

Comprehensive Annual Financial Report



Fiscal Year Ended
June 30, 2009



*"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, 2009

BOARD OF EDUCATION

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Carolyn Teigland, Ed.D., Associate Superintendent for Education Services
D'Ette Devine, Ed.D., Associate Superintendent for Administrative Services
Thomas M. 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, 2009**

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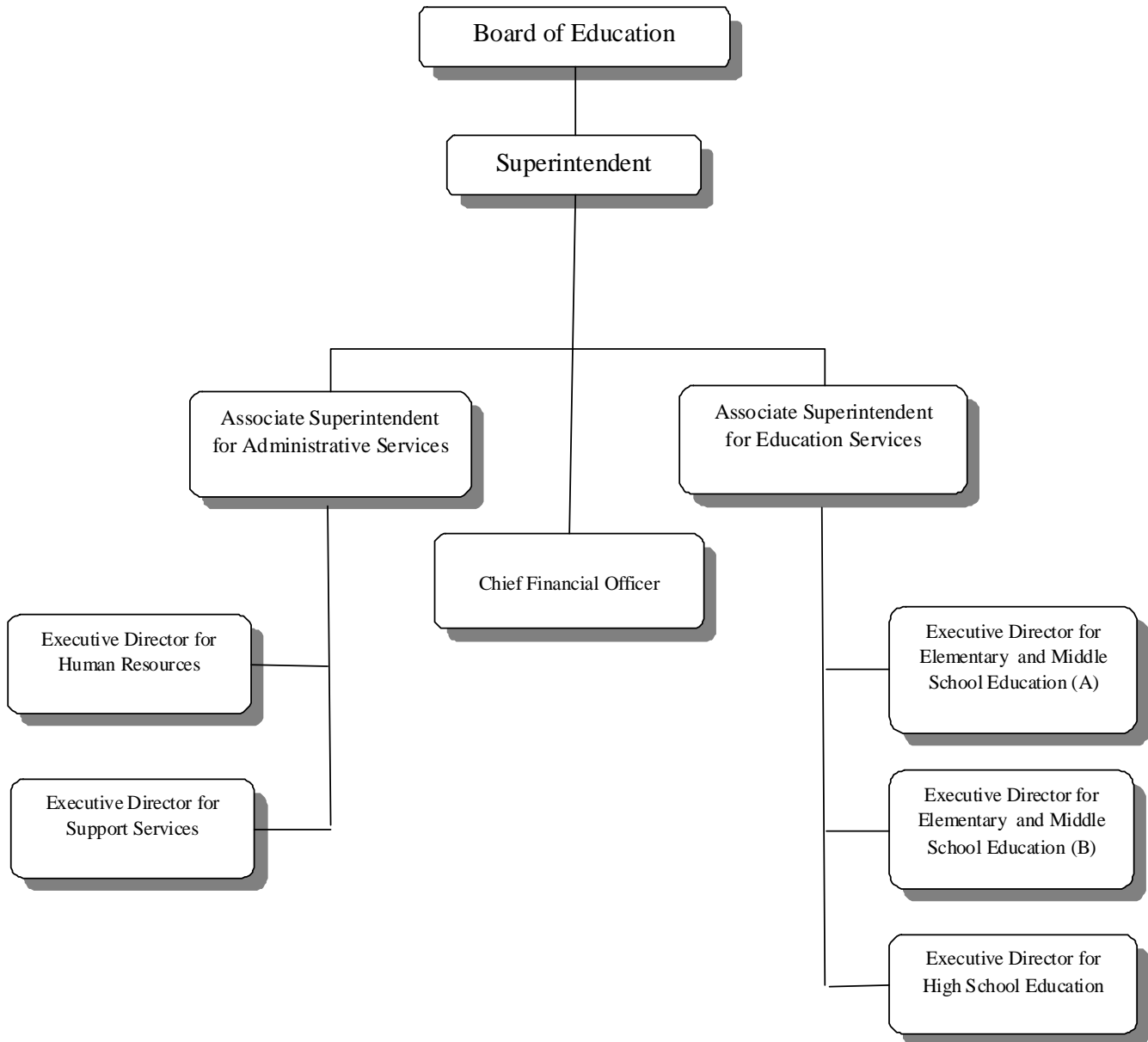
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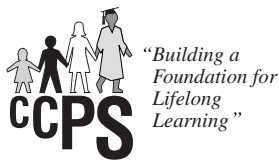
INTRODUCTORY SECTION

Cecil County Public Schools
Organization Chart
As of June 30, 2009



**LEADERSHIP TEAM
AS OF JUNE 30, 2009**

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



CECIL COUNTY PUBLIC SCHOOLS

Henry A. Shaffer, *Superintendent*

201 Booth Street, Elkton, MD 21921

September 28, 2009

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, 2009 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 16,209 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 2.1 million square feet of building space is proudly maintained to ensure a safe and secure learning environment. The school

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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 2.1 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 2,400 employees including 1,238 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 66 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. The state legislature has frozen the per student appropriation for fiscal years 2009 and 2010. With adjustments due to changes in student demographics, the State per student funding of \$6,236 in fiscal 2009 will decline to \$6,137 in fiscal 2010. Current funding formulas provide for an annual increase of 1% in fiscal 2010 and tied to the Consumer Price Index in subsequent years.

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 2009, the County provided \$359 per student above the Maintenance of Effort amount of \$4,375 per student. For Fiscal 2010 the County will provide funding at the minimum Maintenance of Effort level of \$4,375 per student.

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 2010 totals \$180.8 million dollars, funded 38% by the County, 53% by the State and 9% by Federal and other sources.

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 102,320. Cecil is projected to be among the fastest growing counties in Maryland through 2030. Cecil has a workforce of 50,997 and, reflecting the

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Henry A. Shaffer, *Superintendent*

201 Booth Street, Elkton, MD 21921

national economy, has seen a sharp increase in the unemployment rate during the last half of 2008 and the first half of 2009. In 2008, the unemployment rate was 5.3%; during the first 7 months of 2009 the rate has increased to 9.5%. The closures of the Chrysler Assembly Plant in nearby Newark, Delaware and the General Motors Boxwood plant have adversely affected employment.

On a positive note, the number of in-county jobs continued to climb through 2008 reaching 30,869, an increase of over 5,000 new jobs since 2001. Payrolls in Cecil have yet to see the decline that the current economic conditions are causing. The average weekly wage in Cecil County is \$818, the second highest wage among Maryland's sixteen smallest counties. The median household income is \$63,850 with a per capita income of \$34,009.

Thirty-five of the county's 1,980 businesses employ over 100 workers. The manufacturing sector in Cecil County continues to be strong, employing 4,564 or 15.2% of the total workforce.

In February 2009, Penn National Gaming Inc. submitted an application to construct a Video Lottery Terminal gambling casino in Cecil County.

The Regional Transformation of BRAC

Base Realignment and Closure is the process the Department of Defense (DOD) uses to reorganize its installation infrastructure to more efficiently and effectively support its forces, increase operational readiness and facilitate new ways of doing business. The BRAC 2005 decision resulted in significant gains for Aberdeen Proving Ground (APG) in neighboring Harford County, MD bringing 8,200 civilian DOD jobs to the Post and 7,500-10,000 indirect jobs in support of the defense community. Many of these jobs are highly scientific and technical with average salaries above \$87,000. Many require a bachelor's degree, most will require a security clearance and all require U.S. citizenship.

The growth to this area will have significant impact on regional infrastructure including water, sewer and school capacity. Collaboration among local, state and federal agencies is ongoing in coordinating planning efforts to address critical needs for successful BRAC implementation.

The arrival of these tech sector jobs to our region has already begun: 800 jobs transferred to APG by July 2009 with 1,600 jobs relocated by the end of 2009, and an additional 1,600-1,800 jobs are anticipated to transfer in 2010. Communications and electronics, research and development, test and evaluation, and bio-chemical are technical fields driving curriculum in the area of Science, Technology, Engineering and Math (STEM), preparing our young people today for tomorrow's skilled workforce. Approximately 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 for such technical jobs, to have the ability to work in their own communities. 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.

CECIL COUNTY PUBLIC SCHOOLS

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The BRAC 2005 decision, which dictates growth for APG and other growth communities nation wide, must be fully implemented by September 15, 2011, by federal mandate. The Chesapeake Science and Security Corridor (CSSC) comprised of central and northeastern Maryland and the BRAC-impacted border jurisdictions of 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 recently named Active Base Community of the Year by the National Association of Defense Communities, indicative of the strong collaboration between community and installation. A new partnership with APG has been established with Cecil County Public Schools through a Memorandum of Understanding, and a STEM initiative is underway in cooperation with the US Army Research Development and Engineering Command (RDECOM), the senior mission and installation command.

MAJOR 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. An update to the Plan submitted in October 2009 will evaluate the effectiveness of our strategies in 2009 and modify the Plan 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 in which technology is incorporated as a tool to enhance learning, thus preparing 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

CECIL COUNTY PUBLIC SCHOOLS

Henry A. Shaffer, *Superintendent*

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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. Technology is embedded in all curricula areas and is a tool to enhance learning for ALL students. Cecil County students continue to demonstrate effective performance on state and national assessments, and more students pursue rigorous coursework and elect to take Scholastic Aptitude Tests (SATs). 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 were the major programmatic initiatives accomplished before or within fiscal year 2009:

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

- Pre-kindergarten programs 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
- Participation in annual tabletop drills at all schools within a high school attendance zone in which a hypothetical situation is encountered by one or more schools

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

- Professional development in Baldrige and Strategic Instructional Models for Success
- Implementation of a wellness policy by Food and Nutrition to provide nutritious meals for all students

The Future

Other tasks are ongoing challenges for our district. Funding for the following major programmatic initiatives were included in the annual operating budget for the fiscal year 2010:

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

- Expansion of early intervention, pre-kindergarten, child find and infants and toddlers programs
- Confirm the alignment of career and technology programs with state requirements

CECIL COUNTY PUBLIC SCHOOLS

Henry A. Shaffer, *Superintendent*

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- Appropriate Assistance class to support students not meeting HSA requirements
- Continue implementation of the freshman academy program in two high schools
- Institute a new level of classroom instructional support through 24 instructional coaches

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

- Expand partnerships with business and community leaders
- Review and update safe schools CERT training and practices to help school leaders prepare for crisis situations

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

- Continue recruitment and retention efforts to assure that every child is taught by highly qualified staff
- Expand professional development in Baldrige and Strategic Instructional Models for Success
- Expand on-line staff development and collaboration tools
- 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. This represents the first year of this five-year commitment.

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 Auditor's 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 on Compliance with Requirements Applicable to 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.

CECIL COUNTY PUBLIC SCHOOLS

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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, 2008. This is the sixth 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, 2008.

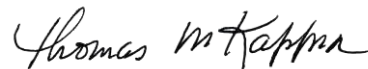
The Certificate of Excellence in Financial Reporting is the highest recognition in School System financial reporting issued by ASBO International and is only conferred to School Systems that have met or exceeded the standards of the program. This is the sixth consecutive year the School System was awarded 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,



Henry A. Shaffer
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, 2008

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

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, 2008**

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

Angeh Peteman

President

John D. Musso

Executive Director

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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, 2009, 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, 2009, 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 25, 2009, 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 89 through 92 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 25, 2009

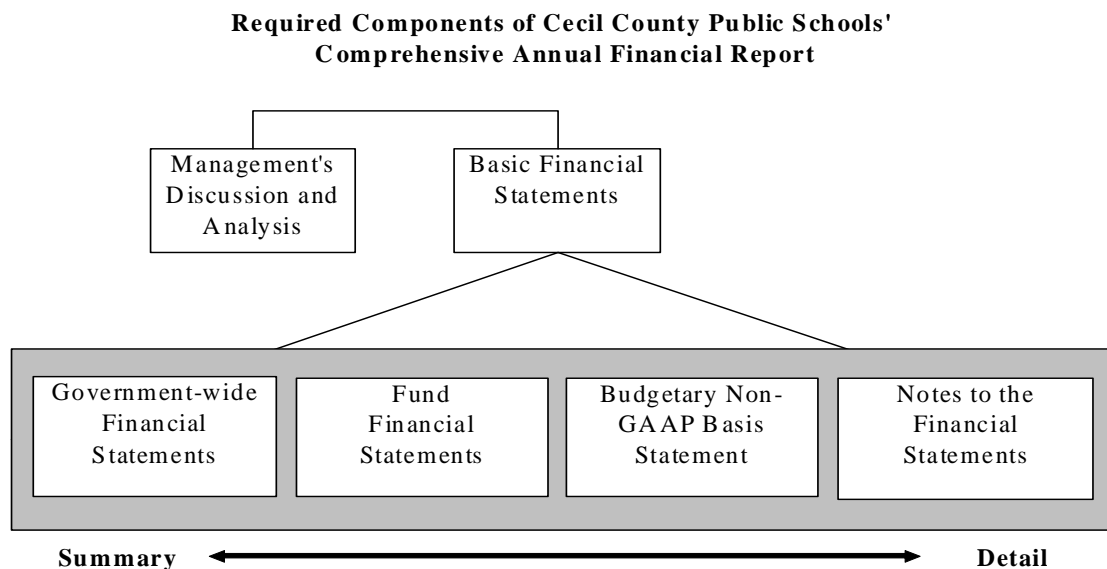
This section of Cecil County Public Schools' Comprehensive Annual Financial Report (CAFR) represents our discussion and analysis of the School System's financial performance during the fiscal year ending June 30, 2009. The management's discussion and analysis, financial statements, and related footnotes are the responsibility of management. Please read this section in conjunction with the transmittal letter, the School System's financial statements and the notes to the basic financial statements that follow.

FINANCIAL HIGHLIGHTS

- The School System's net assets at the end of the fiscal year total \$184.8 million, of which \$175 million is invested in capital assets, net of related debt.
- Net assets increased \$10.7 million for the year, most of which is attributable to capital construction projects.
- General revenues of \$141.3 million account for 67% of all revenues, program revenues of \$69.5 million account for 33%.
- The food and nutrition department received \$2.9 million from charges for services, accounting for 49% of food and nutrition total revenue.
- The operating budget was amended during the year for a net increase of \$1.6 million. This included additional revenue from restricted State and Federal grants of \$2 million and a reduction in other revenue of \$0.4 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements and provides a framework and context for understanding the information they contain. The School System's financial statements consist of four components: government-wide financial statements, fund financial statements, budgetary non-GAAP basis statement, and notes to the financial statements.



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* and *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, 2009, the School System had total assets of \$215 million. Of the \$29.8 million current assets, approximately 85.3% was in cash and cash equivalents and 9.4% 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 \$30.2 million in total liabilities as of June 30, 2009, 62.9% are current liabilities to settle within the next fiscal year. Non-current liabilities, 37.1% 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 \$184.8 million in net assets consists of \$175 million invested in capital assets (net of related debt), \$9.8 million unrestricted and \$0.04 million restricted for capital projects.

CECIL COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis

Year Ended June 30, 2009

A comparison of Net Assets for 2009 vs. 2008 is shown below:

| | <u>2009</u> | <u>2008</u> | <u>Increase/ (Decrease)</u> | |
|--|-----------------------|-----------------------|-----------------------------|--------|
| Assets | | | | |
| Current assets | \$ 29,751,070 | \$ 27,939,442 | \$ 1,811,628 | 6.5% |
| Capital assets | 185,290,001 | 178,357,007 | 6,932,994 | 3.9% |
| Total assets | <u>215,041,071</u> | <u>206,296,449</u> | <u>8,744,622</u> | 4.2% |
| Liabilities | | | | |
| Current liabilities | 19,011,759 | 20,416,711 | \$ (1,404,952) | (6.9)% |
| Long term liabilities | 11,199,305 | 11,767,382 | (568,077) | (4.8)% |
| Total liabilities | <u>30,211,064</u> | <u>32,184,093</u> | <u>(363,499)</u> | (1.1)% |
| Net Assets | | | | |
| Investment in capital assets, net of related debt | 175,023,380 | 167,798,316 | \$ 7,225,064 | 4.3% |
| Restricted for capital projects | 47,460 | 40,074 | \$ 7,386 | 18.4% |
| Unrestricted (deficit) | 9,759,167 | 6,273,966 | 3,485,201 | 55.6% |
| Net assets, end of year | <u>\$ 184,830,007</u> | <u>\$ 174,112,356</u> | <u>\$ 10,717,651</u> | 6.2% |

Change in Net Assets

The School System's combined net assets increased by \$10.7 million or 6.2% on June 30, 2009, to \$184.8 million. Current assets increased by \$1.8 million due to a increase in cash and cash equivalents of \$2.3 million, a decrease in funds due from other governmental agencies of \$0.7 million, an increase in accounts receivable of \$0.2 million and an increase in other current assets of \$0.05 million. The increase in cash and cash equivalents can be attributed to revenue exceeding expenditures by \$3.2 million. Capital assets increased by \$6.9 million or 3.9% due to two major addition/renovation projects at Elkton High School and Perryville Middle School.

Current liabilities decreased by \$1.4 million or 6.9%. Accrued salaries increased \$0.8 million. This represents salaries earned by 10 month employees who elect to be paid over 12 months. Accounts payable decreased by \$1.7 million due to the reduction in capital project payables while estimated health care claims incurred but not reported increased by \$0.2 million. Long-term liabilities decreased by \$0.5 million or 4.8%.

Statement of Activities

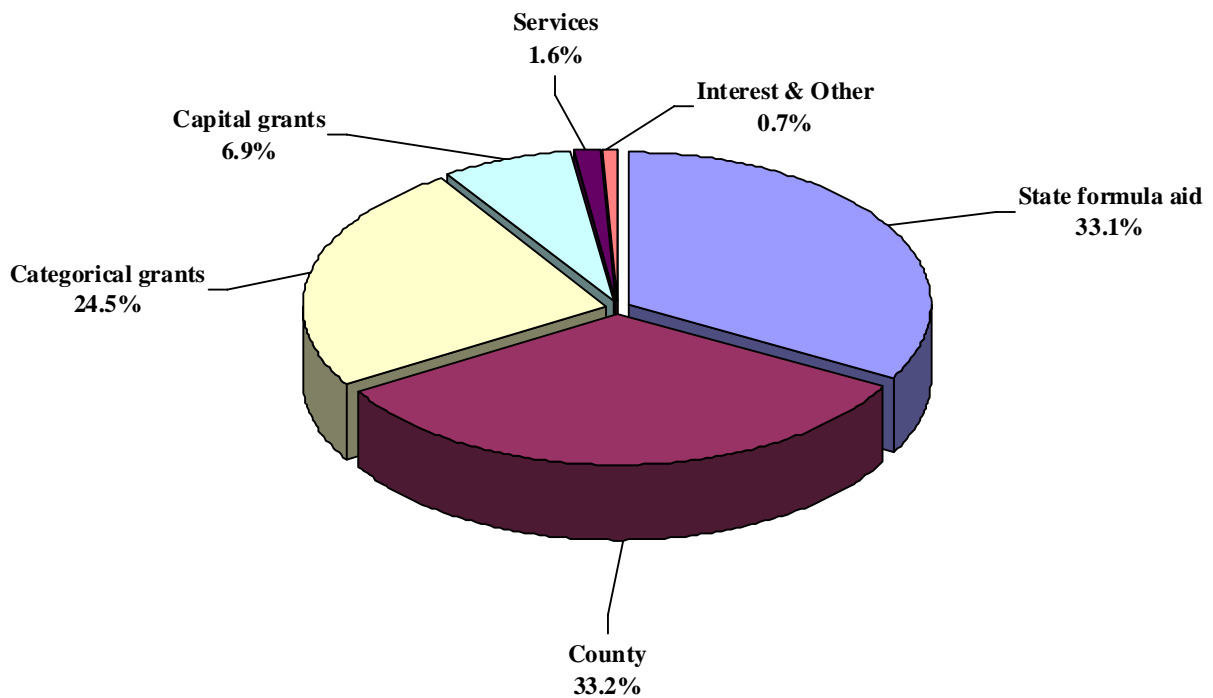
A comparison of revenue by source for 2009 vs. 2008 is shown below:

| | <u>2009</u> | <u>2008</u> | <u>Increase/ (Decrease)</u> | |
|--|----------------------|----------------------|---------------------------------|----------|
| Revenue | | | | |
| Program Revenues | | | | |
| Charges for Services | \$ 3,387,089 | \$ 3,568,839 | \$ (181,750) | (5.1)% |
| Operating grants and contributions | 51,554,961 | 48,901,527 | 2,653,434 | 5.4% |
| Capital grants and contributions | 14,513,846 | 17,653,368 | (3,139,522) | (17.8)% |
| General Revenues | | | | |
| Grants and contributions not restricted to certain programs | 139,738,510 | 133,523,694 | 6,214,816 | 4.7% |
| Other | <u>1,528,758</u> | <u>1,826,944</u> | <u>(298,186)</u> | (16.3)% |
| Total Revenue | <u>210,723,164</u> | <u>205,474,372</u> | <u>5,248,792</u> | 2.6% |
| Expenses | | | | |
| Administration | 5,785,097 | 5,345,436 | 439,661 | 8.2% |
| Mid-level administration | 18,379,730 | 17,641,192 | 738,538 | 4.2% |
| Instruction | 107,393,111 | 102,497,837 | 4,895,274 | 4.8% |
| Special education | 32,465,449 | 30,677,957 | 1,787,492 | 5.8% |
| Student personnel services | 1,562,735 | 1,163,427 | 399,308 | 34.3% |
| Student health services | 2,136,947 | 2,024,228 | 112,719 | 5.6% |
| Student transportation | 9,270,764 | 9,479,243 | (208,479) | (2.2)% |
| Operation of plant | 13,531,123 | 14,126,567 | (595,444) | (4.2)% |
| Maintenance of plant | 4,684,698 | 4,857,755 | (173,057) | (3.6)% |
| Food and nutrition | 4,377,939 | 5,439,250 | (1,061,311) | (19.5)% |
| Community services | 315,148 | 312,701 | 2,447 | 0.8% |
| Interest on long-term debt | <u>102,772</u> | <u>834</u> | <u>101,938</u> | 12222.8% |
| Total expenses | <u>200,005,513</u> | <u>193,566,427</u> | <u>6,439,086</u> | 3.3% |
| Change in net assets | <u>\$ 10,717,651</u> | <u>\$ 11,907,945</u> | <u>\$ (1,190,294)</u> | (10.0)% |

Revenue

Cecil County Public Schools' revenues from fiscal year 2009 were in the amount of \$210.7 million and came from three major sources. These include charges for services of \$3.4 million, operating program grants from the state and federal government of \$51.6 million and capital grants from the State of Maryland and Cecil County Government of \$14.5 million. In addition to program sources, the School System received general revenue from the State of Maryland of \$69.8 million, Cecil County Government of \$69.9 million, investment earnings and other miscellaneous income of \$1.5 million.

Cecil County Public Schools' Revenue Sources
Fiscal Year 2009

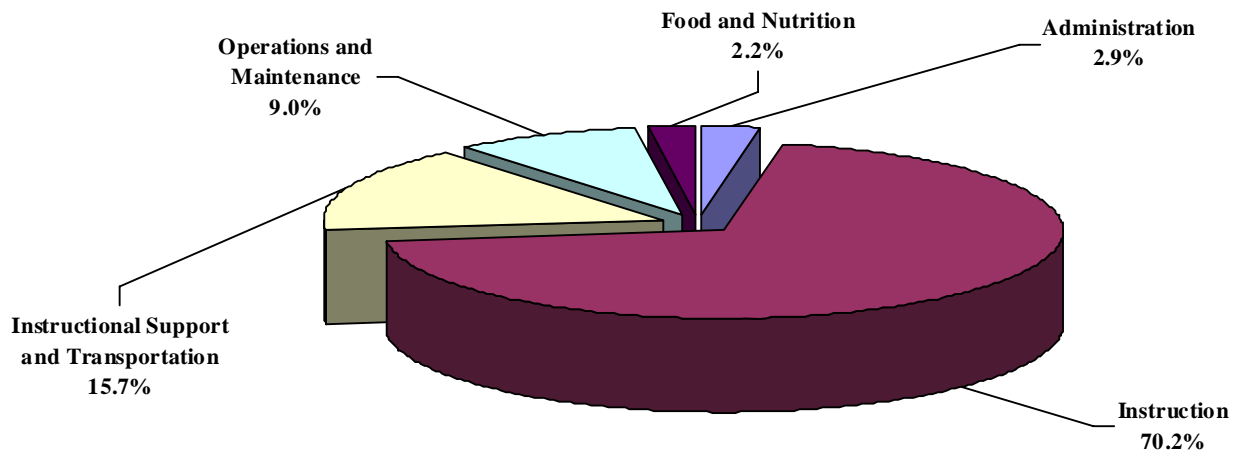


Expenses

The revenues received during 2009 were used to pay expenses of \$200 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 2009 as follows:

**Combined Expenses for Cecil County Public Schools
for the Fiscal Year 2009**



GOVERNMENT FUNDS FINANCIAL HIGHLIGHTS

The total assets of the School System's government funds exceeded liabilities at the end of the fiscal year by \$12.6 million. Total government fund revenues increased \$4.4 million, with a \$3.2 million decrease in capital projects and a \$7.3 million increase in the general fund. The School System received \$80.7 million or 40.4% of its governmental activities funding from the county and \$102.7 million or 51.4% from the state and federal entitlement grants of \$11.2 million for 5.6%.

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 | 9,131,194 | (58,865) | 40,074 | 9,112,403 |
| Fund balance, end of year | <u>12,415,612</u> | <u>150,411</u> | <u>47,460</u> | <u>12,613,483</u> |
| Net change in fund balances | <u>\$ 3,284,418</u> | <u>\$ 209,276</u> | <u>\$ 7,386</u> | <u>\$ 3,501,080</u> |

The General Fund increased \$3,284,418 from the previous year to \$12,415,612. This represents 7.0% of expenditures. This increase was a result of major cost containment efforts in operations and system wide discretionary spending. In the fall of 2008, we established a cost reduction goal of \$3.0 million to provide carryover funds to compensate for anticipated reductions in revenue allocations from the state and county governments in fiscal 2010. The savings came from energy conservation, more efficient bus routing, reductions in meeting, travel and department discretionary spending not directly impacting instruction.

The Special Revenue Fund increased \$209,276 from the previous year to \$150,411. This represents 2.6% of total fund expenditures. This increase is attributed to raising the price of breakfast (\$.25), lunch (\$.50) and milk (\$.20) over the course of the 2008-2009 fiscal year coupled with a freeze on the purchase of equipment, a reduction in portion sizes offered and a reduction in the number of above average cost entrees offered on our menus. These changes were made to recover the fund balance deficit of (\$58,865).

The Capital Projects Fund increased \$7,386 from the previous year to \$47,460. 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, 2009

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 | \$ 69,915,162 | \$ 69,915,162 | \$ - | \$ - | \$ - |
| State of Maryland | 98,330,416 | 99,218,528 | 888,112 | - | 888,112 |
| United States government | 8,022,795 | 9,166,385 | 1,143,590 | - | 1,143,590 |
| Other sources | | | | | |
| Investment interest | 600,000 | 600,000 | - | - | - |
| Other | 3,400,000 | 2,969,853 | - | 430,147 | (430,147) |
| Total revenue | <u>\$ 180,268,373</u> | <u>\$ 181,869,928</u> | <u>\$ 2,031,702</u> | <u>\$ 430,147</u> | <u>\$ 1,601,555</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Administration | \$ 4,443,441 | \$ 4,392,656 | \$ - | \$ 50,785 | \$ (50,785) |
| Mid-level administration | 13,632,467 | 13,610,518 | - | 21,949 | (21,949) |
| Instruction salaries | 67,954,391 | 68,071,684 | 117,293 | - | 117,293 |
| Instruction materials and supplies | 3,387,019 | 3,730,402 | 343,383 | - | 343,383 |
| Instruction other costs | 2,641,142 | 3,657,985 | 1,016,843 | - | 1,016,843 |
| Special education | 24,210,386 | 25,245,749 | 1,035,363 | - | 1,035,363 |
| Student personnel services | 983,245 | 1,179,127 | 195,882 | - | 195,882 |
| Student health services | 1,568,561 | 1,564,277 | - | 4,284 | (4,284) |
| Student transportation | 9,619,758 | 9,534,990 | - | 84,768 | (84,768) |
| Operation of plant | 12,861,442 | 12,644,815 | - | 216,627 | (216,627) |
| Maintenance of plant | 3,993,238 | 4,021,544 | 28,306 | - | 28,306 |
| Fixed charges | 34,388,267 | 33,570,528 | - | 817,739 | (817,739) |
| Community services | 307,039 | 370,676 | 63,637 | - | 63,637 |
| Capital outlay | 277,977 | 274,977 | - | 3,000 | (3,000) |
| Total expenditures | <u>\$ 180,268,373</u> | <u>\$ 181,869,928</u> | <u>\$ 2,800,707</u> | <u>\$ 1,199,152</u> | <u>\$ 1,601,555</u> |

The General Fund is the School System's primary operating fund. The final budget of \$181.8 million exceeded the original budget of \$180.3 million by \$1.6 million. This is due to additional restricted grants received from state and federal sources of \$2 million and a reduction in other revenue of \$0.4 million.

Capital Assets and Long Term Debt Activity

The School System's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$185.3 million (net of accumulated depreciation of \$99.2 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:

Cecil County Public Schools Capital Assets
(net of depreciation)

| | 2009 | 2008 |
|------------------------------------|-----------------------|-----------------------|
| Land | \$ 1,202,153 | \$ 1,202,153 |
| Buildings | 109,017,174 | 95,371,427 |
| Improvements other than buildings | 6,041,323 | 3,205,617 |
| Furniture, fixtures, and equipment | 10,525,685 | 9,930,593 |
| Construction in progress | 58,503,666 | 68,647,217 |
| Total | <u>\$ 185,290,001</u> | <u>\$ 178,357,007</u> |

The total increase in the School System's net capital assets during the year was \$6.9 million. Major capital projects during the fiscal year ended June 30, 2009 included:

- Continuation of the addition/expansion project at Elkton High School totaling \$6.3 million
- Continuation of the HVAC/roof replacement at Perryville High School totaling \$1.0 million
- Completion of the addition/renovation project at Perryville Middle School totaling \$0.5 million
- Continuation of planning/renovation project at Calvert Elementary School totaling \$3.8 million
- Continuation of planning project for Cecil Technical High School totaling \$1.7 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 \$12.3 million. Please see Notes 5 for details of changes in Capital Assets and construction commitments.

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, 2009 the total funds held in cash and cash equivalents was \$1,294,725.

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 2009 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 2009, 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 2010 and plan for fiscal year 2011 and beyond.

The fiscal year 2010 approved operating budget, adopted in May 2009, 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 approved fiscal 2010 budget includes an additional \$0.5 million representing a \$2.4 million or 2.4% decrease in state funding, a \$1.5 million or a 2.2% decrease in county funding and a \$5.7 million or 8.3% increase in federal funding.

Major program initiatives in the fiscal year 2010 operating budget include:

- \$5.9 million in salary and benefit cost increases to retain a quality workforce
- \$0.3 million to further integrate and maintain technology throughout the curriculum
- \$0.08 million in contracted services to provide Special Education services
- \$0.8 million projected increase in utility costs
- \$0.4 million increase 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.

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BASIC FINANCIAL STATEMENTS

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS

Current assets

| | |
|-----------------------------------|--------------------------|
| Cash and cash equivalents | \$ 25,390,734 |
| Due from Cecil County, Maryland | 461,715 |
| Due from State of Maryland | 1,043,369 |
| Due from United States government | 1,304,434 |
| Accounts receivable | 665,322 |
| Prepaid items | 689,098 |
| Inventory | <u>196,398</u> |
| Total current assets | <u>29,751,070</u> |

Noncurrent assets

Capital assets (net of accumulated depreciation)

| | |
|-----------------------------------|---------------------------|
| Land | 1,202,153 |
| Buildings | 109,017,174 |
| Improvements other than buildings | 6,041,323 |
| Furniture, fixtures and equipment | 10,525,685 |
| Construction in progress | <u>58,503,666</u> |
| Total noncurrent assets | <u>185,290,001</u> |

Total assets

\$ 215,041,071

LIABILITIES

Current liabilities

| | |
|---|--------------------------|
| Accounts payable | \$ 2,996,590 |
| Accrued salaries | 12,182,686 |
| Estimated healthcare claims incurred but not reported | 1,549,000 |
| Capital leases due within one year | 1,505,775 |
| Compensated absences due within one year | 368,397 |
| Unearned revenue - federal | 83,965 |
| Unearned revenue - state | 15,213 |
| Unearned revenue - other | <u>310,133</u> |
| Total current liabilities | <u>19,011,759</u> |

Noncurrent liabilities

| | |
|--|--------------------------|
| Capital leases due in more than one year | 8,760,846 |
| Compensated absences due in more than one year | <u>2,438,459</u> |
| Total noncurrent liabilities | <u>11,199,305</u> |

Total liabilities

\$ 30,211,064

NET ASSETS

| | |
|---|-------------------------------------|
| Invested in capital assets, net of related debt | \$ 175,023,380 |
| Restricted for | |
| Capital projects | 47,460 |
| Unrestricted | <u>9,759,167</u> |
| Total net assets | <u><u>\$ 184,830,007</u></u> |

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

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

| | Expenses | Program Revenue | | | Net (Expenses) |
|---|-------------------------|--|--|---|----------------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Assets | |
| Function/programs | | | | | |
| Administration | \$ 5,785,097 | \$ - | \$ 531,958 | \$ - | (5,253,139) |
| Mid-level administration | 18,379,730 | - | 1,381,993 | - | (16,997,737) |
| Instruction salaries | 92,771,442 | 454,827 | 24,414,496 | - | (67,902,119) |
| Instruction materials and supplies | 3,554,132 | - | 495,267 | 14,513,846 | 11,454,981 |
| Instruction other costs | 11,067,537 | - | 754,194 | - | (10,313,343) |
| Special education | 32,465,449 | - | 14,634,390 | - | (17,831,059) |
| Student personnel services | 1,562,735 | - | 344,588 | - | (1,218,147) |
| Student health services | 2,136,947 | - | 200,468 | - | (1,936,479) |
| Student transportation | 9,270,764 | - | 4,573,060 | - | (4,697,704) |
| Operation of plant | 13,531,123 | - | 532,994 | - | (12,998,129) |
| Maintenance of plant | 4,684,698 | - | 405,391 | - | (4,279,307) |
| Food and nutrition | 4,377,939 | 2,913,331 | 3,013,540 | - | 1,548,932 |
| Community services | 315,148 | 18,931 | 272,622 | - | (23,595) |
| Interest on long-term debt | 102,772 | - | - | - | (102,772) |
| Total government activities | <u>\$ 200,005,513</u> | <u>\$ 3,387,089</u> | <u>\$ 51,554,961</u> | <u>\$ 14,513,846</u> | <u>(130,549,617)</u> |
| General revenue | | | | | |
| State aid not restricted to specific purposes | | | | | 69,823,348 |
| Local aid not restricted to specific purposes | | | | | 69,915,162 |
| Interest and investment earnings | | | | | 382,313 |
| Miscellaneous | | | | | 1,146,445 |
| Total general revenues | | | | | <u>141,267,268</u> |
| Change in net assets | | | | | 10,717,651 |
| Net assets - beginning | | | | | <u>174,112,356</u> |
| Net assets - ending | | | | | <u>\$184,830,007</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, 2009

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|----------------------|----------------------------|-----------------------------|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 24,741,137 | \$ 604,907 | \$ 44,690 | \$ 25,390,734 |
| Due from | | | | |
| Cecil County, Maryland | - | - | 461,715 | 461,715 |
| State of Maryland | 496,033 | - | 547,336 | 1,043,369 |
| United States government | 1,304,434 | - | - | 1,304,434 |
| General fund | - | - | 165,394 | 165,394 |
| Special revenue fund | 697,028 | - | - | 697,028 |
| Accounts receivable | 470,937 | 194,385 | - | 665,322 |
| Prepaid items | 689,098 | - | - | 689,098 |
| Inventory | - | 196,398 | - | 196,398 |
| Total Assets | \$ 28,398,667 | \$ 995,690 | \$ 1,219,135 | \$ 30,613,492 |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,942,432 | \$ 63,737 | \$ 990,421 | \$ 2,996,590 |
| Accrued salaries | 12,181,951 | 735 | - | 12,182,686 |
| Estimated claims incurred but not reported | 1,549,000 | - | - | 1,549,000 |
| Deferred revenue - federal | 13,861 | 70,104 | - | 83,965 |
| Deferred revenue - state | 15,213 | - | - | 15,213 |
| Deferred revenue - other | 115,204 | 13,675 | 181,254 | 310,133 |
| Due to capital fund | 165,394 | - | - | 165,394 |
| Due to general fund | - | 697,028 | - | 697,028 |
| Total liabilities | 15,983,055 | 845,279 | 1,171,675 | 18,000,009 |
| Fund balance | | | | |
| Reserved | | | | |
| Encumbrances | 71,802 | - | - | 71,802 |
| Unreserved | | | | |
| Designated for subsequent year's expenditures | 3,000,000 | - | - | 3,000,000 |
| Designated for health care | 2,537,484 | - | - | 2,537,484 |
| Designated reserve for fuel cost contingency | 700,000 | - | - | 700,000 |
| Designated reserve for technology | 500,000 | - | - | 500,000 |
| Undesignated | 5,606,326 | 150,411 | 47,460 | 5,804,197 |
| Total fund balance | 12,415,612 | 150,411 | 47,460 | 12,613,483 |
| Total liabilities and fund balance | \$ 28,398,667 | \$ 995,690 | \$ 1,219,135 | \$ 30,613,492 |

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, 2009**

| | | |
|--------------------|----|------------|
| Total fund balance | \$ | 12,613,483 |
|--------------------|----|------------|

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 | \$ | 284,445,905 | |
| Accumulated depreciation | | <u>(99,155,904)</u> | 185,290,001 |

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 | \$ | (10,266,621) | |
| Accrued vacation leave | | <u>(2,806,856)</u> | <u>(13,073,477)</u> |

| | | |
|------------------|----|---------------------------|
| Total net assets | \$ | <u><u>184,830,007</u></u> |
|------------------|----|---------------------------|

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

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

| | General | Special Revenue | Capital Projects | Total Governmental Funds |
|--|----------------------|--------------------|---------------------|--------------------------------|
| Revenue | | | | |
| Intergovernmental | | | | |
| Cecil County, Maryland | \$ 69,915,162 | \$ - | \$ 10,761,236 | \$ 80,676,398 |
| State of Maryland | 98,716,390 | 241,016 | 3,693,342 | 102,650,748 |
| United States government | 8,421,734 | 2,772,524 | - | 11,194,258 |
| Other sources | | | | |
| Sale of food | - | 2,913,331 | - | 2,913,331 |
| Investment interest | 360,840 | 16,858 | 4,615 | 382,313 |
| Other | 1,769,954 | - | 59,267 | 1,829,221 |
| Total revenue | <u>179,184,080</u> | <u>5,943,729</u> | <u>14,518,460</u> | <u>199,646,269</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 4,007,747 | 237,070 | - | 4,244,817 |
| Mid-level administration | 13,486,139 | - | 17,004 | 13,503,143 |
| Instruction salaries | 67,418,883 | - | - | 67,418,883 |
| Instruction materials and supplies | 4,588,717 | - | 211,957 | 4,800,674 |
| Instruction other | 3,417,105 | - | 14,282,113 | 17,699,218 |
| Special education | 25,141,877 | - | - | 25,141,877 |
| Student personnel services | 1,181,589 | - | - | 1,181,589 |
| Student health services | 1,551,549 | - | - | 1,551,549 |
| Student transportation | 9,057,367 | - | - | 9,057,367 |
| Operation of plant | 11,455,733 | - | - | 11,455,733 |
| Maintenance of plant | 3,900,601 | - | - | 3,900,601 |
| Fixed charges | 31,443,817 | 558,578 | - | 32,002,395 |
| Community services | 303,880 | - | - | 303,880 |
| Food service | | | | |
| Salaries and wages | - | 2,320,630 | - | 2,320,630 |
| Food | - | 2,358,512 | - | 2,358,512 |
| Contracted services | - | 40,293 | - | 40,293 |
| Supplies and materials | - | 170,666 | - | 170,666 |
| Other operating cost | - | 48,704 | - | 48,704 |
| Capital outlay | 262,921 | - | - | 262,921 |
| Total expenditures | <u>177,217,925</u> | <u>5,734,453</u> | <u>14,511,074</u> | <u>197,463,452</u> |
| Excess (deficiency) of revenues over expenditures | 1,966,155 | 209,276 | 7,386 | 2,182,817 |
| Other financing sources (uses) | | | | |
| Capital leases | 1,318,263 | - | - | 1,318,263 |
| Net change in fund balances | 3,284,418 | 209,276 | 7,386 | 3,501,080 |
| Fund balance, beginning of year | 9,131,194 | (58,865) | 40,074 | 9,112,403 |
| Fund balance, end of year | <u>\$ 12,415,612</u> | <u>\$ 150,411</u> | <u>\$ 47,460</u> | <u>\$ 12,613,483</u> |

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

**CECIL COUNTY PUBLIC SCHOOLS
RECONCILIATION OF NET CHANGE IN FUND BALANCE
WITH CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2009**

Total change in fund balance \$ 3,501,080

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 | \$ (8,282,763) | |
| Capital outlays | <u>13,897,494</u> | 5,614,731 |

| | | |
|---|--|-----------|
| Capital lease proceeds which provide current financial resources in the governmental funds, are not reported as revenues in the statement of activities | | 1,318,263 |
|---|--|-----------|

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 | \$ 1,610,332 | |
| New capital leases | <u>(1,318,263)</u> | 292,069 |

In the statement of activities, accrued leave is measured by the 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.

(8,492)

| | | |
|----------------------------|--|-----------------------------|
| Total change in net assets | | <u><u>\$ 10,717,651</u></u> |
|----------------------------|--|-----------------------------|

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

CECIL COUNTY PUBLIC SCHOOLS

**STATEMENT OF REVENUE, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

GENERAL FUND

YEAR ENDED JUNE 30, 2009

| | Budgeted Amounts | | | |
|---|------------------|---------------|----------------------|---------------------|
| | Original | Final | Actual | Variance |
| Revenue | | | | |
| Intergovernmental | | | | |
| Cecil County, Maryland | \$ 69,915,162 | \$ 69,915,162 | \$ 69,915,162 | \$ - |
| State of Maryland | 98,330,416 | 99,218,528 | 98,692,515 | (526,013) |
| United States government | 6,822,795 | 9,166,385 | 8,421,918 | (744,467) |
| Other sources | | | | |
| Investment interest | 600,000 | 600,000 | 360,840 | (239,160) |
| Other | 4,600,000 | 2,969,853 | 1,770,357 | (1,199,496) |
| | | | | |
| Total revenue | 180,268,373 | 181,869,928 | 179,160,792 | (2,709,136) |
| Expenditures | | | | |
| Current | | | | |
| Administration | 4,443,441 | 4,392,656 | 3,972,509 | 420,147 |
| Mid-level administration | 13,632,467 | 13,610,518 | 13,463,355 | 147,163 |
| Instruction salaries | 67,954,391 | 68,071,684 | 67,418,883 | 652,801 |
| Instruction materials and supplies | 3,387,019 | 3,730,402 | 3,337,873 | 392,529 |
| Instruction other costs | 2,641,142 | 3,657,985 | 3,421,993 | 235,992 |
| Special education | 24,210,386 | 25,245,749 | 25,141,877 | 103,872 |
| Student personnel services | 983,245 | 1,179,127 | 1,178,331 | 796 |
| Student health services | 1,568,561 | 1,564,277 | 1,548,471 | 15,806 |
| Student transportation | 9,619,758 | 9,534,990 | 9,057,367 | 477,623 |
| Operation of plant | 12,861,442 | 12,644,815 | 11,455,733 | 1,189,082 |
| Maintenance of plant | 3,993,238 | 4,021,544 | 3,870,993 | 150,551 |
| Fixed charges | 34,388,267 | 33,570,528 | 31,443,817 | 2,126,711 |
| Community services | 307,039 | 370,676 | 302,251 | 68,425 |
| Capital outlay | 277,977 | 274,977 | 262,921 | 12,056 |
| | | | | |
| Total expenditures and encumbrances | 180,268,373 | 181,869,928 | 175,876,374 | 5,993,554 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES | <u>\$ -</u> | <u>\$ -</u> | <u>3,284,418</u> | <u>\$ 3,284,418</u> |
| Fund balance, beginning | | | <u>9,665,568</u> | |
| Fund balance, ending | | | <u>\$ 12,949,986</u> | |

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

**CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009**

| ASSETS | Retiree Benefit Trust Fund | Student Activity Agency Fund |
|---------------------------------------|---------------------------------------|---|
| | <u> </u> | <u> </u> |
| Cash and cash equivalents | \$ 2,172,840 | \$ 1,294,725 |
| Total assets | <u>2,172,840</u> | <u>1,294,725</u> |
| LIABILITIES AND NET ASSETS | | |
| Due to student groups | <u>-</u> | <u>1,294,725</u> |
| | <u>-</u> | <u>1,294,725</u> |
| Net Assets | <u>\$ 2,172,840</u> | <u>\$ -</u> |

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

**CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
RETIREE BENEFIT TRUST FUND
YEAR ENDED JUNE 30, 2009**

ADDITIONS

| | |
|----------------------------------|------------------|
| Contributions: | |
| Employer | \$ 938,632 |
| Member | 500 |
| Total contributions | <u>939,132</u> |
| Investment income: | |
| From investment activity: | |
| Interest/Dividends | 56,064 |
| Realized loss from investments | (60,839) |
| Unrealized loss from investments | (213,888) |
| Total investment activity | <u>(218,663)</u> |
| Investment activity expenses: | |
| Investment custodial fees | (7,533) |
| Total investment expenses | <u>(7,533)</u> |
| Total net additions | 712,936 |

DEDUCTIONS

| | |
|-----------------------------|---------------------|
| Administration service fees | 845 |
| Auditing fees | 3,131 |
| Insurance expense | 2,813 |
| Consulting | 653 |
| General legal fees | 12,531 |
| Offices supplies | 89 |
| Travel and education | 34 |
| Total deductions | <u>20,096</u> |
| Net assets - beginning | <u>1,480,000</u> |
| Net assets - ending | <u>\$ 2,172,840</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, consisting of five members elected to five-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 and establishing spending limitations. 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 include: 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 within the meaning of Governmental Accounting Standards Board Statement Numbers 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and is 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. The School System implemented GASB Statement Numbers 43 and 45 in fiscal year 2008.

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, which 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 fiscal year. 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 \$175,000 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 working over thirty hours per week 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 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

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 in the United States of America (GAAP). *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, 2009 – Non-GAAP | \$ 12,949,986 |
| Maryland State Department payments to State Retirement and Pension System on behalf of the School System for eligible employees | |
| Revenue | 11,076,893 |
| Expenditures | (11,076,893) |
| Current year encumbrances reported as expenditures for budget purposes and not in GAAP statements | (71,802) |
| Cumulative effect of encumbrances reported as expenditures in prior years | <u>(462,572)</u> |
| Fund Balance Ending, June 30, 2009 – GAAP Basis | <u>\$ 12,415,612</u> |

NOTE 3 CASH AND CASH EQUIVALENTS

In March 2003, the GASB issued No. 40 “Deposits and Investment Risk Disclosures,” which is effective for periods beginning after June 15, 2004. Risk disclosures in previous financial statements (under the provisions of GASB No. 3) focused only on custodial credit risk. GASB No. 40 not only addresses custodial credit risk but other common areas of investment risk as well.

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, 2009, the carrying amount and bank balances of the School System’s deposits with financial institutions totaled \$26,685,459 and \$27,701,388 respectively. All of the bank deposits are covered by federal deposit insurance and/or collateral held in the School System’s name.

| Government Funds | Carrying Amount | Bank Balance |
|---|----------------------------|-------------------------|
| <u>Deposits</u> | | |
| Insured - Federal Deposit Insurance Corporation | \$ 1,210,176 | \$ 1,211,445 |
| Uninsured - collateral held by bank in School System's name | 1,662,384 | 2,677,044 |
| Certificate of Deposit due within one year - collateral held by bank in the School System's name | 2,101,854 | 2,101,854 |
| Total deposits | 4,974,414 | 5,990,343 |
| <u>Investments</u> - Maryland Local Government Investment Pool | 21,711,045 | 21,711,045 |
| Total cash and investments | \$ 26,685,459 | \$ 27,701,388 |
| Reconciliation of above to the Statement of Net Assets: | | |
| General Fund | \$ 24,741,137 | \$ 25,662,008 |
| Special Revenue Fund | 604,907 | 604,907 |
| Capital Projects Fund | 44,690 | 44,690 |
| Total cash and cash equivalents - Statement of Net Assets | 25,390,734 | 26,311,605 |
| Fiduciary Fund | 1,294,725 | 1,389,783 |
| Total cash and investments | \$ 26,685,459 | \$ 27,701,388 |

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.

NOTE 4 INTER-FUND RECEIVABLES, PAYABLES

The composition of inter-fund balances as of June 30, 2009, 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 reimbursement | \$ 165,394 |
| General | Special Revenue | Deficit cash balance | <u>697,028</u> |
| Total | | | <u>\$ 862,422</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 2009:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|----------------------|------------------------|---------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 1,202,153 | \$ - | \$ - | \$ 1,202,153 |
| Construction-in-progress | <u>68,647,217</u> | <u>14,511,075</u> | <u>(24,654,626)</u> | <u>58,503,666</u> |
| Total capital assets not being depreciated | <u>69,849,370</u> | <u>14,511,075</u> | <u>(24,654,626)</u> | <u>59,705,819</u> |
| Capital assets being depreciated | | | | |
| Buildings | 174,121,660 | 19,064,541 | (444,169) | 192,742,032 |
| Improvements other than buildings | 4,668,799 | 3,079,187 | (1,892) | 7,746,094 |
| Furniture, equipment and vehicles | <u>23,066,130</u> | <u>3,587,333</u> | <u>(2,401,503)</u> | <u>24,251,960</u> |
| Total capital assets being depreciated | <u>201,856,589</u> | <u>25,731,061</u> | <u>(2,847,564)</u> | <u>224,740,086</u> |
| Less accumulated depreciation for | | | | |
| Buildings | (78,750,233) | (5,285,000) | 310,375 | (83,724,858) |
| Improvements other than buildings | (1,463,182) | (242,961) | 1,372 | (1,704,771) |
| Furniture, equipment and vehicles | <u>(13,135,537)</u> | <u>(2,754,802)</u> | <u>2,164,064</u> | <u>(13,726,275)</u> |
| Total accumulated depreciation | <u>(93,348,952)</u> | <u>(8,282,763)</u> | <u>2,475,811</u> | <u>(99,155,904)</u> |
| Total capital assets being depreciated, net | <u>108,507,637</u> | <u>17,448,298</u> | <u>(371,753)</u> | <u>125,584,182</u> |
| | <u>\$ 178,357,007</u> | <u>\$ 31,959,373</u> | <u>\$ (25,026,379)</u> | <u>\$ 185,290,001</u> |

Depreciation expense was charged to functions/programs as follows:

| <u>Government activities:</u> | <u>Amount</u> |
|-------------------------------|---------------------|
| Administration | \$ 373,426 |
| Mid-level administration | 105,930 |
| Instruction | 7,315,076 |
| Special education | 66,363 |
| Student personnel services | 1,663 |
| Student health services | 17,939 |
| Student transportation | 86,272 |
| Operation of plant | 65,350 |
| Maintenance of plant | 91,734 |
| Food and nutrition | 156,251 |
| Capital outlay | 2,759 |
| | <u>\$ 8,282,763</u> |

B. Construction Commitments

The School System has active construction projects as of June 30, 2009. 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 | \$ 50,364,864 | \$ 633,965 |
| Perryville Middle Addition/Renovation | 23,013,171 | - |
| Perryville High HVAC/Roofing | 2,334,426 | 476,563 |
| Cecil Technical High Planning | 2,389,862 | 4,827,969 |
| Calvert Elementary Addition/Renovation | 4,547,554 | 6,314,555 |
| Leeds Elementary HVAC | 11,223 | - |
| Total | <u>\$ 82,661,100</u> | <u>\$ 12,253,052</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

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:

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, 2009:

| <u>Asset</u> | <u>Total</u> |
|-----------------------------------|----------------------|
| Improvements other than buildings | \$ 9,328,794 |
| Technology equipment (FY2008) | 2,670,805 |
| Technology equipment (FY2009) | <u>1,318,263</u> |
| | \$ 13,317,862 |
| Less accumulated depreciation | <u>(2,393,197)</u> |
| | <u>\$ 10,924,665</u> |

| <u>Fiscal years ending June 30:</u> | <u>Total</u> |
|-------------------------------------|----------------------|
| 2010 | \$ 1,870,151 |
| 2011 | 1,870,181 |
| 2012 | 1,167,341 |
| 2013 | 813,910 |
| 2014 | 813,910 |
| 2015-2019 | 4,069,548 |
| 2020-2021 | <u>1,627,819</u> |
| Total payments | 12,232,860 |
| Less interest | <u>1,966,239</u> |
| Capitalized lease obligations | <u>\$ 10,266,621</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 | \$ 10,558,691 | \$ 1,318,263 | \$ (1,610,332) | \$ 10,266,621 | \$ 1,505,775 |
| Compensated absences | <u>2,798,363</u> | <u>396,824</u> | <u>(388,331)</u> | <u>2,806,856</u> | <u>368,397</u> |
| Long-term liabilities | <u>\$ 13,357,054</u> | <u>\$ 1,715,087</u> | <u>\$ (1,998,663)</u> | <u>\$ 13,073,477</u> | <u>\$ 1,874,172</u> |

NOTE 7 OPERATING LEASES

The School System has long-term commitments as lessee under various non-cancelable operating leases for warehouse space, office space and bus parking. Total rent expenditures incurred in fiscal year 2009 under these leases amounted to \$609,654. The aggregate future rental payments under these commitments are \$1,613,417 as summarized below:

| <u>Fiscal year ending June 30:</u> | <u>Building Rent</u> | <u>Office Equipment</u> |
|------------------------------------|----------------------|-------------------------|
| 2010 | \$ 231,191 | \$ 363,129 |
| 2011 | 238,128 | 349,647 |
| 2012 | 245,268 | 128,448 |
| 2013 | 40,878 | 16,728 |
| 2014 | - | - |
| Total | <u>\$ 755,465</u> | <u>\$ 857,952</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 \$66,068,807 during the fiscal year ended June 30, 2009, were used in the designated programs, did not supplant funding for the unrestricted programs. The general and special revenue funds accounted for approximately \$51,554,961 and the capital project fund accounted for approximately \$14,513,846.

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, 2009, are estimated to be in the amount of \$1,549,000. This amount is \$231,400 greater than the claims estimated to be outstanding in the prior year.

| Fiscal Year | Beginning Balance | Increase | Decrease | Ending Balance |
|--------------------|--------------------------|-----------------|-----------------|-----------------------|
| 2008 | \$ 1,325,000 | \$ - | \$ 7,400 | 1,317,600 |
| 2009 | \$ 1,317,600 | \$ 231,400 | \$ - | 1,549,000 |

C. Sick Leave

As of June 30, 2009, the amount of accumulated unused sick leave was estimated to be \$29,514,882. 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 for not more than ten days of 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, 2009, the amount of accumulated unused sick leave included in the sick leave bank was estimated to be \$988,693. The sick leave bank is an extra source of sick leave available to those employees who are eligible to participate. Participation is based on a formula for donating sick days to the bank. The donation calculation considers the employee type and the employee's 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, 2009, 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; although the system, based on past experience, does not expect such amounts, if any, to be significant.

F. Labor Relations

This fiscal year represents the second year of a three year collective bargaining agreement with the Cecil County Classroom Teachers' Association (CCCTA), reached in fiscal year 2008, which provides for a Cost of Living Adjustments (COLA) of 1.1% for fiscal 2010 and a COLA at the CPI-U rate not to exceed 4.0% 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 second year of a three year collective bargaining agreement with the Cecil County Public Schools Administrators' and Supervisors' Association (CCPSASA) which provides for a COLA increase of 1.1% for fiscal 2010 and a COLA at the CPI-U rate not to exceed 4.0% 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 an extension to a fourth year of a three year collective bargaining agreement with the Cecil Education Support Personnel Association (CESPA) which provides for a 1.1% 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 resulted in a three year agreement with COLA increases of 4.0%, 4.5% and 4.0% in fiscal years 2007, 2008 and 2009 which has been extended through 2010 and provides for a COLA increase of 1.1%. 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 2009 were 11.7% for the Teacher Systems and 7.37% 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, 2009 was \$11,076,893. The fiscal 2009 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, 2009, 2008, and 2007 were \$1,325,949, \$1,507,179 and \$1,294,625 respectively, all of which were 100% of the required contribution.

The computation of the pension contribution requirements for fiscal year 2009 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 \$3,075 for 14 years-of-service up to \$6,327 for 30+ years of service. Retirees age 65+ or eligible for medicare may receive from \$1,898 for 14 years of service up to \$3,198 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 2009, retirees contributed \$1.7 million or 42.9% of the total premiums and benefits cost of \$3.9 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 will qualify as "contributions in relation to the actuarial required contribution" within the meaning of GASB Statement Number 45 and that the Trust will qualify as a "trust or equivalent arrangement" within the meaning of GASB Statements 43 and 45.

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 Pool issues a publicly available financial 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.

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.

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 of GASB Statement 45. 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>(612,078)</u> |
| Annual OPEB cost | 3,163,196 |
| Payments to retirees from general fund | (2,224,564) |
| 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, are as follows:

| Fiscal Year | Annual OPEB | Percentage of Annual | Net OPEB |
|--------------------|--------------------|-----------------------------|-------------------|
| Ended | Cost | OPEB Cost | Obligation |
| Ended | Cost | Contributed | Obligation |
| June 30, 2009 | \$ 3,163,196 | 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, 2009, there were \$2.17 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 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.

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**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 | \$ - | \$ 42,714,000 | \$ 42,714,000 | 0.0% | \$ 106,223,798 | 40.2% |
| July 1, 2008 | \$ - | \$ 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% |

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INDIVIDUAL FUND
FINANCIAL STATEMENT

CECIL COUNTY PUBLIC SCHOOLS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITIES
YEAR ENDED JUNE 30, 2009

| | <u>Balance</u> <u>June 30, 2008</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2009</u> |
|---------------------------|--|---------------------|-----------------------|--|
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,389,644 | \$ 2,827,260 | \$ (2,922,179) | \$ 1,294,725 |
| Total Assets | <u>\$ 1,389,644</u> | <u>\$ 2,827,260</u> | <u>\$ (2,922,179)</u> | <u>\$ 1,294,725</u> |
| | | | | |
| Liabilities: | | | | |
| Due to student groups | \$ 1,389,644 | \$ 2,827,260 | \$ (2,922,179) | \$ 1,294,725 |
| Total Liabilities | <u>\$ 1,389,644</u> | <u>\$ 2,827,260</u> | <u>\$ (2,922,179)</u> | <u>\$ 1,294,725</u> |

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**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> | |

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

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | | | | | |
| Invested in capital assets net of related debt | \$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 | 47,460 | 40,074 | 611,410 | 487,935 | 346,608 | 336,530 | 335,461 | 29,460 |
| Unrestricted | 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 | \$184,830,007 | \$174,112,356 | \$162,204,411 | \$126,044,708 | \$110,943,488 | \$110,752,385 | \$111,909,918 | \$110,355,170 |

Source: Statement of Net Assets
Note: Data is not available for 2000-2001

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

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | |
| Government activities: | | | | | | | | |
| Administration | \$ 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 | 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 | 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 | 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 | 11,067,537 | 8,698,392 | 4,801,808 | 4,288,118 | 4,858,382 | 1,650,215 | 1,708,612 | 1,312,826 |
| Special education | 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 | 1,562,735 | 1,163,427 | 993,420 | 973,329 | 878,333 | 796,439 | 747,294 | 747,526 |
| Student health services | 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 | 9,270,764 | 9,479,243 | 8,633,675 | 8,305,099 | 7,570,359 | 7,051,501 | 6,713,711 | 6,238,274 |
| Operation of plant | 13,531,123 | 14,126,567 | 12,366,791 | 11,372,420 | 10,644,108 | 9,475,506 | 9,117,663 | 8,044,433 |
| Maintenance of plant | 4,684,698 | 4,857,755 | 4,794,585 | 4,472,663 | 3,802,878 | 3,789,486 | 3,488,245 | 3,796,502 |
| Food and nutrition | 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 | 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 | 102,772 | 834 | 1,612 | 13,672 | 14,030 | - | - | - |
| Total governmental activities expenses | <u>\$ 200,005,513</u> | <u>\$ 193,566,427</u> | <u>\$ 176,419,162</u> | <u>\$ 166,384,185</u> | <u>\$ 149,137,238</u> | <u>\$ 142,781,470</u> | <u>\$ 135,574,042</u> | <u>\$ 126,200,986</u> |
| Program Revenues | | | | | | | | |
| Government activities: | | | | | | | | |
| Charges for services: | | | | | | | | |
| Instruction salaries | \$ 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 | 2,913,331 | 2,951,531 | 2,779,343 | 2,664,251 | 2,584,766 | 2,633,070 | 2,468,692 | 4,029,520 |
| Community services | 18,931 | 27,476 | 26,698 | 27,409 | 6,482 | - | - | - |
| Operating grants and contributions | 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 | 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 | <u>\$ 69,455,896</u> | <u>\$ 70,123,734</u> | <u>\$ 84,490,990</u> | <u>\$ 63,445,352</u> | <u>\$ 40,863,762</u> | <u>\$ 39,575,771</u> | <u>\$ 39,490,529</u> | <u>\$ 40,566,415</u> |
| Total governmental activities net expense | (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 | \$ 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 | 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 | 382,313 | 852,892 | 1,143,097 | 781,976 | 272,663 | 171,972 | 203,401 | 305,743 |
| Miscellaneous | 1,146,445 | 974,052 | 215,963 | 235,953 | 74,630 | 37,987 | 346,805 | 624,261 |
| Total governmental activities | <u>\$ 141,267,268</u> | <u>\$ 135,350,638</u> | <u>\$ 128,087,875</u> | <u>\$ 118,040,053</u> | <u>\$ 108,464,579</u> | <u>\$ 102,048,166</u> | <u>\$ 98,089,900</u> | <u>\$ 89,834,410</u> |
| Change in Net Assets | <u>\$ 10,717,651</u> | <u>\$ 11,907,945</u> | <u>\$ 36,159,703</u> | <u>\$ 15,101,220</u> | <u>\$ 191,103</u> | <u>\$ (1,157,533)</u> | <u>\$ 2,006,387</u> | <u>\$ 4,199,839</u> |

Source: Statement of Activities

Notes: Data is not available for years 2000-2001. Capital Outlay includes unallocated depreciation in years 2002, 2003 2004. Capital Outlay was allocated to other functions in 2009.

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

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 71,802 | \$ 95,090 | \$ - | \$ 43,726 | \$ 4,229 | \$ 4,948 | \$ 23,034 | \$ 66,994 | \$ 290,308 | \$ 1,019,514 |
| Unreserved | <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> | <u>2,664,387</u> |
| Total general fund | <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> | <u>\$ 3,683,901</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,058 | \$ 97,813 | \$ 266,593 | \$ 172,035 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | 150,411 | (58,865) | 563,932 | 1,022,983 | 1,273,543 | 1,104,490 | 1,206,893 | 1,169,661 | 1,123,880 | 894,863 |
| Capital project fund | <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> | <u>221,890</u> |
| Total all other governmental funds | <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> | <u>\$ 1,288,788</u> |

Source: Balance Sheet - Governmental Funds

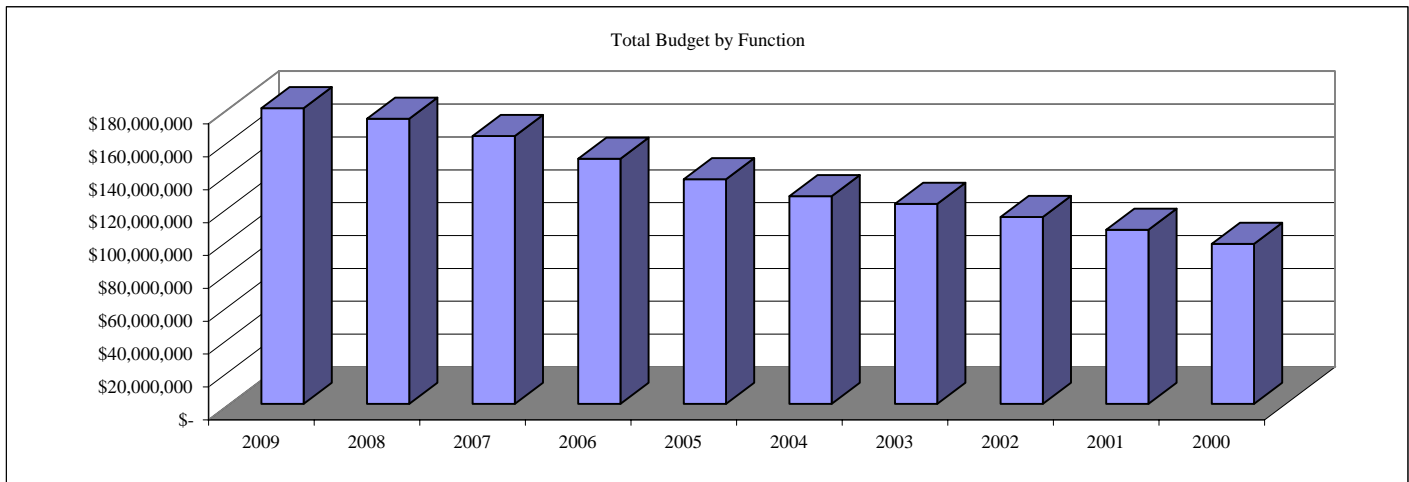
CECIL COUNTY PUBLIC SCHOOLS
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|--|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | |
| Cecil County | \$ 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 | \$ 57,074,717 |
| State of Maryland | 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 | 56,319,015 |
| United States government | 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 | 6,233,544 |
| Other sources | | | | | | | | | | |
| Sale of food | 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 | 1,861,754 |
| Investment interest | 382,313 | 852,892 | 1,143,097 | 781,977 | 272,663 | 171,972 | 203,401 | 305,743 | 724,233 | 662,381 |
| Other | 1,829,221 | 1,664,741 | 1,142,843 | 807,592 | 783,004 | 710,791 | 770,885 | 732,682 | 772,809 | 430,682 |
| Total revenue | \$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 | \$ 122,582,093 |
| Expenditures | | | | | | | | | | |
| Administration | \$ 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 | \$ 2,198,475 |
| Mid-level administration | 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 | 8,130,319 |
| Instruction | | | | | | | | | | |
| Salaries | 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 | 40,532,997 |
| Materials and supplies | 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 | 2,503,689 |
| Other costs | 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 | 1,877,031 |
| Special education | 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 | 10,782,310 |
| Student personnel services | 1,181,589 | 876,693 | 757,159 | 741,104 | 682,552 | 618,698 | 587,119 | 585,766 | 324,606 | 307,252 |
| Student health services | 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 | 853,066 |
| Student transportation | 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 | 5,373,364 |
| Operation of plant | 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 | 6,436,321 |
| Maintenance of plant | 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 | 2,185,264 |
| Fixed charges | 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 | 20,108,249 |
| Community services | 303,880 | 304,802 | 247,512 | 359,832 | 288,500 | 658,716 | 783,449 | 560,804 | 574,469 | 286,476 |
| Food service | | | | | | | | | | |
| Salaries and wages | 2,320,630 | 2,279,254 | 2,068,668 | 1,869,478 | 1,679,448 | 1,653,166 | 1,520,737 | | | |
| Food | 2,358,512 | 2,644,705 | 2,363,182 | 2,275,904 | 2,025,601 | 2,086,816 | 1,885,482 | | | |
| Contracted services | 40,293 | 98,591 | 51,788 | 39,740 | 41,033 | 208,977 | 21,804 | | | |
| Supplies and materials | 170,666 | 198,850 | 251,665 | 324,717 | 154,796 | 15,555 | 171,084 | | | |
| Other operating cost | 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 | 11,805,596 |
| Debt service | | | | | | | | | | |
| Principal | - | - | 99,691 | 96,442 | 3,067,686 | 3,161,444 | - | - | - | - |
| Interest | - | - | 10,422 | 13,672 | 1,796,816 | 1,788,344 | - | - | - | - |
| Total expenditures | \$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 | \$ 122,335,080 |
| Excess of revenues over (under) expenditures | 2,182,817 | (7,263,398) | 3,673,573 | (4,509,317) | 4,213 | 218,506 | 926,696 | 207,264 | (1,046,339) | 247,013 |
| Other financing sources (uses) | | | | | | | | | | |
| Proceeds of capital lease obligation | 1,318,263 | 7,921,961 | - | 4,077,640 | 520,556 | - | - | - | - | - |
| Net change in fund balances | \$ 3,501,080 | \$ 658,563 | \$ 3,673,573 | \$ (431,677) | \$ 524,769 | \$ 218,506 | \$ 926,696 | \$ 207,264 | \$ (1,046,339) | \$ 247,013 |

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

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

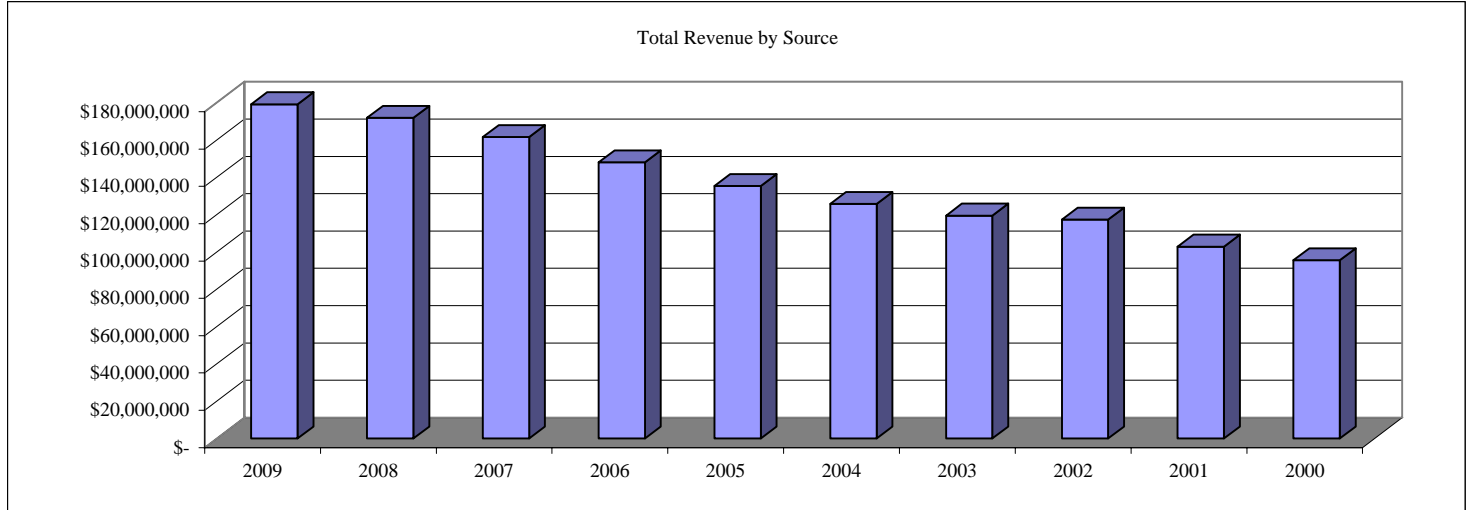
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Administration | \$ 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 | \$ 2,181,414 |
| Mid-level administration | 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 | 8,139,991 |
| Instruction salaries | 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 | 41,214,527 |
| Instruction supplies | 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 | 2,398,835 |
| Instruction other costs | 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 | 1,791,951 |
| Special education | 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 | 10,798,339 |
| Student personnel services | 1,179,127 | 1,056,848 | 781,833 | 743,728 | 689,043 | 660,188 | 588,348 | 585,871 | 336,583 | 309,120 |
| Student health services | 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 | 881,353 |
| Pupil transportation | 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 | 5,433,938 |
| Operation of plant | 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 | 6,760,749 |
| Maintenance of plant | 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 | 2,832,640 |
| Fixed charges | 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 | 14,010,534 |
| Community services | 370,676 | 412,116 | 191,454 | 117,788 | 115,704 | 659,912 | 104,807 | 99,416 | 96,052 | 92,103 |
| Capital outlay | 274,977 | 262,337 | 367,481 | 407,936 | 379,070 | 104,816 | 1,002,137 | 612,169 | 799,424 | 618,799 |
| Total Budget by Function | \$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 | \$ 97,464,293 |
| Increase over prior year | \$ 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% | \$ 5,719,810 6.2% |



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**

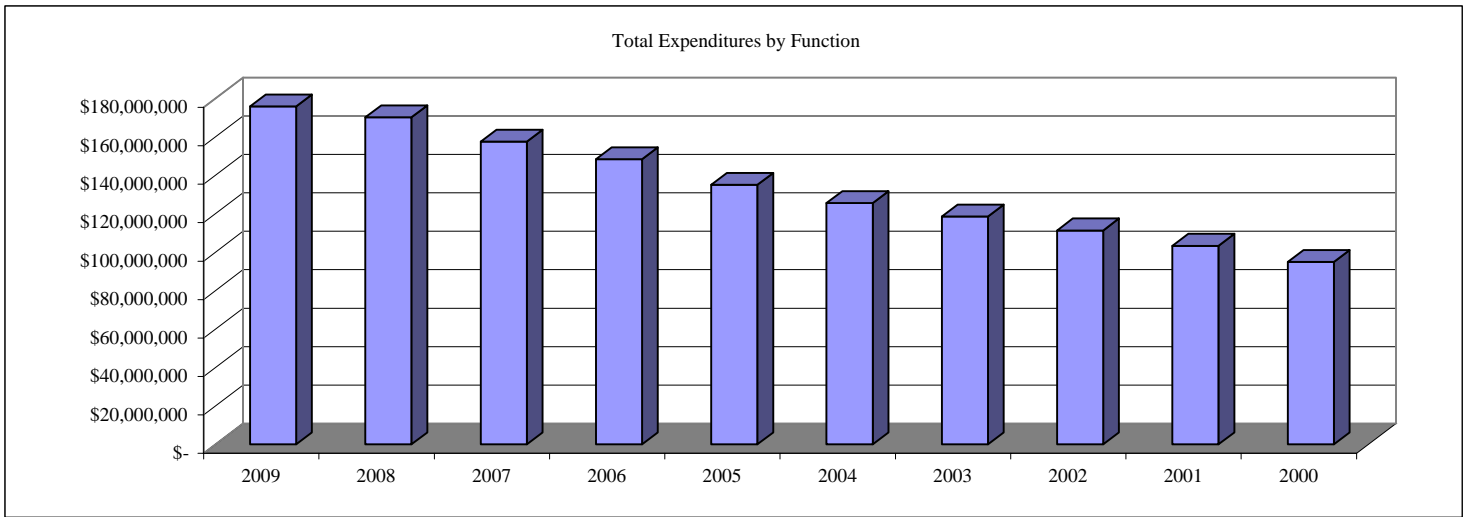
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|
| Cecil County | \$ 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 | \$ 45,407,433 |
| State of Maryland | 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 | 44,138,375 |
| Federal government | 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 | 5,030,632 |
| Other sources | | | | | | | | | | |
| Interest earned | 360,840 | 782,377 | 968,642 | 557,947 | 234,895 | 152,894 | 174,169 | 264,254 | 648,589 | 587,853 |
| Other | 1,769,954 | 1,641,233 | 1,006,559 | 771,363 | 668,173 | 584,830 | 531,463 | 449,347 | 503,918 | 367,217 |
| Total revenue by source | \$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 | \$ 95,531,510 |
| Increase over prior year | \$ 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% | \$ 4,912,214 5.4% |



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**

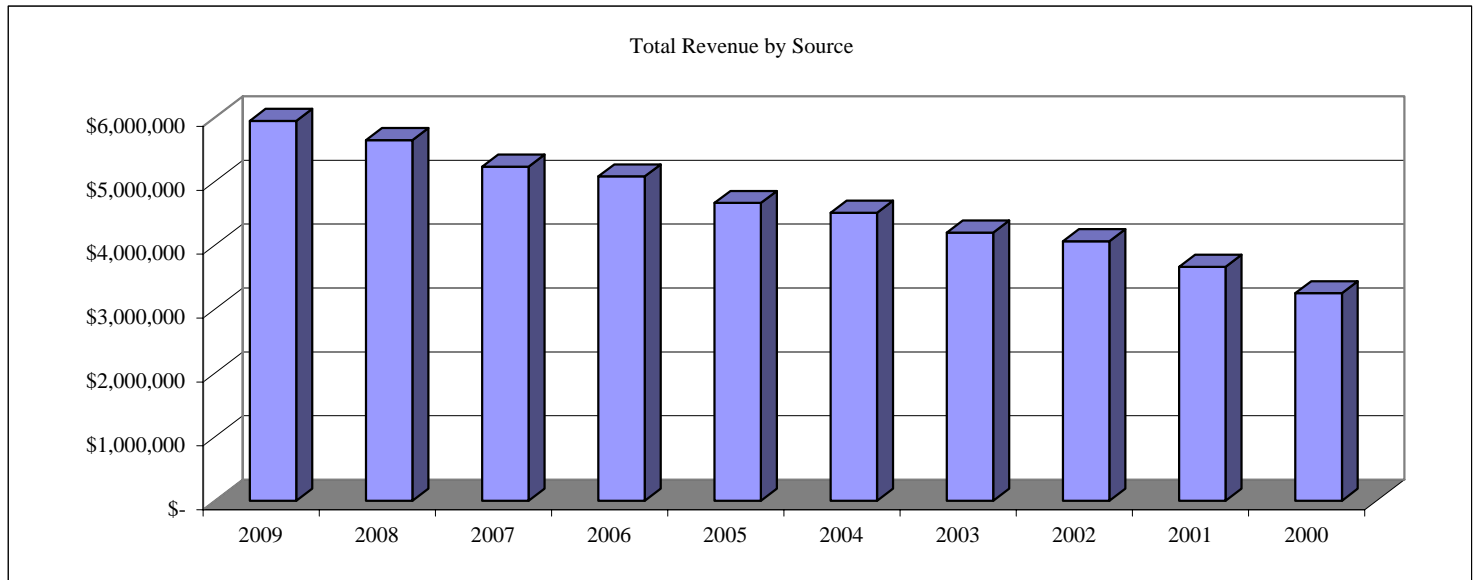
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Administration | \$ 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 | \$ 2,172,441 |
| Mid-level administration | 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 | 8,129,321 |
| Instruction | | | | | | | | | | |
| Salaries | 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 | 40,532,997 |
| Materials and supplies | 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 | 2,149,937 |
| Other costs | 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 | 1,753,808 |
| Special education | 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 | 10,799,483 |
| Student personnel services | 1,178,331 | 876,691 | 757,159 | 741,104 | 682,552 | 618,698 | 587,348 | 585,766 | 324,372 | 307,406 |
| Student health services | 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 | 853,253 |
| Student transportation | 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 | 5,370,242 |
| Operation of plant | 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 | 6,600,335 |
| Maintenance of plant | 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 | 2,362,644 |
| Fixed charges | 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 | 13,486,499 |
| Community services | 302,251 | 304,801 | 247,512 | 359,832 | 288,500 | 658,716 | 783,449 | 560,841 | 574,469 | 286,476 |
| Capital outlay | 262,921 | 261,222 | 187,698 | 117,227 | 114,296 | 70,085 | 80,542 | 97,852 | 96,505 | 89,663 |
| Total expenditures by function | \$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 | \$ 94,894,505 |
| Increase over prior year | 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% | 4,841,607 5.4% |



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**

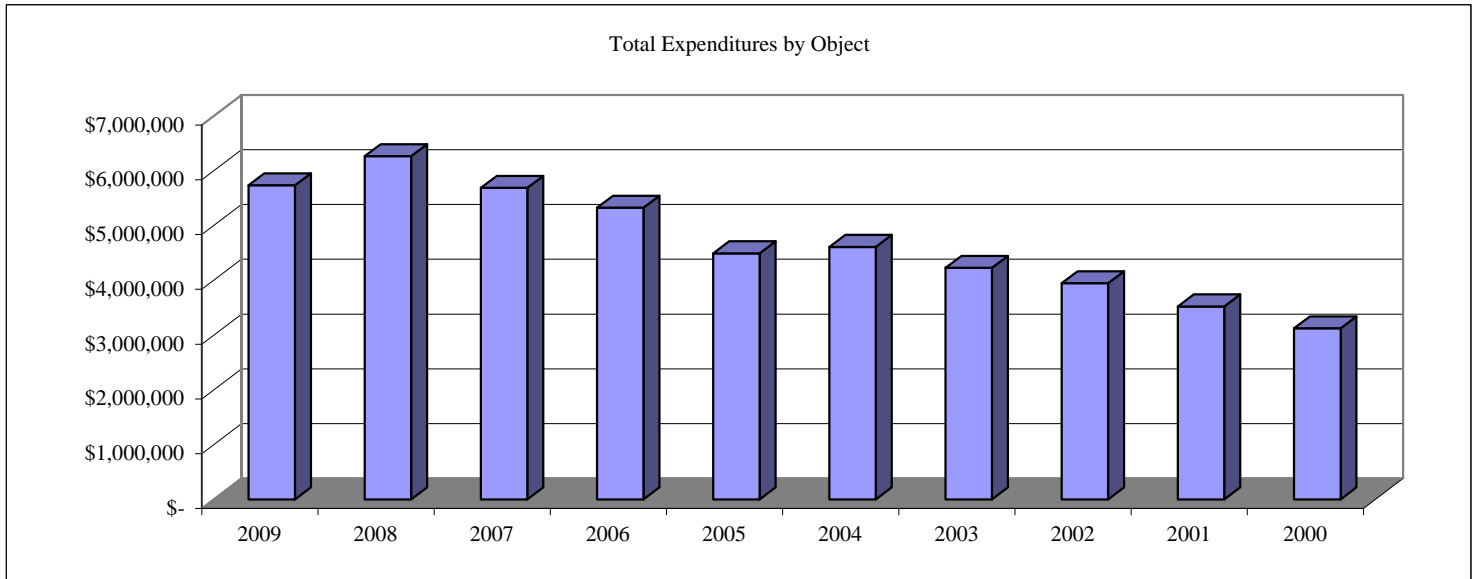
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| State of Maryland | \$ 241,016 | \$ 272,031 | \$ 226,256 | \$ 176,781 | \$ 146,114 | \$ 144,287 | \$ 129,944 | \$ - | \$ 59,586 | \$ 63,176 |
| Federal government | 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 | 1,268,537 |
| Sale of meals | 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 | 1,861,754 |
| Interest earned | 16,858 | 38,294 | 55,430 | 85,202 | 28,814 | 14,826 | 23,325 | 31,449 | 54,342 | 54,442 |
| Other | - | 1,032 | 5,717 | 3,302 | 3,504 | - | 8,250 | - | - | - |
| Total revenue by source | \$ 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 | \$ 3,247,909 |
| Increase over prior year | \$ 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% | \$ 189,947 6.2% |



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**

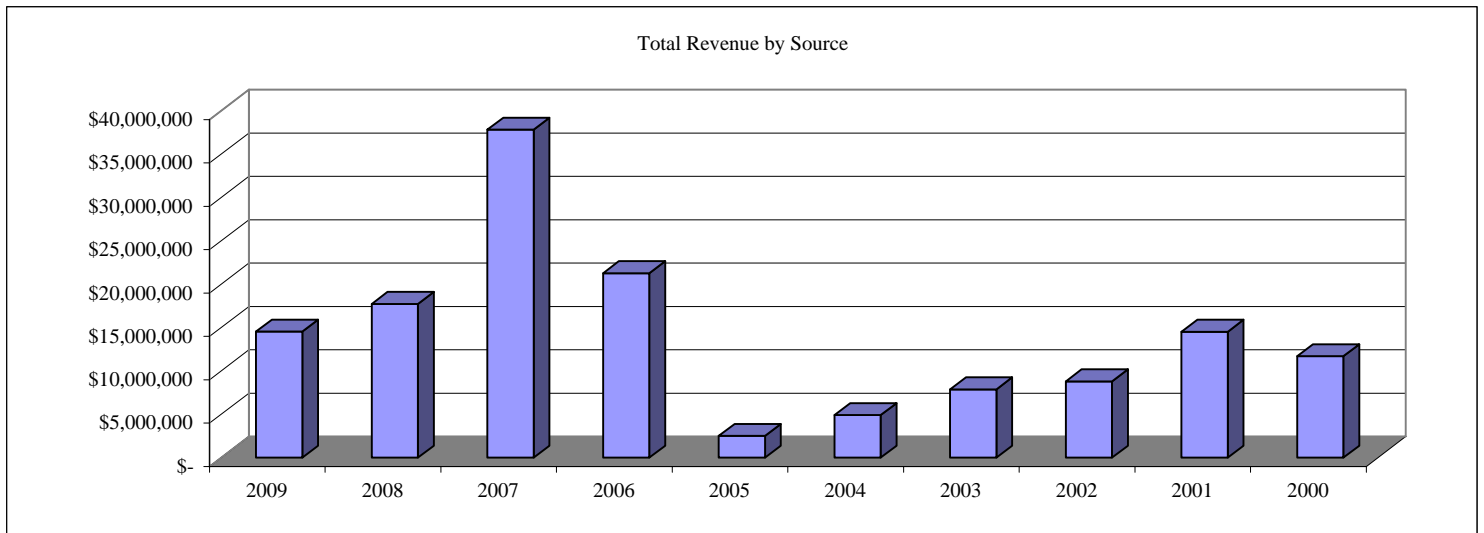
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|-------------------------------------|-----------------------|---------------------|--------------------|---------------------|-----------------------|--------------------|--------------------|---------------------|---------------------|--------------------|
| Salary | \$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 | \$1,201,321 |
| Food, incl. donated comm. | 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 | 1,463,665 |
| Contracted service | 40,293 | 98,591 | 51,788 | 39,740 | 41,033 | 208,977 | 21,804 | 150,934 | 23,282 | 7,245 |
| Supplies | 170,666 | 198,850 | 251,665 | 324,717 | 154,796 | 155,557 | 171,084 | 106,807 | 126,648 | 94,513 |
| Other charges | 828,941 | 844,184 | 784,448 | 696,407 | 396,027 | 428,732 | 516,993 | 343,479 | 311,765 | 309,069 |
| Equipment | 15,411 | 201,836 | 169,366 | 120,094 | 194,923 | 76,636 | 110,330 | 89,301 | 146,361 | 47,618 |
| Total expenditures by object | \$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 | \$3,123,431 |
| Increase over prior year | \$ (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% | \$ 253,410 8.8% |



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**

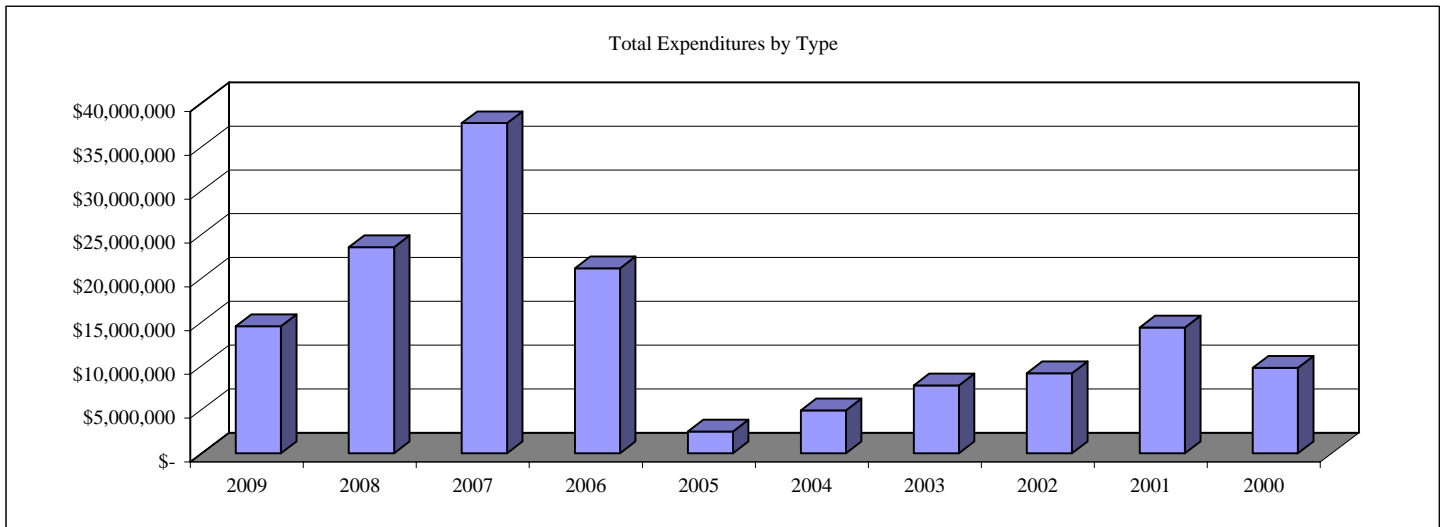
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|--------------------------|--------------------------|--------------------------|------------------------|-------------------------|-------------------------|-------------------------|-----------------------|-------------------------|-----------------------|----------------------|
| Cecil County | \$ 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 | \$ 5,885,708 |
| State of Maryland | 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 | 5,760,582 |
| Federal government | - | - | - | - | - | - | - | - | - | - |
| Interest earned | 4,615 | 32,221 | 119,025 | 138,828 | 8,953 | 4,253 | 5,907 | 10,040 | 21,302 | 20,086 |
| Other | 59,267 | 22,476 | 130,567 | 32,927 | 111,327 | 125,961 | 231,172 | 53,484 | 268,891 | 16,825 |
| Total | \$ 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 | \$ 11,683,201 |
| Increase over prior year | \$ (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% | \$ 555,741 5.0% |



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**

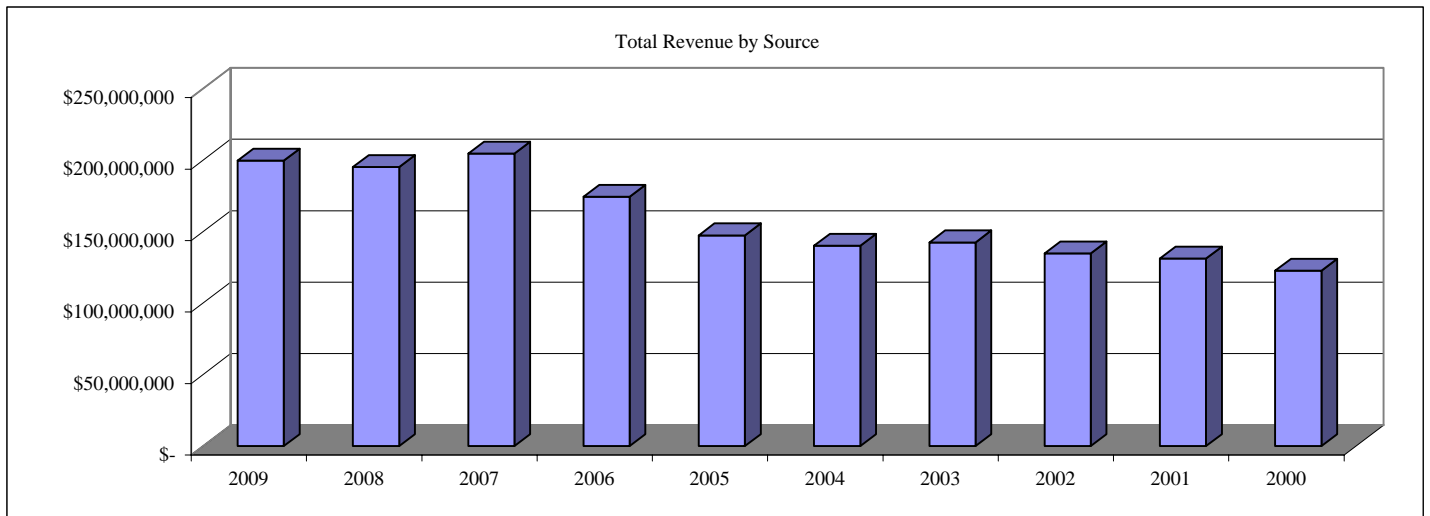
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|-----------------------------------|---------------------------------|----------------------------------|-------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------|------------------------------|
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Building | 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 | 8,815,489 |
| Site improvement | 64,539 | 16,482 | 37,306 | - | - | - | 89,780 | 3,880 | 7,464 | 59,804 |
| Remodeling | 77,703 | - | - | - | - | 2,772,467 | 1,044,782 | 755,150 | 2,085,673 | 373,549 |
| Equipment | 56,497 | 10,893 | 126,117 | 30,428 | 207,480 | 384,629 | 554,527 | 589,990 | 588,224 | 495,631 |
| Total expenditures by type | \$ 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 | \$ 9,744,473 |
| Increase over prior year | \$ (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% | \$ (565,366) -5.5% |



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**

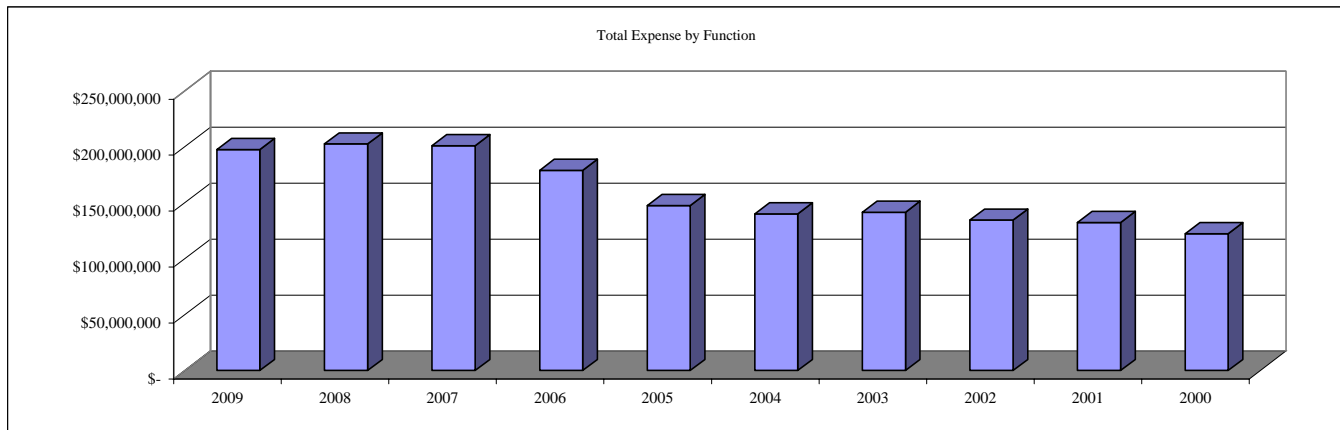
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|--------------------------------|-----------------------|-------------------------|------------------------|------------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cecil County | \$ 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 | \$ 57,074,717 |
| State of Maryland | 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 | 56,319,015 |
| Federal government | 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 | 6,233,544 |
| Sale of meals | 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 | 1,861,754 |
| Interest earned | 382,313 | 852,892 | 1,143,097 | 781,977 | 272,662 | 171,972 | 203,401 | 305,743 | 724,233 | 662,381 |
| Other | 1,829,221 | 1,664,741 | 1,142,843 | 807,592 | 783,004 | 710,790 | 770,885 | 732,682 | 772,809 | 430,682 |
| Total revenue by source | \$ 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 | \$ 122,582,093 |
| Increase over prior year | \$ 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% | \$ 7,550,211 6.6% |



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**

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---------------------------------------|--------------------------------|-----------------------------|-------------------------------|-------------------------------|-----------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Administration | \$ 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 | \$ 2,198,475 |
| Mid-level administration | 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 | 8,130,319 |
| Instruction | | | | | | | | | | |
| Salaries | 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 | 40,532,997 |
| Materials and supplies | 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 | 2,503,689 |
| Other costs | 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 | 1,877,031 |
| Special education | 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 | 10,782,310 |
| Student personnel services | 1,181,589 | 876,693 | 757,159 | 741,104 | 682,552 | 618,698 | 587,119 | 585,766 | 324,606 | 307,252 |
| Student health services | 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 | 853,066 |
| Student transportation | 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 | 5,373,364 |
| Operation of plant | 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 | 6,436,321 |
| Maintenance of plant | 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 | 2,185,264 |
| Fixed charges | 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 | 20,108,249 |
| Community services | 303,880 | 304,802 | 247,512 | 359,832 | 288,500 | 658,716 | 783,449 | 560,804 | 574,469 | 286,476 |
| Food and nutrition | 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 | 3,103,136 |
| 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 | 11,805,596 |
| Debt service | - | - | 110,113 | 110,114 | 4,864,502 | 4,949,788 | 4,869,358 | 4,269,428 | 4,156,005 | 5,851,535 |
| Total expenditures by function | \$ 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 | \$ 122,335,080 |
| Increase over prior year | \$ (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% | \$ 8,480,844 7.4% |



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

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

| | 2009 Capacity | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|-----------------------------------|------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| County Population: | | 99,926 | 103,490 | 99,506 | 97,796 | 95,536 | 92,955 | 90,335 | 88,394 | 86,481 | 85,951 |
| <u>Elementary Schools:</u> | | | | | | | | | | | |
| Bainbridge Elementary | 449 | 383 | 259 | 240 | 264 | 278 | 292 | 301 | 304 | 308 | 327 |
| Bay View Elementary | 608 | 615 | 609 | 602 | 595 | 540 | 503 | 466 | 485 | 434 | 435 |
| Calvert Elementary | 284 | 321 | 338 | 334 | 341 | 355 | 360 | 364 | 389 | 357 | 370 |
| Cecil Manor Elementary | 523 | 454 | 472 | 473 | 460 | 478 | 524 | 539 | 513 | 527 | 531 |
| Cecilton Elementary | 350 | 339 | 311 | 327 | 337 | 319 | 309 | 336 | 376 | 367 | 357 |
| Charlestown Elementary | 292 | 200 | 196 | 206 | 198 | 184 | 168 | 184 | 180 | 191 | 221 |
| Chesapeake City Elementary | 353 | 307 | 291 | 290 | 302 | 301 | 286 | 305 | 325 | 344 | 356 |
| Conowingo Elementary | 534 | 567 | 553 | 552 | 544 | 528 | 512 | 534 | 544 | 582 | 566 |
| Elk Neck Elementary | 501 | 446 | 443 | 418 | 418 | 423 | 479 | 605 | 615 | 648 | 643 |
| Gilpin Manor Elementary | 416 | 431 | 372 | 405 | 424 | 455 | 463 | 469 | 447 | 413 | 413 |
| Holly Hall Elementary | 624 | 619 | 577 | 547 | 587 | 579 | 531 | 490 | 483 | 475 | 446 |
| Kenmore Elementary | 306 | 315 | 329 | 316 | 296 | 307 | 326 | 337 | 344 | 355 | 390 |
| Leeds Elementary | 408 | 402 | 404 | 417 | 395 | 407 | 426 | 440 | 440 | 461 | 452 |
| North East Elementary | 542 | 492 | 493 | 524 | 521 | 515 | 487 | 373 | 396 | 399 | 367 |
| Perryville Elementary | 593 | 375 | 387 | 366 | 370 | 430 | 438 | 450 | 496 | 526 | 523 |
| Rising Sun Elementary | 715 | 721 | 823 | 830 | 839 | 798 | 754 | 726 | 726 | 751 | 767 |
| Thomson Estates Elementary | 614 | 533 | 535 | 548 | 598 | 619 | 683 | 662 | 675 | 670 | 677 |
| Elementary School Total: | 8,112 | 7,520 | 7,392 | 7,395 | 7,489 | 7,516 | 7,541 | 7,581 | 7,738 | 7,808 | 7,841 |
| <u>Middle Schools:</u> | | | | | | | | | | | |
| Bohemia Manor Middle | 601 | 478 | 488 | 508 | 513 | 551 | 544 | 522 | 498 | 480 | 441 |
| Cherry Hill Middle | 775 | 494 | 498 | 524 | 571 | 565 | 536 | 560 | 532 | 528 | 535 |
| Elkton Middle | 712 | 626 | 652 | 663 | 662 | 662 | 636 | 593 | 572 | 546 | 519 |
| North East Middle | 712 | 753 | 769 | 831 | 826 | 822 | 822 | 797 | 788 | 784 | 756 |
| Perryville Middle | 860 | 615 | 627 | 686 | 709 | 721 | 767 | 771 | 756 | 822 | 777 |
| Rising Sun Middle | 818 | 688 | 717 | 714 | 712 | 710 | 743 | 747 | 735 | 670 | 631 |
| Middle School Total: | 4,478 | 3,654 | 3,751 | 3,926 | 3,993 | 4,031 | 4,048 | 3,990 | 3,881 | 3,830 | 3,659 |
| <u>High Schools:</u> | | | | | | | | | | | |
| Bohemia Manor High | 643 | 733 | 742 | 739 | 717 | 671 | 658 | 580 | 562 | 520 | 485 |
| Elkton High | 1,380 | 1,112 | 1,120 | 1,109 | 1,097 | 1,066 | 1,039 | 1,012 | 966 | 941 | 937 |
| North East High | 1,009 | 1,084 | 1,143 | 1,114 | 1,110 | 1,094 | 1,079 | 991 | 939 | 925 | 919 |
| Perryville High | 944 | 905 | 948 | 972 | 986 | 1,039 | 1,039 | 1,019 | 1,044 | 968 | 896 |
| Rising Sun High | 924 | 1,201 | 1,194 | 1,166 | 1,129 | 1,117 | 1,068 | 1,027 | 945 | 880 | 893 |
| High School Total: | 4,900 | 5,035 | 5,147 | 5,100 | 5,039 | 4,987 | 4,883 | 4,629 | 4,456 | 4,234 | 4,130 |
| <u>Other Schools:</u> | | | | | | | | | | | |
| Cecil County High School* | 48 | 90 | 85 | 29 | - | 1 | 3 | 3 | 20 | 33 | 50 |
| School of Technology* | 475 | 479 | 550 | 512 | 458 | 464 | 557 | 518 | 455 | N/A | N/A |
| Grand Total | 18,013 | 16,209 | 16,290 | 16,421 | 16,521 | 16,535 | 16,475 | 16,203 | 16,095 | 15,905 | 15,680 |
| High School Graduates: | | 1,095 | 1,113 | 1,003 | 996 | 1,048 | 950 | 907 | 892 | 823 | 829 |

*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 | 2000 | | | 2009 | | |
|---|--------------|------|---------------------------------------|--------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment | Employees | Rank | Percentage of Total County Employment |
| Cecil County Board of Education | 1,821 | 2 | 3.97% | 2,464 | 1 | 4.83% |
| W. L. Gore & Associates, Inc. | 1,870 | 1 | 4.07% | 2,300 | 2 | 4.51% |
| Perry Point V.A. Hospital | 1,303 | 3 | 2.84% | 1,125 | 3 | 2.21% |
| ATK Taktical Systems (formerly Thiokol Corp.) | 415 | 8 | 0.90% | 795 | 4 | 1.56% |
| Union Hospital | 714 | 4 | 1.56% | 713 | 5 | 1.40% |
| Cecil County Government | 454 | 7 | 0.99% | 610 | 6 | 1.20% |
| Wal-Mart Stores, Inc. | * | | | 500 | 7 | 0.98% |
| IKEA/Genco | N/A | N/A | N/A | 370 | 8 | 0.73% |
| Terumo Medical Corporation | 471 | 6 | 1.03% | 345 | 9 | 0.68% |
| Cecil College | * | | | 300 | 10 | 0.59% |
| Basell North America, Inc. (formerly Montell USA) | 237 | 10 | 0.52% | * | | |
| Acme Markets | 245 | 9 | 0.53% | * | | |
| Maryland Transportation Authority | 472 | 5 | 1.03% | * | | |
| Totals | 8,002 | | 17.45% | 9,522 | | 18.71% |

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

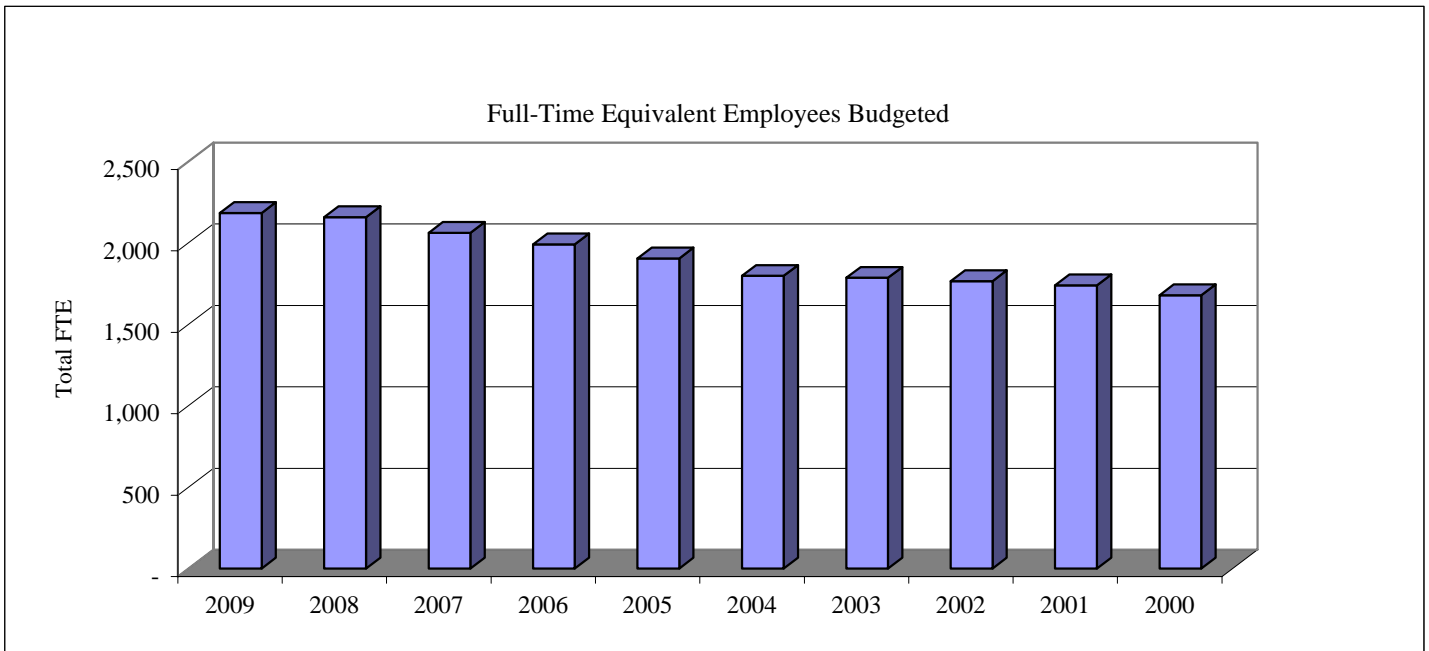
**CECIL COUNTY, MARYLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

| Calendar Year | Population | Personal Income (amounts expressed in thousands) | Per Capita Income | Employment | Unemployment Rate | Median Price of Housing Sales | School Enrollment |
|---------------|------------|---|-------------------|------------|-------------------|-------------------------------|-------------------|
| 2008 | 99,926 | \$ 3,206,925 | \$ 32,093 | 48,310 | 5.3% | \$ 262,113 | 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**

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Administration | 50.75 | 49.75 | 47.75 | 46.75 | 43.75 | 40.25 | 38.75 | 36.50 | 36.50 | 34.50 |
| Mid-level administration | 206.25 | 204.25 | 197.00 | 196.00 | 192.00 | 162.50 | 159.50 | 155.03 | 154.53 | 155.77 |
| Instruction salaries | 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 | 1,005.42 |
| Special education | 434.97 | 419.41 | 368.60 | 349.55 | 337.05 | 313.45 | 305.00 | 303.60 | 292.60 | 264.40 |
| Student personnel services | 14.00 | 14.00 | 14.00 | 20.00 | 20.00 | 12.00 | 11.25 | 6.00 | 5.00 | 5.00 |
| Student health services | 34.00 | 34.00 | 33.00 | 32.56 | 32.50 | 30.50 | 30.38 | 29.50 | 28.58 | 22.50 |
| Student transportation | 27.00 | 28.00 | 27.00 | 26.00 | 28.00 | 28.50 | 28.50 | 28.50 | 27.50 | 27.50 |
| Operation of plant | 142.00 | 141.00 | 138.00 | 136.50 | 130.50 | 125.00 | 124.00 | 121.50 | 120.00 | 118.00 |
| Maintenance of plant | 53.00 | 51.00 | 51.00 | 46.00 | 46.00 | 45.00 | 45.00 | 45.00 | 45.00 | 43.50 |
| Community services | - | - | - | - | - | 6.00 | - | 12.50 | - | - |
| Capital outlay | 4.00 | 4.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Total by function | 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 | 1,678.59 |
| Increase over prior year | 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% | 71.04 4.4% |



Source: Cecil County Public Schools, Approved Budget

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

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|----------------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total student enrollment | 16,209 | 16,290 | 16,421 | 16,521 | 16,535 | 16,475 | 16,203 | 16,095 | 15,905 | 15,680 |
| Administration | \$ 245 | \$ 258 | \$ 240 | \$ 217 | \$ 192 | \$ 153 | \$ 161 | \$ 151 | \$ 149 | \$ 139 |
| Mid-level administration | 831 | 805 | 758 | 708 | 664 | 631 | 611 | 559 | 534 | 518 |
| Instruction | | | | | | | | | | |
| Salaries | 4,159 | 4,008 | 3,782 | 3,506 | 3,278 | 3,098 | 2,993 | 2,887 | 2,695 | 2,585 |
| Materials and supplies | 206 | 196 | 188 | 174 | 167 | 160 | 180 | 152 | 139 | 137 |
| Other costs | 211 | 169 | 217 | 203 | 133 | 138 | 124 | 116 | 121 | 112 |
| Special education | 1,551 | 1,480 | 1,330 | 1,249 | 1,065 | 986 | 935 | 855 | 783 | 689 |
| Student personnel services | 73 | 54 | 46 | 45 | 41 | 38 | 36 | 36 | 20 | 20 |
| Student health services | 96 | 94 | 94 | 83 | 78 | 73 | 70 | 67 | 63 | 54 |
| Student transportation | 559 | 566 | 517 | 491 | 449 | 417 | 412 | 382 | 378 | 342 |
| Operation of plant | 707 | 762 | 669 | 598 | 558 | 501 | 494 | 439 | 447 | 421 |
| Maintenance of plant | 240 | 256 | 252 | 236 | 197 | 199 | 181 | 206 | 157 | 151 |
| Fixed charges | 1,940 | 1,762 | 1,475 | 1,443 | 1,317 | 1,186 | 1,066 | 1,024 | 968 | 860 |
| Community services | 19 | 19 | 15 | 22 | 17 | 40 | 48 | 35 | 36 | 18 |
| Capital outlay | 16 | 16 | 11 | 7 | 7 | 4 | 5 | 6 | 6 | 6 |
| Total cost per student | <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> | <u>\$ 6,052</u> |
| Increase over prior year | \$ 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% | \$ 209 3.6% |

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**

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total student enrollment: | 16,209 | 16,290 | 16,421 | 16,521 | 16,535 | 16,475 | 16,203 | 16,095 | 15,905 | 15,680 |
| <u>FOOD & NUTRITION</u> | | | | | | | | | | |
| Number of days lunch served | 180 | 179 | 180 | 180 | 180 | 179 | 178 | 180 | 180 | 177 |
| Average number of lunches served daily: | | | | | | | | | | |
| Free lunch | 3,054 | 2,595 | 2,460 | 2,453 | 2,295 | 2,144 | 2,052 | 1,958 | 1,813 | 1,845 |
| Reduced price | 680 | 690 | 685 | 671 | 628 | 589 | 544 | 508 | 496 | 465 |
| Regular price | 3,883 | 4,662 | 4,755 | 4,613 | 4,274 | 3,897 | 3,766 | 3,824 | 3,598 | 3,318 |
| Total average number of lunches served daily: | 7,617 | 7,947 | 7,900 | 7,737 | 7,197 | 6,630 | 6,362 | 6,290 | 5,907 | 5,628 |
| Percentage of student participation: | | | | | | | | | | |
| Students receiving free lunch | 18.8% | 15.9% | 15.0% | 14.8% | 13.9% | 13.0% | 12.7% | 12.2% | 11.4% | 11.8% |
| Students paying reduced price | 4.2% | 4.2% | 4.2% | 4.1% | 3.8% | 3.6% | 3.4% | 3.2% | 3.1% | 3.0% |
| Students paying regular price | 24.0% | 28.6% | 29.0% | 27.9% | 25.8% | 23.7% | 23.2% | 23.8% | 22.6% | 21.2% |
| Total percentage of student participation | 47.0% | 48.7% | 48.2% | 46.8% | 43.5% | 40.3% | 39.3% | 39.2% | 37.1% | 36.0% |
| Cost per lunch to student: | | | | | | | | | | |
| Elementary | \$2.10 | \$1.60 | \$1.45 | \$1.35 | \$1.35 | \$1.35 | \$1.35 | \$1.35 | \$1.35 | \$1.35 |
| Secondary | \$2.25 | \$1.75 | \$1.60 | \$1.50 | \$1.50 | \$1.50 | \$1.50 | \$1.50 | \$1.50 | \$1.50 |
| <u>STUDENT TRANSPORTATION</u> | | | | | | | | | | |
| Number of students eligible to ride the bus | 14,841 | 15,187 | 15,169 | 15,062 | 14,911 | 14,324 | 14,219 | 14,098 | 13,815 | 13,837 |
| Number of school bus riders daily | 10,935 | 11,136 | 10,974 | 11,119 | 10,578 | 10,604 | 10,171 | N/A | N/A | N/A |
| Percentage of student participation | 67.5% | 68.4% | 66.8% | 67.3% | 64.0% | 64.4% | 62.8% | N/A | N/A | N/A |
| Number of school bus routes: | | | | | | | | | | |
| County | 10 | 10 | 11 | 10 | 10 | 13 | 13 | 13 | 14 | 14 |
| Private contractor | 147 | 147 | 145 | 142 | 138 | 127 | 125 | 128 | 122 | 119 |
| <u>TEACHER DATA</u> | | | | | | | | | | |
| Total number of budgeted teachers | 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 | 1,005.42 |
| Minimum salary | \$ 41,674 | \$ 40,061 | \$ 38,336 | \$ 36,862 | \$ 35,788 | \$ 34,412 | \$ 33,088 | \$ 31,815 | \$ 30,300 | \$ 28,956 |
| Maximum salary * | \$ 70,284 | \$ 67,692 | \$ 64,986 | \$ 67,673 | \$ 64,889 | \$ 62,480 | \$ 60,404 | \$ 57,908 | \$ 55,532 | \$ 52,576 |
| Average annual salary | \$ 56,885 | \$ 54,519 | \$ 52,646 | \$ 51,048 | \$ 49,800 | \$ 48,635 | \$ 46,946 | \$ 45,165 | \$ 43,066 | \$ 37,803 |
| Increase over prior year | 4.3% | 3.6% | 3.1% | 2.5% | 2.4% | 3.6% | 3.9% | 4.9% | 13.9% | 4.0% |
| Percentage of teachers with Master's and/or APC | 66.2% | 55.1% | 54.8% | 55.0% | 55.8% | 56.4% | 55.6% | 54.9% | 54.3% | N/A |
| Percentage of teachers with Master's plus credits | 5.6% | 5.2% | 5.6% | 6.3% | 6.2% | 7.1% | 7.2% | 7.4% | 7.4% | N/A |
| Percentage of teachers with Doctorate | 0.4% | 0.4% | 0.3% | 0.4% | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% | N/A |
| Student/Teacher ratio | 13.1 | 13.2 | 13.8 | 14.3 | 14.9 | 15.4 | 15.4 | 15.3 | 15.5 | 15.6 |

*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

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**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, 2009, and have issued our report thereon dated September 25, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School System's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School System's financial statements that is more than inconsequential will not be prevented or detected by the School System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School System's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.



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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the School System in a separate letter dated September 25, 2009.

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 25, 2009

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO 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 the compliance of Cecil County Public Schools (the School System) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The 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.

In our opinion, the School System complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 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, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School System's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School System's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School System's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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 25, 2009

Board of Education of Cecil County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINANCIAL REPORTING

Year ended June 30, 2009

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) No significant deficiencies were 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 an unqualified opinion.
- 6) There are no audit findings relative to the major federal award programs for Cecil County Public Schools.
- 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 \$300,000.
- 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

NONE

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CECIL COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2009

| 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, Office of Elementary and Secondary Education</u> <i>Elementary and Secondary Education Act of 1965</i> | | | | | | | |
| Title I Grants to Local Educational Agencies | 900624-01 | 84.010 | 100-107 | 07/01/08 | 06/30/10 | \$ 2,354,398 | \$ 2,162,079 |
| Title I Grants to Local Educational Agencies | 800826-01 | 84.010 | 112 | 07/01/07 | 06/30/09 | 2,272,149 | 240,970 |
| Title I Grants to Local Educational Agencies | 901864-01 | 84.010 | 172 | 02/01/09 | 06/30/09 | 11,068 | 5,567 |
| Safe and Drug-Free Schools and Communities - State Grants | 900416-02 | 84.186 | 201 | 07/01/08 | 06/30/10 | 50,143 | 44,256 |
| Safe and Drug-Free Schools and Communities - State Grants | 800402-01 | 84.186 | 204 | 07/01/07 | 06/30/09 | 58,765 | 14,078 |
| State Grants for Innovative Programs | 800758-01 | 84.298 | 116 | 07/01/07 | 06/30/09 | 25,056 | 677 |
| Education Technology State Grants | 800949-01 | 84.318 | 190 | 07/01/07 | 06/30/09 | 23,266 | 1,138 |
| Education Technology State Grants | 900807-01 | 84.318 | 189 | 07/01/08 | 06/30/10 | 21,527 | 1,905 |
| Improving Teacher Quality State Grants | 900577-01 | 84.367 | 154 | 07/01/08 | 06/30/10 | 691,827 | 650,223 |
| Improving Teacher Quality State Grants | 800784-01 | 84.367 | 164 | 07/01/07 | 06/30/09 | 681,240 | 21,533 |
| Advanced Placement Program | 901743-01 | 84.330C | 174 | 01/15/09 | 04/30/09 | 15,000 | 15,000 |
| Advanced Placement Program | 800687-01 | 84.330C | 175 | 09/03/07 | 12/31/08 | 59,313 | 7,078 |
| Subtotal | | | | | | 6,263,752 | 3,164,504 |
| <u>Department of Education, Office of English Language Acquisition</u> <i>Elementary and Secondary Education Act of 1965</i> | | | | | | | |
| English Language Acquisition Grants | 900543-01 | 84.365A | 143 | 07/01/08 | 06/30/10 | 23,638 | 17,184 |
| English Language Acquisition Grants | 900543-02 | 84.365A | 142 | 07/01/08 | 06/30/09 | 105 | 105 |
| English Language Acquisition Grants | 800605-01 | 84.365A | 144 | 07/01/07 | 06/30/09 | 23,545 | 6,669 |
| Subtotal | | | | | | 47,288 | 23,958 |
| <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 | 900841-01 | 84.048 | 113 | 07/01/08 | 06/30/09 | 165,253 | 165,253 |
| Career and Technical Education - Basic Grants to States | 801494-01 | 84.048 | 115 | 07/01/07 | 06/30/08 | 158,773 | 4,053 |
| Career and Technical Education - Basic Grants to States | 900937-01 | 84.048 | 120 | 07/01/08 | 06/30/09 | 60,717 | 60,717 |
| Career and Technical Education - Basic Grants to States | 900965-01 | 84.048 | 119 | 07/01/08 | 07/31/09 | 9,983 | 8,454 |
| Tech-Prep Education | 702180-01 | 84.243 | 114 | 06/01/07 | 07/31/08 | 9,510 | 629 |
| Tech-Prep Education | 900841-02 | 84.243 | 118 | 07/01/08 | 06/30/09 | 18,725 | 18,725 |
| Subtotal | | | | | | 422,961 | 257,831 |
| <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 | 17,894 |
| Subtotal | | | | | | 25,379 | 17,894 |

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

Year ended June 30, 2009

| 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 - Grants to States | 900297-01 | 84.027 | 401 | 07/01/08 | 09/30/09 | \$ 3,201,834 | \$ 3,201,834 |
| Special Education - Grants to States | 800166-01 | 84.027 | 402 | 07/01/07 | 09/30/08 | 3,160,979 | 4,137 |
| Special Education - Grants to States | 900297-02 | 84.027 | 403 | 07/01/08 | 09/30/09 | 17,879 | 17,879 |
| Special Education - Grants to States | 800166-02 | 84.027 | 430 | 07/01/07 | 09/30/08 | 17,879 | - |
| Special Education - Grants to States | 900297-03 | 84.027 | 404 | 07/01/08 | 09/30/09 | 6,000 | 5,056 |
| Special Education - Grants to States | 800166-03 | 84.027 | 431 | 07/01/07 | 09/30/08 | 6,000 | - |
| Special Education - Grants to States | 900297-04 | 84.027 | 410 | 07/01/08 | 09/30/09 | 25,000 | 21,478 |
| Special Education - Grants to States | 800166-04 | 84.027 | 436 | 07/01/07 | 09/30/08 | 25,000 | 5,353 |
| Special Education - Grants to States | 900297-05 | 84.027 | 412 | 07/01/08 | 09/30/09 | 2,500 | 2,497 |
| Special Education - Grants to States | 800166-05 | 84.027 | 432 | 07/01/07 | 09/30/08 | 2,500 | 2,302 |
| Special Education - Grants to States | 900297-06 | 84.027 | 413 | 07/01/08 | 09/30/09 | 10,000 | 9,169 |
| Special Education - Grants to States | 800166-06 | 84.027 | 434 | 07/01/07 | 09/30/08 | 10,000 | 1,222 |
| Special Education - Grants to States | 900297-07 | 84.027 | 406 | 07/01/08 | 09/30/09 | 59,573 | 56,378 |
| Special Education - Grants to States | 800166-07 | 84.027 | 435 | 07/01/07 | 09/30/08 | 54,781 | - |
| Special Education - Grants to States | 800166-09 | 84.027 | 438 | 07/01/07 | 09/30/08 | 12,735 | - |
| Special Education - Grants to States | 900434-01 | 84.027 | 422 | 07/01/08 | 09/30/09 | 38,492 | 25,667 |
| Special Education - Grants to States | 800203-01 | 84.027 | 421 | 07/01/07 | 09/30/08 | 43,543 | 8,609 |
| Special Education - Grants to States | 900320-01 | 84.027 | 423 | 07/01/08 | 09/30/09 | 47,712 | 31,973 |
| Special Education - Grants to States | 800184-01 | 84.027 | 437 | 07/01/07 | 09/30/08 | 41,348 | 17,896 |
| Special Education - Grants to States | 900307-01 | 84.027 | 419 | 07/01/08 | 09/30/09 | 16,000 | 12,048 |
| Special Education - Grants to States | 800185-01 | 84.027 | 433 | 07/01/07 | 09/30/08 | 15,000 | 3,524 |
| Special Education - Grants to States | 900433-01 | 84.027 | 420 | 07/01/08 | 09/30/09 | 151,967 | 135,976 |
| Special Education - Grants to States | 901568-01 | 84.027 | 424 | 07/01/08 | 09/30/09 | 57,072 | 22,530 |
| Special Education - Grants to States | 900899-01 | 84.027 | 425 | 07/30/08 | 09/30/09 | 80,000 | 53,909 |
| Special Education - Grants to States | 900480-02 | 84.027 | 417 | 07/01/08 | 09/30/09 | 18,974 | 18,974 |
| Special Education - Grants to States | 800246-02 | 84.027 | 429 | 07/01/07 | 09/30/08 | 17,489 | - |
| Special Education - Preschool Grants | 900297-08 | 84.173 | 408 | 07/01/08 | 09/30/09 | 117,543 | 117,543 |
| Special Education - Preschool Grants | 800166-08 | 84.173 | 405 | 07/01/07 | 09/30/08 | 117,543 | - |
| Special Education - Preschool Grants | 901268-02 | 84.173 | 494 | 07/01/08 | 09/30/09 | 2,402 | 1,191 |
| Special Education - Preschool Grants | 800966-02 | 84.173 | 491 | 07/01/07 | 09/30/08 | 3,465 | 2,723 |
| Special Education - Preschool Grants | 900480-03 | 84.173 | 418 | 07/01/08 | 09/30/09 | 7,000 | 7,000 |
| Special Education - Preschool Grants | 800246-03 | 84.173 | 428 | 07/01/07 | 09/30/08 | 7,000 | - |
| Special Education - Grants for Infants and Families | 900480-01 | 84.181 | 416 | 07/01/08 | 09/30/09 | 104,487 | 104,487 |
| Special Education - Grants for Infants and Families | 800246-01 | 84.181 | 427 | 07/01/07 | 09/30/08 | 104,487 | - |
| Subtotal | | | | | | <u>7,604,184</u> | <u>3,891,355</u> |
| <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 | 900743-01 | 94.004 | 214 | 09/01/08 | 07/31/09 | 15,000 | 15,000 |
| Learn and Serve America - School and Community Based Programs | 801419-01 | 94.004 | 208 | 09/01/07 | 08/31/08 | 15,000 | 1,939 |
| Subtotal | | | | | | <u>30,000</u> | <u>16,939</u> |

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

Year ended June 30, 2009

| 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 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 | 901890-01 | 93.136 | 209 | 11/01/08 | 08/31/09 | \$ 11,500 | \$ 333 |
| Preventive Health and Health Services Block Grant | 801630-01 | 93.991 | 193 | 11/01/07 | 09/30/08 | 11,500 | 5,186 |
| Subtotal | | | | | | 23,000 | 5,519 |
| <u>Department of Agriculture, Food and Nutrition Service</u> | | | | | | | |
| <i>Child Nutrition Act of 1966</i> | | | | | | | |
| State Administrative Expenses for Child Nutrition | 900760-01 | 10.560 | 223 | 07/01/08 | 05/01/09 | 1,000 | 1,000 |
| Subtotal | | | | | | 1,000 | 1,000 |
| <i>National School Lunch Act</i> | | | | | | | |
| Team Nutrition Grants | 901721-01 | 10.574 | 222 | 10/01/08 | 09/30/10 | 45,000 | - |
| Subtotal | | | | | | 45,000 | - |
| Federal Programs Administered through Other Government Agencies | | | | | | | |
| <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 | 185 | 10/01/07 | 09/30/09 | 10,000 | - |
| Education Technology State Grants | N/A | 84.318 | 184 | 10/01/06 | 09/30/08 | 15,670 | 60 |
| Education Technology State Grants | N/A | 84.318 | 186 | 09/01/07 | 09/30/08 | 3,000 | - |
| Education Technology State Grants | N/A | 84.318 | 187 | 10/01/07 | 09/30/08 | 19,850 | 19,534 |
| Subtotal | | | | | | 48,520 | 19,594 |
| <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 | 135 | 09/30/08 | 09/29/09 | 60,000 | 40,859 |
| Healthy Marriage Promotion and Responsible Fatherhood Grants | N/A | 93.086 | 136 | 09/30/07 | 09/29/08 | 60,000 | 10,777 |
| Subtotal | | | | | | 120,000 | 51,636 |
| <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 | 950 | 07/01/08 | 06/30/09 | 922,737 | 922,737 |
| Medical Assistance Program | N/A | 93.778 | 951 | 07/01/08 | 06/30/09 | 27,574 | 27,574 |
| Medical Assistance Program | N/A | 93.778 | 953 | 07/01/08 | 06/30/09 | 13,488 | 13,488 |
| Subtotal | | | | | | 963,799 | 963,799 |

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

Year ended June 30, 2009

| 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 - Continued | | | | | | | |
| <u>Department of Justice, Office of Community Oriented Policing Services</u> <i>Omnibus Crime Control and Safe Streets Act of 1968</i> | | | | | | | |
| Public Safety Partnership And Community Policing Grants | N/A | 16.710 | 250 | 09/01/06 | 08/31/08 | \$ 107,886 | \$ (2,949) |
| Subtotal | | | | | | 107,886 | (2,949) |
| <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 | 227 | 07/01/08 | 09/30/09 | 39,365 | 10,654 |
| Subtotal | | | | | | 39,365 | 10,654 |
| Total Federal Programs - General Fund | | | | | | \$15,766,782 | \$ 8,421,734 |
| 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>National School Lunch Act</i> | | | | | | | |
| National School Lunch Program | N/A | 10.555 | N/A | 07/01/08 | 06/30/09 | N/A | \$ 1,848,382 |
| National School Lunch Program | N/A | 10.555 | N/A | 07/01/08 | 06/30/09 | N/A | 245,971 |
| Fresh Fruit and Vegetable Program | N/A | 10.582 | N/A | 07/01/08 | 06/30/09 | N/A | 36,886 |
| Subtotal | | | | | | | 2,131,239 |
| <i>Child Nutrition Act of 1966</i> | | | | | | | |
| School Breakfast Program | N/A | 10.553 | N/A | 07/01/08 | 06/30/09 | N/A | 641,285 |
| Subtotal | | | | | | | 641,285 |
| <i>Richard B. Russell National School Lunch Act</i> | | | | | | | |
| Child Nutrition Discretionary Grants Limited Availability | 902086-01 | 10.579 | 350 | 06/08/09 | 09/08/09 | 24,648 | - |
| Subtotal | | | | | | 24,648 | - |
| Total Federal Programs - Special Revenue Fund | | | | | | | \$ 2,772,524 |

**CECIL COUNTY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009**

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, 2009 for the following major programs:

| <u>Grant Name</u> | <u>Federal Grant Number</u> | <u>Expenditures</u> |
|-----------------------|---------------------------------|---------------------|
| Title II | 84.367 | \$ 671,756 |
| USDA School Lunch | 10.555 | 2,131,239 |
| USDA School Breakfast | 10.553 | 641,285 |
| | | <u>\$ 3,444,280</u> |

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