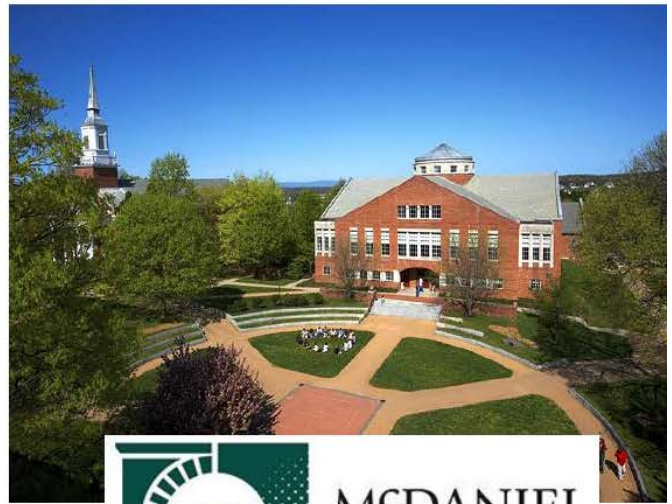
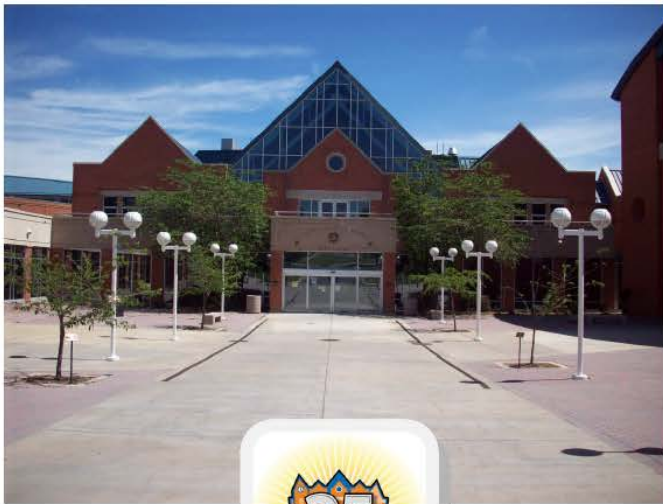


# Comprehensive Annual Financial Report



McDANIEL  
COLLEGE

## Carroll County, Maryland



For the Fiscal Year Ended

June 30, 2018

# Carroll County Mission

It is the mission of Carroll County Government to protect the Constitutional Rights of our citizens, maintain excellent public safety, infrastructure and education in a conservative and fiscally responsible manner, keeping Carroll County strong today and in the future.

Carroll County Government leads by example, respects the proper role of government, openly engages its citizens, and strives to preserve and protect the true American Spirit.

Front cover photo: Carroll Community College which celebrated their 25<sup>th</sup> anniversary of becoming an independent college (1993-2018) *courtesy of Carroll County Department of the Comptroller* and Hoover Library @ McDaniel College *courtesy of McDaniel College*. McDaniel College was founded in 1867 as the first coeducational college south of the Mason-Dixon Line and celebrated their 150<sup>th</sup> year in 2017-2018.

# Comprehensive Annual Financial Report

For The Fiscal Year Ended  
June 30, 2018

Department of the Comptroller  
Carroll County, Maryland  
Robert M. Burk, Comptroller





# Introductory Section



Sandy Oxx, Executive Director for Carroll Arts Council retired June 22, 2018 after 21 years of service. Oxx has led the Arts Council as it expanded to the Carroll Arts Center, creating new initiatives like the Festival of Wreaths and PEEPshow while keeping alive the council's mission to bring the arts to Carroll County. Thank you Sandy for your hard work!



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**Robert M. Burk**  
Comptroller  
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**Department of the Comptroller**  
Carroll County Government  
225 North Center Street  
Westminster, Maryland 21157

November 20, 2018

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

State law requires that all general-purpose local governments publish a complete set of audited financial statements within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Carroll County, Maryland for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of Carroll County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, Carroll County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Carroll County's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Carroll County's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Carroll County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Single Audit Report starts on page 219.

Management's discussion and analysis ("MD&A") immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the Government:**

Carroll County was created pursuant to an Act of the General Assembly of the State of Maryland on January 19, 1837. Carroll County is situated in the north central part of Maryland lying south of the Pennsylvania state line, which is part of the historic Mason-Dixon line. It is bordered on the east by Baltimore County, on the south by Howard County and on the west by Frederick County. The County is 456 square miles in area and is approximately 27 miles both in length and width with a 2018 population estimate of 174,386. The County seat and largest city is Westminster. Carroll County is empowered to levy a property tax on both real and personal properties located within its boundaries. During the last three decades, the basic character of the County's land and residents has changed from predominantly rural to suburban and rural.

Carroll County has operated under the commissioner form of government since the County was formed by the State of Maryland legislature. The County is governed by an elected five-member Board of County Commissioners (the "Board"). The Board may only exercise such powers as are conferred upon it by the General Assembly of Maryland. The Board operates under the Code of Public Local Laws of Carroll County, 2013 Edition, as amended, being Article 7 of the Code of Public Local Laws of Maryland. Both the executive and legislative functions of the County are vested in the Board of County Commissioners. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing a County Administrator, a Clerk to the Board, and the directors of various

departments. The County Administrator and Clerk to the Board are charged, generally, with the day-to-day management of the County. The board members serve four-year concurrent terms, limited to two consecutive terms by State law. The County is divided into five districts based on equal population. Each district elects a commissioner to represent their district.

Carroll County provides a full range of services including public safety (police, volunteer fire protection, emergency services and detention center), highways and streets, sanitation, planning and zoning, economic development, culture-recreation, education, a community college, libraries, judicial and general administrative services. The County also operates, in conjunction with the State, services related to general community health and human services. In addition, the County operates a water and wastewater utility, a solid waste operations, a septage treatment operation, an airport, a firearms facility (shooting range), and a fiber network as enterprise funds.

Carroll County is also financially accountable for a legally separate board of education, community college, library system, and economic development services to commercial enterprises, all of which are reported separately as component units within Carroll County's financial statements. Additional information on these legally separate entities can be found in Note 1 of the notes to the financial statements.

The annual budget serves as the foundation for Carroll County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the Department of Management and Budget in December of each year. Management and Budget uses these requests as the starting point for developing a proposed budget. Management and Budget then presents this proposed budget to the Commissioners for review prior to April 30. The Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget by no later than 30 days before the close of the County's current fiscal year. The appropriated budget is prepared by fund, function (e.g., general government), and department (e.g., planning). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Board. A budget-to-actual comparison is provided in this report for the individual governmental funds for which a legal appropriated annual budget has been adopted. The general fund comparison is presented on page 36 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the Supplementary Information subsection of the report, which starts on page 154.

**Local Economy:**

Local indicators show the continued stability of Carroll County. The unemployment rate for Carroll County was at 3.4% in August 2018, compared to 3.9% nationally. This is a result of the gradual continuing economic recovery. Carroll County still maintains a mix of manufacturing, industrial, and service businesses that when joined with the strong agri-business, provides for a stable business climate. The top 10 employers in the County show this diversity as they include the County Government, County Board of Education, two hospitals, two retirement communities, two colleges, a warehouse and distribution business, and a manufacturer. Included in these employers are companies like Penguin Random House and Evapco.

The County has a labor force of approximately 95,022 as of August 2018, which was an increase of 2.5% from last year.

**Long-term Financial Planning:**

*Real Property Tax Rate:*

The Real Property Tax Rate is set by the Commissioners annually during the adoption of the budget. For fiscal year 2018, the commissioners adopted a Real Property Tax Rate of \$1.018 per \$100 of assessed value, unchanged from the prior year.

*Personal Property Tax Rate:*

The Personal Property Tax Rate is also set annually by the Commissioners during adoption of the budget. For fiscal year 2018, the Commissioners adopted a Personal Property Tax Rate of \$2.515 per \$100 of assessed value, unchanged from the prior year.

*Income Tax Rate:*

Effective January 1, 2015, the income tax rate reduced from 3.04% to 3.03% of the State taxable income. For 2018, the rate remained at 3.03% of State taxable income.

*Homestead Tax Credit:*

The Homestead Tax Credit is set by the Commissioners and caps the amount taxes can increase on a primary residence at 5% a year. The credit equals the County's tax rate multiplied by the amount by which the current year's assessment on residential property exceeds 5% of the previous year's taxable assessment.

*Stabilization Arrangement:*

The County formally adopted an ordinance for the stabilization arrangement during fiscal year 2013. The arrangement requires the County to maintain at least 5% of the upcoming fiscal year adopted general fund budget to be available to meet unforeseen emergency situations.

*Operating Budget:*

The County maintains a balanced six-year Operating Plan and a Community Investment Plan (“CIP”) for expenditures built on projected revenues. The development of six-year plans requires the County to evaluate the impact of current decisions on the long-term financial position of the County.

*Capital Projects:*

The County Commissioners six-year Community Investment Plan is focused on maintaining existing infrastructure. The six-year program includes \$30.1 million to continue the County’s efforts in purchasing agriculture land preservation easements, \$23.1 million for watershed assessment and improvements, \$60 million to expand and renovate the Career and Technology Center, \$33.8 million for various public schools HVAC improvements and replacements, and \$84.6 million to maintain roads throughout the County through the pavement management and pavement preservation projects.

The plan also includes a \$10.7 million project to replace the current cast iron water mains and clay sanitary sewer lines in the Town of Sykesville where Bureau of Utilities operates and maintains both the water and sewer in the town. A funding program for water and sewer projects estimated to be needed to build-out has been put in place that would fund all needed projects through user assessments and connection fees and not require new debt financing.

*Debt Administration:*

The County plans long- and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, available financing instruments, trends in bond market structures, and trends in interest rates. The County finances its capital needs on a regular basis dictated by its capital spending pattern. A financial advisor firm and bond counsel assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors.

The county consolidates general County improvements into Consolidated Public Improvement bonds with a term of no longer than the estimated life of the assets for which they are used to purchase. Debt obligations are generally issued through a competitive sale. However, the County may use a negotiated sale process when it is most cost effective or when bids received through a competitive sale are unsatisfactory.

**Financial Policies and Practices:**

*Debt Policy:*

The debt policy sets forth comprehensive guidelines for the financing of capital expenditures. The policy provides parameters for issuing debt and managing outstanding debt. The policy provides guidance to decision makers regarding the timing and purpose for which debt may be issued, what types and amounts of debt are permissible, the method of sale that may be used and the debt structuring practices that may be used. The County recognizes that adherence to a debt policy helps ensure that it maintains a sound debt position and that credit quality is protected.

*Investment Policy:*

The County has a written investment policy and procedures manual that ensures that the investment program is strictly adhered to and the security of County investments are maximized. Cash held temporarily idle during the year by Carroll County, excluding component units, was invested in repurchase agreements, certificates of deposits, obligations of federal government agencies instrumentalities, the Maryland Local Government Investment Pool and a bank money rate savings account, all of which are fully collateralized by United States Government obligations for periods ranging from one day to 20 years. The County also has a delivered collateral policy and a master repurchase agreement as part of its overall investment program.

**Major Initiatives:**

The County continues to focus on maintaining essential services. As of June 30, 2018, 71,623 acres are under permanent easement in our Agricultural Land Preservation programs supporting agribusiness, maintaining open space and our rural heritage, and avoiding the costs of services and infrastructure to serve residential development.

Carroll County Government did not receive an updated credit rating in fiscal year 2018 because there were no bonds issued. There was a credit rating assigned October 2018 for the fiscal year 2019 bond sale, which was upgraded to the highest possible triple-A rating from all three credit agencies. Moody’s upgraded the County to “Aaa Carroll County’s (MD) GO Bonds; Outlook Stable” on October 11, 2018. The other two major credit agencies Standard & Poor’s (“S&P”) and Fitch

Ratings also reaffirmed their AAA scoring of the County to give Carroll County the coveted and highest triple-A rating from all three credit agencies.

*Pension and 401(k) Plans:*

The Carroll County Employee Pension Plan, a defined benefit plan, was established by the County in 2004 and administered by the County to accumulate resources for pension benefit payments. The Carroll County Employee Pension Plan was amended October 1, 2009 to establish the Carroll County Certified Law Officers Pension Plan. It allows eligible law enforcement officers to receive a non-reduced pension after 25 years of service. Effective October 4, 2017, the County further amended the Carroll County Pension Plan for electing correctional officers. Effective October 1, 2009, the County amended the 401(k) Defined Contribution Plan and discontinued County contributions for employees that were hired July 1, 1985 or later and for those employees hired prior to July 1, 1985 who elected to participate in the Carroll County Pension Plan. Employees may still choose to voluntarily contribute to the plan. Administration of this plan is provided by the County, with recordkeeping services provided by the Lincoln Financial Group. Additional information on the plans can be found in Note 11 of the notes to the financial statements.

**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 Carroll County for its comprehensive annual financial report (“CAFR”) for the fiscal year ended June 30, 2017. Carroll County has received a Certificate of Achievement for the last 33 consecutive years (fiscal years 1985-2017). The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This 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 our current comprehensive annual financial report 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.

In addition, the County also received the GFOA’s Distinguished Budget Presentation Award for its fiscal year 2018 adopted budget document. In order to qualify for the Distinguished Budget Presentation Award, the government’s budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The Distinguished Budget Presentation Award is valid for a period of one year only. Carroll County has received the Distinguished Budget Presentation Award for the last eleven consecutive years (2008-2018). Currently, the County has submitted its fiscal year 2019 adopted budget document for award consideration.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff in the Department of the Comptroller and the cooperation of the entire organization. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report. In closing, I would like to thank the County Commissioners for their continuing interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Robert M. Burk, CPA  
Comptroller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Carroll County  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

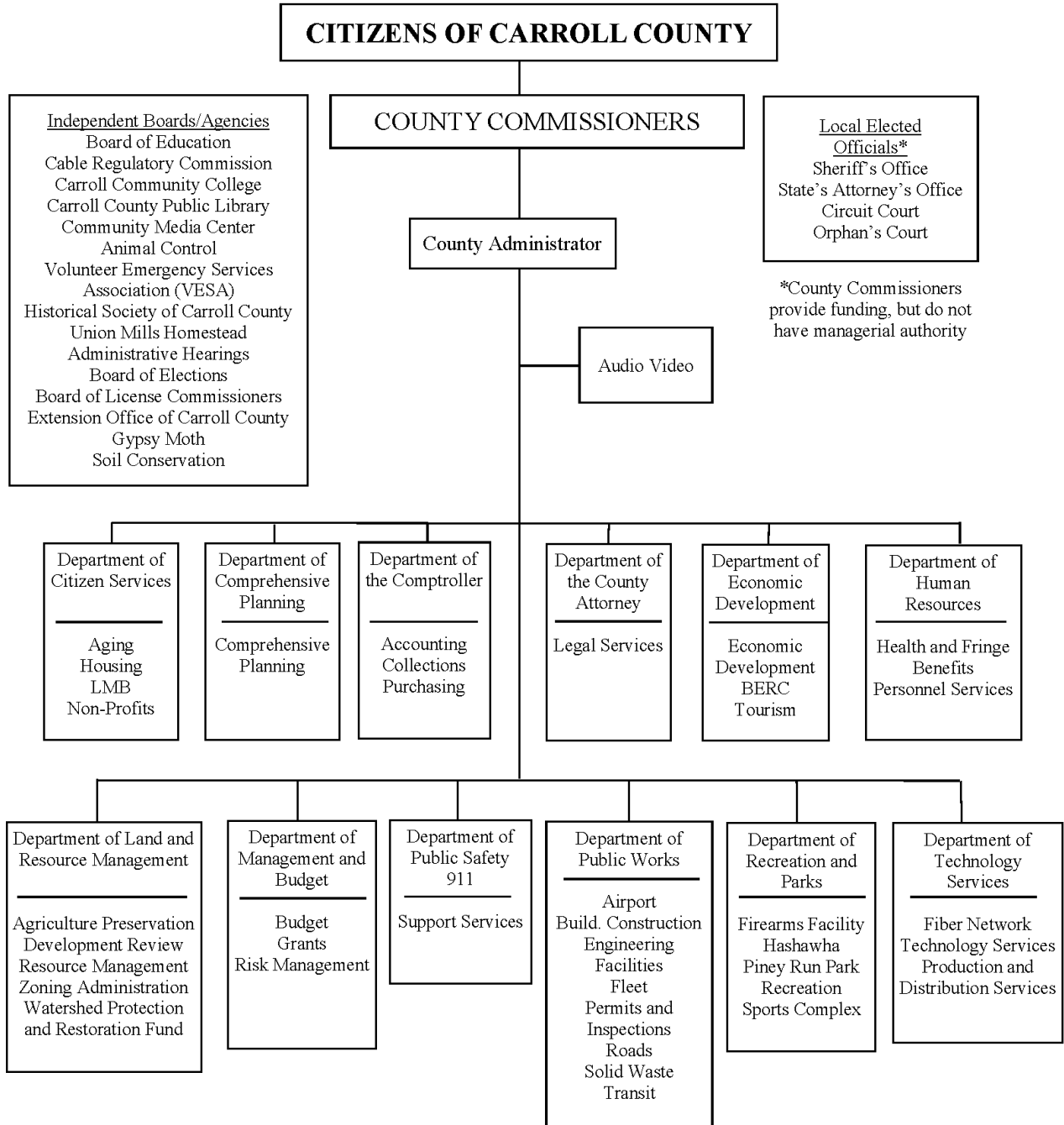
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CARROLL COUNTY GOVERNMENT

## Organizational Chart





**Carroll County, Maryland**

225 North Center Street  
Westminster, Maryland 21157  
Telephone (410) 386-2400  
Fax (410) 386-2485  
[ccgovernment.carr.org](http://ccgovernment.carr.org)

**Appointed Officials**

Roberta Windham  
County Administrator  
Shawn Reese  
County Clerk  
Robert M. Burk  
Comptroller  
Theodore Zaleski, III  
Director of Management and Budget  
Timothy C. Burke  
County Attorney  
Christine C. Kay  
Director of Citizen Services  
Jeffrey D. Castonguay  
Director of Public Works  
Scott R. Campbell  
Director of Public Safety  
Lynda D. Eisenberg (Acting)  
Director of Comprehensive Planning  
Thomas Devilbiss  
Director of Land and Resource Management  
Jeff R. Degitz  
Director of Recreation and Parks  
Kimberly L. Frock  
Director of Human Resources  
Mark Ripper  
Director of Technology Services  
John Lyburn, Jr.  
Director of Economic Development

**Independent Auditors**

CohnReznick, LLP  
Baltimore, Maryland

**Bond Counsel**

McKennon Shelton & Henn, LLP  
Baltimore, Maryland

**Financial Advisor**

Davenport & Company, LLC  
Baltimore, Maryland

**Board of County Commissioners**

Dennis E. Frazier  
President  
District 3



Stephen A. Wantz  
Vice President  
District 1



C. Richard Weaver  
Secretary  
District 2



Richard S. Rothschild  
District 4



J. Douglas Howard  
District 5





# Financial Section



Building the Future



Steve Guthrie, Carroll County Schools Superintendent retired June 30, 2018 after serving as Superintendent for 8 years. Mr. Guthrie has over 30 years experience in public education. He began his career as a social studies teacher in 1978 and taught in both California and Pennsylvania before coming to Carroll County in 1982. Mr. Guthrie was promoted to human resources in 1991 and became the director of the department in 2001. He then served as the school system's Assistant Superintendent of Administration for eight years before becoming Superintendent of Schools. In 2015 he was elected as the President of the Public School Superintendents Association of Maryland. Further, he was honored as the 2015 Maryland Superintendent of the Year. Thank you Steve for your hard work!



## Independent Auditor's Report

To the County Commissioners  
Carroll County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Maryland (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Education of Carroll County, Carroll Community College, and Carroll County Public Library, which represent 95.8 percent, 82.5 percent, and 99.5 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Education of Carroll County, Carroll Community College, and Carroll County Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Maryland, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Change in Accounting Principle*

As discussed in Note 1L to the financial statements, the County adopted new accounting guidance from the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion was not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 - 27, and the required supplementary information on pages 138 - 152 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Maryland's basic financial statements. The introductory section, supplementary information section and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as noted in the single audit section of the table of contents, is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the supplementary and additional information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, on our consideration of Carroll County, Maryland'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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County, Maryland's internal control over financial reporting and compliance.



Baltimore, Maryland  
November 20, 2018

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

As management of Carroll County, MD we offer readers of Carroll County Government's financial statements this narrative overview and analysis of the financial activities of Carroll County Government for the fiscal year ended June 30, 2018. The objective of this overview and analysis is to assist readers in focusing on significant financial issues, provide an overview of the County's financial activity, identify changes in the County's financial position, identify any material deviations from the financial plan, and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 5-8 of this report.

Financial Highlights

**Government-wide:**

- The assets and deferred outflows of resources of Carroll County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2018 by \$242,128,285 (total net position), compared to \$316,137,426 at June 30, 2017. For fiscal year ended June 30, 2018, total net position was net of the \$131,924,539 deficit in the unrestricted component of net position. The County implemented GASB Statement 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*, which restated beginning total net position by \$80,679,940 for the net OPEB liability. Additional detail explaining the prior period adjustment can be found in Note 1. In addition to the prior period adjustment, the deficit occurred because the County issues debt to fund construction costs for the Board of Education, which is a component unit of the County. The assets are then recorded on the component unit's books and the related debt is recorded on the County's books. Of total net position at June 30, 2018, \$19,659,440 was restricted for specific purpose (restricted net position) in comparison to \$30,534,223 at June 30, 2017. The total net investment in capital assets was \$354,393,384 at June 30, 2018, compared to \$339,785,053 at June 30, 2017.
  
- The total net position increased by \$6,670,799 or 2.8%.

**Fund level:**

- At the close of the fiscal year, unassigned fund balance for the general fund (primary operating fund) was \$3,955,334 or 1.04% of general fund revenues.
  
- As of June 30, 2018, the County's governmental funds reported combined fund balances of \$119,469,602, a decrease of \$21,168,097 from the prior year. Approximately 3.3% of the combined fund balance is available to meet the County's current and future needs (*unassigned*), 34.4% is assigned, indicating that it is not available for new spending because it has already been assigned for items such as existing purchase orders, construction contracts, and subsequent years expenditures, 41.9% is committed or restricted for future use, stabilization arrangement, restricted investments and other purposes, and 20.4% is nonspendable meaning it is in the form of loans receivable, inventory and notes receivable.

**Long-term debt:**

- Carroll County Government's total bonded debt decreased by \$31,099,640, or 9% from fiscal year 2017. For fiscal year 2018, the County paid an average interest rate of 4.29%.
  
- Debt Service for the County's governmental activities decreased by \$2,083,100, or 5% from fiscal year 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Carroll County Government's basic financial statements. Carroll County Government's basic financial statements comprise three components:

- ✓ Government-wide financial statements.
- ✓ Fund financial statements.
- ✓ Notes to the financial statements.

This report also contains required and non-required supplementary information in addition to the basic financial statements themselves.

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**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of Carroll County Government's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Carroll County Government's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and condition of Carroll County Government is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Carroll County Government that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Carroll County Government include general government, public safety, public works, health, human services, education, culture and recreation, libraries, conservation of natural resources, judicial and economic development. The business-type activities of Carroll County Government include water and sewer service, solid waste operations, septage treatment, firearms facility, airport facility and a fiber network.

The government-wide financial statements include not only Carroll County Government itself (known as the *primary government*), but also legally separate component units. Carroll County Government has the following component units: Board of Education of Carroll County, Carroll Community College, Carroll County Public Library, and Industrial Development Authority of Carroll County. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 30 and 31 of this report.

**Fund financial statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Carroll County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Carroll County Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Carroll County Government maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements which can be found on pages 161 to 162 of this report.

Carroll County Government adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund and can be found on page 36 of this report.

The basic governmental funds financial statements can be found on page 30 and 31 of this report.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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**Proprietary funds:** Carroll County Government maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Carroll County

Government uses an enterprise fund to account for its Bureau of Utilities, Solid Waste, Airport, Septage, Firearms Facility and Fiber Network. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Carroll County Government's various functions. Carroll County Government uses an internal service fund to account for risk management activities and employee health benefits. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 37 to 40 of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Bureau of Utilities, Solid Waste, Airport, and Fiber Network, which are considered to be major funds of Carroll County Government. Individual fund data for each of the two non-major proprietary funds is provided in the form of combining statements which can be found on pages 166 to 168 of this report.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Carroll County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County has four trust funds, which are the Carroll County Employee Pension Trust Fund; the Carroll County Certified Law Officers Pension Trust Fund; the Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland "OPEB"; and the Volunteer Firemen Length of Service Award Program "LOSAP". In addition to the four trust funds the County has two agency funds, which are the Carroll County Development Corporation "CCDC" and Carroll Cable Regulatory Commission. The basic fiduciary funds financial statements can be found on pages 42 and 43 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 to 137 of this report.

**Required Supplementary Information:** Required supplementary information is not part of the basic financial statements; however it provides additional information. Required Supplementary Information can be found on pages 139 to 152.

Financial analysis of the County as a whole

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial position. In the case of Carroll County Government, total net position was \$242,128,285 at the close of the most recent fiscal year. Components for Carroll County Government's net position are divided into three categories, net investment in capital assets, restricted net position and unrestricted net position. The largest portion of the County's net position reflects its investment in capital assets net of depreciation (e.g., buildings, building improvements, water and sewer systems, vehicles, machinery, equipment, roads and bridges), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that although counties in the State of Maryland issue debt for the construction of schools, school buildings are owned by each County's Public School System. Ownership reverts to the County if the local board determines that a building is no longer needed. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted net positions in governmental activities of \$121,872,358 reflect the imbalance of liabilities without corresponding assets and the net OPEB liability pertaining to the implementation of GASB Statement 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pension*.

Restricted net position of \$19,659,440 represents 8.1% of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used. Unrestricted net position of the total government is a deficit of \$131,924,539.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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**For the Year Ended June 30, 2018**

The major changes that took place occurred in the governmental activities. Total assets and deferred outflows reduced by \$37.9 million from the prior fiscal year primarily due to the Board of Education reducing over \$20.8 million due to them since they drew down cash in the current fiscal year, which reduced the current liabilities. In addition, the Warfield note receivable totaling \$1.7 million was settled, which reduced current assets. The sale of the Winchester Building to the Board of Education reduced capital assets. Non-current liabilities increased over \$54.5 million primarily due to implementation of GASB 75, net other post employment benefit liability. See Note 8 for details with restated July 1, 2017 balance. Net investment in capital assets increased by \$13.8 million from the prior fiscal year; primarily due to a reduction in total fixed assets, reduction in outstanding debt due, and no new bond debt issued from the prior fiscal year.

Carroll County Government's Net Position

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2018	June 30, 2017 *	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017 *
Current assets	\$ 166,614,862	\$ 192,292,019	\$ 23,885,778	\$ 23,416,435	\$ 190,500,640	\$ 215,708,454
Non-current assets	27,311,090	28,219,985	-	-	27,311,090	28,219,985
Capital assets	382,830,040	392,248,717	132,134,892	133,077,991	514,964,932	525,326,708
Total assets	<u>576,755,992</u>	<u>612,760,721</u>	<u>156,020,670</u>	<u>156,494,426</u>	<u>732,776,662</u>	<u>769,255,147</u>
Deferred outflows	12,398,463	14,323,232	497	664	12,398,960	14,323,896
Total assets and deferred outflows	<u>589,154,455</u>	<u>627,083,953</u>	<u>156,021,167</u>	<u>156,495,090</u>	<u>745,175,622</u>	<u>783,579,043</u>
Current liabilities	63,800,314	81,531,393	6,221,093	5,792,812	70,021,407	87,324,205
Non-current liabilities	406,467,562	351,999,361	20,543,421	23,811,905	427,010,983	375,811,266
Total liabilities	<u>470,267,876</u>	<u>433,530,754</u>	<u>26,764,514</u>	<u>29,604,717</u>	<u>497,032,390</u>	<u>463,135,471</u>
Deferred inflows	5,953,183	4,201,239	61,764	104,907	6,014,947	4,306,146
Total liabilities and deferred inflows	<u>476,221,059</u>	<u>437,731,993</u>	<u>26,826,278</u>	<u>29,709,624</u>	<u>503,047,337</u>	<u>467,441,617</u>
Net position:						
Net investment in capital assets	233,149,740	219,328,550	121,243,644	120,456,503	354,393,384	339,785,053
Restricted	1,656,014	7,570,022	18,003,426	22,964,201	19,659,440	30,534,223
Unrestricted	(121,872,358)	(37,546,612)	(10,052,181)	(16,635,238)	(131,924,539)	(54,181,850)
Total net position	<u>\$ 112,933,396</u>	<u>\$ 189,351,960</u>	<u>\$ 129,194,889</u>	<u>\$ 126,785,466</u>	<u>\$ 242,128,285</u>	<u>\$ 316,137,426</u>

\* The County implemented GASB Statement No. 75 effective July 1, 2017. The 2017 amounts presented have not been restated to reflect the implementation of GASB 75. Refer to Note 1.

During fiscal year 2018, the County's net position increased by \$6,670,799, after consideration of the prior period adjustment described in Note 1 on page 58 of the financial statements. The revenue contributing factors to the increase in net position include income tax, property taxes, and gain on sale of capital assets along with the increase in investment earnings. In addition to the increases, it should be noted that there was a reduction in operating grants & contributions in governmental activities of over \$5 million compared to the prior fiscal year. The increase in expenses over the prior fiscal year was a contributing factor in a lower increase of net position in the current fiscal year. This includes additional expenses in the general government and public works for the first year maintenance and utility costs of the three schools closed and returned to the County in the prior fiscal year; formerly known as Charles Carroll Elementary, New Windsor Middle and North Carroll High School. Public works expenses also included an increased operating budget for additional positions and capital outlay. Public safety also had increased expenses which include a training academy for the Sheriff's Office, vehicles for additional staff, one-time purchase of tasers, and improvements to the pension plan for the Correctional Deputies. Education had the largest increase in expenses as their budget increased to include state-mandated teacher pension, and capital outlay for HVAC and roof replacements.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

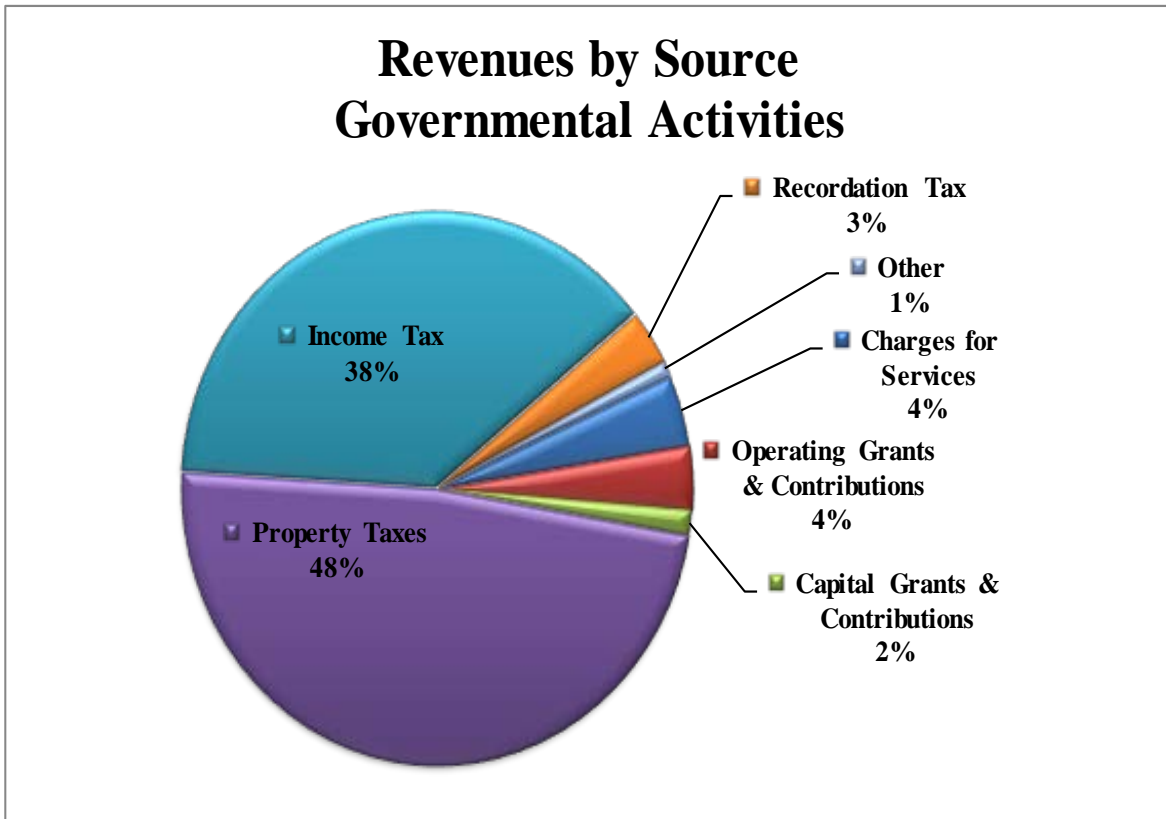
The following table indicates the changes in net position for governmental and business-type activities:

	Carroll County Government's Changes in Net Position					
	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2018	June 30, 2017 *	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017 *
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 18,007,215	\$ 17,256,109	\$ 20,191,331	\$ 19,710,138	\$ 38,198,546	\$ 36,966,247
Operating grants & contributions	15,996,293	21,016,535	-	-	15,996,293	21,016,535
Capital grants & contributions	6,362,421	6,005,593	2,707,232	1,972,009	9,069,653	7,977,602
<b>General revenues:</b>						
Property taxes	207,878,588	201,438,220	-	-	207,878,588	201,438,220
Income tax	164,543,703	149,896,467	-	-	164,543,703	149,896,467
Recordation tax	13,923,538	14,241,331	-	-	13,923,538	14,241,331
Admission & amusement tax	355,088	351,742	-	-	355,088	351,742
Agricultural transfer tax	221,063	179,416	-	-	221,063	179,416
Hotel rental tax	332,518	324,144	-	-	332,518	324,144
Investment earnings	720,169	(968,894)	271,728	(363,434)	991,897	(1,332,328)
Gain (Loss) on sale of capital asset	2,507,859	-	(8,787)	47,237	2,499,072	47,237
<b>Total Revenues</b>	<b>430,848,455</b>	<b>409,740,663</b>	<b>23,161,504</b>	<b>21,365,950</b>	<b>454,009,959</b>	<b>431,106,613</b>
<b>Program Expenses:</b>						
General government	49,091,984	42,244,881	-	-	49,091,984	42,244,881
Public safety	53,943,920	51,691,641	-	-	53,943,920	51,691,641
Public works	37,119,065	33,927,901	-	-	37,119,065	33,927,901
Health	4,777,495	4,654,075	-	-	4,777,495	4,654,075
Human services	15,042,717	14,679,925	-	-	15,042,717	14,679,925
Education	209,899,157	201,927,058	-	-	209,899,157	201,927,058
Culture and recreation	5,861,997	6,298,819	-	-	5,861,997	6,298,819
Libraries	14,351,288	14,808,509	-	-	14,351,288	14,808,509
Conservation of natural resources	9,048,557	10,167,939	-	-	9,048,557	10,167,939
Economic development	4,674,029	3,851,580	-	-	4,674,029	3,851,580
Judicial	8,570,786	8,455,090	-	-	8,570,786	8,455,090
Interest on long-term debt	10,578,974	10,996,087	-	-	10,578,974	10,996,087
Bureau of Utilities	-	-	11,076,640	11,588,148	11,076,640	11,588,148
Solid Waste	-	-	10,461,256	8,784,687	10,461,256	8,784,687
Airport	-	-	778,732	861,147	778,732	861,147
Septage	-	-	669,343	594,277	669,343	594,277
Firearms	-	-	118,906	128,986	118,906	128,986
Fiber Network	-	-	1,274,314	1,321,618	1,274,314	1,321,618
<b>Total Expenses</b>	<b>422,959,969</b>	<b>403,703,505</b>	<b>24,379,191</b>	<b>23,278,863</b>	<b>447,339,160</b>	<b>426,982,368</b>
Excess (deficiency) before transfers	7,888,486	6,037,158	(1,217,687)	(1,912,913)	6,670,799	4,124,245
Transfer of assets from component unit	-	9,442,491	-	-	-	9,442,491
Transfers	(3,627,110)	(2,619,490)	3,627,110	2,619,490	-	-
<b>Increase (Decrease) in Net Position</b>	<b>4,261,376</b>	<b>12,860,159</b>	<b>2,409,423</b>	<b>706,577</b>	<b>6,670,799</b>	<b>13,566,736</b>
Net Position - Beginning, as restated	108,672,020	176,491,801	126,785,466	126,078,889	235,457,486	302,570,690
<b>Net Position - Ending</b>	<b>\$ 112,933,396</b>	<b>\$ 189,351,960</b>	<b>\$ 129,194,889</b>	<b>\$ 126,785,466</b>	<b>\$ 242,128,285</b>	<b>\$ 316,137,426</b>

\* The County implemented GASB Statement No. 75 effective July 1, 2017. The 2017 amounts presented have not been restated to reflect the implementation of GASB 75. Refer to Note 1.

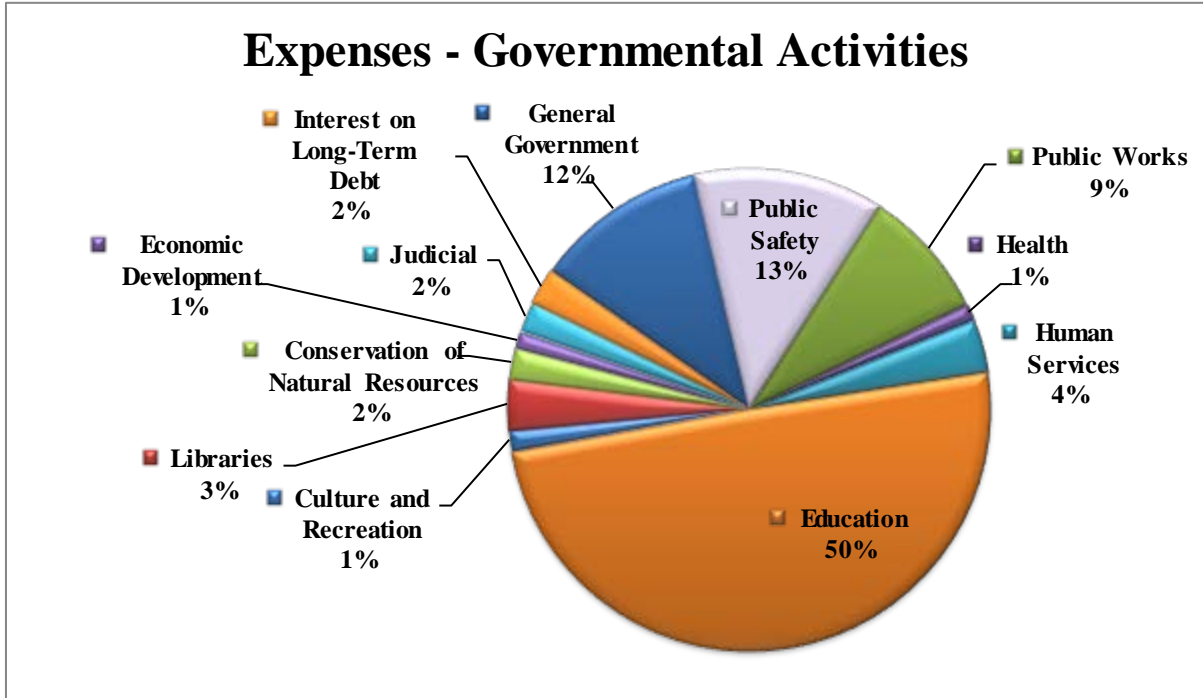
**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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**Governmental activities:** Overall revenue has increased by \$21,107,792, which is a 5.2% increase from fiscal year 2017. The contributing factors include property tax revenue, which increased by \$6,440,368 over last fiscal year due to the increase in real property assessments. Income tax increased by \$14,647,236 due to more income tax being collected. Investment earnings increased by \$1,689,063 as a result of change in market values at year end on restricted investments in U.S Treasury Strips and Bonds for Installment Purchase Agreements. The County received \$4.0 million in proceeds from the sale of the Winchester building to the Board of Education as described on page 25. Operating grants and contributions decreased by \$5,020,242 primarily in the area of program revenues for public works. In the prior fiscal year, there was a one-time grant increase pertaining to the three schools closed and returned to the County late last fiscal year; formerly known as Charles Carroll Elementary, New Windsor Middle and North Carroll High School.



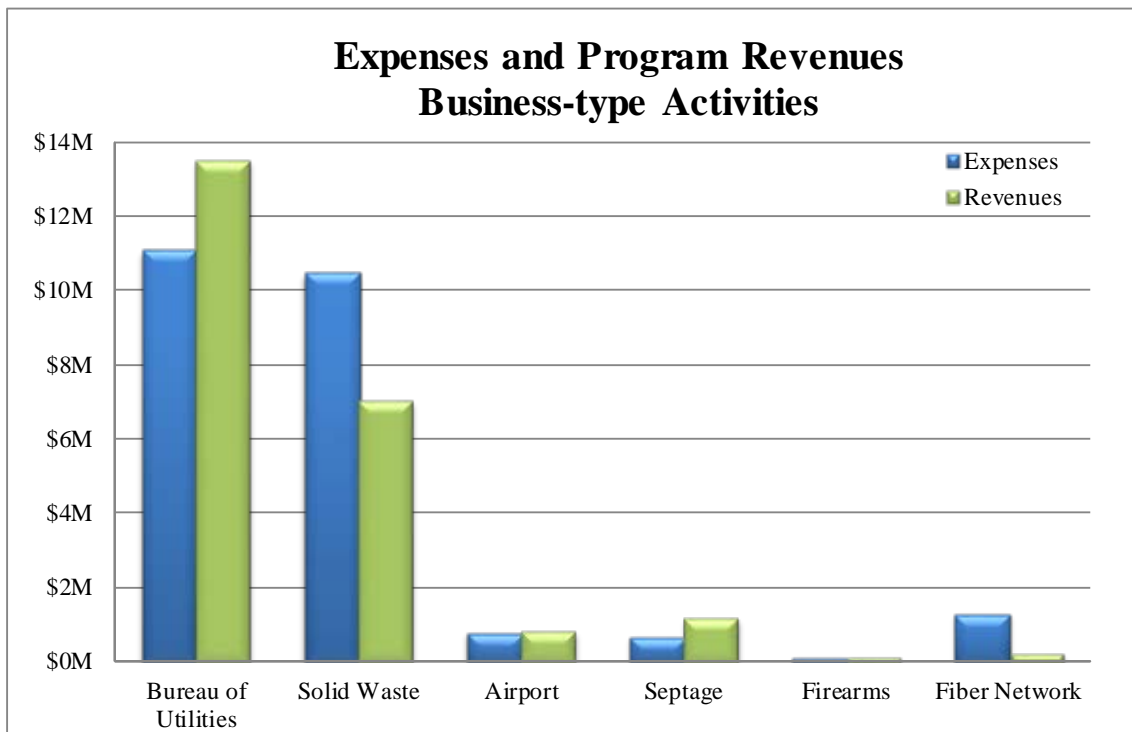
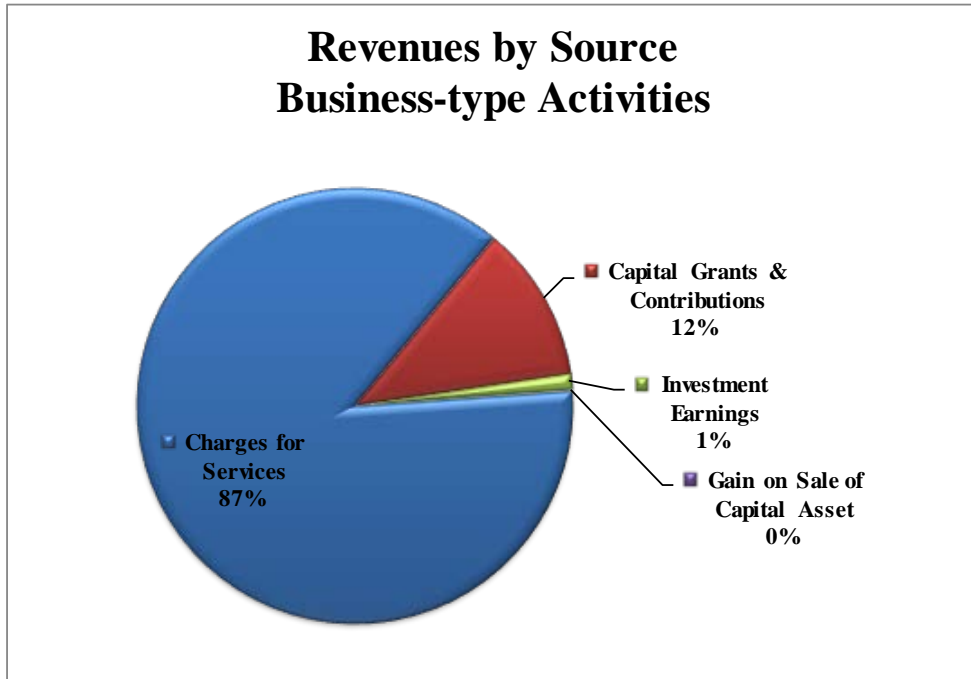
**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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**Governmental activities:** Overall expenses have increased by \$19,256,464 or 4.8% from fiscal year 2017. The implementation of GASB Statement 75 included over \$1.1 million in adjusting entries to the various program expenses in the current fiscal year pertaining to the deferred inflows and OPEB liability adjustments at year end. The major increases were seen in education at \$7,972,009 due to increase in operating as budgeted and capital outlay HVAC and roof replacements. General government at \$6,847,103 includes increased health and fringe benefits. Public works at \$3,191,164 due to increase in operating as budgeted for additional positions, increased maintenance of the buildings formerly known as Charles Carroll Elementary, New Windsor Middle, and North Carroll High, and increased capital outlay expenses. Public safety at \$2,252,279 which includes the mid-year Board of County Commissioners creation of the Sheriff's Office training academy and capital outlay expenses including vehicle replacements, one-time purchase of tasers for the Sheriff's Office, and improvements to the pension plan for the Correctional Deputies. Conservation of natural resources decreased by \$1,119,382 which did not have as much capital outlay expenses as last year.



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**Business-type Activities:** There was an overall increase in total revenues of \$1,795,554 or 8.4% from fiscal year 2017. The primary reasons for the increase was due to an increase in charges for services by \$481,193 mainly due to an increase in water and sewer usage; penalties and interest increased by \$526,396; capital grants & contributions increased by \$735,223 primarily because area connection charges increased. The expenses of the business-type activities increased by \$1,100,328 or 4.7% from fiscal year 2017. The primary reason for the increase occurred in the solid waste funds in the area of capital outlay where the expenses were mostly associated with the closing of cell one and two at the northern landfill. In addition, penalties increased over \$143,000 in the solid waste fund from the prior fiscal year.



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**Financial Analysis of the Government's Funds**

As noted earlier, Carroll County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of Carroll County Government's *governmental funds* is to provide information on near-term outflows, and balances of *spendable* resources. Such information is useful in assessing Carroll County Government's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Carroll County Government's governmental funds reported combined ending fund balances of \$119,469,602, a decrease of \$21,168,097. Approximately 3.3% of this total (\$3,955,334) constitutes *unassigned fund balance*, which is available for future appropriation. The *assigned fund balance*, at 34.4% of total fund balance, is not available for new spending because it has already been assigned to encumbrances and subsequent years' expenditures. The *committed fund balance*, at 17.4% of total fund balance, is for future use, stabilization arrangement and other purposes. The *non-spendable fund balance*, at 20.4%, is not available for new spending because it is not expected to be converted to cash in the near future: 1) to cover loans receivable balances (\$12,680,795), 2) dedicated for inventory and advances to Industrial Development Authority (\$2,120,451), prepaid costs (\$634,920) and money due from other funds (\$8,945,784). The remaining 24.5% of fund balance (\$29,266,131) constitutes *restricted fund balance*, primarily investments pledged to the repayment of agricultural preservation installment purchase agreement general obligation debt.

The general fund is the primary operating fund of Carroll County Government. At the end of the fiscal year, unassigned fund balance of the general fund was \$3,955,334, while total fund balance was \$105,312,779. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 1.02% of total general fund expenditures, while total fund balance represents 27.2% of that same amount.

A decrease in fund balance was budgeted with an appropriation of \$11,557,850 of fund balance. The anticipated decrease in fund balance was partially mitigated by conservative spending which resulted in \$1,652,072 less in expenditures than budgeted. Total assets decreased by \$17,104,176. Liabilities decreased by \$19,970,662 due to a decrease in the amount owed to the Board of Education at year-end (\$12,500,400 payable compared to \$33,302,000 for the prior fiscal year, a decrease of \$20,801,600).

The revenues in the General Fund have increased by \$5,798,574 compared to the prior fiscal year. The primary contributing factor to the increase was due to the increase in income tax, real property tax due to the increase of assessments, and interest and gain on investments. Expenditures increased by \$9,524,137 compared to the prior fiscal year. The increase was due to the continued additional funding to the Board of Education to cover operating expenditures, which now includes direct funding for the Teacher Pension which began in fiscal year 2017 due to a state-mandated change. Another contributing factor to the increase was in public safety due to improvements to the pension plan for the Correctional Deputies and the one-time purchase of tasers for the Sheriff's Office. In addition, year-end adjustments were needed for the mid-year Board of County Commissioners creation of the Sheriff's Office training academy and for capital outlay expenses including vehicle replacements. Public works also increased due to additional budgeted positions and operating increases due to additional funding for maintenance of the three planned school closures; formerly known as Charles Carroll Elementary, New Windsor Middle and North Carroll High, which were returned to the County at the end of fiscal year 2017. Vehicle maintenance, fuel and telephone expenditures continue to be recognized as direct costs in the proper functions.

The Capital Projects Fund balance sheet shows a \$9,897,687 decrease in assets in fiscal year 2018. The decrease in cash is mainly due to several projects that began in fiscal year 2018 that are being funded with future general obligation bonds not yet issued. Also, no bonds were issued for capital projects in fiscal year 2018.

The Capital Projects Fund has a total fund balance of \$10,755,574, of which \$9,554,130 is assigned to liquidate purchase orders and \$1,201,444 is assigned for future capital project expenditures.

The Non-Major Governmental Funds have a total fund balance of \$3,401,249, all of which is nonspendable, committed, or externally restricted for specific purposes or assigned.

**Proprietary funds:** Carroll County Government's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total unrestricted net position of the proprietary funds at

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the end of the year amounted to a deficit of \$10,052,181 and unrestricted component of net position in the internal service fund totaled \$12,188,465. The total increase in net position for the proprietary funds of \$2,409,423 was primarily due to the operating transfers from the General Fund. The net position for the Internal Service Fund decreased by \$501,205. Other factors concerning these funds' finances have been addressed in the discussion of Carroll County Government's business-type activities.

**Fiduciary funds:** Carroll County Government's fiduciary fund statements provide information regarding the County's Employee Pension Plan, the Certified Law Officers Plan, the Volunteer Firemen's Length of Service Award Program "LOSAP", and Other Post Employment Benefit Trust and agency funds. Total net position for the four plans is \$203,298,213 for the fiscal year 2018. The investments in the trusts totaled \$203,607,251 at the end of fiscal year 2018, which was a 14.2% increase from fiscal year 2017. Agency funds had an asset total of \$637,631 at the end of fiscal year 2018. Other factors concerning trust funds are discussed in the notes to these statements starting with Note 11.

### **General Fund Budgetary Highlights**

In the original fiscal year 2018 budget, the Board of Commissioners approved a reserve for contingencies of approximately 1 percent of total budget to provide funds for emergency and unforeseeable expenditures that may arise during the current fiscal year. The final budget for reserve for contingencies decreased from the original budget by \$1,648,731. This decrease was due to economic development, infrastructure and grants write-off for part of the Warfield loan; Sheriff's Office vehicle replacements and the mid-year approval for the training academy; county attorney outside legal fees; municipal permit and license fees. Funds can only be moved to or from the reserve during the year with approval from the Board of Commissioners. Any balance left in the reserve at year-end falls to unassigned fund balance.

The budgetary statements of the general fund show actual revenues of \$379,765,629, compared to budgeted amount of \$377,216,150, a positive variance of \$2,549,479. The major differences between the final budgeted amounts and the actual revenues are as follows:

- Interest and gains on investments came in \$1.4 million lower than the final budget as a result of the Board of Education drawdowns and loss on investments not budgeted.
- Taxes – local property were \$1.1 million more than budget mainly due to higher real and personal property assessments.
- Taxes – local other came in \$4.2 million lower primarily due to reconciling income tax distributions lower than planned by \$3.8 million and recordation taxes lower than planned.
- Miscellaneous revenues were \$6.9 million more than budget due to unbudgeted in-kind rental income associated with the Board of Education, Library, and Community College facilities.

The budgetary statements of the general fund show actual expenditures of \$387,204,118, compared to budgeted amount of \$388,856,190, resulting in \$1,652,072 or 0.4% less than planned. The major differences between the final budgeted amounts and the actual expenditures are as follows:

- General government expenditures came in \$6.4 million less than final budget primarily due to in-kind services for component units being allocated to the correct functions, which decreased general government and increased education and library costs. The County also had savings in salaries, utilities, fuel, bond issuance and bank fees.
- The reserve for contingency is set up in case funds are needed to be moved into functions to address specific problems or opportunities. For fiscal year 2018, \$2.4 million was left in the reserve for contingency, creating a positive budget variance.
- The final budgets for each function in the expenditures were reallocated from the original budget to reflect changes made throughout the year. The majority of fiscal year 2018 year-end adjustments included \$23.6 million in reallocations in the following areas: health and pension fringe benefits, telephone usage from public safety, computer software and hardware charges from technology services, risk management charges for worker's compensation, property, auto, and general liability insurances, fleet management charges for vehicle fuel, parts, repairs and maintenance, and facilities charges for electricity, water, and natural gas.



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**Capital Asset and Debt Administration**

*Capital assets:* Carroll County Government's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to \$514,964,932 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, infrastructure, and construction in progress. The total decrease in Carroll County Government's investment in capital assets for the current fiscal year was 2.0% (a 2.5% decrease for governmental activities and a 0.7% decrease for business-type activities). Additional information on the County's capital assets can be found on pages 70-71 of this report.

Carroll County Government's Capital Assets  
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Land	\$ 36,096,812	\$ 35,889,680	\$ 9,038,273	\$ 9,038,262	\$ 45,135,085	\$ 44,927,942
Construction in progress	6,893,141	10,184,255	14,443,733	12,386,984	21,336,874	22,571,239
Building and contents	132,490,609	138,428,637	13,989,278	14,474,948	146,479,887	152,903,585
Improvements other than buildings	48,781,621	49,650,766	5,521,613	5,942,747	54,303,234	55,593,513
Auto, machinery & equipment	16,555,154	14,124,375	18,449,082	19,614,952	35,004,236	33,739,327
Infrastructure	142,012,703	143,971,004	70,692,913	71,620,098	212,705,616	215,591,102
<b>Total</b>	<b>\$ 382,830,040</b>	<b>\$ 392,248,717</b>	<b>\$ 132,134,892</b>	<b>\$ 133,077,991</b>	<b>\$ 514,964,932</b>	<b>\$ 525,326,708</b>

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

- The completion of various watershed protection projects and the completion of the additional parking lot at the Taneytown Senior Center/Library resulted in an increase in improvements by \$4.1 million and decreased CIP.
- Completion of various park additions and improvements resulted in an increase in improvements by \$1.0 million and decreased CIP.
- Sold Winchester building to the Board of Education, which decreased the net book value of buildings by \$1.3 million. County received \$4.0 million in proceeds from the sale.
- Completion of White Rock Road Bridge over Piney Run increased roads and bridges by \$1.08 million and decreased CIP.
- John Pickett Road construction began during FY18 and increased CIP by \$0.8 million.
- Continued construction during FY18 of Gorsuch Road relocation increased CIP by \$0.5 million.
- Donated roads received from developers during FY18 totaled \$0.7 million.

**General obligation debt:**

At the end of the fiscal year, Carroll County Government had total general obligation debt outstanding of \$299,234,129, which is debt backed by the full faith and credit of the County.

Carroll County Government's Outstanding General Obligation Debt

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
General Obligation Bonds, net	\$ 255,085,745	\$ 284,254,930	\$ 11,320,876	\$ 13,251,331	\$ 266,406,621	\$ 297,506,261
General Obligation Debt	32,827,508	32,827,508	-	-	32,827,508	32,827,508
<b>Total</b>	<b>\$ 287,913,253</b>	<b>\$ 317,082,438</b>	<b>\$ 11,320,876</b>	<b>\$ 13,251,331</b>	<b>\$ 299,234,129</b>	<b>\$ 330,333,769</b>

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During the current fiscal year, Carroll County Government's total general obligation debt decreased by \$31,099,640. During the year, the County did not issue general obligation bonds. There will be a \$25 million new debt issue in fiscal year 2019 which will be repaid over 20 years. Additional information on Carroll County Government's long-term debt can be found in Note 8 of this report.

Carroll County Government did not receive an updated credit rating in fiscal year 2018 because there were no bonds issued. There was a credit rating assigned October 2018 for the fiscal year 2019 bond sale, which was upgraded to the highest possible triple-A rating from all three credit agencies. Moody's upgraded the County to "Aaa Carroll County's (MD) GO Bonds; Outlook Stable" on October 11, 2018. The other two major credit agencies Standard & Poor's ("S&P") and Fitch Ratings also reaffirmed their AAA scoring of the County to give Carroll County the coveted and highest triple-A rating from all three credit agencies.

The higher credit rating upgrade translates into a lower interest rate and reduced fees resulting in significant savings over the life of the bonds and thus saving taxpayer money. The County will immediately feel the improved rating as it readies to finance the new \$25 million bond sale in fiscal year 2019. The Moody's ratings rationale "is based on the ongoing expansion of the county's large tax base and growing revenue streams, resulting in a consistently healthy and stable financial position. The Aaa rating also incorporates the county's beneficial location near the Baltimore-Washington metro area, above-average resident wealth levels, comprehensive fiscal policies and planning and manageable debt and pension burdens."

For charter counties, state statutes limit the amount of general obligation debt a government entity may issue up to 15.0% of its net assessed valuation of personal and corporate property plus 6.0% of the total assessed valuation of real property. While Carroll County is not a charter county and does not have a legal debt limit, it uses the state statute as a recommended guideline on debt limit. The current debt limitation for Carroll County Government is \$1,232,388,106, which is significantly in excess of the Carroll County Government's outstanding general obligation debt. Additional information on the computation of the legal debt margin can be found in Table 13 of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

- The fiscal year 2019 adopted budget appropriation for the general fund is \$411,258,050, representing an increase of \$11.2 million or 2.8 percent increase over fiscal year 2018, with no change in tax rates.
- Real property tax is expected to increase in fiscal year 2019 due to positive reassessments.
- Income tax is expected to be higher in fiscal year 2019. The expected increase is due to expected growth in withholdings and estimated payments because Carroll historically out performs the State due to higher average incomes and a lower unemployment rate.
- Recordation is expected to be higher in fiscal year 2019 due to increased activity in the housing market.
- Public safety appropriation increased in fiscal year 2019 mainly due to improvements to the pension plan for the correctional deputies in fiscal year 2018, replacement equipment for the detention center, the addition of ten school resource officers, and the creation of the entry-level training academy for the Sheriff's Office.
- Education appropriation increased in fiscal year 2019 due to the continued additional money needed to fund teacher's pensions.
- Public works appropriation increased in fiscal year 2019 due to the addition of a facilities coordinator position and interns from the Carroll County technology center, vehicles for the ten additional school resource officer positions, and a budget for the transit administration (transferred from the grant fund).
- General government appropriations increased in fiscal year 2019 due to additional funding in economic development infrastructure and investments; human resources health and fringe benefits including new positions; technology services due to additional software and hardware maintenance, hardware purchases for new positions, and professional services associated with the county-wide migration to Microsoft Office annual subscriptions.
- The County income tax will be reduced \$28,239 for twenty quarters for a total of \$564,788, beginning in May 2019 due to tax refunds for the Wynne case pertaining to tax returns filed between 2007 and 2014.

All of these factors were considered in preparing the Carroll County Government's budget for the 2019 fiscal year.

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**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

**Requests for Information**

This financial report is designed to provide a general overview of Carroll County Government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of the Comptroller, Carroll County Government, 225 North Center Street, Westminster, Maryland 21157 or call 410-386-2085. This report can also be found on the County's website at:

<https://www.carrollcountymd.gov/>

The County's component units issue their own separately audited financial statements. These statements may be obtained by directly contacting the component unit. Contact information can be found in Note 1 of this report.



# **Basic Financial Statements**

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Net Position**  
**June 30, 2018**

**Exhibit A**

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 99,885,424	\$ 20,635,235	\$ 120,520,659	\$ -
Cash and cash equivalents	267,489	14,627	282,116	21,081,862
Restricted cash and cash equivalents	-	-	-	7,458,223
Investments	-	-	-	56,126,278
Taxes and receivables, net	17,129,489	4,319,466	21,448,955	4,258,269
Due from component units	4,645,824	1,112	4,646,936	-
Due from primary government	-	-	-	13,905,960
Due from other governments	40,641,819	-	40,641,819	4,652,412
Due from fiduciary funds	314,362	-	314,362	-
Due from municipalities	34,222	-	34,222	-
Internal balances	1,553,772	(1,553,772)	-	-
Inventories	1,507,541	461,943	1,969,484	679,951
Prepaid expenses	634,920	7,167	642,087	1,321,278
Investments - restricted	27,311,090	-	27,311,090	58,001
Capital assets not being depreciated:				
Land	36,096,812	9,038,273	45,135,085	22,045,289
Construction in progress	6,893,141	14,443,733	21,336,874	2,539,868
Art and doll collection	-	-	-	384,950
Capital assets net of accumulated depreciation:				
Buildings and contents	132,490,609	13,989,278	146,479,887	370,608,617
Improvements other than buildings	48,781,621	5,521,613	54,303,234	6,679,977
Auto, machinery and equipment	16,555,154	18,449,082	35,004,236	755,486
Infrastructure	142,012,703	70,692,913	212,705,616	-
Capital assets, net of depreciation	<u>382,830,040</u>	<u>132,134,892</u>	<u>514,964,932</u>	<u>403,014,187</u>
Total assets	<u>576,755,992</u>	<u>156,020,670</u>	<u>732,776,662</u>	<u>512,556,421</u>
Deferred Outflows of Resources				
Debt refunding	8,092,878	497	8,093,375	-
Pensions	4,305,585	-	4,305,585	4,341,047
OPEB	-	-	-	6,766,958
Total deferred outflows of resources	<u>12,398,463</u>	<u>497</u>	<u>12,398,960</u>	<u>11,108,005</u>
Total assets and deferred outflows	<u>589,154,455</u>	<u>156,021,167</u>	<u>745,175,622</u>	<u>523,664,426</u>
<b>LIABILITIES</b>				
Accounts payable	8,164,645	3,835,433	12,000,078	5,236,872
Retainage and guarantees due contractors	1,531,640	-	1,531,640	-
Due to component units	13,905,960	-	13,905,960	-
Due to primary government	-	-	-	4,646,936
Due to other governments	76,746	-	76,746	2,159,317
Unearned revenue	4,251,597	32,671	4,284,268	10,336,859
Accrued interest payable	1,914,175	71,549	1,985,724	48,288
Accrued expenses	2,409,990	134,486	2,544,476	36,121,366
Long-term liabilities				
Due within one year	31,545,561	2,146,954	33,692,515	3,497,966
Due in more than one year	406,467,562	20,543,421	427,010,983	387,758,074
Total liabilities	<u>470,267,876</u>	<u>26,764,514</u>	<u>497,032,390</u>	<u>449,805,678</u>
Deferred Inflows of Resources				
Debt refunding	-	61,764	61,764	-
Pensions	4,928,425	-	4,928,425	3,410,127
OPEB	1,024,758	-	1,024,758	3,586,700
Total deferred inflows of resources	<u>5,953,183</u>	<u>61,764</u>	<u>6,014,947</u>	<u>6,996,827</u>
<b>NET POSITION</b>				
Net investment in capital assets	233,149,740	121,243,644	354,393,384	400,671,677
Restricted for:				
Capital projects	-	18,003,426	18,003,426	17,442
Special revenue funds	1,656,014	-	1,656,014	-
Grants	-	-	-	303,120
Food services	-	-	-	303,736
Educational purposes	-	-	-	12,451,813
Unrestricted (deficit)	<u>(121,872,358)</u>	<u>(10,052,181)</u>	<u>(131,924,539)</u>	<u>(346,885,867)</u>
Total net position	<u>\$ 112,933,396</u>	<u>\$ 129,194,889</u>	<u>\$ 242,128,285</u>	<u>\$ 66,861,921</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

**Exhibit B**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total Component Units
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Primary government:</b>								
General government	\$ 49,091,984	\$ 11,619,455	\$ 1,019,476	\$ -	\$ (36,453,053)	\$ -	\$ (36,453,053)	\$ -
Public safety	53,943,920	2,046,103	2,060,322	722,421	(49,115,074)	-	(49,115,074)	-
Public works	37,119,065	2,046,814	1,078,959	1,479,686	(32,513,606)	-	(32,513,606)	-
Health	4,777,495	7,037	93,800	-	(4,676,658)	-	(4,676,658)	-
Human services	15,042,717	95,469	9,536,624	-	(5,410,624)	-	(5,410,624)	-
Education	209,899,157	-	-	-	(209,899,157)	-	(209,899,157)	-
Culture and recreation	5,861,997	2,024,348	-	695,114	(3,142,535)	-	(3,142,535)	-
Libraries	14,351,288	-	-	146,000	(14,205,288)	-	(14,205,288)	-
Conservation of natural resources	9,048,557	167,989	101,899	3,319,200	(5,459,469)	-	(5,459,469)	-
Economic development	4,674,029	-	1,207,092	-	(3,466,937)	-	(3,466,937)	-
Judicial	8,570,786	-	898,121	-	(7,672,665)	-	(7,672,665)	-
Interest on long-term debt	10,578,974	-	-	-	(10,578,974)	-	(10,578,974)	-
Total governmental activities	<u>422,959,969</u>	<u>18,007,215</u>	<u>15,996,293</u>	<u>6,362,421</u>	<u>(382,594,040)</u>	<u>-</u>	<u>(382,594,040)</u>	<u>-</u>
<b>Business-type activities:</b>								
Bureau of Utilities	11,076,640	10,797,227	-	2,687,232	-	2,407,819	2,407,819	-
Solid Waste	10,461,256	7,017,892	-	-	-	(3,443,364)	(3,443,364)	-
Airport	778,732	825,813	-	20,000	-	67,081	67,081	-
Septage	669,343	1,176,001	-	-	-	506,658	506,658	-
Firearms	118,906	141,344	-	-	-	22,438	22,438	-
Fiber Network	1,274,314	233,054	-	-	-	(1,041,260)	(1,041,260)	-
Total Business-type activities	<u>24,379,191</u>	<u>20,191,331</u>	<u>-</u>	<u>2,707,232</u>	<u>-</u>	<u>(1,480,628)</u>	<u>(1,480,628)</u>	<u>-</u>
<b>Total primary government</b>	<u><u>\$ 447,339,160</u></u>	<u><u>\$ 38,198,546</u></u>	<u><u>\$ 15,996,293</u></u>	<u><u>\$ 9,069,653</u></u>	<u><u>\$ (382,594,040)</u></u>	<u><u>\$ (1,480,628)</u></u>	<u><u>\$ (384,074,668)</u></u>	<u><u>\$ -</u></u>

(Continued)

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

**Exhibit B**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Total Component Units
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary Government			
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Component units:								
Board of Education	\$ 393,163,647	\$ 4,401,577	\$ 46,940,662	\$ 6,570,260	\$ -	\$ -	\$ -	\$ (335,251,148)
Carroll Community College	36,053,120	9,493,830	5,709,710	-	-	-	-	(20,849,580)
Library	17,257,409	249,486	2,040,958	23,528	-	-	-	(14,943,437)
Industrial Development Authority	1,872,181	398,544	-	1,547,555	-	-	-	73,918
<b>Total component units</b>	<b><u>\$ 448,346,357</u></b>	<b><u>\$ 14,543,437</u></b>	<b><u>\$ 54,691,330</u></b>	<b><u>\$ 8,141,343</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (370,970,247)</u></b>
General revenues:								
Property taxes					207,878,588	-	207,878,588	-
Income tax					164,543,703	-	164,543,703	-
Recordation tax					13,923,538	-	13,923,538	-
Admission and amusement tax					355,088	-	355,088	-
Agricultural transfer tax					221,063	-	221,063	-
Hotel rental tax					332,518	-	332,518	-
Local appropriations					-	-	-	213,954,890
State aide					-	-	-	126,623,423
Grants and contributions not restricted to specific programs					-	-	-	4,297,142
Gain (Loss) on sale of capital asset					2,507,859	(8,787)	2,499,072	-
Investment earnings and miscellaneous, unrestricted					720,169	271,728	991,897	6,180,115
Transfers					(3,627,110)	3,627,110	-	-
Total general revenues and transfers					<u>386,855,416</u>	<u>3,890,051</u>	<u>390,745,467</u>	<u>351,055,570</u>
Change in net position					4,261,376	2,409,423	6,670,799	(19,914,677)
Net position - beginning of year, as restated					<u>108,672,020</u>	<u>126,785,466</u>	<u>235,457,486</u>	<u>86,776,598</u>
Net position - ending					<u>\$ 112,933,396</u>	<u>\$ 129,194,889</u>	<u>\$ 242,128,285</u>	<u>\$ 66,861,921</u>

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



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

Exhibit C

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 59,058,167	\$ 19,617,764	\$ 3,356,032	\$ 82,031,963
Cash and cash equivalents	267,489	-	-	267,489
Taxes and receivables, net	15,110,873	-	2,010,702	17,121,575
Due from component units	645,824	4,000,000	-	4,645,824
Due from other governments	38,600,606	2,041,213	-	40,641,819
Due from other governmental funds	7,084,177	-	-	7,084,177
Due from fiduciary funds	314,362	-	-	314,362
Due from proprietary funds	1,553,772	-	-	1,553,772
Due from municipalities	34,222	-	-	34,222
Inventories	1,507,541	-	-	1,507,541
Prepaid costs	163,583	-	471,337	634,920
Investments - restricted	27,311,090	-	-	27,311,090
Total assets	\$ 151,651,706	\$ 25,658,977	\$ 5,838,071	\$ 183,148,754
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,262,619	\$ 3,494,526	\$ 1,023,481	\$ 7,780,626
Retainage and guarantees due contractors	1,531,640	-	-	1,531,640
Due to component units	12,503,218	1,376,330	26,412	13,905,960
Due to other governments	76,746	-	-	76,746
Due to other governmental funds	-	7,077,651	6,526	7,084,177
Accrued expenditures	2,248,839	-	161,151	2,409,990
Unearned revenue	77,449	2,954,896	1,219,252	4,251,597
Total liabilities	19,700,511	14,903,403	2,436,822	37,040,736
<b>Deferred inflows of resources:</b>				
Unavailable revenue	26,638,416	-	-	26,638,416
Total deferred inflows of resources	26,638,416	-	-	26,638,416
<b>Fund Balances:</b>				
Nonspendable	23,910,613	-	471,337	24,381,950
Restricted	27,610,117	-	1,656,014	29,266,131
Committed	20,562,903	-	237,213	20,800,116
Assigned	29,273,812	10,755,574	1,036,685	41,066,071
Unassigned	3,955,334	-	-	3,955,334
Total fund balances	105,312,779	10,755,574	3,401,249	119,469,602
Total liabilities, deferred inflows of resources, and fund balance	\$ 151,651,706	\$ 25,658,977	\$ 5,838,071	\$ 183,148,754

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balance	\$ 119,469,602
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	382,830,040
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	26,638,416
Adjustment for net pension liability	(14,309,423)
Adjustment for net OPEB liability	(119,095,482)
Deferred outflows related to pensions that are applicable to future periods and, therefore, are not presented in the funds.	4,305,585
Deferred inflows related to pensions and OPEB that are applicable to future periods and, therefore, are not presented in the funds.	(5,953,183)
Internal service funds are used by management to charge the costs of health, liability and Local Government Insurance Trust insurances to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	12,188,465
Long-term liabilities including bonds payable and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds, notes payable, compensated absences, etc.	\$ (291,226,449)
Accrued interest payable	(1,914,175)
Net position of governmental activities	\$ 112,933,396

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

**Exhibit D**

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
-local property	\$ 202,673,928	\$ 2,986,500	\$ 2,218,160	\$ 207,878,588
-local other	157,348,696	12,901,615	332,518	170,582,829
Licenses and permits	3,261,620	-	-	3,261,620
Intergovernmental revenues	2,347,922	4,242,381	13,648,371	20,238,674
Charges for services	4,193,418	-	394,859	4,588,277
Fines and forfeits	60,323	-	24,449	84,772
Interest and gain on investments	1,292,197	(266,482)	13,971	1,039,686
Miscellaneous revenues	8,355,798	5,083,386	1,000	13,440,184
Total revenues	<u>379,533,902</u>	<u>24,947,400</u>	<u>16,633,328</u>	<u>421,114,630</u>
<b>EXPENDITURES</b>				
Current:				
General government	38,073,831	-	-	38,073,831
Public safety	48,510,398	-	1,237,566	49,747,964
Public works	17,068,096	-	2,105,060	19,173,156
Health	4,743,050	-	1,687	4,744,737
Human services	4,994,227	-	10,025,969	15,020,196
Education	204,307,227	-	-	204,307,227
Library	14,326,002	-	-	14,326,002
Culture and recreation	4,196,784	-	319,976	4,516,760
Conservation of natural resources	1,092,445	-	1,197,411	2,289,856
Economic development	3,245,829	-	1,179,807	4,425,636
Judicial	7,744,349	-	815,207	8,559,556
Capital outlay:				
General government	-	1,920,020	-	1,920,020
Public safety	-	1,867,602	-	1,867,602
Public works	-	16,224,133	-	16,224,133
Human services	-	10,779	-	10,779
Education	-	5,548,625	-	5,548,625
Library	-	25,286	-	25,286
Culture and recreation	-	1,160,315	-	1,160,315
Conservation of natural resources	-	6,193,268	-	6,193,268
Debt service:				
Principal	27,230,909	-	600,576	27,831,485
Interest	12,028,194	-	403,387	12,431,581
Total expenditures	<u>387,561,341</u>	<u>32,950,028</u>	<u>17,886,646</u>	<u>438,398,015</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,027,439)</u>	<u>(8,002,628)</u>	<u>(1,253,318)</u>	<u>(17,283,385)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,263,387	6,087,130	1,471,620	18,822,137
Transfers out	(11,185,860)	(10,940,900)	(322,487)	(22,449,247)
Total other financing sources (uses)	<u>77,527</u>	<u>(4,853,770)</u>	<u>1,149,133</u>	<u>(3,627,110)</u>
Net change in fund balances	(7,949,912)	(12,856,398)	(104,185)	(20,910,495)
Fund balance - beginning	113,520,293	23,611,972	3,505,434	140,637,699
Decrease in reserve for inventory	(257,602)	-	-	(257,602)
Fund balance - ending	<u>\$ 105,312,779</u>	<u>\$ 10,755,574</u>	<u>\$ 3,401,249</u>	<u>\$ 119,469,602</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

**Exhibit E**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (20,910,495)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation, net of asset disposals, and transfers exceeded capital outlays in the current period.	(9,418,677)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	11,074,000
Adjustment to the net pension liability	(1,351,639)
Adjustment to the net OPEB liability	(168,849)
The issuance of long-term debt (i.e. bonds, notes, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	28,836,885
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(425,833)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(501,205)
Net change in deferred outflows related to pension expense reported in the statement of activities.	(1,120,867)
Net change in deferred inflows related to pension and OPEB expense reported in the statement of activities.	<u>(1,751,944)</u>
Change in net position - governmental activities	<u><u>\$ 4,261,376</u></u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

**Exhibit F**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Taxes:				
-local property	\$ 201,770,040	\$ 201,770,040	\$ 202,905,656	\$ 1,135,616
-local other	161,629,440	161,629,440	157,348,696	(4,280,744)
Licenses and permits	3,277,170	3,277,170	3,261,620	(15,550)
Intergovernmental revenues	2,268,970	2,268,970	2,347,922	78,952
Charges for services	4,082,420	4,082,420	4,193,417	110,997
Fines and forfeits	78,550	78,550	60,323	(18,227)
Interest and gain on investments	2,723,000	2,723,000	1,292,197	(1,430,803)
Miscellaneous revenues	1,386,560	1,386,560	8,355,798	6,969,238
Total revenues	<u>377,216,150</u>	<u>377,216,150</u>	<u>379,765,629</u>	<u>2,549,479</u>
Other financing resources				
Appropriated fund balance	11,557,850	11,557,850	-	(11,557,850)
Transfers in	11,268,050	11,268,050	11,263,388	(4,662)
Total other financing resources	<u>22,825,900</u>	<u>22,825,900</u>	<u>11,263,388</u>	<u>(11,562,512)</u>
Total resources (inflows)	<u>400,042,050</u>	<u>400,042,050</u>	<u>391,029,017</u>	<u>(9,013,033)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Expenditures				
Current:				
General government	57,513,950	43,878,511	37,443,031	6,435,480
Public safety	42,502,410	49,037,991	48,484,029	553,962
Public works	13,676,710	17,672,109	17,404,620	267,489
Health	4,743,050	4,743,050	4,743,050	-
Human services	4,769,720	5,074,156	4,982,372	91,784
Education	197,127,570	197,411,610	204,307,227	(6,895,617)
Library	10,267,890	12,247,105	14,326,002	(2,078,897)
Culture and recreation	3,719,790	4,392,799	4,197,061	195,738
Conservation of natural resources	1,031,510	1,127,225	1,092,445	34,780
Economic development	2,272,670	3,219,402	3,220,829	(1,427)
Judicial	6,812,370	7,981,943	7,744,349	237,594
Reserve for contingencies	4,087,690	2,438,959	-	2,438,959
Debt service:				
Debt service - County	28,329,300	28,329,300	28,077,228	252,072
Debt service - Board of Education	11,302,030	11,302,030	11,181,875	120,155
Total expenditures	<u>388,156,660</u>	<u>388,856,190</u>	<u>387,204,118</u>	<u>1,652,072</u>
Other financing uses				
Transfers out	11,885,390	11,185,860	11,185,860	-
Total other financing uses	<u>11,885,390</u>	<u>11,185,860</u>	<u>11,185,860</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>400,042,050</u>	<u>400,042,050</u>	<u>398,389,978</u>	<u>1,652,072</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,360,961)</u>	<u>\$ (7,360,961)</u>
Fund balance - beginning			116,990,998	
Fund balance - ending			<u>\$ 109,630,037</u>	

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

**Exhibit G**

	Business-type Activities-Enterprise Funds					Total	Governmental
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds		Activities - Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Equity in pooled cash and investments	\$ 9,621,744	\$ 7,959,636	\$ -	\$ -	\$ 3,053,855	\$ 20,635,235	\$ 17,853,461
Cash and cash equivalents	-	12,522	50	-	2,055	14,627	-
Receivables, net	3,043,472	916,178	193,470	37,866	128,480	4,319,466	7,914
Due from component units	-	1,112	-	-	-	1,112	-
Inventories	449,385	-	12,558	-	-	461,943	-
Prepaid expenses	-	-	-	7,167	-	7,167	-
Total current assets	<u>13,114,601</u>	<u>8,889,448</u>	<u>206,078</u>	<u>45,033</u>	<u>3,184,390</u>	<u>25,439,550</u>	<u>17,861,375</u>
Noncurrent assets:							
Capital assets:							
Land	252,352	2,083,618	6,702,298	5	-	9,038,273	-
Buildings	17,676,654	1,752,296	4,569,596	-	274,051	24,272,597	-
Improvements other than buildings	2,034,063	6,319,553	1,785,748	1,139,212	408,405	11,686,981	-
Auto, machinery and equipment	2,882,646	4,420,308	901,948	21,455,399	254,236	29,914,537	-
Infrastructure	103,928,240	-	-	-	-	103,928,240	-
Construction in progress	13,991,336	-	-	26,316	426,081	14,443,733	-
Less accumulated depreciation	<u>(45,141,858)</u>	<u>(6,818,582)</u>	<u>(3,317,422)</u>	<u>(5,321,950)</u>	<u>(549,657)</u>	<u>(61,149,469)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>95,623,433</u>	<u>7,757,193</u>	<u>10,642,168</u>	<u>17,298,982</u>	<u>813,116</u>	<u>132,134,892</u>	<u>-</u>
Total assets	<u>108,738,034</u>	<u>16,646,641</u>	<u>10,848,246</u>	<u>17,344,015</u>	<u>3,997,506</u>	<u>157,574,442</u>	<u>17,861,375</u>
Deferred Outflows of Resources							
Debt refunding	-	-	-	-	497	497	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497</u>	<u>497</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 108,738,034</u>	<u>\$ 16,646,641</u>	<u>\$ 10,848,246</u>	<u>\$ 17,344,015</u>	<u>\$ 3,998,003</u>	<u>\$ 157,574,939</u>	<u>\$ 17,861,375</u>

(Continued)

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

**Exhibit G**

	Business-type Activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds	Total	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 2,465,338	\$ 1,167,061	\$ 40,972	\$ 17,510	\$ 144,552	\$ 3,835,433	\$ 384,019
Accrued interest payable	60,513	5,703	4,940	-	393	71,549	-
Unearned revenue	6,195	-	26,476	-	-	32,671	-
Accrued expenses	78,763	44,931	8,270	-	2,522	134,486	-
Due to other funds	-	-	98,573	1,455,199	-	1,553,772	-
Long-term liabilities due within one year:							
General obligation bonds payable	1,215,444	278,608	207,327	-	13,069	1,714,448	-
Unpaid claims	-	-	-	-	-	-	2,705,081
Loans payable	31,729	-	-	-	-	31,729	-
Landfill closure, post closure remediation	-	246,045	-	-	-	246,045	-
Compensated absences	92,159	56,926	5,223	-	424	154,732	-
Total long-term due within one year	<u>1,339,332</u>	<u>581,579</u>	<u>212,550</u>	<u>-</u>	<u>13,493</u>	<u>2,146,954</u>	<u>2,705,081</u>
Total current liabilities	<u>3,950,141</u>	<u>1,799,274</u>	<u>391,781</u>	<u>1,472,709</u>	<u>160,960</u>	<u>7,774,865</u>	<u>3,089,100</u>
Noncurrent liabilities:							
General obligation bonds payable	8,675,076	480,472	411,529	-	39,351	9,606,428	-
Unpaid claims	-	-	-	-	-	-	2,583,810
Loans payable	65,953	-	-	-	-	65,953	-
Landfill closure, post closure remediation	-	10,613,235	-	-	-	10,613,235	-
Compensated absences	163,010	92,126	2,669	-	-	257,805	-
Total noncurrent liabilities	<u>8,904,039</u>	<u>11,185,833</u>	<u>414,198</u>	<u>-</u>	<u>39,351</u>	<u>20,543,421</u>	<u>2,583,810</u>
Total liabilities	<u>12,854,180</u>	<u>12,985,107</u>	<u>805,979</u>	<u>1,472,709</u>	<u>200,311</u>	<u>28,318,286</u>	<u>5,672,910</u>
Deferred Inflows of Resources							
Debt refunding	24,386	35,427	1,951	-	-	61,764	-
Total deferred inflows of resources	<u>24,386</u>	<u>35,427</u>	<u>1,951</u>	<u>-</u>	<u>-</u>	<u>61,764</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	85,727,486	7,431,784	10,024,696	17,298,982	760,696	121,243,644	-
Restricted for:							
Capital projects	12,653,236	803,794	1,984,147	972,330	1,589,919	18,003,426	-
Unrestricted (deficit)	<u>(2,521,254)</u>	<u>(4,609,471)</u>	<u>(1,968,527)</u>	<u>(2,400,006)</u>	<u>1,447,077</u>	<u>(10,052,181)</u>	<u>12,188,465</u>
Total net position	<u>\$ 95,859,468</u>	<u>\$ 3,626,107</u>	<u>\$ 10,040,316</u>	<u>\$ 15,871,306</u>	<u>\$ 3,797,692</u>	<u>\$ 129,194,889</u>	<u>\$ 12,188,465</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

**Exhibit H**

	Business-type Activities-Enterprise Funds					Total	Governmental
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds		Internal Service Funds
Operating revenues:							
Charges for services	\$ 10,797,227	\$ 7,017,892	\$ 825,813	\$ 233,054	\$ 1,317,345	\$ 20,191,331	\$ 17,224,887
Total operating revenues	10,797,227	7,017,892	825,813	233,054	1,317,345	20,191,331	17,224,887
Operating expenses:							
Personal services	2,652,790	1,557,315	274,043	-	71,063	4,555,211	-
Contractual services	4,215,377	7,760,912	242,575	262,563	353,977	12,835,404	-
Materials and supplies	1,214,480	283,261	45,855	7,667	55,736	1,606,999	-
Rents and utilities	576,954	41,890	18,440	38,109	72,389	747,782	-
Insurance claims	-	-	-	-	-	-	18,086,669
Miscellaneous	89,254	163,819	20,706	53,573	188,169	515,521	-
Depreciation	2,327,785	654,059	177,113	912,402	46,915	4,118,274	-
Total operating expenses	11,076,640	10,461,256	778,732	1,274,314	788,249	24,379,191	18,086,669
Operating income (loss)	(279,413)	(3,443,364)	47,081	(1,041,260)	529,096	(4,187,860)	(861,782)
Nonoperating revenues (expenses):							
Penalties and interest	606,506	87,941	-	-	23,101	717,548	150,842
Medicare Part D	-	-	-	-	-	-	209,735
Bond interest subsidy	18,222	-	281	-	-	18,503	-
Interest and fiscal charges	(402,909)	(29,253)	(29,502)	-	(2,659)	(464,323)	-
Gain (loss) on disposal of capital assets	(8,787)	-	-	-	-	(8,787)	-
Total nonoperating revenues (expenses)	213,032	58,688	(29,221)	-	20,442	262,941	360,577
Income (loss) before contributions and transfers	(66,381)	(3,384,676)	17,860	(1,041,260)	549,538	(3,924,919)	(501,205)
Capital contributions							
(Area Connection Charges & Grants)	1,200,848	-	20,000	-	-	1,220,848	-
Capital contributions (Maintenance Fee)	1,486,384	-	-	-	-	1,486,384	-
Transfers in	212,110	2,415,000	-	1,000,000	-	3,627,110	-
Change in net position	2,832,961	(969,676)	37,860	(41,260)	549,538	2,409,423	(501,205)
Total net position - beginning of year	93,026,507	4,595,783	10,002,456	15,912,566	3,248,154	126,785,466	12,689,670
Total net position - end of year	\$ 95,859,468	\$ 3,626,107	\$ 10,040,316	\$ 15,871,306	\$ 3,797,692	\$ 129,194,889	\$ 12,188,465

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

**Exhibit I**

	Business-type Activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 10,716,944	\$ 6,732,810	\$ 838,301	\$ 227,242	\$ 1,281,069	\$ 19,796,366	\$ 17,224,887
Receipts from other funds	-	-	19,864	(792,318)	-	(772,454)	2,966
Payments to suppliers	(5,953,665)	(9,204,328)	(356,535)	(408,608)	(603,078)	(16,526,214)	(17,427,557)
Payments to employees	(2,661,549)	(1,558,223)	(268,543)	-	(70,972)	(4,559,287)	-
Net cash provided (used) by operating activities	<u>2,101,730</u>	<u>(4,029,741)</u>	<u>233,087</u>	<u>(973,684)</u>	<u>607,019</u>	<u>(2,061,589)</u>	<u>(199,704)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Medicare Part D	-	-	-	-	-	-	209,735
Transfers in	212,110	2,415,000	-	1,000,000	-	3,627,110	-
Net cash provided by noncapital financing activities	<u>212,110</u>	<u>2,415,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>3,627,110</u>	<u>209,735</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(3,096,579)	(51,279)	-	(26,316)	(29,794)	(3,203,968)	-
Principal paid on capital debt	(1,419,992)	(311,484)	(219,934)	-	(9,971)	(1,961,381)	-
Interest paid on capital debt	(457,061)	(43,216)	(33,434)	-	(2,559)	(536,270)	-
Proceeds of the disposition of capital asset	20,007	-	-	-	-	20,007	-
Capital contributions (Area Connection Charges & Grants)	2,687,232	-	20,000	-	-	2,707,232	-
Bond interest subsidy	18,222	-	281	-	-	18,503	-
Net cash used by capital and related financing activities	<u>(2,248,171)</u>	<u>(405,979)</u>	<u>(233,087)</u>	<u>(26,316)</u>	<u>(42,324)</u>	<u>(2,955,877)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest on investments and cash	606,506	87,941	-	-	23,101	717,548	150,842
Net cash provided by investing activities	<u>606,506</u>	<u>87,941</u>	<u>-</u>	<u>-</u>	<u>23,101</u>	<u>717,548</u>	<u>150,842</u>
Net (decrease) increase	672,175	(1,932,779)	-	-	587,796	(672,808)	160,873
Equity in pooled cash and investments at beginning of year	<u>8,949,569</u>	<u>9,904,937</u>	<u>50</u>	<u>-</u>	<u>2,468,114</u>	<u>21,322,670</u>	<u>17,692,588</u>
Equity in pooled cash and investments at end of year	<u>\$ 9,621,744</u>	<u>\$ 7,972,158</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 3,055,910</u>	<u>\$ 20,649,862</u>	<u>\$ 17,853,461</u>

(Continued)

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



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

**Exhibit I**

	Business-type Activities-Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (279,413)	\$ (3,443,364)	\$ 47,081	\$ (1,041,260)	\$ 529,096	\$ (4,187,860)	\$ (861,782)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	2,327,785	654,059	177,113	912,402	46,915	4,118,274	-
Effect of changes in operating assets and liabilities:							
Due to/from other funds	-	-	19,864	(792,318)	-	(772,454)	2,966
Accounts receivable	(80,405)	(285,082)	19,606	(5,812)	(36,276)	(387,969)	7,600
Prepaid expense	-	-	-	4,667	-	4,667	-
Inventory	12,445	-	1,159	-	-	13,604	-
Compensated absences payable	(7,778)	(2,450)	4,122	-	-	(6,106)	-
Accounts payable and accrued expenses	128,974	554,625	(28,740)	(51,363)	67,284	670,780	(29,493)
Unearned revenue	122	-	(7,118)	-	-	(6,996)	(11,879)
Claims liability	-	-	-	-	-	-	692,884
Landfill closure, post closure, remediation costs	-	(1,507,529)	-	-	-	(1,507,529)	-
	<u>2,381,143</u>	<u>(586,377)</u>	<u>186,006</u>	<u>67,576</u>	<u>77,923</u>	<u>2,126,271</u>	<u>662,078</u>
Net cash provided (used) by operating activities	<u>\$ 2,101,730</u>	<u>\$ (4,029,741)</u>	<u>\$ 233,087</u>	<u>\$ (973,684)</u>	<u>\$ 607,019</u>	<u>\$ (2,061,589)</u>	<u>\$ (199,704)</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Fiduciary Net Position**  
**Trust and Agency Funds**  
**June 30, 2018**

**Exhibit J**

	Trust Funds	Agency Funds
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ -	\$ 637,631
Receivables-notes	30,741	-
Accrued interest	6,827	-
Investments at fair value:		
Short-term investments	2,519,008	-
Bond funds	29,408,882	-
Equity funds	81,980,622	-
Marketable securities	89,698,739	-
Total investments	203,607,251	-
Total assets	203,644,819	\$ 637,631
<b>LIABILITIES</b>		
Accounts payable	\$ 32,244	\$ 98,034
Due to primary government	314,362	-
Deposits	-	539,597
Total liabilities	346,606	\$ 637,631
<b>FIDUCIARY NET POSITION</b>		
Fiduciary net position restricted for pension, OPEB, and other purposes	\$ 203,298,213	

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Change in Fiduciary Net Position**  
**Trust Funds**  
**For the Year Ended June 30, 2018**

**Exhibit K**

	<u>Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 14,580,700
Plan members	3,034,510
Total contributions	<u>17,615,210</u>
Investment earnings:	
Interest and dividends	80,836
Net increase in the fair value of investments	15,796,041
Total investment earnings	<u>15,876,877</u>
Less investment expense	(126,561)
Net investment earnings	<u>15,750,316</u>
Total additions	<u>33,365,526</u>
 <b>DEDUCTIONS</b>	
Benefits and refunds paid to plan members and beneficiaries	7,843,377
Administrative expenses	78,242
Total deductions	<u>7,921,619</u>
Net increase in fiduciary net position	25,443,907
Fiduciary net position-beginning	<u>177,854,306</u>
Fiduciary net position-ending	<u>\$ 203,298,213</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Net Position**  
**Component Units**  
**June 30, 2018**

**Exhibit L**

	Board of Education	Carroll Community College	Library	Industrial Development Authority	Total Component Units
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,101,542	\$ 9,175,161	\$ 1,368,399	\$ 6,436,760	\$ 21,081,862
Restricted cash and cash equivalents	-	-	30,377	7,427,846	7,458,223
Investments	45,000,000	11,126,278	-	-	56,126,278
Taxes and receivables, net	252,273	3,875,402	130,594	-	4,258,269
Due from primary government	13,881,776	7,787	16,397	-	13,905,960
Due from other governments	4,652,412	-	-	-	4,652,412
Inventories	674,725	-	5,226	-	679,951
Prepaid expenses	412,624	770,013	138,641	-	1,321,278
Investments - restricted	-	58,001	-	-	58,001
Capital assets not being depreciated:					
Land	14,142,128	-	-	7,903,161	22,045,289
Construction in progress	2,539,868	-	-	-	2,539,868
Art and doll collection	-	384,950	-	-	384,950
Capital assets net of accumulated depreciation:					
Buildings and contents	365,739,856	1,632,456	3,236,305	-	370,608,617
Improvements other than buildings	6,679,977	-	-	-	6,679,977
Auto, machinery and equipment	-	755,486	-	-	755,486
Capital assets, net of depreciation	<u>389,101,829</u>	<u>2,772,892</u>	<u>3,236,305</u>	<u>7,903,161</u>	<u>403,014,187</u>
Total assets	<u>458,077,181</u>	<u>27,785,534</u>	<u>4,925,939</u>	<u>21,767,767</u>	<u>512,556,421</u>
Deferred Outflows of Resources					
Pensions	4,148,959	-	192,088	-	4,341,047
OPEB	5,995,323	771,635	-	-	6,766,958
Total deferred outflows of resources	<u>10,144,282</u>	<u>771,635</u>	<u>192,088</u>	<u>-</u>	<u>11,108,005</u>
Total assets and deferred outflows	<u>468,221,463</u>	<u>28,557,169</u>	<u>5,118,027</u>	<u>21,767,767</u>	<u>523,664,426</u>
<b>LIABILITIES</b>					
Accounts payable	4,688,632	416,726	130,214	1,300	5,236,872
Due to primary government	4,009,840	22,622	1,564	612,910	4,646,936
Due to other governments	2,025,743	-	133,574	-	2,159,317
Unearned revenue	1,121,098	1,787,915	-	7,427,846	10,336,859
Accrued interest payable	48,288	-	-	-	48,288
Accrued expenses	35,353,840	427,218	305,859	34,449	36,121,366
Long-term liabilities:					
Due within one year	2,714,687	783,279	-	-	3,497,966
Due in more than one year	352,927,452	31,673,359	1,157,263	2,000,000	387,758,074
Total liabilities	<u>402,889,580</u>	<u>35,111,119</u>	<u>1,728,474</u>	<u>10,076,505</u>	<u>449,805,678</u>
Deferred Inflows of Resources					
Pensions	3,343,015	-	67,112	-	3,410,127
OPEB	466,000	3,120,700	-	-	3,586,700
Total deferred inflows of resources	<u>3,809,015</u>	<u>3,120,700</u>	<u>67,112</u>	<u>-</u>	<u>6,996,827</u>
<b>NET POSITION</b>					
Net investment in capital assets	387,757,179	2,387,942	3,236,305	7,290,251	400,671,677
Restricted for:					
Capital projects	-	-	17,442	-	17,442
Grants	303,120	-	-	-	303,120
Food services	303,736	-	-	-	303,736
Educational purposes	-	12,451,813	-	-	12,451,813
Unrestricted (deficit)	<u>(326,841,167)</u>	<u>(24,514,405)</u>	<u>68,694</u>	<u>4,401,011</u>	<u>(346,885,867)</u>
Total net position	<u>\$ 61,522,868</u>	<u>\$ (9,674,650)</u>	<u>\$ 3,322,441</u>	<u>\$ 11,691,262</u>	<u>\$ 66,861,921</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2018**

**Exhibit M**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Board of Education	Carroll Community College	Library	Industrial Development Authority	Total
Component units:									
Board of Education	\$ 393,163,647	\$ 4,401,577	\$ 46,940,662	\$ 6,570,260	\$ (335,251,148)	\$ -	\$ -	\$ -	\$ (335,251,148)
Carroll Community College	36,053,120	9,493,830	5,709,710	-	-	(20,849,580)	-	-	(20,849,580)
Library	17,257,409	249,486	2,040,958	23,528	-	-	(14,943,437)	-	(14,943,437)
Industrial Development Authority	1,872,181	398,544	-	1,547,555	-	-	-	73,918	73,918
Total component units	<u>\$ 448,346,357</u>	<u>\$ 14,543,437</u>	<u>\$ 54,691,330</u>	<u>\$ 8,141,343</u>	<u>\$ (335,251,148)</u>	<u>\$ (20,849,580)</u>	<u>\$ (14,943,437)</u>	<u>\$ 73,918</u>	<u>\$ (370,970,247)</u>
General revenues:									
Local appropriations					188,649,046	10,979,841	14,326,003	-	213,954,890
State aide					118,487,193	8,136,230	-	-	126,623,423
Grants and contributions not restricted to specific programs					-	4,297,142	-	-	4,297,142
Investment earnings and miscellaneous, unrestricted					4,350,858	1,183,065	489,219	156,973	6,180,115
Total general revenues and transfers					<u>311,487,097</u>	<u>24,596,278</u>	<u>14,815,222</u>	<u>156,973</u>	<u>351,055,570</u>
Change in net position					(23,764,051)	3,746,698	(128,215)	230,891	(19,914,677)
Net position - beginning of year, as restated					85,286,919	(13,421,348)	3,450,656	11,460,371	86,776,598
Net position - ending					<u>\$ 61,522,868</u>	<u>\$ (9,674,650)</u>	<u>\$ 3,322,441</u>	<u>\$ 11,691,262</u>	<u>\$ 66,861,921</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

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**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 1 - Summary of significant accounting policies**

**A. Description of Government-wide financial statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**B. Reporting entity**

Carroll County was created pursuant to an act of the General Assembly of the State of Maryland on January 19, 1837. Both executive and legislative functions of the County are vested in the elected five-member Board of County Commissioners of Carroll County. Each commissioner represents a district in the County.

The basic financial statements include Carroll County, Maryland as the primary government, and its significant component units, entities for which the County is considered to be financially accountable.

Discretely presented component units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government. They are reported in a separate column to emphasize that they are legally separate from the County. The following are the County's component units that are included in the reporting:

The Board of Education of Carroll County as currently constituted was established under Title 3, Subtitle 103, Education, of the Annotated Code of Maryland. The Board is a five-member elected body responsible for the operation of Carroll County Public Schools. The Board of Education of Carroll County is a component unit of Carroll County, Maryland by virtue of the County's responsibility for levying taxes and its budgetary control over the Board of Education. The Board does not report any component units itself. The Board of Education's financial statements were audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor concluded that the Board of Education's financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information as of and for the year ended June 30, 2018. At year-end any unspent appropriation up to 5% of the current year operating budget is retained by the Board of Education as a component of their fund balance. Any excess above the 5% is returned to the County.

The Carroll County Library Board of Trustees is established under Title 23, Subtitle 401, Education, of the Annotated Code of Maryland. The Board of Trustees is a seven-member body and is responsible for the operation of Carroll County Public Library "the Library". The members are appointed by the County Commissioners from nominees submitted by the Library Board of Trustees. The Library is a component unit of Carroll County Government by virtue of the Library's fiscal dependency on the County. The County levies taxes and is the primary source of the Library Board of Trustees' budget. The Library's financial statements were audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor concluded that the Library's financial statements present fairly, in all material respects, the financial position of the governmental activities, and each major fund as of and for the year ended June 30, 2018. At year-end any unspent appropriation up to 5% of the current year operating budget is retained by the Library as a component of their fund balance. Any excess above the 5% is returned to the County.

Carroll Community College "the College" is considered a "body politic" under Maryland state law as an instrumentality of the State of Maryland "the State". The seven-member Board of Trustees of Carroll Community College governs the College. The Board of Trustees are appointed for six-year terms by the Governor of the State with the advice and consent of the State Senate. The College is a component unit of Carroll County Government by virtue of the County's responsibility for levying taxes and its power to appropriate funds to establish and operate a community college as referenced in The Annotated Code of Maryland Education Article §16-304. The College serves the constituents of the County. At year-end any unspent appropriation up to 10% of the current year operating budget is retained by the College as a component of their net position. Any excess above the 10% is returned to the County.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

Carroll Community College Foundation, a component unit of Carroll Community College, is a separate legal entity. It has a separate Board of Directors that works closely with the College. The College President, Vice-President of Administration and a College Trustee are ex-officio members of the Foundation Board. Although the College does not control the timing or amount of receipts from the Foundation, all of the resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is discretely presented in the College's financial statements.

Carroll Community College's financial statements, including the Carroll Community College Foundation, were audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor concluded that Carroll Community College's financial statements present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit as of and for the year ended June 30, 2018.

The Industrial Development Authority "IDA" of Carroll County was established pursuant to Sections 266A-1 through 266A-3 of Article 41 of the Annotated Code of Maryland, and Resolution 25-80 adopted by the Board of County Commissioners of Carroll County on October 16, 1980. The IDA provides economic development services to commercial enterprises in the County. The County Commissioners appoint a voting majority of the Authority, which is also fiscally dependent on the County. The IDA's financial statements were audited by CohnReznick LLP, a firm of licensed certified public accountants. The independent auditor concluded that the IDA's financial statements present fairly, in all material respects, the financial position of the business-type activities as of and for the year ended June 30, 2018.

Complete financial statements of the individual component units can be obtained from their respective administrative offices listed below:

Board of Education of Carroll County  
55 North Court Street  
Westminster, Maryland 21157

Carroll Community College  
1601 Washington Road  
Westminster, Maryland 21157

Industrial Development Authority  
225 N. Center Street  
Westminster, Maryland 21157

Carroll County Public Library  
1100 Green Valley Road  
New Windsor, Maryland 21776

The above are the only entities that qualify as component units based on the criteria set forth in GASB Statement No. 39 and GASB Statement No. 61, amendments of GASB Statement 14.

**C. Basis of presentation - government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has four discretely presented component units. They are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of presentation - fund financial statements**

The fund financial statements provide information about the County's funds and its fiduciary funds. Separate statements for each fund category- governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The government reports the following major governmental funds:

The *general fund* is the primary operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

The *capital projects fund* is used to account for financial resources related to the acquisition or construction of capital assets of the County (other than those financed by proprietary fund types).

The government reports the following major proprietary funds:

*Enterprise Funds:*

The *Carroll County Bureau of Utilities* provides public water and sewer services in certain areas of the County. This fund accounts for the operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted for use only in this fund.

The *Carroll County Solid Waste Fund* provides solid waste disposal facilities for residential and commercial use. This fund accounts for the operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted for use only in this fund.

The *Carroll County Regional Airport* accounts for the corporate hangar facilities and Airport operations, construction or acquisition of capital assets, and related debt service costs.

The *Carroll County Fiber Network* accounts for the operation and infrastructure development of the inter-county broadband fiber network.

Additionally, the government reports the following additional non-major proprietary funds:

The *Carroll County Septage Treatment Facility* provides septage waste disposal services. This fund accounts for the operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted for use only in this fund.

The *Carroll County Firearms Facility* is located at the Northern Landfill. The Hap Baker Firearms Facility accounts for the operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted for use only in this fund.

The *Internal Service Fund* is used to account for certain risk financing activities. The Internal Service Fund accounts for risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance and County employee health benefits costs.

The government reports the following Non-Major Special Revenue Funds:

The *Grant Fund* primarily accounts for revenues that are formally restricted by law for a particular purpose or have specific requirements associated with eligible program costs.

The *Hotel Rental Tax Fund* is restricted by law to provide funding for tourism and promotion of the County. The Hotel Rental Tax is a five percent tax applied to the hotel room rate and paid by the hotel guest.

The *Watershed Protection and Restoration Fund* is committed by County Resolution to provide funding for operating expenses related to the County's National Pollutant Discharge Elimination System permit and Watershed Restoration efforts. Property tax revenue is dedicated to the fund on an annual basis.

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The County reports the following Fiduciary Funds:

*Trust Funds:*

*Pension Trust Funds* are used to account for the activities of the County's single-employer public employee retirement plans. These include the General Employee's Plan and the Certified Law Officers Plan. The plans account for member contributions, County contributions and the earnings and profits from investments. They also account for the disbursements made for employee retirements, withdrawals, disability and death benefits as well as administrative expenses. The Volunteer Firemen's Length of Service Award Program "LOSAP" accounts for the benefit program for the volunteer fire personnel serving the various independent volunteer fire companies in the County. The LOSAP Fund is treated as a trust fund but, is not a legally established trust.

The *Other Post Employment Benefit "OPEB" Trust* accounts for retiree contributions and County contributions to provide health benefits for the County's eligible retirees. The plan also accounts for the earnings from investments as well as the disbursements made for medical premiums, the payments of medical claims, and administrative expenses.

The *Agency Fund* is used to account for assets that the County holds on behalf of others as their agent. The Agency Funds are custodial in nature (assets equal liabilities). The Carroll County Development Corporation "CCDC" Fund accounts for the transactions for economic development receivables collected by the County on behalf of a local nonprofit corporation. The Carroll Cable Regulatory Commission administers the cable franchise agreement for the County and eight towns.

All governmental and business-type activities of the County follow GASB Statement 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 Financial Accounting Standards Board "FASB" and American Institute of Certified Public Accountants "AICPA" pronouncements which incorporate into GASB authoritative literature certain accounting and financial reporting guidance previously included in FASB, AICPA, and Accounting Principles Board Opinions "APB" guidance issued before November 30, 1989.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds do not have a measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except grants and similar items which are considered available if collected within one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when received.

## **F. Budgetary information**

### *1.* Budgetary basis of accounting

The annual budgets for the General Fund, Special Revenue Funds and the Capital Projects Fund are adopted on a basis consistent with generally accepted accounting principles "GAAP" except that encumbrances are treated as expenditures and real property taxes are budgeted as estimated revenues when levied. All budgetary comparisons presented in this report are on this non-GAAP budgetary basis.

The appropriated budget in the General Fund is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Project length budgets along with the current year's portion of each project are budgeted in the Capital Projects Fund. The appropriated budgets are prepared by individual grants for Special Revenue Funds. The legal level of budgetary control is at the project level for the Capital Projects fund and at the program level for the Grant Fund, Hotel Rental Tax Fund, and Watershed Protection and Restoration Fund.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

### *2.* Excess of expenditures over appropriations

For the year ended June 30, 2018, expenditures exceeded appropriations by \$6,895,617 in Education and \$2,078,897 in Library due primarily to the recording of in-kind services provided to the Board of Education, Community College, and Library. These in-kind services are not in the budget for Education and Library. In addition, Economic Development exceeded their appropriations by \$1,427 in the area of Economic Development Industrial Grants.

## **G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

### Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### Deposits and Investments

The County operates a cash and investment pool for all funds of the Primary Government. Each fund has been allocated its respective share of pooled cash and investments as reflected in the fund financial statements as "equity in pooled cash and investments." In addition to participating in the County's cash and investment pool, each fund may maintain separate cash and investments that are specific to the individual fund. Investments are reported at fair value in accordance with applicable GASB standards.

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Based on an average daily balance of each fund's equity in pooled cash and investments, investment income earned on the cash and investment pool is distributed monthly to the General, Enterprise, Special Revenue, and Fiduciary funds. Investment income earned on individual funds' separate cash and investments is recorded directly in the corresponding fund.

State statutes authorize the County to invest in obligations of the United States Government, Federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the Maryland Local Government Investment Pool, repurchase agreements secured by direct government or agency obligations and mutual funds limited to a portfolio of direct obligations of the United States government and repurchase agreements fully collateralized by the United States government obligations. Statutes have clarified that obligations of federal instrumentalities are authorized investments.

In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's "SEC" Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at amortized cost. The pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

The County has an independent third party as custodian for securities collateralizing repurchase agreements and all other investments and certificates of deposits. The County has an agreement with the custodian used for the overnight repurchase agreement whereby the County's authorization is needed to release any collateral being held in their name. The financial condition of this other custodian was monitored by the County throughout the year to mitigate the risk. Investments of the County are recorded at fair value, which is based on quoted market prices provided by Carroll County's Custodian, except for the investments in the Maryland Local Government Investment Pool "MLGIP", and Money Market funds. MLGIP investments are recorded at amortized cost. Investments in Money Market funds are valued at the closing net asset value per share on the day of valuation. Changes in fair value are reported as increases or decreases in investment income in the operating statements of the appropriate fund.

The County has in effect a master repurchase agreement, which adheres to the prototype master repurchase agreement produced by the Public Securities Association.

State statutes require uninsured deposits to be fully collateralized.

The County is a participant in the Maryland Local Government Investment Pool "MLGIP", which provides all local government units of the state a safe investment vehicle for the short-term investment of funds. The State Legislature created MLGIP within the articles of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by a single financial institution, PNC Institutional Investments. The pool has a AAA rating from Standard and Poor's and maintains a \$1.00 per share value. A MLGIP Advisory Committee of current participants was formed to review, on a semi-annual basis, the activities of the Fund and to provide suggestions to enhance the pool. The fair value of the pool is the same as the value of the pool shares.

The MLGIP issues a publicly available financial report that includes financial statements and required supplementary information for the MLGIP. This report can be obtained by writing: PNC Bank Institutional Investments; Maryland Local Government Investment Pool; 1 East Pratt Street 5<sup>th</sup> Floor West; Baltimore, Maryland 21201; or by calling 410-237-5629.

#### Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### Inventories and prepaid items

Inventories shown in the general and enterprise funds of the primary government consist of expendable supplies held for consumption and are valued at cost. The inventory in the General Fund of the primary government is reflected in the

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financial statements by the purchase method. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. An amount equal to the carrying value of inventory is reported in the nonspendable fund balance category in the general fund.

The inventory of expendable supplies and food held for consumption of the Board of Education is reflected in the financial statements by the consumption method and is valued at the lower of cost (first in, first out) or market. Under this method, the expenditure is recognized when inventory is used. In the fund financial statements, these inventories are offset by a fund balance reserve which indicates that they do not constitute available expendable resources, even though they are a component of assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The general fund reports fund balance for prepaid items under the nonspendable fund balance category. The general fund uses the consumption method.

Restricted assets

Certain assets of the governmental activities are classified as restricted assets on the balance sheet. Included as restricted assets are investments in U.S. Treasury Bonds and Strips held to maturity for the principal payment on the installment purchase of agricultural land easements. Deposits with Farmers and Merchants Bank are pledged collateral for the low interest energy efficient loan program.

Capital assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized on donated assets. Assets donated from component units are recorded at the carrying value of the asset at the time of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets

Buildings	50 years
Building improvements	10 years
Water and sewer systems	50-75 years
Vehicles	5-10 years
Machinery and equipment	5-10 years
Roads	50-75 years
Bridges	30-50 years
Fiber optic system	25-50 years

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. One such item is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The County also recognizes deferred outflows of resources for differences between projected and actual earnings on pension plan and OPEB plan investments, changes in actuarial assumptions, and contributions made subsequent to the measurement date. These amounts are being amortized over a one-five year period.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County recognizes deferred inflows of resources on the Statement of Net Position for differences between expected and actual experience and the differences between projected and actual earnings on plan investments of the Maryland State Retirement

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Pension plans and the County's OPEB plan. These amounts are being amortized over a 5-10 year period. In addition, this includes the deferred loss on debt when refunded. The deferred loss is amortized over the life of the bonds.

The government has one such item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in the deferred outflow or inflow of resources. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet for taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position

Government-wide:

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets represents all capital assets, including infrastructure reduced by accumulated depreciation, and the outstanding debt directly attributable to the acquisition, construction or improvement of these assets. Restricted component of net position represents external restrictions by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Unrestricted component of net position of the County is not restricted for any project or purpose.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The County issues debt to finance the construction of school facilities for the Board of Education component unit because the Board of Education does not have borrowing or taxing authority. The County reports this debt, whereas the Board of Education reports the related capital assets. The County also issues debt to finance the construction of facilities and various equipment purchases for the County's Volunteer Fire Companies because the Fire Companies do not have taxing authority. The sources of repayment of the debt are secured notes receivable due from the Volunteer Fire Companies.

Maryland State Retirement Pension "MSRP" - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the MSRP and additions to/deduction from the fiduciary net position have been determined on the same basis as they are reported by MSRP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Carroll County Employee Pension, Carroll County Certified Law Officers Pension, and Volunteer Firemen's Length of Service Award Program - For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to each of the County Pension Plans and pension expense, information about the fiduciary net position of these Pension Plans and additions to/deductions from each of the fiduciary net positions have been determined on the same basis as they are reported by each Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In July 2004, the County issued taxable general obligation bonds to pay the entirety of the County's unfunded accrued liability to the Employees' Retirement System of the State of Maryland. These bonds were refunded in December 2013. The County realized savings on a present value basis rather than paying the liability under the amortization plan offered by the Employees' Retirement System. This debt is not related to any capital assets.

Business-Type:

The Solid Waste fund issued debt to finance the construction of closing County landfills. The costs associated with the closing are not capitalized as assets. Of the total outstanding debt of \$759,080 in the Solid Waste fund, \$433,671 is associated with landfills closing costs.

The Bureau of Utilities fund collects certain fees that are subject to restrictions imposed by law. As of June 30, 2018, fees collected through water/sewer user rates, area connection charges and maintenance fees totaling \$12,653,236 have been restricted for future capital projects. The Solid Waste, Airport, Fiber Network and Septage funds have restricted component of net position for capital projects in the amounts of \$803,794, \$1,984,147, \$972,330 and \$1,589,919, respectively. These amounts, totaling \$18,003,426, are restricted in the business-type activities of the Statement of Net Position.

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Fund Balance

In the fund financial statements, governmental funds report limitations of fund balance for amounts that are nonspendable and are not available for appropriation or are legally restricted by outside parties or creditors for use for a specific purpose. Commitments of fund balance represent limitations placed on spending that are imposed by and may be removed by the adoption of County Ordinance by the Board of County Commissioners. Assignments of fund balance reflect tentative plans by the Board that may be subject to change. The Board of County Commissioners delegates authority to the Comptroller and the Director of Management and Budget to establish assignments of fund balance. Residual net resources are reported as unassigned fund balance and are the excess of nonspendable, restricted, committed and assigned fund balance. The County considers restricted, committed, assigned or unassigned fund balance amounts to have been spent when an expenditure is incurred for the purposes for which the fund balance classifications could be used. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The general fund is the only fund that reports a positive unassigned fund balance.

Stabilization Arrangement

The Board of County Commissioners adopted ordinance number 2013-07 to establish the Stabilization Arrangement, which must total a minimum of five percent of the following fiscal year adopted general fund budget. Requests for appropriations from the Stabilization Arrangement shall occur only after exhausting the current year's budgetary flexibility and spending of the current year's appropriated contingency. The funds can be spent if one of the following events occurs:

1.) A sudden and unexpected decline in total general fund revenues that exceeds one percent of the original projected revenues, **AND** actual revenues for two of the following major revenue sources are projected in the current year to fall below the actual amount from the prior year: property taxes, income tax, recordation tax, state shared taxes, and investment interest.

**OR**

2.) One of the following events occurs that creates a significant financial difficulty for the County and is in excess of the current year's appropriated contingency: a.) Declaration of a State of Emergency by the Governor of Maryland; b.) Unanticipated expenditures as a result of legislative changes from State/Federal governments in the current fiscal year; c.) Acts of Terrorism declared by the Governor of Maryland or the President of the United States; or d.) Acts of nature which are infrequent in occurrence and unusual in nature.

**H. Estimated liability for claims in process**

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker's compensation, property damage and medical claims as of June 30, 2018. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**J. Revenues and expenditures/expenses**

1.) Program Revenues

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

2.) Proprietary Funds, Operating & Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Bureau of Utilities, Solid Waste, Fiber Network, Septage Treatment, Firearms Facility and Airport are charges to customers for sales and services. The Bureau of Utilities also

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recognizes as operating revenue the portion of hookup fees and lateral fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

**3.) Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and the Capital Projects Fund. Encumbrances outstanding at year-end are reported as assigned fund balances in the governmental funds balance sheet, since they do not constitute expenditures or liabilities.

**4.) Property Taxes**

Full year taxes and first semi-annual installments are billed and due on July 1<sup>st</sup> and may be paid without interest on or before September 30<sup>th</sup>. For fiscal year 2018, the following discounts were allowed: 1 percent on full year tax payments made on or before July 31<sup>st</sup> and 0.5 percent on full year tax payments made on or before August 31<sup>st</sup>. Semi-annual tax payments are not eligible for the discount. Second semi-annual installments are due on December 1<sup>st</sup> and may be paid without interest on or before December 31<sup>st</sup>. A service charge is payable with the second installment unless both installments are paid by September 30<sup>th</sup>. Delinquent accounts are issued final bills and legal notices on April 1<sup>st</sup>. Following the required advertisements and notices, the appointed tax collector conducts a tax sale on the last business day of the fiscal year.

Real and personal property taxes are levied at rates enacted by the County Commissioners in the annual budget process on the assessed value as determined by the Maryland State Department of Assessments and Taxation. The rates of levy cannot exceed the constant yield tax rate furnished by the Maryland State Department of Assessments and Taxation without public notice and only after public hearings.

The real property tax rate during the year ended June 30, 2018 was \$1.018 per \$100 of assessed value and the personal property rate was \$2.515 per \$100. Real property taxes for the County, State and Towns are billed to property owners and collected by the County.

**5.) Other Taxes & Fees**

Impact Fees are included in the capital projects fund to provide funding to capital projects for parks that are eligible to receive impact fee funding. In order for a project to be eligible, it must be created to alleviate pressures related to growth as described in the impact fee ordinance. Impact Fees are collected at the time a permit is issued for the construction of a new residential dwelling.

Like Impact Fees, Agricultural Transfer Tax is included in the capital projects fund and is restricted by law to provide funding for the Agricultural Land Preservation Program. Agricultural Transfer Tax is collected on the sale of agricultural property that is changing use from agriculture to another classification.

**6.) Compensated Absences**

Employees of the County earn vacation, compensatory and sick leave in varying amounts. Upon separation, employees are reimbursed for accumulated unused vacation and compensatory leave.

County employees who are participants in the State retirement program are given credited service days toward their retirement benefits for accumulated sick leave. County employees who are not in the State retirement program may be eligible to claim a portion of their unused sick days upon retirement.

Accrued unused vacations, compensatory, and sick leave, along with the employer paid portion of taxes and benefits, are reported as expenses and/or liability of the activity and function that will pay it. A liability for these amounts is reported in the funds only if they have matured, for example, as a result of employee resignations and retirements. Earned but unused vacation and compensatory leave of proprietary funds are recorded as an expense and liability of those funds.

Compensated absences for the Component Units are as follows:

- Board of Education employees hired prior to July 1, 1997 meeting specified service requirements are eligible to accumulate sick time and, upon retirement, are entitled to payment for unused sick time at 50% of their accrued sick leave balance at their previous three-year average daily rate. The remaining employees, hired prior to July 1, 1997 may accumulate unused sick time and will be paid for a maximum of 250 days or their accumulated balance at June



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30, 2003, whichever is greater. Employees hired July 1, 1997 and later are eligible to accumulate unlimited sick time, but are not entitled to payment for unused sick time upon retirement. There is a maximum accrual of 30 paid vacation days for those employees eligible to earn and accumulate vacation time.

- Library and Community College employees are permitted to accumulate vacation time and carry it over to future periods. Upon separation, employees are reimbursed for accumulated vacation. Employees are not reimbursed for accumulated unused sick leave.

**7.) Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in General Government. It is the County's internal policy that refunding bond premiums and discounts are allocated to the general fund. Premiums related to new bond issues are allocated to the capital fund. Discounts are recorded as general fund expenditures. Issuance costs are allocated to the general fund.

**8.) Arbitrage Payable**

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to general obligation bond issuances of 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, and 2003, respectively.

The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The County calculates arbitrage internally every six months. As of June 30, 2018, there is no arbitrage liability due to the Internal Revenue Service.

**K. New accounting pronouncements**

Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*: The objective of this Statement is to improve accounting and financial reporting by state and local governments for post employment benefits other than pensions. The County has implemented the effects of this Statement for the reporting period ended June 30, 2018.

Statement No. 85, *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post employment benefits (pensions and other post employment benefits [OPEB]). The Statement was not applicable to the County and therefore was implemented for the reporting period ended June 30, 2018 with no effect.

Statement No. 86, *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purposes of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is deceased in substance. The Statement was not applicable to the County and therefore was implemented for the reporting period ended June 30, 2018 with no effect.

**Future Accounting Pronouncements**

GASB has issued the following Statements which will become effective in future years as shown below. Management is currently evaluating the effect of the implementation of these Standards.

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Statement No. 83, *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). This Statement will become effective for fiscal years beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement will become effective for fiscal years beginning after December 15, 2018.

Statement No. 87, *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will become effective for fiscal years beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement will become effective for fiscal years beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement will become effective for fiscal years beginning after December 15, 2019.

Statement No. 90, *Majority Equity Interests*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement will become effective for fiscal years beginning after December 15, 2018.

**L. Prior period adjustment**

Governmental Activities:

Net Position was restated as of June 30, 2017 to reflect the implementation of GASB Statement 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. This Statement eliminated Net OPEB Obligations for the Retiree Benefit Trust, Board of County Commissioners of Carroll County, MD.

Net Position as June 30, 2017 was reduced by \$80,679,940 to reflect the implementation of GASB Statement 75.

Eliminate the Net OPEB Obligation at June 30, 2017	\$ 38,246,693
Set up Net OPEB Liability at June 30, 2017	(118,926,633)
Total adjustment to Net Position to reflect GASB 75 as of June 30, 2017	<u>\$ (80,679,940)</u>

Total Net Position was restated from \$189,351,960 to \$108,672,020.

Total Net Position, June 30, 2017, as previously stated	\$ 189,351,960
Adjustment to Net Position to reflect GASB 75	(80,679,940)
Total Net Position, June 30, 2017 as restated	<u>\$ 108,672,020</u>

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Component Units:

For the Board of Education of Carroll County and Carroll Community College, the implementation of GASB 75 resulted in a decrease to beginning net position of \$195,891,074 and \$9,649,390 respectively.

**Note 2 – Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, compensated absences, and pension liabilities, are not due and payable in the current period and therefore are not reported in the funds.”

The details of bonds payable and compensated absences differences are as follows:

Bonds payable	\$	235,349,294
General obligation debt - installment purchases		32,827,508
Purchase agreements payable		5,038,173
Compensated absences		6,367,901
Premium on bonds		19,736,451
Total long-term debt and compensated absences		<u>299,319,327</u>
Deferred charges		<u>(8,092,878)</u>
Total long-term liabilities & deferred charges		<u>\$ 291,226,449</u>

The details of net pension liabilities differences are as follows:

Net Employee Pension liability	\$	8,987,777
Net Certified Law Officers Pension liability		2,999,371
Net LOSAP Pension liability		1,810,461
Net Pension liability - State of MD:		
CC Elected/Appointed Officials	\$	280,764
Soil Conservation District		<u>231,050</u>
		<u>511,814</u>
		<u>\$ 14,309,423</u>

Another element of that reconciliation states “Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable in the funds.”

Property Taxes- unavailable	\$	566,776
Income Taxes- unavailable		<u>26,071,640</u>
		<u>\$ 26,638,416</u>

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**B. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between the *net change in fund balances - total governmental funds* and *change in net position - governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Purchase of capital assets	\$	9,826,108
Donated assets		721,472
Depreciation		(18,246,251)
Disposal of assets		(1,720,004)
Assets transferred between funds to Bureau of Utilities		(2)
		\$ (9,418,677)

Another element of that reconciliation states “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The detail of this \$11,074,000 difference represents the net change of \$(212,557) Property Taxes-unavailable plus \$11,286,557 in Income Taxes-unavailable in the fund statements.

Another element of that reconciliation states “The issuance of long-term debt (i.e., bonds, notes, installment purchase agreements) proceeds provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt Issued or Incurred:		
Short-term debt - general obligation bonds (School)	\$	-
Principal payments on general obligation bonds		27,491,644
Principal payments on purchase agreements		296,536
Net change in amortization of deferred loss on refunding bonds		(803,902)
Net change in amortization of bond premium		1,677,541
Net change in accrued interest expense		175,066
		\$ 28,836,885

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of some expense differences are as follows:

Increase in compensated absences accrual	\$	(168,231)
Difference between accrual method used in government-wide statements and the purchase method of inventory used in the fund statements		(257,602)
		\$ (425,833)

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The details of adjustment to the net pension liabilities are as follows:

Net Employee pension liability	\$	(486,528)
Net Certified Law Officers Pension liability		(402,833)
Net LOSAP pension liability		(467,057)
Net Pension liability - State of MD:		
CC Elected/Appointed Officials	\$	(1,635)
Soil Conservation District		6,414
		4,779
		\$ (1,351,639)

**Note 3 – Equity in Pooled Cash and Investments, Cash Equivalents and Investments**

PRIMARY GOVERNMENT

*Custodial Credit Risk Deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. At year-end, the County’s deposits totaled \$8,022,950 and the bank balance was \$8,438,258. The Federal Depository Insurance Corporation “FDIC” insured \$250,000 and the balance was collateralized with investments held in the County’s name at the Federal Reserve Bank. At June 30, 2018, the County’s deposits were not exposed to custodial credit risk.

The following table reconciles the County’s deposits and investments to the government-wide statement of net position and the statement of fiduciary net position at June 30, 2018.

	Primary Government	Fiduciary Funds	Total
Equity in pooled cash & investments	\$ 120,520,659	\$ 637,631	\$ 121,158,290
Cash and cash equivalents	282,116	-	282,116
Restricted assets-investments	27,311,090	203,607,251	230,918,341
Total cash and investments	\$ 148,113,865	\$ 204,244,882	\$ 352,358,747
Bank balances and cash on hand			\$ 8,022,950
Investments			344,335,797
Total Balances at June 30, 2018			\$ 352,358,747

COMPONENT UNITS

The following table reconciles the Component Unit’s deposits and investments to the government-wide statement of net position at June 30, 2018:

	Board of Education	Carroll Community College	Library	Industrial Development Authority
Cash and cash equivalents	\$ 4,101,542	\$ 9,175,161	\$ 1,368,399	\$ 6,436,760
Restricted cash and cash equivalents	-	-	30,377	7,427,846
Investments	45,000,000	11,126,278	-	-
Restricted assets-investments	-	58,001	-	-
Total cash and investments	\$ 49,101,542	\$ 20,359,440	\$ 1,398,776	\$ 13,864,606
Bank balances and cash on hand	\$ 4,101,542	\$ 1,816,638	\$ 1,398,776	\$ 13,864,606
Investments	45,000,000	18,542,802	-	-
Total Balances at June 30, 2018	\$ 49,101,542	\$ 20,359,440	\$ 1,398,776	\$ 13,864,606

All of the collected bank balance was insured by the FDIC and/or collateralized by securities held by the component unit or its agent, in the component unit’s name.

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PRIMARY GOVERNMENT

Investment Risk

**Interest Rate Risk:** The County plans its investments to match cash flow requirements. In accordance with the investment policy, the County does not invest in securities maturing more than two years from the date of purchase and only 30 percent of the lowest five-year average investment balance can be invested between one and two years (as of June 30, 2018 the 30 percent was \$38.4M). The only exception is the purchase of U.S Treasury bonds and U.S. Treasury strips for the Agricultural Land Preservation Program. These securities have no coupon and have long-term maturity lengths; therefore, they are very interest rate sensitive. If market rates were to rise, the market value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the market value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity to pay off the related debt when due.

**Credit Risk:** State law limits investments in bankers' acceptances and commercial paper to the highest letter and numerical rating by at least one nationally recognized statistical rating organization. As of June 30, 2018, the County did not invest in any of these types of investments.

**Concentration of Credit Risk:** The County places no limit on the amount the County may invest in any one issuer. Under state law, the County cannot invest more than 10 percent of its portfolio in commercial paper.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, or not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the government's name. County and State statutes require that securities underlying all certificate of deposits, repurchase agreements and reverse repurchase agreements have a market value of at least 102 percent of the cost plus accrued interest of the investment. County policies require that a third party custodian hold investment securities and the collateral underlying all investments, in the government's name. As of June 30, 2018, the County's investments were not exposed to custodial credit risk.

The following table displays the fair value measurements within the fair value hierarchy by investment type established by generally accepted accounting principles. Investments for the primary government and fiduciary funds have the following recurring fair value measurements as of June 30, 2018.

The three levels of the fair value hierarchy under the accounting guidance are listed below:

**Level 1**

Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the County can access at the measurement date.

**Level 2**

Inputs other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly.

**Level 3**

Inputs that are unobservable and significant to the fair value measurement for an asset or liability.

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	Fair Value/ Amortized Costs	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Primary Government:</b>				
<u>Investments by fair value level</u>				
<u>Debt Securities</u>				
Federal agencies (2)	\$ 49,846,400	\$ -	\$ 49,846,400	\$ -
U.S. government securities (1)	25,880,091	-	25,880,091	-
Total debt securities	<u>75,726,491</u>	<u>-</u>	<u>75,726,491</u>	<u>-</u>
<u>Equity Securities</u>				
Money rate savings account	5,002,055	5,002,055	-	-
Total Equity Securities	<u>5,002,055</u>	<u>5,002,055</u>	<u>-</u>	<u>-</u>
Total Primary Government Investments	<u>80,728,546</u>	<u>5,002,055</u>	<u>75,726,491</u>	<u>-</u>
Other Post Employment Benefits (OPEB) and Pension Funds:				
<u>Investments by fair value level</u>				
<u>Debt Securities</u>				
Corporate Bonds	29,408,882	29,408,882	-	-
Total debt securities	<u>29,408,882</u>	<u>29,408,882</u>	<u>-</u>	<u>-</u>
<u>Equity Securities</u>				
Equities (3)	81,980,622	81,980,622	-	-
Short-term investments (3)	2,519,008	2,519,008	-	-
Marketable securities	89,698,739	89,698,739	-	-
Total Equity Securities	<u>174,198,369</u>	<u>174,198,369</u>	<u>-</u>	<u>-</u>
Total OPEB and Pension Funds	<u>203,607,251</u>	<u>203,607,251</u>	<u>-</u>	<u>-</u>
Total Investments at fair value	<u>284,335,797</u>	<u>\$ 208,609,306</u>	<u>\$ 75,726,491</u>	<u>\$ -</u>
Investments at amortized costs MLGIP	<u>60,000,000</u>			
Total Investments	<u>\$ 344,335,797</u>			

(1) These investments are backed by full faith and credit of the U.S. Government.

(2) These agencies mature in fiscal year 2018/2019 but are callable monthly, quarterly, or semi-annually until maturity.

(3) These investments are unrated.

The following is a description of the valuation methodologies the County used to measure investments at fair value and determines which level the investment belongs in for the fair value hierarchy.

Equity Securities are valued at the last sales price or if no sale price is available and the market is active then the last transaction price before year-end is used. These securities are in Level 1 of the fair value hierarchy.

Debt Securities are valued at the most recent price of the equivalent quoted yield. Debt securities are in Level 2 of the fair value hierarchy.

**FIDUCIARY FUNDS**

**Investment Risk**

Fiduciary funds for Carroll County are the Carroll County Employee Pension Plan, the Carroll County Certified Law Officers Pension, LOSAP, & OPEB "the Trust Funds". The Trust Funds operate under one investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. Investments for the Trust Funds are reported at fair value.

The Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such a change could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

Established by generally accepted accounting principles, the accounting guidance provides direction for measuring fair value. A fair value hierarchy is used to measure fair value of the investments. There are three levels in the fair value hierarchy, with

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Level 1 being the highest priority to unadjusted quoted prices in the markets for identical assets and Level 3 being the lowest priority.

**COMPONENT UNITS**

The Board of Education maintains pooled and various separate cash accounts for its funds. The cash balances of the Agency Fund (see Statement of Fiduciary Net Position) consist of individual demand accounts maintained by the schools. The Board considers any instrument with a maturity of three months or less when purchased to be cash equivalents.

At year-end, the carrying value of the Board of Education’s combined deposits was \$4,580,644 and cash on hand was \$3,508. The bank balance of deposits was \$5,869,627. The bank balance was covered either by federal depository insurance or collateral held by the financial institution’s trust department in the Board’s name. Statutes authorize secured time deposits in Maryland banks and require uninsured deposits to be fully collateralized. Therefore, under the reporting requirements of Governmental Accounting Standards Board Statement No. 40, the Board’s deposits are not subject to custodial or credit risk at year-end. Because of the short-term maturity and type of investments, there is limited interest rate risk.

At June 30, 2018, the College’s cash and cash equivalents balance by type were as follows:

Cash on hand	\$	3,300
Cash in bank		1,461,239
Citibank health care account		347,000
Bank money market		508,500
Maryland Local Government Investment Pool		6,503,023
Cash in Carroll Community College Foundation		352,099
		\$ 9,175,161

As of June 30, 2018, the carrying amount of the Library’s deposits was \$1,398,776 and the bank balance was \$1,603,476. There is no custodial credit risk for either of these investments as the amounts are fully collateralized.

Restricted cash consists of amounts previously contributed to the Library. The funds were established in 1996 by the Board of Trustees of the Library for the purpose of establishing a fund that enables the Library both to continue and to expand programs that are or will be authorized in accordance with its mission. The funds are segregated from operating funds.

As of June 30, 2018, the Industrial Development Authority bank balance of \$13,864,606 was equal to the carrying value of the Industrial Development Authority. All deposits were covered by FDIC and/or collateral held in the Authority’s name by the financial institution.

**Note 4 – Budgets and Budgetary Accounting**

In April, the budget officer presents recommendations to the County Commissioners for review in a public session at which time estimates of revenues and budget requests are assembled for preparation of a proposed budget.

In May, a public hearing is scheduled on the budget. Taxpayers may comment on the operating and capital budgets and presentation of a proposed tax rate.

Following the hearing, a public meeting is held with the County Commissioners for reviewing the comments made at the hearing. The proposed budget is adopted at this time.

In June, certifications of the adoption are made to the Director of Management and Budget who is charged with implementing those phases of operation which will ensure that the approved budgets are submitted to all departments, bureaus, or agencies prior to July 1 as well as ensure that the tax billing, effective July 1, reflects the tax rate as set by the County Commissioners. Annual budgets are adopted for the General, Capital and Special Revenue Funds.

The appropriated budget for the General Fund is prepared by function, department, activity and object. The legal level of budgetary control for the County’s General Fund is at the department level. Project-length budgets along with the current year’s portion of each project are budgeted in the Capital Projects Fund. The appropriated budgets are prepared by individual grants for the Special Revenue Funds. The legal level of budgetary control is at the project level for the Capital Projects Fund



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and at the program level for the Grant Fund and on an annual basis for Hotel Rental Tax Fund and Watershed Protection and Restoration Fund.

Transfers in the General Fund can be made between departments and functions with the approval of the Board.

A public hearing is necessary for supplemental budgetary appropriations excluding those pertaining to Grant Funds. Unused budget appropriations lapse at the end of the fiscal year for the General Fund and Special Revenue Funds and at the end of each project in the Capital Projects Fund.

The budgeted amounts are as originally adopted, or as amended by the County Commissioners. There were no supplemental budgetary appropriations adopted for the year ended June 30, 2018.

**Note 5 – Receivables and Deferred Inflows/Outflows**

Receivables

Most of the receivables in the Governmental Funds are liens on real property that will be collected via the annual tax sale process if not paid. Receivables as of year-end for the government’s individual major funds and non-major and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>Tax</u>	<u>Accounts</u>	<u>Interest</u>	<u>Notes</u>	<u>Total</u>
<u>Governmental Funds</u>					
General fund	\$ 719,824	\$ 179,777	\$ 389,827	\$ 13,865,668	\$ 15,155,096
Non-major funds	-	1,838,000	-	172,702	2,010,702
	<u>719,824</u>	<u>2,017,777</u>	<u>389,827</u>	<u>14,038,370</u>	<u>17,165,798</u>
Uncollectible allowances	(44,223)	-	-	-	(44,223)
Total governmental funds	<u>\$ 675,601</u>	<u>\$ 2,017,777</u>	<u>\$ 389,827</u>	<u>\$ 14,038,370</u>	<u>\$ 17,121,575</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,531,758</u>	<u>\$ 12,531,758</u>

	<u>Accounts</u>
<u>Proprietary Funds</u>	
Bureau of Utilities	\$ 3,043,472
Solid Waste	916,178
Airport	193,470
Fiber Network	37,866
Non-major funds	128,480
Internal Service Fund	7,914
Total proprietary funds	<u>\$ 4,327,380</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>

Most of the receivables in the enterprise funds are backed by liens on real property that will be collected via the annual tax sale process if not paid.

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Balances for the component units for the year ended June 30, 2018 was as follows:

<u>Component Units</u>	<u>Accounts Restricted</u>	<u>Accounts and Notes Unrestricted</u>	<u>Other</u>	<u>Students</u>	<u>Contributions</u>	<u>Total</u>
Board of Education	\$ -	\$ 252,273	\$ -	\$ -	\$ -	\$ 252,273
Carroll Community College	-	-	185,390	753,089	3,423,557	4,362,036
Library	123,269	7,325	-	-	-	130,594
Industrial Development Authority	-	2,522,190	-	-	-	2,522,190
	123,269	2,781,788	185,390	753,089	3,423,557	7,267,093
Less: allowances	-	(2,522,190)	-	(486,634)	-	(3,008,824)
Total component unit activities	<u>\$ 123,269</u>	<u>\$ 259,598</u>	<u>\$ 185,390</u>	<u>\$ 266,455</u>	<u>\$ 3,423,557</u>	<u>\$ 4,258,269</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,786,618</u>	<u>\$ 2,786,618</u>

Unearned Revenues

Governmental and enterprise funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2018, the various components of unearned revenue reported were as follows:

Governmental Funds

General Fund:

City of Westminster \$ 77,449

Capital Fund:

Highway user fees 1,932,584

Developer contributions 125,536

Impact fees 744,646

Community support 413

Board of Education restricted 151,717

Grants Fund:

Draws in advance of expenditures 1,219,252

Total governmental funds \$ 4,251,597

Proprietary Funds

Bureau of Utilities \$ 6,195

Airport 26,476

Total proprietary funds \$ 32,671

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Deferred Outflows of Resources

In the government-wide statement of net position, deferred outflows of resources are reported as follows:

	Deferred Outflows
<u>Government-Wide</u>	
Governmental activities	
Deferred charge on refunding	\$ 8,092,878
Deferred charge for pension:	
Carroll County Employee Pension	\$ 2,832,672
Carroll County Certified Law Officers Pension	1,125,575
Length of Service Award Program (LOSAP)	216,076
State of MD CC Elected/Appointed Officials	67,241
State of MD Soil Conservation District	64,021
Total deferred charge for pension	4,305,585
Business-type activities	
Deferred charge on refunding	497
Total government-wide	\$ 12,398,960

Deferred Inflows of Resources

In the government-wide statement of net position, deferred inflows of resources are reported as follows:

	Deferred Inflows
<u>Government-Wide</u>	
Governmental activities	
Carroll County Employee Pension	\$ 3,330,429
Carroll County Certified Law Officers Pension	868,967
LOSAP	664,444
State of MD CC Elected/Appointed Officials	33,608
State of MD Soil Conservation District	30,977
Total deferred inflows for pension	\$ 4,928,425
Total deferred inflows for OPEB	1,024,758
Business-type activities	
Deferred charge on refunding	61,764
Total government-wide	\$ 6,014,947

Governmental funds reported unearned revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period are as follows:

<u>Governmental Funds</u>	Unavailable Revenue
General Fund:	
Income taxes	\$ 566,776
Property taxes	26,071,640
Total governmental funds	\$ 26,638,416

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**Note 6 – Interfund Receivables, Payables and Transfers**

Interfund Transfers

At June 30, 2018, the interfund transfers between primary government major and non-major funds were as follows:

	Transfers Out			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Transfers In:				
General Fund	\$ -	\$ 10,940,900	\$ 322,487	\$ 11,263,387
Capital Projects Fund	6,087,130	-	-	6,087,130
Bureau of Utilities	212,110	-	-	212,110
Solid Waste	2,415,000	-	-	2,415,000
Fiber Network	1,000,000	-	-	1,000,000
Non-Major Governmental Funds	1,471,620	-	-	1,471,620
Total transfers	<u>\$ 11,185,860</u>	<u>\$ 10,940,900</u>	<u>\$ 322,487</u>	<u>\$ 22,449,247</u>

The primary reason interfund transfers are made between the general fund to other major and non-major funds is for the continuation of operations and/or the funding of capital projects. 9.09 percent of income tax is dedicated to the capital fund and is transferred to the general fund to cover debt service for school construction.

Due from/to Component Units

The due from/to component units at June 30, 2018 consisted of the following:

	Due From	Due To
Primary Government:		
Board of Education	\$ 4,009,840	\$ 13,881,776
Carroll Community College	22,622	7,787
Library	1,564	16,397
Industrial Development Authority	612,910	-
	<u>\$ 4,646,936</u>	<u>\$ 13,905,960</u>
Component Units:		
Primary Government (Board of Education)	\$ 13,881,776	\$ 4,009,840
Primary Government (Carroll Community College)	7,787	22,622
Primary Government (Library)	16,397	1,564
Primary Government (IDA)	-	612,910
	<u>\$ 13,905,960</u>	<u>\$ 4,646,936</u>

Due from/to Fiduciary Funds

Due to/from primary government and due from fiduciary funds:

	Due From	Due To
Trust Funds:		
General Fund	\$ -	\$ 314,362
Governmental Activities:		
Other Postemployment Benefit Trust	314,362	-
	<u>\$ 314,362</u>	<u>\$ 314,362</u>

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Due from/to Other Governmental Funds

	Due From	Due To
Governmental Funds:		
General Fund	\$ -	\$ 7,084,177
Capital Projects Fund	7,077,651	-
Non-Major Governmental Funds (Grants)	6,526	-
	\$ 7,084,177	\$ 7,084,177

Internal Balances

	Due From	Due To
Business-type Activities:		
General Fund	\$ -	\$ 1,553,772
	\$ -	\$ 1,553,772
Governmental Activities:		
Fiber Network	\$ 1,455,199	\$ -
Airport	98,573	-
	\$ 1,553,772	\$ -
Total Governmental Activities		

The Airport Fund, Fiber Network and OPEB trust fund overdrew their share of Equity in Pooled Cash accounts. The overdraw was covered by the General Fund. The General Fund had an outstanding accounts receivable with the Airport, Fiber Network and OPEB trust fund at June 30, 2018.

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**Note 7 – Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Net of Transfers and Retirements	Balance June 30, 2018
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 35,889,680	\$ 207,141	\$ (9)	\$ 36,096,812
Construction in progress	10,184,255	4,049,704	(7,340,818)	6,893,141
Total capital assets, not being depreciated	<u>46,073,935</u>	<u>4,256,845</u>	<u>(7,340,827)</u>	<u>42,989,953</u>
Capital assets, being depreciated:				
Buildings and contents	211,871,494	141,699	(3,199,160)	208,814,033
Improvements other than buildings	82,158,920	305,495	4,968,023	87,432,438
Automobiles, machinery and equipment	48,961,952	5,122,169	(754,411)	53,329,710
Infrastructure	575,108,561	721,372	1,076,731	576,906,664
Total capital assets, being depreciated	<u>918,100,927</u>	<u>6,290,735</u>	<u>2,091,183</u>	<u>926,482,845</u>
Less accumulated depreciation for:				
Buildings and contents	73,442,857	4,730,748	(1,850,181)	76,323,424
Improvements other than buildings	32,508,154	6,142,663	-	38,650,817
Automobiles, machinery and equipment	34,837,577	3,616,436	(1,679,457)	36,774,556
Infrastructure	431,137,557	3,756,404	-	434,893,961
Total accumulated depreciation	<u>571,926,145</u>	<u>18,246,251</u>	<u>(3,529,638)</u>	<u>586,642,758</u>
Total capital assets, being depreciated, net	<u>346,174,782</u>	<u>(11,955,516)</u>	<u>5,620,821</u>	<u>339,840,087</u>
Governmental activities capital assets, net	<u>\$ 392,248,717</u>	<u>\$ (7,698,671)</u>	<u>\$ (1,720,006)</u>	<u>\$ 382,830,040</u>
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 9,038,262	\$ 9	\$ 2	\$ 9,038,273
Construction in progress	12,386,984	2,918,998	(862,249)	14,443,733
Total capital assets, not being depreciated	<u>21,425,246</u>	<u>2,919,007</u>	<u>(862,247)</u>	<u>23,482,006</u>
Capital assets, being depreciated:				
Buildings and contents	24,272,597	-	-	24,272,597
Improvements other than buildings	11,593,414	-	93,567	11,686,981
Automobiles, machinery and equipment	29,964,259	267,386	(317,108)	29,914,537
Infrastructure:				
Water facilities	55,439,328	-	111,641	55,550,969
Sewer facilities	47,731,450	-	645,821	48,377,271
Total capital assets, being depreciated	<u>169,001,048</u>	<u>267,386</u>	<u>533,921</u>	<u>169,802,355</u>
Less accumulated depreciation for:				
Buildings and contents	9,797,649	485,670	-	10,283,319
Improvements other than buildings	5,650,667	514,701	-	6,165,368
Automobiles, machinery and equipment	10,349,307	1,433,256	(317,108)	11,465,455
Infrastructure:				
Water facilities	13,300,921	969,732	-	14,270,653
Sewer facilities	18,249,759	714,915	-	18,964,674
Total accumulated depreciation	<u>57,348,303</u>	<u>4,118,274</u>	<u>(317,108)</u>	<u>61,149,469</u>
Total capital assets, being depreciated, net	<u>111,652,745</u>	<u>(3,850,888)</u>	<u>851,029</u>	<u>108,652,886</u>
Business-type activities capital assets, net	<u>\$ 133,077,991</u>	<u>\$ (931,881)</u>	<u>\$ (11,218)</u>	<u>\$ 132,134,892</u>

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 7,491,004
Public Safety	3,811,044
Public Works	4,829,479
Health	32,758
Culture & Recreation	1,149,348
Judicial	137,454
Economic Development	233,614
Conservation of Natural Resources	552,764
Human Services	8,786
Total depreciation expense-governmental activities	<u>\$ 18,246,251</u>
Business-type activities:	
Bureau of Utilities	\$ 2,327,785
Solid Waste	654,059
Septage	18,864
Airport	177,113
Firearms Facility	28,051
Fiber Network	912,402
Total depreciation expense-Business-type activities	<u>\$ 4,118,274</u>

Component Units

Activity for the Board of Education for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Net Transfers and Retirements	Balance June 30, 2018
Capital assets not being depreciated				
Land and improvements	\$ 14,142,128	\$ -	\$ -	\$ 14,142,128
Construction in Progress	3,504,475	7,091,930	(8,056,537)	2,539,868
Total capital assets, not being depreciated	<u>17,646,603</u>	<u>7,091,930</u>	<u>(8,056,537)</u>	<u>16,681,996</u>
Capital assets being depreciated				
Building and improvements	584,539,561	11,410,051	-	595,949,612
Equipment	42,740,112	1,832,007	(3,002,488)	41,569,631
Total capital assets being depreciated	<u>627,279,673</u>	<u>13,242,058</u>	<u>(3,002,488)</u>	<u>637,519,243</u>
Less accumulated depreciation				
Buildings and improvements	213,676,746	16,533,010	-	230,209,756
Equipment	34,850,275	2,086,672	(2,047,293)	34,889,654
Total accumulated depreciation	<u>248,527,021</u>	<u>18,619,682</u>	<u>(2,047,293)</u>	<u>265,099,410</u>
Total capital assets, being depreciated, net	<u>378,752,652</u>	<u>(5,377,624)</u>	<u>(955,195)</u>	<u>372,419,833</u>
Capital assets, net	<u>\$396,399,255</u>	<u>\$ 1,714,306</u>	<u>\$ (9,011,732)</u>	<u>\$389,101,829</u>

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Activity for the Carroll Community College for the year ended June 30, 2018 was as follows:

	Balance at June 30, 2017	Additions	Net Transfers and Retirements	Balance at June 30, 2018
Capital assets not being depreciated				
Foundation	\$ 384,950	\$ -	\$ -	\$ 384,950
Capital assets being depreciated				
Building improvements	2,758,852	185,713	-	2,944,565
Equipment	3,964,589	324,629	(82,763)	4,206,455
Vehicles	186,916	47,587	(46,604)	187,899
Library books	1,593,060	39,306	(113,044)	1,519,322
Total capital assets being depreciated	<u>8,503,417</u>	<u>597,235</u>	<u>(242,411)</u>	<u>8,858,241</u>
Less accumulated depreciation				
Building improvements	1,200,062	165,960	-	1,366,022
Equipment	3,408,422	215,245	(82,763)	3,540,904
Vehicles	132,851	11,717	(46,604)	97,964
Library books	1,540,174	37,486	(112,251)	1,465,409
Total accumulated depreciation	<u>6,281,509</u>	<u>430,408</u>	<u>(241,618)</u>	<u>6,470,299</u>
Total capital assets, being depreciated, net	<u>2,221,908</u>	<u>166,827</u>	<u>(793)</u>	<u>2,387,942</u>
Capital assets, net	<u>\$ 2,606,858</u>	<u>\$ 166,827</u>	<u>\$ (793)</u>	<u>\$ 2,772,892</u>

Activity for the Carroll County Public Library for the year ended June 30, 2018 was as follows:

	Balance at June 30, 2017	Additions	Net Transfers and Retirements	Balance at June 30, 2018
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 4,000	\$ -	\$ 4,000
Capital assets being depreciated by location				
Headquarters	1,143,835	21,739	(175,652)	989,922
Westminster	1,190,696	7,291	(9,916)	1,188,071
Eldersburg	428,351	-	11,679	440,030
Mt. Airy	961,465	-	-	961,465
North Carroll	291,911	-	-	291,911
Taneytown	138,432	-	-	138,432
Finksburg	124,214	-	-	124,214
Circulation materials	3,252,606	1,055,593	(1,067,688)	3,240,511
Total capital assets, being depreciated	<u>7,531,510</u>	<u>1,084,623</u>	<u>(1,241,577)</u>	<u>7,374,556</u>
Less accumulated depreciation	<u>4,063,324</u>	<u>1,319,867</u>	<u>(1,240,940)</u>	<u>4,142,251</u>
Capital assets, net	<u>\$ 3,468,186</u>	<u>\$ (231,244)</u>	<u>\$ (637)</u>	<u>\$ 3,236,305</u>



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Activity for the Industrial Development Authority of Carroll County for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Net Transfers and Retirements	Balance June 30, 2018
Capital assets not being depreciated				
Land	\$ 8,472,305	\$ -	\$ (569,144)	\$ 7,903,161
Total capital assets, not being depreciated	<u>8,472,305</u>	<u>-</u>	<u>(569,144)</u>	<u>7,903,161</u>
Capital assets being depreciated				
Equipment	37,886	-	(32,886)	5,000
Total capital assets being depreciated	<u>37,886</u>	<u>-</u>	<u>(32,886)</u>	<u>5,000</u>
Less accumulated depreciation				
Equipment	12,923	-	(7,923)	5,000
Total capital assets, being depreciated, net	<u>24,963</u>	<u>-</u>	<u>(24,963)</u>	<u>-</u>
Capital assets, net	<u>\$ 8,497,268</u>	<u>\$ -</u>	<u>\$ (594,107)</u>	<u>\$ 7,903,161</u>

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**Note 8 – Long-Term Debt**

The following is an analysis of the changes in long-term obligations of the reporting entity for the year ended June 30, 2018:

	Balance July 1, 2017 (restated)	Additions	Principal Repayments/ Amortization	Balance June 30, 2018	Due Within One Year
<b>Governmental activities:</b>					
Purchase Agreements	\$ 5,334,709	\$ -	\$ 296,536	\$ 5,038,173	\$ 316,017
General Obligation Debt	32,827,508	-	-	32,827,508	1,201,212
General Obligation Bonds	262,840,938	-	27,491,644	235,349,294	25,649,439
Bonds premium/discount	21,413,992	-	1,677,541	19,736,451	1,673,812
Subtotal	<u>322,417,147</u>	<u>-</u>	<u>29,465,721</u>	<u>292,951,426</u>	<u>28,840,480</u>
Net other post employment benefit liability	118,926,633	13,752,001	13,583,152	119,095,482	-
Net LOSAP liability	1,343,404	502,282	35,225	1,810,461	-
Net employee pension liability	8,501,249	10,413,017	9,926,489	8,987,777	-
Net Certified Law Officers Pension liability	2,596,538	2,301,874	1,899,041	2,999,371	-
Net pension liability - State of MD					
CC Elected/Appointed Officials	279,129	1,635	-	280,764	-
Soil Conservation District	237,464	-	6,414	231,050	-
Estimated liability					
for claims in process-worker's comp	2,976,070	1,423,042	834,435	3,564,677	998,110
for claims in process-insurance	1,562,687	16,420,868	16,259,341	1,724,214	1,706,971
Compensated Absences	6,199,670	3,109,958	2,941,727	6,367,901	-
<b>Governmental activity</b>					
Long-term liabilities	<u>\$ 465,039,991</u>	<u>\$ 47,924,677</u>	<u>\$ 74,951,545</u>	<u>\$ 438,013,123</u>	<u>\$ 31,545,561</u>
<b>Business-type activities:</b>					
Loans Payable	\$ 128,607	\$ -	\$ 30,925	\$ 97,682	\$ 31,729
General Obligation Bonds	13,251,331	-	1,930,455	11,320,876	1,714,448
Subtotal	13,379,938	-	1,961,380	11,418,558	1,746,177
Landfill closure/postclosure	12,366,809	-	1,507,529	10,859,280	246,045
Compensated Absences	418,219	4,546	10,228	412,537	154,732
<b>Business-type activity</b>					
Long-term liabilities	<u>\$ 26,164,966</u>	<u>\$ 4,546</u>	<u>\$ 3,479,137</u>	<u>\$ 22,690,375</u>	<u>\$ 2,146,954</u>
<b>Component Units:</b>					
<b>Board of Education:</b>					
Net other post employment benefit liability	\$ 311,732,000	\$ 16,426,000	\$ 4,040,000	\$ 324,118,000	\$ -
Compensated absences	15,607,099	1,176,261	1,833,456	14,949,904	1,900,000
Net pension liability (State of MD)	19,123,733	-	3,364,185	15,759,548	-
Capital lease obligations	1,745,128	-	930,441	814,687	814,687
<b>Total Board of Education</b>	<u>\$ 348,207,960</u>	<u>\$ 17,602,261</u>	<u>\$ 10,168,082</u>	<u>\$ 355,642,139</u>	<u>\$ 2,714,687</u>
<b>Carroll Community College</b>					
Net other post employment benefit liability	\$ 33,102,933	\$ (1,367,096)	\$ 200,000	\$ 31,535,837	\$ -
Compensated absences	874,429	46,372	-	920,801	783,279
<b>Total Carroll Community College</b>	<u>\$ 33,977,362</u>	<u>\$ (1,320,724)</u>	<u>\$ 200,000</u>	<u>\$ 32,456,638</u>	<u>\$ 783,279</u>
<b>Library</b>					
Compensated absences	\$ 547,876	\$ 15,214	\$ -	\$ 563,090	\$ -
Net pension liability	679,025	-	84,852	594,173	-
<b>Total Library</b>	<u>\$ 1,226,901</u>	<u>\$ 15,214</u>	<u>\$ 84,852</u>	<u>\$ 1,157,263</u>	<u>\$ -</u>
<b>Industrial Development Authority</b>					
Loans	\$ 5,764,567	\$ -	\$ 3,764,567	\$ 2,000,000	\$ -
<b>Total Industrial Development Authority</b>	<u>\$ 5,764,567</u>	<u>\$ -</u>	<u>\$ 3,764,567</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

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A.) Governmental Activities

Payments on the noncurrent liabilities above (excluding compensated absences) that pertain to the County's governmental activities are made by the General Fund. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund. The additions to the unamortized premium on bonds payable for governmental activities are recorded as an Other Financing Source in the General Fund for refunding bonds issued, and in the Capital Projects Fund for new bonds issued.

On March 8, 2017 the State of Maryland acting through the Board of Public Works approved the closure and transfer of the New Windsor Middle School to the County. As a condition of the approval of transfer, pursuant to Section 5-308 of the Education Article of the Annotated Code of Maryland, the State had required that the County assume the balance of unpaid bond debt. In December 2017, this debt was satisfied with the \$43,305 principal payment to the Comptroller of Maryland.

Payments are made to the pension and other post employment trust funds from the General Fund as an employer contribution to help reduce the liability.

For governmental activities, compensated absences and arbitrage liabilities are generally liquidated by the General Fund. Claims liabilities typically have been liquidated in the Internal Service Fund.

Long-term obligations at June 30, 2018 consisted of Purchase Agreements, General Obligation Debt, and General Obligation Bonds.

Purchase Agreements

In March 2006, the County entered into phase two with Suntrust Equipment Finance/AAIG Johnson Controls to purchase and install energy saving fixtures for various County buildings. The maturity date for this purchase agreement is February 15, 2021. Payments are due quarterly at an interest rate of 4.04%. The principal sources of repayment for this debt are general revenues of the County including property taxes and income taxes and the debt is secured by the equipment acquired.

In March 2015, phase three was entered into between the County and AAIG/Johnson Controls to continue purchasing and installing energy saving fixtures for various County buildings. The maturity date for this purchase agreement is December 15, 2031. Payments are due quarterly at an interest rate of 2.353%. The principal sources of repayment for this debt are general revenues of the County including property taxes and income taxes and the debt is secured by the equipment acquired.

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2018	Due Within One Year
<u>General Government:</u>					
SunTrust/AAIG Johnson Controls	4.040%	2021	\$ 2,649,079	\$ 680,484	\$ 238,457
AAIG Johnson Controls	2.353%	2031	4,536,852	4,357,689	77,560
Total purchase agreements				<u>\$ 5,038,173</u>	<u>\$ 316,017</u>

Years Ending June 30,	Principal	Interest	Total
2019	\$ 316,017	\$ 126,594	\$ 442,611
2020	336,498	114,513	451,011
2021	391,245	101,461	492,706
2022	344,966	91,064	436,030
2023	391,972	82,329	474,301
2024-2028	2,107,461	267,542	2,375,003
2029-2031	1,150,014	37,486	1,187,500
Total purchase agreement	<u>\$ 5,038,173</u>	<u>\$ 820,989</u>	<u>\$ 5,859,162</u>

General Obligation Debt

The County issues general obligation debt for the Agricultural Preservation Program to enter Installment Purchase Agreements for land easements. This debt is an obligation of the County for which its full faith and credit are pledged. The sources of repayment for this debt are the general revenues of the County including property taxes, income taxes and

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dedicated interest earnings and restricted principal from federal obligation securities with a maturity of 10-20 years. These loans range in maturity dates from fiscal year 2019 to fiscal year 2037. The interest rates on these purchase agreements range from 4.641% to 6.00%.

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,201,212	\$ 1,818,826	\$ 3,020,038
2020	-	1,746,753	1,746,753
2021	-	1,746,753	1,746,753
2022	246,000	1,746,753	1,992,753
2023	680,930	1,715,308	2,396,238
2024-2028	7,116,558	7,599,673	14,716,231
2029-2033	18,330,540	4,043,610	22,374,150
2034-2037	5,252,268	472,682	5,724,950
Total purchase agreement	<u>\$ 32,827,508</u>	<u>\$ 20,890,358</u>	<u>\$ 53,717,866</u>

General Obligation Bonds

The County issues general obligation bonds to provide funds for construction of major capital facilities such as libraries, parks and schools, to loan to the Volunteer Fire Companies and for other general county uses such as construction of roads and bridges. The bonds are obligations of the County for which its full faith and credit are pledged. The principal sources of repayment for the bonds are the general revenues of the County including property taxes and income taxes and to the extent bond proceeds are used to finance loans to the Volunteer Fire Companies' loan payments from such entities.

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General Obligation Bonds

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2018	Due Within One Year
<u>General Government:</u>					
FHA Loan of 1972-Watershed Bonds	3.502%	2022	\$ 769,700	\$ 131,581	\$ 28,220
FHA Loan of 1974- Watershed Bonds	3.649%	2024	253,000	70,445	9,553
FHA Loan of 1979- Watershed Bonds	3.649%	2031	678,800	303,124	18,664
2007 Refunding Bonds (November)	3.75%-5.25%	2022	6,670,000	2,020,000	645,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	28,294,094	1,892,932	1,892,932
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	14,759,547	3,366,741	1,650,422
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	17,631,476	17,159,565	-
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	8,841,618	6,689,119	426,358
2011 Public Improvement Bonds	2.00%-4.25%	2031	11,042,955	8,116,809	449,985
2011 Refunding Bonds	2.00%-4.25%	2031	9,104,764	3,281,839	1,868,267
2012 Public Improvement Bonds	2.00%-5.00%	2032	13,600,000	9,443,996	631,201
2012 Refunding Bonds	2.00%-5.00%	2032	13,685,415	9,534,490	2,830,732
2013 Public Improvement Bonds	2.00%-5.00%	2033	23,412,567	16,976,693	1,101,902
2014 Public Improvement Bonds	2.00%-5.00%	2034	14,099,475	10,166,149	598,009
2014 Refunding Bonds	2.00%-5.00%	2029	19,078,563	14,341,551	633,641
2015 Public Improvement Bonds	3.00%-5.00%	2035	25,448,730	19,892,283	1,105,802
2015 Refunding Bonds	3.00%-5.00%	2022	5,529,176	5,516,503	876,875
2016 Public Improvement Bonds	3.00%-5.00%	2036	11,291,144	9,236,599	486,137
2016 Refunding Bonds	3.00%-5.00%	2020	2,617,306	1,704,340	912,965
Subtotal General Government				<u>\$ 139,844,759</u>	<u>\$ 16,166,665</u>
<u>Board of Education:</u>					
2008 Public Improvement Bonds	3.25%-5.00%	2028	\$ 43,613,906	\$ 2,233,842	\$ 2,233,842
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	8,305,513	1,937,608	949,842
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	15,946,285	15,946,285	-
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	10,272,510	7,742,207	534,755
2011 Public Improvement Bonds	2.00%-4.25%	2031	6,957,045	5,320,710	294,983
2011 Refunding Bonds	2.00%-4.25%	2031	769,193	175,725	168,295
2012 Public Improvement Bonds	2.00%-5.00%	2032	6,400,000	4,797,175	320,565
2012 Refunding Bonds	2.00%-5.00%	2032	2,347,757	1,709,309	486,962
2013 Public Improvement Bonds	2.00%-5.00%	2033	1,852,433	1,470,895	95,471
2014 Public Improvement Bonds	2.00%-5.00%	2034	2,347,757	765,446	45,026
2014 Refunding Bonds	2.00%-5.00%	2029	1,852,433	30,333,763	427,309
2015 Public Improvement Bonds	3.00%-5.00%	2035	1,736,270	1,562,544	86,863
2015 Refunding Bonds	3.00%-5.00%	2022	485,905	485,905	77,237
2016 Public Improvement Bonds	3.00%-5.00%	2036	2,405,656	2,285,373	120,283
2016 Refunding Bonds	3.00%-5.00%	2020	3,520,979	2,292,795	1,228,184
Subtotal Board of Education				<u>\$ 79,059,582</u>	<u>\$ 7,069,617</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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**June 30, 2018**

General Obligation Bonds

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2018	Due Within One Year
<u>Volunteer Fire Companies:</u>					
2003 Fire Company Bonds	2.00%-3.85%	2018	\$ 2,100,000	\$ 175,000	\$ 175,000
2004 Fire Company Bonds	4.13%	2019	2,065,000	352,019	172,449
2005 Fire Company Bonds	3.50%-4.125%	2020	2,900,000	570,000	190,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	180,000	14,138	14,138
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	270,000	62,989	30,878
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	535,000	280,000	55,000
2011 Public Improvement Bonds	2.00%-4.25%	2031	750,000	573,600	31,800
2012 Public Improvement Bonds	2.00%-5.00%	2032	1,460,000	1,094,294	73,141
2012 Refunding Bonds	2.00%-5.00%	2032	187,173	157,260	39,206
2013 Public Improvement Bonds	2.00%-5.00%	2033	735,000	583,614	37,880
2014 Refunding Bonds	2.00%-5.00%	2024	60,458	60,458	-
2015 Public Improvement Bonds	3.00%-5.00%	2035	815,000	645,000	85,000
2016 Public Improvement Bonds	3.00%-5.00%	2036	303,200	288,040	15,160
Subtotal Volunteer Fire Companies				<u>\$ 4,856,412</u>	<u>\$ 919,652</u>
2013 Taxable Pension Bonds	2.24%	2019	\$ 4,524,000	\$ 1,753,000	\$ 890,000
Subtotal Taxable Pension Bonds				<u>\$ 1,753,000</u>	<u>\$ 890,000</u>
<u>Watershed:</u>					
2008 Public Improvement Bonds	3.25%-5.00%	2028	\$ 28,294,094	\$ 31,417	\$ 31,417
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	14,759,547	76,541	37,521
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	17,631,476	471,910	-
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	8,841,618	97,871	6,760
2011 Public Improvement Bonds	2.00%-4.25%	2031	11,042,955	328,881	18,233
2012 Public Improvement Bonds	2.00%-5.00%	2032	13,600,000	749,534	50,093
2013 Public Improvement Bonds	2.00%-5.00%	2033	23,412,567	1,613,799	104,746
2014 Public Improvement Bonds	2.00%-5.00%	2034	14,099,475	1,818,405	106,965
2014 Refunding Bonds	2.00%-5.00%	2029	19,078,563	134,350	-
2015 Public Improvement Bonds	3.00%-5.00%	2035	25,448,730	3,010,173	167,334
2015 Refunding Bonds	3.00%-5.00%	2022	5,529,176	12,673	2,015
2016 Public Improvement Bonds	3.00%-5.00%	2036	11,291,144	1,489,987	78,421
Subtotal Watershed				<u>\$ 9,835,541</u>	<u>\$ 603,505</u>
Subtotal General Obligation Bonds				<u>\$ 235,349,294</u>	<u>\$ 25,649,439</u>
Bond premium/discount				<u>19,736,451</u>	<u>1,673,812</u>
Total General Obligation Bonds				<u><u>\$ 255,085,745</u></u>	<u><u>\$ 27,323,251</u></u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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The annual requirements to amortize general obligation bonds outstanding as of June 30, 2018, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 25,649,439	\$ 9,330,711	\$ 34,980,150
2020	24,223,754	8,261,056	32,484,810
2021	21,154,371	7,252,343	28,406,714
2022	17,655,879	6,354,601	24,010,480
2023	16,758,215	5,560,773	22,318,988
2024-2028	74,000,786	17,854,292	91,855,078
2029-2033	46,281,850	4,965,111	51,246,961
2034-2037	9,625,000	451,554	10,076,554
Total General Obligation Bonds	<u>\$ 235,349,294</u>	<u>\$ 60,030,441</u>	<u>\$ 295,379,735</u>

**B.) Business-type Activities**

**Bureau of Utilities**

**Loans Payable-Special Assessment Debt with Governmental Commitment**

The County has issued the following special assessment debt to provide funds for upgrading the Freedom District Sewer Treatment Plant and the Filters and Clarifiers for the Hampstead Wastewater Treatment Plant. These bonds are being repaid from Area Connection Charges and Front Foot Assessments charged to the users of the plants. In the event revenues collected for Front Foot Assessments and Area Connection Charges do not cover the debt service payment when due, the County must provide resources to cover the deficiency until other resources are received. This debt is backed by the full faith and credit of the County.

<u>Issue</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2018</u>	<u>Due Within One Year</u>
Maryland Water Quality Financing: 2002 Revolving Loan - Hampstead	2.60%	2021	\$ 532,680	\$ 97,682	\$ 31,729
Total Loans Payable				<u>\$ 97,682</u>	<u>\$ 31,729</u>

The annual requirements to repay the loans payable outstanding as of June 30, 2018, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 31,729	\$ 4,255	\$ 35,984
2020	32,553	3,430	35,983
2021	33,400	2,583	35,983
Total Loans Payable	<u>\$ 97,682</u>	<u>\$ 10,268</u>	<u>\$ 107,950</u>

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General Obligation Bonds

General obligation bonds have been issued for enterprise activities in addition to those of the general government. Bonds reported in the enterprise funds are expected to be repaid from enterprise revenues.

<u>Issue</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2018</u>	<u>Due Within One Year</u>
<u>Bureau of Utilities:</u>					
2008 Public Improvement Bonds	3.25%-5.00%	2028	\$ 7,616,000	\$ 419,423	\$ 419,423
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	745,461	173,911	85,253
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	1,072,240	1,072,240	-
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	13,742	10,357	715
2011 Refunding Bonds	2.00%-4.25%	2021	484,430	128,596	104,144
2012 Refunding Bonds	2.00%-5.00%	2022	198,550	144,990	41,187
2014 Refunding Bonds	2.00%-5.00%	2024	5,446,358	4,925,789	71,626
2015 Refunding Bonds	3.00%-5.00%	2022	2,978,549	2,978,548	473,455
2016 Refunding Bonds	3.00%-5.00%	2020	56,307	36,666	19,641
Subtotal Bureau of Utilities				\$ 9,890,520	\$ 1,215,444
<u>Solid Waste Fund</u>					
2008 Public Improvement Bonds	3.25%-5.00%	2028	\$ 296,000	\$ 23,248	\$ 23,248
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	9,479	2,211	1,084
2011 Refunding Bonds	2.00%-4.25%	2021	789,648	316,927	158,706
2014 Refunding Bonds	2.00%-5.00%	2024	406,860	165,683	33,203
2015 Refunding Bonds	3.00%-5.00%	2022	191,370	191,370	30,419
2016 Refunding Bonds	3.00%-5.00%	2020	91,589	59,641	31,948
Subtotal Solid Waste Fund				\$ 759,080	\$ 278,608
<u>Airport Fund</u>					
2001 Public Improvement Bonds	3.25%-4.75%	2021	\$ 2,200,000	\$ 440,000	\$ 110,000
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	27,130	20,447	1,412
2011 Refunding Bonds	2.00%-4.25%	2021	286,966	86,914	60,587
2012 Refunding Bonds	2.00%-5.00%	2022	18,716	11,531	3,844
2014 Refunding Bonds	2.00%-5.00%	2020	85,400	18,406	9,223
2016 Refunding Bonds	3.00%-5.00%	2020	63,819	41,558	22,261
Subtotal Airport Fund				\$ 618,856	\$ 207,327
<u>Septage Fund</u>					
2012 Refunding Bonds	2.00%-5.00%	2022	\$ 62,391	\$ 52,420	\$ 13,069
Subtotal Septage Fund				\$ 52,420	\$ 13,069
Total General Obligation Bonds				\$ 11,320,876	\$ 1,714,448



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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The annual requirements to amortize general obligation bonds outstanding as of June 30, 2018, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Business-type activities:			
2019	\$ 1,714,448	\$ 407,112	\$ 2,121,560
2020	1,752,271	335,129	2,087,400
2021	1,461,175	272,046	1,733,221
2022	1,436,831	203,468	1,640,299
2023	1,326,984	164,365	1,491,349
2024-2028	2,893,362	461,659	3,355,021
2029-2031	735,805	38,411	774,216
Total General Obligation Bonds	<u>\$ 11,320,876</u>	<u>\$ 1,882,190</u>	<u>\$ 13,203,066</u>

Advance Refunding – Prior Years

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At June 30, 2018, \$46,897,561 of defeased bonds remains outstanding.

Bond Authorization

The County has authorization to sell approximately \$165,333,058 in additional bonds for the construction and renovation of several public schools; numerous general public projects and various road and bridge projects. The County has already appropriated \$110,591,470 of the available authorization.

C.) Component Units

In October of 2004, the Board of Education entered into a 10-year energy management plan to provide air conditioning to three elementary schools. Additionally, the plan will upgrade water and lighting fixtures. During the fiscal year ended June 30, 2018, no new capital leases were entered into by the Board of Education.

The Board of Education leases energy management equipment pursuant to capital lease agreements entered into in prior years. Payments made on capital leases are recorded in the General Fund. Future minimum lease obligations are as follows:

<u>Years Ending June 30,</u>	<u>Management Equipment</u>
2019	\$ 844,235
	844,235
Less interest	(29,548)
Present value of future minimum lease payments	<u>\$ 814,687</u>

Interest expense related to capital leases was \$61,802 for the year ended June 30, 2018.

On January 5, 2005, the IDA entered into an Investment Agreement with the State of Maryland Department of Business and Economic Development to fund the rehabilitation of the Warfield Complex. The proceeds were reloaned to the Warfield Development Corporation. The total amount of the Note is \$4,000,000. On November 29, 2017, the IDA and the State of Maryland Department of Commerce negotiated and executed a final settlement of the loan outstanding. To satisfy the loan, payment was made in the amount of \$3,764,567; all accrued interest, which totaled \$1,143,937, was forgiven.

On June 30, 2016, the IDA entered into a \$2,000,000 investment agreement with the State of Maryland and the Department of Commerce to develop the North Carroll Business park project, located in Hampstead, Maryland. The proceeds of the loan are to be used for eligible project costs to develop the infrastructure of the approximately 80-acre park. The agreement states the loan will be interest free for a period of 24 months beginning on the date of disbursement of the proceeds. Beginning on the day following the end of the 24-month period, the outstanding balance of the investment shall bear interest at 3% per annum. As of June 30, 2018, the loan balance is \$2,000,000. All principal and unpaid interest are due at maturity, June 30, 2026.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
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The annual requirements to amortize notes payable outstanding as of June 30, 2018 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Component Unit-IDA:			
2019	\$ -	\$ 60,000	\$ 60,000
2020	-	60,000	60,000
2021	-	60,000	60,000
2022	-	60,000	60,000
2023	-	60,000	60,000
2024-2026	2,000,000	180,000	2,180,000
<b>Total</b>	<b>\$ 2,000,000</b>	<b>\$ 480,000</b>	<b>\$ 2,480,000</b>

**Note 9 – Lease Obligations**

Operating Leases

Government Activities

The County is committed under various leases to rent office space as lessee. All leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2018 for the County amounted to \$334,710. Future lease payments for these leases are as follows:

<u>Years Ending June 30,</u>	
2019	\$ 341,750
2020	352,003
2021	362,563
2022	373,439
2023	384,643
2024-2027	1,657,477

The County is committed under various rental lease agreements as lessor. All leases are considered for accounting purposes to be collectable leases. Lease revenues for the year ended June 30, 2018 amounted to \$347,136. Future lease revenues for these rentals are as follows:

<u>Years Ending June 30,</u>	
2019	\$ 274,105
2020	274,105
2021	274,105
2022	274,105
2023	274,105
2024-2028	1,370,526
2029-2097	70

In 2006, the County entered into an Energy Performance Operating Lease with Johnson Controls, Inc. for the first and second phases of the energy project. The lease agreement requires a performance guarantee and service maintenance contract payment which if the County terminates payment before the term ends, the assured performance guarantee shall automatically terminate. The total lease expense for the year ended June 30, 2018 for the County totaled to \$386,008 and has a four-year commitment remaining. The total future minimum payments are as follows:

<u>Years Ending June 30,</u>	
2019	\$ 397,587
2020	409,045
2021	421,318
2022	433,959

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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In February 2015, the County signed a new 15-year Energy Performance Operating Lease with Johnson Controls, Inc. to start the third phase of the energy project. The total lease expense for the year ended June 30, 2018 for the County totaled \$112,856 and has a 12-year commitment remaining. The total future minimum payments are as follows:

<u>Years Ending June 30,</u>		
2019	\$	116,242
2020		119,730
2021		123,321
2022		127,021
2023		130,832
2024-2028		715,440
2029-2031		398,768

In Kind Services

The primary government owns facilities that are used in the operation by their component units (related parties). For the fiscal year 2018, the County recorded \$1,559,430 for the Library, \$3,534,200 for Carroll Community College and \$1,597,590 for the Board of Education as in kind revenue and additional support to the component units.

Business-type Activities

The County is committed under various business-type rental lease agreements as lessor. All leases are considered for accounting purposes to be collectable leases. Lease revenues for the year ended June 30, 2018 amounted to \$361,919. Future lease revenues for these rentals are as follows:

<u>Years Ending June 30,</u>		
2019	\$	369,937
2020		372,866
2021		377,174
2022		383,145
2023		393,860
2024-2028		399,139

The cost and carrying amount of the leased assets are as follows:

	Governmental Activities	Business Type Activities	Total
Land	\$ 13,961,837	\$ 512,770	\$ 14,474,607
Buildings	135,207,760	-	135,207,760
Less: accumulated depreciation	(49,949,861)	-	(49,949,861)
Net carrying value	\$ 99,219,736	\$ 512,770	\$ 99,732,506

Component Units

The Board of Education leases equipment under agreements reported as operating leases. The annual lease payments are recorded as expenses in the Government-Wide Statement of Activities and Expenditures in the General Fund. Operating lease terms extend through the year ended June 30, 2022.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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Future minimum payments on operating leases with an initial or remaining noncancelable term in excess of one year are as follows:

Years Ending June 30,	Minimum Annual Lease Payments
2019	\$ 399,159
2020	315,284
2021	83,439
2022	-
Total	\$ 797,882

Operating lease expenditures/expenses for the year ended June 30, 2018 were \$340,496.

The Library leases various office equipment under noncancelable operating leases that extend through the year ending June 30, 2022. Total rental expenditures were \$26,609 for leases for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Years Ending June 30,	Minimum Annual Lease Payments
2019	\$ 26,609
2020	22,176
2021	22,176
2022	1,848
Total	\$ 72,809

The College has also entered into an operating lease with the Xerox Corporation for copier services. The total lease expense was \$183,623 for the year ended June 30, 2018. The College renewed its operating lease in July 2018, extending the lease agreement until July 2023.

Future minimum payments on operating leases are as follows:

Years Ending June 30,	Minimum Annual Lease Payments
2019	\$ 173,050
2020	173,050
2021	173,050
2022	173,050
2023	173,052
Total	\$ 865,252

**Note 10 – Landfill Closure, Postclosure and Remediation Costs**

The County operates one public disposal facility, Northern Landfill, that opened in 1988. The landfill currently has four closed cells and one active cell, which opened in April 2008, and is 32.4% filled. Two of the four closed cells have been permanently capped. The two remaining closed cells will be capped after the active cell and remaining two cells are constructed and filled. Beginning July 1, 1997, the County elected to transfer the majority of solid waste out of state. The remaining life of the landfill's active and new cells cannot be projected at this time.

Total closure and postclosure costs of Northern landfill are estimated to be \$4,491,086, of which 100 percent has been accrued as of June 30, 2018. In 1994, the County stopped accepting solid waste at its Hoods Mill landfill, with only 30 of 60 acres available being used for landfill deposits.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
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In addition, the County has recorded an estimated liability of \$1,368,194 for annual monitoring costs of closed landfills. An additional \$5,000,000 had been accrued for remedial care of two landfills closed in prior years, as well as other environmental concerns, for total accrued costs of \$10,859,280.

The County is currently in compliance with a consent order with the Maryland Department of the Environment requiring remedial action. The County is currently working with the department to comply with the consent order and the estimated costs to comply are included in the postclosure and remediation cost liability stated above.

The County uses the local government financial test to demonstrate financial assurance for closure and postclosure costs, as specified by the Environment Protection Agency, subpart G of 40 CFR part 258. The current costs of closure and postclosure care are estimates and are subject to change resulting from inflation/deflation, technology or changes in applicable laws or regulations. These costs are subject to annual evaluation. The County intends on using tipping fee user revenues and General Fund transfers to fund this liability.

**Note 11 – Pension Plans**

CARROLL COUNTY EMPLOYEE PENSION PLAN

Plan Description

*Plan administration.* The Carroll County Employee Pension Plan “CCEPP” is a single-employer defined benefit pension plan that covers regular employees employed on or after July 1, 2003 who are not eligible to participate in the Maryland State Pension or Retirement Plans. The Carroll County Government does not issue a separate audited financial statement for CCEPP.

The Retirement Plan Committee serves as the administrator of the plan on behalf of Carroll County Government and has the full power and authority to manage the plan. The Retirement Plan Committee consists of those individuals who hold the following positions in the employment of the County or the Carroll County Sheriff’s Office:

- Director, Department of Management and Budget
- Director, Department of Human Resources
- County Attorney
- Bureau Chief, Benefits; and
- Two participants participating in either the CCEPP or CCCLOPP (Carroll County Certified Law Officers Pension Plan) selected by the County Commissioners of Carroll County, Maryland

*Plan membership.* The most current actuarial valuation was completed as of July 1, 2017. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	268
Terminated plan members entitled to but not yet receiving benefits	184
Active plan members	744
Total	1,196

*Benefits provided.* The defined benefit is determined by the creditable years of service an employee has. After July 1, 2003, creditable service is provided for each pay period worked, with service pro-rated for employees with less than 60 hours worked in a pay period. For those employees with service between July 1, 1985 and June 30, 2003, creditable service is based on the amount of time between their date of hire and June 30, 2003. The basic monthly pension benefit is determined by final average salary multiplied by .007 multiplied by the number of years of creditable service, divided by 12 for service earned prior to October 1, 2009 plus final average salary multiplied by .016 multiplied by the number of years of creditable service, divided by 12 (for years of service earned after October 1, 2009). “Final Average Salary” refers to the average annualized base salary in the highest 78 consecutive pay periods. Employees are eligible to begin drawing their pension when they retire after 30 years of service or at age 62. The County does provide an early retirement at age 55 if the employee has at least three years of Eligibility Service and the sum of age and the employee’s service years equals or exceeds 80. This plan has a tax exempt status. The Retirement Plan Committee recommends any amendments to benefits provided. In order to be effective, all amendments must be approved by majority vote of the Commissioners.

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The plan provides retirement and death benefits to plan members or the plan members' beneficiaries.

Participants who have reached the 12-month anniversary of their Benefit Commencement Date are subject to the cost of living adjustment "COLA". The adjustment shall not exceed a two percent increase in the Participant's annual retirement income determined as of the first day of the preceding plan year.

There are special provisions for certain groups.

- Effective October 4, 2017, the County further amended the Carroll County pension Plan for Electing Correctional Officers. For non-Electing Correctional officers, the service earned after October 1, 2009 utilizes a multiplier of .018 instead of .016. For Electing Correctional officers, the Carroll County Pension Plan provides a non-reduced pension after 25 years of service. Officers who leave service after age 55 with at least 15 years of service are also eligible to draw an immediate non-reduced pension. Each eligible officer is required to contribute 8% of base salary into the Carroll County Pension Plan.
- For officers hired October 4, 2017 or later, the Carroll County Pension Plan would replace 50.5% of final average salary after 25 years of service.
- Officers who leave employment prior to the completion of 15 years of service are not 'vested' in the Plan and receive a refund of their contributions, plus interest accrued at 5%. Those who leave employment prior to age 55 and with 15 but less than 25 years of service are entitled to begin pension payments at age 62.

*Contributions.* Plan members are required to contribute five percent of their annual base pay. The County contributed 8.4 percent of the employees' annual base pay. For fiscal year 2018, the County contributed \$3,067,120 to the Carroll County Employee Pension Plan.

*Investment Policy.* Fiduciary funds for Carroll County are the Carroll County Employee Pension Plan, the Carroll County Certified Law Officers Pension, LOSAP, & OPEB "the Trust Funds". The Trust Funds operate under one investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. Investments for the Trust Funds are reported at fair value, as described in Note 1. The Retirement Plan Committee has the authority to establish or amend investment policy decisions.

The Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such a change could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

Interest rate risk: The Trust Funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Fluctuating rates of return are characteristic of the securities markets; the Trust Funds' greatest concern is long-term appreciation of assets and consistency of portfolio returns. However, cash and cash equivalent investments are limited to maturities of one year or less.

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Foreign currency risk: The Carroll County Employee Pension Plan had the following unrated mutual fund investments with exposure to foreign currency risk from various international currency denominations, including European Countries:

	Fair Value in U.S. Dollars
Causeway International Value Fund	\$ 4,079,313
Harding Loevner International Equity Fund	4,240,885

Credit risk: The investment manager is allowed substantial discretion within a broad framework of approved investment choices. Equity holdings may be selected from those listed on the major securities markets. The manager may purchase any cash instruments having a quality rating of A-2, P-2 or higher by either Moody's or Standard and Poor's. Time deposits and repurchase agreements are also acceptable investment vehicles. Any idle cash not invested by the investment managers shall be invested daily through an automatic interest-bearing sweep vehicle.

Ratings	Maximum	Allocation at June 30, 2018
AAA/Aaa	100%	100%
AA/Aa	100%	0%
A/A	100%	0%
BAA/Baa	20%	0%
BBB	20%	0%

Concentration of credit risk: As a means of minimizing risk and providing a consistent return, the investment policies require diversification. U.S. corporate bonds shall be diversified by issuer type with no more than 10% of the portfolio invested in obligations of any one issuer. International bonds shall not exceed more than 5% of the International Equity portfolio. Investments by security type for all of the County Trust Funds are to be diversified as follows:

Carroll County Employee Pension Plan

	Minimum	Maximum
Domestic Large Cap Equities	35.0%	55.0%
Domestic Mid Cap Equities	0.0%	10.0%
Domestic Small Cap Equities	0.0%	10.0%
Real Estate Equities	5.0%	15.0%
International Equities	5.0%	15.0%
Domestic Fixed Income	20.0%	30.0%
Cash Equivalents	0.0%	15.0%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on the CCEPP investments, net of pension plan investment expense, was 8.77 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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*Net Pension Liability of the County.* The components of the net pension liability of the County at June 30, 2018 were as follows:

Total pension liability	\$ 95,821,352
CCEPP fiduciary net position	<u>(86,833,575)</u>
County's net pension liability	<u><u>\$ 8,987,777</u></u>
CCEPP fiduciary net position as a percentage of the total pension liability	90.62%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018 using the following actuarial assumptions, applied to the periods included in the measurements:

Inflation	3.0 percent
Salary increases	Rates vary by participant age
Investment rate of return	7.0 percent, net of pension plan investments expense, including inflation
Mortality	RP-2014 with generational projections using scale MP-2014

Changes since prior valuation: None

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Large Cap Equities	45%	5.40%
U.S. Small/Mid Cap Equities	10%	6.00%
Foreign Equities	10%	6.30%
Real Estate (REITs)	10%	4.30%
Core Fixed Income	25%	0.80%
Cash	0%	0.00%
Inflation		3.00%
Total	<u><u>100%</u></u>	

Discount rate: The discount rate used to measure the total pension liability was seven percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



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Changes in Net Pension liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	\$ 85,408,335	\$ 76,907,086	\$ 8,501,249
Changes for the year:			
Service cost	4,207,246	-	4,207,246
Interest	5,910,552	-	5,910,552
Changes of benefit terms	2,037,444	-	2,037,444
Differences between expected and actual experiences	201,525	-	201,525
Changes of assumptions	-	-	-
Contributions - employer	-	3,067,120	(3,067,120)
Contributions - member	-	1,915,612	(1,915,612)
Net investment income	-	6,939,106	(6,939,106)
Benefit payments, including refunds of member contributions	(1,943,750)	(1,943,750)	-
Administrative expense	-	(51,599)	51,599
Other	-	-	-
Net Changes	\$ 10,413,017	\$ 9,926,489	\$ 486,528
Balances at 6/30/18	\$ 95,821,352	\$ 86,833,575	\$ 8,987,777

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the County, calculated using the discount rate of 7.0 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
County's net pension liability	\$ 23,294,929	\$ 8,987,777	\$ (2,644,802)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2018, the County recognized pension expense of \$5,163,764. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 622,162	\$ 414,751
Changes of assumptions	654,071	-
Net difference between projected and actual earnings on pension plan investments	1,556,439	2,915,678
Total	\$ 2,832,672	\$ 3,330,429

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30:</u>	
2019	\$ 360,587
2020	72,766
2021	(681,203)
2022	(249,907)
2023	-
Thereafter	-

Basis of Accounting: The Carroll County Employee Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are made on a long-term basis investing in various securities which are exposed to various risks such as interest rate, market, and credit risks.

Statement of Fiduciary Net Position  
Carroll County Employee Pension Plan

Assets:	
Investments at fair value:	
Short-term investments	\$ 1,747,369
Bond funds	20,172,771
Equity funds	<u>64,922,498</u>
Total assets	<u>86,842,638</u>
Liabilities:	
Accounts Payable	<u>9,063</u>
Total liabilities	<u>9,063</u>
Fiduciary Net Position:	
Net position held in trust for pension benefits and other purposes	<u>\$ 86,833,575</u>

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Statement of Changes in Fiduciary Net Position  
Carroll County Employee Pension Plan

<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 3,067,120
Plan Members	1,915,612
Total Contributions	4,982,732
Investment earnings:	
Net increase in the fair value of investments	6,989,165
Total investment earnings	6,989,165
Less investment expense	(50,059)
Net investment earnings	6,939,106
Total additions	11,921,838
<b>DEDUCTIONS</b>	
Benefits and refunds paid to	
plan members and beneficiaries	1,943,750
Administrative expenses	51,599
Total deductions	1,995,349
Change in net position	9,926,489
<b>NET POSITION RESTRICTED FOR COUNTY PENSION</b>	
Net position - beginning of year	76,907,086
Net position - end of year	\$ 86,833,575

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018 using the following actuarial assumptions, applied to the periods included in the measurements:

Projected payroll increases	3% per year
Salary valuation	36-month average highest pay
Post retirement cost of living adjustments	1.80%
Inflation rate	3.00%

**CARROLL COUNTY CERTIFIED LAW OFFICERS PENSION PLAN**

The Carroll County Government established the Carroll County Certified Law Officers Pension Plan “CCCLOPP” for eligible law enforcement officers on October 1, 2009.

**Plan Description**

*Plan administration.* The Carroll County Certified Law Officers Pension Plan “CCCLOPP” is a single-employer defined benefit pension plan that covers Carroll County Sheriff’s Certified Law Officers who are not eligible to participate in the Maryland State Pension or Retirement Plans. The Carroll County Government does not issue a separate audited financial statement for CCCLOPP.

The Retirement Plan Committee serves as the administrator of the plan on behalf of Carroll County Government and has the full power and authority to manage the plan. The Retirement Plan Committee consists of those individuals who hold the following positions in the employment of the County or the Carroll County Sheriff’s Office:

- Director, Department of Management and Budget
- Director, Department of Human Resources
- County Attorney
- Bureau Chief, Benefits; and
- Two participants participating in either the CCEPP or CCCLOP (Carroll County Certified Law Officers Pension Plan) selected by the County Commissioners of Carroll County, Maryland

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*Plan membership.* The most current actuarial valuation was completed as of July 1, 2017. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	13
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	100
Total	113

*Benefits provided.* For officers hired October 1, 2009 or later, the Certified Law Officers Pension Plan would replace 50.5% of final average salary after 25 years of service and will replace a smaller percentage of final average salary for officers hired prior to October 1, 2009 (who previously received employer contributions to their 401(k) Plan accounts). Employees are eligible to begin drawing their pension when they retire after 25 years of service or at age 55 with at least 15 years of service. Employees who retire prior to age 55 with at least 15 years of service may begin drawing their pension at age 62. The plan does not provide early retirement benefits. The Retirement Plan Committee recommends any amendments to benefits provided. In order to be effective all amendments must be approved by majority vote of the Commissioners.

The plan provides retirement, disability and death benefits to plan members or the plan members' beneficiaries. This plan has a tax exempt status.

Participants who have reached the 12-month anniversary of their Benefit Commencement Date are subject to the cost of living adjustment "COLA". The adjustment shall not exceed a two percent increase in the Participant's annual retirement income determined as of the first day of the preceding plan year.

*Contributions.* Plan members are required to contribute eight percent of their annual base pay. The County contributed 12.1 percent of the employees' annual base pay.

*Investment Policy.* Fiduciary funds for Carroll County are the Carroll County Employee Pension Plan, the Carroll County Certified Law Officers Pension, LOSAP, & OPEB "the Trust Funds". The Trust Funds operate under one investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. Investments for the Trust Funds are reported at fair value, as described in Note 1. The Retirement Plan Committee has the authority to establish or amend investment policy decisions.

The Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such a change could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

*Interest rate risk:* The Trust Funds' do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Fluctuating rates of return are characteristic of the securities markets; the Trust Funds greatest concern is long-term appreciation of assets and consistency of portfolio returns. However, cash and cash equivalent investments are limited to maturities of one year or less.

*Foreign currency risk:* The Carroll County Certified Law Officers Pension Plan had the following unrated mutual fund investments with exposure to foreign currency risk from various international currency denominations, including European Countries:

	Fair Value in U.S. Dollars
Causeway International Value Fund	\$ 671,464
Harding Loevner International Equity Fund	697,880

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Credit risk: The investment manager is allowed substantial discretion within a broad framework of approved investment choices. Equity holdings may be selected from those listed on the major securities markets. The manager may purchase any cash instruments having a quality rating of A-2, P-2 or higher by either Moody's or Standard and Poor's. Time deposits and repurchase agreements are also acceptable investment vehicles. Any idle cash not invested by the investment managers shall be invested daily through an automatic interest-bearing sweep vehicle.

Ratings	Maximum	Allocation at June 30, 2018
AAA/Aaa	100%	100%
AA/Aa	100%	0%
A/A	100%	0%
BAA/Baa	20%	0%
BBB	20%	0%

Concentration of credit risk: As a means of minimizing risk and providing a consistent return, the investment policies require diversification. U.S. corporate bonds shall be diversified by issuer type with no more than 10% of the portfolio invested in obligations of any one issuer. International bonds shall not exceed more than 5% of the International Equity portfolio. Investments by security type for all of the County Trust Funds are to be diversified as follows:

Carroll County Certified Law Officers Trust Fund

	Minimum	Maximum
Domestic Large Cap Equities	35.0%	55.0%
Domestic Mid Cap Equities	0.0%	10.0%
Domestic Small Cap Equities	0.0%	10.0%
Real Estate Equities	5.0%	15.0%
International Equities	5.0%	15.0%
Domestic Fixed Income	20.0%	30.0%
Cash Equivalents	0.0%	15.0%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on the CCCLOPP investments, net of pension plan investment expense, was 8.08 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net Pension Liability of the County.* The components of the net pension liability of the County at June 30, 2018 were as follows:

Total pension liability	\$ 17,385,948
CCCLOPP fiduciary net position	(14,386,577)
County's net pension liability	\$ 2,999,371
CCCLOPP fiduciary net position as a percentage of the total pension liability	82.75%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018 using the following actuarial assumptions, applied to the periods included in the measurements:

Inflation	3.0 percent
Salary increases	Rates vary by participant age
Investment rate of return	7.0 percent, net of pension plan investments expense, including inflation
Mortality	RP-2014 with generational projections using scale MP-2014

Changes since prior valuation: None.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Large Cap Equities	45%	5.40%
U.S. Small/Mid Cap Equities	10%	6.00%
Foreign Equities	10%	6.30%
Real Estate (REITs)	10%	4.30%
Core Fixed Income	25%	0.80%
Cash	0%	0.00%
Inflation		3.00%
Total	<u>100%</u>	

Discount rate: The discount rate used to measure the total pension liability was seven percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at 6/30/17	\$ 15,084,074	\$ 12,487,536	\$ 2,596,538
Changes for the year:			
Service cost	1,117,386	-	1,117,386
Interest	1,043,244	-	1,043,244
Changes of benefit terms	-	-	-
Differences between expected and actual experiences	502,424	-	502,424
Changes of assumptions	-	-	-
Contributions - employer	-	797,580	(797,580)
Contributions - member	-	429,778	(429,778)
Net investment income	-	1,042,221	(1,042,221)
Benefit payments, including refunds of member contributions	(361,180)	(361,180)	-
Administrative expense	-	(9,358)	9,358
Other	-	-	-
Net Changes	<u>\$ 2,301,874</u>	<u>\$ 1,899,041</u>	<u>\$ 402,833</u>
Balances at 6/30/18	<u>\$ 17,385,948</u>	<u>\$ 14,386,577</u>	<u>\$ 2,999,371</u>

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*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the CCCLOPP, calculated using the discount rate of 7.0 percent, as well as what the CCCLOPP net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
CCCLOPP net pension liability	\$ 6,041,122	\$ 2,999,371	\$ 584,981

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2018, the County recognized pension expense of \$893,971.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 893,942	\$ 411,215
Changes of assumptions	-	79,835
Net difference between projected and actual earnings on pension plan investments	231,633	377,917
Total	\$ 1,125,575	\$ 868,967

Amounts reported as deferred outflows of resources and deferred inflows of resource related to pensions will be recognized in pension expense as follows:

Years Ending June 30:	
2019	\$ 57,875
2020	16,492
2021	(78,631)
2022	10,512
2023	38,133
Thereafter	212,227

**Basis of Accounting:** The CCCLOPP's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are made on a long-term basis investing in various securities which are exposed to various risks such as interest rate, market, and credit risks.

The actuarially determined contribution was determined as part of the July 1, 2016 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return compounded annually (b) projected salary increases due to inflation and seniority/merit raises as follows:

Age	Rate
25	8.75%
35	5.75%
45	5.25%

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(c) projected disability rate as follows:

Age	Rate
25	0.110%
35	0.205%
45	0.530%
55	1.440%

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at July 1, 2017 ranges from 15 to 20 years.

Statement of Fiduciary Net Position  
Carroll County Certified Law Officers Pension Plan

Assets:	
Investments at fair value:	
Short-term investments	\$ 563,888
Bond funds	3,328,156
Equity funds	10,498,879
Total assets	14,390,923
Liabilities:	
Accounts Payable	4,346
Total liabilities	4,346
Fiduciary Net Position:	
Net position held in trust for pension benefits and other purposes	\$ 14,386,577

Statement of Changes in Fiduciary Net Position  
Carroll County Certified Law Officers Pension Plan

ADDITIONS	
Contributions:	
Employer	\$ 797,580
Plan Members	429,778
Total Contributions	1,227,358
Investment earnings:	
Net increase in the fair value of investments	1,069,776
Total investment earnings	1,069,776
Less investment expense	(27,555)
Net investment earnings	1,042,221
Total additions	2,269,579
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	361,180
Administrative expenses	9,358
Total deductions	370,538
Change in net position	1,899,041
NET POSITION RESTRICTED FOR LAW OFFICERS PENSION	
Net position - beginning of year	12,487,536
Net position - end of year	\$ 14,386,577



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VOLUNTEER FIREMEN PENSION PLAN (LOSAP)

Plan Description

*Plan administration.* The Volunteer Fireman Pension Plan “LOSAP” is a single-employer defined benefit length of service award program that covers all volunteer members of all Carroll County Fire Companies. Members are eligible to participate in the service award plan if they are certified as an active member and attain 50 points through various functions for each year of service.

*Plan membership.* The most current actuarial valuation was completed as of January 1, 2017. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	224
Terminated plan members entitled to but not yet receiving benefits	22
Active plan members	608
Total	854

*Benefits provided.* Members are eligible for the defined length of service benefits once they reach 25 years of service and age 60. Per the amended benefit enhancements effective July 1, 2017, the benefits are calculated at \$135 per month for the fiscal year ended 2018 for life for the first 25 years of service. The benefit will increase each year by \$10 until fiscal year 2022 when the benefit will be \$175 per month. An additional payment of \$8 per month shall be added to the benefits for each full year of service in excess of 25 years. LOSAP provides a burial benefit of \$5,000 for qualified volunteer firemen upon their death. This plan has tax exempt status. The Retirement Plan Committee recommends any amendments to benefits provided. In order to be effective, all amendments must be approved by majority vote of the Commissioners.

*Contributions.* Carroll County must provide annual contributions that satisfy the required amount to fund this program. Funding of this program shall be reviewed every fifth year to determine if any changes should be made. There are no participant-financed benefits in this plan. Administrative costs are financed through investment earnings.

*Investment Policy.* Fiduciary funds for Carroll County are the Carroll County Employee Pension Plan, the Carroll County Certified Law Officers Pension, LOSAP, & OPEB “the Trust Funds”. The Trust Funds operate under one investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. Investments for the Trust Funds are reported at fair value, as described in Note 1. Carroll County Government has the authority to establish or amend investment policy decisions.

The Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such a change could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

*Interest rate risk:* The Trust Funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Fluctuating rates of return are characteristic of the securities markets; the Trust Funds’ greatest concern is long-term appreciation of assets and consistency of portfolio returns. However, cash and cash equivalent investments are limited to maturities of one year or less.

*Foreign currency risk:* The Volunteer Fireman Pension Plan “LOSAP” had the following unrated mutual fund investments with exposure to foreign currency risk from various international currency denominations, including European Countries:

	Fair Value in U.S. Dollars
Causeway International Value Fund	\$ 407,424
Harbor International Fund	414,297

*Credit risk:* The investment manager is allowed substantial discretion within a broad framework of approved investment choices. Equity holdings may be selected from those listed on the major securities markets. The manager may purchase any cash instruments having a quality rating of A-2, P-2 or higher by either Moody’s or Standard and Poor’s. Time deposits and

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repurchase agreements are also acceptable investment vehicles. Any idle cash not invested by the investment managers shall be invested daily through an automatic interest-bearing sweep vehicle.

Ratings	Maximum	Allocation at June 30, 2018
AAA/Aaa	100%	100%
AA/Aa	100%	0%
A/A	100%	0%
BAA/Baa	20%	0%
BBB	20%	0%

Concentration of credit risk: As a means of minimizing risk and providing a consistent return, the investment policies require diversification. U.S. corporate bonds shall be diversified by issuer type with no more than 10% of the portfolio invested in obligations of any one issuer. International bonds shall not exceed more than 5% of the International Equity portfolio. Investments by security type for all of the County Trust Funds are to be diversified as follows:

Volunteer Firemen Pension Plan (LOSAP)

	Minimum	Maximum
Domestic Large Cap Equities	35.0%	55.0%
Domestic Mid and Small Cap Equities	0.0%	10.0%
Real Estate Equities	5.0%	15.0%
International Equities	5.0%	15.0%
Domestic Fixed Income	10.0%	30.0%
Cash Equivalents	0.0%	10.0%

Rate of return: For the year ended June 30, 2018, the annual money-weighted rate of return on the LOSAP investments, net of pension plan investment expense, was 8.23 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net Pension Liability of the County.* The components of the net pension liability of the County at June 30, 2018 were as follows:

Total pension liability	\$ 10,307,976
LOSAP fiduciary net position	<u>(8,497,515)</u>
County's net pension liability	<u>\$ 1,810,461</u>
LOSAP fiduciary net position as a percentage of the total pension liability	82.44%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2017 rolled forward to June 30, 2018 using the following actuarial assumptions, applied to the periods included in the measurements:

Actuarial Cost Method	Unit Credit
Amortization Method	Level payments over a period of 10 years
Remaining Amortization Period	10 years
Asset Valuation Method	Market Value
Inflation	3.0 percent
Salary increases	Not Applicable
Investment rate of return	7.0 percent, net of pension plan investments expense, including inflation
Retirement Age	The later of 25 years of service and age 60
Mortality	RP-2000 Combined Healthy tables with Blue Collar adjustments, blended 75% male and generational projection using Scale AA

Changes since prior valuation: None.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Large Cap Equities	45%	5.40%
U.S. Small/Mid Cap Equities	10%	6.00%
Foreign Equities	10%	6.30%
Real Estate (REITs)	10%	4.30%
Core Fixed Income	20%	0.80%
Cash	5%	0.00%
Inflation		3.00%
Total	<u>100%</u>	

Discount rate: The discount rate used to measure the total pension liability was seven percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active volunteer firemen. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/17	\$ 9,805,694	\$ 8,462,290	\$ 1,343,404
Changes for the year:			
Service cost	155,131	-	155,131
Interest	685,067	-	685,067
Changes of benefit terms	439,515	-	439,515
Differences between expected and actual experiences	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	166,000	(166,000)
Net investment income	-	679,259	(679,259)
Benefit payments, including refunds of member contributions	(777,431)	(777,431)	-
Administrative expense	-	(32,603)	32,603
Other	-	-	-
Net Changes	<u>\$ 502,282</u>	<u>\$ 35,225</u>	<u>\$ 467,057</u>
Balances at 6/30/18	<u>\$ 10,307,976</u>	<u>\$ 8,497,515</u>	<u>\$ 1,810,461</u>

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of LOSAP, calculated using the discount rate of 7.0 percent, as well as what the LOSAP net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
LOSAP net pension liability	\$ 3,003,737	\$ 1,810,461	\$ 808,251

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*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended June 30, 2018, the County recognized pension expense of \$1,124,340.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,089
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	216,076	631,355
Total	\$ 216,076	\$ 664,444

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:	
2018	\$ (100,388)
2019	(52,531)
2020	(160,572)
2021	(123,848)
2022	(5,515)
Thereafter	(5,514)

**Basis of Accounting:** The Volunteer Fireman Pension Plan "LOSAP" financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are made on a long-term basis investing in various securities which are exposed to various risks such as interest rate, market, and credit risks.

The Carroll County Government does not issue a separate audited financial statement for LOSAP.

Statement of Fiduciary Net Position  
Volunteer Firemen Pension Plan (LOSAP)

Assets:	
Investments at fair value:	
Short-term investments	\$ 207,751
Bond funds	1,735,354
Equity funds	6,559,245
Total assets	8,502,350
Liabilities:	
Accounts Payable	4,835
Total liabilities	4,835
Fiduciary Net Position:	
Net position held in trust for pension benefits and other purposes	\$ 8,497,515

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Statement of Changes in Fiduciary Net Position  
Volunteer Firemen Pension Plan (LOSAP)

<b>ADDITIONS</b>	
Contributions:	\$ 166,000
Investment earnings:	
Net increase in the fair value of investments	679,259
Total investment earnings	679,259
Less investment expense	(17,687)
Net investment earnings	661,572
Total additions	827,572
<b>DEDUCTIONS</b>	
Benefits and refunds paid to plan members and beneficiaries	777,432
Administrative expenses	14,915
Total deductions	792,347
Change in net position	35,225
<b>NET POSITION RESTRICTED FOR LOSAP</b>	
Net position - beginning of year	8,462,290
Net position - end of year	\$ 8,497,515

**MARYLAND STATE RETIREMENT AND PENSION SYSTEM – GOVERNMENTAL ACTIVITIES**

**Plan Description**

The County participates in the Maryland State Retirement and Pension System “the System” and qualifies as a Participating Governmental Unit “PGU”. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System’s administration and operation is vested in a 15- member Board of Trustees.

The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The State is obligated to annually pay into the accumulation fund of each State system at least an amount that, when combined with the System’s accumulation funds, is sufficient to provide benefits payable under each plan during that fiscal year. The System is accounted for as one defined benefit plan in accordance with accounting principles generally accepted in the United States of America. Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State’s reporting entity and disclosed in its financial statements as a pension trust fund. The Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer can be found at [www.sra.maryland.gov/employers](http://www.sra.maryland.gov/employers). The System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 can be found at [www.sra.state.md.us/Agency/Downloads/CAFR/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

The System is comprised of the Teachers’ Retirement and Pension Systems, Employees’ Retirement and Pension Systems, State Police Retirement System, Judges’ Retirement System, and the Law Enforcement Officers’ Pension System.

The County adopted GASB Statement No. 68-"Accounting and Financial Reporting for Pensions" ("GASB 68"). GASB 68 requires that a PGU recognize its proportionate share of the System's net pension liability (i.e., unfunded pension liability) and pension expense.

The County adopted GASB Statement No. 71-"Pension Transition for Contributions Made Subsequent to the Measurement Date - Amendment of GASB No. 68" ("GASB 71"). GASB 71, which is only applicable during the year which GASB 68 was adopted, requires that contributions to the pension plan subsequent to the measurement date be recognized as a deferred outflow of resources.

On June 30, 1985, the Board of Carroll County Commissioners elected to withdraw from the Maryland State Retirement Agency “Agency”. Employees participating in the Employees’ Retirement and Pension Systems at that time continued their participation in those Systems. Employees hired July 1, 1985 and after were not permitted to enroll. After the County’s withdrawal, the Agency calculated an unfunded accrued liability owed by the County and instituted a payment schedule

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whereby the County would make annual payments until the liability was paid. The balance of the unfunded accrued liability was paid to the Agency with the proceeds from taxable pension funding bonds issued in 2004. As of June 30, 2017, 43 employees participate in the Employees' Retirement and Pension Systems.

In addition, certain "State Elected Officials" and "Soil Conservation District" employees hired after June 30, 1985 are entitled to participate in Employees' Retirement and Pension Systems. As of June 30, 2017, four Officials and six Soil Conservation District employees participate. State Elected Officials and Soil Conservation District employees who participate in the Employees' Retirement and Pension Systems contributed 7 percent of their compensation during fiscal year 2018 as stipulated by the System.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2018, the County reported a total liability of \$511,814 for its proportionate share of the net pension liability: \$280,764 for County Elected/Appointed Officials and \$231,050 for County Soil Conservation District. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability "NPL" was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ended June 30, 2017. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2017, the County's proportionate share was 0.0012984% for CC Elected Officials and 0.0010685% for Soil Conservation employees.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the MSRA System for CC Elected Official from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 7,971	\$ -
Net difference between projected and actual earnings on pension plan investments	29,654	33,608
County contributions subsequent to the measurement date	29,616	-
Total	\$ 67,241	\$ 33,608

The contributions made after the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

\$29,616 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:	
2019	\$ (3,353)
2020	(6,703)
2021	(2,260)
2022	5,857
2023	2,442

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Carroll County Elected/Appointed Officials allocated net pension liability and related information:

County Elected/Appointed Officials Contribution	\$ 26,427
State of MD total adjusted contributions	<u>\$ 2,035,341,000</u>
County's proportion of total contributions	0.0012984%
Total Net Pension Liability - State of MD	\$ 21,623,701,000
County Elected/Appointed Officials share of NPL	\$ 280,764
Total Pension Expense - State of MD	\$ 2,499,495,000
County Elected/Appointed Officials share pension expense	\$ 60,084

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the MSRA for Soil Conservation from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 9,481	\$ -
Net difference between projected and actual earnings on pension plan investments	31,081	30,977
County contributions subsequent to the measurement date	<u>23,459</u>	<u>-</u>
Total	<u>\$ 64,021</u>	<u>\$ 30,977</u>

The contributions made after the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

\$23,459 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30:</u>	
2019	\$ (2,380)
2020	(7,025)
2021	(7,025)
2022	4,836
2023	2,009

Carroll County Soil Conservation District allocated net pension liability and related information:

County Soil Conservation District Contribution	\$ 21,748
State of MD total adjusted contributions	<u>\$ 2,035,341,000</u>
County's proportion of total contributions	0.0010685%
Total Net Pension Liability - State of MD	\$ 21,623,701,000
County Soil Conservation District share of NPL	\$ 231,050
Total Pension Expense - State of MD	\$ 2,499,495,000
County Soil Conservation District - pension expense	\$ 41,308

Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The States Consulting Actuary performed an experience study of MSRPS for the period 2010-2016 after completion of the June 30, 2016 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of

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salary increase were adopted by the Board for first use in the actuarial valuation as of June 30, 2017. As a result, an investment return assumption of 7.50% and an inflation assumption of 2.65% were used for the June 30, 2017 valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Public Equity	36%	5.30%
Private Equity	11%	7.00%
Rate Sensitive	21%	1.20%
Credit Opportunity	9%	3.60%
Real Assets	15%	5.70%
Absolute Return	8%	3.10%
Total	<u>100%</u>	

**Investments**

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense, was 10.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate.* The single discount rate used to measure the total pension liability was 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The net pension liability sensitivity to changes in the single discount rate is as follows:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
State of MD CC Elected/Appointed Officials	\$ 397,898	\$ 280,764	\$ 183,576
State of MD Soil Conservation District	\$ 327,444	\$ 231,050	\$ 151,071

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Maryland State Retirement Pension System "the System" pension plans and additions to/deductions from the plans have been determined on the same basis they are reported by the System. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



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401(K) RETIREMENT PLAN

The County offers a defined contribution 401(k) retirement plan to all its eligible employees. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings/losses. This plan is self-administered, with record keeping provided through the Lincoln Financial Group. This plan is governed by regulations and statutes promulgated by the Internal Revenue Service. The authorization for this plan was made by the County Commissioners effective July 1, 1985. The plan was most recently amended and restated effective October 1, 2009.

Employees are eligible to participate upon hire if employment is at least at the half-time level. Employees hired prior to January 1, 1980 who participate in the "Maryland State Employees' Retirement System" are not eligible to participate in the 401(k) Plan.

Eligible employees can contribute up to an amount allowed by applicable federal law, and not in excess of a member's annual compensation. The plan is contributory on a voluntary basis with all contributions being paid to the trustee. Prior to October 1, 2009, the County made quarterly contributions to the accounts of each participant. Starting October 1, 2009, the County stopped contributing to the 401(k) Plan accounts of employees enrolled in either of the County's pension plans. Eligible employees hired prior to July 1, 1985 who are not enrolled in either of the County's pension plans remain eligible for County contributions to their 401(k) Plan accounts. These contributions range from 2% to 8% of base salary, depending upon the amount contributed by the employee.

The County's and the employees' contributions for the year ended June 30, 2018 were \$120,101 and \$2,159,489 respectively.

The Plan also offers a "Roth" option which allows employees to make after-tax contributions. Approximately 16.5 percent of employee contributions to the plan are being made as "Roth" contributions as of June 30, 2018.

COMPONENT UNITS – BOARD OF EDUCATION

Plan description

The employees of the Board are covered by the Maryland State Retirement and Pension System "the System", which is a cost sharing defined benefit public employee retirement system. While there are five retirement and pension systems under the System, employees of the Board are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publically available financial report that can be obtained at [www.sra.state.md.us/Agency/Downloads/CAFR/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

*Benefits provided.* The System provides retirement allowances and other benefits to State teachers and employees of participating governmental units, among others. For individuals who become members of the Teachers' Retirement and Pension Systems and the Employees' Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation "AFC" and the actual number of years of accumulated creditable service. For individuals who become members of the Teachers' Pension System and Employees' Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefits allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's average final compensation "AFC" multiplied by the number of years of accumulated creditable service.

A member of either the Teachers' or Employees' Pension System on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011 is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

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For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the members AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.4% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998 plus 1.8% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. Beginning in July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employees' Pension System.

*Contributions.* The Board and covered members are required by state statute to contribute to the System. Members of the Teachers' Pension System and Employees' Pension System are required to contribute 7% annually. Members of the Teachers' Retirement System and Employees' Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers, are established and may be amended by the Board of Trustees for the System.

Beginning in FY2017, the Board pays 100% of the normal cost for their teachers in the Teachers' Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System. For the year ended June 30, 2018, the Board's contribution was \$7,260,805. The State's contributions on behalf of the Board for the year ended June 30, 2018 was \$18,929,832. The fiscal 2018 contribution made by the state on behalf of the Board have been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2018 was 6.74% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2018 of \$1,648,441.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2018, the Board reported a liability of \$15,759,548 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ended June 30, 2017. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2017, the Board's proportionate share was 0.0728809%, which is a decrease of .0081724% from its proportion measured as of June 30, 2016.

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For the year ended June 30, 2018, the Board recognized pension expense of \$1,685,375. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,145,779
Changes of assumptions	657,768	-
Change in proportions	417,188	2,197,236
Net difference between projected and actual earnings on pension plan investments	1,186,781	-
Net difference between actual and proportionate share of contributions	238,781	-
Board contributions subsequent to the measurement date	1,648,441	-
Total	\$ 4,148,959	\$ 3,343,015

\$1,648,441 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:	
2019	\$ 86,720
2020	331,483
2021	(99,693)
2022	(798,114)
2023	(362,893)
Thereafter	-

At June 30, 2018, the Board did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the Board and the Board pays the normal cost related to the Board members in the Teachers' Retirement and Pension Systems; therefore, the Board is not required to record its share of the unfunded pension liability, but instead that liability is recorded by the State of Maryland. The amount recognized by the Board as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Board were as follows:

State's proportionate share of the net pension liability	\$ 222,226,515
Board's proportionate share of the net pension liability	-
Total	\$ 222,226,515

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2018, the Board recognized pension expense of \$26,190,637 and revenue of \$18,929,832 for support provided by the state. Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.

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*Actuarial assumptions.* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.65% general, 3.15% wage
Salary increases	3.15% to 9.15%, including inflation
Investment rate of return	7.50%
Mortality	RP-2014 Mortality Table with generational mortality projections using scale MP-2014, calibrated to the System's experience

The economic and demographic actuarial assumptions used in the June 30, 2017 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2010-2014, after completion of the June 30, 2014 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.50% and an inflation assumption of 2.65% were used in the June 30, 2017 valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Public Equity	36%	5.30%
Private Equity	11%	7.00%
Rate Sensitive	21%	1.20%
Credit Opportunity	9%	3.60%
Real Assets	15%	5.70%
Absolute Return	8%	3.10%
Total	<u>100%</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense, was 10.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate.* The single discount rate used to measure the total pension liability was 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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*Sensitivity of the Net Pension Liability.* Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Board’s net pension liability, calculated using a single discount rate of 7.50%, as well as what the Board’s net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher for the Employees Retirement and Pension Systems:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Board's proportionate share of the net pension liability	\$ 22,334,401	\$ 15,759,548	\$ 10,304,280

Due to the special funding situation noted above related to the Teachers’ Retirement and Pension Systems, the Board did not record a net pension liability related to the Teachers’ Retirement and Pension Systems.

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s financial report.

**COMPONENT UNITS – CARROLL COMMUNITY COLLEGE**

**Plan description**

The employees of the College are covered by the Maryland State Retirement and Pension System “the System”, which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the College are a member of either the Teachers’ Retirement and Pension Systems or the Employees’ Retirement and Pension Systems. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System’s administration and operation is vested in a 15-member Board of Trustees. The System issues a publically available financial report that can be obtained at [www.sra.state.md.us/Agency/Downloads/CAFR/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

*Benefits provided.* The System provides retirement allowances and other benefits to State teachers of participating governmental units, among others. For individuals who become members of the Teachers’ Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation “AFC” and the actual number of years of accumulated creditable service. For individuals who become members of the Teachers’ Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree’s benefits allowance will be computed. Some of these options require actuarial reductions based on the retiree’s and/or designated beneficiary’s attained age and similar actuarial factors.

A member of the Teachers’ Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member’s average final compensation “AFC” multiplied by the number of years of accumulated creditable service.

A member of the Teachers’ Pension System on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers’ Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member’s combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Teachers’ Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the members AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.4% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers’ Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member’s AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998 plus 1.8% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. Beginning in July 1, 2011, any new member of the Teachers’ Pension System shall

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earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' Pension System.

*Contributions.* The College and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System are required to contribute 7% annually. Members of the Teachers' Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers, are established and may be amended by the Board of Trustees for the System.

The State makes a substantial portion of the College's annual required contribution to the Teachers' Retirement and Pension Systems on behalf of the College. The State's contributions on behalf of the College for the years ended June 30, 2018 was \$862,802. The fiscal contributions made by the State on behalf of the College have been included as both revenues and expenditures in the accompanying Statement of Revenues, Expenditures, and Changes in Net Position (Deficit).

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2018, the College did not report a liability related to Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for College and the College pays the normal cost related to the Colleges members in the Teachers' Retirement and Pension Systems; therefore, the College is not required to record its share of the unfunded pension liability, but instead that liability is recorded by the State of Maryland. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

State's proportionate share of the net pension liability	\$	9,189,277
College's proportionate share of the net pension liability		-
Total	<u>\$</u>	<u>9,189,277</u>

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the College did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.

*Actuarial assumptions.* The total pension liability in the following actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Inflation-general	2.65%
Inflation-wage	3.15%
Salary increases	3.15% to 9.15%, including inflation
Investment rate of return	7.50%
Mortality	RP-2014 Mortality Tables with generational mortality projections based on the MP-2014, calibrated to MSRPS experience

The economic and demographic actuarial assumptions used in the June 30, 2017 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2010-2014, after completion of the June 30, 2014 valuations. Assumptions from the experience study including investment return inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.50% and an inflation assumption of 2.65% were used for the June 30, 2017 valuation.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant and actuary.

For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Public Equity	36%	5.30%
Fixed Income	0%	0.00%
Credit Opportunity	9%	3.60%
Real Return	0%	0.00%
Absolute Return	8%	3.10%
Private Equity	11%	7.00%
Real Estate	15%	5.70%
Rate Sensitive	21%	1.20%
Cash	0%	0.00%
Total	<u>100%</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense, was 10.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate.* The single discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 7.50% as of June 30, 2017. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability.* Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the College did not record a net pension liability related to the Teachers' Retirement and Pension Systems.

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

**Optional Defined Contribution Plan (ORP)**

Professional employees otherwise eligible to join the State of Maryland Plan may choose instead to join the Optional Retirement Plan administered by the State of Maryland. This Plan is a noncontributory defined contribution plan. The Plan provides for retirement and death benefits. The Plan was established by, and can be amended by, the State Legislature. The State of Maryland contributes 7.25% of eligible salaries on behalf of the College. For 2018, the contribution was \$541,697 and the covered payroll was \$7,471,679.

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**Deferred Compensation Plan**

The College offers a defined contribution 403(B) retirement plan to all of its eligible employees. The Plan is contributory on a voluntary basis with all contributions being paid to the trustee. The College makes no basic or matching contributions on behalf of its employees.

COMPONENT UNITS – CARROLL COUNTY PUBLIC LIBRARY

Plan description

The employees of the Library are covered by the Maryland State Retirement and Pension System “the System”, which is a cost sharing employer defined benefit public employee retirement system. While there are five retirement and pension systems under the System, employees of the Library are a member of either the Teachers’ Retirement and Pension Systems or the Employees’ Retirement and Pension Systems. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to state employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System’s administration and operation is vested in a 15-member Board of Trustees. The System issues a publically available financial report that can be obtained at [www.sra.state.md.us/Agency/Downloads/CAFR/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).

*Benefits provided.* The System provides retirement allowances and other benefits to state teachers and employees of participating governmental units, among others. For individuals who become members of the Teachers’ Retirement and Pension Systems and the Employees’ Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the Teachers’ Pension System and Employees’ Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree’s benefits allowance will be computed. Some of these options require actuarial reductions based on the retiree’s and/or designated beneficiary’s attained age and similar actuarial factors.

A member of either the Teachers’ or Employees’ Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member’s average final compensation “AFC” multiplied by the number of years of accumulated creditable service.

A member of either the Teachers’ or Employees’ Pension System on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers’ or Employees’ Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member’s combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from either the Teachers’ or Employees’ Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the members AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.4% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers’ or Employees’ Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member’s AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998 plus 1.8% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. Beginning in July 1, 2011, any new member of the Teachers’ or Employees’ Pension System shall earn an annual pension allowance equal to 1.5% of the member’s AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers’ or Employees’ Pension System.

*Contributions.* The Library and covered members are required by State statute to contribute to the System. Members of the Teachers’ Pension System and Employees’ Pension System are required to contribute 7% annually. Members of the Teachers’ Retirement System and Employees’ Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers, are established and may be amended by the Board of Trustees for the System.

The state makes a substantial portion of the Library’s annual required contribution to the Teachers’ Retirement and Pension Systems on behalf of the Library. The State’s contributions on behalf of the Library for the year ended June 30, 2018 was



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\$820,988. The fiscal 2018 contributions made by the state on behalf of the Library have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

The Library's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2018 was 6.74% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Library made its share of the required contributions during the year ended June 30, 2018 of \$68,289.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2018, the Library reported a liability of \$594,173 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2017. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2017, the Library's proportionate share was 0.00227478%, which was a decrease of 0.0001302 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Library recognized pension expense of \$89,825. At June 30, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 21,587	\$ -
Change in proportions	53,380	25,397
Net difference between projected and actual earnings on pension plan investments	41,156	-
Net difference between actual and proportionate share of contributions	7,676	-
Net difference between expected and actual experience	-	41,715
Library contributions subsequent to the measurement date	68,289	-
Total	<u>\$ 192,088</u>	<u>\$ 67,112</u>

\$68,289 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30:</u>	
2019	\$ 27,070
2020	34,048
2021	18,722
2022	(15,249)
2023	(7,904)
Thereafter	-

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At June 30, 2018, the Library did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the Library; therefore, the Library is not required to record its share of the unfunded pension liability, but instead that liability is recorded by the State of Maryland. The amount recognized by the Library as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Library were as follows:

State's proportionate share of the net pension liability	\$	9,106,844
Library's proportionate share of the net pension liability		-
Total		9,106,844

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2018, the Library recognized pension expense of \$820,988 and revenue of \$820,988 for support provided by the State. Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the Library did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.

*Actuarial assumptions.* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.65% general, 3.15% wage
Salary increases	3.15% to 9.15%, including inflation
Investment rate of return	7.50%
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to the System's experience

The economic and demographic actuarial assumptions used in the June 30, 2017 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2010-2014, after completion of the June 30, 2014 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.50% and an inflation assumption of 2.65% were used for the June 30, 2017 valuation.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Library after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Public Equity	36%	5.30%
Private Equity	11%	7.00%
Real Return	21%	1.20%
Credit Opportunity	9%	3.60%
Real Assets	15%	5.70%
Absolute Return	8%	3.10%
Total	100%	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2017.

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For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense, was 10.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount rate.* The single discount rate used to measure the total pension liability was 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability.* Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Library's net pension liability, calculated using a single discount rate of 7.50%, as well as what the Library's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Library's proportionate share of the net pension liability	\$ 842,064	\$ 594,173	\$ 388,498

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

**403(b) Retirement Plan**

Effective December 1, 1995, the Library began offering a defined contribution 403(b) retirement plan to all of its eligible employees. Employees contribute on a voluntary basis with all contributions being paid to the custodian. The Library makes no basic or matching contributions on behalf of its employees. Because the Library derives its authority, its operating structure, and its funds from the state and county government, it is a governmental entity and the 403(b) plan is a governmental plan exempt from ERISA. However, changes in the tax law require the Library to adopt a written plan document and file the plan with the Internal Revenue Service. In December 2009 the Library Board of Trustees approved the plan so that the Library remains compliant with the law. Regulations require the Library to monitor the investment choices that are available in the plan on an annual basis to confirm that the investment choices are prudent and that associated expenses are reasonable.

**Note 12 – Post Employment Benefits Other Than Pension Benefits**

**RETIREE BENEFIT TRUST, BOARD OF COUNTY COMMISSIONER OF CARROLL COUNTY, MARYLAND**

**Plan Description**

*Plan administration:* The Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland "RBTC" is a single-employer defined benefit plan that provides access to medical insurance benefits to eligible retirees who retire from County service in accordance with County policy. The Carroll County Government does not issue a separate audited financial statement for RBTC.

Management of the RBTC is vested in the appointed Board of Trustees to serve at the pleasure of the County Commissioners, which consists of the Comptroller of Carroll County Government and the Bureau Chief of Benefits of Carroll County Government.

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*Plan membership.* The most recent actuarial valuation was completed as of July 1, 2016. The membership data related to the plan was as follows:

Number of Participants	
Active Employees	922
Deferred vested terminations	-
Retirees in pay status (pre Medicare)	123
Retirees in pay status (Medicare age)	296
Total	1,341

*Benefits provided:* To be eligible for benefits under this plan, employees, former employees, or beneficiaries of Carroll County Government and Carroll County Library must meet the following eligibility requirements:

- Age plus service equals at least 75,
- Has at least 10 years of total County service (15 years if hired after May 1, 2005 or later)
- Has at least 5 years of continuous County service through the date of retirement, and
- Was eligible for County provided health care coverage as a regular employee for at least 5 years immediately preceding the date of retirement.

An employee who leaves at age 55 with at least 10 years of County Service (15 years if hired after May 1, 2005) but does not meet the other requirements summarized above is allowed to purchase retiree health coverage. Such participants must pay the full premium (there is no explicit subsidy).

Military service will count towards the age plus service requirement above, but only after the employee has completed at least 10 years of County service.

Full-time employees who retire can also insure their spouses. Retirees who are eligible for County contributions toward the cost of their medical plan may elect to discontinue coverage and re-enroll at future “open enrollment” periods. This plan has a tax exempt status.

There are special provisions for certain groups.

- *Certified law officers retiring after October 1, 2009:* Employees who upon leaving employment, qualify for and receive an immediate pension under the Certified Law Officers Pension Plan, but who do not otherwise qualify for post employment health care benefits under the guidelines for general employees, may still receive OPEB benefits. However there will be a surcharge of 4% for each year that the participant’s age plus year of service at time of retirement falls short of 75, to a maximum surcharge of 32%. The surcharge is added to the base premium payment that the officer would normally have paid, based on years of service, had the officer’s age plus years of service equaled or exceeded 75. The premium charged to an officer qualifying for an immediate pension due to disability will be no more than two times the active employee rate (or 50% of the total premium cost if hired May 1, 2005 or later).

<u>Age plus years of service</u>	<u>Surcharge</u>
Less than 68	32%
At least 68 but less than 69	28%
At least 69 but less than 70	24%
At least 70 but less than 71	20%
At least 71 but less than 72	16%
At least 72 but less than 73	12%
At least 73 but less than 74	8%
At least 74 but less than 75	4%

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- *Appointed officials retiring after October 1, 2005:* An appointed official with a minimum of 4 years of total service, but who does not otherwise qualify for post employment health care benefits under the guidelines for general employees, may receive OPEB benefits. However, the official must not have the option to enroll in a subsequent employer’s plan as an employee or retiree of that employer. The official will be charged a percent of the total premium. The percent will vary according to years of service as follows:

<u>Years of service</u>	<u>Percent of total premium</u>
24 or more	25%
At least 20 but less than 24	30%
At least 16 but less than 20	45%
At least 12 but less than 16	50%
At least 4 but less than 12	55%

- *Elected officials retiring after October 1, 2005:* An elected official who is elected to, and served in, two or more terms of office, but who do not otherwise qualify for post employment health care benefits under the guidelines for general employees, may receive OPEB benefits. However, an eligible elected official who leaves County employment prior to attaining age 50 loses eligibility for such coverage one he/she becomes eligible to obtain insurance through subsequent employment and/or Medicare. The rates charged to elected officials who qualify under this policy will be the same rates proved to general employees who retire prior to January 1, 2006.

*Contributions:* Retirees contribute a portion of their health care cost which is based on their age and years of service with the County. In fiscal year 2018, the County contributed \$10,550,000 towards the actuarially determined contribution for the Other Post Employment Benefit fund. Of the \$10,550,000 contribution, \$1,540,000 was payment on behalf of the Library. Administrative costs of the RBTCCCC are financed through investment earnings.

*Investment Policy:* Fiduciary funds for Carroll County are the Carroll County Employee Pension Plan, the Carroll County Certified Law Officer Pension, LOSAP, & OPEB “the Trust Funds”. The Trust Funds operate under one investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. Investments for the Trust Funds are reported at fair value, as described in Note 1. The retirement plan committee has the authority to establish or amend investment policy decisions.

The Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such a change could materially affect the amounts reported in the statement of fiduciary net position available for benefits.

*Interest rate risk:* The Trust Funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Fluctuating rates of return are characteristic of the securities markets; the Trust Funds greatest concern is long-term appreciation of assets and consistency of portfolio returns. However, cash and cash equivalent investments are limited to maturities of one year or less.

*Foreign currency risk:* The Retiree Benefit Trust, Board of County Commissioner of Carroll County had the following unrated mutual fund investments with exposure to foreign currency risk from various international currency denominations including European Countries:

	<u>Fair Value in U.S. Dollars</u>
Causeway International Value Fund	\$ 5,251,897
Harding Loevner International Equity Fund	5,458,143

*Credit risk:* The investment manager is allowed substantial discretion within a broad framework of approved investment choices. Equity holdings may be selected from those listed on the major securities markets. The manager may purchase any cash instruments having a quality rating of A-2, P-2 or higher by either Moody’s or Standard and Poor’s. Time deposits and

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repurchase agreements are also acceptable investment vehicles. Any idle cash not invested by the investment managers shall be invested daily through an automatic interest-bearing sweep vehicle.

Ratings	Maximum	Allocation at June 30, 2018
AAA/Aaa	100%	100%
AA/Aa	100%	0%
A/A	100%	0%
BAA/Baa	20%	0%
BBB	20%	0%

*Concentration of credit risk:* As a means of minimizing risk and providing a consistent return, the investment policies require diversification. U.S. corporate bonds shall be diversified by issuer type with no more than 10% of the portfolio invested in obligations of any one issuer. International bonds shall not exceed more than 5% of the International Equity portfolio. Investments by security type for all of the County Trust Funds are to be diversified as follows:

Retiree Benefit Trust, Board of County Commissioners of Carroll County

	Minimum	Maximum
Domestic Large Cap Equities	35.0%	55.0%
Domestic Mid Cap Equities	0.0%	10.0%
Domestic Small Cap Equities	4.5%	10.0%
Real Estate Equities	5.0%	15.0%
International Equities	5.0%	15.0%
Domestic Fixed Income	20.0%	30.0%
Cash Equivalents	0.0%	15.0%

*Rate of return:* For the year ended June 30, 2018, the annual money-weighted rate of return on the Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland “RBTC CCC” investments, net of pension plan investment expense, was 8.04 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Net OPEB Liability of the County:* The components of the net OPEB liability of Carroll County at June 30, 2018, were as follows:

Total OPEB liability	\$ 212,676,028
RBTC CCC fiduciary net position	(93,580,546)
RBTC CCC's net OPEB liability	\$ 119,095,482
 RBTC CCC fiduciary net position as a percentage of the total OPEB liability	44.00%

*Actuarial assumptions:* The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent
Salary increases	3.0 percent, average, including inflation
Investment rate of return	7.0 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Based on Society of Actuaries Long-Term Medical Trend Model, the 2012 rate 6.00% decreasing gradually. The ultimate rate is 4.39% and is attained in 2050.

The actuarial assumptions used are based on July 1, 2016 valuation data rolled forward to June 30, 2018. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by

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weighting the expected future real rates of return by the target asset allocation percentage and by allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Large Cap Equities	45%	5.40%
U.S. Small/Mid Cap Equities	10%	6.00%
Foreign Equities	10%	6.30%
Real Estate (REITs)	10%	4.30%
Core Fixed Income	25%	0.80%
Cash	0%	0.00%
Inflation		3.00%
Total	<u>100%</u>	

*Discount Rate:* The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of 6/30/17	\$ 198,924,027	\$ 79,997,394	\$ 118,926,633
Changes for the year:			
Service cost	4,041,730	-	4,041,730
Interest	13,782,166	-	13,782,166
Changes of benefit terms	-	-	-
Differences between expected and actual experiences	-	-	-
Changes in Assumptions	-	-	-
Contributions-employer	-	10,550,000	(10,550,000)
Contributions-member	-	-	-
Net investment income	-	7,107,417	(7,107,417)
Benefit payments, including refunds of member contributions	(4,071,895)	(4,071,895)	-
Administrative expense	-	(2,370)	2,370
Other	-	-	-
Net Changes	<u>\$ 13,752,001</u>	<u>\$ 13,583,152</u>	<u>\$ 168,849</u>
Balances at 6/30/18	<u>\$ 212,676,028</u>	<u>\$ 93,580,546</u>	<u>\$ 119,095,482</u>

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*Sensitivity of the net OPEB liability to changes in the discount rate:* The following presents the County total and net OPEB liability. We also present the Total and Net OPEB liability if it is calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
County's total OPEB liability	\$ 243,949,388	\$ 212,676,028	\$ 187,443,120
County's net OPEB liability (Asset)	150,368,842	119,095,482	93,862,574

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:* The following presents the County's total and net OPEB liability. We also present the total and net OPEB liability if it is calculated using a trend rate that is one percentage point lower (3.40 percent) or one percentage point higher (5.40 percent) than the current rate:

	1% Decrease (3.40%)	Current Discount Rate (4.40%)	1% Increase (5.40%)
County's total OPEB liability	\$ 182,647,874	\$ 212,676,028	\$ 250,395,838
County's net OPEB liability	89,067,328	119,095,482	156,815,292

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,024,758
Total	\$ 1,024,758

Amounts reported as deferred outflows of resources and deferred inflows of resource related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30:		
2019	\$	(256,190)
2020		(256,190)
2021		(256,190)
2022		(256,188)
2023		-
Thereafter		-

*Basis of Accounting:* RBTCCCC financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the term of the plan. Investments are made on a long-term basis investing in various securities which are exposed to various risks such as interest rate, market, and credit risks.



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The actuarially determined contribution was determined as part of the July 1, 2016 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return compounded annually, (b) projected turnover rates are as follows:

General Government:

Age	Rate
25	11.14%
35	6.21%
45	3.06%

Law Officers:

Age	Years of Service		
	10	15	20
25	6.55%	3.28%	0.50%
35	3.65%	1.83%	0.50%
45	1.80%	0.90%	0.50%
55	0.50%	0.00%	0.00%

The actuarial value of assets was determined using the fair value as of July 1, 2016.

Statement of Fiduciary Net Position  
Carroll County Post Employment Benefits  
Other than Pension Benefits (OPEB)

Assets:	
Receivables-notes	\$ 30,741
Accrued interest	6,827
Investments at fair value:	
Bond funds	4,172,601
Marketable securities	89,698,739
Total assets	93,908,908
Liabilities:	
Accounts Payable	14,000
Due to primary government	314,362
Total liabilities	328,362
Fiduciary Net Position:	
Net position held in trust for postemployment benefits other than pensions	\$ 93,580,546

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Statement of Changes in Fiduciary Net Position  
Carroll County Postemployment Benefits  
Other than Pension Benefits (OPEB)

<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 10,550,000
Plan Members	689,120
Total Contributions	11,239,120
Investment earnings:	
Interest and dividends	80,836
Net increase or decrease in the fair value of investments	7,057,841
Total investment earnings	7,138,677
Less investment expense	(31,260)
Net investment earnings	7,107,417
Total additions	18,346,537
<b>DEDUCTIONS</b>	
Benefits and refunds paid to plan members and beneficiaries	4,761,015
Administrative expenses	2,370
Total deductions	4,763,385
Change in net position	13,583,152
<b>NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS</b>	
Net position - beginning of year	79,997,394
Net position - end of year	\$ 93,580,546

Component Units

Library

Plan Description

*Plan administration:* RBTCCCC is a single multiple-employer defined benefit OPEB plan administered by the County that provides medical insurance benefits to eligible employees who retire from employment with the Library in accordance with a contractual agreement with the County. The County does not issue a separate audited financial statement for RBTCCCC.

*Benefits provided:* To be eligible for benefits under this plan, employees, former employees, or beneficiaries of the Library must meet the following eligibility requirements:

- Age plus service equals at least 75,
- Has at least 10 years of total service (15 years if hired after May 1, 2005 or later)
- Has at least 5 years of continuous service through the date of retirement, and
- Was eligible for provided health care coverage as a regular employee for at least 5 years immediately preceding the date of retirement.

Full-time employees who retire can also insure their spouses. Retirees who are eligible for employer contributions toward the cost of their medical plan may elect to discontinue coverage and re-enroll at future “open enrollment” periods.

*Contributions:* Retirees contribute a portion of their health care cost which is based on their age and years of service with the Library. The County’s contributions on behalf of the Library for the year ended June 30, 2018, was \$1,540,000. The fiscal 2018 contributions made by the County on behalf of the Library have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

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*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2018, the Library did not report a liability related to the RBTCCCC due to a special funding situation. The County pays the unfunded liability for the Library; therefore, the Library is not required to record its share of the net OPEB liability but instead, that liability is recorded by the County. The amount recognized by the Library as its proportionate share of the net OPEB liability, the related County support, and the total portion of the net OPEB liability that was associated with the Library were as follows:

County's Proportionate Share of the Net OPEB Liability	\$	12,945,679
Library's Proportionate Share of the Net OPEB Liability		-
Total		\$ 12,945,679

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2018, the Library recognized OPEB expense of \$1,540,000 and revenue of \$1,540,000 for support provided by the County. Due to the special funding situation noted above related to the RBTCCCC, the Library did not report deferred outflows of resources and deferred inflows of resources related to the RBTCCCC.

*Actuarial assumptions:* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0 percent
Salary increases	3.0 percent, average, including inflation
Investment rate of return	7.0 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Based on Society of Actuaries Long-Term Medical Trend Model, the 2012 rate 6.00% decreasing gradually. The ultimate rate is 4.39% and is attained in 2050.

The actuarial assumptions used are based on July 1, 2016 valuation data rolled forward to June 30, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Large Cap Equities	45%	5.40%
U.S. Small/Mid Cap Equities	10%	6.00%
Foreign Equities	10%	6.30%
Real Estate (REITs)	10%	4.30%
Core Fixed Income	25%	0.80%
Cash	0%	0.00%
Total	100%	

*Discount Rate:* The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that the County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Board of Education

Plan Description

*Plan administration:* The Board administers the Carroll County Public Schools Retiree Health Plan “the Plan”, a single employer defined benefit plan that is used to provide post employment benefits other than pensions “OPEB” to eligible employees who retire from employment with the Carroll County Public School System.

Management of the Plan is vested in the Board of Education of Carroll County.

*Benefits provided:* The Board provides medical and prescription drug benefits to retirees pursuant to two medical plans for retired employees based on negotiated agreements with various bargaining groups. Benefits are provided by a third-party insurer.

*Contributions:* For retirees over the age of 65 who retired prior to September 1, 1988, the percentage of the stipend paid by the Board was dependent upon the retiree’s years of service and ranges from 10% to 100%. For retirees who retired after September 1, 1988, the percentage of the stipend paid by the Board is dependent upon the retiree’s years of service and ranges from 0% to 100%. These percentages are applied to stipends established annually by the Board for individual, husband/wife, parent/child, and family coverages. Only Carroll County Board of Education years of service are considered. Additional employer contributions to the Plan may be budgeted, if funding is available. The Board does not have an actuarially determined contribution, or a statutory or contractual required contribution to the Plan.

***GASB Statement No. 74, Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans***

*Plan membership.* At June 30, 2018, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	1,396
Inactive plan members entitled to, but not yet receiving benefit payments	-
Active plan members	3,192
Total	4,588

**Investments**

*Investment policy.*

The following was the Board’s adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation
U.S. Large Cap Equities	45%
U.S. Small/Mid Cap Equities	10%
Foreign Equities	10%
Real Estate (REITs)	10%
Core Fixed Income	25%
Cash	0%
Total	100%

*Rate of return.* For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 8.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**Net OPEB Liability of the Board**

The components of the net OPEB liability of the Board at June 30, 2018 were as follows:

Total OPEB liability	\$	372,523,000
Plan fiduciary net position		<u>(22,649,000)</u>
Board's net OPEB liability	\$	<u>349,874,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability		6.08%

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, rolled forward to the measurement date of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%	
Salary increases	3.00%	
Investment rate of return	7.00%	
Healthcare Cost Trend Rates:		
Pre-65 Medical	7.0% initial / 5.1% ultimate (not applicable to life)	
Post-65 Medical	7.0% initial / 4.8% ultimate (not applicable to life)	
Mortality	RP-2000 Health Annuitant Mortality Table for Males and Females, adjusted for morality improvements based on Scale AA.	

The actuarial assumptions used to measure the total OPEB liability in the July 1, 2017 valuation, rolled forward to June 30, 2018 were based on the results of an actuarial experience study for the period 2010-2014 after completion of the June 30, 2014 valuations.

The long term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
U.S. Large Cap Equities	5.60%
U.S. Small/Mid Cap Equities	6.70%
Foreign Equities	6.80%
Real Estate (REITs)	6.10%
Core Fixed Income	1.25%
Cash	0.00%

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.72%. The benefit payment stream for the Plan is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 7.00% for years when the projected benefit payouts are expected to be funded. The actuarial valuation used a combined investment rate of return and the bond rate to come to a single equivalent rate.

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*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.72%) or one percentage point higher (4.72%) than the current discount rate:

	1% Decrease (2.72%)	Current Discount Rate (3.72%)	1% Increase (4.72%)
Net OPEB Liability	\$ 423,130,000	\$ 349,874,000	\$ 291,797,000

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability	\$ 279,999,000	\$ 349,874,000	\$ 442,814,000

***GASB Statement No. 75, Accounting and Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans***

The Board adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*, which improves accounting and financial reporting by state and local government employers whose employees are provided benefits through pensions. The Board is now required to record a liability for future other post employment benefits in excess of accumulated plan contributions. This pronouncement requires the restatement of the June 30, 2017 net position of governmental activities.

Net Position, June 30, 2017, as previously stated	\$ 281,177,993
Cumulative effect of application of GASB 75, net OPEB liability	(203,254,180)
Cumulative effect of application of GASB 75, deferred outflow of resources	<u>7,363,106</u>
Net Position, June 30, 2017, restated	<u><u>\$ 85,286,919</u></u>

**Changes in Net OPEB Liability:**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of 6/30/16	\$ 327,867,000	\$ 16,135,000	\$ 311,732,000
Changes for the year:			
Service cost	13,259,000	-	13,259,000
Interest	12,317,000	-	12,317,000
Contributions - employer	-	11,400,000	(11,400,000)
Net investment income	-	1,790,000	(1,790,000)
Benefit payments	(9,150,000)	(9,150,000)	-
Administrative expense	-	-	-
Net Changes	<u>\$ 16,426,000</u>	<u>\$ 4,040,000</u>	<u>\$ 12,386,000</u>
Balances at 6/30/17	<u><u>\$ 344,293,000</u></u>	<u><u>\$ 20,175,000</u></u>	<u><u>\$ 324,118,000</u></u>

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*Sensitivity of the net OPEB liability to changes in the discount rate:* The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.81 percent) or one percentage point higher (4.81 percent) than the current discount rate:

	1% Decrease 2.81%	Current Discount Rate 3.81%	1% Increase 4.81%
Net OPEB Liability	\$ 392,831,000	\$ 324,118,000	\$ 269,674,000

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:* The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (4.00 percent) or one percentage point higher (6.00 percent) than the current health care cost trend rates:

	1% Decrease 4.00%	Healthcare Cost Trend Rates 5.00%	1% Increase 6.00%
Net OPEB Liability	\$ 261,553,000	\$ 324,118,000	\$ 406,918,000

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2018, the Board recognized OPEB expense of \$24,252,000. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings	\$ -	\$ 466,000
Employer Contributions Subsequent to the Measurement Date	5,995,323	-
Total	\$ 5,995,323	\$ 466,000

Employer contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30:	
2019	\$ (116,000)
2020	(116,000)
2021	(116,000)
2022	(118,000)
2023	-
Thereafter	-

Carroll Community College

Plan Description

*Plan administration:* Carroll Community College administers a single employer defined benefit health care plan. The College allows employees who retire with at least 10 years of continuous service to continue participation in some benefit program. To be eligible for post retirement benefits, an employee must collect a retirement benefit from his/her retirement system immediately following separation. Retirees who collect a benefit from the ORP must meet the age and service requirements for early or normal retirement as defined in the Maryland State Teachers' Pension/Retirement System.

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*Benefits provided:*

*Medical Insurance* – Retired employees and their spouses under age 65 may continue to be covered by medical insurance offered to current employees at regular group rates. Interested retirees and/or their spouses age 65 or over must convert to coverage under a College contract which supplements Medicare.

The College continues contributions toward the premiums for medical insurance for such employees with at least 10 years of service. Contributions by the College are made as follows:

10 to 14 years of service	35%
15 to 19 years of service	55%
20 to 24 years of service	70%
25 or more years of service	80%

Employees with less than 10 years of service may continue coverage at the full cost of the specified plan.

*Life Insurance* – All employees who are participants in the Group Life Insurance Plan at retirement are eligible for continued life insurance coverage. The College currently pays one-half of premium costs.

*Vision and Dental Insurance* – Retirees and their spouses may also continue coverage under the College’s policies after retirement, but must pay 100% of the premium. This arrangement may continue for the spouse following a retiree’s death, provided the spouse was covered at the time of death.

**Employees covered by benefit terms**

*Plan membership.* At June 30, the following employees were covered by the benefit terms:

	2018
Inactive plan members or beneficiaries currently receiving benefit payments	210
Inactive plan members entitled to, but not yet receiving benefit payments	-
Active plan members	52
Total	262

**Contributions**

*Funding Policy.* The contribution requirements of plan members and the college are established and may be amended by the Carroll Community College Board of Trustees. The College’s contribution is based on a pay-as-you-go basis. In June of 2017, the College entered into the Carroll County Master Retiree Trust, which is overseen by the county Government. For fiscal year 2018, the College contributed \$571,635 to the Plan, for annual premiums. The College is not required to advance fund the costs of benefits that will become due and payable in the future. However, the College contributed \$200,000 above the annual premium to the trust during the fiscal year ended June 30, 2018 to advance fund future costs.

***Net OPEB Liability (under GASB 75)***

The College’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 1, 2017.



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Actuarial assumptions. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	4.00%
Investment rate of return	0.9%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates:	
Pre-Medicare	5.30% in 2017 with an ultimate rate of 3.17% in 2075
Post-Medicare	5.30% in 2017 with an ultimate rate of 3.12% in 2075
Mortality	RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for morality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – September 1, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Weight</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equities	45.00%	5.40%
U.S. Small/Mid Cap Equities	10.00%	6.00%
Foreign Equities	10.00%	6.30%
Real Estate (REITs)	10.00%	4.30%
Core Fixed Income	25.00%	0.80%
Cash & Equivalents	0.00%	0.00%
Inflation	0.00%	3.00%
Total Weighted Average Real Return	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.58%. The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members; therefore, the long-term expected rate of return on Plan investments was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018.

***Changes in the Net OPEB Liability (under GASB 75)***

During fiscal year ended June 30, 2018, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. The College was not able to obtain sufficient information to restate the fiscal year 2017 financial statements, and as a result has applied GASB 75 prospectively beginning July 1, 2017. As a result, net position has been restated as follows for the implementation of GASB 75:

Net Position (deficit), July 1, 2017, as previously reported	\$ (16,084,587)
Cumulative effect of application of GASB 75, net OPEB liability	(10,310,287)
Cumulative effect of application of GASB 75, deferred outflows of resources for College contributions made to the plan during the fiscal year ending June 30, 2018	<u>660,897</u>
Net Position (deficit), July 1, 2017, as restated	<u>\$ (25,733,977)</u>

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	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance - June 30, 2017	\$ 33,102,933	\$ -	\$ 33,102,933
Changes for the Year:			
Service Cost	1,670,461	-	1,670,461
Interest	934,128	-	934,128
Assumption Changes	(3,510,788)	-	(3,510,788)
Contributions - Employer	-	660,897	(660,897)
Benefit Payments	(460,897)	(460,897)	-
Net Changes	(1,367,096)	200,000	(1,567,096)
Balance - June 30, 2018	<u>\$ 31,735,837</u>	<u>\$ 200,000</u>	<u>\$ 31,535,837</u>

*Sensitivity of the net OPEB liability to changes in the discount rate:* The following presents the net OPEB liability of the College's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.58 percent) or one percentage point higher (4.58 percent) than the current discount rate:

June 30, 2018	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 37,199,421	\$ 31,735,837	\$ 27,305,191
Plan Fiduciary Net Position	200,000	200,000	200,000
Net OPEB Liability	<u>\$ 36,999,421</u>	<u>\$ 31,535,837</u>	<u>\$ 27,105,191</u>

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates:* The following presents the net OPEB liability of the College, as well as what the College's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (Pre-Medicare: 4.30 percent decreasing to 2.17 percent; Post-Medicare: 4.30 percent decreasing to 2.12 percent) or one percentage point higher (Pre-Medicare: 6.30 percent decreasing to 4.17 percent; Post-Medicare: 6.30 percent decreasing to 4.12 percent) than the current health care cost trend rates:

June 30, 2018	1% Decrease	Current Ultimate trend Rate	1% Increase
Total OPEB Liability	\$ 26,694,840	\$ 31,735,837	\$ 38,190,306
Plan Fiduciary Net Position	200,000	200,000	200,000
Net OPEB Liability	<u>\$ 26,494,840</u>	<u>\$ 31,535,837</u>	<u>\$ 37,990,306</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

**OPEB plan fiduciary net position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB trust annual financial report.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (under GASB 75)***

For the year ended June 30, 2018, the College recognized OPEB expense, including pay-go, of \$2,214,502. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ 3,120,700
College Contributions Subsequent to the Measurement Date	771,635	-
Total	\$ 771,635	\$ 3,120,700

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:		
2019	\$	(390,088)
2020		(390,088)
2021		(390,088)
2022		(390,088)
2023		(390,088)
Thereafter		(1,170,260)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 13 – Fund Balance**

A summary of fund balances as of June 30, 2018 follows:

	General Fund	Capital Projects Funds	Non-Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>				
Inventory	\$ 1,507,541	\$ -	\$ -	\$ 1,507,541
Prepaid costs	163,583	-	471,337	634,920
Loans to community organizations	4,334,786	-	-	4,334,786
Loans to fire companies	8,196,972	-	-	8,196,972
Loans to municipalities	149,037	-	-	149,037
Due from other funds	8,945,784	-	-	8,945,784
Advances and proceeds to Industrial Development Authority	612,910	-	-	612,910
Total nonspendable fund balance	<u>23,910,613</u>	<u>-</u>	<u>471,337</u>	<u>24,381,950</u>
<u>Restricted:</u>				
Weed control	166,116	-	-	166,116
Agricultural preservation investments	25,880,091	-	-	25,880,091
Loans collectible within one year	1,333,910	-	-	1,333,910
Farmers & Merchants - collateral	230,000	-	-	230,000
Grants	-	-	965,631	965,631
Hotel Rental tax	-	-	690,383	690,383
Total restricted fund balance	<u>27,610,117</u>	<u>-</u>	<u>1,656,014</u>	<u>29,266,131</u>
<u>Committed:</u>				
Stabilization arrangement	20,562,903	-	-	20,562,903
Watershed Protection and Restoration	-	-	237,213	237,213
Total committed fund balance	<u>20,562,903</u>	<u>-</u>	<u>237,213</u>	<u>20,800,116</u>
<u>Assigned:</u>				
Encumbrances:				
General government	701,228	635,595	-	1,336,823
Public safety	38,014	105,360	-	143,374
Public works	1,402,091	6,823,319	-	8,225,410
Human services	1,852	-	-	1,852
Culture and recreation	21,327	51,923	-	73,250
Conservation of natural resources	-	1,937,933	-	1,937,933
Gamber Fire Company Loan	400,000	-	-	400,000
Community Media Center loan	703,308	-	-	703,308
Subsequent year's expenditure:				
Use in fiscal year 2019 budget	12,889,611	-	-	12,889,611
Use in fiscal year 2020-2022 budget	11,116,381	-	-	11,116,381
Capital for future infrastructure	2,000,000	-	-	2,000,000
Capital fund	-	1,201,444	-	1,201,444
Grant fund	-	-	1,036,685	1,036,685
Total assigned fund balance	<u>29,273,812</u>	<u>10,755,574</u>	<u>1,036,685</u>	<u>41,066,071</u>
<u>Unassigned:</u>				
General fund	3,955,334	-	-	3,955,334
Total unassigned fund balance	<u>3,955,334</u>	<u>-</u>	<u>-</u>	<u>3,955,334</u>
Grand total fund balances	<u>\$ 105,312,779</u>	<u>\$ 10,755,574</u>	<u>\$ 3,401,249</u>	<u>\$ 119,469,602</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

The County has loaned to various Carroll County fire companies for expansion and equipment acquisition. The loans are repayable over terms of from 5 to 20 years, bearing interest at fixed rates ranging from 2.26 percent to 5.09 percent. The balance of these loans at June 30, 2018 is \$9,530,882 and is secured by land, buildings and equipment. The County made loans to various community organizations. The balance of these loans at June 30, 2018 is \$4,334,786 and they are secured through promissory notes.

The General Fund incurred a due from the Capital Fund for the future payouts of Installment Purchase Agreements, a due from OPEB, a due from Fiber Network and a due from the Airport Fund at June 30, 2018 in the amount of \$8,952,311.

**Note 14 – Budgetary Basis to GAAP Reconciliation**

A reconciliation of the revenues and expenditures of the General Fund Budgetary Basis to the statement of revenues and expenditures on a GAAP basis is as follows:

<u>Budgetary Funds</u>	<u>General Fund</u>
<u>Revenues</u>	
Actual amount (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 379,765,629
Unavailable property tax revenues	<u>(231,727)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-General Fund	<u>\$ 379,533,902</u>
<u>Expenditures</u>	
Actual amount (budgetary basis) "expenditures" from the budgetary comparison	\$ 387,204,118
Encumbrance adjustment	<u>357,223</u>
Total expenditure as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-General Fund	<u>\$ 387,561,341</u>

**Note 15 – Commitments and Contingencies**

PRIMARY GOVERNMENT

Management and the County attorney estimate that potential claims against the County, not covered by insurance, resulting from various claims and lawsuits would not materially affect the financial statements of the County.

The County participates in a number of federally assisted grant programs, principal of which are the Housing and Urban Development, Commission on Aging, and the Workforce Investment Act programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the County's compliance with applicable grant requirements will be established 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 management expects such amounts, if any, to be immaterial.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

As of June 30, 2018, the County had the following commitments with respect to unfinished capital projects:

	Project Appropriation	Total Expenditures & Encumbrances	Amount Funded	Required Future Funding
General Government	\$ 48,704,134	\$ 30,460,025	\$ 36,809,951	\$ 11,894,183
Public Safety	35,764,508	30,327,844	35,721,540	42,968
Public Works	87,500,325	61,816,072	59,951,639	27,548,686
Health	81,388	75,487	81,388	-
Board of Education	223,644,911	201,224,614	204,148,874	19,496,037
Carroll Community College	8,020,600	7,842,417	7,842,417	178,183
Culture and Recreation	19,630,041	13,754,211	15,093,858	4,536,183
Library	4,326,476	3,657,633	4,264,176	62,300
Conservation of Natural Resources	206,034,004	192,915,032	197,266,931	8,767,073
Water Resources	56,469,656	21,089,827	19,637,431	36,832,225
Governmental Activities	690,176,043	563,163,162	580,818,205	109,357,838
Wastewater Treatment Facilities	37,085,076	12,651,000	12,189,070	24,896,006
Other Water Projects	10,906,514	7,161,679	9,672,803	1,233,711
Other Wastewater Projects	23,279,434	11,716,321	12,892,556	10,386,878
Landfill Upgrades	4,408,000	4,290,541	4,408,000	-
Landfill Remediations	3,520,244	3,007,092	3,520,244	-
Fiber Network	2,100,000	1,074,097	1,100,000	1,000,000
Septage	5,500,000	426,081	2,016,000	3,484,000
Airport	88,374,446	1,008,270	2,904,688	85,469,758
Business Type Activities	175,173,714	41,335,081	48,703,361	126,470,353
Total Funds	\$ 865,349,757	\$ 604,498,243	\$ 629,521,566	\$ 235,828,191

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Amounts, if any, of expenditures that may be disallowed by grantors cannot be determined at this time, although the County expects such amounts, if any to be immaterial.

The Supreme Court ruled in favor of the Wynnes case which wrongly exposed some Maryland residents with out-of-state income to double taxation by not allowing the full tax credit for income tax paid outside of the state. The effect of this ruling on the County is income tax will be reduced \$28,239 for 20 quarters for a total of \$564,788 beginning in May 2019 to refund those residents in Carroll County that were eligible for the credit but didn't receive it for the tax returns filed between 2007 and 2014.

**COMPONENT UNITS**

**Board of Education**

Several lawsuits have been filed arising from personnel grievances, personal injury, and other matters. It is anticipated by the Board that an adverse decision in excess of insurance coverage on any or all of these suits would not have a material adverse effect on these financial statements.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Amounts, if any, of expenditures that may be disallowed by grantors cannot be determined at this time, although the Board expects such amounts, if any, to be immaterial.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 16 – Risk Management**

PRIMARY GOVERNMENT

The County 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 natural disasters. As of January 2003, the office of Risk Management initiated an enterprise wide risk management program. This program includes review of all legal contracts for insurance sufficiency and verification of certificates of insurance from all vendors. This program helps ensure that all vendors maintain sufficient insurance coverage to protect the County from loss.

The County's risk financing techniques include participation in the Local Government Insurance Trust "LGIT", a public entity risk pool, for its property, cyber, and business automobiles.

LGIT is a joint association of Maryland local governments established to provide an alternative to the diminishing availability of insurance coverages to the public sector and the increasing premium costs in the municipal insurance market. LGIT is owned by the members and is directed by the trust agreement effective July 1, 1992.

The Trust Agreement provides that funds in the Capital Account may be used to satisfy obligations of LGIT if monies are not otherwise available in the General and Surplus Account to meet obligations. If the amount of deposit in the Capital Account falls below a certain level, the Capital Account must be replenished. The means for replenishing Capital Account balances would be: (a) one-time assessment not to exceed two times the participant's annual premium in the year of the deficit, (b) prospective premium increases, or (c) the issuance of Certificates of Participation.

Subscribers to coverage provided by LGIT share the risk among participants of the pools. As a result, the County's annual premium requirements will be affected by the loss experience of the various insurance pools in which it participates. Also, the County may be subject to additional assessments from time-to-time. These amounts would be recorded as expenditures when they are probable and can be reasonably estimated. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

LGIT uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, up to certain per occurrence limits.

The County is self-insuring its medical and dental coverage for eligible employees. A commercial insurer administers the plan. In addition, the County's contract with this insurer includes a \$300,000 stop-loss per claim. Dental benefits are also administered by a commercial insurer. One dental plan is self-insured, and the other is fully insured.

The County is using an internal service fund to account for and finance its uninsured risks of loss. All funds of the County make payments to the internal service fund based on historical cost data. The payments from all funds cover at least prior and current year claims.

Claims liabilities at June 30, 2018 for the deductible portions of general, auto, police, legal and public officials covered under LGIT and employee health care coverage are \$67,750 and \$1,656,464 respectively.

The total claims liability of \$1,724,214 reported in the internal service fund at June 30, 2018 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability was incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liabilities are calculated based on historical claim settlement trends and analysis of all outstanding and potential claims.

The County is also self-insured for its workers' compensation. Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claim expenditures reported in the internal service fund. As of June 30, 2018, such interfund premiums did not exceed reimbursable expenditures. The County contracts with a third party administrator to pay all workers' compensation cost. The County purchases a specific excess and aggregate excess workers' compensation and employer's liability indemnity policy.

To date the County has not exceeded its retention limits.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

The self-insured plan is administered by a commercial insurer. The County's contract with this insurer includes a \$600,000 Self Insured Retention for all occurrences. The total claims liability of \$3,564,677 has been reported at June 30, 2018. This liability is calculated based on historical claim settlement trends.

Due to specific exclusions in the County's property insurance, the County also has commercial insurance coverage for its boilers and machinery. Employees are bonded through commercial insurance carriers to limit the loss to the County in the event of employees committing acts of embezzlement or theft.

Changes in the claims for employee health care coverage and the deductible portions of liability and property claims under LGIT and workers compensation were as follows:

	<u>Workers'</u> <u>compensation</u>	<u>Property and</u> <u>liability</u>	<u>Employee</u> <u>health care</u>	<u>Total</u>
Balance, as of June 30, 2016	\$ 2,136,529	\$ 18,249	\$ 1,953,327	\$ 4,108,105
Claims incurred, fiscal year 2017	1,763,037	9,504	15,810,644	17,583,185
Payments and changes in estimates, fiscal year 2017	<u>(923,496)</u>	<u>(17,253)</u>	<u>(16,211,784)</u>	<u>(17,152,533)</u>
Balance, as of June 30, 2017	2,976,070	10,500	1,552,187	4,538,757
Claims incurred, fiscal year 2018	1,423,042	128,323	16,292,545	17,843,910
Payments and changes in estimates, fiscal year 2018	<u>(834,435)</u>	<u>(71,073)</u>	<u>(16,188,268)</u>	<u>(17,093,776)</u>
Balance, as of June 30, 2018	<u>\$ 3,564,677</u>	<u>\$ 67,750</u>	<u>\$ 1,656,464</u>	<u>\$ 5,288,891</u>

**Component Units**

The Board of Education, the Library and the Community College are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Library is included in the commercial insurance and self-insurance programs of the County. The Board of Education and the Community College use commercial policies to provide insurance coverage excluding health care. Settled claims have not exceeded coverage in any of the past three years.

The Board of Education established a limited risk management program for health care insurance. In the past, health care insurance was covered by a third party carrier. Effective January 1, 1998, the Board, with Aetna U.S. Healthcare, established a new arrangement for providing coverage for future medical claims. Effective July 1, 2005, employees contribute 15% towards this coverage. Deposits are made by the Board into a bank account used only for payments resulting from health insurance claims.

The Board reports the liability for claims and judgments in the General Fund. Changes in the balances of claims liabilities are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Accrued Health Claims:		
Unpaid Claims at Beginning of Year	\$ 7,750,000	\$ 8,250,000
Incurred Claims (Including IBNR)	51,730,349	49,701,630
Claim Payments	<u>(51,580,349)</u>	<u>(50,201,630)</u>
Unpaid Claims at End of Year	<u>\$ 7,900,000</u>	<u>\$ 7,750,000</u>



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Notes to Financial Statements**  
**June 30, 2018**

The College is self-insured for health and dental benefits provided to its employees. To protect itself against significant losses, the College has stop-loss policies in place for individual participant claims in excess of \$125,000 per year and aggregate annual participant claims in excess of 125% of premium. The College has a contract with an administrative service provider to process participant claims under these programs. Claims filed against stop loss coverage totaled \$146,552 and \$212,201 for the years ended June 30, 2018 and 2017, respectively.

Changes in the balance of claims payable relative to health and dental self-insurance for the years ended June 30, 2018 and 2017 are as follows:

	<u>Amount</u>
Balance - June 30, 2016	\$ 903,072
Claims and Changes in Estimates	4,084,074
Claims Payments	(4,271,809)
Balance - June 30, 2017	715,337
Claims and Changes in Estimates	2,797,617
Claims Payments	(3,306,046)
Balance - June 30, 2018	\$ 206,908

**Note 17 – Subsequent Events**

The County plans to issue \$25,000,000 of general obligation bonds during fiscal year 2019. The sale of these securities will be used to finance projects for some or all of the following categories: general government, public safety, public works, public schools, and conservation and water resources.

## Required Supplementary Information

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Changes in the Net Pension Liability (NPL) and Related Ratios for the Carroll County**  
**Employee Pension Plan**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

RSI-1

	2018	2017	2016	2015	2014	2013
Total pension liability						
Service cost	\$ 4,207	\$ 3,861	\$ 3,513	\$ 3,301	\$ 3,085	
Interest	5,911	5,345	4,825	4,377	3,955	
Differences between expected and actual experience	2,037	767	(953)	(100)	-	
Changes of assumptions	202	-	1,635	-	-	
Benefit payments including refunds of member contributions	(1,944)	(1,856)	(1,300)	(1,086)	(925)	
Net change in total pension liability	<u>10,413</u>	<u>8,117</u>	<u>7,720</u>	<u>6,492</u>	<u>6,115</u>	Information for FY13 and earlier is not available
Total pension liability- beginning	<u>85,408</u>	<u>77,291</u>	<u>69,571</u>	<u>63,079</u>	<u>56,964</u>	
Total pension liability- ending	<u>\$95,821</u>	<u>\$85,408</u>	<u>\$77,291</u>	<u>\$69,571</u>	<u>\$63,079</u>	
Plan fiduciary net position						
Contribution-employer	\$ 3,068	\$ 2,636	\$ 2,542	\$ 2,558	\$ 2,367	
Contributions-member	1,916	1,773	1,688	1,619	1,573	
Net investment income	6,939	7,683	1,306	2,645	7,867	
Benefit payments, including refund of member contributions	(1,944)	(1,856)	(1,300)	(1,086)	(925)	
Administrative expense	(52)	(43)	(37)	(37)	(45)	
Net change in plan fiduciary net position	<u>9,927</u>	<u>10,193</u>	<u>4,199</u>	<u>5,699</u>	<u>10,837</u>	
Plan fiduciary net position- beginning	<u>76,907</u>	<u>66,714</u>	<u>62,515</u>	<u>56,816</u>	<u>45,979</u>	
Plan fiduciary net position- ending	<u>\$86,834</u>	<u>\$76,907</u>	<u>\$66,714</u>	<u>\$62,515</u>	<u>\$56,816</u>	
Net pension liability - ending	<u>\$ 8,987</u>	<u>\$ 8,501</u>	<u>\$10,577</u>	<u>\$ 7,056</u>	<u>\$ 6,263</u>	
Plan fiduciary net position as a percentage of the total pension liability	90.62%	90.05%	86.32%	89.86%	90.07%	
Covered payroll	\$ 36,435	\$ 34,841	\$ 33,047	\$ 32,278	\$ 30,699	
Net pension liability as a percentage of covered payroll	24.67%	24.40%	32.01%	21.86%	20.40%	
Expected average remaining service years for all participants	5	5	5	6	6	

Notes to Schedule:

Benefit changes: This plan has been amended for Correctional Officers. Retirement eligibility, accrual rates, and employee contribution rates have been changed

Changes of Assumptions: There were no changes for FY 2018

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Carroll County's Contributions for the Carroll County Employee Pension Plan**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

**RSI-2**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 2,770	\$ 2,636	\$ 2,542	\$ 2,538	\$ 2,366	\$ 2,253	\$ 2,550	\$ 2,810	\$ 1,302	\$ 878
Contributions in relation to the actuarially determined contribution	<u>3,067</u>	<u>2,636</u>	<u>2,542</u>	<u>2,558</u>	<u>2,367</u>	<u>2,586</u>	<u>2,741</u>	<u>3,000</u>	<u>2,660</u>	<u>958</u>
Contribution deficiency (excess)	<u>\$ (297)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ (1)</u>	<u>\$ (333)</u>	<u>\$ (191)</u>	<u>\$ (190)</u>	<u>\$ (1,358)</u>	<u>\$ (80)</u>
Covered payroll	\$ 36,435	\$ 34,841	\$ 33,047	\$ 32,278	\$ 30,699	\$ 30,414	\$ 32,267	\$ 34,986	\$ 32,402	\$ 29,792
Contributions as a percentage of covered payroll	8.42%	7.57%	7.69%	7.92%	7.71%	8.50%	8.49%	8.57%	8.21%	3.22%

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll
Remaining amortization period	20 years for gains and losses (closed), 20 years for prior plan and assumption changes
Asset valuation method	5-year smoothed market
Inflation	3.0 percent
Salary increases	Rates vary by participant age
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation
Retirement age	100% when first eligible for unreduced benefits
Mortality	RP-2014 with generational projection using scale MP-2014

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Investment Returns for the Carroll County Employee Pension Plan**  
**Last 10 Fiscal Years**

**RSI-3**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expense	8.77%	11.19%	2.08%	4.53%	16.32%	Information for FY13 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Changes in the Net Pension Liability and Related Ratios for the Carroll County**  
**Certified Law Officers Pension Plan**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

RSI-4

	2018	2017	2016	2015	2014	2013
Total pension liability						
Service cost	\$ 1,117	\$ 1,090	\$ 1,000	\$ 983	\$ 904	
Interest	1,044	887	813	726	630	
Differences between expected and actual experience	502	560	(380)	(242)	-	
Change of assumption	-	-	(115)	-	-	
Benefit payments, including refunds of member contributions	(361)	(260)	(244)	(199)	(124)	
Net change in total pension liability	<u>2,302</u>	<u>2,277</u>	<u>1,074</u>	<u>1,268</u>	<u>1,410</u>	
Total pension liability- beginning	<u>15,084</u>	<u>12,807</u>	<u>11,733</u>	<u>10,465</u>	<u>9,055</u>	
Total pension liability- ending	<u>\$ 17,386</u>	<u>\$ 15,084</u>	<u>\$ 12,807</u>	<u>\$ 11,733</u>	<u>\$ 10,465</u>	
Plan fiduciary net position						
Contribution-employer	\$ 798	\$ 799	\$ 681	\$ 835	\$ 870	
Contributions-member	430	619	416	415	580	
Net investment income	1,042	1,196	191	368	978	
Benefit payments, including refund of member contributions	(362)	(260)	(244)	(199)	(124)	
Administrative expense	(9)	(8)	(7)	(7)	(7)	
Net change in plan fiduciary net position	<u>1,899</u>	<u>2,346</u>	<u>1,037</u>	<u>1,412</u>	<u>2,297</u>	
Plan fiduciary net position- beginning	<u>12,488</u>	<u>10,142</u>	<u>9,105</u>	<u>7,693</u>	<u>5,396</u>	
Plan fiduciary net position- ending	<u>14,387</u>	<u>12,488</u>	<u>10,142</u>	<u>9,105</u>	<u>7,693</u>	
Net pension liability - ending	<u>\$ 2,999</u>	<u>\$ 2,596</u>	<u>\$ 2,665</u>	<u>\$ 2,628</u>	<u>\$ 2,772</u>	
Plan fiduciary net position as a percentage of the total pension liability	82.75%	82.79%	79.19%	77.60%	73.51%	
Covered payroll	\$ 5,535	\$ 5,586	\$ 4,974	\$ 5,552	\$ 5,295	
Net pension liability as a percentage of covered payroll	54.18%	46.47%	53.58%	47.33%	52.35%	
Expected average remaining service years of all participants	9	10	10	10	10	

Notes to Schedule:

Benefit changes: There were no changes for FY 2018

Changes of Assumptions: There were no changes for FY 2018

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Carroll County's Contributions for the Carroll County Certified Law Officers Pension Plan**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

RSI-5

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 694	\$ 645	\$ 683	\$ 686	\$ 558	\$ 505	\$ 520	\$ 544	\$ -	Information for FY09 and earlier is not available
Contributions in relation to the actuarially determined contribution	<u>798</u>	<u>799</u>	<u>681</u>	<u>835</u>	<u>870</u>	<u>787</u>	<u>700</u>	<u>590</u>	<u>250</u>	
Contribution deficiency	<u>\$ (104)</u>	<u>\$ (154)</u>	<u>\$ 2</u>	<u>\$ (149)</u>	<u>\$ (312)</u>	<u>\$ (282)</u>	<u>\$ (180)</u>	<u>\$ (46)</u>	<u>\$ (250)</u>	
Covered payroll	\$ 5,535	\$ 5,586	\$ 4,974	\$ 5,552	\$ 5,295	\$ 5,295	\$ 5,295	\$ 5,295	\$ 5,295	
Contributions as a percentage of covered payroll	14.42%	14.30%	13.69%	15.04%	16.43%	14.86%	13.22%	11.14%	4.72%	

Notes to Schedule

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level Percentage of Payroll
Remaining amortization period	20 years for gains and losses (closed), 20 years for prior plan and assumption changes
Asset valuation method	5-year smoothed market
Inflation	3.0 percent
Salary increases	Rates vary by participant age
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation
Retirement age	100% when first eligible for unreduced benefits
Mortality	RP-2014 with generational projection using scale MP-2014

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Investment Returns for the Carroll County Certified Law Officers Pension Plan**  
**Last 10 Fiscal Years**

**RSI-6**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expense	8.08%	10.99%	2.11%	4.51%	15.33%	Information for FY13 and earlier is not available



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Changes in the Volunteer Firemen Pension Plan Liability and Related Ratios**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

RSI-7

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability					
Service cost	\$ 155	\$ 147	\$ 151	\$ 146	Information for FY14 and earlier is not available
Interest	685	681	672	661	
Change of benefit terms	439	-	-	-	
Difference between actual and expected	-	(44)	-	-	
Benefit payments, including refunds of member contributions	(777)	(701)	(687)	(988)	
Net change in total pension liability	<u>502</u>	<u>83</u>	<u>136</u>	<u>(181)</u>	
Total pension liability- beginning	<u>9,805</u>	<u>9,722</u>	<u>9,586</u>	<u>9,767</u>	
Total pension liability- ending	<u>\$ 10,307</u>	<u>\$ 9,805</u>	<u>\$ 9,722</u>	<u>\$ 9,586</u>	
Plan fiduciary net position					
Contribution-employer	\$ 166	\$ 100	\$ 50	\$ 250	
Contributions-member					
Net investment income	661	766	484	874	
Benefit payments, including refund of member contributions	(777)	(700)	(687)	(988)	
Administrative expense	(15)	(9)	(6)	(20)	
Net change in plan fiduciary net position	<u>35</u>	<u>157</u>	<u>(159)</u>	<u>116</u>	
Plan fiduciary net position- beginning	<u>8,462</u>	<u>8,305</u>	<u>8,464</u>	<u>8,348</u>	
Plan fiduciary net position- ending	<u>8,497</u>	<u>8,462</u>	<u>8,305</u>	<u>8,464</u>	
Net pension liability ending	<u>\$ 1,810</u>	<u>\$ 1,343</u>	<u>\$ 1,417</u>	<u>\$ 1,122</u>	
Plan fiduciary net position as a percentage of the total pension liability	82.44%	86.30%	85.42%	88.30%	
Covered payroll	N/A	N/A			
Net pension liability as a percentage of covered payroll	N/A	N/A			
Expected average remaining service years of all participants	8	8	8	8	
Notes to Schedule:					
Benefit Changes	Yes*	None			
Changes of Assumptions	None	None			

\*The base monthly benefit for recipients changed from \$125 to \$135

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Carroll County's Contributions for the Volunteer Firemen Pension Plan**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

RSI-8

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 674	\$ 276	\$ 276	\$ 436	\$ 436	\$ 436	\$ 380	\$ 380	\$ 380	\$ -
Contributions in relation to the actuarially determined contribution	166	100	50	250	250	-	-	-	-	1,000
Contribution deficiency (excess)	<u>\$ 508</u>	<u>\$ 176</u>	<u>\$ 226</u>	<u>\$ 186</u>	<u>\$ 186</u>	<u>\$ 436</u>	<u>\$ 380</u>	<u>\$ 380</u>	<u>\$ 380</u>	<u>\$ (1,000)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the calendar year (January 1) for the following two fiscal years. Actuarial valuations are expected to be performed every other year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level payments over a period of 10 years
Remaining amortization period	10 years
Asset valuation method	Market Value
Inflation	3.0%
Salary increases	Not Applicable
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Retirement age	The later of 25 years of service and age 60
Mortality	RP-2000 Combined Healthy tables with Blue Collar adjustment, blended 75% male and generational projection using Scale AA

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Investment Returns for the Volunteer Firemen Pension Plan**  
**Last 10 Fiscal Years**

**RSI-9**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	8.23%	9.57%	6.08%	4.43%	Information for FY14 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability (NPL) and Schedule of Pension Plan Contributions**  
**for the State of Maryland - Carroll County Elected / Appointed Officials Pension Plan**  
**Last 10 Fiscal Years**

RSI-10

Schedule of Proportionate Share of the Net Pension Liability (NPL)

	2018	2017	2016	2015	2014
County's proportionate share (%) of collective net pension liability	0.0012984%	0.0011831%	0.0009711%	0.0000795%	
County's proportionate share (\$) of collective net pension liability	\$ 280,764	\$ 279,129	\$ 201,819	\$ 141,030	Information for FY14 and earlier is not available
County's covered payroll (\$)	159,568	144,568	140,701	131,805	
County's proportionate share (%) of collective net pension liability of its covered payroll	175.95%	193.08%	143.44%	107.00%	
Plan fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%	

Schedule of Pension Plan Contributions

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 26,427	\$ 23,047	\$ 20,469	\$ 18,519	Information for FY14 and earlier is not available
Contributions in relation to the contractually required contribution	26,427	23,047	20,469	18,519	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll contributions	\$ 159,568	\$ 144,568	\$ 140,701	\$ 131,805	
Contributions as a percentage of covered payroll	16.56%	15.94%	14.55%	14.05%	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability (NPL) and Schedule of Pension Plan Contributions**  
**for the State of Maryland - Carroll County Soil Conservation District Pension Plan**  
**Last 10 Fiscal Years**

RSI-11

Schedule of Proportionate Share of the Net Pension Liability (NPL)

	2018	2017	2016	2015	2014
County's proportionate share (%) of collective net pension liability	0.0010685%	0.0010065%	0.0012214%	0.0011016%	
County's proportionate share (\$) of collective net pension liability	\$ 231,050	\$ 237,464	\$ 253,830	\$ 195,496	Information for FY14 and earlier is not available
County's covered payroll (\$)	269,351	261,489	225,564	260,994	
County's proportionate share (%) of collective net pension liability of its covered payroll	85.78%	90.81%	112.53%	74.90%	
Plan fiduciary net position as a percentage of the total pension liability	69.38%	65.79%	68.78%	71.87%	

Schedule of Pension Plan Contributions

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 21,748	\$ 19,607	\$ 25,744	\$ 25,671	
Contributions in relation to the contractually required contribution	21,748	19,607	25,744	25,671	Information for FY14 and earlier is not available
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll contributions	\$ 269,351	\$ 261,489	\$ 225,564	\$ 260,994	
Contributions as a percentage of covered payroll	8.07%	7.50%	11.41%	9.84%	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios for the**  
**Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland**  
**Last 10 Fiscal Years**

RSI-12

	2018	2017	2016
Total OPEB liability			
Service cost	\$ 4,041,730	\$ 3,871,389	Information for FY16 and earlier is not available
Interest	13,782,166	12,894,546	
Benefit payments including refunds of member contributions	(4,071,895)	(4,099,405)	
Net change in total OPEB liability	13,752,001	12,666,530	
Total OPEB liability- beginning	198,924,027	186,257,497	
Total OPEB liability- ending	\$ 212,676,028	\$ 198,924,027	
Plan fiduciary net position			
Contribution-employer	\$ 10,550,000	\$ 10,103,580	
Net investment income	7,107,417	7,460,623	
Benefit payments	(4,071,895)	(4,099,405)	
Administrative expense	(2,370)	-	
Net change in plan fiduciary net position	13,583,152	13,464,798	
Plan fiduciary net position- beginning	79,997,394	66,532,596	
Plan fiduciary net position- ending	\$ 93,580,546	\$ 79,997,394	
Net OPEB liability - ending	\$ 119,095,482	\$ 118,926,633	
Plan fiduciary net position as a percentage of the total OPEB liability	44.00%	40.22%	
Covered payroll	\$ -	\$ -	
Net OPEB liability as a percentage of covered payroll (1)	0.00%	0.00%	
Expected average remaining service years for all participants	6	6	
Notes to Schedule:			
Benefit changes:	None	None	
Changes of Assumptions:	None	None	
Discount Rate:			
6/30/2016	7%	7%	
6/30/2017	7%	7%	

(1) Because this OPEB plan does not depend on salary, we do not have salary information.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Carroll County's Contributions for the**  
**Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland**  
**Last 10 Fiscal Years**

RSI-13

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 11,489,000	\$ 11,353,000	\$ 10,474,000	\$ 10,111,000	\$ 10,457,000	\$ 10,142,000	\$ 11,661,000	\$ 11,937,000	\$ 12,993,000	\$ 14,137,000
Contributions in relation to the actuarially determined contribution	<u>10,550,000</u>	<u>10,103,580</u>	<u>10,103,580</u>	<u>9,632,900</u>	<u>10,056,900</u>	<u>8,438,080</u>	<u>7,852,800</u>	<u>7,298,000</u>	<u>6,225,000</u>	<u>5,615,800</u>
Contribution deficiency (excess)	<u>\$ 939,000</u>	<u>\$ 1,249,420</u>	<u>\$ 370,420</u>	<u>\$ 478,100</u>	<u>\$ 400,100</u>	<u>\$ 1,703,920</u>	<u>\$ 3,808,200</u>	<u>\$ 4,639,000</u>	<u>\$ 6,768,000</u>	<u>\$ 8,521,200</u>
Covered payroll (1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

(1) Contributions as a percentage of covered payroll

Because this OPEB plan does not depend on salary, we do not have salary information.

Benefit Changes

None.

Valuation

The FYE 2018 actuarially determined contribution (ADC) is calculated as 7/1/2017 and is based on data as of 7/1/2016.

Changes of assumptions

The mortality was updated to the RP-2014 Total Dataset Mortality. Fully Generational using Scale MP-2014.

Methods and assumptions used to determine contribution rates:

Valuation Date

7/1/2016

Actuarial cost method

Projected Unit Credit

Amortization method

Level percent of payroll

Remaining amortization period

21 years for FYE 2018

Asset valuation method

Market value of assets

Investment rate of return

7.00%

Payroll growth rate

3.00%

Inflation

2.20%

Healthcare cost trend rate

The trend for 2018 is 6.13% Pre-Medicare and 5.13% Post-Medicare. The ultimate trend is 4.39%.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Required Supplementary Information**  
**Schedule of Investment Returns for the**  
**Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland**  
**Last 10 Fiscal Years**

RSI-14

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	8.04%	9.99%	Information for FY16 and earlier is not available



## Supplementary Information

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

Schedule 1-1

	Budget Amounts		Actual Revenues	Variance with Final Budget
	Original Budget	Final Budget		
<b>RESOURCES (INFLOWS)</b>				
<b>Revenues</b>				
<b>Taxes - Local Property</b>				
Real property	\$ 186,622,180	\$ 186,622,180	\$ 187,053,782	\$ 431,602
Real property - prior years	300,000	300,000	247,606	(52,394)
Personal property	303,000	303,000	372,905	69,905
Railroad and public utilities	7,045,000	7,045,000	7,600,609	555,609
Ordinary business corporations	7,777,000	7,777,000	7,765,185	(11,815)
Penalties and interest-delinquent taxes	800,000	800,000	786,775	(13,225)
Semi-annual service charges	50,000	50,000	195,516	145,516
	<u>202,897,180</u>	<u>202,897,180</u>	<u>204,022,378</u>	<u>1,125,198</u>
<b>Deductions</b>				
Discounts allowed on taxes	(800,000)	(800,000)	(824,437)	(24,437)
Property Tax Rebate	-	-	(144)	(144)
Senior tax credit	(20,000)	(20,000)	(9,776)	10,224
Payment in Lieu of Taxes	6,730	6,730	16,812	10,082
Homestead tax credit	(313,870)	(313,870)	(299,177)	14,693
	<u>(1,127,140)</u>	<u>(1,127,140)</u>	<u>(1,116,722)</u>	<u>10,418</u>
<b>Net Taxes - Local Property</b>	<u>201,770,040</u>	<u>201,770,040</u>	<u>202,905,656</u>	<u>1,135,616</u>
<b>Taxes - Local Other</b>				
Income tax	145,624,240	145,624,240	141,825,805	(3,798,435)
911 service fees	1,090,000	1,090,000	1,113,242	23,242
Recordation tax	14,500,000	14,500,000	13,923,538	(576,462)
Heavy equipment tax	100,000	100,000	131,023	31,023
Admissions and amusement tax	315,200	315,200	355,088	39,888
<b>Total Taxes - Local Other</b>	<u>161,629,440</u>	<u>161,629,440</u>	<u>157,348,696</u>	<u>(4,280,744)</u>
<b>Licenses and Permits</b>				
Beer, wine and liquor licenses	202,000	202,000	223,276	21,276
Amusement	5,670	5,670	38	(5,632)
Traders	133,900	133,900	55,241	(78,659)
Animal	90,000	90,000	52,539	(37,461)
Buildings	1,000,900	1,000,900	1,078,456	77,556
Mobile home licenses	65,000	65,000	65,915	915
Cable Franchise Fee	1,700,000	1,700,000	1,707,920	7,920
Marriage	33,000	33,000	33,500	500
Grading	22,200	22,200	19,710	(2,490)
Inspection Fees	6,000	6,000	6,025	25
Kennel Licenses	18,500	18,500	19,000	500
<b>Total Licenses and Permits</b>	<u>3,277,170</u>	<u>3,277,170</u>	<u>3,261,620</u>	<u>(15,550)</u>
<b>Intergovernmental Revenues</b>				
Build America Bonds Subsidy	768,970	768,970	769,711	741
State Aid-Fire Companies	388,000	388,000	387,701	(299)
Security Interest Filing Fee	-	-	355	355
State Dept/ Health & Mental Hygiene	-	-	93,800	93,800
Police Aid-Regular	879,000	879,000	860,983	(18,017)
Grand & Petit Jury Reimburse	56,000	56,000	44,525	(11,475)
Circuit Court Master Reimburse	177,000	177,000	168,858	(8,142)
Westminster	-	-	21,989	21,989
<b>Total Intergovernmental Revenues</b>	<u>2,268,970</u>	<u>2,268,970</u>	<u>2,347,922</u>	<u>78,952</u>

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

Schedule 1-1

	Budget Amounts		Actual Revenues	Variance with Final Budget
	Original Budget	Final Budget		
Charges for Services				
General Government				
Lien certificates	\$ 216,500	\$ 216,500	\$ 192,025	\$ (24,475)
Data processing	3,400	3,400	1,861	(1,539)
Hearing fees-zoning appeals	12,400	12,400	15,235	2,835
Copy fees and code books	14,500	14,500	14,825	325
Health dept-telephone and janitorial	50,000	50,000	50,391	391
Hearing fees-zoning administration	10,300	10,300	8,400	(1,900)
Total Serv Chrg - General Government	<u>307,100</u>	<u>307,100</u>	<u>282,737</u>	<u>(24,363)</u>
Public Safety				
Sheriff's services-salary recovery	1,050	1,050	10,005	8,955
Sheriff's services-fees	105,000	105,000	107,282	2,282
Sheriff's services-detention center	171,600	171,600	230,024	58,424
Sheriff-Town Deputies	105,000	105,000	26,187	(78,813)
Inspection fees-roads	154,500	154,500	127,738	(26,762)
Inspections fees-development review	7,500	7,500	11,315	3,815
Detention center-commissary	65,350	65,350	60,356	(4,994)
Detention center-work release	82,400	82,400	70,959	(11,441)
Sheriff-Citations	5,150	5,150	11,964	6,814
Fire Protection Plan Review Fee	-	-	74,898	74,898
Sheriff-home detention	16,000	16,000	12,562	(3,438)
Juvenile transport	46,350	46,350	36,035	(10,315)
State criminal alien assistance program	5,680	5,680	-	(5,680)
Sheriff's Sex Offender Fees	25,200	25,200	26,200	1,000
Sheriff-Training Academy	-	-	49,765	49,765
Inspection fees-fire safety	23,000	23,000	-	(23,000)
Total Serv Chrg - Public Safety	<u>813,780</u>	<u>813,780</u>	<u>855,290</u>	<u>41,510</u>
Public Works				
Road maintenance	123,600	123,600	155,610	32,010
Fuel reimbursements	630,000	630,000	647,102	17,102
Vehicle maintenance	500,000	500,000	374,787	(125,213)
Courthouse Annex-Rent/Heat	13,000	13,000	12,994	(6)
Development review fees	115,000	115,000	134,949	19,949
Total Serv Chrg - Public Works	<u>1,381,600</u>	<u>1,381,600</u>	<u>1,325,442</u>	<u>(56,158)</u>
Conservation of Natural Resources				
Stormwater/environment review fee	34,500	34,500	55,287	20,787
Vehicle Auction Admin Fee	-	-	1,600	1,600
Engineering Review Fees	25,080	25,080	16,720	(8,360)
Flood plain review fees	4,120	4,120	1,000	(3,120)
Forest conservation review fee	26,780	26,780	15,672	(11,108)
Weed control spraying	60,000	60,000	77,710	17,710
Total Serv Chrg- Conservation of Natural Resources	<u>150,480</u>	<u>150,480</u>	<u>167,989</u>	<u>17,509</u>
Human Services				
Westminster Sr. Ctr. Classes	15,000	15,000	6,564	(8,436)
North Carroll Sr. Ctr. Classes	22,660	22,660	28,092	5,432
South Carroll Sr. Ctr. Classes	24,750	24,750	31,238	6,488
Taneytown Sr. Ctr. Classes	4,120	4,120	2,460	(1,660)
Mt. Airy Sr. Ctr. Classes	14,420	14,420	14,589	169
Total Serv Chrg- Human Services	<u>80,950</u>	<u>80,950</u>	<u>82,943</u>	<u>1,993</u>

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

Schedule 1-1

	Budget Amounts		Actual Revenues	Variance with Final Budget
	Original Budget	Final Budget		
<b>Culture and Recreation</b>				
Farm museum	\$ 89,000	\$ 89,000	\$ 200,916	\$ 111,916
Piney Run Park	363,200	363,200	347,968	(15,232)
Bear Branch Programs	3,000	3,000	21,002	18,002
Hashawha environmental center	240,800	240,800	264,542	23,742
General public & school/youth programs	5,000	5,000	8,890	3,890
Outdoor school meals/concessions	150,300	150,300	156,791	6,491
Sports complex	53,950	53,950	57,158	3,208
Pavilion & facility rentals	60,560	60,560	61,001	441
Bus Trips	-	-	(2,093)	(2,093)
Wine Festival	380,000	380,000	357,276	(22,724)
Dog Park memberships	2,700	2,700	5,565	2,865
<b>Total Culture and Recreation</b>	<u>1,348,510</u>	<u>1,348,510</u>	<u>1,479,016</u>	<u>130,506</u>
<b>Total Charges for Services</b>	<u>4,082,420</u>	<u>4,082,420</u>	<u>4,193,417</u>	<u>110,997</u>
<b>Fines and Forfeits</b>				
Circuit Court Fines	36,000	36,000	24,642	(11,358)
Liquor license fines	10,300	10,300	7,900	(2,400)
HS Fines/Violations	12,000	12,000	7,950	(4,050)
Humane society impoundment fees	20,000	20,000	19,831	(169)
Parking violations-sheriff	250	250	-	(250)
<b>Total Fines and Forfeits</b>	<u>78,550</u>	<u>78,550</u>	<u>60,323</u>	<u>(18,227)</u>
<b>Interest and gain on investments</b>	<u>2,723,000</u>	<u>2,723,000</u>	<u>1,292,197</u>	<u>(1,430,803)</u>
<b>Miscellaneous Revenues</b>				
Rents and concessions	185,400	185,400	6,979,737	6,794,337
Equipment sales	140,000	140,000	227,863	87,863
Postage	20,600	20,600	26,542	5,942
Pension Recovery	263,100	263,100	322,870	59,770
Health department	6,000	6,000	7,037	1,037
OPEB Recovery	372,940	372,940	372,738	(202)
State Retire Recovery	9,000	9,000	6,610	(2,390)
Jury Duty	-	-	129	129
Activities/special events	55,000	55,000	-	(55,000)
Advertising	6,200	6,200	10,500	4,300
Miscellaneous	328,320	328,320	401,772	73,452
<b>Total Miscellaneous Revenues</b>	<u>1,386,560</u>	<u>1,386,560</u>	<u>8,355,798</u>	<u>6,969,238</u>
<b>Total Revenues</b>	<u>377,216,150</u>	<u>377,216,150</u>	<u>379,765,629</u>	<u>2,549,479</u>
<b>Other financing resources</b>				
Appropriated fund balance (Intrafund)	11,557,850	11,557,850	-	(11,557,850)
Transfers In (Interfund)	11,268,050	11,268,050	11,263,388	(4,662)
<b>Total Other Financing Resources</b>	<u>22,825,900</u>	<u>22,825,900</u>	<u>11,263,388</u>	<u>(11,562,512)</u>
<b>Total Resources (Inflows)</b>	<u>\$ 400,042,050</u>	<u>\$ 400,042,050</u>	<u>\$ 391,029,017</u>	<u>\$ (9,013,033)</u>

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

Schedule 1-1

	Budget Amounts		Actual Expenditures	Variance with Final Budget
	Original Budget	Final Budget		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
<b>Expenditures</b>				
<b>General Government</b>				
<b>County Commissioners</b>				
County Commissioners	\$ 1,095,020	\$ 1,226,011	\$ 1,159,019	\$ 66,992
Audio/Video Production	168,380	228,821	222,255	6,566
Zoning Administrator	239,680	306,892	302,938	3,954
Technology Services	4,521,600	4,790,316	4,619,193	171,123
Production/Distribution Service	462,290	491,165	388,135	103,030
<b>Total County Commissioners</b>	<b>6,486,970</b>	<b>7,043,205</b>	<b>6,691,540</b>	<b>351,665</b>
Carroll County Board of Elections	1,207,150	1,207,150	838,280	368,870
County Attorney	758,050	1,015,696	1,010,890	4,806
<b>Comptroller</b>				
Comptroller Administration	438,980	480,809	480,376	433
Accounting	998,910	1,161,296	1,082,216	79,080
Purchasing	456,710	517,767	484,241	33,526
Independent Post - Auditing	49,180	49,180	47,780	1,400
Bond Issuance Expense	196,760	196,760	17,252	179,508
Collections Office	1,273,770	1,395,363	1,390,773	4,590
<b>Total Comptroller</b>	<b>3,414,310</b>	<b>3,801,175</b>	<b>3,502,638</b>	<b>298,537</b>
<b>Human Resources &amp; Personnel Services</b>				
Human Resources Administration	944,100	1,121,388	1,119,991	1,397
Fringe Benefits	14,313,640	799,638	731,367	68,271
Personnel Services	145,240	183,549	162,026	21,523
<b>Total Human Resources &amp; Pers. Services</b>	<b>15,402,980</b>	<b>2,104,575</b>	<b>2,013,384</b>	<b>91,191</b>
<b>Management and Budget</b>				
Management and Budget Admin.	248,190	280,125	276,994	3,131
Risk Management	2,382,710	2,053,053	1,831,195	221,858
Budget	608,780	715,241	705,872	9,369
Grant Management	160,260	176,381	174,890	1,491
<b>Total Management and Budget</b>	<b>3,399,940</b>	<b>3,224,800</b>	<b>2,988,951</b>	<b>235,849</b>
<b>Land Use, Planning &amp; Development</b>				
Land Use, Planning & Dev. Admin.	785,890	917,127	875,279	41,848
Comprehensive Planning	948,150	1,084,795	907,642	177,153
Development Review	543,860	641,581	587,877	53,704
Resources Management	809,390	953,693	942,770	10,923
<b>Total Land Use, Planning &amp; Development</b>	<b>3,087,290</b>	<b>3,597,196</b>	<b>3,313,568</b>	<b>283,628</b>
<b>General Services</b>				
Permits & Inspections	1,644,900	2,030,527	1,962,823	67,704
Building Construction	338,970	392,732	373,196	19,536
Facilities Administration	7,172,820	7,765,116	6,473,363	1,291,753
Facilities	3,966,690	4,452,823	2,444,044	2,008,779
Fleet Management	7,677,590	4,256,265	2,871,508	1,384,757
<b>Total General Services</b>	<b>20,800,970</b>	<b>18,897,463</b>	<b>14,124,934</b>	<b>4,772,529</b>

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

Schedule 1-1

	Budget Amounts		Actual Expenditures	Variance with Final Budget
	Original Budget	Final Budget		
Miscellaneous				
Board of License Commissioners	\$ 92,230	\$ 95,800	\$ 82,619	\$ 13,181
Administrative Hearings	93,270	109,029	93,810	15,219
Property tax payments to municipalities	15,530	15,530	15,526	4
Permits and fee payments to municipalities	15,000	22,142	22,142	-
Liquor license payments to municipalities	25,000	29,490	29,490	-
Town programs	2,715,260	2,715,260	2,715,259	1
Total Miscellaneous	<u>2,956,290</u>	<u>2,987,251</u>	<u>2,958,846</u>	<u>28,405</u>
Total General Government	57,513,950	43,878,511	37,443,031	6,435,480
Public Safety				
Police Protection				
Detention Center	10,036,420	11,997,338	11,948,008	49,330
Sheriff Services	12,097,620	16,209,299	16,166,906	42,393
Total Police Protection	<u>22,134,040</u>	<u>28,206,637</u>	<u>28,114,914</u>	<u>91,723</u>
Fire Department				
Volunteer Emergency Services Assoc.	8,649,100	8,834,589	8,833,824	765
EMS 24/7 Services	4,351,430	4,351,430	4,351,430	-
Total Fire Department	<u>13,000,530</u>	<u>13,186,019</u>	<u>13,185,254</u>	<u>765</u>
Emergency Services				
Emergency Service Operations	2,752,100	2,563,697	2,281,892	281,805
911 - Emergency Service	2,914,400	3,366,929	3,201,908	165,021
Total Emergency Services	<u>5,666,500</u>	<u>5,930,626</u>	<u>5,483,800</u>	<u>446,826</u>
Other Protection				
Animal Control	992,680	1,153,969	1,153,969	-
CC Advocacy & Investigation	153,660	171,740	158,391	13,349
LOSAP Funding	166,000	-	-	-
State aid-fire protection	389,000	389,000	387,701	1,299
Total Other Protection	<u>1,701,340</u>	<u>1,714,709</u>	<u>1,700,061</u>	<u>14,648</u>
Total Public Safety	42,502,410	49,037,991	48,484,029	553,962
Public Works				
Public Works-Administration	1,066,910	1,220,648	1,219,194	1,454
Roads Operations	8,390,040	11,808,396	11,779,904	28,492
Traffic Control	382,470	294,370	268,295	26,075
Engineering-Design	393,270	466,686	406,770	59,916
Engineering-Construction Inspection	437,630	600,267	601,175	(908)
Storm Emergencies	2,240,220	2,240,349	2,098,551	141,798
Engineering	427,180	614,985	606,687	8,298
Engineering-Survey	303,600	391,018	388,658	2,360
Road Grant - Local	35,390	35,390	35,386	4
Total Public Works	<u>13,676,710</u>	<u>17,672,109</u>	<u>17,404,620</u>	<u>267,489</u>
Judicial Services				
Volunteer Community Services	206,710	254,169	249,915	4,254
Circuit Court	2,334,060	2,615,165	2,466,514	148,651
Circuit Court Masters	492,300	586,641	576,494	10,147
State's Attorney	3,718,790	4,465,458	4,393,326	72,132
Orphans Court	60,510	60,510	58,100	2,410
Total Judicial Services	<u>6,812,370</u>	<u>7,981,943</u>	<u>7,744,349</u>	<u>237,594</u>

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

Schedule 1-1

	Budget Amounts		Actual Expenditures	Variance with Final Budget
	Original Budget	Final Budget		
<b>Health</b>				
Health Department	\$ 3,394,980	\$ 3,394,980	\$ 3,394,980	\$ -
Family and Children's Services-DV Change, Inc.	369,560	369,560	369,560	-
CCARC	277,740	277,740	277,740	-
Flying Colors of Success	257,750	257,750	257,750	-
Target, Inc.	42,300	42,300	42,300	-
Rape Crisis	257,750	257,750	257,750	-
	142,970	142,970	142,970	-
<b>Total Health</b>	<b>4,743,050</b>	<b>4,743,050</b>	<b>4,743,050</b>	<b>-</b>
<b>Human Services</b>				
Social Services-Local Funds	20,000	20,000	20,000	-
Human Services	1,170,040	1,170,040	1,170,040	-
Citizen Services Administration	451,570	490,023	466,188	23,835
Youth Services Bureau	883,210	883,210	883,210	-
Recovery Support Services	845,630	845,630	822,646	22,984
Aging and Disabilities	1,272,730	1,538,713	1,493,748	44,965
Access Carroll	20,000	20,000	20,000	-
Mosaic Community Services	106,540	106,540	106,540	-
<b>Total Human Services</b>	<b>4,769,720</b>	<b>5,074,156</b>	<b>4,982,372</b>	<b>91,784</b>
<b>Education</b>				
CC Board of Education	186,864,400	186,864,400	188,649,046	(1,784,646)
Cable Regulatory Commission	142,180	142,180	142,180	-
Community Media Center	717,920	717,920	717,920	-
Community College - Direct Support	9,403,070	9,403,070	9,403,070	-
Community College - In-Kind Support	-	-	5,110,971	(5,110,971)
Community College - Additional Approp.	-	284,040	284,040	-
<b>Total Education</b>	<b>197,127,570</b>	<b>197,411,610</b>	<b>204,307,227</b>	<b>(6,895,617)</b>
<b>Library</b>	<b>10,267,890</b>	<b>12,247,105</b>	<b>14,326,002</b>	<b>(2,078,897)</b>
<b>Culture and Recreation</b>				
Recreation & Parks-Administration	378,470	447,183	445,867	1,316
Recreation	539,220	623,868	580,103	43,765
Piney Run	642,970	732,830	681,052	51,778
Hashawha	868,650	1,080,168	1,036,043	44,125
Farm Museum	962,040	1,133,364	1,098,916	34,448
Sports Complex	228,440	275,386	255,080	20,306
Historical Society	70,000	70,000	70,000	-
Homestead Museum	30,000	30,000	30,000	-
<b>Total Culture and Recreation</b>	<b>3,719,790</b>	<b>4,392,799</b>	<b>4,197,061</b>	<b>195,738</b>
<b>Conservation of Natural Resources</b>				
Agriculture Extension Service	485,970	485,970	482,290	3,680
Weed Control	63,790	64,049	62,858	1,191
Gypsy Moth Control	30,000	30,000	6,075	23,925
Soil Conservation Service	451,750	547,206	541,222	5,984
<b>Total Conservation of Natural Resources</b>	<b>1,031,510</b>	<b>1,127,225</b>	<b>1,092,445</b>	<b>34,780</b>

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2018**

Schedule 1-1

	Budget Amounts		Actual Expenditures	Variance with Final Budget
	Original Budget	Final Budget		
Economic Development				
Economic Development-Administration	\$ 966,250	\$ 1,063,410	\$ 1,046,356	\$ 17,054
Econ Devl-Industrial Grants	750,070	1,536,200	1,570,384	(34,184)
Business & Employment Resource Center	249,200	296,244	281,601	14,643
Tourism	307,150	323,548	322,488	1,060
Total Economic Development	<u>2,272,670</u>	<u>3,219,402</u>	<u>3,220,829</u>	<u>(1,427)</u>
Reserve for Contingencies	4,087,690	2,438,959	-	2,438,959
Debt Service				
Debt service-County	28,329,300	28,329,300	28,077,228	252,072
Debt service-Board of Education	11,302,030	11,302,030	11,181,875	120,155
Total Debt Service	<u>39,631,330</u>	<u>39,631,330</u>	<u>39,259,103</u>	<u>372,227</u>
Total Expenditures	<u>388,156,660</u>	<u>388,856,190</u>	<u>387,204,118</u>	<u>1,652,072</u>
Other Financing Uses				
Transfers Out:				
Transfer to Capital Fund	6,087,130	6,087,130	6,087,130	-
Transfer to Special Revenue Funds - Grants	2,171,150	1,471,620	1,471,620	-
Transfer to Enterprise Funds	3,627,110	3,627,110	3,627,110	-
Total Other Financing Uses	<u>11,885,390</u>	<u>11,185,860</u>	<u>11,185,860</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>400,042,050</u>	<u>400,042,050</u>	<u>398,389,978</u>	<u>1,652,072</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,360,961)</u>	<u>\$ (7,360,961)</u>
Fund Balance - Beginning			<u>116,990,998</u>	
Fund Balance - Ending			<u>\$ 109,630,037</u>	



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2018**

**Schedule 2-1**

	Hotel Rental Tax Fund	Watershed Protection and Restoration Fund	Grant Fund	Total
<b>Assets</b>				
Equity in pooled cash and investments	\$ 690,383	\$ 293,276	\$ 2,372,373	\$ 3,356,032
Accounts receivable	-	-	1,838,000	1,838,000
Note receivable	-	-	172,702	172,702
Prepaid costs	-	-	471,337	471,337
Total assets	<u>\$ 690,383</u>	<u>\$ 293,276</u>	<u>\$ 4,854,412</u>	<u>\$ 5,838,071</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 21,265	\$ 1,002,216	\$ 1,023,481
Due to component unit	-	-	26,412	26,412
Due to other governmental funds	-	-	6,526	6,526
Accrued expenditures	-	34,798	126,353	161,151
Unearned revenue	-	-	1,219,252	1,219,252
Total liabilities	<u>-</u>	<u>56,063</u>	<u>2,380,759</u>	<u>2,436,822</u>
<b>Fund balances</b>				
Non-spendable	-	-	471,337	471,337
Restricted	690,383	-	965,631	1,656,014
Committed	-	237,213	-	237,213
Assigned	-	-	1,036,685	1,036,685
Total Fund Balances	<u>690,383</u>	<u>237,213</u>	<u>2,473,653</u>	<u>3,401,249</u>
<b>Total liabilities and fund balances</b>	<u>\$ 690,383</u>	<u>\$ 293,276</u>	<u>\$ 4,854,412</u>	<u>\$ 5,838,071</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2018**

Schedule 2-2

	Hotel Rental Tax Fund	Watershed Protection and Restoration Fund	Grant Fund	Total
Revenues				
Taxes:				
Local property	\$ -	\$ 2,218,160	\$ -	\$ 2,218,160
Hotel rental tax	332,518	-	-	332,518
Charges for service:				
Commission on aging	-	-	5,926	5,926
Recreation and parks	-	-	388,933	388,933
Intergovernmental revenues:				
Commission on aging	-	-	1,376,576	1,376,576
Housing & community development	-	-	6,285,888	6,285,888
Business employment resource center	-	-	1,163,839	1,163,839
Sheriff	-	-	323,621	323,621
Citizen services	-	-	1,874,160	1,874,160
State's attorney	-	-	137,865	137,865
Circuit court	-	-	760,256	760,256
Public works	-	-	1,078,959	1,078,959
Emergency operations center	-	-	488,017	488,017
Planning	-	-	14,038	14,038
Tourism	-	-	33,457	33,457
Economic development	-	-	9,796	9,796
Municipalities	-	101,899	-	101,899
Fines and forfeits:				
Sheriff	-	-	862	862
Planning	-	-	23,587	23,587
Interest	4,834	9,132	5	13,971
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>337,352</u>	<u>2,329,191</u>	<u>13,966,785</u>	<u>16,633,328</u>
Total Resources (Inflows)	337,352	2,329,191	13,966,785	16,633,328
Expenditures				
Current:				
Public safety	-	-	1,237,566	1,237,566
Public works	-	-	2,105,060	2,105,060
Health	-	-	1,687	1,687
Human services	-	-	10,025,969	10,025,969
Culture and recreation	-	-	319,976	319,976
Conservation of natural resources	-	1,197,411	-	1,197,411
Economic development	-	-	1,179,807	1,179,807
Judicial	-	-	815,207	815,207
Debt service:				
Principal	-	600,576	-	600,576
Interest	-	403,387	-	403,387
Total expenditures	<u>-</u>	<u>2,201,374</u>	<u>15,685,272</u>	<u>17,886,646</u>
Other Financing Sources (Uses)				
Transfers in	-	-	1,471,620	1,471,620
Transfers out	(322,487)	-	-	(322,487)
Total Other Financing Sources (Uses)	<u>(322,487)</u>	<u>-</u>	<u>1,471,620</u>	<u>1,149,133</u>
Total charges to appropriations (outflows)	(322,487)	(2,201,374)	(14,213,652)	(16,737,513)
Net change in fund balances	14,865	127,817	(246,867)	(104,185)
Fund balances - beginning	675,518	109,396	2,720,520	3,505,434
Fund balances - ending	<u>\$ 690,383</u>	<u>\$ 237,213</u>	<u>\$ 2,473,653</u>	<u>\$ 3,401,249</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgetary Basis (Non-GAAP)**  
**Hotel Rental Tax Fund**  
**For the Year Ended June 30, 2018**

**Schedule 2-3**

	Budgeted Amounts		Actuals	Variance with Final Budget
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Hotel Rental Tax	\$ 327,150	\$ 327,150	\$ 332,518	\$ 5,368
Interest	-	-	4,834	4,834
Total revenues	<u>327,150</u>	<u>327,150</u>	<u>337,352</u>	<u>10,202</u>
Total Resources (Inflows)	<u>327,150</u>	<u>327,150</u>	<u>337,352</u>	<u>10,202</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Other financing uses				
Transfers out	<u>(327,150)</u>	<u>(327,150)</u>	<u>(322,487)</u>	<u>4,663</u>
Total other financing uses	<u>(327,150)</u>	<u>(327,150)</u>	<u>(322,487)</u>	<u>4,663</u>
Total charges to appropriations (outflows)	<u>(327,150)</u>	<u>(327,150)</u>	<u>(322,487)</u>	<u>4,663</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	14,865	<u>\$ 14,865</u>
Fund balance - beginning			<u>675,518</u>	
Fund balance - ending			<u>\$ 690,383</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgetary Basis (Non-GAAP)**  
**Watershed Protection and Restoration Fund**  
**For the Year Ended June 30, 2018**

Schedule 2-4

	Budgeted Amounts		Actuals	Variance with Final Budget
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Taxes:				
Local Property	\$ 2,218,160	\$ 2,218,160	\$ 2,218,160	\$ -
Intergovernmental revenues:				
Municipalities	101,890	101,890	101,899	9
Interest	4,280	4,280	9,132	4,852
Total revenues	<u>2,324,330</u>	<u>2,324,330</u>	<u>2,329,191</u>	<u>4,861</u>
Total Resources (Inflows)	<u>2,324,330</u>	<u>2,324,330</u>	<u>2,329,191</u>	<u>4,861</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Expenditures				
Current:				
Conservation of Natural Resources	(1,238,340)	(1,238,340)	(1,197,411)	40,929
Debt service:				
Principal	(600,580)	(600,580)	(600,576)	4
Interest	(485,410)	(485,410)	(403,387)	82,023
Total expenditures	<u>(2,324,330)</u>	<u>(2,324,330)</u>	<u>(2,201,374)</u>	<u>122,956</u>
Total charges to appropriations (outflows)	<u>(2,324,330)</u>	<u>(2,324,330)</u>	<u>(2,201,374)</u>	<u>122,956</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	127,817	<u>\$ 127,817</u>
Fund balance - beginning			109,396	
Fund balance - ending			<u>\$ 237,213</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budgetary Basis (Non-GAAP)**  
**Grant Fund**  
**For the Year Ended June 30, 2018**

Schedule 2-5

	Budgeted Amounts		Actuals	Variance with Final Budget
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Charges for service:				
Recreation and parks	\$ 206,900	\$ 331,264	\$ 388,933	\$ 57,669
Office on aging	-	-	5,926	5,926
Intergovernmental revenues:				
Office on aging	1,781,186	2,732,992	1,376,576	(1,356,416)
Housing & community development	5,736,854	5,834,489	6,285,888	451,399
Business Employment Resource Center	1,452,892	510,650	1,163,839	653,189
Economic development	-	(20,144)	9,796	29,940
Sheriff	289,146	736,443	323,621	(412,822)
Citizen services	1,121,421	1,030,190	1,874,160	843,970
State's attorney	55,500	47,387	137,865	90,478
Circuit court	656,900	713,857	760,256	46,399
Public works	1,743,890	1,061,622	1,078,959	17,337
Emergency operations center	454,668	483,731	488,017	4,286
Tourism	35,000	33,457	33,457	-
Recreation and parks	-	232,186	-	(232,186)
Planning	70,000	249,807	14,038	(235,769)
Fines and forfeits:				
Sheriff	-	-	862	862
Planning	-	-	23,587	23,587
Interest	-	-	5	5
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>13,604,357</u>	<u>13,977,931</u>	<u>13,966,785</u>	<u>(11,146)</u>
Other financing resources				
Transfers in	<u>2,171,150</u>	<u>1,171,620</u>	<u>1,471,620</u>	<u>300,000</u>
Total other financing resources	<u>2,171,150</u>	<u>1,171,620</u>	<u>1,471,620</u>	<u>300,000</u>
Total Resources (Inflows)	<u>15,775,507</u>	<u>15,149,551</u>	<u>15,438,405</u>	<u>288,854</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Expenditures				
Current:				
Public safety	1,904,586	2,105,443	1,260,569	844,874
Public works	2,027,588	1,557,871	1,874,716	(316,845)
Health	4,000	4,000	1,687	2,313
Culture and recreation	215,000	683,695	312,422	371,273
Economic development	1,771,932	345,777	1,179,807	(834,030)
Judicial	980,560	827,222	815,207	12,015
Human Services	8,871,841	9,625,543	10,028,553	(403,010)
Total expenditures	<u>15,775,507</u>	<u>15,149,551</u>	<u>15,472,961</u>	<u>(323,410)</u>
Total charges to appropriations (outflows)	<u>(15,775,507)</u>	<u>(15,149,551)</u>	<u>(15,472,961)</u>	<u>(323,410)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(34,556)	<u>\$ (34,556)</u>
Fund balance - beginning			<u>2,582,963</u>	
Fund balance - ending			<u>\$ 2,548,407</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2018**

Schedule 3-1

	Septage	Firearms	Total
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments	\$ 2,575,733	\$ 478,122	\$ 3,053,855
Cash and cash equivalents	-	2,055	2,055
Accounts receivables, net	128,480	-	128,480
Total current assets	2,704,213	480,177	3,184,390
Noncurrent assets:			
Capital assets:			
Buildings	-	274,051	274,051
Improvements other than buildings	185,278	223,127	408,405
Autos, machinery, equipment	201,984	52,252	254,236
Construction in progress	426,081	-	426,081
Less accumulated depreciation	(365,909)	(183,748)	(549,657)
Total capital assets (net of accumulated depreciation)	447,434	365,682	813,116
Total assets	3,151,647	845,859	3,997,506
Deferred Outflows of Resources			
Deferred charge on refunding	497	-	497
Total deferred outflows of resources	497	-	497
Total assets and deferred outflows	\$ 3,152,144	\$ 845,859	\$ 3,998,003
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 144,292	\$ 260	\$ 144,552
Accrued interest payable	393	-	393
Accrued expenses	-	2,522	2,522
Long-term liabilities due within one year:			
General obligation bonds payable	13,069	-	13,069
Compensated Absences	-	424	424
Total current liabilities	157,754	3,206	160,960
Noncurrent liabilities:			
General obligation bonds payable	39,351	-	39,351
Total noncurrent liabilities	39,351	-	39,351
Total liabilities	197,105	3,206	200,311
<b>NET POSITION</b>			
Net investment in capital assets	395,014	365,682	760,696
Restricted for capital projects	1,589,919	-	1,589,919
Unrestricted	970,106	476,971	1,447,077
Total net position	\$ 2,955,039	\$ 842,653	\$ 3,797,692

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2018**

Schedule 3-2

	Septage	Firearms	Total
Operating revenues:			
Charges for services	\$ 1,176,001	\$ 141,344	\$ 1,317,345
Total operating revenues	1,176,001	141,344	1,317,345
Operating expenses:			
Personal services	-	71,063	71,063
Contractual services	336,918	17,059	353,977
Materials and supplies	53,003	2,733	55,736
Rents and utilities	72,389	-	72,389
Miscellaneous	188,169	-	188,169
Depreciation	18,864	28,051	46,915
Total operating expenses	669,343	118,906	788,249
Operating income	506,658	22,438	529,096
Nonoperating revenues (expenses):			
Penalties and interest	19,178	3,923	23,101
Interest and fiscal charges	(2,659)	-	(2,659)
Total nonoperating revenues (expenses)	16,519	3,923	20,442
Change in net position	523,177	26,361	549,538
Total net position- beginning of year	2,431,862	816,292	3,248,154
Total net position- end of year	\$ 2,955,039	\$ 842,653	\$ 3,797,692

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2018**

**Schedule 3-3**

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,139,725	\$ 141,344	\$ 1,281,069
Payments to suppliers and other funds	(583,233)	(19,845)	(603,078)
Payments to employees	-	(70,972)	(70,972)
Net cash provided by operating activities	<u>556,492</u>	<u>50,527</u>	<u>607,019</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(29,794)	-	(29,794)
Principal paid on capital debt	(9,971)	-	(9,971)
Interest paid on capital debt	(2,559)	-	(2,559)
Net cash used by capital and related financing activities	<u>(42,324)</u>	<u>-</u>	<u>(42,324)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments and cash	19,178	3,923	23,101
Net cash provided by investing activities	<u>19,178</u>	<u>3,923</u>	<u>23,101</u>
Net increase in cash and cash equivalents	533,346	54,450	587,796
Cash and cash equivalents at beginning of year	2,042,387	425,727	2,468,114
Cash and cash equivalents at end of year	<u>\$ 2,575,733</u>	<u>\$ 480,177</u>	<u>\$ 3,055,910</u>
<b>Reconciliation of Operating Income to net cash provided by operating activities:</b>			
Operating income	\$ 506,658	\$ 22,438	\$ 529,096
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	18,864	28,051	46,915
Effect of changes in operating assets and liabilities:			
Accounts receivable	(36,276)	-	(36,276)
Accounts payable and accrued expenses	67,246	38	67,284
Total adjustments	<u>49,834</u>	<u>28,089</u>	<u>77,923</u>
Net cash provided by operating activities	<u>\$ 556,492</u>	<u>\$ 50,527</u>	<u>\$ 607,019</u>



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2018**

Schedule 4-1

	Governmental Activities - Internal Service Funds					
	Health Benefits	Risk Management	Auto Damage	Insurance Deductibles	Workers' Compensation	Total
<b>ASSETS</b>						
Current assets:						
Equity in pooled cash and investments	\$ 11,252,300	\$ 628,616	\$ 331,985	\$ 166,297	\$ 5,474,263	\$ 17,853,461
Receivables, net	7,914	-	-	-	-	7,914
<b>Total assets</b>	<b>\$ 11,260,214</b>	<b>\$ 628,616</b>	<b>\$ 331,985</b>	<b>\$ 166,297</b>	<b>\$ 5,474,263</b>	<b>\$ 17,861,375</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 372,555	\$ -	\$ -	\$ -	\$ 11,464	\$ 384,019
Long-term liabilities due within one year:						
Unpaid claims	1,639,899	67,072	-	-	998,110	2,705,081
<b>Total long-term due within one year</b>	<b>1,639,899</b>	<b>67,072</b>	<b>-</b>	<b>-</b>	<b>998,110</b>	<b>2,705,081</b>
<b>Total current liabilities</b>	<b>2,012,454</b>	<b>67,072</b>	<b>-</b>	<b>-</b>	<b>1,009,574</b>	<b>3,089,100</b>
Noncurrent liabilities:						
Unpaid claims	16,565	678	-	-	2,566,567	2,583,810
<b>Total noncurrent liabilities</b>	<b>16,565</b>	<b>678</b>	<b>-</b>	<b>-</b>	<b>2,566,567</b>	<b>2,583,810</b>
<b>Total liabilities</b>	<b>2,029,019</b>	<b>67,750</b>	<b>-</b>	<b>-</b>	<b>3,576,141</b>	<b>5,672,910</b>
<b>NET POSITION</b>						
Unrestricted	9,231,195	560,866	331,985	166,297	1,898,122	12,188,465
<b>Total net position</b>	<b>\$ 9,231,195</b>	<b>\$ 560,866</b>	<b>\$ 331,985</b>	<b>\$ 166,297</b>	<b>\$ 1,898,122</b>	<b>\$ 12,188,465</b>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

Schedule 4-2

	Governmental Activities - Internal Service Funds					
	Health Benefits	Risk Management	Auto Damage	Insurance Deductibles	Workers' Compensation	Total
Operating revenues:						
Charges for services	\$ 15,868,489	\$ 1,327	\$ 168,795	\$ -	\$ 1,186,276	\$ 17,224,887
Total operating revenues	15,868,489	1,327	168,795	-	1,186,276	17,224,887
Operating expenses:						
Insurance claims	16,429,677	73,849	160,100	-	1,423,043	18,086,669
Total operating expenses	16,429,677	73,849	160,100	-	1,423,043	18,086,669
Operating income (loss)	(561,188)	(72,522)	8,695	-	(236,767)	(861,782)
Nonoperating revenues (expenses):						
Penalties and interest	150,842	-	-	-	-	150,842
Medicare Part D	209,735	-	-	-	-	209,735
Total nonoperating revenues (expenses)	360,577	-	-	-	-	360,577
Change in net position	(200,611)	(72,522)	8,695	-	(236,767)	(501,205)
Total net position - beginning of year	9,431,806	633,388	323,290	166,297	2,134,889	12,689,670
Total net position - end of year	\$ 9,231,195	\$ 560,866	\$ 331,985	\$ 166,297	\$ 1,898,122	\$ 12,188,465

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

**Schedule 4-3**

	Governmental Activities - Internal Service Funds					
	Health Benefits	Risk Management	Auto Damage	Insurance Deductibles	Workers' Compensation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 15,868,489	\$ 1,327	\$ 168,795	\$ -	\$ 1,186,276	\$ 17,224,887
Receipts from other funds	2,767	-	-	-	199	2,966
Payments to suppliers	<u>(16,420,236)</u>	<u>(16,599)</u>	<u>(160,100)</u>	<u>-</u>	<u>(830,622)</u>	<u>(17,427,557)</u>
Net cash provided (used) by operating activities	(548,980)	(15,272)	8,695	-	355,853	(199,704)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Medicare Part D	<u>209,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,735</u>
Net cash provided by noncapital financing activities	209,735	-	-	-	-	209,735
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments and cash	<u>150,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,842</u>
Net cash provided by investing activities	150,842	-	-	-	-	150,842
Net increase (decrease) in cash and cash equivalents	(188,403)	(15,272)	8,695	-	355,853	160,873
Equity in pooled cash and investments at beginning of year	<u>11,440,703</u>	<u>643,888</u>	<u>323,290</u>	<u>166,297</u>	<u>5,118,410</u>	<u>17,692,588</u>
Equity in pooled cash and investments at end of year	<u>\$ 11,252,300</u>	<u>\$ 628,616</u>	<u>\$ 331,985</u>	<u>\$ 166,297</u>	<u>\$ 5,474,263</u>	<u>\$ 17,853,461</u>
<b>Reconciliation of Operating Income (Loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	<u>\$ (561,188)</u>	<u>\$ (72,522)</u>	<u>\$ 8,695</u>	<u>\$ -</u>	<u>\$ (236,767)</u>	<u>\$ (861,782)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Effect of Changes in operating assets and liabilities:						
Due to / from other funds	2,767	-	-	-	199	2,966
Accounts receivable	7,600	-	-	-	-	7,600
Accounts payable and accrued expenses	(90,557)	57,250	-	-	3,814	(29,493)
Unearned revenue	(11,879)	-	-	-	-	(11,879)
Claims Liability	104,277	-	-	-	588,607	692,884
Total adjustments	<u>12,208</u>	<u>57,250</u>	<u>-</u>	<u>-</u>	<u>592,620</u>	<u>662,078</u>
Net cash provided (used) by operating activities	<u>\$ (548,980)</u>	<u>\$ (15,272)</u>	<u>\$ 8,695</u>	<u>\$ -</u>	<u>\$ 355,853</u>	<u>\$ (199,704)</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Fiduciary Net Position**  
**Trust Funds**  
**June 30, 2018**

Schedule 5-1

	Employee Pension Plan	Certified Law Officers Pension	LOSAP	Other Post Employment Benefits	Totals
<b>ASSETS</b>					
Accounts Receivable	\$ -	\$ -	\$ -	\$ 30,741	\$ 30,741
Accrued Interest	-	-	-	6,827	6,827
Investments, at fair value:					
Short-term investments	1,747,369	563,888	207,751	-	2,519,008
Bond funds	20,172,771	3,328,156	1,735,354	4,172,601	29,408,882
Equity funds	64,922,498	10,498,879	6,559,245	-	81,980,622
Marketable securities	-	-	-	89,698,739	89,698,739
Total investments	<u>86,842,638</u>	<u>14,390,923</u>	<u>8,502,350</u>	<u>93,871,340</u>	<u>203,607,251</u>
Total assets	<u>86,842,638</u>	<u>14,390,923</u>	<u>8,502,350</u>	<u>93,908,908</u>	<u>203,644,819</u>
<b>LIABILITIES</b>					
Accounts payable	9,063	4,346	4,835	14,000	32,244
Due to primary government	-	-	-	314,362	314,362
Total liabilities	<u>9,063</u>	<u>4,346</u>	<u>4,835</u>	<u>328,362</u>	<u>346,606</u>
<b>FIDUCIARY NET POSITION</b>					
Fiduciary net position held in trust for pension, OPEB benefits and other purposes	<u>\$ 86,833,575</u>	<u>\$ 14,386,577</u>	<u>\$ 8,497,515</u>	<u>\$ 93,580,546</u>	<u>\$ 203,298,213</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Trust Funds**  
**For the Year Ended June 30, 2018**

Schedule 5-2

	Employee Pension Plan	Certified Law Officers Pension	LOSAP	Other Post Employment Benefits	Totals
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 3,067,120	\$ 797,580	\$ 166,000	\$ 10,550,000	\$ 14,580,700
Plan members	1,915,612	429,778	-	689,120	3,034,510
Total contributions	<u>4,982,732</u>	<u>1,227,358</u>	<u>166,000</u>	<u>11,239,120</u>	<u>17,615,210</u>
Investment earnings:					
Interest and dividends	-	-	-	80,836	80,836
Net increase in the fair value of investments	<u>6,989,165</u>	<u>1,069,776</u>	<u>679,259</u>	<u>7,057,841</u>	<u>15,796,041</u>
Total investment earnings	6,989,165	1,069,776	679,259	7,138,677	15,876,877
Less investment expense	<u>(50,059)</u>	<u>(27,555)</u>	<u>(17,687)</u>	<u>(31,260)</u>	<u>(126,561)</u>
Net investment earnings	<u>6,939,106</u>	<u>1,042,221</u>	<u>661,572</u>	<u>7,107,417</u>	<u>15,750,316</u>
Total additions	<u>11,921,838</u>	<u>2,269,579</u>	<u>827,572</u>	<u>18,346,537</u>	<u>33,365,526</u>
<b>DEDUCTIONS</b>					
Benefits and refunds paid to plan members and beneficiaries					
	1,943,750	361,180	777,432	4,761,015	7,843,377
Administrative expenses	51,599	9,358	14,915	2,370	78,242
Total deductions	<u>1,995,349</u>	<u>370,538</u>	<u>792,347</u>	<u>4,763,385</u>	<u>7,921,619</u>
Net increase in fiduciary net position	9,926,489	1,899,041	35,225	13,583,152	25,443,907
Fiduciary net position-beginning	76,907,086	12,487,536	8,462,290	79,997,394	177,854,306
Fiduciary net position-ending	<u>\$ 86,833,575</u>	<u>\$ 14,386,577</u>	<u>\$ 8,497,515</u>	<u>\$ 93,580,546</u>	<u>\$ 203,298,213</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

**Schedule 5-3**

<u>Carroll County Development Corporation</u>	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 280,372	\$ 121,922	\$ 3,029	\$ 399,265
Receivables-notes, mortgages and leases	113,463	-	113,463	-
Total assets	<u>\$ 393,835</u>	<u>\$ 121,922</u>	<u>\$ 116,492</u>	<u>\$ 399,265</u>
<b>LIABILITIES</b>				
Deposits	\$ 393,835	\$ 8,459	\$ 3,029	\$ 399,265
Total liabilities	<u>\$ 393,835</u>	<u>\$ 8,459</u>	<u>\$ 3,029</u>	<u>\$ 399,265</u>
<u>Carroll Cable Regulatory Commission</u>	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 302,390	\$ 904,852	\$ 968,876	\$ 238,366
Total assets	<u>\$ 302,390</u>	<u>\$ 904,852</u>	<u>\$ 968,876</u>	<u>\$ 238,366</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 154,343	\$ 408,978	\$ 465,287	\$ 98,034
Deposits	148,047	495,873	503,588	140,332
Total liabilities	<u>\$ 302,390</u>	<u>\$ 904,851</u>	<u>\$ 968,875</u>	<u>\$ 238,366</u>
<u>Totals - All Agencies</u>	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 582,762	\$ 1,026,774	\$ 971,905	\$ 637,631
Receivables-notes, mortgages and leases	113,463	-	113,463	-
Total assets	<u>\$ 696,225</u>	<u>\$ 1,026,774</u>	<u>\$ 1,085,368</u>	<u>\$ 637,631</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 154,343	\$ 408,978	\$ 465,287	\$ 98,034
Deposits	541,882	504,332	506,617	539,597
Total liabilities	<u>\$ 696,225</u>	<u>\$ 913,310</u>	<u>\$ 971,904</u>	<u>\$ 637,631</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description	Governmental Activities				
	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
<b>4021</b>	<b>General Government</b>				
8006	\$ 2,920,666	\$ 1,869,097	\$ 11,025	\$ 29,014	\$ 1,011,530
8199	7,000,000	3,062,117	-	-	3,937,883
8274	461,800	397,850	-	-	63,950
8361	449,458	188,967	117,506	-	142,985
8412	1,250,000	1,179,759	13,905	-	56,336
8451	2,820,000	2,747,488	39,734	-	32,778
8485	98,791	93,791	-	-	5,000
8589	152,400	-	-	-	152,400
8590	1,000,000	621,223	35,906	218,113	124,758
8702	90,000	87,228	598	-	2,174
8727	3,510,000	-	304,815	26,168	3,179,017
8728	276,001	-	86,471	20,951	168,579
8729	330,000	-	79,654	-	250,346
8732	1,500,000	-	-	-	1,500,000
8733	330,000	-	-	-	330,000
8737	4,705,000	-	-	-	4,705,000
9418	909,600	839,124	-	-	70,476
9648	11,135,083	9,299,235	577,662	341,349	916,837
9921	2,160,344	1,639,143	123,294	-	397,907
9954	7,449,100	5,879,388	529,450	-	1,040,262
9957	155,891	-	-	-	155,891
Total	48,704,134	27,904,410	1,920,020	635,595	18,244,109
Total General Government	48,704,134	27,904,410	1,920,020	635,595	18,244,109
<b>4031</b>	<b>Public Safety</b>				
8163	7,025,000	6,838,335	141,699	-	44,966
8166	3,300,000	-	3,145	-	3,296,855
8264	20,777,287	20,660,112	-	102,000	15,175
8480	275,000	151,876	-	-	123,124
8518	300,000	825	-	-	299,175
8592	1,100,000	22,500	-	-	1,077,500
8596	696,430	-	696,430	-	-
8730	280,000	-	-	-	280,000
8735	910,991	-	896,828	3,360	10,803
9022	1,099,800	681,234	129,500	-	289,066
Total	35,764,508	28,354,882	1,867,602	105,360	5,436,664
Total Public Safety	35,764,508	28,354,882	1,867,602	105,360	5,436,664

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description		Governmental Activities				Unexpended Appropriation
		Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	
4041	<u>Highways &amp; Streets</u>					
8308	Ridenour Way 08	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
8318	Market Street Extended	1,271,005	1,208,005	-	-	63,000
8321	Ridge Road Improvements	160,600	120,655	13,308	1,066	25,571
8353	Londontown Blvd Improvements	3,700,000	80	-	-	3,699,920
8438	Windy Hills	81,000	2,100	-	-	78,900
8440	Pavement Management FY13	9,333,358	9,228,685	-	-	104,673
8476	Rohrbaugh Road	800,000	333,366	13,977	-	452,657
8494	Pooledale	10,500	-	-	-	10,500
8504	Pavement Management FY15	9,790,326	9,145,751	-	-	644,575
8506	Gorsuch Rd Relocation	1,000,000	29,160	546,934	-	423,906
8507	Unpaved Roads	1,533,674	1,651,145	(117,471)	-	-
8511	Washington Rd-Sidewalk	143,000	20,766	18,734	2,180	101,320
8585	Pavement Management FY16	10,622,886	9,297,397	379,087	-	946,402
8587	Safe Routes - Johnsville Rd	319,456	-	-	-	319,456
8609	Monroe Avenue	32,240	-	-	-	32,240
8624	Pavement Management Prog FY17	11,180,001	474,220	9,033,813	999,526	672,442
8625	Pavement Preservation FY17	1,080,000	-	918,937	-	161,063
8626	Ramp and Sidewal Upgrades	150,000	-	-	-	150,000
8629	Transportation/State Projects	800,000	-	-	-	800,000
8719	Pavement Mgmt Prog FY18	11,685,000	-	3,493,548	5,383,525	2,807,927
8720	Pavement Presv FY18	1,050,000	-	-	-	1,050,000
8751	John Pickett Road	1,044,136	-	763,642	280,494	-
9604	Ridge Road Relocation	50,000	3,102	-	-	46,898
9674	Highway Safety Improvements	1,235,585	970,338	35,379	-	229,868
9847	Small Drainage Structures	2,525,208	2,026,566	198,261	500	299,881
	Total	69,617,975	34,511,336	15,298,149	6,667,291	13,141,199
4042	<u>Traffic Signals</u>					
8740	Harris/Gillis Traffic Light	300,000	-	-	-	300,000
	Total	300,000	-	-	-	300,000
4043	<u>Bridges</u>					
8032	Silver Run Valley Rd-BigSilRun	162,260	36,249	-	-	126,011
8322	Babylon road over Silver Run	1,028,000	64,646	3,522	-	959,832
8323	McKinstry's Mill Rd/Sam's Creek	1,154,000	-	-	-	1,154,000
8332	Hughes Shop over Bear Branch	1,698,000	-	-	-	1,698,000
8383	Bixler's Church Rd/Big Pipe Cr	833,000	39,960	7,263	-	785,777
8384	Shepard Mill/Little Pipe Crk	3,990,400	11,568	29,256	-	3,949,576
8385 *	White Rock Rd/Piney Run	1,076,730	787,812	288,918	-	-
8512	Cape Horn Rd	709,000	71,355	64,356	69,834	503,455
8588	Stone Chap Rd/Little Pipe Crk	922,000	-	-	-	922,000
8628	Hollingsworth Rd/Unname Tributa	200,000	-	88,106	86,195	25,699
8722	Gaither Rd/S Brnch Patapsc	275,000	-	-	-	275,000
9684	Bridge Inspection & Inventory	485,605	390,146	27,853	-	67,606
9686	Clean & Paint Structural Steel	1,281,950	1,021,715	-	-	260,235
9882	Bridge Maint/Structural Repair	766,100	556,641	26,230	-	183,229
	Total	14,582,045	2,980,092	535,504	156,029	10,910,420

(Continued)



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description	Governmental Activities				Unexpended Appropriation
	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	
<u>4044</u> <u>Storm Drains</u>					
8627     Storm Drain Rehabilitation	\$ 967,530	\$ 178,175	\$ 206,800	\$ -	\$ 582,555
Total	967,530	178,175	206,800	-	582,555
<u>4045</u> <u>Buildings</u>					
8591     Maint Center Vehicle Wash	700,000	622,708	14,999	-	62,293
9956     Fleet-Lifts Replacements	667,915	476,307	168,681	-	22,927
Total	1,367,915	1,099,015	183,680	-	85,220
<u>4049</u> <u>General Public Works</u>					
8718     Design Manual Update	250,000	-	-	-	250,000
9902     Public Works-Unallocated	414,860	-	-	-	414,860
Total	664,860	-	-	-	664,860
Total Public Works	87,500,325	38,768,618	16,224,133	6,823,320	25,684,254
<u>4023</u> <u>Human Services</u>					
8519     SIP-ADA Restroom Addition	81,388	64,708	10,779	-	5,901
Total Human Services	81,388	64,708	10,779	-	5,901
<u>4061</u> <u>Board of Education</u>					
8133     Manchester Valley High School	70,685,300	69,135,942	-	-	1,549,358
8288     Full Day K-Freedom ES	1,801,601	1,801,377	-	-	224
8289     SC High School Fine Arts Add	17,815,941	15,965,792	-	-	1,850,149
8290     Westminster HS HVAC Replace	11,880,118	9,963,961	-	-	1,916,157
8292     Open Space Classroom Enclosure	8,000,000	7,639,090	269,184	-	91,726
8325     Full Day K-William Winchstr ES	2,430,998	1,341,132	-	-	1,089,866
8326     Full Day K-Winfield ES	1,301,000	870,256	-	-	430,744
8348     Mt. Airy Middle School	19,907,260	19,368,922	9,540	-	528,798
8349     Full Day K-Robert Moton ES	1,871,420	1,479,853	-	-	391,567
8350     Hampstead ES-HVAC Replace	1,478,559	1,395,128	-	-	83,431
8351     Hampstead ES Roof Replace	787,000	385,648	-	-	401,352
8377     Charles Carroll Ele Heat Plant	200,000	79,687	-	-	120,313
8378     Freedom Elem Roof Replacement	780,000	232,457	-	-	547,543
8379     BOE - Roof Replacements	118,000	-	-	-	118,000
8404     Freedom ES Heat Plant Convrsn	1,462,000	618,531	-	-	843,469
8405     William Winchester ES Roof Rpl	543,000	206,524	-	-	336,476
8424     West Middle Roof Replacement	1,289,000	687,358	-	-	601,642
8481     Carroll Springs Roof Replacement	417,000	208,580	-	-	208,420
8482     Taneytown ES Roof Replacement	550,000	268,340	-	-	281,660
8483     Manchester ES HVAC Replc	2,146,000	1,966,753	-	-	179,247
8484     Manchester ES Roof Replacement	672,000	425,895	-	-	246,105
8486     BOE Energy Efficiency Project	642,243	573,661	-	-	68,582
8501     CareerTech Cntr Roof Replacement	1,250,000	734,398	-	-	515,602
8502     Mechanicsville Rood	719,000	484,250	-	-	234,750
8503     Sykesville Middle Windows	164,000	160,014	-	-	3,986
8581     S. Carroll HS-Roof Replacement	1,466,504	503,722	917,308	-	45,474
8582     Westminster Elem-Roof Rplcmnt	848,000	449,254	52,137	-	346,609
8583     Westminster HS-Roof Rplcmnt	2,045,000	345,263	896,588	-	803,149

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description	Governmental Activities				
	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
8619 Career & Technology Ctr Replac	\$ 100,000	\$ 54,183	\$ -	\$ -	\$ 45,817
8620 FSK High Roof Replacement	1,744,000	22,730	683,816	-	1,037,454
8621 Friendship Valley Elm Roof Rep	791,100	17,684	460,853	-	312,563
8622 Piney Ridge Elem Roof Replacem	556,200	16,962	251,065	-	288,173
8623 Westminster High ElecEqu Repl	160,000	164	28,275	-	131,561
8710 HS Science Room Renov	200,000	-	104,318	-	95,682
8711 Sandymount HVAC Replace	1,114,251	-	1,048,076	-	66,175
8712 Carrolltwn Elem-Roof Rplc	779,000	-	32,778	-	746,222
8713 Elmer Wolfe Elem-Roof Rplc	903,000	-	18,150	-	884,850
8714 Robert Moton Elem-Roof Rplc	970,000	-	19,434	-	950,566
8715 Runnymede Elem-Roof Rplc	945,000	-	18,370	-	926,630
8721 Security Improvements BOE	1,000,000	-	7,073	-	992,927
9554 BOE-ADA Facility Improvements	1,504,683	1,393,669	2,775	-	108,239
9745 Relocatables	5,772,376	5,639,214	59,670	-	73,492
9746 BOE-General Roofing Improvements	2,022,936	1,322,086	-	-	700,850
9748 BOE-Paving	6,217,241	5,437,119	-	-	780,122
9792 BOE Technology Improvements	9,042,105	8,484,786	11,088	-	546,231
9850 School Construction-General	-	506,496	25,860	-	(532,356)
9885 Winters Mill High School	25,252,267	25,165,238	-	-	87,029
9973 NC Middle School Renovations	11,130,621	10,955,969	-	-	174,652
9974 HVAC-Improvement & Replacement	169,187	168	-	-	169,019
Total	223,644,911	196,308,256	4,916,358	-	22,420,297
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4062 Community College					
8516 ** CCC-Security Improvements	670,000	649,183	-	-	20,817
8517 CCC-Systemic Renovations	150,000	11,923	-	-	138,077
9782 Comm Coll-Technology	7,200,600	6,549,044	632,267	-	19,289
Total	8,020,600	7,210,150	632,267	-	178,183
Total Education	231,665,511	203,518,406	5,548,625	-	22,598,480
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4071 Recreation & Parks					
8121 Leister Park	1,963,299	1,840,798	87,999	-	34,502
8175 Westminster Veterans Mem Park	2,303,596	1,372,048	52,029	-	879,519
8232 Park Restoration Fund	1,331,835	1,126,857	170,340	-	34,638
8439 Winfield Property Project	253,259	242,519	-	-	10,740
8477 Union Mills Restoration	248,900	107,342	2,134	-	139,424
8513 Gov Brown Trail Phase I	85,411	-	-	-	85,411
8514 * MacBeth Trail Connection	361,167	290,478	70,689	-	-
8631 Deer Park & Sandymount Ct Resu	223,150	177,874	2,000	-	43,276
8632 Union Mills Main House Renovat	710,000	-	6,154	-	703,846
8633 Mayeski Park Ent Rd Overlay	59,568	49,568	-	-	10,000
8687 * Wmster Comm Trl-Cmrc Cntr	99,900	58,027	41,873	-	-
8701 Deer Park Extension	1,454,000	216,418	41,153	-	1,196,429
8723 Bark Hill Park Improv	250,000	-	219,324	-	30,676

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description		Governmental Activities				Unexpended Appropriation
		Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	
8724	Sport Complex Overlay	\$ 244,000	\$ -	\$ 162,310	\$ -	\$ 81,690
8725	Trail Development	35,000	-	2,175	-	32,825
8726	North Carroll HS Turk Field	1,000,000	-	29,526	-	970,474
9139	Recs & Parks/Local-Unallocated	75,792	-	-	-	75,792
9736	Town Fund	356,316	311,929	12,856	-	31,531
9925	Tot Lot Replacement	591,876	466,788	121,011	-	4,077
9926	Kringold Park	6,159,633	6,081,288	985	45,788	31,572
	Total	17,806,702	12,341,934	1,022,558	45,788	4,396,422
4072	Farm Museum					
8731	Farm Museum Bldg Renov	1,450,000	-	11,477	-	1,438,523
	Total	1,450,000	-	11,477	-	1,438,523
4073	Hashawha/Bear Branch					
8630	Bear Branch Tot Lot	149,000	147,093	1,907	-	-
	Total	149,000	147,093	1,907	-	-
4076	Self-Help Projects					
8489	Sandymount/DP Field Repair SH	5,390	3,665	-	-	1,725
8613	Westminster JC Prk Fence SH	7,049	6,780	269	-	-
8615	Mayeski Baseball Fld Mix SH	5,144	6,129	(985)	-	-
8616	Mayeski Softball Fld Mix SH	3,674	3,250	424	-	-
8694	Westminster Rec Infield Mix-SH	12,700	12,517	183	-	-
8695	Winfield Park Field-SH	19,993	-	19,993	-	-
8697	NC Rec Infield Mix-SH	11,374	8,506	2,868	-	-
8699	Charles Carroll Infield Mix-SH	901	-	901	-	-
8700	Chrls Carroll Scoreboard-SH	1,140	-	-	-	1,140
8704	NC Rec BallMix/Fencing-SH	4,911	-	4,911	-	-
8705	Taneytown Memorial Prk-SH	11,497	9,965	1,532	-	-
8706	Wmnstr Rec Wrestling Brd-SH	5,000	-	3,680	-	1,320
8707	Windfield Kringold Prk1/3-SH	5,023	-	5,023	-	-
8708	Mayeski Batting Cage-SH	3,970	-	3,970	-	-
8709	Saltbox Prk-Mix/Pav Rpr-SH	2,200	2,135	65	-	-
8741	Roaring Run-Infield SH	13,553	-	7,044	6,135	374
8742	Deer Park Soccer Goals SH	3,608	-	3,608	-	-
8743	Eldersburg Elem-Backbrds SH	13,660	-	13,660	-	-
8744	Christmas Tree Prk Lghting SH	15,000	-	-	-	15,000
8745	Cape Horn Prk-Parking Lot SH	10,489	-	10,489	-	-
8746	Taneytown HS Park Infld Mix SH	5,657	-	5,657	-	-
8747	Ttown Mem Prk-Dugouts SH	11,649	-	6,314	-	5,335
8748	Wmstr Jaycees Prk Infld Mix SH	4,500	-	3,940	-	560
8749	Kate Wagner/Avon Fencing SH	11,720	-	11,720	-	-
8756	Deer Park Scrboard Rplc SH	8,174	-	8,174	-	-
8757	CarrollTwn Elem Playgmd SH	5,709	-	5,709	-	-

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description		Governmental Activities				Unexpended Appropriation
		Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	
8758	KW/FV Elem Field Upgrd SH	\$ 4,656	\$ -	\$ -	\$ -	\$ 4,656
8759	Krimgold Park Storage Shed SH	5,224	-	5,224	-	-
9735	Community Self Help	10,774	-	-	-	10,774
	Total	224,339	52,947	124,373	6,135	40,884
	Total Culture and Recreation	19,630,041	12,541,974	1,160,315	51,923	5,875,829
<u>4081</u>	<u>Library/Senior Centers</u>					
8479	* Taneytown Sr Cntr Add'l Park	548,276	546,518	1,758	-	-
8734	Westminster Library Bsmt	62,300	-	-	-	62,300
9822	Library-Technology Improvements	3,715,900	3,085,829	23,528	-	606,543
	Total	4,326,476	3,632,347	25,286	-	668,843
	Total Library/Senior Centers	4,326,476	3,632,347	25,286	-	668,843
<u>4091</u>	<u>Conservation &amp; Open Space</u>					
9002	Land Bank	22,089,803	15,960,248	202,112	-	5,927,443
9007	Ag Land Preservation	159,156,735	150,835,301	2,467,146	-	5,854,288
9701	Infrastructure/Plan Studies	437,168	341,781	40,403	-	54,984
9702	Traffic Impact Studies/Develop	137,692	130,629	-	-	7,063
9851	Rural Legacy-Easement Purchase	24,212,606	21,923,305	1,014,107	-	1,275,194
	Total	206,034,004	189,191,264	3,723,768	-	13,118,972
<u>4092</u>	<u>Water Resources</u>					
8294	Reservoir Development	20,611,401	8,933,571	-	-	11,677,830
8328	Environmental Compliance	1,429,500	354,609	11,249	10,538	1,053,104
	Total	22,040,901	9,288,180	11,249	10,538	12,730,934
<u>4093</u>	<u>Watershed Improvements</u>					
8523	Elderwood SWM/Oklahoma Ph4	3,179,355	137,612	5,600	-	3,036,143
8524	Manchester Skate Park	839,543	79,219	1,435	-	758,889
8526	* Finksburg Industrial Park	2,477,956	2,471,010	6,946	-	-
8528	Carroll Co Tree Planting #1	139,579	102,143	8,500	3,736	25,200
8529	Carroll Co Tree Planting #2	255,161	201,020	5,920	12,057	36,164
8530	Carroll Co Tree Planting #3	534,462	427,270	41,780	17,456	47,956
8531	Sullivan Rd Comnty Pond Phs 1	2,674,495	2,529,150	1,500	1,500	142,345
8536	7 Langdon Property	2,870,884	371,220	5,303	21,912	2,472,449
8543	Willow Pond/Eden Farms	242,200	115,566	48,545	30,884	47,205
8576	Farm Museum ESD	312,372	277,245	29,385	2,985	2,757
8578	11 Blue Ridge Manor	814,803	32,528	457,515	136,001	188,759
8593	5 Shannon Run/Hawks Ridge	1,255,813	88,280	624,775	-	542,758

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description	Governmental Activities				Unexpended Appropriation
	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	
8594 Watershed Plan Review	\$ 31,000	\$ 24,880	\$ 938	\$ 4,775	\$ 407
8595 Local Watershed Modeling	65,000	61,361	1,095	2,124	420
8605 8 Small Crossings	714,720	181,590	249,491	-	283,639
8606 6 Whispering Valley	812,958	27,715	27,330	-	757,913
8607 13 Merridale Gardens	1,419,028	68,945	28,095	1,196,212	125,776
8608 1 Roberts Mill Regional Pond	2,183,313	36,355	68,711	-	2,078,247
8634 Stormwtr Renova FY17	331,500	126,618	102,184	-	102,698
8635 Central MD Wet Pond	650,000	44,145	284,287	263,210	58,358
8690 Locust Street	234,313	500	17,834	-	215,979
8691 Restoration Research Grant	175,730	94,923	28,183	52,623	1
8692 Northern Landfill Fill Site	84,500	64,921	18,880	-	699
8703 Eldersburg Business Cntr	25,000	-	24,638	-	362
8717 Stormwater Facility Renov	335,000	-	160,722	-	174,278
8736 Shiloh Middle School	199,855	-	48,138	-	151,717
8739 Tree Planting Fall 2017	162,000	-	81,935	11,918	68,147
8750 Feeser Property	40,000	-	-	-	40,000
8753 Prospect Road	40,000	-	32,591	-	7,409
8754 Dulaney Fill Site	120,000	-	16,572	-	103,428
8755 Elmer Wolfe Retrofit	30,000	-	15,558	-	14,442
8760 Hampstead Regional	13,000	-	6,555	-	6,445
8780 Central MD Facility 2	50,000	-	7,310	-	42,690
8781 Natural Filters Fund	200,000	-	-	-	200,000
9920 Watershed Assessment & Improve	10,915,215	-	-	-	10,915,215
Total	<u>34,428,755</u>	<u>7,564,216</u>	<u>2,458,251</u>	<u>1,757,393</u>	<u>22,648,895</u>
Total Conservation of Natural Resources	<u>262,503,660</u>	<u>206,043,660</u>	<u>6,193,268</u>	<u>1,767,931</u>	<u>48,498,801</u>
Total Governmental Activities	<u>\$ 690,176,043</u>	<u>\$ 520,829,005</u>	<u>\$ 32,950,028</u>	<u>\$ 9,384,129</u>	<u>\$ 127,012,881</u>

\* Completed CIP projects put into service during FY18

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

**Schedule 6**

Description	Business-type Activities				
	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
<u>Bureau of Utilities</u>					
6311 Water & Sewer Meters	\$ 4,479,629	\$ 3,830,452	\$ 649,177	\$ -	\$ -
6332 Tank Painting	1,653,032	492,866	57,419	562,055	540,692
6344 HWWTP-Effluent Chillers	2,436,967	621,844	-	-	1,815,123
6358 8-12-16 Mains/Hydraulic Loop	634,221	-	-	49,815	584,406
6359 Hydrant Replacement	1,693,350	1,536,175	97,107	-	60,068
6374 Relief Sewer No. 2	164,000	150,875	9,500	-	3,625
6376 Relief Sewer No. 4	108,500	26,890	76,678	-	4,932
6378 Relief Sewer No. 6	3,162,000	324,815	-	-	2,837,185
6382 Relief Sewer No. 10	2,985,800	77,280	111,988	1,998	2,794,534
6385 Sewer Study Update	968,000	551,257	173,324	10,333	233,086
6390 Sykesville Eleva W/Tank #6 04	62,000	-	-	-	62,000
6403 Sanitary Sewer Manhole Rehab	2,154,200	1,274,602	136,221	-	743,377
6409 FD Looping Monroe (Okla-Benn)	74,800	-	-	-	74,800
6418 North Pump Station Wet Well	2,160,000	334,102	20,616	-	1,805,282
6419 Freedom Waste Water TP-ENR	10,500,000	9,110,185	1,056,129	-	333,686
6421 Sanitary Sewer Main Lining	2,148,898	2,038,659	15,076	-	95,163
6422 Gravity Sewer Main	2,230,400	708,765	987,865	-	533,770
6423 N Carroll Farms Pump Stat Rehb	266,000	248,743	-	-	17,257
6425 Water Main Loops FY12	897,872	-	-	-	897,872
6426 W. Hampstead Sewer Upgrade	477,149	352,456	29,421	-	95,272
6428 Water Main Blow-Off Replcmts	968,700	502,676	294,933	-	171,091
6429 Water Service Line Replacement	1,217,300	901,577	199,564	-	116,159
6430 Hampstead ENR Upgrade	22,180,110	1,385,236	287,226	24,641	20,483,007
6431 Sykesville Sewer Upgrade	550,000	-	-	-	550,000
6432 Asset Management System	200,000	130,018	27,262	-	42,720
6433 Bark Hill WTP-Improvements	194,000	93,566	-	-	100,434
6434 Freedom WTP-Membrance Fltr	939,250	706,289	-	-	232,961
6435 Freedom WTP-Sludge Press	285,000	-	-	-	285,000
6436 Piney Run Pump Station Imprv	365,000	12,500	33,382	231,076	88,042
6437 Stone Manor Pump Station Rehab	302,500	-	9,100	114,451	178,949
6441 Waters Edge Pump Station Rehab	260,000	-	-	-	260,000
6442 Roberts Fld Pump Station Rehab	198,000	33,748	87,145	-	77,107
6443 Standby Generator Replacement	256,550	83,218	61,500	-	111,832
6444 Freedom Sewer Rehab	572,885	-	64,536	99,868	408,481
6445 Freedom Wells/Connections	217,000	-	-	-	217,000
6446 Hampstead Sewer Rehab	572,885	-	18,473	-	554,412
6447 Hampstead WWTP Effluent Ln	1,968,000	-	138,561	27,178	1,802,261
6448 Sewer Pipe Repair/Replac	572,885	-	82,367	-	490,518
6449 Specifications & Design Update	82,500	-	4,093	38,487	39,920
6450 McBeth Looping	111,641	100,339	11,302	-	-
Total	71,271,024	25,629,133	4,739,965	1,159,902	39,742,024

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Appropriations, Expenditures and Encumbrances - Budgetary Basis (Non-GAAP)**  
**Capital Projects Funds**  
**For the Year Ended June 30, 2018**

Schedule 6

Description	Business-type Activities					Unexpended Appropriation
	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered		
<u>Solid Waste</u>						
6520	Hoods Mill Remediation	\$ 1,173,035	\$ 944,429	\$ -	\$ 4,978	\$ 223,628
6521	Northern Landfill Remediation	1,014,000	916,449	-	-	97,551
6528	John Owings LF Remediation	800,000	617,675	-	3,858	178,467
6534	Nrthn Landfill-Cap Cells 1&2	3,948,000	605,360	3,243,887	89,294	9,459
6536	Northern LF-Leachate Ponds	460,000	46,376	290,571	15,053	108,000
6537	Bark Hill Remediation/Maint	13,506	-	-	-	13,506
6538	Hodges Remediation/Maint	519,703	450,890	68,813	-	-
	Total	<u>7,928,244</u>	<u>3,581,179</u>	<u>3,603,271</u>	<u>113,183</u>	<u>630,611</u>
<u>Fiber Network</u>						
6602	Fiber Equipment Replacement	1,100,000	1,087,096	(40,669)	-	53,573
6603	CCFN Expansion	600,000	-	27,670	-	572,330
6604	CC Broadband Grant Program	400,000	-	-	-	400,000
	Total	<u>2,100,000</u>	<u>1,087,096</u>	<u>(12,999)</u>	<u>-</u>	<u>1,025,903</u>
<u>Septage</u>						
6704	Westminster Sept Screen/Grit	5,500,000	416,432	9,649	-	5,073,919
	Total	<u>5,500,000</u>	<u>416,432</u>	<u>9,649</u>	<u>-</u>	<u>5,073,919</u>
<u>Airport</u>						
6818	Grounds & Facility Impr (9541)	385,180	342,656	19,378	-	23,146
6821	Airport Runway Extension	87,655,934	-	-	-	87,655,934
6822	AP Master Plan Study Phase 1	333,332	302,400	-	-	30,932
6824	Master Plan Updated AIP30	-	49,853	-	-	(49,853)
6825	Land Services AIP31	-	161,448	132,535	-	(293,983)
	Total	<u>88,374,446</u>	<u>856,357</u>	<u>151,913</u>	<u>-</u>	<u>87,366,176</u>
	Total Business-type Activities	<u>\$ 175,173,714</u>	<u>\$ 31,570,197</u>	<u>\$ 8,491,799</u>	<u>\$ 1,273,085</u>	<u>\$ 133,838,633</u>

\* Completed CIP projects put into service during FY18

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Long-Term Indebtedness**  
**Schedule by Source**  
**June 30, 2018**

**Schedule 7**

<u>Governmental Activities</u>	<u>Amount Outstanding July 1, 2017</u>	<u>New Debt Activity</u>	<u>Principal Payments For Year 2018</u>	<u>Amount Outstanding June 30, 2018</u>	<u>Interest Payments For Year 2018</u>
<b>General Obligation Bonds</b>					
Volunteer Fire Dept. Project-2003	\$ 345,000	\$ -	\$ 170,000	\$ 175,000	\$ 9,925
Volunteer Fire Dept. Project-2004	517,624	-	165,609	352,015	17,958
Volunteer Fire Dept. Project-2005	760,000	-	190,000	570,000	27,075
General Obligation Bonds-2007	1,433,920	-	1,433,920	-	35,848
General Obligation Refunding Bonds-Nov 2007	2,640,000	-	620,000	2,020,000	96,300
General Obligation Bonds-Nov 2008	8,145,755	-	3,973,427	4,172,328	307,952
General Obligation Bonds-Nov 2009 Series A	7,996,303	-	2,552,424	5,443,879	268,804
General Obligation Bonds-Nov 2009 Series B	33,577,761	-	-	33,577,761	1,734,776
General Obligation Refunding Bonds- Oct 2010 Series A	1,001,998	-	1,001,998	-	10,020
General Obligation Refunding Bonds- Oct 2010 Series B	275,000	-	275,000	-	2,750
General Obligation Bonds-Oct 2010 Series D	15,817,099	-	1,007,903	14,809,196	622,586
General Obligation Refunding Bonds-Nov 2011	5,460,262	-	2,002,698	3,457,564	188,370
General Obligation Bonds-2011	15,120,000	-	780,000	14,340,000	544,149
General Obligation Refunding Bonds-2012	14,446,066	-	3,045,007	11,401,059	563,910
General Obligation Bonds-2012	17,160,000	-	1,075,000	16,085,000	559,238
General Obligation Bonds-2013	21,985,000	-	1,340,000	20,645,000	944,275
General Obligation Refunding Bonds- Taxable Pension 2013	2,670,000	-	917,000	1,753,000	49,538
General Obligation Refunding Bonds-2014	46,721,140	-	1,851,019	44,870,121	1,992,506
General Obligation Bonds- 2014	13,500,000	-	750,000	12,750,000	506,250
General Obligation Refunding Bonds-2015	6,015,081	-	-	6,015,081	240,603
General Obligation Bonds- 2015	26,555,000	-	1,445,000	25,110,000	971,181
General Obligation Refunding Bonds-2016	6,138,285	-	2,219,570	3,918,715	253,385
General Obligation Bonds- 2016	14,000,000	-	621,580	13,378,420	514,500
<b>Total General Obligation Bonds</b>	<b>262,281,294</b>	<b>-</b>	<b>27,437,155</b>	<b>234,844,139</b>	<b>10,461,899</b>
<b>Farmers Home Administration</b>					
Federal Loan - 1972	158,848	-	27,265	131,583	5,563
Federal Loan - 1974	79,663	-	9,217	70,446	2,907
Federal Loan - 1979	321,133	-	18,007	303,126	11,718
<b>Total Farmers Home Administration</b>	<b>559,644</b>	<b>-</b>	<b>54,489</b>	<b>505,155</b>	<b>20,188</b>
<b>General Obligation Debt</b>					
Installment Purchase Agreements FY 2002	396,000	-	-	396,000	21,937
Installment Purchase Agreements FY 2003	530,930	-	-	530,930	27,354
Installment Purchase Agreements FY 2004	100,000	-	-	100,000	4,937
Installment Purchase Agreements FY 2005	2,179,934	-	-	2,179,934	106,200
Installment Purchase Agreements FY 2006	1,346,000	-	-	1,346,000	62,012
Installment Purchase Agreements FY 2007	2,584,000	-	-	2,584,000	136,980
Installment Purchase Agreements FY 2009	2,215,126	-	-	2,215,126	132,908
Installment Purchase Agreements FY 2010	4,662,430	-	-	4,662,430	243,702
Installment Purchase Agreements FY 2011	13,115,500	-	-	13,115,500	786,930
Installment Purchase Agreements FY 2013	445,320	-	-	445,320	23,379
Installment Purchase Agreements FY 2014	3,475,344	-	-	3,475,344	182,456
Installment Purchase Agreements FY 2016	473,924	-	-	473,924	24,881
Installment Purchase Agreements FY 2017	1,303,000	-	-	1,303,000	65,150
<b>Total General Obligation Debt</b>	<b>32,827,508</b>	<b>-</b>	<b>-</b>	<b>32,827,508</b>	<b>1,818,826</b>
<b>Purchase Agreements</b>					
Johnson Controls/SunTrust	909,188	-	228,704	680,484	34,597
Johnson Controls/AAIG	4,425,521	-	67,832	4,357,689	103,428
<b>Total Purchase Agreements</b>	<b>5,334,709</b>	<b>-</b>	<b>296,536</b>	<b>5,038,173</b>	<b>138,025</b>
<b>Total Governmental Activities</b>	<b>\$ 301,003,155</b>	<b>\$ -</b>	<b>\$ 27,788,180</b>	<b>\$ 273,214,975</b>	<b>\$ 12,438,938</b>



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Long-Term Indebtedness**  
**Schedule by Source**  
**June 30, 2018**

**Schedule 7**

<u>Business-type Activities</u>	<u>Amount Outstanding July 1, 2017</u>	<u>New Debt Activity</u>	<u>Principal Payments For Year 2018</u>	<u>Amount Outstanding June 30, 2018</u>	<u>Interest Payments For Year 2018</u>
<b>General Obligation Bonds</b>					
<b>Bureau of Utilities</b>					
General Obligation Bonds- 2007	\$ 625,867	\$ -	\$ 625,867	\$ -	\$ 15,648
General Obligation Bonds- 2008	818,858	-	399,435	419,423	30,957
General Obligation Bonds- 2009 Series A	255,450	-	81,539	173,911	8,588
General Obligation Bonds- 2009 Series B	1,072,240	-	-	1,072,240	55,397
General Obligation Bonds- 2010 Series A	512	-	512	-	5
General Obligation Bonds- 2010 Series D	11,062	-	705	10,357	435
General Obligation Refunding Bonds-Nov 2011	228,821	-	100,225	128,596	7,649
General Obligation Refunding Bonds-Nov 2012	181,169	-	36,179	144,990	7,155
General Obligation Refunding Bonds-Nov 2014	5,050,753	-	124,963	4,925,790	204,704
General Obligation Refunding Bonds-Nov 2015	2,978,548	-	-	2,978,548	119,143
General Obligation Refunding Bonds-Nov 2016	56,307	-	19,641	36,666	2,324
<b>Solid Waste Fund</b>					
General Obligation Bonds- 2007	40,213	-	40,213	-	1,005
General Obligation Bonds- 2008	45,387	-	22,139	23,248	1,716
General Obligation Bonds- 2009 Series A	3,248	-	1,037	2,211	109
General Obligation Refunding Bonds-Nov 2011	475,146	-	158,219	316,927	16,632
General Obligation Refunding Bonds-Nov 2014	223,610	-	57,928	165,682	12,318
General Obligation Refunding Bonds-Nov 2015	191,370	-	-	191,370	7,655
General Obligation Refunding Bonds-Nov 2016	91,589	-	31,948	59,641	3,781
<b>Airport Fund</b>					
General Obligation Bonds - 2001	550,000	-	110,000	440,000	23,017
General Obligation Refunding Bonds- 2010 Series A	7,492	-	7,492	-	75
General Obligation Refunding Bonds- 2010 Series D	21,838	-	1,391	20,447	860
General Obligation Refunding Bonds-Nov 2011	145,770	-	58,856	86,914	4,948
General Obligation Refunding Bonds-Nov 2012	15,374	-	3,843	11,531	577
General Obligation Refunding Bonds-Nov 2014	34,497	-	16,091	18,406	1,323
General Obligation Refunding Bonds-Nov 2016	63,819	-	22,261	41,558	2,634
<b>Septage Fund</b>					
General Obligation Refunding Bonds- Nov 2012	62,391	-	9,971	52,420	2,559
<b>Total General Obligation Bonds</b>	<u>13,251,331</u>	<u>-</u>	<u>1,930,455</u>	<u>11,320,876</u>	<u>531,214</u>
<b>Notes Payable- Bureau of Utilities</b>					
Water Quality Loan - Maryland Department of the Environment - 2000	128,607	-	30,925	97,682	5,056
<b>Total Notes Payable</b>	<u>128,607</u>	<u>-</u>	<u>30,925</u>	<u>97,682</u>	<u>5,056</u>
<b>Total Business-type Activities</b>	<u>\$ 13,379,938</u>	<u>\$ -</u>	<u>\$ 1,961,380</u>	<u>\$ 11,418,558</u>	<u>\$ 536,270</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Schedule of Investments for**  
**Governmental Activities, Business Type Activities, and Trust Funds**  
**June 30, 2018**

Schedule 8

	Length (in Days)	Maturity Date	Rate (%)	Market Value	Totals
<b>GOVERNMENTAL ACTIVITIES and BUSINESS TYPE ACTIVITIES</b>					
Federal Farm Credit Bank	720	12-Feb-20	2.21	\$4,970,700	
Federal Home Loan Bank	720	23-Aug-18	1.13	4,993,750	
Federal Home Loan Mortgage Corporation	720	28-Aug-18	1.03	4,992,700	
Federal Home Loan Mortgage Corporation	720	13-Sep-18	1.10	4,990,650	
Federal Home Loan Mortgage Corporation	720	26-Oct-18	1.05	29,898,600	
Treasury Bonds	20 yrs	15-Nov-21	5.66	199,133	
Treasury Bonds	20 yrs	15-Aug-22	5.69	133,136	
Treasury Bonds	20 yrs	15-Aug-22	5.44	199,998	
Treasury Bonds	20 yrs	15-Nov-22	5.05	239,126	
Treasury Bonds	20 yrs	15-Aug-23	5.05	92,186	
Treasury Bonds	20 yrs	15-Nov-24	4.86	1,309,885	
Treasury Bonds	20 yrs	15-Nov-24	4.73	494,467	
Treasury Bonds	20 yrs	15-Aug-25	4.75	1,138,351	
Treasury Bonds	20 yrs	15-Nov-26	4.93	1,645,129	
Treasury Bonds	20 yrs	15-Feb-27	4.72	1,031,968	
Treasury Bonds	20 yrs	15-Aug-29	4.36	2,204,137	
Treasury Strips	20 yrs	15-Nov-21	5.83	69,447	
Treasury Strips	20 yrs	15-Aug-22	5.92	31,262	
Treasury Strips	20 yrs	15-Aug-22	5.78	56,457	
Treasury Strips	20 yrs	15-Nov-22	5.39	89,512	
Treasury Strips	20 yrs	15-Aug-23	5.42	18,201	
Treasury Strips	20 yrs	15-Nov-24	5.12	453,713	
Treasury Strips	20 yrs	15-Nov-24	4.99	183,738	
Treasury Strips	20 yrs	15-Nov-25	4.76	166,149	
Treasury Strips	20 yrs	15-Nov-25	4.60	193,184	
Treasury Strips	20 yrs	15-Nov-26	4.95	231,100	
Treasury Strips	20 yrs	15-Feb-27	4.73	155,644	
Treasury Strips	8 yrs	15-May-24	4.39	725,486	
Treasury Strips	20 yrs	15-May-29	4.42	78,391	
Treasury Strips	20 yrs	15-Feb-30	4.76	835,109	
Treasury Strips	20 yrs	15-Feb-30	4.61	278,370	
Treasury Strips	20 yrs	15-Aug-29	4.55	550,632	
Treasury Strips	20 yrs	15-Nov-29	4.76	457,604	
Treasury Strips	20 yrs	15-May-30	4.11	1,337,714	
Treasury Strips	20 yrs	15-Aug-30	3.90	1,537,591	
Treasury Strips	20 yrs	15-Nov-30	4.44	1,865,379	
Treasury Strips	20 yrs	15-May-31	4.46	1,902,848	
Treasury Strips	20 yrs	15-May-31	4.33	2,403,148	
Treasury Strips	20 yrs	15-Nov-32	2.91	289,584	
Treasury Strips	20 yrs	15-Nov-33	3.88	1,957,836	
Treasury Strips	20 yrs	15-Feb-34	3.69	234,389	
Treasury Strips	20 yrs	15-Nov-35	2.90	281,327	
Treasury Strips	20 yrs	15-Aug-36	2.44	757,760	
State and Local Government Series	15 yrs	15-May-24	---	51,000	
Maryland Local Government Investment Pool	---	---	1.90	60,000,000	
Branch Banking & Trust-Money Rate Savings	---	---	0.50	5,002,055	\$ 140,728,546
<b>TRUST FUNDS</b>					
<u>Pension</u> - Wilmington Trust Employee Pension Account				86,842,638	
<u>Other postemployment benefits (OPEB)</u>					
Maryland Local Government Investment Pool-OPEB				4,172,601	
Wilmington Trust Master OPEB Investment Trust				89,698,739	
<u>LOSAP</u> - Wilmington Trust LOSAP account				8,502,350	
<u>Law Officer's Pension</u> - Wilmington Trust Law Officer's Pension Account				14,390,923	203,607,251
<b>TOTAL</b>				<u>\$ 344,335,797</u>	

# Statistical Section



CARROLL COUNTY  
PUBLIC LIBRARY

*Infinite Possibilities*



Lynn Wheeler, Executive Director Carroll County Public Library is retiring this year after 14 years of service. During her time as Executive Director, Lynn oversaw a number of significant changes to the local library system, including the construction and opening of the Finksburg branch, renovations of the other five branches including the installation of the Mary Lou Dewey sculpture park at the Westminster branch, expanding hours including Sunday hours at all branches, expanding both physical and digital collections of materials and adding opportunities for the community to connect with innovative technologies at the libraries, from 3-D printers to virtual reality. Thank you for all of your hard work Lynn!



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Statistical Section**  
**June 30, 2018**

**STATISTICAL SECTION INDEX**

This part of Carroll County’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the County’s overall financial health.

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<b>Financial Trends</b>	
These tables contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time. ....	189 - 197
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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**Table 1**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental Activities</b>										
Net Investment in										
Capital Assets	\$ 233,149,740	\$ 219,328,550	\$ 204,983,963	\$ 218,185,521	\$ 204,437,083	\$ 211,465,620	\$ 215,928,941	\$ 224,468,499	\$ 249,331,687	\$ 269,641,878
Restricted	1,656,014	7,570,022	8,145,020	1,765,563	7,792,322	8,354,576	6,438,836	6,438,332	7,402,357	8,561,570
Unrestricted	<u>(121,872,358)</u>	<u>(37,546,612)</u>	<u>(36,637,182)</u>	<u>(54,174,614)</u>	<u>(44,518,647)</u>	<u>(50,148,292)</u>	<u>(45,963,471)</u>	<u>(51,077,932)</u>	<u>(45,926,141)</u>	<u>(7,378,808)</u>
<b>Total Governmental</b>										
<b>Activities Net Position</b>	<u>112,933,396</u>	<u>189,351,960</u>	<u>176,491,801</u>	<u>165,776,470</u>	<u>167,710,758</u>	<u>169,671,904</u>	<u>176,404,306</u>	<u>179,828,899</u>	<u>210,807,903</u>	<u>270,824,640</u>
<b>Business-Type Activities</b>										
Net Investment in										
Capital Assets	121,243,644	120,456,503	116,560,509	111,957,714	102,696,222	103,109,748	102,205,828	104,568,783	93,558,513	95,654,846
Restricted	18,003,426	22,964,201	20,607,431	25,663,794	22,938,152	17,019,197	12,503,774	370,116	1,308,820	9,435,295
Unrestricted	<u>(10,052,181)</u>	<u>(16,635,238)</u>	<u>(11,089,051)</u>	<u>(12,222,927)</u>	<u>1,599,083</u>	<u>(4,118,863)</u>	<u>(3,535,427)</u>	<u>5,063,524</u>	<u>4,257,842</u>	<u>(5,246,129)</u>
<b>Total Business-Type</b>										
<b>Activities Net Position</b>	<u>129,194,889</u>	<u>126,785,466</u>	<u>126,078,889</u>	<u>125,398,581</u>	<u>127,233,457</u>	<u>116,010,882</u>	<u>111,174,175</u>	<u>110,002,423</u>	<u>99,125,175</u>	<u>99,844,012</u>
<b>Primary government</b>										
Net Investment in										
Capital Assets	354,393,384	339,785,053	321,544,472	330,143,235	307,133,305	314,575,368	318,134,769	329,037,282	342,890,200	365,296,724
Restricted	19,659,440	30,534,223	28,752,451	27,429,357	30,730,474	25,373,773	18,942,610	6,808,448	8,711,177	17,996,865
Unrestricted	<u>(131,924,539)</u>	<u>(54,181,850)</u>	<u>(47,726,233)</u>	<u>(66,397,541)</u>	<u>(42,919,564)</u>	<u>(54,267,155)</u>	<u>(49,498,898)</u>	<u>(46,014,408)</u>	<u>(41,668,299)</u>	<u>(12,624,937)</u>
<b>Total Primary Government</b>										
<b>Net Position</b>	<u>\$ 242,128,285</u>	<u>\$ 316,137,426</u>	<u>\$ 302,570,690</u>	<u>\$ 291,175,051</u>	<u>\$ 294,944,215</u>	<u>\$ 285,681,986</u>	<u>\$ 287,578,481</u>	<u>\$ 289,831,322</u>	<u>\$ 309,933,078</u>	<u>\$ 370,668,652</u>

Fiscal years 2009 - 2012 were reclassified per GASB standards.

Fiscal year 2012 was restated to reflect unearned revenue.

Fiscal year 2014 was restated to reflect a correction to net Investment in Capital Assets.

Fiscal year 2014 and prior have not been restated for GASB 68 and 71.

Fiscal year 2015 was restated to reflect a correction to unrestricted net position.

Fiscal year 2017 and prior have not been restated for GASB 75

Fiscal year 2018 reflects GASB 75

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**Table 2**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General government	\$ 49,091,984	\$ 42,244,881	\$ 41,378,683	\$ 49,409,874	\$ 57,641,753	\$ 74,177,030	\$ 75,568,819	\$ 89,394,541	\$ 79,073,880	\$ 74,296,486
Public safety	53,943,920	51,691,641	45,677,379	43,979,786	42,220,945	36,029,829	37,356,463	37,244,642	37,798,060	38,658,117
Public works	37,119,065	33,927,901	31,583,099	38,511,223	35,383,930	29,857,345	28,764,355	29,582,890	33,974,607	30,238,005
Health	4,777,495	4,654,075	4,400,381	4,280,644	4,504,233	4,546,895	4,666,495	4,939,762	4,963,980	4,868,271
Human services	15,042,717	14,679,925	14,032,995	6,875,694	1,234,170	1,208,120	1,204,489	1,249,949	1,418,139	1,346,366
Education	209,899,157	201,927,058	196,452,853	191,534,142	192,529,402	192,972,220	186,244,744	185,038,583	209,838,466	219,824,282
Culture and recreation	5,861,997	6,298,819	4,992,787	4,637,178	2,617,282	3,208,030	3,418,694	3,257,483	4,143,870	2,606,230
Libraries	14,351,288	14,808,509	14,452,299	14,145,909	13,909,531	13,150,071	11,540,245	11,277,792	9,971,261	7,740,076
Conservation of natural resources	9,048,557	10,167,939	12,140,369	8,936,174	11,395,342	5,116,229	4,701,163	20,163,969	14,288,096	29,125,383
Economic development	4,674,029	3,851,580	4,234,039	4,822,656	6,723,025	4,572,817	2,239,352	5,370,598	6,018,687	5,988,296
Judicial	8,570,786	8,455,090	8,670,838	7,283,903	6,222,691	-	-	-	-	-
Interest on long-term debt	10,578,974	10,996,087	12,894,133	11,851,872	12,506,841	12,347,384	13,401,465	12,522,525	12,553,680	10,282,801
Total Governmental Activities Expenses	422,959,969	403,703,505	390,909,855	386,269,055	386,889,145	377,185,970	369,106,284	400,042,734	414,042,726	424,974,313
Business-Type Activities:										
Bureau of Utilities	11,076,640	11,588,148	11,600,209	11,046,657	11,328,410	10,801,048	11,090,468	11,890,461	10,489,645	8,169,257
Solid Waste	10,461,256	8,784,687	9,996,571	9,550,820	6,319,530	12,108,283	8,727,891	8,830,209	8,961,015	7,487,843
Airport	778,732	861,147	823,047	733,816	800,811	689,380	1,769,112	618,045	829,611	777,692
Septage	669,343	594,277	629,136	604,130	536,068	489,064	532,369	475,718	474,195	388,398
Firearms	118,906	128,986	113,399	106,373	100,324	97,706	92,935	79,627	76,281	77,475
Fiber Network	1,274,314	1,321,618	1,116,618	1,230,506	673,718	733,785	540,436	215,017	-	-
Total Business-Type Activities Expenses	24,379,191	23,278,863	24,278,980	23,272,302	19,758,861	24,919,266	22,753,211	22,109,077	20,830,747	16,900,665
Total Primary Government Expenses	\$ 447,339,160	\$ 426,982,368	\$ 415,188,835	\$ 409,541,357	\$ 406,648,006	\$ 402,105,236	\$ 391,859,495	\$ 422,151,811	\$ 434,873,473	\$ 441,874,978

(Continued)



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**Table 2**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	11,619,455	11,742,589	11,743,274	17,670,046	14,450,607	14,820,757	7,466,568	8,361,578	7,579,919	7,483,309
Public safety	2,046,103	1,918,271	2,665,141	1,950,898	1,836,510	1,891,508	2,048,892	2,305,294	2,544,149	2,938,203
Public works	2,046,814	1,306,602	3,491,642	216,246	1,781,862	1,559,051	1,588,668	1,560,090	1,530,974	1,520,812
Health	7,037	3,284	5,391	6,684	55,405	58,946	124,065	44,320	12,190	15,541
Human Services	95,469	84,722	79,675	86,275	6,600	6,600	6,600	6,600	284,014	367,238
Education	-	-	-	-	257,816	480,685	487,464	457,698	393,951	425,150
Culture and recreation	2,024,348	2,072,530	1,867,103	1,621,589	832,906	928,603	1,008,187	875,200	860,865	772,204
Conservation of natural resources	167,989	128,111	86,209	41,587	-	-	-	-	-	-
Economic development	-	-	-	-	525,158	-	-	-	-	-
Operating Grants and Contributions	15,996,293	21,016,535	14,740,101	16,502,681	16,136,623	16,116,178	16,372,579	17,944,093	16,201,809	14,075,463
Capital Grants and Contributions	6,362,421	6,005,593	5,339,545	7,396,017	8,372,841	3,282,495	6,177,426	10,461,443	17,297,018	3,212,403
Total Governmental Activities										
Program Revenues	40,365,929	44,278,237	40,018,081	45,492,023	44,256,328	39,144,823	35,280,449	42,016,316	46,704,889	30,810,323
Program Revenues										
Business-Type Activities:										
Charges for Services:										
Bureau of Utilities	\$ 10,797,227	\$ 10,578,433	\$ 10,233,000	\$ 8,906,129	\$ 8,490,173	\$ 8,630,730	\$ 7,843,041	\$ 7,519,559	\$ 7,668,003	\$ 7,344,470
Solid Waste	7,017,892	7,056,454	6,637,638	6,801,739	7,243,944	7,307,108	5,907,344	6,534,243	6,626,896	6,609,679
Airport	825,813	792,059	727,987	649,572	650,660	675,683	518,581	671,258	2,222,010	1,840,449
Septage	1,176,001	913,330	946,123	710,536	682,663	608,688	603,550	449,263	387,636	536,845
Firearms	141,344	157,720	153,687	148,106	145,699	126,696	111,984	104,713	55,120	59,400
Fiber Network	233,054	212,142	37,558	7,619,387	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	1,064,797
Capital Grants and Contributions	2,707,232	1,972,009	1,970,091	2,933,307	2,012,594	2,073,793	1,908,142	1,963,862	2,520,888	2,079,422
Total Business-Type Activities										
Program Revenues	22,898,563	21,682,147	20,706,084	27,768,776	19,225,733	19,422,698	16,892,642	17,242,898	19,480,553	19,535,062
Total Primary Government										
Program Revenues	63,264,492	65,960,384	60,724,165	73,260,799	63,482,061	58,567,521	52,173,091	59,259,214	66,185,442	50,345,385
Net (Expense)/Revenue										
Governmental Activities	(382,594,040)	(359,425,268)	(350,891,774)	(340,777,032)	(342,632,817)	(338,041,147)	(333,825,835)	(358,026,418)	(367,337,837)	(394,163,990)
Business-Type Activities	(1,480,628)	(1,596,716)	(3,572,896)	4,496,474	(533,128)	(5,496,568)	(5,860,569)	(4,866,179)	(1,350,194)	2,634,397
Total Primary Government Net Expense	(384,074,668)	(361,021,984)	(354,464,670)	(336,280,558)	(343,165,945)	(343,537,715)	(339,686,404)	(362,892,597)	(368,688,031)	(391,529,593)

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

**Table 2**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	\$ 207,878,588	\$ 201,438,220	\$ 195,465,262	\$ 197,220,873	\$ 203,601,066	\$ 208,296,512	\$ 201,573,213	\$ 189,079,529	\$ 174,354,873	\$ 158,112,936
Income tax	164,543,703	149,896,467	144,994,220	131,714,052	118,168,038	121,921,970	95,516,527	99,973,903	120,230,118	106,921,331
Recordation	13,923,538	14,241,331	11,888,637	10,576,850	8,520,674	7,612,907	9,154,578	9,220,249	14,948,705	18,902,094
Admission and amusement tax	355,088	351,742	353,937	262,098	296,890	379,990	246,184	335,125	386,186	405,295
Agricultural transfer tax	221,063	179,416	59,558	365,510	159,227	24,977	24,199	181,458	439,268	390,420
Hotel tax	332,518	324,144	284,101	309,992	298,498	284,602	287,850	287,495	311,049	321,676
State shared, unrestricted	-	-	-	948,717	620,224	724,807	1,172,339	10,300,922	11,744,961	12,729,241
Gain (loss) on sale of capital asset	2,507,859	-	-	-	-	-	-	-	-	-
Investment earnings and miscellaneous, unrestricted	720,169	(968,894)	2,068,767	1,721,180	3,048,631	782,346	2,107,298	4,563,217	8,753,090	8,622,196
Transfer of asset from component unit	-	9,442,491	-	-	-	-	-	-	-	-
Transfers	(3,627,110)	(2,619,490)	(325,053)	(2,447,601)	(4,312,006)	(12,980,697)	(2,761,088)	(2,791,980)	(3,314,850)	(8,497,061)
<b>Total Governmental Activities</b>	<b>386,855,416</b>	<b>372,285,427</b>	<b>354,789,429</b>	<b>340,671,671</b>	<b>330,401,242</b>	<b>327,047,414</b>	<b>307,321,100</b>	<b>311,149,918</b>	<b>327,853,400</b>	<b>297,908,128</b>
Business-Type Activities:										
Investment earnings and miscellaneous, unrestricted	(8,787)	(363,434)	404,594	756,859	383,547	582,930	422,785	751,926	2,279,730	2,174,966
Gain on sale of capital asset	271,728	47,237	1,695	9,000	3,677	-	35,395	-	93,425	-
Transfers	3,627,110	2,619,490	325,053	2,447,601	4,312,006	12,980,697	2,761,088	2,791,980	3,314,850	8,497,061
<b>Total Business-Type Activities</b>	<b>3,890,051</b>	<b>2,303,293</b>	<b>731,342</b>	<b>3,213,460</b>	<b>4,699,230</b>	<b>13,563,627</b>	<b>3,219,268</b>	<b>3,543,906</b>	<b>5,688,005</b>	<b>10,672,027</b>
<b>Total Primary Government</b>	<b>390,745,467</b>	<b>374,588,720</b>	<b>355,520,771</b>	<b>343,885,131</b>	<b>335,100,472</b>	<b>340,611,041</b>	<b>310,540,368</b>	<b>314,693,824</b>	<b>333,541,405</b>	<b>308,580,155</b>
Governmental Activities	4,261,376	12,860,159	3,897,655	(105,361)	(12,231,575)	(10,993,733)	(26,504,735)	(46,876,500)	(39,484,437)	(96,255,862)
Business-Type Activities	2,409,423	706,577	(2,841,554)	7,709,934	4,166,102	8,067,059	(2,641,301)	(1,322,273)	4,337,811	13,306,424
<b>Total Primary Government</b>	<b>\$ 6,670,799</b>	<b>\$ 13,566,736</b>	<b>\$ 1,056,101</b>	<b>\$ 7,604,573</b>	<b>\$ (8,065,473)</b>	<b>\$ (2,926,674)</b>	<b>\$ (29,146,036)</b>	<b>\$ (48,198,773)</b>	<b>\$ (35,146,626)</b>	<b>\$ (82,949,438)</b>

Note:

Fiscal year 2011 and 2012 was restated to reflect GASB standards. Fiscal year 2014 was restated to reflect a correction to Net Investments in Capital Assets. Fiscal year 2015 reflects the reclassification of activities by functions and was restated to reflect a correction to net position. Fiscal year 2017 and prior have not been restated for GASB 75. Fiscal Year 2018 reflects GASB 75.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

**Table 3**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund (1)										
Nonspendable	\$ 23,910,613	\$ 27,548,663	\$ 26,668,918	\$ 29,004,124	\$ 29,209,160	\$ 29,140,848	\$ 27,853,715	\$ 30,274,746		
Restricted	27,610,117	29,656,499	30,926,309	27,423,603	26,052,436	23,584,205	25,272,233	18,998,982		
Committed	20,562,903	21,402,103	20,820,350	20,398,120	19,825,000	19,765,000	19,777,263	20,165,000		
Assigned	29,273,812	20,383,343	22,580,717	18,458,967	22,035,700	16,264,913	20,946,437	9,782,490		
Unassigned	3,955,334	14,529,685	10,840,140	7,628,502	6,922,173	16,132,542	14,827,375	16,809,377		
Total General Fund	<u>105,312,779</u>	<u>113,520,293</u>	<u>111,836,434</u>	<u>102,913,316</u>	<u>104,044,469</u>	<u>104,887,508</u>	<u>108,677,023</u>	<u>96,030,595</u>		
Capital Projects Fund										
Restricted	-	5,708,337	7,518,934	292,775	-	-	-	-		
Assigned	10,755,574	17,903,635	24,235,426	29,083,530	36,834,193	40,629,996	37,134,531	33,780,969		
Total Capital Projects Fund	<u>10,755,574</u>	<u>23,611,972</u>	<u>31,754,360</u>	<u>29,376,305</u>	<u>36,834,193</u>	<u>40,629,996</u>	<u>37,134,531</u>	<u>33,780,969</u>		
Non-Major Governmental Funds: (1)										
Special Revenues Fund										
Nonspendable	471,337	436,096								
Restricted	1,656,014	1,737,516	626,086	1,472,788	1,543,563	1,159,415	2,227,030	4,361,704		
Committed	237,213	109,396	672,372	2,203,593	1,606,331	1,275,957	911,792	603,723		
Assigned	1,036,685	1,222,426	1,608,421	821,612	-	-	-	-		
Unassigned	-	-	-	-	-	-	-	(21,576)		
Total Non-Major Governmental Funds	<u>3,401,249</u>	<u>3,505,434</u>	<u>2,906,879</u>	<u>4,497,993</u>	<u>3,149,894</u>	<u>2,435,372</u>	<u>3,138,822</u>	<u>4,943,851</u>		
Total Governmental Funds- as restated	<u>\$ 119,469,602</u>	<u>\$ 140,637,699</u>	<u>\$ 146,497,673</u>	<u>\$ 136,787,614</u>	<u>\$ 144,028,556</u>	<u>\$ 147,952,876</u>	<u>\$ 148,950,376</u>	<u>\$ 134,755,415</u>		
Unassigned General Fund Balance as a Percentage of General Fund Expenditures	1.0%	3.8%	2.9%	2.5%	2.4%	5.2%	4.8%	5.5%		
General Fund										
Reserved									\$ 39,429,507	\$ 34,538,703
Unreserved and designated									27,868,281	34,623,762
Unreserved, undesignated									7,993,646	8,103,281
Total General Fund									<u>75,291,434</u>	<u>77,265,746</u>
Capital Projects Fund										
Reserved for Encumbrances									14,173,039	19,967,975
Unreserved and designated									29,143,318	25,951,067
Total Capital Projects Fund									<u>43,316,357</u>	<u>45,919,042</u>
Non-Major Governmental Funds:										
Special Revenues Fund										
Unreserved, undesignated									4,940,003	3,338,527
Total Other Governmental Funds									<u>4,940,003</u>	<u>3,338,527</u>
Total Governmental Funds									<u>\$ 123,547,794</u>	<u>\$ 126,523,315</u>

Note:

(1) FY 2011 GASB 54 was implemented.

FY 2014 there was a change in law of how unassigned fund balanced must be used. Part of what would have gone to unassigned is now assigned for future fiscal years.

FY 2015 was restated to reflect corrections in fund balances.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Local Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

**Table 4**

Fiscal Year	Property Taxes	Income Tax	Recordation Tax	Amusement Tax	911 Service Fees-Tax	Other Tax	Total
2009	\$ 189,079,529	\$ 112,763,102	\$ 9,220,249	\$ 335,125	\$ 1,196,731	\$ 1,797,810	\$ 314,392,546
2010	201,526,399	108,140,073	9,154,578	246,184	1,163,737	1,478,009	321,708,980
2011	208,296,512	116,171,871	7,612,907	379,990	1,039,337	1,172,805	334,673,422
2012	203,601,066	127,249,915	8,520,674	296,890	1,037,075	1,718,042	342,423,662
2013	197,727,477	127,555,768	10,021,395	288,173	1,028,501	1,751,744	338,373,058
2014	195,528,915	131,659,596	10,576,850	262,098	1,039,244	2,065,786	341,132,489
2015	194,029,688	139,356,969	11,888,637	353,937	1,089,823	1,912,584	348,631,638
2016	199,281,166	148,005,117	14,093,918	387,725	1,092,094	676,830	363,536,850
2017	201,438,220	150,118,290	14,241,331	351,742	1,087,610	743,637	367,980,830
2018	207,878,588	153,469,703	13,923,538	355,088	1,113,242	1,721,258	378,461,417
Change 2009-2018	9.9%	36.1%	51.0%	6.0%	-7.0%	-4.3%	20.4%

In fiscal year 2012, real property tax rate reduced from \$1.048 to \$1.028 per \$100 of assessed value.  
 In fiscal year 2013, real property tax rate reduced from \$1.028 to \$1.018 per \$100 of assessed value.  
 In fiscal year 2012, personal property tax rate reduced from \$2.62 to \$2.57 per \$100 of assessed value.  
 In fiscal year 2013, personal property tax rate reduced from \$2.57 to \$2.545 per \$100 of assessed value.  
 In fiscal year 2014, personal property tax rate reduced from \$2.545 to \$2.515 per \$100 of assessed value.  
 Effective January 1, 2015 income tax rate reduced from \$3.04% to 3.03% of taxable income.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

**Table 5**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>REVENUES</b>										
Taxes-Local (see Table 4)	\$ 378,461,417	\$ 367,980,830	\$ 363,536,850	\$ 348,631,638	\$ 341,132,489	\$ 338,373,058	\$ 342,423,662	\$ 334,673,422	\$ 321,708,980	\$ 314,392,546
Taxes-State Shared	-	-	-	-	952,204	1,635,475	1,236,284	1,447,227	1,219,154	10,800,922
Impact fees	-	-	-	184,605	206,711	295,755	1,575,933	1,148,592	1,304,575	869,347
Licenses and permits	3,261,620	3,246,094	3,033,852	1,600,930	1,475,869	1,518,884	1,382,219	1,364,820	1,310,176	1,288,525
Intergovernmental revenues	20,238,674	23,652,734	19,316,866	20,290,637	22,898,130	18,978,536	15,316,915	26,455,936	30,841,686	15,042,612
Charges for services	4,588,277	4,441,836	4,167,021	4,445,797	4,576,701	4,732,420	4,810,478	4,981,149	5,008,757	5,239,049
Fines and forfeits	84,772	71,866	78,600	99,840	92,532	95,487	92,355	101,128	86,168	90,840
Interest and gain on investments	1,039,686	(553,815)	4,597,299	2,477,109	2,225,527	(829,835)	6,800,763	1,244,055	2,989,913	5,463,426
Miscellaneous revenues	13,440,184	8,871,778	9,383,285	9,808,553	10,054,257	5,840,925	3,758,082	3,249,099	4,396,040	3,349,723
Total revenues	<u>421,114,630</u>	<u>407,711,323</u>	<u>404,113,773</u>	<u>387,539,109</u>	<u>383,614,420</u>	<u>370,640,705</u>	<u>377,396,691</u>	<u>374,665,428</u>	<u>368,865,449</u>	<u>356,536,990</u>
<b>EXPENDITURES</b>										
<b>Current:</b>										
General government	38,073,831	36,360,819	37,065,282	44,974,142	60,974,579	63,738,334	69,611,957	69,373,934	72,086,446	69,035,233
Public safety	49,747,964	47,902,706	44,211,285	42,721,116	41,484,155	35,585,271	35,914,325	35,396,452	34,748,084	35,256,843
Public works	19,173,156	19,112,586	17,986,907	17,139,292	13,275,887	9,565,709	8,831,776	10,649,104	12,586,032	11,325,405
Health	4,744,737	4,645,058	4,400,381	4,269,673	4,301,492	4,307,983	4,494,155	4,707,292	4,712,680	4,731,958
Human services	15,020,196	14,707,376	14,017,504	6,855,878	1,232,576	1,199,706	1,185,304	1,226,927	1,391,110	1,319,630
Education	204,307,227	198,300,740	191,621,893	186,866,867	185,008,583	180,570,971	173,557,501	174,935,761	177,855,179	172,156,658
Library	14,326,002	14,249,443	14,084,487	13,687,211	13,417,275	11,000,246	8,497,632	8,645,019	8,413,733	8,170,171
Culture and recreation	4,516,760	4,537,030	4,236,257	4,182,624	1,759,651	2,721,536	2,569,590	2,639,789	1,877,029	1,665,731
Conservation of natural resources	2,289,856	2,283,698	2,084,571	2,000,988	966,448	856,440	839,957	822,510	792,207	800,054
Economic development	4,425,636	3,628,423	4,004,475	4,586,843	6,484,527	4,324,885	1,970,523	5,089,136	5,640,224	5,690,821
Judicial	8,559,556	8,593,930	8,710,327	7,310,970	-	-	-	-	-	-
Capital outlay	32,950,028	30,421,723	36,972,429	41,331,365	48,515,249	33,646,285	30,304,655	44,842,000	77,047,071	127,778,575
<b>Debt service:</b>										
Principal	27,831,485	29,138,572	28,171,532	28,145,359	26,984,558	25,641,361	27,087,742	23,431,934	22,889,828	24,029,542
Interest	12,431,581	13,207,594	13,339,242	13,339,130	13,656,778	13,646,029	14,154,056	13,914,992	12,802,086	10,470,693
Total expenditures	<u>438,398,015</u>	<u>427,089,698</u>	<u>420,906,572</u>	<u>417,411,458</u>	<u>418,061,758</u>	<u>386,804,756</u>	<u>379,019,173</u>	<u>395,674,850</u>	<u>432,841,709</u>	<u>472,431,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,283,385)</u>	<u>(19,378,375)</u>	<u>(16,792,799)</u>	<u>(29,872,349)</u>	<u>(34,447,338)</u>	<u>(16,164,051)</u>	<u>(1,622,482)</u>	<u>(21,009,422)</u>	<u>(63,976,260)</u>	<u>(115,894,324)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	18,822,137	16,676,294	20,549,077	22,733,370	24,670,471	26,836,782	21,745,757	13,778,283	12,035,023	16,037,191
Transfers out	(22,449,247)	(19,491,898)	(25,232,077)	(23,058,423)	(25,978,861)	(35,484,572)	(26,057,763)	(16,018,252)	(14,780,223)	(18,829,171)
Refunding bonds issued	-	6,138,284	6,015,081	52,576,682	4,524,000	16,220,345	9,873,957	14,690,327	(7,936,995)	-
Redemption of bonds	-	(6,524,948)	(6,727,641)	(59,780,169)	(4,478,621)	(19,357,902)	(11,299,208)	(14,593,220)	-	-
Bonds issued	-	14,000,000	28,000,000	15,000,000	26,000,000	21,460,000	18,750,000	21,192,091	64,508,850	72,088,000
Bonds premium	-	1,302,370	3,145,496	8,549,374	2,480,740	5,152,394	2,756,696	2,894	2,371,214	1,874,448
Issuance of debt-long-term notes	-	1,303,000	473,924	4,536,852	3,475,344	445,320	-	13,115,500	4,662,430	2,956,796
Total other financing sources	<u>(3,627,110)</u>	<u>13,403,102</u>	<u>26,223,860</u>	<u>20,557,686</u>	<u>30,693,073</u>	<u>15,272,367</u>	<u>15,769,439</u>	<u>32,167,623</u>	<u>60,860,299</u>	<u>74,127,264</u>
Net change in fund balances	<u>\$ (20,910,495)</u>	<u>\$ (5,975,273)</u>	<u>\$ 9,431,061</u>	<u>\$ (9,314,663)</u>	<u>\$ (3,754,265)</u>	<u>\$ (891,684)</u>	<u>\$ 14,146,957</u>	<u>\$ 11,158,201</u>	<u>\$ (3,115,961)</u>	<u>\$ (41,767,060)</u>
<b>Debt Service as a percentage of Noncapital Expenditures</b>										
	9.4%	10.3%	10.2%	10.4%	10.2%	10.3%	9.9%	8.7%	8.6%	7.5%

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Assessed Valuation and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 6**

Fiscal Year	Real Property			Personal Property				Estimated Market Value	Direct Tax Rate	Grand Total Estimated Market Value	Total Direct Tax Rate
	Assessed Value	Estimated Market Value	Direct Tax Rate	Assessed Value		Public Utilities	Total				
				Unincorporated	Incorporated						
2009	\$ 19,863,606,197	\$ 19,863,606,197	1.048%	\$ 11,958,790	\$ 273,972,690	\$ 271,526,820	\$ 557,458,300	\$ 557,458,300	2.620%	\$ 20,421,064,497	1.091%
2010	21,523,794,240	21,523,794,240	1.048	11,285,650	276,475,340	266,070,820	553,831,810	553,831,810	2.620	22,077,626,050	1.087
2011	20,362,487,659	20,362,487,659	1.048	10,631,520	258,758,007	275,237,500	544,627,027	544,627,027	2.620	20,907,114,686	1.089
2012	19,164,115,652	19,164,115,652	1.028	10,201,300	388,879,330	266,415,290	665,495,920	665,495,920	2.570	19,829,611,572	1.080
2013	18,276,387,823	18,276,387,823	1.018	10,738,930	253,571,870	268,124,550	532,435,350	532,435,350	2.545	18,808,823,173	1.061
2014	18,023,463,105	18,023,463,105	1.018	10,646,050	248,768,830	266,503,440	525,918,320	525,918,320	2.515	18,549,381,425	1.060
2015	17,942,543,249	17,942,543,249	1.018	10,629,226	268,730,010	273,646,180	553,005,416	553,005,416	2.515	18,495,548,665	1.063
2016	18,171,558,916	18,171,558,916	1.018	13,124,970	268,899,780	279,437,200	561,461,950	561,461,950	2.515	18,733,020,866	1.063
2017	18,502,136,221	18,502,136,221	1.018	15,349,500	292,491,830	288,632,150	596,473,480	596,473,480	2.515	19,098,609,701	1.065
2018	18,965,221,867	18,965,221,867	1.018	14,827,220	308,754,810	306,249,930	629,831,960	629,831,960	2.515	19,595,053,827	1.066

Real property is reassessed every three years. Real property is assessed at market value.  
 In fiscal year 2012, real property tax rate reduced from \$1.048 to \$1.028 per \$100 of assessed value.  
 In fiscal year 2013, real property tax rate reduced from \$1.028 to \$1.018 per \$100 of assessed value.  
 In fiscal year 2012, personal property tax rate reduced from \$2.62 to \$2.57 per \$100 of assessed value.  
 In fiscal year 2013, personal property tax rate reduced from \$2.57 to \$2.545 per \$100 of assessed value.  
 In fiscal year 2014, personal property tax rate reduced from \$2.545 to \$2.515 per \$100 of assessed value.  
 The total personal property assessed value is equal to the estimated market value.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Real Property Tax Rates – Direct and Overlapping Governments**  
**(Per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**

**Table 7**

Fiscal Year	Direct Rate		Overlapping Rates							
	Carroll County	State of Maryland	Taneytown	Sykesville	Manchester	Westminster	Hampstead	New Windsor	Union Bridge	Mt. Airy
2009	\$ 1.048	\$ 0.112	\$ 0.32	\$ 0.33	\$ 0.184	\$ 0.44	\$ 0.20	\$ 0.2000	\$ 0.30	\$ 0.1650
2010	1.048	0.112	0.32	0.33	0.184	0.44	0.20	0.2000	0.30	0.1650
2011	1.048	0.112	0.32	0.33	0.204	0.58	0.20	0.2000	0.30	0.1695
2012	1.028	0.112	0.32	0.33	0.216	0.58	0.20	0.2000	0.30	0.1695
2013	1.018	0.112	0.37	0.35	0.216	0.57	0.20	0.2000	0.30	0.1695
2014	1.018	0.112	0.37	0.35	0.216	0.56	0.20	0.2000	0.30	0.1695
2015	1.018	0.112	0.37	0.35	0.216	0.56	0.20	0.2115	0.30	0.1695
2016	1.018	0.112	0.37	0.35	0.216	0.56	0.22	0.2615	0.30	0.1695
2017	1.018	0.112	0.37	0.35	0.216	0.56	0.22	0.2615	0.35	0.1695
2018	1.018	0.112	0.37	0.35	0.216	0.56	0.22	0.2615	0.35	0.1662

The real property tax rates indicated for the incorporated towns only apply within town limits and are in addition to the county and state taxes.

Sources: Carroll County Department of the Comptroller.  
Maryland State Department of Assessments and Taxation.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Principal Taxpayers**  
**Current Fiscal Year and Nine Years Ago**

**Table 8**

2018				
Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 208,501,260	\$ 5,243,807	1.06%
Colonial Pipeline	Pipeline trans.-refined petroleum	31,330,300	787,957	0.16%
Verizon-Maryland	Communications	25,643,380	644,931	0.13%
Comcast of California	Communications	23,441,130	589,620	0.12%
Penguin Random House Inc.	Warehouse Distribution	40,414,310	576,371	0.21%
Potomac Edison Company	Utilities	18,672,710	469,619	0.10%
Carroll Lutheran Village	Retirement Village	41,837,700	425,908	0.21%
Lehigh Portland Cement	Manufacturer	32,040,765	406,328	0.16%
Stag Hampstead LLC	Warehouse Distribution	35,089,533	357,211	0.18%
Eldersburg Sustainable	Real Estate	34,035,567	346,482	0.17%
		<u>\$ 491,006,655</u>	<u>\$ 9,848,234</u>	<u>2.51%</u>
	Total Assessed Valuation	<u>\$ 19,595,053,827</u>		
2009				
Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 163,192,300	\$ 4,275,638	0.80%
Verizon-Maryland	Communications	58,053,300	1,520,989	0.28%
Carroll Lutheran Village	Retirement Village	56,013,900	893,287	0.27%
Cranberry Mall Properties LLC	Mall	44,880,400	713,849	0.22%
Random House	Warehouse Distribution	40,744,790	568,422	0.20%
Colonial Pipeline Co.	Pipeline trans.-refined petroleum	18,958,920	499,488	0.09%
Fairhaven Inc.	Assisted Living	39,012,500	453,858	0.19%
Wal-Mart	Retail	31,186,564	435,571	0.15%
Hampstead 2004 LLC	Power Tools	35,413,733	407,118	0.17%
The Potomac Edison Co.	Electric Utility	13,795,680	365,299	0.07%
		<u>\$ 501,252,087</u>	<u>\$ 10,133,519</u>	<u>2.44%</u>
	Total Assessed Valuation	<u>\$ 20,409,412,280</u>		

Property is reassessed every three years

Source: Carroll County Department of the Comptroller.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

**Table 9**

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
		Amount	Percent of Levy		Amount	Percent of Levy		
2009	\$ 222,097,815	\$ 221,514,565	99.74%	\$ 581,878	\$ 222,096,443	99.99%	\$ 1,372	0.01%
2010	239,658,435	238,543,223	99.53%	1,111,916	239,655,139	99.99%	3,296	0.01%
2011	227,185,565	226,056,851	99.50%	1,127,236	227,184,087	99.99%	1,478	0.01%
2012	210,178,293	209,114,927	99.49%	1,051,224	210,166,151	99.99%	12,142	0.01%
2013	198,642,876	197,845,421	99.60%	785,420	198,630,841	99.99%	12,035	0.01%
2014	195,942,300	195,202,000	99.62%	721,738	195,923,738	99.99%	18,562	0.01%
2015	195,641,667	194,784,554	99.56%	819,505	195,604,059	99.98%	37,608	0.02%
2016	197,954,440	197,837,002	99.94%	6,237	197,843,239	99.94%	111,201	0.06%
2017	202,336,519	201,772,465	99.72%	382,481	202,154,946	99.91%	181,573	0.09%
2018	207,997,142	207,370,014	99.70%	-	207,370,014	99.70%	627,128	0.30%

The total Tax Levy is adjusted each year based on prior year abatements.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Bureau of Utilities**  
**Water and Sewer Rates**  
**Last Ten Fiscal Years**

**Table 10**

Fiscal Year	Water				Sewer			
	Quarterly Base Rate	Tier 1*	Tier 2*	Tier 3*	Quarterly Base Rate	Tier 1*	Tier 2*	Tier 3*
2009	\$ 8.90	\$ 3.63	\$ 4.54	\$ 5.11	\$ 12.58	\$ 5.19	\$ 6.83	\$ 7.85
2010	8.41	4.02	4.67	5.07	11.95	5.91	7.06	7.82
2011	6.97	4.62	5.00	5.28	9.97	7.27	8.13	8.77
2012	6.97	4.62	5.00	5.28	9.97	7.27	8.13	8.77
2013	6.75	5.18	5.42	5.59	9.66	7.64	8.29	8.77
2014	7.37	5.75	5.93	6.07	10.45	8.15	8.69	9.15
2015	9.03	6.26	6.41	6.54	12.75	8.65	9.14	9.62
2016	9.03	6.26	6.41	6.54	12.75	8.65	9.14	9.62
2017	9.14	6.74	6.87	7.02	12.75	8.65	9.14	9.62
2018	9.14	6.74	6.87	7.02	12.75	8.65	9.14	9.62

Tiers are based on the following usages

Tier 1: 0-10,000 gallons

Tier 2: 10,001-30,000 gallons

Tier 3: 30,001 gallons and up

\*Per 1,000 gallons

The standard household meter size is 5/8" and the average household usage for fiscal year 2018 was 12,000 gallons per quarter.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**Table 11**

Fiscal Year	Governmental Activities				Business-Type Activities			% of Personal Income (3)	% of Market Property Value (2)	Per Capita (3)
	General Obligation Bonds(1)	General Obligation Debt	Other Notes	Purchase Agreements	General Obligation Bonds (1)	Special Assessment Debt with Government Commitment	Total Primary Government			
2009	\$ 271,851,752	\$9,351,990	\$ 1,969,903	\$ 2,432,323	\$28,139,243	\$ 2,936,297	\$ 316,681,508	2.27%	1.55%	\$ 1,811
2010	308,741,636	14,014,420	937,965	2,268,571	27,878,604	2,090,052	355,931,248	2.02%	1.61%	2,130
2011	307,155,888	27,129,920	200,000	2,097,835	26,190,843	1,202,259	363,976,745	2.08%	1.74%	2,167
2012	300,214,844	27,129,920	-	1,919,820	23,758,129	271,865	353,294,578	2.15%	1.78%	2,096
2013	304,173,204	27,575,240	-	1,734,212	21,687,221	244,664	355,414,541	2.30%	1.89%	2,097
2014	304,903,421	31,050,584	-	1,540,690	19,575,054	216,757	357,286,506	2.51%	1.93%	2,094
2015	297,878,654	31,050,584	-	5,875,768	17,483,954	188,125	352,477,085	2.67%	1.91%	2,053
2016	299,706,818	31,524,508	-	5,666,101	15,284,816	158,748	352,340,991	2.74%	1.88%	2,040
2017	284,254,930	32,827,508	-	5,334,709	13,251,331	128,607	335,797,085	N/A	1.76%	1,934
2018	255,085,745	32,827,508	-	5,038,173	11,320,876	97,682	304,369,984	N/A	1.55%	1,745

Notes: N/A not available.

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Bond premium/discounts and other unamortized charges are included.

(2) See Table 6, Assessed Valuation and Estimated Market Value of Taxable Property, for Estimated Market Values of Taxable Property.

(3) See Table 15, Demographic Statistics, for personal income and population data.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Ratios of Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 12**

Fiscal Year	General Obligation Bonds & Debt Outstanding	Percent of Actual Property Value (1)	Percent of Personal Income (2)	Per Capita (2)
2009	\$ 309,342,985	1.51%	4.31%	\$ 1,769
2010	350,634,660	1.59%	4.88%	1,997
2011	360,476,651	1.72%	4.87%	2,146
2012	351,102,893	1.77%	4.61%	2,082
2013	353,435,665	1.88%	4.32%	2,078
2014	355,529,059	1.91%	3.98%	2,083
2015	346,413,192	1.87%	3.68%	2,017
2016	346,516,142	1.85%	3.58%	2,007
2017	330,333,768	1.73%	N/A	1,903
2018	299,234,129	1.53%	N/A	1,716

Notes: N/A not available.

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) See Table 6, Assessed Valuation and Estimated Market Value of Taxable Property, for Estimated Market Values of Taxable Property.

(2) See Table 15, Demographic Statistics, for personal income and population data.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Computation of Legal Debt Margin**  
**June 30, 2018**

**Table 13**

Net assessed value- Real Property	\$ 18,965,221,867	
Debt limit - 6% of net total assessed value (1)		\$ 1,137,913,312
Assessed Value-Personal Property	629,831,960	
Debt limit- 15% of net assessed value (1)		94,474,794
Debt Limit- (6%/15%) of net assessed value		1,232,388,106
Amount of debt applicable to debt limit:		
Total Bonded Debt	\$ 279,497,678	
Less- Agricultural Preservation Program Self Supporting Debt	32,827,508	
Less- Fire Company Loans- Self Supporting Debt	4,856,412	
Less - Bureau of Utilities bonds	9,890,520	
Less - Septage bonds	52,420	
Total amount of debt applicable to debt limit		231,870,818
Legal debt margin		\$ 1,000,517,288

Note: (1) Recommended limit - Carroll County does not have a legal debt limit.  
Source: Carroll County Department of the Comptroller.

Schedule of Legal Debt Margin  
2009-2018

Fiscal Year	Assessed Value	Legal Debt Limitation	Legal Borrowing Limitation	Debt Subject to Limitation	Legal Debt Margin	Ratio of Debt Subject to Limitation To Legal Borrowing Limitation
2009	\$ 20,409,412,280	6%/15%	\$ 1,274,735,984	\$ 268,496,244	\$ 1,006,239,740	21.06%
2010	22,066,168,625	6%/15%	1,373,814,980	303,156,906	1,070,658,074	22.07%
2011	20,895,165,478	6%/15%	1,302,726,361	301,960,750	1,000,765,611	23.18%
2012	19,813,576,019	6%/15%	1,248,709,194	292,937,714	955,771,480	23.46%
2013	18,789,765,921	6%/15%	1,175,305,137	287,113,093	888,192,044	24.43%
2014	18,514,343,538	6%/15%	1,158,193,261	286,486,025	871,707,236	24.74%
2015	18,495,548,665	6%/15%	1,159,503,407	273,161,300	886,342,107	23.56%
2016	18,733,020,866	6%/15%	1,174,512,828	272,857,221	901,655,607	23.23%
2017	19,098,609,701	6%/15%	1,199,599,196	258,522,314	941,076,882	21.55%
2018	19,595,053,827	6%/15%	1,232,388,106	231,870,818	1,000,517,288	18.81%

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2018**

**Table 14**

Jurisdiction	Real Property Assessed Valuation (1)	Percent of Assessed Valuation to Overlapping Jurisdictions	Pro rata Share of Direct Debt to Jurisdictions(2)	Overlapping Debt(3)	Total Direct and Overlapping Debt
Hampstead	\$ 590,982,589	3.12%	\$ 9,128,772	\$ 3,387,696	\$ 12,516,468
Manchester	476,719,174	2.51%	7,363,772	1,522,418	8,886,190
Mt. Airy	882,346,432	4.65%	13,629,403	5,428,795	19,058,198
New Windsor	141,539,226	0.75%	2,186,324	-	2,186,324
Sykesville	412,744,664	2.18%	6,375,572	446,808	6,822,380
Taneytown	603,129,620	3.18%	9,316,405	14,395,474	23,711,879
Union Bridge	68,438,300	0.36%	1,057,151	1,226,500	2,283,651
Westminster	1,685,268,450	8.89%	26,031,955	24,840,231	50,872,186
Unincorporated areas	14,104,053,412	74.37%	217,862,073	-	217,862,073
County-wide Totals	<u>\$ 18,965,221,867</u>	<u>100.00%</u>	<u>\$ 292,951,426</u>	<u>\$ 51,247,922</u>	<u>\$ 344,199,348</u>

Note: (1) Assessed valuations of real property for each town are from the TASS 153 County report.  
(2) See Note 8.  
(3) Overlapping debt is provided by each municipality

Source: Carroll County Department of the Comptroller.  
Incorporated Municipalities.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

**Table 15**

Fiscal Year	Population (1)	Personal Income (\$ in thous.) (2) (5)	Per Capita Personal Income (2) (5)	School Enrollment (3)	Unemployment Rate (4)
2009	174,909	\$ 7,176,136	\$ 42,264	27,745	6.60%
2010	167,134	7,192,191	44,247	27,524	6.50%
2011	167,929	7,400,133	45,507	27,201	6.80%
2012	168,570	7,612,765	48,919	26,937	6.60%
2013	169,519	8,180,090	49,477	26,506	6.20%
2014	170,643	8,928,631	53,200	26,153	5.40%
2015	171,702	9,425,378	56,220	25,706	4.80%
2016	172,703	9,671,608	57,687	25,551	4.30%
2017	173,594	N/A	N/A	25,256	3.50%
2018	174,386	N/A	N/A	25,290	3.70%

Source: (1) Carroll County Department of Comprehensive Planning, June 2018. FY 2010 reflects the 2010 Census data. All other fiscal years are estimates.

(2) Maryland Department of Planning, Planning Data Services, from U.S. Bureau of Economic Analysis, April 2015.

(3) Carroll County Board of Education Approved Operating Budget Fiscal Year 2017-2018.

(4) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Major Employers**  
**Current Fiscal Year and Nine Fiscal Years**

**Table 16**

2018			
Firm	Product/Service	Total Employment *	Percentage of Total County Employment
Board of Education of Carroll County **	Elementary and secondary school systems	3,334	5.69%
Carroll Hospital Center	General hospital	1,995	3.41%
McDaniel College	Higher education	800	1.37%
Penguin Random House, Inc.	Book warehousing and distribution	755	1.29%
Integrace - Fairhaven	Retirement/Assisted Living	700	1.20%
Springfield Hospital Center	Mental health services	691	1.18%
Carroll County Government***	Local government	631	1.08%
Carroll Community College	Higher education	605	1.03%
EVAPCO	Cooling Equipment Manufacturer	440	0.75%
Carroll Lutheran Village	Retirement/Assisted Living	425	0.73%
Total		10,376	17.73%
Annual Average Employment in Carroll County****		58,566	

2009			
Firm	Product/Service	Total Employment	Percentage of Total County Employment
Board of Education of Carroll County **	Elementary and secondary school systems	3,769	6.60%
Carroll Hospital Center	General hospital	1,804	3.16%
Springfield Hospital Center	Mental health services	833	1.46%
Random House	Book warehousing and distribution	800	1.40%
Fairhaven (Episcopal Ministries)	Life care retirement community	700	1.23%
Carroll County Government ***	Local government	656	1.15%
McDaniel College	Higher education	623	1.09%
Jos. A. Bank Clothiers	Corporate HQ/ Distribution	576	1.01%
Carroll Community College	Higher education	509	0.89%
General Dynamics Robotic Systems	Technology Manufacturing	490	0.86%
Total		10,760	18.85%
Annual Average Employment in Carroll County		57,082	

- Notes: \* As of 2018 Brief Economic Facts – commerce.maryland.com excludes state and local governments  
 \*\* Does not include hourly employees such as substitutes, aides, etc.  
 \*\*\* Central offices only. From Table 17 - Excludes Sheriff's Department, States Attorney, etc.  
 \*\*\*\* As of 2017 (2018 Brief Economic Facts - Employment)

Source: Carroll County Department of Economic Development.  
 The County's Annual Average Employment is from the Maryland Department of Labor, Licensing and Regulation  
 Annual Employment and Payroll Reports.  
 Carroll County Department of the Comptroller.  
 Carroll County Department of Land Use, Planning and Development.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Full-Time County Employees by Function / Program**  
**Last Ten Fiscal Years**

**Table 17**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
County Commissioners										
Legislative	7	7	6	5	5	6	5	9	9	8
Public Information	-	-	-	-	-	-	-	-	2	2
* Farm Museum	-	-	-	-	-	-	-	-	7	9
* Building Construction	4	3	2	2	2	2	2	2	-	-
* Facilities	54	53	48	50	51	47	47	48	-	-
* Fleet	24	24	24	23	23	22	23	24	-	-
* Permits	23	23	23	22	22	22	22	22	-	-
* Airport Management	-	-	-	-	-	-	-	-	2	2
Judicial Services	79	76	74	70	68	68	68	69	73	75
County Attorney	9	10	9	10	11	12	10	10	10	10
Comptroller	34	32	34	34	33	34	34	34	35	36
<b>Administrative Services</b>										
Administrative Services- Admin	-	-	-	-	-	-	-	1	-	-
Human Resources and Personnel Svcs	13	14	12	11	12	13	12	13	13	16
Management Analysis	-	-	-	-	-	-	-	1	1	2
TV Production	3	2	2	2	2	2	2	2	2	1
Production & Distribution Svcs	3	3	3	3	3	3	3	3	3	3
Technology Services	30	31	30	29	27	27	25	25	25	25
Management and Budget	15	15	15	15	14	15	15	14	16	18
Land Use, Planning and Development	51	51	51	48	47	45	46	43	43	43
* General Services	-	-	-	-	-	-	-	-	103	118
Human Services	53	52	48	51	55	50	48	48	45	54
<b>Public Safety</b>										
Sheriff Services	245	241	245	249	253	242	230	211	204	209
Emergency Services	45	41	41	36	36	34	37	30	31	32
<b>Public Works</b>										
* Supervision & Administration	6	7	8	7	5	4	3	2	2	4
* Airport	2	2	1	1	1	1	1	1	-	-
Roads	95	101	104	100	101	101	100	99	97	105
* Engineering	19	19	19	18	18	19	18	19	20	22
Bureau of Utilities-Operations	31	33	31	32	31	32	33	33	32	33
Solid Waste-Operations	17	18	15	18	17	20	20	20	19	20
Transportation CTS	1	1	-	-	-	-	-	-	-	-
* Social Services	-	-	12	12	17	16	17	17	16	16
Education	1	1	1	1	1	1	1	1	1	1
* Culture and Recreation	26	24	26	26	25	32	31	31	22	27
<b>Conservation of Natural Resources</b>										
Soil Conservation Service	5	5	4	5	6	6	6	6	5	5
<b>Economic Development</b>										
Economic Development	6	6	6	8	7	6	6	6	6	7
BERC	12	11	9	9	9	9	9	9	10	8
* Tourism	8	8	8	8	8	1	1	1	1	2
<b>Total Full Time Employee Totals</b>	<b>921</b>	<b>914</b>	<b>911</b>	<b>905</b>	<b>910</b>	<b>892</b>	<b>875</b>	<b>854</b>	<b>855</b>	<b>913</b>
<b>Part Time Employees</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>12</b>
<b>Total Employees</b>	<b>929</b>	<b>921</b>	<b>918</b>	<b>910</b>	<b>915</b>	<b>898</b>	<b>880</b>	<b>859</b>	<b>863</b>	<b>925</b>

\* Denotes departments affected by reorganizations.  
Source: Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Operating Indicators by Function / Program**  
**Last Ten Fiscal Years**

**Table 18**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Information</b>										
Population	174,386	173,594	172,703	171,702	170,643	169,519	168,570	167,929	167,134	174,909
Registered Voters	129,221	127,215	124,340	120,076	119,595	116,523	112,931	112,688	110,336	109,428
<b>General Government</b>										
Residential (\$ in thousands)										
Building Permits Issued	304	324	278	287	329	340	246	187	201	159
Estimated Value	\$ 55,879	\$ 59,769	\$ 49,644	\$ 53,298	\$ 54,620	\$ 56,305	\$ 40,741	\$ 31,803	\$ 32,699	\$ 26,308
Other (\$ in thousands)										
Building Permits Issued	1,989	2,271	2,452	2,082	1,681	1,775	1,826	1,828	1,745	1,908
Estimated Value	\$ 84,909	\$ 67,487	\$ 81,606	\$ 90,926	\$ 70,835	\$ 80,519	\$ 71,994	\$ 66,314	\$ 52,397	\$ 108,861
<b>Fire and Emergency Service</b>										
Paid Firemen*	174	177	120	120	120	120	120	120	115	115
Active Volunteers (estimated)	718	725	725	725	725	700	714	714	704	663
Dispatched Incidents	22,170	20,657	19,964	19,874	18,786	18,731	18,488	18,216	18,081	17,848
911 Calls Received**	65,639	66,165	65,910	58,705	71,437	62,319	60,037	60,752	59,565	61,140
<b>Police Protection</b>										
Resident Troopers	N/A	N/A	N/A	N/A	N/A	15	30	46	46	46
Sheriff's Department	137	142	116	106	106	101	87	64	64	64
Citations/Warnings	21,764	20,302	23,460	25,195	23,410	19,579	16,940	16,551	15,845	17,805
911 Calls for Service**	N/A	N/A	N/A	N/A	19,880	19,242	14,670	18,293	18,293	17,721
<b>Detention Center</b>										
Detention Center Officers	90	92	97	91	91	91	92	92	92	95
Total Prisoner Days	77,121	86,246	82,527	95,793	88,565	82,994	84,739	93,252	92,144	100,430
<b>Water</b>										
Daily Average Usage (mgd)	1.96	2.14	2.03	2.02	2.05	2.18	2.28	2.07	2.05	2.08
Plants Daily Capacity (mgd)	7.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39
Number of Customer Accounts	8,656	8,616	8,582	8,521	8,474	8,428	8,382	8,323	8,268	8,256
<b>Wastewater</b>										
Daily Average Usage (mgd)	2.91	2.57	2.65	2.89	2.64	2.63	2.86	2.83	2.71	2.59
Plants Daily Capacity (mgd)	4.45	4.45	4.45	4.45	4.45	4.45	4.45	4.45	4.45	4.45
Number of Customer Accounts	9,249	9,204	9,166	9,107	9,040	8,995	8,953	8,891	8,844	8,816
<b>Solid Waste</b>										
Tons In	103,227	102,698	99,402	95,480	95,758	96,908	101,616	105,683	85,942	81,447
Tons Recycled	19,430	23,002	23,125	20,502	21,182	21,181	30,587	30,154	20,155	20,322
Tons into Landfill	35,378	21,480	5,097	13,100	17,271	12,840	12,809	13,588	11,576	12,370
Tons Transferred	67,021	81,217	94,304	82,380	78,487	84,068	87,153	91,306	74,364	69,078

(Continued)

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Operating Indicators by Function / Program**  
**Last Ten Fiscal Years**

**Table 18**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Education										
Number of Teachers	1,991	2,017	2,199	2,128	2,152	2,154	2,163	2,198	2,209	2,251
Number of Students	25,290	25,256	25,551	25,706	26,153	26,506	26,937	27,201	27,524	27,745
Community College										
Full Time Equivalent (FTE's)										
Students	2,343	2,542	2,664	2,803	2,920	3,167	3,173	3,347	3,138	2,920
Faculty-Full Time	78	79	79	85	82	84	79	77	73	75
Faculty-Part Time	259	203	215	196	199	212	296	580	527	545
Airport										
Fuel Sales (gals)	347,060	297,820	276,020	252,457	329,762	270,784	279,664	304,837	255,099	280,319
Tie Downs Occupied	12	12	12	12	12	15	15	25	25	25
Corporate Hangars Occupied	7	7	7	7	7	7	7	7	6	6
T Hangars Occupied	82	82	82	82	82	82	82	82	82	82
Libraries										
Number of volumes (estimated)	738,777	640,583	603,439	600,018	555,600	557,220	548,749	570,742	552,892	551,376
Circulation	3,614,568	3,721,515	3,790,887	3,970,949	3,987,246	4,200,368	4,402,122	4,295,264	4,214,073	3,885,584
Senior Centers										
Outside Groups using facilities	3,182	3,082	2,731	2,381	2,280	1,998	2,007	3,213	2,516	2,922
Volunteer Hour at Centers	51,656	53,882	54,499	51,448	54,857	57,402	49,518	44,689	41,493	39,311
Meals Served	36,575	37,131	39,360	37,124	34,357	33,606	30,446	33,297	29,171	26,020
Seniors Attending Activities	322,540	311,517	310,949	295,793	273,041	274,588	271,716	241,749	243,226	159,518

N/A: Information is not available for the years indicated.

\* Denotes Paid Firemen numbers may be overstated due to overlapping; multiple stations employing the same person.

\*\* Police Projection - 911 Calls for Service are now combined with Fire and Emergency Service - 911 Calls Received.

Source: Carroll County Government.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Capital Asset Statistics by Function / Program**  
**Last Ten Fiscal Years**

**Table 19**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Information</b>										
Area in Square Miles	455.52	455.52	455.52	455.52	455.52	455.52	455.52	455.52	455.52	455.52
Miles of Roads Paved	999	999	993	915	905	903	899	896	896	893
Miles of Roads Unpaved	64	66	69	70	80	80	80	83	83	84
Number of Bridges	153	153	153	151	151	151	145	147	147	147
Acres in Agricultural Land Preservation	71,623	70,311	68,929	66,642	65,761	62,366	62,078	60,002	57,627	54,858
<b>Fire and Emergency Service</b>										
Stations	14	14	14	14	14	14	14	14	14	14
<b>Detention Center</b>										
Capacity	185	185	185	185	185	185	185	185	185	185
<b>Water</b>										
Water Mains (miles)	145	145	144	141	140	139	139	139	139	135
Treatment Plants	5	5	5	4	4	4	4	4	4	4
Water Tanks	7	7	7	6	6	6	6	6	6	6
<b>Wastewater</b>										
Sewer Mains (miles)	132	131	130	128	127	125	125	125	125	125
Treatment Plants	4	4	4	4	4	4	4	4	4	4
Pumping Stations	22	22	22	18	18	18	18	18	18	18
<b>Solid Waste</b>										
Active Landfills	1	1	1	1	1	1	1	1	1	1
<b>Recreation and Culture</b>										
Parks (1)	32	32	32	32	32	32	32	31	29	28
Acreage	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,629	4,652	4,478
<b>Education</b>										
Elementary	22	22	23	23	23	23	23	23	23	23
Middle	8	8	9	9	9	9	9	9	9	9
High	7	7	8	8	8	8	8	8	8	8
Vocational technical	1	1	2	2	2	2	2	2	2	2
Special/Alternative Education	2	2	2	2	2	2	2	2	2	2
College	1	1	1	1	1	1	1	1	1	1
<b>Airport</b>										
Runway (feet)	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
T Hangars Available	82	82	82	82	82	82	82	82	82	82
Corporate Hangars Available	7	7	7	7	7	7	7	7	7	7
Tie Downs Available	41	41	52	52	52	52	52	52	52	52
Apron Area (acres)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
Firearms Facility	1	1	1	1	1	1	1	1	1	1
Libraries	6	6	6	6	6	6	6	6	6	6
Senior Centers	5	5	5	5	5	5	5	5	5	5

Note: (1) Includes two proposed reservoirs.  
Source: Carroll County Government.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Bureau of Utilities – Revenue and Expenses**  
**Last Ten Fiscal Years**

**Table 20**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenue</b>										
Usage charges	\$ 10,797,227	\$ 10,578,433	\$ 10,359,334	\$ 10,233,000	\$ 9,272,482	\$ 8,676,619	\$ 8,312,844	\$ 8,446,852	\$ 7,620,404	\$ 7,328,198
Service charges	-	-	-	-	-	-	798	11,838	4,680	421
Penalties and interest	624,728	159,650	452,880	222,120	480,963	577,270	179,147	382,493	209,239	442,379
Operating transfer - County	212,110	204,490	189,350	199,420	193,390	202,790	199,511	(305,031)	200,200	206,980
Capital contributions	1,200,848	300,231	887,006	482,614	775,916	1,008,491	335,174	523,776	426,563	75,395
Maintenance fee	1,486,384	1,480,053	1,467,824	1,462,477	1,455,846	1,454,435	1,443,774	1,438,797	1,432,610	1,428,013
Other	-	11,558	-	793	262,830	265,575	176,530	172,040	217,957	190,940
<b>Total revenue</b>	<u>14,321,297</u>	<u>12,734,415</u>	<u>13,356,394</u>	<u>12,600,424</u>	<u>12,441,427</u>	<u>12,185,180</u>	<u>10,647,778</u>	<u>10,670,765</u>	<u>10,111,653</u>	<u>9,672,326</u>
<b>Expenses</b>										
Salaries	2,652,790	2,628,389	2,551,327	2,443,101	2,510,322	2,298,153	2,358,994	2,341,948	2,394,033	2,499,181
Operating expenses	6,096,065	6,663,394	6,308,098	5,692,128	5,795,999	5,434,123	5,605,458	6,280,389	5,129,427	3,157,883
Depreciation	2,327,785	2,296,365	2,185,471	2,204,733	2,285,154	2,279,024	2,266,863	2,275,618	1,914,768	1,579,651
Interest	402,909	483,441	499,729	706,695	736,935	789,748	859,153	992,506	1,051,417	932,542
Other	8,787	-	55,584	-	-	-	-	-	-	-
<b>Total expense</b>	<u>11,488,336</u>	<u>12,071,589</u>	<u>11,600,209</u>	<u>11,046,657</u>	<u>11,328,410</u>	<u>10,801,048</u>	<u>11,090,468</u>	<u>11,890,461</u>	<u>10,489,645</u>	<u>8,169,257</u>
<b>Excess (deficiency) of revenue over (under) expense:</b>	<u>\$ 2,832,961</u>	<u>\$ 662,826</u>	<u>\$ 1,756,185</u>	<u>\$ 1,553,767</u>	<u>\$ 1,113,017</u>	<u>\$ 1,384,132</u>	<u>\$ (442,690)</u>	<u>\$ (1,219,696)</u>	<u>\$ (377,992)</u>	<u>\$ 1,503,069</u>

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Solid Waste Fund – Revenue and Expenses**  
**Last Ten Fiscal Years**

**Table 21**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue										
Charge for services	\$ 6,771,556	\$ 6,846,672	\$ 6,201,012	\$ 6,023,220	\$ 5,862,657	\$ 6,165,482	\$ 6,647,622	\$ 6,713,042	\$ 5,435,007	\$ 6,133,596
Penalties and interest	87,941	41,895	214,039	2,573	21,644	19,936	15,624	14,773	211,945	302,752
Proceeds from sales of recyclables	238,911	204,922	123,621	317,760	546,110	628,089	596,322	591,880	461,818	391,872
Capital contributions-equip. transferred from County	-	2,303	47,133	-	-	-	-	-	15,888	-
Gain on sale of fixed assets	-	22,500	12,431	-	-	78,616	3,677	-	35,395	-
Other	7,425	4,860	2,700	476,079	265,732	256,367	186,955	186,399	10,519	8,775
Operating transfer - County	2,415,000	2,415,000	2,415,000	125,632	1,115,000	6,445,000	2,545,000	2,545,000	2,545,000	2,545,000
Total revenue	<u>9,520,833</u>	<u>9,538,152</u>	<u>9,015,936</u>	<u>6,945,264</u>	<u>7,811,143</u>	<u>13,593,490</u>	<u>9,995,200</u>	<u>10,051,094</u>	<u>8,715,572</u>	<u>9,381,995</u>
Expense										
Salaries	1,557,315	1,484,759	1,523,060	1,435,456	1,436,414	1,524,733	1,522,883	1,604,911	1,633,798	1,633,309
Operating expenses	8,249,882	6,694,399	7,866,631	7,444,156	4,218,417	9,874,810	6,459,000	6,453,160	6,652,203	5,363,689
Depreciation	654,059	605,529	551,842	577,666	564,037	585,096	621,723	615,658	472,313	266,818
Interest	29,253	46,408	55,038	93,541	100,662	123,644	124,285	156,480	202,701	224,027
Total expense	<u>10,490,509</u>	<u>8,831,095</u>	<u>9,996,571</u>	<u>9,550,819</u>	<u>6,319,530</u>	<u>12,108,283</u>	<u>8,727,891</u>	<u>8,830,209</u>	<u>8,961,015</u>	<u>7,487,843</u>
Excess (deficiency) of revenue over expense	<u>\$ (969,676)</u>	<u>\$ 707,057</u>	<u>\$ (980,635)</u>	<u>\$ (2,605,555)</u>	<u>\$ 1,491,613</u>	<u>\$ 1,485,207</u>	<u>\$ 1,267,309</u>	<u>\$ 1,220,885</u>	<u>\$ (245,443)</u>	<u>\$ 1,894,152</u>
Tipping Fee per ton	\$ 64.00	\$ 64.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 60.00	\$ 58.00	\$ 76.00

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Airport Fund – Revenue and Expenses**  
**Last Ten Fiscal Years**

**Table 22**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue										
Rent	\$ 739,048	\$ 717,604	\$ 694,754	\$ 667,119	\$ 638,096	\$ 586,247	\$ 588,932	\$ 611,167	\$ 462,981	\$ 470,011
Fuel sales	86,765	74,455	69,005	60,589	75,846	63,270	61,685	64,016	53,570	197,646
Capital contributions (1)	20,000	189,422	179,130	25,000	186,719	434,316	233,646	111,220	48,969	460,454
Capital contributions-County	-	-	30,000	-	-	-	-	-	-	-
Land sale	-	-	5,632	902	-	-	-	-	-	-
Operating transfer-County	-	-	-	-	-	2,000,000	-	-	-	40,000
Other	281	13,179	318	592	9,009	55	43	691	2,030	3,601
<b>Total revenue</b>	<b>846,094</b>	<b>994,660</b>	<b>978,839</b>	<b>754,202</b>	<b>909,670</b>	<b>3,083,888</b>	<b>884,306</b>	<b>787,094</b>	<b>567,550</b>	<b>1,171,712</b>
Expenses										
Salaries	274,043	248,404	235,452	198,133	200,002	199,851	188,612	212,539	247,203	256,173
Operating expenses	207,658	162,834	158,637	175,804	153,102	216,549	1,312,582	124,103	308,329	267,209
Operating expenses-capital (2)	119,918	273,626	204,719	120,000	194,565	5,438	-	15,892	-	-
Interest	29,502	39,899	48,478	65,301	70,822	78,281	84,437	93,960	104,350	113,327
Depreciation	177,113	176,283	175,761	174,578	182,320	188,935	183,140	171,551	169,729	140,983
<b>Total expense</b>	<b>808,234</b>	<b>901,046</b>	<b>823,047</b>	<b>733,816</b>	<b>800,811</b>	<b>689,054</b>	<b>1,768,771</b>	<b>618,045</b>	<b>829,611</b>	<b>777,692</b>
Excess (deficiency) of revenue over expense:	<u>\$ 37,860</u>	<u>\$ 93,614</u>	<u>\$ 155,792</u>	<u>\$ 20,386</u>	<u>\$ 108,859</u>	<u>\$ 2,394,834</u>	<u>\$ (884,465)</u>	<u>\$ 169,049</u>	<u>\$ (262,061)</u>	<u>\$ 394,020</u>

Note:

- (1) Capital contributions include reimbursements from the Federal Aviation Administration and the Maryland Aviation Administration.
- (2) Operating expense reimbursed by the Federal Aviation Administration and the Maryland Aviation Administration.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Retired Members of the Carroll County Pension Plan by Type of Benefit**  
**As of June 30, 2018**

**Table 23**

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Unmod	A	B	C	D	E	
Deferred	2											
\$ 1 - \$250	78	70	-	8	-	31	9	13	19	3	3	
251 - 500	106	93	7	6	-	26	13	15	34	4	14	
501- 750	60	50	9	1	-	16	9	13	13	3	6	
751 - 1000	25	19	5	1	-	9	3	4	3	1	5	
Over 1,000	30	28	2	-	-	5	9	1	9	5	1	

Type of Retirement:

- 1 - Normal Retirement for age and/or service
- 2 - Early Retirement
- 3 - Beneficiary Payment, normal or early retirement
- 4 - Beneficiary Payment, death in service

Option Selected:

- Unmodified: Life Annuity, member only
- A - Beneficiary receives lump sum of unused contributions
- B - Life Annuity of member, with ten years certain and continuous
- C - Beneficiary receives 100 percent of member's reduced monthly benefit
- D - Beneficiary receives 75 percent of member's reduced monthly benefit
- E - Beneficiary receives 50 percent of member's reduced monthly benefit

Source: Department of Human Resources.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Carroll County Employee Pension Plan**  
**Average Benefit Payments**  
**Last Ten Fiscal Years**

**Table 24**

Retirement Effective Date	Years of Credited Service					
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$ 137	\$ 447	\$ 2,125	\$ 6,625	\$ 4,404	\$ -
Average Final Monthly Salary	\$ 2,065	\$ 1,939	\$ 2,572	\$ 3,498	\$ 3,385	\$ -
Number of Retired Members	4	5	12	18	13	-
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$ 198	\$ 934	\$ 3,207	\$ 9,320	\$ 6,777	\$ -
Average Final Monthly Salary	\$ 2,065	\$ 2,605	\$ 2,705	\$ 3,457	\$ 3,365	\$ -
Number of Retired Members	4	7	14	25	17	-
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$ 206	\$ 1,276	\$ 4,144	\$ 11,327	\$ 10,647	\$ 609
Average Final Monthly Salary	\$ 1,879	\$ 3,030	\$ 2,706	\$ 3,631	\$ 3,574	\$ 3,544
Number of Retired Members	5	11	19	30	30	1
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$ 518	\$ 1,736	\$ 5,999	\$ 13,356	\$ 17,581	\$ 622
Average Final Monthly Salary	\$ 2,314	\$ 2,909	\$ 2,849	\$ 3,886	\$ 3,649	\$ 3,544
Number of Retired Members	9	15	26	32	36	1
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$ 822	\$ 2,499	\$ 8,352	\$ 15,819	\$ 19,982	\$ 762
Average Final Monthly Salary	\$ 2,512	\$ 2,992	\$ 2,963	\$ 3,856	\$ 3,685	\$ 3,620
Number of Retired Members	11	19	31	34	38	2
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$ 1,089	\$ 3,107	\$ 9,970	\$ 17,569	\$ 21,338	\$ 1,793
Average Final Monthly Salary	\$ 2,614	\$ 2,897	\$ 3,043	\$ 3,818	\$ 3,708	\$ 3,408
Number of Retired Members	15	22	36	38	40	4
Period 7/1/13 to 6/30/14						
Average Monthly Benefit	\$ 1,356	\$ 4,366	\$ 11,337	\$ 20,840	\$ 23,544	\$ 4,255
Average Final Monthly Salary	\$ 2,730	\$ 2,874	\$ 3,099	\$ 3,750	\$ 3,797	\$ 3,621
Number of Retired Members	17	28	39	43	43	8
Period 7/1/14 to 6/30/15						
Average Monthly Benefit	\$ 1,738	\$ 7,062	\$ 15,280	\$ 27,295	\$ 25,804	\$ 11,100
Average Final Monthly Salary	\$ 2,850	\$ 2,952	\$ 3,171	\$ 3,879	\$ 3,781	\$ 3,749
Number of Retired Members	18	36	47	52	44	15
Period 7/1/15 to 6/30/16						
Average Monthly Benefit	\$ 2,777	\$ 9,201	\$ 17,255	\$ 32,057	\$ 30,023	\$ 17,714
Average Final Monthly Salary	\$ 2,850	\$ 2,995	\$ 3,163	\$ 3,984	\$ 3,832	\$ 3,982
Number of Retired Members	20	43	51	58	49	20
Period 7/1/16 to 6/30/17						
Average Monthly Benefit	\$ 1,927	\$ 10,470	\$ 17,208	\$ 30,471	\$ 31,311	\$ 31,923
Average Final Monthly Salary	\$ 2,694	\$ 3,074	\$ 3,152	\$ 3,856	\$ 3,855	\$ 4,353
Number of Retired Members	21	47	55	59	51	35
Period 7/1/17 to 6/30/18						
Average Monthly Benefit	\$ 1,969	\$ 12,253	\$ 19,766	\$ 37,069	\$ 33,704	\$ 43,705
Average Final Monthly Salary	\$ 2,655	\$ 3,193	\$ 3,178	\$ 3,902	\$ 3,865	\$ 4,314
Number of Retired Members	22	50	60	68	55	44

Source: Department of Human Resources.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Retired Members of the Carroll County Certified Law Officers Pension Plan by Type of Benefit**  
**As of June 30, 2018**

**Table 25**

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Life Ann. Unmod	Cash Ref A	10 Yr. Cert. B	J&C 100% C	J&C 75% D	J&C 50% E	
Deferred	-											
\$ 1 - \$250	-	-	-	-	-	-	-	-	-	-	-	-
251 - 500	1	1	-	-	-	-	-	-	1	-	-	-
501- 750	1	1	-	-	-	-	-	-	1	-	-	-
751 - 1000	1	1	-	-	-	-	1	-	-	-	-	-
Over 1,000	11	11	-	-	-	1	1	2	2	2	3	

Type of Retirement:

- 1 - Normal Retirement for age and/or service
- 2 - Early Retirement
- 3 - Beneficiary Payment, normal or early retirement
- 4 - Beneficiary Payment, death in service

Option Selected:

- Unmodified: Life Annuity, member only
- A - Beneficiary receives lump sum of unused contributions
- B - Life Annuity of member, with 10 years certain and continuous
- C - Beneficiary receives 100 percent of member's reduced monthly benefit
- D - Beneficiary receives 75 percent of member's reduced monthly benefit
- E - Beneficiary receives 50 percent of member's reduced monthly benefit

Source: Department of Human Resources.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY, MARYLAND**  
**Carroll County Certified Law Officers Pension**  
**Average Benefit Payments**  
**Last Seven Fiscal Years**

**Table 26**

Retirement Effective Date	Years of Credited Service					
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$ -	\$ -	\$ 723	\$ -	\$ -	\$ 1,393
Average Final Monthly Salary	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ 4,488
Number of Retired Members	-	-	1	-	-	1
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$ -	\$ -	\$ 737	\$ -	\$ -	\$ 2,483
Average Final Monthly Salary	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ 4,488
Number of Retired Members	-	-	1	-	-	2
Period 7/1/13 to 6/30/14						
Average Monthly Benefit	\$ -	\$ -	\$ 1,391	\$ 130	\$ 2,947	\$ 5,316
Average Final Monthly Salary	\$ -	\$ -	\$ 5,010	\$ 4,338	\$ 4,612	\$ 4,553
Number of Retired Members	-	-	2	1	2	3
Period 7/1/14 to 6/30/15						
Average Monthly Benefit	\$ -	\$ -	\$ 1,411	\$ 390	\$ 1,209	\$ 7,869
Average Final Monthly Salary	\$ -	\$ -	\$ 5,010	\$ 4,338	\$ 4,175	\$ 4,678
Number of Retired Members	-	-	2	1	1	4
Period 7/1/15 to 6/30/16						
Average Monthly Benefit	\$ -	\$ -	\$ 1,411	\$ 390	\$ 2,532	\$ 7,869
Average Final Monthly Salary	\$ -	\$ -	\$ 5,010	\$ 4,338	\$ 4,502	\$ 4,678
Number of Retired Members	-	-	2	1	2	4
Period 7/1/16 to 6/30/17						
Average Monthly Benefit	\$ -	\$ -	\$ 1,446	\$ 1,702	\$ 3,930	\$ 13,430
Average Final Monthly Salary	\$ -	\$ -	\$ 5,010	\$ 5,249	\$ 4,722	\$ 4,986
Number of Retired Members	-	-	2	2	3	6
Period 7/1/17 to 6/30/18						
Average Monthly Benefit	\$ -	\$ -	\$ 1,475	\$ 2,899	\$ 4,010	\$ 13,699
Average Final Monthly Salary	\$ -	\$ -	\$ 5,010	\$ 5,103	\$ 4,722	\$ 4,986
Number of Retired Members	-	-	2	3	3	6

Carroll County Certified Law Officer's Pension was established during fiscal year 2010.

Source: Department of Human Resources.



# Single Audit Section





Independent Auditor's 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*

To the County Commissioners of Carroll County  
Carroll County, Maryland

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Maryland (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Carroll County, Maryland's basic financial statements, and have issued our report thereon dated November 20, 2018, which included an emphasis of a matter paragraph as indicated on page 13. Our report includes a reference to other auditors who audited the financial statements of Carroll Community College, the Board of Education of Carroll County, and the Carroll County Public Library, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carroll County, Maryland's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll County, Maryland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County, Maryland's financial statements are free from 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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baltimore, Maryland  
November 20, 2018

Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by the Uniform Guidance

The County Commissioners of Carroll County  
Westminster, Maryland

Report on Compliance for Each Major Federal Program

We have audited Carroll County, Maryland's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carroll County, Maryland's major federal programs for the year ended June 30, 2018. Carroll County, Maryland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's financial statements include the operations of the Carroll County Community College, the Carroll County Board of Education, the Industrial Development Authority of Carroll County, and the Carroll County Public Library for the year ended June 30, 2018, component units which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2018. Our audit described below did not include operations of these entities as they are engaged under separate audits. The results of these audits are separately reported in accordance with Uniform Guidance, if required.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Carroll County, Maryland's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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 Carroll County, Maryland'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Carroll County, Maryland's compliance.

*Opinion on Each Major Federal Program*

In our opinion, Carroll County, Maryland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



## Report on Internal Control over Compliance

Management of Carroll County, Maryland is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carroll County, Maryland's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Carroll County, Maryland's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Baltimore, Maryland  
November 20, 2018

**The County Commissioners of Carroll County**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Housing Section 8 Grants			
Section 8 Housing Choice Voucher Cluster (14.871 / 14.879)			
HUD Housing Admin FY17	14.871	\$ -	\$ 117
HUD Housing FY18	14.871	-	5,634,167
HUD Housing Admin FY18	14.871	-	452,758
		<hr/>	<hr/>
Total Section 8 Housing Choice Voucher Cluster (14.871 / 14.879)		-	6,087,042
CofC Plan FY17	14.267	-	4,399
CofC Plan FY18	14.267	-	5,686
FSS Federal FY18	14.896	-	74,312
		<hr/>	<hr/>
<b>Total U.S. Department of Housing and Urban Development Section 8 Grants</b>		<hr/>	<hr/>
		-	<b>6,171,439</b>
<b>U.S. Department of Housing and Community Development</b>			
Passed Through Maryland Department of Community Development			
Emergency Solutions FY16	14.231	-	25,105
Emergency Solutions FY18	14.231	-	25,981
		<hr/>	<hr/>
<b>Total U.S. Department of Housing and Community Development</b>		<hr/>	<hr/>
		-	<b>51,086</b>
<b>U.S. Department of Labor</b>			
Passed Through Howard County Maryland			
Manpower Resources Employment and Training Assistance			
WIA Cluster (17.258 / 17.259 / 17.278)			
BERC - Title I Adult FY17	17.258	-	293,001
BERC - Title I Disc Worker FY17	17.278	-	554,621
BERC - Youth FY17	17.259	-	185,457
BERC - Admin FY17	17.258	-	32,420
BERC - Admin FY17	17.278	-	6,947
BERC - Admin FY17	17.259	-	6,947
BERC WIOA	17.259	-	14,630
BERC - I FY18	17.258	-	40
BERC - Youth FY18	17.259	-	1,657
BERC - Admin FY18	17.258	-	11
BERC - Admin FY18	17.259	-	11
BERC - Admin FY18	17.278	-	35
BERC WEX FY18	17.259	-	1,376
		<hr/>	<hr/>
<b>Total U.S. Department of Labor</b>		<hr/>	<hr/>
		-	<b>1,097,153</b>

The County Commissioners of Carroll County

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor/Program Title	Federal CFDA Number	Pass-through to Subrecipients	Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed Through Maryland Office on Aging			
Aging Cluster (93.044 / 93.045 / 93.053)			
Title III, Part B FY17	93.044	-	12,682
Title III, B FY18	93.044	-	86,134
Title III, Part C-1 Congregate Meals FY17	93.045	-	23,009
Title III, Part C-2 Home Delivered Meals FY17	93.045	-	25,087
Title III, Part C FY18	93.045	-	106,690
HDM FY18	93.045	-	68,042
Nutritional Svc Incentive FY17	93.053	-	27
Total Aging Cluster (93.044 / 93.045 / 93.053)			321,671
Title III, Part D FY17	93.043	-	5,444
Title III, D FY18	93.043	-	6,564
Title III, Part E FY18	93.052	-	40,914
Title III, Part E FY17	93.052	-	15,915
Title III, B FY18	93.042	-	11,681
Ombudsman FY17	93.042	-	56
Title VII FFY18	93.041	-	3,455
SMP FFY18	93.048	-	4,403
SHIP FY18	93.324	-	10,000
Title III, D FY18	93.071	-	6,513
MIPPA FY17	93.071	-	1,092
Passed Through Maryland State Department of Human Resources			
Circuit Ct Child Support FY17	93.563	-	5,188
Sheriff Child Support FY17	93.563	-	32,005
Sheriff Child Support FY18	93.563	-	14,845
Sheriff CCAIC Training Enhance FY18	93.563	-	94,813
Safe & Stable FY18	93.556	125,824	125,824
Cluster (15.025/ 15.026 / 15.113 / 15.114 / 15.130 / 17.265 / 93.558 / 93.569 / 93.575 / 93.594 / 93.596)			
Family Preservation FY18	93.558	356,250	356,250
Family Preservation Admin FY18	93.558	39,583	39,583
Total Cluster (15.025/ 15.026 / 15.113 / 15.114 / 15.130 / 17.265 / 93.558 / 93.569 / 93.575 / 93.594 / 93.596)			395,833
Passed Through Maryland Department of Health & Mental Hygiene			
Cs Mgmt FY18	93.778	-	158,240
FFP FY18	93.778	-	111,702
MA Waiver FY17	93.778	-	120,003
MFP FY18	93.778	-	6,050
Total Cluster 93.775 / 93.777 / 93.778			395,995
<b>Total U.S. Department of Health and Human Services</b>		<b>521,657</b>	<b>1,492,211</b>
<b>U.S. Veterans Administration</b>			
Passed Through Maryland Office On Aging			
Veterans Directed Home FY18	64.022	-	9,318
<b>Total U.S. Veterans Administration</b>			<b>9,318</b>

**The County Commissioners of Carroll County**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
<b>U.S. Department of Transportation</b>			
Passed Through Maryland State Highway Administration			
Cluster 20.205 / 20.219 / 20.224 / 23.003			
White Rock Road over Piney Run	20.205	-	240,263
MD 32 Sidewalk	20.205	-	18,734
Eld Wd Okland P 4	20.205	-	5,600
		<hr/>	<hr/>
Total cluster 20.205 / 20.219 / 20.224 / 23.003		-	264,597
		<hr/>	<hr/>
Cluster 20.600 / 20.601 / 20.602 / 20.609 / 20.610 / 20.611 / 20.612 / 20.613 / 20.616			
Sheriff Highway Safety FY17	20.600	-	1,807
Sheriff Highway Safety FY18	20.600	-	7,615
Sheriff Highway Safety FY17	20.616	-	1,414
Sheriff Highway Safety FY18	20.616	-	10,517
		<hr/>	<hr/>
Total cluster 20.600 / 20.601 / 20.602 / 20.609 / 20.610 / 20.611 / 20.612 / 20.613 / 20.616		-	21,353
		<hr/>	<hr/>
Cluster 20.500 / 20.507 / 20.525 / 20.526			
Section 5311 Capital FY18	20.507	-	54,563
PreveMain FY18	20.507	-	114,524
Section 5307 FY18	20.507	-	325,827
		<hr/>	<hr/>
Total cluster 20.500 / 20.507 / 20.525 / 20.526		-	494,914
		<hr/>	<hr/>
Motor Carrier Safety Asst FY17	20.218	-	5,667
Motor Carrier Safety Asst FY18	20.218	-	14,353
Section 5311 FY18	20.509	-	110,119
UPWP FY15	20.505	-	13,284
UPWP FY17	20.505	-	67
UPWP FY18	20.505	-	51,157
		<hr/>	<hr/>
<b>Total U.S. Department of Transportation</b>		-	<b>975,511</b>
		<hr/>	<hr/>
<b>U.S. Department of Homeland Security</b>			
Passed Through Maryland Emergency Management Administration			
SHSP HST FFY15	97.067	-	1,973
UASI FFY15 Emg Planners	97.067	-	4,962
SHSP RESP FFY15	97.067	-	7,485
SHSP EOC FFY15	97.067	-	16,050
UASI LAW FFY15	97.067	-	27
UASI HAZM FFY15	97.067	-	15,116
UASI-MCCV FFY15	97.067	-	82
UASI-MCS FFY15	97.067	-	2,329
UASI-ENS FFY15	97.067	-	8,777
SHSP Respond to all Hazard events FFY16	97.067	-	24,094
UASI - Regional Em Planners FFY16	97.067	-	102,754
SHSP EOC FFY16	97.067	-	3,141
SHSP Homeland Sec Train FFY16	97.067	-	4,900
UASI-CBRNE FFY16	97.067	-	1,861
UASI LE FFY16	97.067	-	18,678
SHSP17 Admin	97.067	-	35,000
UASI EAN FY18	97.067	-	19,443
UASI MCV FFY18	97.067	-	14,698
UASI Empl FFY18	97.067	-	20,594
UASIHazt FFY18	97.067	-	6,355
UASIntel FFY18	97.067	-	2,833
DTF DOT Sher	21.016	-	17,800
TR SLOT FFY18	21.016	-	17,622
		<hr/>	<hr/>
<b>Total U.S. Department of Homeland Security</b>		-	<b>346,574</b>
		<hr/>	<hr/>

**The County Commissioners of Carroll County**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
Passed Through Maryland Department of Human Resources NSIP FFY18	10.561	-	34,655
<b>Total U.S. Department of Agriculture</b>		-	<b>34,655</b>
<b>U.S. Department of Justice</b>			
Passed Through The Governor's Office of Crime Control and Prevention			
Drug Task Force - Sheriff	16.922	-	13,000
Tactical Div Task Force FY18	16.922	-	15,213
Drug Task Force - Sheriff	16.922	-	51,041
DOJ Joint Law Enforcement FFY17	16.111	-	5,458
DOJ Joint Law Enforcement Ops FY18	16.111	-	5,234
VAWA FY17 Sheriff	16.588	-	4,370
VAWA FY18	16.588	-	55,453
VAWA Sherf FY18	16.588	-	3,726
JAG States Atty	16.738	-	3,723
Adult Drug Ct FY17 Circuit Ct	16.738	-	3,684
BJAG Sher FY18	16.738	-	16,200
BJAG St Atty FY18	16.738	-	25,412
Adv. Div Pg 18	16.540	-	16,734
Emg. Management FY18	97.042	-	108,858
CCAICT FY17	93.643	-	3,689
CCAICT FY18	93.643	-	974
<b>Total of U.S. Department of Justice</b>		-	<b>332,769</b>
<b>Executive Office of the President</b>			
Passed Through Mercyhurst University			
HIDTA CY17	95.001	-	28,973
HIDTA CY18	95.001	-	21,546
<b>Total Executive Office of the President</b>		-	<b>50,519</b>
<b>U.S. Department of Education</b>			
Passed Through Maryland Department of Education			
BERCDORS FY18	84.126	-	31,675
<b>Total U.S. Department of Education</b>		-	<b>31,675</b>
<b>Environmental Protection Agency</b>			
Passed Through National Fish and Wildlife Foundation			
1 Roberts Mill	66.466	-	75,000
		-	<b>75,000</b>
<b>Total Federal Programs</b>		<b>\$ 521,657</b>	<b>\$ 10,667,910</b>

See Notes to Schedule of Expenditures of Federal Awards.

**The County Commissioners of Carroll County**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

**Note 1 - Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal award activity of the Carroll County, Maryland under programs of the federal government for the year ended June 30, 2018. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Carroll County, Maryland, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Carroll County, Maryland.

**Note 2 - Summary of significant accounting policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Grant revenues are recorded for financial reporting purpose when expenditures are made in accordance with requirements of respective grants. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3 - Indirect cost rate**

Carroll County, Maryland has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 - Pre-award spending during 2018**

Carroll County, Maryland has incurred costs totaling \$214,331 under the Airport Improvement Program ("AIP") through June 30, 2018, prior to receiving the grant award. This amount includes \$119,282 incurred during the year ended June 30, 2018 and \$95,049 in prior fiscal years. Under the U.S. Department of Transportation Federal Aviation Administration, Order 3100.38C, project costs incurred prior to the execution of a grant agreement may be reimbursed for costs incurred after September 1996 for funds apportioned to a sponsor as entitlements. As there are no executed grants agreements in place, these costs were not included as part of AIP expenditures under the SEFA for the year ended June 30, 2018. These pre-award expenditures will be reported on the SEFA in the year they are funded.

**The County Commissioners of Carroll County**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**I. Summary of Independent Auditor's Results**

**Financial Statements**

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?     Yes             No

Significant deficiency (ies) identified?  Yes             None Reported

Noncompliance material to financial  
statements noted?                             Yes             No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?     Yes             No

Significant deficiency(ies) identified?  Yes             None Reported

Type of auditor's report issued on compliance for  
major programs: Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with 2 CFR  
Section 200.516(a) of the Uniform Guidance     Yes     No

**Identification of Major Programs**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Fiscal Year 6/30/2018 Expenditures</u>
Housing Choice Voucher Cluster	14.871 / 14.879 17.258 / 17.259 /	<u>\$ 6,087,042</u>
Workforce Investment Cluster	17.278	<u>\$ 1,097,153</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 750,000</u>

Auditee qualified as a low-risk auditee?                             Yes             No

**The County Commissioners of Carroll County**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**II. Financial Statement Findings**

None

**III. Major Federal Award Findings and Questioned Costs**

None



**The County Commissioners of Carroll County**

**Schedule of Prior Year Audit Findings  
Year Ended June 30, 2018**

**Finding No. 2017 - 001**

**Material Weakness**

**Condition/Context**

During the course of our audit we noted material misstatements in the County's records surrounding capital assets. The misstatements related specifically to the identification of assets that are placed in service (as opposed to being construction in progress) as well as the valuation recorded for assets donated by a component unit. The material misstatements were corrected as a result of our inquiries.

**Criteria**

COSO/Internal Control Framework defines control activities as "policies and procedures that help to ensure management's directives are carried out." Management review controls are defined as, "the activities of a person, different than the preparer, through analyzing and performing oversight activities performed, and is an integral part of any internal control structure." COSO/Internal Control Framework state that control activities must be in place for there to be adequate control procedures over financial reporting. Furthermore, these control activities should be performed timely to ensure financial transactions are recorded in the correct reporting period in compliance with Generally Accepted Accounting Principles ("GAAP") and the standards set forth by the Governmental Accounting Standards Board.

**Status**

Management has satisfactorily addressed the finding.

**Finding No. 2017 - 002**

**Material Weakness**

**Condition/Context**

During the course of our audit we noted a material misstatement in the County's records surrounding the recognition of grant revenue related to the federal aviation grants in the Airport Fund, a major enterprise fund.

**Criteria**

COSO/Internal Control Framework defines control activities as "policies and procedures that help to ensure management's directives are carried out." Management review controls are defined as, "the activities of a person, different than the preparer, through analyzing and performing oversight activities performed, and is an integral part of any internal control structure." COSO/Internal Control Framework state that control activities must be in place for there to be adequate internal control procedures over financial reporting. Furthermore, these control activities should be performed timely to ensure financial transactions are recorded in the correct reporting period in compliance with Generally Accepted Accounting Principles ("GAAP") and the standards set by the Governmental Accounting Standards Board ("GASB").

**Status**

Management has satisfactorily addressed the finding.

**The County Commissioners of Carroll County**

**Schedule of Prior Year Audit Findings  
Year Ended June 30, 2018**

**Finding No. 2017 - 003**

**Material Weakness**

**Condition/Context**

During the course of our audit we found instances where the schedule of expenditures of federal awards ("SEFA") required several adjustments to stated expenditures, changes to CFDA numbers and certain programs were not properly clustered in accordance with Uniform Guidance requirements.

**Criteria**

The Uniform Guidance requires the auditee to have controls in place that will produce a complete, accurate and properly clustered SEFA.

**Status**

Management has satisfactorily addressed the finding.





Department of the Comptroller  
Carroll County Government  
225 North Center Street  
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