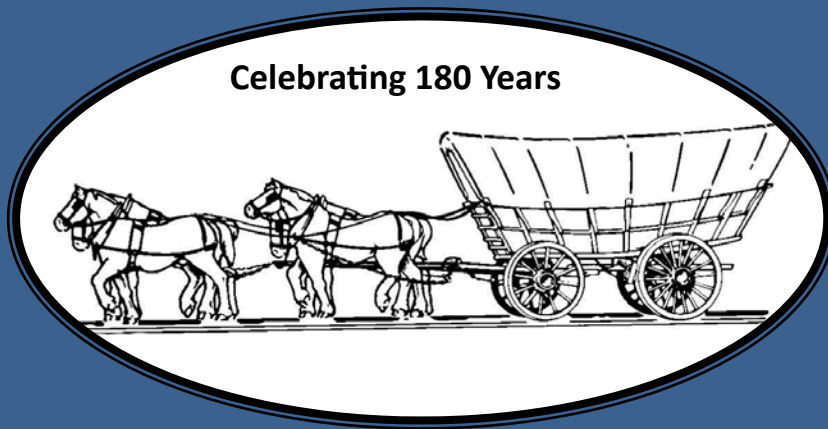


# *Carroll County Maryland*

Celebrating 180 Years

1837



2017

## Comprehensive Annual Financial Report

For the Fiscal Year Ended  
June 30, 2017



# **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.

# Comprehensive Annual Financial Report

For The Fiscal Year Ended  
June 30, 2017

Department of the Comptroller  
Carroll County, Maryland

Robert M. Burk, Comptroller





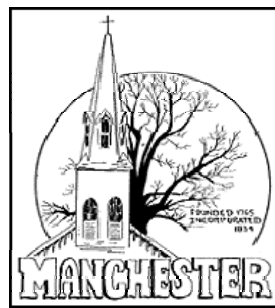
Historic Taneytown, MD Main Street



Taneytown, MD Main Street now.



# Introductory Section



Manchester, MD Main Street Circa 1900



Manchester, MD Main Street now.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
 Westminster, Maryland  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2017

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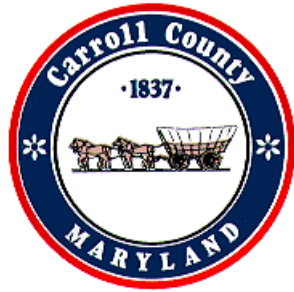
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THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
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Comptroller  
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email: rburk@ccg.carr.org



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

December 14, 2017

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, 2017.

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, 2017, 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 244.

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 complement 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 2017 population estimate of 173,594. 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 37 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 178.

**Local Economy:**

Local indicators show the continued stability of Carroll County. The unemployment rate for Carroll County was at 3.2% in September 2017, compared to 5.3% nationally. This is a result of the gradual continuing economic recovery. Carroll County 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 the diversity as it contains 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, Evapco, and Carroll Lutheran Village.

The County has a labor force of approximately 92,693 as of September 2017, which was a decrease of 2% 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 2017, 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 2017, 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 2017, the rate remained at 3.03% of State taxable income.

*Homestead Tax Credit:*

The Homestead Tax Credit is set by the Commissioners which caps the amount taxes can increase on a primary residence at five percent 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 five percent 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 five percent 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 \$26.9 million to continue the County's efforts in purchasing agriculture land preservation easements, \$21.3 million for watershed assessment and improvements, \$60 million to build a new Career and Technology Center, \$19 million for various public schools HVAC improvements and replacements, and \$74.5 million in road improvements for projects like several connector roads to relieve congestion in areas of growth.

The program also includes a \$11.3 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 deems bids received through a competitive sale are unsatisfactory or does not receive bids.

**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 State of 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, 2017, 70,311 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 continues to maintain strong ratings from the credit rating agencies (S&P AAA; Moody's Aa1; Fitch AAA) and the County's bonds are competitively sold with strong investor interest.

*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 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, Maryland for its comprehensive annual financial report “CAFR” for the fiscal year ended June 30, 2016. Carroll County, Maryland has received a Certificate of Achievement for the last 32 consecutive years (fiscal years 1985-2016). 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.

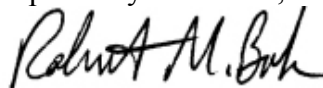
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA’s Distinguished Budget Presentation Award for its fiscal year 2016 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 nine consecutive years (2008-2016). Currently, the County has submitted its fiscal year 2017 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

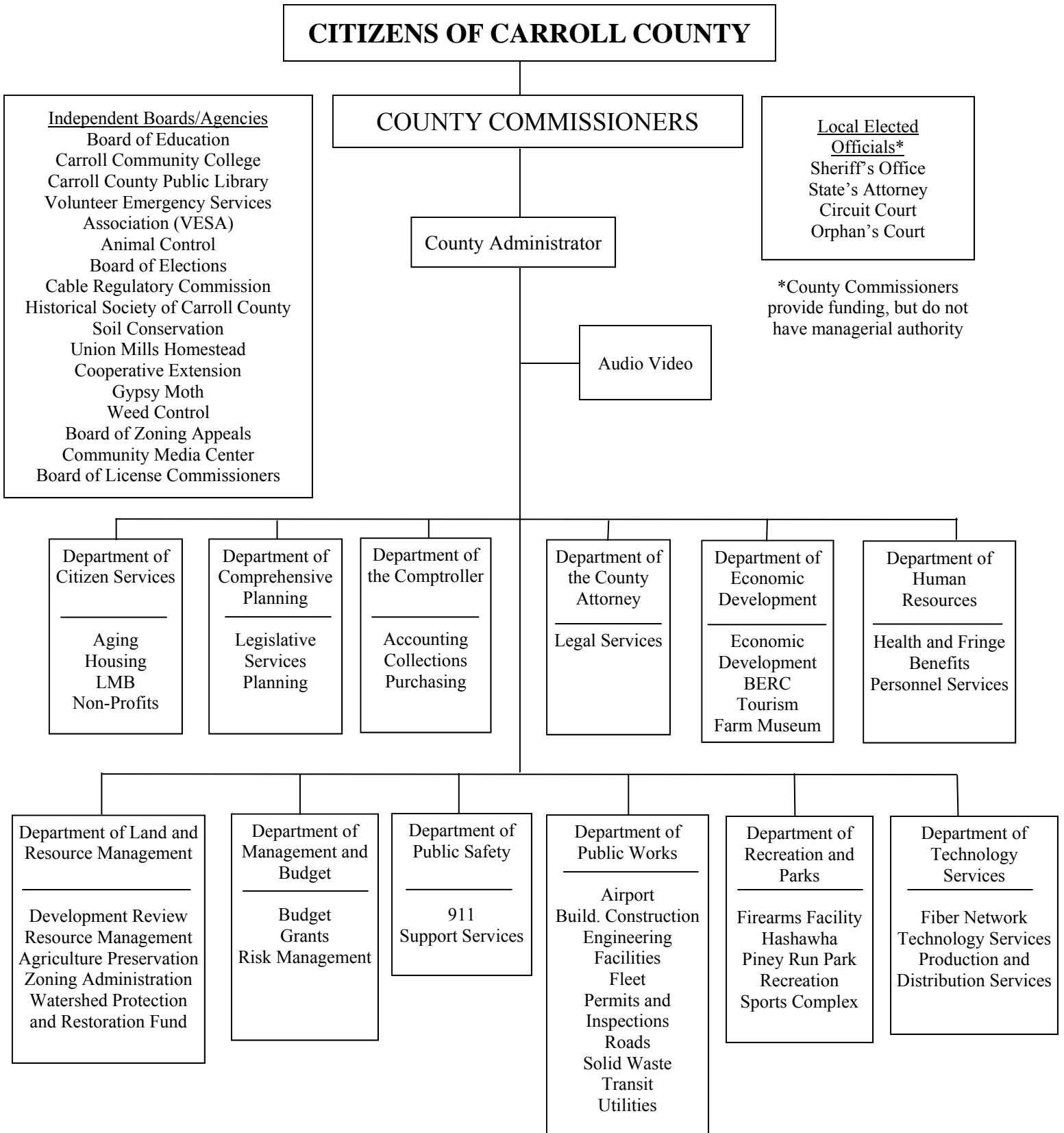
**June 30, 2016**

*Christopher P. Morvill*

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  
Philip R. Hager  
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



Richard Weaver  
President  
District 2



Dennis Frazier  
Vice President  
District 3



Stephen Wantz  
Secretary  
District 1



Richard Rothschild  
District 4



J. Douglas Howard  
District 5





Historic Main Street, Westminster, MD



Westminster, MD Main Street now.



# Financial Section



Hampstead, MD historic train station



Hampstead, MD train station now

## Independent Auditor's Report

To the County Commissioners  
Carroll County, Maryland

### **Report on the Financial Statements**

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, 2017, 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 94.7 percent, 96.1 percent, and 99.6 percent, respectively, 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, 2017, 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**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 16-29, the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Carroll County's Contributions, and the Schedule of Investment Returns for the Carroll County Employee Pension Plan, the Carroll County Certified Law Officers Pension Plan, and the Volunteer Fireman Pension Plan, the Schedule of Proportionate Share of the Net Pension Liability ("NPL") and Schedule of Pension Plan Contributions for the State of Maryland for the Carroll County Elected/Appointed Officials Pension Plan and the Carroll County Soil Conservation District Pension Plan, the Schedule of Changes in the Net OPEB Liability and Related Ratios for the Retiree Benefit Trust and Board of County Commissioner of Carroll County, Maryland, the Schedule of Carroll County's Contributions for the Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland, the Schedule of Investment Returns for the Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland and the Schedule of Funding Progress and Employer Contributions Other Post-Employment Benefits Funds on pages 162-176 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, additional information section, and statistical sections 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 and additional 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 statement 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, as listed in the table of contents, 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 December 11, 2017, 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 and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland  
December 11, 2017

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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, 2017. 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 5-9 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, 2017 by \$316,137,426 (total net position), compared to \$302,570,690 at June 30, 2016. For fiscal year ended June 30, 2017, total net position was net of the \$54,181,850 deficit in the unrestricted component of net position. The deficit occurred primarily 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, 2017, \$30,534,223 was restricted for specific purpose (restricted net position) in comparison to \$28,752,451, at June 30, 2016. The total net investment in capital assets was \$339,785,053 at June 30, 2017, compared to \$321,544,472 at June 30, 2016.
- The total net position increased by \$13,566,736 or 4.5%.

**Fund level:**

- At the close of the fiscal year, unassigned fund balance for the general fund (primary operating fund) was \$14,529,685 or 3.89% of general fund revenues.
- As of June 30, 2017, the County's governmental funds reported combined fund balances of \$140,637,699, a decrease of \$5,859,974 from the prior year. Approximately 10.3% of the combined fund balance is available to meet the County's current and future needs (*unassigned*), 28.1% is assigned, indicating that it is not available for new spending because it has already been assigned for items such as existing purchase orders and construction contracts, 41.7% is committed or restricted for future use, stabilization arrangement, restricted investments and other purposes, and 19.9% is non spendable 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 \$16,182,373, or 5% from fiscal year 2016. For fiscal year 2017, the County paid an average interest rate of 4%.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 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.

**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 32 and 33 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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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 187 to 189 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 37 of this report.

The basic governmental funds financial statements can be found on pages 34 and 35 of this report.

**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 38 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 190 to 192 of this report.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

***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 40 and 41 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 43 to 160 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 162 to 176.

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 \$316,137,426 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 position in governmental activities of \$37,546,612 reflect the imbalance of liabilities without corresponding assets.

Restricted net position of \$30,534,223 represents 8.9 percent 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 \$54,181,850.

During fiscal year 2017, the County's net position increased by \$13,566,736. The increases in income tax along with the increase in investment earnings were contributing factors to the increase in net position.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Another factor for the increase was due to the real property assessments increasing which increase the amount of property tax. The State of Maryland deeded back to the County three schools and the associated land that were closed due to decrease in student population. These assets were recorded at the Board of Education's carrying amount at the time of transfer.

<b>Carroll County Government's Net Position</b>						
	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current assets	\$ 192,292,019	\$ 197,536,576	\$ 23,416,435	\$ 27,526,082	\$ 215,708,454	\$ 225,062,658
Non-current assets	28,219,985	29,496,149	-	-	28,219,985	29,496,149
Capital assets	392,248,717	386,410,906	133,077,991	131,141,359	525,326,708	517,552,265
Total assets	612,760,721	613,443,631	156,494,426	158,667,441	769,255,147	772,111,072
Deferred outflows	14,323,232	15,771,164	664	227,270	14,323,896	15,998,434
Total assets and deferred outflows	627,083,953	629,214,795	156,495,090	158,894,711	783,579,043	788,109,506
Current liabilities	81,531,393	88,396,637	5,792,812	6,298,581	87,324,205	94,695,218
Non-current liabilities	351,999,361	362,672,708	23,811,905	26,143,046	375,811,266	388,815,754
Total liabilities	433,530,754	451,069,345	29,604,717	32,441,627	463,135,471	483,510,972
Deferred inflows	4,201,239	1,653,649	104,907	374,195	4,306,146	2,027,844
Total liabilities and deferred inflows	437,731,993	452,722,994	29,709,624	32,815,822	467,441,616	485,538,816
Net position:						
Net investment in						
capital assets	219,328,550	204,983,963	120,456,503	116,560,509	339,785,053	321,544,472
Restricted	7,570,022	8,145,020	22,964,201	20,607,431	30,534,223	28,752,451
Unrestricted (deficit)	(37,546,612)	(36,637,182)	(16,635,238)	(11,089,051)	(54,181,850)	(47,726,233)
Total net position	<u>\$ 189,351,960</u>	<u>\$ 176,491,801</u>	<u>\$ 126,785,466</u>	<u>\$ 126,078,889</u>	<u>\$ 316,137,426</u>	<u>\$ 302,570,690</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The following table indicates the changes in net position for governmental and business-type activities:

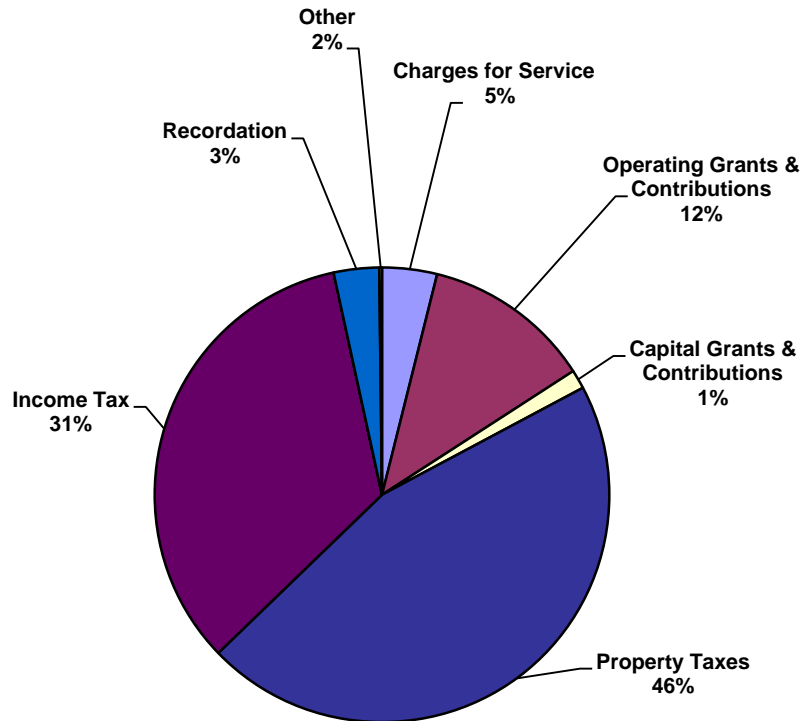
**Carroll County Government's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 17,256,109	\$ 19,938,435	\$ 19,710,138	\$ 18,851,827	\$ 36,966,247	\$ 38,790,262
Operating grants & contributions	21,016,535	14,740,101	-	-	21,016,535	14,740,101
Capital grants & contributions	6,005,593	5,339,545	1,972,009	2,581,093	7,977,602	7,920,638
<b>General revenues:</b>						
Property taxes	201,438,220	199,281,166	-	-	201,438,220	199,281,166
Income tax	149,896,467	146,049,675	-	-	149,896,467	146,049,675
Recordation tax	14,241,331	14,093,918	-	-	14,241,331	14,093,918
Admission & amusement tax	351,742	387,725	-	-	351,742	387,725
Agricultural transfer tax	179,416	143,429	-	-	179,416	143,429
Hotel rental tax	324,144	315,319	-	-	324,144	315,319
Investment earnings	(968,894)	4,171,190	(363,434)	672,988	(1,332,328)	4,844,178
Gain on sale of capital asset	-	-	47,237	18,063	47,237	18,063
<b>Total Revenues</b>	<b>409,740,663</b>	<b>404,460,503</b>	<b>21,365,950</b>	<b>22,123,971</b>	<b>431,106,613</b>	<b>426,584,474</b>
<b>Program Expenses:</b>						
General government	42,244,881	41,378,683	-	-	42,244,881	41,378,683
Public safety	51,691,641	45,677,379	-	-	51,691,641	45,677,379
Public works	33,927,901	31,583,099	-	-	33,927,901	31,583,099
Health	4,654,075	4,400,381	-	-	4,654,075	4,400,381
Human services	14,679,925	14,032,995	-	-	14,679,925	14,032,995
Education	201,927,058	196,452,853	-	-	201,927,058	196,452,853
Culture and recreation	6,298,819	4,992,787	-	-	6,298,819	4,992,787
Libraries	14,808,509	14,452,299	-	-	14,808,509	14,452,299
Conservation of natural resources	10,167,939	12,140,369	-	-	10,167,939	12,140,369
Economic development	3,851,580	4,234,039	-	-	3,851,580	4,234,039
Judicial	8,455,090	8,670,838	-	-	8,455,090	8,670,838
Interest on long-term debt	10,996,087	12,894,133	-	-	10,996,087	12,894,133
Bureau of Utilities	-	-	11,588,148	11,600,209	11,588,148	11,600,209
Solid Waste	-	-	8,784,687	9,996,571	8,784,687	9,996,571
Airport	-	-	861,147	823,047	861,147	823,047
Septage	-	-	594,277	629,136	594,277	629,136
Firearms	-	-	128,986	113,399	128,986	113,399
Fiber Network	-	-	1,321,618	1,116,618	1,321,618	1,116,618
<b>Total Expenses</b>	<b>403,703,505</b>	<b>390,909,855</b>	<b>23,278,863</b>	<b>24,278,980</b>	<b>426,982,368</b>	<b>415,188,835</b>
Excess (deficiency) before transfers	6,037,158	13,550,648	(1,912,913)	(2,155,009)	4,124,245	11,395,639
Transfer of assets from component unit	9,442,491	-	-	-	9,442,491	-
Transfers	(2,619,490)	(2,835,317)	2,619,490	2,835,317	-	-
Increase (Decrease) in Net Position	38,850,956	10,715,331	706,577	680,308	13,566,736	11,395,639
Net Position - Beginning,	176,491,801	165,776,470	126,078,889	125,398,581	302,570,690	291,175,051
Net Position - Ending	\$ 189,351,960	\$ 176,491,801	\$ 126,785,466	\$ 126,078,889	\$ 316,137,426	\$ 302,570,690

- Governmental activities:** Overall revenue has increased by \$5,280,160, which is a 1.3 percent increase from fiscal year 2016. Property tax revenue increased by \$2,157,054 over last fiscal year due to the increase in real property assessments. Income tax increased by \$3,846,792 due to more income tax being collected. Investment earnings decreased by \$5,140,084 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. Operating grants and contributions increased by \$6,276,434. Due to declining enrollment, the Board of Education made the decision to close three schools for the school year 2016-2017. The schools that were closed are: Charles Carroll Elementary, New Windsor Middle and North Carroll High School. The Board of Education deeded the buildings and land back to the County. The assets were recorded at the carrying cost on the Board of Education's books at the date of transfer. This amount is shown as a transfer of assets for component units. The County also recorded \$2,827,849 of roads constructed by developers.

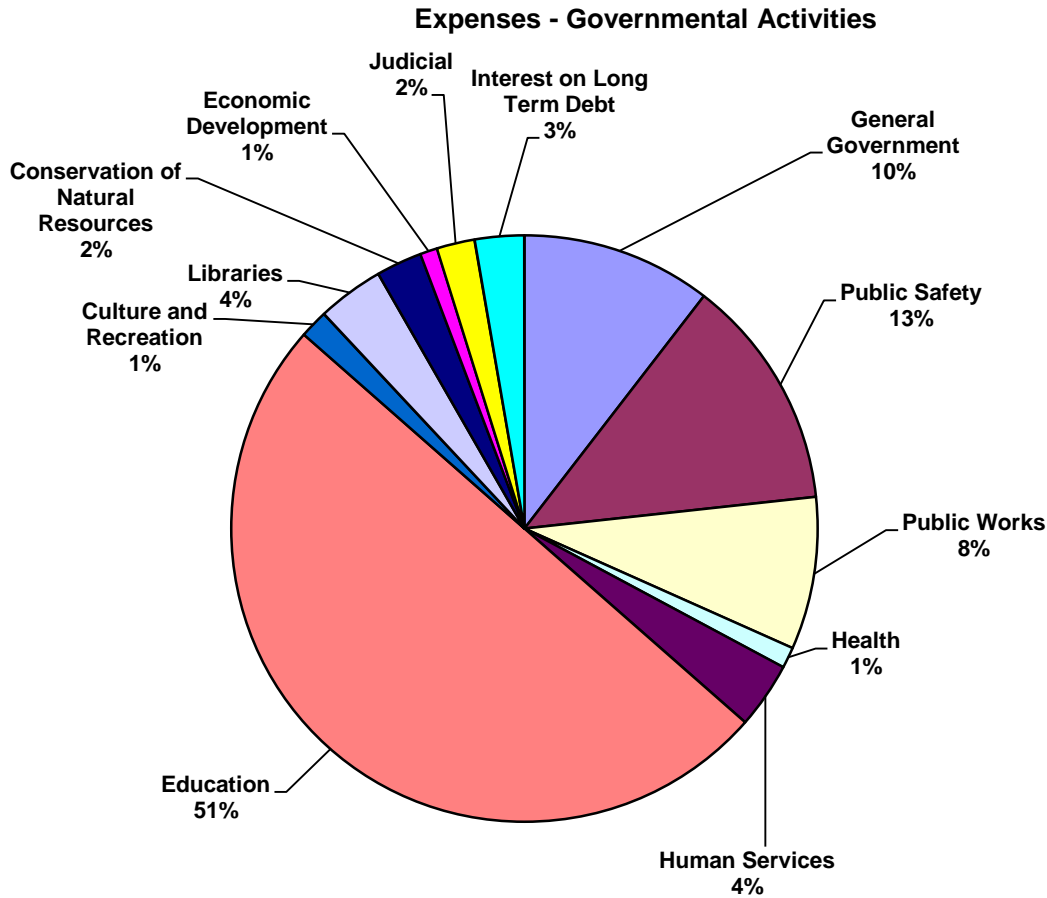
**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Revenues by Source - Governmental Activities**



The expenses of the governmental activities have increased by \$12,793,650 or 3.3 percent from fiscal year 2016. The public safety function increased by \$6,014,262. The Public Safety Office increased by \$3,175,519 for two reasons: 1.) the completion of the digital radio communication system CIP project totaling \$20,596,232 was put in service at the end of fiscal year 2016. During fiscal year 2017, one year of depreciation expense totaling \$2,059,623. 2.) a new maintenance agreement totaling \$1,115,896 began in FY17 to cover the new digital system. The increase in Sheriff Services and Detention Center of approximately \$1,529,700 were due to additional costs for the Drug Enforcement Support Program the Sheriff Department was in its third year of implementing its compensation plan. Culture and Recreation increased by \$1,306,032 due to park construction. The County continues to review its process of allocating direct costs by function.

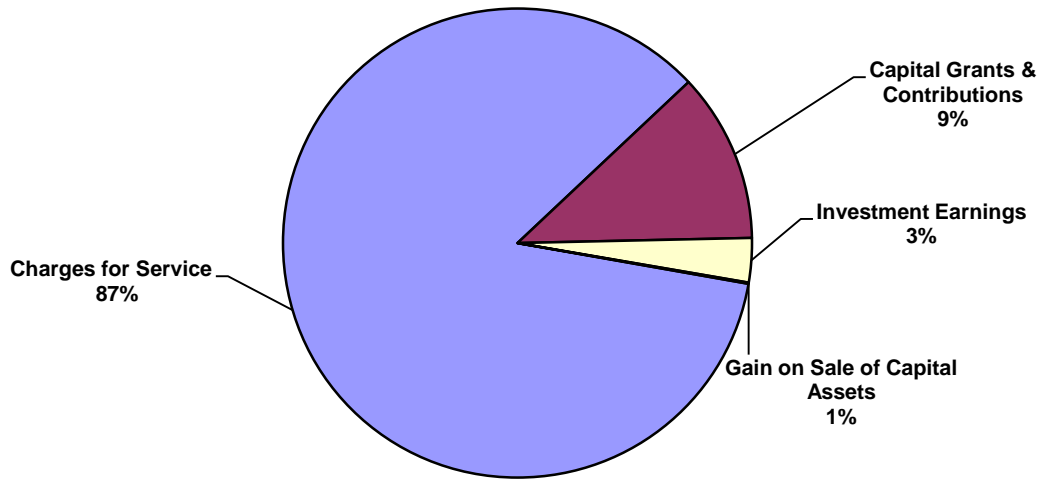
**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
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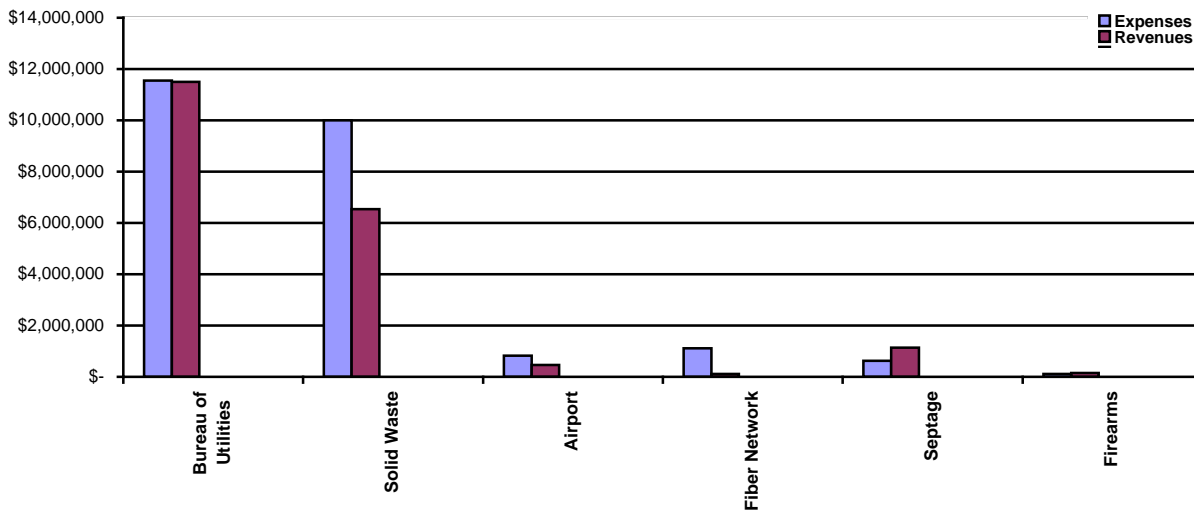
**Business-type activities:** There was an overall decrease in revenues of \$758,021 or 3.5 percent from fiscal year 2016. The primary reason for the decrease was due to the reduction of interest earnings. The expenses of the business-type activities have decreased by \$1,000,117 or 4.3 percent from fiscal year 2016. The primary reason for the decrease happened in the Fiber Network and the Solid Waste funds. Solid Waste purchased a new compactor which was able compress trash tighter in the landfill and reduce the amount of waste transfers. Fiber Network depreciation expense increased by \$166,370 when the CIP project for replacing equipment was put in service at the beginning of the year.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
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**Revenues by Source-Business-Type Activities**



**Expenses and Program Revenues - Business-type Activities**



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 \$140,637,699, a decrease of \$5,859,974. Approximately 10.3 percent of this total (\$14,529,685) constitutes *unassigned fund balance*, which is available for future appropriation. The *assigned fund balance*, at 28.1 percent of total fund balance is not available for new spending because it has already been assigned to encumbrances from subsequent years expenditures. The *committed fund balance*, at 15.3 percent of total fund balance is for future use, stabilization arrangement and other purposes. The *non-spendable fund balance*, at 19.9 percent, 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 (\$15,607,452), 2) dedicated for inventory and advances to Industrial Development Authority (\$2,378,053), prepaid costs (\$488,096) and money due from other funds (\$9,511,158). The remaining 26.4 percent of fund balance (\$37,102,352) 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 \$14,529,685, while total fund balance was \$113,520,293. 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 3.8 percent of total general fund expenditures, while total fund balance represents 30 percent of that same amount.

A decrease in fund balance was budgeted with an appropriation of \$9,198,782 of fund balance. The anticipated decrease in fund balance was partially mitigated by conservative spending which resulted in \$2,054,750, less in expenditures than budgeted. Total assets decreased by \$1,624,859. Liabilities decreased by \$3,087,345 due to a decrease in the amount owed to the Board of Education at year-end.

The revenues in the General Fund have increased by \$3,277,575 compared to the prior fiscal year. The primary contributing factor to the increase was due to the increase in income tax and the increase in Real Property Tax due to the increase of assessments. Expenditures increased by \$10,489,603 compared to the prior fiscal year. The increase was due to additional funding to the Board of Education to cover operating expenditures and costs associated with the teacher pensions. Another contributing factor to the increase was in Public Safety due the third year of implementing a compensation plan for the Sheriff's department. Public Safety also increased due to the new maintenance agreement on the newly complete digital radio system. Vehicle maintenance, fuel and telephone expenditures were recognized as direct costs in the proper functions.

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The Capital Projects Fund balance sheet shows a \$ 6,143,426 decrease in assets in fiscal year 2017. The decrease in cash is mainly due to several projects that began in fiscal year 2017 are being funded with future general obligation bonds not yet issued.

The Capital Projects Fund has a total fund balance of \$ 23,611,972, of which \$ 17,903,635 is assigned to liquidate purchase orders and \$5,708,337 is unspent bond proceeds which are restricted for future capital project expenditures.

The Non-Major Governmental Funds have a total fund balance of \$3,505,434 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 the end of the year amounted to a deficit of \$16,635,238 and unrestricted component of net position in the Internal Service Fund totaled \$12,689,670. The total increase in net position for the proprietary funds of \$706,577 was primarily due to the operating transfers from the General Fund. The net position for the Internal Service Fund increased by \$1,765,029. 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", the Other Post Employment Benefit Trust and agency funds. Total net position for the four plans is \$177,854,306 for fiscal year 2017. The investments in the trusts totaled \$178,238,024 at the end of fiscal year 2017, which was a 16.9 percent increase from fiscal year 2016. Agency funds had an asset total of \$696,225 at the end of fiscal year 2017. Other factors concerning trust funds are discussed in the notes to these statements starting with Note 11.

### **General Fund Budgetary Highlights**

In the original 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 \$1,474,634. This decrease was due to costs associated with addition of a position for a boiler mechanic, purchasing four buses for Carroll Transit Service, a vehicle for the Veterans Shuttle Services and additional costs with providing this service and, additional costs for the Sheriff's Department to continue to provide offsite housing for inmates. 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 \$374,141,558, compared to budgeted amount of \$367,303,978, a positive variance of \$6,837,580. The major differences between the final budgeted amounts and the actual revenues are as follows:

- Interest and gains on investments came in \$1.3 million lower than the final budget as a result of change in market values at year end on restricted investments.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

- Miscellaneous revenues were \$7 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 \$378,193,409, compared to budgeted amount of \$380,248,159, resulting in \$2,054,750 or 0.6 percent less than planned. The major differences between the final budgeted amounts and the actual expenditures are as follows:

- General Government expenditures came in \$5.7 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 due to a drop in prices for fuel and utilities.
- 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 2017, \$2.7 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. One of the changes made was to allocate vehicle maintenance, fuel, and telephone direct costs by function.

**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, 2017, amounted to \$551,317,504 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, vehicles, infrastructure, and construction in progress. The total increase in Carroll County Government's investment in capital assets for the current fiscal year was 6.5 percent (a 8.2 percent increase for governmental activities and a 1.5 percent increase for business-type activities). Additional information on the County's capital assets can be found on pages 76-77 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 35,889,680	\$ 34,569,392	\$ 9,038,262	\$ 8,968,255	\$ 44,927,942	\$ 43,537,647
Construction in progress	10,184,255	9,727,788	12,386,984	9,174,076	22,571,239	18,901,864
Building and contents	138,428,637	135,676,793	14,474,948	14,960,618	152,903,585	150,637,411
Improvements						
other than buildings	49,650,766	47,959,931	5,942,747	6,404,386	55,593,513	54,364,317
Auto, machinery & equipment	14,124,375	13,640,300	19,614,952	18,335,267	33,739,327	31,975,567
Infrastructure	143,971,004	144,836,702	71,620,098	73,298,757	215,591,102	218,135,459
Total	<u>\$ 392,248,717</u>	<u>\$ 386,410,906</u>	<u>\$ 133,077,991</u>	<u>\$ 131,141,359</u>	<u>\$ 525,326,708</u>	<u>\$ 517,552,265</u>

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

- The costs associated with the Energy Performance project decreased CIP by \$0.7 million and was put into service.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

- Land increased by \$5.6 million due to the County gaining the ownership the property located at North Carroll High School and New Windsor Middle School due to the Board of Education closing them as a result of decreasing student enrollment.
- Buildings increased by \$25 million due to the County gaining the ownership of buildings formerly known as North Carroll High School and New Windsor Middle School due to the Board of Education closing them as a result of decreasing student enrollment.
- The on-going costs and completion of various watershed protection projects totaled \$1.0 million which was funded by general obligation bonds proceeds, State Highway Administration revenue, State Department of Natural Resources revenue, and general fund revenue, and resulted in an increase in CIP and Improvements.
- The on-going costs associated with various Utilities capital projects totaled \$5 million which was funded by Water/Sewer user rates and resulted in an increase in CIP of Business-Type Activities.

**General obligation debt:**

At the end of the fiscal year, Carroll County Government had total general obligation debt outstanding of \$330,333,769, 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	
	2017	2016	2017	2016	2017	2016
General Obligation						
Bonds, net	\$ 284,254,930	\$ 299,706,818	\$ 13,251,331	\$ 15,284,816	\$ 297,506,261	\$ 314,991,634
General Obligation						
Debt	32,827,508	31,524,508	-	-	32,827,508	31,524,508
Total	<u>\$ 317,082,438</u>	<u>\$ 331,231,326</u>	<u>\$ 13,251,331</u>	<u>\$ 15,284,816</u>	<u>\$ 330,333,769</u>	<u>\$ 346,516,142</u>

During the current fiscal year, Carroll County Government’s total general obligation debt decreased by \$16,182,373. During the year, the County issued general obligation bonds totaling \$20,350,000. Of these bonds, \$14,000,000 were sold to cover capital projects in the governmental activities and \$6,350,000 were issued for redeeming outstanding January 2007 bonds to achieve debt service savings. The new debt issue 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 was assigned an AAA credit rating in November 2016 by Fitch Ratings. Fitch cited “Carroll County’s fiscal operations are well managed through long-term financial planning and frequent monitoring of revenues and expenditures, resulting in healthy reserve levels.” Standard and Poor’s Global Ratings assigned an AAA credit rating in November 2016, citing “We view the County’s management as very strong with “strong” financial management practices under our Financial Management Assessment methodology, indicating practices are strong, well embedded, and likely sustainable.” Moody’s Investors Service, Inc. has continued to assign an Aa1 rating to Carroll County Government, citing “the Aa1 rating reflects the County’s sound financial position, supported by comprehensive fiscal policies, and healthy available fund balance.” All three rating agencies gave the County a rating outlook of stable.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

For charter counties, state statutes limit the amount of general obligation debt a government entity may issue up to 15.0 percent of its net assessed valuation of personal and corporate property plus 6.0 percent 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 \$1,199,599,196, 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 2018 adopted budget appropriation for the general fund is \$400,042,050, representing an increase of \$11.6 million or 3.0 percent increase over fiscal year 2017, with no change in tax rates.
- Real property tax is expected to increase in fiscal year 2018 due to increasing assessments.
- Income tax is expected to be higher in fiscal year 2018. The expected increase is due to expected growth in withholdings and estimated payments.
- Recordation is expected to be higher in fiscal year 2018 due to increased activity in the housing market.
- Public Safety appropriation increased in fiscal year 2018 due to a one-time funding to address recruitment and retention of volunteer firefighters and emergency services personnel.
- Education appropriation increased in fiscal year 2018 due to additional money funding teacher's pensions.
- Public Works appropriation increased for utility costs, maintenance of the buildings formerly known as Charles Carroll Elementary and North Carroll High school closures and several new positions.
- The County income tax will be reduced \$28,901 for nine months for a total of \$260,106, beginning in September 2016 due to tax refunds for the Wynne case.

All of these factors were considered in preparing the Carroll County Government's budget for the 2018 fiscal year.

**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 <http://ccgovernment.carr.org/ccg/comp/default.asp>.

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  
Westminster, Maryland  
Statement of Net Position  
June 30, 2017

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Board of Education	Carroll Community College	Library
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ 134,795,058	\$ 21,255,912	\$ 156,050,970	\$ -	\$ -	\$ -
Cash and cash equivalents	356,293	66,758	423,051	15,843,870	1,373,104	5,586,450
Restricted cash and cash equivalents	-	-	-	-	29,987	8,381,944
Investments	-	-	-	10,000,000	-	-
Taxes and receivables, net	20,200,147	3,930,290	24,130,437	297,852	68,974	4,907,505
Due from component units	626,513	2,320	628,833	-	-	-
Due from primary government	-	-	-	34,655,913	5,120	-
Due from other governments	31,349,080	-	31,349,080	5,889,006	-	-
Due from fiduciary funds	385,463	-	385,463	-	-	-
Internal balances	2,326,226	(2,326,226)	-	-	-	-
Inventories	1,765,143	475,548	2,240,691	685,917	3,343	-
Prepaid expenses	488,096	11,833	499,929	488,633	133,637	-
Investments - restricted	28,219,985	-	28,219,985	-	-	-
Capital assets not being depreciated:						
Land	35,889,680	9,038,262	44,927,942	14,142,128	-	7,091,170
Construction in progress	10,184,255	12,386,984	22,571,239	3,504,475	-	1,381,135
Art and doll collection	-	-	-	-	-	-
Capital assets net of accumulated depreciation:						
Buildings and contents	138,428,637	14,474,948	152,903,585	370,862,815	3,468,186	-
Improvements other than buildings	49,650,766	5,942,747	55,593,513	-	-	-
Auto, machinery and equipment	14,124,375	19,614,952	33,739,327	7,889,837	-	24,963
Infrastructure	143,971,004	71,620,098	215,591,102	-	-	-
Capital assets, net of depreciation	392,248,717	133,077,991	525,326,708	396,399,255	3,468,186	8,497,268
Total assets	612,760,721	156,494,426	769,255,147	464,260,446	5,082,351	27,373,167
<b>Deferred Outflows of Resources</b>						
Debt refunding	8,896,780	664	8,897,444	-	-	-
Pensions	5,426,452	-	5,426,452	5,531,557	248,263	-
Total deferred outflows of resources	14,323,232	664	14,323,896	5,531,557	248,263	-
Total assets and deferred outflows	627,083,953	156,495,090	783,579,043	469,792,003	5,330,614	27,373,167
<b>LIABILITIES</b>						
Accounts payable	5,269,449	3,123,353	8,392,802	5,480,321	225,511	2,300
Retainage and guarantees due contractors	1,110,066	-	1,110,066	-	-	-
Due to component units	34,702,647	-	34,702,647	-	-	-
Due to primary government	-	-	-	13,867	1,611	612,910
Due to other governments	-	-	-	2,186,000	127,639	-
Unearned revenue	3,619,101	39,667	3,658,768	711,137	-	-
Accrued interest payable	2,089,241	100,518	2,189,759	48,288	-	8,381,944
Accrued expenses	2,380,200	176,213	2,556,413	33,896,316	-	1,142,937
Long-term liabilities	-	-	-	-	281,397	8,138
Due within one year	32,360,689	2,353,061	34,713,750	3,330,441	-	3,764,567
Due in more than one year	351,999,361	23,811,905	375,811,266	141,623,139	1,226,901	2,000,000
Total liabilities	433,530,754	29,604,717	463,135,471	187,289,509	1,863,059	15,912,796
<b>Deferred Inflows of Resources</b>						
Debt refunding	-	104,907	104,907	-	-	-
Pensions	4,201,239	-	4,201,239	1,324,501	16,899	-
Total deferred inflows of resources	4,201,239	104,907	4,306,146	1,324,501	16,899	-
<b>NET POSITION</b>						
Net investment in capital assets	219,328,550	120,456,503	339,785,053	394,147,631	2,221,908	7,884,358
Restricted for:						
Capital projects	5,708,337	22,964,201	28,672,538	-	43,523	-
Special revenue funds	1,861,685	-	1,861,685	-	-	-
Grants	-	-	-	122,838	-	-
Food services	-	-	-	335,607	-	-
Educational purposes	-	-	-	-	-	-
Unrestricted (deficit)	(37,546,612)	(16,635,238)	(54,181,850)	(113,428,083)	(61,053)	3,576,013
Total net position	\$ 189,351,960	\$ 126,785,466	\$ 316,137,426	\$ 281,177,993	\$ 3,450,656	\$ 11,460,371

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
Westminster, Maryland  
**Statement of Activities**  
For the Year Ended June 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position											
	Program Revenues					Component Units						
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total	Board of Education	Carroll Community College	Library	Industrial Development Authority	
<b>Primary government:</b>												
General government	\$ 42,244,881	\$ 11,742,589	\$ 2,011,137	\$ -	\$ (28,491,155)	\$ -	\$ (28,491,155)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	51,691,641	1,918,271	2,341,328	-	(47,432,042)	-	(47,432,042)	-	-	-	-	-
Public works	33,927,901	1,306,602	4,713,775	2,016,419	(25,891,105)	-	(25,891,105)	-	-	-	-	-
Health	4,654,075	3,284	109,000	-	(4,541,791)	-	(4,541,791)	-	-	-	-	-
Human services	14,679,925	84,722	9,723,293	81,000	(4,790,910)	-	(4,790,910)	-	-	-	-	-
Education	201,927,058	-	-	-	(201,927,058)	-	(201,927,058)	-	-	-	-	-
Culture and recreation	6,298,819	2,072,530	16,828	732,384	(3,477,077)	-	(3,477,077)	-	-	-	-	-
Libraries	14,808,509	-	-	-	(14,808,509)	-	(14,808,509)	-	-	-	-	-
Conservation of natural resources	10,167,939	128,111	96,738	3,175,790	(6,767,300)	-	(6,767,300)	-	-	-	-	-
Economic development	3,851,580	-	1,108,455	-	(2,743,125)	-	(2,743,125)	-	-	-	-	-
Judicial	8,455,090	-	895,981	-	(7,559,109)	-	(7,559,109)	-	-	-	-	-
Interest on long-term debt	10,996,087	-	-	-	(10,996,087)	-	(10,996,087)	-	-	-	-	-
Total general government activities	403,703,505	17,256,109	21,016,535	6,005,593	(359,425,268)	-	(359,425,268)	-	-	-	-	-
<b>Business-type activities:</b>												
Bureau of Utilities	11,588,148	10,578,433	-	1,780,284	-	770,569	770,569	-	-	-	-	-
Solid Waste	8,784,687	7,056,454	-	2,303	-	(1,725,930)	(1,725,930)	-	-	-	-	-
Airport	861,147	792,059	-	189,422	-	120,334	120,334	-	-	-	-	-
Septage	594,277	913,330	-	-	-	319,053	319,053	-	-	-	-	-
Firearms	128,986	157,720	-	-	-	28,734	28,734	-	-	-	-	-
Fiber Network	1,321,618	212,142	-	-	-	(1,109,476)	(1,109,476)	-	-	-	-	-
Total business-type activities	23,278,863	19,710,138	-	1,972,009	-	(1,596,716)	(1,596,716)	-	-	-	-	-
Total primary government	\$ 426,982,368	\$ 36,966,247	\$ 21,016,535	\$ 7,977,602	\$ (359,425,268)	\$ (1,596,716)	\$ (361,021,984)	-	-	-	-	-
<b>Component units:</b>												
Board of Education	\$ 386,857,350	\$ 4,140,446	\$ 51,260,925	\$ 8,049,319	-	-	-	(323,406,660)	-	-	-	-
Carroll Community College	38,822,458	10,171,230	5,367,776	-	-	-	-	(23,283,452)	-	-	-	-
Library	17,220,508	223,050	2,096,688	8,839	-	-	-	-	(14,891,931)	-	-	-
Industrial Development Authority	908,017	224,932	-	1,418,605	-	-	-	-	-	-	-	735,520
Total component units	\$ 443,808,333	\$ 14,759,658	\$ 58,725,389	\$ 9,476,763	-	-	-	(323,406,660)	(23,283,452)	(14,891,931)	-	735,520
<b>General revenues:</b>												
Property taxes					201,438,220	-	201,438,220	-	-	-	-	-
Income tax					149,896,467	-	149,896,467	-	-	-	-	-
Recordation tax					14,241,331	-	14,241,331	-	-	-	-	-
Admission and amusement tax					351,742	-	351,742	-	-	-	-	-
Agricultural transfer tax					179,416	-	179,416	-	-	-	-	-
Hotel rental tax					324,144	-	324,144	-	-	-	-	-
Local appropriations					-	-	-	183,671,424	10,019,006	14,249,443	-	-
State aide					-	-	-	119,476,810	8,020,376	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	(315,889)	4,460,015	-	-	-
Gain (Loss) on sale of capital asset					(968,894)	-	(968,894)	47,237	2,425	-	-	-
Investment earnings and miscellaneous, unrestricted					(2,619,490)	-	(2,619,490)	(1,332,328)	5,114,717	1,390,697	491,079	102,863
Transfers					9,442,491	-	9,442,491	-	-	-	-	-
Transfer of asset from component unit					372,285,427	-	372,285,427	(9,442,491)	-	-	-	-
Total general revenues and transfers					365,146,229	2,303,293	367,449,522	298,504,571	23,892,519	14,740,522	102,863	102,863
Change in net position					12,860,159	706,577	13,566,736	(24,902,089)	609,067	(151,409)	838,383	838,383
Net position - beginning of year, as restated					176,491,801	126,078,889	302,570,690	306,080,082	(4,381,025)	3,602,065	10,621,988	10,621,988
Net position - ending					\$ 189,351,960	\$ 126,785,466	\$ 316,137,426	\$ 281,177,993	\$ (3,771,958)	\$ 3,450,656	\$ 11,460,371	\$ 11,460,371

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

## THE COUNTY COMMISSIONERS OF CARROLL COUNTY

Westminster, Maryland

Balance Sheet

Governmental Funds

June 30, 2017

	General Fund	Capital Projects	Non-Major Funds	Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 81,074,503	\$ 32,990,155	\$ -	3,037,812	\$ 117,102,470
Cash and Cash equivalents	356,293	-	-	-	356,293
Taxes and receivables, net	17,858,873	97,281	-	2,228,479	20,184,633
Due from component units	626,513	-	-	-	626,513
Due from other governments	28,879,852	2,469,228	-	-	31,349,080
Due from other governmental funds	7,147,766	-	-	300,166	7,447,932
Due from fiduciary funds	448,728	-	-	-	448,728
Due from proprietary funds	2,326,226	-	-	-	2,326,226
Inventories	1,765,143	-	-	-	1,765,143
Prepaid costs	52,000	-	-	436,096	488,096
Investments - restricted	28,219,985	-	-	-	28,219,985
Total assets	<u>\$ 168,755,882</u>	<u>\$ 35,556,664</u>	<u>\$ -</u>	<u>6,002,553</u>	<u>\$ 210,315,099</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,645,993	\$ 1,320,835	\$ -	895,123	\$ 4,861,951
Retainage and guarantees due contractors	1,110,066	-	-	-	1,110,066
Due to component units	33,309,363	1,351,782	-	41,502	34,702,647
Due to other governmental funds	300,166	6,799,470	-	348,296	7,447,932
Due to internal service fund	-	-	-	2,966	2,966
Accrued expenditures	2,228,136	-	-	152,064	2,380,200
Unearned revenue	77,449	2,472,605	-	1,057,168	3,607,222
Total liabilities	<u>39,671,173</u>	<u>11,944,692</u>	<u>-</u>	<u>2,497,119</u>	<u>54,112,984</u>
Deferred inflows of resources:					
Unavailable revenue	15,564,416	-	-	-	15,564,416
Total deferred inflows of resources	<u>15,564,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,564,416</u>
Fund Balances:					
Nonspendable	27,548,663	-	-	436,096	27,984,759
Restricted	29,656,499	5,708,337	-	1,737,516	37,102,352
Committed	21,402,103	-	-	109,396	21,511,499
Assigned	20,383,343	17,903,635	-	1,222,426	39,509,404
Unassigned	14,529,685	-	-	-	14,529,685
Total fund balances	<u>113,520,293</u>	<u>23,611,972</u>	<u>-</u>	<u>3,505,434</u>	<u>140,637,699</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 168,755,882</u>	<u>\$ 35,556,664</u>	<u>\$ -</u>	<u>6,002,553</u>	<u>\$ 210,315,099</u>

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

Total governmental fund balance		140,637,699
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		392,248,717
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.		15,564,416
Adjustment for net pension liabilities		(12,957,784)
Net other postemployment benefit obligation, which is included in the governmental activities in the statement of net position.		(38,246,693)
Deferred outflows related to pensions that are applicable to future periods and, therefore, are not presented in the funds.		5,426,452
Deferred inflows related to pensions that are applicable to future periods and, therefore, are not presented in the funds.		(4,201,239)
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.		12,689,670
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.	\$	(319,720,037)
Accrued interest payable		(2,089,241)
Net position of governmental activities		<u>189,351,960</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
-local property	\$ 198,685,867	\$ 806,500	\$ 1,945,853	\$ 201,438,220
-local other	155,282,950	10,935,516	324,144	166,542,610
Licenses and permits	3,246,094	-	-	3,246,094
Intergovernmental revenues	3,210,574	5,468,423	14,973,737	23,652,734
Charges for services	3,993,056	-	448,780	4,441,836
Fines and forfeits	71,866	-	-	71,866
Interest and gain on investments	796,251	(1,355,828)	5,762	(553,815)
Miscellaneous revenues	8,448,670	423,108	-	8,871,778
Total revenues	<u>373,735,328</u>	<u>16,277,719</u>	<u>17,698,276</u>	<u>407,711,323</u>
<b>EXPENDITURES</b>				
Current:				
General government	36,361,269	-	-	36,361,269
Public safety	46,807,421	-	1,095,285	47,902,706
Public works	16,022,251	-	3,090,335	19,112,586
Health	4,640,830	-	4,228	4,645,058
Human services	4,818,024	-	9,889,352	14,707,376
Education	198,300,740	-	-	198,300,740
Library	14,249,443	-	-	14,249,443
Culture and recreation	4,118,902	-	418,128	4,537,030
Conservation of natural resources	1,049,610	-	1,234,088	2,283,698
Economic development	2,541,045	-	1,087,378	3,628,423
Judicial	7,693,495	-	900,435	8,593,930
Capital outlay:				
General government	-	2,273,282	-	2,273,282
Public safety	-	163,222	-	163,222
Public works	-	12,083,133	-	12,083,133
Human services	-	61,708	-	61,708
Education	-	3,247,641	-	3,247,641
Library	-	381,086	-	381,086
Culture and recreation	-	1,643,466	-	1,643,466
Conservation of natural resources	-	10,568,185	-	10,568,185
Debt service:				
Principal	28,620,058	-	518,514	29,138,572
Interest	12,814,116	-	393,478	13,207,594
Total expenditures	<u>378,037,204</u>	<u>30,421,723</u>	<u>18,631,221</u>	<u>427,090,148</u>
Excess (deficiency of revenues over (under) expenditures	<u>(4,301,876)</u>	<u>(14,144,004)</u>	<u>(932,945)</u>	<u>(19,378,825)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	11,864,524	2,990,856	1,820,914	16,676,294
Transfers out	(7,614,074)	(11,588,410)	(289,414)	(19,491,898)
Payment to escrow agent	(6,524,948)	-	-	(6,524,948)
Redemption	6,138,284	-	-	6,138,284
Bonds issued	303,200	13,696,800	-	14,000,000
Bonds premium	400,000	902,370	-	1,302,370
Issuance of debt - GO debt	1,303,000	-	-	1,303,000
Total other financing sources (uses)	<u>5,869,986</u>	<u>6,001,616</u>	<u>1,531,500</u>	<u>13,403,102</u>
Net change in fund balances	1,568,110	(8,142,388)	598,555	(5,975,723)
Fund balance - beginning	111,836,434	31,754,360	2,906,879	146,497,673
Increase in reserve for inventory	115,749	-	-	115,749
Fund balance - ending	<u>\$ 113,520,293</u>	<u>\$ 23,611,972</u>	<u>\$ 3,505,434</u>	<u>\$ 140,637,699</u>

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



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, 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, 2017**

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

Net change in fund balances - total governmental funds	\$ (5,975,723)
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.	5,837,756
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(221,823)
Adjustment to the net pension liabilities.	2,157,335
Adjustment to the Other Postemployment Benefit (OPEB) annual OPEB cost for the net OPEB obligation.	(1,401,365)
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.	13,638,555
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.	(58,276)
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.	1,765,029
Net change in deferred outflows related to pension expense reported in the Statement of Activities.	(333,739)
Net change in deferred inflows related to pension expense reported in the Statement of Activities.	(2,547,590)
Change in net position - governmental activities	\$ 12,860,159

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budgetary (NON-GAAP) Basis vs. Actual**  
**For the Year Ended June 30, 2017**

**Exhibit F**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Taxes:				
-local property	\$ 199,573,377	\$ 199,573,377	\$ 199,092,098	\$ (481,279)
-local other	155,393,255	155,393,255	156,165,610	772,355
Licenses and permits	3,158,790	3,158,790	3,246,094	87,304
Intergovernmental revenues	1,380,350	1,380,350	2,327,913	947,563
Charges for services	4,064,766	4,064,766	3,993,056	(71,710)
Fines and forfeits	83,000	83,000	71,866	(11,134)
Interest and gain on investments	2,184,020	2,184,020	796,251	(1,387,769)
Miscellaneous revenues	1,466,420	1,466,420	8,448,670	6,982,250
Total revenues	367,303,978	367,303,978	374,141,558	6,837,580
Other financing resources				
Appropriated fund balance	9,198,782	9,198,782	-	(9,198,782)
Transfers in	11,904,240	11,904,240	11,864,524	(39,716)
Redemptions - GO bonds	-	-	6,138,285	6,138,285
Bonds issued	-	-	303,200	303,200
Bonds premium	-	-	400,000	400,000
Issuance of debt - GO debt	-	-	1,303,000	1,303,000
Total other financing resources	21,103,022	21,103,022	20,009,009	(1,094,013)
Total Resources (Inflows)	388,407,000	388,407,000	394,150,567	5,743,567
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Expenditures				
Current:				
General government	58,858,120	42,483,228	36,753,837	5,729,391
Public safety	39,937,580	47,186,132	46,736,833	449,299
Public works	12,793,380	17,224,482	15,835,324	1,389,158
Health	4,640,830	4,640,830	4,640,830	-
Human services	4,457,690	4,870,950	4,831,731	39,219
Education	191,151,480	191,151,480	198,300,740	(7,149,260)
Library	9,815,120	12,153,785	14,249,443	(2,095,658)
Culture and recreation	3,438,530	4,207,053	4,128,555	78,498
Conservation of natural resources	964,250	1,073,155	1,049,611	23,544
Economic development	2,934,390	3,140,902	2,539,649	601,253
Judicial	6,308,900	7,810,998	7,693,132	117,866
Reserve for contingencies	4,219,850	2,745,216	-	2,745,216
Debt service:				
Debt service - County	29,167,910	29,167,910	29,042,136	125,774
Debt service - Board of Education	12,037,000	12,392,038	12,392,038	-
Total expenditures	380,725,030	380,248,159	378,193,859	2,054,300
Other financing uses				
Transfers out	7,681,970	8,158,841	7,614,074	544,767
Payment to escrow agent	-	-	6,524,948	(6,524,948)
Total other financing uses	7,681,970	8,158,841	14,139,022	(5,980,181)
Total charges to appropriations (outflows)	388,407,000	388,407,000	392,332,881	(3,925,881)
Net change in fund balances	\$ -	\$ -	\$ 1,817,686	\$ 1,817,686
Fund balance - beginning, as restated			115,173,312	
Fund balance - ending			\$ 116,990,998	

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	Business-type Activities-Enterprise Funds					Total	Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds		
<b>ASSETS</b>							
Current assets:							
Equity in pooled cash and investments	\$ 8,949,206	\$ 9,840,765	\$ -	\$ -	\$ 2,465,941	\$ 21,255,912	\$ 17,692,588
Cash and cash equivalents	363	64,172	50	-	2,173	66,758	-
Receivables, net	2,963,068	632,208	213,076	32,054	92,204	3,932,610	15,514
Due from other funds	-	-	-	-	-	-	2,966
Due from general fund	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-
Inventories	461,830	-	13,717	-	-	475,547	-
Prepaid expenses	-	-	-	11,833	-	11,833	-
Total current assets	<u>12,374,467</u>	<u>10,537,145</u>	<u>226,843</u>	<u>43,887</u>	<u>2,560,318</u>	<u>25,742,660</u>	<u>17,711,068</u>
Noncurrent assets:							
Capital assets:							
Land	252,341	2,083,618	6,702,298	5	-	9,038,262	-
Buildings	17,676,654	1,752,296	4,569,596	-	274,051	24,272,597	-
Improvements other than buildings	1,940,496	6,319,553	1,785,748	1,139,212	408,405	11,593,414	-
Auto, machinery and equipment	3,003,792	4,369,029	901,948	21,455,399	234,091	29,964,259	-
Infrastructure	103,170,779	-	-	-	-	103,170,779	-
Construction in progress	11,970,552	-	-	-	416,432	12,386,984	-
Less accumulated depreciation	<u>(43,131,182)</u>	<u>(6,164,523)</u>	<u>(3,140,309)</u>	<u>(4,409,548)</u>	<u>(502,741)</u>	<u>(57,348,303)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>94,883,432</u>	<u>8,359,973</u>	<u>10,819,281</u>	<u>18,185,068</u>	<u>830,238</u>	<u>133,077,992</u>	<u>-</u>
Total assets	<u>107,257,899</u>	<u>18,897,118</u>	<u>11,046,124</u>	<u>18,228,955</u>	<u>3,390,556</u>	<u>158,820,652</u>	<u>17,711,068</u>
<b>Deferred Outflows of Resources</b>							
Debt refunding	-	-	-	-	664	664	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664</u>	<u>664</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 107,257,899</u>	<u>\$ 18,897,118</u>	<u>\$ 11,046,124</u>	<u>\$ 18,228,955</u>	<u>\$ 3,391,220</u>	<u>\$ 158,821,316</u>	<u>\$ 17,711,068</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 2,335,385	\$ 613,979	\$ 71,090	\$ 25,539	\$ 77,360	\$ 3,123,353	\$ 470,762
Accrued interest payable	84,183	9,114	6,761	-	460	100,518	-
Unearned revenue	6,073	-	33,594	-	-	39,667	11,879
Accrued expenses	79,744	43,389	6,892	43,333	2,855	176,213	-
Due to other funds	-	-	78,709	2,247,517	-	2,326,226	-
Long-term liabilities due within one year:							
General obligation bonds payable	1,389,067	311,483	219,934	-	9,971	1,930,455	-
Unpaid claims	-	-	-	-	-	-	2,826,770
Loans payable	30,925	-	-	-	-	30,925	-
Landfill closure, postclosure remediation	-	239,740	-	-	-	239,740	-
Compensated absences	84,134	65,522	2,285	-	-	151,941	-
Total long-term due within one year	<u>1,504,126</u>	<u>616,745</u>	<u>222,219</u>	<u>-</u>	<u>9,971</u>	<u>2,353,061</u>	<u>2,826,770</u>
Total current liabilities	<u>4,009,511</u>	<u>1,283,227</u>	<u>419,265</u>	<u>2,316,389</u>	<u>90,646</u>	<u>8,119,038</u>	<u>3,309,411</u>
Noncurrent liabilities:							
General obligation bonds payable	9,890,520	759,080	618,856	-	52,420	11,320,876	-
Unpaid claims	-	-	-	-	-	-	1,711,987
Loans payable	97,682	-	-	-	-	97,682	-
Landfill closure, postclosure remediation	-	12,127,069	-	-	-	12,127,069	-
Compensated absences	178,813	85,980	1,485	-	-	266,278	-
Total noncurrent liabilities	<u>10,167,015</u>	<u>12,972,129</u>	<u>620,341</u>	<u>-</u>	<u>52,420</u>	<u>23,811,905</u>	<u>1,711,987</u>
Total liabilities	<u>14,176,526</u>	<u>14,255,356</u>	<u>1,039,606</u>	<u>2,316,389</u>	<u>143,066</u>	<u>31,930,943</u>	<u>5,021,398</u>
<b>Deferred Inflows of Resources</b>							
Debt refunding	54,866	45,979	4,062	-	-	104,907	-
Total deferred inflows of resources	<u>54,866</u>	<u>45,979</u>	<u>4,062</u>	<u>-</u>	<u>-</u>	<u>104,907</u>	<u>-</u>
<b>NET POSITION</b>							
Net investment in capital assets	83,656,310	7,864,947	9,982,336	18,402,118	767,847	120,673,558	-
Restricted for:							
Capital projects	16,021,139	4,347,065	1,983,525	12,904	599,568	22,964,201	-
Unrestricted (deficit)	<u>(6,650,942)</u>	<u>(7,616,229)</u>	<u>(1,963,405)</u>	<u>(2,502,456)</u>	<u>1,880,739</u>	<u>(16,852,293)</u>	<u>12,689,670</u>
Total net position	<u>\$ 93,026,507</u>	<u>\$ 4,595,783</u>	<u>\$ 10,002,456</u>	<u>\$ 15,912,566</u>	<u>\$ 3,248,154</u>	<u>\$ 126,785,466</u>	<u>\$ 12,689,670</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>Business-type Activities-Enterprise Funds</b>					<b>Total</b>	<b>Governmental Activities- Internal Service Funds</b>
	<b>Bureau of Utilities</b>	<b>Solid Waste</b>	<b>Airport</b>	<b>Fiber Network</b>	<b>Non-Major Enterprise Funds</b>		
Operating revenues:							
Charges for services	\$ 10,578,433	\$ 7,056,454	\$ 792,059	\$ 212,142	\$ 1,071,050	\$ 19,710,138	\$ 18,620,568
Total operating revenues	10,578,433	7,056,454	792,059	212,142	1,071,050	19,710,138	18,620,568
Operating expenses:							
Personal services	2,628,389	1,484,759	248,404	-	80,712	4,442,264	-
Contractual services	4,392,048	6,463,526	348,961	309,926	290,519	11,804,980	-
Materials and supplies	1,628,370	168,101	44,831	-	68,394	1,909,696	-
Rents and utilities	579,075	47,801	22,124	39,983	90,859	779,842	-
Landfill closure and post-closure	-	-	-	-	-	-	-
Insurance claims	-	-	-	-	-	-	17,338,289
Miscellaneous	63,901	14,971	20,544	7,667	145,221	252,304	-
Depreciation	2,296,365	605,529	176,283	964,042	47,558	4,089,777	-
Total operating expenses	11,588,148	8,784,687	861,147	1,321,618	723,263	23,278,863	17,338,289
Operating income (loss)	(1,009,715)	(1,728,233)	(69,088)	(1,109,476)	347,787	(3,568,725)	1,282,279
Nonoperating revenues (expenses):							
Penalties and interest	141,440	41,895	-	-	7,817	191,152	55,380
Medicare Part D	-	-	-	-	-	-	231,256
Bond interest subsidy	18,210	-	-	-	-	18,210	-
Interest and fiscal charges	(483,441)	(46,408)	(39,899)	-	(3,048)	(572,796)	-
Gain (loss) on disposal of capital assets	11,558	22,500	13,179	-	-	47,237	-
Total nonoperating revenues (expenses)	(312,233)	17,987	(26,720)	-	4,769	(316,197)	286,636
Income (loss) before contributions and transfers	(1,321,948)	(1,710,246)	(95,808)	(1,109,476)	352,556	(3,884,922)	1,568,915
Capital contributions (Area Connection Charges & Grants)	300,231	2,303	189,422	-	-	491,956	-
Capital contributions (Maintenance Fee)	1,480,053	-	-	-	-	1,480,053	-
Transfers in	204,490	2,415,000	-	-	-	2,619,490	196,114
Change in net position	662,826	707,057	93,614	(1,109,476)	352,556	706,577	1,765,029
Total net position - beginning of year	92,363,681	3,888,726	9,908,842	17,022,042	2,895,598	126,078,889	10,924,641
Total net position - end of year	\$ 93,026,507	\$ 4,595,783	\$ 10,002,456	\$ 15,912,566	\$ 3,248,154	\$ 126,785,466	12,689,670

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>Business-type Activities-Enterprise Funds</b>						<b>Governmental Activities- Internal Service Funds</b>
	<b>Bureau of Utilities</b>	<b>Solid Waste</b>	<b>Airport</b>	<b>Fiber Network</b>	<b>Non-Major Enterprise Funds</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers and users	\$ 10,561,816	\$ 7,183,428	\$ 724,884	\$ 195,431	\$ 1,107,578	\$ 19,773,137	\$ 18,620,568
Receipts from other funds	-	12,431	60,745	150,639	-	223,815	(2,966)
Payments to suppliers	(2,587,130)	(7,580,701)	(446,351)	(302,763)	(700,151)	(11,617,096)	(16,772,134)
Payments to employees	(6,416,815)	(1,481,688)	(255,173)	-	(80,865)	(8,234,541)	-
Net cash provided (used) by operating activities	<u>1,557,871</u>	<u>(1,866,530)</u>	<u>84,105</u>	<u>43,307</u>	<u>326,562</u>	<u>145,315</u>	<u>1,845,468</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfers in	204,490	2,415,000	-	-	-	2,619,490	196,114
Net cash provided by noncapital financing activities	<u>204,490</u>	<u>2,415,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,619,490</u>	<u>196,114</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition and construction of capital assets	(5,219,546)	(714,731)	(6,221)	(43,307)	(42,606)	(6,026,411)	-
Principal paid on capital debt	(1,463,839)	(349,700)	(237,906)	-	(12,180)	(2,063,625)	-
Interest paid on capital debt	(524,971)	(57,239)	(42,729)	-	(3,517)	(628,456)	-
Proceeds of the disposition of capital asset	11,558	22,500	13,179	-	-	47,237	-
Capital contributions (Area Connection Charges & Grants)	1,780,284	2,303	189,422	-	-	1,972,009	-
Medicare Part D	-	-	-	-	-	-	-
Bond interest subsidy	18,210	-	-	-	-	18,210	-
Net cash provided (used) by capital and related financing activities	<u>(5,398,304)</u>	<u>(1,096,867)</u>	<u>(84,255)</u>	<u>(43,307)</u>	<u>(58,303)</u>	<u>(6,681,036)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest on investments and cash	141,440	41,895	-	-	8,328	191,663	55,381
Net cash provided by investing activities	<u>141,440</u>	<u>41,895</u>	<u>-</u>	<u>-</u>	<u>8,328</u>	<u>191,663</u>	<u>55,381</u>
Net (decrease) increase	(3,494,503)	(506,502)	(150)	-	276,587	(3,724,568)	2,096,963
Equity and pooled cash and investments at beginning of year	12,444,072	10,411,439	200	-	2,191,527	25,047,238	15,364,369
Equity and pooled cash and investments at end 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>\$ 17,461,332</u>
<b>Reconciliation of Operating Income (loss) to net cash provided (used) by operating activities:</b>							
Operating income (loss)	<u>\$ (1,009,715)</u>	<u>\$ (1,728,233)</u>	<u>\$ (69,088)</u>	<u>\$ (1,109,476)</u>	<u>\$ 347,787</u>	<u>\$ (3,568,725)</u>	<u>\$ 1,282,279</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,296,365	605,529	176,283	964,042	47,558	4,089,777	-
Effect of changes in operating assets and liabilities:							
Due to/from other funds	-	12,431	60,745	150,639	-	223,815	(2,966)
Due to/from component units	-	3,000	-	-	-	3,000	-
Accounts receivable	(16,735)	128,992	(68,125)	(16,711)	36,528	63,949	(15,409)
Prepaid expense	-	-	13,900	4,167	-	18,067	-
Inventory	75,047	-	1,201	-	-	76,248	-
Compensated absences payable	30,168	(1,099)	(7,259)	-	-	21,810	-
Accounts payable and accrued expenses	182,623	(536,771)	(24,502)	50,646	(105,311)	(433,315)	(69,617)
Unearned revenue	118	(5,019)	950	-	-	(3,951)	8,916
Claims liability	-	-	-	-	-	-	642,265
Landfill closure, postclosure, remediation costs	-	(345,360)	-	-	-	(345,360)	-
Total adjustments	<u>2,567,586</u>	<u>(138,297)</u>	<u>153,193</u>	<u>1,152,783</u>	<u>(21,225)</u>	<u>3,714,040</u>	<u>563,189</u>
Net cash provided (used) by operating activities	<u>\$ 1,557,871</u>	<u>\$ (1,866,530)</u>	<u>\$ 84,105</u>	<u>\$ 43,307</u>	<u>\$ 326,562</u>	<u>\$ 145,315</u>	<u>\$ 1,845,468</u>

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Fiduciary Net Position**  
**Trust and Agency Funds**  
**June 30, 2017**

	<b>Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$ -	\$ 582,762
Receivables-notes	24,212	113,463
Accrued Interest	2,386	-
Investments at fair value:		
Short - term investments	590,979	-
Bond funds	26,510,428	-
Equity funds	73,645,720	-
Marketable securities	77,490,897	-
Total investments	178,238,024	-
Total assets	178,264,622	\$ 696,225
<b>LIABILITIES</b>		
Accounts payable	24,853	91,078
Due to primary government	385,463	63,265
Deposits	-	541,882
Total liabilities	410,316	\$ 696,225
<b>FIDUCIARY NET POSITION</b>		
Fiduciary net position restricted for pension, OPEB, and other purposes	\$ 177,854,306	

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Change in Fiduciary Net Position**  
**Trust Funds**  
**For the Year Ended June 30, 2017**

	<b>Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 13,638,340
Plan members	2,982,389
Total contributions	16,620,729
Investment earnings:	
Interest and dividends	39,692
Net increase in the fair value of investments	17,155,137
Total investment earnings	17,194,829
Less investment expense	(86,883)
Net investment earnings	17,107,946
Total additions	33,728,675
<b>DEDUCTIONS</b>	
Benefits and refunds paid to plan members and beneficiaries	7,505,670
Administrative expenses	61,688
Total deductions	7,567,358
Net increase in fiduciary net position	26,161,317
Fiduciary net position-beginning	151,692,989
Fiduciary net position-ending	\$ 177,854,306

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017. At year-end any unspent appropriation up to 5 percent of the current year operating budget are retained by the Board of Education as a component of their fund balance. Any excess above the 5 percent is returned to the County.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**B. Reporting entity- continued**

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, 2017. At year-end any unspent appropriation up to 5 percent of the current year operating budget are retained by the Library as a component of their fund balance. Any excess above the 5 percent 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 percent of the current year operating budget are retained by the College as a component of their net position. Any excess above the 10 percent is returned to the County.

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, 2017.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 1 - Summary of significant accounting policies-continued**  
**B. Reporting entity- continued**

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, 2017.

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**C. Basis of presentation- continued**

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 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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.

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 COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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 incorporates 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 COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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.

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 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**F. Budgetary information-continued**

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, 2017, expenditures exceeded appropriations by \$7,149,260 in Education and \$2,095,658 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.

**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.

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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 AAAM rating from Standard and Poor's and maintains a \$1.00 per share value. An 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.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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 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 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 is 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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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:

<u>Capital Assets</u>	
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 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 MSRA plans. 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 COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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:

In prior years, the Solid Waste Fund issued debt to finance the construction of closing of several County landfills. The costs were not capitalized as assets. Of the total outstanding debt of \$1,070,563 in the solid waste fund, \$575,538 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, 2017, fees collected through water/sewer user rates, area connection charges and maintenance fees totaling \$16,021,139 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 \$4,347,065, \$1,983,525, \$12,904 and \$599,568, respectively. These amounts totaling \$22,964,201 are restricted in the business-type activities of the Statement of Net Position.

Fund Equity

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 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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

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 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 exceed 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, investment interest.

**OR**

2.) One of the following events occurs that creates a significant financial difficulty for the County and are 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, 2017. 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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, the Firearms Facility and the Airport are charges to customers for sales and services. The Bureau of Utilities also 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 2017, 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 COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 1 - Summary of significant accounting policies- continued**  
**J. Revenues and expenditures/expenses- continued**

The real property tax rate during the year ended June 30, 2017 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 schools and 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.

7.) Component Units

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 30, 2003, whichever is greater. Employees hired July 31, 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**J. Revenues and expenditures/expenses- continued**

8.) 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.

9.) 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, 2017, there is no arbitrage liability due to the Internal Revenue Service.

**K. New Accounting Pronouncements**

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*

This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB 68. The County has implemented the effects of this Statement for reporting period ending June 30, 2017 with no affect.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 1 - Summary of significant accounting policies-continued**  
**K. New Accounting Pronouncements- continued**

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

The objective of this Statement is to improve the usefulness of information about Postemployment Benefits Other than Pensions included in general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The County has implemented the effects of this Statement for reporting period ending June 30, 2017.

Statement No. 77, *Tax Abatement Disclosures*

This Statement requires governments that enter into tax abatement agreements to disclose a brief description of the agreement, the amount of taxes being abated and commitments made by government other than abated taxes that are part of the tax abatement agreement. The County has implemented the effects of this Statement for reporting period ending June 30, 2017, with no effect.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

This Statement addresses a practice issue regarding the scope and applicability of Statement No. 68. The County has implemented the effects of this Statement for reporting period ending June 30, 2017, with no effect.

Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB No. 14*

This Statement will improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. The Statement was not applicable to the County and therefore was implemented for reporting period ending June 30, 2017 with no effect.

Statement No. 81, *Irrevocable Split-Interest Agreements*

This Statement will improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement was not applicable to the County and therefore was implemented for reporting period ending June 30, 2017 with no effect.

Statement No. 82, *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No.73*

This Statement will provide guidance for applying fair value to investments and disclosures related to all fair value measurements. The County has implemented the effects of this Statement for reporting period ending June 30, 2017.

**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.

Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other Than Pensions*

The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement will become effective for fiscal years beginning after June 15, 2017.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 1 - Summary of significant accounting policies-continued**  
**K. New Accounting Pronouncements- continued**

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. 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 postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement will become effective for fiscal years beginning after June 15, 2017.

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. This Statement will become effective for fiscal years beginning after June 15, 2017.

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. his Statement will become effective for fiscal years beginning after December 15, 2019.

**L. Prior Period Adjustment**  
**Component Units**

Board of Education's net position of statement of activities were restated because accumulated depreciation on capital assets, specifically school buildings was not correctly calculated and recorded for financial statement purposes. An adjusting journal entry totaling \$4,861,330 was recorded to increase beginning net position. Therefore, the total net position of the Statement of activities was previously reported as \$301,218,752, and was restated with a net increase of \$4,861,330 to a restated amount of \$306,080,082.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 a 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 difference are as follows:

Bonds Payable	\$262,840,938
General Obligation Debt-Installment Purchases	32,827,508
Purchase Agreements Payable	5,334,709
Compensated Absences	6,199,670
Premium on Bonds	<u>21,413,992</u>
Total long-term debt and compensated absences	<u>328,616,817</u>
Deferred Charges	<u>( 8,896,780)</u>
Total Long Term Liabilities & Deferred Charges	<u>\$319,720,037</u>

The details of net pension liabilities differences are as follows:

Net Employee Pension Liability	\$ 8,501,249
Net Certified Law Officer Pension Liability	2,596,538
Net LOSAP Pension Liability	1,343,404
Net MSRA Pension Liability:	
CC Officials State of MD	\$279,129
Soil Conservation	<u>237,464</u>
	<u>516,593</u>
	<u>\$12,957,784</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	\$ 779,333
Income Taxes- unavailable	<u>14,785,083</u>
	<u>\$15,564,416</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 a 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		\$ 10,881,443
Donated assets		2,832,224
Depreciation		(17,201,690)
Disposal of assets		(116,657)
Transferred from Component unit:		
Land	910,175	
Building & Improvements	20,802,164	
Accumulated depreciation	<u>(12,269,848)</u>	
Net book value		<u>9,442,491</u>
		<u>\$ 5,837,811</u>

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 \$(221,823) difference represents the net change of \$375,349 Property Taxes-unavailable plus \$(597,172) 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 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.” The details of this difference are as follows:

Debt Issued or Incurred:

Issuance of new installment purchase agreements		\$ (1,303,000)
Issuance of new general obligation bonds		(20,516,961)
Principal payments on general obligation bonds		35,332,127
Principal payments on purchase agreements		331,392
Net change in amortization of		
deferred loss on refunding bonds		(1,114,139)
Net change in amortization of bond premium		636,722
Net change in accrued interest expense		<u>272,414</u>
		<u>\$ 13,638,555</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

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	\$ (174,025)
Difference between accrual method used in Government wide Statements and the Purchase Method of inventory used in the Fund Statements	<u>115,749</u>
	<u>\$ (58,276)</u>

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

County Employee Pension Liability	\$ 2,075,707
Certified Law Officer Pension Liability	68,656
LOSAP Pension Liability	73,916
MSRA Pension Liability:	
CC Officials	\$(77,310)
Soil Conservation	<u>16,366</u>
	<u>(60,944)</u>
	<u>\$2,157,335</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 collected bank balance was \$18,931,965. The Federal Depository Insurance Corporation “FDIC” insured \$250,000 and the balance of \$18,681,965 was collateralized with investments held in the County’s name at the Federal Reserve Bank. At June 30, 2017, 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, 2017.

	<b>Primary Government</b>		
	Primary		
	Government	Fiduciary Funds	Total
Equity in Pooled Cash & Investments	\$ 156,050,970	\$ 582,762	\$ 156,633,732
Cash and Cash Equivalents	423,051	-	423,051
Restricted Assets-Investments	28,219,985	178,238,024	206,458,009
<b>Total Cash and Investments</b>	<b><u>\$ 184,694,006</u></b>	<b><u>\$ 178,820,786</u></b>	<b><u>\$ 363,514,792</u></b>
Bank balances and cash on hand			\$ 18,931,965
Investments			344,582,827
<b>Total Balances at June 30, 2017</b>			<b><u>\$ 363,514,792</u></b>

COMPONENT UNITS

The following table reconciles the Component Unit’s deposits and investments to the government-wide statement of net position at June 30, 2017:

	Carroll			Total Carroll Community College	Industrial Development Authority	
	Board of Education	Carroll Community College	Carroll Community College Foundation		Library	Authority
Cash and Cash Equivalents	\$ 15,843,870	\$ 7,307,887	\$ 292,118	\$ 7,600,005	\$ 1,373,104	\$ 5,586,450
Restricted Cash and Cash Equivalents	-	-	-	-	29,987	8,381,944
Investments	10,000,000	-	9,765,304	9,765,304	-	-
<b>Total Cash and Investments</b>	<b><u>\$ 25,843,870</u></b>	<b><u>\$ 7,307,887</u></b>	<b><u>\$ 10,057,422</u></b>	<b><u>\$ 17,365,309</u></b>	<b><u>\$ 1,403,091</u></b>	<b><u>\$ 13,968,394</u></b>
Bank balances and cash on hand	\$ 15,843,870	1,343,945	\$ 1,029,291	\$ 2,373,236	\$ 1,403,091	\$ 13,968,394
Investments	10,000,000	5,963,942	9,028,131	14,992,073	-	-
<b>Total Balances at June 30, 2017</b>	<b><u>\$ 25,843,870</u></b>	<b><u>\$ 7,307,887</u></b>	<b><u>\$ 10,057,422</u></b>	<b><u>\$ 17,365,309</u></b>	<b><u>\$ 1,403,091</u></b>	<b><u>\$ 13,968,394</u></b>

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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 investment balance can be invested between one and two years (as of June 30, 2017 the 30 percent was \$47,000,000). 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, 2017, 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, 2017, 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, 2017.

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

**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.

<b>Primary Government:</b>	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)
<u>Investments by fair value level</u>				
<u>Debt Securities</u>				
Federal agencies (2)	\$ 64,777,050	\$ -	\$ 64,777,050	\$ -
U.S. government securities (1)	26,788,985	-	26,788,985	-
Total debt securities	<u>91,566,035</u>	<u>-</u>	<u>91,566,035</u>	<u>-</u>
<u>Equity Securities</u>				
Money rate savings account	10,002,239	10,002,239	-	-
Total Equity Securities	<u>10,002,239</u>	<u>10,002,239</u>	<u>-</u>	<u>-</u>
Total Primary Government Investments	<u>101,568,274</u>	<u>10,002,239</u>	<u>91,566,035</u>	<u>-</u>
<b>Other Post Employment Benefits (OPEB) and Pension Funds:</b>				
<u>Investments by fair value level</u>				
<u>Debt Securities</u>				
Corporate Bonds	26,510,428	26,510,428	-	-
Total debt securities	<u>26,510,428</u>	<u>26,510,428</u>	<u>-</u>	<u>-</u>
<u>Equity Securities</u>				
Equities (3)	73,645,720	73,645,720	-	-
Short-term investments (3)	590,979	590,979	-	-
Marketable securities	77,490,897	77,490,897	-	-
Total Equity Securities	<u>151,727,596</u>	<u>151,727,596</u>	<u>-</u>	<u>-</u>
Total OPEB and Pension Funds	<u>178,238,024</u>	<u>178,238,024</u>	<u>-</u>	<u>-</u>
Total Investments at fair value	<u>\$ 279,806,298</u>	<u>\$ 188,240,263</u>	<u>\$ 91,566,035</u>	<u>\$ -</u>
Investments at amortized costs				
MLGIP	64,776,529			
Total Investments	<u>\$ 344,582,827</u>			

- (1) These investments are backed by full faith & credit of the U.S. Government
- (2) These agencies mature in fiscal year 2018/2019 but are callable monthly, quarterly, 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 determine 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.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Fiduciary Funds

Investment Risk

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.

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 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

At year-end, the carrying value of the Board of Education’s combined deposits was \$16,124,906 and cash on hand was \$3,513. The bank balance of deposits was \$17,226,135. 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. Statutes 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.

As of June 30, 2017, the cash on hand for petty cash and change in funds for Carroll Community College was \$3,300.

At June 30, 2017, the College’s cash and cash equivalents balance by type were as follows:

Cash on hand	\$ 3,300
Cash in bank	1,340,645
Bank money market	1,034,221
Maryland Local Government Investment Pool	<u>4,929,721</u>
	<u>\$7,307,887</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

As of June 30, 2017, the carrying amount of the Library's deposits was \$1,403,091 and the bank balance was \$1,586,348. 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, 2017, the Industrial Development Authority bank balance was \$13,968,394. All deposits were covered by Federal Depository Insurance 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 to 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 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 4 – Budgets and Budgetary Accounting-continued**

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 ending June 30, 2017.

**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 yearend 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>
<b><u>Governmental funds</u></b>					
General fund	\$ 535,804	\$ 249,729	\$ 349,898	\$ 16,772,842	\$ 17,908,273
Capital Projects fund	-	94,978	2,303	-	97,281
Non-major funds	-	2,038,083	-	190,396	2,228,479
	<u>535,804</u>	<u>2,382,790</u>	<u>352,201</u>	<u>16,963,238</u>	<u>20,234,033</u>
Uncollectible allowances	(49,400)	-	-	-	(49,400)
Total governmental funds	<u>\$ 486,404</u>	<u>\$ 3,327,568</u>	<u>\$ 352,201</u>	<u>\$ 16,963,688</u>	<u>\$ 20,184,633</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,054,206</u>	<u>\$ 16,054,206</u>
		<u>Accounts</u>			
<b><u>Proprietary funds</u></b>					
Bureau of Utilities		\$2,963,068			
Solid Waste		629,888			
Airport		213,076			
Fiber Network		32,054			
Non-major funds		92,204			
Internal Service Fund		15,514			
Total proprietary funds		<u>\$3,945,804</u>			
Amount not scheduled for collection during subsequent year		<u>\$ -</u>			

Most of the receivables in the Enterprise Funds are liens on real property that will be collected via the annual tax sale process if not paid.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Balances for the component units for the year ended June 30, 2017 was as follows:

<u>Component Units</u>	Accounts		Other	Students	Contributions	Total
	Restricted	Unrestricted				
Board of Education	\$ -	\$ 297,852	\$ -	\$ -	\$ -	\$ 297,852
Carroll Community College	-	-	134,816	782,439	1,852,488	2,769,743
Library	61,377	7,597	-	-	-	68,974
Industrial Development Authority	-	7,294,968	-	-	-	7,294,968
	61,377	7,600,417	134,816	782,439	1,852,488	10,431,537
Less: allowances	-	(2,387,463)	-	(462,658)	-	(2,850,121)
Total component unity activities	<u>\$ 61,377</u>	<u>\$ 5,212,954</u>	<u>\$ 134,816</u>	<u>\$ 319,781</u>	<u>\$ 1,852,488</u>	<u>\$ 7,581,416</u>
Amount not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	-	\$ 1,842,948	\$ 1,842,948

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, 2017, the various components of unearned revenue reported were as follows:

**Governmental funds**

General Fund:

City of Westminster \$ 77,449

Capital Fund:

Highway user revenue 1,328,418

Developer Contributions 138,845

Impact fees 800,484

Community Support 5,003

BOE restricted 199,855

Grants Fund:

Draws in excess of expenditures 1,057,168

Total governmental funds \$ 3,607,222

**Proprietary funds**

Bureau of Utilities \$ 6,073

Airport 33,594

Internal Service Fund:

Future benefit payments from retirees 11,879

Total proprietary funds \$ 51,546

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Deferred Outflows of Resources

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

Deferred Outflows of Resources:

<u>Government-Wide</u>	<u>Deferred Outflows</u>
Governmental activities	
Deferred charge on refunding	\$ 8,896,780
Deferred charge for pension:	
Carroll County Employee Pension	\$4,074,268
Carroll County Certified Law Officers Pension	871,404
Length of Service Award Program (LOSAP)	324,113
State employee pension- cc officials	76,550
State employee pension- soil conservation	<u>80,117</u>
Total deferred charge for pension	\$ 5,426,452
Business-type activities	
Deferred charge on refunding	<u>664</u>
Total government-wide	<u>\$ 14,323,896</u>

Deferred Inflows of Resources

Deferred Inflows are as follows:

<u>Government-Wide</u>	<u>Deferred Inflows</u>
Governmental activities	
Carroll county employee pension	\$2,961,909
Carroll County Certified Law Officers Pension	921,238
LOSAP	281,198
MSRA-CC Officials	14,084
MSRA- Soil Conservation	<u>22,810</u>
Total deferred inflows for pension	4,201,239
Business-type activities	
Deferred charge on refunding	<u>104,907</u>
Total government-wide	<u>\$ 4,306,146</u>

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

<u>Governmental funds</u>	<u>Unavailable Revenue</u>
General Fund:	
Income taxes	\$ 14,785,083
Property taxes	<u>779,333</u>
Total governmental funds	<u>\$ 15,564,416</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Interfund Transfers

At June 30, 2017, the Interfund transfers between primary government major and non-major funds were as follows:

Interfund Transfers

	Transfers Out			Total
	General Fund	Capital Projects Fund	Non-Major Fund	
Transfers In:				
General Fund	\$ -	\$ 11,588,410	\$ 276,114	\$ 11,864,524
Capital Projects Fund	2,977,556	-	13,300	2,990,856
Bureau of Utilities	204,490	-	-	204,490
Solid Waste	2,415,000	-	-	2,415,000
Internal Service Fund	196,114	-	-	196,114
Non-Major Governmental Funds	1,820,914	-	-	1,820,914
Total transfers	<u>\$ 7,614,074</u>	<u>\$ 11,588,410</u>	<u>\$ 289,414</u>	<u>\$ 19,491,898</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, 2017 consisted of the following:

	Due From	Due To
Primary Government:		
Board of Education	\$ 13,867	\$ 34,655,913
Carroll Community College	445	41,614
Library	1,611	5,120
Industrial Development Authority	612,910	-
	<u>\$ 628,833</u>	<u>\$ 34,702,647</u>
Component Units:		
Primary Government (Board of Education)	34,655,913	13,867
Primary Government (Carroll Community College)	41,614	445
Primary Government (Library)	5,120	1,611
Primary Government (IDA)	-	612,910
	<u>\$ 34,702,647</u>	<u>\$ 628,833</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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

Due from/to Fiduciary Funds

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

	Due From	Due To
Trust Funds:		
General Fund	\$ -	\$ 385,463
Governmental Activities:		
Other Postemployment Benefit Trust	385,463	-
	\$ 385,463	\$ 385,463

Due from/to Other Governmental Funds

Governmental Funds:

	Due From	Due To
General Fund	\$ 300,166	\$ 7,147,766
Capital Fund	6,799,470	-
Non-Major Governmental Funds (Grants)	348,296	300,166
	\$ 7,447,932	\$ 7,447,932

Internal Balances

Due from/to Business-type funds:

**Internal Balances**

	Due From	Due To
Business-type Activities:		
General Fund	\$ -	\$ 2,326,226
Grant Fund	2,966	-
	\$ 2,966	\$ 2,326,226
Governmental Activities:		
Fiber Network	\$ 2,247,517	\$ -
Airport	78,709	-
Internal Service Fund	-	2,966
Total Governmental Activities	\$ 2,326,226	\$ 2,966

The Airport Fund, Fiber Network and OPEB trust fund overdraw 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, 2017.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 7 – Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions*	Net of Transfers and Retirements	Balance June 30, 2017
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 34,569,392	\$ 1,360,675	\$ (40,387)	\$ 35,889,680
Construction in progress	9,727,788	6,434,264	(5,977,797)	10,184,255
Total capital assets, not being depreciated	<u>44,297,180</u>	<u>7,794,939</u>	<u>(6,018,184)</u>	<u>46,073,935</u>
<b>Capital assets, being depreciated:</b>				
Buildings and contents	193,393,561	18,477,933	-	211,871,494
Improvements other than buildings	73,666,509	2,868,309	5,624,102	82,158,920
Automobiles, machinery and equipment	46,727,086	3,456,977	(1,222,111)	48,961,952
Infrastructure	572,280,713	2,827,848	-	575,108,561
Total capital assets, being depreciated	<u>886,067,869</u>	<u>27,631,067</u>	<u>4,401,991</u>	<u>918,100,927</u>
<b>Less accumulated depreciation for:</b>				
Buildings and contents	57,716,768	15,726,089	-	73,442,857
Improvements other than buildings	25,706,578	6,801,576	-	32,508,154
Automobiles, machinery and equipment	33,086,786	3,250,327	(1,499,536)	34,837,577
Infrastructure	427,444,011	3,693,546	-	431,137,557
Total accumulated depreciation	<u>543,954,143</u>	<u>29,471,538</u>	<u>(1,499,536)</u>	<u>571,926,145</u>
Total capital assets, being depreciated, net	<u>342,113,726</u>	<u>(1,840,471)</u>	<u>5,901,528</u>	<u>346,174,782</u>
Governmental activities capital assets, net	<u>\$ 386,410,906</u>	<u>\$ 5,954,468</u>	<u>\$ (116,657)</u>	<u>\$ 392,248,717</u>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 8,968,255	\$ 70,007	\$ -	9,038,262
Construction in progress	9,174,076	4,988,483	(1,775,575)	12,386,984
Total capital assets, not being depreciated	<u>18,142,331</u>	<u>5,058,490</u>	<u>(1,775,575)</u>	<u>21,425,246</u>
<b>Capital assets, being depreciated:</b>				
Buildings and contents	24,272,597	-	-	24,272,597
Improvements other than buildings	11,550,808	42,606	-	11,593,414
Automobiles, machinery and equipment	27,487,207	2,700,889	(223,837)	29,964,259
Infrastructure:				
Water facilities	55,439,328	-	-	55,439,328
Sewer facilities	47,731,450	-	-	47,731,450
Total capital assets, being depreciated	<u>166,481,390</u>	<u>2,743,495</u>	<u>(223,837)</u>	<u>169,001,048</u>
<b>Less accumulated depreciation for:</b>				
Buildings and contents	9,311,979	485,670	-	9,797,649
Improvements other than buildings	5,146,422	504,245	-	5,650,667
Automobiles, machinery and equipment	9,151,940	1,421,204	(223,837)	10,349,307
Infrastructure:				
Water facilities	12,332,305	968,616	-	13,300,921
Sewer facilities	17,539,716	710,043	-	18,249,759
Total accumulated depreciation	<u>53,482,362</u>	<u>4,089,778</u>	<u>(223,837)</u>	<u>57,348,303</u>
Total capital assets, being depreciated, net	<u>112,999,028</u>	<u>(1,346,283)</u>	<u>-</u>	<u>111,652,745</u>
Business-type activities capital assets, net	<u>\$ 131,141,359</u>	<u>\$ 3,712,207</u>	<u>\$ (1,775,575)</u>	<u>\$ 133,077,991</u>

\*Additions to accumulated depreciation includes the transfer of capital assets of \$20,802,164 from the Board of Education along with accumulated depreciation of \$12,269,848.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 7 – Capital Assets-continued**

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

Governmental activities:

General Government	\$ 6,748,752
Public Safety	3,858,165
Public Works	4,720,590
Health	9,017
Culture & Recreation	1,163,288
Judicial	74,141
Economic Development	231,792
Conservation of Natural Resources	395,138
Human Services	807
Total depreciation expense-governmental activities	<u>\$ 17,201,690</u>

Business-type activities:

Bureau of Utilities	\$ 2,296,365
Solid Waste	605,529
Septage	19,273
Airport	176,283
Firearms Facility	28,285
Fiber Network	964,043
Total depreciation expense-business-type activities	<u>\$ 4,089,778</u>

Component units

Activity for the Board of Education for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016 <u>Restated</u>	Additions	Net Transfers and Retirements	Balance June 30, 2017
<b>Capital assets not being depreciated</b>				
Land and improvements	\$ 15,052,303	\$ -	\$ (910,175)	\$ 14,142,128
Construction in Progress	225,711	6,066,984	(2,788,220)	3,504,475
Total capital assets, not being depreciated	<u>15,278,014</u>	<u>6,066,984</u>	<u>(3,698,395)</u>	<u>17,646,603</u>
<b>Capital assets being depreciated</b>				
Building and improvements	602,483,454	2,858,271	(20,802,164)	584,539,561
Equipment	44,081,119	1,362,726	(2,703,733)	42,740,112
Total capital assets being depreciated	<u>646,564,573</u>	<u>4,220,997</u>	<u>(23,505,897)</u>	<u>627,279,673</u>
<b>Less accumulated depreciation</b>				
Buildings and Improvements	211,274,490	14,672,104	(12,269,848)	213,676,746
Equipment	34,377,094	2,861,025	(2,387,844)	34,850,275
Total accumulated depreciation	<u>245,651,584</u>	<u>17,533,129</u>	<u>(14,657,692)</u>	<u>248,527,021</u>
Total capital assets, being depreciated, net	<u>400,912,989</u>	<u>(13,312,132)</u>	<u>(8,848,205)</u>	<u>378,752,652</u>
Capital assets, net	<u>\$416,191,003</u>	<u>\$(7,245,148)</u>	<u>\$(12,546,600)</u>	<u>\$396,399,255</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 7 – Capital Assets-continued**

Component units-continued

Activity for the Carroll Community College for the year ended June 30, 2017 was as follows:

	Balance at June 30, 2016	Additions	Net Transfers and Retirements	Balance at June 30, 2017
<b>Capital assets not being depreciated</b>				
Foundation	\$ 382,525	\$ 3,925	\$ (1,500)	\$ 384,950
<b>Capital assets being depreciated</b>				
Building improvements	2,563,943	194,909	-	2,758,852
Equipment	3,742,831	303,324	(81,566)	3,964,589
Vehicles	128,692	58,224	-	186,916
Library books	1,602,476	34,801	(44,217)	1,593,060
Total capital assets being depreciated	<u>8,037,942</u>	<u>591,258</u>	<u>(125,783)</u>	<u>8,503,417</u>
<b>Less accumulated depreciation</b>				
Building improvements	1,041,414	158,648	-	1,200,062
Equipment	3,305,742	184,246	(81,566)	3,408,422
Vehicles	125,618	7,233	-	132,851
Library books	1,541,479	42,060	(43,365)	1,540,174
Total accumulated depreciation	<u>6,014,253</u>	<u>392,187</u>	<u>(124,931)</u>	<u>6,281,509</u>
Total capital assets, being depreciated, net	<u>2,023,689</u>	<u>199,071</u>	<u>(852)</u>	<u>2,221,908</u>
Capital assets, net	<u>\$ 2,406,214</u>	<u>\$ 202,996</u>	<u>\$ (2,352)</u>	<u>\$ 2,606,858</u>

**Foundation**

The art collection consists of various paintings and drawings by Hiram Williams. These donated items were recorded at their fair value, as determined by independent appraisal, at \$384,950, as of June 30, 2017, and \$381,025 as of June 30, 2016, and adjusted accordingly in the financial statements. Collectibles and artwork with indeterminate useful lives are not depreciated.

Since the donors placed no restriction on their gift of these collections, they are included in Unrestricted Net Position.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 7 – Capital Assets-continued**

Activity for the Carroll County Public Library for the year ended June 30, 2017 was as follows:

	Balance at June 30, 2016	Additions	Net Transfers and Retirements	Balance at June 30, 2017
<b>Capital assets not being depreciated</b>				
Construction in progress	\$ 13,232	\$ -	\$ (13,232)	\$ -
<b>Capital assets being depreciated by location</b>				
Headquarters	1,135,350	52,074	(43,589)	1,143,835
Westminster	1,241,372	-	(50,676)	1,190,696
Eldersburg	432,521	-	(4,170)	428,351
Mt. Airy	961,465	-	-	961,465
North Carroll	293,936	-	(2,025)	291,911
Taneytown	138,432	-	-	138,432
Finksburg	124,214	-	-	124,214
Circulation materials	3,260,040	1,100,402	(1,107,836)	3,252,606
Total capital assets, being depreciated	7,587,330	1,152,476	(1,208,296)	7,531,510
<b>Less accumulated depreciation</b>	3,924,462	1,338,106	(1,199,244)	4,063,324
Capital assets, net	<u>\$3,676,100</u>	<u>\$(185,630)</u>	<u>\$(22,284)</u>	<u>\$3,468,186</u>

Activity for the Industrial Development Authority of Carroll County for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Net Transfers and Retirements	Balance June 30, 2017
<b>Capital assets not being depreciated</b>				
Land	\$ 7,274,323	\$ -	\$ (183,153)	\$ 7,091,170
Construction in Progress	1,779,929	9,076	(407,870)	1,381,135
Total capital assets, not being depreciated	9,054,252	9,076	(591,023)	8,472,305
<b>Capital assets being depreciated</b>				
Equipment	37,886	-	-	37,886
Total capital assets being depreciated	37,886	-	-	37,886
<b>Less accumulated depreciation</b>				
Equipment	9,495	3,428	-	12,923
Total capital assets, being depreciated, net	28,391	(3,428)	-	24,963
Capital assets, net	<u>\$ 9,082,643</u>	<u>\$ 5,648</u>	<u>\$ (591,023)</u>	<u>\$ 8,497,268</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017:

	Balance July 1, 2016	Additions	Principal Repayments/ Amortization	Balance June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
Purchase Agreements	\$ 5,666,101	\$ -	\$ 331,392	\$ 5,334,709	\$ 296,536
General Obligation Debt	31,524,508	1,303,000	-	32,827,508	-
General Obligation Bonds	277,656,104	20,516,961	35,332,127	262,840,938	27,491,643
Bonds premium/discount	22,050,714	1,302,370	1,939,092	21,413,992	1,745,740
Subtotal	<u>336,897,427</u>	<u>23,122,331</u>	<u>37,602,611</u>	<u>322,417,147</u>	<u>29,533,919</u>
Net other post employments benefit obligation	36,845,328	1,401,365	-	38,246,693	-
Net LOSAP liability	1,417,320	484,089	558,005	1,343,404	-
Net employee pension liability	10,576,956	8,117,562	10,193,269	8,501,249	-
Net certified law officers pension liability	2,665,194	2,277,063	2,345,719	2,596,538	-
Net pension liability (CC Officials State of MD)	201,819	77,310	-	279,129	-
Net pension liability (Soil Conservation- State)	253,830	-	16,366	237,464	-
Estimated liability for claims in process-worker's comp	2,136,529	1,763,037	923,496	2,976,070	1,279,710
for claims in process-insurance	1,971,577	15,820,148	16,229,038	1,562,687	1,547,060
Compensated Absences	6,025,644	3,052,766	2,878,740	6,199,670	-
Governmental activity Long-term liabilities	<u>\$ 398,991,624</u>	<u>\$ 56,115,671</u>	<u>\$ 70,747,243</u>	<u>\$ 384,360,051</u>	<u>\$ 32,360,689</u>
<b>Business-type activities:</b>					
Loans Payable	\$ 158,748	\$ -	\$ 30,141	\$ 128,607	\$ 30,925
General Obligation Bonds	15,284,816	211,715	2,245,200	13,251,331	1,930,455
Subtotal	<u>15,443,564</u>	<u>211,715</u>	<u>2,275,341</u>	<u>13,379,938</u>	<u>1,961,380</u>
Landfill closure/post closure	12,712,169	-	345,360	12,366,809	239,740
Compensated Absences	396,409	154,171	132,361	418,219	151,941
Business-type activity Long-term liabilities	<u>\$ 28,552,142</u>	<u>\$ 365,886</u>	<u>\$ 2,753,062</u>	<u>\$ 26,164,966</u>	<u>\$ 2,353,061</u>
<b>Component Units:</b>					
Board of Education:					
Net other post employment benefit obligation	\$ 93,788,726	\$ 26,930,000	\$ 12,241,106	\$ 108,477,620	\$ -
Compensated Absences	15,778,411	1,657,783	1,829,095	15,607,099	2,400,000
Net pension liability (State of MD)	17,874,365	2,732,743	1,483,375	19,123,733	-
Capital Lease Obligations	2,615,846	-	870,718	1,745,128	930,441
Total Board of Education	<u>\$ 130,057,348</u>	<u>\$ 31,320,526</u>	<u>\$ 16,424,294</u>	<u>\$ 144,953,580</u>	<u>\$ 3,330,441</u>
Carroll Community College					
Net other post employment benefit obligation	\$ 20,150,543	\$ 2,640,880	\$ -	\$ 22,791,423	\$ -
Compensated Absences	889,948	-	15,519	874,429	740,152
Total Carroll Community College	<u>\$ 21,040,491</u>	<u>\$ 2,640,880</u>	<u>\$ 15,519</u>	<u>\$ 23,665,852</u>	<u>\$ 740,152</u>
Library					
Compensated Absences	\$ 523,475	\$ 24,401	\$ -	\$ 547,876	\$ -
Net pension liability	581,213	153,739	55,927	679,025	-
Total Library	<u>\$ 1,104,688</u>	<u>\$ 178,140</u>	<u>\$ 55,927</u>	<u>\$ 1,226,901</u>	<u>\$ -</u>
Industrial Development Authority					
Loans	\$ 5,764,567	\$ -	\$ -	\$ 5,764,567	\$ -
Total Industrial Dev. Authority	<u>\$ 5,764,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,764,567</u>	<u>\$ -</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt—continued**

A.) Governmental Activities

Payments on the non-current 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.

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, 2017 consist of the following:

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, 2017	Due Within One Year
<u>General Government:</u>					
SunTrust/AAIG Johnson Controls	4.040%	2021	\$ 2,649,079	\$ 909,188	\$ 228,704
AAIG Johnson Controls	2.353%	2031	4,536,852	4,425,521	67,832
Total Purchase Agreements				\$ 5,334,709	\$ 296,536

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt—continued**

A.) Governmental Activities—continued

A.) Governmental Activities

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 296,536	\$ 138,025	\$ 434,561
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
2023-2027	2,057,960	316,342	2,374,302
2028-2031	1,591,487	71,015	1,662,502
Total purchase agreement	<u>\$ 5,334,709</u>	<u>\$ 959,014</u>	<u>\$ 6,293,723</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 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>
2018	\$ -	\$ 1,818,826	\$ 1,818,826
2019	1,201,211	1,818,826	3,020,037
2020	-	1,746,753	1,746,753
2021	-	1,746,753	1,746,753
2022	246,000	1,746,753	1,992,753
2023-2027	7,797,488	7,982,046	15,779,534
2028-2032	17,885,220	5,092,368	22,977,588
2033-2037	5,697,589	756,859	6,454,448
Total purchase agreement	<u>\$ 32,827,508</u>	<u>\$ 22,709,184</u>	<u>\$ 55,536,692</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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt—continued**  
**A.) Governmental Activities—continued**

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2017	Due Within One Year
<u>General Government:</u>					
FHA Loan of 1972- Watershed Bonds	3.502%	2022	\$ 769,700	\$ 158,846	\$ 27,266
FHA Loan of 1974- Watershed Bonds	3.649%	2024	253,000	79,663	9,218
FHA Loan of 1979- Watershed Bonds	3.649%	2031	678,800	321,131	18,008
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	-	-
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	-	-
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	1,159,156	1,159,156
2007 Refunding Bonds (November)	3.75%-5.25%	2022	6,670,000	2,640,000	620,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	28,294,094	3,695,547	1,802,615
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	14,759,547	4,945,275	1,578,534
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	17,631,476	17,159,565	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	6,044,297	485,273	485,273
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	8,841,618	7,108,432	419,313
2011 Public Improvement Bonds	2.00%-4.25%	2031	11,042,955	8,558,303	441,494
2011 Refunding Bonds	2.00%-4.25%	2031	9,104,764	5,124,029	1,842,190
2012 Public Improvement Bonds	2.00%-5.00%	2032	13,600,000	10,075,197	631,201
2012 Refunding Bonds	2.00%-5.00%	2032	13,685,415	12,120,859	2,586,369
2013 Public Improvement Bonds	2.00%-5.00%	2033	23,412,567	18,078,596	1,101,902
2014 Public Improvement Bonds	2.00%-5.00%	2034	14,099,475	10,764,158	598,009
2014 Refunding Bonds	2.00%-5.00%	2029	19,078,563	15,447,052	1,105,502
2015 Public Improvement Bonds	3.00%-5.00%	2035	25,448,730	20,998,085	1,105,802
2015 Refunding Bonds	3.00%-5.00%	2022	5,529,176	5,516,503	-
2016 Public Improvement Bonds	3.00%-5.00%	2036	11,291,144	9,722,736	486,137
2016 Refunding Bonds	3.00%-5.00%	2020	2,617,306	2,617,306	912,966
Subtotal General Government				<u>\$ 156,775,712</u>	<u>\$ 16,930,955</u>
<u>Board of Education:</u>					
2006 Public Improvement Bonds	3.50%-4.00%	2021	\$20,260,000	\$ -	\$ -
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	-	-
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	102,101	102,101
2008 Public Improvement Bonds	3.25%-5.00%	2028	43,613,906	4,361,275	2,127,433
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	8,305,513	2,846,077	908,469
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	15,946,285	15,946,284	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	6,054,056	486,057	486,057
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	10,272,510	8,269,136	526,929
2011 Public Improvement Bonds	2.00%-4.25%	2031	6,957,045	5,610,127	289,417
2011 Refunding Bonds	2.00%-4.25%	2031	769,193	336,233	160,508
2012 Public Improvement Bonds	2.00%-5.00%	2032	6,400,000	5,117,740	320,565
2012 Refunding Bonds	2.00%-5.00%	2032	2,347,757	2,138,034	428,724
2013 Public Improvement Bonds	2.00%-5.00%	2033	1,852,433	1,566,365	95,471
2014 Public Improvement Bonds	2.00%-5.00%	2034	2,347,757	810,473	45,026
2014 Refunding Bonds	2.00%-5.00%	2029	1,852,433	31,079,281	745,518
2015 Public Improvement Bonds	3.00%-5.00%	2035	1,736,270	1,649,407	86,863
2015 Refunding Bonds	3.00%-5.00%	2022	485,905	485,905	-
2016 Public Improvement Bonds	3.00%-5.00%	2036	2,405,656	2,405,656	120,283
2016 Refunding Bonds	3.00%-5.00%	2020	3,520,979	3,520,979	1,228,184
Subtotal Board of Education				<u>\$ 86,731,130</u>	<u>\$ 7,671,548</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt–continued**  
**A.) Governmental Activities–continued**  
General Obligation Bonds

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2017	Due Within One Year
<u>Volunteer Fire Companies:</u>					
2003 Fire Company Bonds	2.00%-3.85%	2018	\$ 2,100,000	\$ 345,000	\$ 170,000
2004 Fire Company Bonds	4.13%	2019	2,065,000	517,628	165,609
2005 Fire Company Bonds	3.50%-4.125%	2020	2,900,000	760,000	190,000
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	-	-
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	170,000	170,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	180,000	27,600	13,462
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	270,000	92,522	29,533
2010 Refunding Bonds Series A	0.30%-1.70%	2018	381,976	30,667	30,667
2010 Refunding Bonds Series B	0.30%-1.70%	2018	2,210,000	275,000	275,000
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	535,000	335,000	55,000
2011 Public Improvement Bonds	2.00%-4.25%	2031	750,000	604,800	31,200
2012 Public Improvement Bonds	2.00%-5.00%	2032	1,460,000	1,167,436	73,141
2012 Refunding Bonds	2.00%-5.00%	2032	187,173	187,173	29,913
2013 Public Improvement Bonds	2.00%-5.00%	2033	735,000	621,494	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	730,000	85,000
2016 Public Improvement Bonds	3.00%-5.00%	2036	303,200	303,200	15,160
Subtotal Volunteer Fire Companies				\$ 6,227,978	\$ 1,371,565
2013 Taxable Pension Bonds	2.24%	2019	\$ 4,524,000	\$ 2,670,000	\$ 917,000
Subtotal Taxable Pension Bonds				\$ 2,670,000	\$ 917,000
<u>Watershed:</u>					
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	\$2,663	\$2,663
2008 Public Improvement Bonds	3.25%-5.00%	2028	28,294,094	61,333	29,917
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	14,759,547	112,428	35,887
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	104,531	6,661
2011 Public Improvement Bonds	2.00%-4.25%	2031	11,042,955	346,770	17,889
2012 Public Improvement Bonds	2.00%-5.00%	2032	13,600,000	799,627	50,093
2013 Public Improvement Bonds	2.00%-5.00%	2033	23,412,567	1,718,545	104,746
2014 Public Improvement Bonds	2.00%-5.00%	2034	14,099,475	1,925,370	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	3,177,510	167,334
2015 Refunding Bonds	3.00%-5.00%	2022	5,529,176	12,673	-
2016 Public Improvement Bonds	3.00%-5.00%	2036	11,291,144	1,568,408	78,420
Subtotal Board of Education				\$ 10,436,118	\$ 600,575
Subtotal General Obligation Bonds				\$ 262,840,938	\$ 27,491,643
Bond premium/discount				21,413,992	1,745,740
Total				\$ 284,254,930	\$ 29,237,383

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2017, are as follows:

Annual Requirements to amortize general obligation bonds

Years Ending June 30,	Principal	Interest	Total
2018	\$ 27,491,643	\$ 10,482,088	\$ 37,973,731
2019	25,649,440	9,330,711	34,980,151
2020	24,223,753	8,261,056	32,484,809
2021	21,154,371	7,252,343	28,406,714
2022	17,655,879	6,354,601	24,010,480
2023-2027	75,765,334	21,004,065	96,769,399
2028-2032	56,135,518	6,967,818	63,103,336
2033-2037	14,765,000	859,847	15,624,847
Total General Obligation Bonds	\$ 262,840,938	\$ 70,512,529	\$ 333,353,467



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt–continued**

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.

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2017	Due Within One Year
Maryland Water Quality Financing:					
2002 Revolving Loan - Hampstead	2.60%	2021	\$ 532,680	\$ 128,607	\$ 30,925
<b>Total Loans Payable</b>				<u>\$ 128,607</u>	<u>\$ 30,925</u>

The annual requirements to repay the loans payable outstanding as of June 30, 2017, are as follows:

Years Ending June 30,	Principal	Interest	Total
2018	\$ 30,925	\$ 5,059	\$ 35,984
2019	31,728	4,255	35,983
2020	32,554	3,430	35,984
2021	33,400	2,583	35,983
<b>Total Loans Payable</b>	<u>\$ 128,607</u>	<u>\$ 15,327</u>	<u>\$ 143,934</u>

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt—continued**  
**B.) Business-type activities—continued**

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2017	Due Within One Year
<u>Bureau of Utilities:</u>					
2006 Public Improvement Bonds	3.50%-4.00%	2021	\$ 200,000	\$ -	\$ -
2007 Public Improvement Bonds	3.75%-5.25%	2022	9,401,000	625,867	625,867
2008 Public Improvement Bonds	3.25%-5.00%	2028	7,616,000	818,858	399,435
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	745,461	255,450	81,540
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	1,072,240	1,072,240	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	6,371	512	512
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	13,742	11,062	705
2011 Refunding Bonds	2.00%-4.25%	2021	484,430	228,821	100,225
2012 Refunding Bonds	2.00%-5.00%	2022	198,550	181,169	36,179
2014 Refunding Bonds	2.00%-5.00%	2024	5,446,358	5,050,753	124,963
2015 Refunding Bonds	3.00%-5.00%	2022	2,978,549	2,978,548	-
2016 Refunding Bonds	3.00%-5.00%	2020	56,307	56,307	19,641
Subtotal Bureau of Utilities				11,279,587	1,389,067
<u>Solid Waste Fund</u>					
2007 Refunding Bonds (January)	3.50%-5.00%	2020	345,658	-	-
2007 Public Improvement Bonds	3.75%-5.25%	2022	604,000	40,211	40,211
2008 Public Improvement Bonds	3.25%-5.00%	2028	296,000	45,386	22,138
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	9,479	3,248	1,037
2011 Refunding Bonds	2.00%-4.25%	2021	789,648	475,148	158,221
2014 Refunding Bonds	2.00%-5.00%	2024	406,860	223,611	57,928
2015 Refunding Bonds	3.00%-5.00%	2022	191,370	191,370	-
2016 Refunding Bonds	3.00%-5.00%	2020	91,589	91,589	31,948
Subtotal Solid Waste Fund				1,070,563	311,483
<u>Airport Fund</u>					
2001 Public Improvement Bonds	3.25%-4.75%	2021	2,200,000	550,000	110,000
2007 Refunding Bonds (January)	3.50%-5.00%	2020	240,854	-	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	93,300	7,491	7,491
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	27,130	21,839	1,392
2011 Refunding Bonds	2.00%-4.25%	2021	286,966	145,769	58,856
2012 Refunding Bonds	2.00%-5.00%	2022	18,716	15,374	3,843
2014 Refunding Bonds	2.00%-5.00%	2020	85,400	34,498	16,091
2016 Refunding Bonds	3.00%-5.00%	2020	63,819	63,819	22,261
Subtotal Airport Fund				838,790	219,934
<u>Septage Fund</u>					
2006 Public Improvement Bonds	3.50%-4.00%	2021	200,000	-	-
2012 Refunding Bonds	2.00%-5.00%	2022	62,391	62,391	9,971
Subtotal Septage Fund				62,391	9,971
Total General Obligation Bonds				\$ 13,251,331	\$ 1,930,455

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt—continued**  
**B.) Business-type Activities-continued**

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2017, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Business-type activities:			
2018	\$ 1,930,455	\$ 574,188	\$ 2,504,643
2019	1,714,447	485,426	2,199,873
2020	1,752,272	404,948	2,157,220
2021	1,461,175	325,349	1,786,524
2022	1,436,831	263,544	1,700,375
2023-2027	3,638,243	498,621	4,136,864
2028-2031	1,317,908	26,836	1,344,744
Total General Obligation Bonds	<u>\$ 13,251,331</u>	<u>\$ 2,578,912</u>	<u>\$ 15,830,243</u>

**Advanced Refunding**

The County issued general obligation refunding bonds during the current year. The County issued \$6,350,000 on November 10, 2016 of general obligation refunding bonds to redeem the January 2007 outstanding bonds. The net proceeds of \$6,786,228(after payment of \$76,364 for issuance costs) were used to redeem \$6,750,000 of general obligation bonds from January 2007 bonds. The November 2016 redemption was undertaken to reduce total debt service payments by \$284,580. The economic gain or net present value of savings from redeeming general obligation bonds was \$36,228

**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, 2017, \$58,827,875 of defeased bonds remains outstanding.

**Bond Authorization**

The County has authorization to sell approximately \$153,037,698 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 \$110,611,278 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, 2017, 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:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt—continued**

Board of Ed energy management equipment	
<u>Years Ending June 30,</u>	<u>Energy Management Equipment</u>
2018	\$992,243
2019	844,235
	<u>1,836,478</u>
less interest	(91,350)
Present value of future minimum lease payments	<u>\$ 1,745,128</u>

Interest expense related to capital leases was \$92,625 for the year ended June 30, 2017.

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. Repayment is based upon a nineteen-year amortization with interest at 3.0%, but payments are based upon actual cash flow from the Warfield Complex. This payment structure allows for the deferral of payments in years of insufficient cash flow. In the event payments are deferred, they become due and payable in the subsequent payment period. At loan maturity, December 31, 2025, any unsatisfied deferred payments may be considered for forgiveness, provided all the terms of the agreement have been met. During fiscal year 2017, all terms of the agreement have been met and the Warfield Complex generated no cash flow; therefore, no principal payments were due at June 30, 2017. 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, a payment of \$3,764,567 was made and the interest payable on the loan, which was \$1,142,937 as of June 30, 2017, 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 agreements states the loan will be interest free for a period of twenty four 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 8 – Long-Term Debt–continued**

The annual requirements to amortize notes payable outstanding as of June 30, 2017 are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,764,567	\$ -	\$ 3,764,567
2019	-	60,000	60,000
2020	-	60,000	60,000
2021	-	60,000	60,000
2022	-	60,000	60,000
2023-2026	<u>2,000,000</u>	<u>240,000</u>	<u>2,240,000</u>
	<u>\$5,764,567</u>	<u>\$480,000</u>	<u>\$ 6,244,567</u>

**Note 9 – Lease Obligations**

Operating Leases

Governmental Activities

The County is committed under various leases to rent office space, parking and a storage facility as lessee. All leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2017 for the County amounted to \$297,630. Future lease payments for these leases are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 301,000
2019	310,030
2020	319,331
2021	328,911
2022	338,778
2023-2026	1,459,841

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, 2017 amounted to \$391,641. Future lease revenues for these rentals are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 304,049
2019	304,049
2020	304,049
2021	304,049
2022	304,049
2023-2027	1,520,244
2028-2097	70

In Kind Services

The primary government owns facilities that are used in the operation by their component units (related parties). For the fiscal year 2017, the County recorded \$1,559,430 for the Library; \$3,534,200 for Carroll Community College and \$1,615,574 for the Board of Education as in kind revenue and additional support to the component units.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 9 – Lease Obligations-continued**

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, 2017 for the County totaled to \$374,764 and has a six-year commitment remaining. The total future minimum payments are as follows:

Years Ending June 30,

2018	\$386,008
2019	397,587
2020	409,045
2021	421,318
2022	433,959

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, 2017 for the County totaled \$109,570 and has a 14-year commitment remaining. The total future minimum payments are as follows:

Years Ending June 30,

2018	\$112,856
2019	116,242
2020	119,730
2021	123,321
2022	127,021
2023-2027	694,602
2028-2031	550,437

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, 2017 amounted to \$359,507. Future lease revenues for these rentals are as follows:

Years Ending June 30,

2018	\$298,808
2019	301,032
2020	302,559
2021	304,699
2022	306,727
2023-2027	313,552

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 9 – Lease Obligations-continued**

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Land	\$13,461,837	\$512,770	\$13,974,607
Buildings	123,544,313	-	123,544,313
Less: Accumulated depreciation	<u>(42,343,943)</u>	<u>-</u>	<u>( 42,343,943)</u>
Net carrying value	<u>\$94,662,207</u>	<u>\$512,770</u>	<u>\$95,174,977</u>

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, 2019.

Future minimum payments on operating leases with an initial or remaining noncancellable term in excess of one year are as follows:

<u>Years Ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2018	\$294,141
2019	171,725
2020	89,963
2021	<u>5,814</u>
Total	\$ 561,643

Operating lease expenditures/expenses for the year ended June 30, 2017 were \$415,332.

The Library leases various office equipment under noncancelable operating leases that extend through the year ending June 30, 2022. Total rental expenditures were \$26,897 for leases for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

<u>Years Ending June 30,</u>	
2018	\$26,609
2019	26,609
2020	22,176
2021	22,176
2022	<u>1,848</u>
Total	<u>\$99,418</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 9 – Lease Obligations-continued**

The Community College entered into a ninety-nine year lease agreement with the County for instructional facilities commencing December 30, 1993 with annual rent in the amount of \$1.

The College has also entered into an operating lease with the Xerox Corporation for copier services. The total lease expense was \$182,882 for the year ended June 30, 2017. The College renewed its operating lease in July 2013, extending the lease agreement until July 2018.

Future minimum payments on operating leases are as follows:

<u>Years Ending June 30,</u>	
2018	\$ 169,620
2019	<u>14,135</u>
Total	<u>\$ 183,755</u>

**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 26.5 percent 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 \$5,838,213, of which 100 percent has been accrued as of June 30, 2017. 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.

In addition, the County has recorded an estimated liability of \$1,528,596 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 \$12,366,809.

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 post-closure 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.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES  
TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans**

Carroll County Employee Pension Plan

*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, 2016. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	241
Terminated plan members entitled to, but not yet receiving benefits	188
Active plan members	<u>733</u>
Total	<u>1,162</u>

*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 serviced 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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Employee Pension Plan-continued

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.

The plan provides retirement and death benefits to plan members or the plan member’s 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.

*Contributions.* Plan members are required to contribute five percent of their annual base pay. The County contributed 7.7 percent of the employees’ annual base pay. For fiscal year 2017, the County contributed \$2,636,200 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 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 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:

	<u>Fair Value in U.S. Dollars</u>
Causeway International Value Fund	\$3,769,341
Harding Loevner International Equity Fund	3,743,572

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Employee Pension Plan-continued

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.

<u>Ratings</u>	<u>Maximum</u>	<u>Allocation at June 30, 2017</u>
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 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%	10.0%
Domestic Small Cap Equities	0%	10.0%
Real Estate Equities	5.0%	15.0%
International Equities	5.0%	15.0%
Domestic Fixed Income	20.0%	30.0%
Cash Equivalentents	0.0%	15.0%

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on the CCEPP investments, net of pension plan investment expense, was 11.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Employee Pension Plan-continued

*Net Pension Liability of the County*

The components of the net pension liability of the County at June 30, 2017, were as follows:

Total pension liability	\$85,408,335
CCEPP fiduciary net position	<u>(76,907,086)</u>
County’s net pension liability	<u>\$8,501,249</u>

CCEPP fiduciary net position as a percentage of the total pension liability	90.05%
--	--------

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 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 investment 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:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**  
Carroll County Employee Pension Plan-continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equities	45%	5.60%
U.S. Small/Mid Cap Equities	10%	6.70%
Foreign Equities	10%	6.80%
Real Estate (REITs)	10%	6.10%
Core Fixed Income	25%	1.25%
Cash	0%	0.00%
Inflation		3.00%
Total	100%	

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**  
Carroll County Employee Pension Plan-continued

Changes in Net Pension liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 77,290,773	\$ 66,713,817	\$10,576,956
<b>Changes for the year:</b>			
Service cost	3,859,961	-	3,859,961
Interest	5,345,393	-	5,345,393
Changes of benefit terms	-	-	-
Differences between expected and actual experience	768,238	-	768,238
Changes of assumptions	-	-	-
Contributions - employer	-	2,636,200	(2,636,200)
Contributions - member	-	1,773,107	(1,773,107)
Net investment income	-	7,682,570	(7,682,570)
Benefit payments, including refunds of member contributions	(1,856,030)	(1,856,030)	-
Administrative expense	-	(42,578)	42,578
Other	-	-	-
<b>Net Changes</b>	<u>8,117,562</u>	<u>10,193,269</u>	<u>(2,075,707)</u>
<b>Balances at 6/30/17</b>	<u>\$ 85,408,335</u>	<u>\$ 76,907,086</u>	<u>\$ 8,501,249</u>

*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 1-percentage-point lower (6.0 percent) or 1-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	\$21,694,016	\$8,501,249	\$ (2,206,632)

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

For the year ended June 30, 2017, the County recognized pension expense of \$3,327,477. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Employee Pension Plan-continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 614,590	\$ 622,127
Changes of assumptions	981,107	-
Net difference between projected and actual earnings on pension plan investment	<u>2,478,571</u>	<u>2,339,782</u>
Total	<u>\$ 4,074,268</u>	<u>\$ 2,961,909</u>

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	\$610,494
2019	610,492
2020	322,671
2021	(431,298)

**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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**  
Carroll County Employee Pension Plan-continued

**Statement of Fiduciary Net Position**  
**Carroll County Employee Pension Plan**

<b>Assets:</b>	
Investments at fair value:	
Short-term investments	\$ 264,158
Bond funds	18,889,081
Equity funds	<u>57,764,263</u>
Total assets	<u>76,917,502</u>
<b>Liabilities:</b>	
Accounts payable	<u>10,416</u>
Total liabilities	<u>10,416</u>
<b>Fiduciary Net Position:</b>	
Net position held in trust for pension benefits and other purposes	<u>\$ 76,907,086</u>

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

<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,636,200
Plan Members	<u>1,773,107</u>
Total Contributions	<u>4,409,307</u>
Investment earnings:	
Net increase in the fair value of investments	<u>7,729,314</u>
Total investment earnings	<u>7,729,314</u>
Less investment expense	<u>(46,744)</u>
Net investment earnings	<u>7,682,570</u>
Total additions	12,091,877
<b>DEDUCTIONS</b>	
Benefits	1,856,030
Administrative expenses	<u>42,578</u>
Total deductions	<u>1,898,608</u>
Change in net position	10,193,269
<b>NET POSITION RESTRICTED FOR COUNTY PENSION</b>	
Beginning of year	<u>66,713,817</u>
End of year	<u>\$ 76,907,086</u>



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Employee Pension Plan-continued

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 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	1.8%
Inflation rate	3.0%

Carroll County Certified Law Officers Pension Plan

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

Plan Description

*Plan administration.* The Carroll County Certified Law Officers Pension Plan “CCLOPP” 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 CCLOPP.

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

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

Retirees and beneficiaries currently receiving benefits	9
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>105</u>
Total	<u>114</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

*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 member's 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 14.3 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 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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

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:

	<u>Fair Value in U.S. Dollars</u>
Causeway International Value Fund	\$609,036
Harding Loevner International Equity Fund	605,050

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.

<u>Ratings</u>	<u>Maximum</u>	<u>Allocation at June 30, 2017</u>
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 5% of the International Equity portfolio. Investments by security type for all of the County Trust Funds are to be diversified as follows:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

Carroll County Certified Law Officer Trust Fund

	Minimum	Maximum
Domestic Large Cap Equities	35.0%	55.0%
Domestic Mid Cap Equities	0%	10.0%
Domestic Small Cap Equities	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, 2017, the annual money-weighted rate of return on the CCCLOPP investments, net of pension plan investment expense, was 10.99 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, 2017, were as follows:

Total pension liability	\$15,084,074
CCCLOPP fiduciary net position	( <u>12,487,536</u> )
County's net pension liability	\$ <u>2,596,538</u>
CCCLOPP fiduciary net position as a percentage of the total pension liability	82.79%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to June 30, 2017 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 investment expense, including inflation
Mortality	RP-2014 with generational projections using scale of MP-2014

Changes since prior valuation: None.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

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 Real Rate of Return</u>
U.S. Large Cap Equities	45%	5.60%
U.S. Small/Mid Cap Equities	10%	6.70%
Foreign Equities	10%	6.80%
Real Estate (REITs)	10%	6.10%
Core Fixed Income	25%	1.25%
Cash	0%	0.00%
Inflation		3.00%
Total	100%	

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 12,807,011	\$ 10,141,817	\$ 2,665,194
<b>Changes for the year:</b>			
Service cost	1,090,452	-	1,090,452
Interest	887,392	-	887,392
Changes of benefit terms	-	-	-
Differences between expected and actual experience	559,179	-	-
Changes of assumptions	-	-	559,179
Contributions - employer	-	798,560	(798,560)
Contributions - member	-	619,466	(619,466)
Net investment income	-	1,195,894	(1,195,894)
Benefit payments, including refunds of member contributions	(259,960)	(259,960)	-
Administrative expense	-	(8,241)	8,241
<b>Net Changes</b>	<u>2,277,063</u>	<u>2,345,719</u>	<u>(68,656)</u>
<b>Balances at 6/30/17</b>	<u><u>\$ 15,084,074</u></u>	<u><u>\$ 12,487,536</u></u>	<u><u>\$ 2,596,538</u></u>

*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 1-percentage-point lower (6.0 percent) or 1-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	\$5,253,386	\$2,596,538	\$489,924

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

For the year ended June 30, 2017, the County recognized pension expense of \$646,121.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

At June 30, 2017, the County 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>
Differences between expected and actual experience	\$ 503,261	\$ 473,420
Changes of assumptions	-	91,240
Net difference between projected and actual earnings on pension plan investment	368,143	356,578
<b>Total</b>	<u>\$ 871,404</u>	<u>\$ 921,238</u>

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:

2018	\$ 29,673
2019	29,671
2020	(11,712)
2021	(106,835)
2022	(17,692)
Thereafter	27,061

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 COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES TO  
FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

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:

<u>Age</u>	<u>Rate</u>
25	8.75%
35	5.75%
45	5.25%

(c) projected disability rate as follows:

<u>Age</u>	<u>Rate</u>
25	.110%
35	.205%
45	.530%
55	1.44%

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, 2016 ranges from 15 to 20 years.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES TO  
FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Carroll County Certified Law Officers Pension Plan-continued

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

<b>Assets:</b>	
Investments at fair value:	
Short-term investments	\$ 104,795
Bond funds	3,052,984
Equity funds	9,334,375
Total assets	<u>12,492,154</u>
<b>Liabilities:</b>	
Accounts payable	4,618
Total liabilities	<u>4,618</u>
<b>Fiduciary Net Position:</b>	
Net position held in trust for pension benefits and other purposes	<u>\$ 12,487,536</u>

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

<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 798,560
Plan members	619,466
Total contributions	<u>1,418,026</u>
Investment earnings:	
Net increase in fair value of investments	1,217,489
Total investment earnings	<u>1,217,489</u>
Less investment earnings	<u>(21,595)</u>
Net investment earnings	<u>1,195,894</u>
Total additions	2,613,920
<b>DEDUCTIONS</b>	
Benefits and refunds paid to	
plan members and beneficiaries	259,960
Administrative expenses	8,241
Total deductions	<u>268,201</u>
Change in net position	2,345,719
<b>NET POSITION RESTRICTED FOR LAW OFFICERS PENSION</b>	
Net position-beginning of year	10,141,817
Net position-end of year	<u>\$ 12,487,536</u>

**THE COUNTY COMMISSIONERS OF CARROLL  
COUNTY NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Volunteer Firemen Pension Plan (LOSAP)

The Carroll County Government established the Volunteer Fireman Pension Plan Length of Service Award Program “LOSAP” for volunteer firefighters in June 1997.

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 or Departments. 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	226
Terminated plan members entitled to, but not yet receiving benefits	22
Active plan members	<u>660</u>
Total	<u>908</u>

*Benefits provided.* The defined length of service benefit is determined once members reach 25 years of service and age 60, they may begin receiving disbursements from LOSAP. Benefits are calculated at \$125 per month for life for the first 25 years of service. 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 5<sup>th</sup> year to determine if any changes should be made. There are not 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 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. 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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES TO  
FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Volunteer Firemen Pension Plan (LOSAP)-continued

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:

	<u>Fair Value in U.S. Dollars</u>
Causeway International Value Fund	\$453,115
Harbor International Fund	465,170

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.

<u>Ratings</u>	<u>Maximum</u>	<u>Allocation at June 30, 2017</u>
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 5% of the International Equity portfolio. Investments by security type for all of the County Trust Funds are to be diversified as follows:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES TO  
FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Volunteer Firemen Pension Plan (LOSAP)-continued

Volunteer Firemen Pension Plan (LOSAP)

	<u>Minimum</u>	<u>Maximum</u>
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, 2017, the annual money-weighted rate of return on the LOSAP investments, net of pension plan investment expense, was 9.57 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, 2017, were as follows:

Total pension liability	\$ 9,805,694
LOSAP fiduciary net position	
County’s net pension liability	<u>(8,462,290)</u>
	<u>\$ 1,343,404</u>
LOSAP fiduciary net position as a percentage of the total pension liability	86.30%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2016 rolled forward to June 30, 2017 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 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 adjustments, blended 75% male and generational projection using Scale AA

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES  
TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Volunteer Firemen Pension Plan (LOSAP)-continued

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 Real Rate of Return</u>
U.S. Large Cap Equities	45%	5.60%
U.S. Small/Mid Cap Equities	10%	6.70%
Foreign Equities	10%	6.80%
Real Estate (REITs)	10%	6.10%
Core Fixed Income	20%	1.25%
Cash	5%	0.00%
Inflation		3.00%
Total	100%	

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES TO  
FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Volunteer Firemen Pension Plan (LOSAP)-continued

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/16</b>	\$ 9,722,079	\$ 8,304,759	\$ 1,417,320
<b>Changes for the year:</b>			
Service cost	147,110	-	147,110
Interest	681,084	-	681,084
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(44,119)	-	(44,119)
Changes of assumptions	-	-	-
Contributions - employer	-	100,000	(100,000)
Net investment income	-	766,560	(766,560)
Benefit payments, including refunds of member contributions	(700,460)	(700,460)	-
Administrative expense	-	(8,569)	8,569
Other	-	-	-
	<u>83,615</u>	<u>157,531</u>	<u>(73,916)</u>
<b>Balances at 6/30/17</b>	<u>\$ 9,805,694</u>	<u>\$ 8,462,290</u>	<u>\$ 1,343,404</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 1-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	\$2,179,072	\$1,343,404	\$627,841

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY NOTES TO  
FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Note 11– Pension Plans-continued**

Volunteer Firemen Pension Plan (LOSAP)-continued

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

For the year ended June 30, 2017, the County recognized pension expense of \$271,750.

At June 30, 2017, the County 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>
Difference between expected and actual experience	\$ -	\$38,604
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investment	<u>324,113</u>	<u>242,594</u>
Total	<u>\$ 324,113</u>	<u>\$ 281,198</u>

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:

2017	\$ 17,945
2018	17,497
2019	65,804
2020	(42,237)
2021	(5,515)
Thereafter	(11,029)

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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**  
Volunteer Firemen Pension Plan (LOSAP)-continued

Pension Plan Fiduciary Net Position:

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

**Assets:**

Investments at fair value:	
Short-term investments	\$ 222,026
Bond funds	1,700,501
Equity funds	6,547,082
Total assets	<u>8,469,609</u>

**Liabilities:**

Accounts payable	7,319
Total liabilities	<u>7,319</u>

**Fiduciary Net Position:**

Net position held in trust for pension benefits and other purposes	<u>\$ 8,462,290</u>
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**Statement of Changes in Fiduciary Net Position**  
**Volunteer Firemen Pension Plan (LOSAP)**

**ADDITIONS**

Contributions:	\$ 100,000
Investment earnings:	
Net increase in the fair value of investments	775,104
Total investment earnings	<u>775,104</u>
Less investment expense	(8,544)
Net investment earnings	<u>766,560</u>
Total additions	866,560

**DEDUCTIONS**

Benefits	700,460
Administrative expenses	8,569
Total deductions	<u>709,029</u>
Change in net position	157,531

**NET POSITION RESTRICTED FOR LOSAP**

Net position-beginning of year	8,304,759
Net position-end of year	<u>\$ 8,462,290</u>



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System

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 as defined in Governmental Accounting Standards Board “GASB” Statement No. 67, “Financial Reporting for Pension Plans an amendment of GASB Statement No. 25.” 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, 2016 can be found at [www.sra.state.md.us/Agency/Downloads/CAFR/CAFR-2016.pdf](http://www.sra.state.md.us/Agency/Downloads/CAFR/CAFR-2016.pdf).

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-AN 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 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, 2016, 48 employees participate in the Employees’ Retirement Systems.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-continued

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, 2016, three Officials and seven 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 2017 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, 2017, the County reported a total liability of \$516,593 for its proportionate share of the net pension liability: \$279,129 for County Elected/Appointed Officials and \$237,464 for County Soil Conservation District. The net pension liability was measured as of June 30, 2016, 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 ending June 30, 2016. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2016, the County’s proportionate share was 0.0011831% for CC Elected Officials and 0.0010065% for Soil Conservation employees.

At June 30, 2017, 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes in assumptions	\$ 9,103	\$ -
Net difference between projected and actual earnings on pension plan investments	41,020	14,084
County contributions subsequent to the measurement date	<u>26,427</u>	<u>-</u>
Total	<u>\$ 76,550</u>	<u>\$ 14,084</u>

\$26,427 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, 2017. 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:

2018	\$ (8,600)
2019	(8,599)
2020	(11,948)
2021	(7,504)
2022	612

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-continued

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

County Elected/Appointed Officials Contribution	\$23,047
St. of MD total adjusted contributions	<u>\$1,948,083,000</u>
County’s proportion of total contributions	0.0011831%
Total Net Pension Liability –St. of MD	\$23,594,027,000
County Elected/Appointed Officials share of NPL	\$279,129
Total Pension Expense – St. of MD	\$2,708,535,670
County Elected/Appointed Officials share pension exp.	\$78,016

At June 30, 2017, 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 in assumptions	\$ 16,928	\$ -
Net difference between projected and actual earnings on pension plan investments	41,441	22,810
County contributions subsequent to the measurement date	<u>21,748</u>	<u>-</u>
Total	<u>\$80,117</u>	<u>\$ 22,810</u>

\$21,748 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, 2017. 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:

2018	\$ (6,698)
2019	(6,697)
2020	(11,342)
2021	(11,343)
2022	521

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-continued

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

County Soil Conservation Dist. Contribution	\$19,607
St. of MD total adjusted contributions	<u>\$1,948,083,000</u>
County’s proportion of total contributions	0.0010065%
Total Net Pension Liability – St. of MD	\$23,594,027,000
County Soil Conservation Dist. share of NPL	\$237,464
Total Pension Expense – St. of MD	2,708,535,670
County Soil Conservation Dist. - pension expense	\$(16,381)

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 2010-2015 after completion of the June 30, 2015 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 first use in the actuarial valuation as of June 30, 2016. As a result, an investment return assumption of 7.55% and an inflation assumption of 2.70% were used for the June 30, 2016 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 Real Rate of Return</u>
Public Equity	37%	6.60%
Private Equity	10%	7.40%
Rate Sensitive	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	<u>9%</u>	3.70%
Total	<u>100%</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-continued

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, 2016.

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 1.10%. 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 7.55%. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. 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:

	1% Decrease	Current Discount Rate	1% Increase
	(6.55%)	(7.55%)	(8.55%)
St. of MD CC Elected Officials.	\$383,408	\$279,129	\$192,353
St. of MD Soil Conservation.	\$326,177	\$237,464	\$163,641

*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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System  
Component Units

*Plan description.* The employees of the Board 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 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 <http://www.sra.state.md.us/>.

*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 retirees’ benefits allowance will be computed. Some of these options require actuarial reductions based on the retirees’ 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 members’ 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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

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 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, 2017, the Board's contribution was \$6,934,964. The State's contributions on behalf of the Board for the year ended June 30, 2017 was \$20,917,175. The fiscal 2017 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, 2017, was 6.73% 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, 2017 of \$1,483,375.

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

Employees' Retirement and Pension Systems

At June 30, 2017, the Board reported a liability of \$19,123,733 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2016, 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 ending June 30, 2016. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2016, the Board's proportionate share was 0.0810533%, which is a decrease of .0049568 from its proportion measured as of June 30, 2015.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-continued

For the year ended June 30, 2017, the Board recognized pension expense of \$2,352,771. At June 30, 2017, the Board 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>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 500,420
Changes in assumptions	815,054	-
Change in proportion	562,550	824,081
Net difference between project and actual earnings On Pension Plan Investments	2,290,767	-
Net difference between actual and proportionate share of contributions	379,811	-
Board contributions subsequent to the measurement date	<u>1,483,375</u>	-
Total	<u>\$5,531,557</u>	<u>\$1,324,501</u>

\$1,483,375 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, 2017. 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:**

2018	\$ 710,033
2019	710,033
2020	954,795
2021	523,620
2022	(174,800)

**Teachers’ Retirement and Pension Systems**

At June 30, 2017, 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 Boards 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:



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-continued

State's proportionate share of the net pension liability	\$ 241,411,271
Board's proportionate share of the net pension liability	<u>-</u>
Total	<u>\$ 241,411,271</u>

The net pension liability was measured as of June 30, 2016, 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, 2017, the Board recognized pension expense of \$27,852,139 and revenue of \$20,917,175 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.

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.70% general, 3.20% wage
Salary increases	3.20% to 9.20%, including inflation
Investment rate of return	7.55%

Mortality rates were based on 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, 2016 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2010-2014, which was completed during FY 2014. 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 7.55% and an inflation assumption of 2.70% were used in the June 30, 2016 valuation.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

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 Real Rate of Return</u>
Public Equity	37%	6.60%
Private Equity	10%	7.40%
Rate Sensitive	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	9%	3.70%
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, 2016.

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 1.10%. 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 7.55%. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

*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 7.55%, as well as what the Board’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees Retirement and Pension Systems:

<b>Current</b>
<b>1% Decrease    Discount Rate    1% Increase</b>
<b><u>(6.55%)            (7.55%)            (8.55%)</u></b>

Board's proportionate share of the net pension liability	\$ 26,268,113    \$ 19,123,733    \$ 13,178,548
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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 Unit- 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. 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 <http://www.sra.state.md.us/>.

*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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

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 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 member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable 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 creditable service accumulated prior to July 1, 1998 plus 1.8% of the member's AFC, multiplied by the number of years of creditable 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.

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, 2017 and 2016, was \$864,945 and \$885,072, respectively. The fiscal 2017 contributions made by the State on behalf of the college have been included as both revenues

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

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***

Employees’ Retirement and Pension Systems

At June 30, 2017 and 2016, 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:

	<u>2017</u>	<u>2016</u>
State’s proportionate share of the net pension liability	\$10,719,468	\$8,861,075
College’s proportionate share of the net pension liability	<u>-</u>	<u>-</u>
Total	<u>\$10,719,468</u>	<u>\$8,861,075</u>

The net pension liability was measured as of June 30, 2016 and 2015, 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, 2016	June 30, 2015
Inflation-general	2.7%	2.7%
Inflation-wage	3.2%	3.2%
Salary increases	3.2% to 9.2%, including inflation	3.2% to 9.2%, including inflation
Investment rate of return	7.55%	7.55%

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued

Component Units

Mortality Rates	RP-2014 Mortality Tables with Projected generational mortality Improvements based on the RP-2014 2-dimensional mortality improvement Scale	RP-2014 Mortality Tables with Projected generational mortality Improvements based on the RP-2014 2-dimensional mortality improvement Scale
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The economic and demographic actuarial assumptions used in the June 30, 2016 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2010-2014, completion of the June 30, 2014 valuations. Assumptions from the experience study included investment return inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the College for the first use in actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.55% and an inflation assumption of 2.70% were used for the June 30, 2016 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 College 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>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	35%	5.00%	35%	6.30%
Fixed Income	10%	2.00%	10%	0.60%
Credit Opportunity	10%	3.00%	10%	3.20%
Real Return	14%	3.00%	14%	1.80%
Absolute Return	10%	5.00%	10%	4.20%
Private Equity	10%	6.00%	10%	7.20%
Real Estate	10%	5.00%	10%	4.40%
Cash	1%	1.00%	1%	0.00%
Total	<u>100%</u>		<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 and 2016, respectively.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

For the years ended June 30, 2017 and 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 1.10% and 2.71%. 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 7.55% and 7.55% as of June 30, 2017 and 2016, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.55% as of June 30, 2017 and 2016. 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.* 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 2017 and 2016, the contribution was \$546,861 and \$549,009, and the covered payroll was \$7,542,910 and \$7,572,543, respectively.

**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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

Component Unit-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 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 <http://www.sra.state.md.us/>.

*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 retirees’ benefits allowance will be computed. Some of these options require actuarial reductions based on the retirees’ 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 members’ 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



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
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**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

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 Board. The State’s contributions on behalf of the Board for the year ended June 30, 2017, was \$857,186. The fiscal 2017 contributions 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 Library’s contractually required contribution rate for the Employees’ Retirement and Pension Systems for the year ended June 30, 2017, was 6.73% 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, 2017 of \$55,927.

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

**Employees Retirement and Pension Systems**

At June 30, 2017, the Library reported a liability of \$679,025 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2016, 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 ending June 30, 2015. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2016, the Library’s proportionate share was 0.002878000%, which was an increase of 0.000812 from its proportion measured as of June 30, 2015.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

For the year ended June 30, 2017, the Library recognized pension expense of \$103,376. At June 30, 2017, 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 in assumptions	\$ 26,086	\$ -
Changes in proportions		-
Net difference between projected and actual earnings on pension plan investments	70,981 83,316	-
Net difference between actual and proportionate share of contributions	11,953	-
Net difference between expected and actual experience	-	16,899
Board contributions subsequent to the measurement date	<u>55,927</u>	<u>-</u>
Total	<u>\$ 248,263</u>	<u>\$ 16,899</u>

\$55,927 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, 2017. 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:**

2018	\$43,829
2019	43,829
2020	50,806
2021	35,480
2022	1,493

Teachers Retirement and Pension Systems

At June 30, 2017, 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 Boards 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	\$ 9,945,403
Board's proportionate share of the net pension liability	-
Total	<u>\$ 9,945,403</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

The net pension liability was measured as of June 30, 2016, 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, 2017, the Board recognized pension expense of \$857,186 and revenue of \$857,186 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.

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.70% general, 3.20% wage
Salary increases	3.30% to 9.20%, including inflation
Investment rate of return	7.55%

Mortality rates were based on 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, 2016 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2010-2014, which was completed during FY 2014. Certain assumptions from the experience study including 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 7.55% and an inflation assumption of 2.70% were used for the June 30, 2016 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:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	37%	6.30%
Private Equity	10%	7.40%
Real Return	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	<u>9%</u>	3.70%
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, 2016.

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 1.10%. 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 7.55%. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. 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 Board’s net pension liability, calculated using a single discount rate of 7.55%, as well as what the Board’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees Retirement and Pension Systems:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11– Pension Plans–continued**

Maryland State Retirement and Pension System-Continued  
Component Units

	<b>Current</b>	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
		<b>(6.55%)</b>	<b>(7.55%)</b>	<b>(8.55%)</b>
Library's proportionate share of the net pension liability	\$ 932,700	\$ 679,025	\$ 467,930	

*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.

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 plan was amended on 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, 2017 were \$135,189 and \$2,063,404 respectively.

The Plan also offers a “Roth” option which allows employees to make after-tax contributions. Approximately 13.8 percent of employee contributions to the plan are being made as “Roth” contributions as of June 30, 2017.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

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 “RBTCCCC” 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 RBTCCCC.

Management of the RTCCCC 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.

*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)	<u>296</u>
Total	<u>1,341</u>

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

- Age plus service equals at least 75,
- Has at least 10 years of total County service (15years if hired after May1, 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.

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.

*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 2017, the County contributed \$12,124,000 towards the ARC for the Other Postemployment Benefit fund. Administrative costs of the RBTCCCC are financed through investment earnings.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued

*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	\$4,918,693
Harding Loevner International Equity Fund	4,886,667

*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.

<u>Ratings</u>	<u>Maximum</u>	<u>Allocation at June 30, 2017</u>
AAA/Aaa	100%	100%
AA/Aa	100%	0%
A/A	100%	0%
BAA/Baa	20%	0%
BBB	20%	0%

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued

*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 5% of the International Equity portfolio. Investments by security type for all of the County Trust Funds are to be diversified as follows:

Retire Benefit Trust, Board of County Commissioners of Carroll County

	<u>Minimum</u>	<u>Maximum</u>
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, 2017, the annual money-weighted rate of return on the RBTCCCC investments, net of pension plan investment expense, was 27.39 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, 2017, were as follows:

Total OPEB Liability	\$ 198,924,027
RBTCCCC fiduciary net position	<u>(79,997,394)</u>
RBTCCCC's net OPEB liability	<u>\$ 118,926,633</u>

RBTCCCC fiduciary net position as a percentage of the total OPEB liability	40.22%
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*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:



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued

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 is 6.00% decreasing gradually. The ultimate rate is 4.39% and is attained in 2050.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 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 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equities	45%	5.60%
U.S. Small/Mid Cap Equities	10%	6.70%
Foreign Equities	10%	6.80%
Real Estate (REITs)	10%	6.10%
Core Fixed Income	25%	1.25%
Cash	0%	0.00%
Inflation		3.00%
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 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.

*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

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
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**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued

discount rate that is 1-percentage –point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
County's total OPEB liability	\$229,116,582	\$198,924,027	\$174,586,087
County's net OPEB liability (Asset)	149,119,188	118,926,633	94,588,693

*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 1-percentage –point lower (3.40 percent) or 1-percentage-point higher (5.40 percent) than the current rate:

	<b>1% Decrease 3.40%</b>	<b>Current Trend Rate 4.40%</b>	<b>1% Increase 5.40%</b>
County's total OPEB liability	\$ 171,692,709	\$ 198,924,027	\$ 233,041,129
County's net OPEB liability	91,695,315	118,926,633	153,043,735

*Basis of Accounting:* The Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland “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. Medicare Part D funds are recognized in the period in which they are received. 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.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued

Annual other postemployment benefit cost “AOPEBC” and net other post employment benefit obligation of the Retiree Benefit Trust, Board of County Commissioners of Carroll County, Maryland are as follows:

Annual required contribution	\$ 11,353,000
Interest	2,579,173
Adjustment to annual required contribution	<u>(2,427,228)</u>
Annual OPEB cost	11,504,945
Contributions made	<u>(10,103,580)</u>
Change in net OPEB obligation	1,401,365
Net OPEB obligation - beginning of year	<u>36,845,328</u>
Net OPEB obligation - end of year	<u>\$ 38,246,693</u>

The annual required 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:

<u>Age</u>	<u>Rate</u>
25	11.14%
35	6.21%
45	3.06%

Law Officers:

<u>Age</u>	<u>Years of Service</u>		
	<u>10</u>	<u>15</u>	<u>20</u>
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.

The County’s annual OPEB cost, percentage of OPEB cost contributed, and net other post-employment benefit obligation for the plan for the current fiscal year ended June 30, 2016 is as follows:

Trend Information for the last six years for RBTCCCC:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost (AOPEBC)</u>	<u>% of AOPEBC</u> <u>Contributed</u>	<u>Actual</u> <u>Contribution</u>	<u>Net OPEB</u> <u>Obligation</u>
2011	\$12,496,803	58%	\$7,298,000	\$28,249,507
2012	12,347,059	64%	7,852,800	32,743,766
2013	10,487,348	81%	8,438,080	34,793,034
2014	10,774,859	94%	10,056,900	35,510,993
2015	10,381,487	92%	9,632,900	36,259,580
2016	10,689,328	95%	10,103,580	36,845,328
2017	11,504,945	88%	10,103,580	38,246,693

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**  
Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued

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

<b>Assets:</b>	
Receivables-notes	\$ 24,212
Accrued interest	2,386
Investments at fair value:	
Bond funds	2,867,862
Marketable securities	77,490,897
Total assets	<u>80,385,357</u>
<b>Liabilities:</b>	
Accounts payable	2,500
Due to primary government	385,463
Total liabilities	<u>387,963</u>
<b>Fiduciary Net Position:</b>	
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 79,997,394</u></u>

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

<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 10,103,580
Plan members	589,816
Total contributions	<u>10,693,396</u>
Investment earnings:	
Interest and dividends	39,692
Net increase or decrease in the fair value of investments	7,433,230
Total investment earnings	<u>7,472,922</u>
Less investment expense	<u>(10,000)</u>
Net investment earnings	<u>7,462,922</u>
Total additions	18,156,318
<b>DEDUCTIONS</b>	
Benefits	4,689,220
Administrative expenses	2,300
Total deductions	<u>4,691,520</u>
Change in net position	13,464,798
Net position restricted for postemployment benefits other than pensions:	
Beginning of year	66,532,596
End of year	<u><u>\$ 79,997,394</u></u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Component Units

Library

*Plan Description.* The Library provides medical insurance benefits to eligible employees who retire from employment with the Carroll County Public Library in accordance with a contractual agreement through the County.

Retirees with at least 10 years of service (15 years for those hired after May 1, 2005) are eligible for medical insurance coverage during retirement. The cost of this coverage is subsidized by the employer for those who meet certain age and service requirements. Spousal coverage is also available for eligible full time employees who retire. Retirees who are eligible for this subsidy may elect to discontinue and re-enroll at a later date.

*Funding Policy.* Retirees pay between 6 percent and 100 percent of the County’s full premium equivalent cost, based upon age and years of service at retirement. The County pays the Library’s share of the employer contribution on behalf of the Library based on the *annual required contribution of the employers “ARC”*, an amount actuarially determined in accordance with the requirements of GASB Statement No. 45.

The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The payments made by the County on behalf of the Library which are included in the Statement of Activities for the year ended June 30, 2017, 2016 and 2015 were \$1,439,256, \$1,277,560, and \$1,243,684, respectively.

Board of Education

The Board provides medical benefits to eligible employees who retire from employment with the Carroll County Public School System. The employer's contributions are financed on a pay-as-you-go basis and any amounts budgeted to be contributed towards meeting the annual required contribution per the actuarial valuation. The future payment of these benefits is contingent upon the annual approval of the operating budget.

The Board provides medical benefits to retirees pursuant to two medical benefit plans for retired employees based on negotiated agreements with various bargaining groups. For retirees over the age of 65 who retired prior to September 1, 1988, the percentage of the premium paid by the Board is 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 premium paid by the Board is dependent upon the retiree’s years of service and ranges from 0% to 100%. These percentages are applied to premiums 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. As of June 30, 2017, 1,066 eligible participants were receiving benefits.

The Board’s annual other postemployment benefit “OPEB” cost (expense) is calculated based on the *annual required contribution of the employer “ARC”*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Board’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes the Board’s net OPEB obligation:

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**  
Component Units-continued

Annual required contribution	\$22,475,000
Interest	4,455,000
Adjustment to annual required contribution	<u>(4,878,000)</u>
Annual OPEB cost	22,052,000
Contributions made	<u>(7,363,106)</u>
Increase in net OPEB obligation	14,688,894
Net OPEB obligation - beginning of year	<u>93,788,726</u>
Net OPEB obligation - end of year	<u>\$108,477,620</u>

The Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2017 and the two preceding fiscal years are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost (AOPEBC)</u>	<u>% of AOPEBC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2015	\$20,904,000	22.22%	\$75,142,431
2016	23,535,000	20.77%	93,788,726
2017	22,052,000	33.39%	108,477,620

**Funding Policy:**

As of July 1, 2016, the most recent actuarial valuation date, the Plan was 6.2% funded. The actuarial accrued liability for benefits was \$261,573,000 and the actuarial value of assets was \$16,135,200 resulting in an unfunded actuarial accrued liability “UAAL” of \$245,438,000. The covered payroll (annual payroll of active employees covered by the plan) was \$194,800,080, and the ratio of the UAAL to the covered payroll was 126.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**  
Component Units-continued

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)	Annual Covered Payroll (5)	UAAL as a Percentage of Covered Payroll ((2-1)/5) (6)
July 1, 2010	\$3,722,000	\$ 110,803,000	3.40%	\$ 107,081,000	\$ 200,942,793	53.3%
July 1, 2011	7,369,200	181,428,000	4.10%	174,058,800	187,912,812	92.6%
July 1, 2012	9,277,000	192,349,000	4.80%	183,072,000	198,512,177	92.2%
July 1, 2013	12,385,000	231,734,000	5.30%	219,349,000	199,323,185	110.0%
July 1, 2014	13,252,000	245,811,000	5.40%	232,559,000	199,079,448	116.8%
July 1, 2015	15,566,200	285,881,000	5.40%	270,314,800	193,498,864	139.7%
July 1, 2016	6,135,200	251,573,200	6.20%	245,438,000	194,800,080	126.0%

Schedule of Employer Contributions:

Year Ended June 30:	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2011	\$9,725,000	53.53%	\$ 21,373,441
2012	15,475,000	32.03%	31,956,508
2013	16,499,000	32.14%	43,190,699
2014	19,744,000	19.95%	58,881,226
2015	21,182,000	22.22%	75,142,431
2016	24,020,000	20.77%	93,788,726
2017	22,475,000	32.76%	108,477,620

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016, actuarial valuation, the projected unit credit method, with linear pro-ratio to assumed benefit commencement method was used. The actuarial assumptions included a 4.00% investment rate of return, which assumes that benefits will be funded on a pay-as-you-go basis and that General Fund investments earn 4.00% over the long-term. The UAAL is being amortized as a level percentage of projected payroll on an open bases. The remaining amortization period at June 30, 2016, was 24 years.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Component Units-continued

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2016
Actuarial Cost Method	Projected unit method
Amortization Method	Level percentage of projected payroll over a 30-year period
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	4%
Payroll Growth Rate	3%
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)

The Board has adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Statement enhances the Board’s footnote disclosures and expands the required supplemental information (RSI) data with new schedules. It was issued to improve financial reporting by state and local government other postemployment pension plans.

**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 postemployment 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.

*Plan membership.* At June 30, 2017, plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	1,076
Inactive Plan Members Entitled to but not Yet Receiving Benefit Payments	-
Active Plan Members	<u>2,576</u>
Total Plan Members	3,652

*Benefits provided.* The Board provides medical benefits to retirees pursuant to two medical plans for retired employees based on negotiated agreements with various bargaining groups. 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 ranged 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.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**  
Component Units-continued

*Contributions.*

Employer contributions are financed on a pay-as-you-go basis and any amounts budgeted to be contributed towards meeting the annual required contribution per the actuarial valuation.

**Investments**

*Investment policy.*

The following was the Board’s adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
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	<u>0%</u>
Total	<u>100%</u>

*Rate of return.* For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 11.1 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 Board**

The components of the net OPEB liability of the Board at June 30, 2017 were as follows:

Total OPEB Liability	\$ 344,293,000
Plan Fiduciary Net Position	<u>20,174,665</u>
Board's Net OPEB Liability	<u>\$ 324,118,335</u>

Plan fiduciary net position as a percentage of the total OPEB liability 5.86%

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 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	3.81%
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 rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for morality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period 2010-2014 after completion of the June 30, 2014 valuations.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**  
Component Units-continued

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Large Cap Equities	5.6%
U.S. Small/Mid Cap Equities	6.7%
Foreign Equities	6.8%
Real Estate (REITs)	6.1%
Core Fixed Income	1.3%
Cash	0.0%

*Discount rate.* The discount rate used to measure the total OPEB liability was 3.81%. 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 long-term expected rate of return on assets of 7.00% and a long-term expected rate of return on internal fund rate of 3.58% as of June 30, 2017 was used for the calculations.

*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%) or one-percentage point higher (4.81%) than the current discount rate:

<u>1% Decrease</u> <u>(2.81%)</u>	<u>Discount Rate</u> <u>(3.81%)</u>	<u>1% Increase</u> <u>(4.81%)</u>
Net OPEB Liability \$ 392,831,335	\$ 324,118,335	\$ 269,674,335

*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:

<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability \$ 261,553,335	\$ 324,118,335	\$ 406,918,335

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Component Units -continued

Carroll Community College

*Plan Description.* 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. Services for retirees include the following:

*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.

*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 with no funds set aside for future post retirement funding. For fiscal year 2017 and 2016, Carroll Community College contributed \$460,897 and \$500,561, respectively, to the plan, which is recorded in the statement of revenues, expenses and changes in net assets allocated (deficit) among the functional expense accounts.

*Annual OPEB Cost and net OPEB Obligation.* The College’s annual other post employment benefit “OPEB” cost (expense) is calculated based on the annual required contribution “ARC”, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**  
Component Units-continued

The following table shows the component of the College’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the institution’s net OPEB obligation:

	<u>2017</u>	<u>2016</u>
Annual required contribution	\$3,593,000	\$ 3,339,000
Interest	802,000	699,000
Adjustment to annual required contribution	<u>( 1,092,000)</u>	<u>(912,000)</u>
Annual OPEB costs (expense)	3,303,000	3,126,000
Contributions made- (current premiums)	(460,897)	(500,561)
Contributions made- (to the trust to prefund)	<u>(201,223)</u>	<u>-</u>
Increase in net OPEB obligation	2,640,880	2,625,439
Net OPEB obligation-beginning of year	<u>20,150,543</u>	<u>17,525,104</u>
Net OPEB obligation-end of year	<u>\$22,791,423</u>	<u>\$20,150,543</u>

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/15	\$2,971,000	16.5%	\$17,525,104
6/30/16	3,126,000	16.0%	20,150,143
6/30/17	3,303,000	20.0%	22,791,423

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 12 – Postemployment Benefits Other Than Pension Benefits-continued**

Component Units-continued

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) Entry Age (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)	Covered Payroll (5)	Percentage of Covered Payroll ((2-1)/5) (6)
June 30, 2008	\$ -	\$ 19,685,000	0.00%	\$ 19,685,000	\$ 9,631,527	204%
June 30, 2009	-	21,673,000	0.00%	21,673,000	9,631,527	225%
June 30, 2010	-	20,410,000	0.00%	20,410,000	12,452,217	164%
June 30, 2011	-	22,589,000	0.00%	22,589,000	12,850,358	176%
June 30, 2012	-	21,261,000	0.00%	21,261,000	13,212,157	161%
June 30, 2013	-	22,998,000	0.00%	22,998,000	13,832,855	166%
June 30, 2014	-	26,013,000	0.00%	26,013,000	14,526,437	179%
June 30, 2015	-	28,202,000	0.00%	28,202,000	14,234,818	198%
June 30, 2016	-	29,403,000	0.00%	29,403,000	14,334,394	205%
June 30, 2017	201,223	31,831,000	0.60%	31,629,777	14,483,592	218%

*Funded Status and Funding Progress.* The actuarial accrued liability for benefits was \$31.831 million at June 30, 2017 and the actuarial value of assets was \$201,223, resulting in an unfunded actuarial accrued liability “UAAL” of \$31.630 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14,403,404, and the ratio of the UAAL to the covered payroll was 218 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in to the future. Examples include assumptions about future employment, mortality, and the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods of Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 biennial actuarial valuation, the most recent actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions utilized an interest discount rate of 4% return due to the plan being unfunded. Payroll is assumed to increase at 3% annually. Healthcare cost trends are based on the Society of Actuaries Long-Run Medical Trend Model, with the initial rate being 4.70%, decreasing gradually to 3.12% in 2075. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization at June 30, 2017, was 22 years.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 13 – Fund Equity**

A summary of fund balances as of June 30, 2017 follows:

	General Fund	Capital Projects Funds	Non Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>				
Inventory	\$ 1,765,143	\$ -	\$ -	\$ 1,765,143
Prepaid costs	52,000	-	436,096	488,096
Loans to community organizations	6,034,578	-	-	6,034,578
Loans to fire companies	9,423,837	-	-	9,423,837
Loans to municipalities	149,037	-	-	149,037
Due from other funds	9,511,158	-	-	9,511,158
Advances and proceeds to Industrial Development Authority	612,910	-	-	612,910
Total nonspendable fund balance	<u>27,548,663</u>	<u>-</u>	<u>436,096</u>	<u>27,984,759</u>
<u>Restricted:</u>				
Weed control	123,498	-	-	123,498
Agricultural preservation investments	27,989,985	-	-	27,989,985
Loans collectible within one year	1,313,016	-	-	1,313,016
Farmers & Merchants - collateral	230,000	-	-	230,000
Unspent bond proceeds	-	5,708,337	-	5,708,337
Grants	-	-	1,061,998	1,061,998
Hotel Rental tax	-	-	675,518	675,518
Total restricted fund balance	<u>29,656,499</u>	<u>5,708,337</u>	<u>1,737,516</u>	<u>37,102,352</u>
<u>Committed:</u>				
Stabilization arrangement	20,002,103	-	-	20,002,103
ISF health	1,400,000	-	-	1,400,000
Watershed Protection and Restoration	-	-	109,396	109,396
Total committed fund balance	<u>21,402,103</u>	<u>-</u>	<u>109,396</u>	<u>21,511,499</u>
<u>Assigned:</u>				
Encumbrances:				
General government	1,332,477	594,524	-	1,927,001
Public safety	64,384	968,782	-	1,033,166
Public works	1,065,567	8,965,797	-	10,031,364
Social Services	13,707	-	-	13,707
Culture and recreation	21,050	150,973	-	172,023
Conservation of natural resources	-	640,665	-	640,665
Economic Development	25,000	-	-	25,000
Subsequent year's expenditure:				
Use in fiscal year 2018 budget	10,157,850	-	-	10,157,850
Use in fiscal year 2019-2020 budget	7,000,000	-	-	7,000,000
Capital	-	6,582,894	-	6,582,894
Grants	-	-	1,222,426	1,222,426
Community Media Center loan	703,308	-	-	703,308
Total assigned fund balance	<u>20,383,343</u>	<u>17,903,635</u>	<u>1,222,426</u>	<u>39,509,404</u>
<u>Unassigned:</u>				
General fund	14,529,685	-	-	14,529,685
Total unassigned fund balance	<u>14,529,685</u>	<u>-</u>	<u>-</u>	<u>14,529,685</u>
Grand total fund balances	<u>\$ 113,520,293</u>	<u>\$ 23,611,972</u>	<u>\$ 3,505,434</u>	<u>\$ 140,637,699</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 13 – Fund Equity- continued**

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, 2017 is \$10,736,853 and is secured by land, buildings and equipment. The County made loans to various community organizations. The balance of these loans at June 30, 2017 is \$6,034,578 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, 2017 in the amount of \$9,511,158.

**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>General Fund</u>
Budgetary Funds	
Revenues	
Actual amount (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 374,141,558
Unavailable property tax revenues	<u>(406,230)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-General Fund	<u>\$ 373,735,328</u>
Expenditures	
Actual amount (budgetary basis) "expenditures" from the budgetary comparison	\$ 378,193,859
Encumbrance adjustment	<u>(156,655)</u>
Total expenditure as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-General Fund	<u>\$ 378,037,204</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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.

As of June 30, 2017, the County had the following commitments with respect to unfinished capital projects:

	Project <u>Appropriation</u>	Total <u>Expenditures</u>	Amount <u>Funded</u>	Required Future <u>Funding</u>
General Government	\$ 40,694,760	\$ 33,057,940	\$ 35,076,979	\$ 5,617,781
Public Safety	42,878,581	35,481,727	35,297,411	7,581,170
Health	81,388	64,708	81,388	-
Public Works	82,461,759	58,624,620	59,596,318	22,865,441
Board of Education	218,277,357	197,000,700	211,742,591	6,534,766
Carroll Community College	7,670,600	7,229,438	7,510,057	160,543
Culture and Recreation	17,350,763	13,850,527	15,355,313	1,995,450
Library	4,182,905	3,632,347	4,101,905	81,000
Conservation of Natural Resources	231,991,229	200,908,016	200,901,260	31,089,969
Water Resources	24,879,284	12,215,624	12,378,988	12,500,296
Governmental Activities	670,468,626	562,065,647	582,042,210	88,426,416
Wastewater Treatment Facilities	11,247,615	11,591,323	7,933,525	3,314,090
Other Water Projects	31,276,967	8,388,459	8,386,079	22,890,888
Other Wastewater Projects	16,506,001	7,922,962	13,105,982	3,400,019
Landfill Upgrades	4,408,000	3,961,463	4,408,000	-
Landfill Remediations	3,520,244	2,995,271	3,520,244	-
Fiber Network	1,100,000	1,087,096	1,100,000	-
Septage	4,500,000	416,432	1,016,000	3,484,000
Airport	50,354,447	856,357	2,501,180	47,853,266
Business Type Activities	122,913,273	37,219,363	41,971,010	80,942,264
Total Funds	\$ 793,381,900	\$ 599,285,010	\$ 624,013,220	\$ 169,368,679



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 15 – Commitments and Contingencies - continued**

Primary Government-continued

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 County participates in a joint venture named The Maryland Rural Counties Coalition, LLC. The joint venture is to promote and protect the interests of the Rural Counties of the State of Maryland and any and other activities as may be permitted by Limited Liability Companies under the laws of the State of Maryland. As of June 30, 2017, the County's share in the limited liability company totaled \$4,976.

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 \$28,901 for nine quarters for a total of \$260,106 beginning in September 2016 to refund those residents in Carroll County that were eligible for the credit but didn't receive it for the tax returns filed between 2006 and 2014.

Component Units

Board of Education

Several law suits 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 automobile.

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 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. To further minimize its risks, the County's contract provides for an overall cap on claims it must pay in a given year. The cap is determined by reference to pre-agreed rates, times the number of covered employees. Dental benefits are also administered by a commercial insurer. One dental plan is self-insured, and the other is fully insured.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 16 – Risk Management-continued**

Primary Government-continued

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, 2017 for the deductible portions of general, auto, police, legal and public officials covered under LGIT and employee health care coverage are \$10,500 and \$1,552,187 respectively.

The total claims liability of \$1,562,687 reported in the internal service fund at June 30, 2017 is based on the requirements of Governmental Accounting Standards Board 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.

Changes in the claims for employee health care coverage and the deductible portions of liability and property claims under LGIT were as follows:

	<u>Beginning- of-Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
<u>Liability and property:</u>				
July 1, 2014 – June 30, 2015	\$ 9,138	\$50,962	\$(30,100)	\$30,000
July 1, 2015 – June 30, 2016	30,000	(3,310)	(8,441)	18,249
July 1, 2016 – June 30, 2017	18,249	9,504	(17,253)	10,500
<u>Employee Health Care Coverage:</u>				
July 1, 2014 – June 30, 2015	\$1,951,436	\$13,461,255	\$ (13,450,706)	\$1,961,985
July 1, 2015 – June 30, 2016	1,961,985	15,484,758	(15,493,416)	1,953,327
July 1, 2016 – June 30, 2017	1,953,327	15,810,644	(16,211,784)	1,552,187

The County is self-insured for its worker's 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, 2017, such interfund premiums did not exceed reimbursable expenditures. The County contracts with a third party administrator to pay all worker's compensation cost. The County purchases a specific excess and aggregate excess worker's compensation and employer's liability indemnity policy.

To date the County has not exceeded its retention limits.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 16 – Risk Management-continued**

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 \$2,976,070 has been reported at June 30, 2017. This liability is calculated based on historical claim settlement trends.

Changes in the claims for worker’s compensation were as follows:

<u>Worker’s Compensation:</u>	<u>Beginning- Of-Fiscal Year Liability</u>	<u>Current- Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
July 1, 2014 – June 30, 2015	\$2,078,649	\$ 1,864,656	\$ (1,668,542)	\$ 2,274,763
July 1, 2015 – June 30, 2016	2,274,763	1,023,380	(1,161,614)	2,136,529
July 1, 2016 – June 30, 2017	2,136,529	1,763,037	(923,496)	2,976,070

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.

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 COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 16 – Risk Management-continued**

Changes in the balances of claims liabilities not including actuarial liabilities were as follows:

<u>Health Care:</u>	<u>Beginning- Of-Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
July 1, 2014-- June 30, 2015	\$4,590,000	\$50,984,357	\$(47,333,257)	\$8,241,100
July 1, 2015-- June 30, 2016	8,241,100	48,327,654	(48,318,754)	8,250,000
July 1, 2016 – June 30, 2017	8,250,000	49,701,630	(50,201,630)	7,750,000

## *Required Supplementary Information*

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE CARROLL COUNTY EMPLOYEE PENSION PLAN**  
**Last 10 Fiscal Years**

(Dollar amounts in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Total pension liability</b>										
Service cost	\$ 3,860	\$ 3,513	\$ 3,301	\$ 3,085						
Interest	5,345	4,825	4,377	3,955						
Differences between expected and actual experience	768	(953)	(100)	-						
Changes of assumptions	-	1,635	-	-						
Benefit payments including refunds of member contributions	(1,856)	(1,300)	(1,086)	(925)						
<b>Net change in total pension liability</b>	<u>8,117</u>	<u>7,720</u>	<u>6,492</u>	<u>6,115</u>						
<b>Total pension liability- beginning</b>	<u>77,291</u>	<u>69,571</u>	<u>63,079</u>	<u>56,964</u>						
<b>Total pension liability- ending</b>	<u>\$ 85,408</u>	<u>\$ 77,291</u>	<u>\$ 69,571</u>	<u>\$ 63,079</u>						
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 2,636	\$ 2,542	\$ 2,558	\$ 2,367						
Contributions-member	1,773	1,688	1,619	1,573						
Net investment income	7,683	1,306	2,645	7,867						
Benefit payments, including refund of member contributions	(1,856)	(1,300)	(1,086)	(925)						
Administrative expense	(43)	(37)	(57)	(45)						
<b>Net change in plan fiduciary net position</b>	<u>10,193</u>	<u>4,199</u>	<u>5,699</u>	<u>10,837</u>						
<b>Plan fiduciary net position- beginning</b>	<u>66,714</u>	<u>62,515</u>	<u>56,816</u>	<u>45,979</u>						
<b>Plan fiduciary net position- ending</b>	<u>\$ 76,907</u>	<u>\$ 66,714</u>	<u>\$ 62,515</u>	<u>\$ 56,816</u>						
<b>Net pension liability - ending</b>	<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	115.28%	106.72%	110.03%	123.57%						
Covered- payroll	\$ 34,841	\$ 33,047	\$ 32,278	\$ 30,699						
Net pension liability as a percentage of covered- payroll	24.40%	32.01%	21.86%	20.40%						
Expected average remaining service years for all participants	5	5	6	6						

Information for FY 13 and earlier is not available

**Notes to Schedule:**  
Benefit changes:  
Changes of Assumptions:  
There were no changes for FY 2017  
There were no changes for FY 2017

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF CARROLL COUNTY'S CONTRIBUTIONS**  
**FOR THE CARROLL COUNTY EMPLOYEE PENSION PLAN**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 2,636	\$ 2,542	\$ 2,538	\$ 2,366	\$ 2,253	\$ 2,550	\$ 2,810	\$ 1,302	\$ 878	\$ 921
Contributions in relation to the actuarially determined contribution	2,636	2,542	2,538	2,367	2,586	2,741	3,000	2,660	958	985
Contribution deficiency (excess)	\$ -	\$ -	\$ (20)	\$ (1)	\$ (333)	\$ (191)	\$ (190)	\$ (1,358)	\$ (80)	\$ (64)
Covered-payroll	\$ 34,841	\$ 33,047	\$ 32,278	\$ 30,699	\$ 30,414	\$ 32,267	\$ 34,986	\$ 32,402	\$ 29,792	\$ 26,845
Contributions as a percentage of covered-payroll	7.57%	7.69%	7.92%	7.71%	8.50%	8.49%	8.57%	8.21%	3.22%	3.67%

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**  
**Westminster, Maryland**  
**SCHEDULE OF INVESTMENT RETURNS**  
**FOR THE CARROLL COUNTY EMPLOYEE PENSION PLAN**  
**Last 10 Fiscal Years**

2017    2016    2015    2014    2013    2012    2011    2010    2009    2008

Annual money-weighted rate of return,  
net of investment expense

11.19%    2.08%    4.53%    16.32%    Information for FY 2013 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
Westminster, Maryland  
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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Total pension liability</b>										
Service cost	\$ 1,090	\$ 1,000	\$ 983	\$ 904						
Interest	887	813	726	630						
Differences between expected and actual experience	560	(380)	(242)	-						
Change of assumption	-	(115)	-	-						
Benefit payments, including refunds of member contributions	(260)	(244)	(199)	(124)						
<b>Net change in total pension liability</b>	<u>2,277</u>	<u>1,074</u>	<u>1,268</u>	<u>1,410</u>						
<b>Total pension liability- beginning</b>	<u>12,807</u>	<u>11,733</u>	<u>10,465</u>	<u>9,055</u>						
<b>Total pension liability- ending</b>	<u>\$ 15,084</u>	<u>\$ 12,807</u>	<u>\$ 11,733</u>	<u>\$ 10,465</u>						
<b>Plan fiduciary net position</b>										
Contribution-employer	\$ 799	\$ 681	\$ 835	\$ 870						
Contributions-member	619	416	415	580						
Net investment income	1,196	191	368	978						
Benefit payments, including refund of member contributions	-	-	-	#####						
Administrative expense	(260)	(244)	(199)	(124)						
<b>Net change in plan fiduciary net position</b>	<u>(8)</u>	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>						
	2,346	1,037	1,412	2,297						
<b>Plan fiduciary net position- beginning</b>	<u>10,142</u>	<u>9,105</u>	<u>7,693</u>	<u>5,396</u>						
<b>Plan fiduciary net position- ending</b>	<u>12,488</u>	<u>10,142</u>	<u>9,105</u>	<u>7,693</u>						
<b>Net pension liability - ending</b>	<u>\$ 2,596</u>	<u>\$ 2,665</u>	<u>\$ 2,628</u>	<u>\$ 2,772</u>						

Information for FY 13 and earlier is not available

**Notes to Schedule**

Benefit changes: There were no changes for FY 2017

Changes of Assumptions: RP-2014 with generational pro RP-2014 with generational projection using scale MP 2014

Plan fiduciary net position as a percentage of the total pension liability	82.79%	79.19%	77.60%	73.51%						
Covered- payroll	\$ 5,586	\$ 4,974	\$ 5,552	\$ 5,295						
Net pension liability as a percentage of covered-employee payroll	46.48%	53.58%	47.33%	52.35%						
Expected average remaining service years of all participants	10	10	10	10						

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF CARROLL COUNTY'S CONTRIBUTIONS**  
**FOR THE CARROLL COUNTY CERTIFIED LAW OFFICERS PENSION PLAN**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 645	\$ 683	\$ 686	\$ 558	\$ 505	\$ 520	\$ 544	\$ -		
Contributions in relation to the actuarially determined contribution	799	681	835	870	787	700	590	250		
Contribution deficiency (excess)	<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	\$ 5,586	\$ 4,974	\$ 5,552	\$ 5,295	\$ 5,295	\$ 5,295	\$ 5,295	\$ 5,295		
Contributions as a percentage of covered payroll	14.30%	13.69%	15.04%	16.43%	14.86%	13.22%	11.14%	4.72%		

1 Per GASB 82, the amounts shown reflect pensionable earnings only

The Carroll County Certified Law Officers Pension Plan started in fiscal year 2010.

**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 5-year smoothed market
Asset valuation method	Inflation
Salary increases	3.0 percent
Investment rate of return	Rates vary by participant age
Retirement age	7.0 percent, net of pension plan investment expense, including inflation
Mortality	100% when first eligible for unreduced benefits
	RP-2014 with generational projection using scale MP2014

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF INVESTMENT RETURNS**  
**FOR THE CARROLL COUNTY CERTIFIED LAW OFFICERS PENSION PLAN**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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Annual money-weighted rate of return,  
net of investment expense

10.99%	2.11%	4.51%	15.33%	Information for FY 13 and earlier is not available						
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**Schedules of Required Supplementary information**  
**SCHEDULE OF CHANGES IN THE VOLUNTEER FIREMEN PENSION PLAN**  
**LIABILITY AND RELATED RATIOS**  
**Last 10 Fiscal Years**  
**(Dollar amounts in thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Total pension liability</b>										
Service cost	\$ 147	\$ 151	\$ 146							
Interest	681	672	661							
Difference between actual and expected	(44)									
Benefit payments, including refunds of member contributions	(701)	(687)	(988)							
<b>Net change in total pension liability</b>	83	136	(181)							
<b>Total pension liability- beginning</b>	9,722	9,586	9,767							
<b>Total pension liability- ending</b>	<u>9,805</u>	<u>9,722</u>	<u>9,586</u>							
<b>Plan fiduciary net position</b>										
Contribution-employer	\$ 100	\$ 50	\$ 250							
Contributions-member										
Net investment income	766	484	874							
Benefit payments, including refund of member contributions	(700)	(687)	(988)							
Administrative expense	(9)	(6)	(20)							
<b>Net change in plan fiduciary net position</b>	157	(159)	116							
<b>Plan fiduciary net position- beginning</b>	8,305	8,464	8,348							
<b>Plan fiduciary net position- ending</b>	<u>8,462</u>	<u>8,305</u>	<u>8,464</u>							
<b>Net pension liability ending</b>	<u>\$ 1,343</u>	<u>\$ 1,417</u>	<u>\$ 1,122</u>							
Plan fiduciary net position as a percentage of the total pension liability	86.30%	85.42%	88.30%							
Covered payroll	N/A	N/A	N/A							
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A							
Expected average remaining service years of all participants	8	8	8							

**Notes to Schedule:**

Benefit changes: There were no changes for FY2017.  
Change of Assumptions: There were no changes for FY2017.

**Schedules of Required Supplementary information  
SCHEDULE OF CARROLL COUNTYS' CONTRIBUTIONS  
FOR THE VOLUNTEER FIREMEN PENSION PLAN  
Last 10 Fiscal Years  
(Dollar amounts in thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 276	\$ 276	\$ 436	\$ 436	\$ 436	\$ 380	\$ 380	\$ 380	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	100		250	250					1,000	
Contribution deficiency (excess)	\$ 176	\$ 226	\$ 186	\$ 186	\$ 436	\$ 380	\$ 380	\$ 380	\$ (1,000)	\$ -
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

**Schedules of Required Supplementary information  
 SCHEDULE OF INVESTMENT RETURNS  
 FOR THE VOLUNTEER FIREMEN PENSION PLAN  
 Last 10 Fiscal Years  
 (Dollar amounts in thousands)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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Annual money-weighted rate of return,  
 net of investment expense

9.57%    6.08%    4.43%

Information for FY 14 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (NPL)**  
**FOR THE STATE OF MARYLAND – CARROLL COUNTY ELECTED/APPOINTED OFFICIALS PENSION PLAN**  
**Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
County's proportionate share (%) of collective net pension liability	0.0011831%	0.0009711%	0.0000795%							
County's proportionate share (\$) of collective net pension liability	\$ 279,129	\$ 201,819	\$ 141,030							
County's covered- payroll (\$)	144,568	140,701	131,805							
County's proportionate share (%) of collective net pension liability of its covered payroll	193.08%	143.44%	107.00%							
Plan fiduciary net position as a percentage of the total pension liability	65.79%	68.78%	71.87%							

Information for FY 14 and earlier is not available

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**  
**FOR THE STATE OF MARYLAND – CARROLL COUNTY ELECTED/APPOINTED OFFICIALS PENSION PLAN**  
**Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 23,047	\$ 20,469	\$ 18,519							
Contributions in relation to the contractually required contribution	23,047	20,469	18,519							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered payroll	\$ 144,568	\$ 140,701	\$ 131,805							
Contributions as a percentage of covered- payroll	15.94%	14.55%	14.05%							

Information for FY 14 and earlier is not available



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (NPL)**  
**FOR THE STATE OF MARYLAND – CARROLL COUNTY SOIL CONSERVATION DISTRICT PENSION PLAN**  
**Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
County's proportionate share (%) of collective net pension liability	0.0010065%	0.0012214%	0.0011016%							
County's proportionate share (\$) of collective net pension liability	\$ 237,464	\$ 253,830	\$ 195,496							
County's covered-payroll (\$)	261,489	225,564	260,994							
County's proportionate share (%) of collective net pension liability of its covered payroll	90.81%	112.53%	74.90%							
Plan fiduciary net position as a percentage of the total pension liability	65.79%	68.78%	71.87%							

Information for FY 14 and earlier is not available

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**  
**FOR THE STATE OF MARYLAND – CARROLL COUNTY SOIL CONSERVATION DISTRICT PENSION PLAN**  
**Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 19,607	\$ 25,744	\$ 25,671							
Contributions in relation to the contractually required contribution	19,607	25,744	25,671							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-payroll Contributions as a percentage of covered-payroll	7.50%	11.41%	9.84%							

Information for FY 14 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**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**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Total OPEB liability</b>										
Service cost	\$ 3,871,389									
Interest	12,894,546									
Differences between expected and actual experience	-									
Changes of assumptions	(4,099,405)									
Benefit payments including refunds of member contributions	12,666,530									
<b>Net change in total OPEB liability</b>										
<b>Total OPEB liability- beginning</b>	<u>186,257,497</u>									
<b>Total OPEB liability- ending</b>	<u>\$ 198,924,027</u>									
<b>Plan fiduciary net position</b>										
Contribution-employer	\$ 10,103,580									
Net investment income	7,460,623									
Benefit payments	(4,099,405)									
Administrative expense	-									
<b>Net change in plan fiduciary net position</b>	<u>13,464,798</u>									
<b>Plan fiduciary net position- beginning</b>	<u>66,532,596</u>									
<b>Plan fiduciary net position- ending</b>	<u>\$ 79,997,394</u>									
<b>Net OPEB liability - ending</b>	<u>\$ 118,926,633</u>									
Plan fiduciary net position as a percentage of the total OPEB liability	40.22%									
Covered- payroll	\$ -									
Net OPEB liability as a percentage of covered-payroll (1)	0.00%									
Expected average remaining service years for all participants	6									
<b>Notes to Schedule:</b>										
Benefit changes:	None									
Changes of Assumptions:	None									
Discount Rate:	7%									
	6/30/2016									
	6/30/2017									

Information for FY 16 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF CARROLL COUNTY'S CONTRIBUTIONS**  
**FOR THE RETIREE BENEFIT TRUST, BOARD OF COUNTY COMMISSIONER OF CARROLL COUNTY,**  
**MARYLAND**  
**Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 11,353,000									
Contributions in relation to the actuarially determined contribution	10,103,580									
Contribution deficiency (excess)	<u>\$ 1,249,420</u>									
Covered payroll 1	N/A									
Contributions as a percentage of covered-payroll	N/A									

Information for FY2016 and earlier is not available

**Notes to Schedule**

Contributions as a percentage of covered employee payroll<sup>1</sup>

1 -Because this OPEB plan does not depend on salary, we do not have salary information.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**SCHEDULE OF INVESTMENT RETURNS**  
**FOR THE RETIREEE BENEFIT TRUST, BOARD OF COUNTY COMMISSIONER OF CARROLL COUNTY,**  
**MARYLAND**  
**Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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Annual money-weighted rate of return,  
net of investment expense

27.39%      Information for FY 2016 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER  
CONTRIBUTIONS FOR OTHER POST-EMPLOYMENT  
BENEFITS**

**For the Year Ended June 30, 2017**

The Schedule of funding progress from the current and two preceding actuarial valuations, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)	Annual Covered Payrol (5)	UAAL as a Percentage of Covered Payroll ((2-1)/5) (6)
July 1, 2010	\$ 12,612,050	\$ 132,526,000	9.52%	\$ 119,913,950	\$ 44,405,390	270.04%
July 1, 2012	25,999,300	132,709,000	19.60%	106,709,700	44,548,939	239.53%
July 1, 2014	47,996,872	144,903,000	33.12%	96,906,128	47,677,710	203.25%
July 1, 2016	66,532,596	174,401,000	38.15%	107,868,404	51,577,434	209.14%

Schedule of Employer Contributions:

Year Ended June 30:	Annual Required Contribution	Amount Contributed by Employer	Percentage Contributed by Employer	Federal Subsidy	Total Percentage Contributed
2011	\$ 11,937,000	\$ 7,298,000	61%	\$ 172,559	63%
2012	11,661,000	7,852,800	67%	184,061	69%
2013	10,142,000	8,438,080	83%	197,696	85%
2014	10,457,000	10,056,900	96%	226,975	98%
2015	10,111,000	9,632,900	95%	251,701	98%
2016	10,474,000	10,103,580	96%	-	96%
2017	11,353,000	10,578,580	89%	-	89%

## *Supplementary Information*

**THE COMMISSIONERS OF CARROLL COUNTY**  
**WESTMINSTER, MARYLAND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING**  
**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
<b>RESOURCES (INFLOWS)</b>				
<b>Revenues</b>				
Taxes - Local Property				
Real property	\$ 184,399,190	\$ 184,399,190	\$ 184,762,338	\$ 363,148
Real property - prior years	300,000	300,000	(510,732)	(810,732)
Personal property	250,000	250,000	386,040	136,040
Railroad and public utilities	6,850,300	6,850,300	7,161,059	310,759
Ordinary business corporations	7,931,000	7,931,000	7,356,171	(574,829)
Penalties and interest-delinquent taxes	800,000	800,000	818,257	18,257
Semi-annual service charges	65,000	65,000	140,388	75,388
	<u>200,595,490</u>	<u>200,595,490</u>	<u>200,113,521</u>	<u>(481,969)</u>
Deductions				
Discounts allowed on taxes	(800,000)	(800,000)	(800,540)	(540)
Property Tax Rebate	-	-	(211)	(211)
Senior tax credit	(20,000)	(20,000)	(7,103)	12,897
Payment in Lieu of Taxes	25,960	25,960	6,729	(19,231)
Homestead tax credit	(228,073)	(228,073)	(220,297)	7,776
	<u>(1,022,113)</u>	<u>(1,022,113)</u>	<u>(1,021,422)</u>	<u>691</u>
Net Taxes - Local Property	<u>199,573,377</u>	<u>199,573,377</u>	<u>199,092,098</u>	<u>(481,278)</u>
Taxes - Local Other				
Income tax	139,692,655	139,692,655	139,476,252	(216,403)
911 service fees	1,030,000	1,030,000	1,087,610	57,610
Recordation tax	13,500,000	13,500,000	14,241,331	741,331
Heavy equipment tax	100,000	100,000	126,016	26,016
Admissions and amusement tax	306,000	306,000	351,742	45,742
Police Aid-Regular	764,600	764,600	882,661	118,061
Total Taxes - Local Other	<u>155,393,255</u>	<u>155,393,255</u>	<u>156,165,610</u>	<u>772,355</u>
Licenses and Permits				
Beer, wine and liquor licenses	201,600	201,600	213,164	11,564
Amusement	5,500	5,500	1,845	(3,655)
Traders	130,000	130,000	132,314	2,314
Animal	75,000	75,000	60,881	(14,119)
Buildings	1,050,400	1,050,400	1,057,250	6,850
Mobile home licenses	63,700	63,700	61,890	(1,810)
Cable Franchise Fee	1,561,090	1,561,090	1,645,750	84,660
Marriage	32,000	32,000	32,890	890
Grading	21,500	21,500	20,887	(613)
Kennel Licenses	18,000	18,000	19,225	1,225
Total Licenses and Permits	<u>3,158,790</u>	<u>3,158,790</u>	<u>3,246,094</u>	<u>87,304</u>
Intergovernmental Revenues				
Federal	-	-	745,706	745,706
Build America Bonds Subsidy	773,350	773,350	776,990	3,640
State Aid-Fire Companies	400,000	400,000	388,587	(11,413)
Security Interest Filing Fee	-	-	16,828	16,828
State Dept/ Health & Mental Hygiene	-	-	375	375
Grand & Petit Jury Reimburse	56,000	56,000	52,570	(3,430)
St Dept/Health & Mental Hygiene	151,000	151,000	168,611	17,611
911 Training Reimbursement	-	-	109,000	109,000
Circuit Court Master Reimb	-	-	27,812	27,812
Westminster	-	-	41,433	41,433
Total Intergovernmental Revenues	<u>1,380,350</u>	<u>1,380,350</u>	<u>2,327,913</u>	<u>947,563</u>

**THE COMMISSIONERS OF CARROLL COUNTY  
WESTMINSTER, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER  
FINANCING**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
<b>Charges for Services</b>				
<b>General Government</b>				
Lien certificates	\$ 210,000	\$ 210,000	\$ 211,306	\$ 1,306
Data processing	5,500	5,500	2,081	(3,419)
Hearing fees-zoning appeals	12,000	12,000	14,595	2,595
Copy fees and code books	14,000	14,000	11,167	(2,833)
Health depart-telephone and janitorial	61,800	61,800	44,854	(16,946)
Hearing fees-zoning administration	10,000	10,000	8,400	(1,600)
<b>Total Serv Chrg - General Government</b>	<b>313,300</b>	<b>313,300</b>	<b>292,403</b>	<b>(20,897)</b>
<b>Public Safety</b>				
Sheriff's services-salary recovery	1,000	1,000	2,321	1,321
Sheriff's services-fees	103,000	103,000	103,577	577
Sheriff's services-detention center	171,600	171,600	174,507	2,907
Sheriff- Town Deputies	102,500	102,500	103,274	774
Inspection fees-roads	150,000	150,000	51,038	(98,962)
Inspections fees-development review	5,000	5,000	31,414	26,414
Detention center-commissary	43,000	43,000	72,142	29,142
Detention center-work release	80,000	80,000	81,915	1,915
Sheriff/ICE transport	-	-	23	23
Sheriff-Citations	5,000	5,000	6,200	1,200
Fire Protection Plan Review Fee	-	-	53,708	53,708
Soc. Sec. Admin. Incentive Program	-	-	200	200
Sheriff-home detention	15,500	15,500	18,840	3,340
Juvenile transport	45,000	45,000	36,404	(8,596)
State criminal alien assistance program	8,000	8,000	5,682	(2,318)
Sheriff's Sex Offender Fees	25,200	25,200	25,200	0
Inspection fees-fire safety	45,000	45,000	-	(45,000)
<b>Total Serv Chrg - Public Safety</b>	<b>799,800</b>	<b>799,800</b>	<b>766,445</b>	<b>(33,355)</b>
<b>Public Works</b>				
Road maintenance	120,000	120,000	87,991	(32,009)
Fuel reimbursements	630,000	630,000	581,889	(48,111)
Vehicle maintenance	478,850	478,850	463,582	(15,268)
Courthouse Annex-Rent/Heat	13,000	13,000	12,994	(6)
Engineering review fees	24,000	24,000	9,640	(14,360)
Development review fees	100,000	100,000	150,129	50,129
<b>Total Serv Chrg - Public Works</b>	<b>1,365,850</b>	<b>1,365,850</b>	<b>1,306,225</b>	<b>(59,625)</b>
<b>Conservation of Natural Resources</b>				
Stormwater/environment review fee	33,500	33,500	29,649	(3,851)
Flood plain review fees	4,000	4,000	3,000	(1,000)
Forest conservation review fee	26,000	26,000	17,807	(8,193)
Tower location analysis fee	-	-	15,000	15,000
Weed control spraying	45,000	45,000	62,656	17,656
<b>Total Serv Chrg- Conservation of Natural Resources</b>	<b>108,500</b>	<b>108,500</b>	<b>128,113</b>	<b>19,612</b>
<b>Human Services</b>				
Westminster Sr. Ctr. Classes	14,500	14,500	9,425	(5,075)
North Carroll Sr. Ctr. Classes	22,000	22,000	22,542	542
South Carroll Sr. Ctr. Classes	24,000	24,000	30,059	6,059
Taneytown Sr. Ctr. Classes	4,000	4,000	3,516	(484)
Mt. Airy Sr. Ctr. Classes	14,000	14,000	12,581	(1,419)
<b>Total Serv Chrg- Human Services</b>	<b>78,500</b>	<b>78,500</b>	<b>78,122</b>	<b>(377)</b>



**THE COMMISSIONERS OF CARROLL COUNTY  
WESTMINSTER, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER  
FINANCING**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Culture and Recreation				
Farm museum	\$ 140,000	\$ 140,000	\$ 181,055	\$ 41,055
Piney Run Park	332,316	332,316	345,826	13,510
Bear Branch Programs	4,000	4,000	15,074	11,074
Culture and Recreation-continued				
Hashawha environmental center	250,800	250,800	255,427	4,627
General public & school/youth programs	6,000	6,000	16,030	10,030
Outdoor school meals/concessions	164,000	164,000	157,939	(6,061)
Sports complex	52,000	52,000	55,794	3,794
Pavilion & facility rentals	55,400	55,400	68,707	13,307
Bus Trips	-	-	5,489	5,489
Wine Festival	390,000	390,000	315,707	(74,293)
Dog Park memberships	4,300	4,300	4,700	400
Total Culture and Recreation	<u>1,398,816</u>	<u>1,398,816</u>	<u>1,421,748</u>	<u>22,932</u>
Total Charges for Services	<u>4,064,766</u>	<u>4,064,766</u>	<u>3,993,056</u>	<u>(71,710)</u>
Fines and Forfeits				
Circuit Court Fines	35,000	35,000	31,402	(3,598)
Liquor license fines	10,000	10,000	7,500	(2,500)
HS Fines/Violations	12,000	12,000	10,300	(1,700)
Humane society impoundment fees	25,000	25,000	20,964	(4,036)
Parking violations-sheriff	1,000	1,000	200	(800)
Build/zoning/health violations	-	-	1,500	1,500
Total Fines and Forfeits	<u>83,000</u>	<u>83,000</u>	<u>71,866</u>	<u>(11,134)</u>
Interest and gain on investments	2,184,020	2,184,020	796,251	(1,387,769)
Miscellaneous Revenues				
Rents and concessions	218,600	218,600	7,100,845	6,882,245
Equipment sales	135,000	135,000	189,367	54,367
Postage	20,000	20,000	27,086	7,086
Pension Recovery	347,000	347,000	310,846	(36,154)
Health department	6,000	6,000	3,284	(2,716)
County attorney fees	194,820	194,820	-	(194,820)
OPEB Recovery	280,000	280,000	354,918	74,918
State Retire Recovery	9,000	9,000	10,090	1,090
Grant Cost Recovery	-	-	2,474	2,474
Aging Bus Cost Recovery	-	-	20,487	20,487
Insurance Recovery	-	-	728	728
Jury Duty	-	-	502	502
Land Sales	-	-	1,000	1,000
Advertising	6,000	6,000	8,000	2,000
Miscellaneous	250,000	250,000	419,042	169,042
Total Miscellaneous Revenues	<u>1,466,420</u>	<u>1,466,420</u>	<u>8,448,670</u>	<u>6,982,249</u>
Total Revenues	<u>367,303,978</u>	<u>367,303,978</u>	<u>374,141,558</u>	<u>6,837,580</u>

**THE COMMISSIONERS OF CARROLL COUNTY  
WESTMINSTER, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER  
FINANCING**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Other financing resources				
Appropriated fund balance (Intrafund)	\$ 9,198,782	\$ 9,198,782	\$ -	\$ (9,198,782)
Transfers In (Interfund)	11,904,240	11,904,240	11,864,524	(39,716)
Redemptions (GO Bonds)	-	-	6,441,485	6,441,485
Bonds issued	-	-	-	-
Bonds Premium	-	-	400,000	400,000
Non-cash Note Proceeds (Issuance of GO Debt)	-	-	1,303,000	1,303,000
Total Other Financing Resources	<u>21,103,022</u>	<u>21,103,022</u>	<u>20,009,009</u>	<u>(1,094,013)</u>
Total Resources (Inflows)	\$ 388,407,000	\$ 388,407,000	\$ 394,150,567	\$ 5,743,567
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
<b>Expenditures</b>				
General Government				
County Commissioners				
County Commissioners	\$ 972,220	\$ 1,195,117	\$ 1,094,773	\$ 100,344
Audio/Video Production	160,410	200,455	196,525	3,930
Zoning Administrator	233,930	376,759	371,584	5,175
Technology Services	4,353,110	4,775,580	4,686,665	88,915
Production/Distribution Service	465,020	514,066	468,431	45,635
Total County Commissioners	<u>6,184,690</u>	<u>7,061,978</u>	<u>6,817,978</u>	<u>244,000</u>
Carroll County Board of Elections	1,033,330	1,033,330	938,713	94,617
County Attorney	877,850	977,499	769,662	207,837
Comptroller				
Comptroller Administration	392,900	462,726	457,591	5,135
Accounting	921,540	1,131,005	1,126,334	4,671
Purchasing	428,680	499,918	427,289	72,629
Independent Post - Auditing	47,750	47,750	46,383	1,367
Bond Issuance Expense	189,550	189,550	137,068	52,482
Collections Office	1,283,280	1,458,633	1,356,456	102,177
Total Comptroller	<u>3,263,700</u>	<u>3,789,582</u>	<u>3,551,121</u>	<u>238,461</u>
Human Resources & Personnel Services				
Human Resources Administration	821,700	1,020,827	1,020,823	4
Fringe Benefits	18,368,660	733,112	549,480	183,632
Personnel Services	112,570	168,127	158,780	9,347
Total Human Resources & Personnel Services	<u>19,302,930</u>	<u>1,922,067</u>	<u>1,729,083</u>	<u>192,984</u>
Management and Budget				
Management and Budget Administration	254,840	301,405	299,364	2,041
Risk Management	2,241,920	1,903,357	1,744,559	158,798
Budget	614,190	734,609	709,548	25,061
Grant Management	142,990	172,332	168,786	3,546
Total Management and Budget	<u>3,253,940</u>	<u>3,111,703</u>	<u>2,922,257</u>	<u>189,446</u>
Land Use, Planning & Development				
Land Use, Planning & Dev. Administration	711,260	888,616	868,680	19,936
Comprehensive Planning	880,510	1,059,250	915,982	143,268
Development Review	515,080	654,088	602,384	51,704
Resources Management	710,120	948,574	943,720	4,854
Total Land Use, Planning & Development	<u>2,816,970</u>	<u>3,550,528</u>	<u>3,330,766</u>	<u>219,762</u>

**THE COMMISSIONERS OF CARROLL COUNTY  
WESTMINSTER, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER  
FINANCING  
SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
<b>General Services</b>				
Permits & Inspections	\$ 1,523,970	\$ 2,026,390	\$ 2,023,832	\$ 2,558
Building Construction	250,050	306,628	286,774	19,854
Facilities Administration	7,248,120	7,862,737	6,331,990	1,530,747
Facilities	2,972,080	3,285,719	1,403,602	1,882,117
Fleet Management	7,243,040	4,628,391	3,740,652	887,739
<b>Total General Services</b>	<b>19,237,260</b>	<b>18,109,864</b>	<b>13,786,850</b>	<b>4,323,014</b>
<b>Miscellaneous</b>				
Board of License Commissioners	87,350	91,874	80,563	11,311
Administrative Hearings	85,040	104,742	100,573	4,169
Property tax payments to municipalities	15,530	15,530	15,526	4
Permits and fee payments to municipalities	15,000	15,000	8,642	6,358
Liquor license payments to municipalities	25,000	25,000	27,123	(2,123)
Town programs	2,659,530	2,674,530	2,674,531	(1)
<b>Total Miscellaneous</b>	<b>2,887,450</b>	<b>2,926,676</b>	<b>2,906,958</b>	<b>19,718</b>
<b>Total General Government</b>	<b>58,858,120</b>	<b>42,483,228</b>	<b>36,753,387</b>	<b>5,729,841</b>
<b>Public Safety</b>				
<b>Police Protection</b>				
Detention Center	9,176,590	11,692,440	11,668,206	24,234
Sheriff Services	11,395,920	15,433,146	15,274,901	158,245
<b>Total Police Protection</b>	<b>20,572,510</b>	<b>27,125,586</b>	<b>26,943,107</b>	<b>182,479</b>
<b>Fire Department</b>				
Volunteer Emergency Services Association	8,336,460	8,451,400	8,421,456	29,944
EMS24/7 Services	4,224,690	4,224,690	4,224,690	-
<b>Total Fire Department</b>	<b>12,561,150</b>	<b>12,676,090</b>	<b>12,646,146</b>	<b>29,944</b>
<b>Emergency Services</b>				
Emergency Service Operations	2,808,610	2,641,596	2,500,678	140,918
911 - Emergency Service	2,446,610	3,045,278	2,957,332	87,946
<b>Total Emergency Services</b>	<b>5,255,220</b>	<b>5,686,875</b>	<b>5,458,010</b>	<b>228,865</b>
<b>Other Protection</b>				
Animal Control	914,900	1,125,800	1,125,800	-
CC Advocacy & Investigation	144,800	182,782	175,182	7,600
LOSAP Funding	100,000	-	-	-
State aid-fire protection	389,000	389,000	388,587	413
<b>Total Other Protection</b>	<b>1,548,700</b>	<b>1,697,581</b>	<b>1,689,569</b>	<b>8,013</b>
<b>Total Public Safety</b>	<b>39,937,580</b>	<b>47,186,132</b>	<b>46,736,833</b>	<b>449,300</b>
<b>Public Works</b>				
Public Works-Administration	921,010	1,174,717	1,154,436	20,281
Roads Operations	7,946,060	11,667,003	11,105,725	561,278
Traffic Control	389,820	389,820	307,540	82,280
Engineering-Design	382,520	472,322	447,538	24,784
Engineering-Construction Inspection	364,320	522,912	515,176	7,736
Storm Emergencies	2,072,600	2,037,744	1,361,878	675,866
Engineering	396,470	499,667	487,107	12,560
Engineering-Survey	285,190	424,909	420,539	4,370
Road Grant - Local	35,390	35,390	35,385	5
<b>Total Public Works</b>	<b>12,793,380</b>	<b>17,224,482</b>	<b>15,835,324</b>	<b>1,389,158</b>

**THE COMMISSIONERS OF CARROLL COUNTY  
WESTMINSTER, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER  
FINANCING**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
<b>Judicial Services</b>				
Volunteer Community Services	\$ 195,880	\$ 254,970	\$ 251,816	\$ 3,154
Circuit Court	2,109,970	2,471,118	2,364,590	106,528
Circuit Court Masters	514,130	637,762	635,083	2,679
State's Attorney	3,428,410	4,386,638	4,384,442	2,196
Orphans Court	60,510	60,510	57,201	3,309
<b>Total Judicial Services</b>	<b>6,308,900</b>	<b>7,810,998</b>	<b>7,693,132</b>	<b>117,866</b>
<b>Health</b>				
Health Department	3,296,100	3,296,100	3,296,100	-
Family and Children's Services-DV Change, Inc.	188,280	188,280	188,280	-
Family and Children's Services-SA CCARC	250,240	250,240	250,240	-
Flying Colors of Success	181,280	181,280	181,280	-
Target, Inc.	250,240	250,240	250,240	-
Rape Crisis	88,290	88,290	88,290	-
<b>Total Health</b>	<b>4,640,830</b>	<b>4,640,830</b>	<b>4,640,830</b>	<b>-</b>
<b>Human Services</b>				
Social Services-Local Funds	20,000	20,000	20,000	-
Human Services	1,147,100	1,147,100	1,147,100	-
Citizen Services Administration	380,440	406,514	402,694	3,820
Youth Services Bureau	792,360	792,360	792,360	-
Recovery Support Services	845,630	856,430	856,011	419
Aging and Disabilities	1,146,670	1,523,056	1,488,112	34,944
Access Carroll	20,000	20,000	20,000	-
Mosaic Community Services	105,490	105,490	105,490	-
Victim Witness Assistance	0	0	(36)	36
<b>Total Human Services</b>	<b>4,457,690</b>	<b>4,870,950</b>	<b>4,831,731</b>	<b>39,219</b>
<b>Education</b>				
CC Public Ed & Gov Cable Access	776,110	776,110	776,110	-
CC Board of Ed-Local Funds	181,852,000	181,852,000	183,671,424	(1,819,424)
Community College-Direct Support	8,523,370	8,523,370	8,523,370	-
Community College-In-Kind-Support	-	-	5,029,836	(5,029,836)
Community College-Additional Approp	-	-	300,000	(300,000)
<b>Total Education</b>	<b>191,151,480</b>	<b>191,151,480</b>	<b>198,300,740</b>	<b>(7,149,260)</b>
<b>Library</b>	<b>9,815,120</b>	<b>12,153,785</b>	<b>14,249,443</b>	<b>(2,095,658)</b>
<b>Culture and Recreation</b>				
Recreation & Parks-Administration	348,590	438,991	437,387	1,604
Recreation	509,110	615,331	607,498	7,833
Piney Run	560,170	737,848	732,896	4,952
Hashawha	777,000	966,600	956,456	10,144
Farm Musuem	939,590	1,082,194	1,028,234	53,960
Sports Complex	214,070	276,089	276,084	5
Historical Society	65,000	65,000	65,000	-
Homestead Museum	25,000	25,000	25,000	-
<b>Total Culture and Recreation</b>	<b>3,438,530</b>	<b>4,207,053</b>	<b>4,128,555</b>	<b>78,498</b>

**THE COMMISSIONERS OF CARROLL COUNTY  
WESTMINSTER, MARYLAND  
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER  
FINANCING**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Conservation of Natural Resources				
Agriculture Extension Service	\$ 474,430	\$ 474,430	\$ 469,192	\$ 5,238
Weed Control	41,000	63,500	63,011	489
Gypsy Moth Control	30,000	7,500	6,285	1,215
Soil Conservation Service	418,820	527,725	511,123	16,602
Total Conservation of Natural Resources	964,250	1,073,155	1,049,611	23,544
Economic Development				
Economic Development-Administration	914,760	1,031,298	1,000,993	30,305
Econ Devl-Industrial Grants	1,504,440	1,504,440	990,604	513,836
Business & Employment Resource Center	219,290	289,542	273,334	16,208
Tourism	295,900	315,622	274,718	40,904
Total Economic Development	2,934,390	3,140,902	2,539,649	601,253
Reserve for Contingencies	4,219,850	2,745,216	-	2,745,216
Debt Service				
Debt service-County	29,167,910	29,167,910	29,042,136	125,774
Debt service- Board of Education	12,037,000	12,392,038	12,392,038	-
Total Debt Service	41,204,910	41,559,948	41,434,174	125,774
Total Expenditures	380,725,030	380,248,159	378,193,409	2,054,751
Other Financing Uses				
Payment to Escrow Agent	-	-	6,524,948	(6,524,948)
Transfers Out:				
Transfer to Capital Fund	2,977,556	2,977,556	2,977,556	-
Transfer to Special Revenue Funds - Grants	1,888,810	2,365,681	1,820,914	544,767
Transfer to Enterprise Funds	2,619,490	2,619,490	2,619,490	-
Transfer to Internal Service Fund	196,114	196,114	196,114	-
Total Other Financing Uses	7,681,970	8,158,841	14,139,022	(5,980,181)
Total charges to appropriations (outflows)	388,407,000	388,407,000	392,332,431	(3,925,431)
Net Change in Fund Balance	\$ -	\$ -	1,818,136	\$ 1,818,136
Fund Balance - Beginning			115,173,312	
Fund Balance - Ending			\$ 116,991,448	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2017**

	Hotel Rental Tax Fund	Watershed Protection and Restoration Fund	Grant Fund	Total
<b>Assets</b>				
Equity in pooled cash and investments	\$ 675,518	\$ 145,510	\$ 2,216,784	\$ 3,037,812
Accounts receivable	-	-	2,038,083	2,038,083
Note receivable	-	-	190,396	190,396
Due from general fund	-	-	300,166	300,166
Prepaid costs	-	-	436,096	436,096
Total assets	<u>\$ 675,518</u>	<u>\$ 145,510</u>	<u>\$ 5,181,525</u>	<u>\$ 6,002,553</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,912	\$ 893,211	\$ 895,123
Due to component unit	-	-	41,502	41,502
Due to other governmental funds	-	-	348,296	348,296
Due to internal service fund	-	-	2,966	2,966
Accrued expenditures	-	34,202	117,862	152,064
Unearned revenue	-	-	1,057,168	1,057,168
Total liabilities	<u>-</u>	<u>36,114</u>	<u>2,461,005</u>	<u>2,497,119</u>
<b>Fund balances</b>				
Non-spendable	-	-	436,096	436,096
Restricted	675,518	-	1,061,998	1,737,516
Committed	-	109,396	-	109,396
Assigned	-	-	1,222,426	1,222,426
Total fund balances	<u>675,518</u>	<u>109,396</u>	<u>2,720,520</u>	<u>3,505,434</u>
Total liabilities and fund balances	<u>\$ 675,518</u>	<u>\$ 145,510</u>	<u>\$ 5,181,525</u>	<u>\$ 6,002,553</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2017**

	Hotel Rental Tax Fund	Watershed Protection and Restoration Fund	Grant Fund	Total
<b>Revenues</b>				
Taxes:				
Local property	\$ -	\$ 1,945,853	\$ -	\$ 1,945,853
Hotel rental tax	324,144	-	-	324,144
Charges for services:				
Farm museum	-	-	-	-
Recreation and parks	-	-	448,780	448,780
Intergovernmental revenues:				
Commission on aging	-	-	1,643,106	1,643,106
Housing & community development	-	-	5,683,679	5,683,679
Business employment resource center	-	-	997,859	997,859
Sheriff	-	-	552,597	552,597
Citizen services	-	-	2,396,508	2,396,508
States attorney	-	-	69,063	69,063
Circuit court	-	-	826,918	826,918
Public works	-	-	1,885,878	1,885,878
Emergency operations center	-	-	485,294	485,294
Planning	-	-	225,569	225,569
Tourism	-	-	39,332	39,332
Economic development	-	-	71,264	71,264
Municipalities	-	96,670	-	96,670
Interest	1,402	4,360	-	5,762
Total revenues	<u>325,546</u>	<u>2,046,883</u>	<u>15,325,847</u>	<u>17,698,276</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	1,095,285	1,095,285
Public works	-	-	3,090,335	3,090,335
Health	-	-	4,228	4,228
Human services	-	-	9,889,352	9,889,352
Culture and recreation	-	-	418,128	418,128
Conservation of natural resources	-	1,234,088	-	1,234,088
Economic development	-	-	1,087,378	1,087,378
Judicial	-	-	900,435	900,435
Debt service:				
Principal	-	518,514	-	518,514
Interest	-	393,478	-	393,478
Total expenditures	<u>-</u>	<u>2,146,080</u>	<u>16,485,141</u>	<u>18,631,221</u>
<b>Other Financing Sources (uses)</b>				
Transfers in	-	-	1,820,914	1,820,914
Transfers out	(276,114)	-	(13,300)	(289,414)
Total Other Financing Sources (uses)	<u>(276,114)</u>	<u>-</u>	<u>1,807,614</u>	<u>1,531,500</u>
Net change in fund balances	49,432	(99,197)	648,320	598,555
Fund balances - beginning	626,086	208,593	2,072,200	2,906,879
Fund balances - ending	<u>\$ 675,518</u>	<u>\$ 109,396</u>	<u>\$ 2,720,520</u>	<u>\$ 3,505,434</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Hotel Rental Tax Fund**

**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budgetary (NON-GAAP) Basis vs. Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Hotel Rental Tax	\$ 315,830	\$ 315,830	\$ 324,144	\$ 8,314
Interest	-	-	1,402	1,402
Total revenues	<u>315,830</u>	<u>315,830</u>	<u>325,546</u>	<u>9,716</u>
Total Resources (Inflows)	<u>315,830</u>	<u>315,830</u>	<u>325,546</u>	<u>9,716</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses				
Transfers out	<u>(315,830)</u>	<u>(315,830)</u>	<u>(276,114)</u>	<u>39,716</u>
Total other financing uses	<u>(315,830)</u>	<u>(315,830)</u>	<u>(276,114)</u>	<u>39,716</u>
Total charges to appropriations (outflows)	<u>(315,830)</u>	<u>(315,830)</u>	<u>(276,114)</u>	<u>39,716</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>49,432</u>	<u>\$ 49,432</u>
Fund balance - beginning			<u>626,086</u>	
Fund balance - ending			<u>\$ 675,518</u>	



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Watershed Protection and Restoration Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budgetary (NON-GAAP) Basis vs. Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Taxes:				
Local property	\$ 1,945,853	\$ 1,945,853	\$ 1,945,853	\$ -
Intergovernmental revenues:				
Municipalities	213,667	213,667	96,670	(116,997)
Interest	600	600	4,360	3,760
Total revenues	<u>2,160,120</u>	<u>2,160,120</u>	<u>2,046,883</u>	<u>(113,237)</u>
Total Resources (Inflows)	<u>2,160,120</u>	<u>2,160,120</u>	<u>2,046,883</u>	<u>(113,237)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Expenditures				
Current:				
Conservation of natural resources	(2,160,120)	(2,160,120)	(1,234,088)	926,032
Debt service:				
Principal			(518,514)	(518,514)
Interest			(393,478)	(393,478)
Total expenditures	<u>(2,160,120)</u>	<u>(2,160,120)</u>	<u>(2,146,080)</u>	<u>14,040</u>
Total charges to appropriations (outflows)	<u>(2,160,120)</u>	<u>(2,160,120)</u>	<u>(2,146,080)</u>	<u>14,040</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(99,197)</u>	<u>\$ (99,197)</u>
Fund balance - beginning			<u>208,593</u>	
Fund balance - ending			<u>\$ 109,396</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Grant Fund**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance**  
**Budgetary (NON-GAAP) Basis vs. Actual**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>RESOURCES (INFLOWS)</b>				
Revenues				
Charges for service:				
Recreation and parks	\$ 206,900	\$ 133,434	\$ 448,780	\$ 315,346
Intergovernmental revenues:				
Office on aging	1,197,704	1,644,492	1,643,106	(1,386)
Housing & community development	5,964,842	5,392,740	5,683,679	290,939
Business employment resource center	1,539,320	1,589,458	997,859	(591,599)
Sheriff	138,990	1,304,399	552,597	(751,802)
Citizen services	1,211,260	881,288	2,400,702	1,519,414
States attorney	66,000	56,109	69,063	12,954
Circuit court	514,360	766,234	826,918	60,684
Public works	1,308,974	1,427,839	1,885,878	458,039
Emergency operations center tourism	527,520	495,873	593,995	98,122
Planning	70,000	70,000	225,570	155,570
Tourism	35,000	29,389	39,332	9,943
Economic development	-	32,000	71,263	39,263
Total revenues	<u>12,780,870</u>	<u>13,823,255</u>	<u>15,438,742</u>	<u>1,615,487</u>
Other financing resources				
Transfers in	1,860,810	2,049,828	1,820,914	(228,914)
Total other financing resources	<u>1,860,810</u>	<u>2,049,828</u>	<u>1,820,914</u>	<u>(228,914)</u>
Total Resources (Inflows)	<u>14,641,680</u>	<u>15,873,083</u>	<u>17,259,656</u>	<u>1,386,573</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Expenditures				
Current:				
Public safety	580,120	1,196,182	1,006,693	189,489
Public works	2,555,974	2,911,463	3,320,679	(409,216)
Health	4,000	4,000	4,228	(228)
Culture and recreation	215,000	118,484	418,128	(299,644)
Economic development	1,874,320	1,770,223	1,087,378	682,845
Judicial	798,671	801,926	900,435	(98,509)
Human Services	8,613,595	9,057,505	9,885,157	(827,652)
Capital outlay	-	-	-	-
Total expenditures	<u>14,641,680</u>	<u>15,859,783</u>	<u>16,622,698</u>	<u>(762,915)</u>
Other Financing resources				
Transfer out	-	(13,300)	(13,300)	-
Total charges to appropriations (outflows)	<u>(14,641,680)</u>	<u>(15,873,083)</u>	<u>(16,635,998)</u>	<u>(762,915)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	623,658	<u>\$ 623,658</u>
Fund balance - beginning			<u>1,959,305</u>	
Fund balance - ending			<u>\$ 2,582,963</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Combining Statement of Net Position**  
**Non-Major Enterprise Funds**  
**June 30, 2017**

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and investments	\$ 2,042,387	\$ 423,554	\$ 2,465,941
Cash and cash equivalents	-	2,173	2,173
Accounts receivables, net	92,204	-	92,204
Total current assets	<u>2,134,591</u>	<u>425,727</u>	<u>2,560,318</u>
Noncurrent assets:			
Capital assets:			
Buildings	-	274,051	274,051
Improvements other than buildings	185,278	223,127	408,405
Autos, machinery, equipment	181,839	52,252	234,091
Construction in progress	416,432	-	416,432
Less accumulated depreciation	<u>(347,045)</u>	<u>(155,696)</u>	<u>(502,741)</u>
Total capital assets (net of accumulated depreciation)	<u>436,504</u>	<u>393,734</u>	<u>830,238</u>
Total assets	<u>2,571,095</u>	<u>819,461</u>	<u>3,390,556</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	664	-	664
Total deferred outflows of resources	<u>664</u>	<u>-</u>	<u>664</u>
Total assets and deferred outflows	<u>\$ 2,571,759</u>	<u>\$ 819,461</u>	<u>\$ 3,391,220</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 77,046	\$ 314	\$ 77,360
Accrued interest payable	460	-	460
Accrued expenses	-	2,855	2,855
Long-term liabilities due within one year:			
General obligation bonds payable	9,971	-	9,971
Total current liabilities	<u>87,477</u>	<u>3,169</u>	<u>90,646</u>
Noncurrent liabilities:			
General obligation bonds payable	52,420	-	52,420
Total noncurrent liabilities	<u>52,420</u>	<u>-</u>	<u>52,420</u>
Total liabilities	<u>139,897</u>	<u>3,169</u>	<u>143,066</u>
<b>Deferred Inflows of Resources</b>			
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	374,113	393,734	767,847
Restricted for capital projects	599,568	-	599,568
Unrestricted	1,458,181	422,558	1,880,739
Total net position	<u>\$ 2,431,862</u>	<u>\$ 816,292</u>	<u>\$ 3,248,154</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2017**

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 913,330	\$ 157,720	\$ 1,071,050
Total operating revenues	<u>913,330</u>	<u>157,720</u>	<u>1,071,050</u>
Operating expenses:			
Personal services	-	80,712	80,712
Contractual services	288,007	2,512	290,519
Materials and supplies	53,719	14,675	68,394
Rents and utilities	88,057	2,802	90,859
Miscellaneous	145,221	-	145,221
Depreciation	19,273	28,285	47,558
Total operating expenses	<u>594,277</u>	<u>128,986</u>	<u>723,263</u>
Operating income	<u>319,053</u>	<u>28,734</u>	<u>347,787</u>
Nonoperating revenues (expenses):			
Penalties and interest	6,286	2,042	8,328
Interest and fiscal charges	(3,048)	(511)	(3,559)
Total nonoperating revenues (expenses)	<u>3,238</u>	<u>1,531</u>	<u>4,769</u>
Change in net position	322,291	30,265	352,556
Total net position- beginning of year	<u>2,109,571</u>	<u>786,027</u>	<u>2,895,598</u>
Total net position- end of year	<u>\$ 2,431,862</u>	<u>\$ 816,292</u>	<u>\$ 3,248,154</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the Year Ended June 30, 2017**

**Schedule 3-3**

	<b>Septage</b>	<b>Firearms</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 949,858	\$ 157,720	\$ 1,107,578
Payments to suppliers and other funds	(680,112)	(20,039)	(700,151)
Payments to employees	-	(80,865)	(80,865)
Net cash provided by operating activities	269,746	56,816	326,562
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(42,606)	(42,606)
Principal paid on capital debt	(12,180)	-	(12,180)
Interest paid on capital debt	(3,006)	-	(3,006)
Net cash used by capital and related financing activities	(15,186)	(42,606)	(57,792)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments and cash	6,286	1,531	7,817
Net cash provided by investing activities	6,286	1,531	7,817
Net increase (decrease) in cash and cash equivalents	260,846	15,741	276,587
Cash and cash equivalents at beginning of year	1,781,541	409,986	2,191,527
Cash and cash equivalents at end of year	\$ 2,042,387	\$ 425,727	\$ 2,468,114
 <b>Reconciliation of Operating Income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 319,053	\$ 28,734	\$ 347,787
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	19,273	28,285	47,558
Effect of changes in operating assets and liabilities:			
Accounts receivable	36,528	-	36,528
Accounts payable and accrued expense	(105,108)	(203)	(105,311)
Total adjustment	(49,307)	28,082	(21,225)
Net cash provided by operating activities	\$ 269,746	\$ 56,816	\$ 326,562

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Combining Statement of Fiduciary Net Position**  
**Trust Funds**  
**June 30, 2017**

	<u>Employee Pension Plan</u>	<u>Certified Law Officers Pension</u>	<u>LOSAP</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
<b>ASSETS</b>					
Accounts receivable	\$ -	\$ -	\$ -	\$ 24,212	\$ 24,212
Accrued interest	-	-	-	2,386	2,386
Investments, at fair value:					
Short-term investments	264,158	104,795	222,026	-	590,979
Bond funds	18,889,081	3,052,984	1,700,501	2,867,862	26,510,428
Equity funds	57,764,263	9,334,375	6,547,082	-	73,645,720
Marketable securities	-	-	-	77,490,897	77,490,897
Total investments	<u>76,917,502</u>	<u>12,492,154</u>	<u>8,469,609</u>	<u>80,358,759</u>	<u>178,238,024</u>
Total assets	<u>76,917,502</u>	<u>12,492,154</u>	<u>8,469,609</u>	<u>80,385,357</u>	<u>178,264,622</u>
<b>LIABILITIES</b>					
Accounts payable	10,416	4,618	7,319	2,500	24,853
Due to primary government	-	-	-	385,463	385,463
Total liabilities	<u>10,416</u>	<u>4,618</u>	<u>7,319</u>	<u>387,963</u>	<u>410,316</u>
<b>FIDUCIARY NET POSITION</b>					
Fiduciary net position held in trust for pension, OPEB benefits and other purposes	<u>\$ 76,907,086</u>	<u>\$ 12,487,536</u>	<u>\$ 8,462,290</u>	<u>\$ 79,997,394</u>	<u>\$ 177,854,306</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Trust Funds**  
**For the Year Ended June 30, 2017**

**Schedule 4-2**

	<u>Employee Pension Plan</u>	<u>Certified Law Officers Pension</u>	<u>LOSAP</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 2,636,200	\$ 798,560	\$ 100,000	\$ 10,103,580	\$ 13,638,340
Plan members	<u>1,773,107</u>	<u>619,466</u>	<u>-</u>	<u>589,816</u>	<u>2,982,389</u>
Total contributions	<u>4,409,307</u>	<u>1,418,026</u>	<u>100,000</u>	<u>10,693,396</u>	<u>16,620,729</u>
Investment earnings:					
Interest and dividends	-	-	-	39,692	39,692
Net increase in the fair value of investments	<u>7,729,314</u>	<u>1,217,489</u>	<u>775,104</u>	<u>7,433,230</u>	<u>17,155,137</u>
Total investment earnings	<u>7,729,314</u>	<u>1,217,489</u>	<u>775,104</u>	<u>7,472,922</u>	<u>17,194,829</u>
Less investment expense	<u>(46,744)</u>	<u>(21,595)</u>	<u>(8,544)</u>	<u>(10,000)</u>	<u>(86,883)</u>
Net investment earnings	<u>7,682,570</u>	<u>1,195,894</u>	<u>766,560</u>	<u>7,462,922</u>	<u>17,107,946</u>
Total additions	<u>12,091,877</u>	<u>2,613,920</u>	<u>866,560</u>	<u>18,156,318</u>	<u>33,728,675</u>
<b>DEDUCTIONS</b>					
Benefits and refunds paid to plan members and beneficiaries	1,856,030	259,960	700,460	4,689,220	7,505,670
Administrative expenses	<u>42,578</u>	<u>8,241</u>	<u>8,569</u>	<u>2,300</u>	<u>61,688</u>
Total deductions	<u>1,898,608</u>	<u>268,201</u>	<u>709,029</u>	<u>4,691,520</u>	<u>7,567,358</u>
Net increase in fiduciary net position	10,193,269	2,345,719	157,531	13,464,798	26,161,317
Fiduciary net position-beginning	<u>66,713,817</u>	<u>10,141,817</u>	<u>8,304,759</u>	<u>66,532,596</u>	<u>151,692,989</u>
Fiduciary net position-ending	<u>\$ 76,907,086</u>	<u>\$ 12,487,536</u>	<u>\$ 8,462,290</u>	<u>\$ 79,997,394</u>	<u>\$ 177,854,306</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2017**

<b><u>Carroll County Development Corporation</u></b>	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 310,476	\$ 13,145	\$ 43,249	\$ 280,372
Receivables-notes, mortgages and leases	118,132	-	4,669	113,463
Total assets	<u>\$ 428,608</u>	<u>\$ 13,145</u>	<u>\$ 47,918</u>	<u>\$ 393,835</u>
<b>LIABILITIES</b>				
Deposits	\$ 428,608	\$ 8,476	\$ 43,249	\$ 393,835
Total liabilities	<u>\$ 428,608</u>	<u>\$ 8,476</u>	<u>\$ 43,249</u>	<u>\$ 393,835</u>
<b><u>Carroll Cable Regulatory Commission</u></b>	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 203,492	\$ 1,022,095	\$ 923,197	\$ 302,390
Total assets	<u>\$ 203,492</u>	<u>\$ 1,022,095</u>	<u>\$ 923,197</u>	<u>\$ 302,390</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,377	\$ 523,693	\$ 372,727	\$ 154,343
Deposits	200,115	498,402	550,470	148,047
Total liabilities	<u>\$ 203,492</u>	<u>\$ 1,022,095</u>	<u>\$ 923,197</u>	<u>\$ 302,390</u>
<b><u>Totals - All Agencies</u></b>	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>ASSETS</b>				
Equity in pooled cash and investments	\$ 513,968	\$ 1,035,240	\$ 966,446	\$ 582,762
Receivables-notes, mortgages and leases	118,132	-	4,669	113,463
Total assets	<u>\$ 632,100</u>	<u>\$ 1,035,240</u>	<u>\$ 971,115</u>	<u>\$ 696,225</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,377	\$ 523,693	\$ 372,727	\$ 154,343
Deposits	628,723	506,878	593,719	541,882
Total liabilities	<u>\$ 632,100</u>	<u>\$ 1,030,571</u>	<u>\$ 966,446</u>	<u>\$ 696,225</u>



THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
Westminster, Maryland  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2017

Schedule 5-1

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	\$ 11,440,703	\$ 643,888	\$ 323,290	\$ 166,297	\$ 5,118,410	\$ 17,692,588
Due from other funds	2,767	-	-	-	199	2,966
Receivables, net	15,514	-	-	-	-	15,514
Total assets	<u>\$ 11,458,984</u>	<u>\$ 643,888</u>	<u>\$ 323,290</u>	<u>\$ 166,297</u>	<u>\$ 5,118,609</u>	<u>\$ 17,711,068</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 463,112	\$ -	\$ -	\$ -	\$ 7,650	\$ 470,762
Unearned revenue	11,879	-	-	-	-	11,879
Long-term liabilities due within one year:						
Unpaid claims due within one year	1,536,665	10,395	-	-	1,279,710	2,826,770
Total long-term due within one year	<u>1,536,665</u>	<u>10,395</u>	<u>-</u>	<u>-</u>	<u>1,279,710</u>	<u>2,826,770</u>
Total current liabilities	2,011,656	10,395	-	-	1,287,360	3,309,411
Noncurrent liabilities:						
Unpaid claims	15,522	105	-	-	1,696,360	1,711,987
Total noncurrent liabilities	<u>15,522</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>1,696,360</u>	<u>1,711,987</u>
Total liabilities	2,027,178	10,500	-	-	2,983,720	5,021,398
<b>NET POSITION</b>						
Unrestricted	9,431,806	633,388	323,290	166,297	2,134,889	12,689,670
Total net position	<u>\$ 9,431,806</u>	<u>\$ 633,388</u>	<u>\$ 323,290</u>	<u>\$ 166,297</u>	<u>\$ 2,134,889</u>	<u>\$ 12,689,670</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2017**

**Governmental Activities - Internal Service Funds**

	<u>Health Benefits</u>	<u>Risk Management</u>	<u>Auto Damage</u>	<u>Insurance Deductibles</u>	<u>Workers Compensation</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$ 17,394,635	\$ 8,274	\$ 82,236	\$ -	\$ 1,135,423	\$ 18,620,568
Total operating revenues	17,394,635	8,274	82,236	-	1,135,423	18,620,568
Operating expenses:						
Insurance claims	15,644,504	24,077	86,646	5,811	1,577,251	17,338,289
Total operating expenses	15,644,504	24,077	86,646	5,811	1,577,251	17,338,289
Operating income (loss)	1,750,131	(15,803)	(4,410)	(5,811)	(441,828)	1,282,279
Nonoperating revenues (expenses):						
Penalties and interest	55,380	-	-	-	-	55,380
Medicare Part D	231,256	-	-	-	-	231,256
Total nonoperating revenues (expenses)	286,636	-	-	-	-	286,636
Income (loss) before transfers	2,036,767	(15,803)	(4,410)	(5,811)	(441,828)	1,568,915
Transfers in	-	-	-	-	196,114	196,114
Change in net position	2,036,767	(15,803)	(4,410)	(5,811)	(245,714)	1,765,029
Total net position - beginning of year	7,395,039	649,191	327,700	172,108	2,380,603	10,924,641
Total net position - end of year	<u>\$ 9,431,806</u>	<u>\$ 633,388</u>	<u>\$ 323,290</u>	<u>\$ 166,297</u>	<u>\$ 2,134,889</u>	<u>\$ 12,689,670</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
Westminster, Maryland  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2017

Schedule 5-3

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	\$ 17,394,635	\$ 8,274	\$ 82,236	\$ -	\$ 1,135,423	\$ 18,620,568
Receipts from other funds	(2,767)	-	-	-	(199)	(2,966)
Payments to suppliers	(16,093,794)	(34,757)	(87,001)	(5,811)	(550,771)	(16,772,134)
Net cash provided (used) by operating activities	1,298,074	(26,483)	(4,765)	(5,811)	584,453	1,845,468
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Medicare Part D	231,256	-	-	-	-	231,256
Transfers in	-	-	-	-	196,114	196,114
Net cash provided by noncapital financing activities	231,256	-	-	-	196,114	427,370
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Medicare Part D	-	-	-	-	-	-
Net cash provided by capital and related financing activities	-	-	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on investments and cash	55,381	-	-	-	-	55,381
Net cash provided by investing activities	55,381	-	-	-	-	55,381
Net increase (decrease) in cash and cash equivalents	1,584,711	(26,483)	(4,765)	(5,811)	780,567	2,328,219
Equity in pooled cash and investments at beginning of year	9,855,992	670,371	328,055	172,108	4,337,843	15,364,369
Equity in pooled cash and investments at end 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>
<b>Reconciliation of Operating Income (Loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 1,750,131	\$ (15,803)	\$ (4,410)	\$ (5,811)	\$ (441,828)	\$ 1,282,279
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	(15,409)	-	-	-	-	(15,409)
Accounts payable and accrued expenses	(41,657)	(18,430)	(355)	-	(9,175)	(69,617)
Unearned revenue	8,916	-	-	-	-	8,916
Claims Liability	(401,140)	7,750	-	-	1,035,655	642,265
Total adjustments	(452,057)	(10,680)	(355)	-	1,026,281	563,189
Net cash provided (used) by operating activities	<u>\$ 1,298,074</u>	<u>\$ (26,483)</u>	<u>\$ (4,765)</u>	<u>\$ (5,811)</u>	<u>\$ 584,453</u>	<u>\$ 1,845,468</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Capital Projects Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances**  
**Budgetary (Non-GAAP) Basis**  
**For The Year Ended June 30, 2017**

Schedule 6

<u>Description</u>	<u>Total</u> <u>Appropriation</u>	<u>Prior Years</u> <u>Expenditures</u>	<u>Current Year</u> <u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended</u> <u>Appropriation</u>
<b>Governmental Activities:</b>					
<b>4021 General Government</b>					
8006 ** IT Sys Comp Replacement 03	\$ 2,920,666	\$ 1,857,471	\$ 11,625	\$ 34,489	1,017,081
8199 Government Complex	7,000,000	2,808,624	253,493	-	3,937,883
8274 Records Management	461,800	394,929	2,921	-	63,950
8361 Voting Machines - Optical Scan	449,458	97,553	113,567	-	238,338
8412 ** County Phone System Replacemnt	1,250,000	901,576	278,182	10,360	59,882
8451 ** Circuit Court - New Courtroom	2,820,000	2,619,848	127,640	44,175	28,337
8485 Piney Run Dam Repairs	290,000	88,791	5,000	-	196,209
8579 Energy Performance Ph III	4,541,852	3,981,618	555,235	-	4,999
8589 Courthouse Annex Renov	152,400	-	-	-	152,400
8590 Payroll/HR System Rplcmnt	1,000,000	263,609	357,614	201,789	176,988
8702 ** Orphan's Court Renovations	90,000	-	87,228	-	2,772
9418 Handicapped Accessibility 92	909,600	839,124	-	-	70,476
9648 Computer System Improvements	10,035,082	8,870,351	428,884	-	735,847
9921 Parking Lot Overlays (Fr 9658)	1,718,144	1,639,144	-	-	79,000
9954 Cnty Bldg Systemic Renovations	7,024,101	5,827,496	51,893	303,711	841,001
9957 General Government Unallocated	31,657	-	-	-	31,657
Total	40,694,760	30,190,134	2,273,282	594,524	7,636,820
Total General	40,694,760	30,190,134	2,273,282	594,524	7,636,820
<b>4023 Health</b>					
8519 SIP-ADA Restroom Addition	81,388	3,000	61,708	-	16,680
Total Health	81,388	3,000	61,708	-	16,680
<b>4031 Public Safety</b>					
8003 * EOC Relocation 03	6,158,064	6,158,064	-	-	-
8163 ** CC Public Safety Training Cntr	7,025,000	6,760,093	78,242	161,052	25,613
8166 Public Safety TC-Renovations	167,000	-	-	-	167,000
8264 ** Carroll County 800 MHz & 911	21,057,287	20,647,232	12,880	102,000	295,175
8480 PS Emergency Crisis Mgmt	275,000	107,875	44,000	-	123,125
8518 Humane Scty Parking Stormwater	300,000	825	-	-	299,175
8592 Army Reserve Renovations	6,100,000	-	22,500	-	6,077,500
8596 911 BU System Refresh	696,430	-	-	696,430	-
9022 Regional Water Supply	1,099,800	675,634	5,600	9,300	409,266
Total	42,878,581	34,349,723	163,222	968,782	7,396,854
Total Public Safety	42,878,581	34,349,723	163,222	968,782	7,396,854
<b>4041 Highways &amp; Streets</b>					
8308 Ridenour Way 08	20,000	-	-	-	20,000
8321 ** Ridge Road Improvements	160,600	100,449	20,206	1,266	38,679
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
8474 * Pavement Management FY14	9,456,318	9,456,318	-	-	-
8476 ** Rohrbaugh Road	800,000	333,366	-	-	466,634
8494 Pooledale	10,500	-	-	-	10,500
8504 ** Pavement Management FY15	9,790,326	9,084,420	61,331	-	644,575
8505 * Pavement Preservation FY15	1,040,021	1,040,021	-	-	-
8506 Gorsuch Rd Relocation	1,000,000	-	29,160	-	970,840

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Capital Projects Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances**  
**Budgetary (Non-GAAP) Basis**  
**For The Year Ended June 30, 2017**

Schedule 6

	<u>Description</u>	<u>Total Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Encumbered</u>	<u>Unexpended Appropriation</u>
8507	Unpaved Roads	2,524,761	1,239,152	411,994	762,764	110,851
8508	Road Improvmnts-Challendon	203,976	203,975	-	-	1
8511	Washington Rd-Sidewalk	143,000	-	20,766	3,914	118,320
8585	Pavement Management FY16	10,675,936	881,751	8,415,646	341,898	1,036,641
8586	Pavement Preservation FY16	1,110,000	-	1,087,591	-	22,409
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	7,485,890	3,219,891
8625	Pavement Preservation FY17	1,080,000	-	-	-	1,080,000
8626	Ramp and Sidewal Upgrades	75,000	-	-	-	75,000
8629	Transportation/State Projects	100,000	-	-	-	100,000
9604	Ridge Road Relocation	50,000	3,102	-	-	46,898
9674	Highway Safety Improvements	1,205,585	970,338	-	-	235,247
9847	Small Drainage Structures	2,160,207	1,789,529	265,850	-	104,828
	Total	66,252,285	34,333,286	10,786,764	8,595,732	12,536,503
4043	<b>Bridges</b>					
8032	Silver Run Valley Rd-BigSilRun	790,300	36,249	-	-	754,051
8322	Babylon road over Silver Run	902,000	45,350	19,296	-	837,354
8323	McKinstry's Mill Rd/Sam's Creek	947,000	-	-	-	947,000
8332	Hughes Shop over Bear Branch	1,428,000	-	-	-	1,428,000
8383	Bixler's Church Rd/Big Pipe Cr	721,000	25,107	14,853	-	681,040
8384	Shepard Mill/Little Pipe Crk	3,990,400	11,301	267	-	3,978,832
8385	White Rock Rd/Piney Run	1,210,000	96,054	691,758	296,364	125,824
8512	Cape Horn Rd	501,000	-	71,355	53,696	375,949
8588	Stone Chap Rd/Little Pipe Crk	207,000	-	-	-	207,000
8628	Hollingsworth Rd/Unname Tributa	200,000	-	-	-	200,000
9684	Bridge Inspection & Inventory	448,605	370,030	20,116	-	58,459
9686	Clean & Paint Structural Steel	1,413,250	1,021,715	-	7,505	384,030
9882	Bridge Maint/Structural Repair	710,200	556,641	-	-	153,559
9916	Saw Mill Rd Bridge/Bear Run	745,758	281,491	-	-	464,267
	Total	14,214,513	2,443,938	817,645	357,565	10,595,365
4044	<b>Storm Drains</b>					
8627	Strom Drain Rehabilitation	374,725	-	178,175	-	196,550
	Total	374,725	-	178,175	-	196,550
4045	<b>Buildings</b>					
8591	Maint Center Vehicle Wash	700,000	322,159	300,549	12,500	64,792
9956	Fleet-Lifts Replacements	488,915	476,307	-	-	12,608
	Total	1,188,915	798,466	300,549	12,500	77,400
4049	<b>General Public Works</b>					
9902	Public Works-Unallocated	431,321	-	-	-	431,321
	Total	431,321	-	-	-	431,321
	Total Public Works	82,461,759	37,575,690	12,083,133	8,965,797	23,640,589
4061	<b>Board of Education</b>					

THE COUNTY COMMISSIONERS OF CARROLL COUNTY

Schedule 6

Westminster, Maryland

Capital Projects Fund

Schedule of Appropriations, Expenditures and Encumbrances

Budgetary (Non-GAAP) Basis

For The Year Ended June 30, 2017

	<u>Description</u>	<u>Total</u> <u>Appropriation</u>	<u>Prior Years</u> <u>Expenditures</u>	<u>Current Year</u> <u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended</u> <u>Appropriation</u>
8041	* School Surveillance	692,446	692,446	-	-	-
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	7,549,385	89,705	-	360,910
8325	William Win Elem Kinder Additi	2,430,997	1,341,132	-	-	1,089,865
8326	Winfield Elem Kindergarten Add	1,301,000	870,256	-	-	430,744
8348	Mt. Airy Middle School	19,907,260	19,367,784	1,138	-	538,338
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 Replcmnt	417,000	208,580	-	-	208,420
8482	Taneytown ES Roof Replacmnt	550,000	268,340	-	-	281,660
8483	Manchester ES HVAC Replc	2,146,000	1,866,214	100,538	-	179,248
8484	Manchester ES Roof Replcmnt	672,000	16,879	409,016	-	246,105
8486	BOE Energy Efficiency Project	642,243	573,661	-	-	68,582
8501	CareerTech Cntr Roof Replcmnt	1,250,000	734,398	-	-	515,602
8502	Mechanicsville Rood	719,000	418,375	65,875	-	234,750
8503	Sykesville Middle Windows	164,000	160,014	-	-	3,986
8581	S. Carroll HS-Roof Replcmnt	2,062,755	35,532	468,190	-	1,559,033
8582	Westminster Elem-Roof Rplcmnt	848,000	23,924	425,330	-	398,746
8583	Westminster HS-Roof Rplcmnt	2,045,000	56,128	289,135	-	1,699,737
8619	Career & Technology Ctr Replac	100,000	-	54,183	-	45,817
8620	FSK High Roof Replacement	1,844,000	-	22,730	-	1,821,270
8621	Friendship Valley Elm Roof Rep	791,100	-	17,685	-	773,415
8622	Piney Ridge Elem Roof Replacem	556,200	-	16,962	-	539,238
8623	Westminster High ElecEqu Repl	60,000	-	164	-	59,836
9554	Handicapped Accessibility	1,504,684	1,324,582	69,087	-	111,015
9745	Relocatables	5,772,376	5,596,226	42,989	-	133,161
9746	BOE-General Roofing Improvemen	1,852,936	1,273,700	48,385	-	530,851
9748	BOE-Paving	5,642,241	4,836,593	600,525	-	205,123
9792	BOE Technology Improvements	9,042,105	8,474,216	10,569	-	557,320
9850	School Construction-General	-	296,886	209,610	-	(506,496)
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 & Replacemer	169,187	-	169	-	169,018
	Total	218,277,357	194,058,716	2,941,985	-	21,276,656
4062	<b>Community College</b>					
8516	** CCC-Security Improvements	670,000	649,183	-	-	20,817
8517	CCC-Systemic Renovations	150,000	7,529	4,394	-	138,077
9782	Comm Coll-Technology	6,850,600	6,267,070	301,262	-	282,268

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Capital Projects Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances**  
**Budgetary (Non-GAAP) Basis**  
**For The Year Ended June 30, 2017**

Schedule 6

<u>Description</u>	<u>Total Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Encumbered</u>	<u>Unexpended Appropriation</u>	
Total	7,670,600	6,923,782	305,656	-	441,162	
Total Education	225,947,957	200,982,498	3,247,641	-	21,717,818	
<b>4071</b>	<b><u>Recreation &amp; Parks</u></b>					
8121	Leister Park	1,963,299	1,824,532	16,266	-	122,501
8175	Westminster Veterans Mem Park	3,357,596	1,341,683	30,365	27,353	1,958,195
8232 **	Park Restoration Fund	1,168,435	824,139	302,718	7,574	34,004
8282 *	Westminster Comm Pond Renovate	392,300	392,300	-	-	-
8330 *	Bennett Cerf Park Revitalize	231,951	231,951	-	-	-
8411 *	Westminster Community Trail	198,000	198,000	-	-	-
8439 **	Winfield Property Project	253,259	242,011	507	-	10,741
8477	Union Mills Restoration	248,900	107,342	-	-	141,558
8510 *	Union Mills-ADA Bathroom	-	-	-	-	-
8513	Gov Brown Trail Phase I	100,000	-	-	-	100,000
8514	MacBeth Trail Connection	359,600	27,045	263,433	50,439	18,683
8515	Westminster Comm Trail PhsII	-	-	-	-	-
8577	MD Bikeways Program	-	-	-	-	-
8631	Deer Park & Sandymount Ct Resu	223,150	-	177,874	2,000	43,276
8632	Union Mills Main House Renovat	510,000	-	-	-	510,000
8633	Mayeski Park Ent Rd Overlay	100,000	-	49,567	-	50,433
8687	Wmster Comm Trl-Cmrc Cntr	85,000	7,990	50,037	-	26,973
8688	Indoor Track-ShIPLEY Arena	50,000	-	-	-	50,000
8701	Deer Park Extension	400,000	-	216,418	-	183,582
9139	Recs & Parks/Local-Unallocated	45,693	-	-	-	45,693
9736	Town Fund	377,286	305,070	6,859	-	65,357
9925 **	Tot Lot Replacement	521,876	466,788	-	-	55,088
9926 **	Krimgold Park	6,159,633	5,947,242	134,046	54,268	24,077
	Total	16,745,978	11,916,093	1,248,090	141,634	3,440,161
<b>4073</b>	<b><u>Hashawha/Bear Branch</u></b>					
8630	Bear Branch Tot Lot	150,000	-	147,093	-	2,907
	Total	150,000	-	147,093	-	2,907
<b>4076</b>	<b><u>Self-Help Projects</u></b>					
8426 *	Hodges/Eldbg Elem Ballfld Mix	8,400	8,400	-	-	-
8446 *	Charles Car Storage/Ball Mix	5,212	5,212	-	-	-
8447 *	N. Carroll Bat Cage/Bleachers	-	-	-	-	-
8466 *	Ball Field Mix Multiple Loc SH	5,784	5,784	-	-	-
8470 *	Chrls Car Pitch Mac/Nets SH	5,637	5,146	491	-	-
8489 *	Sandymount/DP Field Repair SH	5,390	3,665	-	1,725	-
8491 *	Freedom Area Field/Sod/Mix SH	3,440	3,440	-	-	-
8492 *	Mayeski Prk Topsoil/Mix SH	3,330	3,330	-	-	-
8493 *	Mayeski Prk Balldiamod Mix SH	3,300	3,300	-	-	-
8497 *	FRC-Basketball BB SH	4,336	4,336	-	-	-
8498 *	NCRC-Shed/Fld Hamp SH	-	-	-	-	-
8499 *	NCRC-Xmas Tree Prk Fields SH	-	-	-	-	-
8571	Hampstead Lions Clb Trail-SH	13,794	-	12,890	-	904
8573 *	Jaycee Park Storage Shed-SH	8,203	8,203	-	-	-

THE COUNTY COMMISSIONERS OF CARROLL COUNTY

Schedule 6

Westminster, Maryland

Capital Projects Fund

Schedule of Appropriations, Expenditures and Encumbrances

Budgetary (Non-GAAP) Basis

For The Year Ended June 30, 2017

	<u>Description</u>	<u>Total Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Encumbered</u>	<u>Unexpended Appropriation</u>
8574	* Mayeski Park Ball Mix	4,725	4,725	-	-	-
8575	* S. Carroll HS Backstop-SH	10,750	10,750	-	-	-
8597	* Carroll Arts-Console Lghtng SH	11,006	11,006	-	-	-
8598	* Charles Car-Fence ChrTwnRd SH	3,043	3,043	-	-	-
8599	* N Carroll-SGar Elem HghtAdj SH	1,968	1,968	-	-	-
8600	* N Carroll-Soccer Goal SH	6,280	6,280	-	-	-
8601	* West-Bleacher Jaycee Pk SH	10,209	10,209	-	-	-
8602	* West-Wrestling Mats SH	8,002	8,002	-	-	-
8603	* West-Avondale Bsbl Fld SH	11,591	11,591	-	-	-
8604	* Charles Car-Soccer Goals SH	3,446	2,852	594	-	-
8610	* Freedom Soccer Storage SH	2,110	-	2,110	-	-
8611	* NC Field Hockey Goals SH	2,080	2,080	-	-	-
8612	* NC Flat Goals SH	-	-	-	-	-
8613	* Westminster JC Prk Fence SH	6,780	6,780	-	-	-
8614	* Westminster Field Expand SH	11,786	-	11,786	-	-
8615	Mayeski Baseball Fld Mix SH	5,144	-	6,129	-	(985)
8616	Mayeski Softball Fld Mix SH	3,674	-	3,250	-	424
8617	* Winfield Lions Club Fld Mix SH	-	-	-	-	-
8618	* Bohde's Tot Lot-Krimgold SH	-	-	-	-	-
8689	* Playground-Krimgold	154,959	-	154,959	-	-
8694	Westminster Rec Infield Mix-SH	12,700	-	12,517	-	183
8695	Winfield Park Field-SH	20,000	-	-	-	20,000
8696	NC Rec Soccer Goals-SH	3,383	-	2,951	-	432
8697	* NC Rec Infield Mix-SH	11,437	-	8,506	2,931	-
8698	* Carroll Arts Video Projctn-SH	20,000	-	20,000	-	-
8699	Charles Carroll Infield Mix-SH	1,800	-	-	-	1,800
8700	Chrls Carroll Scoreboard-SH	4,840	-	-	-	4,840
8704	NC Rec BallMix/Fencing-SH	6,824	-	-	-	6,824
8705	Taneytown Memorial Prk-SH	13,120	-	9,965	713	2,442
8706	Wmnstr Rec Wrestling Brd-SH	5,000	-	-	-	5,000
8707	Windfield Krimgold Prk1/3-SH	5,100	-	-	-	5,100
8708	Mayeski Batting Cage-SH	3,970	-	-	3,970	-
8709	Saltbox Prk-Mix/Pav Rpr-SH	2,200	-	2,135	-	65
9718	* New Winds Mid Schl Storage-SH	9,893	9,893	-	-	-
9735	Community Self Help	10,138	-	-	-	10,138
	Total	454,784	139,995	248,283	9,339	57,167
	Total Culture and Recreation	17,350,762	12,056,088	1,643,466	150,973	3,500,235
4081	<b>Library/Senior Centers</b>					
8479	Taneytown Sr Cntr Add'l Park	567,005	174,272	372,247	-	20,486
9822	Library-Technology Improvemnts	3,615,900	3,076,989	8,839	-	530,072
	Total	4,182,905	3,251,261	381,086	-	550,558
	Total Library/Senior Centers	4,182,905	3,251,261	381,086	-	550,558
4091	<b>Conservation &amp; Open Space</b>					
9002	** Land Bank	22,089,803	15,960,248	-	-	6,129,555



THE COUNTY COMMISSIONERS OF CARROLL COUNTY

Schedule 6

Westminster, Maryland

Capital Projects Fund

Schedule of Appropriations, Expenditures and Encumbrances

Budgetary (Non-GAAP) Basis

For The Year Ended June 30, 2017

	<u>Description</u>	<u>Total</u> <u>Appropriation</u>	<u>Prior Years</u> <u>Expenditures</u>	<u>Current Year</u> <u>Expenditures</u>	<u>Encumbered</u>	<u>Unexpended</u> <u>Appropriation</u>
9007	Ag Land Preservation	154,086,010	144,890,838	5,944,463	-	3,250,709
9701	Infrastructure/Plan Studies	407,167	328,087	13,694	-	65,386
9702	Traffic Impact Studies/Develop	137,692	130,629	-	-	7,063
9851	Rural Legacy-Easement Purchase	22,026,728	21,918,418	4,887	-	103,423
	Total	198,747,400	183,228,220	5,963,044	-	9,556,136
<b>4092</b>	<b>Water Resources</b>					
8294	Reservoir Development	20,611,401	8,933,571	-	-	11,677,830
8295	Storm Water Facility Maint	2,913,382	2,913,282	-	-	100
8328	Environmental Compliance	1,354,500	325,492	29,117	14,162	985,729
	Total	24,879,283	12,172,345	29,117	14,162	12,663,659
<b>4093</b>	<b>Watershed Improvements</b>					
8521 *	Carrolltowne 2A Barnes Fill 1	987,341	956,326	31,015	-	-
8523	Elderwood Village Sec F&B	2,279,355	128,334	9,278	-	2,141,743
8524	Manchester Skate Park	826,043	67,028	12,190	-	746,825
8526	Finksburg Industrial Park	2,599,909	224,073	2,246,937	127,885	1,014
8528	Carroll Co Tree Planting #1	139,579	98,408	3,735	12,235	25,201
8529	Carroll Co Tree Planting #2	255,161	190,417	10,603	17,977	36,164
8530	Carroll Co Tree Planting #3	534,676	398,108	29,162	57,940	49,466
8531 **	Sullivan Rd Comnty Pond Phs1	2,674,495	2,527,650	1,500	3,000	142,345
8532	Sullivan Rd Phase 2	99,098	88,187	-	-	10,911
8533	Miller/Watts Pond	1,279,053	965,692	287,976	-	25,385
8534 *	Windmere/Libman	31,343	31,343	-	-	-
8536	Langdon Property	1,890,943	62,949	308,271	21,912	1,497,811
8537	Braddock Manor West	491,632	491,632	-	-	-
8538	Carroll Co Maint Center Pond	904,545	286,262	588,067	-	30,216
8540	Eldersburg Estates Sec 3-5	486,837	485,732	1,105	-	-
8543	Willow Pond/Eden Farms	242,200	40,849	74,717	74,927	51,707
8551 *	Springmount Estates	15,123	14,423	700	-	-
8561	Piney Run Sediment Study	25,800	23,805	-	-	1,995
8576	Farm Museum ESD	312,372	108,577	168,668	-	35,127
8578	Blue Ridge Manor	539,313	4,383	28,145	-	506,785
8584	Stormwtr Facility Renovat FY16	280,000	72,649	157,444	-	49,907
8593	Shannon Run/Hawks Ridge	1,255,813	67,060	21,220	-	1,167,533
8594	Watershed Plan Review	31,000	24,733	147	5,713	407
8595	Local Watershed Modeling	65,000	53,327	8,034	3,219	420
8605	8 Small Crossings	690,210	19,108	162,483	220,888	287,731
8606	6 Whispering Valley	812,958	19,575	8,140	-	785,243
8607	13 Merridale Gardens	919,028	16,121	52,824	-	850,083
8608	1 Roberts Mill Regional Pond	2,183,313	3,800	32,555	-	2,146,958
8634	Stormwtr Renova FY17	331,500	-	126,619	-	204,881
8635	Central MD Wet Pond	50,000	-	44,145	-	5,855
8690	Locust Street	234,313	-	500	-	233,813
8691 *	Restoration Research Grant	175,730	-	94,923	80,807	-
8692	Northern Landfill Fill Site	65,000	-	64,922	-	78
8703	Eldersburg Business Cntr	25,000	-	-	-	25,000
8736	Shiloh Middle School	199,855	-	-	-	199,855
9920	Watershed Assessment & Improve	9,310,293	-	-	-	9,310,293

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Capital Projects Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances**  
**Budgetary (Non-GAAP) Basis**  
**For The Year Ended June 30, 2017**

Schedule 6

<u>Description</u>	<u>Total Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Encumbered</u>	<u>Unexpended Appropriation</u>
Total	33,243,831	7,470,551	4,576,025	626,503	20,570,753
Total Conservation and Natural Resources	256,870,514	201,914,790	10,568,185	640,665	42,790,548
<b>Total Governmental Activities</b>	<u>\$670,468,626</u>	<u>\$521,279,510</u>	<u>\$ 30,421,724</u>	<u>\$11,320,741</u>	<u>\$107,250,102</u>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**

Westminster, Maryland

Capital Projects Fund

Schedule 6

**Schedule of Appropriations, Expenditures and Encumbrances**

Budgetary (Non-GAAP) Basis

For The Year Ended June 30, 2017

	<u>Description</u>	<u>Total Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Encumbered</u>	<u>Unexpended Appropriation</u>
<b><u>Business-type Activities:</u></b>						
<b><u>Bureau of Utilities</u></b>						
6311	Water & Sewer Meters	3,832,862	2,963,288	867,164	-	2,410
6332	Tank Painting	1,388,032	438,798	54,068	6,900	888,266
6344	HWWTP-Effluent Chillers	2,436,967	621,844	-	-	1,815,123
6358	8-12-16 Mains/Hydraulic Loop	634,221	-	-	-	634,221
6359	Hydrant Replacement	1,569,350	1,373,521	162,653	-	33,175
6374	Relief Sewer No. 2	164,000	12,000	138,875	9,500	3,625
6376	Relief Sewer No. 4	108,500	26,777	113	65,562	16,048
6378	Relief Sewer No. 6	3,162,000	324,815	-	-	2,837,185
6382	Relief Sewer No. 10	930,800	-	77,280	7,070	846,450
6385	Sewer Study Update	765,000	187,647	363,610	173,450	40,293
6390	Sykesville Eleva W/Tank #6 04	62,000	-	-	-	62,000
6403	Sanitary Sewer Manhole Rehab	1,954,200	1,124,307	150,295	65,562	614,036
6409	FD Looping Monroe (Okla-Benn)	74,800	-	-	-	74,800
6413	Hampstead Sludge Tank Renovate	158,200	138,392	-	-	19,808
6418	North Pump Station Wet Well	730,000	334,102	-	-	395,898
6419	Freedom Waste Water TP-ENR	10,500,000	5,433,543	3,676,643	-	1,389,815
6421	Sanitary Sewer Main Lining	2,499,701	1,689,945	348,714	65,562	395,480
6422	Gravity Sewer Main	1,980,400	252,170	456,595	1,121,025	150,611
6423	N Carroll Farms Pump Stat Rehb	266,000	248,743	-	-	17,257
6425	Water Main Loops FY12	590,622	6,877	(6,877)	-	590,622
6426	W. Hampstead Sewer Upgrade	1,845,000	5,100	347,356	-	1,492,544
6428	Water Main Blow-Off Replcmnts	661,800	275,636	227,040	-	159,124
6429	Water Service Line Replacement	937,300	632,490	269,088	-	35,723
6430	Hampstead Grit Removal	18,340,000	1,177,885	207,350	474,058	16,480,707
6431	Sykesville Sewer Upgrade	550,000	-	-	-	550,000
6432	Asset Management System	200,000	102,828	27,190	69,540	442
6433	Bark Hill WTP-Improvmnts	194,000	69,024	24,542	-	100,434
6434 **	Freedom WTP-Membrance Fltr	776,250	706,289	-	-	69,961
6435	Freedom WTP-Sludge Press	285,000	-	-	-	285,000
6436	Piney Run Pump Station Imprv	365,000	12,500	-	-	352,500
6437	Stone Manor Pump Station Rehab	302,500.00	-	-	-	302,500
6442	Roberts Fld Pump Station Rehab	396,000.00	-	33,747	58,929	303,324
6443	Standby Generator Replcmnt	266,700.00	-	83,218	-	183,482
6450	McBeth Looping	92,157.82	-	100,339	6,841	(15,022)
6451	Linton Looping	11,220.00	-	11,220	-	-
	Total	59,030,583	18,158,521	7,620,223	2,124,999	31,127,840
<b><u>Solid Waste</u></b>						
6520	Hoods Mill Remediation	1,174,626	943,499	930	4,978	225,219
6521	Northern Landfill Remediation	1,014,000	904,448	12,000	-	97,552
6528	John Owings LF Remediation	800,000	617,675	-	3,858	178,467
6534	Nrthn Landfill-Cap Cells 1&2	3,948,000	53,413	551,948	3,029,383	313,256
6536	Northern LF-Leachate Ponds	460,000	-	46,376	280,343	133,281
6537	Bark Hill Remediation/Maint	13,506	-	-	-	13,506
6538	Hodges Remediation/Maint	518,112	41,465	409,425	56,993	10,229
	Total	7,928,244	2,560,500	1,020,679	3,375,555	971,510
<b><u>Fiber Network</u></b>						
6602	Fiber Equipment Replacement	1,100,000	990,216	96,880	-	12,904
	Total	1,100,000	990,216	96,880	-	12,904

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Capital Projects Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances**  
**Budgetary (Non-GAAP) Basis**  
**For The Year Ended June 30, 2017**

**Schedule 6**

	<u>Description</u>	<u>Total Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Encumbered</u>	<u>Unexpended Appropriation</u>
	<b><u>Septage</u></b>					
6704	Westminster Sept Screen/Grit	4,500,000	416,432	-	-	4,083,568
	Total	4,500,000	416,432	-	-	4,083,568
	<b><u>Airport</u></b>					
6818	Grounds & Facility Impr (9541)	365,180	310,546	32,110	-	22,524
6821	Airport Runway Extension	49,655,934	15,852	(15,852)	-	49,655,934
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	-	-	213,737	-	(213,737)
	Total	50,354,446	628,798	279,848	-	49,709,390
	<b>Total Business-type Activities</b>	<u>\$ 122,913,273</u>	<u>\$ 22,754,466</u>	<u>\$ 9,017,631</u>	<u>\$ 5,499,555</u>	<u>\$ 85,905,211</u>

\* Completed CIP projects put into service during FY17

\*\* Partially completed CIP projects put into service during FY17

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Schedule of Long-Term Indebtedness**  
**Schedule By Source**  
**June 30, 2017**

Schedule 7

	Amount Outstanding July 1, 2016	New Debt Activity	Principal Payments For Year 2017	Amount Outstanding June 30, 2017	Interest Payments For Year 2017
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
Volunteer Fire Dept. Project - 2003	\$ 505,000	\$ -	\$ 160,000	\$ 345,000	\$ 16,033
Volunteer Fire Dept. Project - 2004	676,665	-	159,041	517,624	24,661
Volunteer Fire Dept. Project- 2005	950,000	-	190,000	760,000	35,625
General Obligation Bonds-2006	1,348,376	-	1,348,376	-	26,967
General Obligation Refunding Bonds- Jan 2007	8,801,430	-	8,801,430	-	180,513
General Obligation Bonds-2007	2,862,430	-	1,428,920	1,433,920	109,206
General Obligation Refunding Bonds-Nov 2007	3,230,000	-	590,000	2,640,000	127,288
General Obligation Bonds-Nov 2008	11,933,811	-	3,788,056	8,145,755	501,989
General Obligation Bonds-Nov 2009 Series A	10,432,487	-	2,436,184	7,996,303	368,576
General Obligation Bonds-Nov 2009 Series B	33,577,761	-	-	33,577,761	1,734,776
General Obligation Refunding Bonds-Oct 2010 Series A	2,787,739	-	1,785,741	1,001,998	37,897
General Obligation Refunding Bonds-Oct 2010 Series B	560,000	-	285,000	275,000	8,350
General Obligation Bonds-Oct 2010 Series D	16,805,044	-	987,945	15,817,099	648,799
General Obligation Refunding Bonds-Nov 2011	7,424,736	-	1,964,474	5,460,262	277,727
General Obligation Bonds-2011	15,880,000	-	760,000	15,120,000	578,850
General Obligation Refunding Bonds-2012	16,220,345	-	1,774,279	14,446,066	651,424
General Obligation Bonds-2012	18,235,000	-	1,075,000	17,160,000	596,862
General Obligation Bonds-2013	23,325,000	-	1,340,000	21,985,000	1,004,575
General Obligation Refunding Bonds- Taxable Pension	3,612,000	-	942,000	2,670,000	70,358
General Obligation Refunding Bonds-2014	49,610,536	-	2,889,396	46,721,140	2,082,123
General Obligation Bonds- 2014	14,250,000	-	750,000	13,500,000	536,250
General Obligation Refunding Bonds-2015	6,015,081	-	-	6,015,081	240,603
General Obligation Bonds- 2015	28,000,000	-	1,445,000	26,555,000	1,028,981
General Obligation Refunding Bonds-2016	-	6,138,285	-	6,138,285	135,554
General Obligation Bonds- 2016	-	14,000,000	-	14,000,000	234,967
<b>Total General Obligation Bonds</b>	<b>277,043,851</b>	<b>20,138,285</b>	<b>34,900,842</b>	<b>262,281,294</b>	<b>11,258,954</b>
<b>Farmers Home Administration</b>					
Federal Loan - 1972	185,191	-	26,343	158,848	6,485
Federal Loan - 1974	88,556	-	8,893	79,663	3,231
Federal Loan - 1979	338,506	-	17,373	321,133	12,352
<b>Total Farmers Home Administration</b>	<b>612,253</b>	<b>-</b>	<b>52,609</b>	<b>559,644</b>	<b>22,068</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	32,575
<b>Total General Obligation Debt</b>	<b>31,524,508</b>	<b>1,303,000</b>	<b>-</b>	<b>32,827,508</b>	<b>1,786,251</b>
<b>Purchase Agreements</b>					
Johnson Controls/Suntrust	1,128,537	-	219,350	909,188	43,951
Johnson Controls/AAIG	4,537,564	-	112,043	4,425,521	103,726
<b>Total Purchase Agreements</b>	<b>5,666,101</b>	<b>-</b>	<b>331,393</b>	<b>5,334,709</b>	<b>147,677</b>
<b>Total Governmental Activities</b>	<b>\$ 314,846,713</b>	<b>\$ 21,441,285</b>	<b>\$ 35,284,844</b>	<b>\$ 301,003,154</b>	<b>\$ 13,214,950</b>

continued

Westminster, Maryland  
 Schedule of Long-Term Indebtedness  
 Schedule By Source  
 June 30, 2017

	Amount Outstanding July 1, 2016	New Debt Activity	Principal Payments For Year 2017	Amount Outstanding June 30, 2017	Interest Payments For Year 2017
<b>Business-Type Activities</b>					
<b>General Obligation Bonds</b>					
Bureau of Utilities					
General Obligation Bonds - 2006	\$ 14,441	\$ -	\$ 14,441	\$ -	\$ 286
General Obligation Refunding Bonds-Jan 2007	80,737	-	80,737	-	1,656
General Obligation Bonds- 2007	1,251,737	-	625,869	625,868	47,722
General Obligation Bonds- 2008	1,199,712	-	380,854	818,858	50,464
General Obligation Bonds- 2009 Series A	333,275	-	77,826	255,449	11,774
General Obligation Bonds- 2009 Series B	1,072,240	-	-	1,072,240	55,397
General Obligation Bonds- 2010 Series A	1,423	-	912	511	19
General Obligation Bonds- 2010 Series D	11,753	-	691	11,062	454
General Obligation Refunding Bonds-Nov 2011	325,052	-	96,232	228,820	12,080
General Obligation Refunding Bonds-Nov 2012	198,550	-	17,380	181,170	8,139
General Obligation Refunding Bonds-Nov 2014	5,245,814	-	195,062	5,050,752	210,753
General Obligation Refunding Bonds-Nov 2015	2,978,549	-	-	2,978,549	119,142
General Obligation Refunding Bonds-Nov 2016	-	56,307	-	56,307	1,243
Solid Waste Fund					
General Obligation Refunding Bonds- Jan 2007	131,326	-	131,326	-	2,693
General Obligation Bonds- 2007	80,424	-	40,211	40,213	3,066
General Obligation Bonds- 2008	66,477	-	21,090	45,387	2,797
General Obligation Bonds- 2009 Series A	4,238	-	990	3,248	150
General Obligation Refunding Bonds-Nov 2011	632,396	-	157,250	475,146	23,733
General Obligation Refunding Bonds-Nov 2014	314,034	-	90,424	223,610	15,123
General Obligation Refunding Bonds-Nov 2015	191,370	-	-	191,370	7,655
General Obligation Refunding Bonds-Nov 2016	-	91,589	-	91,589	2,023
Airport Fund					
General Obligation Bonds - 2001	660,000	-	110,000	550,000	27,899
General Obligation Refunding Bonds-2007	91,507	-	91,507	-	1,877
General Obligation Refunding Bonds-2010 Series A	20,842	-	13,350	7,492	283
General Obligation Refunding Bonds-2010 Series D	23,202	-	1,364	21,838	896
General Obligation Refunding Bonds-Nov 2011	202,814	-	57,044	145,770	7,560
General Obligation Refunding Bonds-Nov 2012	18,716	-	3,342	15,374	704
General Obligation Refunding Bonds-Nov 2014	59,615	-	25,118	34,497	2,102
General Obligation Refunding Bonds-Nov 2016	-	63,819	-	63,819	1,409
Septage Fund					
General Obligation Bonds - 2006	12,179	-	12,179	-	247
General Obligation Refunding Bonds- Nov 2012	62,391	-	-	62,391	2,759
<b>Total General Obligation Bonds</b>	<b>15,284,814</b>	<b>211,715</b>	<b>2,245,199</b>	<b>13,251,331</b>	<b>622,105</b>
<b>Notes Payable- Bureau of Utilities</b>					
Water Quality Loan - Maryland Department of the Environment - 2000	158,748	-	30,141	128,607	5,842
<b>Total Notes Payable</b>	<b>158,748</b>	<b>-</b>	<b>30,141</b>	<b>128,607</b>	<b>5,842</b>
<b>Total Business-type Activities</b>	<b>\$ 15,443,562</b>	<b>\$ 211,715</b>	<b>\$ 2,275,340</b>	<b>\$ 13,379,937</b>	<b>\$ 627,947</b>

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Schedule of Investments for**  
**Governmental Activities, Business Type Activities, and Trust Funds**  
**June 30, 2017**

Schedule 8

<b>GOVERNMENTAL ACTIVITIES and BUSINESS TYPE ACTIVITIES</b>	Length (in Days)	Maturity Date	Rate (%)	Market Value	Totals
Federal Home Loan Bank	360	8-May-18	1.13	\$ 4,991,800	
Federal Home Loan Bank	720	24-May-19	1.45	5,000,300	
Federal Home Loan Bank	720	23-Aug-18	1.13	4,988,900	
Federal Home Loan Mortgage Corporation	720	27-Oct-17	0.80	4,996,050	
Federal Home Loan Mortgage Corporation	720	24-Aug-18	0.88	4,989,450	
Federal Home Loan Mortgage Corporation	720	28-Aug-18	1.03	4,972,450	
Federal Home Loan Mortgage Corporation	720	13-Sep-18	1.10	4,980,900	
Federal Home Loan Mortgage Corporation	720	26-Oct-18	1.05	29,857,200	
Treasury Bonds	20 yrs	15-Nov-21	5.66	214,234	
Treasury Bonds	20 yrs	15-Aug-22	5.69	142,597	
Treasury Bonds	20 yrs	15-Aug-22	5.44	213,895	
Treasury Bonds	20 yrs	15-Nov-22	5.05	256,678	
Treasury Bonds	20 yrs	15-Aug-23	5.05	98,315	
Treasury Bonds	20 yrs	15-Nov-24	4.86	1,414,002	
Treasury Bonds	20 yrs	15-Nov-24	4.73	522,987	
Treasury Bonds	20 yrs	15-Aug-25	4.75	1,218,440	
Treasury Bonds	20 yrs	15-Nov-26	4.93	1,754,148	
Treasury Bonds	20 yrs	15-Feb-27	4.72	1,100,184	
Treasury Bonds	20 yrs	15-Aug-29	4.36	2,346,216	
Treasury Strips	20 yrs	15-Nov-21	5.83	70,059	
Treasury Strips	20 yrs	15-Aug-22	5.92	31,606	
Treasury Strips	20 yrs	15-Aug-22	5.78	57,062	
Treasury Strips	20 yrs	15-Nov-22	5.39	90,648	
Treasury Strips	20 yrs	15-Aug-23	5.42	18,458	
Treasury Strips	20 yrs	15-Nov-24	5.12	460,212	
Treasury Strips	20 yrs	15-Nov-24	4.99	187,974	
Treasury Strips	20 yrs	15-Nov-25	4.76	168,075	
Treasury Strips	20 yrs	15-Nov-25	4.60	197,306	
Treasury Strips	20 yrs	15-Nov-26	4.95	235,475	
Treasury Strips	20 yrs	15-Feb-27	4.73	158,344	
Treasury Strips	8yrs	15-May-24	4.39	736,134	
Treasury Strips	20 yrs	15-May-29	4.42	79,946	
Treasury Strips	20 yrs	15-Feb-30	4.76	942,337	
Treasury Strips	20 yrs	15-Feb-30	4.61	193,009	
Treasury Strips	20 yrs	15-Aug-29	4.55	562,038	
Treasury Strips	20 yrs	15-Nov-29	4.76	467,327	
Treasury Strips	20 yrs	15-May-30	4.11	1,366,582	
Treasury Strips	20 yrs	15-Aug-30	3.90	1,566,965	
Treasury Strips	20 yrs	15-Nov-30	4.44	1,902,637	
Treasury Strips	20 yrs	15-May-31	4.46	1,929,487	
Treasury Strips	20 yrs	15-May-31	4.33	2,455,711	
Treasury Strips	20 yrs	15-Nov-32	2.91	295,231	
Treasury Strips	20 yrs	15-Nov-33	3.88	1,993,176	
Treasury Strips	20 yrs	15-Feb-34	3.69	238,373	
Treasury Strips	20 yrs	15-Nov-35	2.90	285,484	
Treasury Strips	20 yrs	15-Aug-36	2.44	766,633	
State and Local Government Series	15 yrs	15-May-24	---	51,000	
Maryland Local Government Investment Pool	---	---	0.95	64,776,529	
Branch Banking & Trust-Money Rate Savings	---	---	0.35	10,002,239	\$ 166,344,803
<b>TRUST FUNDS</b>					
<u>Pension</u>					
Wilmington Trust Employee Pension Account				76,917,502	
<u>Other postemployment benefits (OPEB)</u>					
Maryland Local Government Investment Pool-OPEB				2,867,862	
Wilmington Trust Master OPEB Investment Trust				77,490,897	
<u>LOSAP</u>					
Wilmington Trust LOSAP account				8,469,609	
<u>Law Officer's Pension</u>					
Wilmington Trust Law Officer's Pension Account				12,492,154	178,238,024
<b>TOTAL</b>				<u>\$ 344,582,827</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule By Source (1)**  
**June 30, 2017**

**Schedule 9-1**

Governmental funds capital assets:	
Land	\$ 35,889,680
Buildings and contents	211,871,494
Improvements other than buildings	82,158,920
Automobiles, machinery and equipment	48,961,952
Roads and bridges	575,108,561
Construction in progress	<u>10,184,255</u>
Total governmental funds capital assets	<u>\$ 964,174,862</u>

Investments in governmental funds capital assets by source:	
General fund revenues	\$ 534,362,100
Special revenue funds	836,729
State grants	72,156,077
Federal grants	22,619,513
General obligation bonds	166,331,819
Contributions	<u>167,868,624</u>
Total investments in governmental funds capital assets by source	<u>\$ 964,174,862</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

Source: Carroll County Department of the Comptroller.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
 Westminster, Maryland  
**Capital Assets Used in the Operation of Governmental Funds**  
 Schedule By Function  
 June 30, 2017

	Land	Buildings and Contents	Improvements Other Than Buildings	Automobiles, Machinery and Equipment	Roads and Bridges	Construction in Progress	Total
General government	\$ 19,853,439	\$ 184,804,279	\$ 24,102,746	\$ 13,937,986	\$ -	\$ -	\$ 242,698,450
Public safety	1,773,156	19,372,698	29,073,082	17,349,823	-	-	67,568,759
Public works	3,186,323	770,185	-	14,725,432	568,191,322	-	586,873,262
Judicial	-	211,861	773,772	751,301	-	-	1,736,934
Health	43,709	16,844	98,569	87,286	-	-	246,408
Human Services	-	-	24,195	116,100	-	-	140,295
Education	-	-	-	43,412	-	-	43,412
Culture and recreation	3,827,148	4,000,555	15,764,767	1,771,150	-	-	25,363,620
Conservation and natural resources	7,205,905	-	8,828,745	-	-	-	16,034,650
Economic development	-	2,695,072	3,493,044	179,462	6,917,239	-	13,284,817
Construction in progress	-	-	-	-	-	10,184,255	10,184,255
Subtotal	<u>35,889,680</u>	<u>211,871,494</u>	<u>82,158,920</u>	<u>48,961,953</u>	<u>575,108,561</u>	<u>10,184,255</u>	<u>964,174,862</u>
Less accumulated depreciation	-	<u>(73,442,857)</u>	<u>(32,508,154)</u>	<u>(34,837,577)</u>	<u>(431,137,557)</u>	-	<u>(571,926,145)</u>
Net governmental funds capital assets	<u>\$ 35,889,680</u>	<u>\$ 138,428,637</u>	<u>\$ 49,650,766</u>	<u>\$ 14,124,375</u>	<u>\$ 143,971,004</u>	<u>\$ 10,184,255</u>	<u>\$ 392,248,717</u>

Source: Carroll County Department of the Comptroller

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes By Function**  
**For the Year Ended June 30, 2017**

Schedule 9-3

	Governmental Funds Capital Assets July 1, 2016	Additions	Net of Transfers and Retirements	Governmental Funds Capital Assets June 30, 2017
General government	\$ 216,156,035	\$ 23,894,603	\$ 2,647,812	\$ 242,698,450
Public safety	66,815,710	362,807	390,242	67,568,759
Public works	583,790,420	3,831,725	(748,883)	586,873,262
Judicial	642,724	300,748	793,462	1,736,934
Health	147,839	-	98,569	246,408
Human Services	84,270	31,830	24,195	140,295
Education	43,412	-	-	43,412
Culture and recreation	24,869,257	347,961	146,402	25,363,620
Conservation and natural resources	14,823,277	201,568	1,009,805	16,034,650
Economic development	13,264,317	20,500	-	13,284,817
Construction in progress	9,727,788	6,434,264	(5,977,797)	10,184,255
	<u>930,365,049</u>	<u>35,426,006</u>	<u>(1,616,193)</u>	<u>964,174,862</u>
Less accumulated depreciation	<u>(543,954,143)</u>	<u>(29,471,538)</u>	<u>1,499,536</u>	<u>(571,926,145)</u>
Net governmental funds capital assets	<u>\$ 386,410,906</u>	<u>\$ 5,954,468</u>	<u>\$ (116,657)</u>	<u>\$ 392,248,717</u>





Main Street, Union Bridge, MD



Main Street, Union Bridge, MD now.



# Statistical Section



Calvert College, New Windsor, MD established 1851



The oldest standing college building in Carroll County today. No longer used as a college.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**

**STATISTICAL SECTION**

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.

**Contents** ..... **Page(s)**

**Financial Trends**

These tables contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time. .... 216-223

**Revenue Capacity**

These tables contain information to help the reader assess the County’s most significant local revenue sources and property tax..... 224-226

**Debt Capacity**

These tables contain information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future. .... 227-230

**Economic and Demographic Information**

These tables offer economic and demographic indicators to help the reader understand the environment within which the County’s financial activities take place. .... 231-232

**Operating Information**

These tables contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs. .... 233-242

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Table 1

**THE COUNTY COMMISSIONERS OF CARROLL**  
**COUNTY Westminster, Maryland**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 255,882,342
Restricted	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	13,278,406
Unrestricted	(37,546,612)	(36,637,182)	(54,174,614)	(44,518,647)	(50,148,292)	(45,963,471)	(51,077,932)	(45,926,141)	(7,378,808)	84,677,964
<b>Total Governmental Activities Net Position</b>	<b>189,351,960</b>	<b>176,491,801</b>	<b>165,776,470</b>	<b>167,710,758</b>	<b>169,671,904</b>	<b>176,404,306</b>	<b>179,828,899</b>	<b>210,807,903</b>	<b>270,824,640</b>	<b>353,838,712</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	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	82,575,108
Restricted	22,964,201	20,607,431	25,063,794	22,938,152	17,019,197	12,503,774	370,116	1,308,820	9,435,295	6,788,158
Unrestricted	(16,635,238)	(11,089,051)	(12,222,927)	1,599,083	(4,118,863)	(3,535,427)	5,063,524	4,257,842	(5,246,129)	6,594,607
<b>Total Business-Type Activities Net Position</b>	<b>126,785,466</b>	<b>126,078,889</b>	<b>125,398,581</b>	<b>127,233,457</b>	<b>116,010,082</b>	<b>111,174,175</b>	<b>110,002,423</b>	<b>99,125,175</b>	<b>99,844,012</b>	<b>95,957,873</b>
<b>Primary government</b>										
Net Investment in Capital Assets	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	338,457,450
Restricted	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	20,066,564
Unrestricted	(54,181,850)	(47,726,233)	(66,397,541)	(42,919,564)	(54,267,155)	(49,498,898)	(46,014,408)	(41,668,299)	(12,624,937)	91,272,571
<b>Total Primary Government Net Position</b>	<b>\$ 316,137,426</b>	<b>\$ 302,570,690</b>	<b>\$ 291,175,051</b>	<b>\$ 294,944,215</b>	<b>\$ 285,681,986</b>	<b>\$ 287,578,481</b>	<b>\$ 289,831,322</b>	<b>\$ 309,933,078</b>	<b>\$ 370,668,652</b>	<b>\$ 449,796,585</b>

Fiscal years 2008-2012 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.

Source: Carroll County Department of the Comptroller.

Table 2

## THE COUNTY COMMISSIONERS OF CARROLL COUNTY

Westminster, Maryland

Changes in Net Position

Last Ten Fiscal Years

(Accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental Activities:										
General government	\$ 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	\$ 70,411,246
Public safety	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	35,583,985
Public works	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	30,496,143
Health	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	4,454,550
Human services	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	1,228,095
Education	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	188,609,030
Culture and recreation	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	2,596,212
Libraries	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	9,269,078
Conservation of natural resources	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	17,487,058
Economic development	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	4,715,075
Judicial	8,455,090	8,670,838	7,283,903	6,222,691	-	-	-	-	-	-
Interest on long-term debt	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	8,963,131
<b>Total Governmental Activities Expenses</b>	<b>403,703,505</b>	<b>390,909,855</b>	<b>386,269,055</b>	<b>386,889,145</b>	<b>377,185,970</b>	<b>369,106,284</b>	<b>400,042,734</b>	<b>414,042,726</b>	<b>424,974,313</b>	<b>373,813,603</b>
Business-Type Activities:										
Bureau of Utilities	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	10,056,546
Solid Waste	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	7,648,918
Airport	861,147	823,047	733,816	800,811	689,380	1,769,112	618,045	829,611	777,692	3,097,618
Septage	594,277	629,136	604,130	536,068	489,064	532,369	475,718	474,195	388,398	395,824
Firearms	128,986	113,399	106,373	100,324	97,706	92,935	79,627	76,281	77,475	74,497
Fiber Network	1,321,618	1,116,618	1,230,506	673,718	733,785	540,436	215,017	-	-	-
<b>Total Business-Type Activities Expenses</b>	<b>23,278,863</b>	<b>24,278,980</b>	<b>23,272,302</b>	<b>19,758,861</b>	<b>24,919,266</b>	<b>22,753,211</b>	<b>22,109,077</b>	<b>20,830,747</b>	<b>16,900,665</b>	<b>21,273,403</b>
<b>Total Primary Government Expenses</b>	<b>\$ 426,982,368</b>	<b>\$ 415,188,835</b>	<b>\$ 409,541,357</b>	<b>\$ 406,648,006</b>	<b>\$ 402,105,236</b>	<b>\$ 391,859,495</b>	<b>\$ 422,151,811</b>	<b>\$ 434,873,473</b>	<b>\$ 441,874,978</b>	<b>\$ 395,087,006</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General government	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	10,755,039
Public safety	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	3,294,542
Public works	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	1,672,368
Health	3,284	5,391	6,684	55,405	58,946	124,065	44,320	12,190	15,541	12,492
Human Services	84,722	79,675	86,275	6,600	6,600	6,600	6,600	284,014	367,238	367,238
Education	-	-	-	257,816	480,685	487,464	457,698	393,951	425,150	409,266
Culture and recreation	2,072,530	1,867,103	1,621,589	832,906	928,603	1,008,187	875,200	860,865	772,204	818,931
Conservation of natural resources	128,111	86,209	41,587	-	-	-	-	-	-	-
Economic development	-	-	-	525,158	-	-	-	-	-	-
Operating Grants and Contributions	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	13,824,732
Capital Grants and Contributions	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	6,797,218
<b>Total Governmental Activities Program Revenues</b>	<b>44,278,237</b>	<b>40,018,081</b>	<b>45,492,023</b>	<b>44,256,328</b>	<b>39,144,823</b>	<b>35,280,449</b>	<b>42,016,316</b>	<b>46,704,889</b>	<b>30,810,323</b>	<b>37,951,826</b>

Table 2

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
Westminster, Maryland  
**Changes in Net Position**  
Last Ten Fiscal Years  
(Accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Business-Type Activities:</b>										
Charges for Services:										
Bureau of Utilities	\$ 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	\$ 6,281,659
Solid Waste	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	6,461,528
Airport	792,059	727,987	649,572	650,660	675,683	518,581	671,258	2,222,010	1,840,449	2,041,458
Septage	913,330	946,123	710,536	682,663	608,688	603,550	449,263	387,636	536,845	482,599
Firearms	157,720	153,687	148,106	145,699	126,696	111,984	104,713	55,120	59,400	79,649
Fiber Network	212,142	37,558	7,619,387	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	1,064,797	-
Capital Grants and Contributions	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	1,562,378
<i>Total Business-Type Activities Program Revenues</i>	<u>21,682,147</u>	<u>20,706,084</u>	<u>27,768,776</u>	<u>19,225,733</u>	<u>19,422,698</u>	<u>16,892,642</u>	<u>17,242,898</u>	<u>19,480,553</u>	<u>19,535,062</u>	<u>16,909,271</u>
<i>Total Primary Government Program Revenues</i>	<u>65,960,384</u>	<u>60,724,165</u>	<u>73,260,799</u>	<u>63,482,061</u>	<u>58,567,521</u>	<u>52,173,091</u>	<u>59,259,214</u>	<u>66,185,442</u>	<u>50,345,385</u>	<u>54,861,097</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(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)	(335,861,777)
Business-Type Activities	(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	(4,364,132)
<i>Total Primary Government Net Expense</i>	<u>(361,021,984)</u>	<u>(354,464,670)</u>	<u>(336,280,558)</u>	<u>(343,165,945)</u>	<u>(343,537,715)</u>	<u>(339,686,404)</u>	<u>(362,892,597)</u>	<u>(368,688,031)</u>	<u>(391,529,593)</u>	<u>(340,225,909)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Taxes:										
Property taxes	\$ 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	\$ 148,644,728
Income tax	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	108,435,386
Recordation	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	22,782,302
Admission and amusement tax	351,742	353,937	262,098	296,890	379,990	246,184	335,125	386,186	405,295	393,659
Agricultural transfer tax	179,416	59,558	365,510	159,227	24,977	24,199	181,458	439,268	390,420	501,049
Hotel tax	324,144	284,101	309,992	298,498	287,602	287,850	287,495	311,049	321,676	191,117
State shared, unrestricted	-	-	948,717	620,224	724,807	1,172,339	10,300,922	11,744,961	12,729,241	12,313,362
Investment earnings and miscellaneous, unrestricted	(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	6,988,995
Transfer of asset from component unit	9,442,491	-	-	-	-	-	-	-	-	-
Transfers	(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)	(2,893,223)
<i>Total Governmental Activities</i>	<u>372,285,427</u>	<u>354,789,429</u>	<u>340,671,671</u>	<u>330,401,242</u>	<u>327,047,414</u>	<u>307,321,100</u>	<u>311,149,918</u>	<u>327,853,400</u>	<u>297,908,128</u>	<u>297,357,375</u>
<b>Business-Type Activities:</b>										
Investment earnings and miscellaneous, unrestricted	(363,434)	404,594	756,859	383,547	582,930	422,785	751,926	2,279,730	2,174,966	1,496,621
Gain on sale of capital asset	47,237	1,695	9,000	3,677	-	35,395	-	93,425	-	-
Transfers	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	2,893,223
<i>Total Business-Type Activities</i>	<u>2,303,293</u>	<u>731,342</u>	<u>3,213,460</u>	<u>4,699,230</u>	<u>13,563,627</u>	<u>3,219,268</u>	<u>3,543,906</u>	<u>5,688,005</u>	<u>10,672,027</u>	<u>4,389,844</u>
<i>Total Primary Government</i>	<u>374,588,720</u>	<u>355,520,771</u>	<u>343,885,131</u>	<u>335,100,472</u>	<u>340,611,041</u>	<u>310,540,368</u>	<u>314,693,824</u>	<u>333,541,405</u>	<u>308,580,155</u>	<u>301,747,219</u>
Governmental Activities	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)	(38,504,402)
Business-Type Activities	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	25,712
<i>Total Primary Government Change in Net Position</i>	<u>\$ 13,566,736</u>	<u>\$ 1,056,101</u>	<u>\$ 7,604,973</u>	<u>\$ (8,065,473)</u>	<u>\$ (2,926,674)</u>	<u>\$ (29,146,036)</u>	<u>\$ (48,198,773)</u>	<u>\$ (35,146,626)</u>	<u>\$ (82,949,438)</u>	<u>\$ (38,478,690)</u>

Note:

Fiscal year 2011 and 2012 was restated to reflect GASB standards.  
Fiscal year 2015 reflects the reclassification of activities by functions.  
Fiscal year 2014 was restated to reflect a correction to Net Investments in Capital Assets.  
Fiscal year 2015 was restated to reflect a correction to net position.

Source: Carroll County Department of the Comptroller.



Table 3

THE COUNTY COMMISSIONERS OF CARROLL COUNTY  
Westminster, Maryland  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Fund (1)</b>										
Nonspendable	\$ 27,548,663	\$ 26,668,918	\$ 29,004,124	\$ 29,209,160	\$ 29,140,848	\$ 27,853,715	\$ 30,274,746			
Restricted	29,656,499	30,926,309	27,423,603	26,052,436	23,584,205	25,272,233	18,998,982			
Committed	21,402,103	20,820,350	20,398,120	19,825,000	19,765,000	19,777,263	20,165,000			
Assigned	20,383,343	22,580,717	18,458,967	22,035,700	16,264,913	20,946,437	9,782,490			
Unassigned	14,529,685	10,840,140	7,628,502	6,922,173	16,132,542	14,827,375	16,809,377			
<b>Total General Fund</b>	<b>113,520,293</b>	<b>111,836,434</b>	<b>102,913,316</b>	<b>104,044,469</b>	<b>104,887,508</b>	<b>108,677,023</b>	<b>96,030,595</b>			
<b>Capital Projects Fund</b>										
Restricted	5,708,337	7,518,934	292,775	-	-	-	-			
Assigned	17,903,635	24,235,426	29,083,530	36,834,193	40,629,996	37,134,531	33,780,969			
<b>Total Capital Projects Fund</b>	<b>23,611,972</b>	<b>31,754,360</b>	<b>29,376,305</b>	<b>36,834,193</b>	<b>40,629,996</b>	<b>37,134,531</b>	<b>33,780,969</b>			
<b>Non-Major Governmental Funds: (1)</b>										
Special Revenues Fund										
Nonspendable	436,096									
Restricted	1,737,516	626,086	1,472,788	1,543,563	1,159,415	2,227,030	4,361,704			
Committed	1,091,396	672,372	2,203,593	1,606,331	1,275,957	911,792	603,723			
Assigned	1,222,426	1,608,421	821,612	-	-	-	-			
Unassigned	-	-	-	-	-	-	(21,576)			
<b>Total Non-Major Governmental Funds</b>	<b>3,505,434</b>	<b>2,906,879</b>	<b>4,497,993</b>	<b>3,149,894</b>	<b>2,435,372</b>	<b>3,138,822</b>	<b>4,943,851</b>			
<b>Total Governmental Funds, as restated</b>	<b>\$ 140,637,699</b>	<b>\$ 146,497,673</b>	<b>\$ 136,787,614</b>	<b>\$ 144,028,556</b>	<b>\$ 147,952,876</b>	<b>\$ 148,950,376</b>	<b>\$ 134,755,415</b>			
Unassigned General Fund Balance as a Percentage of General Fund Expenditures	3.8%	2.9%	2.5%	2.4%	5.2%	4.8%	5.5%			
<b>General Fund</b>										
Reserved								\$ 39,429,507	\$ 34,538,703	\$ 34,265,738
Unreserved and designated								27,868,281	34,623,762	30,997,138
Unreserved, undesignated								7,993,646	8,103,281	14,858,762
<b>Total General Fund</b>								<b>75,291,434</b>	<b>77,265,746</b>	<b>80,121,638</b>
<b>Capital Projects Fund</b>										
Reserved for Encumbrances								14,173,039	19,967,975	39,912,191
Unreserved and designated								29,143,318	25,951,067	45,904,401
Total Capital Projects Fund								43,316,357	45,919,042	85,816,592
<b>Non-Major Governmental Funds:</b>										
Special Revenues Fund								4,940,003	3,338,527	2,340,051
Unreserved, undesignated								4,940,003	3,338,527	2,340,051
<b>Total Other Governmental Funds</b>								<b>123,547,794</b>	<b>126,523,315</b>	<b>168,278,281</b>

Source: Carroll County Department of the Comptroller.

(1) In FY 2011 GASB 54 was implemented.

In 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.

**THE COUNTY COMMISSIONERS OF CARROLL  
COUNTY Westminster, Maryland  
Local Tax Revenues by Source, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

Fiscal Year	Property Taxes	Income Tax	Recordation Tax	Amusement Tax	911 Service Fees-Tax	Other Tax	Total
2008	\$ 174,354,873	\$ 117,976,994	\$ 14,948,705	\$ 386,186	\$ 1,240,906	\$ 1,757,335	\$ 310,664,999
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
Change 2008-2017	15.5%	27.2%	-4.7%	-8.9%	-12.4%	-57.7%	18.4%

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.

Table 5

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>REVENUES</b>										
Taxes-Local (see Table 4)	\$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	\$310,664,999
Taxes-State Shared	-	-	-	952,204	1,635,475	1,236,284	1,447,227	1,219,154	10,800,922	12,244,961
Impact fees	-	-	184,605	206,711	295,755	1,575,933	1,148,592	1,304,575	869,347	1,350,460
Licenses and permits	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	1,666,970
Intergovernmental revenues	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	16,773,453
Charges for services	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	5,788,013
Fines and forfeits	71,866	78,600	99,840	92,532	95,487	92,355	101,128	86,168	90,840	100,509
Interest and gain on investments	(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	10,537,502
Miscellaneous revenues	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	4,101,008
Total revenues	407,711,323	404,113,773	387,539,109	383,614,420	370,640,705	377,396,691	374,665,428	368,865,449	356,536,990	363,227,875
<b>EXPENDITURES</b>										
Current:										
General government	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	65,771,932
Public safety	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	34,222,625
Public works	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	10,861,774
Health	4,645,058	4,400,381	4,269,673	4,301,982	4,307,983	4,494,155	4,707,292	4,712,680	4,731,958	4,368,725
Human services	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	1,200,206
Education	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	155,480,987
Library	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	7,717,198
Culture and recreation	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	1,648,268
Conservation of natural resources	2,283,698	2,084,571	2,000,988	966,448	856,440	839,957	822,510	792,207	800,054	821,409
Economic development	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	4,351,843
Judicial	8,593,930	8,710,327	7,310,970	-	-	-	-	-	-	-
Capital outlay	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	86,014,727
Debt service:										
Principal	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	23,487,007
Interest	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	9,543,326
Total expenditures	427,089,698	420,906,572	417,411,458	418,061,758	386,804,756	379,019,173	395,674,850	432,841,709	472,431,314	405,490,027
Excess (deficiency) of revenues over (under) expenditures	(19,378,375)	(16,792,799)	(29,872,349)	(34,447,338)	(16,164,051)	(1,622,482)	(21,009,422)	(63,976,260)	(115,894,324)	(42,262,152)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	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	26,594,904
Transfers out	(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)	(29,909,754)
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)	-	-	(6,786,798)
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	27,100,000
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	672,349
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	2,495,343
Total other financing sources	13,403,102	26,223,860	20,557,686	30,693,073	15,272,367	15,769,439	32,167,623	60,860,299	74,127,264	20,166,044
Net change in fund balances	\$ (5,975,273)	\$ 9,431,061	\$ (9,314,663)	\$ (3,754,265)	\$ (891,684)	\$ 14,146,957	\$ 11,158,201	\$ (3,115,961)	\$ (41,767,060)	\$ (22,096,108)
Debt Service as a percentage of Noncapital Expenditures	10.3%	10.2%	10.4%	10.2%	10.3%	9.9%	8.7%	8.6%	7.5%	8.3%

Note: Implementation of GASB 43 & 45 was fiscal year 2008.  
 Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Assessed Valuation and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property			Personal Property						Grand Total	
	Assessed Value	Estimated Market Value	Direct Tax Rate	Assessed Value			Total	Estimated Market Value	Direct Tax Rate	Estimated Market Value	Total Direct Tax Rate
				Unincorporated	Incorporated	Public Utilities					
2008	\$ 17,292,769,748	\$ 17,292,769,748	1.048%	\$ 11,266,340	\$ 267,238,630	\$ 277,840,350	\$ 556,345,320	\$ 556,345,320	2.620%	\$ 17,849,115,068	1.097%
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

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 Westminster, Maryland  
Real Property Tax Rates - Direct and Overlapping  
Governments (Per \$100 of Assessed Value)  
Last Ten Fiscal Years**

Fiscal Year	Direct Rate		Overlapping Rates									
	Carroll County	State of Maryland	Taneytown	Sykesville	Manchester	Westminster	Hampstead	New Windsor	Union Bridge	Mt. Airy		
2008	\$ 1.048	\$ 0.112	\$ 0.32	\$ 0.33	\$ 0.184	\$ 0.44	\$ 0.20	\$ 0.2000	\$ 0.30	\$ 0.1740		
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		

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**  
**Westminster, Maryland**  
**Principal Taxpayers**  
**Current Fiscal Year and Nine Years Ago**

**Table 8**

**2017**

Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 195,821,590	\$ 4,921,173	1.03%
Colonial Pipeline	Pipeline trans.-refined petroleum	28,022,050	704,755	0.15%
Verizon-Maryland	Communications	25,864,640	650,496	0.14%
Comcast of California	Communications	22,066,620	554,975	0.12%
Penguin Random House Inc.	Warehouse Distribution	38,326,843	538,385	0.20%
Potomac Edison Company	Utilities	17,883,460	449,769	0.09%
Carroll Lutheran Village	Retirement Village	41,770,233	425,221	0.22%
Lehigh Portland Cement	Manufacturer	31,647,272	424,418	0.17%
Wal-Mart	Retail	23,744,077	362,323	0.12%
Stag Hampstead	Warehouse Distribution	33,835,600	344,446	0.18%
		<u>\$ 458,982,385</u>	<u>\$ 9,375,961</u>	<u>2.42%</u>
	Total Assessed Valuation	<u>\$ 19,098,609,701</u>		

**2008**

Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 160,579,530	\$ 4,207,184	0.90%
Verizon-Maryland	Communications	60,919,930	1,596,102	0.34%
Carroll Lutheran Village	Retirement Village	53,923,640	859,416	0.30%
Colonial Pipeline Co.	Pipeline trans.-refined petroleum	19,217,460	503,497	0.11%
Potomac Edison	Electric Utility	17,305,350	453,400	0.10%
Cranberry Mall Properties LLC	Mall	42,601,812	447,382	0.24%
AT&T	Utilities	15,986,970	418,859	0.09%
Fairhaven Inc.	Assisted Living	35,926,900	376,514	0.20%
Random House	Warehouse Distribution	33,289,432	349,001	0.19%
Hampstead 2004 LLC	Power Tools	33,144,300	347,352	0.19%
		<u>\$ 472,895,324</u>	<u>\$ 9,558,707</u>	<u>2.66%</u>
	Total Assessed Valuation	<u>\$ 17,902,568,898</u>		

Property is reassessed every three years.

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

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		
2008	\$ 195,748,704	\$ 194,780,453	99.51%	\$ 968,251	\$ 195,748,704	100.00%	\$ -	0.00%
2009	222,097,553	221,514,565	99.74%	581,691	222,096,256	99.99%	1,297	0.01%
2010	239,658,139	238,543,223	99.53%	1,111,274	239,654,497	99.99%	3,642	0.01%
2011	227,186,753	226,056,851	99.50%	1,119,989	227,176,840	99.99%	9,913	0.01%
2012	210,196,472	209,114,927	99.49%	1,036,082	210,151,009	99.98%	45,463	0.02%
2013	198,647,854	197,845,421	99.60%	775,481	198,620,902	99.99%	26,952	0.01%
2014	195,960,124	195,202,000	99.61%	715,809	195,917,809	99.98%	42,315	0.02%
2015	195,674,029	194,784,554	99.55%	780,795	195,565,349	99.94%	108,680	0.06%
2016	198,052,870	197,837,002	99.89%	34,665	197,871,667	99.91%	181,203	0.09%
2017	202,417,960	201,772,465	99.68%	-	201,772,465	99.68%	645,495	0.32%

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**  
**Westminster, Maryland**  
**Bureau of Utilities**  
**Water and Sewer Rates**  
**Last Ten Fiscal Years**

Fiscal Year	Water			Sewer				
	Quarterly Base Rate	Tier 1*	Tier 2*	Tier 3*	Quarterly Base Rate	Tier 1*	Tier 2*	Tier 3*
2008	\$ 8.23	\$ 3.35	\$ 4.18	\$ 4.69	\$ 11.61	\$ 5.70	\$ 6.71	\$ 6.60
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

Tiers are based on the following usages

- Tier 1 0-10,000 gals.
- Tier 2 10,001-30,000 gals.
- Tier 3 30,001 gals. and up
- \*Per 1,000 gallons

The standard household meter size is 5/8" and the average household usage for fiscal year 2017 was 12,000 gals. per quarter.

Source: Carroll County Department of the Comptroller.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	% of Personal Income (3)	% of Market Property Value (2)	Per Capita (3)
	General		Other Notes	Purchase Agreements	General Obligation Bonds (1)	Special		Assessment Debt with Government Commitment				
	Obligation Bonds(1)	Obligation Debt				Assessment Debt with Government Commitment	Special					
2008	\$ 219,672,038	\$ 7,136,864	\$ 3,473,927	\$ 2,583,004	\$ 22,345,826	\$ 3,742,952	\$ 258,954,611	2.68%	1.45%	\$ 1,486		
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	2.03%	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	2.50%	1.93%	2,094		
2015	297,878,654	31,050,584	-	5,875,768	17,483,954	188,125	352,477,085	N/A	1.91%	2,053		
2016	299,706,818	31,524,508	-	5,666,101	15,284,816	158,748	352,340,991	N/A	1.88%	2,040		
2017	284,714,303	32,827,508	-	5,334,709	13,251,330	128,607	336,256,457	N/A	1.76%	1,937		

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  
Westminster, Maryland  
Ratios of Bonded Debt Outstanding  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds &amp; Debt Outstanding</b>	<b>Percent of Actual Property Value (1)</b>	<b>Percent of Personal Income (2)</b>	<b>Per Capita (2)</b>
2008	\$ 249,154,728	1.40%	3.59%	\$ 1,430
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	1.92%	3.98%	2,083
2015	346,413,192	1.87%	N/A	2,017
2016	346,516,142	1.85%	N/A	2,007
2017	330,333,769	1.73%	N/A	1,903

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  
Westminster, Maryland  
Computation of Legal Debt Margin  
June 30, 2017**

**Table 13**

Net assessed value- Real Property	\$ 18,502,136,221	
Debt limit - 6% of net total assessed value (1)		\$ 1,110,128,173
Assessed Value-Personal Property	<u>596,473,480</u>	
Debt limit- 15% of net assessed value (1)		<u>89,471,022</u>
Debt Limit- (6%/15%) of net assessed value		1,199,599,196
Amount of debt applicable to debt limit:		
Total Bonded Debt	\$ 308,919,776	
Less- Agricultural Preservation Program Self Supporting Debt	32,827,508	
Less- Fire Company Loans- Self Supporting Debt	6,227,978	
Less - Bureau of Utilities bonds	11,279,585	
Less - Septage bonds	62,391	
Total amount of debt applicable to debt limit		<u>258,522,314</u>
Legal debt margin		<u><u>\$ 941,076,882</u></u>

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  
2008-2017

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
2008	\$ 17,902,568,898	6%/15%	\$ 1,124,225,213	\$ 214,237,099	\$ 909,988,114	19.06%
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%

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Computation of Direct And Overlapping Debt**  
**June 30, 2017**

<b>Jurisdiction</b>	<b>Real Property Assessed Valuation (1)</b>	<b>Percent of Assessed Valuation to Overlapping Jurisdictions</b>	<b>Pro rata Share of Direct Debt to Jurisdictions(2)</b>	<b>Overlapping Debt(3)</b>	<b>Total Direct and Overlapping Debt</b>
Hampstead	\$ 567,495,275	3.07%	9,889,140	\$ 3,617,099	\$ 13,506,239
Manchester	465,819,659	2.52%	8,117,346	1,714,239	9,831,585
Mt. Airy	856,955,223	4.63%	14,933,252	5,966,430	20,899,682
New Windsor	129,465,684	0.70%	2,256,061	-	2,256,061
Sykesville	401,776,611	2.17%	7,001,336	527,405	7,528,741
Taneytown	573,291,027	3.10%	9,990,136	15,203,038	25,193,174
Union Bridge	68,136,259	0.37%	1,187,338	1,279,837	2,467,175
Westminster	1,638,373,272	8.86%	28,550,197	17,814,841	46,365,038
Unincorporated areas	13,800,823,211	74.59%	240,492,340	-	240,492,340
<b>County-wide Totals</b>	<b>\$ 18,502,136,221</b>	<b>100.00%</b>	<b>\$ 322,417,146</b>	<b>\$ 46,122,889</b>	<b>\$ 368,540,035</b>

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**  
**Westminster, Maryland**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (\$ in thous.) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2008	174,249	\$ 6,944,986	\$ 41,147	28,261	3.80%
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	N/A	N/A	25,706	4.80%
2016	172,703	N/A	N/A	25,551	4.30%
2017	173,594	N/A	N/A	25,256	3.50%

Source: (1) Carroll County Department of Comprehensive Planning, June 2017. 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 2016-2017.

(4) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Major Employers**  
**Current Fiscal Year 2017 and Nine Years Ago**

**Table 16**

**2017**

<u>Firm</u>	<u>Product/Service</u>	<u>Total Employment *</u>	<u>Percentage of Total County Employment</u>
Board of Education of Carroll County **	Elementary and secondary school systems	3,363	5.82%
Carroll Hospital Center	General hospital	1,995	3.45%
Springfield Hospital Center	Mental health services	833	1.44%
Penguin Random House, Inc.	Book warehousing and distribution	755	1.31%
Integrace - Fairhaven	Retirement/Assisted Living	753	1.30%
McDaniel College	Higher education	800	1.38%
Carroll County Government***	Local government	631	1.09%
Carroll Community College	Higher education	660	1.14%
EVAPCO	Cooling Equipment Manufacturer	440	0.76%
Carroll Lutheran Village	Retirement/Assisted Living	425	0.74%
	Total	<u>10,655</u>	<u>18.43%</u>
	Annual Average Employment in Carroll County****	<u>57,783</u>	

**2008**

<u>Firm</u>	<u>Product/Service</u>	<u>Total Employment</u>	<u>Percentage of Total County Employment</u>
Board of Education of Carroll County **	Elementary and secondary school systems	3,689	6.53%
Carroll Hospital Center	General hospital	1,824	3.23%
Random House	Book warehousing and distribution	900	1.59%
Springfield Hospital Center	Mental health services	833	1.47%
Carroll County Government ***	Local government central office	668	1.18%
McDaniel College	Higher education	623	1.10%
Fairhaven (Episcopal Ministries)	Life care retirement community	603	1.07%
Jos. A. Bank Clothiers	Corporate HQ/ Distribution	527	0.93%
Carroll Community College	Higher education	509	0.90%
General Dynamics Robotic Systems	Technology Manufacturing	475	0.84%
	Total	<u>10,651</u>	<u>18.84%</u>
	Annual Average Employment in Carroll County	<u>56,526</u>	

- Notes: \* As of 2016 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 June 2016.

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  
Westminster, Maryland  
Full-Time County Employees by Function/  
Program  
Last Ten Fiscal Years**

**Table 17**

<u>Function/program</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>	<u>2008</u>
General Government										
County Commissioners										
Legislative	7	6	5	5	6	5	9	9	8	9
Public Information	-	-	-	-	-	-	-	2	2	2
* Farm Museum	-	-	-	-	-	-	-	7	9	10
* Building Construction	3	2	2	2	2	2	2	-	-	-
* Facilities	53	48	50	51	47	47	48	-	-	-
* Fleet	24	24	23	23	22	23	24	-	-	-
* Permits	23	23	22	22	22	22	22	-	-	-
* Airport Management	-	-	-	-	-	-	-	2	2	3
Judicial Services	76	74	70	68	68	68	69	73	75	73
County Attorney	10	9	10	11	12	10	10	10	10	10
Comptroller	32	34	34	33	34	34	34	35	36	37
Administrative Services										
Administrative Services- Admin	-	-	-	-	-	-	1	-	-	-
Human Resources and Personnel Svcs	14	12	11	12	13	12	13	13	16	17
Management Analysis	-	-	-	-	-	-	1	1	2	2
TV Production	2	2	2	2	2	2	2	2	1	1
Production & Distribution Svcs	3	3	3	3	3	3	3	3	3	3
Technology Services	31	30	29	27	27	25	25	25	25	27
Management and Budget	15	15	15	14	15	15	14	16	18	16
Land Use, Planning and Development	51	51	48	47	45	46	43	43	43	45
* General Services	-	-	-	-	-	-	-	103	118	127
Human Services	52	48	51	55	50	48	48	45	54	56
Public Safety										
Sheriff Services	241	245	249	253	242	230	211	204	209	197
Emergency Services	41	41	36	36	34	37	30	31	32	36
Public Works										
* Supervision & Administration	7	8	7	5	4	3	2	2	4	4
* Airport	2	1	1	1	1	1	1	-	-	-
Roads	101	104	100	101	101	100	99	97	105	112
* Engineering	19	19	18	18	19	18	19	20	22	23
Bureau of Utilities-Operations	33	31	32	31	32	33	33	32	33	34
Solid Waste-Operations	18	15	18	17	20	20	20	19	20	20
Transportation CTS	1	-	-	-	-	-	-	-	-	-
*Social Services	-	12	12	17	16	17	17	16	16	15
Education	1	1	1	1	1	1	1	1	1	1
*Culture and Recreation	24	26	26	25	32	31	31	22	27	27
Conservation of Natural Resources										
Soil Conservation Service	5	4	5	6	6	6	6	5	5	6
Economic Development										
Economic Development	6	6	8	7	6	6	6	6	7	7
BERC	11	9	9	9	9	9	9	10	8	8
* Tourism	8	8	8	8	1	1	1	1	2	2
Total Full Time Employee Totals	<u>914</u>	<u>911</u>	<u>905</u>	<u>910</u>	<u>892</u>	<u>875</u>	<u>854</u>	<u>855</u>	<u>913</u>	<u>930</u>
Part Time Employees	<u>7</u>	<u>7</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>8</u>	<u>12</u>	<u>14</u>
Total Employees	<u>921</u>	<u>918</u>	<u>910</u>	<u>915</u>	<u>898</u>	<u>880</u>	<u>859</u>	<u>863</u>	<u>925</u>	<u>944</u>

\* Denotes departments affected by reorganizations.

Source: Department of the Comptroller

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Operating Indicators by Function/Program**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Information</b>										
Population	173,594	172,703	171,702	170,643	169,519	168,570	167,929	167,134	174,909	174,249
Registered Voters	127,215	124,340	120,076	119,595	116,523	112,931	112,688	110,336	109,428	106,828
<b>General Government</b>										
Building Permits Issued for Residential	324	278	287	329	340	246	187	201	159	255
Estimated Value (\$ in thousands) Residential	\$ 59,769	\$ 49,644	\$ 53,298	\$ 54,620	\$ 56,305	\$ 40,741	\$ 31,803	\$ 32,699	\$ 26,308	\$ 44,316
Building Permits Issued for other purposes	2,271	2,452	2,082	1,681	1,775	1,826	1,828	1,745	1,908	2,534
Estimated Value (\$ in thousands) Other	\$ 67,487	\$ 81,606	\$ 90,926	\$ 70,835	\$ 80,519	\$ 71,994	\$ 66,314	\$ 52,397	\$ 108,861	\$ 177,729
<b>Fire and Emergency Service</b>										
Paid Firemen	354	120	120	120	120	120	120	115	115	112
Active Volunteers (estimated)	725	725	725	725	700	714	714	704	663	675
Dispatched Incidents	N/A	N/A	N/A	18,786	18,731	18,488	18,216	18,081	17,848	17,584
911 Calls Received	N/A	N/A	N/A	71,437	62,319	60,037	60,752	59,565	61,140	59,186
<b>Police Protection</b>										
Resident Troopers	-	-	-	-	15	30	46	46	46	46
Sheriff's Department	142	116	106	106	101	87	64	64	64	66
Citations/Warnings	20,302	23,460	25,195	23,410	19,579	16,940	16,551	15,845	17,805	14,802
911 Calls for Service	N/A	N/A	N/A	19,880	19,242	14,670	18,293	18,293	17,721	12,779
<b>Detention Center</b>										
Detention Center Officers	92	97	91	91	91	92	92	92	95	93
Total Prisoner Days	86,246	82,527	95,793	88,565	82,994	84,739	93,252	92,144	100,430	98,155
<b>Water</b>										
Daily Average Usage (mgd)	2.14	2.03	2.02	2.05	2.18	2.28	2.07	2.05	2.08	2.18
Plants Daily Capacity (mgd)	7.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39	3.39
Number of Customer Accounts	8,616	8,582	8,521	8,474	8,428	8,382	8,323	8,268	8,256	8,247
<b>Wastewater</b>										
Daily Average Usage (mgd)	2.57	2.65	2.89	2.64	2.63	2.86	2.83	2.71	2.59	2.95
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	9,204	9,166	9,107	9,040	8,995	8,953	8,891	8,844	8,816	8,793
<b>Solid Waste</b>										
Tons In	102,698	99,402	95,480	95,758	96,908	101,616	105,683	85,942	81,447	100,195
Tons Recycled	23,002	23,125	20,502	21,182	21,181	30,587	30,154	20,155	20,322	20,652
Tons into Landfill	21,480	5,097	13,100	17,271	12,840	12,809	13,588	11,576	12,370	14,051
Tons Transferred	81,217	94,304	82,380	78,487	84,068	87,153	91,306	74,364	69,078	86,144
<b>Education</b>										
Number of Teachers	2,017	2,199	2,128	2,152	2,154	2,163	2,198	2,209	2,251	2,209
Number of Students	25,256	25,551	25,706	26,153	26,506	26,937	27,201	27,524	27,745	28,261
<b>Community College</b>										
Full Time Equivalent Students (FTE's)	2,542	2,664	2,803	2,920	3,167	3,173	3,347	3,138	2,920	2,867
Faculty-Full Time	79	79	85	82	84	79	77	73	75	63
Faculty-Part Time	203	215	196	199	212	296	580	527	545	143
<b>Airport</b>										
Fuel Sales (gals)	297,820	276,020	252,457	329,762	270,784	279,664	304,837	255,099	280,319	471,700
Tie Downs Occupied	12	12	12	12	15	15	25	25	25	25
Corporate Hangars Occupied	7	7	7	7	7	7	7	6	6	6
T Hangars Occupied	82	82	82	82	82	82	82	82	82	82
<b>Libraries</b>										
Number of volumes (estimated)	640,583	603,439	600,018	555,600	557,220	548,749	570,742	552,892	551,376	517,239
Circulation	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	3,606,169
<b>Senior Centers</b>										
Outside Groups using facilities	3,082	2,731	2,381	2,280	1,998	2,007	3,213	2,516	2,922	3,156
Volunteer Hours performed at Centers	53,882	54,499	51,448	54,857	57,402	49,518	44,689	41,493	39,311	39,352
Meals Served	37,131	39,360	37,124	34,357	33,606	30,446	33,297	29,171	26,020	25,188
Seniors Attending Activities	311,517	310,949	295,793	273,041	274,588	271,716	241,749	243,226	159,518	129,635

N/A: Information is not available for the years indicated.

Source: Carroll County Government.



**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Table 19**  
**Capital Asset Statistics by Function/Program**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<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	993	915	905	903	899	896	896	893	891
Miles of Roads Unpaved	66	69	70	80	80	80	83	83	84	86
Number of Bridges	153	153	151	151	151	145	147	147	147	147
Acres in Agricultural Land Preservation	70,311	68,929	66,642	65,761	62,366	62,078	60,002	57,627	54,858	50,711
Fire and Emergency Service Stations		14	14	14	14	14	14	14	14	14
Detention Center Capacity	185	185	185	185	185	185	185	185	185	185
<b>Water</b>										
Water Mains (miles)	145	144	141	140	139	139	139	139	135	135
Treatment Plants	5	5	4	4	4	4	4	4	4	4
Water Tanks	7	7	6	6	6	6	6	6	6	6
<b>Wastewater</b>										
Sewer Mains (miles)	131	130	128	127	125	125	125	125	125	122
Treatment Plants	4	4	4	4	4	4	4	4	4	4
Pumping Stations	22	22	18	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)	31	32	32	32	32	32	31	29	28	27
Acreage	4,726	4,773	4,773	4,773	4,773	4,773	4,629	4,652	4,478	4,478
<b>Education</b>										
Elementary	22	23	23	23	23	23	23	23	23	23
Middle	8	9	9	9	9	9	9	9	9	9
High	7	8	8	8	8	8	8	8	8	7
Vocational technical	1	2	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)	2,100	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	52	52	52	52	52	52	52	52	52
Apron Area (acres)	146.0	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	5
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**  
**Westminster, Maryland**  
**Bureau of Utilities - Revenue and Expenses**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenue</b>										
Usage charges	\$ 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	\$ 7,305,990
Service charges	-	-	-	-	-	798	11,838	4,680	421	54,991
Penalties and interest	159,650	452,880	222,120	480,963	577,270	179,147	382,493	209,239	442,379	1,815,891
Operating transfer - County	204,490	189,350	199,420	193,390	202,790	199,511	(305,031)	200,200	206,980	629,850
Capital contributions (1)	300,231	887,006	482,614	775,916	1,008,491	335,174	523,776	426,563	75,395	855,655
Maintenance fee	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	1,427,782
Other	11,558	-	793	262,830	265,575	176,530	172,040	217,957	190,940	307,022
<b>Total revenue</b>	<b>12,734,415</b>	<b>13,356,394</b>	<b>12,600,424</b>	<b>12,441,427</b>	<b>12,185,180</b>	<b>10,647,778</b>	<b>10,670,765</b>	<b>10,111,653</b>	<b>9,672,326</b>	<b>12,397,181</b>
<b>Expenses</b>										
Salaries	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	2,241,162
Operating expenses	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	5,652,991
Depreciation	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	1,534,088
Interest	483,441	499,729	706,695	736,935	789,748	859,153	992,506	1,051,417	932,542	628,305
Other	-	55,584	-	-	-	-	-	-	-	-
<b>Total expense</b>	<b>12,071,589</b>	<b>11,600,209</b>	<b>11,046,657</b>	<b>11,328,410</b>	<b>10,801,048</b>	<b>11,090,468</b>	<b>11,890,461</b>	<b>10,489,645</b>	<b>8,169,257</b>	<b>10,056,546</b>
<b>Excess (deficiency) of revenue over (under) expense:</b>	<b>\$ 662,826</b>	<b>\$ 1,756,185</b>	<b>\$ 1,553,767</b>	<b>\$ 1,113,017</b>	<b>\$ 1,384,132</b>	<b>\$ (442,690)</b>	<b>\$ (1,219,696)</b>	<b>\$ (377,992)</b>	<b>\$ 1,503,069</b>	<b>\$ 2,340,635</b>

Note: (1) Adoption of GASB 33 requires all capital contributions be treated as revenue and presented separately within the financial statements.

Source: Carroll County Department of the Comptroller.

Table 21

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Solid Waste Fund - Revenue and Expenses**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenue</b>										
Charge for services	\$ 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	\$ 6,269,365
Penalties and interest	41,895	214,039	2,573	21,644	19,936	15,624	14,773	211,945	302,752	447,743
Proceeds from sales of recyclables	204,922	123,621	317,760	546,110	628,089	596,322	591,880	461,818	391,872	340,424
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	4,860	2,700	476,079	265,732	256,367	186,955	186,399	10,519	8,775	17,107
Operating transfer - County	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	2,645,000
<b>Total revenue</b>	<b>9,538,152</b>	<b>9,015,936</b>	<b>6,945,264</b>	<b>7,811,143</b>	<b>13,593,490</b>	<b>9,995,200</b>	<b>10,051,094</b>	<b>8,715,572</b>	<b>9,381,995</b>	<b>9,719,639</b>
<b>Expense</b>										
Salaries	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	1,387,457
Operating expenses	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	5,817,255
Depreciation	605,529	551,842	577,666	564,037	585,096	621,723	615,658	472,313	266,818	203,133
Interest	46,408	55,038	93,541	100,662	123,644	124,285	156,480	202,701	224,027	241,073
<b>Total expense</b>	<b>8,831,095</b>	<b>9,996,571</b>	<b>9,550,819</b>	<b>6,319,530</b>	<b>12,108,283</b>	<b>8,727,891</b>	<b>8,830,209</b>	<b>8,961,015</b>	<b>7,487,843</b>	<b>7,648,918</b>
<b>Excess (deficiency) of revenue over expense</b>	<b>\$ 707,057</b>	<b>\$ (980,635)</b>	<b>\$ (2,605,555)</b>	<b>\$ 1,491,613</b>	<b>\$ 1,485,207</b>	<b>\$ 1,267,309</b>	<b>\$ 1,220,885</b>	<b>\$ (245,443)</b>	<b>\$ 1,894,152</b>	<b>\$ 2,070,721</b>
Tipping Fee per ton	\$ 64.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 60.00	\$ 58.00	\$ 76.00	\$ 61.00

Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Airport Fund - Revenue and Expenses**  
**Last Ten Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenue</b>										
Rent	\$ 717,604	\$ 694,754	\$ 667,119	\$ 638,096	\$ 586,247	\$ 588,932	\$ 611,167	\$ 462,981	\$ 470,011	\$ 495,278
Fuel sales	74,455	69,005	60,589	75,846	63,270	61,685	64,016	53,570	197,646	1,715,510
Capital contributions (1)	189,422	179,130	25,000	186,719	434,316	233,646	111,220	48,969	460,454	91,598
Capital contributions-County	-	30,000	-	-	-	-	-	-	-	-
Land sale	-	5,632	902	-	-	-	-	-	-	-
Operating transfer-County	-	-	-	-	2,000,000	-	-	-	40,000	40,000
Other	13,179	318	592	9,009	55	43	691	2,030	3,601	11,222
<b>Total revenue</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>	<b>2,353,608</b>
<b>Expenses</b>										
Salaries	248,404	235,452	198,133	200,002	199,851	188,612	212,539	247,203	256,173	236,788
Operating expenses	162,834	158,637	175,804	153,102	216,549	1,312,582	124,103	308,329	267,209	2,359,958
Operating expenses-capital (2)	273,626	204,719	120,000	194,565	5,438	-	15,892	-	-	255,400
Interest	39,899	48,478	65,301	70,822	78,281	84,437	93,960	104,350	113,327	122,044
Depreciation	176,283	175,761	174,578	182,320	188,935	183,140	171,551	169,729	140,983	123,428
<b>Total expense</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>	<b>3,097,618</b>
<b>Excess (deficiency) of revenue over expense:</b>	<b>\$ 93,614</b>	<b>\$ 155,792</b>	<b>\$ 20,386</b>	<b>\$ 108,859</b>	<b>\$ 2,394,834</b>	<b>\$ (884,465)</b>	<b>\$ 169,049</b>	<b>\$ (262,061)</b>	<b>\$ 394,020</b>	<b>\$ (744,010)</b>

(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.

Note: (1) Adoption of GASB 33 requires all capital contributions be treated as revenue and presented separately within the financial statements.  
Source: Carroll County Department of the Comptroller.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**  
**Westminster, Maryland**  
**Retired Members of the Carroll County Pension Plan by Type of Benefit**  
**As of June 30, 2017**

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Unmod	A	B	C	D	E	
Deferred	183											
\$ 1 - \$250	74	67	7	0	0	29	8	13	19	3	2	
251 - 500	99	86	7	6	0	23	13	15	31	3	14	
501 - 750	53	46	7			16	9	13	10	1	4	
751 - 1000	22	17	5	0	0	8	2	2	3	2	5	
Over 1,000	21	19	2	0	0	3	6	1	7	3	0	

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**  
**Westminster, 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
<b>Period 7/1/07 to 6/30/08</b>						
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	-
<b>Period 7/1/08 to 6/30/09</b>						
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	-
<b>Period 7/1/09 to 6/30/10</b>						
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
<b>Period 7/1/10 to 6/30/11</b>						
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
<b>Period 7/1/11 to 6/30/12</b>						
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
<b>Period 7/1/12 to 6/30/13</b>						
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
<b>Period 7/1/13 to 6/30/14</b>						
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
<b>Period 7/1/14 to 6/30/15</b>						
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
<b>Period 7/1/15 to 6/30/16</b>						
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
<b>Period 7/1/16 to 6/30/17</b>						
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

Source: Department of Human Resources.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY**

**Westminster, Maryland  
Retired Members of the Carroll County Certified Law Officers Pension Plan  
by Type of Benefit  
As of June 30, 2017**

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Life Ann. Unmod	Cash Ref A	10 Yr. Cert. B	Option Selected					
		1	2	3	4				J&C 100% C	J&C 75% D	J&C 50% E			
Deferred	0													
\$ 1 - \$250	0	0	0	0	0	0	0	0	0	0	0	0	0	0
251 - 500	1	1	0	0	0	0	0	0	0	1	0	0	0	0
501 - 750	1	1	0	0	0	0	0	0	0	1	0	0	0	0
751 - 1000	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Over 1,000	10	10	0	0	0	1	1	2	2	2	2	2	2	2

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  
Westminster, Maryland  
Carroll County Certified Law Officer's Pension  
Average Benefit Payments  
Last Six Fiscal Years**

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

Carroll County Certified Law Officer's Pension was established during fiscal year 2010.

Source: Department of Human Resources.





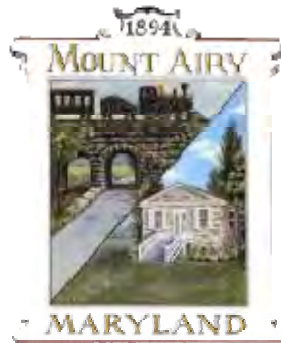
Main Street Sykesville, MD before the fire in the 1930's.



Main Street Sykesville, MD now.



# Single Audit Section



Mt. Airy, MD Main Street 1953



Mt. Airy, MD now.

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, 2017, 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 December 11, 2017. The County's financial statements include the operations of the Carroll Community College, the Board of Education of Carroll County, the Industrial Development Authority of Carroll County, and the Carroll County Public Library for the year ended June 30, 2017. Our audit described below did not include operations of these entities as they are engaged under separate audits in accordance with *Government Auditing Standards*.

### **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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002 that we consider to be material weaknesses.

### **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.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Baltimore, Maryland  
December 11, 2017

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, 2017. 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.

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.

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, 2017, 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, 2017. 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.

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, 2017.

## 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-003 that we consider to be a material weakness.

Carroll County, Maryland's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Carroll County, Maryland's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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  
December 11, 2017

The County Commissioners of Carroll County

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Program Title	Federal CFDA Number	Pass-through to Subrecipients	Expenditures
<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 FY16	14.871	\$ -	\$ 316
HUD Housing FY17	14.871	-	5,070,011
HUD Housing Admin FY17	14.871	-	428,177
HUD Housing Admin FY18	14.871	-	653
Total Section 8 Housing Choice Voucher Cluster (14.871 / 14.879)		-	5,499,157
Continuum of Care FFY16	14.267	-	2,351
Continuum of Care FY17	14.267	-	6,599
Family Self-Sufficiency FY17	14.896	-	49,570
<b>Total U.S. Department of Housing and Urban Development Section 8 Grants</b>		<b>-</b>	<b>5,557,677</b>
<b>U.S. Department of Housing &amp; Community Development</b>			
Passed Through Maryland Department of Community Development			
Emergency Solutions FY15	14.231	46,306	46,306
Emergency Solutions FY16	14.231	18,544	18,544
CDBG-Respite Inn FY17	14.228	178,560	178,560
ARC-CDBG FY17	14.228	80,647	80,647
<b>Total U.S. Department of Housing and Community Development</b>		<b>324,057</b>	<b>324,057</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 FY16	17.258	-	207,447
BERC-Title I Adult FY17	17.258	-	3,099
BERC-Title I Disc Worker FY16	17.278	-	553,853
BERC-Title I Disc Worker FY17	17.278	-	593
BERC-Youth FY16	17.259	-	139,004
BERC-Youth FY17	17.259	-	904
BERC-Admin FY16	17.258	-	32,434
BERC-Admin FY16	17.278	-	11,743
BERC-Admin FY16	17.259	-	11,743
BERC-Admin FY17	17.258	-	671
BERC-Admin FY17	17.278	-	243
BERC-Admin FY17	17.259	-	243
BERC-WEX FY16	17.259	-	4,316
Passed Through Maryland Department of Education			
Economically Disadvantaged Youth FY10	17.259	-	2,261
Total WIA Cluster (17.258 / 17.259 / 17.278)		-	968,554
<b>Total U.S. Department of Labor</b>		<b>-</b>	<b>968,554</b>

The County Commissioners of Carroll County

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

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 FY16	93.044	-	61
Title III, Part B FY17	93.044	-	176,519
Title III, Part C-1 Congregate Meals FY16	93.045	-	7,079
Title III, Part C-1 Congregate Meals FY17	93.045	-	126,699
Title III, Part C-2 Home Delivered Meals FY16	93.045	-	22,860
Title III, Part C-2 Home Delivered Meals FY17	93.045	-	36,723
Nutritional Svc Incentive FY17	93.053	-	35,493
<b>Total Aging Cluster (93.044 / 93.045 / 93.053)</b>		-	<b>405,434</b>
Title III, Part D FY17	93.043	-	3,685
Title III, Part E FY16	93.052	-	16,311
Title III, Part E FY17	93.052	-	47,033
Ombudsman FY16	93.042	-	6,409
Ombudsman FY17	93.042	-	13,055
Title VII, Part 3 Elder Abuse FY17	93.041	-	3,750
SMPOOA FY17	93.048	-	3,878
SHIP FY17	93.324	-	7,888
MIPPA FY16	93.071	-	2,294
MIPPA FY17	93.071	-	7,191
SHIP FY18	93.324	-	5,000
Passed Through Maryland State Department of Human Resources			
Circuit Ct Child Support FY16	93.563	-	8,061
St Atty Child Support FY16	93.563	-	2,994
Circuit Ct Child Support FY17	93.563	-	15,232
Sheriff Child Support FY16	93.563	-	24,384
Sheriff Child Support FY17	93.563	-	78,771
Safe & Stable FY17	93.556	125,824	125,824
Sheriff CCAIC Training Enhance FY16	93.643	-	1,448
<b>Cluster (15.025/ 15.026 / 15.113 / 15.114 / 15.130 / 17.265 / 93.558 / 93.569 / 93.575 / 93.594 / 93.596)</b>		-	
Family Preservation FY17	93.558	356,250	356,250
<b>Total Cluster (15.025/ 15.026 / 15.113 / 15.114 / 15.130 / 17.265 / 93.558 / 93.569 / 93.575 / 93.594 / 93.596)</b>		<b>356,250</b>	<b>356,250</b>
Passed Through Maryland Department of Health & Mental Hygiene			
Family Blossom IV-E FFY16	93.658	-	11,515
Legal Services FY17	93.658	-	39,026
<b>(Cluster 93.775 / 93.777 / 93.778)</b>			
MA Waiver FY17	93.778	-	210,142
MFP FY17	93.778	-	10,450
Passed Through Maryland Office on Aging			
Federal Financial Participation FY17	93.778	-	157,380
<b>Total Cluster 93.775 / 93.777 / 93.778</b>		-	<b>377,972</b>
<b>Total U.S. Department of Health and Human Services</b>		<b>482,074</b>	<b>1,563,405</b>
<b>U.S. Veterans Administration</b>			
Passed Through Maryland Office On Aging			
Veterans Directed Home FY17	64.022	-	20,460
<b>Total U.S. Veterans Administration</b>		-	<b>20,460</b>

The County Commissioners of Carroll County

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Program Title	Federal CFDA Number	Pass-through to Subrecipients	Expenditures
<b>U.S. Department of Transportation</b>			
Passed Through Maryland State Highway Administration			
Cluster 20.205 / 20.219 / 20.224 / 23.003			
Sheriff Highway Safety FY16	20.205	-	7,719
White Rock Road over Piney Run	20.205	-	547,372
MD 32 Sidewalk	20.205	-	20,766
Finksburg Industrial Park	20.205	-	760,708
Total cluster 20.205 / 20.219 / 20.224 / 23.003		-	1,336,565
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	-	7,000
Sheriff Highway Safety FY16	20.600	-	11,578
Sheriff Highway Safety FY17	20.616	-	5,792
Total cluster 20.600 / 20.601 / 20.602 / 20.609 / 20.610 / 20.611 / 20.612 / 20.613 / 20.616		-	24,370
Cluster 20.500 / 20.507 / 20.525 / 20.526			
Section 5307 FY17	20.507	-	296,622
Section 5311 Capital FY17	20.507	-	510,026
Section 5311 Capital FY14	20.507	-	194,053
Section 5311 Capital FY15	20.507	-	292,963
CTS Vehicle Auction	20.507	-	3,590
Total cluster 20.500 / 20.507 / 20.525 / 20.526		-	1,297,254
Motor carrier Safety Asst FY16	20.218	-	5,391
Motor carrier Safety Asst FY17	20.218	-	13,531
Section 5311 FY17	20.509	-	100,119
Older Driver FY16	20.614	-	198
UPWP FY16	20.505	-	14,820
HMEP FY15	20.703	-	6,337
UPWP FY15	20.505	-	34,668
UPWP FY17	20.505	-	46,744
Hazmat FY17	20.703	-	13,100
<b>Total U.S. Department of Transportation</b>		-	<b>2,893,097</b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Maryland Emergency Management Administration			
Emergency Planners	97.067	-	(1,784)
UASI-Hazmat	97.067	-	(71)
Emer Notification System Software	97.067	-	1,455
SHSP HST FFY15	97.067	-	35,515
UASI FFY15 Emg Planners	97.067	-	118,090
SHSP RESP FFY15	97.067	-	22,722
SHSP EOC FFY15	97.067	-	420
UASI LAW FFY15	97.067	-	50,617
UASI HAZM FFY15	97.067	-	9,843
UASI-MCCV FFY15	97.067	-	1,859
UASI-MCS FFY15	97.067	-	8,630
SHSP Respond to all Hazard events FFY16	97.067	-	4,142
UASI- Regional Em Planners FFY16	97.067	-	33,019
SHSP EOC FFY16	97.067	-	4,999
SHSP Homeland Sec Train FFY16	97.067	-	35,000
UASI ENS FFY16	97.067	-	20,000
UASI-Mobile Command Vehicle FFY16	97.067	-	8,250
UASI-CBRNE FFY16	97.067	-	8,077
Drug Disposal FY16	93.959	-	102
Immigration & Custom Enforcement (ICE)	16.590	-	4,074
Emergency Mgmt Preparedness	97.042	-	109,077
FEMA Reimbursement-2016 Snowstorm	97.036	-	786,250
<b>Total U.S. Department of Homeland Security</b>		-	<b>1,260,286</b>



**The County Commissioners of Carroll County**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017**

Federal Grantor/Program Title	Federal CFDA Number	Pass-through to Subrecipients	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed Through Maryland Department of Human Resources			
ABAWD FY16	10.561	-	33,860
ABAWD FY17	10.561	-	25,711
		<u>-</u>	<u>59,571</u>
<b>Total U.S. Department of Agriculture</b>			
<b>U.S. Department of Justice</b>			
Passed Through The Governor's Office of Crime Control and Prevention			
Drug Task Force-State's Atty	16.922	-	13,312
DOJ Joint Law Enforcement Ops	16.111	-	9,760
DOJ Joint Law Enforcement FFY17	16.111	-	6,048
VAWA FY16 State's Atty	16.588	-	13,863
VAWA FY16 Sheriff	16.588	-	5,000
VAWA FY 17 State's Atty	16.588	-	49,378
NNCAC FY17	16.758	-	5,822
VAWA FY17 Sheriff	16.588	-	14,852
Adult Drug Ct FY17 Circuit Ct	16.738	-	2,600
		<u>-</u>	<u>120,635</u>
<b>Total of U.S. Department of Justice</b>			
<b>Executive Office of the President</b>			
Passed Through Mercyhurst Univeristy			
HIDTA CY16	95.001	-	114,637
HIDTA CY17	95.001	-	32,281
		<u>-</u>	<u>146,918</u>
<b>Total Executive Office of the President</b>			
<b>U.S. Department of Education</b>			
Passed Through Maryland Department of Education			
DORS Program FY17	84.126	-	34,311
		<u>-</u>	<u>34,311</u>
<b>Total U.S. Department of Education</b>			
<b>Environmental Protection Agency</b>			
Passed Through National Fish and Wildlife Foundation			
Carroll County Maintenance Pond	66.466	-	222,867
Passed Through Maryland Department of Natural Resources			
Carroll County Farm Museum ESD	66.466	-	119,366
		<u>-</u>	<u>342,233</u>
<b>Federal Aviation Administration</b>			
Direct - Airport Improvement Program:			
Master Plan Updated AIP30	20.106	-	44,868
Land Services AIP31	20.106	-	105,133
		<u>-</u>	<u>150,001</u>
<b>Total Federal Aviation Administration</b>			
<b>Total Federal Programs</b>		<b>\$ 806,131</b>	<b>\$ 13,441,205</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, 2017**

**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, 2017. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 for State, Local and Indian Tribal Governments or 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 - Prior year expenditures included on the schedule**

Due to the timing and approval of reimbursement of certain FEMA grants, the expenditures included with CFDA #97.036 in the amount of \$786,250 were expended in a prior year but included on the current year schedule due to FEMA approval of the costs during the current year.

**The County Commissioners of Carroll County**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

**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?      X   Yes                           No

Significant deficiency (ies) identified?           Yes                      X   None Reported

Noncompliance material to financial statements noted?           Yes                      X   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?      X   Yes                           No

Significant deficiency(ies) identified?           Yes                      X   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                      X   No

**Identification of Major Programs**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Fiscal Year 6/30/2017 Expenditures</u>
Housing Choice Voucher Cluster	14.871 / 14.879	\$ 5,499,157
	20.202 / 20.219 / 20.224 /	
Highway Planning and Construction Cluster	23.003	\$ 1,336,565
	20.500 / 20.507 / 20.525 /	
Federal Transit Formula Grants Cluster	20.526	\$ 1,297,254
Disaster Grants - Public Assistance	97.036	\$ 786,250

Auditee qualified as a low-risk auditee?                           Yes                      X   No

**The County Commissioners of Carroll County**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

**II. Financial Statement Findings**

**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 ("GASB").

**Cause**

The errors related to classification of assets (when placed in service) were due to a lack of consistent, documented control processes surrounding the status of capital projects being completed by the County. The employees responsible for carrying out the projects is segregated from the financial reporting process and the procedures in place to communicate project status is not consistent and thorough.

The errors related to the misstatement of donated assets is due to a misapplication of measurement criteria related to donated assets. The County's does not have a documented process for how to consider a donation from a component unit (different than a donation from an outside party).

**Effect**

The errors led to misclassification of material amounts of capital assets as well as overstated assets donated from component units. These misstatements were corrected during the audit process.

**Recommendations**

We recommend that the County update its formal documentation surrounding its procedures pertaining to capital assets. The documentation should identify policy and procedures related to all typical major transactions, such as but not limited to asset acquisitions, dispositions (sale, loss, etc.), received donations and determining service lives and placed-in-service dates. The policies should include procedures that are documented in a fashion that they can be reperformed and should be reviewed within COSO/Internal Control Framework.

**The County Commissioners of Carroll County**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

**Views of the Responsible Officials and Corrective Action Plan**

Procedures have been put in place to meet with various departments to review the status of all CIP projects before the close of the year to make sure assets are properly recorded.

During FY17 was the first occurrence where assets were being returned to the primary government from a component unit. The correction was made as soon as we were notified of the error. Procedures have been written on how to handle component unit transfers of assets going forward.

**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").

**Cause**

The errors related to timing of revenue recognition related to cost-reimbursement grants. There were Federal and State-sourced cost-reimbursed grants related to the Airport Fund for which the County incurred expenses and did not record revenue for the portion that was sourced by the grant. Grants in the County's enterprise funds are not typical and are not given the same scrutiny and review as those in the Grant Fund.

**Effect**

The errors led to underrecognized revenue and assets that were material to the Airport Fund. The misstatement was corrected during the audit process.

**Recommendations**

We recommend that the County update its formal documentation surrounding its procedures pertaining to grants. The policies and procedures should include a formal review process by a designated finance department employee with the proper subject matter expertise to help overcome the fact that grant administration is decentralized at the County. The process should include documentation of the procedures that are put in place so that the review can be reperfomed.

**The County Commissioners of Carroll County**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017**

**Views of the Responsible Officials and Corrective Action Plan**

Many discussions were held at year end on the proper revenue recognition. Adjustments were made to revenue recognition as soon as they were brought to our attention. Procedures are in place to correctly record the FAA grants moving forward and to review grants recorded in the enterprise funds.

**III. Major Federal Award Findings and Questioned Costs**

**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.

**Cause**

The controls in place were unable to prevent adjustments to expenditures, detection of incorrect CFDA numbers and proper cluster reporting.

**Effect**

The SEFA expenditure amounts were misstated, the SEFA included incorrect CFDA numbers and was not properly clustered.

**Recommendations**

We recommend that the County enhance controls to ensure that the SEFA provided is complete, accurate and properly clustered.

**Views of the Responsible Officials and Corrective Action Plan**

All adjustments were made as soon as we found out about any incorrect expenditures or improper cluster groupings. The retirement of the staff member with experience and responsibility for preparing the SEFA occurred two months before year end. Replacement employee was hired after year end and the priority will be to learn the Uniform Guidance Requirements related to federal awards. A request for the addition of a grant accountant position will be considered in the upcoming budget process.

The County Commissioners of Carroll County

Schedule of Prior Year Audit Findings  
Year Ended June 30, 2017

**Finding No. 2016 - 001**

**Material Weakness**

**Condition/Context**

The June 30, 2016, financial statements of the County reflect prior period adjustments pertaining to improper recording of revenue in the below- listed governmental funds and governmental activities. The effect of the adjustments is summarized below.

Grants Fund	Increase fund balance by \$1,770,272.
Capital Fund	Increase fund balance by \$655,477 and an unrelated offsetting decrease of fund balance by \$303,003.
General Fund	Increase of fund balance of \$244,767.

The above adjustments to governmental funds of \$2,367,513 also increase net position of the governmental activities by that amount.

**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 all findings noted.

**Finding No. 2016 - 002**

**Material Weakness**

**Condition/Context**

There were prior period adjustments related to improper fund classification. The effect of the adjustments to the following governmental funds and governmental activities is summarized below.

**The County Commissioners of Carroll County**

**Schedule of Prior Year Audit Findings  
Year Ended June 30, 2017**

Agricultural Transfer Fund	Decrease fund balance by \$481,181 for activities that did not qualify as a special revenue fund.
Impact Fee Fund	Decrease fund balance by \$467,479 for activities that did not qualify as a special revenue fund.
Capital Fund	Increase fund balance by \$481,181 related to the agricultural transfer tax noted above. The \$467,479 related to the impact fees should have been reported as unearned revenue resulting in no charge to fund balance.
Agency Fund	Decrease in Assets and Liabilities of \$396,876 for balances that did not qualify as an agency fund. This is now properly accounted for within the general 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 all findings noted.





Department of the Comptroller  
Carroll County Government  
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