

Carroll County, Maryland

Comprehensive Annual Financial Report



For the Fiscal Year Ended
June 30, 2016

Comprehensive Annual Financial Report

For The Fiscal Year Ended
June 30, 2016

Department of the Comptroller
Carroll County, Maryland

Robert M. Burk, Comptroller



Introductory Section



Barn Quilt Trail. Pictured at top: Sheaf of Wheat located at Mayberry Mill in Westminster. Bottom picture: Wedding Ring at the About Tyme Farm in Westminster. These are just 2 of the 22 barn quilts located throughout Carroll County.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

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

December 22, 2016

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, 2016.

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, 2016, 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 235.

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 2016 population estimate of 172,703. 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 179.

Local Economy:

Local indicators show the continued stability of Carroll County. The unemployment rate for Carroll County was at 3.8% in August 2016, compared to 5.3% nationally. This is a result of the gradual continuing economic recovery. Carroll County still maintains a mix of manufacturing, industrial, and service businesses that when joined with the strong agri-business, provides for a stable business climate. The top 10 employers in the County show the diversity as it contains the County Government, County Board of Education, two hospitals, a

retirement community, two colleges, a warehouse and distribution business, a manufacturer, and a clothing manufacturer. Included in these employers are companies like Penguin Random House, Evapco, and Jos. A. Bank Clothiers.

The County has a labor force of approximately 94,436 as of August 2016, which was a decrease of 1.4% 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 2016, 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 2016, 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 2016, 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 5 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 5 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 5% of the upcoming fiscal year adopted general fund budget to be available to meet unforeseen emergency situations.

Operating Budget:

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

Capital Projects:

The County Commissioners six-year Community Investment Plan is focused on maintaining existing infrastructure. The six-year program includes \$23 million to continue the County's efforts in purchasing agriculture land preservation easements, \$22.5 million for watershed assessment and improvements, \$60 million to build a new Career and Technology Center, and \$71.5 million in road improvements for projects like several connector roads to relieve congestion in areas of growth.

The program also includes \$18.3 million for upgrading to enhanced nutrient removal for the Hampstead Waste Water Treatment Plant, with the funding being collected by way of connection fees and an annual assessment on current and future users. A \$13 million project is included 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. The County continues the process of transitioning the 800 MHz radio system from its existing analog infrastructure to a new digital infrastructure. As of June 30, 2016, 68,929 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 American Funds 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 31 consecutive years (fiscal years 1985-2015). 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.

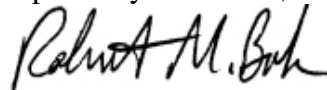
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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**

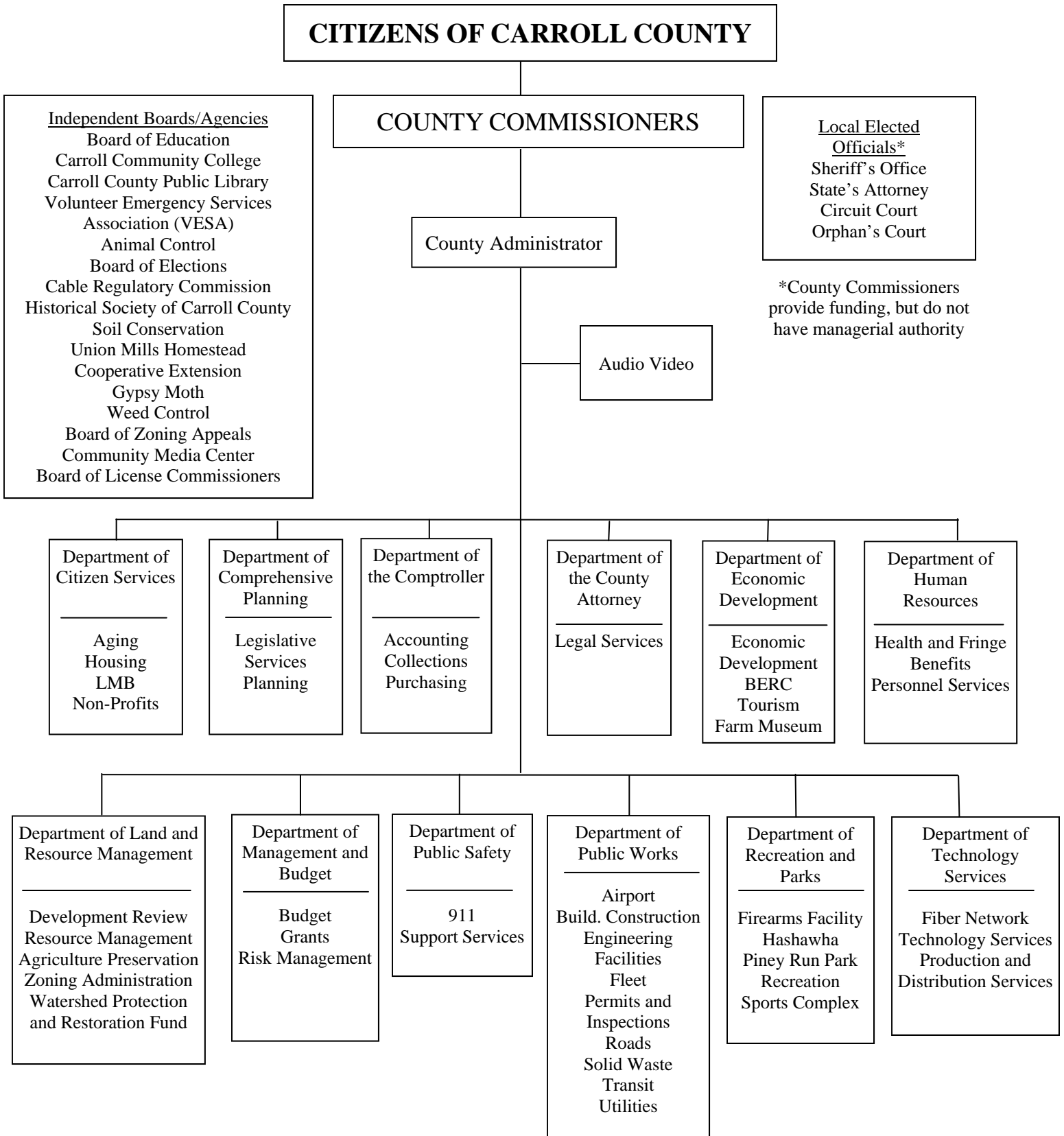
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

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

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



Stephen Wantz
President
District 1



Richard Weaver
Vice President
District 2



Dennis Frazier
Secretary
District 3



Richard Rothschild
District 4



J. Douglas Howard
District 5

Financial

Section



Civil War Expo held at the Carroll County Farm Museum



Independent Auditor's Report

To the County Commissioners of Carroll County
Westminster, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Maryland (the County), as of and for the year ended June 30, 2016, 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 94.8 percent, 96.6 percent, and 99.2 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 report 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, 2016, 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

Correction of Error

As fully described in Note 1 to the financial statements, certain errors were noted which resulted in the restatement of prior year balances. Our opinion is not modified with respect to that matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and on pages 16 - 29, the schedules of net pension liability and related ratios, contributions and investment returns and other post-employment benefit funding progress and employer contributions on pages 159 - 170 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 ("CFR") 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 statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other

auditors. In our opinion, based on our audit, the procedures performed as described above, and the report 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 22, 2016, 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 22, 2016

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. 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, 2016 by \$302,570,690 (total net position), compared to \$291,175,051 at June 30, 2015, as restated. For fiscal year ended June 30, 2016, total net position was net of the \$47,726,233 deficit in 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, 2016, \$28,752,451 was restricted for specific purpose (restricted net position) in comparison to \$27,429,357, at June 30, 2015. The total net investment in capital assets was \$321,544,472 at June 30, 2016, compared to \$330,143,235 at June 30, 2015.
- The total net position increased by \$11,395,639 or 4%.

Fund level:

- At the close of the fiscal year, unassigned fund balance for the general fund (primary operating fund) was \$10,840,140 or 2.93% of general fund revenues.
- As of June 30, 2016, the County's governmental funds reported combined fund balances of \$146,497,673, an increase of \$9,710,059 from the prior year. Approximately 7.4 percent of the combined fund balance is available to meet the County's current and future needs (*unassigned*), 33.1 percent 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, 41.3 percent is committed or restricted for future use, stabilization arrangement, restricted investments and other purposes, and 18.2 percent 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 increased by \$102,950, or .03% from fiscal year 2015. For fiscal year 2016, the County paid an average interest rate of 4.25%.

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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: Carroll County Board of Education, 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

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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 179 to 185 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 186 to 188 of this report.

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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 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 158 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 159 to 171.

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 \$302,570,690 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 \$36,637,182 reflect the imbalance of liabilities without corresponding assets.

Restricted net position of \$28,752,451 represents 9.5 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 \$47,726,233.

During fiscal year 2016, the County's net position increased by \$11,395,639. The increases in income tax along with the increase in investment earnings were contributing factors to the increase in net position. Another factor for the increase was due to the real property assessments increasing which increase the amount of property tax.

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Carroll County Government's Net Position

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2016	Restated as of June 30, 2015*	June 30, 2016	June 30, 2015	June 30, 2016	Restated as of June 30, 2015*
Current assets	\$ 197,536,576	\$ 188,975,841	\$ 27,526,082	\$ 31,653,269	\$ 225,062,658	\$ 220,629,110
Non-current assets	29,496,149	25,979,899	-	-	29,496,149	25,979,899
Capital assets	386,410,906	384,199,871	131,141,359	128,885,883	517,552,265	513,085,754
Total assets	613,443,631	599,155,611	158,667,441	160,539,152	772,111,072	759,694,763
Deferred outflows	15,771,164	11,859,208	227,270	(29,155)	15,998,434	11,830,053
Total assets and deferred outflows	629,214,795	611,014,819	158,894,711	160,509,997	788,109,506	771,524,816
Current liabilities	88,396,637	90,048,958	6,298,581	7,051,014	94,695,218	97,099,972
Non-current liabilities	362,672,708	355,725,907	26,143,046	28,060,402	388,815,754	383,786,309
Total liabilities	451,069,345	445,774,865	32,441,627	35,111,416	483,510,972	480,886,281
Deferred inflows	1,653,649	529,864	374,195	-	2,027,844	529,864
Total liabilities and deferred inflows	452,722,994	446,304,729	32,815,822	35,111,416	485,538,816	481,416,145
Net position:						
Net investment in						
capital assets	204,983,963	218,185,521	116,560,509	111,957,714	321,544,472	330,143,235
Restricted	8,145,020	1,765,563	20,607,431	25,663,794	28,752,451	27,429,357
Unrestricted	(36,637,182)	(54,174,614)	(11,089,051)	(12,222,927)	(47,726,233)	(66,397,541)
Total net position	\$ 176,491,801	\$ 165,776,470	\$ 126,078,889	\$ 125,398,581	\$ 302,570,690	\$ 291,175,051

*The 2015 amounts have been restated to reclassify Agency Funds to the General Fund, restate beginning fund balance for Grants, and move Agricultural Transfer Tax and Impact Fees from Special Revenue Funds to the Capital Fund. Refer to Note 1.

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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

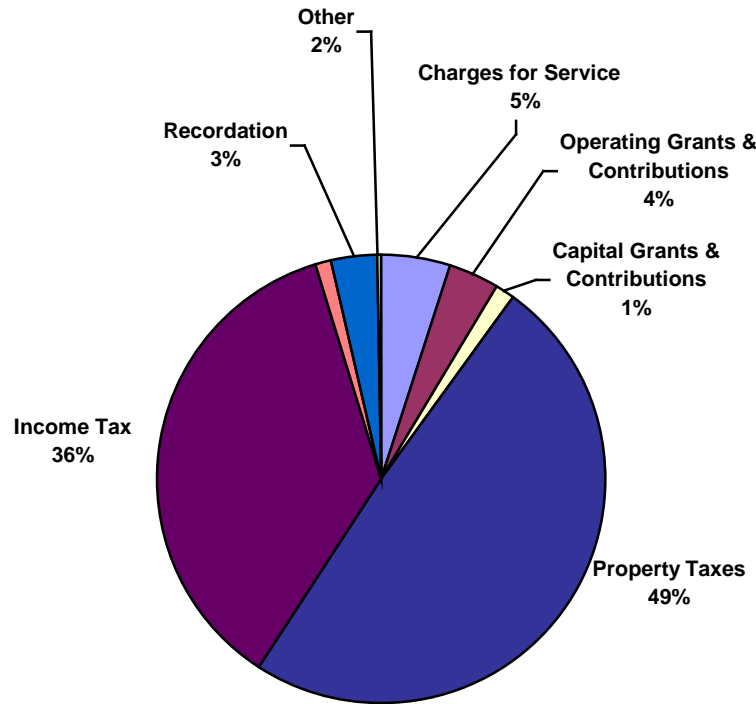
	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2016	June 30, 2015*	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015*
Revenues:						
Program revenues:						
Charges for services	\$ 19,938,435	\$ 21,593,325	\$ 18,851,827	\$ 18,735,993	\$ 38,790,262	\$ 40,329,318
Operating grants & contributions	14,740,101	16,502,681	-	-	14,740,101	16,502,681
Capital grants & contributions	5,339,545	7,396,017	2,581,093	1,970,091	7,920,638	9,366,108
General revenues:						
Property taxes	199,281,166	195,465,262	-	-	199,281,166	195,465,262
Income tax	146,049,675	144,994,220	-	-	146,049,675	144,994,220
Recordation tax	14,093,918	11,888,637	-	-	14,093,918	11,888,637
Admission & amusement tax	387,725	353,937	-	-	387,725	353,937
Agricultural transfer tax	143,429	59,558	-	-	143,429	59,558
Hotel rental tax	315,319	284,101	-	-	315,319	284,101
Investment earnings	4,171,190	2,068,767	672,988	404,594	4,844,178	2,473,361
Gain on sale of capital asset	-	-	18,063	1,695	18,063	1,695
Total Revenues	404,460,503	400,606,505	22,123,971	21,112,373	426,584,474	421,718,878
Program Expenses:						
General government	41,378,683	49,409,874	-	-	41,378,683	49,409,874
Public safety	45,677,379	43,979,786	-	-	45,677,379	43,979,786
Public works	31,583,099	38,511,223	-	-	31,583,099	38,511,223
Health	4,400,381	4,280,644	-	-	4,400,381	4,280,644
Human services	14,032,995	6,875,694	-	-	14,032,995	6,875,694
Education	196,452,853	191,534,142	-	-	196,452,853	191,534,142
Culture and recreation	4,992,787	4,637,178	-	-	4,992,787	4,637,178
Libraries	14,452,299	14,145,909	-	-	14,452,299	14,145,909
Conservation of natural resources	12,140,369	8,936,174	-	-	12,140,369	8,936,174
Economic development	4,234,039	4,822,656	-	-	4,234,039	4,822,656
Judicial	8,670,838	7,283,903	-	-	8,670,838	7,283,903
Interest on long-term debt	12,894,133	11,851,872	-	-	12,894,133	11,851,872
Bureau of Utilities	-	-	11,600,209	11,046,657	11,600,209	11,046,657
Solid Waste	-	-	9,996,571	9,550,820	9,996,571	9,550,820
Airport	-	-	823,047	733,816	823,047	733,816
Septage	-	-	629,136	604,130	629,136	604,130
Firearms	-	-	113,399	106,373	113,399	106,373
Fiber Network	-	-	1,116,618	1,230,506	1,116,618	1,230,506
Total Expenses	390,909,855	386,269,055	24,278,980	23,272,302	415,188,835	409,541,357
Excess (deficiency) before transfers	13,550,648	14,337,450	(2,155,009)	(2,159,929)	11,395,639	12,177,521
Transfers	(2,835,317)	(325,053)	2,835,317	325,053	-	-
Increase (Decrease) in Net Position	10,715,331	14,012,397	680,308	(1,834,876)	11,395,639	12,177,521
Net Position - Beginning, as restated	165,776,470	151,764,073	125,398,581	127,233,457	291,175,051	278,997,530
Net Position - Ending	\$ 176,491,801	\$ 165,776,470	\$ 126,078,889	\$ 125,398,581	\$ 302,570,690	\$ 291,175,051

*The 2015 amounts have been restated to reclassify Agency Funds to the General Fund, restate beginning fund balance for Grants, and move Agricultural Transfer Tax and Impact Fees from Special Revenue Funds to the Capital Fund. Refer to Note 1.

- Governmental activities:** Overall revenue has increased by \$3,853,998, which is a 1.0 percent increase from fiscal year 2015. Property tax revenue increased by \$3,815,904 over last fiscal year due to the increase in real property assessments. Income tax increased by \$1,055,455 due to more income tax being collected. Investment earnings increased by \$2,102,423 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. Recordation increased by \$2,205,281 over last fiscal year due to increased activity in the real estate market. Capital grants and contributions decreased by \$2,056,472. Program Open Space money which is provided as a portion of the State Real Estate Transfer Tax for the acquisition and development of park facilities decreased in fiscal year 2016 compared to fiscal year 2015.

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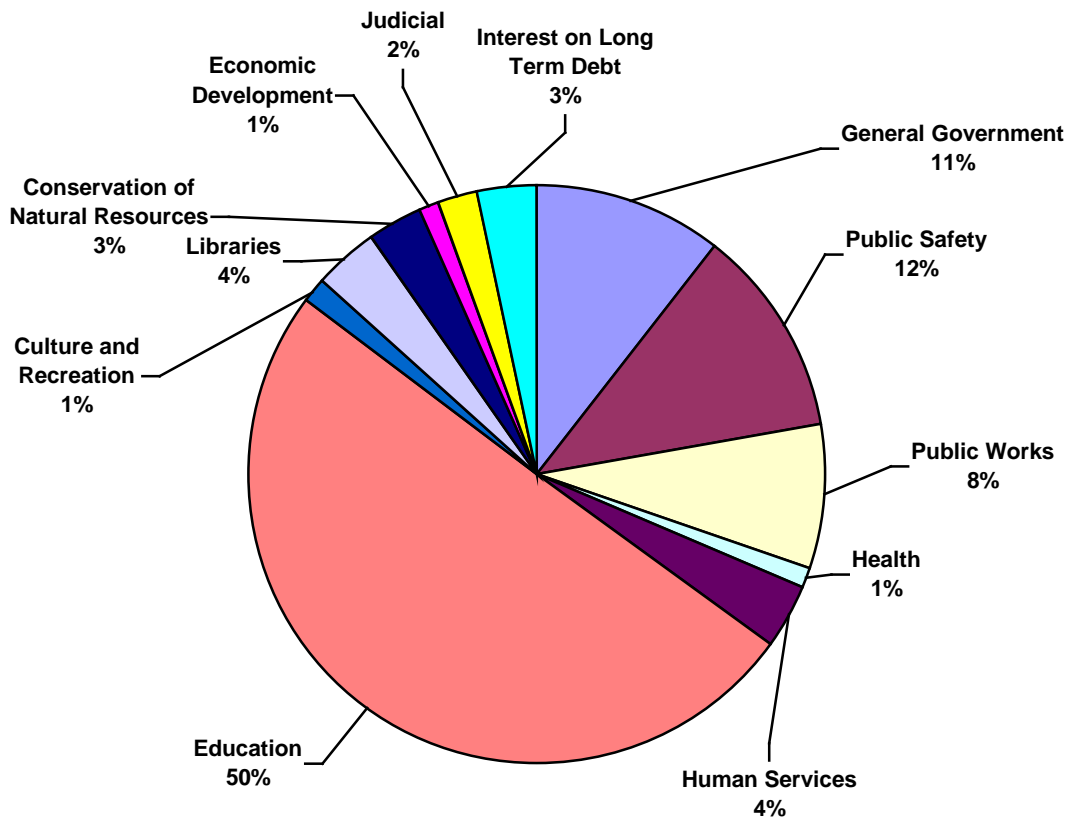
Revenues by Source - Governmental Activities



The expenses of the governmental activities have increased by \$4,640,800 or 1.2 percent from fiscal year 2015. Public Safety increased by \$1,697,593. The increase in Sheriff Services and Detention Center were due to additional costs for the Drug Enforcement Support Program, which included five additional positions. In addition, in fiscal year 2016, the Sheriff Department was in its second year of implementing its compensation plan. Conservation of Natural Resources increased \$3,204,195, primarily due to an increased amount of easements purchased for agricultural land preservation. The primary reason for the \$8,031,191 decrease in General Government in fiscal year 2016 was due to the allocating expenses into the proper function in the grants fund. This decrease is offset by the \$7,157,301 increase in Human Services. The County continues to review its process of allocating direct costs by function. Education increased by \$4,918,711 due to the Teacher Pension increase that was put into place by State legislation and the increase in Board of Education operations.

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Expenses - Governmental Activities

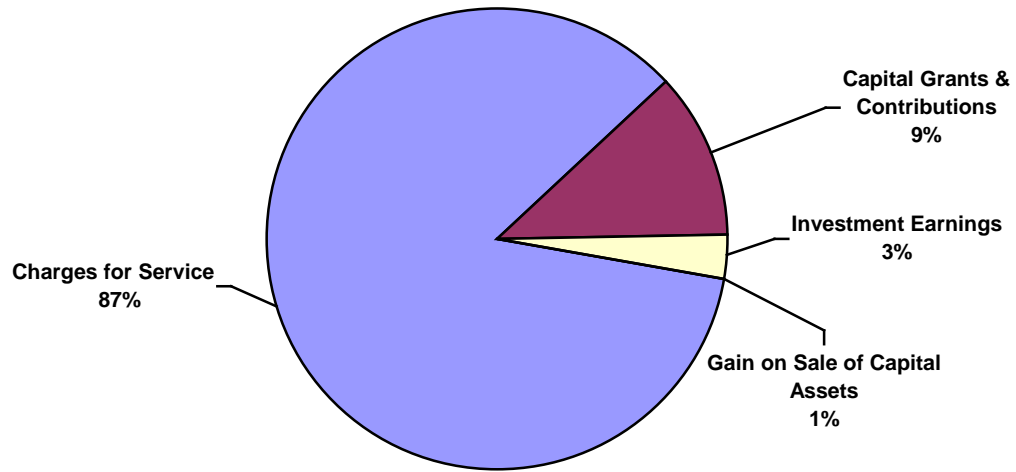


Business-type activities: There was an overall increase in revenues of \$1,011,598 or 4.8 percent from fiscal year 2015. The primary reason for the increase was due to the increased amount of area connections collected. Another contributing factor for the increase was the gains on investments. The expenses of the business-type activities have increased by \$1,006,678 or 4.3 percent from fiscal year 2015. The primary reason for the increase happened in the Bureau of Utilities and the Solid Waste funds. The overall increase in the Bureau of Utilities is due to the continuing rise in operating costs mainly due to contractual services such as the rate increases for water that is purchased from the City of Baltimore. The increase in the Solid Waste fund also was from increased amounts paid for contractual services.

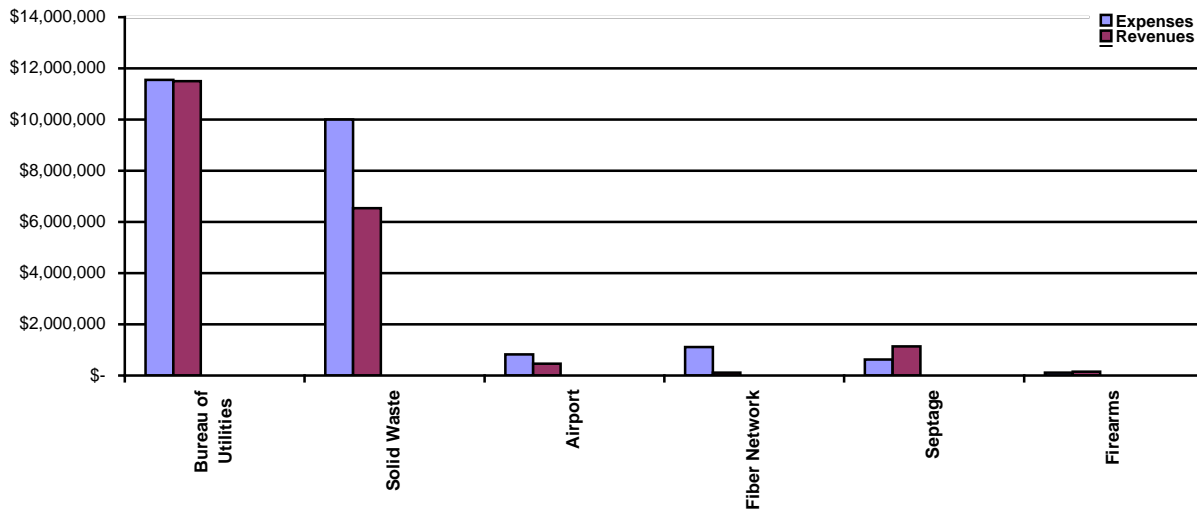
The County's transfers between governmental activities and business-type activities increased by \$2,510,264 during fiscal year 2016. This is a return to normal funding levels for transfers. In FY15, the transfers were decreased as a result of a settlement on the Waste to Energy project and no annual transfer from general fund to the Solid Waste fund occurred during that year.

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Revenues by Source-Business-Type Activities



Expenses and Program Revenues - Business-type Activities



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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 \$146,497,673, a increase of \$9,710,059. Approximately 7.4 percent of this total (\$10,840,140) constitutes *unassigned fund balance*, which is available for future appropriation. The *assigned fund balance*, at 33 percent of total fund balance is not available for new spending because it has already been assigned to encumbrances from the prior year and subsequent years expenditures. The *committed fund balance*, at 14.7 percent of total fund balance is for future use, stabilization arrangement and other purposes. The *non-spendable fund balance*, at 18.2 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 (\$16,203,243), 2) dedicated for inventory and advances to Industrial Development Authority (\$2,262,304), prepaid costs (\$94,037) and money due from other funds (\$8,109,334). The remaining 26.7 percent of fund balance (\$39,071,330) 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 \$10,840,140, while total fund balance was \$111,836,434. 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 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 \$12,324,400 of fund balance. The anticipated decrease in fund balance was partially mitigated by conservative spending which resulted in \$2,128,386, less in expenditures than budgeted. Total assets increased \$9,463,994. Liabilities increased by \$1,672,908 due to an increase in the amount owed to the Board of Education at year-end.

The revenues in the General Fund have increased by \$19,568,510 compared to the prior fiscal year. The primary contributing factor to the increase was due the increase in income tax and the increase in Real Property Tax due to the increase of assessments. Expenditures increased by \$7,237,687 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 second year of implementing a compensation plan for the Sheriff's department. Vehicle maintenance, fuel and telephone expenditures were allocated across all functions. Judicial increased this year due to the addition of three employees for the Drug Enforcement Support Program, an Investigator position and reclassified positions.

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The Capital Projects Fund balance sheet shows a \$2,637,173 decrease in assets in fiscal year 2016. The increase in cash is mainly due to several projects that have not begun construction.

The Capital Projects Fund has a total fund balance of \$31,754,360, of which \$24,235,426 is assigned to liquidate purchase orders and \$7,518,934 is unspent bond proceeds which are restricted for future capital project expenditures.

The Non-Major Governmental Funds have a total fund balance of \$2,906,879, all of which is formally committed, 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 \$11,089,051 and unrestricted component of net position in the Internal Service Fund totaled \$10,924,641. The total increase in net position for the proprietary funds of \$680,308 was primarily due to the County collecting more area connection charges and gains on investments in the funds. The net position for the Internal Service Fund increased by \$4,557,986. The main increase for this fund was due to moving the workers compensation liability from the general fund into the internal service fund. 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 \$151,692,989 for fiscal year 2016. The investments in the trusts totaled \$152,520,141 at the end of fiscal year 2016, which was a 9.4 percent increase from fiscal year 2015. Agency funds had an asset total of \$632,100 at the end of fiscal year 2016. 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 \$427,238. This decrease was due to costs associated with purchasing three vehicles for the Veterans Shuttle Services and additional costs with providing this service and, adding three positions for the Sheriff's Department 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 \$370,521,877, compared to budgeted amount of \$353,178,630, a positive variance of \$17,343,247. The major differences between the final budgeted amounts and the actual revenues are as follows:

- Local property taxes came in \$2.5 million more than the final budget due to railroad and public utility tax coming in stronger than anticipated.

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- Local other taxes came in \$8.4 million more than final budget due to income tax growth being stronger than anticipated.
- 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 \$368,145,409, compared to budgeted amount of \$370,273,795, resulting in \$2,128,386 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 reallocated to the correct functions, which decreased general government and increasing 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 2016, \$3.5 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 reallocate 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, 2016, amounted to \$517,552,265 (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 0.8 percent (a 0.6 percent increase for governmental activities and a 0.2 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 34,569,392	\$ 34,466,628	\$ 8,968,255	\$ 8,943,617	\$ 43,537,647	\$ 43,410,245
Construction in progress	9,727,788	38,549,035	9,174,076	4,184,831	18,901,864	42,733,866
Building and contents	135,676,793	133,371,431	14,960,618	15,446,288	150,637,411	148,817,719
Improvements						
other than buildings	47,959,931	19,254,632	6,404,386	6,836,493	54,364,317	26,091,125
Auto, machinery & equipment	13,640,300	12,294,315	18,335,267	18,720,181	31,975,567	31,014,496
Infrastructure	144,836,702	146,263,830	73,298,757	74,754,473	218,135,459	221,018,303
Total	<u>\$ 386,410,906</u>	<u>\$ 384,199,871</u>	<u>\$ 131,141,359</u>	<u>\$ 128,885,883</u>	<u>\$ 517,552,265</u>	<u>\$ 513,085,754</u>

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

- The costs associated with the security system at Carroll Community College decreased CIP by \$0.6 million and was put into service.
- The Carroll County 800MHZ radio & 911 was put into service which decreased CIP by \$19 million.
- The South Carroll Regional Park was put into service which decreased CIP by \$5 million.
- The on-going costs and completion of various watershed protection projects totaled \$0.8 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 park projects for new pavilions, trails increased CIP by \$0.2.
- The start of phase 3 on the Energy Performance capital project totaled \$2.7 million which was funded by Capital Lease Agreement, and resulted in an increase in CIP.
- 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 \$346,516,142, 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	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds, net	\$ 299,706,818	\$ 297,878,654	\$ 15,284,816	\$ 17,483,954	\$ 314,991,634	\$ 315,362,608
General Obligation Debt	31,524,508	31,050,584	-	-	31,524,508	31,050,584
Total	<u>\$ 331,231,326</u>	<u>\$ 328,929,238</u>	<u>\$ 15,284,816</u>	<u>\$ 17,483,954</u>	<u>\$ 346,516,142</u>	<u>\$ 346,413,192</u>

During the current fiscal year, Carroll County Government's total general obligation debt increased by \$102,950. During the year, the County issued general obligation bonds totaling \$37,185,000. Of these bonds, \$28,000,000 were sold to cover capital projects in the governmental activities and \$9,185,000 were issued for refunding outstanding 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 2015 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 2015, 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, 2016

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 \$1,174,512,827, 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 2017 adopted budget appropriation for the general fund is \$388,407,000, representing an increase of \$8.4 million or 2.2 percent increase over fiscal year 2016.
- Real property tax is expected to increase in fiscal year 2017 due to increasing assessments.
- Income tax is expected to be higher in fiscal year 2017. The expected increase is due to expected growth in withholdings and estimated payments.
- Recordation is expected to be higher in fiscal year 2017 due to the County starting to see positive growth in the housing market.
- For the 2016-2017 school year, the Board of Education made the decision to close three schools which are Charles Carroll Elementary, New Windsor Middle and North Carroll High School as a result of decreasing student enrollment numbers.
- Education appropriation increased in fiscal year 2017 due to additional money funding teacher's pensions.
- Public Works appropriation increased for utility costs, maintenance of the planned school closures and five 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 2017 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, 2016

Exhibit A

	Primary Government		Total	Component Units			
	Governmental	Business-type		Board of	Carroll	Library	Industrial
	Activities	Activities		Education	Community College		Development Authority
ASSETS							
Equity in pooled cash and investments	\$ 140,839,348	\$ 25,035,292	\$ 165,874,640	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	20,065	11,946	32,011	11,400,763	7,241,319	1,221,626	2,011,362
Restricted cash and cash equivalents	-	-	-	-	-	29,819	9,289,365
Investments	-	-	-	-	8,590,883	-	-
Taxes and receivables, net	20,734,318	3,996,559	24,730,877	199,997	936,947	46,144	6,918,918
Due from component units	624,944	3,001	627,945	-	-	-	-
Due from primary government	-	-	-	36,561,619	247,056	18,624	25,000
Due from other governments	29,273,389	-	29,273,389	6,719,853	-	-	-
Due from fiduciary funds	831,068	-	831,068	-	-	-	-
Internal balances	2,102,411	(2,102,411)	-	-	-	-	-
Inventories	1,649,394	551,795	2,201,189	661,146	-	4,821	-
Prepaid expenses	1,461,639	29,900	1,491,539	300,774	1,570,723	49,042	-
Investments - restricted	29,496,149	-	29,496,149	-	-	-	-
Capital assets not being depreciated:							
Land	34,569,392	8,968,255	43,537,647	15,052,303	-	-	7,274,323
Construction in progress	9,727,788	9,174,076	18,901,864	225,711	-	13,232	1,779,929
Art and doll collection	-	-	-	-	382,525	-	-
Capital assets net of accumulated depreciation:							
Buildings and contents	135,676,793	14,960,618	150,637,411	386,347,634	1,583,526	3,662,868	-
Improvements other than buildings	47,959,931	6,404,386	54,364,317	-	-	-	-
Auto, machinery and equipment	13,640,300	18,335,267	31,975,567	9,704,025	440,163	-	28,391
Infrastructure	144,836,702	73,298,757	218,135,459	-	-	-	-
Capital assets, net of depreciation	386,410,906	131,141,359	517,552,265	411,329,673	2,406,214	3,676,100	9,082,643
Total assets	613,443,631	158,667,441	772,111,072	467,173,825	20,993,142	5,046,176	27,327,288
Deferred Outflows of Resources							
Debt refunding	10,010,919	227,270	10,238,189	-	-	-	-
Pensions	5,760,245	-	5,760,245	4,193,097	-	192,904	-
Total deferred outflows of resources	15,771,164	227,270	15,998,434	4,193,097	-	192,904	-
Total assets and deferred outflows	629,214,795	158,894,711	788,109,506	471,366,922	20,993,142	5,239,080	27,327,288
LIABILITIES							
Accounts payable	6,507,286	3,615,600	10,122,886	3,669,232	1,525,826	124,783	1,300
Retainage and guarantees due contractors	1,165,181	-	1,165,181	-	-	-	-
Due to component units	36,852,299	-	36,852,299	-	-	-	-
Due to primary government	-	-	-	13,036	87	1,912	612,910
Due to other governments	-	-	-	2,418,441	-	140,762	-
Unearned revenue	3,082,164	43,618	3,125,782	664,960	1,736,005	-	9,289,365
Accrued interest payable	2,361,655	112,985	2,474,640	48,288	-	-	1,026,842
Accrued expenses	2,109,136	117,282	2,226,418	32,910,813	1,071,758	252,967	10,316
Long-term liabilities							
Due within one year	36,318,916	2,409,096	38,728,012	3,270,718	692,758	-	-
Due in more than one year	362,672,708	26,143,046	388,815,754	126,786,630	20,347,733	1,104,688	5,764,567
Total liabilities	451,069,345	32,441,627	483,510,972	169,782,118	25,374,167	1,625,112	16,705,300
Deferred Inflows of Resources							
Debt refunding	-	374,195	374,195	-	-	-	-
Pensions	1,653,649	-	1,653,649	366,052	-	11,903	-
Total deferred inflows of resources	1,653,649	374,195	2,027,844	366,052	-	11,903	-
NET POSITION							
Net investment in capital assets	204,983,963	116,560,509	321,544,472	408,416,941	2,023,689	3,676,100	8,469,733
Restricted for:							
Capital projects	7,518,934	20,607,431	28,126,365	-	-	42,472	-
Special revenue funds	626,086	-	626,086	-	-	-	-
Grants	-	-	-	194,283	-	-	-
Food services	-	-	-	272,437	-	-	-
Educational purposes	-	-	-	-	7,164,410	-	-
Unrestricted (deficit)	(36,637,182)	(11,089,051)	(47,726,233)	(107,664,909)	(13,569,124)	(116,507)	2,152,255
Total net position	\$ 176,491,801	\$ 126,078,889	\$ 302,570,690	\$ 301,218,752	\$ (4,381,025)	\$ 3,602,065	\$ 10,621,988

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, 2016

Exhibit B

	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 Government		Total	Board of Education	Carroll Community College	Library	Industrial Development Authority
				Governmental Activities	Business-type Activities						
Functions/Programs											
Primary government:											
General government	\$ 41,378,683	\$ 11,743,274	\$ 1,083,169	\$ 1,213	\$ (28,551,027)	\$ -	\$ (28,551,027)	\$ -	\$ -	\$ -	\$ -
Public safety	45,677,379	2,665,141	1,115,489	-	(41,896,749)	-	(41,896,749)	-	-	-	-
Public works	31,583,099	3,491,642	846,581	2,297,949	(24,946,927)	-	(24,946,927)	-	-	-	-
Health	4,400,381	5,391	105,000	-	(4,289,990)	-	(4,289,990)	-	-	-	-
Human services	14,032,995	79,675	9,419,976	-	(4,533,344)	-	(4,533,344)	-	-	-	-
Education	196,452,853	-	-	15,450	(196,437,403)	-	(196,437,403)	-	-	-	-
Culture and recreation	4,992,787	1,867,103	-	835,821	(2,289,863)	-	(2,289,863)	-	-	-	-
Libraries	14,452,299	-	-	-	(14,452,299)	-	(14,452,299)	-	-	-	-
Conservation of natural resources	12,140,369	86,209	50,326	2,189,112	(9,814,722)	-	(9,814,722)	-	-	-	-
Economic development	4,234,039	-	903,326	-	(3,330,713)	-	(3,330,713)	-	-	-	-
Judicial	8,670,838	-	1,216,234	-	(7,454,604)	-	(7,454,604)	-	-	-	-
Interest on long-term debt	12,894,133	-	-	-	(12,894,133)	-	(12,894,133)	-	-	-	-
Total governmental activities	390,909,855	19,938,435	14,740,101	5,339,545	(350,891,774)	-	(350,891,774)	-	-	-	-
Business-type activities:											
Bureau of Utilities	11,600,209	10,359,334	-	2,354,830	-	1,113,955	1,113,955	-	-	-	-
Solid Waste	9,996,571	6,327,333	-	47,133	-	(3,622,105)	(3,622,105)	-	-	-	-
Airport	823,047	763,759	-	179,130	-	119,842	119,842	-	-	-	-
Septage	629,136	1,134,701	-	-	-	505,565	505,565	-	-	-	-
Firearms	113,399	150,087	-	-	-	36,688	36,688	-	-	-	-
Fiber Network	1,116,618	116,613	-	-	-	(1,000,005)	(1,000,005)	-	-	-	-
Total business-type activities	24,278,980	18,851,827	-	2,581,093	-	(2,846,060)	(2,846,060)	-	-	-	-
Total primary government	\$ 415,188,835	\$ 38,790,262	\$ 14,740,101	\$ 7,920,638	(350,891,774)	(2,846,060)	(353,737,834)	-	-	-	-
Component units:											
Board of Education	\$ 379,684,470	\$ 3,907,139	\$ 45,933,567	\$ 6,089,055	-	-	-	(323,754,709)	-	-	-
Carroll Community College	38,740,451	10,184,544	3,701,489	-	-	-	-	(24,854,418)	-	-	-
Library	17,138,597	171,790	1,883,301	146,701	-	-	-	-	(14,936,805)	-	-
Industrial Development Authority	4,997,219	-	3,232,364	-	-	-	-	-	-	-	(1,764,855)
Total component units	\$ 440,560,737	\$ 14,263,473	\$ 54,750,721	\$ 6,235,756	-	-	-	(323,754,709)	(24,854,418)	(14,936,805)	(1,764,855)
General revenues:											
Property taxes					199,281,166	-	199,281,166	-	-	-	-
Income tax					146,049,675	-	146,049,675	-	-	-	-
Recordation tax					14,093,918	-	14,093,918	-	-	-	-
Admission and amusement tax					387,725	-	387,725	-	-	-	-
Agricultural transfer tax					143,429	-	143,429	-	-	-	-
Hotel rental tax					315,319	-	315,319	-	-	-	-
Local appropriations					-	-	-	178,028,873	9,309,140	14,084,486	-
State aide					-	-	-	119,392,916	7,745,631	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	5,570,790	-	-
Gain (Loss) on sale of capital asset					-	18,063	18,063	-	(5,000)	-	-
Investment earnings and miscellaneous, unrestricted					4,171,190	672,988	4,844,178	3,585,259	556,443	583,755	26,709
Transfers					(2,835,317)	2,835,317	-	-	-	-	-
Total general revenues and transfers					361,607,105	3,526,368	365,133,473	301,007,048	23,177,004	14,668,241	26,709
Change in net position					10,715,331	680,308	11,395,639	(22,747,661)	(1,677,414)	(268,564)	(1,738,146)
Net position - beginning of year, as restated					165,776,470	125,398,581	291,175,051	323,966,413	(2,703,611)	3,870,629	12,360,134
Net position - ending					\$ 176,491,801	\$ 126,078,889	\$ 302,570,690	\$ 301,218,752	\$ (4,381,025)	\$ 3,602,065	\$ 10,621,988

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, 2016

Exhibit C

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 84,085,591	\$ 39,072,572	\$ 2,316,816	\$ 125,474,979
Cash and cash equivalents	20,065	-	-	20,065
Taxes and receivables, net	18,548,313	162,100	2,023,799	20,734,212
Due from component units	624,944	-	-	624,944
Due from other governments	27,740,920	1,532,469	-	29,273,389
Due from other governmental funds	5,175,868	-	-	5,175,868
Due from fiduciary funds	831,068	-	-	831,068
Due from proprietary funds	2,114,842	-	-	2,114,842
Inventories	1,649,394	-	-	1,649,394
Prepaid costs	94,037	932,949	434,653	1,461,639
Investments - restricted	29,496,149	-	-	29,496,149
Total assets	<u>\$ 170,381,191</u>	<u>\$ 41,700,090</u>	<u>\$ 4,775,268</u>	<u>\$ 216,856,549</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,356,267	\$ 2,020,761	\$ 801,493	\$ 6,178,521
Retainage and guarantees due contractors	1,165,181	-	-	1,165,181
Due to component units	36,182,931	593,334	76,034	36,852,299
Due to other governmental funds	-	5,174,345	1,523	5,175,868
Due to other proprietary funds	12,431	-	-	12,431
Accrued expenditures	1,964,259	-	144,877	2,109,136
Unearned revenue	77,449	2,157,290	844,462	3,079,201
Total liabilities	<u>42,758,518</u>	<u>9,945,730</u>	<u>1,868,389</u>	<u>54,572,637</u>
Deferred Inflows of Resources				
Unavailable revenue	15,786,239	-	-	15,786,239
Total deferred inflows of resources	<u>15,786,239</u>	<u>-</u>	<u>-</u>	<u>15,786,239</u>
Fund Balances:				
Nonspendable	26,668,918	-	-	26,668,918
Restricted	30,926,309	7,518,934	626,086	39,071,329
Committed	20,820,350	-	672,372	21,492,722
Assigned	22,580,717	24,235,426	1,608,421	48,424,564
Unassigned	10,840,140	-	-	10,840,140
Total fund balances	<u>111,836,434</u>	<u>31,754,360</u>	<u>2,906,879</u>	<u>146,497,673</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 170,381,191</u>	<u>\$ 41,700,090</u>	<u>\$ 4,775,268</u>	<u>\$ 216,856,549</u>

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

Total governmental fund balance	146,497,673
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	386,410,906
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	15,786,239
Adjustment for net pension liabilities	(15,115,119)
Net other postemployment benefit obligation, which is included in the governmental activities in the statement of net position.	(36,845,328)
Deferred outflows related to pensions that are applicable to future periods and, therefore, are not presented in the funds.	5,760,245
Deferred inflows related to pensions that are applicable to future periods and, therefore, are not presented in the funds.	(1,653,649)
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.	10,924,641
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.	\$ (332,912,152)
Accrued interest payable	(2,361,655)
Net position of governmental activities	<u>\$ 176,491,801</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, 2016

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
-local property	\$ 197,455,716	\$ 727,220	\$ 1,098,230	\$ 199,281,166
-local other	153,200,175	9,913,590	315,319	163,429,084
Licenses and permits	3,033,852	-	-	3,033,852
Intergovernmental revenues	2,303,222	4,576,765	13,263,479	20,143,466
Charges for services	3,871,692	-	295,329	4,167,021
Fines and forfeits	76,250	2,350	-	78,600
Interest and gain on investments	2,020,489	2,574,596	2,214	4,597,299
Miscellaneous revenues	8,496,357	886,928	-	9,383,285
Total revenues	<u>370,457,753</u>	<u>18,681,449</u>	<u>14,974,571</u>	<u>404,113,773</u>
EXPENDITURES				
Current:				
General government	36,681,937	-	383,345	37,065,282
Public safety	43,270,773	-	940,512	44,211,285
Public works	16,231,217	-	1,755,690	17,986,907
Health	4,397,890	-	2,491	4,400,381
Human services	4,574,415	-	9,443,089	14,017,504
Education	191,621,893	-	-	191,621,893
Library	14,084,487	-	-	14,084,487
Culture and recreation	3,948,085	-	288,172	4,236,257
Conservation of natural resources	1,017,475	-	1,067,096	2,084,571
Economic development	3,034,799	-	969,676	4,004,475
Judicial	7,173,406	-	1,536,921	8,710,327
Capital outlay:				
General government	-	7,153,086	-	7,153,086
Public safety	-	2,679,615	-	2,679,615
Public works	-	10,208,865	-	10,208,865
Human services	-	3,000	-	3,000
Education	-	4,830,960	-	4,830,960
Library	-	320,973	-	320,973
Culture and recreation	-	1,134,650	-	1,134,650
Conservation of natural resources	-	10,641,280	-	10,641,280
Debt service:				
Principal	28,171,532	-	-	28,171,532
Interest	13,339,242	-	-	13,339,242
Total expenditures	<u>367,547,151</u>	<u>36,972,429</u>	<u>16,386,992</u>	<u>420,906,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,910,602</u>	<u>(18,290,980)</u>	<u>(1,412,421)</u>	<u>(16,792,799)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,350,125	3,136,950	2,113,342	19,600,417
Transfers out	(9,933,292)	(12,058,090)	(2,292,035)	(24,283,417)
Payment to escrow agent	(6,727,641)	-	-	(6,727,641)
Refunding bonds issued	6,015,081	-	-	6,015,081
Bonds issued	811,800	27,188,200	-	28,000,000
Bonds premium	743,521	2,401,975	-	3,145,496
Issuance of debt-G O debt	473,924	-	-	473,924
Total other financing sources (uses)	<u>5,733,518</u>	<u>20,669,035</u>	<u>(178,693)</u>	<u>26,223,860</u>
Net change in fund balances	8,644,120	2,378,055	(1,591,114)	9,431,061
Fund balance - beginning, as restated	102,913,316	29,376,305	4,497,993	136,787,614
Increase in reserve for inventory	278,998	-	-	278,998
Fund balance - ending	<u>\$ 111,836,434</u>	<u>\$ 31,754,360</u>	<u>\$ 2,906,879</u>	<u>\$ 146,497,673</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, 2016**

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

Net change in fund balances - total governmental funds	\$ 9,431,061
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.	2,211,035
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,376,799)
Adjustment to the net pension liabilities.	(3,972,868)
Adjustment to the Other Postemployment Benefit (OPEB) annual OPEB cost for the net OPEB obligation.	(585,748)
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.	(3,139,355)
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.	360,751
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.	4,557,986
Net change in deferred outflows related to pension expense reported in the Statement of Activities.	4,250,408
Net change in deferred inflows related to pension expense reported in the Statement of Activities.	(1,021,140)
Change in net position - governmental activities	<u><u>\$ 10,715,331</u></u>

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
General Fund
Statement of Revenues, Expenditures, and Change in Fund Balance
Budgetary (NON-GAAP) Basis vs. Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Taxes:				
-local property	\$ 195,014,440	\$ 195,014,440	\$ 197,519,840	\$ 2,505,400
-local other	144,821,050	144,821,050	153,200,175	8,379,125
Licenses and permits	3,107,770	3,107,770	3,033,852	(73,918)
Intergovernmental revenues	2,207,290	2,207,290	2,303,221	95,931
Charges for services	4,393,010	4,393,010	3,871,691	(521,319)
Fines and forfeits	84,400	84,400	76,250	(8,150)
Interest and gains on investments	2,044,560	2,044,560	2,020,489	(24,071)
Miscellaneous revenues	1,506,110	1,506,110	8,496,359	6,990,249
Total revenues	<u>353,178,630</u>	<u>353,178,630</u>	<u>370,521,877</u>	<u>17,343,247</u>
Other financing resources				
Appropriated fund balance	12,324,400	12,324,400	-	(12,324,400)
Transfers in	14,459,290	14,459,290	14,350,124	(109,166)
Refunding bonds issued	-	-	6,015,081	6,015,081
Bonds issued	-	-	811,800	811,800
Bond premium	-	-	743,521	743,521
Issuance of debt-G.O debt	-	-	473,924	473,924
Total other financing resources	<u>26,783,690</u>	<u>26,783,690</u>	<u>22,394,450</u>	<u>(4,389,240)</u>
Total Resources (Inflows)	<u>379,962,320</u>	<u>379,962,320</u>	<u>392,916,327</u>	<u>12,954,007</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Current:				
General government	57,938,030	42,981,272	37,226,448	5,754,824
Public safety	37,618,280	44,206,959	43,371,514	835,445
Public works	12,393,460	16,454,335	16,183,057	271,278
Health	4,397,890	4,397,890	4,397,890	-
Human services	4,279,300	4,687,557	4,574,415	113,142
Education	184,779,360	184,779,360	191,621,893	(6,842,533)
Library	9,594,210	11,789,095	14,084,487	(2,295,392)
Culture and recreation	3,271,180	3,987,662	3,951,692	35,970
Conservation of natural resources	943,080	1,039,308	1,017,474	21,834
Economic development	2,914,330	3,220,514	3,036,195	184,319
Judicial	6,358,350	7,437,731	7,169,570	268,161
Reserve for contingencies	3,975,360	3,548,122	-	3,548,122
Debt service:				
Debt service - County	29,136,470	29,136,470	28,931,995	204,475
Debt service - Board of Education	12,607,520	12,607,520	12,578,779	28,741
Total expenditures	<u>370,206,820</u>	<u>370,273,795</u>	<u>368,145,409</u>	<u>2,128,386</u>
Other financing uses				
Transfers out	9,755,500	9,688,525	9,933,292	(244,767)
Payment to escrow agent	-	-	6,727,641	(6,727,641)
Total other financing uses	<u>9,755,500</u>	<u>9,688,525</u>	<u>16,660,933</u>	<u>(6,972,408)</u>
Total charges to appropriations (outflows)	<u>379,962,320</u>	<u>379,962,320</u>	<u>384,806,342</u>	<u>(4,844,022)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	8,109,985	<u>\$ 8,109,985</u>
Fund balance - beginning, as restated			107,063,327	
Fund balance - ending			<u>\$ 115,173,312</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 Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities-Enterprise Funds					Total	Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds		
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 12,443,972	\$ 10,400,093	\$ -	\$ -	\$ 2,191,227	\$ 25,035,292	\$ 15,364,369
Cash and cash equivalents	100	11,346	200	-	300	11,946	-
Receivables, net	2,946,333	761,200	144,951	15,343	128,732	3,996,559	106
Due from general fund	-	12,431	-	-	-	12,431	-
Due from component units	-	3,001	-	-	-	3,001	-
Inventories	536,877	-	14,918	-	-	551,795	-
Prepaid expenses	-	-	13,900	16,000	-	29,900	-
Total current assets	<u>15,927,282</u>	<u>11,188,071</u>	<u>173,969</u>	<u>31,343</u>	<u>2,320,259</u>	<u>29,640,924</u>	<u>15,364,475</u>
Noncurrent assets:							
Capital assets:							
Land	182,334	2,083,618	6,702,298	5	-	8,968,255	-
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	365,799	11,550,808	-
Auto, machinery and equipment	2,081,731	3,761,798	987,710	20,421,876	234,092	27,487,207	-
Infrastructure	103,170,778	-	-	-	-	103,170,778	-
Construction in progress	7,767,428	-	-	990,216	416,432	9,174,076	-
Less accumulated depreciation	(40,859,170)	(5,666,494)	(3,056,009)	(3,445,506)	(455,183)	(53,482,362)	-
Total capital assets (net of accumulated depreciation)	<u>91,960,251</u>	<u>8,250,771</u>	<u>10,989,343</u>	<u>19,105,803</u>	<u>835,191</u>	<u>131,141,359</u>	<u>-</u>
Total assets	<u>107,887,533</u>	<u>19,438,842</u>	<u>11,163,312</u>	<u>19,137,146</u>	<u>3,155,450</u>	<u>160,782,283</u>	<u>15,364,475</u>
Deferred Outflows of Resources							
Debt refunding	225,321	-	1,120	-	829	227,270	-
Total deferred outflows of resources	<u>225,321</u>	<u>-</u>	<u>1,120</u>	<u>-</u>	<u>829</u>	<u>227,270</u>	<u>-</u>
Total assets and deferred outflows	<u>\$ 108,112,854</u>	<u>\$ 19,438,842</u>	<u>\$ 11,164,432</u>	<u>\$ 19,137,146</u>	<u>\$ 3,156,279</u>	<u>\$ 161,009,553</u>	<u>\$ 15,364,475</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 2,163,854	\$ 1,154,919	\$ 96,082	\$ 18,226	\$ 182,519	\$ 3,615,600	\$ 524,880
Accrued interest payable	95,233	9,393	7,776	-	583	112,985	-
Unearned revenue	5,955	5,019	32,644	-	-	43,618	2,963
Accrued expenses	68,653	39,219	6,402	-	3,008	117,282	-
Due to other funds	-	-	17,964	2,096,878	-	2,114,842	-
Long-term liabilities due within one year:							
General obligation bonds payable	1,430,150	343,932	233,885	-	12,180	2,020,147	-
Unpaid claims	-	-	-	-	-	-	2,845,377
Loans payable	30,141	-	-	-	-	30,141	-
Landfill closure, postclosure remediation	-	228,792	-	-	-	228,792	-
Compensated absences	74,461	50,417	5,138	-	-	130,016	-
Total long-term due within one year	<u>1,534,752</u>	<u>623,141</u>	<u>239,023</u>	<u>-</u>	<u>12,180</u>	<u>2,409,096</u>	<u>2,845,377</u>
Total current liabilities	<u>3,868,447</u>	<u>1,831,691</u>	<u>399,891</u>	<u>2,115,104</u>	<u>198,290</u>	<u>8,413,423</u>	<u>3,373,220</u>
Noncurrent liabilities:							
General obligation bonds payable	11,283,134	1,076,333	842,811	-	62,391	13,264,669	-
Unpaid claims	-	-	-	-	-	-	1,066,614
Loans payable	128,607	-	-	-	-	128,607	-
Landfill closure, postclosure remediation	-	12,483,377	-	-	-	12,483,377	-
Compensated absences	158,318	102,184	5,891	-	-	266,393	-
Total noncurrent liabilities	<u>11,570,059</u>	<u>13,661,894</u>	<u>848,702</u>	<u>-</u>	<u>62,391</u>	<u>26,143,046</u>	<u>1,066,614</u>
Total liabilities	<u>15,438,506</u>	<u>15,493,585</u>	<u>1,248,593</u>	<u>2,115,104</u>	<u>260,681</u>	<u>34,556,469</u>	<u>4,439,834</u>
Deferred Inflows of Resources							
Debt refunding	310,667	56,531	6,997	-	-	374,195	-
Total deferred inflows of resources	<u>310,667</u>	<u>56,531</u>	<u>6,997</u>	<u>-</u>	<u>-</u>	<u>374,195</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	79,196,838	7,582,357	9,914,892	19,105,803	760,619	116,560,509	-
Restricted for:							
Capital projects	16,463,613	1,435,157	1,999,309	109,784	599,568	20,607,431	-
Unrestricted (deficit)	(3,296,770)	(5,128,788)	(2,005,359)	(2,193,545)	1,535,411	(11,089,051)	10,924,641
Total net position	<u>\$ 92,363,681</u>	<u>\$ 3,888,726</u>	<u>\$ 9,908,842</u>	<u>\$ 17,022,042</u>	<u>\$ 2,895,598</u>	<u>\$ 126,078,889</u>	<u>\$ 10,924,641</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, 2016

	Business-type Activities-Enterprise Funds					Total	Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds		
Operating revenues:							
Charges for services	\$ 10,359,334	\$ 6,327,333	\$ 763,759	\$ 116,613	\$ 1,284,788	\$ 18,851,827	\$ 18,881,614
Total operating revenues	10,359,334	6,327,333	763,759	116,613	1,284,788	18,851,827	18,881,614
Operating expenses:							
Personal services	2,551,327	1,523,060	235,452	-	68,152	4,377,991	-
Contractual services	4,757,764	6,944,391	296,289	257,317	315,759	12,571,520	-
Materials and supplies	843,931	338,767	44,187	5,400	71,657	1,303,942	-
Rents and utilities	651,218	42,989	16,891	49,396	84,077	844,571	-
Landfill closure and post-closure	-	253,246	-	-	-	253,246	-
Insurance claims	-	-	-	-	-	-	16,687,413
Miscellaneous	55,185	287,238	5,989	6,833	148,163	503,408	-
Depreciation	2,185,471	551,842	175,761	797,672	51,186	3,761,932	-
Total operating expenses	11,044,896	9,941,533	774,569	1,116,618	738,994	23,616,610	16,687,413
Operating income (loss)	(685,562)	(3,614,200)	(10,810)	(1,000,005)	545,794	(4,764,783)	2,194,201
Nonoperating revenues (expenses):							
Penalties and interest	434,657	214,039	16	-	5,751	654,463	33,500
Medicare Part D	-	-	-	-	-	-	251,635
Bond interest subsidy	18,223	-	302	-	-	18,525	-
Interest and fiscal charges	(499,729)	(55,038)	(48,478)	-	(3,541)	(606,786)	-
Gain (loss) on disposal of capital assets	(55,584)	12,431	5,632	-	-	(37,521)	-
Total nonoperating revenues (expenses)	(102,433)	171,432	(42,528)	-	2,210	28,681	285,135
Income (loss) before contributions and transfers	(787,995)	(3,442,768)	(53,338)	(1,000,005)	548,004	(4,736,102)	2,479,336
Capital contributions (Area Connection Charges & Grants)	887,006	47,133	179,130	-	-	1,113,269	-
Capital contributions (Maintenance Fee)	1,467,824	-	-	-	-	1,467,824	-
Capital contributions (land transferred from General fund)	-	-	30,000	-	-	30,000	-
Capital contributions (donation)	-	-	-	200,967	-	200,967	-
Transfers in	189,350	2,415,000	-	-	-	2,604,350	2,078,650
Change in net position	1,756,185	(980,635)	155,792	(799,038)	548,004	680,308	4,557,986
Total net position - beginning of year	90,607,496	4,869,361	9,753,050	17,821,080	2,347,594	125,398,581	6,366,655
Total net position - end of year	\$ 92,363,681	\$ 3,888,726	\$ 9,908,842	\$ 17,022,042	\$ 2,895,598	\$ 126,078,889	\$ 10,924,641

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, 2016

	Business-type Activities-Enterprise Funds					Total	Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Fiber Network	Non-Major Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 10,456,297	\$ 6,299,147	\$ 689,981	\$ 109,703	\$ 1,290,650	\$ 18,845,778	\$ 18,881,614
Receipts from other funds	-	-	-	438,908	-	438,908	1,130,808
Payments to suppliers	(7,747,683)	(7,152,125)	(291,695)	(375,950)	(593,579)	(16,161,032)	(15,614,658)
Payments to employees	(2,527,261)	(1,494,120)	(230,718)	-	(67,962)	(4,320,061)	-
Payments to other funds	-	(12,431)	(57,781)	-	-	(70,212)	-
Net cash provided (used) by operating activities	<u>181,353</u>	<u>(2,359,529)</u>	<u>109,787</u>	<u>172,661</u>	<u>629,109</u>	<u>(1,266,619)</u>	<u>4,397,764</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	189,350	2,415,000	-	-	-	2,604,350	2,078,650
Net cash provided by noncapital financing activities	<u>189,350</u>	<u>2,415,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,604,350</u>	<u>2,078,650</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets	(5,203,866)	(362,718)	(31,085)	(373,628)	(107,537)	(6,078,834)	-
Principal paid on capital debt	(1,605,257)	(367,998)	(243,081)	-	(12,179)	(2,228,515)	-
Interest paid on capital debt	(427,275)	(59,580)	(52,076)	-	(3,499)	(542,430)	-
Proceeds of the disposition of capital asset	5,842	12,431	5,632	-	-	23,905	-
Capital contributions (Area Connection Charges & Grants)	2,354,830	47,133	209,130	200,967	-	2,812,060	-
Medicare Part D	-	-	-	-	-	-	251,635
Bond interest subsidy	18,223	(738)	302	-	-	17,787	-
Net cash provided (used) by capital and related financing activities	<u>(4,857,503)</u>	<u>(731,470)</u>	<u>(111,178)</u>	<u>(172,661)</u>	<u>(123,215)</u>	<u>(5,996,027)</u>	<u>251,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest on investments and cash	434,657	214,039	16	-	5,751	654,463	33,500
Net cash provided by investing activities	<u>434,657</u>	<u>214,039</u>	<u>16</u>	<u>-</u>	<u>5,751</u>	<u>654,463</u>	<u>33,500</u>
Net (decrease) increase	(4,052,143)	(461,960)	(1,375)	-	511,645	(4,003,833)	6,761,549
Equity and pooled cash and investments at beginning of year	16,496,215	10,873,399	1,575	-	1,679,882	29,051,071	8,602,820
Equity and pooled cash and investments at end of year	<u>\$ 12,444,072</u>	<u>\$ 10,411,439</u>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ 2,191,527</u>	<u>\$ 25,047,238</u>	<u>\$ 15,364,369</u>
Reconciliation of Operating Income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (685,562)	\$ (3,614,200)	\$ (10,810)	\$ (1,000,005)	\$ 545,794	\$ (4,764,783)	\$ 2,194,201
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	2,185,471	551,842	175,761	797,672	51,186	3,761,932	-
Effect of changes in operating assets and liabilities:							
Due to/from other funds	-	(12,431)	(57,781)	438,904	-	368,692	-
Accounts receivable	100,886	(28,186)	(106,422)	(6,918)	5,862	(34,778)	51,667
Prepaid expense	-	-	(13,900)	(12,667)	-	(26,567)	-
Inventory	(182,737)	-	(1,262)	-	-	(183,999)	-
Compensated absences payable	13,729	21,859	3,002	-	-	38,590	-
Accounts payable and accrued expenses	(1,246,511)	468,341	88,555	(44,325)	26,267	(707,673)	219,822
Unearned revenue	(3,923)	-	32,644	-	-	28,721	(8,341)
Claims liability	-	-	-	-	-	-	1,940,415
Landfill closure, postclosure, remediation costs	-	253,246	-	-	-	253,246	-
Total adjustments	<u>866,915</u>	<u>1,254,671</u>	<u>120,597</u>	<u>1,172,666</u>	<u>83,315</u>	<u>3,498,164</u>	<u>2,203,563</u>
Net cash provided (used) by operating activities	<u>\$ 181,353</u>	<u>\$ (2,359,529)</u>	<u>\$ 109,787</u>	<u>\$ 172,661</u>	<u>\$ 629,109</u>	<u>\$ (1,266,619)</u>	<u>\$ 4,397,764</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, 2016

	Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash and investments	\$ -	\$ 513,968
Receivables-notes	21,653	118,132
Investments at fair value:		
Short - term investments	625,473	-
Bond funds	26,538,528	-
Equity funds	63,448,473	-
Marketable securities	61,907,667	-
Total investments	152,520,141	-
Total assets	152,541,794	\$ 632,100
LIABILITIES		
Accounts payable	17,737	3,377
Due to primary government	831,068	-
Deposits	-	628,723
Total liabilities	848,805	\$ 632,100
FIDUCIARY NET POSITION		
Fiduciary net position restricted for pension, OPEB, and other purposes	\$ 151,692,989	

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, 2016

	Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 13,376,560
Plan members	2,669,986
Total contributions	16,046,546
Investment earnings:	
Interest and dividends	14,294
Net increase in the fair value of investments	3,300,650
Total investment earnings	3,314,944
Less investment expense	(86,827)
Net investment earnings	3,228,117
Total additions	19,274,663
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	6,330,862
Administrative expenses	56,017
Total deductions	6,386,879
Net increase in fiduciary net position	12,887,784
Fiduciary net position-beginning	138,805,205
Fiduciary net position-ending	\$ 151,692,989

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, 2016

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. The component units include the activities of the Board of Education, the Library, the Community College, and Industrial Development Authority. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary request and provides a significant amount of funding.

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, 2016. 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, 2016

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, 2016. 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 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, 2016.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016.

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, 2016

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, 2016

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, 2016

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 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, 2016

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, 2016

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, 2016, expenditures exceeded appropriations by \$6,842,533 in Education and \$2,295,392 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. The overspending in both functions occurred due to the recording of unbudgeted in-kind services.

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, 2016

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 5th Floor West; Baltimore, Maryland 21201; or by calling 410-237-5629.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 the lower of average cost or market. 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, 2016

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 estimated fair 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets

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

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. One such item is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The County also recognizes deferred outflows of resources for differences between projected and actual earnings on pension plan investments, changes in actuarial assumptions, and contributions made subsequent to the measurement date. These amounts are being amortized over a 1-5 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. This is 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, 2016

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, 2016

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 \$1,420,264 in the solid waste fund, \$751,850 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, 2016, fees collected through water/sewer user rates, area connection charges and maintenance fees totaling \$16,463,613 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 \$1,435,157, \$1,999,309, \$109,784 and \$599,568, respectively. These amounts totaling \$20,607,431 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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016. 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, 2016

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 1st and may be paid without interest on or before September 30th. For fiscal year 2016, the following discounts were allowed: 1 percent on full year tax payments made on or before July 31st and 0.5 percent on full year tax payments made on or before August 31st. Semi-annual tax payments are not eligible for the discount. Second semi-annual installments are due on December 1st and may be paid without interest on or before December 31st. A service charge is payable with the second installment unless both installments are paid by September 30th. Delinquent accounts are issued final bills and legal notices on April 1st. 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, 2016

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, 2016 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, 2016

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 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, 2016, there is no arbitrage liability due to the Internal Revenue Service.

10.) Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. During fiscal year 2016, the County transferred the workers compensation liability from the General Fund to the Internal Service Fund.

K. New Accounting Pronouncements

Statement No. 72, Fair Value Measurement and Application

This Statement provides 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, 2016.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Summary of significant accounting policies-continued

K. New Accounting Pronouncements- continued

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The County has implemented the effects of this Statement for reporting period ending June 30, 2016.

Statement No. 79, *Certain External Investment Pools and Pool Participants*

This Statement addresses accounting and financial reporting implications resulting from changes in the regulatory provisions reference by previous accounting and financial reporting standards for certain external investment pools and their participants. The County has implemented the effects of this Statement for reporting period ending June 30, 2016.

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. 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. This Statement will become effective for fiscal years beginning after June 15, 2016.

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. This Statement will become in effect for fiscal years beginning after June 15, 2016.

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.

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. This Statement will become effective for reporting periods beginning after December 15, 2015.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Summary of significant accounting policies-continued

K. New Accounting Pronouncements- continued

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. This Statement will become effective for reporting periods beginning after December 15, 2015.

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. This Statement will become effective for reporting periods beginning after June 15, 2016.

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. This Statement will become effective for reporting periods beginning after December 15, 2015.

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. This Statement will become effective for fiscal years beginning after June 15, 2016.

L. Prior Period Adjustment

Governmental Funds

Governmental fund balances were restated as of June 30, 2015 from \$134,887,580 to \$136,787,614, a net increase of \$1,900,034. The adjustments relate to several funds and are described further below.

Grants Special Revenue Fund

It was determined that funding sources of \$1,770,272 were improperly reported as unearned revenues but represented earned revenues from external sources or unspent transfers from the County's general fund. The previously reported fund balance at June 30, 2015 was \$0 and is restated as \$1,770,272.

Impact Fee and Agricultural Transfer Tax Special Revenue Funds

The County improperly reported impact fees and agricultural transfer taxes as a special revenue fund through June 30, 2015. These did not meet the definition of special revenue funds because the purpose of the revenues is to fund certain capital projects. The fund balances of the impact fee and agricultural transfer tax funds as of June 30, 2015 was previously reported as \$467,479 and \$481,181, respectively and are restated as \$0.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Summary of significant accounting policies-continued
L. Prior Period Adjustment- continued

Capital Fund

There were several prior period adjustments to the fund balance of the capital fund which resulted in an increase in fund balance as of June 30, 2015 of \$833,655 from the previously reported amount of \$28,542,650 to a restated amount of \$29,376,305. Listed below are the details of the prior period misstatements.

There was a decrease in fund balance of \$303,003 for previously reported receivables and revenues that were not assets or revenues of the County as of June 30, 2015.

There was an increase in fund balance of \$655,477 for developer contributions that represented earned revenues of the County but were previously reported as unearned revenue.

The fund balance of the agricultural transfer tax activities previously reported as a special revenue fund (described further above) is presently reported in the capital project fund, since the funds are used to fund capital projects. This resulted in an increase in fund balance of \$481,181.

The revenues and expenditures related to impact fees described above are also presently reported in the capital fund. In addition to not meeting the definition of a special revenue fund, the amount previously reported as impact fee fund balance as of June 30, 2015 of \$467,719 should have been reported as unearned revenue, resulting in fund balance of \$0. Therefore, reporting impact fees in the capital fund has no impact on fund balance in the capital fund as of June 30, 2015.

General Fund and Agency Funds

Amounts previously reported as Agency Funds did not meet the definition of an agency fund as they were not being held as agents for third parties. Assets and liabilities of agency funds were restated by \$396,876 as of June 30, 2015, with each decreasing from \$1,040,130 to \$643,254. It was also determined that \$244,767 of the liabilities from the Agency Funds represented earned revenues of the County, restating fund balance in the General Fund from a previously reported amount of \$102,668,549 to a restated amount of \$102,913,316.

Governmental Activities

Net position of governmental activities was restated for the combined effect of the restatements described above related to the governmental fund statements. The restatements had the same impact on both the fund statements and the government-wide statements. Total net position of the governmental activities was previously reported as \$163,876,436, and was restated with a net increase of \$1,900,034 to a restated amount of \$165,776,470.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Summary of significant accounting policies-continued
L. Prior Period Adjustment- continued

Component Units

As of July 1, 2015, the Library reclassified certain activity within the special fund to the general fund and agency fund. The reclassification resulted in a restatement of the beginning fund balance/net position as follows:

	<u>General Fund</u>	<u>Special Fund</u>	<u>Total Governmental Funds</u>	<u>Statement of Net Position</u>
Fund balance/net position July 1, 2015, as previously stated	\$ 650,553	\$ 179,328	\$ 876,312	\$ 3,978,880
Reclassification of special fund activity	<u>70,517</u>	<u>(178,768)</u>	<u>(108,251)</u>	<u>(108,251)</u>
Fund balance/net position July 1, 2015, as restated	<u>\$ 721,070</u>	<u>\$ 560</u>	<u>\$ 768,061</u>	<u>\$ 3,870,629</u>

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	\$277,656,104
General Obligation Debt-Installment Purchases	31,524,508
Purchase Agreements Payable	5,666,101
Compensated Absences	6,025,644
Premium on Bonds	<u>22,050,714</u>
Total long-term debt and compensated absences	\$ <u>342,923,071</u>
Deferred Charges	<u>(10,010,919)</u>
Total Long Term Liabilities &Deferred Charges	\$ <u>332,912,152</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 - continued

The details of net pension liabilities differences are as follows:

Net Employee Pension Liability		\$10,576,956
Net Certified Law Officer Pension Liability		2,665,194
Net LOSAP Pension Liability		1,417,320
Net MSRA Pension Liability:		
CC Officials State of MD	\$201,819	
Soil Conservation	<u>253,830</u>	<u>455,649</u>
		<u>\$15,115,119</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	\$ 403,984
Income Taxes- unavailable	<u>15,382,255</u>
	<u>\$15,786,239</u>

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	\$ 14,039,094
Donated Assets	2,258,893
Depreciation	(13,808,562)
Loss on Trade in of Assets	(47,423)
Assets Transferred to Other Funds	<u>(230,967)</u>
	<u>\$ 2,211,035</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 \$(1,376,799) difference represents the net change of \$(1,031,590) in Property Taxes-unavailable plus \$(345,209) in Income Taxes-unavailable in the fund statements.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 “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	\$ (473,924)
Issuance of New Purchase Agreements	(712)
Issuance of New General Obligation Bonds	(34,015,081)
Principal Payments on General Obligation Bonds	34,281,467
Principal Payments on Purchase Agreements	210,379
Net Change in Amortization of	
Deferred loss on Refunding Bonds	(441,097)
Net Change in Amortization of Bond Premium	(2,094,550)
Net Change In Accrued Interest Expense	<u>(605,837)</u>
	<u>\$ (3,139,355)</u>

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	\$ 81,753
Difference between accrual method used in Government wide Statements and the Purchase Method of inventory used in the Fund Statements	<u>278,998</u>
	<u>\$ 360,751</u>

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

County Employee Pension Liability	\$(3,521,174)
Certified Law Officer Pension Liability	(37,640)
LOSAP Pension Liability	(294,931)
MSRA Pension Liability:	
CC Officials	\$(60,789)
Soil Conservation	<u>(58,334)</u>
	<u>(119,123)</u>
	<u>\$(3,972,868)</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$15,815,201. The Federal Depository Insurance Corporation “FDIC” insured \$250,000 and the balance of \$15,565,201 was collateralized with investments held in the County’s name at the Federal Reserve Bank. At June 30, 2016, 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, 2016.

	Primary Government	Fiduciary Funds	Total
Equity in Pooled Cash & Investments	\$ 165,874,640	\$ 513,968	\$ 166,388,608
Cash and Cash Equivalents	32,011	-	32,011
Restricted Assets-Investments	29,496,149	152,520,141	182,016,290
Total Cash and Investments	<u>\$ 195,402,800</u>	<u>\$ 153,034,109</u>	<u>\$ 348,436,909</u>
Bank balances and cash on hand			\$ 15,815,201
Investments			332,621,708
Total Balances at June 30, 2016			<u>\$ 348,436,909</u>

COMPONENT UNITS

The following table reconciles the Component Unit’s deposits and investments to the government-wide statement of net position at June 30, 2016:

Reconciliation:

	Carroll				Industrial	
	Board of Education	Carroll Community College	Carroll Community College Foundation	Total Carroll Community College	Library	Development Authority
Cash and Cash Equivalents	\$ 11,400,763	\$ 6,986,661	\$ 254,658	\$ 7,241,319	\$ 1,221,626	\$ 2,011,362
Restricted Cash and Cash Equivalents	-	-	-	-	29,819	9,289,365
Investments	-	-	8,590,883	8,590,883	-	-
Total Cash and Investments	<u>\$ 11,400,763</u>	<u>\$ 6,986,661</u>	<u>\$ 8,845,541</u>	<u>\$ 15,832,202</u>	<u>\$ 1,251,445</u>	<u>\$ 11,300,727</u>
Bank balances and cash on hand	11,400,763	2,101,125	303,502	2,404,627	1,251,445	11,300,727
Investments	-	4,885,536	8,542,039	13,427,575	-	-
Total Balances at June 30, 2016	<u>\$ 11,400,763</u>	<u>\$ 6,986,661</u>	<u>\$ 8,845,541</u>	<u>\$ 15,832,202</u>	<u>\$ 1,251,445</u>	<u>\$ 11,300,727</u>

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, 2016

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, 2016 the 30 percent was \$20,000,000). 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, 2016, 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, 2016, 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, 2016.

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, 2016

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.

<u>Primary Government:</u> <u>Investments by fair value level</u>	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>Debt Securities</u>				
Federal agencies (2)	\$ 48,000,580	\$ -	\$ 48,000,580	\$ -
U.S. government securities (1)	29,266,151	-	29,266,151	-
Total debt securities	<u>77,266,731</u>	<u>-</u>	<u>77,266,731</u>	<u>-</u>
<u>Equity Securities</u>				
Money rate savings account	85,013,591	85,013,591	-	-
Public Funds- US Bank	5,099,000	5,099,000	-	-
Total Equity Securities	<u>90,112,591</u>	<u>90,112,591</u>	<u>-</u>	<u>-</u>
Total Primary Government Investments	<u>167,379,322</u>	<u>90,112,591</u>	<u>77,266,731</u>	<u>-</u>
Other Post Employment Benefits (OPEB) and Pension Funds:				
<u>Investments by fair value level</u>				
<u>Debt Securities</u>				
Corporate Bonds	26,538,528	26,538,528	-	-
Total debt securities	<u>26,538,528</u>	<u>26,538,528</u>	<u>-</u>	<u>-</u>
<u>Equity Securities</u>				
Equities (3)	63,448,473	63,448,473	-	-
Short-term investments (3)	625,473	625,473	-	-
Marketable securities	61,907,667	61,907,667	-	-
Total Equity Securities	<u>125,981,613</u>	<u>125,981,613</u>	<u>-</u>	<u>-</u>
Total OPEB and Pension Funds	<u>152,520,141</u>	<u>152,520,141</u>	<u>-</u>	<u>-</u>
Total Investments at fair value	<u>319,899,463</u>	<u>242,632,732</u>	<u>77,266,731</u>	<u>-</u>
Investments at amortized costs				
MLGIP	12,722,245			
Total Investments	<u>332,621,708</u>			

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

(2) These agencies mature in fiscal year 2016/2017 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.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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 \$11,400,763 and cash on hand was \$3,558. The bank balance of deposits was \$15,879,384. 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, 2016, the cash on hand for petty cash and change in funds for Carroll Community College was \$3,300.

At June 30, 2016, the College’s cash and cash equivalents balance by type were as follows:

Cash on hand	\$ 3,300
Cash in bank	2,097,825
Bank money market	4,468,038
Maryland Local Government Investment Pool	417,498
Cash with Carroll Community College Foundation	<u>254,658</u>
	<u>\$7,241,319</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

As of June 30, 2016, the carrying amount of the Library's deposits was \$1,251,445 and the bank balance was \$1,558,647. 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, 2016, the Industrial Development Authority bank balance was \$11,300,727. 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, 2016

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, 2016.

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>
<u>Governmental funds</u>					
General fund	\$ 748,996	\$ 296,705	\$ 222,827	\$ 17,372,485	\$ 18,641,013
Capital Projects fund	-	159,910	2,190	-	162,100
Non-major funds	-	1,801,956	-	221,843	2,023,799
	748,996	2,258,571	225,017	17,594,328	20,826,912
Uncollectible allowance	(92,700)	-	-	-	(92,700)
Total governmental funds	<u>\$ 656,296</u>	<u>\$ 2,258,571</u>	<u>\$ 225,017</u>	<u>\$ 17,594,328</u>	<u>\$ 20,734,212</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>
<u>Proprietary funds</u>	
Bureau of Utilities	\$ 2,946,333
Solid Waste	761,200
Airport	144,951
Fiber Network	15,343
Non-major funds	128,732
Internal Service Fund	106
Total proprietary funds	<u>\$ 3,996,665</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, 2016

Note 5 – Receivables and Deferred Inflows/Outflows-continued

Balances for the component units for the year ended June 30, 2016 was as follows:

<u>Component Units</u>	<u>Accounts Restricted</u>	<u>Accounts and Notes Unrestricted</u>	<u>Other</u>	<u>Students</u>	<u>Contributions</u>	<u>Total</u>
Board of Education	\$ -	\$ 199,997	\$ -	\$ -	\$ -	\$ 199,997
Carroll Community College	-	-	232,455	838,213	278,315	1,348,983
Library	40,007	6,137	-	-	-	46,144
Industrial Development Authority	-	9,306,381	-	-	-	9,306,381
	<u>40,007</u>	<u>9,512,515</u>	<u>232,455</u>	<u>838,213</u>	<u>278,315</u>	<u>10,901,505</u>
Less: allowance	-	(2,387,463)	-	(412,036)	-	(2,799,499)
Total component unit activities	<u>\$ 40,007</u>	<u>\$ 7,125,052</u>	<u>\$ 232,455</u>	<u>\$ 426,177</u>	<u>\$ 278,315</u>	<u>\$ 8,102,006</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,952</u>	<u>\$ 115,952</u>

Unearned Revenues

Governmental and Enterprise Funds also report unearned revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2016, the various components of unearned revenue reported were as follows:

Governmental funds

General Fund:

City of Westminster \$ 77,449

Capital Fund:

Other 2,157,290

Grants Fund:

Draws in excess of expenditures 844,462

Total governmental funds \$ 3,079,201

Proprietary funds

Solid Waste- property rentals \$ 5,019

Bureau of Utilities 5,955

Airport 32,644

Internal Service Fund:

Future benefit payments from retirees 2,963

Total proprietary funds \$ 46,581

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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:

<u>Government-Wide</u>	<u>Deferred Charge</u>
Governmental activities	
Deferred charge on refunding	\$ 10,010,919
Deferred charge for pension:	
Carroll County Employee Pension	\$ 4,708,846
Carroll County Certified Law Officers Pension	504,653
Length of Service Award Program (LOSAP)	432,150
State employee pension- cc officials	52,456
State employee pension- soil conservation	62,140
Total deferred charge for pension	5,760,245
Business-type activities	
Deferred charge on refunding	227,270
Total government-wide	\$ 15,998,434

Deferred Inflows of Resources

Deferred Inflows are as follows:

<u>Government-Wide</u>	<u>Deferred Inflows</u>
Governmental activities	
Carroll county employee pension	\$ 829,503
Carroll County Certified Law Officers Pension	638,270
LOSAP	143,569
MSRA- CC Officials	15,711
MSRA- Soil Conservation	26,596
Total deferred inflows for pension	1,653,649
Business-type activities	
Deferred charge on refunding	374,195
Total government- wide	\$ 2,027,844

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	\$ 15,382,255
Property taxes	403,984
Total governmental funds	\$ 15,786,239

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6 – Interfund Receivables, Payables and Transfers

Interfund Transfers

At June 30, 2016, the Interfund transfers between primary government major and non-major funds were as follows:

	Transfers Out			
	General Fund	Capital Projects Fund	Non-Major Fund	Total
Transfers In:				
General Fund	\$ -	\$ 12,058,090	\$ 2,292,035	\$ 14,350,125
Capital Projects Fund	3,136,950	-	-	3,136,950
Bureau of Utilities	189,350	-	-	189,350
Solid Waste	2,415,000	-	-	2,415,000
Internal Service Fund	2,078,650	-	-	2,078,650
Non-Major Governmental Funds	2,113,342	-	-	2,113,342
Total transfers	<u>\$ 9,933,292</u>	<u>\$ 12,058,090</u>	<u>\$ 2,292,035</u>	<u>\$ 24,283,417</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.

The Airport and Fiber Network funds had capital contributions transferred in from the General Fund in the amounts of \$30,000 and \$200,967 respectively.

Due from/to Component Units

The due from/to component units at June 30, 2016 consisted of the following:

	Due From	Due to
Primary Government:		
Board of Education	\$ 13,036	\$ 36,561,619
Carroll Community College	87	247,056
Library	1,912	18,624
Industrial Development Authority	612,910	25,000
	<u>\$ 627,945</u>	<u>\$ 36,852,299</u>
Component Units:		
Primary Government (Board of Education)	36,561,619	13,036
Primary Government (Carroll Community College)	247,056	87
Primary Government (Library)	18,624	1,912
Primary Government (IDA)	25,000	612,910
	<u>\$ 36,852,299</u>	<u>\$ 627,945</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6 – Interfund Receivables, Payables and Transfers-continued

Due from/to Fiduciary Funds

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

	<u>Due From</u>	<u>Due To</u>
Trust Funds:		
General Fund	\$ -	\$ 831,068
Governmental Activities:		
Carroll County Employee Pension Plan	\$ 8	\$ -
Other Postemployment Benefit Trust	831,060	-
	<u>\$ 831,068</u>	<u>\$ 831,068</u>

Due from/to Other Governmental Funds

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General Fund	\$ -	\$ 5,175,868
Capital Fund	5,174,345	-
Non-Major Governmental Funds	1,523	-
	<u>\$ 5,175,868</u>	<u>\$ 5,175,868</u>

Internal Balances

Due from/to Business-type funds:

	<u>Due From</u>	<u>Due To</u>
Business-type Activities:		
General Fund	\$ 12,431	\$ 2,114,842
	<u>\$ 12,431</u>	<u>\$ 2,114,842</u>
Governmental Activities:		
Fiber Network	\$ 2,096,878	\$ -
Solid Waste	-	12,431
Airport	17,964	-
Total Governmental Activities	<u>\$ 2,114,842</u>	<u>\$ 12,431</u>

The Airport Fund and Fiber Network overdrew their share of Equity in Pooled Cash accounts. The overdraw was covered by the General Fund. The General Fund had an outstanding accounts receivable with the Airport and Fiber Network at June 30, 2016.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Net of Transfers and Retirements	Balance June 30, 2016
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 34,466,628	\$ 133,025	\$ (30,261)	\$ 34,569,392
Construction in progress	38,549,035	11,392,309	(40,213,556)	9,727,788
Total capital assets, not being depreciated	<u>73,015,663</u>	<u>11,525,334</u>	<u>(40,243,817)</u>	<u>44,297,180</u>
Capital assets, being depreciated:				
Buildings and contents	186,633,468	6,760,093	-	193,393,561
Improvements other than buildings	42,267,781	31,422,747	(24,019)	73,666,509
Automobiles, machinery and equipment	43,564,806	4,545,783	(1,383,503)	46,727,086
Infrastructure	570,023,127	2,257,586	-	572,280,713
Total capital assets, being depreciated	<u>842,489,182</u>	<u>44,986,209</u>	<u>(1,407,522)</u>	<u>886,067,869</u>
Less accumulated depreciation for:				
Buildings and contents	53,262,037	4,454,731	-	57,716,768
Improvements other than buildings	23,013,149	2,717,448	(24,019)	25,706,578
Automobiles, machinery and equipment	31,270,491	2,951,669	(1,135,374)	33,086,786
Infrastructure	423,759,297	3,684,714	-	427,444,011
Total accumulated depreciation	<u>531,304,974</u>	<u>13,808,562</u>	<u>(1,159,393)</u>	<u>543,954,143</u>
Total capital assets, being depreciated, net	<u>311,184,208</u>	<u>31,177,647</u>	<u>(248,129)</u>	<u>342,113,726</u>
Governmental activities capital assets, net	<u>\$ 384,199,871</u>	<u>\$ 42,702,981</u>	<u>\$ (40,491,946)</u>	<u>\$ 386,410,906</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,943,617	\$ 6	\$ 24,632	\$ 8,968,255
Construction in progress	4,184,831	5,288,302	(299,057)	9,174,076
Total capital assets, not being depreciated	<u>13,128,448</u>	<u>5,288,308</u>	<u>(274,425)</u>	<u>18,142,331</u>
Capital assets, being depreciated:				
Buildings and contents	24,272,597	-	-	24,272,597
Improvements other than buildings	11,481,051	69,757	-	11,550,808
Automobiles, machinery and equipment	27,216,035	513,235	(242,063)	27,487,207
Infrastructure:				
Water facilities	55,193,273	280,993	(34,938)	55,439,328
Sewer facilities	47,827,197	-	(95,747)	47,731,450
Total capital assets, being depreciated	<u>165,990,153</u>	<u>863,985</u>	<u>(372,748)</u>	<u>166,481,390</u>
Less accumulated depreciation for:				
Buildings and contents	8,826,309	485,670	-	9,311,979
Improvements other than buildings	4,644,558	501,864	-	5,146,422
Automobiles, machinery and equipment	8,495,854	1,099,116	(443,030)	9,151,940
Infrastructure:				
Water facilities	11,390,603	964,219	(22,517)	12,332,305
Sewer facilities	16,875,394	711,063	(46,741)	17,539,716
Total accumulated depreciation	<u>50,232,718</u>	<u>3,761,932</u>	<u>(512,288)</u>	<u>53,482,362</u>
Total capital assets, being depreciated, net	<u>115,757,435</u>	<u>(2,897,947)</u>	<u>139,540</u>	<u>112,999,028</u>
Business-type activities capital assets, net	<u>\$ 128,885,883</u>	<u>\$ 2,390,361</u>	<u>\$ (134,885)</u>	<u>\$ 131,141,359</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 – Capital Assets-continued

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

Governmental activities:

General Government	\$5,714,701
Public Safety	2,122,817
Public Works	4,678,677
Health	6,779
Culture & Recreation	674,020
Judicial	44,052
Economic Development	231,828
Conservation of Natural Resources	<u>335,688</u>
Total depreciation expense-governmental activities	<u>\$13,808,562</u>

Business-type activities:

Bureau of Utilities	\$2,185,471
Solid Waste	551,842
Septage	22,999
Airport	175,761
Firearms Facility	28,187
Fiber Network	<u>797,672</u>
Total depreciation expense-business-type activities	<u>\$3,761,932</u>

Component units

Activity for the Board of Education for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Net Transfers and Retirements	Balance June 30, 2016
Capital assets not being depreciated				
Land and improvements	\$ 15,049,603	\$ 2,700	\$ -	\$ 15,052,303
Construction in Progress	3,618,441	5,590,237	(8,982,967)	225,711
Total capital assets, not being depreciated	<u>18,668,044</u>	<u>5,592,937</u>	<u>(8,982,967)</u>	<u>15,278,014</u>
Capital assets being depreciated				
Building and improvements	593,484,033	8,999,421	-	602,483,454
Equipment	42,746,102	2,036,299	(701,282)	44,081,119
Total capital assets being depreciated	<u>636,230,135</u>	<u>11,035,720</u>	<u>(701,282)</u>	<u>646,564,573</u>
Less accumulated depreciation				
Buildings and improvements	200,864,747	15,271,073	(697,436)	215,438,384
Equipment	32,000,699	3,073,831	-	35,074,530
Total accumulated depreciation	<u>232,865,446</u>	<u>18,344,904</u>	<u>(697,436)</u>	<u>250,512,914</u>
Total capital assets, being depreciated, net	<u>403,364,689</u>	<u>(7,309,184)</u>	<u>(3,846)</u>	<u>396,051,659</u>
Capital assets, net	<u>\$ 422,032,733</u>	<u>\$ (1,716,247)</u>	<u>\$ (8,986,813)</u>	<u>\$ 411,329,673</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7 – Capital Assets-continued

Component units-continued

Activity for the Carroll Community College for the year ended June 30, 2016 was as follows:

	Balance at June 30, 2015	Additions	Net Transfers and Retirements	Balance at June 30, 2016
Capital assets not being depreciated				
Foundation	\$ 562,525	\$ -	\$ (180,000)	\$ 382,525
Capital assets being depreciated				
Building improvements	1,941,613	622,330	-	2,563,943
Equipment	3,608,678	155,010	(20,857)	3,742,831
Vehicles	128,692	-	-	128,692
Library books	1,767,218	44,889	(209,631)	1,602,476
Total capital assets being depreciated	<u>7,446,201</u>	<u>822,229</u>	<u>(230,488)</u>	<u>8,037,942</u>
Less accumulated depreciation				
Building improvements	904,337	137,077	-	1,041,414
Equipment	3,162,557	166,407	(23,222)	3,305,742
Vehicles	119,470	6,148	-	125,618
Library books	1,698,632	51,211	(208,364)	1,541,479
Total accumulated depreciation	<u>5,884,996</u>	<u>360,843</u>	<u>(231,586)</u>	<u>6,014,253</u>
Total capital assets, being depreciated, net	<u>1,561,205</u>	<u>461,386</u>	<u>1,098</u>	<u>2,023,689</u>
Capital assets, net	<u>\$ 2,123,730</u>	<u>\$ 461,386</u>	<u>\$ (178,902)</u>	<u>\$ 2,406,214</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 \$381,025, as of June 30, 2016 and 2015, and adjusted accordingly in the financial statements. Collectibles and artwork with indeterminate useful lives are not depreciated.

The doll collection consists of approximately 100 dolls from various countries, purchased by the donor while traveling to the various countries over a period of 20 years. These donated items are recorded at their fair value of \$1,500, as determined by management, at the date of donation.

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, 2016

Note 7 – Capital Assets-continued

Activity for the Carroll County Public Library for the year ended June 30, 2016 was as follows:

	Balance at June 30, 2015	Additions	Net Transfers and Retirements	Balance at June 30, 2016
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 13,232	\$ -	\$ 13,232
Capital assets being depreciated by location				
Headquarters	1,144,711	28,074	(37,435)	1,135,350
Westminster	1,226,212	15,160	-	1,241,372
Eldersburg	434,613	13,116	(15,208)	432,521
Mt. Airy	961,465	-	-	961,465
North Carroll	309,561	15,801	(31,426)	293,936
Taneytown	133,357	5,075	-	138,432
Finksburg	124,214	-	-	124,214
Circulation materials	3,257,018	1,084,516	(1,081,494)	3,260,040
Total capital assets, being depreciated	7,591,151	1,161,742	(1,165,563)	7,587,330
Less accumulated depreciation	3,609,699	1,462,512	(1,147,749)	3,924,462
Capital assets, net	<u>\$ 3,981,452</u>	<u>\$ (287,538)</u>	<u>\$ (17,814)</u>	<u>\$ 3,676,100</u>

Activity for the Industrial Development Authority of Carroll County for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Net Transfers and Retirements	Balance June 30, 2016
Capital assets not being depreciated				
Land	\$ 7,274,323	\$ -	\$ -	\$ 7,274,323
Construction in Progress	1,779,344	585	-	1,779,929
Total capital assets, not being depreciated	9,053,667	585	-	9,054,252
Capital assets being depreciated				
Equipment	37,886	-	-	37,886
Total capital assets being depreciated	37,886	-	-	37,886
Less accumulated depreciation				
Equipment	6,068	3,427	-	9,495
Total capital assets, being depreciated, net	31,818	(3,427)	-	28,391
Capital assets, net	<u>\$ 9,085,485</u>	<u>\$ (2,842)</u>	<u>\$ -</u>	<u>\$ 9,082,643</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016:

	Balance July 1, 2015	Additions	Principal Repayments/ Amortization	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Purchase Agreements	\$ 5,875,768	\$ 712	\$ 210,379	\$ 5,666,101	\$ 331,393
General Obligation Debt	31,050,584	473,924	-	31,524,508	-
General Obligation Bonds	277,922,490	34,015,081	34,281,467	277,656,104	28,428,502
Bonds premium/discount	19,956,164	3,145,497	1,050,947	22,050,714	1,618,768
Subtotal	334,805,006	37,635,214	35,542,793	336,897,427	30,378,663
Net other post employment benefit obligation	36,259,580	585,748	-	36,845,328	-
Net LOSAP liability	1,122,389	136,275	(158,656)	1,417,320	-
Net employee pension liability	7,055,782	7,719,703	4,198,529	10,576,956	-
Net certified law officers pension liability	2,627,554	1,073,980	1,036,340	2,665,194	-
Net pension liability (CC Officials State of MD)	141,030	60,789	-	201,819	-
Net pension liability (Soil Conservation- State)	195,496	58,334	-	253,830	-
Estimated liability for claims in process-worker's comp	2,274,763	1,023,380	1,161,614	2,136,529	1,089,630
for claims in process-insurance	1,991,985	15,481,448	15,501,856	1,971,577	1,951,861
Compensated Absences	6,107,397	2,817,009	2,898,762	6,025,644	2,898,762
Governmental activity Long-term liabilities	\$ 392,580,982	\$ 66,591,880	\$ 60,181,238	\$ 398,991,624	\$ 36,318,916
Business-type activities:					
Loans Payable	\$ 188,125	\$ -	\$ 29,377	\$ 158,748	\$ 30,141
General Obligation Bonds	17,483,954	3,169,919	5,369,057	15,284,816	2,020,147
Subtotal	17,672,079	3,169,919	5,398,434	15,443,564	2,050,288
Landfill closure/postclosure	12,458,923	253,246	-	12,712,169	228,792
Compensated Absences	357,819	130,016	91,426	396,409	130,016
Business-type activity Long-term liabilities	\$ 30,488,821	\$ 3,553,181	\$ 5,489,860	\$ 28,552,142	\$ 2,409,096
Component Units:					
Board of Education:					
Net other post employment benefit obligation	\$ 75,142,431	\$ 27,026,000	\$ 8,379,705	\$ 93,788,726	\$ -
Compensated Absences	17,251,346	867,059	2,339,994	15,778,411	2,400,000
Net pension liability (State of MD)	14,379,091	5,576,247	2,080,973	17,874,365	-
Capital Lease Obligations	3,429,696	-	813,850	2,615,846	870,718
Total Board of Education	\$ 110,202,564	\$ 33,469,306	\$ 13,614,522	\$ 130,057,348	\$ 3,270,718
Carroll Community College					
Net other post employment benefit obligation	\$ 17,525,104	\$ 2,625,439	\$ -	\$ 20,150,543	\$ -
Compensated Absences	877,778	12,170	-	889,948	692,758
Total Carroll Community College	\$ 18,402,882	\$ 2,637,609	\$ -	\$ 21,040,491	\$ 692,758
Library					
Compensated Absences	\$ 500,021	\$ 23,454	\$ -	\$ 523,475	\$ -
Net pension liability	409,901	248,726	77,414	581,213	-
Total Library	909,922	272,180	77,414	1,104,688	-
Industrial Development Authority					
Loans	\$ 4,000,000	\$ 2,000,000	\$ 235,433	\$ 5,764,567	\$ -
Total Industrial Dev. Authority	\$ 4,000,000	\$ 2,000,000	\$ 235,433	\$ 5,764,567	\$ -

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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, 2016 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, 2016	Due Within One Year
<u>General Government:</u>					
Suntrust/AAIG Johnson Controls	4.040%	2021	\$ 2,649,079	\$ 1,128,537	\$ 219,350
AAIG Johnson Controls	2.353%	2031	4,536,852	4,537,564	112,043
Total Purchase Agreements				<u>\$ 5,666,101</u>	<u>\$ 331,393</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 – Long-Term Debt—continued

A.) Governmental Activities—continued

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 331,393	\$ 149,308	\$ 480,701
2018	296,536	138,025	434,561
2019	316,017	126,594	442,611
2020	336,498	114,513	451,011
2021	391,244	101,461	492,705
2022-2026	1,971,679	363,653	2,335,332
2027-2031	2,022,734	114,767	2,137,501
Total purchase agreement	<u>\$ 5,666,101</u>	<u>\$ 1,108,321</u>	<u>\$ 6,774,422</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 2036. 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>
2017	\$ -	\$ 1,753,676	\$ 1,753,676
2018	-	1,753,676	1,753,676
2019	1,201,212	1,753,676	2,954,888
2020	-	1,681,603	1,681,603
2021	-	1,681,603	1,681,603
2022-2026	5,459,488	7,933,134	13,392,622
2027-2031	20,469,220	5,940,667	26,409,887
2032-2036	4,394,588	694,400	5,088,988
Total general obligation debt	<u>\$ 31,524,508</u>	<u>\$ 23,192,435</u>	<u>\$ 54,716,943</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, 2016

Note 8 – Long-Term Debt—continued

A.) Governmental Activities—continued

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2016	Due Within One Year
<u>General Government:</u>					
FHA Loan of 1972-Watershed Bonds	3.502%	2022	\$ 769,700	\$ 185,189	\$ 26,343
FHA Loan of 1974- Watershed Bonds	3.649%	2024	253,000	88,555	8,893
FHA Loan of 1979- Watershed Bonds	3.649%	2031	678,800	338,504	17,373
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	-	-
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	1,058,204	1,058,204
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	3,752,846	970,670
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	2,323,639	1,161,819
2007 Refunding Bonds (November)	3.75%-5.25%	2022	6,670,000	3,230,000	590,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	28,294,094	5,503,191	1,746,311
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	14,759,547	6,598,602	1,540,899
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	17,631,476	17,631,476	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	6,044,297	1,350,117	864,844
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	8,841,618	7,634,413	421,450
2011 Public Improvement Bonds	2.00%-4.25%	2031	11,042,955	9,352,675	447,602
2011 Refunding Bonds	2.00%-4.25%	2031	9,104,764	6,935,805	1,811,776
2012 Public Improvement Bonds	2.00%-5.00%	2032	13,600,000	11,556,118	681,294
2012 Refunding Bonds	2.00%-5.00%	2032	13,685,415	13,685,415	1,564,555
2013 Public Improvement Bonds	2.00%-5.00%	2033	23,412,567	21,003,789	1,206,649
2014 Public Improvement Bonds	2.00%-5.00%	2034	14,099,475	13,394,501	704,974
2014 Refunding Bonds	2.00%-5.00%	2029	19,078,563	17,307,063	1,725,662
2015 Public Improvement Bonds	3.00%-5.00%	2035	25,448,730	25,448,730	1,273,137
2015 Refunding Bonds	3.00%-5.00%	2022	5,529,176	5,529,176	-
Subtotal General Government				<u>\$ 173,908,008</u>	<u>\$ 17,822,455</u>
<u>Board of Education:</u>					
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	\$ -	\$ -
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	250,242	250,242
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	5,048,585	1,305,812
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	204,202	102,101
2008 Public Improvement Bonds	3.25%-5.00%	2028	43,613,906	6,390,195	2,028,919
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	8,305,513	3,713,174	867,097
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	1,352,297	866,240
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	10,272,510	8,785,631	516,495
2011 Public Improvement Bonds	2.00%-4.25%	2031	6,957,045	5,892,125	281,998
2011 Refunding Bonds	2.00%-4.25%	2031	769,193	488,930	152,697
2012 Public Improvement Bonds	2.00%-5.00%	2032	6,400,000	5,438,305	320,565
2012 Refunding Bonds	2.00%-5.00%	2032	2,347,757	2,347,757	209,724
2013 Public Improvement Bonds	2.00%-5.00%	2033	1,852,433	1,661,836	95,471
2014 Public Improvement Bonds	2.00%-5.00%	2034	2,347,757	855,499	45,026
2014 Refunding Bonds	2.00%-5.00%	2029	1,852,433	32,243,015	1,163,735
2015 Public Improvement Bonds	3.00%-5.00%	2035	1,736,270	1,736,270	86,863
2015 Refunding Bonds	3.00%-5.00%	2022	485,905	485,905	-
Subtotal Board of Education				<u>\$ 92,840,252</u>	<u>\$ 8,292,985</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016	Due Within One Year
<u>Volunteer Fire Companies:</u>					
2003 Fire Company Bonds	2.00%-3.85%	2018	2,100,000	\$ 505,000	\$ 160,000
2004 Fire Company Bonds	4.13%	2019	2,065,000	676,669	159,041
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	-	-
2005 Fire Company Bonds	3.50%-4.125%	2020	2,900,000	950,000	190,000
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	39,932	39,932
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	335,000	165,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	180,000	40,425	12,825
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	270,000	120,710	28,188
2010 Refunding Bonds Series A	0.30%-1.70%	2018	381,976	85,322	54,655
2010 Refunding Bonds Series B	0.30%-1.70%	2018	2,210,000	560,000	285,000
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	535,000	385,000	50,000
2011 Public Improvement Bonds	2.00%-4.25%	2031	750,000	635,200	30,400
2012 Public Improvement Bonds	2.00%-5.00%	2032	1,460,000	1,240,577	73,141
2012 Refunding Bonds	2.00%-5.00%	2032	187,173	187,173	-
2013 Public Improvement Bonds	2.00%-5.00%	2033	735,000	659,375	37,880
2014 Refunding Bonds	2.00%-5.00%	2024	60,458	60,461	-
2015 Public Improvement Bonds	3.00%-5.00%	2035	815,000	815,000	85,000
Subtotal Volunteer Fire Companies				<u>\$ 7,295,844</u>	<u>\$ 1,371,062</u>
2013 Taxable Pension Bonds	2.24%	2019	\$ 4,524,000	<u>\$ 3,612,000</u>	<u>\$ 942,000</u>
Subtotal Taxable Pension Bonds				<u>\$ 3,612,000</u>	<u>\$ 942,000</u>
Subtotal General Obligation Bonds				<u>\$ 277,656,104</u>	<u>\$ 28,428,502</u>
Bond premium/ discount				22,050,714	1,618,768
Total				<u>\$ 299,706,818</u>	<u>\$ 30,047,270</u>

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2016, are as follows:

Years Ending June 30,	Principal	Interest	Total
2017	\$ 28,428,502	\$ 11,034,104	\$ 39,462,606
2018	26,912,476	9,919,557	36,832,033
2019	25,050,938	8,825,781	33,876,719
2020	23,610,753	7,805,578	31,416,331
2021	20,531,703	6,839,121	27,370,824
2022-2026	75,286,145	22,823,565	98,109,710
2027-2031	60,820,587	8,444,163	69,264,750
2032-2036	17,015,000	1,090,603	18,105,603
Total General Obligation Bonds	<u>\$ 277,656,104</u>	<u>\$ 76,782,472</u>	<u>\$ 354,438,576</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

<u>Issue</u>	<u>Interest Rate</u>	<u>Year Series Matures</u>	<u>Amount of Original Issue</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
Maryland Water Quality Financing:					
2002 Revolving Loan- Hampstead	2.60%	2021	\$ 532,680	\$ 158,748	\$ 30,141
Total Loans Payable				<u>\$ 158,748</u>	<u>\$ 30,141</u>

The annual requirements to repay the loans payable outstanding as of June 30, 2016, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,141	\$ 5,842	\$ 35,983
2018	30,924	5,059	35,983
2019	31,729	4,255	35,984
2020	32,554	3,430	35,984
2021	33,400	2,583	35,983
Total Loans Payable	<u>\$ 158,748</u>	<u>\$ 21,169</u>	<u>\$ 179,917</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, 2016

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

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2016	Due Within One Year
<u>Bureau of Utilities:</u>					
2005 Public Improvement Bonds	3.50%-4.125%	2020	302,525	\$ -	\$ -
2006 Public Improvement Bonds	3.50% -4.00%	2021	200,000	14,442	14,442
2007 Refunding Bonds (January)	3.50%-5.00%	2020	212,504	80,737	20,882
2007 Public Improvement Bonds	3.75%-5.25%	2022	9,401,000	1,251,737	625,869
2008 Public Improvement Bonds	3.25%-5.00%	2028	7,616,000	1,199,712	380,854
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	745,461	333,276	77,826
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	1,423	912
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	13,742	11,753	691
2011 Refunding Bonds	2.00%-4.25%	2021	484,430	325,052	96,232
2012 Refunding Bonds	2.00%-5.00%	2022	198,550	198,550	17,380
2014 Refunding Bonds	2.00%-5.00%	2024	5,446,358	5,245,814	195,062
2015 Refunding Bonds	3.00%-5.00%	2022	2,978,549	2,978,548	-
Subtotal Bureau of Utilities				12,713,284	1,430,150
<u>Solid Waste Fund</u>					
2007 Refunding Bonds (January)	3.50%-5.00%	2020	345,658	131,326	33,967
2007 Public Improvement Bonds	3.75%-5.25%	2022	604,000	80,422	40,211
2008 Public Improvement Bonds	3.25%-5.00%	2028	296,000	66,477	21,090
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	9,479	4,238	990
2011 Refunding Bonds	2.00%-4.25%	2021	789,648	632,398	157,250
2014 Refunding Bonds	2.00%-5.00%	2024	406,860	314,034	90,424
2015 Refunding Bonds	3.00%-5.00%	2022	191,370	191,370	-
Subtotal Solid Waste Fund				1,420,265	343,932
<u>Airport Fund</u>					
2001 Public Imp. Bonds	3.25%-4.75%	2021	2,200,000	660,000	110,000
2005 Public Improvement Bonds	3.50%-4.125%	2020	58,555	-	-
2007 Refunding Bonds (January)	3.50%-5.00%	2020	240,854	91,508	23,668
2010 Refunding Bonds Series A	0.30%-1.70%	2018	93,300	20,841	13,350
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	27,130	23,203	1,364
2011 Refunding Bonds	2.00%-4.25%	2021	286,966	202,814	57,044
2012 Refunding Bonds	2.00% - 5.00%	2022	18,716	18,716	3,341
2014 Refunding Bonds	2.00% - 5.00%	2020	85,400	59,614	25,118
Subtotal Airport Fund				1,076,696	233,885
<u>Septage Fund</u>					
2006 Public Improvement Bonds	3.50%-4.00%	2021	200,000	12,180	12,180
2012 Refunding Bonds	2.00%-5.00%	2022	62,391	62,391	-
Subtotal Septage Fund				74,571	12,180
Total General Obligation Bonds				\$ 15,284,816	\$ 2,020,147

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 – Long-Term Debt–continued

B.) Business-type Activities-continued

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2016, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Business-type activities:</u>			
2017	\$ 2,020,147	\$ 664,608	\$ 2,684,755
2018	1,934,622	572,472	2,507,094
2019	1,717,948	484,490	2,202,438
2020	1,755,273	404,510	2,159,783
2021	1,463,842	325,162	1,789,004
2022-2026	4,515,284	720,292	5,235,576
2027-2031	1,877,700	68,709	1,946,409
<u>Total General Obligation Bonds</u>	<u>\$ 15,284,816</u>	<u>\$ 3,240,243</u>	<u>\$ 18,525,059</u>

Advanced Refunding

The County issued general obligation refunding bonds during the current year. The County issued \$9,185,000 on November 19, 2015 of general obligation refunding bonds to provide resources to purchase United States Government State and Local Government Series Securities “SLGS” that were placed in an irrevocable trust. The net proceeds of \$10,273,056 (after payment of \$47,277 for issuance costs) were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of \$9,650,000 of general obligation bonds from 2007 bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amounts of the old debt by \$670,333. This amount is a deferred outflow and amortized over the life of the new debt issued, which is shorter than the remaining life of the refunded debt. The November 2015 advanced refunding was undertaken to reduce total debt service payments by \$555,423 and resulted in an accounting loss of \$187,154.

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, 2016, \$68,460,508 of defeased bonds remains outstanding.

Bond Authorization

The County has authorization to sell approximately \$154,333,058 in additional bonds for the construction and renovation of several public schools; numerous general public projects and various road and bridge projects. The County has already appropriated \$94,310,164 of the available authorization.

C.) Component Units

In October of 2004, the Board 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, 2016, no new capital leases were entered into by the Board of Education.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 8 – Long-Term Debt–continued

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

<u>Years Ending June 30,</u>	<u>Energy Management Equipment</u>
2017	\$ 963,343
2018	992,243
2019	844,235
	<u>2,799,821</u>
less interest	(183,975)
Present value of future minimum lease payments	<u>\$ 2,615,846</u>

Interest expense related to capital leases was \$121,435 for the year ended June 30, 2016.

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 loaned 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 2016 and 2015, 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, 2015 and 2016. During 2016 the IDA agreed to reduce the principal due to \$3,764,567. The accrued interest payable at June 30, 2016 and 2015 totals \$1,026,842 and \$906,842, respectively.

The annual requirements to amortize notes payable outstanding as of June 30, 2016 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Component Unit-IDA:			
2017	\$ 1,869,830	\$ 834,210	\$ 2,704,040
2018	210,526	53,684	264,210
2019	210,526	47,368	257,894
2020	210,526	41,053	251,579
2021	210,526	34,736	245,262
2022-2025	1,052,633	78,949	1,131,582
Total	<u>\$ 3,764,567</u>	<u>\$ 1,090,000</u>	<u>\$ 4,854,567</u>

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, 2016

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, 2016 for the County amounted to \$297,788. Future lease payments for these leases are as follows:

<u>Years Ending June 30,</u>	
2017	\$ 289,300
2018	297,979
2019	306,918
2020	316,126
2021	325,610
2022-2026	1,403,096

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, 2016 amounted to \$262,417. Future lease revenues for these rentals are as follows:

<u>Years Ending June 30,</u>	
2017	\$ 299,253
2018	299,253
2019	299,253
2020	299,253
2021	299,253
2022-2026	1,430,267
2027-2096	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 2016, the County recorded \$1,607,430 for the Library; \$3,534,200 for Carroll Community College and \$1,661,830 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, 2016

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, 2016 for the County totaled to \$363,849 and has a six-year commitment remaining. The total future minimum payments are as follows:

<u>Years Ending June 30,</u>	
2017	\$ 374,764
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, 2016 for the County totaled \$53,975 and has a 14-year commitment remaining. The total future minimum payments are as follows:

<u>Years Ending June 30,</u>	
2017	\$ 109,570
2018	112,856
2019	116,242
2020	119,730
2021	123,321
2022-2026	674,371
2027-2031	697,689

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, 2016 amounted to \$356,376. Future lease revenues for these rentals are as follows:

<u>Years Ending June 30,</u>	
2017	\$ 305,503
2018	262,808
2019	235,210
2020	184,297
2021	184,824
2022-2026	160,000

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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>(38,974,279)</u>	<u>-</u>	<u>(38,974,279)</u>
Net carrying value	<u>\$98,031,871</u>	<u>\$512,770</u>	<u>\$98,544,641</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>
2017	\$466,968
2018	151,807
2019	<u>20,203</u>
Total	<u>\$638,978</u>

Operating lease expenditures/expenses for the year ended June 30, 2016 were \$538,339.

The Library leases various office equipment under noncancelable operating leases that extend through the year ending June 30, 2022. Total rental expenditures were \$21,282 for leases for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Years Ending June 30,</u>	
2017	\$ 26,165
2018	26,609
2019	26,609
2020	22,176
2021	22,176
2022	<u>1,848</u>
Total	<u>\$125,583</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 \$187,151 for the year ended June 30, 2016. 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>	
2017	\$ 169,620
2018	169,620
2019	<u>14,135</u>
Total	<u>\$ 353,375</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 22.7 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 \$5,919,392, of which 100 percent has been accrued as of June 30, 2016. 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 \$1,792,777 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 \$12,712,169.

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, 2016

Note 11– Pension Plans

Carroll County Employee Pension Plan

Plan Description

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

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

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

Plan membership. The most current actuarial valuation was completed as of July 1, 2015. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	212
Terminated plan members entitled to, but not yet receiving benefits	182
Active plan members	<u>726</u>
Total	<u>1,120</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, 2016

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 5 percent of their annual base pay. The County contributed 7.9 percent of the employees’ annual base pay. For fiscal year 2016 the County contributed \$2,542,100 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	\$3,064,456
Harbor International Fund	3,202,525

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016</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 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, 2016, the annual money-weighted rate of return on the CCEPP investments, net of pension plan investment expense, was 2.08 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, 2016

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, 2016, were as follows:

Total pension liability	\$77,290,773
CCEPP fiduciary net position	<u>(66,713,817)</u>
County’s net pension liability	<u>\$10,576,956</u>

CCEPP fiduciary net position as a percentage of the total pension liability	86.32%
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Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016 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: The expected rates of future mortality were changed from the RP2000 table with fully generational projection using scale AA to the RP2014 table with fully generational projection using scale MP2014. These rates of current mortality and expectations for future improvements are representative of general mortality experienced by pension plans.

The assumed annual Cost of Living Adjustment was reduced from 2.0% to 1.8% per year which will more accurately reflect the effect of the annual limit of 2.0% per year.

The actuarial assumptions used at June 30, 2016 were based on the 2016 Experience Study covering the period of July 1, 2011 through June 30, 2016.

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, 2016

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%	5.70%
U.S. Small/Mid Cap Equities	10%	6.50%
Foreign Equities	10%	6.80%
Real Estate (REITs)	10%	6.00%
Core Fixed Income	25%	1.10%
Cash	0%	0.00%
Inflation		3.00%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7 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, 2016

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)
Balances at 6/30/15	\$ 69,571,070	\$ 62,515,288	\$7,055,782
Changes for the year:			
Service cost	3,513,135		3,513,135
Interest	4,824,479		4,824,479
Changes of benefit terms	-		-
Differences between expected and actual experience	(953,207)		(953,207)
Changes of assumptions	1,635,179		1,635,179
Contributions - employer		2,542,100	(2,542,100)
Contributions - member		1,688,103	(1,688,103)
Net investment income		1,305,768	(1,305,768)
Benefit payments, including refunds of member contributions	(1,299,883)	(1,299,883)	-
Administrative expense		(37,559)	37,559
Other	-	-	-
Net Changes	<u>\$ 7,719,703</u>	<u>\$ 4,198,529</u>	<u>\$ 3,521,174</u>
Balances at 6/30/16	<u>\$ 77,290,773</u>	<u>\$ 66,713,817</u>	<u>\$ 10,576,956</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	\$22,624,602	\$10,576,956	\$ 800,915

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

For the year ended June 30, 2016, the County recognized pension expense of \$3,251,545. At June 30, 2016, 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, 2016

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	\$ -	\$ 829,503
Changes of assumptions	1,308,143	
Net difference between projected and actual earnings on pension plan investment	<u>3,400,703</u>	
Total	\$ <u>4,708,846</u>	\$ <u>829,503</u>

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

Year Ending June 30:

2017	\$ 1,041,792
2018	1,041,792
2019	1,041,790
2020	753,969

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, 2016

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

Statement of Fiduciary Net Position
Carroll County Employee Pension Plan

Assets:	
Investments at fair value:	
Short-term investments	\$ 362,372
Bond funds	16,832,606
Equity funds	<u>49,527,595</u>
Total assets	<u>66,722,573</u>
Liabilities:	
Accounts payable	8,748
Due to primary government	<u>8</u>
Total liabilities	<u>8,756</u>
Fiduciary Net Position:	
Net position held in trust for pension and other purposes	<u><u>\$ 66,713,817</u></u>

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

ADDITIONS	
Contributions:	
Employer	\$ 2,542,100
Plan Members	<u>1,688,103</u>
Total Contributions	<u>4,230,203</u>
Investment earnings:	
Net increase in the fair value of investments	<u>1,353,793</u>
Total investment earnings	<u>1,353,793</u>
Less investment expense	<u>(48,025)</u>
Net investment earnings	<u>1,305,768</u>
Total additions	5,535,971
DEDUCTIONS	
Benefits	1,299,883
Administrative expenses	<u>37,559</u>
Total deductions	<u>1,337,442</u>
Change in net position	4,198,529
NET POSITION RESTRICTED FOR COUNTY PENSION	
Beginning of year	62,515,288
End of year	<u><u>\$ 66,713,817</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

Carroll County Employee Pension Plan-continued

Projected payroll increases	3% per year
Salary valuation	36-month average highest pay
Post retirement cost-of-living adjustments	1.8%
Inflation rate	N/A

Carroll County Certified Law Officers Pension Plan

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

Plan Description

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

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, 2015. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	8
Terminated plan members entitled to, but not yet receiving benefits	1
Active plan members	<u>104</u>
Total	<u>113</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 8 percent of their annual base pay. The County contributed 14.1 percent of the employees' annual base pay.

Investment Policy: Fiduciary funds for Carroll County are the Carroll County Employee Pension Plan, the Carroll County Certified Law 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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

Carroll County Certified Law Officers Pension Plan-continued

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	\$462,160
Harbor International Fund	482,979

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, 2016</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 Certified Law Officer Trust Fund

	Minimum	Maximum
Domestic Large Cap Equities	35.0%	55.0%
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%	5.0%

Rate of return. For the year ended June 30, 2016, the annual money-weighted rate of return on the CCCLOPP investments, net of pension plan investment expense, was 2.11 percent. The money-weighted

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

Carroll County Certified Law Officers Pension Plan-continued

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, 2016, were as follows:

Total pension liability	\$ 12,807,011
CCCLOPP fiduciary net position	(10,141,817)
County’s net pension liability	\$ <u>2,665,194</u>
 CCCLOPP fiduciary net position as a percentage of the total pension liability	 79.19%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2015 rolled forward to June 30, 2016 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: The expected rates of future mortality were changed from the RP2000 table with fully generational projection using scale AA to the RP2014 table with fully generational projection using scale MP2014. These rates of current mortality and expectations for future improvements are representative of general mortality experienced by pension plans.

The assumed annual Cost of Living Adjustment was reduced from 2.0% to 1.8% per year which will more accurately reflect the effect of the annual limit of 2.0% per year.

The actuarial assumptions used at June 30, 2016 were based on the 2016 Experience Study covering the period of July 1, 2011 through June 30, 2016.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

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%	5.70%
U.S. Small/Mid Cap Equities	10%	6.50%
Foreign Equities	10%	6.80%
Real Estate (REITs)	10%	6.00%
Core Fixed Income	25%	1.10%
Cash	0%	0.00%
Inflation		3.00%
Total	100%	

Discount rate: The discount rate used to measure the total pension liability was 7 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, 2016

Note 11– Pension Plans-continued

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15	\$ 11,733,031	\$ 9,105,477	\$ 2,627,554
Changes for the year:			
Service cost	999,549		999,549
Interest	812,759		812,759
Changes of benefit terms	-		-
Differences between expected and actual experience	(379,899)		(379,899)
Changes of assumptions	(114,050)		(114,050)
Contributions - employer		680,880	(680,880)
Contributions - member		415,820	(415,820)
Net investment income		191,342	(191,342)
Benefit payments, including refunds of member contributions	(244,379)	(244,379)	-
Administrative expense		(7,323)	7,323
Other		-	-
Net Changes	<u>1,073,980</u>	<u>1,036,340</u>	<u>37,640</u>
Balances at 6/30/16	<u>\$ 12,807,011</u>	<u>\$ 10,141,817</u>	<u>\$ 2,665,194</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	\$4,924,985	\$2,665,194	\$872,312

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

For the year ended June 30, 2016, the County recognized pension expense of \$799,752.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

Carroll County Certified Law Officers Pension Plan-continued

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 535,625
Changes of assumptions	-	102,645
Net difference between projected and actual earnings on pension plan investment	504,653	
Total	\$ 504,653	\$ 638,270

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

<u>Year Ending June 30:</u>	
2017	\$ 62,900
2018	62,900
2019	62,898
2020	21,515
2021	(73,610)
Thereafter	(270,220)

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, 2016

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, 2015 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, 2015 ranges from 16 to 20 years.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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**

Assets:

Investments at fair value:

Short-term investments	\$ 137,303
Bond funds	2,538,588
Equity funds	<u>7,469,970</u>
Total assets	<u>10,145,861</u>

Liabilities:

Accounts payable	<u>4,044</u>
Total liabilities	<u>4,044</u>

Net Position:

Net position held in trust for pension benefits and other purposes	<u>\$ 10,141,817</u>
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**Statement of Changes in Fiduciary Net Position
Carroll County Certified Law Officers Pension Plan**

ADDITIONS

Contributions:

Employer	\$ 680,880
Plan members	<u>415,820</u>
Total contributions	1,096,700

Investment earnings:

Net increase in fair value of investments	<u>207,569</u>
Total investment earnings	<u>207,569</u>
Less investment earnings	<u>(16,227)</u>
Net investment earnings	<u>191,342</u>

Total additions 1,288,042

DEDUCTIONS

Benefits and refunds paid to

plan members and beneficiaries	244,379
Administrative expenses	<u>7,323</u>

Total deductions 251,702

Change in net position 1,036,340

NET POSITION RESTRICTED FOR LAW OFFICERS

PENSION

Net position-beginning of year	<u>9,105,477</u>
Net position-end of year	<u>\$ 10,141,817</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.

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 January 1, 2015. 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 5th year to determine if any changes should

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Volunteer Firemen Pension Plan (LOSAP)-continued

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 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	\$387,212
Harbor International Fund	403,861

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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

Volunteer Firemen Pension Plan (LOSAP)-continued

<u>Ratings</u>	<u>Maximum</u>	<u>Allocation at June 30, 2016</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:

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, 2016, the annual money-weighted rate of return on the LOSAP investments, net of pension plan investment expense, was 6.08 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the County

The components of the net pension liability of the County at June 30, 2016, were as follows:

Total pension liability	\$ 9,722,079
LOSAP fiduciary net position	(8,304,759)
County's net pension liability	\$ <u>1,417,320</u>

LOSAP fiduciary net position as a percentage of the total pension liability	85.42%
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THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

Volunteer Firemen Pension Plan (LOSAP)-continued

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2015 rolled forward to June 30, 2016 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 actuarial assumptions used at June 30, 2016 were based on the 2016 Experience Study covering the period of July 1, 2011 through June 30, 2016.

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%	5.70%
U.S. Small/Mid Cap Equities	10%	6.50%
Foreign Equities	10%	6.80%
Real Estate (REITs)	10%	6.00%
Core Fixed Income	20%	1.10%
Cash	5%	0.00%
Inflation		3.00%
Total	100%	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans-continued

Volunteer Firemen Pension Plan (LOSAP)-continued

Discount rate: The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/15			
Changes for the year:	\$ 9,585,804	\$ 8,463,415	\$ 1,122,389
Service cost	150,706	-	150,706
Interest	671,991	-	671,991
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	50,000	(50,000)
Contributions - member	-	-	-
Net investment income	-	483,901	(483,901)
Benefit payments, including refunds of member contributions	(686,422)	(686,422)	-
Administrative expense	-	(6,135)	6,135
Other	-	-	-
Net Changes	<u>136,275</u>	<u>158,656</u>	<u>294,391</u>
Balances at 6/30/16	<u>\$ 9,722,079</u>	<u>\$ 8,304,759</u>	<u>\$ 1,417,320</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 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%)
LOSAP net pension liability	\$2,279,757	\$1,417,320	\$694,697

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, the County recognized pension expense of \$114,994.

At June 30, 2016, 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 Resource</u>
Net difference between projected and actual earnings on pension plan investment	\$ <u>432,150</u>	\$ <u>143,569</u>
Total	\$ 432,150	\$ 143,569

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Volunteer Firemen Pension Plan (LOSAP)-continued

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

<u>Year Ending June 30:</u>	
2017	\$ 60,180
2018	60,180
2019	60,182
2020	108,039

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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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	\$ 125,798
Bond funds	1,732,998
Equity funds	6,450,908

Total assets	8,309,704
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Liabilities:

Accounts payable	4,945
Total liabilities	4,945

Net Position:

Net position held in trust for pension benefits and other purposes	\$ 8,304,759
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Statement of Changes in Fiduciary Net Position
Volunteer Firemen Pension Plan (LOSAP)

ADDITIONS

Contributions:	\$ 50,000
Investment earnings:	
Net increase in the fair value of investments	499,976
Total investment earnings	499,976
Less investment expense	(16,075)
Net investment earnings	483,901
Total additions	533,901

DEDUCTIONS

Benefits	686,422
Administrative expenses	6,135
Total deductions	692,557
Change in net position	(158,656)

NET POSITION RESTRICTED FOR LOSAP

Net position-beginning of year	8,463,415
Net position-end of year	\$ 8,304,759

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System

Salary Increases	Not Applicable
Inflation Rate	3%
Service Credit after Retirement	Potential to earn additional service and benefits after “retire” allowing their benefit to increase further.
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
Projected salary increases	N/A
Post retirement cost-of-living adjustments	N/A
Inflation Rate	N/A
Service Credit after Retirement	Potential to earn additional service and benefits after “retire” allowing their benefit to increase further.

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. The System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015 can be found at www.sra.state.md.us/Agency/Downloads/CAFR/CAFR-2015.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 COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-continued

The County adopted GASB Statement No. 68-"Accounting and Financial Reporting for Pensions" ("GASB 68") for the year ended June 30, 2015. 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, 2015, 50 employees participate in the Employees' Retirement Systems.

In addition, certain "State Elected Officials" and "Soil Conservation District" employees hired after June 30, 1985 are entitled to participate in Employees' Retirement and Pension Systems. As of June 30, 2015, three Officials and five 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 2016 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, 2016, the County reported a total liability of \$455,649 for its proportionate share of the net pension liability: \$201,819 for County Elected/Appointed Officials and \$253,830 for County Soil Conservation District. The net pension liability was measured as of June 30, 2015, 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, 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, 2015, the County's proportionate share was 0.00097111% for CC Elected Officials and 0.0012214% for Soil Conservation employees.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-continued

At June 30, 2016, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 11,633	\$ -
Net difference between projected and actual earnings on pension plan investments	17,776	15,711
County contributions subsequent to the measurement date	<u>23,047</u>	<u>-</u>
Total	<u>\$ 52,456</u>	<u>\$ 15,711</u>

\$23,047 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:

<u>Years ending June 30:</u>	
2017	\$ (2,289)
2018	(2,289)
2019	(2,288)
2020	(5,638)
2021	(1,194)

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

County Elected/Appointed Officials Contribution	\$20,469
St. of MD total adjusted contributions	<u>\$2,107,730,000</u>
County’s proportion of total contributions	0.0009711%
Total Net Pension Liability –St. of MD	\$20,781,712,000
County Elected/Appointed Officials share of NPL	\$201,819
Total Pension Expense – St. of MD	\$2,027,015,476
County Elected/Appointed Officials share pension exp.	\$93,442

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-continued

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to the “the System” for Soil Conservation from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 4,642	\$ -
Net difference between projected and actual earnings on pension plan investments	37,891	26,596
County contributions subsequent to the measurement date	<u>19,607</u>	<u>-</u>
Total	<u>\$62,140</u>	<u>\$ 26,596</u>

\$19,607 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:

2017	\$ (1,331)
2018	(1,330)
2019	(1,329)
2020	(5,973)
2021	(5,974)

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

County Soil Conservation Dist. Contribution	\$25,744
St. of MD total adjusted contributions	<u>\$2,107,730,000</u>
County’s proportion of total contributions	0.0012214%
Total Net Pension Liability – St. of MD	\$20,781,712,000
County Soil Conservation Dist. share of NPL	\$253,830
Total Pension Expense – St. of MD	2,027,015,476
County Soil Conservation Dist. - pension expense	\$49,571

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued
Maryland State Retirement and Pension System

Actuarial assumptions: Key actuarial assumptions used to perform the June 30, 2015 State of Maryland pension liability calculations are as follows:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of payroll, closed
Inflation	2.70% general, 3.20% wage
Salary increases	3.20% to 8.95%, including inflation
Discount rate	7.55%
Investment Rate of Return	7.55%
Mortality	RP-2014 combined Healthy Mortality Table

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 2010-2014 after completion of the June 30, 2014 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were adopted by the Board for 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, 2015 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	35%	6.30%
Fixed Income	10%	0.60%
Credit Opportunity	10%	3.20%
Real Return	14%	1.80%
Absolute Return	10%	4.20%
Private Equity	10%	7.20%
Real Estate	10%	4.40%
Cash	<u>1%</u>	0.00%
Total	<u>100%</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2015.

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 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%. 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
The County’s Proportionate share Of the NPL for:	(6.55%)	(7.55%)	(8.55%)
St. of MD CC Elected Officials.	\$285,240	\$201,819	\$132,646
St. of MD Soil Conservation.	\$358,750	\$253,830	\$166,831

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, 2016

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, 2016

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.

The State makes a substantial portion of the Board'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, 2016, was \$19,932,553. The fiscal 2016 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.

Beginning in FY 2013, the State of Maryland General Assembly passed a bill that required the Boards of Education in Maryland to begin paying the normal cost for their teachers into the Teachers' Retirement and Pension Systems. The legislation structured this as a four-year phase in to the full normal cost so that 50% was paid in FY 2013. Full normal cost will be paid in FY 2017 and each year thereafter. The Board's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2016 was \$7,468,196.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2016, was 6.72% 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, 2016 of \$1,578,985.

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, 2016, the Board reported a liability of \$17,874,365 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

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, 2015, the Board’s proportionate share was 0.08601%.

For the year ended June 30, 2016, the Board recognized pension expense of \$2,080,973. At June 30, 2016, 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	\$ -	\$ 366,052
Changes in assumptions	1,050,756	-
Change in proportion	707,912	-
Net difference between actual between projected and actual earnings on pension plan investments	393,946	-
Changes in proportionate share of contributions	461,498	-
Board contributions subsequent to the measurement date	<u>1,578,985</u>	<u>-</u>
Total	<u>\$ 4,193,097</u>	<u>\$ 366,052</u>

\$1,578,985 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:

Year ending June 30:	
2017	\$ (437,938)
2018	(437,938)
2019	(437,938)
2020	(682,712)
2021	(251,534)

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

Teachers’ Retirement and Pension Systems

At June 30, 2016, 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	\$ 273,808,237
Board's proportionate share of the net pension liability	<u>-</u>
Total	<u>\$ 273,808,237</u>

The net pension liability was measured as of June 30, 2015, 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, 2016, the Board recognized pension expense of \$27,400,749 and revenue of \$19,932,553 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.90% 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, 2015 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, 2015 valuation.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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	35%	6.30%
Fixed Income	10%	0.60%
Credit Opportunity	10%	3.20%
Real Return	14%	1.80%
Absolute Return	10%	4.20%
Private Equity	10%	7.20%
Real Estate	10%	4.40%
Cash	<u>1%</u>	0.00%
Total	<u>100%</u>	

The above was the System’s Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2015.

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 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%. 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, 2016

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:

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

Board's proportionate share of the net pension liability	\$ 25,262,683 \$ 17,874,365 \$ 11,747,989
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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, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

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 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 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 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.

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, 2016 and 2015, was \$885,072 and \$898,711, respectively. The fiscal 2016 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, 2016

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, 2016 and 2015, 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>2016</u>	<u>2015</u>
State’s proportionate share of the net pension liability	\$8,861,075	\$6,312,997
College’s proportionate share of the net pension liability	<u>-</u>	<u>-</u>
Total	<u>\$8,861,075</u>	<u>\$6,312,997</u>

The net pension liability was measured as of June 30, 2015 and 2014, 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, 2015	June 30, 2014
Inflation-general	2.7%	2.9%
Inflation-wage	3.2%	3.4%
Salary increases	3.2% to 9.2%, including inflation	3.40% to 11.9%, including inflation
Investment rate of return	7.55%	7.65%

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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-2000 Combined Healthy Mortality Table projected to the year 2025
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The economic and demographic actuarial assumptions used in the June 30, 2015 valuation were adopted by the System’s Board of Trustees on May 21, 2015 based upon review of the System’s experience study for the period 2010-2014, which was completed during FY2014. 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, 2015 valuation.

New funding methodology set forth in Maryland legislation was first used in the June 30, 2015 valuation. The legislation removed the corridor funding method effective with the June 30, 2015 valuation. The benefit provisions valued in the actuarial valuation as of June 30, 2015, are the same as the provisions from the last valuation as of June 30, 2014.

The economic and demographic actuarial assumptions used in the June 30, 2014 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2006-2010, which was completed during FY 2011. Certain assumptions from the experience study including mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the College for the first use in the actuarial valuation as of June 30, 2012. The System’s Board of Trustees adopted new economic assumptions for the June 30, 2013 valuation, in particular, an investment return assumption of 7.70% and an inflation assumption of 2.95%. The ultimate assumptions of a 7.55% investment return and 2.80% price inflation are being phased in over a four-year period. As a result, an investment return assumption of 7.55% and an inflation assumption of 2.70% were used for the June 30, 2015 valuation. The COLA, salary increase and payroll growth assumptions have also changed as a result of the change in the inflation assumption.

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:

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

Asset Class	2016		2015	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	35%	6.30%	35%	4.70%
Fixed Income	10%	0.60%	10%	2.00%
Credit Opportunity	10%	3.20%	10%	3.00%
Real Return	14%	1.80%	14%	2.80%
Absolute Return	10%	4.20%	10%	5.00%
Private Equity	10%	7.20%	10%	6.30%
Real Estate	10%	4.40%	10%	4.50%
Cash	1%	0.00%	1%	1.40%
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, 2015 and 2014, respectively.

For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 2.71% and 14.38%. 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 7.65% as of June 30, 2015 and 2014, respectively. This single discount rate was based on the expected rate of return on pension plan investments of 7.55% and 7.65% as of June 30, 2015 and 2014, respectively. 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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, was \$821,160. The fiscal 2016 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, 2016, was 5.00% 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, 2016 of \$56,065.

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, 2016, the Library reported a liability of \$581,213 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2015, 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, 2015, the Library's proportionate share was 0.002%.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

For the year ended June 30, 2016, the Board recognized pension expense of \$77,414. At June 30, 2016, 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	\$ 33,541	\$ -
Changes in proportions	71,707	-
Net difference between projected and actual earnings on pension plan investments	17,542	-
Net difference between actual and proportionate share of contributions	14,049	-
Net difference between expected and actual experience	-	11,903
Board contributions subsequent to the measurement date	56,065	-
Total	<u>\$ 192,904</u>	<u>\$ 11,903</u>

\$56,065 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:

2017	\$ 25,261
2018	25,261
2019	25,261
2020	32,239
2021	16,914

Teachers Retirement and Pension Systems

At June 30, 2016, 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	\$ 7,288,818
Board's proportionate share of the net pension liability	-
Total	<u>\$ 7,288,818</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

The net pension liability was measured as of June 30, 2015, 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, 2016, the Board recognized pension expense of \$821,160 and revenue of \$821,160 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.90% 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 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, 2015 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, 2015 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	35%	6.30%
Fixed Income	10%	0.60%
Credit Opportunity	10%	3.20%

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

Real Return	14%	1.80%
Absolute Return	10%	4.20%
Private Equity	10%	7.20%
Real Estate	10%	4.40%
Cash	<u>1%</u>	0.00%
Total	<u>100%</u>	

The above was the System’s Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2015.

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 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%. 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, 2016

Note 11– Pension Plans–continued

Maryland State Retirement and Pension System-Continued

Component Units

	1% Decrease	Current Discount Rate	1% Increase
	<u>(6.55%)</u>	<u>(7.55%)</u>	<u>(8.55%)</u>
Board's proportionate share of the net pension liability	\$ 821,469	\$ 581,213	\$ 382,011

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.

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, 2016 were \$149,463 and \$1,953,142, respectively.

The Plan also offers a “Roth” option which allows employees to make after-tax contributions. Approximately 11.8 percent of employee contributions to the plan are being made as “Roth” contributions as of June 30, 2016.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12 – Postemployment Benefits Other Than Pension Benefits

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

Plan Description: 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 County incurred total post-employment medical plan benefit expenditures of \$4,100,178 during the fiscal period ending June 30, 2016. Of this amount, the County paid \$3,534,115 and the retirees paid \$566,063.

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

Retirees who meet certain age and years of service thresholds, may qualify for membership in the County’s retiree group medical plan(s). Full-time employees who retire can also insure their spouses. As of June 30, 2016, retirees pay between 8 percent and 100 percent of the County’s full premium equivalent cost, based upon their age and years of service at retirement. As of June 30, 2016, 319 Primary Government retirees and 237 retiree spouses were eligible to receive benefits. Of these, 290 retirees and 216 spouses were enrolled. 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.

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 most recent actuarial valuation was completed as of July 1, 2014. The membership data related to the plan was as follows:

Number of Participants	
Active employees	919
Deferred vested terminations	-
Retirees in pay status (pre Medicare)	112
Retirees in pay status (Medicare age)	<u>249</u>
Total	<u>1,280</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

Contributions: In fiscal year 2016, the County contributed \$10,103,580 towards the ARC for the Other Postemployment Benefit fund. Retirees contribute a portion of their health care cost which is based on their age and years of service with the County. Administrative costs of the RBTCCCC are financed through investment earnings.

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	\$ 10,474,000
Interest	2,538,171
Adjustment to annual required contribution	<u>(2,322,843)</u>
Annual OPEB cost	10,689,328
Contributions made	<u>(10,103,580)</u>
Change in net OPEB obligation	585,748
Net OPEB obligation - beginning of year	<u>36,259,580</u>
Net OPEB obligation - end of year	<u>\$ 36,845,328</u>

The annual required contribution was determined as part of the July 1, 2014 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, 2014.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

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

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

Assets:	
Receivables-notes	\$ 21,653
Investments at fair value:	
Bond funds	5,434,336
Marketable securities	<u>61,907,667</u>
Total assets	<u>67,363,656</u>
Liabilities:	
Due to primary government	<u>831,060</u>
Total liabilities	<u>831,060</u>
Net Position:	
Fiduciary net position held in trust for OPEB	<u><u>\$ 66,532,596</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

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

ADDITIONS:

Contributions:	
Employer	\$ 10,103,580
Plan members	566,063
Total contributions	10,669,643
Investment earnings:	
Interest and dividends	14,294
Net increase or decrease in the fair value of investments	1,239,312
Total investment earnings	1,253,606
Less investment expense	(6,500)
Net investment earnings	1,247,106
Total additions	11,916,749
DEDUCTIONS	
Benefits	4,100,178
Administrative expenses	5,000
Total deductions	4,105,178
Change in net position	7,811,571
Net position-beginning of year	58,721,025
Net position-end of year	\$ 66,532,596

The Information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation date	7/1/2014
Actuarial cost method	Projected unit credit
Amortization method	Closed
Remaining amortization period	24 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	3.0%
Inflation Rate	2.5%
Medical Trend	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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

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, 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.

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.

Employees with current medical enrollment with Carroll County Government that were hired before 5/1/2005 are assumed to elect medical coverage 98 percent of the time. After 5/1/2005, the election of medical enrollment that will elect medical coverage at retirement is based on the following rates:

<u>Service</u>	<u>Rate</u>
Less than 10	N/A
10 to 14	80%
15 to 19	90%
20 to 24	95%
25 or more	100%

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*

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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, 2016, 2015 and 2014 were \$1,277,560, \$1,243,684, and \$1,266,128, respectively.

Board of Education

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, 2016, 1,273 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:

Annual required contribution	\$24,020,000
Interest	3,006,000
Adjustment to annual required contribution	<u>(3,491,000)</u>
Annual OPEB cost	23,535,000
Contributions made	<u>(4,888,705)</u>
Increase in net OPEB obligation	18,646,295
Net OPEB obligation - beginning of year	<u>75,142,431</u>
Net OPEB obligation - end of year	<u>\$93,788,726</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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 2016 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>
2014	\$19,602,000	19.95%	\$58,881,226
2015	20,907,000	22.22%	75,142,431
2016	23,535,000	20.77%	93,788,726

Funding Policy:

As of July 1, 2015, the most recent actuarial valuation date, the Plan was 5.4% funded. The actuarial accrued liability for benefits was \$285,881,000 and the actuarial value of assets was \$15,566,200 resulting in an unfunded actuarial accrued liability “UAAL” of \$270,314,800. The covered payroll (annual payroll of active employees covered by the plan) was \$193,498,864, and the ratio of the UAAL to the covered payroll was 139.70%.

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.

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial 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	\$ 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%

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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	32.26%	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

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, 2015, 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.

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2015
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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 2016 and 2015, Carroll Community College contributed \$500,561 and \$489,487, respectively, to the plan, which is recorded in the statement of revenues, expenses and changes in net assets allocated 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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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 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>2016</u>	<u>2015</u>
Annual required contribution	\$3,339,000	\$ 3,123,000
Interest	699,000	595,000
Adjustment to annual required contribution	<u>(912,000)</u>	<u>(747,000)</u>
Annual OPEB costs (expense)	3,126,000	2,971,000
Contributions made	<u>(500,561)</u>	<u>(489,487)</u>
Increase in net OPEB obligation	2,625,439	2,481,513
Net OPEB obligation-beginning of year	<u>17,525,104</u>	<u>15,043,591</u>
Net OPEB obligation-end of year	<u>\$20,150,543</u>	<u>\$17,525,104</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>
6/30/14	\$2,800,000	15.4%	\$15,043,591
6/30/15	2,971,000	16.5%	17,525,104
6/30/16	3,126,000	16.0%	20,150,143

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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)	UAAL as a 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%

Funded Status and Funding Progress. The actuarial accrued liability for benefits was \$29.403 million at June 30, 2016 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability “UAAL” of \$29.403 million. The covered payroll (annual payroll of active employees covered by the plan) was \$14,334,394, and the ratio of the UAAL to the covered payroll was 205 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, 2016, was 22 years.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 13 – Fund Equity

A summary of fund balances as of June 30, 2016 follows:

	General Fund	Capital Projects Funds	Non Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>				
Inventory	\$ 1,649,394	\$ -	\$ -	\$ 1,649,394
Prepaid costs	94,037	-	-	94,037
Loans to community organizations	6,017,708	-	-	6,017,708
Loans to fire companies	10,036,498	-	-	10,036,498
Loans to municipalities	149,037	-	-	149,037
Due from other funds	8,109,334	-	-	8,109,334
Advances and proceeds to Industrial Development Authority	612,910	-	-	612,910
Total nonspendable fund balance	<u>26,668,918</u>	<u>-</u>	<u>-</u>	<u>26,668,918</u>
<u>Restricted:</u>				
Weed control	111,882	-	-	111,882
Agricultural preservation investments	29,266,149	-	-	29,266,149
Loans collectible within one year	1,318,278	-	-	1,318,278
Farmers & Merchants-collateral	230,000	-	-	230,000
Unspent bond proceeds	-	7,518,934	-	7,518,934
Hotel tax	-	-	626,086	626,086
Total restricted fund balance	<u>30,926,309</u>	<u>7,518,934</u>	<u>626,086</u>	<u>39,071,329</u>
<u>Committed:</u>				
Stabilization arrangement	19,420,350	-	-	19,420,350
ISF health	1,400,000	-	-	1,400,000
Grant Fund	-	-	463,779	463,779
Watershed Protection and Restoration	-	-	208,593	208,593
Total committed fund balance	<u>20,820,350</u>	<u>-</u>	<u>672,372</u>	<u>21,492,722</u>
<u>Assigned:</u>				
<u>Encumbrances:</u>				
General government	939,909	633,228	-	1,573,137
Public safety	134,972	1,223,331	-	1,358,303
Public works	1,252,494	5,791,991	-	7,044,485
Culture and recreation	363	229,506	-	229,869
Conservation of natural resources	11,396	3,542,823	-	3,554,219
Library	26,395	15,196	-	41,591
<u>Subsequent year's expenditure:</u>				
Use in fiscal year 2017 budget	9,002,669	-	-	9,002,669
Use in fiscal year 2018-2020 budget	10,531,788	-	-	10,531,788
Capital	-	12,799,351	-	12,799,351
Grants	-	-	1,608,421	1,608,421
Community Media Center	680,731	-	-	680,731
Total assigned fund balance	<u>22,580,717</u>	<u>24,235,426</u>	<u>1,608,421</u>	<u>48,424,564</u>
<u>Unassigned:</u>				
General fund	10,840,140	-	-	10,840,140
Total unassigned fund balance	<u>10,840,140</u>	<u>-</u>	<u>-</u>	<u>10,840,140</u>
Grand total fund balances	<u>\$ 111,836,434</u>	<u>\$ 31,754,360</u>	<u>\$ 2,906,879</u>	<u>\$ 146,497,673</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 is \$11,354,776 and is secured by land, buildings and equipment. The County made loans to various community organizations. The balance of these loans at June 30, 2016 is \$6,017,708 and they are secured through promissory notes.

The County 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, 2016 in the amount of \$8,109,334.

Note 14 – Budgetary Basis to GAAP Reconciliation

A reconciliation of the revenues and expenditures of the General Fund Budgetary Basis to the statement of revenues and expenditures on a GAAP basis is as follows:

<u>Budgetary Funds</u>	<u>General Fund</u>
<u>Revenues</u>	
Actual amount (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 370,521,877
Unavailable property tax revenues	(64,124)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-General Fund	\$ 370,457,753
 <u>Expenditures</u>	
Actual amount (budgetary basis) "expenditures" from the budgetary comparison	\$ 368,145,409
Encumbrance adjustment	(598,258)
Total expenditure as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-General Fund	\$ 367,547,151

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, 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	\$ 36,989,367	\$ 28,446,331	\$ 33,138,212	\$ 3,851,155
Public Safety	38,422,017	34,275,079	33,898,542	4,523,475
Public Works	68,940,119	36,500,007	49,145,165	19,794,954
Board of Education	210,700,302	194,058,716	204,627,559	6,072,743
Carroll Community College	7,570,600	6,517,072	7,046,236	524,364
Culture and Recreation	15,461,647	12,046,195	13,125,917	2,335,730
Library	3,567,900	3,221,368	3,410,264	157,636
Conservation of Natural Resources	195,741,885	182,956,697	185,037,514	10,704,371
Water Resources	47,174,842	18,672,248	22,476,611	24,698,231
Governmental Activities	624,568,679	516,693,713	551,906,020	72,662,659
Wastewater Treatment Facilities	10,766,000	5,682,286	4,436,900	6,329,100
Other Water Projects	9,125,858	6,271,105	8,186,487	939,371
Other Wastewater Projects	33,027,118	6,305,744	10,495,364	22,531,754
Landfill Upgrades	4,742,000	366,907	4,742,000	-
Landfill Remediations	3,473,738	2,507,087	3,473,738	-
Fiber Network	1,100,000	990,216	1,100,000	-
Septage	4,500,000	416,432	1,016,000	3,484,000
Airport	50,329,446	628,798	2,492,374	47,837,072
Business Type Activities	117,064,160	23,168,575	35,942,863	81,121,297
Total Funds	\$ 741,632,839	\$ 539,862,288	\$ 587,848,883	\$ 153,783,956

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016, 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, 2016

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, general, excess, 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.

The Trust 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, 2016

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 except for worker’s compensation. 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, 2016 for the deductible portions of general, auto, police, legal and public officials covered under LGIT and employee health care coverage are \$18,249 and \$1,953,327, respectively.

The total claims liability of \$1,971,576 reported in the internal service fund at June 30, 2016 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:

	Beginning- of-Fiscal Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	<u>Claim Payments</u>	Balance at Fiscal <u>Year-End</u>
<u>Liability and property:</u>				
July 1, 2013 – June 30, 2014	\$10,933	\$7,808	\$(9,603)	\$9,138
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
<u>Employee Health Care Coverage:</u>				
July 1, 2013 – June 30, 2014	\$ 2,054,887	\$13,664,821	\$ (13,768,272)	\$ 1,951,436
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

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, 2016, 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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 16 – Risk Management-continued

To date the County has not exceeded its retention limits.

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 \$2,136,529 has been reported at June 30, 2016, of which \$196,114 of the liability is shown in General Fund. This balance will be transferred to the ISF during FY 17 and will complete the reclassification from General Fund to ISF. 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, 2013 – June 30, 2014	\$1,895,485	\$ 711,984	\$(528,820)	\$ 2,078,649
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

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.

At June 30, 2016, liabilities include an amount for claims that have been incurred but not reported (IBNR’s). Claim liabilities are calculated by an actuary based on the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the General Current Expense Fund.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
July 1, 2013 – June 30, 2014	\$5,846,252	\$48,917,568	\$ (50,173,820)	\$ 4,590,000
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	46,890,152	(46,881,252)	8,250,000

Note 17 – Subsequent Events

The County plans to issue \$20,350,000 of general obligation bonds, of which \$6,350,000 are refunding bonds to refund the 2007 issue, during fiscal year 2017. The remaining \$14,000,000 of the sale of these securities will be used to finance school improvements and projects, several road and bridge projects and Volunteer Fire Company loans.

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability										
Service cost	\$ 3,513	\$ 3,301	\$ 3,085							
Interest	4,825	4,377	3,955							
Differences between expected and actual experience	(953)	(100)	-							
Changes of assumptions	1,635	-	-							
Benefit payments including refunds of member contributions	(1,300)	(1,086)	(925)							
Net change in total pension liability	<u>7,720</u>	<u>6,492</u>	<u>6,115</u>							
Total pension liability- beginning	<u>69,571</u>	<u>63,079</u>	<u>56,964</u>							
Total pension liability- ending	<u>\$ 77,291</u>	<u>\$ 69,571</u>	<u>\$ 63,079</u>							
Plan fiduciary net position										
Contribution-employer	\$ 2,542	\$ 2,558	\$ 2,367							
Contributions-member	1,688	1,619	1,573							
Net investment income	1,306	2,645	7,867							
Benefit payments, including refund of member contributions	(1,300)	(1,086)	(925)							
Administrative expense	(37)	(37)	(45)							
Net change in plan fiduciary net position	<u>4,199</u>	<u>5,699</u>	<u>10,837</u>							
Plan fiduciary net position- beginning	<u>62,515</u>	<u>56,816</u>	<u>45,979</u>							
Plan fiduciary net position- ending	<u>\$ 66,714</u>	<u>\$ 62,515</u>	<u>\$ 56,816</u>							
Net pension liability - ending	<u>\$ 10,577</u>	<u>\$ 7,056</u>	<u>\$ 6,263</u>							
Plan fiduciary net position as a percentage of the total pension liability	106.72%	110.03%	123.57%							
Covered-employee payroll	\$ 33,047	\$ 34,148	\$ 33,203							
Net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%							
Expected average remaining service years for all participants	5	6	6							

Notes to Schedule:

Benefit changes:

Changes of Assumptions:

There were no changes for FY 2016
RP-2014 with generational projection using scale MP-2014

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 2,542	\$ 2,538	\$ 2,366	\$ 2,253	\$ 2,550	\$ 2,810	\$ 1,302	\$ 878	\$ 921	\$ 1,208
Contributions in relation to the actuarially determined contribution	<u>2,542</u>	<u>2,558</u>	<u>2,367</u>	<u>2,586</u>	<u>2,741</u>	<u>3,000</u>	<u>2,660</u>	<u>958</u>	<u>985</u>	<u>1,292</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (20)</u>	<u>\$ (1)</u>	<u>\$ (333)</u>	<u>\$ (191)</u>	<u>\$ (190)</u>	<u>\$ (1,358)</u>	<u>\$ (80)</u>	<u>\$ (64)</u>	<u>\$ (84)</u>
Covered-employee payroll	\$ 33,047	\$ 34,148	\$ 33,203	\$ 29,603	\$ 30,414	\$ 32,267	\$ 34,986	\$ 32,402	\$ 29,792	\$ 26,845
Contributions as a percentage of covered-employee payroll	7.69%	7.49%	7.13%	8.74%	9.01%	9.30%	7.60%	2.96%	3.31%	4.81%

Notes to Schedule

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit (Entry Age used for GASB 67 purposes)
Amortization method	Level Percentage of Payroll
Remaining amortization period	20 years for gains and losses (closed), 20 years for prior plan and assumption changes
Asset valuation method	5-year smoothed market
Inflation	3.0 percent
Salary increases	Rates vary by participant age
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation
Retirement age	100% when first eligible for unreduced benefits
Mortality	RP-2014 with generational projection using scale MP-2014

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return, net of investmnet expense	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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability										
Service cost	\$ 1,000	\$ 983	\$ 904	Information for FY 13 and earlier is not available						
Interest	813	726	630							
Differences between expected and actual experience	(380)	(242)	-							
Change of assumption	(115)	-	-							
Benefit payments, including refunds of member contributions	(244)	(199)	(124)							
Net change in total pension liability	<u>1,074</u>	<u>1,268</u>	<u>1,410</u>							
Total pension liability- beginning	<u>11,733</u>	<u>10,465</u>	<u>9,055</u>							
Total pension liability- ending	<u>\$ 12,807</u>	<u>\$ 11,733</u>	<u>\$ 10,465</u>							
Plan fiduciary net position										
Contribution-employer	\$ 681	\$ 835	\$ 870							
Contributions-member	416	415	580							
Net investment income	191	368	978							
Benefit payments, including refund of member contributions	-	-	-							
Administrative expense	(244)	(199)	(124)							
	(7)	(7)	(7)							
Net change in plan fiduciary net position	<u>1,037</u>	<u>1,412</u>	<u>2,297</u>							
Plan fiduciary net position- beginning	<u>9,105</u>	<u>7,693</u>	<u>5,396</u>							
Plan fiduciary net position- ending	<u>10,142</u>	<u>9,105</u>	<u>7,693</u>							
Net pension liability - ending	<u>\$ 2,665</u>	<u>\$ 2,628</u>	<u>\$ 2,772</u>							

Notes to Schedule

Benefit changes:

There were no changes for FY 2016

Changes of Assumptions:

RP-2014 with generational projection using scale MP 2014

Plan fiduciary net position as a percentage of the total pension liability

79.19% 77.60% 73.51%

Covered-employee payroll

\$ 4,974 \$ 5,552 \$ 5,295

Net pension liability as a percentage of covered-employee payroll

53.58% 47.33% 52.35%

Expected average remaining service years of all participants

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 683	\$ 686	\$ 558	\$ 505	\$ 520	\$ 544	\$ -			
Contributions in relation to the actuarially determined contribution	<u>681</u>	<u>835</u>	<u>870</u>	<u>787</u>	<u>700</u>	<u>590</u>	<u>250</u>			
Contribution deficiency	<u>\$ 2</u>	<u>\$ (149)</u>	<u>\$ (312)</u>	<u>\$ (282)</u>	<u>\$ (180)</u>	<u>\$ (46)</u>	<u>\$ (250)</u>			
Covered-employee payroll	\$ 4,974	\$ 5,552	\$ 5,295	\$ 5,295	\$ 5,295	\$ 5,295	\$ 5,295			
Contributions as a percentage of covered-employee payroll	13.69%	15.04%	16.43%	14.86%	13.22%	11.14%	4.72%			

1 Per GASB 82, the amount show reflect pensionalbe 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
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 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)

	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return, net of investmet expense	2.11%	4.51%	15.33%	Information for FY 13 and earlier is not available						

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total pension liability										
Service cost	\$ 151	\$ 146								
Interest	672	661	Information for FY 2014 and earlier is not available							
Benefit payments, including refunds of member contributions	(687)	(988)								
Net change in total pension liability	<u>136</u>	<u>(181)</u>								
Total pension liability- beginning	<u>9,586</u>	<u>9,767</u>								
Total pension liability- ending	<u><u>9,722</u></u>	<u><u>9,586</u></u>								
Plan fiduciary net position										
Contribution-employer	\$ 50	\$ 250								
Contributions-member										
Net investment income	484	874								
Benefit payments, including refund of member contributions	(687)	(988)								
Administrative expense	(6)	(20)								
Net change in plan fiduciary net position	<u>(159)</u>	<u>116</u>								
Plan fiduciary net position- beginning	<u>8,464</u>	<u>8,348</u>								
Plan fiduciary net position- ending	<u><u>8,305</u></u>	<u><u>8,464</u></u>								
Net pension liability ending	<u><u>\$ 1,417</u></u>	<u><u>\$ 1,122</u></u>								
Plan fiduciary net position as a percentage of the total pension liability	85.42%	88.30%								
Covered-employee payroll	N/A									
Net pension liability as a percentage of covered-employee payroll	N/A									
Expected average remaining service years of all participants	8									
Notes to Schedule:										
Benefit Changes	None									
Changes of Assumptions	None									

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 276	\$ 436	\$ 436	\$ 436	\$ 380	\$ 380	\$ 380	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	50	250	250	-	-	-	-	1,000	-	-
Contribution deficiency (excess)	<u>\$ 226</u>	<u>\$ 186</u>	<u>\$ 186</u>	<u>\$ 436</u>	<u>\$ 380</u>	<u>\$ 380</u>	<u>\$ 380</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee 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-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return, net of investmnet expense	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

	<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>	<u>2007</u>
County's proportionate share (%) of collective net pension liability	0.0009711%	0.0000795%								
County's proportionate share (\$) of collective net pension liability	\$ 201,819	\$ 141,030								
County's covered-employee payroll (\$)	144,568	140,701								
County's proportionate share (%) of collective net pension liability of its covered employee payroll	139.60%	100.23%								
Plan fiduciary net position as a percentage of the total pension liability	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

	<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>	<u>2007</u>
Contractually required contribution	\$ 20,469	\$ 18,519								
Contributions in relation to the contractually required contribution	20,469	18,519								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Covered-employee payroll	\$ 144,568	\$ 140,701								
Contributions as a percentage of covered-employee payroll	14.16%	13.16%								

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

	<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>	<u>2007</u>
County's proportionate share (%) of collective net pension liability	0.0012214%	0.0011016%								
County's proportionate share (\$) of collective net pension liability	\$ 253,830	\$ 195,496								
County's covered-employee payroll (\$)	226,173	225,564								
County's proportionate share (%) of collective net pension liability of its covered employee payroll	112.23%	86.67%								
Plan fiduciary net position as a percentage of the total pension liability	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

	<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>	<u>2007</u>
Contractually required contribution	\$ 25,744	\$ 25,671								
Contributions in relation to the contractually required contribution	25,744	25,671								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Covered-employee payroll	\$ 226,173	\$ 225,564								
Contributions as a percentage of covered-employee payroll	11.38%	11.38%								

Information for FY 14 and earlier is not available

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS FUNDS
For the Year Ended JUNE 30, 2016**

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%

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%



Supplementary Information

**THE COMMISSIONERS OF CARROLL COUNTY
WESTMINSTER, MARYLAND**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
RESOURCES (INFLOWS)				
Revenues				
Taxes - Local Property				
Real property	\$ 181,730,900	\$ 181,730,900	\$ 182,261,975	\$ 531,075
Real property - prior years	300,000	300,000	749,748	449,748
Personal property	250,000	250,000	330,093	80,093
Railroad and public utilities	6,577,900	6,577,900	6,934,631	356,731
Ordinary business corporations	6,109,000	6,109,000	7,215,531	1,106,531
Penalties and interest-delinquent taxes	940,000	940,000	903,025	(36,975)
Semi-annual service charges	65,000	65,000	95,156	30,156
	<u>195,972,800</u>	<u>195,972,800</u>	<u>198,490,159</u>	<u>2,517,359</u>
Deductions				
Discounts allowed on taxes	(780,000)	(780,000)	(794,936)	(14,936)
Property Tax Rebate	-	-	(2,521)	(2,521)
Senior tax credit	(20,000)	(20,000)	(8,060)	11,940
Payment in Lieu of Taxes	25,960	25,960	16,345	(9,615)
Homestead tax credit	(184,320)	(184,320)	(181,147)	3,173
	<u>(958,360)</u>	<u>(958,360)</u>	<u>(970,319)</u>	<u>(11,959)</u>
Net Taxes - Local Property	<u>195,014,440</u>	<u>195,014,440</u>	<u>197,519,840</u>	<u>2,505,400</u>
Taxes - Local Other				
Income tax	130,842,350	130,842,350	137,512,883	6,670,533
911 service fees	1,000,000	1,000,000	1,092,094	92,094
Recordation tax	12,600,000	12,600,000	14,093,918	1,493,918
Heavy equipment tax	80,000	80,000	113,555	33,555
Admissions and amusement tax	298,700	298,700	387,725	89,025
Total Taxes - Local Other	<u>144,821,050</u>	<u>144,821,050</u>	<u>153,200,175</u>	<u>8,379,125</u>
Licenses and Permits				
Beer, wine and liquor licenses	201,600	201,600	207,925	6,325
Amusement	5,500	5,500	3,339	(2,161)
Traders	130,000	130,000	136,115	6,115
Animal	75,000	75,000	68,544	(6,456)
Buildings	1,048,560	1,048,560	948,832	(99,728)
Mobile home licenses	63,700	63,700	65,673	1,973
Cable Franchise Fee	1,500,910	1,500,910	1,527,904	26,994
Marriage	32,000	32,000	31,440	(560)
Grading	21,500	21,500	18,105	(3,395)
Inspection Fees	4,000	4,000	7,825	3,825
Kennel Licenses	25,000	25,000	18,150	(6,850)
Total Licenses and Permits	<u>3,107,770</u>	<u>3,107,770</u>	<u>3,033,852</u>	<u>(73,918)</u>
Intergovernmental Revenues				
Federal	-	-	3,204	3,204
Build America Bonds Subsidy	780,420	780,420	784,628	4,208
State Aid-Fire Companies	343,000	343,000	346,759	3,759
Security Interest Filing Fee	-	-	455	455
State Dept/ Health & Mental Hygiene	-	-	105,000	105,000
Police Aid	881,310	881,310	826,599	(54,711)
Grand & Petit Jury Reimburse	56,000	56,000	40,850	(15,150)
Circuit Court Master Reimb	146,560	146,560	153,401	6,841
Baltimore City	-	-	34,983	34,983
City of Westminster	-	-	7,342	7,342
Total Intergovernmental Revenues	<u>2,207,290</u>	<u>2,207,290</u>	<u>2,303,221</u>	<u>95,931</u>

**THE COMMISSIONERS OF CARROLL COUNTY
WESTMINSTER, MARYLAND**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Charges for Services				
General Government				
Lien certificates	\$ 200,000	\$ 200,000	\$ 215,207	\$ 15,207
Data processing	5,500	5,500	3,440	(2,060)
Hearing fees-zoning appeals	12,000	12,000	15,370	3,370
Copy fees and code books	13,000	13,000	14,583	1,583
Health depart-telephone and janitorial	61,800	61,800	48,296	(13,504)
Development review	154,500	154,500	98,104	(56,396)
Stormwater Maintenance Service	78,790	78,790	-	(78,790)
Hearing fees-zoning administration	10,000	10,000	11,100	1,100
Total Serv Chrg - General Government	535,590	535,590	406,100	(129,490)
Public Safety				
Sheriff's services-salary recovery	1,000	1,000	10,781	9,781
Sheriff's services-fees	117,000	117,000	75,363	(41,637)
Sheriff's services-detention center	206,000	206,000	171,659	(34,341)
Sheriff- Town Deputies	97,000	97,000	100,314	3,314
Inspection fees-roads	125,000	125,000	84,117	(40,883)
Inspections fees-development review	7,500	7,500	20,429	12,929
Detention center-commissary	60,000	60,000	67,846	7,846
Detention center-work release	80,000	80,000	67,844	(12,156)
Sheriff-Citations	-	-	7,810	7,810
Fire Protection Plan Review Fee	-	-	5,066	5,066
Soc. Sec. Admin. Incentive Program	-	-	200	200
Sheriff-home detention	15,500	15,500	11,892	(3,608)
Juvenile transport	63,000	63,000	36,206	(26,794)
State criminal alien assistance program	11,000	11,000	6,321	(4,679)
Sheriff's Sex Offender Fees	29,200	29,200	25,200	(4,000)
Total Serv Chrg - Public Safety	812,200	812,200	691,048	(121,152)
Public Works				
Road maintenance	104,000	104,000	108,657	4,657
Fuel reimbursements	905,000	905,000	593,146	(311,854)
Vehicle maintenance	444,960	444,960	500,004	55,044
Courthouse Annex-Rent/Heat	13,000	13,000	12,994	(6)
Engineering review fees	26,000	26,000	19,140	(6,860)
Total Serv Chrg - Public Works	1,492,960	1,492,960	1,233,942	(259,019)
Conservation of Natural Resources				
Stormwater/environment review fee	33,500	33,500	27,407	(6,093)
Flood plain review fees	5,000	5,000	500	(4,500)
Forest conservation review fee	26,000	26,000	5,839	(20,161)
Weed control spraying	45,000	45,000	52,460	7,460
Total Serv Chrg- Conservation of Natural Resources	109,500	109,500	86,206	(23,294)
Human Services				
Westminster Sr. Ctr. Classes	14,500	14,500	15,037	537
North Carroll Sr. Ctr. Classes	22,000	22,000	15,538	(6,462)
South Carroll Sr. Ctr. Classes	27,000	27,000	27,853	853
Taneytown Sr. Ctr. Classes	5,000	5,000	2,040	(2,960)
Mt. AirySr. Ctr. Classes	18,000	18,000	12,608	(5,392)
Total Serv Chrg- Human Services	86,500	86,500	73,075	(13,424)
Culture and Recreation				
Farm museum	105,000	105,000	112,679	7,679
Piney Run Park	328,260	328,260	351,532	23,272
Bear Branch Programs	4,000	4,000	15,270	11,270

**THE COMMISSIONERS OF CARROLL COUNTY
WESTMINSTER, MARYLAND**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Culture and Recreation-continued				
Hashawha environmental center	\$ 250,800	\$ 250,800	\$ 202,694	\$ (48,106)
General public & school/youth programs	6,000	6,000	5,258	(742)
Outdoor school meals/concessions	164,000	164,000	157,091	(6,909)
Sports complex	57,500	57,500	60,055	2,555
Pavilion & facility rentals	46,400	46,400	62,211	15,811
Bus Trips	-	-	(96)	(96)
Wine Festival	390,000	390,000	409,901	19,901
Dog Park memberships	4,300	4,300	4,725	425
Total Culture and Recreation	<u>1,356,260</u>	<u>1,356,260</u>	<u>1,381,320</u>	<u>25,060</u>
Total Charges for Services	<u>4,393,010</u>	<u>4,393,010</u>	<u>3,871,691</u>	<u>(521,319)</u>
Fines and Forfeits				
Circuit Court Fines	40,000	40,000	25,470	(14,530)
Liquor license fines	5,000	5,000	20,850	15,850
HS Fines/Violations	13,400	13,400	8,770	(4,630)
Humane society impoundment fees	25,000	25,000	19,860	(5,140)
Parking violations-sheriff	1,000	1,000	1,300	300
Total Fines and Forfeits	<u>84,400</u>	<u>84,400</u>	<u>76,250</u>	<u>(8,150)</u>
Interest and gain on investments	2,044,560	2,044,560	2,020,489	(24,071)
Miscellaneous Revenues				
Rents and concessions	214,860	214,860	7,015,230	6,800,370
Equipment sales	135,000	135,000	166,653	31,653
Postage	17,000	17,000	22,381	5,381
Pension Recovery	340,000	340,000	313,681	(26,319)
Health department	5,500	5,500	5,391	(109)
County attorney fees	194,750	194,750	191,302	(3,448)
OPEB Recovery	280,000	280,000	272,930	(7,070)
State Retire Recovery	13,000	13,000	11,257	(1,743)
Jury Duty	-	-	279	279
Activities/special events	55,000	55,000	82,152	27,152
Land Sales	-	-	94,418	94,418
Advertising	6,000	6,000	13,000	7,000
Miscellaneous	245,000	245,000	307,685	62,685
Total Miscellaneous Revenues	<u>1,506,110</u>	<u>1,506,110</u>	<u>8,496,359</u>	<u>6,990,249</u>
Total Revenues	<u>353,178,630</u>	<u>353,178,630</u>	<u>370,521,877</u>	<u>17,343,247</u>
Other financing resources				
Appropriated fund balance	12,324,400	12,324,400	-	(12,324,400)
Transfers In	14,459,290	14,459,290	14,350,124	(109,166)
Refunding Bonds Issued	-	-	6,015,081	6,015,081
Bonds issued	-	-	811,800	811,800
Bonds Premium	-	-	743,521	743,521
Long-term notes payable	-	-	473,924	473,924
Total Other Financing Resources	<u>26,783,690</u>	<u>26,783,690</u>	<u>22,394,450</u>	<u>(4,389,240)</u>
Total Resources (Inflows)	\$ 379,962,320	\$ 379,962,320	\$ 392,916,327	\$ 12,954,007

**THE COMMISSIONERS OF CARROLL COUNTY
WESTMINSTER, MARYLAND**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
General Government				
County Commissioners				
County Commissioners	\$ 1,002,060	\$ 1,145,910	\$ 946,176	\$ 199,734
Audio/Video Production	157,750	195,694	190,177	5,517
Zoning Administrator	228,250	330,197	329,144	1,053
Technology Services	4,234,900	4,572,266	4,452,004	120,262
Production/Distribution Service	460,730	498,198	381,402	116,796
Total County Commissioners	<u>6,083,690</u>	<u>6,742,265</u>	<u>6,298,903</u>	<u>443,362</u>
Carroll County Board of Elections	1,042,810	1,042,934	908,432	134,502
County Attorney	901,410	998,639	894,261	104,378
Comptroller				
Comptroller Administration	382,590	439,319	432,391	6,928
Accounting	901,670	1,104,407	1,076,405	28,002
Purchasing	409,200	483,879	459,700	24,179
Independent Post - Auditing	55,000	55,000	49,318	5,682
Bond Issuance Expense	193,150	208,530	208,529	1
Collections Office	1,261,210	1,410,784	1,382,204	28,580
Total Comptroller	<u>3,202,820</u>	<u>3,701,919</u>	<u>3,608,547</u>	<u>93,372</u>
Human Resources & Personnel Services				
Human Resources Administration	715,850	885,734	877,323	8,411
Fringe Benefits	18,663,370	3,283,128	3,133,705	149,423
Personnel Services	129,500	142,975	119,016	23,959
Total Human Resources & Personnel Services	<u>19,508,720</u>	<u>4,311,837</u>	<u>4,130,044</u>	<u>181,793</u>
Management and Budget				
Management and Budget Administration	247,740	285,867	281,924	3,943
Risk Management	2,219,850	1,892,958	1,724,893	168,065
Budget	572,820	698,152	683,374	14,778
Grant Management	131,540	150,189	150,000	189
Total Management and Budget	<u>3,171,950</u>	<u>3,027,166</u>	<u>2,840,191</u>	<u>186,975</u>
Land Use, Planning & Development				
Land Use, Planning & Dev. Administration	1,093,560	893,163	862,079	31,084
Comprehensive Planning	403,200	893,156	819,766	73,390
Development Review	478,660	634,701	643,142	(8,441)
Resources Management	665,720	860,355	847,056	13,299
Total Land Use, Planning & Development	<u>2,641,140</u>	<u>3,281,375</u>	<u>3,172,043</u>	<u>109,332</u>

**THE COMMISSIONERS OF CARROLL COUNTY
WESTMINSTER, MARYLAND**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
General Services				
Permits & Inspections	\$ 1,391,220	\$ 1,972,632	\$ 1,972,621	\$ 11
Building Construction	189,150	228,683	224,690	3,993
Facilities Administration	6,510,610	6,925,157	5,624,459	1,300,698
Facilities	3,016,230	3,084,558	930,497	2,154,061
Fleet Management	7,408,510	4,753,722	3,722,619	1,031,103
Total General Services	18,515,720	16,964,752	12,474,886	4,489,866
Miscellaneous				
Board of License Commissioners	85,550	107,372	105,976	1,396
Administrative Hearings	83,450	99,318	90,125	9,193
Property tax payments to municipalities	15,530	15,529	15,526	3
Permits and fee payments to municipalities	16,000	16,000	15,348	652
Liquor license payments to municipalities	24,000	26,925	26,925	-
Town programs	2,645,240	2,645,241	2,645,241	-
Total Miscellaneous	2,869,770	2,910,385	2,899,141	11,244
Total General Government	57,938,030	42,981,272	37,226,448	5,754,824
Public Safety				
Police Protection				
Detention Center	8,877,550	11,293,095	11,210,575	82,520
Sheriff Services	10,971,860	14,725,246	14,233,559	491,687
Total Police Protection	19,849,410	26,018,341	25,444,134	574,207
Fire Department				
Volunteer Emergency Services Association	7,801,450	7,867,531	7,859,003	8,528
EMS24/7 Services	4,121,650	4,121,650	4,121,650	-
Total Fire Department	11,923,100	11,989,181	11,980,653	8,528
Emergency Services				
Emergency Service Operations	2,115,040	1,854,197	1,627,104	227,093
911 - Emergency Service	2,289,550	2,705,064	2,688,798	16,266
Total Emergency Services	4,404,590	4,559,261	4,315,902	243,359
Other Protection				
Animal Control	893,990	1,100,276	1,100,276	-
CC Advocacy & Investigation	154,190	193,140	183,790	9,350
LOSAP Funding	50,000	-	-	-
State aid-fire protection	343,000	346,759	346,759	-
Total Other Protection	1,441,180	1,640,175	1,630,825	9,350
Total Public Safety	37,618,280	44,206,958	43,371,514	835,444

**THE COMMISSIONERS OF CARROLL COUNTY
WESTMINSTER, MARYLAND**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Public Works				
Public Works-Administration	\$ 743,560	\$ 890,416	\$ 826,723	\$ 63,693
Roads Operations	7,642,120	10,924,462	10,860,519	63,943
Traffic Control	334,420	334,420	289,464	44,956
Engineering-Design	451,900	515,318	475,871	39,447
Engineering-Construction Inspection	365,240	475,807	477,655	(1,848)
Storm Emergencies	2,244,170	2,484,170	2,424,835	59,335
Engineering	299,050	413,599	412,854	745
Engineering-Survey	277,610	380,752	379,750	1,002
Road Grant - Local	35,390	35,390	35,386	4
Total Public Works	12,393,460	16,454,334	16,183,057	271,277
Judicial Services				
Volunteer Community Services	63,530	64,397	63,092	1,305
Circuit Court	1,996,780	2,358,840	2,310,060	48,780
Circuit Court Masters	3,250,090	3,800,344	3,726,463	73,881
State's Attorney	727,980	854,215	852,636	1,579
Orphans Court	319,970	359,935	217,319	142,616
Total Judicial Services	6,358,350	7,437,731	7,169,570	268,161
Health				
Health Department	3,215,710	3,215,710	3,215,710	-
Family and Children's Services-DV Change, Inc.	134,250	134,250	134,250	-
Family and Children's Services-SA CCARC	237,860	237,860	237,860	-
Flying Colors of Success	205,130	205,130	205,130	-
Target, Inc.	237,860	237,860	237,860	-
Rape Crisis	90,850	90,850	90,850	-
Total Health	4,397,890	4,397,890	4,397,890	-
Human Services				
Social Services-Local Funds	20,000	20,000	20,000	-
Human Services	1,124,610	1,124,610	1,124,610	-
Citizen Services Administration	1,058,980	1,079,246	1,032,616	46,630
Youth Services Bureau	-	69,021	69,017	4
Recovery Support Services	929,450	917,450	908,264	9,186
Aging and Disabilities	1,077,550	1,348,568	1,303,709	44,859
Access Carroll	38,210	98,162	95,649	2,513
Mosaic Community Services	20,000	20,000	20,000	-
Victim Witness Assistance	10,500	10,500	550	9,950
Total Human Services	4,279,300	4,687,557	4,574,415	113,142
Education				
CC Public Ed & Gov Cable Access	749,680	749,680	749,680	-
CC Board of Ed-Local Funds	176,202,000	176,202,000	178,028,873	(1,826,873)
Community College-Direct Support	7,827,680	7,827,680	9,309,140	(1,481,460)
Community College-In-Kind-Support	-	-	3,534,200	(3,534,200)
Total Education	184,779,360	184,779,360	191,621,893	(6,842,533)
Library	9,594,210	11,789,095	14,084,487	(2,295,392)

**THE COMMISSIONERS OF CARROLL COUNTY
WESTMINSTER, MARYLAND**

Schedule 1-1

**SOURCES (USES)- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Culture and Recreation				
Recreation & Parks-Administration	\$ 331,250	\$ 418,764	\$ 418,536	\$ 228
Recreation	488,060	598,532	597,148	1,384
Piney Run	537,300	698,057	697,442	615
Hashawha	738,120	894,506	868,445	26,061
Farm Musuem	889,650	1,048,501	1,045,671	2,830
Sports Complex	206,800	249,303	244,450	4,853
Historical Society	60,000	60,000	60,000	-
Homestead Museum	20,000	20,000	20,000	-
Total Culture and Recreation	3,271,180	3,987,663	3,951,692	35,971
Conservation of Natural Resources				
Agriculture Extension Service	40,000	52,000	51,655	345
Weed Control	503,110	491,110	479,136	11,974
Gypsy Moth Control	336,920	433,149	423,657	9,492
Soil Conservation Service	63,050	63,050	63,026	24
Total Conservation of Natural Resources	943,080	1,039,309	1,017,474	21,835
Economic Development				
Economic Development-Administration	899,040	984,913	976,782	8,131
Econ Devl-Industrial Grants	1,487,760	1,632,178	1,583,226	48,952
Business & Employment Resource Center	215,360	271,258	261,941	9,317
Tourism	312,170	332,166	214,246	117,920
Total Economic Development	2,914,330	3,220,514	3,036,195	184,319
Reserve for Contingencies	3,975,360	3,548,122	-	3,548,122
Debt Service				
Debt service-County	29,136,470	29,136,470	28,931,995	204,475
Debt service- Board of Education	12,607,520	12,607,520	12,578,779	28,741
Total Debt Service	41,743,990	41,743,990	41,510,774	233,216
Total Expenditures	370,206,820	370,273,795	368,145,409	2,128,386
Other Financing Uses				
Payment to Escrow Agent	-	-	6,727,641	(6,727,641)
Transfers Out:				
Transfer to Capital Fund	3,136,950	3,136,950	3,136,950	-
Transfer to Special Revenue Funds - Grants	1,935,550	1,868,575	2,113,342	(244,767)
Transfer to Enterprise Funds	2,604,350	2,604,350	2,604,350	-
Transfer to Internal Service Fund	2,078,650	2,078,650	2,078,650	-
Total Other Financing Uses	9,755,500	9,688,525	16,660,933	(6,972,408)
Total charges to appropriations (outflows)	379,962,320	379,962,320	384,806,342	(4,844,022)
Net Change in Fund Balance	\$ -	\$ -	\$ 8,109,985	\$ 8,109,985
Fund Balance - Beginning as restated			107,063,326	
Fund Balance - Ending			<u>\$ 115,173,311</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Hotel Rental Tax Fund	Cable Franchise Fee Fund	Watershed Protection and Restoration Fund	Grant Fund	Total
Assets					
Equity in pooled cash and investments	\$ 626,086	\$ -	\$ 214,231	\$ 1,476,499	\$ 2,316,816
Accounts receivable	-	-	27,305	1,774,651	1,801,956
Note receivable	-	-	-	221,843	221,843
Prepaid costs	-	-	-	434,653	434,653
Total assets	<u>\$ 626,086</u>	<u>\$ -</u>	<u>\$ 241,536</u>	<u>\$ 3,907,646</u>	<u>\$ 4,775,268</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 3,717	\$ 797,776	\$ 801,493
Due to component unit	-	-	-	76,034	76,034
Due to other governmental funds	-	-	-	1,523	1,523
Accrued expenditures	-	-	29,226	115,651	144,877
Unearned revenue	-	-	-	844,462	844,462
Total liabilities	<u>-</u>	<u>-</u>	<u>32,943</u>	<u>1,835,446</u>	<u>1,868,389</u>
Fund balances					
Restricted	626,086	-	-	-	626,086
Committed	-	-	208,593	463,779	672,372
Assigned	-	-	-	1,608,421	1,608,421
Total Fund Balances	<u>626,086</u>	<u>-</u>	<u>208,593</u>	<u>2,072,200</u>	<u>2,906,879</u>
Total liabilities and fund balances	<u>\$ 626,086</u>	<u>\$ -</u>	<u>\$ 241,536</u>	<u>\$ 3,907,646</u>	<u>\$ 4,775,268</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Hotel Rental Tax Fund	Cable Franchise Fee Fund*	Watershed Protection and Restoration Fund	Grant Fund	Total
Revenues					
Taxes:					
Local Property	\$ -	\$ -	\$ 1,098,230	\$ -	\$ 1,098,230
Hotel Rental Tax	315,319	-	-	-	315,319
Charges for service:					
Farm museum	-	-	-	17,605	17,605
Recreation and parks	-	-	-	277,724	277,724
Intergovernmental revenues:					
Commission on aging	-	-	-	1,891,657	1,891,657
Housing & community development	-	-	-	5,866,282	5,866,282
Business Employment Resource Center	-	-	-	847,309	847,309
Sheriff	-	-	-	270,710	270,710
Citizen services	-	-	-	1,662,037	1,662,037
States attorney	-	-	-	521,692	521,692
Circuit court	-	-	-	694,542	694,542
Public Works	-	-	-	846,581	846,581
Emergency operations center	-	-	-	498,020	498,020
Planning	-	-	-	58,306	58,306
Tourism	-	-	-	35,057	35,057
Economic development	-	-	-	20,960	20,960
Municipalities	-	-	50,326	-	50,326
Cable Franchise Fee	-	-	-	-	-
Interest	885	-	1,329	-	2,214
Total revenues	<u>316,204</u>	<u>-</u>	<u>1,149,885</u>	<u>13,508,482</u>	<u>14,974,571</u>
Expenditures					
General government	-	-	-	383,345	383,345
Public safety	-	-	-	940,512	940,512
Public works	-	-	-	1,755,690	1,755,690
Health	-	-	-	2,491	2,491
Human Services	-	-	-	9,443,089	9,443,089
Culture and recreation	-	-	-	288,172	288,172
Conservation of natural resources	-	-	1,067,096	-	1,067,096
Economic development	-	-	-	969,676	969,676
Judicial	-	-	-	1,536,921	1,536,921
Total expenditures	<u>-</u>	<u>-</u>	<u>1,067,096</u>	<u>15,319,896</u>	<u>16,386,992</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	2,113,342	2,113,342
Transfers out	(214,246)	(2,077,789)	-	-	(2,292,035)
Total Other Financing Sources (Uses)	<u>(214,246)</u>	<u>(2,077,789)</u>	<u>-</u>	<u>2,113,342</u>	<u>(178,693)</u>
Total charges to appropriations (outflows)	(214,246)	(2,077,789)	(1,067,096)	(13,206,554)	(16,565,685)
Net change in fund balances	101,958	(2,077,789)	82,789	301,928	(1,591,114)
Fund balances - beginning, as restated	524,128	2,077,789	125,804	1,770,272	4,497,993
Fund balances - ending	<u>\$ 626,086</u>	<u>\$ -</u>	<u>\$ 208,593</u>	<u>\$ 2,072,200</u>	<u>\$ 2,906,879</u>

* The Commissioners moved the Cable Franchise Fee Fund Balance into the General Fund through the 2016 adopted budget.

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Hotel Rental Tax	\$ 351,200	\$ 351,200	\$ 315,319	\$ (35,881)
Interest	-	-	885	885
Total revenues	<u>351,200</u>	<u>351,200</u>	<u>316,204</u>	<u>(34,996)</u>
Total Resources (Inflows)	<u>351,200</u>	<u>351,200</u>	<u>316,204</u>	<u>(34,996)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Total expenditures	-	-	-	-
Other financing uses				
Transfers out	(351,200)	(351,200)	(214,246)	136,954
Total other financing uses	<u>(351,200)</u>	<u>(351,200)</u>	<u>(214,246)</u>	<u>136,954</u>
Total charges to appropriations (outflows)	<u>(351,200)</u>	<u>(351,200)</u>	<u>(214,246)</u>	<u>136,954</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>101,958</u>	<u>\$ 101,958</u>
Fund balance - beginning			<u>524,128</u>	
Fund balance - ending			<u>\$ 626,086</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Taxes:				
Local Property	\$ 1,098,230	\$ 1,098,230	\$ 1,098,230	\$ -
Intergovernmental revenues:				
Municipalities	-	-	50,326	50,326
Interest	-	-	1,329	1,329
Total revenues	<u>1,098,230</u>	<u>1,098,230</u>	<u>1,149,885</u>	<u>51,655</u>
Total Resources (Inflows)	<u>1,098,230</u>	<u>1,098,230</u>	<u>1,149,885</u>	<u>51,655</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Conservation of Natural Resources	1,098,230	(1,098,230)	(1,067,096)	31,134
Total expenditures	<u>1,098,230</u>	<u>(1,098,230)</u>	<u>(1,067,096)</u>	<u>31,134</u>
Total charges to appropriations (outflows)	<u>1,098,230</u>	<u>(1,098,230)</u>	<u>(1,067,096)</u>	<u>31,134</u>
Net change in fund balance	<u>\$ 2,196,460</u>	<u>\$ -</u>	<u>82,789</u>	<u>\$ 82,789</u>
Fund balance - beginning			<u>125,804</u>	
Fund balance - ending			<u>\$ 208,593</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Charges for service:				
Farm Museum	\$ 30,000	\$ 120,000	\$ 17,605	\$ (102,395)
Recreation and parks	175,000	343,000	277,724	(65,276)
Intergovernmental revenues:				
Commission on aging	1,700,055	1,833,648	1,891,657	58,009
Housing & community development	6,128,473	5,041,494	5,866,282	824,788
Business Employment Resource Center	1,379,924	1,941,355	847,309	(1,094,046)
Sheriff	222,010	488,451	270,710	(217,741)
Citizen services	1,193,921	1,233,651	1,662,037	428,386
States attorney	971,700	885,816	521,692	(364,124)
Circuit court	597,840	810,533	694,542	(115,991)
Public works	2,129,346	1,763,583	846,581	(917,002)
Emergency operations center	818,800	902,818	498,020	(404,798)
Planning	70,820	69,585	58,306	(11,279)
Tourism	45,000	42,943	35,057	(7,886)
Economic development	-	632,200	20,960	(611,240)
Health	4,000	4,000	-	(4,000)
Total revenues	<u>15,466,889</u>	<u>16,113,077</u>	<u>13,508,482</u>	<u>(2,604,595)</u>
Other financing resources				
Transfers in	-	-	2,113,342	2,113,342
Total other financing resources	-	-	2,113,342	2,113,342
Total Resources (Inflows)	<u>15,466,889</u>	<u>16,113,077</u>	<u>15,621,824</u>	<u>(491,253)</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Current:				
General government	12,792,155	12,248,333	346,510	11,901,823
Public safety	740,810	1,014,146	897,349	116,797
Public works	-	-	1,755,690	(1,755,690)
Health	4,000	4,000	2,491	1,509
Culture and recreation	175,000	343,000	268,027	74,973
Economic development	1,754,924	2,503,598	932,452	1,571,146
Judicial	-	-	1,463,894	(1,463,894)
Human Services	-	-	9,345,327	(9,345,327)
Capital outlay	-	-	389,046	(389,046)
Total expenditures	<u>15,466,889</u>	<u>16,113,077</u>	<u>15,400,786</u>	<u>712,291</u>
Total charges to appropriations (outflows)	<u>15,466,889</u>	<u>16,113,077</u>	<u>15,400,786</u>	<u>712,291</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	221,038	<u>\$ 221,038</u>
Fund balance - beginning, as restated			1,738,267	
Fund balance - ending			<u>\$ 1,959,305</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2016

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 1,781,541	\$ 409,686	\$ 2,191,227
Cash and cash equivalents	-	300	300
Accounts receivables, net	<u>128,732</u>	<u>-</u>	<u>128,732</u>
Total current assets	<u>1,910,273</u>	<u>409,986</u>	<u>2,320,259</u>
Noncurrent assets:			
Capital assets:			
Buildings	-	274,051	274,051
Improvements other than buildings	185,278	180,521	365,799
Autos, machinery, equipment	181,840	52,252	234,092
Construction in progress	416,432	-	416,432
Less accumulated depreciation	<u>(327,772)</u>	<u>(127,411)</u>	<u>(455,183)</u>
Total capital assets (net of accumulated depreciation)	<u>455,778</u>	<u>379,413</u>	<u>835,191</u>
Total assets	<u>2,366,051</u>	<u>789,399</u>	<u>3,155,450</u>
Deferred Outflows of Resources			
Deferred charge on refunding	<u>829</u>	<u>-</u>	<u>829</u>
Total deferred outflows of resources	<u>829</u>	<u>-</u>	<u>829</u>
Total assets and deferred outflows	<u>\$ 2,366,880</u>	<u>\$ 789,399</u>	<u>\$ 3,156,279</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 182,155	\$ 364	\$ 182,519
Accrued interest payable	583	-	583
Accrued expenses	-	3,008	3,008
Long-term liabilities due within one year:			
General obligation bonds payable	<u>12,180</u>	<u>-</u>	<u>12,180</u>
Total current liabilities	<u>194,918</u>	<u>3,372</u>	<u>198,290</u>
Noncurrent liabilities:			
General obligation bonds payable	<u>62,391</u>	<u>-</u>	<u>62,391</u>
Total noncurrent liabilities	<u>62,391</u>	<u>-</u>	<u>62,391</u>
Total liabilities	<u>257,309</u>	<u>3,372</u>	<u>260,681</u>
NET POSITION			
Net investment in capital assets	381,206	379,413	760,619
Restricted for capital projects	599,568	-	599,568
Unrestricted	<u>1,128,797</u>	<u>406,614</u>	<u>1,535,411</u>
Total net position	<u>\$ 2,109,571</u>	<u>\$ 786,027</u>	<u>\$ 2,895,598</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, 2016

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$1,134,701	\$ 150,087	\$ 1,284,788
Total operating revenues	<u>1,134,701</u>	<u>150,087</u>	<u>1,284,788</u>
Operating expenses:			
Personal services	-	68,152	68,152
Contractual services	313,919	1,840	315,759
Materials and supplies	58,351	13,306	71,657
Rents and utilities	82,163	1,914	84,077
Miscellaneous	148,163	-	148,163
Depreciation	22,999	28,187	51,186
Total operating expenses	<u>625,595</u>	<u>113,399</u>	<u>738,994</u>
Operating income	<u>509,106</u>	<u>36,688</u>	<u>545,794</u>
Nonoperating revenues (expenses):			
Penalties and interest	4,521	1,230	5,751
Interest and fiscal charges	(3,541)	-	(3,541)
Total nonoperating revenues (expenses)	<u>980</u>	<u>1,230</u>	<u>2,210</u>
Income before contributions	510,086	37,918	548,004
Change in net position	510,086	37,918	548,004
Total net position- beginning of year	<u>1,599,485</u>	<u>748,109</u>	<u>2,347,594</u>
Total net position- end of year	<u>\$2,109,571</u>	<u>\$786,027</u>	<u>\$ 2,895,598</u>

The net position for non-major Enterprise funds decreased in total due to the Fiber Network fund moving to the proprietary fund statement as a major fund.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2016

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$1,140,563	\$ 150,087	\$ 1,290,650
Payments to suppliers and other funds	(576,674)	(16,905)	(593,579)
Payments to employees	-	(67,962)	(67,962)
Net cash provided by operating activities	<u>563,889</u>	<u>65,220</u>	<u>629,109</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(67,666)	(39,871)	(107,537)
Principal paid on capital debt	(12,179)	-	(12,179)
Interest paid on capital debt	(3,499)	-	(3,499)
Net cash used by capital and related financing activities	<u>(83,344)</u>	<u>(39,871)</u>	<u>(123,215)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments and cash	4,521	1,230	5,751
Net cash provided by investing activities	<u>4,521</u>	<u>1,230</u>	<u>5,751</u>
Net increase (decrease) in cash and cash equivalents	485,066	26,579	511,645
Cash and cash equivalents at beginning of year	1,296,475	383,407	1,679,882
Cash and cash equivalents at end of year	<u>\$1,781,541</u>	<u>\$409,986</u>	<u>\$ 2,191,527</u>
Reconciliation of Operating Income to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 509,106</u>	<u>\$ 36,688</u>	<u>\$ 545,794</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	22,999	28,187	51,186
Effect of changes in operating assets and liabilities:			
Accounts receivable	5,862	-	5,862
Accounts payable and accrued expenses	25,922	345	26,267
Total adjustments	<u>54,783</u>	<u>28,532</u>	<u>83,315</u>
Net cash provided by operating activities	<u>\$ 563,889</u>	<u>\$ 65,220</u>	<u>\$ 629,109</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Statement of Fiduciary Net Position
Trust Funds
June 30, 2016

	<u>Employee Pension Plan</u>	<u>Certified Law Officers Pension</u>	<u>LOSAP</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
ASSETS					
Accounts Receivable	\$ -	\$ -	\$ -	\$ 21,653	\$ 21,653
Investments, at fair value:					
Short-term investments	362,372	137,303	125,798	-	625,473
Bond funds	16,832,606	2,538,588	1,732,998	5,434,336	26,538,528
Equity funds	49,527,595	7,469,970	6,450,908	-	63,448,473
Marketable securities	-	-	-	61,907,667	61,907,667
Total investments	<u>66,722,573</u>	<u>10,145,861</u>	<u>8,309,704</u>	<u>67,342,003</u>	<u>152,520,141</u>
Total assets	<u>66,722,573</u>	<u>10,145,861</u>	<u>8,309,704</u>	<u>67,363,656</u>	<u>152,541,794</u>
LIABILITIES					
Accounts payable	8,748	4,044	4,945	-	17,737
Due to primary government	8	-	-	831,060	831,068
Total liabilities	<u>8,756</u>	<u>4,044</u>	<u>4,945</u>	<u>831,060</u>	<u>848,805</u>
FIDUCIARY NET POSITION					
Fiduciary net position held in trust for pension, OPEB benefits and other purposes	<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>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2016

	<u>Employee Pension Plan</u>	<u>Certified Law Officers Pension</u>	<u>LOSAP</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
ADDITIONS					
Contributions:					
Employer	\$ 2,542,100	\$ 680,880	\$ 50,000	\$ 10,103,580	\$ 13,376,560
Plan members	1,688,103	415,820	-	566,063	2,669,986
Total contributions	<u>4,230,203</u>	<u>1,096,700</u>	<u>50,000</u>	<u>10,669,643</u>	<u>16,046,546</u>
Investment earnings:					
Interest and dividends	-	-	-	14,294	14,294
Net increase in the fair value of investments	1,353,793	207,569	499,976	1,239,312	3,300,650
Total investment earnings	<u>1,353,793</u>	<u>207,569</u>	<u>499,976</u>	<u>1,253,606</u>	<u>3,314,944</u>
Less investment expense	<u>(48,025)</u>	<u>(16,227)</u>	<u>(16,075)</u>	<u>(6,500)</u>	<u>(86,827)</u>
Net investment earnings	<u>1,305,768</u>	<u>191,342</u>	<u>483,901</u>	<u>1,247,106</u>	<u>3,228,117</u>
Total additions	<u>5,535,971</u>	<u>1,288,042</u>	<u>533,901</u>	<u>11,916,749</u>	<u>19,274,663</u>
DEDUCTIONS					
Benefits and refunds paid to plan members and beneficiaries	1,299,883	244,379	686,422	4,100,178	6,330,862
Administrative expenses	37,559	7,323	6,135	5,000	56,017
Total deductions	<u>1,337,442</u>	<u>251,702</u>	<u>692,557</u>	<u>4,105,178</u>	<u>6,386,879</u>
Net increase in fiduciary net position	4,198,529	1,036,340	(158,656)	7,811,571	12,887,784
Fiduciary net position-beginning	62,515,288	9,105,477	8,463,415	58,721,025	138,805,205
Fiduciary net position-ending	<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>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

Carroll County Development Corporation

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Equity in pooled cash and investments	\$ 334,463	\$ 14,363	\$ 38,350	\$ 310,476
Receivables-notes, mortgages and leases	120,891	-	2,759	118,132
Total assets	<u>\$ 455,354</u>	<u>\$ 14,363</u>	<u>\$ 41,109</u>	<u>\$ 428,608</u>
LIABILITIES				
Deposits	\$ 455,354	\$ 11,604	\$ 38,350	\$ 428,608
Total liabilities	<u>\$ 455,354</u>	<u>\$ 11,604</u>	<u>\$ 38,350</u>	<u>\$ 428,608</u>

Carroll Cable Regulatory Commission

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Equity in pooled cash and investments	\$ 187,900	\$ 174,398	\$ 158,806	\$ 203,492
Total assets	<u>\$ 187,900</u>	<u>\$ 174,398</u>	<u>\$ 158,806</u>	<u>\$ 203,492</u>
LIABILITIES				
Accounts payable	\$ 2,851	\$ 35,409	\$ 34,883	\$ 3,377
Deposits	185,049	138,989	123,923	200,115
Total liabilities	<u>\$ 187,900</u>	<u>\$ 174,398</u>	<u>\$ 158,806</u>	<u>\$ 203,492</u>

Totals - All Agencies

	Balance July 1, 2015, as restated	Additions	Deductions	Balance June 30, 2016
ASSETS				
Equity in pooled cash and investments	\$ 522,363	\$ 188,761	\$ 197,156	\$ 513,968
Receivables-notes, mortgages and leases	120,891	-	2,759	118,132
Total assets	<u>\$ 643,254</u>	<u>\$ 188,761</u>	<u>\$ 199,915</u>	<u>\$ 632,100</u>
LIABILITIES				
Accounts payable	\$ 2,851	\$ 35,409	\$ 34,883	\$ 3,377
Deposits	640,403	150,593	162,273	628,723
Total liabilities	<u>\$ 643,254</u>	<u>\$ 186,002</u>	<u>\$ 197,156</u>	<u>\$ 632,100</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

Governmental Activities - Internal Service Funds

	Health Benefits	Risk Management	Auto Damage	Insurance Deductibles	Workers Compensation	Total
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 9,855,992	\$ 670,371	\$ 328,055	\$ 172,108	\$ 4,337,843	\$ 15,364,369
Receivables, net	106	-	-	-	-	106
Total assets	<u>\$ 9,856,098</u>	<u>\$ 670,371</u>	<u>\$ 328,055</u>	<u>\$ 172,108</u>	<u>\$ 4,337,843</u>	<u>\$ 15,364,475</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 504,769	\$ 2,931	\$ 355	\$ -	\$ 16,825	\$ 524,880
Unearned revenue	2,963	-	-	-	-	2,963
Long-term liabilities due within one year:						
Unpaid claims due within one year	1,933,794	18,067	-	-	893,516	2,845,377
Total long-term due within one year	<u>1,933,794</u>	<u>18,067</u>	<u>-</u>	<u>-</u>	<u>893,516</u>	<u>2,845,377</u>
Total current liabilities	2,441,526	20,998	355	-	910,341	3,373,220
Noncurrent liabilities:						
Unpaid claims	19,533	182	-	-	1,046,899	1,066,614
Total noncurrent liabilities	<u>19,533</u>	<u>182</u>	<u>-</u>	<u>-</u>	<u>1,046,899</u>	<u>1,066,614</u>
Total liabilities	2,461,059	21,180	355	-	1,957,240	4,439,834
NET POSITION						
Unrestricted	7,395,039	649,191	327,700	172,108	2,380,603	10,924,641
Total net position	<u>\$ 7,395,039</u>	<u>\$ 649,191</u>	<u>\$ 327,700</u>	<u>\$ 172,108</u>	<u>\$ 2,380,603</u>	<u>\$ 10,924,641</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, 2016

	Governmental Activities - Internal Service Funds					
	Health Benefits	Risk Management	Auto Damage	Insurance Deductibles	Workers Compensation	Total
Operating revenues:						
Charges for services	\$ 17,664,878	\$ 26,463	\$ 61,888	\$ -	\$ 1,128,385	\$ 18,881,614
Total operating revenues	17,664,878	26,463	61,888	-	1,128,385	18,881,614
Operating expenses:						
Insurance claims	15,719,514	8,350	129,223	3,894	826,432	16,687,413
Total operating expenses	15,719,514	8,350	129,223	3,894	826,432	16,687,413
Operating income (loss)	1,945,364	18,113	(67,335)	(3,894)	301,953	2,194,201
Nonoperating revenues (expenses):						
Penalties and interest	33,500	-	-	-	-	33,500
Medicare Part D	251,635	-	-	-	-	251,635
Total nonoperating revenues (expenses)	285,135	-	-	-	-	285,135
Income (loss) before transfers	2,230,499	18,113	(67,335)	(3,894)	301,953	2,479,336
Transfers in	-	-	-	-	2,078,650	2,078,650
Change in net position	2,230,499	18,113	(67,335)	(3,894)	2,380,603	4,557,986
Total net position - beginning of year	5,164,540	631,078	395,035	176,002	-	6,366,655
Total net position - end of year	<u>\$ 7,395,039</u>	<u>\$ 649,191</u>	<u>\$ 327,700</u>	<u>\$ 172,108</u>	<u>\$ 2,380,603</u>	<u>\$ 10,924,641</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

Governmental Activities - Internal Service Funds						
	Health Benefits	Risk Management	Auto Damage	Insurance Deductibles	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 17,664,878	\$ 26,463	\$ 61,888	\$ -	\$ 1,128,385	\$ 18,881,614
Receipts from other funds	-	-	-	-	1,130,808	1,130,808
Payments to suppliers	(15,464,726)	(17,170)	(128,868)	(3,894)	-	(15,614,658)
Net cash provided (used) by operating activities	2,200,152	9,293	(66,980)	(3,894)	2,259,193	4,397,764
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	2,078,650	2,078,650
Net cash provided by noncapital financing activities	-	-	-	-	2,078,650	2,078,650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Medicare Part D	251,635	-	-	-	-	251,635
Net cash provided by capital and related financing activities	251,635	-	-	-	-	251,635
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments and cash	33,500	-	-	-	-	33,500
Net cash provided by investing activities	33,500	-	-	-	-	33,500
Net increase (decrease) in cash and cash equivalents	2,485,287	9,293	(66,980)	(3,894)	4,337,843	6,761,549
Equity in pooled cash and investments at beginning of year	7,370,705	661,078	395,035	176,002	-	8,602,820
Equity in pooled cash and investments at end of year	<u>\$ 9,855,992</u>	<u>\$ 670,371</u>	<u>\$ 328,055</u>	<u>\$ 172,108</u>	<u>\$ 4,337,843</u>	<u>\$ 15,364,369</u>
Reconciliation of Operating Income (Loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 1,945,364	\$ 18,113	\$ (67,335)	\$ (3,894)	\$ 301,953	\$ 2,194,201
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Effect of Changes in operating assets and liabilities:						
Claims Liability	-	-	-	-	1,940,415	1,940,415
Accounts receivable	51,667	-	-	-	-	51,667
Accounts payable and accrued expenses	211,462	(8,820)	355	-	16,825	219,822
Unearned revenue	(8,341)	-	-	-	-	(8,341)
Total adjustments	254,788	(8,820)	355	-	1,957,240	2,203,563
Net cash provided (used) by operating activities	<u>\$ 2,200,152</u>	<u>\$ 9,293</u>	<u>\$ (66,980)</u>	<u>\$ (3,894)</u>	<u>\$ 2,259,193</u>	<u>\$ 4,397,764</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
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Budgetary (Non-GAAP) Basis
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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>
	<u>Governmental Activities:</u>					
4021	General Government					
8006 **	IT Sys Comp Replacement 03	\$ 2,920,666	\$ 1,848,981	\$ 8,490	\$ 25,265	\$ 1,037,930
8199	Government Complex	7,000,000	2,799,626	8,998	-	4,191,376
8274	Records Management	436,000	392,649	2,280	-	41,071
8361	Voting Machines - Optical Scan	449,458	31,237	66,316	-	351,905
8412 **	County Phone System Replacement	950,000	665,891	235,685	-	48,424
8451 **	Circuit Court - New Courtroom	2,820,000	1,126,697	1,385,492	120,004	187,807
8485	Piney Run Dam Repairs	290,000	88,791	-	-	201,209
8579	Energy Performance Ph III	4,541,852	920,637	3,060,981	-	560,234
8589	Courthouse Annex Renov	210,000	-	-	-	210,000
8590	Payroll/HR System Rplcmnt	1,000,000	-	263,609	437,359	299,032
9418	Handicapped Accessibility 92	909,600	839,124	-	-	70,476
9648 **	Computer System Improvements	9,035,082	7,820,178	1,050,173	50,600	114,131
9921	Parking Lot Overlays (Fr 9658)	1,639,143	1,155,147	483,996	-	-
9954	Cnty Bldg Systemic Renovations	6,324,101	5,240,431	587,065	-	496,605
9957	General Government Unallocated	31,808	-	-	-	31,808
	Total	<u>38,557,710</u>	<u>22,929,389</u>	<u>7,153,085</u>	<u>633,228</u>	<u>7,842,008</u>
	Total General	<u>38,557,710</u>	<u>22,929,389</u>	<u>7,153,085</u>	<u>633,228</u>	<u>7,842,008</u>
4023	Health					
8519	SIP-ADA Restroom Addition	70,800	-	3,000	-	67,800
	Total Health	<u>70,800</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>67,800</u>
4031	Public Safety					
8003	EOC Relocation 03	6,168,500	6,158,064	-	-	10,436
8163 **	CC Public Safety Training Cntr	7,025,000	5,944,341	741,108	214,733	124,818
8264 **	Carroll County 800 MHz & 911	21,057,287	18,714,149	1,933,083	306,568	103,487
8480	PS Emergency Crisis Mgmt	275,000	107,875	-	-	167,125
8518	Humane Scty Parking Stormwater	300,000	-	825	-	299,175
8592	Army Reserve Renovations	1,800,000	-	-	-	1,800,000
8596	911 BU System Refresh	696,430	-	-	696,430	-
9022	Regional Water Supply	1,099,800	671,034	4,600	5,600	418,566
	Total	<u>38,422,017</u>	<u>31,595,463</u>	<u>2,679,616</u>	<u>1,223,331</u>	<u>2,923,607</u>
	Total Public Safety	<u>38,422,017</u>	<u>31,595,463</u>	<u>2,679,616</u>	<u>1,223,331</u>	<u>2,923,607</u>
4041	Highways & Streets					
8308	Ridenour Way 08	20,000	-	-	-	20,000
8321 **	Ridge Road Improvements	160,600	67,941	32,509	1,066	59,084
8353	Londontown Blvd Improvements	3,700,000	80	-	-	3,699,920
8438	Windy Hills	81,000	2,100	-	-	78,900
8440	Pavement Management FY13	9,846,208	9,195,050	33,635	-	617,523
8474	Pavement Management FY14	9,985,936	9,420,655	-	-	565,281
8476 **	Rohrbaugh Road	800,000	325,866	7,500	-	466,634
8494	Pooledale	10,500	-	-	-	10,500
8504 **	Pavement Management FY15	10,210,001	2,639,899	6,444,521	-	1,125,581
8505	Pavement Preservation FY15	1,040,021	-	1,040,021	-	-
8506	Gorsuch Rd Relocation	1,000,000	-	-	-	1,000,000
8507	Unpaved Roads	2,124,761	517,424	721,728	-	885,609
8508	Road Improvmnts-Challendon	260,000	203,975	-	-	56,025
8511	Washington Rd-Sidewalk	143,000	-	-	24,680	118,320
8585	Pavement Management FY16	10,675,001	-	881,751	5,574,264	4,218,986
8586	Pavement Preservation FY16	1,110,000	-	-	-	1,110,000
8587	Safe Routes - Johnsville Rd	29,200	-	-	-	29,200
8609	Monroe Avenue	32,240	-	-	-	32,240
9604	Ridge Road Relocation	50,000	3,102	-	-	46,898
9674	Highway Safety Improvements	1,175,585	970,338	-	-	205,247
9847	Small Drainage Structures	2,076,207	1,774,069	15,460	-	286,678
	Total	<u>54,530,260</u>	<u>25,120,499</u>	<u>9,177,125</u>	<u>5,600,010</u>	<u>14,632,626</u>

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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>
4043	<u>Bridges</u>					
8032	Silver Run Valley Rd-BigSilRun	790,300	36,230	19	-	754,051
8322	Babylon road over Silver Run	902,000	-	45,350	-	856,650
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	11,296	13,811	-	695,893
8384	Shepard Mill/Little Pipe Crk	3,990,400	11,212	89	-	3,979,099
8385	White Rock Rd/Piney Run	943,000	42,075	53,979	45,293	801,653
8512	Cape Horn Rd	501,000	-	-	113,691	387,309
8588	Stone Chap Rd/Little Pipe Crk	207,000	-	-	-	207,000
9684	Bridge Inspection & Inventory	410,605	322,665	47,365	12,992	27,583
9686	Clean & Paint Structural Steel	1,413,250	627,104	394,611	7,505	384,030
9882	Bridge Maint/Structural Repair	657,000	402,282	154,359	-	100,359
9916	Saw Mill Rd Bridge/Bear Run	745,758	281,491	-	-	464,267
	Total	<u>13,656,313</u>	<u>1,734,355</u>	<u>709,583</u>	<u>179,481</u>	<u>11,032,894</u>
4045	<u>Buildings</u>					
8591	Maint Center Vehicle Wash	700,000	-	322,159	12,500	365,341
9956	Fleet-Lifts Replacements	488,915	476,307	-	-	12,608
	Total	<u>1,188,915</u>	<u>476,307</u>	<u>322,159</u>	<u>12,500</u>	<u>377,949</u>
4049	<u>General Public Works</u>					
9902	Public Works-Unallocated	604,652	-	-	-	604,652
	Total	<u>604,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,652</u>
	Total Public Works	<u>69,980,140</u>	<u>27,331,161</u>	<u>10,208,867</u>	<u>5,791,991</u>	<u>26,648,121</u>
4061	<u>Board of Education</u>					
8041	School Surveillance	692,446	689,127	3,319	-	-
8133	Manchester Valley High School	70,685,300	69,130,978	4,964	-	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	9,962,467	1,494	-	1,916,157
8292	Open Space Classroom Enclosure	8,000,000	7,480,741	68,644	-	450,615
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	19,281,248	86,536	-	539,476
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	377,228	8,420	-	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 Convrnsn	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	668,770	1,197,444	-	279,786
8484	Manchester ES Roof Replcmnt	672,000	-	16,879	-	655,121
8486	BOE Energy Efficiency Project	642,243	573,661	-	-	68,582
8501	CareerTech Cntr Roof Replcmnt	1,250,000	24,370	710,028	-	515,602
8502	Mechanicsville Rood	719,000	17,763	400,612	-	300,625
8503	Sykesville Middle Windows	164,000	36,549	123,465	-	3,986
8581	S. Carroll HS-Roof Replcmnt	283,000	-	35,532	-	247,468
8582	Westminster Elem-Roof Rplcmnt	848,000	-	23,924	-	824,076
8583	Westminster HS-Roof Rplcmnt	264,000	-	56,128	-	207,872
9554	Handicapped Accessibility	1,504,684	1,321,805	2,777	-	180,102
9745	Relocatables	5,607,376	5,441,883	154,343	-	11,150
9746	BOE-General Roofing Improvements	1,852,936	1,215,034	58,666	-	579,236

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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>
9748	BOE-Paving	5,142,241	3,888,064	948,529	-	305,648
9792	BOE Technology Improvements	9,042,105	8,430,976	43,240	-	567,889
9850	School Construction-General	-	522,994	(226,108)	-	(296,886)
9885	Winters Mill High School	25,252,267	25,165,238	-	-	87,029
9973	NC Middle School Renovations	11,130,621	10,955,969	-	-	174,652
9974	HVAC-Improvement & Replacement	169,187	-	-	-	169,187
	Total	210,700,302	190,339,880	3,718,836	-	16,641,586
4062	Community College					
8516	** CCC-Security Improvements	670,000	-	523,407	-	146,593
8517	CCC-Systemic Renovations	50,000	-	7,529	-	42,471
9782	Comm Coll-Technology	6,850,600	5,421,098	581,187	-	848,315
	Total	7,570,600	5,421,098	1,112,123	-	1,037,379
	Total Education	218,270,902	195,760,978	4,830,959	-	17,678,965
4071	Recreation & Parks					
8121	Leister Park	1,963,299	1,759,720	64,812	41,817	96,950
8175	Westminster Veterans Mem Park	3,407,596	1,283,125	58,558	57,718	2,008,195
8232	** Park Restoration Fund	858,835	708,975	115,164	-	34,696
8282	* Westminster Comm Pond Renovate	392,300	341,488	50,812	-	-
8330	* Bennett Cerf Park Revitalize	231,951	229,476	2,475	-	-
8411	* Westminster Community Trail	198,000	191,375	6,625	-	-
8439	** Winfield Property Project	253,259	209,099	32,912	-	11,248
8477	Union Mills Restoration	248,900	98,555	8,787	-	141,558
8510	Union Mills-ADA Bathroom	70,000	-	-	-	70,000
8513	Gov Brown Trail Phase I	200,000	-	-	-	200,000
8514	MacBeth Trail Connection	128,000	-	27,045	-	100,955
8515	Westminster Comm Trail PhsII	40,000	-	-	-	40,000
8577	MD Bikeways Program	131,600	-	-	-	131,600
8687	Wmster Comm Trl-Cmrc Cntr	45,000	-	7,990	-	37,010
9139	Recs & Parks/Local-Unallocated	30,693	-	-	-	30,693
9736	Town Fund	394,336	302,000	3,070	-	89,266
9925	** Tot Lot Replacement	467,348	362,989	103,799	-	560
9926	** Krimgold Park	6,159,633	5,401,007	546,235	114,350	98,041
	Total	15,220,750	10,887,809	1,028,284	213,885	3,090,772
4076	Self-Help Projects					
8426	Hodges/Eldbg Elem Ballfld Mix	8,400	-	8,400	-	-
8446	Charles Car Storage/Ball Mix	5,212	3,179	2,033	-	-
8447	N. Carroll Bat Cage/Bleachers	5,100	-	-	-	5,100
8466	Ball Field Mix Multiple Loc SH	5,784	4,544	1,240	-	-
8470	Chrls Car Pitch Mac/Nets SH	5,637	3,913	1,233	-	491
8489	Sandymount/DP Field Repair SH	5,390	-	3,665	1,725	-
8491	Freedom Area Field/Sod/Mix SH	9,430	1,920	1,520	-	5,990
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	2,928	1,408	-	-
8498	NCRC-Shed/Fld Hamp SH	6,510	-	-	-	6,510
8499	NCRC-Xmas Tree Prk Fields SH	20,000	-	-	-	20,000
8571	Hampstead Lions Clb Trail-SH	14,065	-	-	-	14,065
8573	Jaycee Park Storage Shed-SH	8,203	7,253	950	-	-
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	-	-

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	<u>Description</u>	<u>Total Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Encumbered</u>	<u>Unexpended Appropriation</u>
8604	Charles Car-Soccer Goals SH	2,860	-	2,852		8
8610	Freedom Soccer Storage SH	3,800	-	-	2,110	1,690
8611	NC Field Hockey Goals SH	2,080	-	2,080	-	-
8612	NC Flat Goals SH	4,699	-	-	-	4,699
8613	Westminster JC Prk Fence SH	7,855	-	6,780	-	1,075
8614	Westminster Field Expand SH	11,786	-	-	11,786	-
8615	Mayeski Baseball Fld Mix SH	5,144	-	-	-	5,144
8616	Mayeski Softball Fld Mix SH	3,674	-	-	-	3,674
8617	Winfield Lions Club Fld Mix SH	2,204	-	-	-	2,204
8618	Bohde's Tot Lot-Krimgold SH	20,000	-	-	-	20,000
9735	Community Self Help	4,524	-	-	-	4,524
	Total	<u>240,897</u>	<u>23,737</u>	<u>106,365</u>	<u>15,621</u>	<u>95,174</u>
	Total Culture and Recreation	<u>15,461,647</u>	<u>10,911,546</u>	<u>1,134,649</u>	<u>229,506</u>	<u>3,185,946</u>
<u>4081</u>	<u>Library/Senior Centers</u>					
8479	Taneytown Sr Cntr Add'l Park	352,000	-	174,272	15,196	162,532
9822	Library-Technology Improvemnts	3,215,900	2,911,724	146,701	-	157,475
	Total	<u>3,567,900</u>	<u>2,911,724</u>	<u>320,973</u>	<u>15,196</u>	<u>320,007</u>
	Total Library/Senior Centers	<u>3,567,900</u>	<u>2,911,724</u>	<u>320,973</u>	<u>15,196</u>	<u>320,007</u>
<u>4091</u>	<u>Conservation & Open Space</u>					
9002 **	Land Bank	22,089,803	15,921,307	38,941	-	6,129,555
9007	Ag Land Preservation	151,110,495	137,346,189	7,284,046	-	6,480,260
9701	Infrestructure/Plan Studies	377,167	317,167	10,920	-	49,080
9702	Traffic Impact Studies/Develop	137,692	130,629	-	-	7,063
9851	Rural Legacy-Easement Purchase	22,026,728	21,215,638	702,780	-	108,310
	Total	<u>195,741,885</u>	<u>174,930,930</u>	<u>8,036,687</u>	<u>-</u>	<u>12,774,268</u>
<u>4092</u>	<u>Water Resources</u>					
8294	Reservoir Development	20,611,401	8,933,571	-	-	11,677,830
8295	Storm Water Facility Maint	3,035,000	2,908,205	5,177	-	121,618
8328	Environmental Compliance	1,279,500	257,084	68,408	39,067	914,941
	Total	<u>24,925,901</u>	<u>12,098,860</u>	<u>73,585</u>	<u>39,067</u>	<u>12,714,389</u>
<u>4093</u>	<u>Watershed Improvements</u>					
8523	Elderwood Village Sec F&B	2,279,355	116,804	11,530	-	2,151,021
8524	Manchester Skate Park	826,043	38,915	28,113	-	759,015
8526	Finksburg Industrial Park	2,561,846	223,003	1,070	2,337,753	20
8528	Carroll Co Tree Planting #1	139,579	94,338	4,070	15,971	25,200
8529	Carroll Co Tree Planting #2	255,161	138,659	51,758	28,580	36,164
8530	Carroll Co Tree Planting #3	534,676	226,381	171,727	87,102	49,466
8531 **	Sullivan Rd Comnty Pond Phs1	2,674,495	2,256,231	271,420	4,500	142,344
8532	Sullivan Rd Phase 2	99,098	88,187	-	-	10,911
8533	Miller/Watts Pond	1,279,053	80,405	885,287	305,247	8,114
8534	Windmere/Libman	38,534	31,343	-	-	7,191
8536	Langdon Property	65,000	36,856	26,093	-	2,051
8537	Braddock Manor West	635,898	38,410	453,222	-	144,266
8538	Carroll Co Maint Center Pond	904,545	35,848	250,415	575,242	43,040
8540	Eldersburg Estates Sec 3-5	550,000	475,296	10,436	-	64,268
8543	Willow Pond/Eden Farms	242,200	13,530	27,319	132,248	69,103
8561	Piney Run Sediment Study	25,800	15,515	8,290	-	1,995
8576	Farm Museum ESD	111,695	13,544	95,033	-	3,118
8578	Blue Ridge Manor	10,000	2,300	2,082	-	5,618
8584	Stormwtr Facility Renovat FY16	280,000	-	72,649	-	207,351
8593	Shannon Run/Hawks Ridge	113,230	43,230	23,830	-	46,170
8594	Watershed Plan Review	31,000	-	24,733	5,860	407
8595	Local Watershed Modeling	65,000	-	53,327	11,253	420
8605	8 Small Crossings	30,000	-	19,108	-	10,892
8606	6 Whispering Valley	50,000	-	19,575	-	30,425

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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>
8607 13 Merridale Gardens	55,000	-	16,121	-	38,879
8608 1 Roberts Mill Regional Pond	4,000	-	3,800	-	200
9920 Watershed Assessment & Improve	8,387,733	-	-	-	8,387,733
Total	<u>22,248,941</u>	<u>3,968,795</u>	<u>2,531,008</u>	<u>3,503,756</u>	<u>12,245,382</u>
Total Conservation and Natural Resources	<u>242,916,727</u>	<u>190,998,585</u>	<u>10,641,280</u>	<u>3,542,823</u>	<u>37,734,039</u>
Total Governmental Activities	<u>\$ 627,247,843</u>	<u>\$ 482,438,846</u>	<u>\$ 36,972,429</u>	<u>\$ 11,436,075</u>	<u>\$ 96,400,493</u>

continued

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, 2016

Schedule 6

Description	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
Business-type Activities					
Bureau of Utilities					
6311 Water & Sewer Meters	\$ 2,967,862	\$ 2,497,195	\$ 466,093	\$ -	\$ 4,574
6332 Tank Painting	1,113,032	248,591	190,207	10,350	663,884
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	1,451,350	1,269,945	103,576	-	77,829
6374 Relief Sewer No. 2	164,000	7,500	4,500	-	152,000
6376 Relief Sewer No. 4	108,500	6,500	20,277	-	81,723
6378 Relief Sewer No. 6	3,162,000	313,815	11,000	-	2,837,185
6382 Relief Sewer No. 10	405,300	-	-	-	405,300
6385 Sewer Study Update	765,000	187,647	-	-	577,353
6388 * Pleasant Valley Backup Well 04	280,993	270,771	10,222	-	-
6390 Sykesville Eleva W/Tank #6 04	62,000	-	-	-	62,000
6403 Sanitary Sewer Manhole Rehab	1,732,200	757,623	359,483	165,402	449,692
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	186,386	22,486	-	521,128
6419 Freedom Waste Water TP-ENR	10,500,000	1,685,992	3,747,551	-	5,066,457
6421 Sanitary Sewer Main Lining	2,066,701	1,030,105	652,639	227,623	156,334
6422 Gravity Sewer Main	1,980,400	70,772	174,197	217,317	1,518,114
6423 N Carroll Farms Pump Stat Rehb	266,000	234,721	14,022	-	17,257
6425 Water Main Loops FY12	489,000	356	6,521	-	482,123
6426 W. Hampstead Sewer Upgrade	147,600	-	5,100	-	142,500
6428 Water Main Blow-Off Replcmts	420,300	150,033	125,603	-	144,664
6429 Water Service Line Replacement	702,300	435,581	196,908	-	69,811
6430 Hampstead Grit Removal	18,340,000	776,197	380,340	607,633	16,575,830
6432 Asset Management System	200,000	-	102,828	96,729	443
6433 Bark Hill WTP-Improvmnts	194,000	-	69,024	-	124,976
6434 ** Freedom WTP-Membrance Fltr	776,250	163,643	542,646	-	69,961
6435 Freedom WTP-Sludge Press	285,000	-	-	-	285,000
6436 Piney Run Pump Station Imprv	305,000	688	11,812	-	292,500
Total	<u>52,918,976</u>	<u>11,054,297</u>	<u>7,217,035</u>	<u>1,325,054</u>	<u>33,322,590</u>
Solid Waste					
6520 Hoods Mill Remediation	1,174,626	936,472	7,027	6,404	224,723
6521 Northern Landfill Remediation	1,014,000	818,593	85,855	-	109,552
6528 John Owings LF Remediation	800,000	617,675	-	3,858	178,467
6534 Nrthn Landfill-Cap Cells 1&2	3,960,000	-	53,413	133,234	3,773,353
6535 Northern Landfill Office	322,000	313,494	-	-	8,506
6536 Northern LF-Leachate Ponds	460,000	-	-	49,719	410,281
6537 Bark Hill Remediation/Maint	5,000	-	-	-	5,000
6538 Hodges Remediation/Maint	480,112	-	41,465	-	438,647
Total	<u>8,215,738</u>	<u>2,686,234</u>	<u>187,760</u>	<u>193,215</u>	<u>5,148,529</u>
Fiber Network					
6602 Fiber Equipment Replacement	1,100,000	853,550	136,666	-	109,784
Total	<u>1,100,000</u>	<u>853,550</u>	<u>136,666</u>	<u>-</u>	<u>109,784</u>
Septage					
6704 Westminster Sept Screen/Grit	4,500,000	348,766	67,666	-	4,083,568
Total	<u>4,500,000</u>	<u>348,766</u>	<u>67,666</u>	<u>-</u>	<u>4,083,568</u>
Airport					
6818 Grounds & Facility Impr (9541)	340,180	294,351	16,195	-	29,634
6821 Airport Runway Extension	49,655,934	-	15,852	-	49,640,082
6822 AP Master Plan Study Phase 1	333,332	287,400	15,000	-	30,932
6823 Environmental Assessment Study	169,067	-	169,067	-	-
Total	<u>50,498,513</u>	<u>581,751</u>	<u>216,114</u>	<u>-</u>	<u>49,700,648</u>
Total Business-type Activities	<u>\$ 117,233,227</u>	<u>\$ 15,524,598</u>	<u>\$ 7,825,241</u>	<u>\$ 1,518,269</u>	<u>\$ 92,365,119</u>

* Completed CIP projects put into service during FY16

** Partially completed CIP projects put into service during FY16

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Schedule of Long-Term Indebtedness
June 30, 2016

	Amount Outstanding July 1, 2015	New Debt Activity	Principal Payments For Year 2016	Amount Outstanding June 30, 2016	Interest Payments For Year 2016
Governmental Activities					
General Obligation Bonds					
Volunteer Fire Dept. Project - 2003	\$ 660,000	\$ -	\$ 155,000	\$ 505,000	\$ 21,665
Volunteer Fire Dept. Project - 2004	829,398	-	152,733	676,665	31,100
General Obligation Bonds- 2005	2,160,990	-	2,160,990	-	43,220
Volunteer Fire Dept. Project- 2005	1,145,000	-	195,000	950,000	44,275
General Obligation Bonds-2006	2,696,755	-	1,348,379	1,348,376	80,903
General Obligation Refunding Bonds- Jan 2007	11,938,239	-	3,136,809	8,801,430	439,446
General Obligation Bonds-2007	10,609,636	-	7,746,796	2,862,840	1,590,059
General Obligation Refunding Bonds-Nov 2007	3,790,000	-	560,000	3,230,000	153,975
General Obligation Bonds-Nov 2008	15,554,627	-	3,620,816	11,933,811	660,055
General Obligation Bonds-Nov 2009 Series A	12,776,648	-	2,344,161	10,432,487	464,183
General Obligation Bonds-Nov 2009 Series B	33,577,761	-	-	33,577,761	1,734,776
General Obligation Refunding Bonds-Oct 2010 Series A	4,608,199	-	1,820,460	2,787,739	73,959
General Obligation Refunding Bonds-Oct 2010 Series B	855,000	-	295,000	560,000	14,150
General Obligation Bonds-Oct 2010 Series D	17,773,031	-	967,987	16,805,044	670,581
General Obligation Refunding Bonds-Nov 2011	9,368,134	-	1,943,398	7,424,736	355,884
General Obligation Bonds-2011	16,620,000	-	740,000	15,880,000	608,850
General Obligation Refunding Bonds-2012	16,220,345	-	-	16,220,345	678,038
General Obligation Bonds-2012	19,310,000	-	1,075,000	18,235,000	629,112
General Obligation Bonds-2013	24,665,000	-	1,340,000	23,325,000	1,051,475
General Obligation Refunding Bonds- Taxable Pension 2013	4,524,000	-	912,000	3,612,000	91,123
General Obligation Refunding Bonds-2014	52,576,682	-	2,966,146	49,610,536	2,155,125
General Obligation Bonds- 2014	15,000,000	-	750,000	14,250,000	555,000
General Obligation Refunding Bonds-2015	-	6,015,081	-	6,015,081	98,915
General Obligation Bonds- 2015	-	28,000,000	-	28,000,000	434,907
Total General Obligation Bonds	<u>277,259,445</u>	<u>34,015,081</u>	<u>34,230,675</u>	<u>277,043,851</u>	<u>12,680,776</u>
Farmers Home Administration					
Federal Loan - 1972	210,642	-	25,451	185,191	7,377
Federal Loan - 1974	97,136	-	8,580	88,556	3,544
Federal Loan - 1979	355,267	-	16,761	338,506	12,964
Total Farmers Home Administration	<u>663,045</u>	<u>-</u>	<u>50,792</u>	<u>612,253</u>	<u>23,885</u>
General Obligation Debt					
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	12,441
Total General Obligation Debt	<u>31,050,584</u>	<u>473,924</u>	<u>-</u>	<u>31,524,508</u>	<u>1,741,236</u>
Purchase Agreements					
Johnson Controls/Suntrust	1,338,916	-	210,379	1,128,537	52,922
Johnson Controls/AAIG	4,536,852	712	-	4,537,564	134,452
Total Purchase Agreements	<u>5,875,768</u>	<u>712</u>	<u>210,379</u>	<u>5,666,101</u>	<u>187,374</u>
Total Governmental Activities	<u>\$ 314,848,842</u>	<u>\$ 34,489,717</u>	<u>\$ 34,491,846</u>	<u>\$ 314,846,713</u>	<u>\$ 14,633,271</u>

continued

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Schedule of Long-Term Indebtedness
June 30, 2016

	Amount Outstanding July 1, 2015	New Debt Activity	Principal Payments For Year 2016	Amount Outstanding June 30, 2016	Interest Payments For Year 2016
Business-Type Activities					
General Obligation Bonds					
Bureau of Utilities					
General Obligation Bonds - 2005	\$ 20,139	\$ -	\$ 20,139	\$ -	\$ 403
General Obligation Bonds - 2006	28,883	-	14,442	14,441	857
General Obligation Refunding Bonds-Jan 2007	109,511	-	28,774	80,737	4,031
General Obligation Bonds- 2007	5,008,570	-	3,756,833	1,251,737	140,148
General Obligation Bonds- 2008	1,563,731	-	364,019	1,199,712	66,356
General Obligation Bonds- 2009 Series A	408,162	-	74,887	333,275	14,829
General Obligation Bonds- 2009 Series B	1,072,240	-	-	1,072,240	55,397
General Obligation Bonds- 2010 Series A	2,352	-	929	1,423	38
General Obligation Bonds- 2010 Series D	12,430	-	677	11,753	469
General Obligation Refunding Bonds-Nov 2011	418,538	-	93,486	325,052	15,874
General Obligation Refunding Bonds-Nov 2012	198,550	-	-	198,550	8,399
General Obligation Refunding Bonds-Nov 2014	5,446,058	-	200,244	5,245,814	215,681
General Obligation Refunding Bonds-Nov 2015	-	2,978,549	-	2,978,549	48,981
Solid Waste Fund					
General Obligation Refunding Bonds- Jan 2007	178,130	-	46,804	131,326	6,557
General Obligation Bonds- 2007	321,795	-	241,371	80,424	9,004
General Obligation Bonds- 2008	86,642	-	20,165	66,477	3,677
General Obligation Bonds- 2009 Series A	5,190	-	952	4,238	189
General Obligation Refunding Bonds-Nov 2011	789,646	-	157,250	632,396	30,023
General Obligation Refunding Bonds-Nov 2014	406,860	-	92,826	314,034	17,407
General Obligation Refunding Bonds-Nov 2015	-	191,370	-	191,370	3,147
Airport Fund					
General Obligation Bonds - 2001	770,000	-	110,000	660,000	32,642
General Obligation Bonds- 2005	3,871	-	3,871	-	77
General Obligation Refunding Bonds-2007	124,120	-	32,613	91,507	4,569
General Obligation Refunding Bonds-2010 Series A	34,451	-	13,609	20,842	553
General Obligation Refunding Bonds-2010 Series D	24,539	-	1,337	23,202	926
General Obligation Refunding Bonds-Nov 2011	258,680	-	55,866	202,814	9,818
General Obligation Refunding Bonds-Nov 2012	18,716	-	-	18,716	754
General Obligation Refunding Bonds-Nov 2014	85,400	-	25,785	59,615	2,736
Septage Fund					
General Obligation Bonds - 2006	24,359	-	12,180	12,179	740
General Obligation Refunding Bonds- Nov 2012	62,391	-	-	62,391	2,759
Total General Obligation Bonds	17,483,954	3,169,919	5,369,059	15,284,814	697,041
Notes Payable- Bureau of Utilities					
Water Quality Loan - Maryland Department of the Environment - 2000	188,124	-	29,377	158,747	6,606
Total Notes Payable	188,124	-	29,377	158,747	6,606
Total Business-type Activities	\$ 17,672,078	\$ 3,169,919	\$ 5,398,436	\$ 15,443,561	\$ 703,647

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

Schedule 8

**Schedule of Investments for
Governmental Activities, Business Type Activities, and Trust Funds
June 30, 2016**

	Length (in Days)	Maturity Date	Rate (%)	Market Value	Totals
GOVERNMENTAL ACTIVITIES and Business Type Activites					
Federal Home Loan Bank	360	27-Oct-16	0.35	\$ 27,994,680	
Federal Home Loan Bank	360	28-Oct-16	0.40	5,001,200	
Federal Home Loan Bank	360	17-Feb-17	0.72	5,001,500	
Federal Home Loan Mortgage Corporation	720	27-Oct-17	0.80	5,000,550	
Federal Home Loan Mortgage Corporation	720	1-Jun-18	1.10	5,002,650	
Treasury Bonds	20 yrs	15-Nov-21	5.66	231,447	
Treasury Bonds	20 yrs	15-Aug-22	5.69	154,138	
Treasury Bonds	20 yrs	15-Aug-22	5.44	231,206	
Treasury Bonds	20 yrs	15-Nov-22	5.05	277,776	
Treasury Bonds	20 yrs	15-Aug-23	5.05	105,888	
Treasury Bonds	20 yrs	15-Nov-24	4.86	2,105,918	
Treasury Bonds	20 yrs	15-Aug-25	4.75	1,323,369	
Treasury Bonds	20 yrs	15-Nov-26	4.93	1,913,478	
Treasury Bonds	20 yrs	15-Feb-27	4.72	1,202,720	
Treasury Bonds	20 yrs	15-Aug-29	4.36	2,576,318	
Treasury Strips	20 yrs	15-Nov-21	5.83	71,367	
Treasury Strips	20 yrs	15-Aug-22	5.92	32,418	
Treasury Strips	20 yrs	15-Aug-22	5.78	58,644	
Treasury Strips	20 yrs	15-Nov-22	5.39	93,030	
Treasury Strips	20 yrs	15-Aug-23	5.42	19,038	
Treasury Strips	20 yrs	15-Nov-24	5.12	673,642	
Treasury Strips	20 yrs	15-Nov-25	4.76	381,685	
Treasury Strips	20 yrs	15-Nov-26	4.95	248,875	
Treasury Strips	20 yrs	15-Feb-27	4.73	167,066	
Treasury Strips	8 yrs	15-May-17	3.15	1,196,172	
Treasury Strips	20 yrs	15-May-24	4.39	763,338	
Treasury Strips	20 yrs	15-May-29	4.42	85,206	
Treasury Strips	20 yrs	15-Feb-30	4.76	1,009,454	
Treasury Strips	20 yrs	15-Feb-30	4.61	206,756	
Treasury Strips	20 yrs	15-Aug-29	4.55	600,012	
Treasury Strips	20 yrs	15-Nov-29	4.76	499,339	
Treasury Strips	20 yrs	15-May-30	4.11	1,464,701	
Treasury Strips	20 yrs	15-Aug-30	3.90	1,683,121	
Treasury Strips	20 yrs	15-Nov-30	4.44	2,046,874	
Treasury Strips	20 yrs	15-May-31	4.46	2,129,831	
Treasury Strips	20 yrs	15-May-31	4.33	2,603,127	
Treasury Strips	20 yrs	15-Nov-32	2.91	320,275	
Treasury Strips	20 yrs	15-Nov-33	3.88	2,167,551	
Treasury Strips	20 yrs	15-Feb-34	3.69	259,163	
Treasury Strips	20 yrs	15-Nov-35	2.90	78,052	
Treasury Strips	20 yrs	15-Nov-35	2.90	234,156	
State and Local Government Series	15 yrs	15-May-24	---	51,000	
U.S Bank	---	---	0.35	5,099,000	
Maryland Local Government Investment Pool	---	---	0.37	12,722,245	
Branch Banking & Trust-Money Rate Savings	---	---	0.35	85,013,591	\$ 180,101,567
TRUST FUNDS					
<u>Pension</u>					
Wilmington Trust Employee Pension Account				66,722,573	
<u>Other postemployment benefits (OPEB)</u>					
Maryland Local Government Investment Pool-OPEB				5,434,336	
Wilmington Trust Master OPEB Investment Trust				61,907,667	
<u>LOSAP</u>					
Wilmington Trust LOSAP account				8,309,704	
<u>Law Officer's Pension</u>					
Wilmington Trust Law Officer's Pension Account				10,145,861	152,520,141
TOTAL					<u><u>\$ 332,621,708</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2016

Governmental funds capital assets:	
Land	\$ 34,569,392
Buildings and contents	193,393,561
Improvements other than buildings	73,666,509
Automobiles, machinery and equipment	46,727,086
Roads and bridges	572,280,713
Construction in progress	9,727,788
Total governmental funds capital assets	<u>\$ 930,365,049</u>
Investments in governmental funds capital assets by source:	
General fund revenues	\$ 187,063,160
Special revenue funds	836,729
State grants	69,637,964
Federal grants	21,501,874
General obligation bonds	164,334,445
Contributions	143,314,482
Various funding sources-pre 1980 infrastructure	343,676,395
Total investments in governmental funds capital assets by source	<u>\$ 930,365,049</u>

Source: Carroll County Department of the Comptroller.

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

Schedule 9-2

**Capital Assets Used in the Operation of Governmental Funds
Schedule By Function
JUNE 30, 2016**

	Land	Buildings and Contents	Improvements Other Than Buildings	Automobiles, Machinery and Equipment	Roads and Bridges	Construction in Progress	Total
General government	\$ 18,733,767	\$ 166,404,588	\$ 18,612,538	\$ 12,405,142	\$ -	\$ -	\$ 216,156,035
Public safety	1,773,152	19,294,456	28,428,647	17,319,455	-	-	66,815,710
Public works	3,185,773	770,185	-	14,470,988	565,363,474	-	583,790,420
Judicial	-	211,861	-	430,863	-	-	642,724
Health	43,709	16,844	-	87,286	-	-	147,839
Human Services	-	-	-	84,270	-	-	84,270
Education	-	-	-	43,412	-	-	43,412
Culture and recreation	3,827,148	4,000,555	15,314,846	1,726,708	-	-	24,869,257
Conservation and natural resources	7,005,843	-	7,817,434	-	-	-	14,823,277
Economic development	-	2,695,072	3,493,044	158,962	6,917,239	-	13,264,317
Construction in progress	-	-	-	-	-	9,727,788	9,727,788
Subtotal	<u>34,569,392</u>	<u>193,393,561</u>	<u>73,666,509</u>	<u>46,727,086</u>	<u>572,280,713</u>	<u>9,727,788</u>	<u>930,365,049</u>
Less accumulated depreciation	<u>-</u>	<u>(57,716,768)</u>	<u>(25,706,578)</u>	<u>(33,086,786)</u>	<u>(427,444,011)</u>	<u>-</u>	<u>(543,954,143)</u>
Net governmental funds capital assets	<u>\$ 34,569,392</u>	<u>\$ 135,676,793</u>	<u>\$ 47,959,931</u>	<u>\$ 13,640,300</u>	<u>\$ 144,836,702</u>	<u>\$ 9,727,788</u>	<u>\$ 386,410,906</u>

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Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Schedule 9-3

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended June 30, 2016

	Governmental Funds Capital Assets July 1, 2015	Additions	Net of Transfers and Retirements	Governmental Funds Capital Assets June 30, 2016
General government	\$ 211,593,075	\$ 5,049,485	\$ (486,525)	\$ 216,156,035
Public safety	39,207,698	27,999,966	(391,954)	66,815,710
Public works	580,533,923	3,572,307	(315,810)	583,790,420
Judicial	630,518	-	12,206	642,724
Health	147,839	-	-	147,839
Human services	217,370	-	(133,100)	84,270
Education	43,412	-	-	43,412
Cultural and recreation	19,009,455	5,964,638	(104,836)	24,869,257
Conservation and natural resources	12,313,323	2,527,718	(17,764)	14,823,277
Economic development	13,259,197	5,120	-	13,264,317
Construction in progress	38,549,035	11,392,309	(40,213,556)	9,727,788
Subtotal	<u>915,504,845</u>	<u>56,511,543</u>	<u>(41,651,339)</u>	<u>930,365,049</u>
Less accumulated depreciation	<u>(531,304,974)</u>	<u>(13,808,562)</u>	<u>1,159,393</u>	<u>(543,954,143)</u>
Net governmental funds capital assets	<u>\$ 384,199,871</u>	<u>\$ 42,702,981</u>	<u>\$(40,491,946)</u>	<u>\$ 386,410,906</u>

Source: Carroll County Department of the Comptroller.

Statistical Section



Farmers' Markets with fresh produce, baked goods, plants, soaps, cheeses, etc. from our local farmers. Various Farmers' Markets throughout the county from May-October.

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.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<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>
Governmental Activities									
Net Investment in Capital Assets	\$ 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	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	(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
<i>Total Governmental Activities Net Position</i>	<u>176,491,801</u>	<u>165,776,470</u>	<u>167,710,758</u>	<u>169,671,904</u>	<u>176,404,306</u>	<u>179,828,899</u>	<u>210,807,903</u>	<u>270,824,640</u>	<u>353,838,712</u>
Business-Type Activities									
Net Investment in Capital Assets	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	20,607,431	25,663,794	22,938,152	17,019,197	12,503,774	370,116	1,308,820	9,435,295	6,788,158
Unrestricted	(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
<i>Total Business-Type Activities Net Position</i>	<u>126,078,889</u>	<u>125,398,581</u>	<u>127,233,457</u>	<u>116,010,082</u>	<u>111,174,175</u>	<u>110,002,423</u>	<u>99,125,175</u>	<u>99,844,012</u>	<u>95,957,873</u>
Primary government									
Net Investment in Capital Assets	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	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	(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
<i>Total Primary Government Net Position</i>	<u>\$ 302,570,690</u>	<u>\$ 291,175,051</u>	<u>\$ 294,944,215</u>	<u>\$ 285,681,986</u>	<u>\$ 287,578,481</u>	<u>\$ 289,831,322</u>	<u>\$ 309,933,078</u>	<u>\$ 370,668,652</u>	<u>\$ 449,796,585</u>

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)

	<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>	<u>2007</u>
Expenses										
Governmental Activities:										
General government	\$ 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	\$ 63,412,621
Public safety	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	28,609,006
Public works	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	20,775,987
Health	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	4,397,039
Human services	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	1,131,873
Education	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	168,198,541
Culture and recreation	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	2,772,654
Libraries	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	7,511,036
Conservation of natural resources	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	16,711,700
Economic development	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	3,076,751
Judicial	8,670,838	7,283,903	6,222,691	-	-	-	-	-	-	-
Interest on long-term debt	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	8,984,385
<i>Total Governmental Activities Expenses</i>	<u>390,909,855</u>	<u>386,269,055</u>	<u>386,889,145</u>	<u>377,185,970</u>	<u>369,106,284</u>	<u>400,042,734</u>	<u>414,042,726</u>	<u>424,974,313</u>	<u>373,813,603</u>	<u>325,581,593</u>
Business-Type Activities:										
Bureau of Utilities	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	7,849,747
Solid Waste	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	7,935,237
Airport	823,047	733,816	800,811	689,380	1,769,112	618,045	829,611	777,692	3,097,618	2,086,621
Septage	629,136	604,130	536,068	489,064	532,369	475,718	474,195	388,398	395,824	402,898
Firearms	113,399	106,373	100,324	97,706	92,935	79,627	76,281	77,475	74,497	58,238
Fiber Network	1,116,618	1,230,506	673,718	733,785	540,436	215,017	-	-	-	-
<i>Total Business-Type Activities Expenses</i>	<u>24,278,980</u>	<u>23,272,302</u>	<u>19,758,861</u>	<u>24,919,266</u>	<u>22,753,211</u>	<u>22,109,077</u>	<u>20,830,747</u>	<u>16,900,665</u>	<u>21,273,403</u>	<u>18,332,741</u>
<i>Total Primary Government Expenses</i>	<u>\$ 415,188,835</u>	<u>\$ 409,541,357</u>	<u>\$ 406,648,006</u>	<u>\$ 402,105,236</u>	<u>\$ 391,859,495</u>	<u>\$ 422,151,811</u>	<u>\$ 434,873,473</u>	<u>\$ 441,874,978</u>	<u>\$ 395,087,006</u>	<u>\$ 343,914,334</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	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	9,364,742
Public safety	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	3,840,410
Public works	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	1,456,792
Health	5,391	6,684	55,405	58,946	124,065	44,320	12,190	15,541	12,492	8,155
Human Services	79,675	86,275	6,600	6,600	6,600	6,600	284,014	367,238	367,238	284,564
Education	-	-	257,816	480,685	487,464	457,698	393,951	425,150	409,266	749,353
Culture and recreation	1,867,103	1,621,589	832,906	928,603	1,008,187	875,200	860,865	772,204	818,931	907,465
Conservation of natural resources	86,209	41,587	-	-	-	-	-	-	-	-
Economic development	-	-	525,158	-	-	-	-	-	-	-
Operating Grants and Contributions	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	12,841,014
Capital Grants and Contributions	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	7,453,139
<i>Total Governmental Activities Program Revenues</i>	<u>40,018,081</u>	<u>45,492,023</u>	<u>44,256,328</u>	<u>39,144,823</u>	<u>35,280,449</u>	<u>42,016,316</u>	<u>46,704,889</u>	<u>30,810,323</u>	<u>37,951,826</u>	<u>36,905,634</u>

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

	<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>	<u>2007</u>
Business-Type Activities:										
Charges for Services:										
Bureau of Utilities	\$ 10,359,334	\$ 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	6,327,333	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	763,759	727,987	649,572	650,660	675,683	518,581	671,258	2,222,010	1,840,449	2,041,458
Septage	1,134,701	946,123	710,536	682,663	608,688	603,550	449,263	387,636	536,845	482,599
Firearms	150,087	153,687	148,106	145,699	126,696	111,984	104,713	55,120	59,400	79,649
Fiber Network	116,613	37,558	7,619,387	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	1,064,797	-
Capital Grants and Contributions	2,581,093	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>21,432,920</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>61,451,001</u>	<u>66,198,107</u>	<u>72,025,104</u>	<u>58,370,556</u>	<u>54,703,147</u>	<u>58,908,958</u>	<u>63,947,787</u>	<u>50,290,876</u>	<u>57,486,888</u>	<u>53,814,905</u>
Net (Expense)/Revenue										
Governmental Activities	(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)	(288,675,959)
Business-Type Activities	(2,846,060)	(2,566,218)	8,009,915	(5,693,533)	(3,330,513)	(5,216,435)	(3,587,849)	2,579,888	(1,738,341)	(1,423,470)
<i>Total Primary Government Net Expense</i>	<u>(353,737,834)</u>	<u>(343,343,250)</u>	<u>(334,622,902)</u>	<u>(343,734,680)</u>	<u>(337,156,348)</u>	<u>(363,242,853)</u>	<u>(370,925,686)</u>	<u>(391,584,102)</u>	<u>(337,600,118)</u>	<u>(290,099,429)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	\$ 199,281,166	\$ 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	146,049,675	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	14,093,918	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	387,725	353,937	262,098	296,890	379,990	246,184	335,125	386,186	405,295	393,659
Agricultural transfer tax	143,429	59,558	365,510	159,227	24,977	24,199	181,458	439,268	390,420	501,049
Hotel tax	315,319	284,101	309,992	298,498	284,602	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	4,171,190	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
Transfers	(2,835,317)	(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>361,607,105</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>
Business-Type Activities:										
Investment earnings and miscellaneous, unrestricted	672,988	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	18,063	1,695	9,000	3,677	-	35,395	-	93,425	-	-
Transfers	2,835,317	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>3,526,368</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>365,133,473</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	10,715,331	14,012,397	(1,961,146)	(7,639,905)	(6,778,421)	(50,705,318)	(56,187,919)	(66,310,590)	(37,953,649)	8,681,416
Business-Type Activities	680,308	(1,834,876)	11,223,375	(994,303)	10,233,114	(1,997,167)	(43,943)	8,267,893	8,933,686	2,966,374
<i>Total Primary Government Change in Net Position</i>	<u>\$ 11,395,639</u>	<u>\$ 12,177,521</u>	<u>\$ 9,262,229</u>	<u>\$ (8,634,208)</u>	<u>\$ 3,454,693</u>	<u>\$ (52,702,485)</u>	<u>\$ (56,231,862)</u>	<u>\$ (58,042,697)</u>	<u>\$ (29,019,963)</u>	<u>\$ 11,647,790</u>

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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.

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

**Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<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>	<u>2007</u>
General Fund (1)										
Nonspendable	\$ 26,668,918	\$ 29,004,124	\$ 29,209,160	\$ 29,140,848	\$ 27,853,715	\$ 30,274,746				
Restricted	30,926,309	27,423,603	26,052,436	23,584,205	25,272,233	18,998,982				
Committed	20,820,350	20,398,120	19,825,000	19,765,000	19,777,263	20,165,000				
Assigned	22,580,717	18,458,967	22,035,700	16,264,913	20,946,437	9,782,490				
Unassigned	10,840,140	7,628,502	6,922,173	16,132,542	14,827,375	16,809,377				
<i>Total General Fund</i>	<u>111,836,434</u>	<u>102,913,316</u>	<u>104,044,469</u>	<u>104,887,508</u>	<u>108,677,023</u>	<u>96,030,595</u>				
Capital Projects Fund										
Restricted	7,518,934	292,775	-	-	-	-				
Assigned	24,235,426	29,083,530	36,834,193	40,629,996	37,134,531	33,780,969				
<i>Total Capital Projects Fund</i>	<u>31,754,360</u>	<u>29,376,305</u>	<u>36,834,193</u>	<u>40,629,996</u>	<u>37,134,531</u>	<u>33,780,969</u>				
Non-Major Governmental Funds: (1)										
Special Revenues Fund										
Restricted	626,086	1,472,788	1,543,563	1,159,415	2,227,030	4,361,704				
Committed	672,372	2,203,593	1,606,331	1,275,957	911,792	603,723				
Assigned	1,608,421	821,612	-	-	-	-				
Unassigned	-	-	-	-	-	(21,576)				
<i>Total Non-Major Governmental Funds</i>	<u>2,906,879</u>	<u>4,497,993</u>	<u>3,149,894</u>	<u>2,435,372</u>	<u>3,138,822</u>	<u>4,943,851</u>				
<i>Total Governmental Funds- as restated</i>	<u>\$ 146,497,673</u>	<u>\$ 136,787,614</u>	<u>\$ 144,028,556</u>	<u>\$ 147,952,876</u>	<u>\$ 148,950,376</u>	<u>\$ 134,755,415</u>				
Unassigned General Fund Balance as a Percentage of General Fund Expenditures	2.9%	2.5%	2.4%	5.2%	4.8%	5.5%				
General Fund										
Reserved							\$ 39,429,507	\$ 34,538,703	\$ 34,265,738	\$ 36,345,385
Unreserved and designated							27,868,281	34,623,762	30,997,138	31,787,678
Unreserved, undesignated							7,993,646	8,103,281	14,858,762	7,302,102
<i>Total General Fund</i>							<u>75,291,434</u>	<u>77,265,746</u>	<u>80,121,638</u>	<u>75,435,165</u>
Capital Projects Fund										
Reserved for Encumbrances							14,173,039	19,967,975	39,912,191	11,023,565
Unreserved and designated							29,143,318	25,951,067	45,904,401	93,792,138
<i>Total Capital Projects Fund</i>							<u>43,316,357</u>	<u>45,919,042</u>	<u>85,816,592</u>	<u>104,815,703</u>
Non-Major Governmental Funds:										
Special Revenues Fund										
Unreserved, undesignated							4,940,003	3,338,527	2,340,051	9,973,460
<i>Total Other Governmental Funds</i>							<u>4,940,003</u>	<u>3,338,527</u>	<u>2,340,051</u>	<u>9,973,460</u>
<i>Total Governmental Funds</i>							<u>\$ 123,547,794</u>	<u>\$ 126,523,315</u>	<u>\$ 168,278,281</u>	<u>\$ 190,224,328</u>

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.

Table 4

**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
2007	\$ 158,112,936	\$ 110,300,274	\$ 18,902,094	\$ 405,295	\$ 1,600,475	\$ 1,439,455	\$ 290,760,529
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
Change							
2007-2016	26.0%	34.2%	-25.4%	-4.3%	-31.8%	-53.0%	25.0%

In fiscal year 2012, real property tax rate reduced from \$1.048 to \$1.028 per \$100 of assessed value.
 In fiscal year 2013, real property tax rate reduced from \$1.028 to \$1.018 per \$100 of assessed value.
 In fiscal year 2012, personal property tax rate reduced from \$2.62 to \$2.57 per \$100 of assessed value.
 In fiscal year 2013, personal property tax rate reduced from \$2.57 to \$2.545 per \$100 of assessed value.
 In fiscal year 2014, personal property tax rate reduced from \$2.545 to \$2.515 per \$100 of assessed value.
 Effective January 1, 2015 income tax rate reduced from \$3.04% to 3.03% of taxable income.

Source: Carroll County Department of the Comptroller.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Taxes-Local (see Table 4)	\$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	\$290,760,528
Taxes-State Shared	-	-	952,204	1,635,475	1,236,284	1,447,227	1,219,154	10,800,922	12,244,961	12,729,242
Impact fees	-	184,605	206,711	295,755	1,575,933	1,148,592	1,304,575	869,347	1,350,460	1,669,793
Licenses and permits	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	1,781,585
Intergovernmental revenues	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	14,253,803
Charges for services	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	5,732,717
Fines and forfeits	78,600	99,840	92,532	95,487	92,355	101,128	86,168	90,840	100,509	86,754
Interest and gain on investments	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	11,112,070
Miscellaneous revenues	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	5,953,948
Total revenues	<u>404,113,773</u>	<u>387,539,109</u>	<u>383,614,420</u>	<u>370,640,705</u>	<u>377,396,691</u>	<u>374,665,428</u>	<u>368,865,449</u>	<u>356,536,990</u>	<u>363,227,875</u>	<u>344,080,440</u>
EXPENDITURES										
Current:										
General government	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	60,783,464
Public safety	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	28,595,412
Public works	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	9,425,523
Health	4,400,381	4,269,673	4,301,492	4,307,983	4,494,155	4,707,292	4,712,680	4,731,958	4,368,725	4,339,691
Human services	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	1,131,873
Education	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	151,674,483
Library	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	6,782,100
Culture and recreation	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	2,106,832
Conservation of natural resources	2,084,571	2,000,988	966,448	856,440	839,957	822,510	792,207	800,054	821,409	718,552
Economic development	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	3,067,166
Judicial	8,710,327	7,310,970	-	-	-	-	-	-	-	-
Capital outlay	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	55,671,218
Debt service:										
Principal	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	20,336,962
Interest	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	9,237,763
Total expenditures	<u>420,906,572</u>	<u>417,411,458</u>	<u>418,061,758</u>	<u>386,804,756</u>	<u>379,019,173</u>	<u>395,674,850</u>	<u>432,841,709</u>	<u>472,431,314</u>	<u>405,490,027</u>	<u>353,871,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,792,799)</u>	<u>(29,872,349)</u>	<u>(34,447,338)</u>	<u>(16,164,051)</u>	<u>(1,622,482)</u>	<u>(21,009,422)</u>	<u>(63,976,260)</u>	<u>(115,894,324)</u>	<u>(42,262,152)</u>	<u>(9,790,599)</u>
OTHER FINANCING SOURCES (USES)										
Transfers in	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	14,957,047
Transfers out	(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)	(17,812,601)
Refunding bonds issued	6,015,081	52,576,682	4,524,000	16,220,345	9,873,957	14,690,327	(7,936,995)	-	-	-
Payments to escrow agent	(6,727,641)	(59,780,169)	(4,478,621)	(19,357,902)	(11,299,208)	(14,593,220)	-	-	(6,786,798)	(24,849,347)
Bonds issued	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	44,092,000
Bonds premium	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	1,180,352
Issuance of debt-long-term notes	473,924	4,536,852	3,475,344	445,320	-	13,115,500	4,662,430	2,956,796	2,495,343	5,994,265
Total other financing sources	<u>26,223,860</u>	<u>20,557,686</u>	<u>30,693,073</u>	<u>15,272,367</u>	<u>15,769,439</u>	<u>32,167,623</u>	<u>60,860,299</u>	<u>74,127,264</u>	<u>20,166,044</u>	<u>23,561,716</u>
Net change in fund balances	<u>\$ 9,431,061</u>	<u>\$ (9,314,663)</u>	<u>\$ (3,754,265)</u>	<u>\$ (891,684)</u>	<u>\$ 14,146,957</u>	<u>\$ 11,158,201</u>	<u>\$ (3,115,961)</u>	<u>\$ (41,767,060)</u>	<u>\$ (22,096,108)</u>	<u>\$ 13,771,117</u>
Debt Service as a percentage of Noncapital Expenditures	10.2%	10.4%	10.2%	10.3%	9.9%	8.7%	8.6%	7.5%	8.3%	11.2%

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 Estimated Market Value	Total Direct Tax Rate
	Assessed Value	Estimated Market Value	Direct Tax Rate	Assessed Value				Estimated Market Value	Direct Tax Rate		
				Unincorporated	Incorporated	Public Utilities	Total				
2007	\$ 14,922,575,656	\$ 14,922,575,656	1.048%	\$ 12,180,910	\$ 259,445,570	\$ 258,703,530	\$ 530,330,010	\$ 530,330,010	2.620%	\$ 15,452,905,666	1.102%
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	266,503,440	248,768,830	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	273,646,180	268,730,010	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

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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
2007	\$ 1.048	\$ 0.112	\$ 0.32	\$ 0.33	\$ 0.184	\$ 0.44	\$ 0.20	\$ 0.1600	\$ 0.30	\$ 0.1830
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

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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.

Table 8

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Principal Taxpayers
Current Fiscal Year and Nine Years Ago

2016

Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 187,974,020	\$ 4,723,957	1.00%
Colonial Pipeline Co.	Pipeline trans.-refined petroleum	26,248,210	660,142	0.14%
Verizon-Maryland	Communications	26,105,150	656,544	0.14%
Carroll Lutheran Village	Retirement Village	58,024,900	590,693	0.31%
Penguin Random House	Warehouse Distribution	37,137,197	522,980	0.20%
Lehigh Cement Co. Inc	Manufacturer	35,058,636	513,065	0.19%
Potomac Edison	Utilities	17,504,250	440,232	0.09%
Wal-Mart Real Estate	Retail	31,014,700	389,611	0.17%
Stag Hampstead LLC	Warehouse Distribution	31,718,467	322,894	0.17%
Fairhaven Inc	Assisted Living	30,941,700	314,986	0.17%
		<u>\$ 481,727,230</u>	<u>\$ 9,135,104</u>	<u>2.58%</u>
	Total Assessed Valuation	<u>\$ 18,733,020,866</u>		

2007

Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 153,935,910	\$ 4,033,121	1.00%
Verizon-Maryland	Communications	62,171,650	1,628,897	0.40%
Carroll Lutheran Village	Retirement Village	52,830,207	553,661	0.34%
Colonial Pipeline Co.	Pipeline trans.-refined petroleum	20,470,050	536,315	0.13%
Random House Inc.	Warehouse Distribution Center	39,570,306	521,730	0.26%
Potomac Edison	Electric Utility	17,147,390	449,262	0.11%
Cranberry Mall Properties LLC	Mall	39,014,900	409,714	0.25%
Fairhaven Inc.	Assisted Living	34,384,100	360,345	0.22%
Hampstead 2004 LLC	Power Tools	31,499,900	330,119	0.20%
Wal-Mart Stores, Inc.	Commercial Stores	26,610,180	311,765	0.17%
		<u>\$ 477,634,593</u>	<u>\$ 9,134,929</u>	<u>3.08%</u>
	Total Assessed Valuation	<u>\$ 15,452,905,666</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		
2007	\$ 170,111,804	\$ 169,106,817	99.41%	\$ 1,004,987	\$ 170,111,804	100.00%	\$ -	0.00%
2008	195,748,704	194,780,453	99.51%	968,251	195,748,704	100.00%	-	0.00%
2009	222,097,403	221,514,565	99.74%	581,541	222,096,106	99.99%	1,297	0.00%
2010	239,661,702	238,543,223	99.53%	1,109,292	239,652,515	99.99%	9,187	0.00%
2011	227,189,307	226,056,851	99.50%	1,104,085	227,160,936	99.99%	28,371	0.01%
2012	210,211,465	209,114,927	99.48%	1,026,736	210,141,663	99.97%	69,802	0.03%
2013	198,667,855	197,845,421	99.59%	753,274	198,598,695	99.97%	69,160	0.03%
2014	195,963,262	195,202,000	99.61%	671,347	195,873,347	99.95%	89,915	0.05%
2015	195,700,755	194,784,554	99.53%	756,216	195,540,770	99.92%	159,985	0.08%
2016	198,567,653	197,837,002	99.63%	-	197,837,002	99.63%	730,651	0.37%

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*
2007	\$ 7.64	\$ 3.29	\$ 4.02	\$ 4.47	\$ 10.06	\$ 5.14	\$ 6.38	\$ 7.18
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

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 2016 was 13,000 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			% of Personal Income (3)	% of Market Property Value (2)	Per Capita (3)
	General Obligation Bonds(1)	General Obligation Debt	Other Notes	Purchase Agreements	General Obligation Bonds (1)	Special Assessment Debt with Government Commitment	Total Primary Government			
2007	\$ 218,904,371	\$ 7,136,864	\$ 4,107,759	\$ 2,725,443	\$ 13,781,251	\$ 4,511,880	\$ 251,167,568	2.59%	1.63%	\$ 1,450
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	2.08%	1.74%	2,167
2012	300,214,844	27,129,920	-	1,919,820	23,758,129	271,865	353,294,578	2.15%	1.78%	2,096
2013	304,173,204	27,575,240	-	1,734,212	21,687,221	244,664	355,414,541	2.30%	1.89%	2,097
2014	304,903,421	31,050,584	-	1,540,690	19,575,054	216,757	357,286,506	2.51%	1.93%	2,094
2015	297,878,654	31,050,584	-	5,875,768	17,483,954	188,125	352,477,085	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

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

Fiscal Year	General Obligation Bonds & Debt Outstanding	Percent of Actual Property Value (1)	Percent of Personal Income (2)	Per Capita (2)
2007	\$ 239,822,486	1.55%	3.68%	\$ 1,384
2008	249,154,728	1.39%	3.59%	1,430
2009	309,342,985	1.52%	4.31%	1,769
2010	350,634,660	1.59%	4.88%	1,997
2011	360,476,651	1.72%	4.87%	2,146
2012	351,102,893	1.77%	4.61%	2,082
2013	353,435,665	1.88%	4.32%	2,078
2014	355,529,059	1.91%	3.98%	2,083
2015	346,413,192	1.87%	N/A	2,017
2016	346,516,142	1.85%	N/A	2,007

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.

Table 13

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

**Computation of Legal Debt Margin
June 30, 2016**

Net assessed value- Real Property	\$ 18,171,558,916	
Debt limit - 6% of net total assessed value (1)		\$ 1,090,293,535
Assessed Value-Personal Property	<u>561,461,950</u>	
Debt limit- 15% of net assessed value (1)		<u>84,219,293</u>
Debt Limit- (6%/15%) of net assessed value		1,174,512,828
Amount of debt applicable to debt limit:		
Total Bonded Debt	\$ 324,465,428	
Less- Agricultural Preservation Program Self Supporting Debt	31,524,508	
Less- Fire Company Loans- Self Supporting Debt	7,295,843	
Less - Bureau of Utilities bonds	12,713,285	
Less - Septage bonds	74,571	
Total amount of debt applicable to debt limit		<u>272,857,221</u>
Legal debt margin		<u><u>\$ 901,655,607</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
2007-2016

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
2007	\$ 15,441,306,101	6%/15%	\$ 974,208,067	\$ 211,725,319	\$ 762,482,748	21.73%
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%

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Computation of Direct And Overlapping Debt
June 30, 2016

Jurisdiction	Real Property Assessed Valuation (1)	Percent of Assessed Valuation to Overlapping Jurisdictions	Pro rata Share of Direct Debt to Jurisdictions(2)	Overlapping Debt(3)	Total Direct and Overlapping Debt
Hampstead	\$ 541,671,473	2.98%	\$ 10,017,091	\$ 3,843,799	\$ 13,860,890
Manchester	460,691,564	2.54%	8,538,057	155,843	8,693,900
Mt. Airy	832,549,225	4.58%	15,395,395	6,492,938	21,888,333
New Windsor	126,666,045	0.70%	2,353,008	-	2,353,008
Sykesville	390,174,132	2.15%	7,227,096	605,307	7,832,403
Taneytown	558,078,996	3.07%	10,319,621	15,990,483	26,310,104
Union Bridge	68,397,366	0.38%	1,277,347	1,329,006	2,606,353
Westminster	1,623,873,347	8.94%	30,051,273	14,536,658	44,587,931
Unincorporated areas	13,569,456,768	74.66%	251,718,539	-	251,718,539
County-wide Totals	<u>\$ 18,171,558,916</u>	<u>100.00%</u>	<u>\$ 336,897,427</u>	<u>\$ 42,954,034</u>	<u>\$ 379,851,461</u>

Note: (1) Assessed valuations of real property for each town are from the TASS 153 County report.

(2) See Note 8.

(3) Overlapping debt is provided by each municipality

Source: Carroll County Department of the Comptroller.
 Incorporated Municipalities.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (\$ in thous.) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2007	173,208	\$ 6,516,268	\$ 38,694	28,575	3.70%
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%

Source: (1) Carroll County Department of Comprehensive Planning, June 2016. 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 2015-2016.

(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
Fiscal Year 2015 and Eight Years Ago**

2015

<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	3,630	6.47%
Carroll Hospital Center	General hospital	1,997	3.56%
Springfield Hospital Center	Mental health services	833	1.48%
Jos. A. Bank Clothiers	Corporate HQ/ Distribution	778	1.39%
Penguin Random House, Inc.	Book warehousing and distribution	753	1.34%
EMA/Fairhaven	Retirement/Assisted Living	700	1.25%
McDaniel College	Higher education	621	1.11%
Carroll County Government***	Local government	592	1.05%
Carroll Community College	Higher education	509	0.91%
EVAPCO	Cooling Equipment Manufacturer	440	0.78%
	Total	10,853	19.33%
	Annual Average Employment in Carroll County****	56,144	

2007

<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	6.57%
Carroll Hospital Center	General hospital	1,761	3.14%
Random House	Book warehousing and distribution	900	1.60%
Springfield Hospital Center	Mental health services	833	1.48%
Carroll County Government ***	Local government central office	656	1.17%
McDaniel College	Higher education	623	1.11%
Fairhaven (Episcopal Ministries)	Life care retirement community	603	1.07%
Jos. A. Bank Clothiers	Corporate HQ/ Distribution	527	0.94%
Carroll Community College	Higher education	509	0.91%
General Dynamic Robotic Systems	Technology Manufacturing	480	0.85%
	Total	10,581	18.85%
	Annual Average Employment in Carroll County	55,764	

- Notes: * As of July 15, 2014.
 ** Does not include hourly employees such as substitutes, aides, etc.
 *** Central offices only. Excludes Sheriff's Department, Courts, etc.
 **** As of June 2014.

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

Table 17

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Full-Time County Employees by Function/Program
Last Ten Fiscal Years

<u>Function/program</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>	<u>2007</u>
General Government										
County Commissioners										
Legislative	6	5	5	6	5	9	9	8	9	11
Public Information	-	-	-	-	-	-	2	2	2	2
* Farm Museum	-	-	-	-	-	-	7	9	10	10
* Building Construction	2	2	2	2	2	2	-	-	-	-
* Facilities	48	50	51	47	47	48	-	-	-	-
* Fleet	24	23	23	22	23	24	-	-	-	-
* Permits	23	22	22	22	22	22	-	-	-	-
* Airport Management	-	-	-	-	-	-	2	2	3	2
Judicial Services	74	70	68	68	68	69	73	75	73	72
County Attorney	9	10	11	12	10	10	10	10	10	10
Comptroller	34	34	33	34	34	34	35	36	37	37
Administrative Services										
Administrative Services- Admin	-	-	-	-	-	1	-	-	-	-
Human Resources and Personnel Svcs	12	11	12	13	12	13	13	16	17	17
Management Analysis	-	-	-	-	-	1	1	2	2	2
TV Production	2	2	2	2	2	2	2	1	1	1
Production & Distribution Svcs	3	3	3	3	3	3	3	3	3	3
Technology Services	30	29	27	27	25	25	25	25	27	25
Management and Budget	15	15	14	15	15	14	16	18	16	18
Land Use, Planning and Development	51	48	47	45	46	43	43	43	45	42
* General Services	-	-	-	-	-	-	103	118	127	122
Human Services	48	51	55	50	48	48	45	54	56	51
Public Safety										
Sheriff Services	245	249	253	242	230	211	204	209	197	196
Emergency Services	41	36	36	34	37	30	31	32	36	35
Public Works										
* Supervision & Administration	8	7	5	4	3	2	2	4	4	4
* Airport	1	1	1	1	1	1	-	-	-	-
Roads	104	100	101	101	100	99	97	105	112	108
* Engineering	19	18	18	19	18	19	20	22	23	21
Bureau of Utilities-Operations	31	32	31	32	33	33	32	33	34	30
Solid Waste-Operations	15	18	17	20	20	20	19	20	20	20
Social Services	12	12	17	16	17	17	16	16	15	15
Education	1	1	1	1	1	1	1	1	1	1
*Culture and Recreation	26	26	25	32	31	31	22	27	27	27
Conservation of Natural Resources										
Soil Conservation Service	4	5	6	6	6	6	5	5	6	6
Economic Development										
Economic Development	6	8	7	6	6	6	6	7	7	7
BERC	9	9	9	9	9	9	10	8	8	10
* Tourism	8	8	8	1	1	1	1	2	2	2
Total Full Time Employee Totals	<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>	<u>907</u>
Part Time Employees	<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>	<u>15</u>
Total Employees	<u><u>918</u></u>	<u><u>910</u></u>	<u><u>915</u></u>	<u><u>898</u></u>	<u><u>880</u></u>	<u><u>859</u></u>	<u><u>863</u></u>	<u><u>925</u></u>	<u><u>944</u></u>	<u><u>922</u></u>

* Denotes departments affected by reorganizations.

Source: Department of the Comptroller

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Information										
Population	172,703	171,702	170,643	169,519	168,570	167,929	167,134	174,909	174,249	173,208
Registered Voters	124,340	120,076	119,595	116,523	112,931	112,688	110,336	109,428	106,828	106,853
General Government										
Building Permits Issued for Residential	278	287	329	340	246	187	201	159	255	335
Estimated Value (\$ in thousands) Residential	\$ 49,644	\$ 53,298	\$ 54,620	\$ 56,305	\$ 40,741	\$ 31,803	\$ 32,699	\$ 26,308	\$ 44,316	\$ 57,126
Building Permits Issued for other purposes	2,452	2,082	1,681	1,775	1,826	1,828	1,745	1,908	2,534	2,727
Estimated Value (\$ in thousands) Other	\$ 81,606	\$ 90,926	\$ 70,835	\$ 80,519	\$ 71,994	\$ 66,314	\$ 52,397	\$ 108,861	\$ 177,729	\$ 102,781
Fire and Emergency Service										
Paid Firemen	120	120	120	120	120	120	115	115	112	92
Active Volunteers (estimated)	725	725	725	700	714	714	704	663	675	675
Dispatched Incidents	N/A	N/A	18,786	18,731	18,488	18,216	18,081	17,848	17,584	16,357
911 Calls Received	N/A	N/A	71,437	62,319	60,037	60,752	59,565	61,140	59,186	57,761
Police Protection										
Resident Troopers	-	-	-	15	30	46	46	46	46	46
Sheriff's Department	116	106	106	101	87	64	64	64	66	64
Citations/Warnings	23,460	25,195	23,410	19,579	16,940	16,551	15,845	17,805	14,802	16,551
911 Calls for Service	N/A	N/A	19,880	19,242	14,670	18,293	18,293	17,721	12,779	6,083
Detention Center										
Detention Center Officers	97	91	91	91	92	92	92	95	93	93
Total Prisoner Days	82,527	95,793	88,565	82,994	84,739	93,252	92,144	100,430	98,155	107,711
Water										
Daily Average Usage (mgd)	2.03	2.02	2.05	2.18	2.28	2.07	2.05	2.08	2.18	2.16
Plants Daily Capacity (mgd)	7.39	7.39	7.39	7.39	7.39	7.39	7.39	7.39	3.39	3.39
Number of Customer Accounts	8,582	8,521	8,474	8,428	8,382	8,323	8,268	8,256	8,247	8,230
Wastewater										
Daily Average Usage (mgd)	2.65	2.89	2.64	2.63	2.86	2.83	2.71	2.59	2.95	2.89
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	9,166	9,107	9,040	8,995	8,953	8,891	8,844	8,816	8,793	8,766
Solid Waste										
Tons In	99,402	95,480	95,758	96,908	101,616	105,683	85,942	81,447	100,195	108,608
Tons Recycled	23,125	20,502	21,182	21,181	30,587	30,154	20,155	20,322	20,652	21,080
Tons into Landfill	5,097	13,100	17,271	12,840	12,809	13,588	11,576	12,370	14,051	8,969
Tons Transferred	94,304	82,380	78,487	84,068	87,153	91,306	74,364	69,078	86,144	100,028
Education										
Number of Teachers	2,199	2,128	2,152	2,154	2,163	2,198	2,209	2,251	2,209	2,375
Number of Students	25,551	25,706	26,153	26,506	26,937	27,201	27,524	27,745	28,261	28,575
Community College										
Full Time Equivalent Students (FTE's)	2,664	2,803	2,920	3,167	3,173	3,347	3,138	2,920	2,867	2,517
Faculty-Full Time	79	85	82	84	79	77	73	75	63	63
Faculty-Part Time	215	196	199	212	296	580	527	545	143	417
Airport										
Fuel Sales (gals)	276,020	252,457	329,762	270,784	279,664	304,837	255,099	280,319	471,700	503,574
Tie Downs Occupied	12	12	12	15	15	25	25	25	25	25
Corporate Hangars Occupied	7	7	7	7	7	7	6	6	6	7
T Hangars Occupied	82	82	82	82	82	82	82	82	82	82
Libraries										
Number of volumes (estimated)	603,439	600,018	555,600	557,220	548,749	570,742	552,892	551,376	517,239	511,026
Circulation	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	3,421,828
Senior Centers										
Outside Groups using facilities	2,731	2,381	2,280	1,998	2,007	3,213	2,516	2,922	3,156	3,133
Volunteer Hours performed at Centers	54,499	51,448	54,857	57,402	49,518	44,689	41,493	39,311	39,352	42,957
Meals Served	39,360	37,124	34,357	33,606	30,446	33,297	29,171	26,020	25,188	27,242
Seniors Attending Activities	310,949	295,793	273,041	274,588	271,716	241,749	243,226	159,518	129,635	173,707

N/A: Information is not available for the years indicated.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Capital Asset Statistics by Function/Program

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Information										
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	993	915	905	903	899	896	896	893	891	888
Miles of Roads Unpaved	69	70	80	80	80	83	83	84	86	87
Number of Bridges	153	151	151	151	145	147	147	147	147	147
Acres in Agricultural Land Preservation	68,929	66,642	65,761	62,366	62,078	60,002	57,627	54,858	50,711	46,998
Fire and Emergency Service										
Stations	14	14	14	14	14	14	14	14	14	14
Detention Center										
Capacity	185	185	185	185	185	185	185	185	185	185
Water										
Water Mains (miles)	144	141	140	139	139	139	139	135	135	134
Treatment Plants	5	4	4	4	4	4	4	4	4	4
Water Tanks	7	6	6	6	6	6	6	6	6	6
Wastewater										
Sewer Mains (miles)	130	128	127	125	125	125	125	125	122	121
Treatment Plants	4	4	4	4	4	4	4	4	4	4
Pumping Stations	22	18	18	18	18	18	18	18	18	18
Solid Waste										
Active Landfills	1	1	1	1	1	1	1	1	1	1
Recreation and Culture										
Parks (1)	32	32	32	32	32	31	29	28	27	27
Acreage	4,773	4,773	4,773	4,773	4,773	4,629	4,652	4,478	4,478	4,478
Education										
Elementary	23	23	23	23	23	23	23	23	23	22
Middle	9	9	9	9	9	9	9	9	9	9
High	8	8	8	8	8	8	8	8	7	7
Vocational technical	2	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
Airport										
Runway (feet)	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
T Hangars Available	82	82	82	82	82	82	82	82	82	82
Corporate Hangars Available	7	7	7	7	7	7	7	7	7	7
Tie Downs Available	52	52	52	52	52	52	52	52	52	52
Apron Area (acres)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
Firearms Facility	1	1	1	1	1	1	1	1	1	1
Libraries	6	6	6	6	6	6	6	6	5	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**

	<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>	<u>2007</u>
Revenue										
Usage charges	\$ 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	\$ 7,119,000
Service charges	-	-	-	-	798	11,838	4,680	421	54,991	64,593
Penalties and interest	452,880	222,120	480,963	577,270	179,147	382,493	209,239	442,379	1,815,891	1,526,835
Operating transfer - County	189,350	199,420	193,390	202,790	199,511	(305,031)	200,200	206,980	629,850	212,000
Capital contributions (1)	887,006	482,614	775,916	1,008,491	335,174	523,776	426,563	75,395	855,655	291,282
Maintenance fee	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	1,421,568
Other	-	793	262,830	265,575	176,530	172,040	217,957	190,940	307,022	160,877
Total revenue	<u>13,356,394</u>	<u>12,600,424</u>	<u>12,441,427</u>	<u>12,185,180</u>	<u>10,647,778</u>	<u>10,670,765</u>	<u>10,111,653</u>	<u>9,672,326</u>	<u>12,397,181</u>	<u>10,796,155</u>
Expenses										
Salaries	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	2,027,979
Operating expenses	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	3,861,160
Depreciation	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	1,515,493
Interest	499,729	706,695	736,935	789,748	859,153	992,506	1,051,417	932,542	628,305	406,980
Other	55,584	-	-	-	-	-	-	-	-	-
Total expense	<u>11,600,209</u>	<u>11,046,657</u>	<u>11,328,410</u>	<u>10,801,048</u>	<u>11,090,468</u>	<u>11,890,461</u>	<u>10,489,645</u>	<u>8,169,257</u>	<u>10,056,546</u>	<u>7,811,612</u>
Excess (deficiency) of revenue over (under) expense:	<u>\$ 1,756,185</u>	<u>\$ 1,553,767</u>	<u>\$ 1,113,017</u>	<u>\$ 1,384,132</u>	<u>\$ (442,690)</u>	<u>\$ (1,219,696)</u>	<u>\$ (377,992)</u>	<u>\$ 1,503,069</u>	<u>\$ 2,340,635</u>	<u>\$ 2,984,543</u>

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**

**Solid Waste Fund - Revenue and Expenses
Last Ten Fiscal Years**

	<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>	<u>2007</u>
Revenue										
Charge for services	\$ 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	\$ 6,353,183
Penalties and interest	214,039	2,573	21,644	19,936	15,624	14,773	211,945	302,752	447,743	631,268
Proceeds from sales of recyclables	123,621	317,760	546,110	628,089	596,322	591,880	461,818	391,872	340,424	227,025
Capital contributions-equip. transferred from County	47,133	-	-	-	-	-	15,888	-	-	-
Gain on sale of fixed assets	12,431	-	-	78,616	3,677	-	35,395	-	-	-
Other	2,700	476,079	265,732	256,367	186,955	186,399	10,519	8,775	17,107	29,471
Operating transfer - County	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	2,645,000
Total revenue	<u>9,015,936</u>	<u>6,945,264</u>	<u>7,811,143</u>	<u>13,593,490</u>	<u>9,995,200</u>	<u>10,051,094</u>	<u>8,715,572</u>	<u>9,381,995</u>	<u>9,719,639</u>	<u>9,885,947</u>
Expense										
Salaries	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	1,335,170
Operating expenses	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	6,162,316
Depreciation	551,842	577,666	564,037	585,096	621,723	615,658	472,313	266,818	203,133	174,008
Interest	55,038	93,541	100,662	123,644	124,285	156,480	202,701	224,027	241,073	263,743
Total expense	<u>9,996,571</u>	<u>9,550,819</u>	<u>6,319,530</u>	<u>12,108,283</u>	<u>8,727,891</u>	<u>8,830,209</u>	<u>8,961,015</u>	<u>7,487,843</u>	<u>7,648,918</u>	<u>7,935,237</u>
Excess (deficiency) of revenue over expense	<u>\$ (980,635)</u>	<u>\$ (2,605,555)</u>	<u>\$ 1,491,613</u>	<u>\$ 1,485,207</u>	<u>\$ 1,267,309</u>	<u>\$ 1,220,885</u>	<u>\$ (245,443)</u>	<u>\$ 1,894,152</u>	<u>\$ 2,070,721</u>	<u>\$ 1,950,710</u>
Tipping Fee per ton	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 60.00	\$ 58.00	\$ 76.00	\$ 61.00	\$ 58.00

Source: Carroll County Department of the Comptroller.

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

**Airport Fund - Revenue and Expenses
Last Ten Fiscal Years**

	<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>	<u>2007</u>
Revenue										
Rent	\$ 694,754	\$ 667,119	\$ 638,096	\$ 586,247	\$ 588,932	\$ 611,167	\$ 462,981	\$ 470,011	\$ 495,278	\$ 450,749
Fuel sales	69,005	60,589	75,846	63,270	61,685	64,016	53,570	197,646	1,715,510	1,378,850
Capital contributions (1)	179,130	25,000	186,719	434,316	233,646	111,220	48,969	460,454	91,598	366,572
Capital contributions-County	30,000	-	-	-	-	-	-	-	-	5,603,372
Land sale	5,632	902	-	-	-	-	-	-	-	1,064,797
Operating transfer-County	-	-	-	2,000,000	-	-	-	40,000	40,000	40,000
Other	318	592	9,009	55	43	691	2,030	3,601	11,222	10,850
Total revenue	<u>978,839</u>	<u>754,202</u>	<u>909,670</u>	<u>3,083,888</u>	<u>884,306</u>	<u>787,094</u>	<u>567,550</u>	<u>1,171,712</u>	<u>2,353,608</u>	<u>8,915,190</u>
Expenses										
Salaries	235,452	198,133	200,002	199,851	188,612	212,539	247,203	256,173	236,788	184,513
Operating expenses	158,637	175,804	153,102	216,549	1,312,582	124,103	308,329	267,209	2,359,958	1,612,527
Operating expenses-capital (2)	204,719	120,000	194,565	5,438	-	15,892	-	-	255,400	36,061
Interest	48,478	65,301	70,822	78,281	84,437	93,960	104,350	113,327	122,044	130,092
Depreciation	175,761	174,578	182,320	188,935	183,140	171,551	169,729	140,983	123,428	123,428
Operating transfer-County	-	-	-	-	-	-	-	-	-	41,446
Total expense	<u>823,047</u>	<u>733,816</u>	<u>800,811</u>	<u>689,054</u>	<u>1,768,771</u>	<u>618,045</u>	<u>829,611</u>	<u>777,692</u>	<u>3,097,618</u>	<u>2,128,067</u>
Excess (deficiency) of revenue over expense:	<u>\$ 155,792</u>	<u>\$ 20,386</u>	<u>\$ 108,859</u>	<u>\$ 2,394,834</u>	<u>\$ (884,465)</u>	<u>\$ 169,049</u>	<u>\$ (262,061)</u>	<u>\$ 394,020</u>	<u>\$ (744,010)</u>	<u>\$ 6,787,123</u>

(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, 2015

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected					
		1	2	3	4	Unmod	A	B	C	D	E
Deferred	185										
\$ 1 - \$250	65	60		5		24	7	11	19	2	2
251 - 500	80	70	5	5		21	10	9	27	3	10
501 - 750	45	38	7			14	6	12	8	1	4
751 - 1000	17	13	4			5	2	3	3		4
Over 1,000	5	5					1		3		

Type of Retirement:
 1 - Normal Retirement for age and/or service
 2 - Early Retirement
 3 - Beneficiary Payment, normal or early retirement
 4 - Beneficiary Payment, death in service

Option Selected:
 Unmodified: Life Annuity, member only
 A - Beneficiary receives lump sum of unused contributions
 B - Life Annuity of member, with 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

Retirement Effective Date	Years of Credited Service					
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30
Period 7/1/05 to 6/30/06						
Average Monthly Benefit	\$ 51	\$ 333	\$ 1,685	\$ 2,199	\$ 1,225	\$ -
Average Final Monthly Salary	\$ 2,102	\$ 1,872	\$ 2,373	\$ 3,151	\$ 2,839	\$ -
Number of Retired Members	1	4	9	9	6	-
Period 7/1/06 to 6/30/07						
Average Monthly Benefit	\$ 70	\$ 370	\$ 1,773	\$ 4,959	\$ 2,407	\$ -
Average Final Monthly Salary	\$ 1,675	\$ 1,872	\$ 2,373	\$ 3,553	\$ 2,858	\$ -
Number of Retired Members	2	4	9	15	8	-
Period 7/1/07 to 6/30/08						
Average Monthly Benefit	\$ 137	\$ 447	\$ 2,125	\$ 6,625	\$ 4,404	\$ -
Average Final Monthly Salary	\$ 2,065	\$ 1,939	\$ 2,572	\$ 3,498	\$ 3,385	\$ -
Number of Retired Members	4	5	12	18	13	-
Period 7/1/08 to 6/30/09						
Average Monthly Benefit	\$ 198	\$ 934	\$ 3,207	\$ 9,320	\$ 6,777	\$ -
Average Final Monthly Salary	\$ 2,065	\$ 2,605	\$ 2,705	\$ 3,457	\$ 3,365	\$ -
Number of Retired Members	4	7	14	25	17	-
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$ 206	\$ 1,276	\$ 4,144	\$ 11,327	\$ 10,647	\$ 609
Average Final Monthly Salary	\$ 1,879	\$ 3,030	\$ 2,706	\$ 3,631	\$ 3,574	\$ 3,544
Number of Retired Members	5	11	19	30	30	1
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$ 518	\$ 1,736	\$ 5,999	\$ 13,356	\$ 17,581	\$ 622
Average Final Monthly Salary	\$ 2,314	\$ 2,909	\$ 2,849	\$ 3,886	\$ 3,649	\$ 3,544
Number of Retired Members	9	15	26	32	36	1
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$ 822	\$ 2,499	\$ 8,352	\$ 15,819	\$ 19,982	\$ 762
Average Final Monthly Salary	\$ 2,512	\$ 2,992	\$ 2,963	\$ 3,856	\$ 3,685	\$ 3,620
Number of Retired Members	11	19	31	34	38	2
Period 7/1/12 to 6/30/13						
Average Monthly Benefit	\$ 1,089	\$ 3,107	\$ 9,970	\$ 17,569	\$ 21,338	\$ 1,793
Average Final Monthly Salary	\$ 2,614	\$ 2,897	\$ 3,043	\$ 3,818	\$ 3,708	\$ 3,408
Number of Retired Members	15	22	36	38	40	4
Period 7/1/13 to 6/30/14						
Average Monthly Benefit	\$ 1,356	\$ 4,366	\$ 11,337	\$ 20,840	\$ 23,544	\$ 4,255
Average Final Monthly Salary	\$ 2,730	\$ 2,874	\$ 3,099	\$ 3,750	\$ 3,797	\$ 3,621
Number of Retired Members	17	28	39	43	43	8
Period 7/1/14 to 6/30/15						
Average Monthly Benefit	\$ 1,738	\$ 7,062	\$ 15,280	\$ 27,295	\$ 25,804	\$ 11,100
Average Final Monthly Salary	\$ 2,850	\$ 2,952	\$ 3,171	\$ 3,879	\$ 3,781	\$ 3,749
Number of Retired Members	18	36	47	52	44	15

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, 2016

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Unmod	A	B	C	D	E	
Deferred	1											
\$ 1 - \$250	0											
251 - 500	1	1							1			
501 - 750	2	2					1		1			
751 - 1000	0											
Over 1,000	5	5							2	1		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 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 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 7/1/09 to 6/30/10						
Average Monthly Benefit	\$ -	\$ -	\$ 354	\$ -	\$ -	\$ 911
Average Final Monthly Salary	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ 4,488
Number of Retired Members	-	-	1	-	-	1
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$ -	\$ -	\$ 709	\$ -	\$ -	\$ 1,366
Average Final Monthly Salary	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ 4,488
Number of Retired Members	-	-	1	-	-	1
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

Carroll County Certified Law Officer's Pension was established during fiscal year 2010.

Source: Department of Human Resources.

Single Audit

Section



No matter what season, there is always an event going on in Carroll County. Pictured above are just a few events that happen in Carroll County. Pictured at the top left is the Hampstead Vol. Fire Dept carnival. Top right is a hay ride at the Fall Harvest Days at the Carroll County Farm Museum. Bottom left is a vendor from the Maryland Wine Festival held at the Carroll County Farm Museum. Bottom right is a picture from the Annual Corn Roast held at The Homestead at Union Mills.

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance with Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The County Commissioners of Carroll County
Westminster, 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, as of and for the year ended June 30, 2016, 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 22, 2016. 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, 2016. 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 that we consider to be material weaknesses as item 2016-001 and 2016-002.

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*.

Carroll County, Maryland's Response to Findings

Carroll County, Maryland's response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

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 "Cohn Reznick LLP".

Baltimore, Maryland
December 22, 2016

Independent Auditors' 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, 2016. 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, 2016, 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, 2016. 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, 2016.

Report on Internal Control over Compliance

Management of Carroll County, Maryland is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carroll County, Maryland's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carroll County, Maryland's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Baltimore, Maryland
December 22, 2016

The County Commissioners of Carroll County

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct Housing Section 8 Grants			
Section 8 Housing Choice Voucher Cluster (14.871)			
FSS FED FY16	14.871	\$ -	\$ 71,133
HUD Housing FY16	14.871	-	4,954,929
HUD Housing Admin FY16	14.871	-	412,609
HUD Housing FY17	14.871	-	8,384
HUD Housing FY15	14.871	-	(2,423)
HUD Housing FY11	14.871	-	2,423
Housing Counseling FY05	14.871	-	216
Total Section 8 Housing Choice Voucher Cluster (14.871)		<u>-</u>	<u>5,447,271</u>
Continuum of Care FFY13	14.267	-	2,418
Continuum of Care FFY16	14.267	-	2,349
Total U.S. Department of HUD Section 8 Grants		<u>-</u>	<u>5,452,038</u>
U.S. Department of Housing & Community Development			
Passed Through Maryland Department of Community Development			
Emergency Solutions FY15	14.231	43,139	43,139
ARC-CDBG FY17	14.218	452,253	452,253
Total U.S. Department of HCD MD Community Development		<u>495,392</u>	<u>495,392</u>
U.S. Department of Labor Passed Through Howard County			
Manpower Resources Employment and Training Assistance			
WIA Cluster (17.259 / 17.278)			
BERC-Title I Adult FY15	17.278	-	139,951
BERC-Title I Disc Worker FY15	17.278	-	520,569
BERC-Youth FY15	17.259	-	65,881
BERC-Admin FY15	17.278	-	37,717
BERC-Title I Adult FY16	17.278	-	3,848
BERC-Title I Disc Worker FY16	17.278	-	2,252
BERC-Youth FY16	17.259	-	508,221
BERC-Admin FY16	17.278	-	139
BERC-WEX FY15	17.259	-	442
Economically Disadvantaged Youth FY10	17.259	-	1,026
Total WIA Cluster (17.259 / 17.278)		<u>-</u>	<u>1,280,046</u>
Total U.S. Department of Labor		<u>-</u>	<u>1,280,046</u>

The County Commissioners of Carroll County

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services			
Passed Through Maryland Office on Aging			
Aging Cluster (93.044 / 93.045)			
Title III, Part C FY15	93.045	-	118,479
Home Delivered Meals FY15	93.045	-	33,877
Home Delivered Meals FY16	93.045	-	66,099
Title III, Part B FY15	93.044	-	101,579
Title III, Part B FY16	93.044	-	173,752
Title III, Part C FY16	93.045	-	176,028
Total Aging Cluster (93.044 / 93.045)		-	669,814
Title III, Part D FY15	93.043	-	3,758
Title III, Part E FY15	93.052	-	22,094
Title III, Part D FY16	93.043	-	9,000
Title III, Part E FY16	93.052	-	42,796
Ombudsman FY15	93.042	-	92
Ombudsman FY16	93.042	-	10,360
SMP-Exp FFY16	93.779	-	2,504
SMP FY16	93.779	-	1,300
SHIP/SMP FY15	93.779	-	3,754
SHP FY16	93.779	-	1,027
MIPPA FY15	93.779	-	5,363
Access to Recovery FY13	93.959	-	15,686
Total U.S. Department of HHS Through MD Office on Aging		-	787,548
U.S. Department of Health and Human Services			
Passed Through Maryland State Department of Human Resources			
Circuit Ct Child Support FY15	93.563	-	4,330
St Atty Child Support FY15	93.563	-	124,818
Sheriff Child Support FY15	93.563	-	29,899
Circuit Ct Child Support FY16	93.563	-	16,644
State's Atty Child Support FY16	93.563	-	335,948
Sheriff Child Support FY16	93.563	-	78,697
Safe & Stable FY16	93.556	125,824	125,824
Family Preservation FY16	93.558	356,250	356,250
Sheriff CCAIC Training Enhance FY16	93.643	-	1,978
Drug Ct FY15	16.738	-	7,794
Sheriff CCAIC Training Enhance FY15	93.643	-	2,235
Total U.S. Department of HHS Through MD St Department of HR		482,074	1,084,417

The County Commissioners of Carroll County

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
Veterans Administration			
Passed Through Maryland Office On Aging			
Veterans Directed Home FY15	64.022	-	910
Veterans Directed Home FY16	64.022	-	14,232
		<hr/>	<hr/>
Total U.S. Veterans Administration Passed Through MD Office On Aging		-	15,142
U.S. Department of Health and Human Services			
Passed Through Maryland Department of Health & Mental Hygiene			
MAP FY15	93.779	-	24,108
MFP FY15	93.779	-	3,047
MAP FY16	93.779	-	79,779
MA Waiver FY16	93.779	-	239,260
MFP FY16	93.779	-	10,038
		<hr/>	<hr/>
Total U.S. Department of HHS Through MD Department of HMH		-	356,232
U.S. Department of Transportation			
Passed Through Maryland State Highway Administration			
Sheriff Highway Safety FY15	20.600	-	13,296
Section 5311 FY16	20.509	-	100,119
Section 5307 FY16	20.509	-	261,524
Section 5311 Capital FY16	20.507	-	212,285
Older Driver FY16	20.614	-	582
UPWP FY16	20.205	-	33,160
UPWP FY15	20.205	-	22,580
Clean & Paint Structural Steel Bridges	20.205	-	292,247
		<hr/>	<hr/>
Total U.S. Department of Transportation		-	935,793
U.S. Department of Homeland Security			
Passed Through Maryland Emergency Management Administration			
Emergency Planners	97.008	-	121,917
Est Emergency Operations Center	97.008	-	3,920
Est Sustainable HLS ecerc prog	97.008	-	983
Respond to all Hazrds	97.008	-	21,523
UASI-Law Enforcement	97.008	-	32,612
UASI-Hazmat	97.008	-	25,001
UASI-MCCV	97.008	-	10,093
UASI-Incident Mgmt Software	97.008	-	20
Emer Notification System Softww	97.008	-	4,218
Mass Care Sheltering Supplies	97.008	-	9,841
UASI-Function'I Need Comm Supp	97.008	-	558
UASI FFY15 Emg Planners	97.008	-	20,076
SHSP RESP FFY15	97.008	-	7,827
UASI LAW FFY15	97.008	-	24,356
UASI HAZM FFY15	97.008	-	10,707
UASI-MCCV FFY15	97.008	-	14,558

The County Commissioners of Carroll County

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through to Subrecipients</u>	<u>Expenditures</u>
UASI ENS FFY15	97.008	-	40,720
Adult Drug Court FY12	16.738	-	21,560
Drug Court FY15	16.740	-	7,794
Drug Disposal FY16	93.243	-	162
Immigration & Custom Enforcement (ICE)	16.590	-	3,487
Total U.S. Department of Homeland Security		<u>-</u>	<u>381,933</u>
U.S. Department of Agriculture Aging Commodities			
USDA	10.568	-	36,740
Total U.S. Department of Agriculture		<u>-</u>	<u>36,740</u>
U.S. Department of Energy			
Passed Through State Department of Human Resources			
Weatherization EmPower	81.042	-	12,982
Weatherization FY15	81.042	-	438
Weatherization Admin FY15	81.042	-	(1,128)
Total U.S. Department of Energy		<u>-</u>	<u>12,292</u>
U.S. Department of Justice Passed Through			
The Governor's Office of Crime Control and Prevention			
Adventure Diversion Prog FY16	16.523	86,749	86,749
Natl Network Children Advocacy Ctr FY16	16.582	-	8,186
VAWA FY15 State's Atty	16.588	-	13,668
VAWA FY16 State's Atty	16.588	-	41,590
VAWA FY16 Sheriff	16.588	-	15,000
Total of U.S. Department of Justice NNC		<u>86,749</u>	<u>165,193</u>
Federal Aviation Administration			
Airport Improvement Program:			
AP Master Plan Study Phase 1	20.106	-	13,500
Conduct Environmental Assessment Study	20.106	-	152,160
Total Federal Aviation Administration		<u>-</u>	<u>165,660</u>
Total Federal Programs		<u><u>\$ 1,064,215</u></u>	<u><u>\$ 11,168,426</u></u>

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, 2016

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, 2016. 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.

The County Commissioners of Carroll County

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

I. Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's report issued:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiency (ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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.516(a) of the Uniform Guidance	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Fiscal Year 06/30/2016 Expenditures</u>
Housing Choice Voucher (HCVP) Cluster	14.871	\$ 5,447,271
Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

The County Commissioners of Carroll County

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

II. Financial Statement Findings

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").

Cause

The errors were due to amounts being improperly recorded as unearned revenue based on an improper understanding of the sources and uses of grant funds caused by an inefficient decentralization of grant administration. The employees responsible for understanding the grant terms are segregated from those responsible for proposing and approving revenue recognition related entries.

Effect

A prior period restatement was recorded to correct the error.

The County Commissioners of Carroll County

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

Recommendations

We recommend that the County ensure the individuals responsible for proposing and approving journal entries have a working understanding of the terms of the agreements that impact revenue recognition. Additionally, we recommend the County's accounting function review reconciliations of each grant at least quarterly to ensure all sources and uses recorded to the grant within the financial system are consistent with external reporting to grantor agencies which is performed by various departments of the County. In order to fulfill these recommendations, the County should consider identifying one position whose roles include understanding the terms of the grant agreements, review quarterly reconciliations of each grant against the financial system and being responsible for proposing yearend revenue recognition entries.

Views of the Responsible Officials and Corrective Action Plan

The County has identified staff to work with the grants manager to review grant agreements and understand the terms of these agreements, reconcile the grants quarterly against the financial system, and make sure revenue is recognized properly at year-end.

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.

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.

The County Commissioners of Carroll County

Schedule of Findings and Questioned Costs Year Ended June 30, 2016

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 were due to initial improper fund classification. The impact fee and agricultural transfer tax funds did not meet the definition of a special revenue fund since their intended purpose was to fund certain capital projects. The Carroll County drug task force, Sheriff's Department and law enforcement activities agency funds did not meet the definition of an agency fund as the County was not holding funds in a purely custodial nature for a third party. The County did not perform and document an annual review of fund classifications to ensure each fund met their respective definitions per GASB 54.

Effect

A prior period restatement was recorded to correct the error.

Recommendations

We recommend that when the County establishes a new fund that a review is performed and documented to ensure that the fund meets the definition as prescribed by the GASB for appropriate fund presentation and classification. We also recommend the County review and document their review of the fund classifications annually to ensure each fund continues to meet the definitions of the fund type.

Views of the Responsible Officials and Corrective Action Plan

The County agrees with the finding and has recorded a prior period adjustment to restate the fund classifications. The County has established a plan that GASB Standards will be applied to all new funds created in the future and all funds will be reviewed annually to ensure compliance.

III. Major Federal Award Findings and Questioned Costs

None

The County Commissioners of Carroll County

**Schedule of Prior Year Audit Findings
Year Ended June 30, 2016**

Finding No. 2015-001

Condition

A prior period restatement was necessary to correctly record assets placed into service in prior years. The effect of the adjustment was an increase in Capital Assets to Governmental Activities of \$3,343,980 and to Business type Activities of \$7,697,795 with a corresponding increase to Net Position, Net Invested in Capital Assets, for the respective amounts.

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. 2015-002

Condition

For 1 of 1 subrecipients selected for audit testing, at the time the subaward was made, the County's Department of Citizen Services did not identify the CFDA title and number, award number, and name of Federal awarding agency.

Criteria

According to OMB Circular A-133, at the time of the subaward, the pass through entity is responsible for identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

Status

Management has satisfactorily addressed all findings noted.

Finding No. 2015-003

Condition

A sample of 40 files tested for failed inspection purposes found 1 file which documented the County's Bureau of Housing did not take prompt and vigorous action to enforce family obligations for family caused defects. The unit in question did not pass inspection until 27 days after the required corrective period.

Criteria

24 CFR 982.158(d) and 982.404 state that for units under HAP contract that fail to meet HQS, the PHA must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspection and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension. If the owner does not correct the cited HQS

The County Commissioners of Carroll County

**Schedule of Prior Year Audit Findings
Year Ended June 30, 2016**

deficiencies within the specified correction period, the PHA must stop (abate) HAP beginning no later than the first of the month following the specified correction period or must terminate the HAP contract. The owner is not responsible for a breach of HQS as a result of the family's failure to pay for utilities for which the family is responsible under the lease or for tenant damage. For family-caused defects, if the family does not correct the cited HQS deficiencies within the specified correction period, the PHA must take prompt and vigorous action to enforce the family obligations.

Status

Management has satisfactorily addressed all findings noted.



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