34.6

High School Assessment - Percentage of Students Passing*

	English	Biology	Government	Algebra
Grade 10 Cecil County	79.9	84.4	91.4	90.0
Grade 10 State of Maryland	76.9	82.3	85.3	84.4
Grade 11 Cecil County	84.1	88.1	94.9	94.9
Grade 11 State of Maryland	81.9	84.1	90.7	87.3
Grade 12 Cecil County	88.6	91.0	97.3	96.2
Grade 12 State of Maryland	86.6	85.5	93.2	88.8

Scholastic Assessment Test - Average Score*

	CECIL COUNTY	STATE	NATION
Verbal	489	492	501
Math	505	498	515
Writing	477	488	493

*2010 test results are not available, 2009 test results are presented

THIS PAGE INTENTIONALLY LEFT
BLANK

**OTHER SUPPLEMENTARY
INFORMATION**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Education of
Cecil County, Maryland

We have audited the basic financial statements of Cecil County Public Schools (the School System), as of and for the year ended June 30, 2010, and have issued our report thereon dated September 17, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School System's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs - Financial Reporting that we consider to be a significant deficiency in internal control over financing reporting, item 2010-1. A significant

deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs - Financial Reporting as item 2010-1.

We noted certain matters that we reported to management of the School System in a separate letter dated September 17, 2010.

This report is intended for the information of the school board, management, the federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Reznick Group, P.C.

Baltimore, Maryland
September 17, 2010

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education of
Cecil County, Maryland

Compliance

We have audited Cecil County Public School's (the School System) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have direct and material effect on each of the School System's major federal programs for the year ended June 30, 2010. The School System's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs - Financial Reporting. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School System's management. Our responsibility is to express an opinion on the School System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School System's compliance with those requirements.

As described in item 2010-1 in the accompanying Schedule of Findings and Questioned Costs - Financial Reporting, the School System did not comply with requirements regarding eligibility that are applicable to its School Lunch Program. Compliance with such requirements is necessary, in our opinion, for the School System to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School System's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we considered to be a material weaknesses, as defined above.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs – Financial Reporting as item 2010-1.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School System's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs - Financial Reporting. We did not audit the School System's response and, accordingly, we express no opinion on the response.

This report is intended for the information of the school board, management, the federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Reznick Group, P.C.

Baltimore, Maryland
September 17, 2010

Board of Education of Cecil County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL REPORTING

Year ended June 30, 2010

A) SUMMARY OF AUDIT RESULTS

- 1) The auditors' report expresses an unqualified opinion on the basic financial statements of Cecil County Public Schools.
- 2) No significant deficiencies were identified during the audit of the financial statements.
- 3) No instances of noncompliance material to the basic financial statements of Cecil County Public Schools were disclosed during the audit.
- 4) One significant deficiency was identified during the audit of the major federal award programs.
- 5) The auditors' report on compliance for the major federal award programs for Cecil County Public Schools expresses a qualified opinion.
- 6) Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
- 7) The programs tested as major programs include – See Note B in the Notes to the Schedule of Expenditures of Federal Awards.
- 8) The threshold for distinguishing Type A and B programs was \$451,210.
- 9) Cecil County Public Schools was determined to be a low-risk auditee.

B) FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

NONE

C) FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT

U.S. DEPARTMENT OF AGRICULTURE

2010-1: National School Lunch Program - CFDA 10.555, Grant Period – Year ended
June 30, 2010.

Statement of Condition: A family that had income exceeding the poverty level was erroneously admitted to the Food and Nutrition program and the children in the family were receiving benefits.

Criteria: Eligibility for the program requires family income below the poverty level.

Cause: The electronic system in place which reads applications for eligibility misread the number of people in the household; it read 7 people and there were actually 6 people.

Effect: Benefits were being received by ineligible students.

Context: A test of 33 items found 1 item that was not in compliance, as follows:

	<u>Number</u>	<u>Dollars</u>	<u>Questioned Cost</u>
Population	5,922	\$1,935,531	
Sample	33	20,443	
Not in Compliance	1	1,518	
Questioned Costs			\$1,518

Recommendation: Management should verify the eligibility of the recipients.

Auditee's Response: The School System agrees with the finding and is in the process of revamping the system used to determine eligibility of participants.

**CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2010

Grant Name	MSDE Grant Number	Federal Grant Number	CCPS Grant Number	Project Period		Total Grant Award	Expenditures
				From	To		
GENERAL FUND:							
Federal Programs administered through the Maryland State Department of Education							
<u>Department of Education</u>							
<i>American Recovery and Reinvestment Act of 2009</i>							
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	104337-02	84.394	328	07/01/09	09/30/11	\$ 249,975	\$ 243,983
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	104337-03	84.394	326	07/01/09	09/30/11	453,205	453,205
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	104337-04	84.394	327	07/01/09	09/30/11	17,150	17,150
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	104337-06	84.394	325	07/01/09	09/30/11	325,378	313,853
Subtotal						1,045,708	1,028,191
<u>Department of Education</u>							
<i>McKinney-Vento Homeless Assistance Act; American Recovery and Reinvestment Act of 2009</i>							
Education for Homeless Children and Youth, Recovery Act	105669-01	84.387	335	07/01/09	06/30/11	54,270	15,854
Subtotal						54,270	15,854
<u>Department of Education</u>							
<i>Elementary and Secondary Education Act of 1965; American Recovery and Reinvestment Act of 2009</i>							
Title I Grants to Local Educational Agencies, Recovery Act	104780-01	84.389	300-307	07/01/09	06/30/11	1,680,730	725,574
Subtotal						1,680,730	725,574
<u>Department of Education, Office of Elementary and Secondary Education</u>							
<i>Elementary and Secondary Education Act of 1965</i>							
Title I Grants to Local Educational Agencies	104795-01	84.010	100-107	07/01/09	06/30/11	2,642,456	2,583,786
Title I Grants to Local Educational Agencies	900624-01	84.010	112	07/01/08	06/30/10	2,354,398	192,319
Title I Grants to Local Educational Agencies	800826-01	84.010	110	07/01/07	06/30/09	2,272,149	72
Title I Grants to Local Educational Agencies	901864-01	84.010	172	02/01/09	06/30/09	11,012	5,445
Safe and Drug-Free Schools and Communities - State Grants	104288-01	84.186	204	07/01/09	06/30/11	50,117	47,223
Safe and Drug-Free Schools and Communities - State Grants	900416-02	84.186	201	07/01/08	06/30/10	50,143	5,887
Education Technology State Grants	105016-01	84.318	190	07/01/09	06/30/11	24,131	2,247
Education Technology State Grants	105398-01	84.318	188	07/01/09	06/30/11	428,887	245,234
Education Technology State Grants	900807-01	84.318	189	07/01/08	06/30/10	21,527	19,622
Improving Teacher Quality State Grants	104597-01	84.367	154	07/01/09	06/30/11	698,338	638,121
Improving Teacher Quality State Grants	900577-01	84.367	164	07/01/08	06/30/10	691,827	41,604
Subtotal						9,244,985	3,781,560

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2010

Grant Name	MSDE Grant Number	Federal Grant Number	CCPS Grant Number	Project Period		Total Grant Award	Expenditures
				From	To		
GENERAL FUND:							
Federal Programs Administered through the Maryland State Department of Education - Continued							
<u>Department of Education, Office of English Language Acquisition</u> <i>Elementary and Secondary Education Act of 1965</i>							
English Language Acquisition Grants	104620-01	84.365A	144	07/01/09	06/30/11	\$ 25,378	\$ 6,707
English Language Acquisition Grants	104620-02	84.365A	142	07/01/09	06/30/11	5,560	2,461
English Language Acquisition Grants	104620-03	84.365A	140	07/01/09	06/30/10	95	95
English Language Acquisition Grants	104620-04	84.365A	141	07/01/09	06/30/10	3	3
English Language Acquisition Grants	900543-01	84.365A	143	07/01/08	06/30/10	23,638	6,454
Subtotal						54,674	15,720
<u>Department of Education, Office of Vocational and Adult Education</u> <i>Carl D. Perkins Career and Technical Education Act of 2006</i>							
Career and Technical Education - Basic Grants to States	104647-03	84.048	120	07/01/09	06/30/10	34,061	30,841
Career and Technical Education - Basic Grants to States	105589-01	84.048	114	07/01/09	07/31/10	12,000	6,403
Career and Technical Education - Basic Grants to States	105605-01	84.048	113	07/01/09	06/30/10	171,843	171,843
Career and Technical Education - Basic Grants to States	900965-01	84.048	119	07/01/08	07/31/09	9,983	1,529
Tech-Prep Education	105605-02	84.243	118	07/01/09	06/30/10	19,380	19,380
Subtotal						247,267	229,996
<u>Department of Education, Office Of Educational Research And Improvement</u> <i>Elementary and Secondary Education Act of 1965</i>							
Javits Gifted and Talented Students Education Grant Program	901123-01	84.206A	285	10/1/2008	9/30/2009	25,379	7,485
Subtotal						25,379	7,485
<u>Department of Health and Human Services, Centers for Disease Control and Prevention</u> <i>Public Health Service Act</i>							
Injury Prevention and Control Research and State and Community Based Programs	105623-01	93.136	206	11/01/09	08/31/10	12,500	7,780
Injury Prevention and Control Research and State and Community Based Programs	901890-01	93.136	209	11/01/08	08/31/09	11,500	11,167
Subtotal						24,000	18,947
<u>Department of Agriculture, Food and Nutrition Service</u> <i>National School Lunch Act</i>							
Team Nutrition Grants	901721-01	10.574	222	10/01/08	09/30/10	45,000	34,919
Subtotal						45,000	34,919

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2010

Grant Name	MSDE Grant Number	Federal Grant Number	CCPS Grant Number	Project Period		Total Grant Award	Expenditures
				From	To		
GENERAL FUND:							
Federal Programs Administered through the Maryland State Department of Education - Continued							
<u>Department of Education, Office of Special Education and Rehabilitative Services</u> <i>Individuals with Disabilities Education Act (IDEA), American Recovery and Reinvestment Act of 2009</i>							
Special Education Grants to States, Recovery Act	104326-02	84.391	340	07/01/09	09/30/11	\$ 3,844,367	\$ 1,628,513
Special Education Grants to States, Recovery Act	104326-06	84.391	342	07/01/09	09/30/11	11,641	2,192
Special Education - Preschool Grants, Recovery Act	104326-03	84.392	341	07/01/09	09/30/11	146,610	75,650
Special Education - Preschool Grants, Recovery Act	104326-04	84.392	343	07/01/09	09/30/11	492	492
Special Education - Grants for Infants and Families, Recovery Act	104669-01	84.393	345	07/01/09	09/30/11	136,504	62,158
Special Education - Grants for Infants and Families, Recovery Act	104669-02	84.393	347	07/01/09	09/30/11	358,241	11,994
Subtotal						4,497,855	1,780,999
<u>Department of Education, Office of Special Education and Rehabilitative Services</u> <i>Individuals with Disabilities Education Act (IDEA)</i>							
Special Education Grants to States	104220-01	84.027	445	07/01/09	09/30/10	26,120	19,131
Special Education Grants to States	900307-01	84.027	419	07/01/08	09/30/09	16,000	3,952
Special Education Grants to States	104221-01	84.027	401	07/01/09	09/30/10	3,411,965	3,272,415
Special Education Grants to States	900297-01	84.027	402	07/01/08	09/30/09	3,201,834	-
Special Education Grants to States	104221-02	84.027	432	07/01/09	09/30/10	17,447	16,681
Special Education Grants to States	900297-02	84.027	403	07/01/08	09/30/09	17,879	-
Special Education Grants to States	104221-03	84.027	437	07/01/09	09/30/10	10,000	8,006
Special Education Grants to States	900297-06	84.027	413	07/01/08	09/30/09	10,000	831
Special Education Grants to States	104221-04	84.027	436	07/01/09	09/30/10	2,500	2,500
Special Education Grants to States	900297-05	84.027	412	07/01/08	09/30/09	2,500	3
Special Education Grants to States	104221-05	84.027	433	07/01/09	09/30/10	6,000	4,854
Special Education Grants to States	900297-03	84.027	404	07/01/08	09/30/09	6,000	944
Special Education Grants to States	104221-06	84.027	434	07/01/09	09/30/10	56,276	45,830
Special Education Grants to States	900297-07	84.027	406	07/01/08	09/30/09	59,573	3,195
Special Education Grants to States	104221-07	84.027	435	07/01/09	09/30/10	25,000	24,500
Special Education Grants to States	900297-04	84.027	410	07/01/08	09/30/09	25,000	3,522
Special Education Grants to States	104222-01	84.027	446	07/01/09	09/30/10	21,737	21,737
Special Education Grants to States	900434-01	84.027	422	07/01/08	09/30/09	38,492	12,825
Special Education Grants to States	104223-01	84.027	447	07/01/09	09/30/10	112,847	109,706
Special Education Grants to States	900433-01	84.027	420	07/01/08	09/30/09	151,967	15,991
Special Education Grants to States	104310-02	84.027	441	07/01/09	09/30/10	19,432	11,391
Special Education Grants to States	900480-02	84.027	417	07/01/08	09/30/09	18,974	-
Special Education Grants to States	104715-01	84.027	448	08/01/09	09/30/10	15,000	1,158
Special Education Grants to States	104716-01	84.027	450	07/01/09	09/30/10	49,548	34,726
Special Education Grants to States	900320-01	84.027	423	07/01/08	09/30/09	47,712	15,739
Special Education Grants to States	104717-01	84.027	449	07/01/09	09/30/10	120,000	102,554
Special Education Grants to States	105510-01	84.027	451	07/01/09	09/30/10	42,082	28,137
Special Education Grants to States	900899-01	84.027	425	07/30/08	09/30/09	80,000	26,091
Special Education Grants to States	901568-01	84.027	424	07/30/08	09/30/09	57,072	34,542
Special Education - Preschool Grants	104221-08	84.173	431	07/01/09	09/30/10	104,280	104,280

CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2010

Grant Name	MSDE Grant Number	Federal Grant Number	CCPS Grant Number	Project Period		Total Grant Award	Expenditures
				From	To		
GENERAL FUND:							
Federal Programs Administered through the Maryland State Department of Education - Continued							
<u>Department of Education, Office of Special Education and Rehabilitative Services</u> <i>Individuals with Disabilities Education Act (IDEA)</i>							
Special Education - Preschool Grants	900297-08	84.173	408	07/01/08	09/30/09	\$ 117,543	-
Special Education - Preschool Grants	104310-03	84.173	442	07/01/09	09/30/10	7,000	5,797
Special Education - Preschool Grants	900480-03	84.173	418	07/01/08	09/30/09	7,000	-
Special Education - Preschool Grants	105052-02	84.173	491	07/01/09	09/30/10	2,400	1,212
Special Education - Preschool Grants	901268-02	84.173	494	07/01/08	09/30/09	2,402	1,211
Special Education - Grants for Infants and Families	104310-01	84.181	440	07/01/09	09/30/10	113,126	86,864
Special Education - Grants for Infants and Families	900480-01	84.181	416	07/01/08	09/30/09	104,487	-
Subtotal						8,127,195	4,020,325
<u>Corporation for National and Community Service</u> <i>National and Community Service Act of 1990</i>							
Learn and Serve America - School and Community Based Programs	105699-01	94.004	208	07/01/09	07/31/10	13,000	10,671
Learn and Serve America - School and Community Based Programs	900743-01	94.004	214	09/01/08	07/31/09	15,000	-
Subtotal						28,000	10,671
Federal Programs Administered through Other Government Agencies							
<u>Department of Education</u> <i>Elementary and Secondary Education Act of 1965; The American Recovery and Reinvestment Act of 2009</i>							
Education Technology State Grants, Recovery Act	N/A	84.386	330	07/01/09	06/30/11	104,079	-
Subtotal						104,079	-
<u>Department of Education, Office of Elementary and Secondary Education</u> <i>Elementary and Secondary Education Act of 1965</i>							
Education Technology State Grants	N/A	84.318	184	03/05/10	09/30/10	1,050	1,050
Education Technology State Grants	N/A	84.318	185	10/01/07	09/30/09	10,000	10,000
Education Technology State Grants	N/A	84.318	186	10/01/09	09/30/10	5,000	4,701
Education Technology State Grants	N/A	84.318	187	03/05/10	06/30/11	10,000	-
Subtotal						26,050	15,751
<u>Department of Labor, Office of Employment Training Administration</u> <i>Workforce Investment Act of 1998; The American Recovery and Reinvestment Act of 2009</i>							
WIA Youth Activities	N/A	17.259	215	06/01/10	09/30/10	11,055	1,081
Subtotal						11,055	1,081

**CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2010

Grant Name	MSDE Grant Number	Federal Grant Number	CCPS Grant Number	Project Period		Total Grant Award	Expenditures
				From	To		
GENERAL FUND:							
Federal Programs Administered through Other Government Agencies							
<u>Department of Health and Human Services, Administration for Children and Families</u>							
<i>Social Security Act, Title IV</i>							
Healthy Marriage Promotion and Responsible Fatherhood Grants	N/A	93.086	136	09/30/09	09/29/10	\$ 54,000	\$ 48,625
Healthy Marriage Promotion and Responsible Fatherhood Grants	N/A	93.086	135	09/30/08	09/29/09	60,000	15,012
Subtotal						114,000	63,637
<u>Department of Health and Human Services, Centers For Medicare And Medicaid Services</u>							
<i>Social Security Act, Title XIX</i>							
Medical Assistance Program	N/A	93.778	438	07/01/09	06/30/10	1,064,760	1,064,760
Medical Assistance Program	N/A	93.778	439	07/01/09	06/30/10	44,144	44,144
Medical Assistance Program	N/A	93.778	444	07/01/09	06/30/10	83,802	83,802
Subtotal						1,192,706	1,192,706
<u>Department of Justice, Office Of Juvenile Justice And Delinquency Prevention</u>							
<i>Juvenile Justice and Delinquency Prevention Act of 2002</i>							
Part E - Developing, Testing and Demonstrating Promising New Programs	N/A	16.541	224	10/07/09	08/31/10	45,189	39,210
Part E - Developing, Testing and Demonstrating Promising New Programs	N/A	16.541	227	07/01/08	09/30/09	39,365	28,711
Subtotal						84,554	67,921
<u>Department of Homeland Security</u>							
<i>Robert T. Stafford Disaster Relief and Emergency Assistance Act</i>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	245	12/01/09	12/31/09	21,156	21,156
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	246	02/01/10	02/28/10	7,537	7,537
Subtotal						28,693	28,693
Total Federal Programs - General Fund						\$26,636,200	\$13,040,030

**CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2010

Grant Name	MSDE Grant Number	Federal Grant Number	CCPS Grant Number	Project Period		Total Grant Award	Expenditures
				From	To		
SPECIAL REVENUE FUND:							
Federal Programs administered through the Maryland State Department of Education							
<u>U.S. Department of Agriculture, Food and Nutrition Services</u>							
<i>Richard B. Russell National School Lunch Act; American Recovery and Reinvestment Act of 2009</i>							
Child Nutrition Discretionary Grants Limited Availability	902086-01	10.579	350	06/08/09	09/08/09	\$ 24,648	\$ 24,648
Child Nutrition Discretionary Grants Limited Availability	105041-01	10.579	351	09/09/09	09/30/09	4,013	4,013
Subtotal						<u>28,661</u>	<u>28,661</u>
<u>U.S. Department of Agriculture, Food and Nutrition Services</u>							
<i>Richard B. Russell National School Lunch Act</i>							
National School Lunch Program	N/A	10.555	N/A	07/01/08	06/30/09	N/A	2,086,425
National School Lunch Program	N/A	10.555	N/A	07/01/08	06/30/09	N/A	278,545
Summer Food Service Program for Children	N/A	10.559	N/A	07/01/09	06/30/10	N/A	17,401
Child and Adult Care Food Program	N/A	10.558	N/A	07/01/09	06/30/10	N/A	868
Fresh Fruit and Vegetable Program	N/A	10.582	N/A	07/01/09	06/30/10	N/A	44,309
Subtotal							<u>2,427,548</u>
<i>Child Nutrition Act of 1966</i>							
School Breakfast Program	N/A	10.553	N/A	07/01/08	06/30/09	N/A	<u>736,802</u>
Subtotal							<u>736,802</u>
Total Federal Programs - Special Revenue Fund							<u>\$ 3,193,011</u>

NOTE A – SCOPE OF SINGLE AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal financial assistance programs operated by the Cecil County Public Schools are included in the scope of the OMB Circular A-133 audit. This Single Audit was conducted in accordance with the provisions of the Office of Management and Budget’s Compliance Supplement (Provisional) and amended by the Maryland State Department of Education (MSDE) and in accordance with COMAR 13A.02.07 “Annual Audits of Financial Accounts and Federal Assistance.” Compliance testing of all requirements, as described in the Compliance Supplement and MSDE amendments, was performed.

The Maryland State Department of Education has been designated as the cognizant audit agency for the OMB Circular A-133 audit.

NOTE B - FISCAL PERIOD AUDIT

Single Audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2010 for the following major programs:

<u>Grant Name</u>	<u>Federal Grant Number</u>	<u>Expenditures</u>
ARRA - State Fiscal Stabilization Fund	84.394	\$ 1,028,191
ARRA - Title I	84.389	725,574
ARRA - Special Education	84.391, 84.392, 84.393	1,780,999
Special Education	84.027, 84.173, 84.181	4,020,325
USDA School Lunch	10.555	2,365,070
USDA School Breakfast	10.553	736,802
		<u>\$ 10,656,961</u>