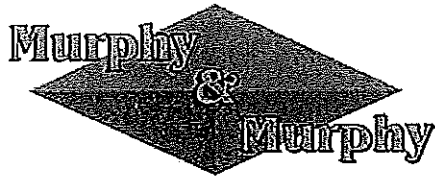


ST. MARY'S COUNTY METROPOLITAN COMMISSION

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2009 AND 2008**

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CPA, LLC

**INDEPENDENT AUDITOR'S REPORT ON COMPONENT
UNIT FINANCIAL STATEMENTS**

The Commissioners
St. Mary's County Metropolitan Commission
Hollywood, Maryland

We have audited the accompanying financial statements of the business-type activities of the St. Mary's County Metropolitan Commission (MetCom), a component unit of the County Commissioners of St. Mary's County, as of and for the years ended June 30, 2009 and 2008, which comprise the St. Mary's County Metropolitan Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the St. Mary's County Metropolitan Commission's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the St. Mary's County Metropolitan Commission as of June 30, 2009 and 2008, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Member: AICPA Private Companies Practice Section

8023 Malcolm Road ♦ Clinton, Maryland 20735-1717 ♦ (301) 856-4100 ♦ Fax: (301) 856-4105
P.O. Box 1919 ♦ 108 La Grange Avenue ♦ La Plata, Maryland 20646-1919 ♦ (301) 609-7515
(301) 870-3677 ♦ Fax: (301) 609-7510 ♦ email: cpa@murphycpallc.com

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2009, on our consideration of the St. Mary's County Metropolitan Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audits.

The management's discussion and analysis on pages 3-9 and the Schedule of funding progress and Schedule of employer contributions on page 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that comprise the St. Mary's County Metropolitan Commission's basic financial statements. The accompanying supplementary information presented on pages 39-43 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Murphy & Murphy, CPA, LLC

La Plata, Maryland
September 24, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the St. Mary's County Metropolitan Commission's (MetCom's) annual financial report presents our discussion and analysis of MetCom's financial performance during the fiscal years that ended June 30, 2009 and 2008. Please read it in conjunction with MetCom's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- MetCom's net assets increased by \$7.5 million and \$4.99 million, or 12.68% and 9.31%, as a result of operations in fiscal years 2009 and 2008, respectively.
- During the current year, MetCom's revenue from operations was \$10.3 million, representing an increase of 1.8% over the prior year. The increase in operating revenue is due to an increase in the number of customers served. In fiscal year 2008, revenue from operations was \$10.1 million, or 17.62% over the prior year. This increase in operating revenue was due to an increase in rates of approximately 19% for sewer services and 28% for water services. The increase in revenues was also affected by a drought and a reduction in engineering services.
- In fiscal year 2009 the overage rates for water and sewer increased 9% and 3%, respectively; all other service charge rates were unchanged. New service charges rates were implemented effective 7/1/07.
- MetCom's operating expenses excluding depreciation were \$9.46 million during the current year and \$8.67 million during the prior year.
- MetCom's nonoperating revenue was \$9.16 million during the current year and \$5.82 million in fiscal year 2008, representing an increase of 58% and 9%, respectively. Most of the increase is due to the large amount of capital contributions received in FY09, \$5.4 million. In addition, there was a \$717 thousand increase as the result of the new rate structure for financing capital construction that was implemented on October 1, 2007 and increases in the debt service rates in FY09.
- House Bill 969 was approved in the 2007 Legislative session that changed the way MetCom finances capital construction. New System Improvement Charges became effective October 1, 2007 for all customers with allocations on our water and/or sewer lines, and all new customers after that date pay a Capital Contribution Charge at time of connection. These charges replace the Benefit Assessment Charges that were used by the Commission for almost 40 years to finance new water and sewer improvements. Capital Contribution Charge rates increased in fiscal year 2009.
- The slowdown in the construction industry has negatively impacted Engineering Revenues in both fiscal years 2009 and 2008.

- In FY 2008 MetCom established a trust fund for the management of assets and accounting for financial transactions associated with the provision of retiree health insurance coverage. The balance in the trust was \$1.2 million as of 6/30/09 and \$758 thousand as of 6/30/08. MetCom has funded the full OPEB cost for both years.
- MetCom did not issue any bonds in fiscal year 2009.

USING THIS ANNUAL REPORT

This annual report consists of three parts – management’s discussion and analysis, the basic financial statements, and supplemental information. The basic financial statements consist of:

- Statements of net assets
- Statements of revenues, expenses and changes in fund net assets
- Statements of cash flows
- Statements of fiduciary net assets
- Statements of changes in fiduciary net assets
- Notes to financial statements

The Statements of Net Assets provide a snapshot of MetCom’s financial position at both June 30, 2009 and 2008. Amounts on the Statements of Net Assets are cumulative from inception. Both current and long-term assets and liabilities, as well as net assets, are presented.

The Statements of Revenues, Expenses and Changes in Fund Net Assets provide information about the activities of MetCom as a whole and reflect activity for the fiscal years ended June 30, 2009 and 2008. These statements measure operating revenues and expenses as well as non-operating revenues and expenses. The statements also present capital contributions as well as changes in net assets.

The Statements of Cash Flows present the sources and uses of MetCom’s cash. Metcom uses the direct method for presenting the cash flows statements.

The Notes to the financial statements provide information and more detailed data about the financial statements. The Supplementary departmental financial statements report MetCom’s activities in more detail by providing information about MetCom’s most financially significant funds.

MetCom operates as an enterprise fund, which is one type of proprietary fund. All of MetCom’s basic services are reported here, including water, sewer, engineering services and general administration, as well as other nonoperating revenues and expenses. MetCom charges customers fees to cover all of the costs of the services it provides. MetCom’s financial statements are presented using the accrual basis of accounting and the economic resources measurement focus. All assets and liabilities are included in the financial statements. Revenue is recognized when water or other services are delivered, and expenses are recognized when goods and services are received, regardless of when cash is received or paid.

MetCom has one fiduciary fund, the Retiree Health Benefit Fund, which is used to account for resources held for the benefit of MetCom employees and retirees. These funds are not available to support MetCom's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The supplementary departmental financial statements provide details about MetCom's most significant funds – not MetCom as a whole. The Board of Commissioners of MetCom establishes funds to help it manage and control monies for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money.

METCOM AS A WHOLE

Statements of Net Assets

MetCom's net assets increased by approximately \$7.5 million in FY 2009 and approximately \$5.0 million in FY08. The majority of the increase is attributable to the change in net assets invested in capital assets, net of related debt. During fiscal year 2009, developers completed construction of \$5.2 million of capital assets and donated them to MetCom. In fiscal year 2008, developers contributed \$2.4 million of capital assets. The following condensed statements show the changes in assets, liabilities and net assets for the years ended June 30, 2009, 2008 and 2007:

MetCom's Net Assets
(in millions of dollars)
Business-type activities

	June 30,		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 10.10	\$ 8.40	\$ 5.80
Capital assets	<u>78.80</u>	<u>71.50</u>	<u>68.90</u>
Total assets	<u>\$ 88.90</u>	<u>\$ 79.90</u>	<u>\$ 74.70</u>
Long-term debt outstanding	\$ 18.90	\$ 17.80	\$ 17.70
Other liabilities	<u>3.90</u>	<u>3.50</u>	<u>3.40</u>
Total liabilities	<u>\$ 22.80</u>	<u>\$ 21.30</u>	<u>\$ 21.10</u>
Net assets			
Invested in capital assets, net of related debt	\$ 58.30	\$ 52.20	\$ 49.80
Restricted	3.10	3.80	2.00
Unrestricted	<u>4.70</u>	<u>2.60</u>	<u>1.80</u>
Total net assets	<u>\$ 66.10</u>	<u>\$ 58.60</u>	<u>\$ 53.60</u>

Statements of Revenues, Expenses and Changes in Fund Net Assets

Changes in MetCom's net assets can be determined by reviewing the following condensed Statements of Revenue, Expenses and Changes in Fund Net Assets:

MetCom's Changes in Net Assets
(in millions of dollars)
Business-type activities

	<u>Years ended June 30,</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 10.3	\$ 10.1	\$ 8.6
Operating expenses	9.4	8.6	7.9
Depreciation expense	<u>2.6</u>	<u>2.3</u>	<u>2.1</u>
Operating loss	(1.7)	(0.8)	(1.4)
Net nonoperating revenues	<u>9.2</u>	<u>5.8</u>	<u>5.3</u>
Change in net assets	7.5	5.0	3.9
Net assets at beginning of year, as restated	<u>58.6</u>	<u>53.6</u>	<u>49.7</u>
Net assets at end of year	<u>\$ 66.1</u>	<u>\$ 58.6</u>	<u>\$ 53.6</u>

MetCom's operating revenues totaled \$10.3 million during the current year. Total operating revenues increased by 1.82% over the prior year, compared to operating revenue of the prior year of \$10.1 million, which was an increase of 17.62% over fiscal year 2007. The current year increase is due to customer growth; the prior year increase was due to rate increases of approximately 28% in water and 19% in sewer effective 7/1/07, the drought which caused water overage to increase by 78 million gallons or 25% over the previous year, and customer growth.

Expenses from MetCom's operating activities excluding depreciation totaled \$9.4 million during the current year and \$8.6 million in the prior year. All of these expenses are considered related to providing water, sewer and engineering services to the residents/businesses of St. Mary's County. Salaries and benefits comprised \$6.2 million, or 65.61% of operating expenses. Power for plant operations was \$1.1 million, or 11.67%. The remaining \$2.1 million, or 22.72%, related to administrative and direct costs

Net nonoperating revenue increased 58% to \$9.2 million during the current year and 8.8% to \$5.8 million in fiscal year 2008. Capital contributions made up \$5.4 million and \$2.4 million of the net nonoperating revenue in fiscal years 2009 and 2008, respectively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At June 30, 2009, MetCom had \$115.2 million prior to depreciation invested in capital assets. This represents an increase of 9% over the previous year. As of June 30, 2008, MetCom had \$105.6 million prior to depreciation invested in capital assets. MetCom owns utility and water plants in addition to numerous vehicles, furniture, equipment and computer equipment and a building. The following table summarizes MetCom's capital assets (in millions):

	<u>2009</u>	<u>2008</u>
Utility plants	\$ 79.8	\$ 75.8
Water plants	19.8	17.9
Equipment	6.2	5.7
Capitalized interest	0.8	0.8
Buildings	1.5	1.5
Land	0.6	0.6
Construction in process	<u>6.5</u>	<u>3.3</u>
	115.2	105.6
Accumulated depreciation	<u>36.4</u>	<u>34.1</u>
Net capital assets	<u>\$ 78.8</u>	<u>\$ 71.5</u>

This year's major capital asset additions included:

Laurel Ridge Well built with loan proceeds, \$170 thousand.

Evergreen Park sewer project, relining the lines and installing new manholes built with grant proceeds, \$223 thousand.

Patuxent Park Sewer project on Essex Drive, relining sewer mains and installing new sewer pipes and taps, built with loan proceeds, \$247 thousand.

Sewer lines, force mains, manholes, grinder pumps and a sewer pump station and water mains, valves, and fire hydrants constructed and contributed by developers, \$5.2 million.

MetCom's FY10 Capital Improvement Budget for water is \$13.4 million, which includes \$3.1 million for water lines, \$7.4 million for water storage tanks, \$2.7 million for wells and \$0.2 million for miscellaneous projects.

The FY10 Capital Improvement Budget for sewer is \$41.2 million, which includes \$6.6 million for replacement projects, \$.1 million for pump stations and \$34.5 million for upgrades/expansions. The largest project is \$30.5 million for the Enhanced Nutrient Removal, ENR, project at the Marlay-Taylor Wastewater Reclamation Facility, which is in the design phase. This project is required to meet the requirements of the Chesapeake Bay 2000 agreement and achieves 3mg/l total nitrogen and 0.3mg/l total phosphorous in the effluent. The state is expected to pay for the ENR portion of this project estimated to be \$13 million, and the Navy is expected to pay \$6 million for this project.

In FY 09 MetCom received a grant from the Maryland Department of the Environment, MDE, in the amount of \$204 thousand to fund 100% of the construction of the Evergreen Park Sewer Upgrade. In addition, MDE provided a grant in the amount of \$282 thousand during FY08 and FY 09 to cover part of the costs of the Andover Estates Sewer Project.

MetCom has also been approved for a \$3 million grant from the ARRA 2009 Stimulus Funds to build the Methane Powered Co-Generator, including the cost of the Digester Covers needed to make the methane recoverable.

Debt administration

At the end of FY 2009 and FY 2008, MetCom had a total of \$20.5 million and \$19.3 million, respectively in debt outstanding,

On November 14, 2007, MetCom issued \$10.9 million of Infrastructure Financing Bonds in conjunction with the Maryland Department of Housing and Community Development. During FY09, MetCom received \$3.3 million in draws on various loans. During FY08, draws totaled \$1.8 million.

The following table summarizes MetCom's debt (in millions):

	<u>June 30,</u>			% change	% change
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>FY09</u>	<u>FY08</u>
Bonds payable	\$ 10.4	\$ 9.2	\$ 9.5	13.1	(3.2)
Notes, leases and loans payable	<u>10.1</u>	<u>10.1</u>	<u>9.6</u>	.0	5.2
Total debt	<u>\$ 20.5</u>	<u>\$ 19.3</u>	<u>\$ 19.1</u>	6.4	1.0

The primary sources of revenue available for repayment of debt are System Improvement Charges that are paid by all customers with allocations on our system and Capital Contribution Charges which are paid by all new customers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

MetCom anticipates about an 8% increase in the total operating revenues for next year. This increase is mostly attributable to the service rate increases effective July 1, 2009.

The total operating expenses in MetCom's Operating Budget for FY10 are \$11 million, about \$783 thousand more than the FY09 Amended Budget. Salaries are the largest component of MetCom's expenses; in FY10 salaries are \$4.6 million, with a \$178 thousand increase over the FY09 Amended Operating Budget. Health insurance is \$1.2 million, which includes \$413 thousand to fully fund the Annual Required Contribution, ARC, to the Other Post-Employment Benefit Trust, OPEB. Electricity to operate the water and sewer systems is over \$1.2 million in the FY10 Operating Budget.

MetCom intends to pursue financing of approximately \$12.5 million from the Maryland Department of Housing and Community Development (DHCD) Local Government Infrastructure Program and about \$700,000 from the Maryland Department of the Environment (MDE) Water Quality Financing Administration to fund construction projects.

In 2009 the State Legislature passed House Bill 1559 which established a Task Force to study the governance and structure of MetCom. By July 1, 2010, the Task Force is to make recommendations regarding the structure and governance of MetCom and how best to continue the provision of water and sewer services to the citizens of St. Mary's County.

CONTACTING METCOM'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of MetCom's finances and show MetCom's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the MetCom Administrative office at 43990 Commerce Avenue, Hollywood, Maryland 20636.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

STATEMENTS OF NET ASSETS

ASSETS

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
<u>Current assets:</u>		
Cash and cash equivalents	\$ 8,119,670	\$ 6,397,782
Accounts receivable	1,090,559	1,102,000
Inventory	128,555	31,423
Prepaid expenses	<u>300,224</u>	<u>299,352</u>
 Total current assets	 <u>9,639,008</u>	 <u>7,830,557</u>
 <u>Noncurrent assets:</u>		
Capital assets, net	78,787,257	71,508,447
Deferred bond issue costs	445,125	484,054
Unamortized bond discount	<u>70,487</u>	<u>76,044</u>
 Total noncurrent assets	 <u>79,302,869</u>	 <u>72,068,545</u>
 Total assets	 <u>\$ 88,941,877</u>	 <u>\$ 79,899,102</u>

See accompanying notes.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

STATEMENTS OF NET ASSETS (CONTINUED)

LIABILITIES AND NET ASSETS

	<u>June 30,</u>	
	<u>2009</u>	<u>2008</u>
Current liabilities:		
Accounts payable	\$ 762,855	\$ 856,079
Accrued interest payable	265,475	232,473
Accrued expenses	941,020	472,646
Deferred income	334,023	358,130
Bond premiums	37,239	41,405
Bonds payable	796,849	715,061
Notes, leases and loans payable	<u>810,641</u>	<u>767,163</u>
 Total current liabilities	 <u>3,948,102</u>	 <u>3,442,957</u>
Noncurrent liabilities:		
Bonds payable	9,665,494	8,533,075
Notes, leases and loans payable	<u>9,251,420</u>	<u>9,283,199</u>
 Total noncurrent liabilities	 <u>18,916,914</u>	 <u>17,816,274</u>
 Total liabilities	 <u>22,865,016</u>	 <u>21,259,231</u>
Net assets:		
Invested in capital assets, net of related debt	58,262,853	52,209,949
Restricted	3,151,341	3,801,845
Unrestricted	<u>4,662,667</u>	<u>2,628,077</u>
 Total net assets	 <u>66,076,861</u>	 <u>58,639,871</u>
 Total liabilities and net assets	 <u>\$ 88,941,877</u>	 <u>\$ 79,899,102</u>

See accompanying notes.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Operating revenue:		
Service charges	\$ 10,118,110	\$ 9,937,238
Miscellaneous	<u>205,939</u>	<u>202,085</u>
Total operating revenue	<u>10,324,049</u>	<u>10,139,323</u>
Operating expenses:		
Direct operating expenses	5,950,589	5,717,744
Administrative expenses	<u>3,505,591</u>	<u>2,955,526</u>
Total operating expenses	<u>9,456,180</u>	<u>8,673,270</u>
Operating income before depreciation	867,869	1,466,053
Depreciation	<u>(2,595,661)</u>	<u>(2,286,655)</u>
Operating loss	<u>(1,727,792)</u>	<u>(820,602)</u>
Nonoperating revenue (expenses):		
Interest income	78,573	206,370
Benefit assessment charges	-	452,878
Debt service charges	4,090,607	2,555,360
House connection charges- net	157,820	406,356
Water supply fees	61,200	193,933
Water storage fees	167,940	309,090
Interest expense	(980,219)	(869,004)
Other fees	<u>152,236</u>	<u>169,448</u>
Total nonoperating revenue, net	<u>3,728,157</u>	<u>3,424,431</u>
Income before contributions	2,000,365	2,603,829
Capital contributions	<u>5,436,625</u>	<u>2,391,659</u>
Change in fund net assets	7,436,990	4,995,488
Total net assets- beginning	<u>58,639,871</u>	<u>53,644,383</u>
Total net assets- ending	<u>\$ 66,076,861</u>	<u>\$ 58,639,871</u>

See accompanying notes.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

STATEMENTS OF CASH FLOWS

	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Receipts from customers	\$ 10,105,444	\$ 9,833,751
Payments to suppliers	(5,179,670)	(4,728,330)
Payments to employees	(3,911,749)	(4,301,924)
Other receipts	<u>205,939</u>	<u>202,085</u>
Net cash provided by operating activities	<u>1,219,964</u>	<u>1,005,582</u>
Cash flows from capital and related financing activities:		
Proceeds from capital debt	3,298,543	1,835,257
Purchases of capital assets	(4,525,461)	(2,541,190)
Principal paid on capital debt	(2,072,637)	(1,823,672)
Interest paid on capital debt	(906,897)	(787,954)
Other receipts and payments	<u>4,629,803</u>	<u>4,087,065</u>
Net cash provided by capital and related financing activities	<u>423,351</u>	<u>769,506</u>
Cash flows from investing activities:		
Interest received	<u>78,573</u>	<u>206,370</u>
Net increase in cash and cash equivalents	1,721,888	1,981,458
Cash and cash equivalents at beginning of year	<u>6,397,782</u>	<u>4,416,324</u>
Cash and cash equivalents at end of year	<u>\$ 8,119,670</u>	<u>\$ 6,397,782</u>

See accompanying notes.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

STATEMENTS OF CASH FLOWS (CONTINUED)

	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (1,727,792)	\$ (820,602)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	2,683,276	2,343,474
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	11,441	(104,151)
Increase in prepaid expense	(872)	(275,198)
Increase in inventory	(97,132)	(3,066)
Increase (decrease) in accounts payable	(93,224)	148,558
Increase (decrease) in accrued expenses	468,374	(284,097)
Increase in deferred income	<u>(24,107)</u>	<u>664</u>
Net cash provided by operating activities	<u>\$ 1,219,964</u>	<u>\$ 1,005,582</u>

SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Increase in capital assets	\$ 9,962,086	\$ 4,932,849
Capital contribution	<u>(5,436,625)</u>	<u>(2,391,659)</u>
Purchase of capital assets	<u>\$ 4,525,461</u>	<u>\$ 2,541,190</u>
Additions to capital debt	\$ 3,298,543	\$ 2,062,857
Deferred bond issue costs	<u>-</u>	<u>(227,600)</u>
Proceeds from capital debt	<u>\$ 3,298,543</u>	<u>\$ 1,835,257</u>

See accompanying notes.

ST. MARY'S COUNTY METROPOLITAN COMMISSION

STATEMENTS OF FIDUCIARY NET ASSETS

ASSETS

	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Restricted investments	\$ <u>1,222,517</u>	\$ <u>757,828</u>
Total assets	\$ <u>1,222,517</u>	\$ <u>757,828</u>

NET ASSETS

	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Held in trust for other post employment benefits	\$ <u>1,222,517</u>	\$ <u>757,828</u>
Total net assets	\$ <u>1,222,517</u>	\$ <u>757,828</u>

See accompanying notes.

ST. MARY'S COUNTY METROPOLITAN COMMISSION
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

	<u>Years ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
ADDITIONS:		
Contributions	\$ 514,000	\$ 801,984
Interest income	10,976	-
Net additions	\$ 524,976	\$ 801,984
 DEDUCTIONS:		
Benefits paid	\$ (55,287)	\$ (44,156)
Administrative expenses	(5,000)	-
Net deductions	(60,287)	(44,156)
Change in net assets	\$ 464,689	\$ 757,828
 NET ASSETS:		
Beginning of year	\$ 757,828	\$ -
End of year	\$ 1,222,517	\$ 757,828

See accompanying notes.