

Carroll County Maryland



Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2010

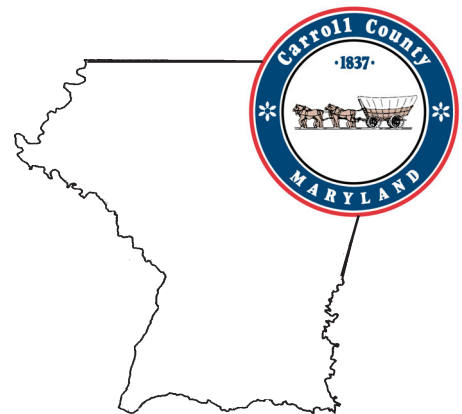


Comprehensive Annual Financial Report

For The Fiscal Year Ended
June 30, 2010

Department of the Comptroller
Carroll County, Maryland

Robert M. Burk, Comptroller



Introductory Section



Pictured above is the Manchester Valley High School located on Maple Grove Road in Manchester, Maryland. The School opened August 2009 for the 2009-2010 school year.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

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Westminster, Maryland

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

December 1, 2010

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Carroll County, Maryland for the fiscal year ended June 30, 2010.

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 Clifton Gunderson 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 unqualified ("clean") opinion that Carroll County's financial statements for the fiscal year ended June 30, 2010, 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 #177.

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 2010 population estimate of 175,610. 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 three-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, 2004 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 elected three-member Board of County Commissioners. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing an Executive Assistant, a Clerk to the Board, and the directors of various departments. The Chief of Staff and Clerk to the Board are charged, generally, with the day-to-day management of the County. The commissioners are elected on a countywide basis and serve four-year terms.

Carroll County provides a full range of services including public safety (police, volunteer fire protection, and detention center), highways and streets, sanitation, planning and zoning, economic development, culture-recreation, education, a community college, libraries, and general administrative services. The County also operates, in conjunction with the state, services related to general community health and social services. In addition, the County operates a water and wastewater utility, a solid waste operations, a septage treatment operation, an airport, and a firearms facility (shooting range) 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 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 33 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 120.

Local Economy:

Local indicators show the continued stability of Carroll County even with the pressures of declining County revenues caused by the State of Maryland's budget cuts along with the problems of the global economy. In Fiscal year 2010, the County implemented approximately \$15 million of cost-cutting measures as a solution for the decline in revenues such as income tax, highway user fees, and interest revenue. During fiscal year 2010, the County extended its hiring freeze from fiscal year 2009. It canceled one year of road sealing and \$5 million

of capital projects. The County offered a retirement incentive to those employees that met the requirements of age plus years of service equaled 75 or more and, the employee had 10 years or more of service. The employee had to retire by December 31, 2009 and would receive \$1,000 for every year of service with a maximum payout of \$25,000. Thirty-nine employees accepted the incentive. The County laid off an additional sixteen employees and eliminated open positions. Between the retirement incentive, layoffs and the elimination of open positions more than 90 positions (or 12 percent) were eliminated.

The unemployment rate for Carroll County has remained at 6.5%. This is a result of the struggling global economy.

Despite declining revenues and the struggling economy, 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 ten 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 Random House, General Dynamics Robotic Systems, and Jos. A. Banks Clothiers.

The County has a labor force of approximately 93,265 as of June 2010, which was a decrease of .01% from last year.

Long-term Financial Planning:

Homestead Tax Credit:

The Homestead Tax Credit is set by the Commissioners which caps the amount taxes can increase on a primary residence at 7 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 110 percent of the previous year's taxable assessment (or such lesser percentage, but not less than 100 percent, of the previous year's taxable assessment as shall be established by the County).

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 allows the County to evaluate the impact of current decisions on the long-term financial position of the County.

Stabilization Fund:

Even with a tight budget for fiscal year 2011, the County continues to maintain a stabilization fund of 3% of budget to provide a reserve for an unexpected drop in revenues or a natural disaster.

Capital Projects:

The County Commissioners six-year community investment plan is set up to meet numerous pressing needs. The six-year program includes \$26.4 million to extend the life of the existing analog radio system and transition to digital. The program includes \$29.7 million for construction of an 110,000 square foot middle school and the demolition of the existing Mount Airy Middle School. The program also includes \$27 million to continue the County's efforts in purchasing agriculture land preservation easements. The program also includes \$50.2 million for water source development and infrastructure. Included in this plan is \$59.9 million in road improvements for projects like several connector roads to relieve congestion in areas of growth.

The program includes \$11.5 million for enhanced nutrient removal from the Freedom Waste Water Treatment Plant, with the funding being collected by way of connection fees and an annual assessment on current and future users. 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 council 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 asset 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:

A debt management policy was adopted during fiscal year 2010. The policy sets forth comprehensive guidelines for the financing of capital expenditures. The policy provides parameters for issuing debt and managing outstanding debt. It 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 insures 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 Branch Banking and Trust money rate savings account all of which are fully collateralized by United States Government obligations for periods ranging from one day to twenty 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 strive in maintaining a steady environment. During fiscal year 2010 plans for capital projects changed due to the pressures of decreasing revenues. Planned projects were eliminated to avoid project costs, future debt service costs, and operating and maintenance costs. Even in this difficult time the County will have eliminated all significant school capacity issues after the construction of the new Mt. Airy Middle School. More than 57,000 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 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 fiscal year 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, 2009. Carroll County, Maryland has received a Certificate of Achievement for the last 25 consecutive years (fiscal years 1985-2009). 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 published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

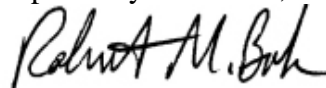
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2010 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 three consecutive years (2008-2010). Currently, the County has submitted its fiscal year 2011 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

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, 2009

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

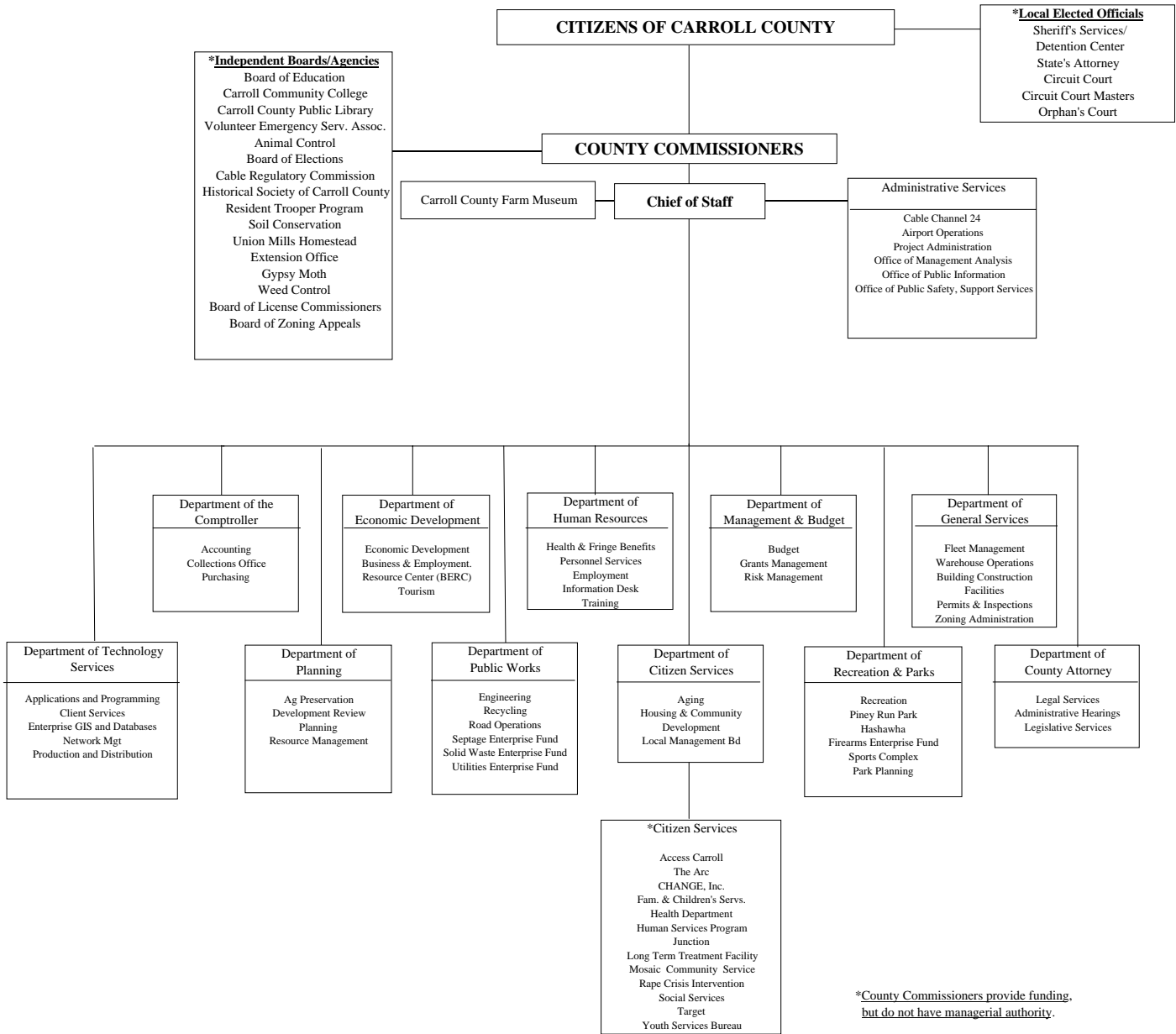


President

Executive Director

CARROLL COUNTY GOVERNMENT

Organizational Chart



Carroll County, Maryland

225 North Center Street
Westminster, Maryland 21157
Telephone (410) 386-2085
Fax (410) 840-8932
ccgovernment.carr.org

Appointed Officials

Steven D. Powell
Chief of Staff
Kathryn L. Rauschenberg
County Clerk
Cynthia M. Parr
Chief of Administrative Services
Robert M. Burk
Comptroller
Theodore Zaleski, III
Director of Management and Budget
Kimberly A. Millender
County Attorney
Carole V. Hammen
Director of Human Resources
Jolene G. Sullivan
Director of Citizen Services
James Michael Evans
Director of Public Works
Jeff R. Degitz
Director of Recreation and Parks
Steven C. Horn
Director of Planning
Lawrence F. Twele
Director of Economic Development
Tom Rio
Director of General Services
Mark Ripper
Director of Technology Services

Independent Auditors

Clifton Gunderson LLP,
Timonium, Maryland

Bond Counsel

McKennon Shelton & Henn LLP,
Baltimore, Maryland

Financial Advisor

Davenport & Company LLC,
Baltimore, Maryland

Board of County Commissioners



Julia W. Gouge
President



Dean L. Minnich
Vice President



Michael D. Zimmer
Secretary

Financial Section



Pictured above is the Finksburg Library.
It is located at Old Westminster Pike and Green Mill Road
in Finksburg, Maryland.
The building is a 15,000 square foot “green” building
with a geothermal energy system.
It opened its doors on January 28, 2009.

Independent Auditor's Report

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, the budgetary comparison of the General Fund and the aggregate remaining fund information of The County Commissioners of Carroll County (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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 the County as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2010 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Baltimore, Maryland
November 15, 2010

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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, 2010. 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 3-10 of this report.

Financial Highlights

Government-wide:

- The assets of Carroll County exceeded its liabilities at the close of the fiscal year ended June 30, 2010 by \$309,933,078 (total net assets), compared to \$370,668,652 at June 30, 2009. For fiscal year ended June 30, 2010 total net assets were net of the \$56,620,684 deficit in unrestricted net assets. The deficit occurred because the County issues debt to fund construction costs for the Board of Education which is a component unit of the County. The assets are then recorded on the component unit's books and the related debt is recorded on the County's books. Of total net assets at June 30, 2010 \$23,663,562 were restricted for specific purpose (restricted net assets) in comparison to \$29,318,758 at June 30, 2009. The total invested in capital assets, net of related debt was \$342,890,200 at June 30, 2010 compared to \$365,296,724 at June 30, 2009.

- The total net assets decreased by \$60,735,574.

Fund level:

- At the close of the fiscal year, unreserved, undesignated fund balance for the general fund (primary operating fund) was \$7,993,646 or 2.5% of general fund revenues. By law, this amount will be a budgeted revenue source to support appropriation for fiscal year 2012.

- As of June 30, 2010, the County's governmental funds reported combined fund balances of \$123,547,794, a decrease of \$2,975,521 from the prior year. Approximately 11 percent of the combined fund balances is available to meet the County's current and future needs (*unreserved and undesignated fund balance*), 43 percent is reserved, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders and construction contracts, 46 percent is unreserved and designated for future use, stabilization fund and other purposes.

Long-term Debt:

- Carroll County Government's total bonded debt increased by \$41,291,675 during the fiscal year. The main factor in this increase was the County's issuance of \$66,530,000 in bonded debt. The County also issued \$4,662,430 of Installment Purchase Agreements (IPA's) for agricultural land easements, due within 20 years or less.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Overview of the Financial Statements

This discussion and analysis are 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 other 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 assets* presents information on all of Carroll County Government's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, social service, education, recreation and parks, libraries, conservation of natural resources, and economic development. The business-type activities of Carroll County Government include water and sewer service, waste disposal service, septage treatment, firearms facility, and an airport facility.

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 30 and 31 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Carroll County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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 fund balance sheet and the governmental fund 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 seven individual governmental funds. Information is presented separately in the governmental fund 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 five 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 120 to 126 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 35 of this report.

The basic governmental fund financial statements can be found on pages 32 and 33 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, and Firearms Facility. *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. 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 36 to 38 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, and Airport, 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 130 to 132 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 one agency fund which is the Carroll County Development Corporation (CCDC). The basic fiduciary funds financial statements can be found on pages 39 and 40 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 41 to 112 of this report.

Financial analysis of the County as a whole

As noted earlier, net assets may serve over time as a useful indicator of a government's overall financial condition and position. In the case of Carroll County Government, assets exceeded liabilities by \$309,933,078 at the close of the most recent fiscal year. Carroll County Government's net assets are divided into three categories, invested in capital assets (net of related debt), restricted net assets and unrestricted net assets. The largest portion of the County's net assets 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 debt used to acquire those assets, that are still outstanding. 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 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 assets in governmental activities of \$60,878,526 reflect the imbalance of liabilities without corresponding assets.

Restricted net assets of \$23,663,562 represent 0.8 percent of total net assets. Restricted net assets are resources that are subject to external restrictions on how they may be used. Unrestricted net assets of the total government are at a deficit of \$56,620,684.

The County's net assets decreased by \$60,735,574 during the fiscal year. Issued debt, increased expenses for public works due to two large snow storms that occurred during the year along with a decrease in income taxes, highway user fees, investment earnings and increased budgeted expenses for the library are the primary reasons for the decrease. Bureau of Utilities had additional operating expenses during fiscal year 2010 due to the opening of the new water treatment plant. Increased interest on long term debt was another contributing factor to the decrease in net assets. The County issued more Installment Purchase Agreements during the fiscal year which created additional interest payments that were made. Conservation

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of natural resources decreased from fiscal year 2009 because there were one time expenses in capital outlay for the reservoir development project.

Carroll County Government's Net Assets							
	Governmental Activities		Business-type Activities		Total Government		
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	
Current assets	\$ 200,959,629	\$ 214,094,904	\$ 25,074,269	\$ 24,823,808	\$ 226,033,898	\$ 238,918,712	
Capital assets	429,184,861	426,475,086	118,641,499	120,432,180	547,826,360	546,907,266	
Total assets	630,144,490	640,569,990	143,715,768	145,255,988	773,860,258	785,825,978	
Current liabilities	91,335,611	104,553,746	6,577,338	6,794,731	97,912,949	111,348,477	
Non-current liabilities	328,000,976	265,191,604	38,013,255	38,617,245	366,014,231	303,808,849	
Total liabilities	419,336,587	369,745,350	44,590,593	45,411,976	463,927,180	415,157,326	
Net assets:							
Invested in capital assets, net							
of related debt	249,331,687	269,641,878	93,558,513	95,654,846	342,890,200	365,296,724	
Restricted	22,354,742	19,883,463	1,308,820	9,435,295	23,663,562	29,318,758	
Unrestricted	(60,878,526)	(18,700,701)	4,257,842	(5,246,129)	(56,620,684)	(23,946,830)	
Total Net Assets	<u>\$ 210,807,903</u>	<u>\$ 270,824,640</u>	<u>\$ 99,125,175</u>	<u>\$ 99,844,012</u>	<u>\$ 309,933,078</u>	<u>\$ 370,668,652</u>	

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
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The following table indicates the changes in net assets for governmental and business-type activities:

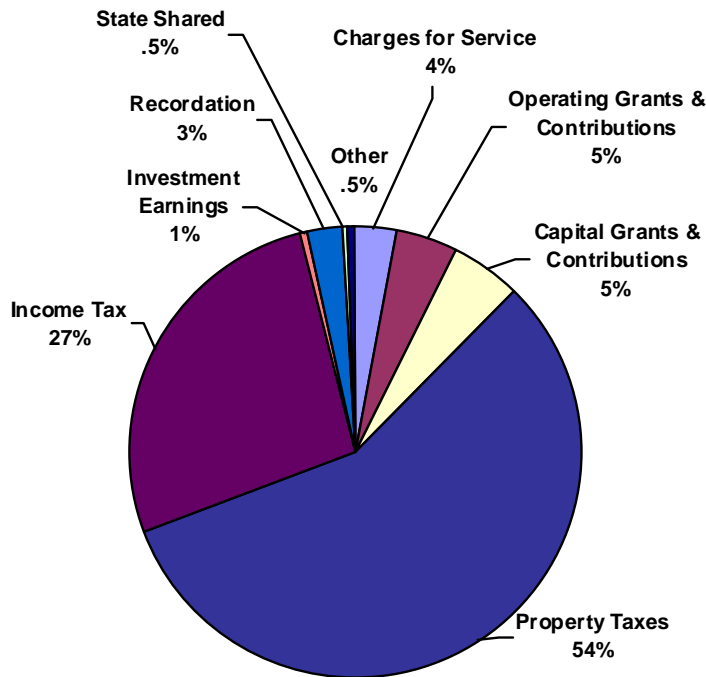
Carroll County Government's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenues:						
Program revenues:						
Charges for services	\$ 13,206,062	\$ 13,522,457	\$ 14,984,500	\$ 15,279,036	\$ 28,190,562	\$ 28,801,493
Operating grants & contributions	16,201,809	14,075,463	-	-	16,201,809	14,075,463
Capital grants & contributions	17,297,018	3,212,403	1,908,142	1,963,862	19,205,160	5,176,265
General revenues:						
Property taxes	201,573,213	189,079,529	-	-	201,573,213	189,079,529
Income tax	95,516,527	99,973,903	-	-	95,516,527	99,973,903
Recordation	9,154,578	9,220,249	-	-	9,154,578	9,220,249
Admission & Amusement Tax	246,184	335,125	-	-	246,184	335,125
Agricultural transfer tax	24,199	181,458	-	-	24,199	181,458
Hotel Tax	287,850	287,495	-	-	287,850	287,495
State shared, unrestricted	1,172,339	10,300,922	-	-	1,172,339	10,300,922
Investment earnings	2,107,298	4,563,217	422,785	751,926	2,530,083	5,315,143
Gain on sale of capital asset	-	-	35,395	-	35,395	-
Total Revenues	\$ 356,787,077	\$ 344,752,221	\$ 17,350,822	\$ 17,994,824	\$ 374,137,899	\$ 362,747,045
Program Expenses:						
General government	79,073,880	74,296,486	-	-	79,073,880	74,296,486
Public safety	37,798,060	38,658,117	-	-	37,798,060	38,658,117
Public works	33,974,607	30,238,005	-	-	33,974,607	30,238,005
Health	4,963,980	4,868,271	-	-	4,963,980	4,868,271
Social services	1,418,139	1,346,366	-	-	1,418,139	1,346,366
Education	209,838,466	219,824,282	-	-	209,838,466	219,824,282
Recreation and parks	4,143,870	2,606,230	-	-	4,143,870	2,606,230
Libraries	9,971,261	7,740,076	-	-	9,971,261	7,740,076
Conservation of natural resources	14,288,096	29,125,383	-	-	14,288,096	29,125,383
Economic development	6,018,687	5,988,296	-	-	6,018,687	5,988,296
Interest on long-term debt	12,553,680	10,282,801	-	-	12,553,680	10,282,801
Bureau of Utilities	-	-	10,489,645	8,169,257	10,489,645	8,169,257
Solid Waste	-	-	8,961,015	7,487,843	8,961,015	7,487,843
Septage	-	-	474,195	388,398	474,195	388,398
Firearms	-	-	76,281	77,475	76,281	77,475
Airport	-	-	829,611	777,692	829,611	777,692
Total Expenses	414,042,726	424,974,313	20,830,747	16,900,665	434,873,473	441,874,978
Excess (deficiency) before transfers	(57,255,649)	(80,222,092)	(3,479,925)	1,094,159	(60,735,574)	(79,127,933)
Transfers	(2,761,088)	(2,791,980)	2,761,088	2,791,980	-	-
Increase (Decrease) in Net Assets	(60,016,737)	(83,014,072)	(718,837)	3,886,139	(60,735,574)	(79,127,933)
Net Assets-Beginning	270,824,640	353,838,712	99,844,012	95,957,873	370,668,652	449,796,585
Net Assets - Ending	\$ 210,807,903	\$ 270,824,640	\$ 99,125,175	\$ 99,844,012	\$ 309,933,078	\$ 370,668,652

- Governmental activities:** Overall revenue has increased by \$12,034,856, which is a 3.5 percent increase from fiscal year 2009. Capital Grants and Contributions increased in education due to the County receiving State revenue reimbursements for building number four at Carroll Community College. Property tax revenue increased by \$12,493,684 over last fiscal year due to assessments catching up to market prices. Income taxes decreased \$4,457,376 due to a combination of factors including rising unemployment, falling capital gains, and expectations that recent changes enacted by the State of Maryland regarding personal exemption amounts. State shared revenue decreased \$9,128,583 in fiscal year 2010 from fiscal year 2009 due to the State reducing highway user fees to the County through State budget cuts. Investment earnings decreased by \$2,455,919 due to the drop in interest rates and a reduction in our investment portfolio. The decrease of the County's investment portfolio was a result of the spending down of property tax dollars that were directly appropriated to the Capital budget over the past few years.

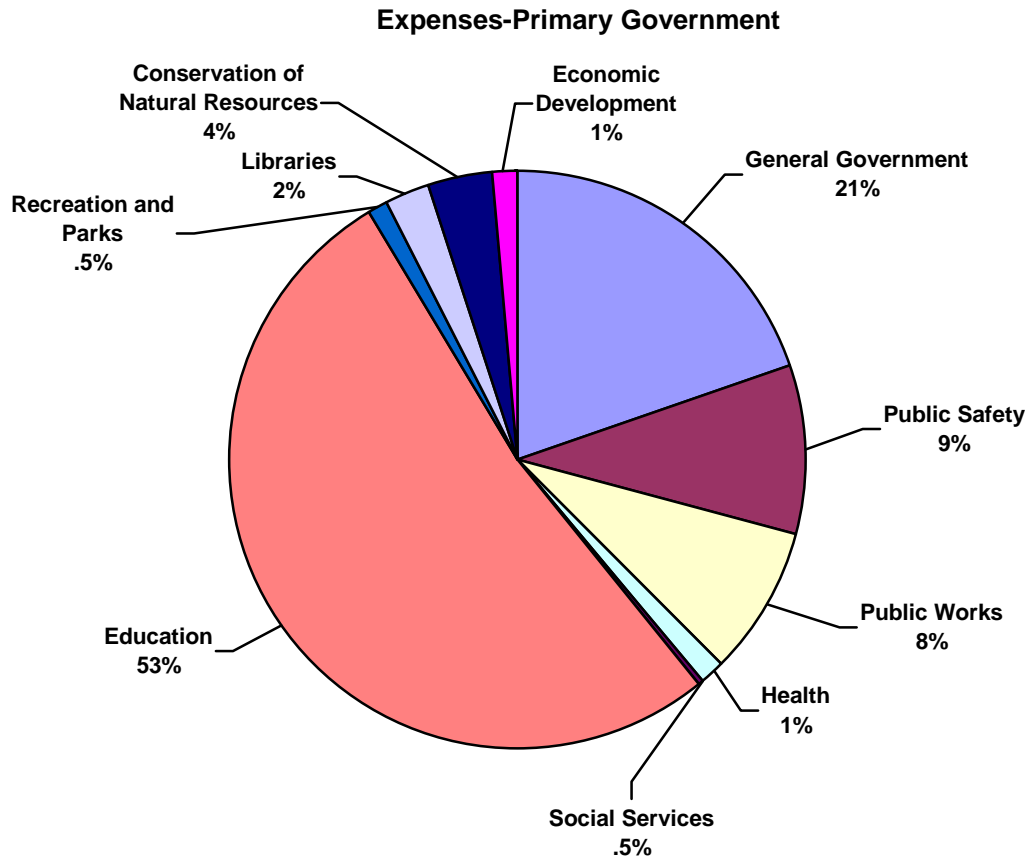
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Revenues by Source-Primary Government



The expenses of the governmental activities have decreased by \$10,931,587 or 2.5 percent from fiscal year 2009. Education expenses decreased by \$9,985,816, or 5 percent from fiscal year 2009. The primary cause for the decrease was due to the decrease in capital outlay. Fiscal year 2009 had one-time capital outlay expenditures related to the construction of the new high school. Conservation of Natural Resources expenses decreased by \$14,837,287 or 49 percent. The primary cause was a decrease in capital outlay due to a reduction of expenses related to agriculture preservation. Public Works increased by \$3,736,602 or 12 percent. The primary cause was an increase in Roads Operations due to the additional costs associated with the significant snow storms that occurred during fiscal year 2010.

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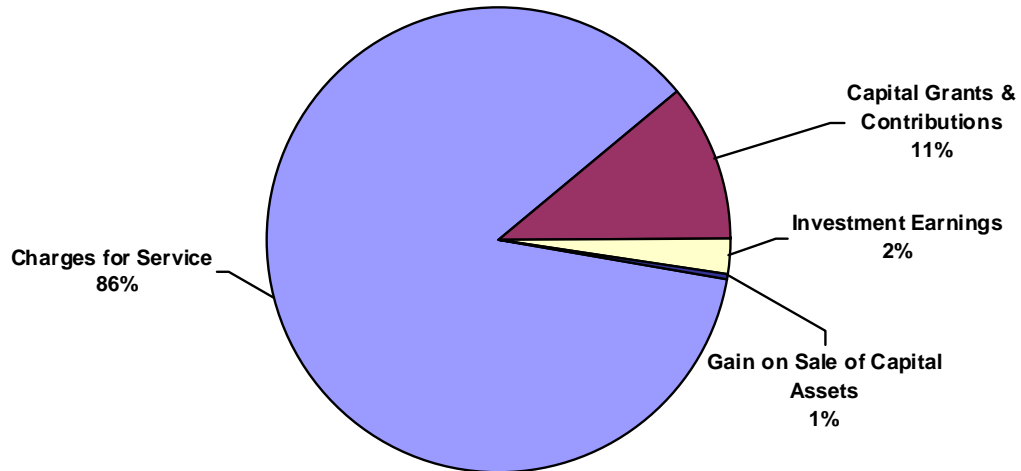


Business-type activities: There was an overall decrease in revenues of \$646,002 or 4 percent from fiscal year 2009. The primary reasons for the decrease are due to the decline in charges for services in Solid Waste and the decrease in investment earnings in all Business-Type funds. Charges for Services decreased in Solid Waste due to the decrease in the tipping fee during fiscal year 2010 from \$76 per ton to \$58. Another contributing factor to the decrease in revenues was the decrease in investment earnings due to interest rates decreasing from 1.45% in fiscal year 2009 to .30% in fiscal year 2010. The expenses of the business-type activities have increased by \$3,930,082 or 23% from fiscal year 2009. Bureau of Utilities expenses increased by \$2,320,388 which were primarily due to the operating costs of opening the Freedom Water Treatment Plant. Solid waste expenses increased by \$1,473,172 due to an increase in the post closure liability and expenses for the methane gas migration projects on closed landfills to meet new MDE regulations.

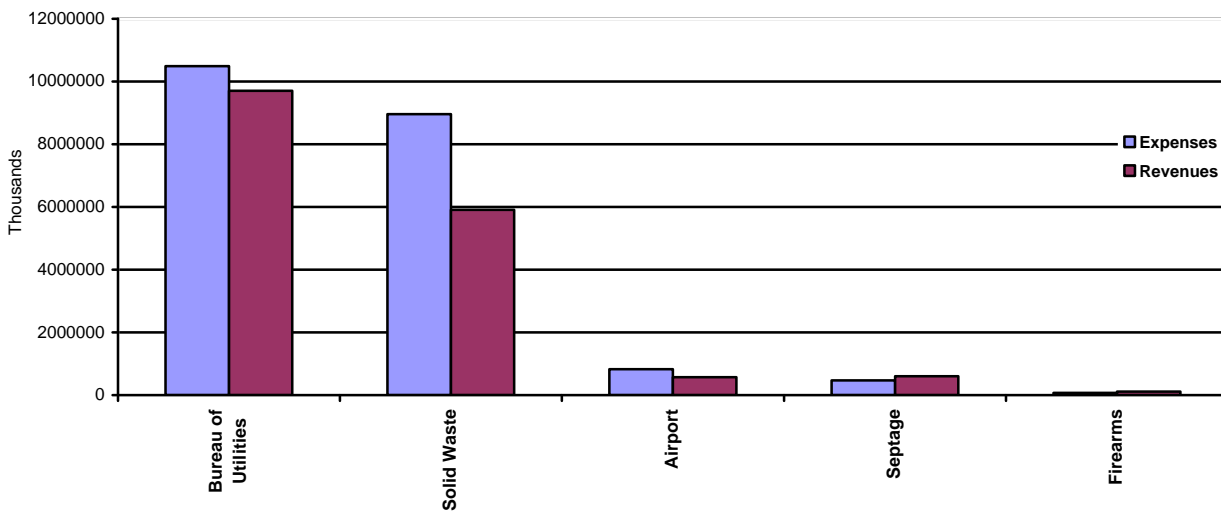
The County's transfers between governmental activities and business-type activities decreased by \$30,892 during fiscal year 2010. During the fiscal year 2010 \$2,761,088 was transferred between activities for continuation of operations.

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Revenues by Source-Business-Type Activities



Expenses and Program Revenues - Business-type Activities



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.

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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, *unreserved 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 \$123,547,794, a decrease of \$2,975,521. Approximately 10.5 percent of this total (\$12,933,649) constitutes *unreserved undesignated fund balance*, which is available for future appropriation. The *reserved fund balance*, at 43.4 percent of total fund balance is not available for new spending because it has already been committed: 1) to cover loans receivable balances (\$35,859,958), 2) to liquidate contracts and purchase orders of the prior period (\$15,221,873), and 3) dedicated for inventory and advances to Industrial Development Authority (\$2,520,715). The remaining 46.1 percent of fund balance (\$57,011,599) constitutes *unreserved designated fund balance*.

The general fund is the primary operating fund of Carroll County Government. At the end of the current fiscal year, unreserved fund balance of the general fund was \$35,861,927, while total fund balance was \$75,291,434. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 10.5 percent of total general fund expenditures, while total fund balance represents 22.2 percent of that same amount.

In accordance with County law, a decrease in fund balance was budgeted with an appropriation of \$14,858,762 of fund balance. This amount represents the fiscal year 2008 unreserved, undesignated fund balance. The anticipated decrease in fund balance was partially mitigated by conservative spending which resulted in \$10,763,717 less in expenditures than budgeted. Total liabilities are fairly consistent with the previous year.

The revenues in the General Fund have increased by \$97,853 compared to the prior fiscal year. The increase in revenues for Property Taxes along with the decrease in Income Tax and Highway User Fees helped to keep revenues even between fiscal year 2009 and fiscal year 2010. Expenditures increased by \$9,309,541 compared to the prior fiscal year.

The Capital Project Fund's balance sheet shows \$5,153,947 less in assets in fiscal year 2010. The decrease in cash is mainly due to cash layout for construction costs for the new high school prior to issuing the general obligation bonds. During the fiscal year \$3.5 million in property tax was returned to the General Fund from the Capital Fund as it became clear the revenue forecast for the General Fund would not hit budget. Several capital projects were canceled along with one year of road sealing as a result of the returned revenue.

The Capital Projects Fund has a total fund balance of \$43,316,357, of which \$14,173,039 is reserved to liquidate purchase orders of the prior period and \$29,143,318 is unreserved but designated for future capital project expenditures. Unspent bond proceeds of \$2,128,207 make up 7.3 percent of the government activities restricted for capital projects.

The Non-Major Special Revenue Funds have a total fund balance of \$4,940,003, all of which is unreserved.

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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 assets of the proprietary funds at the end of the year amounted to \$4,257,842 and unrestricted net assets in the Internal Service Fund totaled \$2,606,603. The total decrease in net assets for the proprietary funds was \$718,837 while, the net assets for the Internal Service Fund increased by \$1,346,836. Other factors concerning these funds' finances have been addressed in the discussion of Carroll County Government's business-type activities.

General Fund Budgetary Highlights

In the original budget the Board of Commissioners approved a reserve for contingencies of 1.28 percent of total budget to provide funds for emergency and unforeseeable expenditures that may arise during the current fiscal year. Funds can only be moved from the reserve during the year with approval from the Board of Commissioners. Any balance left in the reserve at year end falls to unreserved undesignated fund balance.

The budgetary statements of the General Fund show actual revenues of \$324,514,793, compared to budgeted amount of \$327,693,018, an overall shortfall of \$3,178,225. The major differences between the final budgeted amounts and the actual revenues are as follows:

- Actual Property Taxes were more than budget by \$3.3 million due to the return of \$3.5 million in property tax from the Capital budget. Planned projects were cancelled as it became clear the revenue forecast would not meet budget. Also, Homestead tax credits were lower than expected.
- Local other taxes came in \$5.8 million less than the final budget due to a decrease in income tax which was caused by a combination of factors including unemployment, falling capital gains, and changes in personal exemption amounts at the state level.
- State shared taxes collected were \$4.1 million less than final budget primarily due to the State's decision to keep 90% of the Highway User fees to balance their budget. The State also decided to keep 35% of the Police Aid as well.
- Charges for Service came in \$0.66 million more than budget due to a combination of items. Both the Sheriff ICE reimbursement for Inmate days and Transportation of inmates increased due to the increase in federal usage of the local facility. Hashawha fees were increased reflecting on the market value of the Board of Education's use of the facility that the county provides at no charge. The County does not budget for this in-kind aid. Fees from the Maryland Wine Festival and Farm museum entrance fees were up primarily due to the increased popularity of the Wine Festival.
- Interest revenue was \$0.4 million more than budget primarily due to the earnings on current years investments made related to the current years Installment Purchase Agreements.
- Miscellaneous revenues increased \$1.9 million due to the increase of rent charged for the Board of Education headquarters and Kessler warehouse.

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The budgetary statements of the General Fund show actual expenditures of \$339,812,780, compared to budgeted amount of \$350,576,497, resulting in \$10,763,717 or 3 percent less than planned. The major differences between the final budgeted amounts and the actual expenditures are as follows:

- General Government expenditures came in 2.6 million less than final budget due to \$1.3 million in salary and utility savings in Facilities. Fleet's actuals came in \$0.8 million less than budget due to gas and vehicle savings. The County also experienced savings in fringe benefits and salaries due to the reduction of the workforce.
- Public Safety expenditures came in \$1.1 less than final budget. This was due to a decrease of \$0.5 million in salary and operational savings in Emergency Services and \$0.4 million in savings in the Resident Trooper Program.
- Education expenditures came in \$1.9 million more than budget due to in-kind expenditures. The County provided the school system with in-kind aid, primarily for office and warehouse space. The County does not budget for in-kind aid.
- 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 2010 \$7.9 million was left in the Reserve for Contingency showing the function under budget.
- Debt Service Interest was \$0.6 million under final budget due to the interest rate available for debt was lower than budgeted and the County refunded bonds resulting in a \$481,467 savings in interest.

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, 2010, amounts to \$547,826,360 (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 .2 percent (a .6 percent increase for governmental activities and a .4 percent decrease for business-type activities). Additional information on the County's capital assets can be found on pages 65 to 68 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 49,182,657	\$ 49,104,905	\$ 8,625,748	\$ 8,625,748	\$ 57,808,405	\$ 57,730,653
Construction in progress	74,999,567	67,743,107	11,341,458	44,071,309	86,341,025	111,814,416
Building and contents	96,335,645	90,146,643	17,878,746	18,096,717	114,214,391	108,243,360
Improvements						
other than buildings	13,103,453	14,277,071	7,311,914	1,420,433	20,415,367	15,697,504
Auto, machinery & equipment	15,253,984	15,724,668	2,802,249	2,947,014	18,056,233	18,671,682
Infrastructure	180,309,555	189,478,692	70,681,384	45,270,959	250,990,939	234,749,651
Total	<u>\$ 429,184,861</u>	<u>\$ 426,475,086</u>	<u>\$ 118,641,499</u>	<u>\$ 120,432,180</u>	<u>\$ 547,826,360</u>	<u>\$ 546,907,266</u>

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

- The ongoing costs associated with the creation of the Carroll County Public Network totaled \$1.1 million which was funded by real property tax revenue and general fund revenue, resulted in an increase of CIP.
- The construction costs associated with the Fleet-Vehicle/Equipment Wash project totaled nearly \$1.0 million which was funded by general obligation bond proceeds, and resulted in an increase of CIP.
- The ongoing construction costs of building Carroll Community College-Classroom Building #4 totaled \$11.65 million which was funded by general obligation bond proceeds and State of Maryland revenue, and resulted in an increase of CIP.
- The ongoing construction costs associated with the South Carroll Senior Center project nearly \$2.0 million which was funded by general obligation bond proceeds, real property tax revenue and general fund revenue, and resulted in an increase of CIP.
- The ongoing design, engineer, and construction costs associated with various Public Works projects totaled \$2.28 million which some of the various funding sources included general obligation bond proceeds, real property tax revenue, and general fund revenue, and resulted in an increase of CIP.
- The completion of the 300 South Center Street Renovation project totaled \$4.85 million which was funded by general obligation bond proceeds, community support revenue, and general fund revenue, that resulted in a decrease of CIP.
- The completion of the Drug Treatment Facility project totaled \$3.73 million which was funded by general obligation bond proceeds, State of Maryland Health & Mental Hygiene revenue, and real property tax revenue, and resulted in a decrease of CIP.
- The completion of the Freedom District Water Treatment Plant totaled \$26.29 million which was funded by Proprietary fund revenue and resulted in a decrease of CIP.
- The completion of the Northern Landfill Cell 3 project totaled \$5.84 million which was funded by proprietary fund revenue and resulted in a decrease of CIP.

Long-term debt:

At the end of the current fiscal year, Carroll County Government had total general obligation debt outstanding of \$350,634,660, 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	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds, net	\$ 308,741,636	\$ 271,851,752	\$ 27,878,604	\$ 28,139,243	\$ 336,620,240	\$ 299,990,995
General Obligation Debt	14,014,420	9,351,990	-	-	14,014,420	9,351,990
Total	<u>\$ 322,756,056</u>	<u>\$ 281,203,742</u>	<u>\$ 27,878,604</u>	<u>\$ 28,139,243</u>	<u>\$ 350,634,660</u>	<u>\$ 309,342,985</u>

During the current fiscal year Carroll County Government's total debt increased by \$41,291,675. During the year, the County issued general obligation bonds totaling \$66,530,000. Of these bonds, \$56,642,821 was sold to cover capital projects in the governmental activities and \$1,827,179 was sold to cover capital

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JUNE 30, 2010**

projects in the business-type activities; \$270,000 was sold to cover fire company loans for building construction and equipment purchases and \$7,790,000 were issued for refunding of the 1998 bonds. The new bonded debt will be repaid over twenty years. In addition the County issued Installment Purchase Agreements (IPA) in the amount of \$4,662,430 for agricultural land preservation easements which will be paid within 20 years or less. 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 AA+ credit rating in November 2009 by Fitch Ratings. Fitch cited "the AA+ rating reflects the County's strong financial position, continued adherence to prudent fiscal policies, comprehensive long-term planning, the steadily growing tax base, and moderate debt levels." Standard and Poor's Rating Services assigned an AA+ in November 2009, citing "The County's sound financial position, healthy overall reserve levels, and conservative management practices provide additional rating stability." Moody's Investors Service, Inc has continued to assign an Aa2 rating to Carroll County Government, citing "the Aa2 rating reflects the County's sound financial position, supported by comprehensive fiscal policies, satisfactory available fund balance, and an affordable debt position." All three rating agencies gave the County a rating outlook of stable.

In May 2010, two of the rating agencies recalibrated their long-term U.S. Municipal ratings to their global rating scale. Moody's recalibrated the County's rating from an Aa2 to an Aa1, Fitch recalibrated the rating from an AA+ to an AAA. Standard and Poor's remained at AA+.

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 isn't 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 \$1,373,814,980, 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 2011 adopted budget appropriation for the general fund is \$349,000,000 representing a decrease of \$5.5 million or 1.5 percent decrease over fiscal year 2010.
- Real property tax growth is 5%, largely due to the Homestead tax credit, which by capping residential property taxes by 7% a year effectively deferred revenue growth over many years. With the Homestead tax credit revenues increase in a more gradual way over a longer period of time.
- Income tax is expected to be less than the fiscal year 2010 budget but higher than our actual collections for fiscal year 2010. The estimate of an increase over actual collections is based on a 4% base-line growth plus an additional 1% due to State reconciling distributions.
- Recordation is expected to be higher in fiscal year 2011 than fiscal year 2010 based on the expectation that the economic recovery will begin in fiscal year 2011.
- Highway User Revenue is expected to decrease in fiscal year 2011 from fiscal 2010 due to the State continuing to cut funding. Beginning in fiscal year 2011 and continuing Highway User Revenue will be entirely appropriated to the Capital budget and will no longer be a part of our operating plan.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

- Interest revenue is expected to decrease due to historically low interest rates combined with a reduction in our portfolio due to the spending down of property tax dollars directly appropriated to the Capital budget over the past few years.
- A \$2.8 million decrease in appropriation to the Public Schools is due to funding at maintenance of Effort and debt service decreases due to a lower bond sale with a lower interest rate than was budgeted for fiscal year 2010.
- Public Works appropriation decreased by 7.4% from fiscal year 2010 primarily due to the elimination of eighteen positions.
- General Government appropriation decreased for fiscal year 2011 from fiscal year 2010 due to the elimination of twenty five positions.
- Debt Service increase \$3.5 million primarily due to the fiscal year 2010 bond sale being higher than expected and the additional issuance of Installment Purchase Agreements (IPA).
- For fiscal year 2011 the property tax rate remains the same as fiscal year 2010.

All of these factors were considered in preparing the Carroll County Government's budget for the 2011 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$35.8 million in comparison to \$42.7 million at June 30, 2009. The County has appropriated \$8.1 million of this amount for spending in the 2011 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of Carroll County Government's finances for all those with an interest in the 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 Assets
June 30, 2010

Exhibit A

	Primary Government		Total	Component Units			
	Governmental Activities	Business-type Activities		Board of Education	Carroll Community College	Library	Industrial Development Authority
ASSETS							
Equity in pooled cash and investments	\$ 137,190,440	\$ 23,657,307	\$ 160,847,747	-	\$ -	-	-
Cash and cash equivalents	-	17,633	17,633	8,276,647	5,318,447	1,342,699	209,833
Investments	-	-	-	1,426,960	4,569,567	48,926	4,360,530
Taxes and receivables, net (Note 5)	22,546,013	3,410,623	25,956,636	31,853	944,443	132,292	9,004,644
Due from component units	1,174,154	23,506	1,197,660	-	-	-	-
Due from primary government	-	-	-	40,203,269	-	-	-
Due from other governments	17,024,351	-	17,024,351	9,025,841	-	-	-
Due from fiduciary funds	951,127	-	951,127	-	-	-	-
Internal balances	2,619,902	(2,619,902)	-	-	-	-	-
Inventories	1,375,155	482,811	1,857,966	607,503	-	-	-
Prepaid expenses	673,463	102,291	775,754	244,343	218,265	17,892	-
Investments -restricted	12,130,874	-	12,130,874	-	-	-	-
Negative net pension obligation	4,713,634	-	4,713,634	-	-	-	-
Negative net LOSAP obligation	560,516	-	560,516	-	-	-	-
Capital assets not being depreciated:							
Land	49,182,657	8,625,748	57,808,405	15,049,603	-	-	5,020,601
Construction in progress	74,999,567	11,341,458	86,341,025	39,090,486	-	-	3,348,731
Art and doll collection	-	-	-	-	539,500	-	-
Capital assets net of accumulated depreciation:							
Buildings and contents	96,335,645	17,878,746	114,214,391	352,044,995	610,994	3,007,672	-
Improvements other than buildings	13,103,453	7,311,914	20,415,367	-	1,121,429	-	-
Auto, machinery and equipment	15,253,984	2,802,249	18,056,233	12,177,979	-	-	-
Infrastructure	180,309,555	70,681,384	250,990,939	-	-	-	-
Capital assets, net of depreciation	429,184,861	118,641,499	547,826,360	418,363,063	2,271,923	3,007,672	8,369,332
Total assets	630,144,490	143,715,768	773,860,258	478,179,479	13,322,645	4,549,481	21,944,339
LIABILITIES							
Accounts payable	14,777,496	2,968,813	17,746,309	12,804,005	593,887	124,005	-
Retainage and guarantees due contractors	1,240,102	-	1,240,102	-	-	-	-
Due to component units	40,203,269	-	40,203,269	-	-	-	-
Due to primary government	-	-	-	52,100	-	-	1,145,560
Due to fiduciary funds	150,000	-	150,000	2,023,280	-	-	-
Due to other governments	-	-	-	63,551	-	-	-
Unearned revenue (Note 5)	3,546,079	48,478	3,594,557	702,080	1,274,018	9,671	8,459,136
Accrued interest payable	2,407,756	306,874	2,714,630	48,288	-	-	306,842
Accrued expenses	824,944	53,928	878,872	29,857,901	1,233,827	296,585	-
Long-term liabilities (Note 8):							
Due within one year	28,185,965	3,199,245	31,385,210	2,488,249	-	443,152	-
Due in more than one year	328,000,976	38,013,255	366,014,231	48,173,126	6,429,381	-	4,000,000
Total liabilities	419,336,587	44,590,593	463,927,180	96,212,580	9,531,113	873,413	13,911,538
NET ASSETS							
Invested in capital assets, net of related debt	249,331,687	93,558,513	342,890,200	411,625,457	1,732,423	3,007,672	7,223,772
Restricted for:							
Investments	-	-	-	-	-	96,469	-
Agricultural Preservation IPAs and notes	14,952,385	-	14,952,385	-	-	-	-
Capital projects	2,128,207	1,308,820	3,437,027	-	-	-	29,016
Food services	-	-	-	425,282	-	-	-
Educational purposes	-	-	-	-	-	-	-
Pension	5,274,150	-	5,274,150	-	-	-	-
Unrestricted (deficit)	(60,878,526)	4,257,842	(56,620,684)	(30,083,840)	(2,324,874)	571,927	780,013
Total net assets	\$ 210,807,903	\$ 99,125,175	\$ 309,933,078	\$ 381,966,899	\$ 3,791,532	\$ 3,676,068	\$ 8,032,801

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, 2010

Exhibit B

	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues					Component Units						
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-type Activities	Total	Board of Education	Community College	Library	Industrial Development Authority	
Functions/Programs												
Primary government:												
General government	\$ 79,073,880	\$ 7,579,919	\$ 10,752,776	\$ 1,189	\$ (60,739,996)	\$ -	\$ (60,739,996)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	37,798,060	2,544,149	1,408,624	127,034	(33,718,253)	-	(33,718,253)	-	-	-	-	-
Public works	33,974,607	1,530,974	-	558,669	(31,884,964)	-	(31,884,964)	-	-	-	-	-
Health	4,963,980	12,190	915	-	(4,950,875)	-	(4,950,875)	-	-	-	-	-
Social services	1,418,139	284,014	38,082	-	(1,096,043)	-	(1,096,043)	-	-	-	-	-
Education	209,838,466	393,951	118,992	13,609,263	(195,716,260)	-	(195,716,260)	-	-	-	-	-
Recreation and Parks	4,143,870	860,865	1,192,681	623,408	(1,466,916)	-	(1,466,916)	-	-	-	-	-
Libraries	9,971,261	-	27,085	600,000	(9,371,261)	-	(9,371,261)	-	-	-	-	-
Conservation of natural resources	14,288,096	-	1,777,455	-	(12,483,556)	-	(12,483,556)	-	-	-	-	-
Economic development	6,018,687	-	2,662,654	-	(3,356,033)	-	(3,356,033)	-	-	-	-	-
Interest on long-term debt	12,553,680	-	-	-	(12,553,680)	-	(12,553,680)	-	-	-	-	-
Total governmental activities	414,042,726	13,206,062	16,201,809	17,297,018	(367,337,837)	-	(367,337,837)	-	-	-	-	-
Business-type activities:												
Bureau of Utilities	10,489,645	7,843,041	-	1,859,173	-	(787,431)	(787,431)	-	-	-	-	-
Solid Waste	8,961,015	5,907,344	-	-	-	(3,053,671)	(3,053,671)	-	-	-	-	-
Airport	829,611	518,581	-	48,969	-	(262,061)	(262,061)	-	-	-	-	-
Septage	474,195	603,550	-	-	-	129,355	129,355	-	-	-	-	-
Firearms	76,281	111,984	-	-	-	35,703	35,703	-	-	-	-	-
Total business-type activities	20,830,747	14,984,500	-	1,908,142	-	(3,938,105)	(3,938,105)	-	-	-	-	-
Total primary government	\$ 434,873,473	\$ 28,190,562	\$ 16,201,809	\$ 19,205,160	(367,337,837)	(3,938,105)	(371,275,942)	-	-	-	-	-
Component units:												
Board of Education	196,172,651	4,552,149	57,335,767	45,280,156	-	-	-	(89,004,579)	-	-	-	-
Carroll Community College	24,548,700	9,364,911	4,656,428	-	-	-	-	(10,527,361)	-	-	-	-
Library	2,865,527	95,043	2,691,807	380,876	-	-	-	-	302,199	-	-	-
Industrial Development Authority	176,409	-	-	24,786	-	-	-	-	-	-	-	(151,623)
Total component units	\$ 223,763,287	\$ 14,012,103	\$ 64,684,002	\$ 45,685,818	-	-	-	(89,004,579)	(10,527,361)	302,199	-	(151,623)
General revenues:												
Property taxes					201,573,213	-	201,573,213	-	-	-	-	-
Income tax					95,516,527	-	95,516,527	-	-	-	-	-
Recordation tax					9,154,578	-	9,154,578	-	-	-	-	-
Admission and amusement tax					246,184	-	246,184	-	-	-	-	-
Agricultural transfer tax					24,199	-	24,199	-	-	-	-	-
Hotel rental tax					287,850	-	287,850	-	-	-	-	-
State shared, unrestricted					1,172,339	-	1,172,339	124,447,840	7,227,234	-	-	-
Grants and contributions not restricted to specific programs					2,107,298	422,785	2,530,083	42,379	2,484,532	-	-	500,000
Investment earnings and miscellaneous, unrestricted					-	35,395	35,395	-	-	-	-	-
Gain on sale of capital asset					(2,761,088)	2,761,088	-	-	-	-	-	12,670
Transfers					307,321,100	3,219,268	310,540,368	124,490,219	10,027,122	-	-	512,670
Total general revenues and transfers					(60,016,737)	(718,837)	(60,735,574)	35,485,640	(500,239)	302,199	-	361,047
Change in net assets					270,824,640	99,844,012	370,668,652	346,481,259	4,291,771	3,373,869	-	7,671,754
Net assets - beginning of year, as restated					\$ 210,807,903	\$ 99,125,175	\$ 309,933,078	\$ 381,966,899	\$ 3,791,532	\$ 3,676,068	-	\$ 8,032,801
Net assets - ending												

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, 2010

Exhibit C

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 72,170,619	\$ 54,209,007	\$ 5,894,612	\$ 132,274,238
Taxes and receivables, net	20,567,985	1,064	1,970,057	22,539,106
Due from component units	1,174,154	-	-	1,174,154
Due from other governments	16,099,139	925,212	-	17,024,351
Due from other governmental funds	1,929,938	-	-	1,929,938
Due from fiduciary funds	951,127	-	-	951,127
Due from other funds	2,620,402	-	-	2,620,402
Inventories	1,375,155	-	-	1,375,155
Prepaid costs	296,900	-	376,563	673,463
Investments- restricted	12,130,874	-	-	12,130,874
Total assets	\$ 129,316,293	\$ 55,135,283	\$ 8,241,232	\$ 192,692,808
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,229,407	\$ 6,165,540	\$ 908,789	\$ 14,303,736
Retainage and guarantees due contractors	1,240,102	-	-	1,240,102
Due to component units	36,450,000	3,753,269	-	40,203,269
Due to other governmental funds	-	1,883,545	46,393	1,929,938
Due to fiduciary funds	150,000	-	-	150,000
Accrued expenditures	751,383	16,572	56,989	824,944
Deferred revenue	8,203,967	-	2,289,058	10,493,025
Total liabilities	54,024,859	11,818,926	3,301,229	69,145,014
Fund Balances:				
Reserved	39,429,507	14,173,039	-	53,602,546
Unreserved and designated:				
Subsequent year's expenditures	8,103,281	29,143,318	-	37,246,599
Stabilization fund	10,700,000	-	-	10,700,000
Secondary reserve fund	6,750,000	-	-	6,750,000
ISF health	1,400,000	-	-	1,400,000
Designated for other purposes	915,000	-	-	915,000
Subtotal unreserved and designated	27,868,281	29,143,318	-	57,011,599
Unreserved, undesignated reported in:				
General fund	7,993,646	-	-	7,993,646
Special revenue fund	-	-	4,940,003	4,940,003
Subtotal unreserved, undesignated	7,993,646	-	4,940,003	12,933,649
Total fund balances	75,291,434	43,316,357	4,940,003	123,547,794
Total liabilities and fund balances	\$ 129,316,293	\$ 55,135,283	\$ 8,241,232	\$ 192,692,808
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				429,184,861
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				6,957,320
Negative net pension obligation, which is included in the governmental activities in the statement of net assets.				4,713,634
Negative net LOSAP obligation, which is included in the governmental activities in the statement of net assets.				560,516
Net certified law officer's pension obligation, which is included in the governmental activities in the statement of net assets.				(294,156)
Net other postemployment benefit obligation, which is included in the governmental activities in the statement of net assets.				(23,050,704)
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 assets.				2,606,603
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Bonds and notes payable			\$ (331,010,209)	(333,417,965)
Accrued interest payable			(2,407,756)	
Net assets of governmental activities				\$ 210,807,903

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, 2010

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
-local property	\$ 200,766,269	\$ 760,130	\$ -	\$ 201,526,399
-local other	108,896,659	9,830,916	1,455,006	120,182,581
-state shared	1,172,339	46,815	-	1,219,154
Impact fees	-	-	1,304,575	1,304,575
Licenses and permits	1,310,176	-	-	1,310,176
Intergovernmental revenues	880,491	16,016,998	13,944,197	30,841,686
Charges for services	4,708,029	-	300,728	5,008,757
Fines and forfeits	86,168	-	-	86,168
Interest	2,725,492	255,976	8,445	2,989,913
Miscellaneous revenues	3,371,996	1,024,044	-	4,396,040
Total revenues	<u>323,917,619</u>	<u>27,934,879</u>	<u>17,012,951</u>	<u>368,865,449</u>
EXPENDITURES				
Current:				
General government	58,577,325	-	13,509,121	72,086,446
Public safety	33,658,654	-	1,089,430	34,748,084
Public works	12,586,032	-	-	12,586,032
Health	4,707,765	-	4,915	4,712,680
Social services	1,391,110	-	-	1,391,110
Education	177,855,179	-	-	177,855,179
Library	8,413,733	-	-	8,413,733
Recreation and parks	1,613,373	-	263,656	1,877,029
Conservation of natural resources	792,207	-	-	792,207
Economic development	4,640,974	-	999,250	5,640,224
Capital outlay:				
General government	-	4,958,633	-	4,958,633
Public safety	-	779,402	-	779,402
Public works	-	11,176,858	-	11,176,858
Education	-	42,404,509	-	42,404,509
Recreation and parks	-	1,857,899	-	1,857,899
Library/senior centers	-	2,394,503	-	2,394,503
Conservation of natural resources	-	13,475,267	-	13,475,267
Debt service:				
Principal	22,889,828	-	-	22,889,828
Interest	12,802,086	-	-	12,802,086
Total expenditures	<u>339,928,266</u>	<u>77,047,071</u>	<u>15,866,372</u>	<u>432,841,709</u>
Excess (deficiency) of revenues over (under) expenditures	(16,010,647)	(49,112,192)	1,146,579	(63,976,260)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,856,720	(443,144)	1,621,447	12,035,023
Transfers out	(3,923,503)	(9,690,170)	(1,166,550)	(14,780,223)
Redemption of bonds	(7,936,995)	-	-	(7,936,995)
Bonds issued	7,866,029	56,642,821	-	64,508,850
Bonds premium	2,371,214	-	-	2,371,214
Issuance of debt-long term notes	4,662,430	-	-	4,662,430
Total other financing sources (uses)	<u>13,895,895</u>	<u>46,509,507</u>	<u>454,897</u>	<u>60,860,299</u>
Net change in fund balances	(2,114,752)	(2,602,685)	1,601,476	(3,115,961)
Fund balance - beginning	77,265,746	45,919,042	3,338,527	126,523,315
Increase in reserve for inventory	140,440	-	-	140,440
Fund balance - ending	<u>\$ 75,291,434</u>	<u>\$ 43,316,357</u>	<u>\$ 4,940,003</u>	<u>\$ 123,547,794</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, 2010

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

Net change in fund balances - total governmental funds	\$ (3,115,961)
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 capital outlays exceeded depreciation, net of asset disposals, and transfers in the current period.	2,709,775
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(12,646,549)
Underpayment of the Pension annual required contribution resulted in a reduction of the negative net pension obligation which is reported within the governmental activities as an asset.	(150,444)
Underpayment of the LOSAP annual required contribution resulted in a reduction of the negative net LOSAP obligation which is reported within the governmental activities as an asset.	(380,384)
Adjustment to LOSAP's annual pension cost for the negative net LOSAP obligation from prior period.	(29,100)
Adjustment to the Carroll County Employee Pension Plan's annual pension cost for the negative net pension obligation from the prior period.	(494)
Adjustment to the Other Postemployment Benefit (OPEB) annual cost for the net OPEB obligation from the prior period.	(81,008)
Underpayment of the Other Post Employment Benefit (OPEB) annual required contribution increased the Net OPEB obligation which is reported within the governmental activities as a liability.	(6,913,995)
Underpayment of the Certified Law Officer's Pension (CLOP) annual required contribution created a Net CLOP Obligation which is reported within the governmental activities as a liability.	(294,156)
Adjustment to the Net Other Post Employment Benefit (OPEB) Obligation for Medicare Part D received in FY10.	145,995
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 assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(40,761,434)
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.	154,182
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	1,346,836
Change in net assets - governmental activities	<u>\$ (60,016,737)</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
-local property	\$ 198,057,300	\$ 198,057,300	\$ 201,363,443	\$ 3,306,143
-local other	114,650,000	114,650,000	108,896,659	(5,753,341)
-state shared	5,315,000	5,315,000	1,172,339	(4,142,661)
Licenses and permits	1,187,000	1,187,000	1,310,176	123,176
Intergovernmental revenues	611,000	611,000	880,491	269,491
Charges for services	4,052,200	4,052,200	4,708,029	655,829
Fines and forfeits	96,500	96,500	86,168	(10,332)
Interest	2,285,000	2,285,000	2,725,492	440,492
Miscellaneous revenues	1,439,018	1,439,018	3,371,996	1,932,978
Total revenues	<u>327,693,018</u>	<u>327,693,018</u>	<u>324,514,793</u>	<u>(3,178,225)</u>
EXPENDITURES				
Current:				
General government	66,813,338	61,370,485	58,769,784	2,600,701
Public safety	32,112,690	34,791,890	33,655,665	1,136,225
Public works	10,896,777	12,301,893	12,179,362	122,531
Health department	4,732,890	4,733,294	4,707,765	25,529
Social services	1,344,240	1,408,843	1,391,110	17,733
Education	175,873,315	175,975,609	177,855,179	(1,879,570)
Library	7,635,000	8,413,733	8,413,733	-
Recreation and parks	1,355,890	1,614,183	1,626,152	(11,969)
Conservation of natural resources	785,700	826,440	792,207	34,233
Economic development	4,665,845	4,844,231	4,729,909	114,322
Reserve for contingencies	4,541,324	7,987,742	-	7,987,742
Debt service:				
Principal	22,889,828	22,889,828	22,889,828	-
Interest	13,091,301	13,418,326	12,802,086	616,240
Total expenditures	<u>346,738,138</u>	<u>350,576,497</u>	<u>339,812,780</u>	<u>10,763,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,045,120)</u>	<u>(22,883,479)</u>	<u>(15,297,987)</u>	<u>7,585,492</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	14,858,762	14,858,762	-	(14,858,762)
Appropriated for Ag. pres. debt svc.	1,032,000	1,032,000	-	(1,032,000)
Transfers in	10,916,220	10,916,220	10,856,720	(59,500)
Transfers out	(7,761,862)	(3,923,503)	(3,923,503)	-
Redemption of bonds	-	-	(7,936,995)	(7,936,995)
Bond proceeds	-	-	7,866,029	7,866,029
Bond premium	-	-	2,371,214	2,371,214
Issuance of debt-long term notes payable	-	-	4,662,430	4,662,430
Total other financing sources (uses)	<u>19,045,120</u>	<u>22,883,479</u>	<u>13,895,895</u>	<u>(8,987,584)</u>
Net change in fund balances-utilization of appropriated fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,402,092)</u>	<u>\$ (1,402,092)</u>
Fund balance - beginning			<u>78,251,703</u>	
Fund balance - ending			<u>\$ 76,849,611</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 Assets
Proprietary Funds
June 30, 2010

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Other Proprietary Funds	Total	
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 15,133,000	\$ 7,820,555	\$ -	\$ 703,752	\$ 23,657,307	\$ 4,916,202
Cash and cash equivalents	10,714	6,619	100	200	17,633	-
Receivables, net	2,570,633	700,714	49,171	90,105	3,410,623	6,907
Due from component units	-	23,506	-	-	23,506	-
Inventories	468,052	-	14,759	-	482,811	-
Prepaid items	48,989	45,154	8,148	-	102,291	-
Total current assets	<u>18,231,388</u>	<u>8,596,548</u>	<u>72,178</u>	<u>794,057</u>	<u>27,694,171</u>	<u>4,923,109</u>
Noncurrent Assets:						
Capital assets:						
Land	153,132	1,794,154	6,678,462	-	8,625,748	-
Buildings	17,681,654	1,752,296	4,569,596	274,051	24,277,597	-
Improvements other than buildings	1,634,129	5,898,430	1,611,900	191,856	9,336,315	-
Auto, machinery and equipment	1,974,622	4,056,121	881,152	25,069	6,936,964	-
Infrastructure	90,733,665	-	-	-	90,733,665	-
Construction in progress	9,980,773	106,420	1,254,265	-	11,341,458	-
Less accumulated depreciation	<u>(27,723,739)</u>	<u>(2,875,762)</u>	<u>(1,954,039)</u>	<u>(56,708)</u>	<u>(32,610,248)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>94,434,236</u>	<u>10,731,659</u>	<u>13,041,336</u>	<u>434,268</u>	<u>118,641,499</u>	<u>-</u>
Total assets	<u>112,665,624</u>	<u>19,328,207</u>	<u>13,113,514</u>	<u>1,228,325</u>	<u>146,335,670</u>	<u>4,923,109</u>
LIABILITIES						
Current liabilities:						
Accounts payable	1,140,453	1,656,070	43,819	128,471	2,968,813	473,760
Accrued interest payable	238,090	49,227	17,958	1,599	306,874	-
Unearned revenue	10,116	-	38,362	-	48,478	10,374
Accrued expenses	30,404	19,827	3,697	-	53,928	-
Due to other funds	-	-	2,619,902	-	2,619,902	500
Long-term liabilities due within one year:						
General obligation bonds payable	1,043,012	739,903	235,694	12,224	2,030,833	-
Unamortized Costs	(15,884)	4,852	(1,989)	-	(13,021)	-
Unpaid insurance claims	-	-	-	-	-	1,816,368
Loans payable	887,793	-	-	-	887,793	-
Landfill closure, postclosure remediation	-	129,484	-	-	129,484	-
Compensated absences	99,578	59,181	5,397	-	164,156	-
Total long-term due within one year	<u>2,014,499</u>	<u>933,420</u>	<u>239,102</u>	<u>12,224</u>	<u>3,199,245</u>	<u>1,816,368</u>
Total current liabilities	<u>3,433,562</u>	<u>2,658,544</u>	<u>2,962,840</u>	<u>142,294</u>	<u>9,197,240</u>	<u>2,301,002</u>
Noncurrent liabilities:						
General obligation bonds payable	19,788,909	3,891,161	2,206,753	134,111	26,020,934	-
Unamortized Costs	(106,795)	(38,275)	(15,072)	-	(160,142)	-
Unpaid insurance claims	-	-	-	-	-	15,504
Loans payable	1,202,259	-	-	-	1,202,259	-
Landfill closure, postclosure remediation	-	10,707,563	-	-	10,707,563	-
Compensated absences	128,723	99,312	14,606	-	242,641	-
Total noncurrent liabilities	<u>21,013,096</u>	<u>14,659,761</u>	<u>2,206,287</u>	<u>134,111</u>	<u>38,013,255</u>	<u>15,504</u>
Total liabilities	<u>24,446,658</u>	<u>17,318,305</u>	<u>5,169,127</u>	<u>276,405</u>	<u>47,210,495</u>	<u>2,316,506</u>
NET ASSETS						
Invested in capital assets, net of related debt	73,440,184	8,993,168	10,837,228	287,933	93,558,513	-
Restricted for:						
Capital projects	442,426	829,862	36,532	-	1,308,820	-
Unrestricted (deficit)	<u>14,336,356</u>	<u>(7,813,128)</u>	<u>(2,929,373)</u>	<u>663,987</u>	<u>4,257,842</u>	<u>2,606,603</u>
Total net assets	<u>\$ 88,218,966</u>	<u>\$ 2,009,902</u>	<u>\$ 7,944,387</u>	<u>\$ 951,920</u>	<u>\$ 99,125,175</u>	<u>\$ 2,606,603</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 Assets
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Business-type Activities-Enterprise Funds</u>					<u>Governmental Activities- Internal Service Funds</u>
	<u>Bureau of Utilities</u>	<u>Solid Waste</u>	<u>Airport</u>	<u>Other Proprietary Funds</u>	<u>Total</u>	
Operating revenues:						
Charges for services	\$ 7,843,041	\$ 5,907,344	\$ 518,581	715,534	\$ 14,984,500	\$ 14,041,514
Federal Cobra subsidy	-	-	-	-	-	21,143
Total operating revenues	<u>7,843,041</u>	<u>5,907,344</u>	<u>518,581</u>	<u>715,534</u>	<u>14,984,500</u>	<u>14,062,657</u>
Operating expenses:						
Personal services	2,394,033	1,633,798	247,203	55,588	4,330,622	-
Contractual services	3,339,122	5,645,006	106,609	206,200	9,296,937	-
Materials and supplies	623,985	277,258	111,313	62,203	1,074,759	-
Rents and utilities	846,633	70,352	34,145	97,943	1,049,073	-
Insurance	-	-	-	-	-	12,725,602
Miscellaneous	319,687	659,588	56,263	94,697	1,130,235	-
Depreciation	1,914,768	472,312	169,728	27,805	2,584,613	-
Total operating expenses	<u>9,438,228</u>	<u>8,758,314</u>	<u>725,261</u>	<u>544,436</u>	<u>19,466,239</u>	<u>12,725,602</u>
Operating income (loss)	<u>(1,595,187)</u>	<u>(2,850,970)</u>	<u>(206,680)</u>	<u>171,098</u>	<u>(4,481,739)</u>	<u>1,337,055</u>
Nonoperating revenues (expenses):						
Penalties and interest	200,785	211,945	-	1,601	414,331	9,781
Maintenance fee assessment	1,432,610	-	-	-	1,432,610	-
Bond interest subsidy	8,454	-	-	-	8,454	-
Interest and fiscal charges	(1,051,417)	(202,701)	(104,350)	(6,040)	(1,364,508)	-
Gain on sale of capital asset	-	35,395	-	-	35,395	-
Total nonoperating revenues (expenses)	<u>590,432</u>	<u>44,639</u>	<u>(104,350)</u>	<u>(4,439)</u>	<u>526,282</u>	<u>9,781</u>
Income (loss) before contributions and transfers	<u>(1,004,755)</u>	<u>(2,806,331)</u>	<u>(311,030)</u>	<u>166,659</u>	<u>(3,955,457)</u>	<u>1,346,836</u>
Capital contributions (Area Connection Charges & Grants)	426,563	-	48,969	-	475,532	-
Capital contribution-equip. transferred from governmental activities	-	15,888	-	-	15,888	-
Transfers in	200,200	2,545,000	-	-	2,745,200	-
Change in net assets	<u>(377,992)</u>	<u>(245,443)</u>	<u>(262,061)</u>	<u>166,659</u>	<u>(718,837)</u>	<u>1,346,836</u>
Total net assets - beginning of year	<u>88,596,958</u>	<u>2,255,345</u>	<u>8,206,448</u>	<u>785,261</u>	<u>99,844,012</u>	<u>1,259,767</u>
Total net assets - ending	<u>\$ 88,218,966</u>	<u>\$ 2,009,902</u>	<u>\$ 7,944,387</u>	<u>\$ 951,920</u>	<u>\$ 99,125,175</u>	<u>\$ 2,606,603</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 Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Other Proprietary Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 7,699,056	\$ 5,577,600	\$ 544,925	\$ 712,376	\$ 14,533,957	\$ 14,050,106
Receipts from other funds	-	-	414,168	-	414,168	-
Receipts from other governments	-	-	-	-	-	21,143
Payments to suppliers	(6,707,898)	(4,809,355)	(375,780)	(452,311)	(12,345,344)	(11,961,740)
Payments to employees	(2,394,866)	(1,673,016)	(251,504)	(57,657)	(4,377,043)	-
Net cash provided (used) by operating activities	(1,403,708)	(904,771)	331,809	202,408	(1,774,262)	2,109,509
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	200,200	2,545,000	-	-	2,745,200	-
Net cash provided by operating and related noncapital financing activities	200,200	2,545,000	-	-	2,745,200	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(597,488)	(170,029)	(26,415)	-	(793,932)	-
Principal paid on capital debt	(1,877,930)	(796,807)	(250,646)	(12,225)	(2,937,608)	-
Interest paid on capital debt	(1,038,600)	(206,572)	(103,817)	(6,174)	(1,355,163)	-
Proceeds from bond issue	1,817,700	-	-	-	1,817,700	-
Capital contributions (Area Connection Charges & Grants)	426,563	-	48,969	-	475,532	-
Capital contributions- equip. transferred from governmental activities	-	15,888	-	-	-	-
Front foot collections	262	-	-	-	262	-
Other assessment collected	1,667,469	-	-	-	1,667,469	-
Bond interest subsidy	8,454	-	-	-	8,454	-
Cash proceeds from sale of capital assets	-	35,395	-	-	35,395	-
Net cash provided (used) by capital and related financing activities	406,430	(1,122,125)	(331,909)	(18,399)	(1,081,891)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments and cash	200,785	211,945	-	1,601	414,331	9,781
Net cash provided by investing activities	200,785	211,945	-	1,601	414,331	9,781
Net increase (decrease) in cash and cash equivalents	(596,293)	730,049	(100)	185,610	319,266	2,119,290
Cash and cash equivalents at beginning of year	15,740,007	7,097,125	200	518,342	23,355,674	2,796,912
Cash and cash equivalents at end of year	<u>\$ 15,143,714</u>	<u>\$ 7,827,174</u>	<u>\$ 100</u>	<u>\$ 703,952</u>	<u>\$ 23,674,940</u>	<u>\$ 4,916,202</u>
Reconciliation of Operating Income to net cash provided (used) by operating activities:						
Operating income (Loss)	\$ (1,595,187)	\$ (2,850,970)	\$ (206,680)	\$ 171,098	(4,481,739)	\$ 1,337,055
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,914,768	472,312	169,728	27,805	2,584,613	-
Effect of Changes in operating assets and liabilities:						
Due to other funds	-	-	414,168	-	414,168	500
Accounts receivable	(138,369)	(312,853)	14,147	(3,158)	(440,233)	-
Inventory	(121,023)	-	587	-	(120,436)	-
Prepaid items	(1,844)	1,654	(860)	-	(1,050)	6
Compensated absences payable	(833)	(1,861)	1,688	-	(1,006)	-
Accounts payable and accrued expenses	(1,455,604)	1,220,029	(73,166)	6,663	(302,078)	763,862
Unearned revenue	(5,616)	(16,888)	12,197	-	(10,307)	8,086
Landfill closure, postclosure, remediation costs	-	583,806	-	-	583,806	-
Total adjustments	191,479	1,946,199	538,489	31,310	2,707,477	772,454
Net cash provided (used) by operating activities	<u>\$ (1,403,708)</u>	<u>\$ (904,771)</u>	<u>\$ 331,809</u>	<u>\$ 202,408</u>	<u>\$ (1,774,262)</u>	<u>\$ 2,109,509</u>
Noncash investing, capital, and financing activities:						
Transfer of fully depreciated assets	\$ -	\$ -	\$ 828,242	\$ -	\$ -	\$ -

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 Assets
Trust and Agency Funds
June 30, 2010

	<u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 3,112,415	\$ 94,475
Receivables:		
Due from primary government	150,000	-
Other receivables	<u>-</u>	<u>592,852</u>
Total receivables	150,000	592,852
Investments at fair value:		
Bond funds	7,929,727	
Equity funds	19,820,328	-
Marketable securities	<u>12,815,194</u>	<u>-</u>
Total investments	40,565,249	-
Total assets	<u>43,827,664</u>	<u>687,327</u>
LIABILITIES		
Accounts payable	17,983	-
Due to primary government	951,127	-
Due to CCDC	<u>-</u>	<u>687,327</u>
Total liabilities	<u>969,110</u>	<u>\$ 687,327</u>
NET ASSETS		
Held in trust for pension, benefits, and other purposes	<u>\$ 42,858,554</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 Change in Fiduciary Net Assets
Trust Funds
For the Fiscal Year Ended June 30, 2010

	Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 9,135,000
Plan members	1,793,583
Asset value for employees that qualify for new plan	1,076,978
Contributions from sources other than employer(s) and Plan members	145,995
Total contributions	12,151,556
Investment earnings:	
Interest and dividends	6,118
Net increase in the fair value of investments	5,683,106
Total investment	5,689,224
Less investment expense	(50,984)
Net investment earnings	5,638,240
Total additions	17,789,796
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	4,032,606
Reassignment of assets for employees that qualify for new plan	1,076,978
Administrative expenses	78,265
Total deductions	5,187,849
Net increase in plan net assets	12,601,947
Net assets-beginning	30,256,607
Net assets-ending	\$ 42,858,554

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, 2010

Note 1 - Summary of significant accounting policies

A. 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 three-member Board of County Commissioners of Carroll County. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component units

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 Clifton Gunderson 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 June 30, 2010.

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 Clifton Gunderson 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 June 30, 2010.

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. Although the College is not a Carroll County Government agency, the College's financial statements are considered component unit financial statements. The College is a component 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 §16-304. The College serves the constituents of the County.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

A. Reporting entity- continued

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 Clifton Gunderson 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 June 30, 2010.

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 Government appoints a voting majority of the Authority, which is also fiscally dependent on the County Government. The IDA's financial statements were audited by Clifton Gunderson 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 June 30, 2010.

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, an amendment of GASB Statement 14.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these 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.

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. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

Description of funds

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*, and does not involve measurement of results of operations. Agency funds do not have a measurable 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. 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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

C. Measurement focus, basis of accounting, and financial statement presentation-continued

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 the government receives cash.

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 major capital facilities of the County Commissioners of Carroll County (other than those financed by Proprietary Funds).

The *proprietary funds* are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The government reports the following major proprietary 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 of the water and sewer facilities.

The *Carroll County Solid Waste Fund* provides solid waste disposal facilities for residential and commercial use. This fund accounts for the operations of landfill facilities.

The *Carroll County Regional Airport* accounts for the Airport operations and the corporate hangar facilities.

Additionally, the government reports the following additional funds:

Enterprise Funds:

The *Carroll County Septage Treatment* provides septage waste disposal services. This fund accounts for the operations of the treatment facilities.

The *Carroll County Firearms Facility* accounts for the operations of the Hap Baker Firearms Facility located at the Northern Landfill. This facility was named for a gentleman instrumental in establishing the firing range.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

C. Measurement focus, basis of accounting, and financial statement presentation-continued

Description of funds-continued

The *Internal Service Fund* is used to account for certain risk financing activities. The costs of self-insuring medical coverage for the County are accumulated in this fund.

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources, which by law are designated to finance particular functions or activities of the County.

The government reports the following Special Revenue Funds:

The *Grant Funds* are revenues that are formally designated for a particular purpose or have specific requirements associated with eligible program costs.

The *Impact Fee Fund* provides 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 home.

The *Agricultural Transfer Tax Fund* provides 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.

The *Hotel Rental Tax Fund* provides funding for tourism and promotion of the County. The Hotel Rental Tax is a 5% tax applied to the hotel room rate and paid by the hotel guest.

The *Cable Franchise Fee Fund* provides funding to public interest programming on cable TV. Cable Franchise Fees are 5% of gross cable television revenue.

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.

Trust Funds:

The *Carroll County Employee Pension Plan* accumulates resources for pension benefit payments to qualified employees.

The *Carroll County Certified Law Officers Pension Trust Fund* was established during fiscal year 2010 to accumulate resources for pension benefit payments to qualified Certified Law Officer Employees.

The *Volunteer Firemen's Length Of Service Award Program (LOSAP) Fund* accounts for the pension system 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, 2010

Note 1 - Summary of significant accounting policies-continued

C. Measurement focus, basis of accounting, and financial statement presentation-continued

Description of funds-continued

The *Other Post Employment Benefit (OPEB) Trust Fund* was established during fiscal year 2008 to account for the collection of medical premiums and the payments of medical claims for the County's eligible retirees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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.

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, the Solid Waste Fund, the Septage Treatment Fund, the Firearms Facility and the Airport Fund 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.

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.

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 reservations of fund balances in the governmental funds balance sheet, since they do not constitute expenditures or liabilities.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

D. Assets, liabilities, and net assets or equity

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 their own separate cash and investments that are specific to the individual fund. Investments are reported at fair value in accordance with GASB Statement No. 31.

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 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 cost, which approximates fair value. 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. 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.

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 with the passage of Article 95 22G, of the Annotated Code

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

D. Assets, liabilities, and net assets or equity-continued

Deposits-continued

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; Mr. David Rommel; 2 Hopkins Plaza; 4th Floor; Baltimore, Maryland 21201; or by calling 410-237-5629.

Receivables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 2010 the following discounts were allowed: 1% on full year tax payments made on or before July 31st; 0.5% 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, Tax Sale is held on the last business day of the fiscal year.

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

The real property tax rate during the year ended June 30, 2010 was \$1.048 per \$100 of assessed value and the personal property rate was \$2.62 per \$100. Taxes are billed to property owners and collected by the County.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

D. Assets, liabilities, and net assets or equity-continued

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. Reservations of fund balances for the amounts of inventory have been made to reflect the non-availability of those amounts for appropriation for expenditures.

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.

Disbursements to vendors for services that will benefit periods beyond June 30, 2010 along with payments made to creditors in advance of the fiscal year 2010 due dates are recorded as prepaid items. 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 primary government does reserve fund balance for inventory and prepaid items. The component units, do not require a reservation of fund balance since the consumption method of expenditure recognition is used by these entities.

Capital assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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:

<u>Capital Assets</u>	
Buildings	50 years
Building Improvements	10 years
Water and sewer systems	50-75 years
Vehicles	5-10 years
Machinery and equipment	5-10 years
Roads	50-75 years

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

D. Assets, liabilities, and net assets or equity-continued

Bridges 30-50 years

Restricted Net Assets

Certain assets of the Governmental Activities are classified as restricted assets on the balance sheet. Included as restricted assets are investments in strip treasuries held to maturity for the final payment on the purchase of land development rights.

Compensated absences

Employees of the County earn vacation, compensatory and sick leave in varying amounts. In the event of termination, 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 expenditures and/or liability of the fund that will pay it. A liability for these amounts is reported in the funds only if they have matured, for example, as a result of employee resignations and retirements. Earned but unused vacation and compensatory leave of proprietary funds are recorded as an expense and liability of those funds.

Compensated absences

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 June 30, 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. In the event of termination, employees are reimbursed for accumulated vacation. Employees are not reimbursed for accumulated unused sick leave.

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 assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

D. Assets, liabilities, and net assets or equity-continued

Long-term obligations

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. It is the County's internal policy that bond premiums, discounts and issuance costs are not allocated to other funds. They all remain in the general fund.

Arbitrage Payable

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to general obligation bond issuances of 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001, and 2000 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 or return than the original bond issue. The County calculates arbitrage internally. As of June 30, 2010 there is no arbitrage liability due to the Internal Revenue Service.

Net Assets

Government-wide:

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. Invested in capital assets, net of related debt, 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 net assets represent 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 net assets represent the net assets of the County, not restricted for any project or purpose.

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 source of repayment of the debt are notes receivables due from the Volunteer Fire Companies.

In July 2004, the County issued \$12,800,000 taxable general obligation debt to pay the entirety of the County's unfunded accrued liability to the Employees' Retirement System of the State of Maryland. 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 also not related to any capital assets.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 - Summary of significant accounting policies-continued

D. Assets, liabilities, and net assets or equity-continued

Net Assets-continued

Business-Type:

In prior years, the Solid Waste Fund issued debt to finance the construction of closing of several County landfills. The landfills were not capitalized as assets. As of June 30, 2010, the total outstanding debt associated to landfills totaled \$2,892,573.

The Bureau of Utilities fund collects certain fees that are subject to restrictions imposed by law. As of June 30, 2010 fees collected through area connection charges and maintenance fees totaling \$442,426 have been restricted for future capital projects. The Solid Waste and Airport funds have net assets restricted for capital projects in the amounts of \$829,862 and \$36,532 respectively. These amounts totaling \$1,308,820 are restricted in the business-type activities of the Statement of Net Assets.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$331,010,209 difference are as follows:

Bonds Payable	\$306,506,982
General Obligation Debt-Installment Purchases	14,014,420
Purchase Agreements Payable	2,268,571
Compensated Absences	5,047,617
Notes Payable	937,965
Deferred changes	(3,137,578)
Premium on Bonds	6,443,026
Bond Issuance Costs	<u>(1,070,794)</u>
	<u>\$ 331,010,209</u>

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

Deferred Income Taxes	<u>\$ 6,957,320</u>
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THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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. 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 assets - 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	\$ 22,927,460
Donated Assets	509,981
Depreciation	(17,657,677)
Loss on Trade in of Assets	(7,029)
Disposal of Capital Assets	<u>(3,047,072)</u>
	2,725,663
Assets transferred to other funds	<u>(15,888)</u>
	<u>\$ 2,709,775</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 \$12,646,549 difference represents the net change in Income Taxes-Deferred in the fund statements.

Another element of that reconciliation states “The issuance of long-term debt (i.e., bonds, leases, 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. Also, governmental funds report the effect of issuance cost, 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 General Obligation Bonds	\$ (64,508,850)
Issuance of Installment Purchase Agreements	(4,662,430)
Principal Payments on General Obligation Bonds	29,631,133
Principal Payments on Notes Payable Debt	1,031,938
Principal Payments on Purchase Agreements Debt	163,752
Deferred loss on Refunding Bonds	(426,275)
Bond Issuance Cost	132,106
Net Change In Amortization of Bond Premium	(1,717,998)
Net Change In Accrued Interest Expense	<u>(404,810)</u>
	<u>\$ (40,761,434)</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of the \$ 154,182 difference are as follows:

Increase in Compensated Absences Accrual	\$ 13,742
Difference between accrual method used in Government wide Statements and the Purchase Method used in the Fund Statements	<u>140,440</u> <u>\$ 154,182</u>

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

The cash equivalents on the balance sheet are comprised of investments in the Maryland Local Government Investment Pool and others.

The following is a reconciliation of cash and cash equivalents to the Statement of Net Assets:

	Primary Government		Subtotal		Total
	Governmental Activities	Business-type Activities	Primary Government	Fiduciary Fund	
Equity in pooled cash and investments	\$ 137,190,440	\$ 23,657,307	\$ 160,847,747	\$ -	\$ 160,847,747
Cash and cash equivalents	-	17,663	17,663	3,206,890	3,224,553
Investments	-	-	-	40,565,249	40,565,249
Investments-restricted	12,130,874	-	12,130,874	-	12,130,874
	\$ 149,321,314	\$ 23,674,970	\$ 172,996,284	\$ 43,772,139	\$ 204,637,549
	Component Units				
	Board of Education	Carroll Community College	Library	Industrial Development Authority	
Cash and cash equivalents	\$ 8,276,647	\$ 5,318,447	\$ 1,342,699	\$ 209,833	
Investments	1,426,960	4,569,567	48,926	4,360,530	
	\$ 9,703,607	\$ 9,888,014	\$ 1,391,625	\$ 4,570,363	

Primary Government

Investment Risk

Interest Rate Risk: The County plans its investments to match cash flow requirements. Generally 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, 2010 that amount was \$145,000,000. 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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Primary Government

Investment Risk-continued

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.

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, 2010, the County did not invest in any of these types of investments. Investments are unrated.

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 can not invest more that 10 percent of it’s 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, 2010, the County’s investments were not exposed to custodial credit risk.

The following table displays segmented time distribution investments for the primary government by maturity and investment type as of June 30, 2010.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr.</u>	<u>1 to 2 yrs.</u>	<u>over 2 yrs.</u>
U.S. government securities (1)	\$ 13,514,716	\$ -	\$ -	\$ 13,514,716
Agency/instrumentalities (2)	68,234,941	25,009,400	43,225,541	-
Money market pools	12,329,335	12,329,335	-	-
Certificates of deposits	21,000,000	21,000,000	-	-
Money rate savings account	50,006,799	50,006,799	-	-
	<u>\$ 165,085,791</u>	<u>\$ 108,345,534</u>	<u>\$ 43,225,541</u>	<u>\$ 13,514,716</u>

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

(2) These agencies mature in fiscal year 2010/2011 but are callable monthly, quarterly, semi-annually until maturity. It is not anticipated that these agencies will be called.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Fiduciary Funds

Investment Risk

Fiduciary funds for Carroll County are the Carroll County Employee’s Pension Plan, the Carroll County Certified Law Officer Pension, LOSAP, & OPEB. 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 changes could materially affect the amounts reported in the statement of net assets 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.

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, 2010, the County did not invest in any of these types of investments. Investments are unrated and are exposed to foreign currency risk.

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 can not invest more that 10 percent of it’s 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, 2010, the County’s investments were not exposed to custodial credit risk.

The following tables displays investments in the various County’s trusts by maturity and investment type as of June 30, 2010.

Carroll County Employee Pension Plan:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr.</u>	<u>1 to 2 yrs.</u>	<u>over 2 yrs.</u>
Short term investments	\$ 534,344	\$ 534,344	\$ -	\$ -
Bond fund	6,022,822	-	-	6,022,822
Equity fund	15,591,852	-	-	15,591,852
	<u>\$ 22,149,018</u>	<u>\$ 534,344</u>	<u>\$ -</u>	<u>\$ 21,614,674</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Carroll County Certified Law Officer Pension Plan:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr.</u>	<u>1 to 2 yrs.</u>	<u>over 2 yrs.</u>
Short term investments	\$ 1,470,476	\$ 1,470,476	\$ -	\$ -

Volunteer Firemen Pension Plan (LOSAP):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr.</u>	<u>1 to 2 yrs.</u>	<u>over 2 yrs.</u>
Short term investments	\$ 359,612	\$ 359,612	\$ -	\$ -
Equities	1,906,905	-	-	1,906,905
Corporate Bonds	4,228,476	-	-	4,228,476
	<u>\$ 6,494,993</u>	<u>\$ 359,612</u>	<u>\$ -</u>	<u>\$ 6,135,381</u>

Other Post Employment Benefits Plan:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 yr.</u>	<u>1 to 2 yrs.</u>	<u>over 2 yrs.</u>
Short term investments	\$ 747,983	\$ 747,982	\$ -	\$ -
Marketable securities	12,815,194	-	-	12,815,194
	<u>\$ 13,563,177</u>	<u>\$ 747,982</u>	<u>\$ -</u>	<u>\$ 12,815,194</u>

Foreign currency risk:

The Carroll County 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	\$1,444,497
Harbor International Fund	977,297

The Volunteer Firemen 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	\$414,110
Harbor International Fund	255,086

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 3 – Equity in Pooled Cash and Investments, Cash Equivalents and Investments-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, 2010</u>
AAA/Aaa	100%	0%
AA/Aa	100%	100%
A/A	100%	0%
BAA/Baa	100%	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 5% of the portfolio invested in obligations of any one issuer and no more than 10% in any one outstanding debt issue. Investments by security type are to be diversified as follows:

	<u>Carroll County Pension</u>		<u>LOSAP Pension</u>	
	Minimum	Maximum	Minimum	Maximum
Domestic Large Cap Equities	35.0%	55.0%	35.0%	55.0%
Domestic Small Cap Equities	4.5%	14.5%	4.5%	14.5%
Real Estate Equities	5.5%	15.5%	5.5%	15.5%
International Equities	5.0%	15.0%	5.0%	15.0%
Domestic Fixed Income	20.0%	30.0%	20.0%	30.0%
Cash Equivalents	0.0%	5.0%	0.0%	5.0%

Deposits

Primary Government

At year-end, the carrying amount of combined deposits was \$4,108,321, the bank balances were \$3,874,386 and cash on hand was \$565,687. There was \$50,006,799 invested in the banks money market account. Of the bank balances, \$250,000 was covered by federal depository insurance; \$76,782,390 was covered by collateral held by the pledging bank's agent in the entity's name.

Component Units

At year-end, the carrying value of the Board of Education's combined deposits including amounts invested in repurchase agreements was \$8,662,727 and \$1,426,936 was invested in the Maryland Local Government Investment Pool. The bank balance deposits, including amounts invested in repurchase agreements, was \$12,379,800 and cash on hand was \$3,048. 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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Component Units-continued

Deposits-continued

risk at year end. Because of the short-term maturity and type of investments, there is limited interest rate risk.

As of June 30, 2010, the cash on hand for petty cash and change in funds for Carroll Community College was \$3,300. The carrying amount was \$129,109 and the collective bank balance for the College was \$234,948. The deposits of the College were not exposed to custodial risk. The College has a savings account with the bank for funds to be transferred daily from the savings account to cover checks as presented.

At June 30, 2010, the College's cash and cash equivalents balance by type were as follows:

Cash on hand	\$ 3,300
Cash in bank	129,109
Bank money market	4,659,153
Maryland Local Government Investment Pool	414,500
Cash with Carroll Community College Foundation	<u>112,385</u>
	<u>\$5,318,447</u>

As of June 30, 2010, the carrying amount of the Library's deposits was \$1,389,217 and the bank balance was \$1,524,451. The Library's cash on hand at June 30, 2010 was \$2,408 in the form of postage stamps for resale to customers at the branches and gift cards on hand to be awarded as prizes to participants in the summer reading program at the six branches. 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 will enable 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, 2010, the Industrial Development Authority's bank balance was \$4,570,363. Of this total, \$29,016 is restricted by agreement for the Warfield Development Corporation redevelopment of the former Springfield Hospital site. As of June 30, 2010 up to \$250,000 of the bank balance is covered by federal depository insurance. Therefore, under the reporting requirements of Governmental Accounting Standards Board Statement No. 40 (GASB 40), the Industrial Development Authority does not have any custodial or credit risk at year end and the other requirements of GASB 40 are not applicable to the Industrial Development Authority's cash and cash equivalents.

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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 4 - Budgets and Budgetary Accounting-continued

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 insure that the approved budgets are submitted to all departments, bureaus, or agencies prior to July 1 as well as to insure 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 function 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 Impact Fees Fund, Agricultural Transfer Tax Fund, Hotel Rental Tax Fund, and Cable Franchise Fee Fund.

Transfers in the General Fund can be made between departments with the approval of the Director of Management and Budget. Transfers between functions require legislative approval.

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 annual budgets for the General, 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 budgeted amounts are as originally adopted, or as amended by the County Commissioners. There were no supplemental budgetary appropriations necessary for the year ending June 30, 2010.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 5 – Receivables and Unearned Revenues

Receivables

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

Receivables as of year end for the government's individual major funds and non-major and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	<u>Tax</u>	<u>Accounts</u>	<u>Interest</u>	<u>Notes</u>	<u>Total</u>
<u>Governmental activities</u>					
General fund	\$ 1,120,680	\$ 452,976	\$ 440,493	\$ 18,636,836	\$ 20,650,985
Capital Projects fund	-	-	1,064	-	1,064
Non-major funds	-	1,970,057	-	-	1,970,057
Internal service fund	-	6,907	-	-	6,907
	<u>1,120,680</u>	<u>2,429,940</u>	<u>441,557</u>	<u>18,636,836</u>	<u>22,629,013</u>
Uncollectible allowance	(83,000)	-	-	-	(83,000)
Total governmental activities	<u>\$ 1,037,680</u>	<u>\$ 2,429,940</u>	<u>\$ 441,557</u>	<u>\$ 18,636,836</u>	<u>\$ 22,546,013</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,477,328</u>	<u>\$ 18,477,328</u>

	<u>Accounts</u>	<u>Front Foot Assessment</u>	<u>EDU Assessment</u>	<u>Total</u>
<u>Business-type activities</u>				
Bureau of Utilities fund	\$ 2,319,904	\$ 85	\$ 250,644	\$ 2,570,633
Solid Waste	700,714	-	-	700,714
Airport	176,110	-	-	176,110
Non-major funds	90,105	-	-	90,105
	<u>3,286,833</u>	<u>85</u>	<u>250,644</u>	<u>3,537,562</u>
Uncollectible allowance(Airport)	(126,939)	-	-	(126,939)
Total business-type activities	<u>\$ 3,159,894</u>	<u>\$ 85</u>	<u>\$ 250,644</u>	<u>\$ 3,410,623</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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 Airport does not have liens on real property therefore; it has established an allowance account for its receivables.

Activity for the component units for the year ended June 30, 2010 was as follows:

	<u>Accounts Restricted</u>	<u>Accounts Unrestricted</u>	<u>Other Governments</u>	<u>Students</u>	<u>Contributions</u>	<u>Total</u>
<u>Component Units</u>						
Board of Education	\$ -	\$ 31,853	\$ -	\$ -	\$ -	\$ 31,853
Carroll Community College	-	-	386,969	425,361	320,900	1,133,230
Library	70,216	62,076	-	-	-	132,292
Industrial Development Authority	-	9,004,644	-	-	-	9,004,644
	<u>70,216</u>	<u>9,098,573</u>	<u>386,969</u>	<u>425,361</u>	<u>320,900</u>	<u>10,302,019</u>
Uncollectible allowance	-	-	-	(188,787)	-	(188,787)
Total component unit activities	<u>\$ 70,216</u>	<u>\$ 9,098,573</u>	<u>\$ 386,969</u>	<u>\$ 236,574</u>	<u>\$ 320,900</u>	<u>\$ 10,113,232</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ 6,366,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,668</u>	<u>\$ 6,523,891</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 5 – Receivables and Unearned Revenues-continued

Component units

Unearned Revenues

Governmental funds report unearned revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and Enterprise Funds also report unearned revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2010, the various components of unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<u>Governmental funds</u>			
General Fund:			
Income taxes	\$ 6,957,320	\$ -	\$ 6,957,320
Other	-	1,161,856	1,161,856
City of Westminster	-	84,791	84,791
Grants Fund:			
Draw down of excess of expenditures	-	2,289,058	2,289,058
Internal Service Fund:			
Future benefit payments from retirees	-	10,374	10,374
Total governmental funds	<u>\$ 6,957,320</u>	<u>\$ 3,546,079</u>	<u>\$ 10,503,399</u>
<u>Business-type funds</u>			
Bureau of Utilities -cell phone tower rent		\$ 10,116	\$ 10,116
Airport-FAA Rentals		38,362	38,362
Total business-type funds		<u>\$ 48,478</u>	<u>\$ 48,478</u>

Note 6 – Interfund Receivables, Payables and Transfers

Interfund Transfers

At June 30, 2010, the Interfund transfers between primary government major and non-major funds were as follows:

	Transfers Out			Total
	General Fund	Capital Projects Fund	Non-Major Fund	
Transfers In:				
General Fund	\$ -	\$ 9,690,170	\$ 1,166,550	\$ 10,856,720
Capital Projects Fund	(443,144)	-	-	(443,144)
Bureau of Utilities Fund	200,200	-	-	200,200
Solid Waste	2,545,000	-	-	2,545,000
Non-Major Governmental Funds	1,621,447	-	-	1,621,447
Total transfers	<u>\$ 3,923,503</u>	<u>\$ 9,690,170</u>	<u>\$ 1,166,550</u>	<u>\$ 14,780,223</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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 6 – Interfund Receivables, Payables and Transfers-continued

Due to/from Component Units

The due to/from component units at June 30, 2010 consisted of the following:

	<u>Due From</u>	<u>Due to</u>
Primary Government:		
Board of Education	\$ 52,100	\$ 40,203,269
Industrial Development Authority	1,145,560	-
Component Units:		
Primary Government	40,203,269	52,100
Primary Government	-	1,145,560
Total all Funds	<u>\$ 41,400,929</u>	<u>\$ 41,400,929</u>

Due to/from Fiduciary Funds

Due to/from primary government and due from Other Postemployment Benefit Trust Fund and due to Employee Pension Plan:

	<u>Due From</u>	<u>Due To</u>
Governmental Activities:		
General Fund	\$ 150,000	\$ 951,127
Trust Fund:		
Other Postemployment Benefit Trust	951,127	-
Employee Pension Plan	-	150,000
	<u>\$ 1,101,127</u>	<u>\$ 1,101,127</u>

Due to/from Proprietary Funds

Due to primary government and due from Internal Service Fund:

	<u>Due From</u>	<u>Due To</u>
Governmental Activities:		
General Fund	\$ -	\$ 500
Proprietary Fund:		
Internal Service Fund	500	-
	<u>\$ 500</u>	<u>\$ 500</u>

Due to/from Other Governmental Funds

Due to primary government and due from Other Governmental Funds-Capital Fund and Agricultural Transfer Tax:

	<u>Due From</u>	<u>Due To</u>
Governmental Activities:		
General Fund	\$ -	\$ 1,929,938
Capital Fund	1,883,545	
Special Revenue Fund:		
Other Governmental Funds	46,393	-
	<u>\$ 1,929,938</u>	<u>\$ 1,929,938</u>

The Agricultural Transfer Tax Fund overdraw their share of Equity in Pooled Cash accounts. The overdraw was covered by the General Fund.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 6 – Interfund Receivables, Payables and Transfers-continued

Internal Balances

Due to/due from Airport Business-type fund:

	Due From	Due To
Governmental Activities:		
General Fund	\$ 19,260	\$ 2,600,642
Business-type Activities:		
Airport Fund	2,600,642	19,260
	\$ 2,619,902	\$ 2,619,902

The Airport Fund overdrew their share of Equity in Pooled Cash accounts. The overdraw was covered by the General Fund. The General Fund had an outstanding accounts receivable with the Airport at June 30, 2010.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Transfers and Retirements	Balance June 30, 2010
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 49,104,905	\$ 3,088,035	\$ (3,010,283)	\$ 49,182,657
Construction in progress	67,743,107	17,221,072	(9,964,612)	74,999,567
Total capital assets, not being depreciated	<u>116,848,012</u>	<u>20,309,107</u>	<u>(12,974,895)</u>	<u>124,182,224</u>
Capital assets, being depreciated:				
Buildings and contents	119,608,810	8,720,248	-	128,329,058
Improvements other than buildings	28,017,426	628,481	(812,648)	27,833,259
Automobiles, machinery and equipment	37,154,776	2,676,429	(1,239,255)	38,591,950
Roads and bridges	551,295,739	1,067,788	(34,844)	552,328,683
Total capital assets, being depreciated	<u>736,076,751</u>	<u>13,092,946</u>	<u>(2,086,747)</u>	<u>747,082,950</u>
Less accumulated depreciation for:				
Buildings and contents	29,462,167	2,531,246	-	31,993,413
Improvements other than buildings	13,740,355	1,802,099	(812,648)	14,729,806
Automobiles, machinery and equipment	21,430,108	3,092,468	(1,184,610)	23,337,966
Roads and bridges	361,817,047	10,231,864	(29,783)	372,019,128
Total accumulated depreciation	<u>426,449,677</u>	<u>17,657,677</u>	<u>(2,027,041)</u>	<u>442,080,313</u>
Total capital assets, being depreciated, net	<u>309,627,074</u>	<u>(4,564,731)</u>	<u>(59,706)</u>	<u>305,002,637</u>
Governmental activities capital assets, net	<u>\$ 426,475,086</u>	<u>\$ 15,744,376</u>	<u>\$ (13,034,601)</u>	<u>\$ 429,184,861</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,625,748	\$ -	\$ -	\$ 8,625,748
Construction in progress	44,071,309	816,243	(33,546,094)	11,341,458
Total capital assets, not being depreciated	<u>52,697,057</u>	<u>816,243</u>	<u>(33,546,094)</u>	<u>19,967,206</u>
Capital assets, being depreciated:				
Buildings and contents	24,012,011	265,586	-	24,277,597
Improvements other than buildings	2,262,069	7,074,246	-	9,336,315
Automobiles, machinery and equipment	7,087,906	347,994	(498,936)	6,936,964
Water facilities	22,500,886	26,299,924	-	48,800,810
Sewer facilities	41,625,348	583,366	(275,859)	41,932,855
Total capital assets, being depreciated	<u>97,488,220</u>	<u>34,571,116</u>	<u>(774,795)</u>	<u>131,284,541</u>
Less accumulated depreciation for:				
Buildings and contents	5,915,294	483,557	-	6,398,851
Improvements other than buildings	841,636	370,117	812,648	2,024,401
Automobiles, machinery and equipment	4,145,130	504,408	(514,823)	4,134,715
Water facilities	5,944,168	639,788	-	6,583,956
Sewer facilities	12,906,869	586,743	(25,287)	13,468,325
Total accumulated depreciation	<u>29,753,097</u>	<u>2,584,613</u>	<u>272,538</u>	<u>32,610,248</u>
Total capital assets, being depreciated, net	<u>67,735,123</u>	<u>31,986,503</u>	<u>(1,047,333)</u>	<u>98,674,293</u>
Business-type activities capital assets, net	<u>\$ 120,432,180</u>	<u>\$ 32,802,746</u>	<u>\$ (34,593,427)</u>	<u>\$ 118,641,499</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 – Capital Assets-continued

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

Governmental activities:

General Government	\$2,142,168
Public Safety	1,607,546
Public Works	10,982,172
Health	205,536
Education	1,160,852
Recreation & Parks	618,807
Economic Development	313,594
Conservation of Natural Resources	18,007
Library/Senior Center	<u>608,995</u>
Total depreciation expense-governmental activities	<u>\$17,657,677</u>

Business-type activities:

Bureau of Utilities	\$1,914,768
Solid Waste	472,312
Septage	18,528
Airport	169,728
Firearms Facility	<u>9,277</u>
Total depreciation expense-business-type activities	<u>\$2,584,613</u>

Component units

Activity for the Board of Education for the year ended June 30, 2010 was as follows:

	Balance at June 30, 2009 As Restated	Additions	Transfers and Retirements	Balance June 30, 2010
Capital assets not being depreciated				
Land and improvements	\$ 12,549,603	\$ 2,500,000	\$ -	\$ 15,049,603
Construction in Progress	59,535,575	47,383,780	67,828,869	39,090,486
Total capital assets, not being depreciated	<u>72,085,178</u>	<u>49,883,780</u>	<u>67,828,869</u>	<u>54,140,089</u>
Capital assets being depreciated				
Building and improvements	419,474,128	68,037,052	-	487,511,180
Equipment	42,874,942	3,333,084	1,527,748	44,680,278
Equipment under capital lease	4,816,683	-	-	4,816,683
Total capital assets being depreciated	<u>467,165,753</u>	<u>71,370,136</u>	<u>1,527,748</u>	<u>537,008,141</u>
Less accumulated depreciation				
Buildings and improvements	123,868,990	11,597,195	-	135,466,185
Equipment	30,985,677	3,012,061	1,495,439	32,502,299
Equipment under capital lease	4,816,683	-	-	4,816,683
Total accumulated depreciation	<u>159,671,350</u>	<u>14,609,256</u>	<u>1,495,439</u>	<u>172,785,167</u>
Total capital assets, being depreciated, net	<u>307,494,403</u>	<u>56,760,880</u>	<u>32,309</u>	<u>364,222,974</u>
Capital assets, net	<u>\$ 379,579,581</u>	<u>\$ 106,644,660</u>	<u>\$ 67,861,178</u>	<u>\$ 418,363,063</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 – Capital Assets-continued

Component units-continued

Activity for the Carroll Community College for the year ended June 30, 2010 was as follows:

	Balance at June 30, 2009	Additions	Transfers and Retirements	Balance at June 30, 2010
Capital assets not being depreciated				
Art and Doll collection	\$ 554,300	\$ -	\$ 14,800	\$ 539,500
Capital assets being depreciated				
Building Improvements	1,036,083	15,630	-	1,051,713
Equipment	3,124,089	284,327	30,208	3,378,208
Vehicles	85,656	43,036	-	128,692
Library Books	1,707,417	82,669	49,713	1,740,373
Total capital assets being depreciated	<u>5,953,245</u>	<u>425,662</u>	<u>79,921</u>	<u>6,298,986</u>
Less accumulated depreciation				
Building improvements	371,125	69,594	-	440,719
Equipment	2,111,705	364,033	20,677	2,455,061
Vehicles	64,984	8,717	-	73,701
Library books	1,568,912	75,862	47,692	1,597,082
Total accumulated depreciation	<u>4,116,726</u>	<u>518,206</u>	<u>68,369</u>	<u>4,566,563</u>
Total capital assets, being depreciated, net	<u>1,836,519</u>	<u>(92,544)</u>	<u>11,552</u>	<u>1,732,423</u>
Capital assets, net	<u>\$ 2,390,819</u>	<u>\$ (92,544)</u>	<u>\$ 26,352</u>	<u>\$ 2,271,923</u>

Foundation

The art collection consists of various paintings and drawings by Hiram Williams. These donated items were recorded at their fair market value of \$363,050, as determined by management, at the date of donation. The artwork was appraised during fiscal year 2010 for \$358,000 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 twenty years. These donated items are recorded at their fair market value of \$1,500, as determined by management, at the date of donation.

The Foundation was gifted real estate in 2009. The fair value of the real estate was \$180,000 as of June 30, 2010, and is included with Capital Assets on the Statements of Net Assets.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 – Capital Assets-continued

Activity for the Carroll County Public Library for the year ended June 30, 2010 was as follows:

	Balance at June 30, 2009	Additions	Transfers and Retirements	Balance at June 30, 2010
Capital assets being depreciated by location				
Headquarters	\$ 2,053,163	\$ 229,579	\$ 16,397	\$ 2,266,345
Westminster	1,042,683	-	1,579	1,041,104
Eldersburg	253,250	-	2,403	250,847
Mt. Airy	104,422	-	7,500	96,922
North Carroll	85,162	-	-	85,162
Taneytown	206,362	5,700	9,000	203,062
Finksburg	63,044	19,908	-	82,952
Detention Center	4,676	-	-	4,676
Bookmobile	29,545	-	-	29,545
Circulation materials	2,913,740	1,136,952	930,374	3,120,318
Total capital assets, being depreciated	6,756,047	1,392,139	967,253	7,180,933
Less accumulated depreciation	3,908,303	-	264,958	4,173,261
Capital assets, net	<u>\$ 2,847,744</u>	<u>\$ 1,392,139</u>	<u>\$ 702,295</u>	<u>\$ 3,007,672</u>

Activity for the Industrial Development Authority of Carroll County for the year ended June 30, 2010 was as follows:

	Balance at June 30, 2009	Additions	Transfers and Retirements	Balance June 30, 2010
Capital assets not being depreciated				
Land	\$ 3,392,449	\$ 1,694,811	\$ 66,659	\$ 5,020,601
Construction in Progress	3,346,870	1,861	-	3,348,731
Total capital assets, not being depreciated	6,739,319	1,696,672	66,659	8,369,332
Capital assets being depreciated				
Equipment	5,000	-	-	5,000
Total capital assets being depreciated	5,000	-	-	5,000
Less accumulated depreciation				
Equipment	5,000	-	-	5,000
Total capital assets, being depreciated, net	-	-	-	-
Capital assets, net	<u>\$ 6,739,319</u>	<u>\$ 1,696,672</u>	<u>\$ 66,659</u>	<u>\$ 8,369,332</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010.

	Balance July 1, 2009	Additions	Principal Repayments/ Amortization	Balance June 30, 2010	Due Within One Year
Governmental activities:					
Notes Payable	\$ 1,969,903	\$ -	\$ 1,031,938	\$ 937,965	\$ 737,965
Purchase Agreements	2,432,323	-	163,752	2,268,571	170,735
General Obligation Debt	9,351,990	4,662,430	-	14,014,420	-
General Obligation Bonds	271,629,265	64,508,850	29,631,133	306,506,982	22,641,631
Bonds premium/discount	4,725,028	2,371,214	653,216	6,443,026	751,873
Bond Issuance Costs	(938,688)	(230,657)	(98,551)	(1,070,794)	(98,551)
Less deferred charges	(3,563,853)	-	(426,275)	(3,137,578)	(426,275)
Subtotal	285,605,968	71,311,837	30,955,213	325,962,592	23,777,378
Net other post employment benefit obligation	16,201,696	6,995,003	145,995	23,050,704	-
Net certified law officers pension obligation	-	294,156	-	294,156	-
Estimated liability for claims in process	1,323,169	12,233,556	11,724,853	1,831,872	1,816,368
Compensated Absences	5,061,359	2,578,476	2,592,218	5,047,617	2,592,218
Governmental activity Long-term liabilities	<u>\$ 308,192,192</u>	<u>\$ 93,413,028</u>	<u>\$ 45,418,279</u>	<u>\$ 356,186,941</u>	<u>\$ 28,185,964</u>
Business-type activities:					
Loans Payable	\$ 2,936,297	\$ -	\$ 846,245	\$ 2,090,052	\$ 887,793
General Obligation Bonds	28,325,429	2,021,150	2,294,812	28,051,767	2,030,733
Unamortized charges	(186,186)	-	(13,022)	(173,163)	(13,021)
Subtotal	31,075,540	2,021,150	3,128,035	29,968,656	2,905,505
Landfill closure/postclosure	10,253,241	583,806	-	10,837,047	129,484
Compensated Absences	407,803	173,872	174,878	406,797	164,156
Business-type activity Long-term liabilities	<u>\$ 41,736,584</u>	<u>\$ 2,778,828</u>	<u>\$ 3,302,913</u>	<u>\$ 41,212,500</u>	<u>\$ 3,199,145</u>
Component Units:					
Board of Education:					
Net other post employment benefit obligation	\$ 10,758,137	\$ 10,739,000	\$ 4,711,527	\$ 16,785,610	\$ -
Compensated Absences	26,591,799	2,267,844	1,721,484	27,138,159	1,920,000
Capital Lease Obligations	7,263,732	-	526,126	6,737,606	568,249
Total Board of Education	<u>\$ 44,613,668</u>	<u>\$ 13,006,844</u>	<u>\$ 6,959,137</u>	<u>\$ 50,661,375</u>	<u>\$ 2,488,249</u>
Carroll Community College					
Net other post employment benefit obligation	\$ 4,115,631	\$ 2,662,000	\$ 348,250	\$ 6,429,381	\$ -
Compensated Absences	62,929	74,877	-	137,806	-
Total Carroll Community College	<u>\$ 4,178,560</u>	<u>\$ 2,736,877</u>	<u>\$ 348,250</u>	<u>\$ 6,567,187</u>	<u>\$ -</u>
Total Reporting Entity	<u>\$ 398,721,004</u>	<u>\$ 111,935,577</u>	<u>\$ 56,028,579</u>	<u>\$ 454,628,003</u>	<u>\$ 33,873,358</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 8 – Long-Term Debt—continued

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.

A.) Governmental Activities

Long-term obligations at June 30, 2010 consist of the following:

Notes Payable

The County has entered into several loan agreements with citizens of the County to purchase land easements under the Agricultural Preservation Program. The principal sources of repayment for these notes are the general revenues of the County including property taxes and income taxes. These loans range in maturity dates from April 1, 2010 to April 1, 2012. The principal is fixed with a variable rate of interest. The interest is calculated by taking an average interest rate of what the County’s investment portfolio earned. For fiscal year 2010 the interest rate was 0.44%.

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	737,965	23,449	761,414
2012	200,000	5,000	205,000
Total mortgage and notes payable	<u>\$ 937,965</u>	<u>\$ 28,449</u>	<u>\$ 966,414</u>

Purchase Agreement

The County entered into a purchase agreement with AAIG Johnson Controls to purchase the installation of energy saving fixtures for various County buildings. The maturity date for this purchase agreement is February 15, 2021. Payments are due semi-annually 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.

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	170,735	92,566	263,301
2012	178,016	85,285	263,301
2013	185,607	77,694	263,301
2014	193,522	69,779	263,301
2015	201,774	61,527	263,301
2016-2020	1,145,515	170,991	1,316,506
2021	193,402	4,073	197,475
Total purchase agreement	<u>\$ 2,268,571</u>	<u>\$ 561,915</u>	<u>\$ 2,830,486</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 8 – Long-Term Debt—continued

A.) Governmental Activities-continued
General Obligation Debt

The County issues general obligation debt to provide funds for the Agricultural Preservation Program to finance Installment Purchase Agreements for land easements. This debt is an obligation of the County for which its full faith and credit are pledged. The principal sources of repayment for this debt are the general revenues of the County including property taxes and income taxes and dedicated interest earnings from federal obligation securities with a maturity of 10-20 years. These loans range in maturity dates from fiscal year 2019 to fiscal year 2030. The interest rates on these purchase agreements range from 4.641% to 6.00%.

Years Ending June 30,	Principal	Interest	Total
2011	-	736,030	736,030
2012	-	736,030	736,030
2013	-	736,030	736,030
2014	-	736,030	736,030
2015	-	736,030	736,030
2016-2020	1,201,212	3,608,077	4,809,289
2021-2025	4,113,488	3,074,856	7,188,344
2026-2030	8,699,720	1,490,414	10,190,134
Total general obligation debt	<u>\$ 14,014,420</u>	<u>\$ 11,853,497</u>	<u>\$ 25,867,917</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 8 – Long-Term Debt—continued

A.) Governmental Activities—continued

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.

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2010	Due Within One Year
<u>General Government:</u>					
Watershed Bond of 1972	3.502%	2022	\$ 769,700	\$ 325,548	\$ 21,427
Watershed Bond of 1974	3.649%	2024	253,000	135,709	7,172
Watershed Bond of 1979	3.649%	2031	678,800	430,626	14,011
2000 Public Improvement Bonds	4.25%-5.125%	2020	20,100,000	684,968	228,323
2001 Public Improvement Bonds	3.25%-4.20%	2016	11,511,499	3,285,980	471,174
2002 Public Improvement Bonds	2.50%-4.25%	2017	16,200,000	4,633,778	592,707
2003 Refunding Bonds	4.00%-5.00%	2013	29,232,224	3,876,128	1,707,556
2003 Public Improvement Bonds	2.00%-3.85%	2018	7,600,000	3,640,155	350,971
2004 Refunding Bonds	2.00%-3.70%	2019	32,090,354	15,595,663	1,952,154
2004 Public Improvement Bonds	3.00%-4.00%	2019	21,995,000	14,573,658	1,461,268
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	19,964,422	1,817,325
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	12,713,843	1,062,052
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	8,822,588	387,444
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	15,121,711	1,164,829
2007 Refunding Bonds (November)	3.75%-5.25%	2022	6,670,000	6,285,000	460,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	28,294,094	28,294,094	-
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	14,759,547	14,759,547	1,252,938
2009 Refunding Bonds Series A	2.00%-4.00%	2019	2,950,073	2,950,073	675,979
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	21,631,476	21,631,476	-
Subtotal General Government				\$ 177,724,967	\$ 13,627,330
<u>Board of Education:</u>					
2000 Public Improvement Bonds	4.25%-5.125%	2020	20,100,000	2,330,032	776,677
2001 Public Improvement Bonds	3.25%-4.20%	2016	11,511,499	1,915,163	274,614
2002 Public Improvement Bonds	2.50%-4.25%	2017	16,200,000	3,504,509	453,525
2003 Refunding Bonds	4.00%-5.00%	2013	29,232,224	2,797,795	1,232,517
2003 Public Improvement Bonds	2.00%-3.85%	2018	7,600,000	1,300,055	125,347
2004 Refunding Bonds	2.00%-3.70%	2019	32,090,354	10,517,253	1,316,475
2004 Public Improvement Bonds	3.00%-4.00%	2019	21,995,000	76,598	7,680
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	2,676,172	243,607
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	3,006,544	251,153
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	11,868,749	521,216
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	1,328,899	102,365
2008 Public Improvement Bonds	3.25%-5.00%	2028	43,613,906	43,613,906	-
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	8,305,513	8,305,513	705,055
2009 Refunding Bonds Series A	2.00%-4.00%	2019	4,645,956	4,645,956	1,064,574
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	11,946,285	11,946,285	-
Subtotal Board of Education				\$ 109,833,429	\$ 7,074,805

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010	Due Within One Year
<u>Volunteer Fire Companies:</u>					
1997 Fire Company Bonds	4.00%-5.00%	2017	\$ 5,525,000	\$ 2,200,000	\$ 275,000
2001 Public Improvement Bonds	3.25%-4.20%	2016	11,511,499	160,240	22,977
2002 Public Improvement Bonds	2.50%-4.25%	2017	16,200,000	361,713	53,768
2003 Fire Company Bonds	2.00%-3.85%	2018	2,100,000	1,360,000	130,000
2004 Fire Company Bonds	4.13%	2019	2,065,000	1,506,864	124,753
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	585,000	90,000
2005 Fire Company Bonds	3.50%-4.125%	2020	2,900,000	2,120,000	195,000
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	479,769	40,078
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	1,200,000	130,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	180,000	180,000	-
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	270,000	270,000	22,920
Subtotal Volunteer Fire Companies				<u>\$ 10,423,586</u>	<u>\$ 1,084,496</u>
2004 Taxable Pension Bonds	4.25%-5.25%	2019	\$ 12,800,000	\$ 8,525,000	\$ 855,000
Subtotal General Obligation Bonds				<u>\$ 306,506,982</u>	<u>\$ 22,641,631</u>
Bond premium/ discount				6,443,026	751,873
Bond Issuance Costs				(1,070,794)	(98,551)
Deferred loss on refunding issues				(3,137,578)	(426,275)
Total General Obligation Bonds , net of bond costs				<u>\$ 308,741,636</u>	<u>\$ 22,868,678</u>

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2010, are as follows:

Years Ending June 30,	Principal	Interest	Total
<u>General Obligation Bonds</u>			
2011	22,641,631	12,725,579	35,367,210
2012	25,840,288	11,798,525	37,638,813
2013	23,903,972	10,798,831	34,702,803
2014	23,917,625	9,818,469	33,736,094
2015	23,782,874	8,836,589	32,619,463
2016-2020	102,982,144	30,275,398	133,257,542
2021-2025	49,500,439	13,615,949	63,116,388
2026-2030	33,909,745	4,121,680	38,031,425
2031	28,264	1,031	29,295
Total General Obligation Bonds	<u>\$ 306,506,982</u>	<u>\$ 101,992,051</u>	<u>\$ 408,499,033</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010</u>	<u>Due Within One Year</u>
Maryland Water Quality Financing:					
1990 Revolving Loan- Freedom	3.00%-4.894%	2012	\$ 11,541,350	\$ 1,765,838	\$ 861,954
2002 Revolving Loan- Hampstead	2.60%	2021	532,680	324,214	25,839
Total Loans Payable				<u>\$ 2,090,052</u>	<u>\$ 887,793</u>

The annual requirements to amortize loans payable outstanding as of June 30, 2010, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	887,793	124,712	1,012,505
2012	930,395	89,796	1,020,191
2013	27,200	8,783	35,983
2014	27,907	8,076	35,983
2015	28,633	7,351	35,984
2016-2020	154,724	25,192	179,916
2021	33,400	2,583	35,983
Total Loans Payable	<u>\$ 2,090,052</u>	<u>\$ 266,493</u>	<u>\$ 2,356,545</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 8 – Long-Term Debt—continued

B.) Business-type activities—continued

General Obligation Bonds

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

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2010	Due Within One Year
<u>Bureau of Utilities:</u>					
2001 Public Improvement Bonds	3.25%-4.20%	2016	18,501	8,617	\$ 1,236
2003 Public Improvement Bonds	2.00%-3.85%	2018	990,000	643,528	62,047
2004 Refunding Bonds	2.00%-3.70%	2019	2,166,412	1,762,876	220,664
2004 Public Improvement Bonds	3.00%-4.00%	2019	378,474	252,091	25,277
2005 Public Improvement Bonds	3.50%-4.125%	2020	302,525	221,774	20,188
2006 Public Improvement Bonds	3.50% -4.00%	2021	200,000	173,510	14,493
2007 Refunding Bonds (January)	3.50%-5.00%	2020	212,504	189,804	8,335
2007 Public Improvement Bonds	3.75%-5.25%	2022	9,401,000	8,146,020	627,490
2008 Public Improvement Bonds	3.25%-5.00%	2028	7,616,000	7,616,000	0
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	745,461	745,461	63,282
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	1,072,239	1,072,240	-
Subtotal Bureau of Utilities				\$ 20,831,921	\$ 1,043,012
<u>Solid Waste Fund</u>					
2003 Refunding Bonds	2.0%-3.85%	2018	3,727,776	851,077	374,927
2004 Refunding Bonds	2.00%-3.70%	2019	1,004,270	817,206	102,292
2004 Public Improvement Bonds	3.00%-4.00%	2019	2,449,026	1,631,227	163,560
2007 Refunding Bonds (January)	3.50%-5.00%	2020	345,658	308,734	13,558
2007 Public Improvement Bonds	3.75%-5.25%	2022	604,000	523,370	40,315
2008 Public Improvement Bonds	3.25%-5.00%	2028	296,000	296,000	-
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	9,479	9,479	805
2009 Refunding Bonds Series A	2.00%-4.00%	2029	193,971	193,971	44,446
Subtotal Solid Waste Fund				\$ 4,631,064	\$ 739,903
<u>Airport Fund</u>					
2000 Public Improvement Bonds	4.25%-5.125%	2020	600,000	90,000	30,000
2001 Public Imp. Bonds-Taxable	3.25%-4.75%	2021	2,200,000	1,320,000	110,000
2003 Public Improvement Bonds	2.00%-3.85%	2018	425,000	276,262	26,736
2004 Refunding Bonds	2.00%-3.70%	2019	278,964	227,001	28,414
2004 Public Improvement Bonds	3.00%-4.00%	2019	407,500	271,425	27,215
2005 Public Improvement Bonds	3.50%-4.125%	2020	58,555	42,632	3,881
2007 Refunding Bonds (January)	3.50%-5.00%	2020	240,854	215,126	9,448
Subtotal Airport Fund				\$ 2,442,446	\$ 235,694
<u>Septage Fund</u>					
2006 Public Improvement Bonds	3.50%-4.00%	2021	200,000	146,336	12,224
Subtotal Septage Fund				\$ 146,336	\$ 12,224
Subtotal General Obligation Bonds				28,051,767	2,030,833
Unamortized Charges				(173,163)	(13,021)
Total General Obligation Bonds, net of bond costs				\$ 27,878,604	\$ 2,017,812

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 8 – Long-Term Debt—continued

B.) Business-type activities-continued
General Obligation Bonds-continued

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2010, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Business-type activities:</u>			
2011	2,030,733	1,131,627	3,162,360
2012	2,328,753	1,045,142	3,373,895
2013	2,072,010	948,693	3,020,703
2014	2,095,579	868,085	2,963,664
2015	2,047,840	785,018	2,832,858
2016-2020	9,670,040	2,722,876	12,392,916
2021-2025	5,357,547	1,081,879	6,439,426
2026-2029	2,449,265	264,845	2,714,110
Total General Obligation Bonds	<u>\$ 28,051,767</u>	<u>\$ 8,848,165</u>	<u>\$ 36,899,932</u>

Advance Refunding – Prior Years

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County’s financial statements. On June 30, 2010, \$31,252,303 of general obligation bonds outstanding from prior years is considered defeased.

Other

The County actively encourages industrial and commercial enterprises to locate and remain in the county by, among other things, the issuance of industrial development revenue bonds pursuant to the Industrial Development Bond Act and the Maryland Industrial Development Financing Authority (MIDFA). These bonds do not constitute an indebtedness of, or a charge against, the general credit or taxing powers of the County. All issues are prepared under the direction of the Carroll County Economic Development Commission. The issues that have been sold as of June 30, 2010 amounted to \$56,585,000.

C.) Component Units

During the fiscal year ended June 30, 2010, no new capital leases were entered into by the Board of Education. In October of 2004, Phase IV of any energy management plan was entered into providing air conditioning to three elementary schools. Additionally, the plan will upgrade water and lighting fixtures.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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>	Energy Management Equipment
2011	\$ 806,785
2012	830,988
2013	855,918
2014	881,595
2015-2019	<u>4,643,149</u>
	8,018,435
less interest	<u>(1,280,829)</u>
Present value of future minimum lease payments	<u><u>\$ 6,737,606</u></u>

Interest expense related to capital leases was \$257,160 for the year ended June 30, 2010.

Note 9 – Lease Obligations

Operating Leases

Primary Government

The County is committed under various leases for office space, parking and storage facility as lessee. All leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2010 for the County amounted to \$228,858. Future lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	
2011	\$251,744

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, 2010 amounted to \$554,217. Future lease revenues for these rentals are as follows:

<u>Years Ending June 30,</u>	
2011	\$565,598
2012	277,398
2013	277,398
2014	277,398
2015	277,398
2016-2020	832,199
2021-2092	142
2093-2103 (\$1 per year)	11

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 9 – Lease Obligations-continued

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

Asset:		
Land		\$15,770,175
Buildings		43,812,171
Less: Accumulated depreciation		<u>(9,228,149)</u>
Net carrying value		<u>\$50,354,197</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 June 30, 2014.

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

<u>Year Ending June 30,</u>	Minimum Annual Lease Payments
2011	\$ 324,713
2012	186,334
2013	102,307
2014	<u>31,109</u>
Total	<u>\$ 644,463</u>

Operating lease expenditures/expenses for the year ended June 30, 2010 were \$331,130.

The Library leases various office equipment under noncancelable operating leases. Total rental expenditures were \$13,968 for leases for the year ended June 30, 2010. The future minimum lease payments for these leases are as follows:

<u>Years Ending June 30,</u>	
2011	\$15,120
2012	6,972
2013	<u>1,152</u>
Total	<u>\$23,244</u>

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 \$223,533 for the year ended June 30, 2010. The College renewed its operating lease in July 2008, extending the lease agreement until July 2014.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 9 – Lease Obligations-continued

Component Units-continued

Future minimum payments on operating leases are as follows:

2010	\$189,446
2011	189,446
2012	189,446
2013	189,446
2014	<u>15,787</u>
Total	<u>\$ 773,571</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 8.3% 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 all solid waste out-of-state. The remaining life of the landfill's active and new cells cannot be projected at this time.

Total closure and postclosure costs of Northern landfill are estimated to be \$4,500,980 of which 100% has been accrued as of June 30, 2010. 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 \$1,336,067 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 a total of \$10,837,047 being accrued.

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 to fund this liability.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans

Carroll County Employee Pension Plan

The Carroll County Government administers the defined benefit pension plan for its employees.

Plan Description: 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 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 Carroll County Government does not issue a separate audited financial statement for CCEPP. Effective October 1, 2009, the County amended the CCEPP and established a second defined benefit pension plan (the Carroll County Certified Law Officers Pension Plan) for eligible law enforcement officers of the Carroll County Sheriffs Office.

65 employees qualified for the new Carroll County Certified Law Officers Pension. The value of assets belonging to those 65 employees totaled \$1,076,978 and was transferred to the Carroll County Certified Law Officers Pension.

Employees will be eligible to begin drawing their pension when they retire after 30 years of service or at age 62. The County does provide an early retirement at age 55 if the employee has at least 3 years of Eligibility Service and the sum of age and the employee’s service years equals or exceeds 80. This plan is has a tax exempt status.

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

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 most current actuarial valuation was completed as of July 1, 2009. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	69
Terminated plan members entitled to, but not yet receiving benefits	132
Active plan members	<u>766</u>
Total	<u>967</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans- continued

Carroll County Employee Pension Plan-continued

Contributions: July 1 thru September 30, 2009 plan members were required to contribute 2 percent of their annual base pay. The County contributed 2.7 percent of the employees’ annual base pay. Beginning October 1, 2009, plan members are required to contribute 5 percent of their annual base pay and the County contributed 8.7 percent of the employees’ annual base pay. Administrative costs of CCEPP are financed through investment earnings.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to Carroll County for the CCEPP are as follows:

Annual Required Contribution	\$ 2,810,444
Interest	(340,520)
Adjustment to annual required contribution	<u>341,014</u>
Annual Pension Cost	2,810,938
Contributions made	<u>(2,660,000)</u>
Decrease in negative net pension obligation	150,938
Negative net pension obligation - beginning of year	<u>4,864,572</u>
Negative net pension obligation - end of year	<u>\$ 4,713,634</u>

The annual required contribution was determined as part of the July 1, 2009, 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%

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage on a closed basis. The remaining amortization period at July 1, 2009, was 14 years.

Trend Information since inception for CCEPP:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Actual</u> <u>Contribution</u>	<u>Negative Net</u> <u>Pension Obligation</u>
2005	1,102,651	100%	1,102,651	0
2006	1,207,814	492%	5,937,730	4,729,916
2007	921,437	140%	1,292,361	5,100,840
2008	878,301	112%	985,423	5,207,962
2009	1,301,620	74%	958,230	4,864,572
2010	2,810,938	95%	2,660,000	4,713,634

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Employee Pension Plan-continued

Statement of Plan Net Assets
Carroll County Employee Pension Plan

Assets:	
Cash and cash equivalents	\$ 534,344
Investments at fair value:	
Bond funds	6,022,822
Equity funds	15,591,852
Due from primary government	<u>150,000</u>
Total assets	<u>22,299,018</u>
Liabilities:	
Accounts payable	<u>13,791</u>
Total Liabilities	<u>13,791</u>
Net Assets:	
Held in trust for pension benefits and other purposes	<u><u>\$ 22,285,227</u></u>

Statement of Changes in Plan Net Assets
Carroll County Employee Pension Plan

ADDITIONS	
Contributions:	
Employer	\$ 2,660,000
Plan Members	<u>1,359,680</u>
Total Contributions	4,019,680
Investment earnings:	
Interest and dividends	1,203
Net increase in the fair value of investments	<u>3,317,074</u>
Total investment earnings	<u>3,318,277</u>
Less investment expense	<u>(27,351)</u>
Net investment earnings	3,290,926
Total additions	7,310,606
DEDUCTIONS	
Benefits	408,688
Reassignment of assets for employees that qualify for new plan	1,076,978
Administrative expenses	<u>51,624</u>
Total deductions	<u>1,537,290</u>
Change in net assets	5,773,316
Net assets-beginning of year	<u>16,511,911</u>
Net assets-end of year	<u><u>\$ 22,285,227</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Employee Pension Plan-continued

The Schedule of funding progress 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.

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)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll ((2-1)/5) (6)
July 2, 2004	5,674,732	11,194,171	50.69%	5,519,439	24,418,750	22.60%
July 1, 2005	7,756,722	13,869,601	55.93%	6,112,879	26,845,507	22.77%
July 1, 2006	15,565,298	16,521,545	94.21%	956,247	29,792,411	3.21%
July 1, 2007	20,292,642	19,319,341	105.04%	(973,301)	32,402,466	-3.00%
July 1, 2008	19,812,722	23,665,095	83.72%	3,852,373	34,985,753	11.01%
July 1, 2009	15,523,970	25,213,680	61.57%	9,689,710	32,267,152	30.03%

For the CCEPP, the annual pension cost (APC) and negative net pension obligation (NPO) were:

Fiscal Year Ended	Annual Required Contribution	Interest on Negative NPO	APC Adjustment	Annual Pension Costs	Total Employer Contribution	Change in Negative NPO	Beginning Negative NPO	Ending Negative NPO
2006	\$ 1,207,814	\$ -	\$ -	\$ -	\$ 5,937,730	\$ 4,729,916	\$ -	\$ 4,729,916
2007	920,956	(331,094)	331,575	921,437	1,292,361	370,924	4,729,916	5,100,840
2008	877,783	(357,059)	357,577	878,301	985,423	107,122	5,100,840	5,207,962
2009	1,301,090	(364,557)	365,087	1,301,620	958,230	(343,390)	5,207,962	4,864,572
2010	2,810,444	(340,520)	341,014	2,810,938	2,660,000	(150,938)	4,864,572	4,713,634

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Employee Pension Plan-continued
Schedule of Employer Contributions-

Year Ended June 30:	Annual Required Contribution	Actual Contribution	Percentage Contributed
2005	1,102,651	1,102,651	100%
2006	1,207,814	5,937,730	492%
2007	920,956	1,292,361	140%
2008	877,783	985,423	112%
2009	1,301,090	958,230	74%
2010	2,810,444	2,660,000	95%

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	7/1/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	14 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	Varies by age (8.75% at age 25 to 5.25% at age 45)
Projected payroll increases	3% per year
Salary valuation	36-month average highest pay
Post retirement cost-of-living adjustments	2%

Carroll County Certified Law Officers Pension Plan

October 1, 2009 the Carroll County government began to administer the defined benefit pension plan for its appointed officers and employees.

Plan description: The Carroll County Certified Law Officers Pension Plan (CCCLOPP) is a single-employer defined benefit plan that covers Carroll County Sheriff’s Office (or a successor agency) who are not eligible to participate in the Maryland State Pension or Retirement Plans. The Carroll County Government does not issue a separate audited financial statement for CCCLOPP.

65 employees qualified for the new CCCLOPP. The value of assets belonging to those 65 employees totaled \$1,076,978 and was transferred from the CCEPP.

Employees will be 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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Certified Law Officers Pension Plan-continued

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

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 most current actuarial valuation was completed as of July 1, 2009. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	0
Terminated plan members entitled to, but not yet receiving benefits	0
Active plan members	<u>65</u>
Total	<u>65</u>

Contributions: Plan members are required to contribute 8 percent of their annual base pay starting October 1, 2009. The County contributed 17.5 percent of the employee’s annual base pay. Administrative costs of CCCLOPP are financed through investment earnings.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to Carroll County for the CCCLOPP are as follows:

Annual Required Contribution	\$ 544,156
Interest	-
Adjustment to annual required contribution	<u>-</u>
Annual Pension Cost	544,156
Contributions made	(250,000)
Decrease in negative net pension obligation	294,156
Net pension obligation - beginning of year	<u>-</u>
Net pension obligation - end of year	<u>\$ 294,156</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Certified Law Officers Pension Plan–continued

The annual required contribution was determined as part of the July 1, 2009, 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	.011%
35	.205%
45	.530%
55	1.44%

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage on a closed basis. The remaining amortization period at July 1, 2009, was 14 years.

Trend Information since inception for CCCLOPP: (For the initial year)

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Actual</u> <u>Contribution</u>	<u>Net</u> <u>Pension Obligation</u>
2010	\$544,156	46%	\$250,000	\$294,156

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Certified Law Officers Pension Plan–continued

Statement of Plan Net Assets
Carroll County Certified Law Officers Pension Plan

Assets:	
Cash and cash equivalents	\$ 1,470,476
Total assets	<u>1,470,476</u>
Liabilities:	
Accounts payable	<u>2,212</u>
Total Liabilities	<u>2,212</u>
Net Assets:	
Held in trust for pension benefits and other purposes	<u><u>\$ 1,468,264</u></u>

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

ADDITIONS	
Contributions:	
Employer	\$ 250,000
Plan Members	178,858
Asset value for employees that qualify for new plan	<u>1,076,978</u>
Total Contributions	1,505,836
Investment earnings:	
Interest and dividends	<u>476</u>
Total investment earnings	<u>476</u>
Total additions	1,506,312
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	
	17,407
Administrative expenses	<u>20,641</u>
Total deductions	<u>38,048</u>
Change in net assets	1,468,264
Net assets-beginning of year	-
Net assets-end of year	<u><u>\$ 1,468,264</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Certified Law Officers Pension Plan-continued
Schedule of Funding Progress-(Initial Year)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (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)
July 1, 2009	987,940	4,240,867	23.30%	3,252,927	3,115,115	104.42%

For the CCCLOPP, the annual pension cost (APC) and net pension obligation (NPO) were for the initial year ended were:

Fiscal Year Ended	Annual Required Contribution	Interest on NPO	APC Adjustment	Annual Pension Costs	Total Employer Contribution	Change in NPO	Beginning NPO	Ending NPO
2010	\$ 544,156	\$ -	\$ -	\$ 544,156	\$ 250,000	\$ 294,156	\$ -	\$ 294,156

Schedule of Employer Contributions- (Initial Year)

Year Ended June 30:	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$ 544,156	\$ 250,000	46%

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	7/1/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	14 years
Asset valuation method	Market value
Actuarial assumptions:	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Carroll County Certified Law Officers Pension Plan–continued

Investment rate of return	7%
Projected salary increases	Varies by age (8.75% at age 25 to 5.25% at age 45)
Projected disability increase	Varies by age (.11% at age 25 to 1.44% at age 55)
Projected payroll increases	3% per year
Salary valuation	36-month average highest pay
Post retirement cost-of-living adjustments	2%

Volunteer Firemen Pension Plan (LOSAP)

The Carroll County Government administers a single employer defined benefit length of service award program (LOSAP) for 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 for each year of service. Once they 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. 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 a tax exempt status.

Basis of Accounting: The LOSAP plan’s financial statements are prepared using the accrual basis of accounting. The county contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government’s balance sheet date. The Carroll County Government does not issue a separate audited financial statement for LOSAP. 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 current actuarial valuation was completed as of January 1, 2009. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	180
Terminated plan members entitled to, but not yet receiving benefits	22
Active plan members	<u>711</u>
Total	<u>913</u>

Funding Policy: 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 be made. There are no participant-financed benefits in this plan. Administrative costs are financed through investment earnings.

Annual Pension Cost (APC) and Net Pension Obligation (NPO) to Carroll County for LOSAP are as follows:

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Volunteer Firemen Pension Plan (LOSAP)-continued

Annual Required Contribution	\$ 380,384
Interest	(67,900)
Adjustment to annual required contribution	<u>97,000</u>
Annual Pension Cost	409,484
Contributions made	<u>0</u>
Decrease in negative net LOSAP obligation	409,484
Negative net LOSAP obligation - beginning of year	<u>970,000</u>
Negative net LOSAP obligation - end of year	<u>\$ 560,516</u>

The annual required contribution was determined as part of the January 1, 2009, actuarial valuation using the unprojected unit credit actuarial cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return compounded annually. The Firemen are volunteers and therefore would not have a projected salary increase. The assumptions did not include post retirement benefit increases since none are provided. The actuarial value of assets was determined using market value as of January 1, 2009. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at January 1, 2009, was 4 years.

Trend Information for LOSAP:

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	% of APC <u>Contributed</u>	Actual <u>Contribution</u>	Negative Net LOSAP <u>Obligation</u>
2005	\$0	N/A	\$0	\$0
2006	0	N/A	0	0
2007	0	N/A	0	0
2008	0	N/A	1,000,000	1,000,000
2009	30,000	N/A	0	970,000
2010	409,484	N/A	0	560,516

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Volunteer Firemen Pension Plan (LOSAP)-continued

Statement of Plan Net Assets

Volunteer Firemen Pension Plan (LOSAP)

Assets:

Cash and cash equivalents	\$	359,612
Investments at fair value:		
Bond funds		1,906,905
Equity funds		4,228,476
Total assets		6,494,993

Liabilities:

Accounts payable		1,980
Total liabilities		1,980

Net Assets:

Held in trust for pension benefits and other purposes		\$ 6,493,013
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Statement of Changes in Plan Net Assets

Volunteer Firemen Pension Plan (LOSAP)

ADDITIONS

Contributions:		
Investment earnings:		
Interest and dividends	\$	208
Net increase in the fair value of investments		933,809
Total investment earnings		934,017
Less investment expense		(13,773)
Net investment earnings		920,244
Total additions		920,244

DEDUCTIONS

Benefits	512,041
Administrative expenses	2,000
Total deductions	514,041
Change in net assets	406,203
Net assets-beginning of year	6,086,810
Net assets-end of year	\$ 6,493,013

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Volunteer Firemen Pension Plan (LOSAP)-continued

The Schedule of funding progress 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.

Schedule of Funding Progress: (Inception to date)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)
January 1, 1997	\$ 1,000,000	\$ 3,068,020	32.59%	\$ 2,068,020
January 1, 2003	6,767,155	4,465,745	151.53%	(2,301,410)
January 1, 2006	7,233,605	5,259,708	137.53%	(1,973,897)
January 1, 2009	6,218,088	7,327,879	84.86%	1,109,791

Schedule of Employer Contributions

Year Ended June 30:	Annual Required Contribution	Actual Contribution	Percentage Contributed
2005	-	-	N/A
2006	-	-	N/A
2007	-	-	N/A
2008	-	1,000,000	N/A
2009	-	-	N/A
2010	380,384	-	N/A

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	1/1/2009
Actuarial cost method	Unprojected unit credit
Amortization method	Level dollar
Remaining amortization period	4 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7%
Projected salary increases	N/A
Post retirement cost-of-living adjustments	N/A

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

Service Credit after Retirement

Potential to earn additional service and benefits after “retire” allowing their benefit to increase further.

Component Units

The Maryland State Retirement and Pension System (the State System) includes the Teachers Retirement System of State of Maryland and the Teachers Pension System of the State of Maryland, and are cost-sharing multiple-employer public employee retirement systems. The State System provides pension, death and disability benefits to plan members and beneficiaries. The plan is administered by the State

Retirement Agency (the Agency). Responsibility for the administration and operation of the State System is vested in a 14-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issued a publicly available financial report that includes financial statements and required supplementary information for the State System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, or by calling 410-625-5555.

Professional and classified employees, other than security and plant operations employees, for the College and the Library are covered by either the Teachers Retirement System of the State of Maryland or the Teachers Pension System of the State of Maryland.

The employees of the Board of Education are covered by the State Retirement and Pension system of Maryland. Most employees participate in the State System. The Board accounts for the plan as a cost-sharing multiple-employer public employee retirement system, as a separate valuation is not performed for the Board, and the only obligation to the System is its required annual contributions.

Funding Policy: The State Personnel and Pensions Article require active members of the Library and the College to contribute to the System at the rate of 5 percent or 7 percent of their covered salary depending upon the retirement option selected. The combined State contribution rate for the Library for 2009 of 14.26 percent of covered payroll is established by annual actuarial valuations. The covered payroll for the College was \$5,318,574. The rate is sufficient to fund normal costs and amortize the unfunded actuarial accrued liability over a 40-year period (as provided by law) from July 1, 1980.

The Board of Education’s required contributions are based upon actuarial valuations. Effective July 1, 1980, in accordance with the law governing the State System, all benefits of the State System are funded in advance. The entry age normal cost method is the actuarial cost method used. Both the Board and covered employees are required by State statute to contribute to the State System. The employees contribute 5 percent to 7 percent of compensation, as defined, depending on the participant’s plan.

The State’s contributions on behalf of respective component units for the years ended June 30, 2010, 2009 and 2008 were as follows:

Component Units	<u>2010</u>	<u>2009</u>	<u>2008</u>
Board of Education	\$23,405,032	\$18,818,980	\$17,271,292
Community College	667,669	540,890	518,887
Library	593,129	480,443	476,223

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 11– Pension Plans–continued

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. This plan is self administered, with record keeping provided through the American Funds Group. This plan is governed by regulations and statutes promulgated by the Internal Revenue Service. The authorization for this plan was made by the County Commissioners effective July 1, 1985. The plan was most recently amended and restated effective October 1, 2009.

From July 1 to September 30, 2009 employees were eligible to participate upon hire if employment is at least at the half-time level. In addition, the employee could not be a member of the “Maryland State Employees’ Retirement System.”

Employees could contribute up to an amount as limited by applicable 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. The County made a basic contribution for each participant equal to 3 percent of compensation. Starting October 1, 2009, employees who do not participate in either of the County’s pension plans and were hired prior to July 1, 1985 are eligible to participate in the 401(k) Plan. Employees who are enrolled in either the CCEPP or the CCCLOPP can participate but, are not eligible for County contributions.

As of June 30, 2010, 68 employees were eligible to participate in the 401(k). The County will make a basic contribution equal to 3 percent of compensation, plus a matching contribution of \$.75 for each dollar contributed by the employee with a maximum total combined employer contribution of 6 percent of compensation.

The County’s and the employees’ contributions for the year ended June 30, 2010 were \$781,707 and \$2,592,953, respectively.

The Plan also offers a “Roth” option which allows employees to make after-tax contributions. Approximately 5.5% of employee contributions to the plan are being made as “Roth” contributions as of June 30, 2010.

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 \$3,094,470 during the fiscal period ending June 30, 2010. Of this amount, the County paid \$2,839,425 and the retirees paid \$255,045.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

Retirees with at least ten years of continuous County service 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, 2010 retirees pay between 8 percent and 100 percent of the County’s full premium equivalent cost, based upon their age and years of County service at retirement. As of June 30, 2010, 215 Primary Government retirees and 168 retiree spouses were eligible to receive benefits. Of these, 206 retirees and 159 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 current actuarial valuation was completed as of July 1, 2009. The membership data related to the plan was as follows:

Number of Participants	
Active employees	987
Deferred vested terminations	-
Retirees in pay status (pre Medicare)	91
Retirees in pay status (Medicare age)	<u>196</u>
Total	<u>1,274</u>

Contributions: The County appropriated in FY 2010 to contribute \$6,225,000 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 to the Retiree Benefit Trust, Board of County Commissioners of Carroll County, Maryland are as follows:

Annual required contribution	\$ 12,993,000
Interest	891,093
Adjustment to annual required contribution	<u>(810,085)</u>
Annual OPEB cost	13,074,008
Contributions made	<u>(6,225,000)</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

<u>Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued</u>	
Increase in net OPEB obligation	6,849,008
Net OPEB obligation - beginning of year	<u>16,201,696</u>
Net OPEB obligation - end of year	<u>\$ 23,050,704</u>

The annual OPEB cost was determined as part of the July 1, 2009, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.5% investment rate of return compounded annually, (b) projected turnover rates are as follows:

<u>Age</u>	<u>Rate</u>
25	13.1%
35	7.3%
45	3.6%

The actuarial value of assets was determined using the fair value as of July 1, 2009.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage on a closed basis. The remaining amortization period at July 1, 2009, was 20 years.

Trend Information since inception for RBTCCCC:

<u>Fiscal Year</u> <u>Ending</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>
2008	\$12,949,370	41%	\$5,290,292	\$7,659,078
2009	14,294,143	40%	\$5,751,525	16,201,696
2010	13,074,008	48%	\$6,225,000	23,050,704

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

Statement of Plan Net Assets
Carroll County Postemployment Benefits
Other than Pension Benefits (OPEB)

Assets:	
Cash and cash equivalents	\$ 747,983
Investments at fair value:	
Marketable securities	12,815,194
Total assets	<u>13,563,177</u>
Liabilities:	
Due to primary government	951,127
Total liabilities	<u>951,127</u>
Net Assets:	
Held in trust for OPEB	
and other purposes	<u>\$ 12,612,050</u>

Statement of Changes in Plan Net Assets
Carroll County Postemployment Benefits
Other than Pension Benefits (OPEB)

ADDITIONS:	
Contributions:	
Employer	\$ 6,225,000
Plan members	255,045
Contributions from sources other than employer(s) and plan members	145,995
Total contributions	<u>6,626,040</u>
Investment earnings:	
Interest and dividends	4,231
Net increase or decrease in the fair value of investments	1,432,223
Total investment earnings	<u>1,436,454</u>
Less investment expense	<u>(9,860)</u>
Net investment earnings	<u>1,426,594</u>
Total additions	8,052,634
DEDUCTIONS	
Benefits	3,094,470
Administrative expenses	4,000
Total deductions	<u>3,098,470</u>
Change in net assets	4,954,164
Net assets-beginning of year	<u>7,657,886</u>
Net assets-end of year	<u>\$ 12,612,050</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

The Schedule of funding progress 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.

Schedule of Funding Progress (Inception to date)

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, 2007	\$ -	\$ 130,235,824	0.00%	\$ 130,235,824	\$ 45,254,838	287.78%
July 1, 2008	3,684,058	141,592,000	2.60%	137,907,942	47,311,688	291.49%
July 1, 2009	7,657,886	139,216,000	5.50%	131,558,114	43,953,293	299.31%

Schedule of Employer Contributions (Inception to date)

Year Ended June 30:	Annual Required Contribution	Amount Contributed by Employer	Percentage Contributed by Employer	Federal Subsidy	Total Percentage Contributed
2008	\$ 12,949,370	\$ 5,290,292	41%	\$ 6,290	41%
2009	14,137,000	5,751,525	40%	129,435	42%
2010	12,993,000	6,225,000	48%	145,995	49%

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	7/1/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	19 years
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	5.5%
Projected salary increases	3%

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland-continued
 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% 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>Years of Service</u>	<u>Election 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 ten years of service (fifteen years for those hired after May 1, 2005), are eligible for medical insurance coverage during retirement. The cost of this coverage is subsidized by the employer for those who meet certain age and service requirements. Spousal coverage is also available for eligible full time employees who retire. Retirees who are eligible for this subsidy may elect to discontinue and re-enroll at a later date.

Funding Policy. Retirees pay between 6 percent and 100 percent of the County’s full premium equivalent cost, based upon age and years of service at retirement. The County pays the Library’s share of the employer contribution on behalf of the Library based on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

Component Units-continued

plan over a period not to exceed thirty years. The payments made by the County on behalf of the Library for the year ended June 30, 2010 and 2009 was \$778,733 and \$678,301 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, 2010, 785 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 thirty 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	\$ 10,211,000
Interest	528,000
Adjustment to annual required contribution	<u>(459,000)</u>
Annual OPEB cost	10,280,000
Contributions made	<u>(4,252,527)</u>
Increase in net OPEB obligation	6,027,473
Net OPEB obligation - beginning of year	<u>10,758,137</u>
Net OPEB obligation - end of year	<u>\$ 16,785,610</u>

The Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2010 and 2009 were as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost (AOPEBC)</u>	<u>% of AOPEBC</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2008	\$8,570,000	22.36%	\$6,653,345
2009	7,602,000	46.00%	10,758,137
2010	10,280,000	41.37%	16,785,610

Funding Policy:

As of June 30, 2010, the most recent actuarial valuation date, the Plan was 1.3% funded. The actuarial accrued liability for benefits was \$116,797,000 and the actuarial value of assets was \$1,500,000 resulting

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

Component Units -continued

in an unfunded actuarial accrued liability (UAAL) of \$115,297,000. The covered payroll (annual payroll of active employees covered by the plan) was \$204,209,308, and the ratio of the UAAL to the covered payroll was 56.5 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 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, presented as required supplementary information following the notes to the financial statements, 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 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 June 30, 2010 actuarial valuation, the projected unit credit method, with linear pro-ratio to assumed benefit commencement method was used. The actuarial assumptions included a 5% investment rate of return, which assumes that benefits will be funded on a pay-as-you-go basis and that General Fund investments earn 5% 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, 2010, was thirteen years.

Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2009
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	9.5% initial / 5.5% ultimate (not applicable to Life)
Post-65 Medical	9.5% initial / 5.5% ultimate (not applicable to Life)

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 ten 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 ten years of service. Contributions by the College are made as follows:

10 to 14 years of service	50%
15 to 19 years of service	75%
20 or more years of service currently	90%

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 2010, Carroll Community College contributed \$180,250 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 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 thirty 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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

Component Units- continued

Annual required contribution	\$2,502,000
Interest	160,000
Adjustment to annual required contribution	<u>(168,000)</u>
Annual OPEB costs (expense)	2,494,000
Contributions made	<u>(180,250)</u>
Increase in net OPEB obligation	2,313,750
Net OPEB obligation-beginning of year	<u>4,115,631</u>
Net OPEB obligation-end of year	<u>\$6,429,381</u>

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/08	\$2,110,000	6.1%	\$1,980,820
6/30/09	2,287,000	6.7%	4,115,631
6/30/10	2,494,000	7.2%	6,429,381

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%

Funded Status and Funding Progress. As of July 1, 2009, the most recent actual valuation date, the plan was 7.2% funded which is based on payments made to the retirement benefit plans during fiscal year 2010. The actuarial accrued liability for benefits was \$20.410 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$20.410 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12,452,217, and the ratio of the UAAL to the covered payroll was 164 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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

Component Units- continued

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 on the previous page, 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 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an interest discount rate of 7% for funded and 4% return for unfunded. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization at June 30, 2010, was twenty-nine years.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 13 – Fund Equity

A summary of fund balances as of June 30, 2010 follows:

	General Fund	Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
<u>Reserved For</u>				
Encumbrances	\$ 1,048,834	\$ 14,173,039	\$ -	\$ 15,221,873
Inventory	1,375,155	-	-	1,375,155
Prepaid costs	296,900	-	-	296,900
Loans to community organizations	5,464,481	-	-	5,464,481
Loans to fire companies	12,929,225	-	-	12,929,225
Loans to municipalities	158,337	-	-	158,337
Agricultural preservation investments	13,068,840	-	-	13,068,840
Due from other funds	3,942,175	-	-	3,942,175
Advances and proceeds to Industrial Development Authority	1,145,560	-	-	1,145,560
Total reserved fund balance	<u>39,429,507</u>	<u>14,173,039</u>	<u>-</u>	<u>53,602,546</u>
Unreserved - Designated For				
Subsequent year's expenditures	\$ 8,103,281	\$ 29,143,318	\$ -	\$ 37,246,599
Stabilization fund	10,700,000	-	-	10,700,000
Secondary reserve fund	6,750,000	-	-	6,750,000
ISF health	1,400,000	-	-	1,400,000
Designated for other purposes:				
Lien certification	15,000	-	-	15,000
Vehicle replacement	500,000	-	-	500,000
Worker's comp claims	400,000	-	-	400,000
Total unreserved-designated balance	<u>27,868,281</u>	<u>29,143,318</u>	<u>-</u>	<u>57,011,599</u>
Unreserved - Undesignated reported in:				
General fund	\$ 7,993,646	\$ -	\$ -	\$ 7,993,646
Special Revenue Funds	-	-	4,940,003	4,940,003
Total unreserved-undesignated balance	<u>7,993,646</u>	<u>-</u>	<u>4,940,003</u>	<u>12,933,649</u>
Grand total fund balance	<u>\$ 75,291,434</u>	<u>\$ 43,316,357</u>	<u>\$ 4,940,003</u>	<u>\$ 123,547,794</u>

The County has loaned to various Carroll County fire companies \$26,701,362 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 5.088 percent. The balance of these loans at June 30, 2010 is \$12,929,225 and is secured by land, buildings and equipment. The County made eight loans totaling \$5,604,346 to various community investment programs. The revenue source for the loans by the County from the General Fund was obtained through promissory notes. The balance of these eight loans at June 30, 2010 is \$5,464,481.

The County incurred a due from the Capital Fund for the future payouts of Installment Purchase Agreements (IPA) and a due from the Airport Fund in FY2010 in the amount of \$3,942,175.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 14 – GAAP Reconciliation

A reconciliation of the revenues and expenditures of the General Fund affected by the adjustments necessary to present the combined statement of revenues and expenditures on a GAAP basis follows:

<u>Budgetary Funds</u>	<u>General Fund</u>
<u>Revenues</u>	
Actual amount (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 324,514,793
Deferred property tax revenues	<u>(597,174)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	<u>\$ 323,917,619</u>
 <u>Expenditures</u>	
Actual amount (budgetary basis) "expenditures" from the budgetary comparison	\$ 339,812,780
Encumbrance adjustment	<u>115,486</u>
Total expenditure as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	<u>\$ 339,928,266</u>

Note 15 – Commitments and Contingencies

Primary Government

Management and the County attorney estimate that potential claims against the County, not covered by insurance, resulting from various claims and lawsuits would not materially affect the financial statements of the County.

The County participates in a number of federally assisted grant programs, principal of which are the Housing and Urban Development, Commission on Aging, and the Workforce Investment Act programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 15 – Commitments and Contingencies - continued

Primary Government-continued

As of June 30, 2010, 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	\$ 109,389,083	\$ 95,917,793	\$ 102,573,977	\$ 6,815,106
Public Safety	22,940,212	3,379,046	10,126,685	12,813,527
Public Works	52,066,360	20,228,489	24,673,518	27,392,842
Board of Education	205,323,760	163,365,277	184,216,706	21,107,054
Carroll Community College	41,086,611	33,799,288	33,294,514	7,792,097
Recreation and Parks	14,008,804	5,489,571	7,003,651	7,005,153
Libraries/Senior Centers	20,559,712	19,439,885	20,176,512	383,200
Conservation	155,095,054	138,438,278	146,100,145	8,994,909
Water Resources	23,554,417	10,924,348	10,438,441	13,115,976
Governmental Activities	<u>\$ 644,024,013</u>	<u>\$ 490,981,975</u>	<u>\$ 538,604,149</u>	<u>\$ 105,419,864</u>
Water Treatment Facilities	\$ 4,802,650	\$ 3,556,079	\$ 1,154,660	\$ 3,647,990
Wastewater Treatment Facilities	10,518,373	3,765,105	5,491,704	5,026,669
Other Water Projects	7,471,083	5,311,032	5,346,650	2,124,433
Other Wastewater Projects	851,701	580,186	851,701	-
Landfill Upgrades	976,750	462,756	514,256	462,494
Landfill Remediations	2,623,626	729,086	1,389,105	1,234,521
Airport	91,571,603	1,476,046	865,592	90,706,011
Business-Type Activities	<u>\$ 118,815,786</u>	<u>\$ 15,880,290</u>	<u>\$ 15,613,668</u>	<u>\$ 103,202,118</u>
Total Commitments	<u>\$ 762,839,799</u>	<u>\$ 506,862,265</u>	<u>\$ 554,217,817</u>	<u>\$ 208,621,982</u>

In July 2009 the County entered into an agreement with Frederick County and the Northeast Maryland Waste Disposal Authority (NEA) to develop a facility to convert non-recycled solid waste into energy. According to the agreement the facility will be owned by the NEA on behalf of the Counties and located in Frederick County. The NEA will oversee and work directly with contractors on the facility. Frederick and Carroll Counties are responsible for the facilities expenses that are fixed or not tonnage related, including debt service, the base operations and maintenance costs. These expenses will be paid by the Counties on a prorated basis according to the allocated design capacity of each County. Frederick County will be allocated 60 percent of the design capacity and Carroll County will be allocated 40 percent of the design capacity.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 15 – Commitments and Contingencies - continued

Primary Government-continued

Prior to submitting permit applications certain design, engineering and equipment specification work must be done. In the event that both Counties elect not to go forward with the facility prior to financing the NEA will stop work on the facility and the Counties will be responsible for reimbursing the NEA. Each County's obligation would not exceed \$1.5 million or a combined \$3 million. If Frederick County chooses not to go forward with the facility before Carroll County then Frederick County will be responsible for reimbursing all of the project costs with a maximum obligation of \$3 million. Should Carroll County choose not to go forward with the facility and Frederick County cannot find a substitute partner, Carroll County will be responsible for all of the costs with a maximum of \$3 million. As of June 30, 2010 the estimated project costs incurred totaled \$1,069,447.

In fiscal year 2006 the County entered into a 15 year Energy Performance contract with Johnson Controls, Inc. for building maintenance and repairs for County owned buildings. The contract is divided into phases for assured performance guarantee and service maintenance. If the County terminates the contract, the assured performance guarantee shall automatically terminate. The contract payments for the year ended June 30, 2010 for the County totaled to \$254,597. The County has 12 years left on this commitment with total future payments of \$4,410,821.

In June 2010 the County entered into an agreement with the Industrial Development Authority (IDA) to supplement an initial grant of \$2.3 million to provide funding for infrastructure improvements on a parcel of property formerly known as the Leister Farm to enable a major industrial park to develop which will become the largest industrial park in the County. The funding may be made in several installments. As of June 30, 2010 the County has made \$1.5 million in installments to the IDA for this project.

Component Units

Board of Education

Several 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 affect 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.

Industrial Development Authority

On June 1, 2010 the Carroll County Department of Economic Development and the IDA signed a supplemental infrastructure grant agreement committing \$2,300,000 for improvements to facilitate the development of a large industrial tract of land in the Hampstead area. As of June 30, 2010, \$1,500,000 has been committed and recorded as a receivable. The terms of the agreement state the balance may be made in several installments.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 15 – Commitments and Contingencies - continued

Primary Government-continued

On June 14, 2010, the Carroll County Department of Economic Development and the IDA signed a grant agreement in the amount of \$200,000 for the Carroll Technology Center located in Eldersburg. As of June 30, 2010, \$200,000 has been recorded as a receivable.

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 insure 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, 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 its employees. A commercial insurer administers the plan. In addition, the County's contract with this insurer includes a \$250,000 stop-loss per claim. To

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 16 – Risk Management-continued

Primary Government-continued

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 is fully self-insured for worker’s compensation with a third party administrator paying all claims.

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 charged at least cover prior and current year claims.

Claims liabilities at June 30, 2010 for the deductible portions of general, property and casualty claims covered under LGIT and employee health care coverage are \$31,845 and \$1,800,027, respectively.

The total claims liability of \$1,831,872 reported in the internal service fund at June 30, 2010 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 general, property and casualty claims under LGIT were as follows:

	<u>Beginning- Of-Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
General, property and casualty:				
July 1, 2007 – June 30, 2008	296,422	(165,128)	358,745	490,039
July 1, 2008 – June 30, 2009	490,039	(8,739,115)	8,425,701	1 76,625
July 1, 2009 – June 30, 2010	176,625	(80,557)	(64,223)	31,845
Employee Health Care Coverage:				
July 1, 2007 – June 30, 2008	1,117,598	9,983,734	(9,891,504)	1,209,828
July 1, 2008 – June 30, 2009	1,209,828	10,076,292	(10,139,576)	1,146,544
July 1, 2009 – June 30, 2010	1,146,544	12,314,113	(11,660,630)	1,800,027

The County established a limited risk management program for worker’s compensation beginning as of July 1, 1997. Premiums are paid into the general 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 general fund. As of June 30, 2010 such interfund premiums did not exceed reimbursable expenditures. As of July 1, 2004 the County became self insured for its worker’s compensation. 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, 2010

Note 16 – Risk Management-continued

Primary Government- continued

To date the County has not exceeded its retention limits.

The plan is administered by a commercial insurer. The County’s contract with this insurer includes a \$500,000 Self Insured Retention for all occurrences. The total claims liability of \$1,114,635 has been reported at June 30, 2010 in the general fund since it is anticipated that they will be paid from expendable available financial resources. 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>
Restated July 1, 2007 – June 30, 2008	748,413	204,766	(266,831)	686,348
Restated July 1, 2008 – June 30, 2009	686,348	482,277	(385,775)	782,850
July 1, 2009 – June 30, 2010	782,850	817,774	(485,989)	1,114,635

Due to specific exclusions in the County’s property insurance, the County also has commercial insurance coverage for its boilers and machinery and its boats. 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. No claims for embezzlement or theft have been filed in the past three fiscal years.

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, 2010 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 judgements is reported in the General Current Expense Fund.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 16 – Risk Management-continued

Component Units- continued

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

	<u>Beginning- Of-Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
Health Care:				
July 1, 2007 – June 30, 2008	2,879,446	31,504,731	(31,086,384)	3,297,393
July 1, 2008 – June 30, 2009	3,297,393	35,921,196	(35,620,099)	3,598,490
July 1, 2009 – June 30, 2010	3,598,490	38,816,673	(38,406,910)	4,008,253

Note 17 – Subsequent Events

The County plans to issue \$21,500,000 of general obligation bonds and \$14,790,000 of refunding bonds to refund the 1997, 2000, 2001 and 2002 issues, during fiscal year 2011. The proceeds of the sale of these securities will be used to finance the construction of a new high school, school additions, water and sewer projects, several road and bridge projects and Volunteer Fire Company loans. The County will receive an estimated net present value savings of approximately \$797,000 by refunding the 1997, 2000, 2001 and 2002 bonds.

Note 18 – Compliance and Accountability

A. Revenue Variances

Included in Taxes Other are Income Taxes. Income Tax was lower than budget by \$5,690,843 due to a combination of factors including rising unemployment, falling capital gains, and expectations that recent changes enacted by the State regarding personal exemption amounts. Included in State Shared Taxes are Highway User Fees. Highway User Fees was lower than the budget by \$3,917,678 due to State budget cuts.

B. Overexpenditures

Education expenditures appear as overspent by \$1,879,570. This is a result of recording unbudgeted in-kind services, both expenditures and corresponding revenues, at year-end. Recreation and parks expenditures are overspent by \$11,969 due to retirement payouts for the incentive that was offered to eligible employees during fiscal year 2010.

Note 19-Restatement

Component Units-Board of Education

Net assets at July 1, 2009 have been restated to correct an error in accounting for construction in progress. The result of this restatement was to reduce net assets in the amount of \$94,188,428 as follows:

Fund Balance, June 30, 2009 as previously stated	\$440,669,687
Effect of correction of error	<u>(94,188,428)</u>
Fund Balance, June 30, 2009, restated	\$346,481,259

Supplementary Information



General-NON GAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Revenues				
Taxes - Local Property				
Real property	\$ 222,192,400	\$ 222,192,400	\$ 224,418,084	\$ 2,225,684
Real property - prior years	249,900	249,900	296,548	46,648
Personal property	300,000	300,000	295,684	(4,316)
Railroad and public utilities	7,400,000	7,400,000	6,964,631	(435,369)
Ordinary business corporations	6,800,000	6,800,000	7,243,654	443,654
Penalties and interest-delinquent taxes	700,000	700,000	947,083	247,083
Semi-annual service charges	200,000	200,000	219,844	19,844
	<u>237,842,300</u>	<u>237,842,300</u>	<u>240,385,528</u>	<u>2,543,228</u>
Deductions				
Discounts allowed on taxes	(750,000)	(750,000)	(807,490)	(57,490)
Senior tax credit	(10,000)	(10,000)	(22,011)	(12,011)
Homestead tax credit	(39,025,000)	(39,025,000)	(38,192,584)	832,416
	<u>(39,785,000)</u>	<u>(39,785,000)</u>	<u>(39,022,085)</u>	<u>762,915</u>
Net Taxes - Local Property	<u>198,057,300</u>	<u>198,057,300</u>	<u>201,363,443</u>	<u>3,306,143</u>
Taxes - Local Other				
Payment in Lieu of Taxes	25,000	25,000	23,003	(1,997)
Income tax	104,000,000	104,000,000	98,309,157	(5,690,843)
911 service fees	1,225,000	1,225,000	1,163,737	(61,263)
Recordation tax	9,000,000	9,000,000	9,154,578	154,578
Admissions and amusement tax	400,000	400,000	246,184	(153,816)
Total Taxes - Local Other	<u>114,650,000</u>	<u>114,650,000</u>	<u>108,896,659</u>	<u>(5,753,341)</u>
Taxes - State Shared				
Police aid	915,000	915,000	620,224	(294,776)
Highway	4,400,000	4,400,000	552,115	(3,847,885)
Total Taxes - State Shared	<u>5,315,000</u>	<u>5,315,000</u>	<u>1,172,339</u>	<u>(4,142,661)</u>
Licenses and Permits				
Beer, wine and liquor licenses	200,000	200,000	204,859	4,859
Amusement	8,000	8,000	7,533	(467)
Traders	140,000	140,000	135,784	(4,216)
Animal	110,000	110,000	106,069	(3,931)
Buildings	591,000	591,000	748,036	157,036
Mobile home licenses	72,000	72,000	57,610	(14,390)
Marriage	33,000	33,000	29,200	(3,800)
Grading	30,000	30,000	19,260	(10,740)
Inspection Fees	3,000	3,000	1,825	(1,175)
Total Licenses and Permits	<u>1,187,000</u>	<u>1,187,000</u>	<u>1,310,176</u>	<u>123,176</u>
Intergovernmental Revenues				
Build America Bonds Subsidy	-	-	264,794	264,794
Johnson Grass	4,000	4,000	-	(4,000)
State Aid-Fire Companies	265,000	265,000	263,976	(1,024)
Parks/Recreation Facilities	12,000	12,000	7,098	(4,902)
Security Interest Filing Fee	-	-	285	285
State	-	-	3,050	3,050
Grand & Petit Jury Reimburse	45,000	45,000	48,450	3,450
Circuit Court Master Reimb	285,000	285,000	261,880	(23,120)

General-NON GAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Intergovernmental Revenues-continued				
LT Treatment-State	\$ -	\$ -	\$ 30,958	\$ 30,958
Total Intergovernmental Revenues	611,000	611,000	880,491	269,491
Charges for Services				
General Government				
Lien certificates	120,000	120,000	135,754	15,754
Data processing	5,000	5,000	6,883	1,883
Hearing fees-zoning appeals	19,000	19,000	5,210	(13,790)
Copy fees and code books	19,000	19,000	11,949	(7,051)
Telephone	60,000	60,000	48,265	(11,735)
Health depart-telephone and janitorial	50,000	50,000	67,069	17,069
Hearing fees-zoning administration	6,000	6,000	1,666	(4,334)
Total Serv Chrg - General Government	279,000	279,000	276,796	(2,204)
Public Safety				
Sheriff's services-salary recovery	3,000	3,000	16,894	13,894
Sheriff's services-fees	100,000	100,000	109,093	9,093
Sheriff's services-detention center	150,000	150,000	194,953	44,953
Sheriff- Town Deputies	125,000	125,000	125,993	993
Inspection fees-roads	50,000	50,000	58,016	8,016
Inspections fees-development review	20,000	20,000	26,612	6,612
Detention center-commissary	40,000	40,000	46,052	6,052
Detention center-work release	120,000	120,000	87,090	(32,910)
Sheriff-ICE inmate days	150,000	150,000	300,937	150,937
Sheriff/ICE-transport	95,000	95,000	235,785	140,785
Sheriff-home detention	48,000	48,000	32,465	(15,535)
Sheriff-ICE-medical	1,000	1,000	-	(1,000)
Soc Sec admin incentive program	1,000	1,000	-	(1,000)
Juvenile transport	110,000	110,000	72,658	(37,342)
State criminal alien assistance program	-	-	16,068	16,068
Courthouse Annex-Rent/Heat	13,000	13,000	13,114	114
Total Serv Chrg - Public Safety	1,026,000	1,026,000	1,335,730	309,730
Public Works				
Vehicle maintenance	400,000	400,000	395,121	(4,879)
Road maintenance	70,000	70,000	130,000	60,000
Development review	250,000	250,000	225,057	(24,943)
Fuel reimbursements	625,000	625,000	623,010	(1,990)
Stormwater/environment review fee	70,000	70,000	71,016	1,016
Engineering review fees	40,000	40,000	42,498	2,498
Engineering review fees	5,000	5,000	10,350	5,350
Forest conservation review fee	40,000	40,000	28,922	(11,078)
Tower location analysis fee	2,500	2,500	5,000	2,500
Weed control spraying	7,000	7,000	6,617	(383)
Total Serv Chrg - Public Works	1,509,500	1,509,500	1,537,591	28,091
Recreation and Parks				
Farm museum	459,000	459,000	101,530	(357,470)
Piney Run Park	203,000	203,000	224,393	21,393

General-NON GAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Recreation and Parks-continued				
Hashawha environmental center	\$ 209,000	\$ 209,000	\$ 397,804	\$ 188,804
Interpretation and conservation	65,200	65,200	49,769	(15,431)
General public & school/youth programs	17,000	17,000	38,186	21,186
Outdoor school meals/concessions	149,000	149,000	152,326	3,326
Sports complex	99,500	99,500	97,356	(2,144)
Pavilion & facility rentals	36,000	36,000	38,140	2,140
Bus Trips	-	-	1,286	1,286
Wine Festival	-	-	457,122	457,122
Total Recreation and Parks	<u>1,237,700</u>	<u>1,237,700</u>	<u>1,557,912</u>	<u>320,212</u>
Total Charges for Services	<u>4,052,200</u>	<u>4,052,200</u>	<u>4,708,029</u>	<u>655,829</u>
Fines and Forfeits				
Circuit court fines	42,000	42,000	35,086	(6,914)
Liquor license fines	5,000	5,000	1,750	(3,250)
Animal violation fines	23,000	23,000	14,692	(8,308)
Civil zoning violations	1,000	1,000	2,400	1,400
Humane society impoundment fees	25,000	25,000	28,245	3,245
Parking violations-sheriff	500	500	1,745	1,245
Miscellaneous Fines	-	-	2,250	2,250
Total Fines and Forfeits	<u>96,500</u>	<u>96,500</u>	<u>86,168</u>	<u>(10,332)</u>
Interest	2,285,000	2,285,000	2,725,492	440,492
Miscellaneous Revenues				
Rents and concessions	315,000	315,000	1,714,762	1,399,762
Refunds	25,000	25,000	72,546	47,546
Equipment sales	40,000	40,000	62,086	22,086
Postage	32,000	32,000	21,514	(10,486)
Pension Recovery	107,000	107,000	292,690	185,690
Health department	1,000	1,000	5,573	4,573
County attorney fees	183,300	183,300	191,184	7,884
OPEB Recovery	495,000	495,000	360,462	(134,538)
State Retire Recovery	-	-	20,359	20,359
Activities/special events	40,000	40,000	46,450	6,450
Advertising	14,000	14,000	4,000	(10,000)
Miscellaneous	186,718	186,718	580,370	393,652
Total Miscellaneous Revenues	<u>1,439,018</u>	<u>1,439,018</u>	<u>3,371,996</u>	<u>1,932,978</u>
Total Revenues	<u>327,693,018</u>	<u>327,693,018</u>	<u>324,514,793</u>	<u>(3,178,225)</u>
Expenditures				
General Government				
County Commissioners				
Legislative	704,610	852,743	811,081	41,662
Management Analysis	162,130	195,189	189,727	5,462
Farm Museum	801,360	914,329	908,963	5,366
Public Information	221,850	278,099	264,033	14,066
Zoning Administrator	146,760	211,050	213,661	(2,611)
Technology Services	2,841,500	3,154,957	2,971,029	183,928

General-NON GAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
County Commissioners- continued				
Production/Distribution Service	\$ 400,290	\$ 426,447	\$ 406,713	\$ 19,734
Total County Commissioners	5,278,500	6,032,814	5,765,207	267,607
Judicial				
Adjudication-Criminal/Civil	1,297,445	1,529,546	1,539,147	(9,601)
Voluntary Community Services	133,670	159,053	163,823	(4,770)
Circuit Court Masters	510,510	664,255	660,242	4,013
Adjudication of Estates	31,960	37,242	36,420	822
Criminal Prosecution	2,096,670	2,545,929	2,552,286	(6,357)
County Attorney	942,845	1,114,060	1,007,869	106,191
Total Judicial	5,013,100	6,050,085	5,959,787	90,298
Carroll County Board of Elections	515,000	516,005	461,203	54,802
Total Carroll County Board of Elections	515,000	516,005	461,203	54,802
Office of the Comptroller				
Comptroller Administration	263,880	316,036	312,410	3,626
Accounting	707,400	845,963	858,535	(12,572)
Purchasing	410,600	460,940	394,882	66,058
Independent Post - Auditing	60,000	60,000	42,555	17,445
Bond Issuance Expense	200,000	200,000	171,228	28,772
Collections Office	434,680	539,800	543,957	(4,157)
Total Office of the Comptroller	2,076,560	2,422,739	2,323,567	99,172
Human Resources & Personnel Services				
Human Resources Administration	723,185	932,138	945,202	(13,064)
Fringe Benefits	25,528,000	15,449,272	14,741,088	708,184
Personnel Services	123,055	111,500	111,497	3
Total Human Resources & Personnel Services	26,374,240	16,492,910	15,797,787	695,123
Management and Budget				
Management and Budget Administration	161,800	195,045	193,138	1,907
Risk Management	2,094,000	2,149,602	3,218,354	(1,068,752)
Budget	486,090	599,462	584,353	15,109
Grant Management	118,300	144,622	140,497	4,125
Total Management and Budget	2,860,190	3,088,731	4,136,342	(1,047,611)
Planning				
Planning Administration	603,280	746,945	731,144	15,801
Planning	638,860	689,364	653,449	35,915
Development Review	366,420	442,096	400,790	41,306
Environment & Resource Protect	217,780	242,840	245,395	(2,555)
Resources Management	874,400	1,111,037	1,100,740	10,297
Total Planning	2,700,740	3,232,282	3,131,518	100,764
General Services				
General Services Administrative	178,560	211,878	214,100	(2,222)
Permits & Inspections	1,178,000	1,394,695	1,393,077	1,618

General-NON GAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
General Services continued				
Building Construction	\$ 349,640	\$ 460,785	\$ 459,676	\$ 1,109
Facilities Administration	5,621,996	6,055,612	5,684,866	370,746
Facilities	3,286,904	3,413,462	2,516,982	896,480
Fleet Management	5,623,600	5,841,199	5,018,201	822,998
Warehouse Operations	197,700	241,607	175,973	65,634
Total General Services	<u>16,436,400</u>	<u>17,619,238</u>	<u>15,462,875</u>	<u>2,156,363</u>
Miscellaneous				
Youth services	561,450	561,450	561,450	-
Administrative Hearings	91,590	104,863	92,264	12,599
Board of License Commissioners	103,305	124,271	104,825	19,446
Citizen Services	292,690	342,386	286,753	55,633
Long Term Treatment Facility	1,125,500	1,125,500	1,073,601	51,899
Aging	916,050	1,189,188	1,148,344	40,844
Access Carroll	27,320	27,320	27,320	-
Granite House	106,090	106,090	106,090	-
Property tax payments to municipalities	15,526	15,526	15,526	-
Permits and fee payments to municipalities	14,000	14,000	10,294	3,706
Liquor license payments to municipalities	24,520	24,520	24,465	55
Town programs	2,280,567	2,280,567	2,280,566	1
Total Miscellaneous	<u>5,558,608</u>	<u>5,915,681</u>	<u>5,731,498</u>	<u>184,183</u>
Total General Government	66,813,338	61,370,485	58,769,784	2,600,701
Public Safety				
Police Protection				
Detention Center	6,599,790	7,774,938	7,722,875	52,063
Resident Trooper Program	6,126,450	6,126,450	5,708,405	418,045
Sheriff Services	5,049,310	6,163,566	6,029,211	134,355
Law Enforcement	-	-	-	-
Total Police Protection	<u>17,775,550</u>	<u>20,064,954</u>	<u>19,460,491</u>	<u>604,463</u>
Fire Department				
Volunteer Companies	6,327,280	6,327,280	6,327,280	-
EMS24/7 Services	3,679,760	3,679,760	3,679,760	-
Total Fire Department	<u>10,007,040</u>	<u>10,007,040</u>	<u>10,007,040</u>	<u>-</u>
Emergency Services				
Emergency Service Operations	1,694,200	1,769,198	1,480,641	288,557
911 - Emergency Service	1,588,930	1,850,179	1,629,301	220,878
Civil Defense	24,400	24,400	3,097	21,303
Total Emergency Services	<u>3,307,530</u>	<u>3,643,777</u>	<u>3,113,039</u>	<u>530,738</u>
Other Protection				
Humane Society	757,570	811,119	811,119	-
State aid-fire protection	265,000	265,000	263,976	1,024
Total Other Protection	<u>1,022,570</u>	<u>1,076,119</u>	<u>1,075,095</u>	<u>1,024</u>
Total Public Safety	32,112,690	34,791,890	33,655,665	1,136,225

General-NON GAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Public Works				
Public Works-Administration	\$ 306,480	\$ 409,213	\$ 416,205	\$ (6,992)
Roads Operations	7,405,830	7,094,230	6,999,744	94,486
Traffic Control	274,650	274,650	266,172	8,478
Engineering-Design	326,320	398,026	397,643	383
Engineering-Inspection	343,090	413,271	390,128	23,143
Emergency Maintenance-Snow	1,710,000	3,055,488	3,047,668	7,820
Engineering	292,350	370,541	372,496	(1,955)
Engineering-Survey	202,670	251,087	253,920	(2,833)
Road Grant - Local	35,387	35,387	35,386	1
Total Public Works	10,896,777	12,301,893	12,179,362	122,531
Health				
Health Department	3,426,910	3,427,314	3,427,313	1
Weed Control	29,700	29,700	26,312	3,388
Gypsy Moth Control	30,000	30,000	7,860	22,140
Domestic Violence	73,150	73,150	73,150	-
Change, Inc.	246,340	246,340	246,340	-
Sexual Abuse Treatment Center	202,100	202,100	202,100	-
Junction	146,770	146,770	146,770	-
CCARC-Non Matching	246,340	246,340	246,340	-
Target, Inc.	246,340	246,340	246,340	-
Rape Crisis	85,240	85,240	85,240	-
Total Health	4,732,890	4,733,294	4,707,765	25,529
Social Services				
Social Services-Local Funds	203,580	203,580	203,580	-
Human Services	821,020	821,020	821,020	-
Victim Witness Assistance	207,070	261,024	253,446	7,578
CC Advocacy & Investigation	112,570	123,219	113,064	10,155
Total Social Services	1,344,240	1,408,843	1,391,110	17,733
Education				
CC Public Ed & Gov Cable Access	546,250	549,591	526,075	23,516
Hashawha	694,065	793,018	794,812	(1,794)
CC Board of Ed-Local Funds	167,700,000	167,700,000	169,601,292	(1,901,292)
Community College	6,933,000	6,933,000	6,933,000	-
Total Education	175,873,315	175,975,609	177,855,179	(1,879,570)
Library	7,635,000	8,413,733	8,413,733	-
Recreation and Parks				
Participation Recreation				
Recreation & Parks-Administration	272,120	354,147	360,457	(6,310)
Recreation	330,140	426,845	428,485	(1,640)
Piney Run	471,590	544,610	545,069	(459)
Sports Complex	202,040	208,581	212,141	(3,560)
Total Participation Recreation	1,275,890	1,534,183	1,546,152	(11,969)

General-NON GAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Spectator Recreation				
Historical Society	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Homestead Museum	20,000	20,000	20,000	-
Total Spectator Recreation	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Total Recreation and Parks	1,355,890	1,614,183	1,626,152	(11,969)
Conservation of Natural Resources				
Agriculture Extension Service	452,600	452,600	451,829	771
Soil Conservation Service	333,100	373,840	340,378	33,462
Total Conservation of Natural Resources	<u>785,700</u>	<u>826,440</u>	<u>792,207</u>	<u>34,233</u>
Economic Development				
Economic Development-Administration	613,580	708,049	666,639	41,410
BERC Management	146,490	206,327	205,513	814
Econ Devl-Industrial Grants	3,600,000	3,600,000	3,585,388	14,612
Tourism	305,775	329,855	272,369	57,486
Total Economic Development	<u>4,665,845</u>	<u>4,844,231</u>	<u>4,729,909</u>	<u>114,322</u>
Reserve for Contingencies	4,541,324	7,987,742	-	7,987,742
Debt Service				
Debt Service - Board of Education	12,167,507	12,167,507	11,564,149	603,358
Debt Service - County	23,813,622	24,140,647	24,127,765	12,882
Total Debt Service	<u>35,981,129</u>	<u>36,308,154</u>	<u>35,691,914</u>	<u>616,240</u>
Total Expenditures	<u>346,738,138</u>	<u>350,576,497</u>	<u>339,812,780</u>	<u>10,763,717</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(19,045,120)</u>	<u>(22,883,479)</u>	<u>(15,297,987)</u>	<u>7,585,492</u>
Other Financing Sources (Uses)				
Appropriated fund balance	14,858,762	14,858,762	-	14,858,762
Appropriated Ag Pres Debt Svc	1,032,000	1,032,000	-	1,032,000
Transfers In	10,916,220	10,916,220	10,856,720	59,500
Bonds issued	-	-	7,866,029	(7,866,029)
Bonds premium	-	-	2,371,214	(2,371,214)
Long term notes payable	-	-	4,662,430	(4,662,430)
Total Other Financing Sources	<u>26,806,982</u>	<u>26,806,982</u>	<u>25,756,393</u>	<u>1,050,589</u>
Other Financing Uses				
Redemption of bonds	-	-	(7,936,995)	7,936,995
Operating Transfers Out:				
Transfer to Capital Fund	(3,311,057)	443,144	443,144	-
Transfer to Special Revenue Funds - Grants	(1,705,605)	(1,621,447)	(1,621,447)	-
Transfer to Enterprise Funds	(2,745,200)	(2,745,200)	(2,745,200)	-
Total Other Financing Uses	<u>(7,761,862)</u>	<u>(3,923,503)</u>	<u>(11,860,498)</u>	<u>7,936,995</u>
Total Other Financing Sources (Uses)	19,045,120	22,883,479	13,895,895	8,987,584
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,402,092)</u>	<u>\$ (1,402,092)</u>
Fund Balance - Beginning			78,251,703	
Fund Balance - Ending			<u>\$ 76,849,611</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Balance Sheet
Other Governmental Funds
June 30, 2010

	Impact Fees Fund	Agricultural Transfer Tax Fund	Hotel Rental Tax Fund	Cable Franchise Fee Fund	Grant Fund	Total
Assets						
Equity in pooled cash and investments	\$ 2,877,432	\$ -	\$ 255,862	\$ 1,560,531	\$ 1,200,787	\$ 5,894,612
Accounts receivable	-	-	16,162	276,569	1,677,326	1,970,057
Prepaid costs	-	-	-	-	376,563	376,563
Total assets	<u>\$ 2,877,432</u>	<u>\$ -</u>	<u>\$ 272,024</u>	<u>\$ 1,837,100</u>	<u>\$ 3,254,676</u>	<u>\$ 8,241,232</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ -	\$ 160	\$ -	\$ -	\$ 908,629	\$ 908,789
Accrued expenditures	-	-	-	-	56,989	56,989
Due to other Funds	-	46,393	-	-	-	46,393
Deferred revenue	-	-	-	-	2,289,058	2,289,058
Total liabilities	<u>-</u>	<u>46,553</u>	<u>-</u>	<u>-</u>	<u>3,254,676</u>	<u>3,301,229</u>
Fund balances						
Unreserved and undesignated	<u>2,877,432</u>	<u>(46,553)</u>	<u>272,024</u>	<u>1,837,100</u>	<u>-</u>	<u>4,940,003</u>
Total Fund Balances	<u>2,877,432</u>	<u>(46,553)</u>	<u>272,024</u>	<u>1,837,100</u>	<u>-</u>	<u>4,940,003</u>
Total liabilities and fund balances	<u>\$ 2,877,432</u>	<u>\$ -</u>	<u>\$ 272,024</u>	<u>\$ 1,837,100</u>	<u>\$ 3,254,676</u>	<u>\$ 8,241,232</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2010

	Impact Fees Fund	Agricultural Transfer Tax Fund	Hotel Rental Tax Fund	Cable Franchise Fee Fund	Grant Fund	Total
Revenues						
Charges for service:						
Farm museum	\$ -	\$ -	\$ -	\$ -	\$ 45,172	\$ 45,172
Recreation and parks	-	-	-	-	255,556	255,556
Intergovernmental revenues:						
Commission on aging	-	-	-	-	1,436,114	1,436,114
Housing & community development	-	-	-	-	6,169,759	6,169,759
Job training partnership act	-	-	-	-	451,104	451,104
Sheriff	-	-	-	-	518,249	518,249
Citizen services	-	-	-	-	1,469,287	1,469,287
States attorney	-	-	-	-	627,083	627,083
Circuit court	-	-	-	-	417,408	417,408
Health	-	-	-	-	915	915
EOC	-	-	-	-	619,020	619,020
Risk Management	-	-	-	-	1,240	1,240
Tourism	-	-	-	-	22,468	22,468
Planning	-	-	-	-	2,211,550	2,211,550
Impact fees	1,304,575	-	-	-	-	1,304,575
Agricultural transfer tax	-	24,199	-	-	-	24,199
Hotel Rental Tax	-	-	287,850	-	-	287,850
Cable Franchise Fee	-	-	-	1,142,957	-	1,142,957
Interest	5,118	-	225	3,102	-	8,445
Total revenues	1,309,693	24,199	288,075	1,146,059	14,244,925	17,012,951
Expenditures						
General government	-	-	-	-	13,509,121	13,509,121
Public safety	-	-	-	-	1,089,430	1,089,430
Health	-	-	-	-	4,915	4,915
Recreation and parks	-	-	-	-	263,656	263,656
Economic development	-	-	-	-	999,250	999,250
Total expenditures	-	-	-	-	15,866,372	15,866,372
Excess (deficiency) of revenues over (under) expenditures	1,309,693	24,199	288,075	1,146,059	(1,621,447)	1,146,579
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	1,621,447	1,621,447
Transfers out	-	-	(346,275)	(820,275)	-	(1,166,550)
Total Other Financing Sources (Uses)	-	-	(346,275)	(820,275)	1,621,447	454,897
Net change in fund balances	1,309,693	24,199	(58,200)	325,784	-	1,601,476
Fund balances - beginning	1,567,739	(70,752)	330,224	1,511,316	-	3,338,527
Fund balances - ending	<u>\$ 2,877,432</u>	<u>\$ (46,553)</u>	<u>\$ 272,024</u>	<u>\$ 1,837,100</u>	<u>\$ -</u>	<u>\$ 4,940,003</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Impact Fees Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budgetary (NON-GAAP) Basis vs. Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Impact fees	\$ -	\$ -	\$ 1,304,575	\$ 1,304,575
Interest	-	-	5,118	5,118
Total revenues	-	-	1,309,693	1,309,693
EXPENDITURES				
Total expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	1,309,693	\$ 1,309,693
Fund balance - beginning			1,567,739	
Fund balance - ending			\$ 2,877,432	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Agricultural Transfer Tax Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budgetary (NON-GAAP) Basis vs. Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Agricultural Transfer Tax	\$ -	\$ -	\$ 24,199	\$ 24,199
Total revenues	-	-	24,199	24,199
EXPENDITURES				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	24,199	24,199
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	24,199	<u>\$ 24,199</u>
Fund balance - beginning			(70,752)	
Fund balance - ending			<u>\$ (46,553)</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Hotel Rental Tax Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budgetary (NON-GAAP) Basis vs. Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Hotel Rental Tax	\$ 405,775	\$ 405,775	\$ 287,850	\$ (117,925)
Interest	-	-	225	225
Total revenues	<u>405,775</u>	<u>405,775</u>	<u>288,075</u>	<u>(117,700)</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>405,775</u>	<u>405,775</u>	<u>288,075</u>	<u>(117,700)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(405,775)</u>	<u>(405,775)</u>	<u>(346,275)</u>	<u>59,500</u>
Total other financing sources (uses)	<u>(405,775)</u>	<u>(405,775)</u>	<u>(346,275)</u>	<u>59,500</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(58,200)</u>	<u>\$ (58,200)</u>
Fund balance - beginning			<u>330,224</u>	
Fund balance - ending			<u>\$ 272,024</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Cable Franchise Fee Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budgetary (NON-GAAP) Basis vs. Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Cable Franchise Fee	\$ 820,275	\$ 820,275	\$ 1,142,957	\$ 322,682
Interest	-	-	3,102	3,102
Total revenues	<u>820,275</u>	<u>820,275</u>	<u>1,146,059</u>	<u>325,784</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>820,275</u>	<u>820,275</u>	<u>1,146,059</u>	<u>325,784</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(820,275)</u>	<u>(820,275)</u>	<u>(820,275)</u>	<u>-</u>
Total other financing sources (uses)	<u>(820,275)</u>	<u>(820,275)</u>	<u>(820,275)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>325,784</u>	<u>\$ 325,784</u>
Fund balance - beginning			<u>1,511,316</u>	
Fund balance - ending			<u>\$ 1,837,100</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Commission on aging	\$ 1,251,856	\$ 2,424,266	\$ 1,275,280	\$ (1,148,986)
Housing & community development	4,976,586	5,293,885	6,329,834	1,035,949
Job training partnership act	586,843	770,986	865,236	94,250
Sheriff	208,858	223,562	640,835	417,273
Citizen services	1,377,951	1,141,349	1,469,759	328,410
States attorney	687,415	602,583	626,691	24,108
Circuit court	707,758	520,948	416,849	(104,099)
EOC	-	-	915	915
Risk Management	527,000	1,148,699	534,021	(614,678)
Tourism	-	1,240	1,240	-
Farm Museum	35,000	35,000	26,576	(8,424)
Planning	32,025	32,025	45,172	13,147
Recreation and parks	856,527	2,345,094	3,072,815	727,721
Total revenues	<u>187,000</u>	<u>187,000</u>	<u>245,767</u>	<u>58,767</u>
	<u>11,434,819</u>	<u>14,726,637</u>	<u>15,550,990</u>	<u>824,353</u>
EXPENDITURES				
General government				
Public safety	11,447,572	13,406,091	13,641,922	(235,831)
Health	776,690	1,925,846	600,025	1,325,821
Recreation and parks	4,000	4,000	4,915	(915)
Economic development	195,100	195,100	241,112	(46,012)
Capital outlay	632,904	817,047	957,881	(140,834)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,726,582</u>	<u>(1,726,582)</u>
	<u>13,056,266</u>	<u>16,348,084</u>	<u>17,172,437</u>	<u>(824,353)</u>
Excess (deficiency) of revenues over expenditures				
	<u>(1,621,447)</u>	<u>(1,621,447)</u>	<u>(1,621,447)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,621,447</u>	<u>1,621,447</u>
	<u>-</u>	<u>-</u>	<u>1,621,447</u>	<u>1,621,447</u>
Net change in fund balance				
	<u>\$ (1,621,447)</u>	<u>\$ (1,621,447)</u>	<u>-</u>	<u>\$ 1,621,447</u>
Fund balance - beginning				
Fund balance - ending			<u>-</u>	
			<u>\$ -</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Fiduciary Net Assets
Trust Funds
June 30, 2010

	<u>Employee Pension Plan</u>	<u>Certified Law Officers Pension</u>	<u>LOSAP</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 534,344	\$ 1,470,476	\$ 359,612	\$ 747,983	\$ 3,112,415
Investments, at fair value:					
Bond funds	6,022,822	-	1,906,905	-	7,929,727
Equity funds	15,591,852	-	4,228,476	-	19,820,328
Marketable securities	-	-	-	12,815,194	12,815,194
Receivables					
Due from primary government	150,000	-	-	-	150,000
Total assets	<u>22,299,018</u>	<u>1,470,476</u>	<u>6,494,993</u>	<u>13,563,177</u>	<u>43,827,664</u>
LIABILITIES					
Accounts payable	13,791	2,212	1,980	-	17,983
Due to primary government	-	-	-	951,127	951,127
Total liabilities	<u>13,791</u>	<u>2,212</u>	<u>1,980</u>	<u>951,127</u>	<u>969,110</u>
NET ASSETS					
Held in trust for pension and OPEB benefits and other purposes	<u>\$ 22,285,227</u>	<u>\$ 1,468,264</u>	<u>\$ 6,493,013</u>	<u>\$ 12,612,050</u>	<u>\$ 42,858,554</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Changes Fiduciary Net Assets
Trust Funds
For the Fiscal Year Ended June 30, 2010

	<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	\$ 2,660,000	\$ 250,000	\$ -	\$ 6,225,000	\$ 9,135,000
Plan members	1,359,680	178,858	-	255,045	1,793,583
Asset value for employees that qualify for new plan	-	1,076,978	-	-	1,076,978
Contributions from sources other than employer(s) and plan members	-	-	-	145,995	145,995
Total contributions	<u>4,019,680</u>	<u>1,505,836</u>	<u>-</u>	<u>6,626,040</u>	<u>12,151,556</u>
Investment earnings:					
Interest and dividends	1,203	476	208	4,231	6,118
Net increase in the fair value of investments	<u>3,317,074</u>	<u>-</u>	<u>933,809</u>	<u>1,432,223</u>	<u>5,683,106</u>
Total investment earnings	<u>3,318,277</u>	<u>476</u>	<u>934,017</u>	<u>1,436,454</u>	<u>5,689,224</u>
Less investment expense	<u>(27,351)</u>	<u>-</u>	<u>(13,773)</u>	<u>(9,860)</u>	<u>(50,984)</u>
Net investment earnings	<u>3,290,926</u>	<u>476</u>	<u>920,244</u>	<u>1,426,594</u>	<u>5,638,240</u>
Total additions	<u>7,310,606</u>	<u>1,506,312</u>	<u>920,244</u>	<u>8,052,634</u>	<u>17,789,796</u>
DEDUCTIONS					
Benefits and refunds paid to plan members and beneficiaries					
	408,688	17,407	512,041	3,094,470	4,032,606
Reassignment of assets for employees that qualify for new plan					
	1,076,978	-	-	-	1,076,978
Administrative expenses	<u>51,624</u>	<u>20,641</u>	<u>2,000</u>	<u>4,000</u>	<u>78,265</u>
Total deductions	<u>1,537,290</u>	<u>38,048</u>	<u>514,041</u>	<u>3,098,470</u>	<u>5,187,849</u>
Change in net assets	5,773,316	1,468,264	406,203	4,954,164	12,601,947
Net assets-beginning	<u>16,511,911</u>	<u>-</u>	<u>6,086,810</u>	<u>7,657,886</u>	<u>30,256,607</u>
Net assets-ending	<u>\$ 22,285,227</u>	<u>\$ 1,468,264</u>	<u>\$ 6,493,013</u>	<u>\$ 12,612,050</u>	<u>\$ 42,858,554</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2010

<u>Carroll County Development Corporation</u>	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Equity in pooled cash and investments	\$ 51,945	\$ 57,741	\$ 15,211	\$ 94,475
Receivables-notes, mortgages and leases	616,561	-	23,709	592,852
Total assets	<u>\$ 668,506</u>	<u>\$ 57,741</u>	<u>\$ 38,920</u>	<u>\$ 687,327</u>
LIABILITIES				
Due to Carroll County Development Corporation	\$ 668,506	\$ 34,032	\$ 15,211	\$ 687,327
Total liabilities	<u>\$ 668,506</u>	<u>\$ 34,032</u>	<u>\$ 15,211</u>	<u>\$ 687,327</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Net Assets
Other Proprietary Funds
June 30, 2010

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
ASSETS			
Current Assets:			
Equity in pooled cash	\$ 509,515	\$ 194,237	\$ 703,752
Cash and cash equivalents	-	200	200
Accounts receivables, net	90,105	-	90,105
Total current assets	<u>599,620</u>	<u>194,437</u>	<u>794,057</u>
Noncurrent Assets:			
Capital assets:			
Buildings	-	274,051	274,051
Improvements other than buildings	185,278	6,578	191,856
Autos, machinery, equipment		25,069	25,069
Less accumulated depreciation	<u>(35,512)</u>	<u>(21,196)</u>	<u>(56,708)</u>
Total capital assets (net of accumulated depreciation)	<u>149,766</u>	<u>284,502</u>	<u>434,268</u>
Total assets	<u>749,386</u>	<u>478,939</u>	<u>1,228,325</u>
LIABILITIES			
Current liabilities:			
Accounts payable	125,847	2,624	128,471
Accrued interest payable	1,599	-	1,599
Long-term liabilities due within one year:			
General obligation bonds payable	12,224	-	12,224
Total current liabilities	<u>139,670</u>	<u>2,624</u>	<u>142,294</u>
Noncurrent liabilities:			
General obligation bonds payable	134,111	-	134,111
Total noncurrent liabilities	<u>134,111</u>	<u>-</u>	<u>134,111</u>
Total liabilities	<u>\$ 273,781</u>	<u>\$ 2,624</u>	<u>\$ 276,405</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,431	284,502	287,933
Unrestricted	472,174	191,813	663,987
Total net assets	<u>\$ 475,605</u>	<u>\$ 476,315</u>	<u>\$ 951,920</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
Other Proprietary Funds
For the Year Ended June 30, 2010

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 603,550	\$ 111,984	\$ 715,534
Total operating revenues	<u>603,550</u>	<u>111,984</u>	<u>715,534</u>
Operating expenses:			
Personal services	-	55,588	55,588
Contractual services	203,833	2,367	206,200
Materials and supplies	55,475	6,728	62,203
Rents and utilities	95,622	2,321	97,943
Miscellaneous	94,697	-	94,697
Depreciation	18,528	9,277	27,805
Total operating expenses	<u>468,155</u>	<u>76,281</u>	<u>544,436</u>
Operating income	<u>135,395</u>	<u>35,703</u>	<u>171,098</u>
Nonoperating revenues (expenses):			
Penalties and interest	1,104	497	1,601
Interest and fiscal charges	(6,040)	-	(6,040)
Total nonoperating revenues (expenses)	<u>(4,936)</u>	<u>497</u>	<u>(4,439)</u>
Change in net assets	130,459	36,200	166,659
Total net assets - beginning of year	345,146	440,115	785,261
Total net assets - ending	<u>\$ 475,605</u>	<u>\$ 476,315</u>	<u>\$ 951,920</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Cash Flows
Other Proprietary Funds
For the Year Ended June 30, 2010

	<u>Septage</u>	<u>Firearms</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 600,392	\$ 111,984	\$ 712,376
Payments to suppliers and other funds	(441,674)	(10,637)	(452,311)
Payments to employees	-	(57,657)	(57,657)
Net cash provided (used) by operating activities	<u>158,718</u>	<u>43,690</u>	<u>202,408</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(12,225)	-	(12,225)
Interest paid on capital debt	<u>(6,174)</u>	<u>-</u>	<u>(6,174)</u>
Net cash provided (used) by capital and related financing activities	(18,399)	-	(18,399)
 CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments and cash	<u>1,104</u>	<u>497</u>	<u>1,601</u>
Net cash provided by investing activities	<u>1,104</u>	<u>497</u>	<u>1,601</u>
Net increase in cash and cash equivalents	141,423	44,187	185,610
Cash and cash equivalents at beginning of year	<u>368,092</u>	<u>150,250</u>	<u>518,342</u>
Cash and cash equivalents at end of year	<u><u>\$ 509,515</u></u>	<u><u>\$ 194,437</u></u>	<u><u>\$ 703,952</u></u>
 Reconciliation of Operating Income to net cash provided (used) by operating activities:			
Operating income	<u>\$ 135,395</u>	<u>\$ 35,703</u>	<u>\$ 171,098</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	18,528	9,278	27,806
Effect of changes in operating assets and liabilities:			
Accounts receivable	(3,158)		(3,158)
Accounts payable and accrued expenses	7,953	(1,291)	6,662
Total adjustments	<u>23,323</u>	<u>7,987</u>	<u>31,310</u>
Net cash provided by operating activities	<u><u>\$ 158,718</u></u>	<u><u>\$ 43,690</u></u>	<u><u>\$ 202,408</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Capital Assets Used in the Operation of Governmental Funds
Schedule By Source (1)
June 30, 2010

Governmental funds capital assets:	
Land	\$ 49,182,657
Buildings and contents	128,329,058
Improvements other than buildings	27,833,259
Automobiles, machinery and equipment	38,591,950
Roads and bridges	552,328,683
Construction in progress	74,999,567
Total governmental funds capital assets	<u>\$ 871,265,174</u>

Investments in governmental funds capital assets by source:	
General fund revenues	\$ 522,709,553
Special revenue funds	6,182,262
State grants	59,263,190
Federal grants	17,204,146
General obligation bonds	142,810,506
Contributions	123,095,517
Total investments in governmental funds capital assets by source	<u>\$ 871,265,174</u>

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

Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Schedule 5-2

Capital Assets Used in the Operation of Governmental Funds
Schedule By Function
JUNE 30, 2010

	Land	Buildings and Contents	Improvements Other Than Buildings	Automobiles, Machinery and Equipment	Roads and Bridges	Construction in Progress	Total
General government	\$ 25,448,041	\$ 35,321,998	\$ 9,702,972	\$ 8,807,951	\$ -	\$ -	\$ 79,280,962
Public safety	298,249	11,829,092	1,566,957	15,049,306	-	-	28,743,604
Public works	5,221,971	177,463	6,958	11,693,956	545,411,444	-	562,511,792
Health	53,093	8,027,779	673,193	-	-	-	8,754,065
Education	2,286,734	47,431,101	2,706,071	377,152	-	-	52,801,058
Recreation & Parks	4,940,053	2,047,599	8,255,945	1,261,892	-	-	16,505,489
Economic development	-	2,695,072	3,493,044	191,783	6,917,239	-	13,297,138
Conservation of natural resources	9,358,348	622,526	-	24,413	-	-	10,005,287
Library/senior centers	1,576,168	20,176,428	1,428,119	1,185,497	-	-	24,366,212
Construction in progress	-	-	-	-	-	74,999,567	74,999,567
Subtotal	49,182,657	128,329,058	27,833,259	38,591,950	552,328,683	74,999,567	871,265,174
Less accumulated depreciation	-	(31,993,413)	(14,729,806)	(23,337,966)	(372,019,128)	-	(442,080,313)
Net governmental funds capital assets	\$ 49,182,657	\$ 96,335,645	\$ 13,103,453	\$ 15,253,984	\$ 180,309,555	\$ 74,999,567	\$ 429,184,861

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

Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Schedule 5-3

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended June 30, 2010

	Governmental Funds Capital Assets July 1, 2009	Additions	Transfers and Retirements	Governmental Funds Capital Assets June 30, 2010
General government	\$ 70,473,391	\$ 8,886,955	\$ (79,384)	\$ 79,280,962
Public safety	28,695,072	295,401	(246,869)	28,743,604
Public works	560,791,310	2,491,156	(770,674)	562,511,792
Health	5,017,503	3,736,562	-	8,754,065
Education	55,822,750	-	(3,021,692)	52,801,058
Recreation & Parks	16,025,910	546,574	(66,995)	16,505,489
Economic development	14,109,785	-	(812,647)	13,297,138
Conservation of natural resources	10,056,715	24,548	(75,976)	10,005,287
Library/senior centers	24,189,220	199,785	(22,793)	24,366,212
Construction in progress	67,743,107	17,221,072	(9,964,612)	74,999,567
Subtotal	<u>852,924,763</u>	<u>33,402,053</u>	<u>(15,061,642)</u>	<u>871,265,174</u>
Less accumulated depreciation	<u>(426,449,677)</u>	<u>(17,657,677)</u>	<u>2,027,041</u>	<u>(442,080,313)</u>
Net governmental funds capital assets	<u>\$ 426,475,086</u>	<u>\$ 15,744,376</u>	<u>\$ (13,034,601)</u>	<u>\$ 429,184,861</u>

Source: Carroll County Department of the Comptroller.

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, 2010

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>						
<u>General Government</u>						
8006	IT Sys Comp Replacement 03	\$ 2,620,666	\$ 1,646,069	\$ 36,768	\$ 135,213	\$ 802,617
8011	County Facilities Security 03	220,410	129,946	34,563	-	55,901
8036	Junction Renovation 03	50,000	45,764	-	-	4,236
8038 *	300 S. Center St. Renovations	4,855,484	4,855,434	-	-	-
8060	New Voting System 04	1,144,045	709,915	-	-	434,130
8111	Econ Devel Tech Infrastructure	200,000	1,975,857	3,219	18,851	2,073
8162	County Master Plan	750,800	572,293	7,005	3,241	168,262
8199	Government Complex	7,000,000	1,786,517	881,333	-	4,332,150
8226	Carroll County Public Network	8,869,500	7,069,320	1,044,134	14,900	741,146
8228	GIS Planimetric Data	750,000	727,195	16,954	-	5,851
8246	New Windsor MS-Office Complex	8,784,464	8,750,098	-	-	34,366
8273	PW Asset/Pavement Manage Sys	125,000	-	38,057	-	86,943
8274	Records Management	306,000	93,665	127,040	-	85,296
8309	Government Office Building	4,500,000	1,960,945	133,350	-	2,405,706
8311	GIS/Planning/Public Safety-Par	715,000	-	416,175	45,833	252,993
8359	Historic Courthouse Elevator	500,000	-	-	79,772	420,228
8361	Voting Machines - Optical Scan	120,000	-	-	-	120,000
9001	Comptroller/Acct-Capital	57,569,111	47,878,941	9,690,170	-	-
9418	Handicapped Accessibility 92	904,600	817,549	2,917	-	84,133
9648	Computer System Improvements	5,181,140	4,662,562	480,479	5,816	32,284
9921	Parking Lot Overlays (Fr 9658)	935,471	377,450	333,355	-	224,666
9952	Multi-Purpose Bldg Improvement	330,100	292,093	10,798	-	27,209
9954	Cnty Bldg Systemic Renovations	1,949,100	1,041,404	149,222	715,377	43,097
9957	General Government Unallocated	714,331	-	-	-	714,331
	Total	109,095,222	85,393,017	13,405,539	1,019,003	11,077,617
4023	<u>Health</u>					
9958 *	Drug Treatment Facility	3,736,562	3,736,562	-	-	-
	Total	3,736,562	3,736,562	-	-	-
4031	<u>Public Safety</u>					
8003	EOC Relocation 03	4,023,000	-	255,545	1,904,634	1,862,821
8163	CC Public Safety Training Cntr	7,000,000	16,427	52,203	27,870	6,903,500
8209 *	9-1-1 Work Stations	160,523	160,523	-	-	-
8264	Carroll County 800 MHz & 911	3,684,468	2,095,601	467,434	61,177	1,060,256
8269	Humane Society-Add Parking	41,210	-	-	-	41,210
8272	Minimum Security Facility	6,920,000	-	-	-	6,920,000
8312	Humane Society Generator	44,700	-	665	-	44,035
8371	Rebanding Radios	127,034	-	-	-	127,034
9022	Dry Hydrant Project	1,099,800	487,616	3,554	-	608,629
	Total	23,100,735	2,760,167	779,401	1,993,681	17,567,485
4041	<u>Highways & Streets</u>					
8023	Georgetown Boulevard 03	7,092,170	85,309	-	-	7,006,861
8028	Rowe Road 03	707,100	-	-	-	707,100
8065	Gravel Roads 04	986,898	712,574	-	-	274,324
8178	Falls Road	797,990	77,337	226,412	444,592	49,650
8184	Turkeyfoot Road	174,090	135,964	-	38,126	-
8237	Manchester Valley HS Road	2,208,485	984,015	764,328	-	460,141
8283	Englar Road Roundabout	146,998	17,537	116,130	13,129	201
8308	Ridenour Way 08	20,000	-	-	-	20,000
8317	Low Volume Road Improve '09	1,095,000	802,284	142,036	-	150,680
8318	Market Street Extended	1,445,000	578,614	629,391	-	236,995
8319	Neighborhood Overlays '09	1,728,000	-	1,258,025	-	469,975
8320	Overlays '09	5,625,727	887,041	3,977,820	-	760,866
8321	Ridge Road Improvements	250,000	12,408	35,470	-	202,122
8352	American Recov & Reinvest Act	2,682,677	-	-	2,467,704	214,973
8353	Londontown Blvd Improvements	3,500,000	-	-	-	3,500,000
8354	Low Volume Rd Improve FY10	1,227,000	-	714,998	232,684	279,318

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
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Schedule 6

	Description	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
8355	Neighborhood Overlays FY10	\$ 1,634,000	\$ -	\$ -	\$ 1,472,661	\$ 161,339
8356	Overlays FY10	5,417,000	-	2,273,324	2,283,709	859,966
8357	Rt26 Rd Imprv/SCHS FA Addition	57,765	-	57,765	-	-
9604	Ridge Road Relocation	50,000	3,102	-	-	46,898
9674	Highway Safety Improvements	1,317,860	955,895	6,813	-	355,152
9797 *	Shepards Mill Road-Ladiesburg	4,613,595	4,613,595	-	-	-
9847	Small Drainage Structures	1,530,207	1,226,093	208,051	-	96,064
9877	Macbeth Way	171,686	71,686	-	-	100,000
9881	Traffic Calming	338,000	51,290	3,266	-	283,444
9968	Obrecht Rd(White Rock-Gaither)	1,216,850	8,379	51,058	45,000	1,112,413
	Total	46,034,098	11,223,123	10,464,887	6,997,605	17,348,482
4042	<u>Traffic Signals</u>					
9051	Traffic Signals	794,000	585,987	18,527	-	189,486
	Total	794,000	585,987	18,527	-	189,486
4043	<u>Bridges</u>					
8031	Greenmount Ch Rd over MurphyRn	773,300	46,003	242,240	289,882	300,512
8032	Silver Run Valley Rd-BigSilRun	790,300	33,167	2,211	-	754,923
8033 *	Starners Dam Rd over Monocacy	73,466	73,466	-	-	-
8071	Mumma Ford Rd over Monocacy 04	110,000	-	46,769	-	63,231
8129	Keysville Fred Co Road Bridge	593,407	249,669	254,177	-	89,561
8131 *	Warfieldsburg Rd/Little Morgan	273,295	273,295	-	-	-
8239	Bollinger Road/Beaver Run	696,000	7,910	14,463	-	673,627
8240	Falls Road/Indian Run	593,391	98,560	11,701	9,159	473,971
8287	Grand Valley Road/Stream	493,000	37,238	50,143	-	405,618
8322	Babylon road over Silver Run	902,000	-	-	-	902,000
8323	McKinstry's Mill Rd/Sam's Creek	947,000	-	-	-	947,000
8332	Hughes Shop over Bear Branch	1,428,000	-	-	-	1,428,000
9684	Bridge Inspection & Inventory	211,005	161,868	43,881	3,770	1,487
9686	Clean & Paint Structural Steel	705,350	611,828	7,858	20,309	65,354
9799 *	Bear Run Rd Bridge/Bear Branch	26,068	26,068	-	-	-
9882	Bridge Maint/Structural Repair	516,000	328,382	-	-	187,618
9916	Saw Mill Rd Bridge/Bear Run	745,758	281,491	-	-	464,267
	Total	9,877,340	2,228,945	673,444	323,120	6,757,169
4045	<u>Buildings</u>					
8176	Salt Barns	2,783,750	5,285	61,284	25,079	2,692,102
8267	Fleet-Vehicle/Equipment Wash	1,208,680	4,612	955,472	253,846	(5,250)
8268	Fuel Tank Replacement	168,000	-	94,269	-	73,731
8347	Youth Srvc Bureau - DHCD	650,000	612,372	37,628	-	-
9866 *	Maint Facility-Additions/Renov	128,252	33,641	94,612	-	-
9956	Fleet-Lifts Replacements	338,915	203,753	-	-	135,162
	Total	5,277,597	859,663	1,243,265	278,925	2,895,745
4049	<u>General Public Works</u>					
9902	Public Works-Unallocated	347,346	-	-	-	347,346
	Total	347,346	-	-	-	347,346
4061	<u>Board of Education</u>					
8089	Vo-Tech Students-Capital-0801	220,457	65,291	-	-	155,166
8132	HVAC Addition Westminster MS	2,244,725	2,237,725	-	-	7,000
8133	Manchester Valley High School	70,685,300	57,241,186	10,321,730	-	3,122,384
8185	Ebb Valley Elementary School	11,650,832	11,160,448	419,497	-	70,887
8189	Full Day K-Spring Garden ES	812,844	812,581	263	-	-
8191	Full Day K-State Plan Approvl	697,916	571,571	-	-	126,345
8194	Vehicle Storage-Pole Shed	80,000	60,961	19,039	-	-
8244	HVAC Replace-Robert Moton ES	2,251,701	1,986,460	180,473	-	84,768
8288	Freedom Ele Kindergarten Add	2,809,700	726,753	1,019,331	-	1,070,681
8289	SC High School Fine Arts Add	19,744,500	3,186,554	8,721,140	-	7,836,806
8290	Westminster HS HVAC Replace	13,880,118	1,232,683	7,035,049	-	5,612,387

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Schedule 6

	Description	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
8291	Mt Airy MS Roof Replacement	\$ 256,030	\$ 236,031	\$ 2,165	\$ -	\$ 17,834
8292	Open Space Classroom Enclosure	8,239,969	2,392,580	2,716,132	-	3,131,607
8325	William Win Elem Kinder Additi	2,420,000	195,875	503,375	-	1,720,750
8326	Winfield Elem Kindergarten Add	1,301,000	117,800	503,731	-	679,469
8327	Roof Replace-Mt Airy Elementar	594,000	21,497	190,837	-	381,666
8348	Mt. Airy Middle School	13,050,000	-	245,948	-	12,804,053
8349	Full Day K-Robert Moton ES	199,000	-	178,311	-	20,690
8350	Hampstead ES-HVAC Replace	150,000	-	81,608	-	68,393
8351	Hampstead ES Roof Replace	250,000	-	-	-	250,000
9554	Handicapped Accessibility	1,484,684	1,313,314	7,350	-	164,019
9745	Relocatables	5,447,376	5,027,376	144,453	-	275,547
9746	General Roofing Improvements	1,127,936	959,851	49,495	-	118,590
9748	Paving	3,197,241	2,500,637	157,816	-	538,788
9792	Technology Improvements	6,067,105	4,453,106	328,301	-	1,285,698
9850	School Construction-General	-	-	(1,839,841)	-	5,593,110
9885	Winters Mill High School	25,252,267	25,163,453	-	-	88,814
9973	NC Middle School Renovations	11,130,621	10,951,092	4,220	-	175,309
9974	HVAC-Improvement & Replacement	78,437	-	-	-	78,437
	Total	205,323,760	132,614,824	30,990,422	-	45,479,199
4062	<u>Community College</u>					
8225	CCC-Classroom Building #4	36,211,011	18,431,220	11,654,056	81,901	6,043,833
9782	Comm Coll-Technology	4,875,600	3,714,012	-	-	1,161,588
	Total	41,086,611	22,145,232	11,654,056	81,901	7,205,421
4071	<u>Recreation & Parks</u>					
8016	Deer Park Lighting 03	197,917	186,671	11,245	-	-
8121	Leister Park	1,874,534	223,508	38,352	39,424	1,573,250
8169	Barkhill Ballfields	456,000	281,651	120,893	-	53,457
8175	West Carroll Regional Park	1,207,596	-	1,207,596	-	-
8231	Deer Park Linear Trail	66,000	51,451	9,171	-	5,378
8232	Park Restoration Fund	395,985	278,819	33,675	1,622	81,870
8233	Parkland Acq (POS) County	158,658	-	-	-	158,658
8234	Parkland Devel (POS) County	1,572	-	-	-	1,572
8252 *	Freedom Park Playground Equip	40,000	39,697	303	-	-
8275	Deer Park Practice Field	144,000	830	96,598	-	46,572
8276 *	Double Pipe Creek Park	109,078	108,973	92	-	13
8277	Freedom Park Shelters/Paly Eqp	67,580	60,502	6,450	-	629
8279	Parkland Acq-(POS) County '08	750,000	-	-	-	750,000
8280	Parklnd Dev-(POS) County '08	473,440	-	-	-	473,440
8282	Westminster Comm Pond Renovate	392,300	173,458	25,282	-	193,560
8331	DPC Water Tr. Pavilions	8,000	6,884	-	-	1,116
9139	Recs & Parks/Local-Unallocated	34,595	-	-	-	34,595
9736	Town Fund	345,801	250,917	20,244	-	74,640
9870	Gillis Falls Park Development	300,263	236,927	-	-	63,336
9925	Tot Lot Replacement	184,238	177,848	-	-	6,391
9926	South Carroll Regional Park	5,789,551	1,199,411	80,261	2,950,604	1,559,275
9963	Sandymount Park Lighting	149,315	143,987	5,327	-	-
	Total	13,146,423	3,421,534	1,655,489	2,991,650	5,077,752
4072	<u>Farm Museum</u>					
8113 *	Farm Museum Electrical Upgrade	245,102	245,102	-	-	-
8266	Farm Museum-Maint Bldg Add	77,900	76,582	-	-	1,318
8307	Farm Museum Stormwater Drain	36,432	-	36,432	-	-
	Total	359,434	321,684	36,432	-	1,318
4073	<u>Hashawha/Bear Branch</u>					
8358	Bear Branch Nature Ctr Parklot	70,000	-	23,931	-	46,069
9871	Hashawha Building Renovations	489,636	171,880	66,074	5,700	245,982
	Total	559,636	171,880	90,005	5,700	292,051

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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>
4074	<u>Piney Run Park</u>					
8197 *	Piney Run Pier Replacement	\$ 118,927	\$ 118,927	\$ -	\$ -	\$ -
8281	PR Nature Center-Aux Classroom	110,000	48,323	7,769	-	53,908
8314	Piney Run Tennis Court Resurf	65,000	37,619	25,543	-	1,838
	Total	<u>293,927</u>	<u>204,869</u>	<u>33,312</u>	<u>-</u>	<u>55,746</u>
4076	<u>Self-Help Projects</u>					
8079	Union Mills Trail Upgrade SH	2,304	1,230	-	-	1,074
8105 *	Salt Box Park Upgrade SH 04	7,491	7,491	-	-	-
8139	FA Hodges Park Fld Upgrade-SH	1,750	632	-	-	1,119
8149	Cherrytown Ballfld Park Lot-SH	2,330	2,194	-	-	136
8215	PR Butterfly & Wildflower SH	4,021	2,549	453	-	1,019
8256	Freedom Pk Ballfield Improv	1,501	371	-	-	1,130
8257 *	GreenHouse-Wetland Classrm	20,806	20,806	-	-	-
8301 *	CT Park Pad/Bleachers SH 08	12,401	4,401	8,000	-	-
8304	Hodges Park F2 Pad Sh 08	2,600	1,379	-	-	1,221
8333 *	Equestrian Ring Surf Upgrd 1,2	12,867	12,867	-	-	-
8337	Piny Run Picnic Pavilion	6,900	6,550	-	-	350
8338	Landon C Burns Prk Ball Field	11,963	-	11,963	-	-
8346	Linton Springs ES Lwr Fld Impr	8,275	-	4,685	1,507	2,083
8363	Equestrian Center Judges Stand	2,055	-	2,055	-	-
8364	SC Sr & Comm Center Scoreboard	5,985	-	5,985	-	-
8365	Springfld Cmplx Ballfld Renovn	14,390	-	-	-	14,390
8366	Cape Horn Park Fence Install	4,900	-	-	-	4,900
8367	Taneytwn Mem Prk Grndstnd Reno	2,000	-	-	-	2,000
8368	Westmnstr Lacrosse Goals/Equip	4,684	-	-	-	4,684
8369	Mayeski Park Soccer Goals	10,759	-	7,380	-	3,379
8370	SaltBox Tot Lot Replacement	33,000	-	-	-	33,000
8372	Arts Council Lighting SH10	2,140	-	2,140	-	-
8373	Streaker Rd Practice Fld SH10	15,000	-	-	-	15,000
8374	MayPark Fld 1 Mix/Seed SH10	2,480	-	-	2,000	480
8375	MayPark Fld 2 Mix/Seed SH10	2,080	-	-	1,600	480
8376	Salt Box Park Infield Mix SH10	1,080	-	-	-	1,080
9718	New Winds Mid Schl Storage-SH	9,893	9,893	-	-	-
9735	Community Self Help	2,586	-	-	-	2,586
9785	Foot Bridge Piney Run Park	4,000	-	-	-	4,000
9998	Ball Diam Fld C Christmas Tree	2,544	-	-	-	2,544
9999	Ball Diam Fld C Christmas Tree	1,272	-	-	-	1,272
	Total	<u>216,057</u>	<u>70,363</u>	<u>42,661</u>	<u>5,107</u>	<u>97,927</u>
4081	<u>Library/Senior Centers</u>					
8059	Taneytown Libr Branch Exp 04	1,795,687	1,601,947	-	-	193,740
8062	Senior Center-South Carroll 04	9,956,420	7,324,255	1,994,714	219,477	417,974
8271	Library-Westminster Branch Ren	310,000	150,000	60,000	-	100,000
8313	Taneytown Sr/Comm Ctr Add Park	93,200	-	-	-	93,200
8360	Library-Eldersburg Improvement	124,000	-	67,760	-	56,240
9784	Finksburg Library Branch	6,414,505	6,330,303	46,929	-	37,272
9822	Library-Technology Improvemnts	1,865,900	1,638,877	225,100	-	1,923
	Total	<u>20,559,712</u>	<u>17,045,382</u>	<u>2,394,503</u>	<u>219,477</u>	<u>900,349</u>
4091	<u>Conservation & Open Space</u>					
9002	Land Bank	20,862,753	14,862,719	322,312	-	5,677,723
9004	Reservoir Land Acquisition	2,128,000	2,122,270	-	-	5,730
9007	Ag Land Preservation	114,567,760	93,800,884	10,099,324	-	10,667,553
9702	Traffic Impact Studies/Develop	93,646	75,336	16,364	-	1,946
9851	Rural Legacy-Easement Purchase	17,232,894	15,507,592	1,437,857	-	287,444
9919	Soil Surveys	210,000	193,620	-	-	16,380
	Total	<u>155,095,053</u>	<u>126,562,421</u>	<u>11,875,857</u>	<u>-</u>	<u>16,656,776</u>
4092	<u>Water Resources</u>					
8293	Patapsco Rd Watershed Project	983,612	213,596	378,337	244,893	146,785

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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>
8294 Reservoir Development	\$ 17,257,009	\$ 7,295,403	\$ 114,359	\$ 1,357	\$ 9,845,890
8295 Storm Water Facility Maint	1,365,000	529,503	609,124	130,095	96,277
8328 Environmental Compliance	775,000	58,459	12,702	-	703,838
9920 Watershed Assessment & Improve	3,173,796	1,227,975	484,887	5,864	1,455,070
Total	<u>23,554,417</u>	<u>9,324,936</u>	<u>1,599,409</u>	<u>382,209</u>	<u>12,247,860</u>
Total Governmental Activities	<u><u>\$ 658,457,930</u></u>	<u><u>\$ 418,670,589</u></u>	<u><u>\$ 86,957,209</u></u>	<u><u>\$ 14,298,378</u></u>	<u><u>\$ 144,197,729</u></u>

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Schedule 6

Description	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
Business-type Activities					
Bureau of Utilities					
6311 Water & Sewer Meters	\$ 1,318,755	\$ 1,150,825	\$ 165,401	\$ -	\$ 2,529
6332 Tank Painting	556,182	186,606	128	-	369,448
6339 FW-Ground Water Supply-975706	3,329,457	2,824,090	30,186	-	475,181
6343 Small Comm Sanitary Surveys	50,165	10,228	-	-	39,937
6344 HWWTP-Effluent Chillers	2,436,967	515,150	639	-	1,921,177
6347 * FDWTP-Expansion	27,350,898	25,868,231	433,465	-	1,049,202
6358 8-12-16 Mains/Hydraulic Loop	634,221	-	-	-	634,221
6359 Hydrant Replacement	822,750	698,262	85,407	-	39,081
6370 Pine Hill WWPS Upgrade	894,200	505,305	2,305	-	386,590
6371 Piney Run WWPS Renovation	2,951,195	150,312	144,713	2,298,849	357,321
6374 Relief Sewer No. 2	110,700	-	-	-	110,700
6385 Sewer Study Update	275,000	168,196	-	-	106,804
6388 Pleasant Valley Backup Well 04	280,993	-	-	-	280,993
6389 Shiloh Pumping Station 04	1,376,000	1,369,274	-	-	6,726
6390 Sykesville Elevea W/Tank #6 04	62,000	-	-	-	62,000
6398 Gravity Main to North Station	284,925	862	80,020	-	204,043
6400 Bramble Hills Well Sys Replace	529,000	51,076	-	-	477,924
6403 Sanitary Sewer Manhole Rehab	607,500	260,576	75,409	11,200	260,315
6404 * Sludge Dewatering Facility Rep	957,329	956,064	1,266	-	-
6407 Carroll Highlands PS Renovatns	291,280	56,886	161,782	-	72,612
6409 FD Looping Monroe (Okla-Benn)	74,800	-	-	-	74,800
6410 FWTP-Water Transmission Main	4,123,650	3,635,403	(134,557)	-	622,804
6413 Hampstead Sludge Tank Renovate	828,200	95,462	42,750	-	689,808
6414 Meter Vault Replacement	102,000	43,396	45,849	-	12,755
6415 Snowden's Run WWPS Rehab	554,666	510,063	32,040	-	12,563
6416 FD-Looping-DickensonRd	5,000	-	-	-	5,000
6419 Freedom Waste Water TP-ENR	750,000	-	-	-	750,000
6420 FW Svc Area Hydraulic Analys	150,000	-	4,157	-	145,843
6421 Sanitary Sewer Main Lining	244,201	-	244,201	-	-
Total	51,952,034	39,056,267	1,415,161	2,310,049	9,170,377
Solid Waste					
6520 Hoods Mill Remediation	819,626	159,022	139,930	11,714	508,960
6521 Northern Landfill Remediation	904,000	257,814	32,325	538,262	75,600
6522 * Northern Landfill Cell 3	5,959,000	5,840,657	-	520	117,823
6528 John Owings LF Remediation	800,000	99,479	28,425	30,287	641,809
6530 * Northern-Maintenance Building	381,250	356,336	-	-	24,914
6531 Northern Landfill Scalehouse	136,500	101,520	-	26,134	8,846
6532 Closed Landfill Remediation	100,000	-	12,091	5,631	82,278
6533 Entrance-Northern Landfill	459,000	2,400	2,500	-	454,100
Total	9,559,376	6,817,228	215,271	612,548	1,914,330
Airport					
6802 * Corporate Hangar Facilities	4,807,554	4,807,554	-	-	-
6805 Airport Land Sales	242,910	67,910	-	-	175,000
6810 * Fuel Farm Expansion	143,603	143,603	-	-	-
6812 T-Hangars	4,771,250	-	-	-	4,771,250
6813 Precision Appr Path Indicators	174,584	169,041	-	5,543	-
6814 Runway Expansion	74,075,000	1,045,463	39,762	-	72,989,776
6815 * Security System	175,000	175,000	-	-	-
6816 Corporate Hangars	9,463,000	-	-	-	9,463,000
6817 New Terminal Building	2,660,000	-	-	-	2,660,000
6818 Grounds & Facility Impr (9541)	184,859	72,188	81,682	6,925	24,064
Total	96,697,760	6,480,759	121,444	12,468	90,083,090
Total Business-type Activities	\$ 158,209,170	\$ 52,354,254	\$ 1,751,876	\$ 2,935,065	\$ 101,167,796

* Denotes Completed CIP Projects

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

Schedule 7

**Schedule of Investments for
Governmental Activities, Business Activities, and Trust Funds
June 30, 2010**

	Length (in Days)	Maturity Date	Rate (%)	Amount	Totals
GOVERNMENTAL ACTIVITIES-Par Value					
Federal Home Loan Bank	360	1-Jun-11	0.65	\$ 10,000,000	
Federal Home Loan Bank	360	2-Jun-11	0.75	5,000,000	
Federal Home Loan Bank	360	15-Jun-11	0.70	5,000,000	
Federal Home Loan Bank	360	24-Jun-11	0.75	5,000,000	
Federal Home Loan Bank	720	10-Aug-11	1.50	5,000,000	
Federal Home Loan Bank	540	16-Sep-11	0.85	15,000,000	
Federal Home Loan Bank	720	30-Dec-11	1.10	5,125,000	
Federal Home Loan Mortgage Corporation	720	24-Feb-12	1.31	5,000,000	
Federal Farm Credit Bureau	450	29-Apr-11	0.55	13,000,000	
Treasury Bonds	20 yrs	15-Nov-21	5.66	217,793	
Treasury Bonds	20 yrs	15-Aug-22	5.97	136,360	
Treasury Bonds	20 yrs	15-Aug-22	5.44	204,841	
Treasury Bonds	20 yrs	15-Nov-22	5.05	262,952	
Treasury Bonds	20 yrs	15-Aug-23	5.05	90,718	
Treasury Bonds	20 yrs	15-Nov-24	4.86	1,899,238	
Treasury Bonds	20 yrs	15-Aug-25	4.75	1,153,733	
Treasury Bonds	20 yrs	15-Nov-26	4.93	1,546,169	
Treasury Bonds	20 yrs	15-Feb-27	4.72	995,125	
Treasury Bonds	20 yrs	15-Aug-29	4.36	2,073,004	
Treasury Strips	20 yrs	15-Nov-21	5.83	24,430	
Treasury Strips	20 yrs	15-Aug-22	5.97	10,758	
Treasury Strips	20 yrs	15-Aug-22	5.78	20,095	
Treasury Strips	20 yrs	15-Nov-22	5.39	34,901	
Treasury Strips	20 yrs	15-Aug-23	5.42	7,333	
Treasury Strips	20 yrs	15-Nov-24	5.12	279,781	
Treasury Strips	20 yrs	15-Nov-25	4.76	177,126	
Treasury Strips	20 yrs	15-Nov-26	4.95	111,097	
Treasury Strips	20 yrs	15-Feb-27	4.73	78,742	
Treasury Strips	20 yrs	15-Nov-29	4.76	251,157	
Treasury Strips	8 yrs	15-May-17	3.15	933,597	
Treasury Strips	20 yrs	15-May-24	4.39	453,081	
Treasury Strips	20 yrs	15-May-29	4.42	359,006	
Treasury Strips	20 yrs	15-Feb-30	4.76	519,691	
Treasury Strips	20 yrs	15-Feb-30	4.61	103,614	
State & Local Government Series	20 yrs	15-Nov-29	4.76	251,157	
Maryland Local Government Investment Pool	---	---	0.20	6,200,332	
Branch Banking & Trust-CD	365	1-Nov-10	0.80	12,000,000	
Branch Banking & Trust-CD	365	1-Dec-10	0.63	9,000,000	
Branch Banking & Trust-Money Rate Savings	---	---	0.25	50,006,799	\$ 157,527,630
BUSINESS-TYPE ACTIVITIES-Par Value					
Maryland Local Government Investment Pool-Utilite	---	---	0.20	4,184,085	4,184,085
TRUST FUNDS-Fair Value					
<u>Pension</u>					
Charles Schwab Employee Pension Account				21,615,169	
Maryland Local Government Investment Pool-Pension			0.20	553,497	
<u>Other postemployment benefits (OPEB)</u>					
Maryland Local Government Investment Pool-OPEB			0.20	747,846	
Charles Schwab Master OPEB Investment Trust				12,815,194	
<u>LOSAP</u>					
Charles Schwab LOSAP Account				6,219,775	
Maryland Local Government Investment Pool-LOSAP			0.20	275,218	
<u>Law Officer's Pension</u>					
Maryland Local Government Investment Pool-Law Pension			0.20	1,327,362	43,554,061
TOTAL				<u>\$ 205,265,776</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Schedule of Long-Term Indebtedness
June 30, 2010

	Amount Outstanding July 1, 2009	New Debt Activity	Principal Payments For Year 2010	Amount Outstanding June 30, 2010	Interest Payments For Year 2010
Governmental Activities					
General Obligation Bonds					
Volunteer Fire Dept. Project - 1997	\$ 2,475,000	\$ -	\$ 275,000	\$ 2,200,000	\$ 114,125
General Obligation Bonds - 1998	10,069,220	-	10,069,220	-	389,551
General Obligation Bonds - 1999	1,078,947	-	1,078,947	-	26,974
General Obligation Bonds - 2000	4,020,000	-	1,005,000	3,015,000	167,320
General Obligation Bonds - 2001	6,130,149	-	768,764	5,361,385	220,405
General Obligation Bonds - 2002	9,600,000	-	1,100,000	8,500,000	357,875
General Obligation Refunding Bonds-Aug. 2003	10,345,688	-	3,671,766	6,673,922	425,490
General Obligation Bonds - 2003	5,403,883	-	463,672	4,940,211	175,396
Volunteer Fire Dept. Project - 2003	1,490,000	-	130,000	1,360,000	48,318
General Obligation Refunding Bonds-Feb 2004	28,307,051	-	2,194,135	26,112,916	885,322
General Obligation Bonds - July 2004	16,119,205	-	1,468,949	14,650,256	571,031
General Obligation Bonds - Taxable Pension 2004	9,380,000	-	855,000	8,525,000	477,618
Volunteer Fire Dept. Project - 2004	1,626,670	-	119,806	1,506,864	64,707
General Obligation Bonds- 2005	25,371,525	-	2,145,932	23,225,593	981,523
Volunteer Fire Dept. Project- 2005	2,315,000	-	195,000	2,120,000	89,613
General Obligation Bonds-2006	17,553,438	-	1,353,282	16,200,156	675,072
General Obligation Refunding Bonds- Jan 2007	21,609,662	-	918,326	20,691,336	938,060
General Obligation Bonds-2007	19,042,805	-	1,392,195	17,650,610	769,546
General Obligation Refunding Bonds-Nov 2007	6,670,000	-	385,000	6,285,000	272,675
General Obligation Refunding Bonds-Nov 2008	72,088,000	-	-	72,088,000	3,307,502
General Obligation Bonds-Nov 2009 Series A	-	23,335,060	-	23,335,060	391,273
General Obligation Refunding Bonds-Nov 2009 Series A	-	7,596,029	-	7,596,029	123,801
General Obligation Bonds-Nov 2009 Series B	-	33,577,761	-	33,577,761	756,555
Total General Obligation Bonds	<u>270,696,243</u>	<u>64,508,850</u>	<u>29,589,994</u>	<u>305,615,099</u>	<u>12,229,752</u>
Farmers Home Administration					
Federal Loan - 1972	346,250	-	20,702	325,548	12,126
Federal Loan - 1974	142,628	-	6,919	135,709	5,205
Federal Loan - 1979	444,144	-	13,518	430,626	16,207
Total Farmers Home Administration	<u>933,022</u>	<u>-</u>	<u>41,139</u>	<u>891,883</u>	<u>33,538</u>
General Obligation Debt					
Gorsuch Property	246,000	-	-	246,000	13,600
Spangler Property	150,000	-	-	150,000	8,337
Rodkey Property	230,930	-	-	230,930	12,180
Dell Property	300,000	-	-	300,000	15,174
Vaughn Property	100,000	-	-	100,000	4,938
Hoff Property	600,000	-	-	600,000	28,800
Nevius Property	647,946	-	-	647,946	31,742
Seiler etal Property	684,350	-	-	684,350	33,526
Seiler Property	147,638	-	-	147,638	7,233
Leister Property	100,000	-	-	100,000	4,899
Stonesifer Property	450,000	-	-	450,000	20,969
Reddick Property	200,000	-	-	200,000	9,281
Haines Property	696,000	-	-	696,000	31,763
Sherwood Property	1,584,000	-	-	1,584,000	83,980
Barnes Property	1,000,000	-	-	1,000,000	53,000
W. Hoff Property	1,201,212	-	-	1,201,212	72,073
Strawbridge Property	107,290	-	-	107,290	6,438
Owings Property	906,624	-	-	906,624	54,397
Hull Property	-	765,000	-	765,000	22,950
Leppo Property	-	1,742,020	-	1,742,020	38,760
Jewell Property	-	583,410	-	583,410	12,981
A. Barnes Property	-	447,000	-	447,000	-

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Schedule of Long-Term Indebtedness
June 30, 2010

	<u>Amount Outstanding July 1, 2009</u>	<u>New Debt Activity</u>	<u>Principal Payments For Year 2010</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Interest Payments For Year 2010</u>
Governmental Activities continued					
General Obligation Debt continued					
Albaugh Property	\$ -	\$ 322,000	\$ -	\$ 322,000	\$ -
Snyder Property	-	86,000	-	86,000	-
Myers Property	-	462,000	-	462,000	-
5800 Bethel Road Property	-	255,000	-	255,000	-
Total General Obligation Debt	<u>9,351,990</u>	<u>4,662,430</u>	<u>-</u>	<u>14,014,420</u>	<u>567,021</u>
Notes Payable					
Mirfin Property	66,791	-	66,791	-	196
Mirfin Property	44,649	-	44,649	-	294
Linton Property	400,000	-	200,000	200,000	1,760
Hidey Property	176,056	-	88,028	88,028	775
Reeves Property	136,899	-	136,899	-	602
Reeves Property	45,633	-	45,633	-	201
Green Property	300,000	-	100,000	200,000	1,320
Green Property	350,000	-	125,000	225,000	1,540
Rill Property	120,000	-	60,000	60,000	528
Miller Property	166,431	-	83,216	83,215	732
Miller Property	163,444	-	81,722	81,722	719
Total Notes Payable	<u>1,969,903</u>	<u>-</u>	<u>1,031,938</u>	<u>937,965</u>	<u>8,667</u>
Purchase Agreements					
Johnson Controls	2,432,323	-	163,752	2,268,571	99,549
Total Purchase Agreements	<u>2,432,323</u>	<u>-</u>	<u>163,752</u>	<u>2,268,571</u>	<u>99,549</u>
Total Governmental Activities	<u>\$ 285,383,481</u>	<u>\$ 69,171,280</u>	<u>\$ 30,826,823</u>	<u>\$ 323,727,938</u>	<u>\$ 12,938,527</u>
Business-Type Activities					
General Obligation Bonds					
Bureau of Utilities					
General Obligation Bonds - 1999	\$ 126,053	\$ -	\$ 126,053	\$ -	\$ 3,151
General Obligation Bonds - 2001	9,852	-	1,235	8,617	354
General Obligation Bonds - 2003	703,927	-	60,399	643,528	22,848
General Obligation Refunding Bonds-Feb 2004	1,911,002	-	148,126	1,762,876	59,768
General Obligation Bonds - July 2004	277,368	-	25,277	252,091	9,826
General Obligation Bonds - 2005	241,962	-	20,188	221,774	9,375
General Obligation Bonds - 2006	188,004	-	14,494	173,510	7,155
General Obligation Refunding Bonds-Jan 2007	198,228	-	8,424	189,804	8,605
General Obligation Bonds- 2007	8,773,510	-	627,490	8,146,020	354,194
General Obligation Bonds- 2008	7,616,000	-	-	7,616,000	349,928
General Obligation Bonds- 2009 Series A	-	745,461	-	745,461	12,500
General Obligation Bonds- 2009 Series B	-	1,072,240	-	1,072,240	24,159
Solid Waste Fund					
General Obligation Bonds - 1998	245,781	-	245,781	-	9,789
General Obligation Refunding Bonds-Aug. 2003	1,319,311	-	468,234	851,077	54,260
General Obligation Refunding Bonds-Feb 2004	885,871	-	68,665	817,206	27,706
General Obligation Bonds - July 2004	1,794,787	-	163,560	1,631,227	63,581
General Obligation Refunding Bonds- Jan 2007	322,436	-	13,702	308,734	13,997
General Obligation Bonds- 2007	563,685	-	40,315	523,370	22,756
General Obligation Bonds- 2008	296,000	-	-	296,000	13,439
General Obligation Bonds- 2009 Series A	-	9,479	-	9,479	159
General Obligation Refunding Bonds- 2009 Series A	-	193,971	-	193,971	3,161

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Schedule of Long-Term Indebtedness
June 30, 2010

	<u>Amount Outstanding July 1, 2009</u>	<u>New Debt Activity</u>	<u>Principal Payments For Year 2010</u>	<u>Amount Outstanding June 30, 2010</u>	<u>Interest Payments For Year 2010</u>
Business Type Activities continued					
General Obligation Bonds continued					
Airport Fund					
General Obligation Bonds - 1999	\$ 25,000	\$ -	\$ 25,000	\$ -	\$ 625
General Obligation Bonds - 2000	120,000	-	30,000	90,000	5,008
General Obligation Bonds - 2001- Taxable	1,430,000	-	110,000	1,320,000	58,548
General Obligation Bonds - 2003	302,191	-	25,929	276,262	9,808
General Obligation Refunding Bonds-Feb 2004	246,075	-	19,074	227,001	7,696
General Obligation Bonds - July 2004	298,640	-	27,215	271,425	10,579
General Obligation Bonds- 2005	46,512	-	3,880	42,632	1,802
General Obligation Refunding Bonds-2007	224,674	-	9,548	215,126	9,753
Septage Fund					
General Obligation Bonds - 2006	158,560	-	12,224	146,336	6,174
Total General Obligation Bonds	<u>28,325,429</u>	<u>2,021,151</u>	<u>2,294,813</u>	<u>28,051,767</u>	<u>1,180,704</u>
Notes Payable					
Water Quality Loan - Maryland Department of the Environment - 1990	2,586,899	-	821,061	1,765,838	147,179
Water Quality Loan - Maryland Department of the Environment - 2000	349,398	-	25,184	324,214	10,799
Total Notes Payable	<u>2,936,297</u>	<u>-</u>	<u>846,245</u>	<u>2,090,052</u>	<u>157,978</u>
Total Business-type Activities	<u>\$ 31,261,726</u>	<u>\$ 2,021,151</u>	<u>\$ 3,141,058</u>	<u>\$ 30,141,819</u>	<u>\$ 1,338,682</u>



Statistical Section



Pictured above is Classroom Building 4 at
Carroll Community College in Westminster, Maryland.
It opened for occupancy in January 2010.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

STATISTICAL SECTION

This part of Carroll County’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the County’s overall financial health.

Contents **Page(s)**

Financial Trends

These tables contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time. 148-155

Revenue Capacity

These tables contain information to help the reader assess the County’s most significant local revenue sources and property tax..... 156-160

Debt Capacity

These tables contain information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future. 161-164

Economic and Demographic Information

These tables offer economic and demographic indicators to help the reader understand the environment within which the County’s financial activities take place. 165-166

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs. 167-176

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The County implemented GASB Statement No. 34 in 2002; tables presenting government-wide information include information beginning in that year.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 249,331,687	\$ 269,641,878	\$ 255,882,342	\$ 270,193,492	\$ 279,457,684
Restricted	22,354,742	19,883,463	23,889,197	21,321,426	21,667,901
Unrestricted	(60,878,526)	(18,700,701)	74,067,173	70,332,171	57,753,704
<i>Total Governmental Activities Net Assets</i>	<u>210,807,903</u>	<u>270,824,640</u>	<u>353,838,712</u>	<u>361,847,089</u>	<u>358,879,289</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	93,558,513	95,654,846	82,575,108	78,066,986	64,416,046
Restricted	1,308,820	9,435,295	6,788,158	7,077,515	12,111,572
Unrestricted	4,257,842	(5,246,129)	6,594,607	6,918,217	3,660,752
<i>Total Business-Type Activities Net Assets</i>	<u>99,125,175</u>	<u>99,844,012</u>	<u>95,957,873</u>	<u>92,062,718</u>	<u>80,188,370</u>
Primary government					
Invested in Capital Assets, Net of Related Debt	342,890,200	365,296,724	338,457,450	348,260,478	343,873,730
Restricted	23,663,562	29,318,758	30,677,355	28,398,941	33,779,473
Unrestricted	(56,620,684)	(23,946,830)	80,661,780	77,250,388	55,150,087
<i>Total Primary Government Net Assets</i>	<u>\$ 309,933,078</u>	<u>\$ 370,668,652</u>	<u>\$ 449,796,585</u>	<u>\$ 453,909,807</u>	<u>\$ 432,803,290</u>

Fiscal years 2002 – 2005 were reclassified to show the correct classification of net assets.

Fiscal year 2005 was restated to reflect recognition of retroactive infrastructure.

Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 293,878,857	\$ 99,396,330	\$ 92,960,320	\$ 84,536,191
14,091,970	14,534,627	16,942,101	7,292,478
23,949,365	(1,601,245)	(2,476,673)	5,308,274
<u>331,920,192</u>	<u>112,329,712</u>	<u>107,425,748</u>	<u>97,136,943</u>
69,310,436	60,863,614	64,212,763	61,001,418
12,439,395	8,631,616	10,850,857	13,290,029
<u>(5,209,355)</u>	<u>655,260</u>	<u>(9,333,600)</u>	<u>(10,703,367)</u>
<u>76,540,476</u>	<u>70,150,490</u>	<u>65,730,020</u>	<u>63,588,080</u>
363,189,293	160,259,944	157,173,083	145,537,609
26,531,365	23,166,243	27,792,958	20,582,507
<u>18,740,010</u>	<u>(945,985)</u>	<u>(11,810,273)</u>	<u>(5,395,093)</u>
<u>\$ 408,460,668</u>	<u>\$ 182,480,202</u>	<u>\$ 173,155,768</u>	<u>\$ 160,725,023</u>

Table 2

THE COUNTY COMMISSIONERS OF CARROLL COUNTY

Westminster, Maryland

Changes in Net Assets

Last Nine Fiscal Years

(Accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses									
Governmental Activities:									
General government	\$ 79,073,880	\$ 74,296,486	\$ 70,411,246	\$ 63,412,621	\$ 56,180,288	\$ 67,923,735	\$ 64,812,090	\$ 51,165,541	\$ 39,719,277
Public safety	37,798,060	38,658,117	35,583,985	28,609,006	27,078,499	24,593,665	23,782,605	21,482,313	20,334,755
Public works	33,974,607	30,238,005	30,496,143	20,775,987	28,093,744	13,108,072	17,945,492	12,791,981	14,734,225
Health	4,963,980	4,868,271	4,454,550	4,397,039	4,310,828	4,040,821	3,876,743	3,797,019	3,764,843
Social services	1,418,139	1,346,366	1,228,095	1,131,873	1,099,690	1,049,646	1,063,896	968,231	959,026
Education	209,838,466	219,824,282	188,609,030	168,198,541	152,201,781	144,886,450	140,695,342	119,340,068	129,958,199
Recreation and parks	41,433,870	2,606,230	2,596,212	2,772,654	2,005,587	2,195,996	2,399,444	1,883,056	4,022,001
Libraries	9,971,261	7,740,076	9,269,078	7,511,036	6,812,087	6,293,406	5,265,679	5,518,118	5,499,725
Conservation of natural resources	14,288,096	29,125,383	17,487,058	16,711,700	13,395,013	10,994,208	5,985,065	8,590,299	7,697,222
Economic development	6,018,687	5,988,296	4,715,075	3,076,751	2,058,988	2,195,167	886,661	3,258,504	3,585,522
Interest on long-term debt	12,553,680	10,282,801	8,963,131	8,984,385	8,700,181	8,498,183	7,377,968	8,785,009	9,288,223
Total Governmental Activities Expenses	414,042,726	424,974,313	373,813,603	325,581,593	301,936,686	285,779,349	274,090,985	237,580,139	239,563,018
Business-Type Activities:									
Bureau of Utilities	10,489,645	8,169,257	10,056,546	7,849,747	7,510,988	10,486,631	6,184,846	6,322,675	6,524,802
Solid Waste	8,961,015	7,487,843	7,648,918	7,935,237	7,480,908	6,947,808	6,827,590	6,559,559	5,996,884
Airport	829,611	777,692	3,097,618	2,086,621	2,235,048	1,991,862	1,084,862	940,440	510,455
Septage	474,195	388,398	395,824	402,898	364,010	333,229	437,397	386,527	422,084
Firearms	76,281	77,475	74,497	58,238	60,267	62,524	50,670	56,259	39,765
Total Business-Type Activities Expenses	20,830,747	16,900,665	21,273,403	18,332,741	17,651,221	19,822,054	14,585,365	14,265,460	13,493,990
Total Primary Government Expenses	\$ 434,873,473	\$ 441,874,978	\$ 395,087,006	\$ 343,914,334	\$ 319,587,907	\$ 305,601,403	\$ 288,676,350	\$ 251,845,599	\$ 253,057,008
Program Revenues									
Governmental Activities:									
Charges for Services:									
General government	\$ 7,579,919	\$ 7,483,309	\$ 10,755,039	\$ 9,364,742	\$ 6,099,868	\$ 5,718,536	\$ 6,018,327	\$ 7,531,531	\$ 5,665,481
Public safety	2,544,149	2,938,203	3,294,542	3,840,410	2,704,610	2,797,319	2,367,860	2,101,681	3,181,575
Public works	1,530,974	1,520,812	1,672,368	1,456,792	1,341,439	1,531,726	1,134,025	73,592	102,152
Health	12,190	15,541	12,492	8,155	8,111	7,981	3,840	5,396	65,806
Social services	284,014	367,238	367,238	284,564	334,806	316,333	316,332	316,332	342,694
Education	393,951	425,150	409,266	749,353	5,763,276	5,344,715	6,697,153	6,646,979	8,118,872
Recreation and parks	860,865	772,204	818,931	907,465	419,893	338,920	351,813	305,896	907,748
Economic development	-	-	-	-	10,741	49,578	53,729	57,543	61,047
Operating Grants and Contributions	16,201,809	14,075,463	13,824,732	12,841,014	11,833,487	11,314,222	10,678,414	10,082,222	11,368,531
Capital Grants and Contributions	17,297,018	3,212,403	6,797,218	7,453,139	3,022,177	5,841,273	6,937,341	9,221,074	9,542,157
Total Governmental Activities Program Revenues	46,704,889	30,810,323	37,951,826	36,905,634	31,538,408	33,260,603	34,558,834	36,342,246	39,356,063

Table 2

THE COUNTY COMMISSIONERS OF CARROLL COUNTY

Westminster, Maryland
 Changes in Net Assets
 Last Nine Fiscal Years
 (Accrual basis of accounting)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Business-Type Activities:									
Charges for Services:									
Bureau of Utilities	\$ 7,843,041	\$ 7,519,559	\$ 7,668,003	\$ 7,344,470	\$ 6,281,659	\$ 6,581,912	\$ 6,158,148	\$ 5,121,169	\$ 5,018,766
Solid Waste	5,907,344	6,534,243	6,626,896	6,609,679	6,461,528	6,078,340	6,130,517	5,315,454	4,939,698
Airport	518,581	471,258	2,222,010	1,840,449	2,041,458	1,744,414	1,016,110	536,329	351,803
Septage	603,550	449,263	387,636	536,845	482,599	388,871	403,800	328,401	337,250
Firearms	111,984	104,713	55,120	59,400	79,649	72,894	50,327	50,943	51,996
Operating Grants and Contributions	-	-	-	1,064,797	-	49,256	36,571	195,877	71,675
Capital Grants and Contributions	1,908,142	1,963,862	2,520,888	2,079,422	1,562,378	5,853,894	1,572,502	1,059,475	1,068,367
<i>Total Business-Type Activities Program Revenues</i>	<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>	<u>20,769,581</u>	<u>15,417,975</u>	<u>12,607,648</u>	<u>11,839,555</u>
<i>Total Primary Government Program Revenues</i>	<u>\$ 63,597,531</u>	<u>\$ 48,053,221</u>	<u>\$ 57,432,379</u>	<u>\$ 56,440,696</u>	<u>\$ 48,447,679</u>	<u>\$ 54,030,184</u>	<u>\$ 49,976,809</u>	<u>\$ 48,949,894</u>	<u>\$ 51,195,618</u>
Net (Expense)/Revenue									
Governmental Activities	(367,337,837)	(394,163,990)	(335,861,777)	(288,675,959)	(270,398,278)	(252,518,746)	(239,532,151)	(201,237,893)	(200,206,955)
Business-Type Activities	(3,938,105)	342,233	(1,792,850)	1,202,321	(741,950)	947,527	832,610	(1,657,812)	(1,654,435)
<i>Total Primary Government Net Expense</i>	<u>\$(371,275,942)</u>	<u>\$(393,821,757)</u>	<u>\$(337,654,627)</u>	<u>\$(287,473,638)</u>	<u>\$(271,140,228)</u>	<u>\$(251,571,219)</u>	<u>\$(238,699,541)</u>	<u>\$(202,895,705)</u>	<u>\$(201,861,390)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes:									
Property taxes	\$ 201,573,213	\$ 189,079,529	\$ 174,354,873	\$ 158,112,936	\$ 148,644,728	\$ 134,732,896	\$ 127,322,600	\$ 115,417,116	\$ 109,026,120
Income tax	95,516,527	99,973,903	120,230,118	106,921,331	108,435,386	103,315,651	90,410,674	77,821,632	96,712,229
Recordation	9,154,578	9,220,249	14,948,705	18,902,094	22,782,302	22,207,072	19,238,898	11,152,453	9,157,726
Admission and amusement tax	246,184	335,125	386,186	405,295	393,659	451,296	428,625	477,069	515,855
Agricultural transfer tax	24,199	181,458	439,268	390,420	501,049	863,696	693,045	973,496	538,312
Hotel tax	287,850	287,495	311,049	321,676	191,117	-	-	-	-
State shared, unrestricted	1,172,339	10,300,922	11,744,961	12,729,241	12,313,362	9,936,273	7,890,085	9,652,977	9,933,906
Investment earnings and miscellaneous, unrestricted	2,107,298	4,563,217	8,753,090	8,622,196	6,988,995	2,662,242	1,277,769	1,693,752	2,563,688
Transfers	(2,761,088)	(2,791,980)	(3,314,850)	(8,497,061)	(2,893,223)	(3,807,258)	(2,825,581)	(4,226,480)	(3,108,513)
<i>Total Governmental Activities</i>	<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>	<u>270,361,868</u>	<u>244,436,115</u>	<u>212,962,015</u>	<u>225,339,323</u>
Business-Type Activities:									
Property taxes	\$ 422,785	\$ 751,926	\$ 2,279,730	\$ 2,174,966	\$ 1,496,621	\$ 1,635,201	\$ 762,279	\$ 1,098,357	\$ 315,000
Investment earnings, unrestricted	35,395	-	93,425	-	-	-	-	-	1,254,245
Gain on sale of capital asset	2,761,088	2,791,980	3,314,850	8,497,061	2,893,223	3,807,258	2,825,581	4,226,480	3,108,513
<i>Total Business-Type Activities</i>	<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>	<u>5,442,459</u>	<u>3,587,860</u>	<u>5,324,837</u>	<u>4,686,350</u>
<i>Total Primary Government</i>	<u>\$ (60,016,737)</u>	<u>\$ (83,014,072)</u>	<u>\$ (8,008,377)</u>	<u>\$ 9,232,169</u>	<u>\$ 26,959,097</u>	<u>\$ 17,843,122</u>	<u>\$ 4,903,964</u>	<u>\$ 11,724,122</u>	<u>\$ 25,132,368</u>
Business-Type Activities	(718,837)	3,886,139	3,895,155	11,874,348	3,647,894	6,389,986	4,420,470	3,667,025	3,031,915
<i>Total Primary Government Change in Net Assets</i>	<u>\$ (60,735,574)</u>	<u>\$ (79,127,933)</u>	<u>\$ (4,113,222)</u>	<u>\$ 2,110,657</u>	<u>\$ 30,606,991</u>	<u>\$ 24,233,108</u>	<u>\$ 9,324,434</u>	<u>\$ 15,391,147</u>	<u>\$ 28,164,283</u>

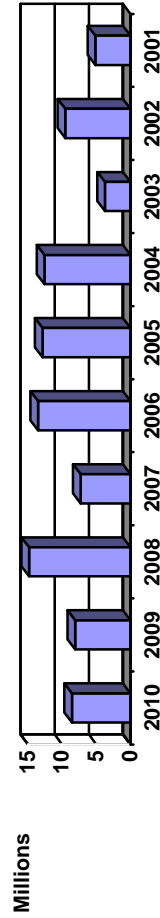
Note: For comparison purposes, revenues for fiscal years 2004, 2003, and 2002 were reclassified from Charges for Service to Maintenance Fee and Investment Earnings.
 Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ 39,429,507	\$ 34,538,703	\$ 34,265,738	\$ 36,345,385	\$ 29,544,723	\$ 22,316,884	\$ 18,002,122	\$ 15,106,392	\$ 14,352,385	\$ 37,913,868
Unreserved and designated	27,868,281	34,623,762	30,997,138	31,787,678	31,217,889	42,231,314	21,903,140	33,688,855	41,108,064	30,722,828
Unreserved, undesignated (see chart)	7,993,646	8,103,281	14,858,762	7,302,102	13,542,642	12,891,533	12,597,901	3,751,257	9,556,782	5,174,076
<i>Total General Fund</i>	\$ 75,291,434	\$ 77,265,746	\$ 80,121,638	\$ 75,435,165	\$ 74,305,254	\$ 77,439,731	\$ 52,503,163	\$ 52,546,504	\$ 65,017,231	\$ 73,810,772
Other Governmental Funds:										
Capital Projects Fund										
Reserved for Encumbrances	\$ 14,173,039	\$ 19,967,975	\$ 39,912,191	\$ 11,023,565	\$ 12,857,709	\$ 8,800,332	\$ 8,075,516	\$ 13,259,460	\$ 5,825,988	\$ 14,598,432
Unreserved and designated	29,143,318	25,951,067	45,904,401	93,792,138	79,972,189	48,702,238	41,394,637	43,640,987	27,239,064	32,583,500
Special Revenues Fund										
Unreserved, undesignated	4,940,003	3,338,527	2,340,051	9,973,460	9,395,177	5,207,348	4,318,286	10,726,459	9,166,339	5,143,316
<i>Total Other Governmental Funds</i>	\$ 48,256,360	\$ 49,257,569	\$ 88,156,643	\$ 114,789,163	\$ 102,225,075	\$ 62,709,918	\$ 53,788,439	\$ 67,626,906	\$ 42,231,391	\$ 52,325,248
<i>Total Governmental Funds</i>	\$ 123,547,794	\$ 126,523,315	\$ 168,278,281	\$ 190,224,328	\$ 176,530,329	\$ 140,149,649	\$ 106,291,602	\$ 120,173,410	\$ 107,248,622	\$ 126,136,020
Unreserved General Fund Balance as a Percentage of General Fund Expenditures	10.5%	12.9%	14.9%	13.7%	17.0%	21.4%	14.9%	17.0%	22.7%	18.3%

Unreserved Undesignated General Fund Balance



Source: Carroll County Department of the Comptroller.

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	Admission and Amusement Tax	911 Service Fees-Tax	Total
2001	\$ 103,256,256	\$ 74,049,094	\$ 6,681,659	\$ 511,456	\$ 522,416	\$ 185,020,881
2002	109,026,120	76,174,857	9,157,726	515,855	882,563	195,757,121
2003	115,417,116	78,628,056	11,152,453	477,069	701,240	206,375,934
2004	121,407,052	91,103,719	19,238,898	428,625	887,552	233,065,846
2005	132,226,766	104,179,347	22,207,072	451,296	996,212	260,060,693
2006	143,192,552	109,127,552	22,782,302	393,659	1,242,506	276,738,571
2007	158,112,936	111,739,728	18,902,094	405,295	1,600,475	290,760,528
2008	174,354,873	119,734,329	14,948,705	386,186	1,240,906	310,664,999
2009	189,079,529	114,560,912	9,220,249	335,125	1,196,731	314,392,546
2010	201,526,399	109,618,082	9,154,578	246,184	1,163,737	321,708,980
Change 2001-2010	95.2%	48.0%	37.0%	-51.9%	122.8%	

Prior to 2002, the State of Maryland collected the Recordation Tax and retained 5% to cover their cost. Fiscal year 2002 was the first year in which the County started collecting the Recordation Tax.

In fiscal year 2004, the Income Tax rate was increased from 2.85% to 3.05% and the Recordation Tax was increased from \$3.50 per \$500 to \$5.00 per \$500.

On July 1, 2004 the local 911 service fee-tax increased from \$0.50 to \$0.75.

Source: Carroll County Department of the Comptroller.

Table 5

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

	2010	2009	2008	2007	2006
REVENUES					
Taxes-Local (see Table 4)	\$321,708,980	\$314,392,546	\$310,664,999	\$290,760,528	\$276,738,571
Taxes-State Shared	1,219,154	10,800,922	12,244,961	12,729,242	12,313,362
Impact fees	1,304,575	869,347	1,350,460	1,669,793	3,924,721
Licenses and permits	1,310,176	1,288,525	1,666,970	1,781,585	3,349,234
Intergovernmental revenues	30,841,686	15,042,612	16,773,453	14,253,803	12,627,892
Charges for services	5,008,757	5,239,049	5,788,013	5,732,717	4,559,557
Fines and forfeits	86,168	90,840	100,509	86,754	88,942
Interest	2,989,913	5,463,426	10,537,502	11,112,070	6,753,742
Miscellaneous revenues	4,396,040	3,349,723	4,101,008	5,953,948	3,763,843
Total revenues	<u>368,865,449</u>	<u>356,536,990</u>	<u>363,227,875</u>	<u>344,080,440</u>	<u>324,119,864</u>
EXPENDITURES					
Current:					
General government	72,086,446	69,035,233	65,771,932	60,783,464	60,412,713
Public safety	34,748,084	35,256,843	34,222,625	28,595,412	26,875,030
Public works	12,586,032	11,325,405	10,861,774	9,425,523	8,495,030
Health	4,712,680	4,731,958	4,368,725	4,339,691	4,204,001
Social services	1,391,110	1,319,630	1,200,206	1,131,873	1,096,568
Education	177,855,179	172,156,658	155,480,987	151,674,483	142,253,487
Library	8,413,733	8,170,171	7,717,198	6,782,100	6,220,220
Recreation and parks	1,877,029	1,665,731	1,648,268	2,106,832	1,221,026
Conservation of natural resources	792,207	800,054	821,409	718,552	698,716
Economic development	5,640,224	5,690,821	4,351,843	3,067,166	1,819,561
Capital outlay	77,047,071	127,778,575	86,014,727	55,671,218	45,177,873
Debt service:					
Principal	22,889,828	24,029,542	23,487,007	20,336,962	18,421,084
Interest	12,802,086	10,470,693	9,543,326	9,237,763	8,987,587
Total expenditures	<u>432,841,709</u>	<u>472,431,314</u>	<u>405,490,027</u>	<u>353,871,039</u>	<u>325,882,896</u>
Excess (deficiency) of revenues over expenditures	(63,976,260)	(115,894,324)	(42,262,152)	(9,790,599)	(1,763,032)
OTHER FINANCING SOURCES (USES)					
Transfers in	12,035,023	16,037,191	26,594,904	14,957,047	12,024,485
Transfers out	(14,780,223)	(18,829,171)	(29,909,754)	(17,812,601)	(14,890,815)
Redemption of bonds	(7,936,995)	-	-	-	-
Payments to escrow agent	-	-	(6,786,798)	(24,849,347)	-
Proceeds of bonds issued	64,508,850	72,088,000	27,100,000	44,092,000	34,699,318
Bonds premium (discount)	2,371,214	1,874,448	672,349	1,180,352	171,249
Issuance of debt-long term notes	4,662,430	2,956,796	2,495,343	5,994,265	5,923,118
Total other financing sources (uses)	<u>60,860,299</u>	<u>74,127,264</u>	<u>20,166,044</u>	<u>23,561,716</u>	<u>37,927,355</u>
Net change in fund balances	<u>\$ (3,115,961)</u>	<u>\$ (41,767,060)</u>	<u>\$ (22,096,108)</u>	<u>\$ 13,771,117</u>	<u>\$ 36,164,323</u>
Debt Service as a percentage of					
Noncapital Expenditures	8.2%	6.7%	7.5%	8.7%	8.8%

Note: For comparison purposes, transfers out to the Pension Fund for fiscal years 2004, 2005 and 2006 were reclassified as expenditures by function.

The initial year for the Pension Fund was fiscal year 2004.

The initial year for the Other Post Employment Benefits was fiscal year 2008.

Source: Carroll County Department of the Comptroller.

Table 5

2005	2004	2003	2002	2001
\$260,060,693	\$ 233,065,846	\$ 206,375,934	\$ 195,757,121	\$ 185,020,881
9,936,273	7,890,085	9,652,977	9,933,906	10,092,333
3,936,986	4,864,707	5,394,263	6,809,437	6,094,596
2,999,086	3,175,909	3,368,917	3,567,154	3,175,220
15,319,436	16,448,322	18,806,849	16,496,307	12,615,071
4,850,580	4,237,420	4,410,686	5,393,276	5,569,910
123,622	107,577	132,349	103,462	79,113
3,395,552	2,071,122	2,657,792	4,605,987	8,539,013
3,862,252	3,862,329	3,359,057	5,342,169	3,380,342
304,484,480	275,723,317	254,158,824	248,008,819	234,566,479
66,446,506	53,805,088	46,886,320	39,856,047	31,429,561
24,466,006	22,682,161	20,585,117	18,978,117	18,700,730
7,851,771	7,386,474	8,034,700	7,246,204	8,934,817
3,924,884	3,814,693	3,734,969	3,702,848	3,486,642
1,042,802	1,057,052	961,387	952,182	2,980,922
132,393,561	124,378,658	117,076,007	129,720,231	128,241,099
5,725,660	5,232,270	5,098,495	5,017,095	4,805,500
1,113,773	1,098,367	1,109,263	3,789,203	1,027,200
675,481	642,661	616,403	597,935	567,303
2,728,971	3,282,035	3,257,189	2,744,789	5,163,964
38,032,734	43,078,838	23,727,048	27,744,133	19,659,031
14,670,026	15,997,408	13,907,746	26,676,037	12,306,747
8,145,529	7,451,178	8,722,292	9,584,124	9,590,250
307,217,704	289,906,883	253,716,936	276,608,945	246,893,766
(2,733,224)	(14,183,566)	441,888	(28,600,126)	(12,327,287)
17,376,594	22,913,593	23,208,305	13,567,825	12,894,624
(20,004,967)	(32,739,174)	(27,434,785)	(16,676,338)	(14,253,860)
-	-	-	-	-
-	(71,096,825)	-	-	-
36,860,000	81,104,603	16,289,051	11,511,499	20,100,000
157,786	(3,335)	-	-	-
2,179,934	100,000	530,930	1,071,774	-
36,569,347	278,862	12,593,501	9,474,760	18,740,764
\$ 33,836,123	\$ (13,904,704)	\$ 13,035,389	\$ (19,125,366)	\$ 6,413,477
7.7%	8.6%	9.2%	13.8%	10.2%

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property			Personal Property						Grand Total	
	Assessed Value	Estimated Market Value	Direct Tax Rate	Assessed Value			Total	Estimated Market Value	Direct Tax Rate	Estimated Market Value	
				Unincorporated	Incorporated	Public Utilities					
2001	\$ 3,474,703,880	\$ 8,686,759,700	2.62	\$ 19,648,020	\$ 189,922,520	\$ 283,930,050	\$ 493,500,590	\$ 493,500,590	2.62	\$ 9,180,260,290	
2002	9,213,653,674	9,213,653,674	1.048	14,426,820	223,010,339	275,466,066	512,903,225	512,903,225	2.62	9,726,556,899	
2003	9,821,665,202	9,821,665,202	1.048	14,238,100	241,341,930	263,621,780	519,201,810	519,201,810	2.62	10,340,867,012	
2004	10,449,917,089	10,449,917,089	1.048	14,836,240	228,920,020	255,081,610	498,837,870	498,837,870	2.62	10,948,754,959	
2005	11,524,615,700	11,524,615,700	1.048	12,241,920	233,698,170	263,902,400	509,842,490	509,842,490	2.62	12,034,458,190	
2006	12,973,853,789	12,973,853,789	1.048	11,212,790	237,290,840	247,785,660	496,289,290	496,289,290	2.62	13,470,143,079	
2007	14,910,976,091	14,910,976,091	1.048	12,180,910	259,445,570	258,703,530	530,330,010	530,330,010	2.62	15,441,306,101	
2008	17,346,223,578	17,346,223,578	1.048	11,266,340	267,238,630	277,840,350	556,345,320	556,345,320	2.62	17,902,568,898	
2009	19,851,953,980	19,851,953,980	1.048	11,958,790	273,972,690	271,526,820	557,458,300	557,458,300	2.62	20,409,412,280	
2010	21,512,336,815	21,512,336,815	1.048	11,285,650	276,475,340	266,070,820	553,831,810	553,831,810	2.62	22,066,168,625	

Real property is reassessed every three years. Real property has been assessed at market value since 2002. Real property was assessed at forty percent of market value for fiscal year 2001 and earlier.
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		
2001	2.62	0.21	0.78	0.76	0.46	0.88	0.45	0.40	0.75	0.56		
2002	1.048	0.084	0.32	0.304	0.184	0.352	0.18	0.16	0.30	0.21		
2003	1.048	0.084	0.32	0.304	0.184	0.40	0.20	0.16	0.30	0.206		
2004	1.048	0.132	0.32	0.304	0.184	0.40	0.20	0.16	0.30	0.202		
2005	1.048	0.132	0.32	0.33	0.184	0.40	0.20	0.16	0.30	0.193		
2006	1.048	0.132	0.32	0.33	0.184	0.40	0.20	0.16	0.30	0.188		
2007	1.048	0.112	0.32	0.33	0.184	0.44	0.20	0.16	0.30	0.183		
2008	1.048	0.112	0.32	0.33	0.184	0.44	0.20	0.20	0.30	0.174		
2009	1.048	0.112	0.32	0.33	0.184	0.44	0.20	0.20	0.30	0.165		
2010	1.048	0.112	0.32	0.33	0.184	0.44	0.20	0.20	0.30	0.165		

The property tax rates indicated for the incorporated towns only apply within town limits and are in addition to the county and state taxes. Starting with fiscal year 2002 and after, the tax rates are based on 100% of market value.

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**

2010				
Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 162,875,950	\$ 4,277,518	0.74%
Verizon-Maryland	Communications	56,288,980	1,481,865	0.26%
Carroll Lutheran Village	Retirement Village	57,975,829	924,575	0.26%
Random House	Warehouse Distribution	39,366,276	544,317	0.18%
Cranberry Mall Properties	Mall	31,928,890	515,497	0.14%
Colonial Pipeline	Pipeline trans.-refined petroleum	18,974,360	499,366	0.09%
Fairhaven Inc.	Assisted Living	39,023,966	453,990	0.18%
Wal-Mart	Retail	29,544,220	442,429	0.13%
Hampstead 2004 LLC	Power Tools	37,683,166	433,206	0.17%
Lehigh Cement Company	Manufacturer	29,701,722	401,954	0.13%
		<u>\$ 503,363,359</u>	<u>\$ 9,974,718</u>	<u>2.28%</u>
	Total Assessed Valuation	<u>\$ 22,066,168,625</u>		

2001				
Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 121,416,930	\$ 3,181,124	1.32%
Bell Atlantic	Communications	72,941,790	1,911,075	0.79%
AT&T Communications	Communications	47,305,470	1,239,403	0.52%
Colonial Pipeline Co.	Pipeline trans.-refined petroleum	20,864,350	546,646	0.23%
Random House	Warehouse Distribution Center	19,515,360	511,302	0.21%
Potomac Edison	Electric Utility	19,360,720	507,251	0.21%
Cranberry Mall Properties LLC	Mall	13,400,000	351,080	0.15%
Prestige Communications of NC, Inc	Cable Television	11,366,170	297,794	0.12%
D&L Development	Power Tools	10,912,320	285,903	0.12%
Londontown Corp	Clothing/Outerwear	8,812,390	230,885	0.10%
		<u>\$ 345,895,500</u>	<u>9,062,462</u>	<u>3.77%</u>
	Total Assessed Valuation	<u>\$ 9,180,260,290</u>		

Property is reassessed every three years. Property has been assessed at market value since 2002. Real property was assessed at forty percent of market value for fiscal year 2001 and earlier.

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		
2001	\$ 103,030,910	\$ 102,745,856	99.72%	\$ 258,475	\$ 103,004,331	99.97%	\$ 26,579	0.03%
2002	108,661,522	108,465,799	99.82%	149,122	108,614,921	99.96%	46,601	0.04%
2003	116,393,706	114,676,102	98.52%	1,691,284	116,367,386	99.98%	26,320	0.02%
2004	122,127,518	121,181,554	99.23%	929,618	122,111,172	99.99%	16,346	0.01%
2005	133,910,389	132,713,125	99.11%	1,176,894	133,890,019	99.98%	20,370	0.02%
2006	148,612,419	147,744,969	99.42%	833,012	148,577,981	99.98%	34,438	0.02%
2007	170,127,038	169,106,817	99.40%	971,452	170,078,269	99.97%	48,769	0.03%
2008	195,841,111	194,780,453	99.46%	934,372	195,714,825	99.94%	126,286	0.06%
2009	222,210,404	221,514,565	99.69%	462,039	221,976,604	99.89%	233,800	0.11%
2010	239,647,296	238,543,223	99.54%	-	238,543,223	99.54%	1,104,073	0.46%

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
2001	\$ 8.44	\$ 1.97	\$ 2.44	\$ 1.68	\$ 12.19	\$ 3.15	\$ 3.26	\$ 3.23
2002	7.68	2.14	2.97	2.30	11.52	3.17	3.40	3.31
2003	7.68	2.14	2.97	2.30	11.52	3.17	3.40	3.31
2004	8.45	2.43	3.02	3.39	12.18	3.84	4.75	5.32
2005	6.46	3.07	3.48	3.74	9.18	3.99	4.82	5.36
2006	6.69	2.94	3.59	3.86	9.36	4.36	5.33	5.63
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

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

The standard household meter size is 5/8" and the average household usage for fiscal year 2010 was 14,000 gals. per quarter.

Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	% of Personal Income (3)	% of Market Property Value (2)	Per Capita (3)
	General Obligation Bonds(1)	Agricultural Preservation Notes	Other Notes	Purchase Agreements	General Obligation Bonds (1)	Assessment Debt with Government Commitment	Special	Government				
2001	\$ 188,977,240	\$ -	\$ 4,325,702	\$ 4,175,864	\$ 19,254,892	\$ 7,897,838	\$ 224,631,536	2.32%	2.45%	\$ 1,447		
2002	176,643,338	-	4,301,627	3,323,808	17,123,232	7,849,962	209,241,967	2.64%	2.15%	1,312		
2003	179,403,473	926,930	3,556,080	2,430,100	15,355,299	7,244,634	208,916,516	2.75%	2.02%	1,279		
2004	175,577,086	1,026,930	2,243,951	1,492,706	14,992,401	6,609,663	201,942,737	2.85%	1.84%	1,215		
2005	199,860,394	3,206,864	834,167	509,488	16,870,281	5,943,584	227,224,778	2.66%	1.89%	1,348		
2006	217,812,296	4,552,864	1,749,669	2,649,079	14,860,641	5,244,860	246,869,409	2.52%	1.83%	1,437		
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	N/A	1.61%	2,027		

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 Debt Outstanding	Percent of Actual Property Value (1)	Percent of Personal Income (2)	Per Capita (2)
2001	\$ 208,232,132	2.27%	2.51%	\$ 1,342
2002	193,766,570	1.99%	2.85%	1,215
2003	195,685,702	1.89%	2.94%	1,198
2004	191,596,417	1.75%	3.00%	1,152
2005	219,937,539	1.83%	2.75%	1,305
2006	237,225,801	1.76%	2.62%	1,381
2007	239,822,486	1.55%	2.72%	1,384
2008	249,154,728	1.39%	2.79%	1,430
2009	309,342,985	1.52%	2.32%	1,769
2010	350,634,660	1.59%	N/A	1,997

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, 2010**

Net assessed value- Real Property	\$ 21,512,336,815	
Debt limit - 6% of net total assessed value (1)		\$ 1,290,740,209
Assessed Value-Personal Property	<u>553,831,810</u>	
Debt limit- 15% of Net Assessed Value (1)		<u>83,074,772</u>
Total Debt Limit		1,373,814,980
Amount of debt applicable to debt limit:		
Total Bonded Debt	\$ 348,573,168	
Less- Agricultural Preservation Program Self Supporting Debt	14,014,420	
Less- Fire Company Loans- Self Supporting Debt	10,423,586	
Less - Bureau of Utilities bonds	20,831,920	
Less - Septage bonds payable	146,336	
Total amount of debt applicable to debt limit		<u>303,156,906</u>
Legal debt margin		<u><u>\$ 1,070,658,074</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
2001-2010

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
2001	\$ 3,968,204,470	15.0%	\$ 595,230,671	\$ 188,977,240	\$ 406,253,431	31.75%
2002	9,726,556,889	6.0%	583,593,413	175,760,607	407,832,806	30.12%
2003	10,340,867,012	6.0%	620,452,021	179,403,473	441,048,548	28.91%
2004	10,948,754,959	6.0%	656,925,298	186,294,353	470,630,945	28.36%
2005	12,034,458,190	6.0%	722,067,491	213,655,613	508,411,878	29.59%
2006	13,470,143,079	6.0%	852,874,621	226,319,103	626,555,518	26.54%
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%

In fiscal year ending June 30, 2002, assessments were changed from 40% of market

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Computation of Direct And Overlapping Debt
June 30, 2010

Jurisdiction	Real Property Assessed Valuation (1)	Percent of Assessed Valuation to Overlapping Jurisdictions	Pro rata Share of Direct Debt to Jurisdictions(2)	Overlapping Debt	Total Direct and Overlapping Debt
Hampstead	\$ 621,094,471	2.89%	\$ 8,761,235	\$ 1,301,791	\$ 10,063,026
Manchester	469,241,319	2.18%	6,608,821	281,050	6,889,871
Mt. Airy	954,568,258	4.44%	13,460,167	3,588,237	17,048,404
New Windsor	154,772,928	0.72%	2,182,730	1,243,953	3,426,683
Sykesville	445,712,575	2.07%	6,275,348	1,506,428	7,781,776
Taneytown	595,724,282	2.77%	8,397,446	18,251,094	26,648,540
Union Bridge	73,648,590	0.34%	1,030,733	1,488,960	2,519,693
Westminster	1,772,447,419	8.24%	24,980,129	12,683,636	37,663,765
Unincorporated areas	16,425,126,973	76.35%	231,460,298	-	231,460,298
County-wide Totals	<u>\$ 21,512,336,815</u>	<u>100.00%</u>	<u>\$ 303,156,906</u>	<u>\$ 40,345,149</u>	<u>\$ 343,502,055</u>

Note: (1) Assessed valuations of real property for each town are from the TASS 153 County report.
(2) See Table 13, Computation of Legal Debt Margin.

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)
2001	155,221	\$ 5,220,636	\$ 33,501	27,528	2.44%
2002	159,442	5,194,169	34,117	27,806	3.04%
2003	163,400	5,434,074	35,259	28,630	3.16%
2004	166,234	5,754,673	36,318	29,044	3.20%
2005	168,521	6,046,616	36,318	28,774	3.50%
2006	171,742	6,209,401	36,874	28,219	3.00%
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	175,610	N/A	N/A	27,524	6.50%

Source: (1) Carroll County Department of Planning, June 2010.

(2) Maryland Department of Planning, Planning Data Services, from
U.S. Bureau of Economic Analysis, August 2009.

(3) Carroll County Board of Education Approved Operating Budget Fiscal Year 2009-2010.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Major Employers
Current Fiscal Year and Nine Years Ago

2010

<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	3,769	6.90%
Carroll Hospital Center	General hospital	1,804	3.30%
Springfield Hospital Center	Mental health services	833	1.53%
Random House	Book Warehousing & Distribution	800	1.46%
Fairhaven (Episcopal Ministries)	Life care retirement community	700	1.28%
Carroll County Government***	Local government	656	1.20%
McDaniel College	Higher education	623	1.14%
Jos. A. Bank Clothiers	Corporate HQ/ Distribution	576	1.05%
Carroll Community College	Higher education	509	0.93%
General Dynamics Robotic Systems	Technology Manufacturing	490	0.90%
	Total	<u>10,760</u>	<u>19.70%</u>
	Annual Average Employment in Carroll County****	<u>54,616</u>	

2001

<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	2,965	6.35%
Random House, Inc.	Book warehouseing and distribution	1,288	2.76%
Carroll County General Hospital	General hospital	1,200	2.57%
Springfield Hospital Center	Mental health services	950	2.03%
Carroll County Government ***	Local government central office	605	1.30%
Fairhaven (Episcopal Ministries)	Life care retirement community	510	1.09%
English American Tailoring	Men & women's made-to-measure clothing	450	0.96%
Northrop Grumman	Electronic testing	439	0.94%
Westem Maryland College	Higher Education	400	0.86%
Carroll Lutheran Village	Retirement center & individual living	335	0.72%
	Total	<u>9,142</u>	<u>19.57%</u>
	Annual Average Employment in Carroll County	<u>46,716</u>	

Notes: * As of September 2009.
 ** Does not include hourly employees such as substitutes, aides, etc.
 *** Central offices only. Excludes Sheriff's Department, Courts, etc.
 **** As of June 2010.

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 for 2010 and 2001.
 Carroll County Department of the Comptroller.

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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Government										
County Commissioners										
Legislative	9	8	9	11	10	12	8	11	10	10
Management Analysis	1	2	2	2	3	3	3	3	3	5
* Licenses/Zoning Appeals Board	-	-	-	-	4	5	5	4	4	1
* Board of License Commissioners	-	-	-	-	-	-	-	-	2	1
Public Information	2	2	2	2	3	2	-	-	1	5
* TV Production	2	1	1	1	-	-	-	-	-	-
* Fam Museum	7	9	10	10	10	9	9	9	9	9
* Airport Management	2	2	3	2	2	2	1	1	-	-
* Dept of Technology Services	25	25	27	25	24	25	25	25	-	-
* Production & Distribution Svcs	3	3	3	3	3	3	3	3	-	3
Judicial	83	85	83	82	75	66	66	70	72	72
Dept of the Comptroller	35	36	37	37	36	35	37	36	36	36
Human Resources and Personnel Svcs	13	16	17	17	17	18	18	18	18	17
* Management and Budget	16	18	16	18	17	16	17	16	43	39
* Planning	43	43	45	42	45	44	44	43	131	130
* General Services	103	118	127	122	114	112	112	112	-	-
Citizen Services	45	54	56	51	51	44	45	47	38	38
Public Safety										
Sheriff Services	204	209	197	196	186	171	166	158	149	150
Emergency Services	31	32	36	35	34	31	30	28	27	27
Public Works										
* Supervision & Administration	2	4	4	4	6	5	-	6	8	32
Roads	97	105	112	108	103	107	116	111	110	112
* Engineering	20	22	23	21	22	22	23	22	21	23
* Bureau of Utilities-Operations	32	33	34	30	29	28	28	27	28	26
* Solid Waste-Operations	19	20	20	20	21	20	20	17	21	-
Social Services	16	16	15	15	15	14	14	13	13	15
Education	1	1	1	1	1	11	12	9	11	11
Recreation and Parks	22	27	27	27	27	16	16	15	15	16
Conservation of Natural Resources										
Soil Conservation Service	5	5	6	6	6	6	6	6	6	6
Economic Development										
Economic Development	6	7	7	7	7	7	7	7	7	6
BERC	10	8	8	10	10	10	10	10	10	10
Tourism	1	2	2	2	2	2	2	2	2	2
Total Full Time Employee Totals	855	913	930	907	883	846	843	829	819	824
Part Time Employees	8	12	14	15	17	24	27	26	27	24
Total Employees	863	925	944	922	900	870	870	855	846	848

* Denotes departments affected by reorganizations.

Source: Department of the Comptroller

Table 18

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Information										
Population	175,610	174,909	174,249	173,208	171,742	168,521	166,234	163,400	159,442	155,221
Registered Voters	110,336	109,428	106,828	106,853	104,318	102,505	95,056	90,756	89,687	85,752
General Government										
Building Permits Issued for Residential	201	159	255	335	661	640	731	1,177	1,347	1,194
Estimated Value (\$ in thousands) Residential	\$ 32,699	\$ 26,308	\$ 44,316	\$ 57,126	\$ 118,037	\$ 115,252	\$ 131,538	\$ 189,913	\$ 211,822	\$ 176,781
Building Permits Issued for other purposes	1,745	1,908	2,534	2,727	3,244	3,173	3,615	3,021	2,891	2,473
Estimated Value (\$ in thousands) Other	\$ 52,397	\$ 108,861	\$ 177,729	\$ 102,781	\$ 138,171	\$ 126,448	\$ 124,703	\$ 102,082	\$ 80,531	\$ 122,199
Fire and Emergency Service										
Paid Firemen	115	115	112	92	85	92	42	42	42	38
Active Volunteers (estimated)	704	663	675	675	750	800	800	1,100	1,100	1,100
Dispatched Incidence	18,081	17,848	17,584	16,357	15,969	15,104	15,470	14,507	14,270	13,212
911 Calls Received	59,565	61,140	59,186	57,761	55,923	55,375	55,829	57,381	55,146	46,829
Police Protection										
Resident Troopers	46	46	46	46	45	45	46	46	46	46
Sheriff's Department	64	64	66	64	64	56	54	46	50	51
Citations/Warnings	15,845	17,805	14,802	16,551	16,280	13,451	8,452	7,506	5,874	N/A
911 Calls for Service	18,293	17,721	12,779	6,083	6,158	8,109	5,665	3,712	N/A	N/A
Detention Center										
Detention Center Officers	92	95	93	93	90	90	88	86	78	79
Total Prisoner Days	92,144	100,430	98,155	107,711	104,874	103,285	105,415	110,047	103,355	87,661
Water										
Daily Average Usage (mgd)	2.05	2.08	2.18	2.16	2.34	2.17	2.40	2.19	2.23	2.13
Plants Daily Capacity (mgd)	7.39	7.39	3.39	3.39	3.39	3.39	3.39	N/A	N/A	N/A
Wastewater										
Daily Average Usage (mgd)	2.71	2.59	2.95	2.89	2.74	3.34	3.12	N/A	N/A	N/A
Plants Daily Capacity (mgd)	4.45	4.45	4.45	4.45	4.45	4.45	4.45	N/A	N/A	N/A
Solid Waste										
Tons In	85,942	81,447	100,195	108,608	116,267	110,178	118,726	107,707	104,655	114,810
Tons Recycled	20,155	20,322	20,652	21,080	21,533	21,625	13,023	12,811	13,518	11,851
Tons into Landfill	11,576	12,370	14,051	8,969	13,466	15,276	16,445	16,127	21,004	15,441
Tons Transferred	74,364	69,078	86,144	100,028	105,660	97,009	104,156	91,580	93,651	99,369
Education										
Number of Teachers	2,209	2,251	2,209	2,375	2,116	2,021	1,963	1,957	1,844	1,779
Number of Students	27,524	27,745	28,261	28,575	28,219	28,774	29,044	28,630	27,806	27,528
Community College										
Full Time Equivalent Students (FTE's)	3,138	2,920	2,867	2,517	2,519	2,493	2,430	2,266	2,045	1,939
Faculty-Full Time	73	75	63	63	65	52	55	50	52	47
Faculty-Part Time	527	545	143	417	249	349	288	277	296	258
Airport										
Fuel Sales (gals)	255,099	280,319	471,700	503,574	574,155	618,180	408,866	208,790	140,726	115,868
Tie Downs Occupied	25	25	25	25	25	25	25	25	25	25
Corporate Hangars Occupied	6	6	6	7	7	7	6	4	1	1
T Hangars Occupied	82	82	82	82	82	82	82	82	82	82
Libraries										
Number of volumes (estimated)	552,892	551,376	517,239	511,026	553,824	584,167	552,786	567,631	556,122	547,900
Circulation	4,214,073	3,885,584	3,606,169	3,421,828	3,579,244	3,506,229	3,583,119	3,465,526	3,259,311	3,044,266
Senior Centers										
Outside Groups using facilities	2,516	2,922	3,156	3,133	2,976	3,009	2,822	2,025	2,341	N/A
Volunteer Hours performed at Centers	41,493	39,311	39,352	42,957	43,051	39,136	36,331	36,207	33,975	33,129
Meals Served	29,171	26,020	25,188	27,242	29,145	30,470	31,346	31,383	30,856	29,339
Seniors Attending Activities	243,226	159,518	129,635	173,707	160,416	157,623	149,892	117,993	N/A	N/A

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

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
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	896	893	891	888	886	880	880	874	864	863
Miles of Roads Unpaved	83	84	86	87	89	92	92	92	92	92
Number of Bridges	147	147	147	147	147	146	146	146	145	144
Acres in Agricultural Land Preservation	57,627	54,858	50,711	46,998	46,737	41,927	41,927	39,766	37,400	33,758
Fire and Emergency Service										
Stations	14	14	14	14	14	14	14	14	14	14
Water										
Water Mains (miles)	125	125	122	121	121	120	119	119	116	114
Treatment Plants	4	4	4	4	4	4	4	4	4	4
Water Tanks	6	6	6	6	6	6	6	6	6	6
Number of Customer Accounts	8,268	8,256	8,247	8,230	8,163	8,117	8,036	7,898	7,725	7,564
Wastewater										
Sewer Mains (miles)	139	135	135	134	134	133	132	130	128	127
Treatment Plants	4	4	4	4	4	4	4	4	4	4
Pumping Stations	18	18	18	18	18	18	18	17	17	17
Number of Customer Accounts	8,844	8,816	8,793	8,766	8,745	8,702	8,620	8,336	8,083	7,564
Solid Waste										
Active Landfills	1	1	1	1	1	1	1	1	1	1
Recreation and Culture										
Parks (1)	29	28	27	27	27	26	19	19	18	18
Acreage	4,652	4,478	4,478	4,478	4,478	4,475	4,311	4,311	4,147	4,147
Education										
Elementary	23	23	23	22	22	22	21	21	21	21
Middle	9	9	9	9	9	9	9	9	9	9
High	8	8	7	7	7	7	7	7	6	5
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	4
Tie Downs Available	52	52	52	52	52	52	32	32	32	32
Apron Area (acres)	14.6	14.6	14.6	14.6	14.6	14.6	12.6	12.6	12.6	12.6
Firearms Facility	1	1	1	1	1	1	1	1	1	1
Libraries	6	6	5	5	5	5	5	5	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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue										
Usage charges	\$ 7,620,404	\$ 7,328,198	\$ 7,305,990	\$ 7,119,000	\$ 6,076,750	\$ 5,573,113	\$ 5,465,151	\$ 4,323,926	\$ 4,321,084	\$ 3,896,323
Service charges	4,680	421	54,991	64,593	56,666	19,790	26,745	16,959	20,300	11,350
Penalties and interest	209,239	442,379	1,815,891	1,526,835	1,050,682	1,257,886	697,697	1,023,822	1,152,328	2,089,469
Operating transfer - County	200,200	206,980	629,850	212,000	138,310	(60,680)	122,405	1,439,075	419,273	119,520
Capital contributions (1)	426,563	75,395	855,655	291,282	389,700	5,744,168	1,038,337	743,641	1,068,367	4,078,973
Maintenance fee	1,432,610	1,428,013	1,427,782	1,421,568	850,713	836,795	447,729	621,151	572,385	-
Other	217,957	190,940	307,022	160,877	148,243	152,214	218,523	159,133	428,589	161,886
Total revenue	10,111,653	9,672,326	12,397,181	10,796,155	8,711,064	13,523,286	8,016,587	8,327,707	7,982,326	10,357,521
Expenses										
Salaries	2,394,033	2,499,181	2,241,162	2,027,979	1,996,372	1,828,934	1,759,625	1,660,311	1,568,180	1,516,070
Operating expenses	5,129,427	3,157,883	5,652,991	3,861,160	3,506,230	6,722,882	2,583,989	2,732,126	3,085,924	2,340,118
Depreciation	1,914,768	1,579,651	1,534,088	1,515,493	1,510,276	1,340,581	1,197,161	1,223,787	1,097,849	1,159,049
Interest	1,051,417	932,542	628,305	406,980	498,110	594,234	644,071	706,451	772,849	827,058
Total expense	10,489,645	8,169,257	10,056,546	7,811,612	7,510,988	10,486,631	6,184,846	6,322,675	6,524,802	5,842,295
Excess of revenue over expense:	\$ (377,992)	\$ 1,503,069	\$ 2,340,635	\$ 2,984,543	\$ 1,200,076	\$ 3,036,655	\$ 1,831,741	\$ 2,005,032	\$ 1,457,524	\$ 4,515,226

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue										
Charge for services	\$ 5,435,007	\$ 6,133,596	\$ 6,269,365	\$ 6,353,183	\$ 6,253,935	\$ 5,810,000	\$ 5,975,631	\$ 5,234,047	\$ 4,939,698	\$5,238,584
Penalties and interest	211,945	302,752	447,743	631,268	441,286	375,385	63,900	73,582	80,229	139,885
Proceeds from sales of recyclables	461,818	391,872	340,424	227,025	202,325	268,340	154,886	81,407	71,675	84,038
Capital contributions-equip. transferred from County	15,888	-	-	-	-	-	-	-	-	-
Gain on sale of fixed assets	35,395	-	-	-	-	-	-	-	-	-
Other	10,519	8,775	17,107	29,471	5,268	49,256	59,215	195,877	-	-
Operating transfer - County	2,545,000	2,545,000	2,645,000	2,645,000	2,645,000	2,645,000	2,645,000	2,645,000	2,645,000	1,445,000
Total revenue	8,715,572	9,381,995	9,719,639	9,885,947	9,547,814	9,147,981	8,898,632	8,229,913	7,736,602	6,907,507
Expense										
Salaries	1,633,798	1,633,309	1,387,457	1,335,170	1,220,245	1,138,650	1,062,789	1,030,337	1,010,043	973,539
Operating expenses	6,652,203	5,363,689	5,817,255	6,162,316	5,798,265	5,354,162	5,420,652	5,055,379	4,361,808	5,092,583
Depreciation	472,313	266,818	203,133	174,008	154,380	107,960	90,952	90,217	176,590	180,669
Interest	202,701	224,027	241,073	263,743	308,018	347,036	253,197	383,626	448,443	508,969
Operating transfer - County	-	-	-	-	-	-	-	-	-	199,883
Total expense	8,961,015	7,487,843	7,648,918	7,935,237	7,480,908	6,947,808	6,827,590	6,559,559	5,996,884	6,955,643
Excess (deficiency) of revenue over expense	\$ (245,443)	\$ 1,894,152	\$ 2,070,721	\$ 1,950,710	\$ 2,066,906	\$ 2,200,173	\$ 2,071,042	\$ 1,670,354	\$ 1,739,718	\$ (48,136)
Tipping Fee per ton *	\$ 58.00	\$ 76.00	\$ 61.00	\$ 58.00	\$ 54.00	\$ 54.00	\$ 51.00	\$ 51.00	\$ 49.00	\$ 47.00

*For fiscal year 2010 the tipping fee was \$76.00 from July 1, 2009 – September 16, 2009. The tipping fee was decreased to \$58.00 per ton effective September 17, 2009. Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Airport Fund - Revenue and Expenses
Last Nine Fiscal Years

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue									
Rent	\$ 462,981	\$ 470,011	\$ 495,278	\$ 450,749	\$ 517,732	\$ 472,539	\$ 353,763	\$ 156,533	\$143,281
Fuel sales	53,570	197,646	1,715,510	1,378,850	1,523,726	1,268,475	662,347	354,796	205,772
Capital contributions (1)	48,969	460,454	91,598	366,572	348,858	1,288,611	511,521	315,834	13,566
Capital contributions-County	-	-	-	5,603,372	-	-	-	-	-
Land sale	-	-	-	1,064,797	-	-	-	25,000	-
Operating transfer-County	0	40,000	40,000	40,000	83,020	44,053	58,176	142,405	44,240
Other	2,030	3,601	11,222	10,850	-	3,796	-	-	9,468
Total revenue	567,550	1,171,712	2,353,608	8,915,190	2,473,336	3,077,474	1,585,807	994,568	416,327
Expenses									
Salaries	247,203	256,173	236,788	184,513	182,310	159,740	96,725	82,472	77,741
Operating expenses	308,329	267,209	2,359,958	1,612,527	1,562,774	1,431,899	832,208	333,430	285,818
Operating expenses-capital (2)	-	-	255,400	36,061	227,795	137,850	-	367,330	1,100
Interest	104,350	113,327	122,044	130,092	138,741	144,323	132,137	133,179	145,796
Depreciation	169,729	140,983	123,428	123,428	123,428	118,050	23,792	24,029	-
Operating transfer-County	-	-	-	41,446	-	-	-	-	-
Total expense	829,611	777,692	3,097,618	2,128,067	2,235,048	1,991,862	1,084,862	940,440	510,455
Excess (deficiency) of revenue over expense:	\$ (262,061)	\$ 394,020	\$ (744,010)	\$ 6,787,123	\$ 238,288	\$1,085,612	\$ 500,945	\$ 54,128	\$ (94,128)

(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, 2010

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Unmod	A	B	C	D	E	
Deferred	139											
\$ 1 - \$250	28	27		1		14	3	2	9			
251 - 500	50	44	6			14	5	5	18	1		7
501 - 750	14	10	4			4	3	3	2	1		1
751 - 1000	4	3	1			1		1	1			1
Over 1,000	0											

Type of Retirement:

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

Option Selected:

- Unmodified: Life Annuity, member only
- A - Beneficiary receives lump sum of unused contributions
- B - Life Annuity of member, with ten years certain and continuous
- C - Beneficiary receives 100 percent of member's reduced monthly benefit
- D - Beneficiary receives 75 percent of member's reduced monthly benefit
- E - Beneficiary receives 50 percent of member's reduced monthly benefit

Source: Department of Human Resources.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Carroll County Employee Pension Plan
Average Benefit Payments
Last Seven Fiscal Years

Retirement Effective Date	Years of Credited Service					
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30
Period 7/1/03 to 6/30/04						
Average Monthly Benefit	\$ -	\$ -	\$ 215	\$ 228	\$ -	\$ -
Average Final Monthly Salary	\$ -	\$ -	\$ 2,576	\$ 2,093	\$ -	\$ -
Number of Retired Members	-	-	3	1	-	-
Period 7/1/04 to 6/30/05						
Average Monthly Benefit	\$ 51	\$ 99	\$ 182	\$ 312	\$ -	\$ -
Average Final Monthly Salary	\$ 2,102	\$ 2,090	\$ 2,238	\$ 2,809	\$ -	\$ -
Number of Retired Members	1	3	5	2	-	-
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

Carroll County Employee Pension Plan was established during fiscal year 2004.

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, 2010

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Unmod	A	B	C	D	E	
Deferred	0											
\$ 1 - \$250	0											
251 - 500	0											
501 - 750	1	1										1
751 - 1000	0											
Over 1,000	1	1								1		

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

Option Selected:
 Unmodified: Life Annuity, member only
 A - Beneficiary receives lump sum of unused contributions
 B - Life Annuity of member, with ten years certain and continuous
 C - Beneficiary receives 100 percent of member's reduced monthly benefit
 D - Beneficiary receives 75 percent of member's reduced monthly benefit
 E - Beneficiary receives 50 percent of member's reduced monthly benefit

Source: Department of Human Resources.

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

**Carroll County Certified Law Officer's Pension
Average Benefit Payments
As of June 30, 2010**

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

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

Source: Department of Human Resources.

Single Audit Section



Pictured above is the South Carroll Senior Center located on Mineral Hill Road in Eldersburg, Maryland. It opened on November 24, 2009.

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

The County Commissioners
of Carroll County
Westminster, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison of the General Fund, and the aggregate remaining fund information of the County Commissioners of Carroll County as of and for the year ended June 30, 2010, which collectively comprise the County Commissioners of Carroll County's basic financial statements and have issued our report thereon dated November 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County Commissioners of Carroll County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County Commissioners of Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County Commissioners of Carroll County in a separate letter dated November 15, 2010.

This report is intended solely for the information and use of the County Commissioners of Carroll County, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Baltimore, Maryland
November 15, 2010

**Independent Auditor's Report on Compliance With Requirements that
Could have a Direct and Material Effect on Each Major Program and
on Internal Control Over Compliance in Accordance with OMB Circular A-133**

The County Commissioners
of Carroll County
Westminster, Maryland

Compliance

We have audited the compliance of the County Commissioners of Carroll County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County Commissioners of Carroll County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County Commissioners of Carroll County's management. Our responsibility is to express an opinion on the County Commissioners of Carroll County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County Commissioners of Carroll County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County Commissioners of Carroll County's compliance with those requirements.

In our opinion, the County Commissioners of Carroll County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-03.

Internal Control Over Compliance

The management of the County Commissioners of Carroll County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County Commissioners of Carroll County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County Commissioners of Carroll County'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.

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 deficiencies, significant deficiencies, or material weaknesses. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01, 2010-02, and 2010-03. *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.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Commissioners of Carroll County, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Baltimore, Maryland
November 15, 2010

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Pass-Through Grantor's Number	Program/ Award Amount	Expenditures
MAJOR PROGRAMS					
U.S. Department of Housing and Urban Development					
Direct Programs:					
Section 8 Voucher Admin Federal Funded Subsidy FY03	14.871	P-3532	N/A	\$ 360,842	\$ 45,273
Section 8 Housing Choice Voucher Federal Funded Subsidy FY08	14.871	P-3532	N/A	4,080,051	300,579
Section 8 Administrative Federal Funded Subsidy FY08	14.871	P-3532	N/A	352,924	70,428
Section 8 Housing Choice Voucher Federal Funded Subsidy FY10	14.871	P-3532	N/A	4,514,335	4,454,016
Section 8 Administrative Federal Funded Subsidy FY10	14.871	P-3532	N/A	440,325	495,798
Section 8 Housing Counseling FY10	14.871	P-3533	N/A	22,000	7,681
Section 8 FSS Coordinator Salary Federal Funded Subsidy FY10	14.871	P-3532	N/A	63,176	<u>63,176</u>
Total U.S. Department of Housing and Urban Development					<u>5,436,951</u>
U.S. Department of Health and Human Services					
Passed Through Maryland Office on Aging:					
Title III, Part B 10/1/08-9/30/09	93.044	3-24-AAA-005	N/A	129,889	40,146
Title III, Part B 10/1/09-9/30/10	93.044	3-24-AAA-005	N/A	148,668	58,437
ARRA-Title III, Part C 3/17/09-9/30/10	93.045	ST-ARRA09-001	N/A	20,649	7,262
ARRA-Home Delivered Meals 3/17/09-9/30/10	93.045	ST-ARRA09-001	N/A	10,166	8,537
Title III, Part C 10/1/08-9/30/09	93.045	3-24-AAA-005	N/A	117,911	29,854
Home Delivered Meals 10/1/08-9/30/09	93.045	3-24-AAA-005	N/A	61,193	18,850
Title III, Part C 10/1/09-9/30/10	93.045	3-24-AAA-005	N/A	97,845	65,985
Home Delivered Meals 10/1/09-9/30/10	93.045	3-24-AAA-005	N/A	68,351	<u>44,448</u>
Total U.S. Department of Health and Human Services					<u>273,519</u>
U.S. Department of Labor					
Passed Through Howard County Manpower Resources					
Employment and Training Assistance:					
ARRA-Economically Disadvantaged IIA 3/17/09-9/30/10	17.258	N/A	N/A	26,318	3,593
Economically Disadvantaged IIA 7/1/08-6/30/09	17.258	P00B09200098	N/A	45,561	7,199
Economically Disadvantaged IIA 7/1/09-6/30/10	17.258	P00B04000017	N/A	41,225	37,618
ARRA-Economically Disadvantaged Youth IIC FY10	17.259	N/A	N/A	54,637	42,580
Economically Disadvantaged Youth IIC FY09	17.259	P00B09200098	N/A	42,205	8,812
Economically Disadvantaged Youth IIC FY10	17.259	P00B04000017	N/A	38,249	31,071
ARRA-Dislocated Workers III 3/17/09-9/30/10	17.260	N/A	N/A	507,368	119,955
ARRA-BERC Admin	17.260	N/A	N/A	58,832	1,800
Dislocated Workers III 7/1/08-6/30/09	17.260	P00B09200098	N/A	420,270	152,464
Dislocated Workers III 7/1/09-6/30/10	17.260	P00B04000017	N/A	436,830	363,079
Administration FY10	17.260	P00B04000017	N/A	57,367	<u>55,826</u>
Total U.S. Department of Labor					<u>823,997</u>
U.S. Department of Transportation					
Passed Through Maryland Department of Transportation:					
ARRA-Transportation Equipment	20.509	N/A	MD-96-X001	811,300	658,743
ARRA-Transportation -Building CATS Buses	20.509	N/A	MD-96-X001	849,965	31,664
Section 5311 09/10	20.509	MD-18-4023	N/A	132,036	100,119
Section 5307 09/10	20.509	MD-90-0101	N/A	236,935	<u>205,148</u>
Total U.S. Department of Transportation					<u>995,674</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010
(CONTINUED)

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Pass-Through Grantor's Number	Program/ Award Amount	Federal Expenditures
MAJOR PROGRAMS (CONTINUED)					
U.S. Department of Energy					
Passed Through State Department of Human Resources:					
ARRA-Weatherization	81.042	N/A	N/A	\$ 917,052	\$ 227,834
ARRA-Weatherization Admin	81.042	N/A	N/A	50,382	9,541
Weatherization FY09	81.042	N/A	N/A	224,372	48,973
Weatherization FY10	81.042	N/A	N/A	136,846	35,121
Weatherization Admin	81.042	N/A	N/A	8,827	<u>3,731</u>
Total U.S. Department of Energy					<u>325,200</u>
U.S. Department of Justice					
Passed Through the Governor's Office of Crime Control and Prevention:					
ARRA-Sheriff Byrne Justice Assistance FY10	16.803	N/A	N/A	597,440	207,168
ARRA-LMB Byrne Justice Assistance FY10	16.803	N/A	BJRA-2009-1098	81,020	<u>29,150</u>
Total U.S. Department of Justice					<u>236,318</u>
Total Major Programs					<u>8,091,659</u>
OTHER FEDERAL PROGRAMS					
U.S. Department of Housing and Urban Development					
Direct Programs:					
Youth Service Bureau-Department of Housing & Community Development	14.228	N/A	MD-09-CD-27	600,000	<u>37,628</u>
Total U.S. Department of Housing and Urban Development					<u>37,628</u>
U.S. Department of Housing & Community Development					
Passed Through Maryland Department of Community Development:					
ARRA (Stimulus) Homelessness Prevention & Rapid Re-Housing HPRP RAP	14.257	N/A	N/A	152,668	52,629
ARRA (Stimulus) Homelessness Prevention & Rapid Re-Housing HPRP Bridge Sub	14.257	N/A	N/A	129,343	23,275
Emergency Shelter Grant FY09	14.231	N/A	08-ESG-BOS-05	31,700	3,706
Emergency Shelter Grant FY10	14.231	N/A	09-ESG-BOS-05	31,495	14,686
Home Initiatives Program	14.239	N/A	N/A	150,000	<u>75,007</u>
Total U.S. Department of Housing and Community Development					<u>169,303</u>
U.S. Department of Health and Human Services					
Passed Through Maryland Office on Aging:					
Ombudsman FY10	93.042	3-24-AAA-005	N/A	16,368	16,368
Title III, Part D 10/1/08-9/30/09	93.043	3-24-AAA-005	N/A	9,000	4,797
Title III, Part D 10/1/09-9/30/10	93.043	3-24-AAA-005	N/A	9,000	4,416
Title III, Part E 10/1/08-9/30/09	93.052	3-24-AAA-005	N/A	46,647	7,476
Title III, Part E 10/1/09-9/30/10	93.052	3-24-AAA-005	N/A	46,540	34,289
MA Waiver FY10	93.779	4-24-AAA-005	N/A	103,126	119,386
SHIP FY10	93.779	4-24-AAA-005	N/A	21,398	21,398
Sr Medical Patrol Program FY10	93.779	4-24-AAA-005	N/A	6,399	6,399
Passed Through Maryland State Department of Human Resources:					
Safe & Stable FY10	93.556	N/A	N/A	129,640	129,640
Catastrophic Health Planners FY08	93.558	N/A	CRRL/FIA 07-010	45,000	11,250
Cooperative Reimbursement 08/09 (Circuit Ct)	93.563	N/A	CSEA/CR-99-035	18,775	5,423
Cooperative Reimbursement 08/09 (St Atty)	93.563	N/A	CSEA/CR-99-035	486,168	98,795
Cooperative Reimbursement 08/09 (Sheriff)	93.563	N/A	CSEA/CRA-09-035	99,249	14,293
Cooperative Reimbursement 09/10 (Circuit Ct)	93.563	N/A	CSEA/CRA-10-010	20,433	14,095
Cooperative Reimbursement 09/10 (St Atty)	93.563	N/A	CSEA/CRA-10-009	555,000	378,331
Cooperative Reimbursement 09/10 (Sheriff)	93.563	N/A	CSEA/CRA-10-035	131,952	46,842

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010
(CONTINUED)

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Pass-Through Grantor's Number	Program/ Award Amount	Federal Expenditures
OTHER FEDERAL PROGRAMS (CONTINUED)					
U.S. Department of Health and Human Services (Continued)					
Passed Through Maryland Department of Health & Mental Hygiene:					
Enhanced Fitness FY09	93.283	N/A	CH837AIA	\$ 4,092	\$ 660
Money Follows The Person FY10	93.779	N/A	MOOB9200690-006	26,927	12,126
MAP FY10 Maryland Access Point	93.779	N/A	ST-2518-006	64,379	<u>27,163</u>
Total U.S. Department of Health and Human Services					<u>953,147</u>
U.S. Department of Labor					
Passed Through Howard County Manpower Resources					
Employment and Training Assistance:					
BERC-ITE FY'06	10.561	N/A	N/A	129,409	33,208
BERC-Food Stamps FY'06	10.561	N/A	N/A	24,160	<u>9,312</u>
Total U.S. Department of Labor					<u>42,520</u>
U.S. Department of Transportation					
Passed Through Maryland Department of Transportation:					
Falls Road/Indian Run	20.205	N/A	N/A	64,852	1,287
Section 5307 (Capital) 05/06	20.507	MD-90-0101	N/A	61,607	37,361
Section 5307 (Capital) 06/07	20.507	MD-90-0101	N/A	123,452	73,439
Section 5307 (Capital) 07/08	20.507	MD-90-0101	N/A	93,056	52,475
Section 5311 08/09	20.507	MD-18-4023	N/A	132,036	8,486
Section 5307 08/09	20.507	MD-90-4089/MD-90-4101	N/A	236,273	8,555
Section 5307 (Capital) 08/09	20.507	MD-90-0101	N/A	176,650	222,014
Section 5311 (Capital) 09/10	20.507	MD-18-4023	N/A	345,885	<u>66,240</u>
Total U.S. Department of Transportation					<u>469,857</u>
U.S. Department of Homeland Security					
Passed Through Maryland Emergency Management Administration:					
Immigration & Custom Enforcement (ICE)	16.590	N/A	N/A	20,000	1,897
Command Vehicle Maintenance FY09	97.008	2007-GE-T7-0040	N/A	31,725	1,256
Volunteer Mobilization FY07	97.008	2007-GE-T7-0040	N/A	19,500	13,700
Vulnerable Populations Plans & Training	97.008	2007-GE-T7-0040	N/A	3,400	3,594
Urban Area Security Initiative License Plate Reader/Tactical Equip FY08	97.008	N/A	2008-GE-T8-0011	128,142	24,534
Urban Area Security Initiative Command Vehicle Maintenance FY08	97.008	N/A	2008-GE-T8-0011	50,000	19,070
Urban Area Security Initiative CBRNE Detection FY08	97.008	N/A	2008-GE-T8-0011	32,339	264
Urban Area Security Initiative WebEOC Dialogic FY08	97.008	N/A	2008-GE-T8-0011	8,500	666
Urban Area Security Initiative WebEOC FY08	97.008	N/A	2008-GE-T8-0011	26,000	14,590
Regional Emergency Health Preparedness & Response FY07	97.008	N/A	N/A	50,000	38,955
State Homeland Security Corp Grant-Cert Team FY09	97.008	N/A	N/A	7,905	102
UASI Urban Area Security Initiative FY09 K-9 Training	97.008	N/A	09-SR-8841-03	14,285	3,172
HAZMAT FY09	97.021	N/A	N/A	4,129	4,129
Urban Area Security Initiative HAZMAT FY07	97.021	2007-GE-T7-0040	N/A	46,973	43,108
Emergency Management Performance FY09	97.042	N/A	N/A	88,569	4,971
Citizen Corp FY08	97.053	N/A	N/A	10,000	3,119
State Homeland Security Planner FY06	97.067	N/A	N/A	171,960	69,365
State Homeland Security FY08	97.067	N/A	N/A	298,808	203,396
Citizen Corps Mini Grants	97.067	N/A	N/A	1,500	390

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010
(CONTINUED)

Federal Grantor Program Title	Federal CFDA Number	Federal Grant Number	Pass-Through Grantor's Number	Program/ Award Amount	Federal Expenditures
OTHER FEDERAL PROGRAMS (CONTINUED)					
U.S. Department of Homeland Security					
(Continued)					
Passed Through Maryland Emergency Management Administration: (Continued)					
LETTPP FY07	97.067	2007-GE-T7-0040	N/A	\$ 153,761	\$ 17,701
Citizen Corps FY07	97.067	2007-GE-T7-0040	N/A	10,000	6,774
Homeland Security 2nd Planner	97.067	2007-GE-T7-0040.AS	N/A	53,334	7,722
State Homeland Security Program FY09	97.067	N/A	N/A	186,957	86,453
State Homeland Security FY10	97.067	N/A	2009-SS-T9-0080	231,632	<u>165,731</u>
Total U.S. Department of Homeland Security					<u>734,659</u>
U.S. Department of Agriculture					
Emergency Food Assistance Program FY10	10.568	N/A	N/A	2,000	<u>2,000</u>
Total U.S. Department of Agriculture					<u>2,000</u>
U.S. Department of Justice					
Passed Through the Governor's Office of Crime Control and Prevention:					
Adventure Diversion Program FY10	16.569	N/A	N/A	80,000	80,000
BJAG-Citizen Services FY10	16.569	N/A	N/A	56,250	21,298
Violence Against Women Act FY09 (St.Atty)	16.588	VAWA-98-036	N/A	79,095	17,480
Violence Against Women Act FY09 (Sheriff)	16.588	VAWA-98-036	N/A	74,325	33,373
Violence Against Women Act FY10 (St.Atty)	16.588	VAWA-98-036	N/A	79,095	61,318
Violence Against Women Act FY10 (Sheriff)	16.588	VAWA-98-036	N/A	48,000	12,880
CAP-WIN Initiative FY09	16.738	BJAG-2007-1007	N/A	27,468	9,572
Motorcycle Safety Enforcement FY09	20.600	N/A	N/A	2,250	2,012
Reducing Alcohol Availability To Minors FY09	20.600	N/A	N/A	5,610	6,940
Click It or Ticket FY09	20.600	N/A	N/A	2,167	1,061
Alcohol Enforcement Grant FY09	20.601	N/A	N/A	9,000	9,588
Passed Through National Network of Children:					
Advocacy Center Grant FY09	16.582	PS-9429	N/A	10,000	5,285
Advocacy Center Grant FY10	16.582	PS-9429	N/A	10,000	<u>4,785</u>
Total U.S. Department of Justice					<u>265,592</u>
National Park Service					
National Recreational Trails Program FY09	20.219	N/A	N/A	9,903	<u>7,733</u>
Total National Park Service					<u>7,733</u>
Federal Aviation Administration					
Airport Improvement Program: Runway Expansion	20.106	FAA: 3-24-0028-025-2010	N/A	115,525	<u>37,773</u>
Total Federal Aviation Administration					<u>37,773</u>
Total Other Federal Programs					<u>2,720,212</u>
TOTAL FEDERAL PROGRAMS					<u>\$ 10,811,871</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 20102010

NOTE 1 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal award programs of the County Commissioners of Carroll County for the year ended June 30, 2010.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the modified accrual basis of accounting as fully described in the Summary of Significant Accounting Policies accompanying the County Commissioners of Carroll County's basic financial statements.

NOTE 3 – RELATION TO BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the County Commissioners of Carroll County's basic financial statements and the related federal financial reports submitted by the County Commissioners of Carroll County.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? X yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.871</u>	<u>Section 8 Housing Choice Voucher Program</u>
<u>17.258,17.259,17.260</u>	<u>Workforce Investment Act (WIA) Cluster</u>
<u>93.044, 93.045</u>	<u>Aging Cluster</u>
<u>81.042</u>	<u>Weatherization Program</u>
<u>20.509</u>	<u>Transportation Formula Grants</u>
<u>16.803</u>	<u>Byrne Justice Assistance Grants</u>

Dollar threshold used to distinguish between type A and type B programs: \$324,356

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Financial Statement Findings

None

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Section III – Federal Award Findings and Questioned Costs

Finding Reference: 2010-01

Federal Agency: U.S Department of Housing and Urban Development
Federal Program: 14.871 Section 8 Housing Choice Voucher Program Compliance
Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

For 2 of the 40 tenant files selected for testing, the files did not have completed Declaration of Citizenship forms for all family members living in the household.

Context

We selected a sample of 40 tenants from a population of 549 to test for compliance with Housing Choice Voucher eligibility requirements. We noted exceptions in 2 of the 40 files tested.

Criteria

24 CFR 5.508 documents the requirement that each family member, regardless of age, must submit a signed declaration of U.S. Citizenship or U.S. nationality in order to be determined eligible for assistance.

Cause

The County Commissioners of Carroll County failed to obtain the required Declaration of Citizenship forms for one family member in each of the 2 households.

Effect

The County Commissioners of Carroll County is not in compliance with Federal regulations governing the Housing Choice Voucher program related to eligibility requirements.

Questioned Costs

There are no questioned costs related to this finding.

Recommendation

We recommend that the County Commissioners of Carroll County continue to perform quality control checks of tenant files to ensure all required information is included in the files.

Management's Response

Carroll County Department of Citizen Services will increase auditing of annual recertification's and continue to perform quality control checks of tenant files to ensure all required information is included in the files.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

Finding Reference: 2010-02

Federal Agency: U.S Department of Housing and Urban Development
Federal Program: 14.871 Section 8 Housing Choice Voucher Program Compliance
Requirement: Special Tests (Reasonable Rent)
Type of Finding: Significant Deficiency in Internal Control

Condition

For 2 of the 40 tenants selected for testing, the rent reasonableness certification date was before the comparable units were surveyed. In addition, for 2 of the 8 new tenants selected for testing, there was no clear audit evidence for the rent reasonableness certifications that match the amounts reported on the HUD-50058. Reasonableness certifications were performed in accordance with HUD regulations for the 4 tenants, however, certain internal control documentation did not reflect accurate information.

Context

We selected a sample of 40 tenants with contract rent changes from a population of 269 to test for compliance with Housing Choice Voucher reasonable rent requirements. We noted 2 instances where the rent reasonableness certification date was before the comparable units were surveyed.

In addition, we selected a sample of 8 new tenants out of a population of 63. We noted 2 instances where there was no clear audit evidence for the rent reasonableness certifications that match the amounts reported on the HUD-50058.

Criteria

Carroll County's Housing Choice Voucher Administrative plan states: "The PHA will determine and document on a case-by-case basis that the approved rent is reasonable in comparison to rent for other comparable unassisted units in the market." Documentation should include the actual, current year date of the certification and the proper amount certified and reported on the HUD-50058.

Cause

For the contract rent change exceptions, the County Commissioners of Carroll County neglected to remove the prior year certification dates and insert current year certification dates on the rent reasonableness certification forms. For the new tenant exceptions, the County Commissioners of Carroll County neglected to enter the correct reasonableness amount on the certification form, or neglected to include additional information to support the reasonableness amount reported on the HUD-50058.

Effect

The County Commissioners of Carroll County has not maintained proper internal controls over the rent reasonableness certifications which could potentially result in improper rent amounts being charged.

Questioned Costs

There are no questioned costs related to this finding.

Recommendation

We recommend that the County Commissioners of Carroll County continue to perform quality control checks of tenant files to ensure the reasonable rent certification forms contain all accurate, current year information to support the amounts reported on the HUD-50058.

Management's Response

Housing Program Manager will perform a quality control check of every tenant file at the same time the reasonable rent certification is completed and equals the amount reported on the HUD-50058.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

Finding Reference: 2010-03

Federal Agency: U.S Department of Justice
Federal Program: 16.803 Byrne Justice Assistance Grants Compliance
Requirement: Procurement and Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

For one of two vendor contracts selected, the County Commissioners of Carroll County did not properly verify that the vendor was not suspended or debarred from receiving federal funds.

Context

We selected a sample of 2 vendor contracts from a population of 4 contracts that were expected to equal or exceed \$25,000 in federal awards to test for compliance with suspension and debarment requirements. We noted 1 instance where the County Commissioners of Carroll County did not properly verify that the vendor was not suspended or debarred from receiving federal funds.

Criteria

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Cause

The County Commissioners of Carroll County Local Management Board was not aware of the requirement to perform a verification of suspension and debarment of potential award vendors as part of its procurement process.

Effect

The County Commissioners of Carroll County is not in compliance with federal suspension and debarment requirements for procurement contracts of goods and services.

Questioned Costs

There are no questioned costs related to this finding.

Recommendation

We recommend that the County Commissioners of Carroll County enhance its policies and procedures to ensure that the required suspension and debarment verifications are performed for vendors with contracts that are expected to equal or exceed the \$25,000 threshold.

Management's Response

Carroll County Local Management Board has instituted a policy to ensure that the required suspension and debarment verifications are performed for vendors with contracts that are expected to equal or exceed the \$25,000 threshold.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2010

Finding Reference: 09-01

Federal Agency: U.S. Department of Health and Human Services
Federal Program: 93.044, 93.045 Aging Cluster Compliance
Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

The Bureau of Aging (Bureau) has 2 full-time employees that are charged 100% to the Aging program. However, there were no periodic time and effort certifications prepared to support that these 2 employees worked solely on the program during the period under audit. 6 of the 25 payroll transactions selected for allowable costs testwork related to these 2 employees and it was noted that the Bureau did not have effort reports to support the activities related to the payroll costs charged to the grant. The total salaries charged to the Aging Cluster for the 2 employees were \$67,891.

Recommendation

We recommend that the Bureau implement procedures and controls to ensure that time and effort certifications are obtained from the employees on at least a semi-annual basis, stating the percentage of time worked related to the Aging program during the period covered by the certification.

Current Year Status

Fully Corrected - The Carroll County Bureau of Aging immediately implemented the reporting requirements on Time and Effort Accounting and Reporting as stated in OMB Circular A-87, attachment B.8.h.3. All FY2010 federal grant activity was recorded using the above mentioned reporting requirements. All employees that are paid salary out of federal grants complete a bi-weekly detailed time sheet (broken down by funding source); and a Quarterly Report of Time and Effort Activity Form. If an employee is paid 100% out of a federal grant they also complete a Federal Grant Program Employee Certification Reporting Form bi-annually.

Finding Reference: 09-02

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: 14.871 Housing Choice Voucher Program Compliance
Requirement: Eligibility
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

We selected 25 tenant files for testing of eligibility compliance requirements and noted that three tenant files had the following exceptions: for 2 files, the County Commissioners of Carroll County did not properly document the calculation of tenant's income or obtain third-party verification of income amounts used to calculate tenant rent and; for 1 file, the County Commissioners of Carroll County did not correctly determine the medical expense deduction.

Recommendation

We recommend that the Carroll County Department of Citizen Services continue to perform quality control checks of tenant files to ensure all required information is included in the files.

Current Year Status

Fully Corrected - These errors were directly related to one specialist. This specialist has received additional training on requirements of third party verification. There have also been increased audits of this specialist to ensure all files are correct.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2010

Finding Reference: 09-03

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: 14.871 Housing Choice Voucher Program Compliance
Requirement: Special Tests (Reasonable Rent)
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition

We selected 25 tenant files for testing of reasonable rent compliance requirements and noted that four tenant files used rent information for at least one of the three comparable units that was more than 2 years old. A separate sample of 25 tenant files that had contract rent changes during the year had two files which used comparable information was over two years old.

Recommendation

We recommend that the County Commissioners of Carroll County implement procedures to verify that rents used for rent reasonableness determination purposes are current for the location.

Current Year Status

Partially Corrected - The system is routinely checked for comparable units that exceed 24 months since the last update. Housing Program Manager now views all rent reasonable certificates. Refer to current year finding 2010-02.



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