



Comprehensive Annual Financial Report



For the Fiscal Year Ended
June 30, 2012

Comprehensive Annual Financial Report

For The Fiscal Year Ended
June 30, 2012

Department of the Comptroller
Carroll County, Maryland

Robert M. Burk, Comptroller



Introductory Section



THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

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Westminster, Maryland

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Robert M. Burk
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Department of the Comptroller
Carroll County Government
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December 4, 2012

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

State law requires that all general-purpose local governments publish a complete set of audited financial statements within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Carroll County, Maryland for the fiscal year ended June 30, 2012.

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 CliftonLarsonAllen 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, 2012, 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 175.

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 2012 population estimate of 168,570. The County seat

and largest city is Westminster. Carroll County is empowered to levy a property tax on both real and personal properties located within its boundaries. During the last three decades, the basic character of the County's land and residents has changed from predominantly rural to suburban and rural.

Carroll County has operated under the commissioner form of government since the County was formed by the State of Maryland legislature. The County is governed by an elected five-member Board of County Commissioners (the "Board"). The Board may only exercise such powers as are conferred upon it by the General Assembly of Maryland. The Board operates under the Code of Public Local Laws of Carroll County, 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 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 board is a five member board, who serve four-year terms. The County is divided into five districts based on equal population. Each district elects a commissioner to represent their district.

Carroll County provides a full range of services including public safety (police, volunteer fire protection, 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, a firearms facility (shooting range), and a fiber network as enterprise funds.

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

The annual budget serves as the foundation for Carroll County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the Department of Management and Budget in December of each year. Management and Budget uses these requests as the starting point for developing a proposed budget. Management and Budget then presents this proposed budget to the Commissioners for review prior to April 30. The Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget by no later than 30 days before the close of the County's current fiscal year. The appropriated budget is prepared by fund, function (e.g., general government), and department (e.g., planning). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Board. A budget-to-actual comparison is provided in this report for the individual governmental funds for which a legal appropriated annual budget has been adopted. The general fund comparison is presented on page 30 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 119.

Local Economy:

Local indicators show the continued stability of Carroll County even with the problems of the global economy.

The unemployment rate for Carroll County was at 6.6% in June 2012, compared to 9.0% nationally. This is a result of the struggling global economy.

Despite 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 94,681 as of June 2012, which was an increase of .6% from last year.

Long-term Financial Planning:

Real Property Tax Rate:

The Real Property Tax Rate is set by the Commissioners annually during the adoption of the budget. For fiscal year 2012 the commissioners adopted a Real Property Tax Rate of \$1.028 per \$100 of assessed value. This is a \$0.02 reduction of the rate from fiscal year 2011, and represents the first property tax rate reduction since 1987.

Homestead Tax Credit:

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

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 Arrangement:

The County formally adopted a stabilization arrangement during fiscal year 2011. The arrangement will maintain at least 5% of the upcoming fiscal year adopted general fund budget.

Capital Projects:

The County Commissioners six-year community investment plan is set up to meet numerous pressing needs. The six-year program includes \$30.1 million to extend the life of the existing analog radio system and transition to digital. The program includes \$27.4 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 \$31.1 million to continue the County's efforts in purchasing agriculture land preservation easements. The program also includes \$52.7 million for water source development and infrastructure. Included in this plan is \$77.6 million in road improvements for projects like several connector roads to relieve congestion in areas of growth.

The program includes \$8.5 million for upgrading to enhanced nutrient removal for 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. An \$11.3 million project is included to replace the current cast iron water mains and clay sanitary sewer lines in the Town of Sykesville where Bureau of Utilities operates and maintains both the water and sewer in the town. A funding program for water and sewer projects estimated to be needed to build-out has been put in place that would fund all needed projects through user assessments and connection fees and not require new debt financing.

Debt Administration:

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

The county consolidates general County improvements into Consolidated Public Improvement bonds with a term of no longer than the estimated life of the 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:

The debt 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 ensures that the investment program is strictly adhered to and the security of County investments are maximized. Cash held temporarily idle during the year by Carroll County, excluding component units, was invested in repurchase agreements, certificates of deposits, obligations of federal government agencies instrumentalities, the State of Maryland Local Government Investment Pool and 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 essential services. 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 62,000 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, 2011. Carroll County, Maryland has received a Certificate of Achievement for the last 27 consecutive years (fiscal years 1985-2011). The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

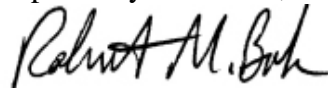
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2012 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 5 consecutive years (2008-2012). Currently, the County has submitted its fiscal year 2013 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, 2011

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.



Linda C. Danison

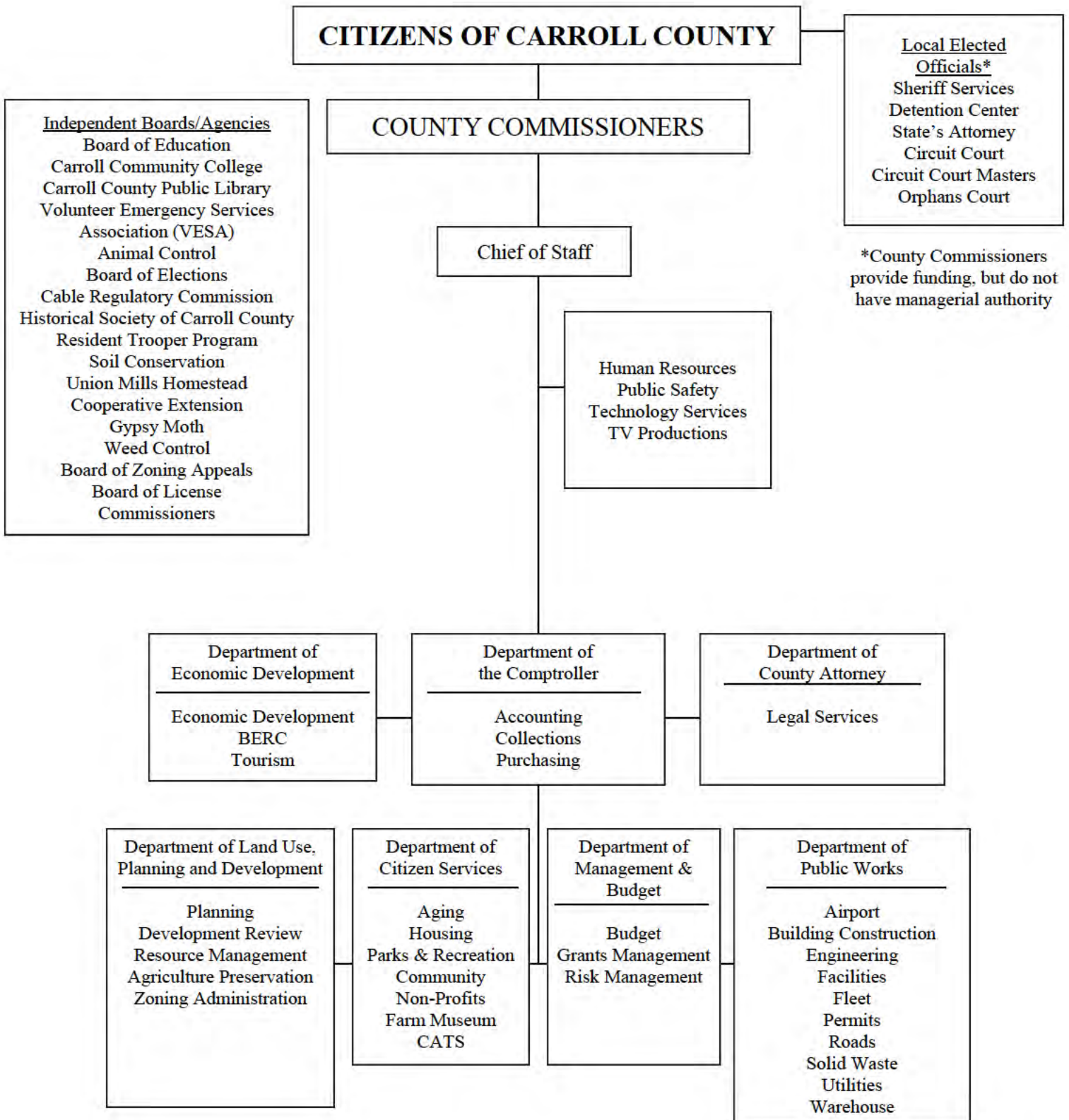
President

Jeffrey R. Emer

Executive Director

CARROLL COUNTY GOVERNMENT

Organizational Chart



Board of County Commissioners

Carroll County, Maryland

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

Appointed Officials

Steven D. Powell
Chief of Staff
Shawn Reese
County Clerk
Robert M. Burk
Comptroller
Theodore Zaleski, III
Director of Management and Budget
Timothy C. Burke
County Attorney
Jolene G. Sullivan
Director of Citizen Services
Tom Rio
Director of Public Works
Philip R. Hager
Director of Land Use, Planning and
Development
Jonathan Weetman
Administrator of Operations and Small
Business Development
John Lyburn, Jr.
Administrator of Strategic Accounts and
Outreach

Independent Auditors

CliftonLarsonAllen, LLP
Timonium, Maryland

Bond Counsel

McKennon Shelton & Henn, LLP
Baltimore, Maryland

Financial Advisor

Davenport & Company, LLC
Baltimore, Maryland



J. Douglas Howard
President
District 5



Richard S. Rothschild
Vice President
District 4



David H. Roush
Secretary
District 3



Robin Bartlett Frazier
District 1



Haven N. Shoemaker, Jr
District 2

Financial Section



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, Maryland (the County) as of and for the year ended June 30, 2012, 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 opinions 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. 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 opinions.

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, 2012, 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 our report dated November 16, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 26, be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 the County's basic financial statements. The supplementary information, comprised of the combining and individual nonmajor fund financial statements, listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as noted in the single audit section of the table of contents, is presented for purposes of additional analysis as required by 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. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

CliftonLarsonAllen LLP

Baltimore, Maryland
November 16, 2012

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. 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, 2012 by \$289,265,206 (total net assets), compared to \$290,945,546 at June 30, 2011. For fiscal year ended June 30, 2012 total net assets was net of the \$74,942,093 deficit in unrestricted component of 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, 2012 \$46,072,530 was restricted for specific purpose (restricted net assets) in comparison to \$34,138,368 at June 30, 2011. The total invested in capital assets, net of related debt was \$318,134,769 at June 30, 2012 compared to \$329,037,283 at June 30, 2011.

- The total net assets decreased by \$1,680,340.

Fund level:

- At the close of the fiscal year, unassigned fund balance for the general fund (primary operating fund) was \$14,827,375 or 4.5% of general fund revenues. By law, this amount will be a budgeted revenue source to support appropriation for fiscal year 2014.

- As of June 30, 2012, the County's governmental funds reported combined fund balances of \$149,564,324, an increase of \$14,808,909 from the prior year. Approximately 9 percent of the combined fund balance is available to meet the County's current and future needs (*unassigned*), 39 percent is assigned, indicating that it is not available for new spending because it has already been assigned for items such as existing purchase orders and construction contracts, 32 percent is committed or restricted for future use, stabilization arrangement and other purposes, and 20 percent is non spendable meaning it is in the form of loans receivables, inventory and advances to the IDA.

Long-term Debt:

- Carroll County Government's total bonded debt decreased by \$9,373,758, or 2.7% from fiscal year 2011. For fiscal year 2012 the County paid an average interest rate of 4.2%.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Overview of the Financial Statements

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

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

This report also contains 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, solid waste disposal, septage treatment, firearms facility, airport facility and a fiber network.

The government-wide financial statements include not only Carroll County Government itself (known as the *primary government*), but also legally separate component units. Carroll County Government has the following component units: Carroll County Board of Education, Carroll Community College, Carroll County Public Library, and Industrial Development Authority of Carroll County. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 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, 2012**

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 119 to 125 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 33 of this report.

The basic governmental fund financial statements can be found on pages 28 and 29 of this report.

Proprietary funds: Carroll County Government maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Carroll County Government uses an enterprise fund to account for its Bureau of Utilities, Solid Waste, Airport, Septage, Firearms Facility and Fiber Network. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Carroll County Government's various functions. Carroll County Government uses an internal service fund to account for risk management. 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 34 to 36 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 three non-major proprietary funds is provided in the form of combining statements which can be found on pages 130 to 132 of this report.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
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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 six agency funds which are the Carroll County Development Corporation (CCDC) the Carroll County Drug Task Force- Non Federal, Carroll County Drug Task Force-Treasury, Sheriff's Department Drug & Alcohol, Law Enforcement Activities, and Cable Regulatory Commission. The basic fiduciary funds financial statements can be found on pages 37 and 38 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 39 to 111 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 position. In the case of Carroll County Government, total net assets was \$289,265,206 at the close of the most recent fiscal year. Components of net assets for 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 that a building is no longer needed. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. The negative unrestricted assets in governmental activities of \$71,406,666 reflect the imbalance of liabilities without corresponding assets.

Restricted net assets of \$46,072,530 represent 1.5 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 a deficit of \$74,942,093.

The County's net assets decreased by \$1,680,340 during the fiscal year. The decrease in property tax along with the increased interest on long term debt were contributing factors to the decrease in net assets.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
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Carroll County Government's Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Current assets	\$ 173,298,507	\$ 190,028,821	\$ 24,917,603	\$ 23,754,480	\$ 198,216,110	\$ 213,783,301
Non-current assets	49,071,435	33,551,487	-	-	49,071,435	33,551,487
Capital assets	382,671,253	395,942,123	124,291,140	128,286,923	506,962,393	524,229,046
Total assets	<u>605,041,195</u>	<u>619,522,431</u>	<u>149,208,743</u>	<u>152,041,403</u>	<u>754,249,938</u>	<u>771,563,834</u>
Current liabilities	87,675,010	98,278,763	5,093,584	6,942,242	92,768,594	105,221,005
Non-current liabilities	339,275,154	340,300,545	32,940,984	35,096,738	372,216,138	375,397,283
Total liabilities	<u>426,950,164</u>	<u>438,579,308</u>	<u>38,034,568</u>	<u>42,038,980</u>	<u>464,984,732</u>	<u>480,618,288</u>
Net assets:						
Invested in capital assets, net						
of related debt	215,928,941	224,468,499	102,205,828	104,568,784	318,134,769	329,037,283
Restricted	33,568,756	33,768,252	12,503,774	370,116	46,072,530	34,138,368
Unrestricted	(71,406,666)	(77,293,628)	(3,535,427)	5,063,523	(74,942,093)	(72,230,105)
Total Net Assets	<u>\$ 178,091,031</u>	<u>\$ 180,943,123</u>	<u>\$ 111,174,175</u>	<u>\$ 110,002,423</u>	<u>\$ 289,265,206</u>	<u>\$ 290,945,546</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:

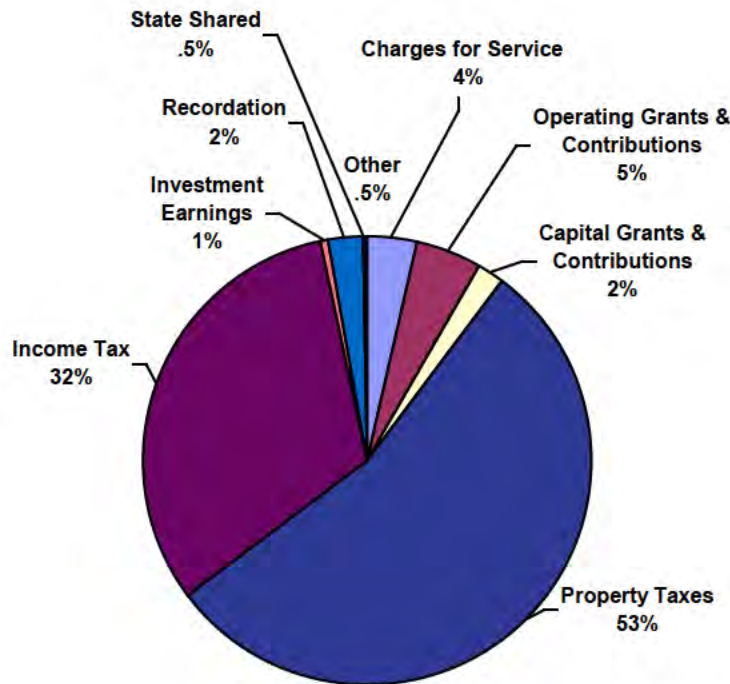
Carroll County Government's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Government	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenues:						
Program revenues:						
Charges for services	\$ 12,730,444	\$ 13,610,780	\$ 17,213,139	\$ 17,348,905	\$ 29,943,583	\$ 30,959,685
Operating grants & contributions	16,372,579	17,944,093	-	-	16,372,579	17,944,093
Capital grants & contributions	6,791,374	10,461,443	2,012,594	2,073,793	8,803,968	12,535,236
General revenues:						
Property taxes	203,601,066	208,296,512	-	-	203,601,066	208,296,512
Income tax	118,168,038	121,921,970	-	-	118,168,038	121,921,970
Recordation	8,520,674	7,612,907	-	-	8,520,674	7,612,907
Admission & Amusement Tax	296,890	379,990	-	-	296,890	379,990
Agricultural transfer tax	159,227	24,977	-	-	159,227	24,977
Hotel Tax	298,498	284,602	-	-	298,498	284,602
State shared, unrestricted	620,224	724,807	-	-	620,224	724,807
Investment earnings	3,048,630	782,346	383,547	582,930	3,432,177	1,365,276
Gain on sale of capital asset	-	-	3,677	-	3,677	-
Total Revenues	\$ 370,607,644	\$ 382,044,427	\$ 19,612,957	\$ 20,005,628	\$ 390,220,601	\$ 402,050,055
Program Expenses:						
General government	75,610,266	88,280,317	-	-	75,610,266	88,280,317
Public safety	37,356,463	37,244,642	-	-	37,356,463	37,244,642
Public works	28,764,355	29,582,890	-	-	28,764,355	29,582,890
Health	4,666,495	4,939,762	-	-	4,666,495	4,939,762
Social services	1,204,489	1,249,949	-	-	1,204,489	1,249,949
Education	186,244,744	185,038,583	-	-	186,244,744	185,038,583
Recreation and parks	3,418,694	3,257,483	-	-	3,418,694	3,257,483
Libraries	11,540,245	11,277,792	-	-	11,540,245	11,277,792
Conservation of natural resources	4,701,163	20,163,969	-	-	4,701,163	20,163,969
Economic development	2,239,352	5,370,598	-	-	2,239,352	5,370,598
Interest on long-term debt	13,401,464	12,522,525	-	-	13,401,464	12,522,525
Bureau of Utilities	-	-	11,090,468	11,890,461	11,090,468	11,890,461
Solid Waste	-	-	8,727,891	8,830,209	8,727,891	8,830,209
Septage	-	-	532,369	475,718	532,369	475,718
Firearms	-	-	92,935	79,627	92,935	79,627
Airport	-	-	1,769,112	618,045	1,769,112	618,045
Fiber Network	-	-	540,436	215,017	540,436	215,017
Total Expenses	369,147,730	398,928,510	22,753,211	22,109,077	391,900,941	421,037,587
Excess (deficiency) before transfers	1,459,914	(16,884,083)	(3,140,254)	(2,103,449)	(1,680,340)	(18,987,532)
Transfers	(4,312,006)	(12,980,697)	4,312,006	12,980,697	-	-
Increase (Decrease) in Net Assets	(2,852,092)	(29,864,780)	1,171,752	10,877,248	(1,680,340)	(18,987,532)
Net Assets-Beginning	180,943,123	210,807,903	110,002,423	99,125,175	290,945,546	309,933,078
Net Assets - Ending	\$ 178,091,031	\$ 180,943,123	\$ 111,174,175	\$ 110,002,423	\$ 289,265,206	\$ 290,945,546

- Governmental activities:** Overall revenue has decreased by \$11,436,783, which is a 3 percent decrease from fiscal year 2011. Property tax revenue decreased by \$4,695,446 over last fiscal year due to the combination of a decrease in the property tax rate and declining assessments. Investment earnings increased by \$2,266,284 as a result of a gain on restricted investments in U.S Treasury Strips and Bonds for IPA's. Capital grants and contributions decreased by \$3,670,069. This decrease was due to capital projects in Public Works being put on hold for reevaluation. As a result less revenue was requested for reimbursement on these projects. Another contributing factor was the revenues for the community college building were received, in fiscal year 2011, therefore revenues weren't as high in fiscal year 2012. Income Tax decreased \$3,753,932 due to the change in estimate for income tax that is due from the State of Maryland.

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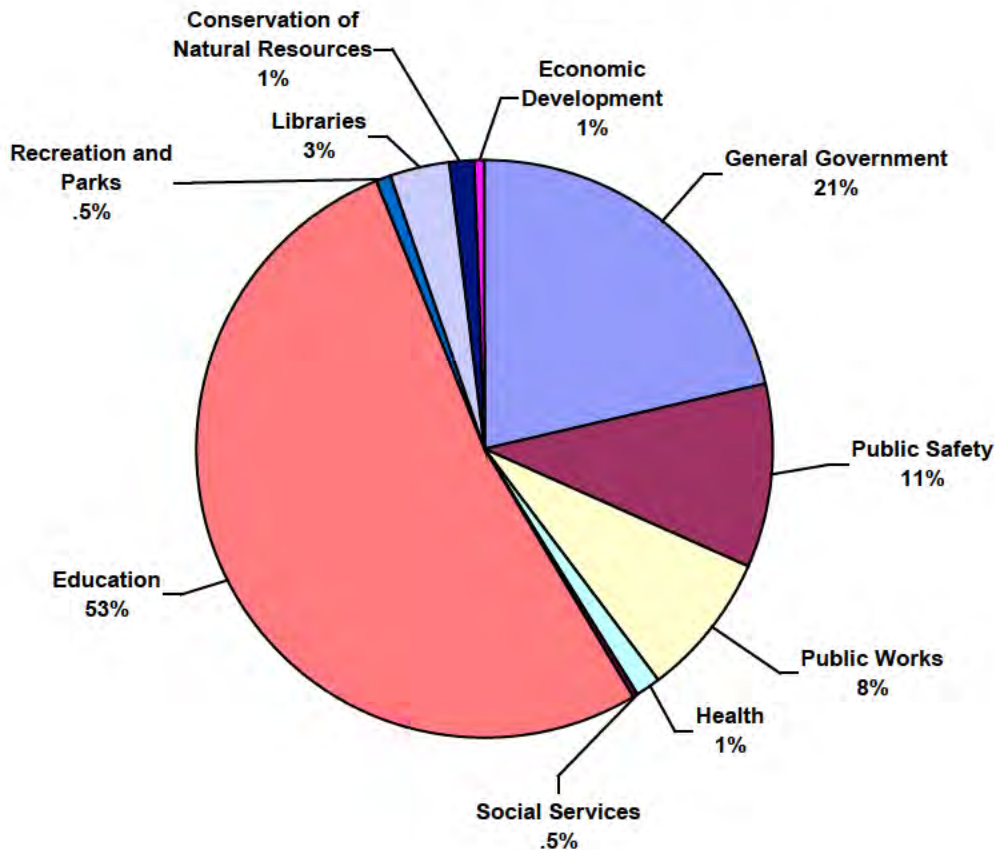
Revenues by Source-Primary Government



The expenses of the governmental activities have decreased by \$27,780,780 or 7.4 percent from fiscal year 2011. Conservation of Natural Resources decreased by \$15,462,806 from fiscal year 2011. The primary cause for the decrease was due to the County not entering into any Agricultural Preservation easement IPA's in fiscal year 2012. General Government decreased by \$12,670,051 from fiscal year 2011. The reason for the decrease was due to a loss on the disposal of land in fiscal year 2011.

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Expenses-Primary Government

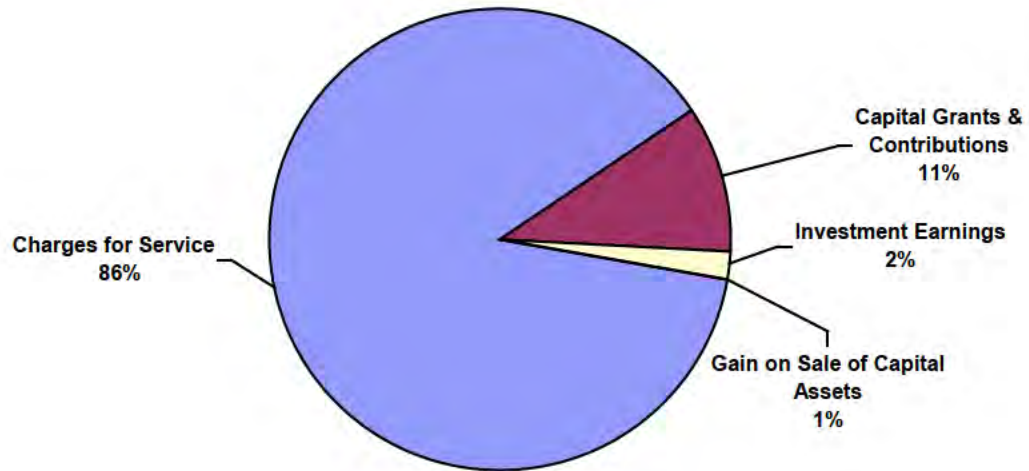


Business-type activities: There was an overall decrease in revenues of \$392,671 or 2 percent from fiscal year 2011. The primary reason for the decrease is due to the decrease in investment earnings in Bureau of Utilities due to a smaller investment portfolio in fiscal year 2012 compared to fiscal year 2011. Charges for Services decreased in Bureau of Utilities due to less usage and users being more conservative of water usage. The expenses of the business-type activities have increased by \$644,134 or 2.9% from fiscal year 2011. Airport expenses increased by \$1,151,067 which were primarily due to the loss on disposal of an asset that was for the airport expansion capital project. The Board of County Commissioners voted to cancel the airport expansion project. Bureau of Utilities expenses decreased by \$799,993 due to the decrease in operating expenses.

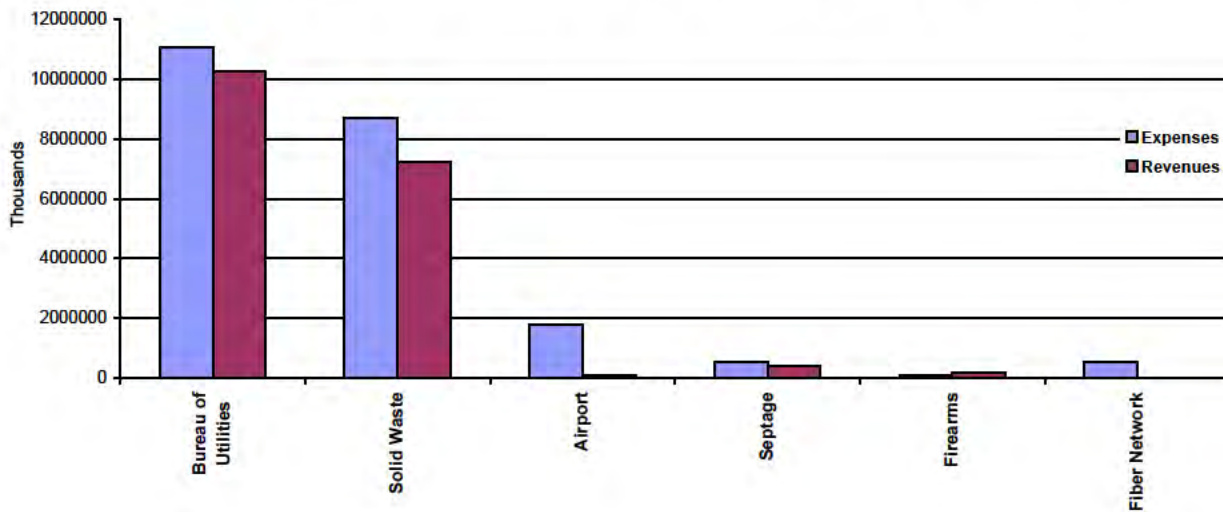
The County's transfers between governmental activities and business-type activities decreased by \$8,668,691 during fiscal year 2012. A transfer of capital contributions to the Fiber Network occurred during fiscal year 2011 which increased transfers for that year.

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



Expenses and Program Revenues - Business-type Activities



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Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Carroll County Government's governmental funds reported combined ending fund balances of \$149,564,324, an increase of \$14,808,909. Approximately 9 percent of this total (\$14,827,375) constitutes *unassigned fund balance*, which is available for future appropriation. The *assigned fund balance*, at 39 percent of total fund balance is not available for new spending because it has already been assigned to encumbrances from the prior year. The *committed fund balance*, at 14 percent of total fund balance is for future use, stabilization arrangement and other purposes. The *non spendable fund balance*, at 20 percent is not available for new spending because it is not expected to be converted to cash in the near future: 1) to cover loans receivable balances (\$16,979,073), 2) dedicated for inventory and advances to Industrial Development Authority (\$2,618,139). The remaining 18 percent of fund balance (\$27,499,263) constitutes *restricted fund balance*.

The general fund is the primary operating fund of Carroll County Government. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,827,375, while total fund balance was \$108,677,023. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.4 percent of total general fund expenditures, while total fund balance represents 32.6 percent of that same amount.

In accordance with County law, a decrease in fund balance was budgeted with an appropriation of \$7,993,646 of fund balance. This amount represents the fiscal year 2010 unreserved, undesignated fund balance. The anticipated decrease in fund balance was partially mitigated by conservative spending which resulted in \$8,144,783 less in expenditures than budgeted. Total liabilities are fairly consistent with the previous year.

The revenues in the General Fund have increased by \$6,983,106 compared to the prior fiscal year. The increase in revenues for Income Tax helped to increase total revenues in fiscal year 2012. Another contribution factor to the increase was the gains on investments for IPA's due to market gains. Expenditures decreased by \$814,354 compared to the prior fiscal year.

The Capital Project Fund's balance sheet shows \$3,063,793 more in assets in fiscal year 2012. The increase in cash is mainly due to a large number of projects not yet started.

The Capital Projects Fund has a total fund balance of \$37,748,479, of which \$12,629,313 is committed to liquidate purchase orders of the prior period and \$25,119,166 is assigned for future capital project

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expenditures. Unspent bond proceeds of \$788,299 make up 6 percent of the government activities restricted for capital projects.

The Non-Major Governmental Funds have a total fund balance of \$3,138,822.

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 of net assets of the proprietary funds at the end of the year amounted to (\$3,535,427) and unrestricted component of net assets in the Internal Service Fund totaled \$4,947,205. The total increase in net assets for the proprietary funds was \$1,171,752 which was primarily due to the transfer from the general fund to the Fiber Network fund. The net assets for the Internal Service Fund increased by \$937,763. Other factors concerning these funds' finances have been addressed in the discussion of Carroll County Government's business-type activities.

Fiduciary funds: Carroll County Government's fiduciary fund statements provide information regarding the County's Employee Pension Plan, the Certified Law Officers Plan, the Volunteer Firemen's Length of Service Award Program (LOSAP), the Other Post Employment Benefit Trust and agency funds. Total assets held in trust for the four plans is \$73,301,469 for fiscal year 2012. The investments in the trusts totaled \$73,565,418 at the end of fiscal year 2012 which was a 13.8% increase from fiscal year 2011. Agency funds had an asset total of \$1,125,536 at the end of fiscal year 2012. Other factors concerning these funds' finances have been addressed in the notes to these statements.

General Fund Budgetary Highlights

In the original budget, the Board of Commissioners approved a reserve for contingencies of .91 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 assigned fund balance. For the fiscal year ended June 30, 2012, nearly all of the reserve for contingencies remained unspent.

The budgetary statements of the General Fund show actual revenues of \$341,541,838, compared to budgeted amount of \$329,356,354, an overage of \$12,185,484. The major differences between the final budgeted amounts and the actual revenues are as follows:

- Local other taxes came in \$8.1 million more than the final budget due to income tax having a higher than expected growth in withholding from wages and salaries.
- Interest and gains on investments was \$1.8 million over budget due to unrealized gains on investments associated with IPA's
- Miscellaneous revenues were \$1.8 million more than budget due to the recognition of in-kind rent charged to the Board of Education for use of the Winchester Building and the Kessler Warehouse.

The budgetary statements of the General Fund show actual expenditures of \$332,632,456, compared to budgeted amount of \$340,777,237, resulting in \$8,144,783 or 2 percent less than planned. The major differences between the final budgeted amounts and the actual expenditures are as follows:

- General Government expenditures came in \$3.7 million less than budget due to salary and utility savings in Facilities. Fleets actuals came in \$0.5 million less than budget due to gas and vehicle

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savings. The County experienced savings in Risk Management, Technology Services, County Attorney's Office and the Comptroller's Office due to salary savings and operation savings.

- Public Works expenditures came in \$2.3 million less than budgeted due to salary, benefit, and material savings and storm emergencies were \$1.0 million under budget due to a mild winter.
- 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 2012, \$3.2 million was left in the Reserve for Contingency showing the function under budget.

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, 2012, amounted to \$506,962,393 (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 9 percent decrease for governmental activities and a 11 percent increase for business-type activities). Additional information on the County's capital assets can be found on pages 64 to 67 of this report.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 34,591,654	\$ 34,376,520	\$ 8,944,412	\$ 8,915,211	\$ 43,536,066	\$ 43,291,731
Construction in progress	10,230,835	9,487,704	4,286,325	5,312,713	14,517,160	14,800,417
Building and contents	145,454,843	148,909,748	16,903,298	17,388,968	162,358,141	166,298,716
Improvements						
other than buildings	12,155,097	13,226,113	6,580,657	6,928,276	18,735,754	20,154,389
Auto, machinery & equipment	14,462,276	15,518,401	10,974,698	11,823,347	25,436,974	27,341,748
Infrastructure	165,776,548	174,423,637	76,601,750	77,918,408	242,378,298	252,342,045
Total	<u>\$ 382,671,253</u>	<u>\$ 395,942,123</u>	<u>\$ 124,291,140</u>	<u>\$ 128,286,923</u>	<u>\$ 506,962,393</u>	<u>\$ 524,229,046</u>

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

- The on-going costs associated with the EOC Relocation project totaled \$1.8 million which was funded by general obligation bonds proceeds, real property tax revenue, and State number board revenue, and resulted in an increase in CIP.
- The completion of various Public Works projects totaled \$1.7 million which was funded by general obligation bond proceeds, real property tax revenue, and general fund revenue from federal and state grants, and resulted in a decrease in CIP.
- The engineer and design costs associated with the Airport Expansion project totaled approximately \$1.2 million when the project was stopped by the Board of County Commissioners, which was funded by Proprietary fund revenue and resulted in a decrease of CIP.

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General obligation debt:

At the end of the current fiscal year, Carroll County Government had total general obligation debt outstanding of \$351,102,893, 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	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds, net	\$ 300,214,844	\$ 307,155,888	\$ 23,758,129	\$ 26,190,843	\$ 323,972,973	\$ 333,346,731
General Obligation Debt	27,129,920	27,129,920	-	-	27,129,920	27,129,920
Total	<u>\$ 327,344,764</u>	<u>\$ 334,285,808</u>	<u>\$ 23,758,129</u>	<u>\$ 26,190,843</u>	<u>\$ 351,102,893</u>	<u>\$ 360,476,651</u>

During the current fiscal year Carroll County Government's total debt decreased by \$9,373,758. During the year, the County issued general obligation bonds totaling \$30,185,000. Of these bonds, \$18,000,000 were sold to cover capital projects in the governmental activities; \$750,000 was sold to cover fire company loans for building construction and equipment purchases and \$11,435,000 were issued for refunding portions of the 2003 and 2004 bonds. The new bonded debt will be repaid over twenty years. Additional information on Carroll County Government's long-term debt can be found in Note 8 of this report.

Carroll County Government was assigned an AAA credit rating in November 2011 by Fitch Ratings. Fitch cited "Carroll County's fiscal operations are well managed through long-term financial planning and frequent monitoring of revenues and expenditures, resulting in solid reserve levels." Standard and Poor's Rating Services assigned an AA+ in November 2011, citing "Standard and Poor's considers Carroll County's financial management practices "strong" under its Financial Management Assessment methodology, indicating practices are strong, well embedded, and likely stable." Moody's Investors Service, Inc has continued to assign an Aa1 rating to Carroll County Government, citing "the Aa1 rating reflects the County's sound financial position, supported by comprehensive fiscal policies, satisfactory available fund balance, and an above average but affordable debt position." All three rating agencies gave the County a rating outlook of stable.

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 \$1,248,709,194, 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.

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Economic Factors and Next Year's Budgets and Rates

- The fiscal year 2013 adopted budget appropriation for the general fund is \$361,745,000 representing an increase of \$11.49 million or 3 percent increase over fiscal year 2012
- Real property tax is expected to be less than fiscal year 2012 largely due to sharp decreases in reassessments combined with a property tax rate cut in fiscal year 2013 from \$1.028 to \$1.018 per \$100 of assessed value.
- Income tax is expected to be higher than fiscal year 2012 due to a higher amount of withholding from wages and salaries. After seeing a period of negative distributions, Carroll is now experiencing positive growth.
- Recordation is expected to remain the same in fiscal year 2013 as it was in fiscal year 2012.
- Interest revenue is expected to remain the same in fiscal year 2013 as it was in fiscal year 2012.
- Education appropriation increased in fiscal year 2013 due to the State of Maryland law SB 1301-2012 mandating the County to contribute to Teacher Pensions.
- Interfund Transfers increased in fiscal year 2013 due to a Commissioner decision to apply a large portion of prior year unappropriated fund balance.
- The education portion of the County impact fee has been reduced to \$0 for a 2 year period.

All of these factors were considered in preparing the Carroll County Government's budget for the 2013 fiscal year.

Requests for Information

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

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

Basic Financial Statements

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Statement of Net Assets
June 30, 2012

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	\$ 145,835,404	\$ 23,573,378	\$ 169,409,382	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	-	15,323	15,323	16,367,950	7,417,724	1,481,857	1,010,666
Restricted cash	-	-	0	-	-	-	7,140,249
Investments	-	-	-	-	-	-	-
Taxes and receivables, net	23,287,228	3,446,152	26,733,380	523,448	5,348,589	50,774	-
Due from component units	1,181,768	-	1,181,768	-	776,395	114,092	7,957,539
Due from primary government	-	-	-	-	17,595	57,171	-
Due from other governments	17,624,005	-	17,624,005	9,075,252	-	-	-
Due from fiduciary funds	548,243	-	548,243	-	-	-	-
Internal balances	2,357,140	(2,357,140)	-	-	-	-	-
Inventories	1,472,579	239,290	1,711,869	638,400	-	-	-
Prepaid expenses	521,846	-	521,846	309,871	301,839	3,130	-
Investments -restricted	23,891,192	-	23,891,192	-	-	-	-
Negative net pension obligation	5,650,537	-	5,650,537	-	-	-	-
Capital assets not being depreciated:							
Land	34,591,654	8,944,412	43,536,066	15,049,603	-	-	7,407,704
Construction in progress	10,230,835	4,286,325	14,517,160	9,973,482	-	279,559	1,699,057
Art and doll collection	-	-	-	-	539,500	-	-
Capital assets net of accumulated depreciation:							
Buildings and contents	145,454,843	16,903,298	162,358,141	389,740,834	823,378	3,455,954	-
Improvements other than buildings	12,155,097	6,580,657	18,735,754	-	675,485	-	-
Auto, machinery and equipment	14,462,276	10,974,698	25,436,974	10,552,220	-	-	-
Infrastructure	165,776,548	76,601,750	242,378,298	-	-	-	-
Capital assets, net of depreciation	382,671,253	124,291,140	506,962,393	425,316,139	2,038,363	3,735,513	9,106,761
Total assets	605,041,195	149,208,743	754,249,938	491,912,517	15,900,505	5,442,537	25,215,215
LIABILITIES							
Accounts payable	9,303,667	2,284,226	11,587,893	9,611,923	673,385	84,780	-
Retainage and guarantees due contractors	897,965	-	897,965	-	-	-	-
Due to component units	39,756,223	-	39,756,223	-	-	-	-
Due to primary government	-	-	-	25,437	784	9,987	1,145,560
Due to other governments	-	-	-	1,991,002	-	-	-
Unearned revenue	4,600,122	28,475	4,628,597	1,335,432	1,622,187	210,741	7,140,249
Accrued interest payable	1,869,855	187,276	2,057,131	48,288	-	-	546,842
Accrued expenses	1,143,035	79,238	1,222,273	31,582,477	633,232	62,610	7,622
Long-term liabilities							
Due within one year	30,104,143	2,514,369	32,618,512	3,124,183	691,048	464,702	-
Due in more than one year	339,275,154	32,940,984	372,216,138	52,336,156	10,763,541	-	4,000,000
Total liabilities	426,950,164	38,034,568	464,984,732	100,054,898	14,384,177	832,820	12,840,273
NET ASSETS							
Invested in capital assets, net of related debt	215,928,941	102,205,828	318,134,769	419,759,350	1,498,863	3,735,513	7,961,201
Restricted for:							
Agricultural Preserva ion IPAs and notes	27,129,920	-	27,129,920	-	-	-	-
Capital projects	788,299	-	788,299	-	-	70,951	7,140,249
Food services	-	-	-	783,126	-	-	-
Educational purposes	-	-	-	-	4,931,508	-	-
Pension	5,650,537	-	5,650,537	-	-	-	-
Unrestricted	(71,406,666)	(3,535,427)	(74,942,093)	(28,684,857)	(4,914,043)	803,253	(2,726,508)
Total net assets	\$ 178,091,031	\$ 111,174,175	\$ 289,265,206	\$ 391,857,619	\$ 1,516,328	\$ 4,609,717	\$ 12,374,942

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, 2012

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 Governmental Activities	Business-type Activities	Total	Board of Education	Community College	Library	Industrial Development Authority	
Functions/Programs												
Primary government:												
General government	\$ 75,610,266	\$ 7,466,568	\$ 13,245,557	\$ -	\$ (54,898,141)	\$ -	\$ (54,898,141)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	37,356,463	2,048,892	767,557	295,000	(34,245,014)	-	(34,245,014)	-	-	-	-	-
Public works	28,764,355	1,588,668	-	1,004,060	(26,171,627)	-	(26,171,627)	-	-	-	-	-
Health	4,666,495	124,065	-	-	(4,542,430)	-	(4,542,430)	-	-	-	-	-
Social services	1,204,489	6,600	-	-	(1,197,889)	-	(1,197,889)	-	-	-	-	-
Education	186,244,744	487,464	1,434,778	19,183	(184,303,319)	-	(184,303,319)	-	-	-	-	-
Recreation and Parks	3,418,694	1,008,187	141,155	560,032	(1,709,320)	-	(1,709,320)	-	-	-	-	-
Libraries	11,540,245	-	-	-	(11,540,245)	-	(11,540,245)	-	-	-	-	-
Conservation of natural resources	4,701,163	-	16,149	4,913,099	228,085	-	228,085	-	-	-	-	-
Economic development	2,239,352	-	767,383	-	(1,471,969)	-	(1,471,969)	-	-	-	-	-
Interest on long-term debt	13,401,465	-	-	-	(13,401,465)	-	(13,401,465)	-	-	-	-	-
Total governmental activities	369,147,731	12,730,444	16,372,579	6,791,374	(333,253,334)	-	(333,253,334)	-	-	-	-	-
Business-type activities:												
Bureau of Utilities	11,090,468	8,490,173	-	1,778,948	-	(821,347)	(821,347)	-	-	-	-	-
Solid Waste	8,727,891	7,243,944	-	-	-	(1,483,947)	(1,483,947)	-	-	-	-	-
Airport	1,769,112	650,660	-	233,646	-	(884,806)	(884,806)	-	-	-	-	-
Septage	532,369	682,663	-	-	-	150,294	150,294	-	-	-	-	-
Firearms	92,935	145,699	-	-	-	52,764	52,764	-	-	-	-	-
Fiber Network	540,436	-	-	-	-	(540,436)	(540,436)	-	-	-	-	-
Total business-type activities	22,753,211	17,213,139	-	2,012,594	-	(3,527,478)	(3,527,478)	-	-	-	-	-
Total primary government	\$ 391,900,942	\$ 29,943,583	\$ 16,372,579	\$ 8,803,968	(333,253,334)	(3,527,478)	(336,780,812)	-	-	-	-	-
Component units:												
Board of Education	204,713,737	4,189,354	59,818,729	19,403,223	-	-	-	(121,302,431)	-	-	-	-
Carroll Community College	28,049,057	10,525,651	6,563,779	-	-	-	-	(10,959,627)	-	-	-	-
Library	3,241,948	111,325	3,143,262	484,501	-	-	-	-	497,140	-	-	-
Industrial Development Authority	1,394,605	-	2,708,722	-	-	-	-	-	-	-	1,314,117	-
Total component units	\$ 237,399,347	\$ 14,826,330	\$ 72,234,492	\$ 19,887,724	-	-	-	(121,302,431)	(10,959,627)	497,140	1,314,117	-
General revenues:												
Property taxes					203,601,066		203,601,066					
Income tax					118,168,038		118,168,038					
Recordation tax					8,520,674		8,520,674					
Admission and amusement tax					296,890		296,890					
Agricultural transfer tax					159,227		159,227					
Hotel rental tax					298,498		298,498					
State shared, unrestricted					620,224		620,224	126,954,794	7,183,185			
Grants and contributions not restricted to specific programs					-		-	-	1,995,825			
Gain on sale of capital asset					-		-	-	-			
Investment earnings and miscellaneous, unrestricted					3,048,631		3,048,631	29,226	(40,100)			46,862
Transfers					(4,312,006)		(4,312,006)	-	-			-
Total general revenues and transfers					330,401,242		330,401,242	126,984,020	9,138,910			46,862
Change in net assets					(2,852,092)		(2,852,092)	5,681,589	(1,820,717)	497,140		1,360,979
Net assets - beginning of year, as restated					180,943,123		180,943,123	386,176,030	3,337,045	4,112,577		11,013,963
Net assets - ending					\$ 178,091,031		\$ 178,091,031	\$ 391,857,619	\$ 1,516,328	\$ 4,609,717		\$ 12,374,942

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, 2012

Exhibit C

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$ 82,692,455	\$ 51,490,545	\$ 4,525,838	\$ 138,708,838
Taxes and receivables, net	20,641,824	1,037,797	1,607,607	23,287,228
Due from component units	1,181,768	-	-	1,181,768
Due from other governments	16,280,344	1,343,661	-	17,624,005
Due from other governmental funds	6,241,941	-	-	6,241,941
Due from fiduciary funds	548,243	-	-	548,243
Due from other funds	2,357,140	-	-	2,357,140
Inventories	1,472,579	-	-	1,472,579
Prepaid costs	55,333	-	466,513	521,846
Investments- restricted	23,891,192	-	-	23,891,192
Total assets	\$ 155,362,819	\$ 53,872,003	\$ 6,599,958	\$ 215,834,780
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,168,973	\$ 3,188,290	\$ 662,314	\$ 9,019,577
Retainage and guarantees due contractors	897,965	-	-	897,965
Due to component units	34,117,171	5,639,052	-	39,756,223
Due to other governmental funds	-	6,241,941	-	6,241,941
Accrued expenditures	1,052,913	16,573	73,549	1,143,035
Deferred revenue	5,448,774	1,037,668	2,725,273	9,211,715
Total liabilities	46,685,796	16,123,524	3,461,136	66,270,456
Fund Balances:				
Nonspendable	27,853,715	-	-	27,853,715
Restricted	25,272,233	-	2,227,030	27,499,263
Committed	19,777,263	-	911,792	20,689,055
Assigned	20,946,437	37,748,479	-	58,694,916
Unassigned	14,827,375	-	-	14,827,375
Total fund balances	108,677,023	37,748,479	3,138,822	149,564,324
Total liabilities and fund balances	\$ 155,362,819	\$ 53,872,003	\$ 6,599,958	
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.				382,671,253
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				4,623,149
Negative net pension obligation, which is included in the governmental activities in the statement of net assets.				5,650,537
Net LOSAP obligation, which is included in the governmental activities in the statement of net assets.				(277,535)
Net certified law officer's pension obligation, which is included in the governmental activities in the statement of net assets.				(28,557)
Net other postemployment benefit obligation, which is included in the governmental activities in the statement of net assets.				(32,743,766)
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 not due and payable included in governmental activities in the statement of net assets.				4,947,205
Long-term liabilities, including bonds payable and compensated absences are in the current period and, therefore, are not reported in the funds.				
Bonds and notes payable			\$ (334,445,724)	(336,315,579)
Accrued interest payable			(1,869,855)	
Net assets of governmental activities				\$ 178,091,031

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, 2012

	General Fund	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
-local property	\$ 200,504,966	\$ 3,096,100	\$ -	\$ 203,601,066
-local other	125,605,863	11,568,174	1,648,559	138,822,596
-state shared	620,224	616,060	-	1,236,284
Impact fees	-	-	1,575,933	1,575,933
Licenses and permits	1,382,219	-	-	1,382,219
Intergovernmental revenues	1,276,739	579,377	13,460,799	15,316,915
Charges for services	4,423,845	-	386,633	4,810,478
Fines and forfeits	74,937	17,418	-	92,355
Interest and gain on investments	3,459,014	3,336,270	5,479	6,800,763
Miscellaneous revenues	3,167,449	1,204,581	-	4,372,030
Total revenues	<u>340,515,256</u>	<u>20,417,980</u>	<u>17,077,403</u>	<u>378,010,639</u>
EXPENDITURES				
Current:				
General government	55,908,835	-	13,703,122	69,611,957
Public safety	34,784,240	-	1,130,085	35,914,325
Public works	8,831,776	-	-	8,831,776
Health	4,490,155	-	4,000	4,494,155
Social services	1,185,304	-	-	1,185,304
Education	173,557,501	-	-	173,557,501
Library	8,497,632	-	-	8,497,632
Recreation and parks	2,174,857	-	394,733	2,569,590
Conservation of natural resources	839,957	-	-	839,957
Economic development	1,648,459	-	322,064	1,970,523
Capital outlay:				
General government	-	1,958,229	-	1,958,229
Public safety	-	2,038,345	-	2,038,345
Public works	-	9,912,525	-	9,912,525
Education	-	11,015,661	-	11,015,661
Recreation and parks	-	861,397	-	861,397
Library/senior centers	-	592,426	-	592,426
Conservation of natural resources	-	3,926,072	-	3,926,072
Debt service:				
Principal	27,087,742	-	-	27,087,742
Interest	14,154,056	-	-	14,154,056
Total expenditures	<u>333,160,514</u>	<u>30,304,655</u>	<u>15,554,004</u>	<u>379,019,173</u>
Excess (deficiency) of revenues over (under) expenditures	7,354,742	(9,886,675)	1,523,399	(1,008,534)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,635,000	7,404,185	1,706,572	21,745,757
Transfers out	(9,472,763)	(11,550,000)	(5,035,000)	(26,057,763)
Payment to escrow agent	(11,299,208)	-	-	(11,299,208)
Refunding bonds issued	9,873,957	-	-	9,873,957
Bonds issued	750,000	18,000,000	-	18,750,000
Bonds premium	2,756,696	-	-	2,756,696
Total other financing sources (uses)	<u>5,243,682</u>	<u>13,854,185</u>	<u>(3,328,428)</u>	<u>15,769,439</u>
Net change in fund balances	12,598,424	3,967,510	(1,805,029)	14,760,905
Fund balance - beginning	96,030,595	33,780,969	4,943,851	134,755,415
Increase in reserve for inventory	48,004	-	-	48,004
Fund balance - ending	<u>\$ 108,677,023</u>	<u>\$ 37,748,479</u>	<u>\$ 3,138,822</u>	<u>\$ 149,564,324</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, 2012

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

Net change in fund balances - total governmental funds	\$ 14,760,905
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation, net of asset disposals, and transfers exceeded capital outlays in the current period.	(13,270,870)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(8,063,522)
Adjustment to LOSAP's annual pension cost for the net LOSAP obligation.	(440,851)
Adjustment to the Carroll County Employee Pension Plan's annual pension cost for the negative net pension obligation.	487,862
Adjustment to the Other Postemployment Benefit (OPEB) annual OPEB cost for the net OPEB obligation.	(4,494,259)
Adjustment to the Certified Law Officer's Pension (CLOP) annual pension cost for the net CLOP obligation.	195,323
The issuance of long-term debt (i.e. bonds, notes, installment purchase agreements) proceeds provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	7,225,571
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.	(190,014)
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.	937,763
Change in net assets - governmental activities	<u><u>\$ (2,852,092)</u></u>

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
General Fund
Statement of Revenues, Expenditures, and Change in Fund Balance
Budgetary (NON-GAAP) Basis vs. Actual
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Taxes:				
-local property	\$ 201,500,000	\$ 201,500,000	\$ 201,531,547	\$ 31,547
-local other	117,460,000	117,460,000	125,605,864	8,145,864
-state shared	620,000	620,000	620,224	224
Licenses and permits	1,334,800	1,334,800	1,382,220	47,420
Intergovernmental revenues	1,312,000	1,312,000	1,276,738	(35,262)
Charges for services	4,142,760	4,142,760	4,423,845	281,085
Fines and forfeits	81,800	81,800	74,937	(6,863)
Interest and gains on investments	1,565,000	1,565,000	3,459,014	1,894,014
Miscellaneous revenues	1,339,994	1,339,994	3,167,449	1,827,455
Total revenues	<u>329,356,354</u>	<u>329,356,354</u>	<u>341,541,838</u>	<u>12,185,484</u>
Other financing resources				
Appropriated fund balance	7,993,646	7,993,646	-	(7,993,646)
Appropriated for Ag. pres. debt svc.	200,000	200,000	-	(200,000)
Transfers in	12,700,000	12,700,000	12,635,000	(65,000)
Refunding bonds issued	-	-	9,873,957	9,873,957
Bonds issued	-	-	750,000	750,000
Bond premium	-	-	2,756,696	2,756,696
Total other financing resources	<u>20,893,646</u>	<u>20,893,646</u>	<u>26,015,653</u>	<u>5,122,007</u>
Total Resources (Inflows)	<u>350,250,000</u>	<u>350,250,000</u>	<u>367,557,491</u>	<u>17,307,491</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Current:				
General government	66,210,068	59,485,022	55,775,733	3,709,289
Public safety	31,389,050	35,035,326	34,788,137	247,189
Public works	9,135,097	10,730,088	8,412,765	2,317,323
Health department	4,557,150	4,507,980	4,490,155	17,825
Social services	1,140,490	1,222,369	1,185,304	37,065
Education	171,576,870	171,693,278	173,557,501	(1,864,223)
Library	7,485,000	8,497,632	8,497,632	-
Recreation and parks	1,862,385	2,217,380	2,181,582	35,798
Conservation of natural resources	781,740	842,139	839,957	2,182
Economic development	3,459,900	1,861,807	1,661,892	199,915
Reserve for contingencies	3,371,954	3,201,426	-	3,201,426
Debt service:				
Principal	28,570,533	28,570,533	27,087,742	1,482,791
Interest	12,912,257	12,912,257	14,154,056	(1,241,799)
Total expenditures	<u>342,452,494</u>	<u>340,777,237</u>	<u>332,632,456</u>	<u>8,144,781</u>
Other financing uses				
Transfers out	7,797,506	9,472,763	9,472,763	-
Payment to escrow agent	-	-	11,299,208	(11,299,208)
Total other financing uses	<u>7,797,506</u>	<u>9,472,763</u>	<u>20,771,971</u>	<u>(11,299,208)</u>
Total charges to appropriations (outflows)	<u>350,250,000</u>	<u>350,250,000</u>	<u>353,404,427</u>	<u>(3,154,427)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>14,153,064</u>	<u>\$ 14,153,064</u>
Fund balance - beginning			<u>97,560,174</u>	
Fund balance - ending			<u>\$ 111,713,238</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Non-Major Proprietary Funds	Total	
ASSETS						
Current Assets:						
Equity in pooled cash and investments	\$ 12,299,128	\$ 8,904,040	\$ -	\$ 2,370,810	\$ 23,573,978	\$ 7,126,566
Cash and cash equivalents	73	14,750	200	300	15,323	-
Receivables, net	2,535,073	798,655	37,282	75,142	3,446,152	-
Inventories	224,709	-	14,581	-	239,290	-
Total current assets	<u>15,058,983</u>	<u>9,717,445</u>	<u>52,063</u>	<u>2,446,252</u>	<u>27,274,743</u>	<u>7,126,566</u>
Noncurrent Assets:						
Capital assets:						
Land	182,332	2,083,618	6,678,462	-	8,944,412	-
Buildings	17,676,654	1,752,296	4,569,596	274,051	24,272,597	-
Improvements other than buildings	1,649,651	6,006,060	1,785,748	191,856	9,633,315	-
Auto, machinery and equipment	1,957,703	4,076,537	881,152	9,783,178	16,698,570	-
Infrastructure	99,862,545	-	-	-	99,862,545	-
Construction in progress	3,156,325	-	-	1,130,000	4,286,325	-
Less accumulated depreciation	<u>(32,238,585)</u>	<u>(4,086,416)</u>	<u>(2,308,730)</u>	<u>(772,893)</u>	<u>(39,406,624)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>92,246,625</u>	<u>9,832,095</u>	<u>11,606,228</u>	<u>10,606,192</u>	<u>124,291,140</u>	<u>-</u>
Total assets	<u>107,305,608</u>	<u>19,549,540</u>	<u>11,658,291</u>	<u>13,052,444</u>	<u>151,565,883</u>	<u>7,126,566</u>
LIABILITIES						
Current liabilities:						
Accounts payable	1,655,100	582,592	9,728	36,806	2,284,226	284,090
Accrued interest payable	148,891	21,186	13,975	3,224	187,276	-
Unearned revenue	14,063	-	14,412	-	28,475	11,556
Accrued expenses	47,760	27,886	3,592	-	79,238	-
Due to other funds	-	-	2,357,140	-	2,357,140	-
Long-term liabilities due within one year:						
General obligation bonds payable	1,366,197	592,220	219,587	12,224	2,190,228	-
Unamortized Costs	(12,435)	(4,362)	(588)	-	(17,385)	-
Unpaid insurance claims	-	-	-	-	-	1,867,412
Loans payable	27,200	-	-	-	27,200	-
Landfill closure, postclosure remediation	-	130,028	-	-	130,028	-
Compensated absences	113,437	70,047	814	-	184,298	-
Total long-term due within one year	<u>1,494,399</u>	<u>787,933</u>	<u>219,813</u>	<u>12,224</u>	<u>2,514,369</u>	<u>1,867,412</u>
Total current liabilities	<u>3,360,213</u>	<u>1,419,597</u>	<u>2,618,660</u>	<u>52,254</u>	<u>7,450,724</u>	<u>2,163,058</u>
Noncurrent liabilities:						
General obligation bonds payable	17,055,880	2,682,197	1,812,987	109,662	21,660,726	-
Unamortized Costs	(57,282)	(14,611)	(3,547)	-	(75,440)	-
Unpaid insurance claims	-	-	-	-	-	16,303
Loans payable	244,665	-	-	-	244,665	-
Landfill closure, postclosure remediation	-	10,864,098	-	-	10,864,098	-
Compensated absences	145,552	100,163	1,220	-	246,935	-
Total noncurrent liabilities	<u>17,388,815</u>	<u>13,631,847</u>	<u>1,810,660</u>	<u>109,662</u>	<u>32,940,984</u>	<u>16,303</u>
Total liabilities	<u>20,749,028</u>	<u>15,051,444</u>	<u>4,429,320</u>	<u>161,916</u>	<u>40,391,708</u>	<u>2,179,361</u>
NET ASSETS						
Invested in capital assets, net of related debt	73,694,183	8,449,501	9,577,838	10,484,306	102,205,828	-
Restricted for:						
Capital projects	11,673,368	779,407	50,999	-	12,503,774	-
Unrestricted (deficit)	<u>1,189,029</u>	<u>(4,730,812)</u>	<u>(2,399,866)</u>	<u>2,406,222</u>	<u>(3,535,427)</u>	<u>4,947,205</u>
Total net assets	<u>\$ 86,556,580</u>	<u>\$ 4,498,096</u>	<u>\$ 7,228,971</u>	<u>\$ 12,890,528</u>	<u>\$ 111,174,175</u>	<u>\$ 4,947,205</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, 2012

	Business-type Activities-Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Non-Major Proprietary Funds		
Operating revenues:						
Charges for services	\$ 8,490,173	\$ 7,243,944	\$ 650,660	\$ 828,362	\$ 17,213,139	\$ 13,522,525
From other governments	-	-	-	-	-	188,684
Total operating revenues	8,490,173	7,243,944	650,660	828,362	17,213,139	13,711,209
Operating expenses:						
Personal services	2,358,994	1,522,883	188,612	118,783	4,189,272	-
Contractual services	3,889,540	5,856,074	38,042	205,143	9,988,799	-
Materials and supplies	938,258	325,314	40,531	74,461	1,378,564	-
Rents and utilities	735,380	51,601	23,146	114,472	924,599	-
Insurance claims	-	-	-	-	-	12,784,294
Miscellaneous	42,280	226,011	34,129	168,015	470,435	-
Depreciation	2,266,863	621,723	183,141	479,790	3,551,517	-
Total operating expenses	10,231,315	8,603,606	507,601	1,160,664	20,503,186	12,784,294
Operating income (loss)	(1,741,142)	(1,359,662)	143,059	(332,302)	(3,290,047)	926,915
Nonoperating revenues (expenses):						
Penalties and interest	159,584	15,624	-	1,481	176,689	10,848
Bond interest subsidy	19,562	-	341	-	19,903	-
Interest and fiscal charges	(859,153)	(124,285)	(84,778)	(5,076)	(1,073,292)	-
Other revenue	-	186,955	-	-	186,955	-
Gain (loss) on disposal of capital asset	-	3,677	(1,176,733)	-	(1,173,056)	-
Total nonoperating revenues (expenses)	(680,007)	81,971	(1,261,170)	(3,595)	(1,862,801)	10,848
Income (loss) before contributions and transfers	(2,421,149)	(1,277,691)	(1,118,111)	(335,897)	(5,152,848)	937,763
Capital contributions (Area Connection Charges & Grants)	1,778,948	-	233,646	-	2,012,594	-
Transfers in	199,511	2,545,000	-	1,567,495	4,312,006	-
Change in net assets	(442,690)	1,267,309	(884,465)	1,231,598	1,171,752	937,763
Total net assets - beginning of year	86,999,270	3,230,787	8,113,436	11,658,930	110,002,423	4,009,442
Total net assets - end of year	\$ 86,556,580	\$ 4,498,096	\$ 7,228,971	\$ 12,890,528	\$ 111,174,175	\$ 4,947,205

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, 2012

	Business-type Activities-Enterprise Funds				Total	Governmental Activities- Internal Service Funds
	Bureau of Utilities	Solid Waste	Airport	Non-Major Proprietary Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 8,512,897	\$ 7,038,321	\$ 634,281	\$ 830,896	\$ 17,016,395	\$ 13,527,197
Receipts from other governments	-	-	-	-	-	188,684
Payments to suppliers	(5,914,172)	(6,427,806)	(135,532)	(559,692)	(13,037,202)	(12,392,580)
Payments to employees	(2,345,823)	(1,527,874)	(196,951)	(118,411)	(4,189,059)	-
Payments to other funds	-	-	(235,443)	(74,075)	(309,518)	-
Net cash provided (used) by operating activities	252,902	(917,359)	66,355	78,718	(519,384)	1,323,301
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	199,510	2,545,000	-	1,567,495	4,312,005	-
Net cash provided by operating and related noncapital financing activities	199,510	2,545,000	-	1,567,495	4,312,005	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(625,811)	(27,119)	-	(79,538)	(732,468)	-
Principal paid on capital debt	(2,795,084)	(1,673,429)	(513,814)	(12,225)	(4,994,552)	-
Interest paid on capital debt	(891,179)	(119,038)	(73,494)	(5,184)	(1,088,895)	-
Proceeds of the disposition of capital asset	-	3,677	-	-	3,677	-
Refunding bonds	484,429	789,648	286,966	-	1,561,043	-
Capital contributions (Area Connection Charges & Grants)	1,778,948	-	233,646	-	2,012,594	-
Other assessment collected	67,322	186,955	-	-	254,277	-
Bond interest subsidy	19,562	-	341	-	19,903	-
Net cash provided (used) by capital and related financing activities	(1,961,813)	(839,306)	(66,355)	(96,947)	(2,964,421)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments and cash	159,584	15,624	-	1,481	176,689	10,848
Net cash provided by investing activities	159,584	15,624	-	1,481	176,689	10,848
Net increase (decrease) in cash and cash equivalents	(1,349,817)	803,959	-	1,550,747	1,004,889	1,334,149
Cash and cash equivalents at beginning of year	13,649,018	8,114,831	200	820,363	22,584,412	5,792,417
Cash and cash equivalents at end of year	<u>\$ 12,299,201</u>	<u>\$ 8,918,790</u>	<u>\$ 200</u>	<u>\$ 2,371,110</u>	<u>\$ 23,589,301</u>	<u>\$ 7,126,566</u>
Reconciliation of Operating Income to net cash provided (used) by operating activities:						
Operating income (Loss)	\$ (1,741,142)	\$(1,359,662)	\$ 143,059	\$ (332,302)	\$ (3,290,047)	\$ 926,915
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	2,266,863	621,723	183,141	479,790	3,551,517	-
Effect of Changes in operating assets and liabilities:						
Due to other funds	-	-	(235,443)	(74,075)	(309,518)	-
Accounts receivable	20,577	(135,554)	(7,992)	2,534	(120,435)	7,495
Inventory	205,779	-	(1,382)	-	204,397	-
Compensated absences payable	13,171	(9,027)	(8,345)	-	(4,201)	-
Accounts payable and accrued expenses	(514,493)	(29,383)	1,704	2,771	(539,401)	384,219
Unearned revenue	2,147	(70,069)	(8,387)	-	(76,309)	4,672
Landfill closure, postclosure, remediation costs	-	64,613	-	-	64,613	-
Total adjustments	1,994,044	442,303	(76,704)	411,020	2,770,663	396,386
Net cash provided (used) by operating activities	<u>\$ 252,902</u>	<u>\$ (917,359)</u>	<u>\$ 66,355</u>	<u>\$ 78,718</u>	<u>\$ (519,384)</u>	<u>\$ 1,323,301</u>

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Statement of Fiduciary Net Assets
Trust and Agency Funds
June 30, 2012

	Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 294,208	\$ 791,864
Receivables-notes	-	333,672
Investments at fair value:		
Short term investments	1,638,405	-
Bond funds	15,192,167	-
Equity funds	30,601,853	-
Marketable securities	26,132,993	-
Total investments	73,565,418	-
Total assets	73,859,626	1,125,536
LIABILITIES		
Accounts payable	9,914	109,498
Deposits	-	1,016,038
Due to primary government	548,243	-
Total liabilities	558,157	\$ 1,125,536
NET ASSETS		
Held in trust for pension, benefits, and other purposes	\$ 73,301,469	

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, 2012

	Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 11,294,000
Plan members	2,120,708
Contributions from sources other than employer(s) and plan members	184,061
Total contributions	13,598,769
Investment earnings:	
Interest and dividends	3,227
Net increase in the fair value of investments	1,698,260
Total investment earnings	1,701,487
Less investment expense	(61,016)
Net investment earnings	1,640,471
Total additions	15,239,240
DEDUCTIONS	
Benefits and refunds paid to plan members and beneficiaries	5,220,658
Administrative expenses	16,725
Total deductions	5,237,383
Net increase in plan net assets	10,001,857
Net assets-beginning	63,299,612
Net assets-ending	\$ 73,301,469

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, 2012

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 five-member Board of County Commissioners of Carroll County. Each commissioner represents a district in the County.

The basic financial statements include Carroll County Maryland as the primary government, and its significant component units, entities for which the County is considered to be financially accountable. The component units include the activities of the Board of Education, the Library, the Community College, and Industrial Development Authority. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary request and provides a significant amount of funding.

Discretely presented component units

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

The Board of Education of Carroll County as currently constituted was established under Title 3, Subtitle 103, Education, of the Annotated Code of Maryland. The Board is a five member elected body responsible for the operation of Carroll County Public Schools. The Board of Education of Carroll County is a component unit of Carroll County, Maryland by virtue of the County's responsibility for levying taxes and its budgetary control over the Board of Education. The Board does not report any component units itself. The Board of Education's financial statements were audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor concluded that the Board of Education's financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information as of and for the year ended June 30, 2012.

The Carroll County Library Board of Trustees is established under Title 23, Subtitle 401, Education, of the Annotated Code of Maryland. The Board of Trustees is a seven member body and is responsible for the operation of Carroll County Public Library (the Library). The members are appointed by the county Commissioners from nominees submitted by the Library Board of Trustees. The Library is a component unit of Carroll County Government by virtue of the Library's fiscal dependency on the County. The County levies taxes and is the primary source of the Library Board of Trustees' budget. The Library's financial statements were audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor concluded that the Library's financial statements present fairly, in all material respects, the financial position of the governmental activities, and each major fund as of and for the year ended June 30, 2012.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

A. Reporting entity- continued

governor of the State with the advice and consent of the State Senate. The College is a component unit of Carroll County Government by virtue of the County's responsibility for levying taxes and its power to appropriate funds to establish and operate a community college as referenced in The Annotated Code of Maryland §16-304. The College serves the constituents of the County.

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

Carroll Community College's financial statements including the Carroll Community College Foundation, were audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor concluded that Carroll Community College's financial statements present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit as of and for the year ended June 30, 2012.

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 CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The independent auditor concluded that The IDA's financial statements present fairly, in all material respects, the financial position of the business-type activities as of and for the year ended June 30, 2012.

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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds do not have a 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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Description of Funds

The government reports the following major governmental funds:

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

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

The *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:

Enterprise Funds:

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

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

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

Additionally, the government reports the following additional proprietary funds:

The *Carroll County Septage Treatment* provides septage waste disposal services. This fund accounts for the operations, construction or acquisition of capital assets, and related debt service

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

Description of funds-continued

costs. All assets, except those available to fund current liabilities, are considered restricted for use only in this fund.

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

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

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

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources, which through contractual obligations, law or County resolution 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 restricted by law for a particular purpose or have specific requirements associated with eligible program costs.

The *Impact Fee Fund* is restricted by law and 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 residential dwelling.

The *Agricultural Transfer Tax Fund* is restricted by County Resolution to provide funding for the Agricultural Land Preservation Program. Agricultural Transfer Tax is collected on the sale of agricultural property that is changing use from agriculture to another classification.

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

The *Cable Franchise Fee Fund* is restricted by County Resolution to provide funding for public interest and educational programming on cable TV, and the administration of the cable franchise agreement. Cable Franchise Fees are five percent of gross cable television revenue.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

Description of funds-continued

The *Agency Fund* is used to account for assets that the County holds on behalf of others as their agent. The Agency Funds are custodial in nature (assets equal liabilities). The Carroll County Development Corporation (CCDC) Fund accounts for the transactions for economic development receivables collected by the County on behalf of a local nonprofit corporation. The Drug Task Force funds are held on behalf of a multi-agency County law enforcement task force. The Sheriff and Law Enforcement activities account for funds held by the County on behalf of the inmates in county detention center. The Cable Regulatory Commission administers the cable franchise agreement for the County and eight towns.

Trust Funds:

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

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

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

Deposits-continued

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 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 classified as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 2012 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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

August 31st. Semi-annual tax payments are not eligible for the discount. Second semi-annual installments are due on December 1st and may be paid without interest on or before December 31st. A service charge is payable with the second installment unless both installments are paid by September 30th. Delinquent accounts are issued final bills and legal notices on April 1st. Following the required advertisements and notices, the appointed tax collector conducts a Tax Sale on the last business day of the fiscal year.

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

The real property tax rate during the year ended June 30, 2012 was \$1.028 per \$100 of assessed value and the personal property rate was \$2.59 per \$100. Taxes for the County, State and Towns are billed to property owners and collected by the County.

Inventories and prepaid items

Inventories shown in the General and Enterprise Funds of the primary government consist of expendable supplies held for consumption and are valued at the lower of average cost or market. The inventory in the General Fund of the primary government is reflected in the financial statements by the purchase method. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. An amount equal to the carrying value of inventory was reserved under nonspendable fund balance category in the general fund.

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

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, equipment, and infrastructure of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets

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

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 U.S. Treasury Bonds and Strips held to maturity for the final payment on the installment 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 expenses 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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

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.

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

Arbitrage Payable

Arbitrage rebate requirements under Internal Revenue Code Section 1.148-3 apply to general obligation bond issuances of 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, and 2001 respectively.

The law requires the computation and payment of arbitrage profits on unspent proceeds of a bond issue if the current investment of these funds yields a higher rate of return than the original bond issue. The County calculates arbitrage internally every six months. As of June 30, 2012 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 is 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 component of 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 component of net assets of the County, is 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 COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

Net assets-continued

The County also issues debt to finance the construction of facilities and various equipment purchases for the County's Volunteer Fire Companies because the Fire Companies do not have taxing authority. The sources of repayment of the debt are notes receivable 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.

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, 2012, the total outstanding debt associated to landfills totaled \$1,891,824.

The Bureau of Utilities fund collects certain fees that are subject to restrictions imposed by law. As of June 30, 2012 fees collected through area connection charges and maintenance fees totaling \$11,673,368 have been restricted for future capital projects. The Solid Waste and Airport funds has restricted component of net assets for capital projects in the amounts of \$779,407 and \$50,999 respectively. These amounts totaling \$12,503,774 are restricted in the business-type activities of the Statement of Net Assets.

Fund Equity

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

Stabilization Arrangement

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of significant accounting policies-continued

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

1.) Unanticipated general fund revenues in total fall more than one percent below the original projected revenues, **AND** Actual revenues for two of the following major revenue sources are projected in the current year to fall below the actual amount from the prior year: property taxes, income tax, recordation tax, state shared taxes, investment interest.

OR

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

E. Estimated Liability for Claims in Process

The liability for claims in process in the Internal Service Fund includes estimates for personal injury, worker's compensation, property damage and medical claims as of June 30, 2012. The liability is based on estimates made on an individual claim basis plus an actuarial estimate of the liability for claims incurred but not reported.

F. Estimates

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

E. New Accounting Pronouncement

The County follows accounting standards established by the Governmental Accounting Standards Board (GASB). The County did an early implementation of GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Assets" in the current year. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net assets in a statement of financial position and related disclosures.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this difference are as follows:

Bonds Payable	\$297,276,389
General Obligation Debt-Installment Purchases	27,129,920
Purchase Agreements Payable	1,919,819
Compensated Absences	5,181,141
Deferred charges	(3,584,227)
Premium on Bonds	7,595,459
Bond Issuance Costs	<u>(1,072,777)</u>
	<u>\$ 334,445,724</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	\$3,585,481
Deferred Intergovernmental Revenue	<u>1,037,668</u>
	<u>\$4,623,149</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances – total governmental funds* and *change in net 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	\$ 5,632,726
Donated Assets	536,034
Depreciation	(19,363,612)
Disposal of Capital Assets	<u>(76,018)</u>
	<u>\$ (13,270,870)</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 \$(8,063,522) difference represents the net change of \$(9,101,190) in Income Taxes-Deferred plus the net change in Intergovernmental Revenue Deferred of \$1,037,668 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,

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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.” The details of this difference are as follows:

Debt Issued or Incurred:

Issuance of New General Obligation Bonds	\$ (28,623,958)
Principal Payments on General Obligation Bonds	36,974,883
Principal Payments on Notes Payable	200,000
Principal Payments on Purchase Agreements	178,016
Net Change in Amortization of	
Deferred loss on Refunding Bonds	542,181
Net Change in Amortization of	
Bond Issuance Costs	(41,447)
Net Change in Amortization of Bond Premium	(1,910,615)
Net Change In Accrued Interest Expense	(93,489)
	<u>\$ 7,225,571</u>

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

Increase in Compensated Absences Accrual	\$ (238,018)
Difference between accrual method used in	
Government wide Statements and the Purchase	
Method of inventory used in the Fund Statements	48,004
	<u>\$ (190,014)</u>

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

PRIMARY GOVERNMENT

Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. At year-end the collected bank balance was \$10,082,711. The Federal Depository Insurance Corporation (FDIC) insured the entire collected bank balance deposit of \$10,082,711. At June 30, 2012, the County’s deposits were not exposed to custodial credit risk.

The following table reconciles the County’s deposits and investments to the government-wide statement of net assets and the statement of fiduciary net assets.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Restricted Assets – Investments	\$ 23,891,192
<u>Total Primary Government – Exhibit A</u>	
Equity in Pooled Cash and Investments	169,409,382
Cash and Investments	15,323
<u>Trust Funds-Exhibit J</u>	
Trust funds:	
Cash and cash equivalents	294,208
Total Investments	73,565,418
Agency Funds:	
Equity in pooled cash and investments	<u>791,864</u>
Total all equity in pooled cash and investments	267,967,387
Less: Investments –Primary Government	<u>(257,884,676)</u>
Total collected bank balance	<u>\$10,082,711</u>

COMPONENT UNITS

At year-end the carrying amount of combined deposits was \$33,783,563. All of the collected bank balance was insured by the FDIC and/or collateralized by securities held by the component unit or its' agent, in the component unit's name.

The following table reconciles the Component Unit's deposits and investments to the government-wide statement of net assets.

Reconciliation:

Cash & Investments for Component Units	
Board of Education	\$16,367,950
Carroll Community College	7,417,724
Carroll County Library	1,846,974
Industrial Development Authority	<u>8,150,915</u>
Cash in the Bank	<u>\$33,783,563</u>

Primary Government

Investment Risk

Interest Rate Risk: The County plans its investments to match cash flow requirements. In accordance with the investment policy, the County does not invest in securities maturing more than two years from the date of purchase and only 30 percent of the lowest investment balance can be invested between one and two years (as of June 30, 2012 that amount was \$73,000,000). The only exception is the purchase of

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

U.S Treasury bonds and U.S. Treasury strips for the Agricultural Land Preservation Program. These securities have no coupon and have long-term maturity lengths; therefore, they are very interest rate sensitive. If market rates were to rise, the market value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the market value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

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, 2012, 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, 2012, the County's investments were not exposed to custodial credit risk.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Primary Government

Investment Risk-continued

The following table displays segmented time distribution investments for the primary government by maturity and investment type as of June 30, 2012.

<u>Investment Type</u>	Fair Value	Less than 1 yr.	1 to 2 yrs.	over 2 yrs.
<u>Pooled Investments</u>				
Federal agencies (2)	\$ 52,996,750	\$ -	\$ 52,996,750	\$ -
MLGIP	8,308,776	8,308,776	-	-
subtotal	61,305,526	8,308,776	52,996,750	-
<u>Non-Pooled Investments</u>				
U.S. government securities (1)	23,999,397	-	-	23,999,397
Certificates of deposits	20,000,000	20,000,000	\$ -	-
Money rate savings account	79,014,335	79,014,335	-	-
Other Post Employment Benefits and Pension Funds:				
Short-term investments (3)	1,638,405	1,638,405	-	-
Equities (3)	30,601,853	-	-	30,601,853
Corporate Bonds	15,192,167	-	-	15,192,167
Marketable securities	26,132,993	-	-	26,132,993
subtotal	196,579,150	100,652,740	-	95,926,410
Total	<u>\$ 257,884,676</u>	<u>\$ 108,961,516</u>	<u>\$ 52,996,750</u>	<u>\$ 95,926,410</u>

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

(2) These agencies mature in fiscal year 2012/2013 but are callable monthly, quarterly, semi-annually until maturity.

(3) These investments are unrated.

Fiduciary Funds

Investment Risk

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

The Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

will occur in the near term and that such a change 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. Fluctuating rates of return are characteristic of the securities markets; the Trust Funds greatest concern is long-term appreciation of assets and consistency of portfolio returns. However, cash and cash equivalent investments are limited to maturities of one year or less.

Foreign currency risk:

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

	<u>Fair Value in U.S. Dollars</u>
Causeway International Value Fund	\$1,747,467
Harbor International Fund	1,685,231

The Volunteer Firemen 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	\$308,226
Harbor International Fund	322,672

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, 2012</u>
AAA/Aaa	100%	100%
AA/Aa	100%	0%
A/A	100%	0%
BAA/Baa	20%	0%
BBB	20%	0%

Concentration of credit risk: As a means of minimizing risk and providing a consistent return, the investment policies require diversification. U.S. corporate bonds shall be diversified by issuer type with no more than 10% of the portfolio invested in obligations of any one issuer. International bonds shall not

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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

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

Component Units

At year-end, the carrying value of the Board of Education's combined deposits was \$16,367,950 and cash on hand was \$2,979. The bank balance of deposits was \$20,381,816. The bank balance was covered either by federal depository insurance or collateral held by the financial institution's trust department in the Board's name. Statutes authorize secured time deposits in Maryland banks. Statutes require uninsured deposits to be fully collateralized. Therefore, under the reporting requirements of Governmental Accounting Standards Board Statement No. 40, the Board's deposits are not subject to custodial or credit risk at year end. Because of the short-term maturity and type of investments, there is limited interest rate risk.

As of June 30, 2012, the cash on hand for petty cash and change in funds for Carroll Community College was \$3,300.

At June 30, 2012, the College's cash and cash equivalents balance by type were as follows:

Cash on hand	\$ 3,300
Cash in bank	1,316,112
Bank money market	5,484,948
Maryland Local Government Investment Pool	415,638
Cash with Carroll Community College Foundation	<u>197,726</u>
	<u>\$7,417,724</u>

As of June 30, 2012, the carrying amount of the Library's deposits was \$1,529,976 and the bank balance was \$1,846,974. The Library's cash on hand at June 30, 2012 was \$2,655 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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

As of June 30, 2012, the IDA bank balance was \$8,150,915. All deposits were covered by Federal Depository Insurance and/or collateral held in the Authority's name by the financial institution. Under the reporting requirements of Governmental Accounting Standards Board Statement No. 40 (GASB 40), the IDA does not have any custodial or credit risk at year-end and the other requirements of GASB 40 are not applicable to the IDA'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.

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

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

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

The appropriated budget for the General Fund is prepared by function, department, activity and object. The legal level of budgetary control for the County's General Fund is at the 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 COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 4 - Budgets and Budgetary Accounting- continued

The budgeted amounts are as originally adopted, or as amended by the County Commissioners. There were no supplemental budgetary appropriations adopted for the year ending June 30, 2012.

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	\$ 1,406,793	\$ 712,362	\$ 284,951	\$ 18,402,468	\$ 20,806,574
Capital Projects fund	-	1,037,668	129	-	1,037,797
Non-major funds	-	1,607,607	-	-	1,607,607
	<u>1,406,793</u>	<u>3,357,637</u>	<u>285,080</u>	<u>18,402,468</u>	<u>23,451,978</u>
Uncollectible allowance	(164,750)	-	-	-	(164,750)
Total governmental activities	<u>\$ 1,242,043</u>	<u>\$ 3,357,637</u>	<u>\$ 285,080</u>	<u>\$ 18,402,468</u>	<u>\$ 23,287,228</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,063,864</u>	<u>\$ 17,063,864</u>

	<u>Accounts</u>
<u>Business-type activities</u>	
Bureau of Utilities	\$ 2,535,073
Solid Waste	798,655
Airport	163,626
Non-major funds	75,142
	<u>3,572,496</u>
Uncollectible allowance(Airport)	(126,344)
Total business-type activities	<u>\$ 3,446,152</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>

Most of the receivables in the Enterprise Funds are liens on real property that will be collected via the annual tax sale process if not paid. The Airport does not have liens on real property therefore; it has established an allowance account for its receivables.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 5 – Receivables and Unearned Revenues-continued

Activity for the component units for the year ended June 30, 2012 was as follows:

<u>Component Units</u>	<u>Accounts Restricted</u>	<u>Accounts and Notes Unrestricted</u>	<u>Other Governments</u>	<u>Students</u>	<u>Contributions</u>	<u>Total</u>
Board of Education	\$ -	\$ 523,448	\$ -	\$ -	\$ -	\$ 523,448
Carroll Community College	-	-	284,626	659,151	147,392	1,091,169
Library	101,093	12,999	-	-	-	114,092
Industrial Development Authority	-	7,957,539	-	-	-	7,957,539
	<u>101,093</u>	<u>8,493,986</u>	<u>284,626</u>	<u>659,151</u>	<u>147,392</u>	<u>9,686,248</u>
Uncollectible allowance	-	-	-	(314,774)	-	(314,774)
Total component unit activities	<u>\$ 101,093</u>	<u>\$ 8,493,986</u>	<u>\$ 284,626</u>	<u>\$ 344,377</u>	<u>\$ 147,392</u>	<u>\$ 9,371,474</u>
Amount not scheduled for collection during subsequent year	<u>\$ -</u>	<u>\$ 7,819,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,707</u>	<u>\$ 7,926,742</u>

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, 2012, the various components of unearned revenue reported were as follows:

<u>Governmental funds</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Income taxes	\$ 3,585,481	\$ -	\$ 3,585,481
Other	-	1,778,502	1,778,502
City of Westminster	-	84,791	84,791
Capital Fund:			
Other	1,037,668	-	1,037,668
Grants Fund:			
Draw down of excess of expenditures	-	2,725,273	2,725,273
Internal Service Fund:			
Future benefit payments from retirees	-	11,556	11,556
Total governmental funds	<u>\$ 4,623,149</u>	<u>\$ 4,600,122</u>	<u>\$ 9,223,271</u>
<u>Business-type funds</u>			
Bureau of Utilities -cell phone tower rent		\$ 14,063	\$ 14,063
Airport-FAA Rentals		14,412	14,412
Total business-type funds		<u>\$ 28,475</u>	<u>\$ 28,475</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 – Interfund Receivables, Payables and Transfers

Interfund Transfers

At June 30, 2012, the Interfund transfers between primary government major and non-major funds were as follows:

	Transfers Out			
	General Fund	Capital Projects Fund	Non-Major Fund	Total
Transfers In:				
General Fund	\$ -	\$ 11,550,000	\$ 1,085,000	\$ 12,635,000
Capital Projects Fund	3,454,186	-	3,950,000	7,404,186
Bureau of Utilities	199,510	-	-	199,510
Solid Waste	2,545,000	-	-	2,545,000
Fiber Network	1,567,495	-	-	1,567,495
Non-Major Governmental Funds	1,706,572	-	-	1,706,572
Total transfers	<u>\$ 9,472,763</u>	<u>\$ 11,550,000</u>	<u>\$ 5,035,000</u>	<u>\$ 26,057,763</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.

Due to/from Component Units

The due to/from component units at June 30, 2012 consisted of the following:

	Due From	Due to
Primary Government:		
Board of Education	\$ 25,437	\$ 39,681,457
Carroll Community College	784	17,595
Library	9,987	57,171
Industrial Development Authority	1,145,560	-
Component Units:		
Primary Government	39,681,457	25,437
Primary Government	17,595	784
Primary Government	57,171	9,987
Primary Government	-	1,145,560
Total all Funds	<u>\$ 40,937,991</u>	<u>\$ 40,937,991</u>

Due to/from Fiduciary Funds

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

	Due From	Due To
Governmental Activities:		
General Fund	\$ -	\$ 548,243
Trust Fund:		
Other Postemployment Benefit Trust	548,243	-
	<u>\$ 548,243</u>	<u>\$ 548,243</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 – Interfund Receivables, Payables and Transfers-continued

Due to/from Other Governmental Funds

Due to primary government and due from Other Governmental Funds:

	Due From	Due To
Governmental Activities:		
General Fund	\$ -	\$ 6,241,941
Capital Fund	6,241,941	-
	\$ 6,241,941	\$ 6,241,941

Internal Balances

Due to/due from Business-type funds:

	Due From	Due To
Governmental Activities:		
General Fund	\$ -	\$ 2,357,140
Business-type Activities:		
Airport	2,357,140	-
	\$ 2,357,140	\$ 2,357,140

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, 2012.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Transfers and Retirements	Balance June 30, 2012
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 34,376,520	\$ 215,134	\$ -	\$ 34,591,654
Construction in progress	9,487,704	3,316,895	(2,573,764)	10,230,835
Total capital assets, not being depreciated	43,864,224	3,532,029	(2,573,764)	44,822,489
Capital assets, being depreciated:				
Buildings and contents	184,678,600	950,878	-	185,629,478
Improvements other than buildings	28,841,422	495,972	-	29,337,394
Automobiles, machinery and equipment	40,304,635	2,076,148	(936,456)	41,444,327
Infrastructure	556,734,632	1,687,497	(51,072)	558,371,057
Total capital assets, being depreciated	810,559,289	5,210,495	(987,528)	814,782,256
Less accumulated depreciation for:				
Buildings and contents	35,768,852	4,405,783	-	40,174,635
Improvements other than buildings	15,615,309	1,566,988	-	17,182,297
Automobiles, machinery and equipment	24,786,234	3,060,754	(864,937)	26,982,051
Roads and bridges	382,310,995	10,330,087	(46,573)	392,594,509
Total accumulated depreciation	458,481,390	19,363,612	(911,510)	476,933,492
Total capital assets, being depreciated, net	352,077,899	(14,153,117)	(76,018)	337,848,764
Governmental activities capital assets, net	<u>\$ 395,942,123</u>	<u>\$ (10,621,088)</u>	<u>\$ (2,649,782)</u>	<u>\$ 382,671,253</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,915,211	\$ 29,201	\$ -	\$ 8,944,412
Construction in progress	5,312,713	(1,026,388)	-	4,286,325
Total capital assets, not being depreciated	14,227,924	(997,187)	-	13,230,737
Capital assets, being depreciated:				
Buildings and contents	24,272,597	-	-	24,272,597
Improvements other than buildings	9,459,467	173,848	-	9,633,315
Automobiles, machinery and equipment	16,660,439	86,447	(48,316)	16,698,570
Infrastructure:				
Water facilities	55,174,628	18,645	-	55,193,273
Sewer facilities	44,395,291	273,981	-	44,669,272
Total capital assets, being depreciated	149,962,422	552,921	(48,316)	150,467,027
Less accumulated depreciation for:				
Buildings and contents	6,883,629	485,670	-	7,369,299
Improvements other than buildings	2,531,191	521,467	-	3,052,658
Automobiles, machinery and equipment	4,837,092	935,096	(48,316)	5,723,872
Water facilities	7,537,471	963,112	-	8,500,583
Sewer facilities	14,114,040	646,172	-	14,760,212
Total accumulated depreciation	35,903,423	3,551,517	(48,316)	39,406,624
Total capital assets, being depreciated, net	114,058,999	(2,998,596)	-	111,060,403
Business-type activities capital assets, net	<u>\$ 128,286,923</u>	<u>\$ (3,995,783)</u>	<u>\$ -</u>	<u>\$ 124,291,140</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 7 – Capital Assets-continued

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

Governmental activities:

General Government	\$2,001,443
Public Safety	1,455,955
Public Works	11,214,381
Health	236,765
Education	1,753,297
Recreation & Parks	508,983
Economic Development	236,854
Conservation of Natural Resources	14,146
Library/Senior Center	<u>1,941,788</u>
Total depreciation expense-governmental activities	<u>\$19,363,612</u>

Business-type activities:

Bureau of Utilities	\$2,266,863
Solid Waste	621,723
Septage	22,254
Airport	183,141
Firearms Facility	12,902
Fiber Network	<u>444,634</u>
Total depreciation expense-business-type activities	<u>\$3,551,517</u>

Component units

Activity for the Board of Education for the year ended June 30, 2012 was as follows:

	Balance at June 30, 2011 As Restated	Additions	Transfers and Retirements	Balance June 30, 2012
Capital assets not being depreciated				
Land and improvements	\$ 15,049,603	\$ -	\$ -	\$ 15,049,603
Construction in Progress	24,179,055	15,930,596	30,136,169	9,973,482
Total capital assets, not being depreciated	<u>39,228,658</u>	<u>15,930,596</u>	<u>30,136,169</u>	<u>25,023,085</u>
Capital assets being depreciated				
Building and improvements	519,112,221	31,718,526	-	550,830,747
Equipment	41,483,991	1,506,719	1,048,491	41,942,219
Equipment under capital lease	2,399,329	-	-	2,399,329
Total capital assets being depreciated	<u>562,995,541</u>	<u>33,225,245</u>	<u>1,048,491</u>	<u>595,172,295</u>
Less accumulated depreciation				
Buildings and improvements	147,845,041	13,244,872	-	161,089,913
Equipment	30,113,916	2,266,405	990,322	31,389,999
Equipment under capital lease	2,399,329	-	-	2,399,329
Total accumulated depreciation	<u>180,358,286</u>	<u>15,511,277</u>	<u>990,322</u>	<u>194,879,241</u>
Total capital assets, being depreciated, net	<u>382,637,255</u>	<u>17,713,968</u>	<u>58,169</u>	<u>400,293,054</u>
Capital assets, net	<u>\$ 421,865,913</u>	<u>\$ 33,644,564</u>	<u>\$ 30,194,338</u>	<u>\$ 425,316,139</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 7 – Capital Assets-continued

Component units-continued

Activity for the Carroll Community College for the year ended June 30, 2012 was as follows:

	Balance at June 30, 2011	Additions	Transfers and Retirements	Balance at June 30, 2012
Capital assets not being depreciated				
Foundation	\$ 539,500	\$ -	\$ -	\$ 539,500
Capital assets being depreciated				
Building Improvements	1,248,155	165,741	-	1,413,896
Equipment	3,542,698	86,258	32,223	3,596,733
Vehicles	128,692	-	-	128,692
Library Books	1,770,650	79,719	75,984	1,774,385
Total capital assets being depreciated	6,690,195	331,718	108,207	6,913,706
Less accumulated depreciation				
Building improvements	514,191	76,327	-	590,518
Equipment	2,786,356	314,650	32,223	3,068,783
Vehicles	85,492	10,064	-	95,556
Library books	1,656,480	77,547	74,041	1,659,986
Total accumulated depreciation	5,042,519	478,588	106,264	5,414,843
Total capital assets, being depreciated, net	1,647,676	(146,870)	1,943	1,498,863
Capital assets, net	\$ 2,187,176	\$ (146,870)	\$ 1,943	\$ 2,038,363

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 is valued at fair value as determined by management at \$358,000 as of June 30, 2012. 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 for the periods of June 30, 2012 and 2011, respectively, 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, 2012

Note 7 – Capital Assets-continued

Activity for the Carroll County Public Library for the year ended June 30, 2012 was as follows:

	Balance at June 30, 2011 Restated	Additions	Transfers and Retirements	Balance at June 30, 2012
Capital assets being depreciated by location				
Headquarters	\$ 2,419,304	\$ 37,668	\$ 1,629,610	\$ 827,362
Westminster	1,230,460	-	293,376	937,084
Eldersburg	541,437	27,083	158,692	409,828
Mt. Airy	102,299	-	37,349	64,950
North Carroll	88,738	240,459	43,588	285,609
Taneytown	195,554	-	87,832	107,722
Finksburg	82,952	18,651	-	101,603
Detention Center	4,676	-	4,676	-
Bookmobile	7,445	-	7,445	-
Circulation materials	3,308,738	1,134,674	1,081,071	3,362,341
Construction in progress	9,096	279,559	9,096	279,559
Total capital assets, being depreciated	7,990,699	1,738,094	3,352,735	6,376,058
Less accumulated depreciation	4,547,749	-	1,907,204	2,640,545
Capital assets, net	<u>\$ 3,442,950</u>	<u>\$ 1,738,094</u>	<u>\$ 1,445,531</u>	<u>\$ 3,735,513</u>

Activity for the Industrial Development Authority of Carroll County for the year ended June 30, 2012 was as follows:

	Balance at June 30, 2011	Additions	Transfers and Retirements	Balance June 30, 2012
Capital assets not being depreciated				
Land	\$ 7,920,601	\$ -	\$ 512,897	\$ 7,407,704
Construction in Progress	3,348,731	-	1,649,674	1,699,057
Total capital assets, not being depreciated	11,269,332	-	2,162,571	9,106,761
Capital assets being depreciated				
Equipment	5,000	-	-	5,000
Total capital assets being depreciated	5,000	-	-	5,000
Less accumulated depreciation	5,000	-	-	5,000
Equipment	-	-	-	-
Total capital assets, being depreciated, net	-	-	-	-
Capital assets, net	<u>\$ 11,269,332</u>	<u>\$ -</u>	<u>\$ 2,162,571</u>	<u>\$ 9,106,761</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012.

	Balance July 1, 2011	Additions	Principal Repayments/ Amortization	Balance June 30, 2012	Due Within One Year
Governmental activities:					
Notes Payable	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -
Purchase Agreements	2,097,835	-	178,016	1,919,819	185,607
General Obligation Debt	27,129,920	-	-	27,129,920	-
General Obligation Bonds	305,627,314	28,623,957	36,974,882	297,276,389	25,455,755
Bonds premium/discount	5,684,844	2,756,696	846,081	7,595,459	903,512
Bond Issuance Costs	(1,114,224)	(67,896)	(109,343)	(1,072,777)	(117,230)
Less deferred charges	(3,042,046)	(1,034,052)	(491,871)	(3,584,227)	(513,414)
Subtotal	336,583,643	30,278,705	37,597,765	329,264,583	25,914,230
Net other post employment benefit obligation	28,249,507	13,355,970	8,861,711	32,743,766	-
Net certified law officers pension obligation	223,880	520,371	715,694	28,557	-
Net LOSAP obligation	-	261,203	(16,332)	277,535	-
Estimated liability for claims in process	1,746,619	12,637,375	12,500,279	1,883,715	1,883,715
Compensated Absences	4,943,123	2,544,216	2,306,198	5,181,141	2,306,198
Governmental activity					
Long-term liabilities	<u>\$ 371,746,772</u>	<u>\$ 59,597,840</u>	<u>\$ 61,965,315</u>	<u>\$ 369,379,297</u>	<u>\$ 30,104,143</u>
Business-type activities:					
Loans Payable	\$ 1,202,259	\$ -	\$ 930,394	\$ 271,865	\$ 27,200
General Obligation Bonds	26,354,069	1,561,042	4,064,157	23,850,954	2,190,228
Unamortized charges	(163,226)	53,016	(17,385)	(92,825)	(17,385)
Subtotal	27,393,102	1,614,058	4,977,166	24,029,994	2,200,043
Landfill closure/postclosure	10,929,513	195,351	130,738	10,994,126	130,028
Compensated Absences	435,434	277,391	281,592	431,233	184,298
Business-type activity					
Long-term liabilities	<u>\$ 38,758,049</u>	<u>\$ 2,086,800</u>	<u>\$ 5,389,496</u>	<u>\$ 35,455,353</u>	<u>\$ 2,514,369</u>
Component Units:					
Board of Education:					
Net other post employment benefit obligation	\$ 21,373,441	\$ 16,490,000	\$ 5,906,933	\$ 31,956,508	\$ -
Compensated Absences	20,133,995	450,364	2,637,317	17,947,042	2,465,000
Capital Lease Obligations	6,169,357	-	612,568	5,556,789	659,183
Total Board of Education, as restated	<u>\$ 50,661,375</u>	<u>\$ 16,940,364</u>	<u>\$ 9,156,818</u>	<u>\$ 55,460,339</u>	<u>\$ 3,124,183</u>
Carroll Community College					
Net other post employment benefit obligation	\$ 8,786,445	\$ 2,650,000	\$ 782,949	\$ 10,653,496	\$ -
Compensated Absences	704,914	691,048	594,869	801,093	691,048
Total Carroll Community College	<u>\$ 9,491,359</u>	<u>\$ 3,341,048</u>	<u>\$ 1,377,818</u>	<u>\$ 11,454,589</u>	<u>\$ 691,048</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 8 – Long-Term Debt-continued

	Balance July 1, 2011	Additions	Principal Repayments/ Amortization	Balance June 30, 2012	Due Within One Year
Library					
Compensated Absences	\$ 424,705	\$ 39,997	\$ -	\$ 464,702	\$ 464,702
Total Library	<u>\$ 424,705</u>	<u>\$ 39,997</u>	<u>\$ -</u>	<u>\$ 464,702</u>	<u>\$ 464,702</u>
Industrial Development Authority					
Loan	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	\$ -
Total Industrial Dev. Authority	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>

Payments on the non-current liabilities above (excluding compensated absences), that pertain to the County’s governmental activities are made by the General Fund. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund. The additions to the unamortized premium on bonds payable for governmental activities are recorded as an Other Financing Source in the General Fund.

For 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, 2012 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 matured on 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 2012 the interest rate was 0.22%.

Purchase Agreement

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 8 – Long-Term Debt—continued

A.) Governmental Activities-continued

Years Ending June 30,	Principal	Interest	Total
2013	\$ 185,607	\$ 77,694	\$ 263,301
2014	193,522	69,779	263,301
2015	201,774	61,527	263,301
2016	210,379	52,922	263,301
2017	219,350	43,951	263,301
2018-2021	909,187	78,191	987,378
Total purchase agreement	<u>\$ 1,919,819</u>	<u>\$ 384,064</u>	<u>\$ 2,303,883</u>

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 sources of repayment for this debt are the general revenues of the County including property taxes, 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 2031. The interest rates on these purchase agreements range from 4.641% to 6.00%.

Years Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 1,522,960	\$ 1,522,960
2014	-	1,522,960	1,522,960
2015	-	1,522,960	1,522,960
2016	-	1,522,960	1,522,960
2017	-	1,522,960	1,522,960
2018-2022	1,447,212	7,398,582	8,845,794
2023-2027	7,797,488	6,502,716	14,300,204
2028-2031	17,885,220	3,613,039	21,498,259
Total general obligation debt	<u>\$ 27,129,920</u>	<u>\$ 25,129,137</u>	<u>\$ 52,259,057</u>

General Obligation Bonds

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2012	Due Within One Year
<u>General Government:</u>					
FHA Loan of 1972	3.502%	2022	\$ 769,700	\$ 281,943	\$ 22,954
FHA Loan of 1974	3.649%	2024	253,000	121,103	7,705
FHA Loan of 1979	3.649%	2031	678,800	402,092	15,053
2002 Public Improvement Bonds	2.50%-4.25%	2017	16,200,000	592,707	592,707
2003 Refunding Bonds	4.00%-5.00%	2013	29,232,224	633,573	316,787
2003 Public Improvement Bonds	2.00%-3.85%	2018	7,600,000	760,954	372,712
2004 Refunding Bonds	2.00%-3.70%	2019	32,090,354	11,721,015	1,892,835
2004 Public Improvement Bonds	3.00%-4.00%	2019	21,995,000	4,370,770	1,456,932
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	16,329,772	1,817,325
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	10,589,739	1,062,052
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	8,053,883	377,139
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	12,792,053	1,164,829
2007 Refunding Bonds (November)	3.75%-5.25%	2022	6,670,000	5,345,000	500,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	28,294,094	26,864,438	1,480,268
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	14,759,547	12,213,847	1,332,587
2009 Refunding Bonds Series A	2.00%-4.00%	2019	2,950,073	1,461,782	808,524
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	17,631,476	17,631,476	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	6,044,297	5,018,522	876,855
2010 Public Improvement Bonds Series C	0.40%-0.50%	2012	1,542,963	780,006	780,006
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	8,841,618	8,841,618	-
2011 Public Improvement Bonds	2.00%-4.25%	2031	11,042,955	11,042,955	409,317
2011 Refunding Bonds	2.00%-4.25%	2031	9,104,764	9,104,764	-
Subtotal General Government				\$ 164,954,012	\$ 15,286,587
<u>Board of Education:</u>					
2002 Public Improvement Bonds	2.50%-4.25%	2017	16,200,000	453,525	453,525
2003 Refunding Bonds	4.00%-5.00%	2013	29,232,224	457,314	228,638
2003 Public Improvement Bonds	2.00%-3.85%	2018	7,600,000	271,769	133,111
2004 Refunding Bonds	2.00%-3.70%	2019	32,090,354	7,904,305	1,276,472
2004 Public Improvement Bonds	3.00%-4.00%	2019	21,995,000	22,973	7,680
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	2,188,958	243,607
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	2,504,240	251,152
2007 Refunding Bonds (January)	3.50%-5.00%	2020	23,165,983	10,834,634	507,354
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	1,124,168	102,365
2008 Public Improvement Bonds	3.25%-5.00%	2028	43,613,906	41,953,095	1,718,340
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	8,305,513	6,872,993	749,875
2009 Refunding Bonds Series A	2.00%-4.00%	2019	4,645,956	2,302,104	1,273,314
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	15,946,285	15,946,285	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	6,054,056	5,026,599	878,271
2010 Public Improvement Bonds Series D	1.03%-3.51%	2030	10,272,510	10,272,510	-
2011 Public Improvement Bonds	2.00%-4.25%	2031	6,957,045	6,957,045	257,882
2011 Refunding Bonds	2.00%-4.25%	2031	769,193	769,193	-
Subtotal Board of Education				\$ 115,861,710	\$ 8,081,586

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012	Due Within One Year
<u>Volunteer Fire Companies:</u>					
2002 Public Improvement Bonds	2.50%-4.25%	2017	16,200,000	53,768	53,768
2003 Fire Company Bonds	2.00%-3.85%	2018	2,100,000	1,095,000	140,000
2004 Fire Company Bonds	4.13%	2019	2,065,000	1,252,205	135,271
2005 Public Improvement Bonds	3.50%-4.125%	2020	31,799,320	405,000	95,000
2005 Fire Company Bonds	3.50%-4.125%	2020	2,900,000	1,730,000	195,000
2006 Public Improvement Bonds	3.50%-4.00%	2021	20,260,000	399,613	40,077
2007 Public Improvement Bonds	3.75%-5.25%	2022	20,430,000	935,000	140,000
2008 Public Improvement Bonds	3.25%-5.00%	2028	180,000	169,500	10,875
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	270,000	223,432	24,377
2010 Refunding Bonds Series A	0.30%-1.70%	2018	381,976	317,149	55,414
2010 Refunding Bonds Series B	0.30%-1.70%	2018	2,210,000	1,780,000	315,000
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	535,000	535,000	-
2011 Public Improvement Bonds	2.00%-4.25%	2031	750,000	750,000	27,800
Subtotal Volunteer Fire Companies				\$ 9,645,667	\$ 1,232,582
2004 Taxable Pension Bonds	4.25%-5.25%	2019	\$ 12,800,000	\$ 6,815,000	\$ 855,000
Subtotal General Obligation Bonds				\$ 297,276,389	\$ 25,455,775
Bond premium/ discount				7,595,459	903,512
Bond Issuance Costs				(1,072,777)	(117,230)
Deferred loss on refunding issues				(3,584,227)	(513,414)
Total General Obligation Bonds , net of bond costs				<u>\$ 300,214,844</u>	<u>\$ 25,728,643</u>

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2012, are as follows:

Years Ending June 30,	Principal	Interest	Total
2013	25,455,755	11,996,989	37,452,744
2014	25,716,036	11,030,214	36,746,250
2015	25,533,585	10,045,398	35,578,983
2016	24,807,100	9,093,420	33,900,520
2017	24,112,050	8,118,603	32,230,653
2018-2022	91,214,771	27,421,188	118,635,959
2023-2027	49,662,825	13,064,745	62,727,570
2028-2032	30,774,267	2,530,780	33,305,047
Total General Obligation Bonds	<u>\$ 297,276,389</u>	<u>\$ 93,301,337</u>	<u>\$ 390,577,726</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012</u>	<u>Due Within One Year</u>
Maryland Water Quality Financing: 2002 Revolving Loan- Hampstead	2.60%	2021	532,680	271,865	27,200
Total Loans Payable				<u>\$ 271,865</u>	<u>\$ 27,200</u>

The annual requirements to amortize loans payable outstanding as of June 30, 2012, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	27,200	8,783	35,983
2014	27,907	8,076	35,983
2015	28,633	7,351	35,984
2016	29,377	6,606	35,983
2017	30,141	5,842	35,983
2018-2021	128,607	15,326	143,933
Total Loans Payable	<u>\$ 271,865</u>	<u>\$ 51,984</u>	<u>\$ 323,849</u>

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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Issue	Interest Rate	Year Series Matures	Amount of Original Issue	Outstanding June 30, 2012	Due Within One Year
<u>Bureau of Utilities:</u>					
2003 Public Improvement Bonds	2.00%-3.85%	2018	990,000	134,526	65,890
2004 Refunding Bonds	2.00%-3.70%	2019	2,166,412	1,324,901	213,959
2004 Public Improvement Bonds	3.00%-4.00%	2019	378,474	75,605	25,202
2005 Public Improvement Bonds	3.50%-4.125%	2020	302,525	181,399	20,188
2006 Public Improvement Bonds	3.50% -4.00%	2021	200,000	144,522	14,493
2007 Refunding Bonds (January)	3.50%-5.00%	2020	212,504	173,266	8,113
2007 Public Improvement Bonds	3.75%-5.25%	2022	9,401,000	6,891,040	627,490
2008 Public Improvement Bonds	3.25%-5.00%	2028	7,616,000	7,304,233	322,633
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	745,461	616,885	67,305
2009 Public Improvement Bonds Series B	4.70%-5.625%	2029	1,072,240	1,072,240	-
2010 Refunding Bonds Series A	0.30%-1.70%	2018	6,371	5,290	924
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	13,742	13,742	-
2011 Refunding Bonds	2.00%-4.25%	2021	484,429	484,428	-
Subtotal Bureau of Utilities				\$ 18,422,077	\$ 1,366,197
<u>Solid Waste Fund</u>					
2003 Refunding Bonds	2.0%-3.85%	2018	3,727,776	139,113	69,556
2004 Refunding Bonds	2.00%-3.70%	2019	1,004,270	614,176	99,184
2004 Public Improvement Bonds	3.00%-4.00%	2019	2,449,026	489,223	163,074
2007 Refunding Bonds (January)	3.50%-5.00%	2020	345,658	281,834	13,197
2007 Public Improvement Bonds	3.75%-5.25%	2022	604,000	442,739	40,315
2008 Public Improvement Bonds	3.25%-5.00%	2028	296,000	278,733	17,883
2009 Public Improvement Bonds Series A	2.00%-4.00%	2019	9,479	7,844	856
2009 Refunding Bonds Series A	2.00%-4.00%	2029	193,971	96,114	53,161
2010 Public Improvement Bonds Series C	0.40%-0.50%	2012	267,037	134,994	134,994
2011 Refunding Bonds	2.00%-4.25%	2021	789,648	789,647	-
Subtotal Solid Waste Fund				\$ 3,274,417	\$ 592,220
<u>Airport Fund</u>					
2001 Public Imp. Bonds	3.25%-4.75%	2021	2,200,000	1,100,000	110,000
2003 Public Improvement Bonds	2.00%-3.85%	2018	425,000	57,751	28,286
2004 Refunding Bonds	2.00%-3.70%	2019	278,964	170,604	27,551
2004 Public Improvement Bonds	3.00%-4.00%	2019	407,500	81,403	27,134
2005 Public Improvement Bonds	3.50%-4.125%	2020	58,555	34,871	3,881
2007 Refunding Bonds (January)	3.50%-5.00%	2020	240,854	196,382	9,196
2010 Refunding Bonds Series A	0.30%-1.70%	2018	93,300	77,467	13,539
2010 Public Improvement Bonds Series D	3.75%-4.90%	2030	27,130	27,130	-
2011 Refunding Bonds	2.00%-4.25%	2021	286,966	286,966	-
Subtotal Airport Fund				\$ 2,032,574	\$ 219,587
<u>Septage Fund</u>					
2006 Public Improvement Bonds	3.50%-4.00%	2021	200,000	121,886	12,224
Subtotal Septage Fund				\$ 121,886	\$ 12,224
Subtotal General Obligation Bonds				23,850,954	2,190,228
Unamortized Charges				(92,825)	(17,385)
Total General Obligation Bonds, net of bond costs				\$ 23,758,129	\$ 2,172,843

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Business-type activities:			
2013	2,190,228	947,456	3,137,684
2014	2,112,168	865,973	2,978,141
2015	2,057,129	781,980	2,839,109
2016	2,046,425	703,547	2,749,972
2017	2,034,599	614,437	2,649,036
2018-2022	8,426,053	1,976,610	10,402,663
2023-2027	3,625,194	684,756	4,309,950
2028-2031	1,359,158	79,223	1,438,381
Total General Obligation Bonds	<u>\$ 23,850,954</u>	<u>\$ 6,653,982</u>	<u>\$ 30,504,936</u>

Advanced Refunding

The County issued general obligation refunding bonds during the current year. The County issued \$11,435,000 on November 22, 2011 of general obligation refunding bonds to provide resources to purchase United States Government State and Local Government Series Securities (SLGS) that were placed in an irrevocable trust. The net proceeds of \$11,299,208 (after payment of \$59,884 for issuance costs) were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of \$10,265,156 of general obligation bonds from 2003 and 2004 Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amounts of the old debt by \$1,093,936. This amount is being netted against the new debt and amortized over the life of the new debt issued, which is shorter than the remaining life of the refunded debt. The November 2011 advanced refunding was undertaken to reduce total debt service payments by \$354,370 and resulted in an economic loss of \$1,034,052.

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, 2012, \$56,307,459 of general obligation bonds outstanding from prior years are 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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 8 – Long-Term Debt—continued

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, 2012 amounted to \$56,585,000.

C.) Component Units

During the fiscal year ended June 30, 2012, no new capital leases were entered into by the Board of Education. In October of 2004, the Board entered into a ten-year energy management plan to provide air conditioning to three elementary schools. Additionally, the plan will upgrade water and lighting fixtures.

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

<u>Years Ending June 30,</u>	<u>Energy Management Equipment</u>
2013	855,918
2014	881,595
2015	908,043
2016	935,285
2017	963,343
2018-2019	<u>1,835,795</u>
	6,379,979
less interest	<u>(823,190)</u>
Present value of future minimum lease payments	<u>\$ 5,556,789</u>

Interest expense related to capital leases was \$218,419 for the year ended June 30, 2012.

Note 9 – Lease Obligations

Operating Leases

Primary Government

The County is committed under various leases for office space, parking and a storage facility as lessee. All leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2012 for the County amounted to \$232,384. Future lease payments for these leases are as follows:

<u>Years Ending June 30,</u>	
2013	\$467,193
2014	229,885
2015	236,781
2016	243,885
2017	251,202
2018-2022	1,373,674
2023-2027	1,592,465
2028-2032	1,844,103
2033-2035	1,245,957

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 9 – Lease Obligations-continued

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, 2012 amounted to \$1,868,744. Future lease revenues for these rentals are as follows:

<u>Years Ending June 30,</u>	
2013	\$2,374,709
2014	2,374,709
2015	2,374,709
2016	2,374,709
2017	2,374,709
2018-2022	4,749,422
2023-2093 (\$2 per year)	140
2094-2103 (\$1 per year)	10

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

Asset:	
Land	\$12,742,030
Buildings	53,157,429
Less: Accumulated depreciation	<u>(12,502,547)</u>
Net carrying value	<u>\$53,396,912</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, 2016.

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

<u>Years Ending June 30,</u>	<u>Minimum Annual Lease Payments</u>
2013	\$562,398
2014	391,210
2015	79,010
2016	<u>684</u>
Total	<u>\$ 1,033,302</u>

Operating lease expenditures/expenses for the year ended June 30, 2012 were \$598,936.

The Library leases various office equipment under noncancelable operating leases. Total rental expenditures were \$16,800 for leases for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 9 – Lease Obligations-continued

Component Units-continued

<u>Years Ending June 30,</u>	
2013	\$18,000
2014	16,848
2015	16,848
2016	16,848
2017	<u>7,020</u>
Total	<u>\$75,564</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 \$244,464 for the year ended June 30, 2012. The College renewed its operating lease in July 2008, extending the lease agreement until July 2014.

Future minimum payments on operating leases are as follows:

<u>Years Ending June 30,</u>	
2012	\$189,446
2013	189,446
2014	<u>15,787</u>
Total	<u>\$ 394,679</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 14.6% 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 \$4,750,731 of which 100% has been accrued as of June 30, 2012. 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 \$1,243,395 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 \$10,994,126 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 COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 10 – Landfill Closure, Postclosure and Remediation Costs- continued

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.

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.

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

The 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, 2011. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	119
Terminated plan members entitled to, but not yet receiving benefits	157
Active plan members	<u>713</u>
Total	<u><u>989</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 11– Pension Plans- continued

Carroll County Employee Pension Plan-continued

Plan members are required to contribute 5 percent of their annual base pay. 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	\$ 2,252,813
Interest	(361,387)
Adjustment to annual required contribution	<u>361,912</u>
Annual Pension Cost	2,253,338
Contributions made	<u>(2,741,200)</u>
Change in negative net pension obligation	487,862
Negative net pension obligation - beginning of year	<u>5,162,675</u>
Negative net pension obligation - end of year	<u>\$ 5,650,537</u>

The annual required contribution was determined as part of the July 1, 2011, 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 unfunded actuarial accrued liability is being amortized as a level percentage on a closed basis. The remaining amortization period at July 1, 2011, was 20 years.

Trend Information for CCEPP:

<u>Fiscal Year</u> <u>Ended</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>
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
2011	2,550,959	117%	3,000,000	5,162,675
2012	2,253,338	121%	2,741,200	5,650,537

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 85,126
Investments at fair value:	
Short term investments	1,063,612
Bond funds	9,164,534
Equity funds	26,340,580
Total assets	36,653,852
Liabilities:	
Accounts payable	7,542
Total Liabilities	7,542
Net Assets:	
Held in trust for pension benefits and other purposes	\$ 36,646,310

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

ADDITIONS	
Contributions:	
Employer	\$ 2,741,200
Plan Members	1,487,647
Total Contributions	4,228,847
Investment earnings:	
Interest and dividends	903
Net increase in the fair value of investments	712,419
Total investment earnings	713,322
Less investment expense	(31,422)
Net investment earnings	681,900
Total additions	4,910,747
DEDUCTIONS	
Benefits	723,722
Administrative expenses	8,543
Total deductions	732,265
Change in net assets	4,178,482
Net assets–beginning of year	32,467,828
Net assets–end of year	\$ 36,646,310

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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%
July 1, 2010	22,285,227	29,210,223	76.29%	6,924,996	30,414,456	22.77%
July 1, 2011	32,467,828	34,721,749	93.51%	2,253,921	29,603,146	7.61%

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	ARC Adjustment	Annual Pension Cost	Total Employer Contribution	Change in Negative NPO	Beginning Negative NPO	Ending Negative NPO
2006	\$ 1,207,814	\$ -	\$ -	\$ 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
2011	2,550,479	(329,954)	330,434	2,550,959	3,000,000	449,041	4,713,634	5,162,675
2012	2,252,813	(361,387)	361,912	2,253,338	2,741,200	487,862	5,162,675	5,650,537

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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
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%
2011	2,550,479	3,000,000	117%
2012	2,252,813	2,741,200	121%

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	7/1/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	20 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%
Inflation rate	N/A

Carroll County Certified Law Officers Pension Plan

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 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.

Employees are eligible to begin drawing their pension when they retire after 25 years of service or at age 55 with at least 15 years of service. Employees who retire prior to age 55 with at least 15 years of service may begin drawing their pension at age 62. The plan does not provide early retirement benefits.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2011. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	2
Terminated plan members entitled to, but not yet receiving benefits	1
Active plan members	<u>65</u>
Total	<u>68</u>

Contributions: Plan members are required to contribute 8 percent of their annual base pay. 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	\$ 504,699
Interest	15,672
Adjustment to annual required contribution	<u>(15,694)</u>
Annual Pension Cost	504,677
Contributions made	<u>(700,000)</u>
Change in net pension obligation	(195,323)
Net pension obligation - beginning of year	<u>223,880</u>
Net pension obligation - end of year	<u>\$ 28,557</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2011, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7% investment rate of return compounded annually (b) projected salary increases due to inflation and seniority/merit raises as follows:

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

(c) projected disability rate as follows:

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

The unfunded actuarial accrued liability is being amortized as a level percentage on a closed basis. The remaining amortization period at July 1, 2011, was 20 years.

Trend Information since inception for CCCLOPP: (Inception to date)

<u>Fiscal Year</u> <u>Ended</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
2011	519,724	113%	590,000	223,880
2012	504,677	138%	700,000	28,557

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 194,400
Investments at fair value:	
Short term investments	\$ 49,957
Bond funds	1,191,170
Equity funds	2,088,535
Total assets	3,524,062
Liabilities:	
Accounts payable	820
Total Liabilities	820
Net Assets:	
Held in trust for pension benefits and other purposes	\$ 3,523,242

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

ADDITIONS	
Contributions:	
Employer	\$ 700,000
Plan Members	296,722
Total Contributions	996,722
Investment earnings:	
Interest and dividends	64
Net increase in fair value of investments	109,132
Total investment earnings	109,196
Less investment earnings	(11,373)
Total additions	1,094,545
DEDUCTIONS	
Benefits and refunds paid to	
plan members and beneficiaries	39,306
Administrative expenses	1,582
Total deductions	40,888
Change in net assets	1,053,657
Net assets–beginning of year	2,469,585
Net assets–end of year	\$ 3,523,242

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 11– Pension Plans–continued

Carroll County Certified Law Officers Pension Plan-continued
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)	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%
July 1, 2010	1,468,264	4,372,214	33.58%	2,903,950	3,098,478	93.72%
July 1, 2011	2,469,585	5,155,892	47.90%	2,686,307	3,120,474	86.09%

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

Fiscal Year Ended	Annual Required Contribution	Interest on NPO	ARC Adjustment	Annual Pension Cost	Total Employer Contribution	Change in NPO	Beginning NPO	Ending NPO
2010	\$ 544,156	\$ -	\$ -	\$ 544,156	\$ 250,000	\$ 294,156	\$ -	\$ 294,156
2011	519,754	20,591	(20,621)	519,724	590,000	(70,276)	294,156	223,880
2012	504,699	15,672	(15,694)	504,677	700,000	(195,323)	223,880	28,557

Schedule of Employer Contributions- (Inception to date)

Year Ended June 30:	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	\$ 544,156	\$ 250,000	46%
2011	\$ 519,754	\$ 590,000	113%
2012	\$ 504,699	\$ 700,000	139%

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	7/1/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	20 years
Asset valuation method	Market value

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 11– Pension Plans–continued

Carroll County Certified Law Officers Pension Plan-continued

Investment rate of return	7%
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Actuarial assumptions:

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%
Inflation rate	N/A

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 through various functions 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, 2012. The membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	199
Terminated plan members entitled to, but not yet receiving benefits	14
Active plan members	<u>704</u>
Total	<u>917</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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 11– Pension Plans–continued

Volunteer Firemen Pension Plan (LOSAP)-continued

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

Annual Required Contribution	\$ 435,951
Interest	(11,432)
Adjustment to annual required contribution	<u>16,332</u>
Annual Pension Cost	440,851
Contributions made	<u>0</u>
Change in net LOSAP obligation	440,851
Net LOSAP obligation - beginning of year	<u>(163,316)</u>
Net LOSAP obligation - end of year	<u>\$ 277,535</u>

The annual required contribution was determined as part of the January 1, 2012, actuarial valuation using the unprojected unit credit actuarial cost method. The actuarial assumptions included 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, 2012. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at January 1, 2012, was 10 years.

Trend Information for LOSAP:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Actual</u> <u>Contribution</u>	<u>Net LOSAP</u> <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)
2011	397,200	N/A	0	(163,316)
2012	440,851	N/A	0	277,535

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Statement of Plan Net Assets
Volunteer Firemen Pension Plan (LOSAP)

Assets:	
Investments at fair value:	
Short term investments	\$ 124,968
Bond funds	4,836,463
Equity funds	2,172,738
Total assets	7,134,169
Liabilities:	
Accounts payable	1,552
Total liabilities	1,552
Net Assets:	
Held in trust for pension benefits and other purposes	\$ 7,132,617

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

ADDITIONS	
Contributions:	
Investment earnings:	
Interest and dividends	\$ 207
Net increase in the fair value of investments	272,525
Total investment earnings	272,732
Less investment expense	(3,921)
Net investment earnings	268,811
Total additions	268,811
DEDUCTIONS	
Benefits	564,397
Administrative expenses	2,200
Total deductions	566,597
Change in net assets	(297,786)
Net assets-beginning of year	7,430,403
Net assets-end of year	\$ 7,132,617

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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
January 1, 2012	6,956,744	8,274,618	84.07%	1,317,874

Schedule of Employer Contributions

Year Ended June 30:	Annual Required Contribution	Actual Contribution	Percentage Contributed
2007	\$ -	\$ -	N/A
2008	-	1,000,000	N/A
2009	-	-	N/A
2010	380,384	-	N/A
2011	380,384	-	N/A
2012	435,951	-	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	1/1/2012
Actuarial cost method	Unprojected unit credit
Amortization method	Level dollar
Remaining amortization period	10 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
Inflation Rate	N/A

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, which 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 2011 of 13.85 percent of covered payroll is established by annual actuarial valuations. The covered payroll for the College was \$4,998,841. 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, 2012, 2011 and 2010 were as follows:

Component Units	<u>2012</u>	<u>2011</u>	<u>2010</u>
Board of Education	\$25,068,873	\$25,655,139	\$23,405,032
Community College	667,679	783,966	667,669
Library	662,629	701,684	593,129

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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/losses. 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.

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

Eligible employees can contribute up to an amount 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. Prior to October 1, 2009, the County made quarterly contributions to the accounts of each participant. Starting October 1, 2009, the County stopped contributing to the 401(k) Plan accounts of employees enrolled in either of the County’s pension plans. Eligible employees hired prior to July 1, 1985 who are not enrolled in either of the County’s pension plans remain eligible for County contributions to their 401(k) Plan accounts. These contributions range from 2% to 8% of base salary, depending upon the amount contributed by the employee.

The County’s and the employees’ contributions for the year ended June 30, 2012 were \$203,205 and \$1,851,570, respectively.

The Plan also offers a “Roth” option which allows employees to make after-tax contributions. Approximately 8% of employee contributions to the plan are being made as “Roth” contributions as of June 30, 2012.

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 (RBTC CCC) 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 \$3,893,233 during the fiscal period ending June 30, 2012. Of this amount, the County paid \$3,556,894 and the retirees paid \$336,339.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

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

Retirees who meet certain age and years of service thresholds, may qualify for membership in the County’s retiree group medical plan(s). Full-time employees who retire can also insure their spouses. As of June 30, 2012 retirees pay between 8 percent and 100 percent of the County’s full premium equivalent cost, based upon their age and years of service at retirement. As of June 30, 2012, 244 Primary Government retirees and 186 retiree spouses were eligible to receive benefits. Of these, 221 retirees and 170 spouses were enrolled. Retirees who are eligible for County contributions toward the cost of their medical plan may elect to discontinue coverage and re-enroll at future “open enrollment” periods. This plan has a tax exempt status.

Basis of Accounting: The Retiree Benefit Trust, Board of County Commissioner of Carroll County, Maryland (RBTCCCC) financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Medicare Part D funds are recognized in the period in which they are received. Benefits and refunds are recognized when due and payable in accordance with the term of the plan. Investments are made on a long term basis investing in various securities which are exposed to various risks such as interest rate, market and credit risks.

The most recent actuarial valuation was completed as of July 1, 2011. The membership data related to the plan was as follows:

Number of Participants	
Active employees	907
Deferred vested terminations	-
Retirees in pay status (pre Medicare)	116
Retirees in pay status (Medicare age)	<u>164</u>
 Total	 <u>1,187</u>

Contributions: In fiscal year 2012, the County contributed \$7,852,800 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	\$ 11,661,000
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THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Interest	1,694,970
Adjustment to annual required contribution	<u>(1,008,911)</u>
Annual OPEB cost	12,347,059
Contributions made	<u>(7,852,800)</u>
Change in net OPEB obligation	4,494,259
Net OPEB obligation - beginning of year	<u>28,249,507</u>
Net OPEB obligation - end of year	<u>\$ 32,743,766</u>

The annual OPEB cost was determined as part of the July 1, 2011, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 6.0% 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, 2011.

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, 2011, was 27 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
2011	12,496,803	58%	7,298,000	28,249,507
2012	12,347,059	64%	7,852,800	32,743,766

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 14,682
Investments at fair value:	
Short term investments	399,868
Marketable securities	26,132,993
Total assets	<u>26,547,543</u>
Liabilities:	
Accounts Payable	-
Due to primary government	548,243
Total liabilities	<u>548,243</u>
Net Assets:	
Held in trust for OPEB	
and other purposes	<u>\$ 25,999,300</u>

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

ADDITIONS:	
Contributions:	
Employer	\$ 7,852,800
Plan members	336,339
Contributions from sources other than employer(s) and plan members	184,061
Total contributions	<u>8,373,200</u>
Investment earnings:	
Interest and dividends	2,053
Net increase or decrease in the fair value of investments	604,184
Total investment earnings	<u>606,237</u>
Less investment expense	<u>(14,300)</u>
Net investment earnings	<u>591,937</u>
Total additions	8,965,137
DEDUCTIONS	
Benefits	3,893,233
Administrative expenses	4,400
Total deductions	<u>3,897,633</u>
Change in net assets	5,067,504
Net assets-beginning of year	<u>20,931,796</u>
Net assets-end of year	<u>\$ 25,999,300</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)	Annual Covered Payrol (5)	UAAL as a Percentage of Covered Payroll ((2-1)/5) (6)
July 1, 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%
July 1, 2010	12,612,050	132,526,000	9.52%	119,913,950	44,405,390	270.04%
July 1, 2011	20,931,796	141,525,000	14.79%	120,593,204	42,544,697	283.45%

Schedule of Employer Contributions

Year Ended June 30:	Annual Required Contribution	Amount Contributed by Employer	Percentage Contributed by Employer	Federal Subsidy	Total Percentage Contributed
2009	\$ 14,137,000	\$ 5,751,525	40%	\$ 129,435	42%
2010	12,993,000	6,225,000	48%	145,995	49%
2011	11,937,000	7,298,000	61%	172,559	63%
2012	11,661,000	7,852,800	67%	184,061	68%

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	7/1/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of payroll
Remaining amortization period	27 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	3.0%
Inflation Rate	3.2%

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

assumptions about future employment, mortality, the plan, and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

Employees with current medical enrollment with Carroll County Government that were hired before 5/1/2005 are assumed to elect medical coverage 98% 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:

Years of Service	Election Rate
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, 2012

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 years ended June 30, 2012 and 2011 were \$1,012,632 and \$1,010,019, 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, 2012, 878 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	\$15,475,000
Interest	1,015,000
Adjustment to annual required contribution	<u>(949,000)</u>
Annual OPEB cost	15,541,000
Contributions made	<u>(4,957,933)</u>
Increase in net OPEB obligation	10,583,067
Net OPEB obligation - beginning of year	<u>21,373,441</u>
Net OPEB obligation - end of year	<u><u>\$31,956,508</u></u>

The Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2012 and the two preceding fiscal years are 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>
2010	10,280,000	41.37%	16,785,610
2011	9,873,000	53.53%	21,373,441
2012	15,541,000	32.03%	31,956,508

Funding Policy:

As of July 1, 2011, the most recent actuarial valuation date, the Plan was 4.1% funded. The actuarial accrued liability for benefits was \$181,428,000 and the actuarial value of assets was \$7,369,200 resulting

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 12 – Postemployment Benefits Other Than Pension Benefits-continued

Component Units -continued

in an unfunded actuarial accrued liability (UAAL) of \$174,058,800. The covered payroll (annual payroll of active employees covered by the plan) was \$187,921,812, and the ratio of the UAAL to the covered payroll was 92.6 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 below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)	Annual Covered Payrol (5)	UAAL as a Percentage of Covered Payroll ((2-1)/5) (6)
July 1, 2007	\$ -	\$ 86,140,000	0.00%	\$ 86,140,000	\$ 201,265,894	42.80%
July 1, 2008	-	75,282,000	0.00%	75,282,000	205,042,209	36.72%
July 1, 2009	1,500,000	116,797,000	1.30%	115,297,000	204,209,308	56.46%
July 1, 2010	3,722,000	110,803,000	3.40%	107,081,000	200,942,793	53.29%
July 1, 2011	7,369,200	181,428,000	4.10%	174,058,800	187,912,812	92.63%

Ended June 30:	Required Contribution	Percentage Contribued	OPEB Obligation
2008	\$ 8,570,000	22.36%	\$ 6,653,345
2009	7,558,000	46.27%	10,758,137
2010	10,211,000	41.65%	16,785,610
2011	9,725,000	53.53%	21,373,441
2012	15,475,000	32.03%	31,956,508

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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

In the July 1, 2011 actuarial valuation, the projected unit credit method, with linear pro-ration to assumed benefit commencement method was used. The actuarial assumptions included a 4.75% investment rate of return, which assumes that benefits will be funded on a pay-as-you-go basis and that General Fund investments earn 4.75% 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, 2012, was 28 years.

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2011
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	4.75%
Payroll Growth Rate	3%
Healthcare Cost Trend Rates:	
Pre-65 Medical	6.5% initial / 3.8% ultimate (not applicable to Life)
Post-65 Medical	6.5% initial / 3.8% ultimate (not applicable to Life)

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	35%
15 to 19 years of service	55%
20 to 24 years of service	70%
25 or more years of service	80%

Employees with less than 10 years of service may continue coverage at the full cost of the specified plan.

Life Insurance – All employees who are participants in the Group Life Insurance Plan at retirement are eligible for continued life insurance coverage. The College currently pays one-half of premium costs.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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 2012, Carroll Community College contributed \$388,949 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.

Annual required contribution	\$2,300,000
Interest	350,000
Adjustment to annual required contribution	<u>(394,000)</u>
Annual OPEB costs (expense)	2,256,000
Contributions made	<u>(388,949)</u>
Increase in net OPEB obligation	1,867,051
Net OPEB obligation-beginning of year	<u>8,786,445</u>
Net OPEB obligation-end of year	<u>10,653,496</u>

The College’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	2,494,000	7.2%	6,429,381
6/30/11	2,685,000	12.2%	8,786,445
6/30/12	2,256,000	17.2%	10,653,496

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) Entry Age (2)	Percentage Funded (1)/(2) (3)	Unfunded AAL (UAAL) (2)-(1) (4)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll ((2-1)/5) (6)
June 30, 2008	\$ -	\$ 19,685,000	0.00%	\$ 19,685,000	\$ 9,631,527	204%
June 30, 2009	-	21,673,000	0.00%	21,673,000	9,631,527	225%
June 30, 2010	-	20,410,000	0.00%	20,410,000	12,452,217	164%
June 30, 2011	-	22,589,000	0.00%	22,589,000	12,850,358	176%
July 1, 2011	-	21,261,000	0.00%	21,261,000	13,212,157	161%

Funded Status and Funding Progress. As of July 1, 2011, the most recent actuarial valuation date, the plan was 17.2% funded which is based on payments made to the retirement benefit plans during fiscal year 2012. The actuarial accrued liability for benefits was \$21.261 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$21.261 million. The covered payroll (annual payroll of active employees covered by the plan) was \$13,212,157, and the ratio of the UAAL to the covered payroll was 161 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in to the future. Examples include assumptions about future employment, mortality, and the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented 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 2011, 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, 2012, was twenty-six years.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 13 – Fund Equity

A summary of fund balances as of June 30, 2012 follows:

	General Fund	Capital Projects Funds	Non Major Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>				
Inventory	\$ 1,472,579	\$ -	\$ -	\$ 1,472,579
Prepaid costs	55,333	-	-	55,333
Loans to community organizations	5,689,152	-	-	5,689,152
Loans to fire companies	11,145,126	-	-	11,145,126
Loans to municipalities	144,795	-	-	144,795
Due from other funds	8,201,170	-	-	8,201,170
Advances and proceeds to Industrial Development Authority	1,145,560	-	-	1,145,560
Total nonspendable fund balance	<u>27,853,715</u>	<u>-</u>	<u>-</u>	<u>27,853,715</u>
<u>Restricted:</u>				
Weed control	\$ 42,438	\$ -	\$ -	\$ 42,438
Agricultural preservation investments	23,891,192	-	-	23,891,192
Loans collectible within one year	1,338,603	-	-	1,338,603
Impact fees	-	-	1,632,068	1,632,068
Agriculture transfer tax	-	-	137,651	137,651
Hotel tax	-	-	457,311	457,311
Total restricted fund balance	<u>25,272,233</u>	<u>-</u>	<u>2,227,030</u>	<u>27,499,263</u>
<u>Committed:</u>				
Stabilization arrangement	\$ 18,365,000	\$ -	\$ -	\$ 18,365,000
ISF health	1,400,000	-	-	1,400,000
Warfield infrastructure improvements	12,263	-	-	12,263
Cable franchise fee	-	-	911,792	911,792
Total committed fund balance	<u>19,777,263</u>	<u>-</u>	<u>911,792</u>	<u>20,689,055</u>
<u>Assigned:</u>				
Encumbrances:				
General government	\$ 385,123	\$ 127,813	\$ -	\$ 512,936
Public safety	34,653	1,439,867	-	1,474,520
Public works	599,878	6,264,983	-	6,864,861
Recreation and parks	6,723	4,099,766	-	4,106,489
Conservation of natural resources	-	696,884	-	696,884
Economic development	34,408	-	-	34,408
Subsequent year's expenditures	19,885,652	25,119,166	-	45,004,818
Total assigned fund balance	<u>20,946,437</u>	<u>37,748,479</u>	<u>-</u>	<u>58,694,916</u>
<u>Unassigned:</u>				
General fund	\$ 14,827,375	\$ -	\$ -	\$ 14,827,375
Total unassigned fund balance	<u>14,827,375</u>	<u>-</u>	<u>-</u>	<u>14,827,375</u>
Grand total fund balance	<u>\$ 108,677,023</u>	<u>\$ 37,748,479</u>	<u>\$ 3,138,822</u>	<u>\$ 149,564,324</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 13 – Fund Equity- continued

The County has loaned to various Carroll County fire companies for expansion and equipment acquisition. The loans are repayable over terms of from 5 to 20 years, bearing interest at fixed rates ranging from 2.26 percent to 5.088 percent. The balance of these loans at June 30, 2012 is \$12,483,729 and is secured by land, buildings and equipment. The County made loans to various community organizations. The balance of these loans at June 30, 2012 is \$5,689,152 and they are secured through promissory notes.

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 FY2012 in the amount of \$8,201,170.

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	\$ 341,541,838
Deferred property tax revenues	<u>(1,026,582)</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	<u><u>\$ 340,515,256</u></u>
 <u>Expenditures</u>	
Actual amount (budgetary basis) "expenditures" from the budgetary comparison	\$ 332,632,456
Encumbrance adjustment	<u>528,058</u>
Total expenditure as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	<u><u>\$ 333,160,514</u></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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 15 – Commitments and Contingencies - continued
Primary Government-continued

These programs are subject to financial and compliance audits by the grantors or their representatives. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although management expects such amounts, if any, to be immaterial.

As of June 30, 2012, 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	\$ 116,764,087	\$ 107,584,095	\$ 110,971,194	\$ 5,792,893
Public Safety	13,593,948	6,808,730	6,190,603	7,403,345
Public Works	52,997,908	25,793,922	30,122,000	22,875,908
Board of Education	198,534,253	168,038,562	193,602,948	4,931,305
Carroll Community College	5,950,600	4,083,850	5,950,600	-
Recreation and Parks	11,425,163	3,949,895	5,452,248	5,972,915
Libraries/Senior Centers	3,088,700	2,772,917	2,853,900	234,800
Conservation	173,546,549	156,421,865	160,358,982	13,187,567
Water Resources	42,171,758	15,005,699	14,186,808	27,984,950
Governmental Activities	\$ 618,072,966	\$ 490,459,535	\$ 529,689,283	\$ 88,383,683
Wastewater Treatment Facilities	6,034,120	3,185,525	3,871,484	2,162,636
Other Water Projects	4,800,856	2,842,183	4,579,289	221,567
Other Wastewater Projects	6,231,868	2,397,381	5,075,851	1,156,017
Landfill Remediations	2,738,626	1,959,219	2,738,626	-
Airport	74,315,180	1,366,297	1,007,713	73,307,467
Business Type Activities	\$ 94,120,650	\$ 11,750,605	\$ 17,272,963	\$ 76,847,687
Total Funds	\$ 712,193,616	\$ 502,210,140	\$ 546,962,246	\$ 165,231,370

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 facility's 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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 15 – Commitments and Contingencies - continued

Primary Government-continued

percent of the design capacity. Costs that vary in accordance with tonnage deliveries will be allocated to the Counties in accordance with actual waste tonnage deliveries of the Counties.

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, 2012 project costs incurred totaled \$3,000,000. Construction on this project has not started as of June 30, 2012.

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, 2012 for the County totaled to \$324,316. The County has 9 years left on this commitment with total future payments of \$3,815,717.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Amounts, if any, of expenditures that may be disallowed by grantors cannot be determined at this time, although the County expects such amounts, if any to be immaterial.

Component Units

Board of Education

Several law suits have been filed arising from personnel grievances, personal injury, and other matters. It is anticipated by the Board that an adverse decision in excess of insurance coverage on any or all of these suits would not have a material adverse 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.

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 16 – Risk Management-continued

Primary Government

vendors. This program helps ensure that all vendors maintain sufficient insurance coverage to protect the County from loss.

The County's risk financing techniques include participation in the Local Government Insurance Trust (LGIT), a public entity risk pool, for its property, general, excess, 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 \$275,000 stop-loss per claim. To further minimize its risks, the County's contract provides for an overall cap on claims it must pay in a given year. The cap is determined by reference to pre-agreed rates, times the number of covered employees. Dental benefits are also administered by a commercial insurer. One dental plan is self-insured, and the other is fully insured.

The County is using an internal service fund to account for and finance its uninsured risks of loss except for worker's compensation. All funds of the County make payments to the internal service fund based on historical cost data. The payments from all funds cover at least prior and current year claims.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 16 – Risk Management-continued
Primary Government-continued

Claims liabilities at June 30, 2012 for the deductible portions of general, auto, police, legal and public officials covered under LGIT and employee health care coverage are \$44,741 and \$1,838,974, respectively.

The total claims liability of \$1,883,715 reported in the internal service fund at June 30, 2012 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:

	Beginning- Of-Fiscal Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at Fiscal <u>Year-End</u>
<u>General, property and casualty:</u>				
July 1, 2009 – June 30, 2010	\$176,625	\$(80,557)	\$(64,223)	\$31,845
July 1, 2010 – June 30, 2011	31,845	41,093	(4,438)	68,500
July 1, 2011 – June 30, 2012	68,500	(2,523)	(21,236)	44,741
<u>Employee Health Care Coverage:</u>				
July 1, 2009 – June 30, 2010	\$1,146,544	\$12,314,113	\$(11,660,630)	\$1,800,027
July 1, 2010 – June 30, 2011	1,800,027	11,051,669	(11,173,577)	1,678,119
July 1, 2011 – June 30, 2012	1,678,119	12,639,898	(12,479,043)	1,838,974

The County is self insured for its worker's compensation. 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, 2012 such interfund premiums did not exceed reimbursable expenditures. The County contracts with a third party administrator to pay all worker's compensation cost. The County purchases a specific excess and aggregate excess worker's compensation and employer's liability indemnity policy.

To date the County has not exceeded its retention limits.

The 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 \$1,749,451 has been reported at June 30, 2012 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.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 16 – Risk Management-continued
Primary Government- continued

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

<u>Worker’s Compensation:</u>	<u>Beginning- Of-Fiscal Year Liability</u>	<u>Current- Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
July 1, 2009 – June 30, 2010	\$782,850	\$817,774	\$(485,989)	\$1,114,635
July 1, 2010 – June 30, 2011	1,114,635	860,681	(453,103)	1,522,213
July 1, 2011 – June 30, 2012	1,522,213	676,043	(448,805)	1,749,451

Due to specific exclusions in the County’s property insurance, the County also has commercial insurance coverage for its boilers and machinery. Employees are bonded through commercial insurance carriers to limit the loss to the County in the event of employees committing acts of embezzlement or theft.

Component Units

The Board of Education, the Library and the Community College are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Library is included in the commercial insurance and self-insurance programs of the County. The Board of Education and the Community College use commercial policies to provide insurance coverage excluding health care. Settled claims have not exceeded coverage in any of the past three years.

The Board of Education established a limited risk management program for health care insurance. In the past, health care insurance was covered by a third party carrier. Effective January 1, 1998, the Board, with Aetna U.S. Healthcare, established a new arrangement for providing coverage for future medical claims. Effective July 1, 2005 employees contribute 15% towards this coverage. Deposits are made by the Board into a bank account used only for payments resulting from health insurance claims.

At June 30, 2012 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.

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

<u>Health Care:</u>	<u>Beginning- Of-Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
July 1, 2009 – June 30, 2010	\$3,598,490	\$38,816,673	\$(38,406,910)	\$4,008,253
July 1, 2010 – June 30, 2011	4,008,253	42,607,324	(42,241,059)	4,374,518
July 1, 2011 – June 30, 2012	4,374,518	45,861,754	(44,442,415)	5,793,857

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 17 – Subsequent Events

The County plans to issue \$37,960,000 of general obligation bonds of which \$16,500,000 are refunding bonds to refund the 2005 and 2006 issues, during fiscal year 2013. The remaining \$21,460,000 of the sale of these securities will be used to finance school additions and projects, several road and bridge projects and Volunteer Fire Company loans.

Note 18 – Compliance and Accountability

Overexpenditures

Education expenditures exceeded budget by \$1,864,223 million a result of recording unbudgeted in-kind services. The overexpenditures were offset by in-kind revenues that were \$1,864,223 higher than budget.

Note 19-Restatement

Component Units- Board of Education

Net assets at July 1, 2011 have been restated to correct an error in accounting for compensated absences. The result of this restatement was to increase Net assets in the amount of \$5,594,678 as follows:

Net assets, June 30, 2011, as previously stated	\$380,581,352
Effect of correction of error	<u>5,594,678</u>
Net assets, June 30, 2011, as restated	<u>\$386,176,030</u>



Supplementary Information

General-NonGAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
RESOURCES (INFLOWS)				
Revenues				
Taxes - Local Property				
Real property	\$ 193,400,000	\$ 193,400,000	\$ 193,503,574	\$ 103,574
Real property - prior years	250,000	250,000	342,234	92,234
Personal property	250,000	250,000	262,174	12,174
Railroad and public utilities	6,875,000	6,875,000	6,756,394	(118,606)
Ordinary business corporations	6,775,000	6,775,000	6,599,684	(175,316)
Penalties and interest-delinquent taxes	900,000	900,000	943,648	43,648
Semi-annual service charges	200,000	200,000	133,234	(66,766)
	<u>208,650,000</u>	<u>208,650,000</u>	<u>208,540,942</u>	<u>(109,058)</u>
Deductions				
Discounts allowed on taxes	(800,000)	(800,000)	(798,358)	1,642
Senior tax credit	(25,000)	(25,000)	(19,892)	5,108
Homestead tax credit	(6,325,000)	(6,325,000)	(6,191,145)	133,855
	<u>(7,150,000)</u>	<u>(7,150,000)</u>	<u>(7,009,395)</u>	<u>140,605</u>
Net Taxes - Local Property	<u>201,500,000</u>	<u>201,500,000</u>	<u>201,531,547</u>	<u>31,547</u>
Taxes - Local Other				
Payment in Lieu of Taxes	20,000	20,000	19,313	(687)
Income tax	108,000,000	108,000,000	115,681,741	7,681,741
911 service fees	1,165,000	1,165,000	1,037,075	(127,925)
Recordation tax	8,000,000	8,000,000	8,520,674	520,674
Heavy equipment tax	0	0	50,171	50,171
Admissions and amusement tax	275,000	275,000	296,890	21,890
Total Taxes - Local Other	<u>117,460,000</u>	<u>117,460,000</u>	<u>125,605,864</u>	<u>8,145,864</u>
Taxes - State Shared				
Police aid	620,000	620,000	620,224	224
Highway	-	-	-	-
Total Taxes - State Shared	<u>620,000</u>	<u>620,000</u>	<u>620,224</u>	<u>224</u>
Licenses and Permits				
Beer, wine and liquor licenses	200,000	200,000	201,087	1,087
Amusement	8,000	8,000	10,023	2,023
Traders	140,000	140,000	136,723	(3,277)
Animal	110,000	110,000	100,899	(9,101)
Buildings	764,800	764,800	819,296	54,496
Mobile home licenses	60,000	60,000	61,807	1,807
Marriage	30,000	30,000	28,820	(1,180)
Grading	20,000	20,000	20,465	465
Inspection Fees	2,000	2,000	3,100	1,100
Total Licenses and Permits	<u>1,334,800</u>	<u>1,334,800</u>	<u>1,382,220</u>	<u>47,420</u>
Intergovernmental Revenues				
Build America Bonds Subsidy	874,000	874,000	854,300	(19,700)
State Aid-Fire Companies	265,000	265,000	260,536	(4,464)
Parks/Recreation Facilities	8,000	8,000	-	(8,000)
Security Interest Filing Fee	-	-	325	325
Grand & Petit Jury Reimburse	35,000	35,000	30,550	(4,450)
Circuit Court Master Reimb	130,000	130,000	131,027	1,027
Total Intergovernmental Revenues	<u>1,312,000</u>	<u>1,312,000</u>	<u>1,276,738</u>	<u>(35,262)</u>

(continued)

General-NonGAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Charges for Services				
General Government				
Lien certificates	\$ 135,000	\$ 135,000	\$ 128,838	\$ (6,162)
Data processing	6,500	6,500	5,408	(1,092)
Hearing fees-zoning appeals	8,000	8,000	10,555	2,555
Copy fees and code books	12,000	12,000	14,224	2,224
Telephone	2,500	2,500	9,724	7,224
Health depart-telephone and janitorial	55,000	55,000	41,181	(13,819)
Hearing fees-zoning administration	8,000	8,000	9,450	1,450
Total Serv Chrg - General Government	227,000	227,000	219,380	(7,620)
Public Safety				
Sheriff's services-salary recovery	10,000	10,000	4,672	(5,328)
Sheriff's services-fees	120,000	120,000	107,343	(12,657)
Sheriff's services-detention center	210,000	210,000	192,355	(17,645)
Sheriff- Town Deputies	85,000	85,000	89,650	4,650
Inspection fees-roads	30,000	30,000	124,582	94,582
Inspections fees-development review	25,000	25,000	2,217	(22,783)
Detention center-commissary	45,000	45,000	39,918	(5,082)
Detention center-work release	100,000	100,000	84,417	(15,583)
Sheriff-ICE inmate days	200,000	200,000	130,773	(69,227)
Sheriff/ICE-transport	200,000	200,000	60,039	(139,961)
Sheriff-home detention	10,000	10,000	17,885	7,885
Sheriff/ICE-medical	-	-	345	345
Juvenile transport	70,000	70,000	86,965	16,965
State criminal alien assistance program	14,150	14,150	17,497	3,347
Courthouse Annex-Rent/Heat	13,110	13,110	13,114	4
Total Serv Chrg - Public Safety	1,132,260	1,132,260	971,772	(160,488)
Public Works				
Vehicle maintenance	325,000	325,000	424,403	99,403
Road maintenance	85,000	85,000	69,761	(15,239)
Development review	200,000	200,000	158,814	(41,186)
Fuel reimbursements	750,000	750,000	859,508	109,508
Stormwater/environment review fee	40,000	40,000	45,262	5,262
Vehicle auction admin fee	0	0	1,500	1,500
Engineering review fees	30,000	30,000	11,980	(18,020)
Flood plain review fees	5,000	5,000	1,000	(4,000)
Forest conservation review fee	30,000	30,000	16,309	(13,691)
Tower location analysis fee	5,000	5,000	131	(4,869)
Weed control spraying	20,000	20,000	40,066	20,066
Total Serv Chrg - Public Works	1,490,000	1,490,000	1,628,734	138,734
Recreation and Parks				
Farm museum	89,000	89,000	75,478	(13,522)
Piney Run Park	207,000	207,000	248,920	41,920
Bear Branch Programs	-	-	7,425	7,425

(continued)

General-NonGAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Recreation and Parks-continued				
Hashawha environmental center	\$ 241,000	\$ 241,000	\$ 499,365	\$ 258,365
Interpretation and conservation	56,000	56,000	73,334	17,334
General public & school/youth programs	17,000	17,000	23,342	6,342
Outdoor school meals/concessions	152,000	152,000	153,532	1,532
Sports complex	95,500	95,500	98,795	3,295
Pavilion & facility rentals	36,000	36,000	36,856	856
Bus Trips	-	-	393	393
Wine Festival	400,000	400,000	386,519	(13,481)
Total Recreation and Parks	1,293,500	1,293,500	1,603,959	310,459
Total Charges for Services	4,142,760	4,142,760	4,423,845	281,085
Fines and Forfeits				
Circuit court fines	40,000	40,000	32,192	(7,808)
Liquor license fines	2,000	2,000	2,700	700
Animal violation fines	12,000	12,000	13,390	1,390
Civil zoning violations	1,800	1,800	-	(1,800)
Humane society impoundment fees	25,000	25,000	25,875	875
Parking violations-sheriff	1,000	1,000	780	(220)
Total Fines and Forfeits	81,800	81,800	74,937	(6,863)
Interest and gain on investments	1,565,000	1,565,000	3,459,014	1,894,014
Miscellaneous Revenues				
Rents and concessions	206,600	206,600	1,406,722	1,200,122
Refunds	10,000	10,000	59,109	49,109
Equipment sales	70,000	70,000	75,039	5,039
Postage	20,000	20,000	38,773	18,773
Pension Recovery	300,000	300,000	312,491	12,491
Health department	1,000	1,000	5,801	4,801
County attorney fees	177,000	177,000	177,027	27
OPEB Recovery	400,000	400,000	317,286	(82,714)
State Retire Recovery	7,000	7,000	24,563	17,563
Health Dept Prop Cleanup Fees	-	-	78,197	78,197
Activities/special events	40,000	40,000	29,801	(10,199)
Advertising	8,000	8,000	5,000	(3,000)
Miscellaneous	100,394	100,394	637,640	537,246
Total Miscellaneous Revenues	1,339,994	1,339,994	3,167,449	1,827,455
Total Revenues	329,356,354	329,356,354	341,541,838	12,185,484
Other financing resources				
Appropriated fund balance	7,993,646	7,993,646	-	(7,993,646)
Appropriated Ag Pres Debt Svc	200,000	200,000	-	(200,000)
Transfers In	12,700,000	12,700,000	12,635,000	(65,000)
Refunding Bonds Issued	-	-	9,873,957	9,873,957
Bonds issued	-	-	750,000	750,000
Bonds premium	-	-	2,756,696	2,756,696
Total Other Financing Sources	20,893,646	20,893,646	26,015,653	5,122,007
Total Resources (Inflows)	350,250,000	350,250,000	367,557,491	17,307,491

(continued)

General-NonGAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
General Government				
County Commissioners				
Legislative	\$ 677,810	\$ 849,078	\$ 826,538	\$ 22,540
Management Analysis	80,000	94,285	37,254	57,031
TV Production	75,000	103,436	100,770	2,666
Zoning Administrator	139,380	221,139	200,865	20,274
Technology Services	3,248,310	3,632,498	3,349,614	282,884
Production/Distribution Service	400,290	430,731	416,122	14,609
Total County Commissioners	4,620,790	5,331,167	4,931,163	400,004
Judicial				
Adjudication-Criminal/Civil	1,328,090	1,569,719	1,553,205	16,514
Voluntary Community Services	134,100	170,395	165,144	5,251
Circuit Court Masters	384,400	500,779	497,900	2,879
Adjudication of Estates	31,960	38,410	37,432	978
Criminal Prosecution	2,092,650	2,731,414	2,703,843	27,571
County Attorney	894,890	1,037,938	745,679	292,259
Total Judicial	4,866,090	6,048,655	5,703,203	345,452
Carroll County Board of Elections	654,600	631,700	616,923	14,777
Office of the Comptroller				
Comptroller Administration	260,420	323,409	317,014	6,395
Accounting	660,110	813,111	755,879	57,232
Purchasing	347,480	410,267	390,387	19,880
Independent Post - Auditing	47,000	47,000	46,555	445
Bond Issuance Expense	152,000	152,000	184,645	(32,645)
Collections Office	1,431,680	1,558,146	1,489,153	68,993
Total Office of the Comptroller	2,898,690	3,303,933	3,183,633	120,300
Human Resources & Personnel Services				
Administrative Services-Admin	193,370	216,838	115,359	101,479
Human Resources Administration	540,120	676,426	636,496	39,930
Fringe Benefits	24,699,900	13,134,483	12,907,497	226,986
Personnel Services	74,660	112,169	112,129	40
Total Human Resources & Personnel Services	25,508,050	14,139,916	13,771,481	368,435
Management and Budget				
Management and Budget Administration	161,550	199,261	196,472	2,789
Risk Management	3,749,040	3,755,002	3,370,516	384,486
Budget	409,900	530,431	520,119	10,312
Grant Management	110,280	156,473	153,172	3,301
Total Management and Budget	4,430,770	4,641,167	4,240,279	400,888

(continued)

General-NonGAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Land Use, Planning & Development				
Land Use, Planning & Dev. Administration	\$ 513,240	\$ 728,084	\$ 683,895	\$ 44,189
Comprehensive Planning	548,880	578,774	514,942	63,832
Development Review	435,750	511,375	515,764	(4,389)
Resources Management	851,260	1,045,586	1,028,759	16,827
Total Land Use, Planning & Development	2,349,130	2,863,819	2,743,360	120,459
General Services				
Permits & Inspections	946,870	1,244,392	1,233,552	10,840
Building Construction	197,025	179,261	166,887	12,374
Facilities Administration	5,321,505	5,881,663	5,290,503	591,160
Facilities	2,983,815	3,031,994	2,716,405	315,589
Fleet Management	6,000,000	6,238,038	5,419,451	818,587
Warehouse Operations	165,080	215,842	197,517	18,325
Total General Services	15,614,295	16,791,190	15,024,315	1,766,875
Citizen Services				
Citizen Services	205,870	269,063	252,776	16,287
Youth services	561,450	625,820	625,820	-
Long Term Treatment Facility	1,091,730	1,091,730	1,020,663	71,067
Aging	721,150	1,027,753	1,013,215	14,538
Access Carroll	20,000	20,000	20,000	-
Granite House	102,910	102,910	102,910	-
Total Citizen Services	2,703,110	3,137,276	3,035,384	101,892
Miscellaneous				
Board of License Commissioners	48,580	61,813	60,121	1,692
Administrative Hearings	82,350	97,773	82,599	15,174
Property tax payments to municipalities	15,526	15,526	15,526	-
Permits and fee payments to municipalities	12,000	17,000	16,712	288
Liquor license payments to municipalities	25,853	23,853	23,643	210
Town programs	2,380,234	2,380,234	2,327,391	52,843
Total Miscellaneous	2,564,543	2,596,199	2,525,992	70,207
Total General Government	66,210,068	59,485,022	55,775,733	3,709,289
Public Safety				
Police Protection				
Detention Center	6,470,230	7,618,539	7,621,807	(3,268)
Resident Trooper Program	4,500,000	4,500,000	4,499,406	594
Sheriff Services	5,925,420	7,823,059	7,828,390	(5,331)
Total Police Protection	16,895,650	19,941,598	19,949,603	(8,005)
Fire Department				
Volunteer Companies	6,500,000	6,634,243	6,634,243	-
EMS24/7 Services	3,679,760	3,679,760	3,679,760	-
Total Fire Department	10,179,760	10,314,003	10,314,003	-
Emergency Services				
Emergency Service Operations	1,723,200	1,802,874	1,608,572	194,302
911 - Emergency Service	1,557,800	1,888,413	1,844,833	43,580
Civil Defense	20,070	20,070	4,222	15,848
Total Emergency Services	3,301,070	3,711,357	3,457,627	253,730

(continued)

General-NonGAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Other Protection				
Humane Society	\$ 747,570	\$ 806,368	\$ 806,368	\$ -
State aid-fire protection	265,000	262,000	260,536	1,464
Total Other Protection	<u>1,012,570</u>	<u>1,068,368</u>	<u>1,066,904</u>	<u>1,464</u>
Total Public Safety	31,389,050	35,035,326	34,788,137	247,189
Public Works				
Public Works-Administration	231,820	383,228	374,984	8,244
Roads Operations	5,877,570	7,034,994	5,861,363	1,173,631
Traffic Control	274,650	274,650	205,020	69,630
Engineering-Design	325,850	409,751	401,418	8,333
Engineering-Inspection	263,190	335,551	331,675	3,876
Emergency Maintenance-Snow	1,746,800	1,746,800	698,157	1,048,643
Engineering	177,480	217,181	217,095	86
Engineering-Survey	202,350	292,546	287,667	4,879
Road Grant - Local	35,387	35,387	35,386	1
Total Public Works	<u>9,135,097</u>	<u>10,730,088</u>	<u>8,412,765</u>	<u>2,317,323</u>
Health				
Health Department	3,255,570	3,334,170	3,333,973	197
Weed Control	29,700	37,800	37,722	78
Gypsy Moth Control	30,000	30,000	12,450	17,550
Domestic Violence	73,150	73,150	73,150	-
Change, Inc.	234,340	234,340	234,340	-
Sexual Abuse Treatment Center	202,100	202,100	202,100	-
Junction	142,370	6,500	6,500	-
CCARC-Non Matching	234,340	234,340	234,340	-
Flying Colors of Success	36,000	36,000	36,000	-
Target, Inc.	234,340	234,340	234,340	-
Rape Crisis	85,240	85,240	85,240	-
Total Health	<u>4,557,150</u>	<u>4,507,980</u>	<u>4,490,155</u>	<u>17,825</u>
Social Services				
Social Services-Local Funds	20,000	20,000	20,000	-
Human Services	796,390	796,390	796,390	-
Victim Witness Assistance	204,600	270,016	258,287	11,729
CC Advocacy & Investigation	119,500	135,963	110,627	25,336
Total Social Services	<u>1,140,490</u>	<u>1,222,369</u>	<u>1,185,304</u>	<u>37,065</u>
Education				
CC Public Ed & Gov Cable Access	555,250	555,250	520,999	34,251
Hashawha	628,620	745,028	731,411	13,617
CC Board of Ed-Local Funds	163,460,000	163,460,000	165,372,091	(1,912,091)
Community College	6,933,000	6,933,000	6,933,000	-
Total Education	<u>171,576,870</u>	<u>171,693,278</u>	<u>173,557,501</u>	<u>(1,864,223)</u>
Library	7,485,000	8,497,632	8,497,632	-
Recreation and Parks				
Recreation & Parks-Administration	184,450	297,597	296,120	1,477
Recreation	324,930	387,842	381,545	6,297
Piney Run	368,790	431,297	427,986	3,311
Farm Musuem	703,825	816,848	805,243	11,605
Sports Complex	200,390	203,796	190,688	13,108

(continued)

General-NonGAAP
SOURCES (USES) - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

Schedule 1-1

	Original Budget	Final Budget	Actuals	Variance with Final Budget Positive(Negative)
Historical Society	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Homestead Museum	20,000	20,000	20,000	-
Total Recreation and Parks	1,862,385	2,217,380	2,181,582	35,798
Conservation of Natural Resources				
Agriculture Extension Service	438,340	438,340	436,351	1,989
Soil Conservation Service	343,400	403,799	403,606	193
Total Conservation of Natural Resources	781,740	842,139	839,957	2,182
Economic Development				
Economic Development-Administration	567,760	707,783	622,977	84,806
BERC Management	145,760	212,012	185,212	26,800
Econ Devl-Industrial Grants	2,500,000	678,429	656,839	21,590
Tourism	246,380	263,583	196,864	66,719
Total Economic Development	3,459,900	1,861,807	1,661,892	199,915
Reserve for Contingencies	3,371,954	3,201,426	-	3,201,426
Debt Service				
Debt Service - Board of Education	13,500,000	13,524,000	13,523,592	408
Debt Service - County	27,982,790	27,958,790	27,718,206	240,584
Total Debt Service	41,482,790	41,482,790	41,241,798	240,992
Total Expenditures	342,452,494	340,777,237	332,632,456	8,144,781
Other Financing Uses				
Payment to Escrow Account	-	-	11,299,208	(11,299,208)
Operating Transfers Out:				
Transfer to Capital Fund	3,475,109	3,454,186	3,454,186	-
Transfer to Special Revenue Funds - Grants	1,577,887	1,706,572	1,706,572	-
Transfer to Enterprise Funds	2,744,510	4,312,005	4,312,005	-
Total Other Financing Uses	7,797,506	9,472,763	20,771,971	(11,299,208)
Total charges to appropriations (outflows)	350,250,000	350,250,000	353,404,427	(3,154,427)
Net Change in Fund Balance	\$ -	\$ -	\$ 14,153,064	\$ 14,153,064
Fund Balance - Beginning			97,560,174	
Fund Balance - Ending			<u>\$ 111,713,238</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	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	\$ 1,650,444	\$ 158,686	\$ 457,311	\$ 911,792	\$ 1,347,605	\$ 4,525,838
Accounts receivable	6,836	-	-	-	1,600,771	1,607,607
Prepaid costs	-	-	-	-	466,513	466,513
Total assets	<u>\$ 1,657,280</u>	<u>\$ 158,686</u>	<u>\$ 457,311</u>	<u>\$ 911,792</u>	<u>\$ 3,414,889</u>	<u>\$ 6,599,958</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 25,212	\$ 21,035	\$ -	\$ -	\$ 616,067	\$ 662,314
Accrued expenditures	-	-	-	-	73,549	73,549
Due to other Funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	2,725,273	2,725,273
Total liabilities	<u>25,212</u>	<u>21,035</u>	<u>-</u>	<u>-</u>	<u>3,414,889</u>	<u>3,461,136</u>
Fund balances						
Restricted	1,632,068	137,651	457,311	-	-	2,227,030
Committed	-	-	-	911,792	-	911,792
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>1,632,068</u>	<u>137,651</u>	<u>457,311</u>	<u>911,792</u>	<u>-</u>	<u>3,138,822</u>
Total liabilities and fund balances	<u>\$ 1,657,280</u>	<u>\$ 158,686</u>	<u>\$ 457,311</u>	<u>\$ 911,792</u>	<u>\$ 3,414,889</u>	<u>\$ 6,599,958</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2012

	Impact Fees Fund	Agricultural Transfer Tax Fund	Hotel Rental Tax Fund	Cable Franchise Fee Fund	Grant Fund	Total
Revenues						
Charges for service:						
Farm museum	\$ -	\$ -	\$ -	\$ -	\$ 32,945	\$ 32,945
Recreation and parks	-	-	-	-	353,688	353,688
Intergovernmental revenues:						
Commission on aging	-	-	-	-	1,538,742	1,538,742
Housing & community development	-	-	-	-	6,590,607	6,590,607
Job training partnership act	-	-	-	-	726,714	726,714
Citizen services	-	-	-	-	351,275	351,275
States attorney	-	-	-	-	1,116,450	1,116,450
Circuit court	-	-	-	-	685,104	685,104
EOC	-	-	-	-	464,061	464,061
Risk Management	-	-	-	-	836,075	836,075
Tourism	-	-	-	-	40,669	40,669
Planning	-	-	-	-	1,111,102	1,111,102
Impact fees	1,575,933	-	-	-	-	1,575,933
Agricultural transfer tax	-	159,227	-	-	-	159,227
Hotel Rental Tax	-	-	298,498	-	-	298,498
Cable Franchise Fee	-	-	-	1,190,834	-	1,190,834
Interest	4,152	-	472	855	-	5,479
Total revenues	<u>1,580,085</u>	<u>159,227</u>	<u>298,970</u>	<u>1,191,689</u>	<u>13,847,432</u>	<u>17,077,403</u>
Expenditures						
General government	-	-	-	-	13,703,122	13,703,122
Public safety	-	-	-	-	1,130,085	1,130,085
Health	-	-	-	-	4,000	4,000
Recreation and parks	-	-	-	-	394,733	394,733
Economic development	-	-	-	-	322,064	322,064
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,554,004</u>	<u>15,554,004</u>
Excess (deficiency) of revenues over (under) expenditures	1,580,085	159,227	298,970	1,191,689	(1,706,572)	1,523,399
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	1,706,572	1,706,572
Transfers out	(3,950,000)	-	(201,380)	(883,620)	-	(5,035,000)
Total Other Financing Sources (Uses)	<u>(3,950,000)</u>	<u>-</u>	<u>(201,380)</u>	<u>(883,620)</u>	<u>1,706,572</u>	<u>(3,328,428)</u>
Net change in fund balances	(2,369,915)	159,227	97,590	308,069	-	(1,805,029)
Fund balances - beginning	4,001,983	(21,576)	359,721	603,723	-	4,943,851
Fund balances - ending	<u>\$ 1,632,068</u>	<u>\$ 137,651</u>	<u>\$ 457,311</u>	<u>\$ 911,792</u>	<u>\$ -</u>	<u>\$ 3,138,822</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Impact fees	\$ 3,950,000	\$ 3,950,000	\$ 1,575,933	\$ (2,374,067)
Interest	-	-	4,152	4,152
Total revenues	<u>3,950,000</u>	<u>3,950,000</u>	<u>1,580,085</u>	<u>(2,369,915)</u>
Total Resources (Inflows)	3,950,000	3,950,000	1,580,085	(2,369,915)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Total expenditures	-	-	-	-
Other financing uses				
Transfers out	(3,950,000)	(3,950,000)	(3,950,000)	-
Total other financing uses	(3,950,000)	(3,950,000)	(3,950,000)	-
Total charges to appropriations (outflows)	(3,950,000)	(3,950,000)	(3,950,000)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,369,915)</u>	<u>\$ (2,369,915)</u>
Fund balance - beginning			4,001,983	
Fund balance - ending			<u>\$ 1,632,068</u>	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Agricultural Transfer Tax	\$ -	\$ -	\$ 159,227	\$ 159,227
Total revenues	-	-	159,227	159,227
Total Resources (Inflows)	-	-	159,227	159,227
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Total expenditures	-	-	-	-
Other financing uses				
Transfers out	-	-	-	-
Total other financing uses	-	-	-	-
Total charges to appropriations (outflows)	-	-	-	-
Net change in fund balance	\$ -	\$ -	159,227	\$ 159,227
Fund balance - beginning			(21,576)	
Fund balance - ending			\$ 137,651	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Hotel Rental Tax	\$ 266,380	\$ 266,380	\$ 298,498	\$ 32,118
Interest	-	-	472	472
Total revenues	<u>266,380</u>	<u>266,380</u>	<u>298,970</u>	<u>32,590</u>
Total Resources (Inflows)	266,380	266,380	298,970	32,590
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses				
Transfers out	(266,380)	(266,380)	(201,380)	65,000
Total other financing uses	<u>(266,380)</u>	<u>(266,380)</u>	<u>(201,380)</u>	<u>65,000</u>
Total charges to appropriations (outflows)	(266,380)	(266,380)	(201,380)	65,000
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	97,590	<u>\$ 97,590</u>
Fund balance - beginning			359,721	
Fund balance - ending			<u>\$ 457,311</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Cable Franchise Fee	\$ 883,620	\$ 883,620	\$ 1,190,834	\$ 307,214
Interest	-	-	855	855
Total revenues	<u>883,620</u>	<u>883,620</u>	<u>1,191,689</u>	<u>308,069</u>
Total Resources (Inflows)	883,620	883,620	1,191,689	308,069
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses				
Transfers out	<u>(883,620)</u>	<u>(883,620)</u>	<u>(883,620)</u>	<u>-</u>
Total other financing uses	<u>(883,620)</u>	<u>(883,620)</u>	<u>(883,620)</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>(883,620)</u>	<u>(883,620)</u>	<u>(883,620)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>308,069</u>	<u>\$ 308,069</u>
Fund balance - beginning			<u>603,723</u>	
Fund balance - ending			<u>\$ 911,792</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS)				
Revenues				
Intergovernmental revenues:				
Commission on aging	\$ 2,278,809	\$ 2,065,196	\$ 2,596,810	\$ 531,614
Housing & community development	6,331,411	6,738,666	6,359,110	(379,556)
Job training partnership act	470,454	837,511	722,614	(114,897)
Economic development	-	34,587	-	(34,587)
Sheriff	218,619	241,037	370,878	129,841
Citizen services	1,493,373	898,065	1,287,891	389,826
States attorney	687,977	1,292,683	686,497	(606,186)
Circuit court	584,663	649,522	462,349	(187,173)
EOC	168,340	343,532	714,557	371,025
Tourism	50,000	66,331	40,669	(25,662)
Farm Museum	30,000	30,000	32,945	2,945
Planning	(4,949)	10,255	14,924	4,669
Recreation and parks	187,000	195,610	355,223	159,613
Total revenues	<u>12,495,697</u>	<u>13,402,995</u>	<u>13,644,467</u>	<u>241,472</u>
Other financing resources				
Transfers in	-	-	1,706,572	1,706,572
Total other financing resources	<u>-</u>	<u>-</u>	<u>1,706,572</u>	<u>1,706,572</u>
Total Resources (Inflows)	<u>12,495,697</u>	<u>13,402,995</u>	<u>15,351,039</u>	<u>1,948,044</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Expenditures				
Current:				
General government	12,848,825	11,117,947	12,732,668	(1,614,721)
Public safety	603,890	2,565,482	735,585	1,829,897
Health	4,000	4,000	4,000	-
Recreation and parks	225,100	233,710	376,268	(142,558)
Economic development	520,454	1,188,428	1,011,848	176,580
Capital outlay	-	-	490,670	(490,670)
Total expenditures	<u>14,202,269</u>	<u>15,109,567</u>	<u>15,351,039</u>	<u>(241,472)</u>
Total charges to appropriations (outflows)	<u>14,202,269</u>	<u>15,109,567</u>	<u>15,351,039</u>	<u>(241,472)</u>
Net change in fund balance	<u>\$ (1,706,572)</u>	<u>\$ (1,706,572)</u>	-	<u>\$ 1,706,572</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, 2012

	Employee Pension Plan	Certified Law Officers Pension	LOSAP	Other Post Employment Benefits	Totals
ASSETS					
Cash and cash equivalents	\$ 85,126	\$ 194,400	\$ -	\$ 14,682	\$ 294,208
Investments, at fair value:					
Short term investments	1,063,612	49,957	124,968	399,868	1,638,405
Bond funds	9,164,534	1,191,170	4,836,463	-	15,192,167
Equity funds	26,340,580	2,088,535	2,172,738	-	30,601,853
Marketable securities	-	-	-	26,132,993	26,132,993
Total investments	<u>36,568,726</u>	<u>3,329,662</u>	<u>7,134,169</u>	<u>26,532,861</u>	<u>73,565,418</u>
Total assets	<u>36,653,852</u>	<u>3,524,062</u>	<u>7,134,169</u>	<u>26,547,543</u>	<u>73,859,626</u>
LIABILITIES					
Accounts payable	7,542	820	1,552	-	9,914
Due to primary government	-	-	-	548,243	548,243
Total liabilities	<u>7,542</u>	<u>820</u>	<u>1,552</u>	<u>548,243</u>	<u>558,157</u>
NET ASSETS					
Held in trust for pension, OPEB benefits and other purposes	<u>\$ 36,646,310</u>	<u>\$ 3,523,242</u>	<u>\$ 7,132,617</u>	<u>\$ 25,999,300</u>	<u>\$73,301,469</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Changes in Fiduciary Net Assets
Trust Funds
For the Fiscal Year Ended June 30, 2012

	<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	\$ 2,741,200	\$ 700,000	\$ -	\$ 7,852,800	\$ 11,294,000
Plan members	1,487,647	296,722	-	336,339	2,120,708
Contributions from sources other than employer(s) and plan members	-	-	-	184,061	184,061
Total contributions	<u>4,228,847</u>	<u>996,722</u>	<u>-</u>	<u>8,373,200</u>	<u>13,598,769</u>
Investment earnings:					
Interest and dividends	903	64	207	2,053	3,227
Net increase in the fair value of investments	<u>712,419</u>	<u>109,132</u>	<u>272,525</u>	<u>604,184</u>	<u>1,698,260</u>
Total investment earnings	<u>713,322</u>	<u>109,196</u>	<u>272,732</u>	<u>606,237</u>	<u>1,701,487</u>
Less investment expense	<u>(31,422)</u>	<u>(11,373)</u>	<u>(3,921)</u>	<u>(14,300)</u>	<u>(61,016)</u>
Net investment earnings	<u>681,900</u>	<u>97,823</u>	<u>268,811</u>	<u>591,937</u>	<u>1,640,471</u>
Total additions	<u>4,910,747</u>	<u>1,094,545</u>	<u>268,811</u>	<u>8,965,137</u>	<u>15,239,240</u>
DEDUCTIONS					
Benefits and refunds paid to plan members and beneficiaries					
	723,722	39,306	564,397	3,893,233	5,220,658
Administrative expenses	8,543	1,582	2,200	4,400	16,725
Total deductions	<u>732,265</u>	<u>40,888</u>	<u>566,597</u>	<u>3,897,633</u>	<u>5,237,383</u>
Net increase (decrease) in plan net assets	4,178,482	1,053,657	(297,786)	5,067,504	10,001,857
Net assets-beginning	32,467,828	2,469,585	7,430,403	20,931,796	63,299,612
Net assets-ending	<u>\$ 36,646,310</u>	<u>\$ 3,523,242</u>	<u>\$ 7,132,617</u>	<u>\$ 25,999,300</u>	<u>\$ 73,301,469</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2012

Carroll County Development Corporation

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Equity in pooled cash and investments	\$ 140,725	\$ 114,272	\$ 21,521	\$ 233,476
Receivables-notes, mortgages and leases	420,078	-	86,406	333,672
Total assets	<u>\$ 560,803</u>	<u>\$ 114,272</u>	<u>\$ 107,927</u>	<u>\$ 567,148</u>
LIABILITIES				
Deposits	\$ 560,803	\$ 27,866	\$ 21,521	\$ 567,148
Total liabilities	<u>\$ 560,803</u>	<u>\$ 27,866</u>	<u>\$ 21,521</u>	<u>\$ 567,148</u>

Carroll County Drug Task Force-Non Federal

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Equity in pooled cash and investments	\$ 192,297	\$ 84,507	\$ 66,335	\$ 210,469
Total assets	<u>\$ 192,297</u>	<u>\$ 84,507</u>	<u>\$ 66,335</u>	<u>\$ 210,469</u>
LIABILITIES				
Accounts payable	\$ 71,208	\$ 151,780	\$ 125,196	\$ 97,792
Deposits	121,089	58,796	67,208	112,677
Total liabilities	<u>\$ 192,297</u>	<u>\$ 210,576</u>	<u>\$ 192,404</u>	<u>\$ 210,469</u>

Carroll County Drug Task Force - Treasury

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Equity in pooled cash and investments	\$ 116,010	\$ 42,631	\$ 14,166	\$ 144,475
Total assets	<u>\$ 116,010</u>	<u>\$ 42,631</u>	<u>\$ 14,166</u>	<u>\$ 144,475</u>
LIABILITIES				
Accounts payable	\$ 579	\$ 48,701	\$ 46,215	\$ 3,065
Deposits	115,431	88,846	62,867	141,410
Total liabilities	<u>\$ 116,010</u>	<u>\$ 137,547</u>	<u>\$ 109,082</u>	<u>\$ 144,475</u>

Sherriff's Dept. - Drug and Alcohol

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Equity in pooled cash and investments	\$ 13,452	\$ 6,931	\$ 11,661	\$ 8,722
Total assets	<u>\$ 13,452</u>	<u>\$ 6,931</u>	<u>\$ 11,661</u>	<u>\$ 8,722</u>
LIABILITIES				
Accounts payable	\$ 2,395	\$ 6,671	\$ 4,341	\$ 4,725
Deposits	11,057	260	7,320	3,997
Total liabilities	<u>\$ 13,452</u>	<u>\$ 6,931</u>	<u>\$ 11,661</u>	<u>\$ 8,722</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2012

Law Enforcement Activities

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Equity in pooled cash and investments	\$ 24	\$ -	\$ -	\$ 24
Total assets	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>
LIABILITIES				
Deposits	\$ 24	\$ -	\$ -	\$ 24
Total liabilities	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>

Carroll Cable Regulatory Commission

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Equity in pooled cash and investments	\$ -	\$ 212,820	\$ 18,122	\$ 194,698
Total assets	<u>\$ -</u>	<u>\$ 212,820</u>	<u>\$ 18,122</u>	<u>\$ 194,698</u>
LIABILITIES				
Accounts payable	\$ -	\$ 117,728	\$ 113,812	\$ 3,916
Deposits	-	326,632	135,850	190,782
Total liabilities	<u>\$ -</u>	<u>\$ 444,360</u>	<u>\$ 249,662</u>	<u>\$ 194,698</u>

Totals - All Agencies

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
ASSETS				
Equity in pooled cash and investments	\$ 462,508	\$ 461,161	\$ 131,805	\$ 791,864
Receivables-notes, mortgages and leases	420,078	-	86,406	333,672
Total assets	<u>\$ 882,586</u>	<u>\$ 461,161</u>	<u>\$ 218,211</u>	<u>\$ 1,125,536</u>
LIABILITIES				
Accounts payable	\$ 74,182	\$ 324,880	\$ 289,564	\$ 109,498
Deposits	808,404	502,400	294,766	1,016,038
Total liabilities	<u>\$ 882,586</u>	<u>\$ 827,280</u>	<u>\$ 584,330</u>	<u>\$ 1,125,536</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Net Assets
Non-Major Proprietary Funds
June 30, 2012

	<u>Septage</u>	<u>Firearms</u>	<u>Fiber Network</u>	<u>Total</u>
ASSETS				
Current Assets:				
Equity in pooled cash	\$ 711,130	\$ 291,286	\$ 1,368,394	\$ 2,370,810
Cash and cash equivalents	-	300	-	300
Accounts receivables, net	75,142	-	-	75,142
Total current assets	<u>786,272</u>	<u>291,586</u>	<u>1,368,394</u>	<u>2,446,252</u>
Noncurrent Assets:				
Capital assets:				
Buildings	-	274,051	-	274,051
Improvements other than buildings	185,278	6,578	-	191,856
Autos, machinery, equipment	22,355	52,252	9,708,571	9,783,178
Construction in progress	-	-	1,130,000	1,130,000
Less accumulated depreciation	<u>(76,293)</u>	<u>(43,376)</u>	<u>(653,224)</u>	<u>(772,893)</u>
Total capital assets (net of accumulated depreciation)	<u>131,340</u>	<u>289,505</u>	<u>10,185,347</u>	<u>10,606,192</u>
Total assets	<u>917,612</u>	<u>581,091</u>	<u>11,553,741</u>	<u>13,052,444</u>
LIABILITIES				
Current liabilities:				
Accounts payable	33,610	2,225	971	36,806
Accrued interest payable	1,358	1,866	-	3,224
Long-term liabilities due within one year:				
General obligation bonds payable	<u>12,224</u>	<u>-</u>	<u>-</u>	<u>12,224</u>
Total current liabilities	<u>47,192</u>	<u>2,225</u>	<u>971</u>	<u>52,254</u>
Noncurrent liabilities:				
General obligation bonds payable	<u>109,662</u>	<u>-</u>	<u>-</u>	<u>109,662</u>
Total noncurrent liabilities	<u>109,662</u>	<u>-</u>	<u>-</u>	<u>109,662</u>
Total liabilities	<u>156,854</u>	<u>2,225</u>	<u>971</u>	<u>161,916</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,454	289,505	10,185,347	10,484,306
Unrestricted (deficit)	751,304	287,495	1,367,423	2,406,222
Total net assets	<u>\$ 760,758</u>	<u>\$ 577,000</u>	<u>\$ 11,552,770</u>	<u>\$ 12,890,528</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Proprietary Funds
For the Year Ended June 30, 2012

	<u>Septage</u>	<u>Firearms</u>	<u>Fiber Network</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 682,663	\$ 145,699	\$ -	\$ 828,362
Total operating revenues	<u>682,663</u>	<u>145,699</u>	<u>-</u>	<u>828,362</u>
Operating expenses:				
Personal services	-	60,327	58,456	118,783
Contractual services	203,125	1,661	357	205,143
Materials and supplies	58,447	16,014	-	74,461
Rents and utilities	84,285	2,031	28,156	114,472
Miscellaneous	159,182	-	8,833	168,015
Depreciation	22,254	12,902	444,634	479,790
Total operating expenses	<u>527,293</u>	<u>92,935</u>	<u>540,436</u>	<u>1,160,664</u>
Operating income (loss)	<u>155,370</u>	<u>52,764</u>	<u>(540,436)</u>	<u>(332,302)</u>
Nonoperating revenues (expenses):				
Penalties and interest	1,037	444	-	1,481
Interest and fiscal charges	(5,076)	-	-	(5,076)
Total nonoperating revenues (expenses)	<u>(4,039)</u>	<u>444</u>	<u>-</u>	<u>(3,595)</u>
Income (loss) before contributions	<u>151,331</u>	<u>53,208</u>	<u>(540,436)</u>	<u>(335,897)</u>
Capital contributions- equip. transferred from governmental activities	-	-	-	-
Transfer in	-	-	1,567,495	1,567,495
Change in net assets	<u>151,331</u>	<u>53,208</u>	<u>1,027,059</u>	<u>1,231,598</u>
Total net assets- beginning of year	<u>609,427</u>	<u>523,792</u>	<u>10,525,711</u>	<u>11,658,930</u>
Total net assets- end of year	<u>\$ 760,758</u>	<u>\$ 577,000</u>	<u>\$ 11,552,770</u>	<u>\$ 12,890,528</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Combining Schedule of Cash Flows
Non-Major Proprietary Funds
For the Year Ended June 30, 2012

	<u>Septage</u>	<u>Firearms</u>	<u>Fiber Network</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 685,197	\$ 145,699	\$ -	\$ 830,896
Payments to suppliers and other funds	(504,343)	(18,779)	(36,570)	(559,692)
Payments to employees	-	(59,955)	(58,456)	(118,411)
Payments to other funds	-	-	(74,075)	(74,075)
Net cash provided (used) by operating activities	<u>180,854</u>	<u>66,965</u>	<u>(169,101)</u>	<u>78,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	-	-	1,567,495	1,567,495
Net cash provided by operating and related noncapital financing activities	-	-	1,567,495	1,567,495
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(22,355)	(27,183)	(30,000)	(79,538)
Principal paid on capital debt	(12,225)	-	-	(12,225)
Interest paid on capital debt	(5,184)	-	-	(5,184)
Net cash provided (used) by capital and related financing activities	<u>(39,764)</u>	<u>(27,183)</u>	<u>(30,000)</u>	<u>(96,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments and cash	1,037	444	-	1,481
Net cash provided by investing activities	<u>1,037</u>	<u>444</u>	<u>-</u>	<u>1,481</u>
Net increase in cash and cash equivalents	142,127	40,226	1,368,394	1,550,747
Cash and cash equivalents at beginning of year	569,003	251,360	-	820,363
Cash and cash equivalents at end of year	<u>\$ 711,130</u>	<u>\$ 291,586</u>	<u>\$ 1,368,394</u>	<u>\$ 2,371,110</u>
Reconciliation of Operating Income to net cash provided (used) by operating activities:				
Operating income (loss)	<u>\$ 155,370</u>	<u>\$ 52,764</u>	<u>\$ (540,436)</u>	<u>\$ (332,302)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	22,254	12,902	444,634	479,790
Effect of changes in operating assets and liabilities:				
Due to other funds	-	-	(74,075)	(74,075)
Accounts receivable	2,534	-	-	2,534
Accounts payable and accrued expenses	696	1,299	776	2,771
Total adjustments	<u>25,484</u>	<u>14,201</u>	<u>371,335</u>	<u>411,020</u>
Net cash provided (used) by operating activities	<u>\$ 180,854</u>	<u>\$ 66,965</u>	<u>\$ (169,101)</u>	<u>\$ 78,718</u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Capital Assets Used in the Operation of Governmental Funds
Schedule By Source (1)
June 30, 2012

Governmental funds capital assets:	
Land	\$ 34,591,654
Buildings and contents	185,629,478
Improvements other than buildings	29,337,394
Automobiles, machinery and equipment	41,444,327
Roads and bridges	558,371,057
Construction in progress	10,230,835
Total governmental funds capital assets	<u>\$ 859,604,745</u>
Investments in governmental funds capital assets by source:	
General fund revenues	\$ 521,277,390
Special revenue funds	836,729
State grants	58,178,167
Federal grants	18,501,639
General obligation bonds	130,649,042
Contributions	130,161,778
Total investments in governmental funds capital assets by source	<u>\$ 859,604,745</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, 2012

	Land	Buildings and Contents	Improvements Other Than Buildings	Automobiles, Machinery and Equipment	Roads and Bridges	Construction in Progress	Total
General government	\$ 9,656,806	\$ 32,036,711	\$ 10,290,667	\$ 10,015,622	\$ -	\$ -	\$ 61,999,806
Public safety	220,651	11,829,092	1,616,880	15,811,150	-	-	29,477,773
Public works	4,857,966	770,185	6,958	13,105,368	551,453,818	-	570,194,295
Health	44,709	8,027,779	719,142	64,425	-	-	8,856,055
Education	2,273,731	81,050,259	2,758,720	300,618	-	-	86,383,328
Recreation & Parks	5,342,175	2,844,073	8,486,157	999,248	-	-	17,671,653
Economic development	-	2,695,072	3,493,044	213,460	6,917,239	-	13,318,815
Conservation of natural resources	10,619,447	-	-	191,412	-	-	10,810,859
Library/senior centers	1,576,169	46,376,307	1,965,826	743,024	-	-	50,661,326
Construction in progress	-	-	-	-	-	10,230,835	10,230,835
Subtotal	<u>34,591,654</u>	<u>185,629,478</u>	<u>29,337,394</u>	<u>41,444,327</u>	<u>558,371,057</u>	<u>10,230,835</u>	<u>859,604,745</u>
Less accumulated depreciation	-	<u>(40,174,635)</u>	<u>(17,182,297)</u>	<u>(26,982,051)</u>	<u>(392,594,509)</u>	-	<u>(476,933,492)</u>
Net governmental funds capital assets	<u>\$ 34,591,654</u>	<u>\$ 145,454,843</u>	<u>\$ 12,155,097</u>	<u>\$ 14,462,276</u>	<u>\$ 165,776,548</u>	<u>\$ 10,230,835</u>	<u>\$ 382,671,253</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 5-3

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function
For the Year Ended June 30, 2012

	Governmental Funds Capital Assets July 1, 2011	Additions	Transfers and Retirements	Governmental Funds Capital Assets June 30, 2012
General government	\$ 61,999,587	\$ 512,785	\$ (512,566)	\$ 61,999,806
Public safety	29,003,362	629,479	(155,068)	29,477,773
Public works	567,280,667	3,213,495	(299,867)	570,194,295
Health	8,791,630	64,425	-	8,856,055
Education	85,809,825	481,932	91,571	86,383,328
Recreation & Parks	17,452,779	346,816	(127,942)	17,671,653
Economic development	13,297,138	-	21,677	13,318,815
Conservation of natural resources	10,828,586	95	(17,822)	10,810,859
Library/senior centers	50,472,235	176,602	12,489	50,661,326
Construction in progress	9,487,704	3,316,895	(2,573,764)	10,230,835
Subtotal	<u>854,423,513</u>	<u>8,742,524</u>	<u>(3,561,292)</u>	<u>859,604,745</u>
Less accumulated depreciation	<u>(458,481,390)</u>	<u>(19,363,612)</u>	<u>911,510</u>	<u>(476,933,492)</u>
Net governmental funds capital assets	<u>\$ 395,942,123</u>	<u>\$ (10,621,088)</u>	<u>\$ (2,649,782)</u>	<u>\$ 382,671,253</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, 2012

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>
Governmental Activities:						
4021	<u>General Government</u>					
8006	IT Sys Comp Replacement 03	\$ 2,620,666	\$ 1,742,672	\$ 25,550	\$ 60,533	\$ 791,911
8060	New Voting System 04	1,144,045	753,076	55,920	-	335,049
8199	Government Complex	7,000,000	2,667,850	-	-	4,332,150
8226	Carroll County Public Network	8,869,500	8,423,178	47,477	-	398,845
8228	GIS Planimetric Data	749,660	744,149	5,511	-	-
8273	PW Asset/Pavement Manage Sys	125,000	38,057	80,745	-	6,198
8274	Records Management	406,000	370,650	6,573	-	28,777
8309	Government Office Building	2,500,000	2,166,675	8,637	-	324,688
8310	GIS Digital Orthophotography	172,000	-	-	-	172,000
8311	GIS/Planning/Public Safety-Par	490,000	463,828	-	-	26,172
8359	Historic Courthouse Elevator	500,000	-	12,492	67,280	420,228
8361	Voting Machines - Optical Scan	220,000	-	-	-	220,000
8388	Union Mills Hmstd Restoration	55,000	14,041	19,996	-	20,963
8412	County Phone System Replacement	850,000	-	-	-	850,000
9001	Comptroller/Acct-Capital	79,069,111	67,519,111	11,550,000	-	-
9418	Handicapped Access bility 92	909,600	820,467	18,450	-	70,683
9648	Computer System Improvements	6,018,140	5,370,970	440,232	-	206,938
9921	Parking Lot Overlays (Fr 9658)	1,038,470	710,805	192,209	-	135,456
9954	Cnty Bldg Systemic Renovations	3,724,101	2,696,323	618,453	-	409,325
9957	General Government Unallocated	302,794	-	-	-	302,794
	Total	116,764,087	94,501,852	13,082,245	127,813	9,052,177
4031	<u>Public Safety</u>					
8003	EOC Relocation 03	4,047,260	344,302	1,916,915	1,371,811	414,232
8163	CC Public Safety Training Cntr	3,800,000	805,635	39,955	26,606	2,927,804
8264	Carroll County 800 MHz & 911	4,409,468	3,021,681	29,464	-	1,358,323
8371	Rebanding Radios	127,219	116,659	10,560	-	-
8391	Humane Society Upgrade/Storage	110,200	-	-	-	110,200
9022	Dry Hydrant Project	1,099,800	582,401	41,450	41,450	434,499
	Total	13,593,947	4,870,678	2,038,344	1,439,867	5,245,058
4041	<u>Highways & Streets</u>					
8065	Gravel Roads 04	986,898	716,704	107,663	-	162,531
8184	Turkeyfoot Road	174,090	135,964	-	38,126	-
8283	Englar Road Roundabout	146,998	133,668	-	13,129	201
8308	Ridenour Way 08	20,000	-	-	-	20,000
8316 *	Dickenson Road	141,751	-	141,751	-	-
8321	Ridge Road Improvements	3,050,000	47,878	-	-	3,002,122
8352	American Recov & Reinvest Act	2,648,205	2,608,369	39,836	-	-
8353	Londontown Blvd Improvements	3,700,000	80	-	-	3,699,920
8355	Neighborhood Overlays FY10	1,634,000	1,414,997	-	-	219,003
8356	Overlays FY10	5,386,469	4,704,004	(28,741)	-	711,206
8380	Low Volume Road Improve FY11	1,299,372	31,009	1,268,363	-	-
8381	Neighborhood Overlays FY11	1,923,000	17,508	1,810,622	40,453	54,417
8382	Overlays FY11	4,771,270	1,721,768	2,910,327	-	139,175
8406	Low Volume Rd Improve FY12	1,412,628	-	195,795	1,171,257	45,576
8407	Microsurfacing	1,100,000	-	951,974	-	148,026
8408	Neighborhood Overlays FY12	1,984,531	-	70,052	-	1,914,479
8409	Overlays FY12	5,422,001	-	1,849,467	3,508,724	63,810
8438	Windy Hills	36,000	-	-	-	36,000
9604	Ridge Road Relocation	50,000	3,102	-	-	46,898
9674	Highway Safety Improvements	1,175,585	970,338	-	-	205,247
9847	Small Drainage Structures	1,667,207	1,516,734	128,797	-	21,676
9877	Macbeth Way	171,686	71,686	-	-	100,000
9968 *	Obrecht Rd(White Rock-Gaither)	916,850	739,788	6,215	-	170,847
	Total	39,818,541	14,833,597	9,452,121	4,771,689	10,761,134
4043	<u>Bridges</u>					
8032	Silver Run Valley Rd-BigSilRun	790,300	36,201	14	-	754,085

(continued)

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Capital Projects Fund
Schedule of Appropriations, Expenditures and Encumbrances
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012

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>
8071	Mumma Ford Rd over Monocacy 04	\$ 329,561	\$ 154,323	\$ 147,165	\$ -	\$ 28,073
8239	Bollinger Road/Beaver Run	796,000	36,156	6,396	674,332	79,116
8240	Falls Road/Indian Run	940,656	110,261	-	790,175	40,220
8287 *	Grand Valley Road/Stream	338,735	95,590	243,145	-	-
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
8383	Bixler's Church Rd/Big Pipe Cr	193,000	-	7,384	-	185,616
8384	Shepard Mill/Little Pipe Crk	3,990,400	-	9,050	-	3,981,350
8385	White Rock Rd/Piney Run	943,000	326	7,341	-	935,333
9684	Bridge Inspection & Inventory	261,005	208,063	39,204	11,068	2,670
9686	Clean & Paint Structural Steel	811,350	621,571	706	17,719	171,354
9882	Bridge Maint/Structural Repair	468,000	328,382	-	-	139,618
9916	Saw Mill Rd Bridge/Bear Run	745,758	281,491	-	-	464,267
	Total	13,884,765	1,872,364	460,405	1,493,294	10,058,702
4045	<u>Buildings</u>					
8176 *	Salt Barns	782,750	365,719	356,810	-	60,221
8390 *	Fleet Mgmt - Tire Changing Stn	280,676	-	69,176	-	211,500
9956	Fleet-Lifts Replacements	488,915	337,768	-	-	151,147
	Total	1,552,341	703,487	425,986	-	422,868
4048	<u>Private Streets</u>					
9803	Homedale Road	203,023	197,908	-	-	5,115
	Total	203,023	197,908	-	-	5,115
4049	<u>General Public Works</u>					
9902	Public Works-Unallocated	261,218	-	-	-	261,218
	Total	261,218	-	-	-	261,218
4061	<u>Board of Education</u>					
8089	Vo-Tech Students-Capital-0801	220,457	65,291	-	-	155,166
8133	Manchester Valley High School	70,685,300	68,114,404	185,106	-	2,385,790
8191	Full Day K-State Plan Approvl	697,916	571,571	-	-	126,345
8288	Freedom Ele Kindergarten Add	2,363,515	1,786,644	14,349	-	562,522
8289	SC High School Fine Arts Add	17,815,941	14,907,130	683,040	-	2,225,771
8290	Westminster HS HVAC Replace	11,880,118	9,110,587	528,733	-	2,240,798
8291	Mt Airy MS Roof Replacement	256,030	238,196	-	-	17,834
8292	Open Space Classroom Enclosure	8,000,000	5,565,182	324,220	-	2,110,598
8325	William Win Elem Kinder Additi	2,420,000	1,295,913	45,307	-	1,078,780
8326	Winfield Elem Kindergarten Add	1,301,000	845,862	22,057	-	433,081
8327	Roof Replace-Mt Airy Elementar	594,000	537,435	5,582	-	50,983
8348	Mt. Airy Middle School	18,700,000	902,809	7,667,690	-	10,129,501
8349	Full Day K-Robert Moton ES	1,865,000	832,380	614,293	-	418,327
8350	Hampstead ES-HVAC Replace	1,478,559	239,535	1,130,751	-	108,273
8351	Hampstead ES Roof Replace	787,000	23,697	33,095	-	730,208
8377	Charles Carroll Ele Heat Plant	200,000	-	49,576	-	150,424
8378	Freedom Elem Roof Replacement	780,000	-	16,111	-	763,889
8379	BOE - Rood Replacements	118,000	-	-	-	118,000
8404	Freedom ES Heat Plant Convrns	205,000	-	56,893	-	148,107
8405	William Winchester ES Roof Rpl	75,000	-	11,012	-	63,988
8424	West Middle Roof Replacement	235,000	-	10,359	-	224,641
9554	Handicapped Accessibility	1,504,684	1,321,805	-	-	182,879
9745	Relocatables	5,447,376	5,407,627	-	-	39,749
9746	BOE-General Roofing Improvements	1,402,936	1,015,264	55,540	-	332,132
9748	Paving	3,807,241	2,942,674	19,890	-	844,677
9792	Technology Improvements	6,842,105	5,480,737	63,575	-	1,297,793
9850	School Construction-General	2,300,000	-	(822,781)	-	3,122,781
9885	Winters Mill High School	25,252,267	25,163,453	-	-	88,814
9973	NC Middle School Renovations	11,130,621	10,955,969	-	-	174,652
9974	HVAC-Improvement & Replacement	169,187	-	-	-	169,187
	Total	198,534,253	157,324,165	10,714,398	-	30,495,690

(continued)

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Capital Projects Fund
Schedule of Appropriations, Expenditures and Encumbrances
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012

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>
4062	Community College					
8225 *	CCC-Classroom Building #4	\$ 31,436,677	\$ 30,250,441	\$ 107,294	\$ -	\$ 1,078,942
9782	Comm Coll-Technology	5,950,600	3,889,883	193,967	-	1,866,750
	Total	37,387,277	34,140,324	301,261	-	2,945,692
4071	Recreation & Parks					
8121	Leister Park	1,875,299	270,779	19,163	1,077,477	507,880
8169	Barkhill Ballfields	456,000	405,407	3,050	2,195	45,348
8232	Park Restoration Fund	480,485	328,107	102,955	-	49,423
8275 *	Deer Park Practice Field	139,343	97,428	-	-	41,915
8282	Westminster Comm Pond Renovate	392,300	198,739	-	-	193,561
8315	Program Open Space Unallocated	1,430,641	-	-	-	1,430,641
8330	Bennett Cerf Park Revitalize	279,951	105,742	97,161	12,300	64,748
8410	Landon C Burns Connector Trail	90,000	-	89,011	-	989
8411	Westminster Community Trail	150,000	-	18,333	109,000	22,667
8439	Winfield Property Project	203,259	-	203,259	-	-
9139	Recs & Parks/Local-Unallocated	184,399	-	-	-	184,399
9736	Town Fund	354,226	286,080	297	-	67,849
9925	Tot Lot Replacement	260,238	177,848	76,000	-	6,390
9926	Krimgold Park	4,953,634	1,303,192	79,212	2,876,144	695,086
	Total	11,249,775	3,173,322	688,441	4,077,116	3,310,896
4072	Farm Museum					
8386	Farm Museum FH Electric Upgrde	125,000	4,767	62,873	-	57,360
	Total	125,000	4,767	62,873	-	57,360
4073	Hashawha/Bear Branch					
8358 *	Bear Branch Nature Ctr Parklot	28,538	23,931	438	-	4,169
9871 *	Hashawha Building Renovations	274,217	274,217	-	-	-
	Total	302,755	298,148	438	-	4,169
4074	Piney Run Park					
8281 *	PR Nature Center-Aux Classroom	110,000	60,403	1,860	-	47,737
	Total	110,000	60,403	1,860	-	47,737
4076	Self-Help Projects					
8365	Springfld Cmplx Ballfld Renovn	14,390	-	10,668	776	2,946
8368	Westmnstr Lacrosse Goals/Equip	4,684	-	2,140	-	2,544
8376	Salt Box Park Infield Mix SH10	1,050	490	560	-	-
8393 *	Equestrian Cntr Spectator SH	6,100	-	6,100	-	-
8394	Freedom/Sprgfld Plyr Bench SH	1,970	-	-	-	1,970
8396	Hmpstd Elem Ballfld Mix/Fnc SH	8,937	6,537	2,400	-	-
8397	Christmas Tree Infld Mix D SH	1,885	-	1,885	-	-
8398	Christmas Tree Infld Mix C SH	2,100	-	2,100	-	-
8399	Bark Hill Prk Storage Shed SH	4,612	-	3,978	-	634
8401	Westminster Concrete Slab SH	3,000	-	3,000	-	-
8403	Robert Moton Bsktball Scrbd SH	3,208	2,469	739	-	-
8416	Christmas Tree Prk Fld SH	4,062	-	-	1,573	2,489
8417	Cranberry Stn/Winters Mill SH	5,321	2,091	-	3,230	-
8418	Bennett Cerf Park Baseball SH	4,500	-	4,500	-	-
8419	Kate Wagner BF Outlets SH	2,000	-	2,000	-	-
8420	Nature Center Kitchen SH	5,773	4,647	1,126	-	-
8421	Mayeski Park Field #4 SH	2,591	-	2,591	-	-
8422	Mayeski Park Field #5 SH	2,056	-	2,056	-	-
8423	Mayeski Park Field #6 SH	2,056	-	2,056	-	-
8425	Equesstrian Cntr Building	2,889	-	2,889	-	-
8426	Hodges/Eldbg Elem Ballfld Mix	8,640	-	-	-	8,640
8427	Hampstd Elem Pitch Machine	6,101	-	6,101	-	-
8428	West Carroll Field Conditioner	3,260	-	3,260	-	-
8429	FSK - Wrestling Mat	9,758	-	9,758	-	-
8430	Westminster Lax Field Maint	700	-	700	-	-

(continued)

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Capital Projects Fund
Schedule of Appropriations, Expenditures and Encumbrances
Budgetary (Non-GAAP) Basis
For The Year Ended June 30, 2012

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>
8431	Kate Wagner Ballfield Storage	\$ 2,980	\$ -	\$ 2,980	\$ -	\$ -
8432	Bennett Cerf Scoreboard	7,760	-	7,760	-	-
8433	Mayeski Park #4 Backstop	1,442	-	-	-	1,442
8434	Linton Spring Elem Infield Ren	1,800	-	1,800	-	-
8435	Linton Spring Elem Backstop	9,800	-	9,391	-	409
8436	Mayeski Park Dugout Field #3	2,140	-	2,140	-	-
8437	Mayeski Park Ball Diamond Mix	4,500	-	4,500	-	-
8446	Charles Car Storage/Ball Mix	5,212	-	1,291	816	3,105
8447	N. Carroll Bat Cage/Bleachers	5,100	-	-	-	5,100
8448	Ballfield Mix-Kate Wagner	3,025	-	670	2,355	-
8449	Practice Wall - CHS/Linton Spr	13,900	-	-	13,900	-
8450	Salt Box Park - Ballfield Mix	2,220	-	-	-	2,220
9735	Community Self Help	16,977	-	-	-	16,977
9785	Foot Bridge Piney Run Park	4,000	-	3,313	-	687
9999	Ball Diam Fld C Christmas Tree	3,333	-	3,333	-	-
	Total	195,832	16,234	107,785	22,650	49,163
4081	<u>Library/Senior Centers</u>					
8062 *	Senior Center-South Carroll 04	9,689,973	9,594,974	94,999	-	-
8360	Library-Eldersburg Improvement	209,000	160,687	-	-	48,313
8389	CCPL - North Carroll Imprvmnts	129,000	20,471	108,529	-	-
8413	Mt Airy L brary Improvements	234,800	-	234,800	-	-
9822	Library-Technology Improvemnts	2,515,900	2,094,332	154,098	-	267,470
	Total	12,778,673	11,870,464	592,426	-	315,783
4091	<u>Conservation & Open Space</u>					
9002	Land Bank	22,063,303	15,407,444	-	-	6,655,859
9007	Ag Land Preservation	131,629,719	119,512,837	1,887,380	-	10,229,502
9702	Traffic Impact Studies/Develop	120,632	106,328	8,501	-	5,803
9851	Rural Legacy-Easement Purchase	19,732,894	19,141,185	358,190	-	233,519
	Total	173,546,548	154,167,794	2,254,071	-	17,124,683
4092	<u>Water Resources</u>					
8293	Patapsco Rd Watershed Project	1,565,651	867,263	807	-	697,581
8294	Reservoir Development	27,757,010	8,705,260	55,769	33,529	18,962,452
8295	Storm Water Facility Maint	3,035,000	1,650,765	860,282	115,370	408,583
8328	Environmental Compliance	975,000	128,606	11,565	-	834,829
9920	Watershed Assessment & Improve	8,839,098	2,003,804	743,578	547,985	5,543,731
	Total	42,171,759	13,355,698	1,672,001	696,884	26,447,176
	Total Governmental Activities	\$ 662,479,794	\$ 491,391,205	\$ 41,854,655	\$ 12,629,313	\$ 116,604,621

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, 2012

Schedule 6

Description	Total Appropriation	Prior Years Expenditures	Current Year Expenditures	Encumbered	Unexpended Appropriation
Business-type Activities					
Bureau of Utilities					
6030 W/S 341 Oak Creek Phase I	\$ -	\$ -	\$ -	\$ 8,344	\$ (8,344)
6200 W/S New Construction	-	16,954	(16,954)	-	-
6287 W253/S261 Carrolltowne 4B	-	1,874	(1,874)	-	-
6311 Water & Sewer Meters	1,704,055	1,449,815	52,535	-	201,705
6332 Tank Painting	650,182	186,734	-	-	463,448
6344 HWWTP-Effluent Chillers	2,436,967	515,790	-	-	1,921,177
6358 8-12-16 Mains/Hydraulic Loop	634,221	-	-	-	634,221
6359 Hydrant Replacement	1,039,650	876,241	84,626	-	78,783
6371 Piney Run WWPS Renovation	2,951,195	2,475,875	219,118	-	256,202
6378 Relief Sewer No. 6	957,000	174,289	110,028	-	672,683
6382 Relief Sewer No. 10	36,000	-	-	-	36,000
6385 Sewer Study Update	275,000	168,196	19,451	-	87,353
6388 Pleasant Valley Backup Well 04	280,993	-	-	-	280,993
6390 Sykesville Eleva W/Tank #6 04	62,000	-	-	-	62,000
6398 Gravity Main to North Station	982,925	113,592	376,940	-	492,393
6403 Sanitary Sewer Manhole Rehab	946,500	464,788	236,644	11,200	233,868
6407 * Carroll Highlands PS Renovatns	289,503	288,186	1,317	-	-
6409 FD Looping Monroe (Okla-Benn)	74,800	-	-	-	74,800
6413 Hampstead Sludge Tank Renovate	828,200	138,392	-	-	689,808
6414 Meter Vault Replacement	145,955	139,094	2,253	-	4,608
6416 * FD-Looping-DickensonRd	18,645	-	18,645	-	-
6419 Freedom Waste Water TP-ENR	2,100,000	-	-	-	2,100,000
6420 FW Svc Area Hydraulic Analys	150,000	50,885	-	-	99,115
6421 Sanitary Sewer Main Lining	752,201	505,202	64,603	-	182,396
6425 Water Main Loops FY12	59,000	-	-	-	59,000
Total	<u>17,374,992</u>	<u>7,565,907</u>	<u>1,167,332</u>	<u>19,544</u>	<u>8,622,209</u>
Solid Waste					
6520 Hoods Mill Remediation	934,626	854,002	17,606	13,614	49,404
6521 Northern Landfill Remediation	904,000	613,334	40,757	166,603	83,306
6528 John Owings LF Remediation	800,000	166,757	249,171	210,748	173,324
6532 Closed Landfill Remediation	100,000	17,592	-	9,942	72,466
Total	<u>2,738,626</u>	<u>1,651,685</u>	<u>307,534</u>	<u>400,907</u>	<u>378,500</u>
Airport					
6813 * Precision Appr Path Indicators	173,849	173,113	736	-	-
6814 Runway Expansion	74,075,000	1,177,469	-	-	72,897,531
6818 Grounds & Facility Impr (9541)	240,180	169,762	19,065	-	51,353
Total	<u>74,489,029</u>	<u>1,520,344</u>	<u>19,801</u>	<u>-</u>	<u>72,948,884</u>
Total Business-type Activities	<u>\$ 94,602,647</u>	<u>\$ 10,737,936</u>	<u>\$ 1,494,667</u>	<u>\$ 420,451</u>	<u>\$ 81,949,593</u>

* Completed CIP projects put into service during FY12

** Partially completed CIP projects put into service during FY12

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

Schedule 7

**Schedule of Investments for
Governmental Activities, Business Activities, and Trust Funds
June 30, 2012**

	Length (in Days)	Maturity Date	Rate (%)	Amount	Totals
GOVERNMENTAL ACTIVITIES-Par Value					
Federal Home Loan Bank	720	24-Feb-14	0.38	\$ 5,000,000	
Federal Home Loan Bank	720	22-May-14	0.40	5,000,000	
Federal Home Loan Bank	720	23-May-14	0.42	5,000,000	
Federal Home Loan Bank	720	30-May-14	0.35	5,000,000	
Federal National Mortgage Association	720	21-Nov-13	0.60	10,000,000	
Federal Home Loan Mortgage Corporation	720	8-Aug-13	0.63	5,000,000	
Federal Home Loan Mortgage Corporation	720	21-Feb-14	0.45	5,000,000	
Federal Agricultural Mortgage Corporation	720	14-Mar-14	0.42	5,000,000	
Federal Farm Credit Bank	720	2-May-14	0.35	8,000,000	
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	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	
Treasury Strips	20 yrs	15-Nov-29	4.76	251,157	
Treasury Strips	20 yrs	15-May-30	4.11	849,176	
Treasury Strips	20 yrs	15-Aug-30	3.90	1,020,145	
Treasury Strips	20 yrs	15-Nov-30	4.44	1,121,782	
Treasury Strips	20 yrs	15-May-31	4.46	1,174,433	
Treasury Strips	20 yrs	15-May-31	4.33	1,483,217	
State and Local Government Series	15 yrs	15-May-24	---	51,000	
Maryland Local Government Investment Pool	---	---	0.20	6,200,882	
Branch Banking & Trust-CD	365	1-Nov-12	0.32	20,000,000	
Branch Banking & Trust-Money Rate Savings	---	---	0.25	79,014,335	\$ 175,859,312
TRUST FUNDS-Fair Value					
<u>Pension</u>					
Charles Schwab Employee Pension Account				35,843,026	
Maryland Local Government Investment Pool-Pension			0.20	725,700	
<u>Other postemployment benefits (OPEB)</u>					
Maryland Local Government Investment Pool-OPEB			0.20	399,868	
Charles Schwab Master OPEB Investment Trust				26,132,993	
<u>LOSAP</u>					
Charles Schwab LOSAP Account				7,091,016	
Maryland Local Government Investment Pool-LOSAP			0.20	43,153	
<u>Law Officer's Pension</u>					
Charles Schwab Law Officer's Pension Account				3,325,755	
Maryland Local Government Investment Pool-Law Pension			0.20	3,907	73,565,418
TOTAL				<u>\$ 249,424,729</u>	

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Schedule of Long-Term Indebtedness
June 30, 2012

	Amount Outstanding July 1, 2011	New Debt Activity	Principal Payments For Year 2012	Amount Outstanding June 30, 2012	Interest Payments For Year 2012
Governmental Activities					
General Obligation Bonds					
General Obligation Bonds - 2001	\$ 768,764	\$ -	\$ 768,764	\$ -	\$ 13,838
General Obligation Bonds - 2002	2,200,000	-	1,100,000	1,100,000	65,312
General Obligation Refunding Bonds-Aug. 2003	3,733,849	-	2,642,962	1,090,887	120,618
General Obligation Bonds - 2003	4,463,894	-	3,431,171	1,032,723	87,085
Volunteer Fire Dept. Project - 2003	1,230,000	-	135,000	1,095,000	40,768
General Obligation Refunding Bonds-Feb 2004	22,844,287	-	3,218,967	19,625,320	723,015
General Obligation Bonds - July 2004	13,181,306	-	8,787,537	4,393,769	331,913
General Obligation Bonds - Taxable Pension 2004	7,670,000	-	855,000	6,815,000	382,118
Volunteer Fire Dept. Project - 2004	1,382,111	-	129,906	1,252,205	54,399
General Obligation Bonds- 2005	21,074,662	-	2,150,932	18,923,730	822,979
Volunteer Fire Dept. Project- 2005	1,925,000	-	195,000	1,730,000	75,231
General Obligation Bonds-2006	14,846,874	-	1,353,282	13,493,592	566,809
General Obligation Refunding Bonds- Jan 2007	19,782,677	-	894,160	18,888,517	868,878
General Obligation Bonds-2007	16,253,415	-	1,402,194	14,851,221	657,770
General Obligation Refunding Bonds-Nov 2007	5,825,000	-	480,000	5,345,000	236,975
General Obligation Bonds-Nov 2008	72,088,000	-	3,100,967	68,987,033	3,229,977
General Obligation Bonds-Nov 2009 Series A	21,354,147	-	2,043,876	19,310,271	816,691
General Obligation Refunding Bonds-Nov 2009 Series A	5,855,476	-	2,091,589	3,763,887	207,233
General Obligation Bonds-Nov 2009 Series B	33,577,761	-	-	33,577,761	1,734,776
General Obligation Refunding Bonds-Oct 2010 Series A	11,428,727	-	1,066,483	10,362,244	217,910
General Obligation Refunding Bonds-Oct 2010 Series B	2,100,000	-	320,000	1,780,000	38,800
General Obligation Bonds-Oct 2010 Series C	1,542,963	-	762,958	780,005	23,230
General Obligation Bonds-Oct 2010 Series D	19,649,128	-	-	19,649,128	706,083
General Obligation Refunding Bonds-Nov 2011	-	9,873,958	-	9,873,958	185,519
General Obligation Bonds-2011	-	18,750,000	-	18,750,000	307,002
Total General Obligation Bonds	304,778,041	28,623,958	36,930,748	296,471,251	12,514,929
Farmers Home Administration					
Federal Loan - 1972	304,121	-	22,178	281,943	10,650
Federal Loan - 1974	128,537	-	7,434	121,103	4,690
Federal Loan - 1979	416,615	-	14,523	402,092	15,202
Total Farmers Home Administration	849,273	-	44,135	805,138	30,542
General Obligation Debt					
Installment Purchase Agreements FY 2002	396,000	-	-	396,000	21,937
Installment Purchase Agreements FY 2003	530,930	-	-	530,930	27,354
Installment Purchase Agreements FY 2004	100,000	-	-	100,000	4,937
Installment Purchase Agreements FY 2005	2,179,934	-	-	2,179,934	106,200
Installment Purchase Agreements FY 2006	1,346,000	-	-	1,346,000	62,012
Installment Purchase Agreements FY 2007	2,584,000	-	-	2,584,000	136,980
Installment Purchase Agreements FY 2009	2,215,126	-	-	2,215,126	132,908
Installment Purchase Agreements FY 2010	4,662,430	-	-	4,662,430	243,702
Installment Purchase Agreements FY 2011	13,115,500	-	-	13,115,500	786,930
Total General Obligation Debt	27,129,920	-	-	27,129,920	1,522,960
Notes Payable					
Green Property	100,000	-	100,000	-	170
Green Property	100,000	-	100,000	-	170
Total Notes Payable	200,000	-	200,000	-	340
Purchase Agreements					
Johnson Controls/Suntrust	2,097,835	-	178,016	1,919,819	85,285
Total Purchase Agreements	2,097,835	-	178,016	1,919,819	85,285
Total Governmental Activities	\$ 335,055,069	\$ 28,623,958	\$ 37,352,899	\$ 326,326,128	\$ 14,154,056

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland
Schedule of Long-Term Indebtedness
June 30, 2012

	<u>Amount Outstanding July 1, 2011</u>	<u>New Debt Activity</u>	<u>Principal Payments For Year 2012</u>	<u>Amount Outstanding June 30, 2012</u>	<u>Interest Payments For Year 2012</u>
Business-Type Activities					
General Obligation Bonds					
Bureau of Utilities					
General Obligation Bonds - 2001	\$ 1,236	\$ -	\$ 1,236	\$ -	\$ 22
General Obligation Bonds - 2003	581,481	-	446,955	134,526	12,302
General Obligation Refunding Bonds-Feb 2004	1,542,212	-	217,311	1,324,901	48,811
General Obligation Bonds - July 2004	226,814	-	151,209	75,605	5,711
General Obligation Bonds - 2005	201,586	-	20,187	181,399	7,886
General Obligation Bonds - 2006	159,016	-	14,494	144,522	6,007
General Obligation Refunding Bonds-Jan 2007	181,469	-	8,203	173,266	7,970
General Obligation Bonds- 2007	7,518,530	-	627,490	6,891,040	303,994
General Obligation Bonds- 2008	7,616,000	-	311,767	7,304,233	342,134
General Obligation Bonds- 2009 Series A	682,179	-	65,294	616,885	26,090
General Obligation Bonds- 2009 Series B	1,072,240	-	-	1,072,240	55,397
General Obligation Bonds- 2010 Series A	5,834	-	544	5,290	111
General Obligation Bonds- 2010 Series D	13,742	-	-	13,742	494
General Obligation Refunding Bonds-Nov 2011	-	484,428	-	484,428	9,292
Solid Waste Fund					
General Obligation Refunding Bonds-Aug. 2003	476,151	-	337,038	139,113	15,382
General Obligation Refunding Bonds-Feb 2004	714,914	-	100,738	614,176	22,627
General Obligation Bonds - July 2004	1,467,668	-	978,445	489,223	36,957
General Obligation Refunding Bonds- Jan 2007	295,176	-	13,342	281,834	12,964
General Obligation Bonds- 2007	483,054	-	40,315	442,739	19,530
General Obligation Bonds- 2008	296,000	-	17,267	278,733	13,008
General Obligation Bonds- 2009 Series A	8,675	-	831	7,844	332
General Obligation Refunding Bonds- 2009 Series A	149,524	-	53,410	96,114	5,292
General Obligation Refunding Bonds- 2010 Series C	267,037	-	132,043	134,994	4,020
General Obligation Refunding Bonds-Nov 2011	-	789,647	-	789,647	14,649
Airport Fund					
General Obligation Bonds - 2001	1,210,000	-	110,000	1,100,000	50,407
General Obligation Bonds - 2003	249,626	-	191,875	57,751	5,281
General Obligation Refunding Bonds-Feb 2004	198,587	-	27,983	170,604	6,285
General Obligation Bonds - July 2004	244,209	-	162,806	81,403	6,149
General Obligation Bonds- 2005	38,751	-	3,880	34,871	1,516
General Obligation Refunding Bonds-2007	205,679	-	9,296	196,383	9,034
General Obligation Refunding Bonds-2010 Series A	85,439	-	7,973	77,466	1,629
General Obligation Refunding Bonds-2010 Series D	27,130	-	-	27,130	975
General Obligation Refunding Bonds-Nov 2011	-	286,966	-	286,966	5,456
Septage Fund					
General Obligation Bonds - 2006	134,110	-	12,224	121,886	5,183
Total General Obligation Bonds	<u>26,354,069</u>	<u>1,561,041</u>	<u>4,064,156</u>	<u>23,850,954</u>	<u>1,062,897</u>
Notes Payable- Bureau of Utilities					
Water Quality Loan - Maryland Department of the Environment - 1990	903,884	-	903,884	-	80,324
Water Quality Loan - Maryland Department of the Environment - 2000	298,375	-	26,510	271,865	9,473
Total Notes Payable	<u>1,202,259</u>	<u>-</u>	<u>930,394</u>	<u>271,865</u>	<u>89,797</u>
Total Business-type Activities	<u>\$ 27,556,328</u>	<u>\$ 1,561,041</u>	<u>\$ 4,994,550</u>	<u>\$ 24,122,819</u>	<u>\$ 1,152,694</u>



Statistical Section



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. 146-153

Revenue Capacity

These tables contain information to help the reader assess the County’s most significant local revenue sources and property tax..... 154-158

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. 159-162

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. 163-164

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. 165-174

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 Ten Fiscal Years
(accrual basis of accounting)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 215,928,941	\$ 224,468,499	\$ 249,331,687	\$ 269,641,878	\$ 255,882,342
Restricted	33,568,756	33,768,252	22,354,742	19,883,463	23,889,197
Unrestricted	(71,406,666)	(77,293,628)	(60,878,526)	(18,700,701)	74,067,173
<i>Total Governmental Activities Net Assets</i>	<u>178,091,031</u>	<u>180,943,123</u>	<u>210,807,903</u>	<u>270,824,640</u>	<u>353,838,712</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	102,205,828	104,568,783	93,558,513	95,654,846	82,575,108
Restricted	12,503,774	370,116	1,308,820	9,435,295	6,788,158
Unrestricted	(3,535,427)	5,063,524	4,257,842	(5,246,129)	6,594,607
<i>Total Business-Type Activities Net Assets</i>	<u>111,174,175</u>	<u>110,002,423</u>	<u>99,125,175</u>	<u>99,844,012</u>	<u>95,957,873</u>
Primary government					
Invested in Capital Assets, Net of Related Debt	318,134,769	329,037,282	342,890,200	365,296,724	338,457,450
Restricted	46,072,530	34,138,368	23,663,562	29,318,758	30,677,355
Unrestricted	(74,942,093)	(72,230,104)	(56,620,684)	(23,946,830)	80,661,780
<i>Total Primary Government Net Assets</i>	<u>\$ 289,265,206</u>	<u>\$ 290,945,546</u>	<u>\$ 309,933,078</u>	<u>\$ 370,668,652</u>	<u>\$ 449,796,585</u>

Fiscal years 2003 – 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 Ten Fiscal Years
(accrual basis of accounting)

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 270,193,492	\$ 279,457,684	\$ 293,878,857	\$ 99,396,330	\$ 92,960,320
21,321,426	21,667,901	14,091,970	14,534,627	16,942,101
<u>70,332,171</u>	<u>57,753,704</u>	<u>23,949,365</u>	<u>(1,601,245)</u>	<u>(2,476,673)</u>
<u>361,847,089</u>	<u>358,879,289</u>	<u>331,920,192</u>	<u>112,329,712</u>	<u>107,425,748</u>
78,066,986	64,416,046	69,310,436	60,863,614	64,212,763
7,077,515	12,111,572	12,439,395	8,631,616	10,850,857
<u>6,918,217</u>	<u>3,660,752</u>	<u>(5,209,355)</u>	<u>655,260</u>	<u>(9,333,600)</u>
<u>92,062,718</u>	<u>80,188,370</u>	<u>76,540,476</u>	<u>70,150,490</u>	<u>65,730,020</u>
348,260,478	343,873,730	363,189,293	160,259,944	157,173,083
28,398,941	33,779,473	26,531,365	23,166,243	27,792,958
<u>77,250,388</u>	<u>55,150,087</u>	<u>18,740,010</u>	<u>(945,985)</u>	<u>(11,810,273)</u>
<u>\$ 453,909,807</u>	<u>\$ 432,803,290</u>	<u>\$ 408,460,668</u>	<u>\$ 182,480,202</u>	<u>\$ 173,155,768</u>

Table 2

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental Activities:										
General government	\$ 75,610,266	\$ 88,280,317	\$ 79,073,880	\$ 74,296,486	\$ 70,411,246	\$ 63,412,621	\$ 56,180,288	\$ 67,923,735	\$ 64,812,090	\$ 51,165,541
Public safety	37,356,463	37,244,642	37,798,060	38,658,117	35,583,985	28,609,006	27,078,499	24,593,665	23,782,605	21,482,313
Public works	28,764,355	29,582,890	33,974,607	30,238,005	30,496,143	20,775,987	28,093,744	13,108,072	17,945,492	12,791,981
Health	4,666,495	4,939,762	4,963,980	4,868,271	4,454,550	4,397,039	4,310,828	4,040,821	3,876,743	3,797,019
Social services	1,204,489	1,249,949	1,418,139	1,346,366	1,228,095	1,131,873	1,099,646	1,049,646	1,063,896	968,231
Education	186,244,744	185,038,583	209,838,466	219,824,282	188,609,030	168,198,541	152,201,781	144,886,450	140,695,342	119,340,068
Recreation and parks	3,418,694	3,257,483	4,143,870	2,606,230	2,596,212	2,772,654	2,005,587	2,195,996	2,399,444	1,883,056
Libraries	11,540,245	11,277,792	9,971,261	7,740,076	9,269,078	7,511,036	6,812,087	6,293,406	5,265,679	5,518,118
Conservation of natural resources	4,701,163	20,163,969	14,288,096	29,125,383	17,487,058	16,711,700	13,395,013	10,994,208	5,985,065	8,590,299
Economic development	2,239,352	5,370,598	6,018,687	5,988,296	4,715,075	3,076,751	2,058,988	2,195,167	886,661	3,258,504
Interest on long-term debt	13,401,465	12,522,525	12,553,680	10,282,801	8,963,131	8,984,385	8,700,181	8,498,183	7,377,968	8,785,009
Total Governmental Activities Expenses	369,147,731	398,928,510	414,042,726	424,974,313	373,813,603	325,581,593	301,936,686	285,779,349	274,090,985	237,580,139
Business-Type Activities:										
Bureau of Utilities	11,090,468	11,890,461	10,489,645	8,169,257	10,056,546	7,849,747	7,510,988	10,486,631	6,184,846	6,322,675
Solid Waste	8,727,891	8,830,209	8,961,015	7,487,843	7,648,918	7,935,237	7,480,908	6,947,808	6,827,590	6,559,559
Airport	1,769,112	618,045	829,611	777,692	3,097,618	2,086,621	2,235,048	1,991,862	1,084,862	940,440
Septage	532,369	475,718	474,195	388,398	395,824	402,898	364,010	333,229	437,397	386,527
Firearms	92,935	79,627	76,281	77,475	74,497	58,238	60,267	62,524	50,670	56,259
Fiber Network	540,436	215,017	-	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	22,753,211	22,109,077	20,830,747	16,900,665	21,273,403	18,332,741	17,651,221	19,822,054	14,585,365	14,265,460
Total Primary Government Expenses	\$ 391,900,942	\$ 421,037,587	\$ 434,873,473	\$ 441,874,978	\$ 395,087,006	\$ 343,914,334	\$ 319,587,907	\$ 305,601,403	\$ 288,676,350	\$ 251,845,599
Program Revenues										
Governmental Activities:										
Charges for Services:										
General government	\$ 7,466,568	\$ 8,361,578	\$ 7,579,919	\$ 7,483,309	\$ 10,755,039	\$ 9,364,742	\$ 6,099,868	\$ 5,718,536	\$ 6,018,327	\$ 7,531,531
Public safety	2,048,892	2,305,294	2,544,149	2,938,203	3,294,542	3,840,410	2,704,610	2,797,319	2,367,860	2,101,681
Public works	1,588,668	1,560,090	1,530,974	1,520,812	1,672,368	1,456,792	1,341,439	1,531,726	1,134,025	73,592
Health	124,065	44,320	12,190	15,541	12,492	8,155	8,111	7,981	3,840	5,396
Social services	6,600	6,600	284,014	367,238	367,238	284,564	334,806	316,333	316,332	316,332
Education	487,464	457,698	393,951	425,150	409,266	749,353	5,763,276	5,344,715	6,697,153	6,646,979
Recreation and parks	1,008,187	875,200	860,865	772,204	818,931	907,465	419,893	338,920	351,813	305,896
Economic development	-	-	-	-	-	-	10,741	49,578	53,729	57,543
Operating Grants and Contributions	16,372,579	17,944,093	16,201,809	14,075,463	13,824,732	12,841,014	11,833,487	11,314,222	10,678,414	10,082,222
Capital Grants and Contributions	6,791,374	10,461,443	17,297,018	3,212,403	6,797,218	7,453,139	3,022,177	5,841,273	6,937,341	9,221,074
Total Governmental Activities Program Revenues	35,894,397	42,016,316	46,704,889	30,810,323	37,951,826	36,905,634	31,538,408	33,260,603	34,558,834	36,342,246

Table 2

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Business-Type Activities:										
Charges for Services:										
Bureau of Utilities	\$ 8,490,173	\$ 8,630,730	\$ 7,843,041	\$ 7,519,559	\$ 7,668,003	\$ 7,344,470	\$ 6,281,659	\$ 6,581,912	\$ 6,158,148	\$ 5,121,169
Solid Waste	7,243,944	7,307,108	5,907,344	6,534,243	6,626,896	6,609,679	6,461,528	6,078,340	6,130,517	5,315,454
Airport	650,660	675,683	518,581	671,258	2,222,010	1,840,449	2,041,458	1,744,414	1,016,110	536,329
Septage	682,663	608,688	603,550	449,263	387,636	536,845	482,599	388,871	453,800	328,401
Firearms	145,699	126,696	111,984	104,713	55,120	59,400	79,649	72,894	50,327	50,943
Operating Grants and Contributions	-	-	-	-	-	1,064,797	-	49,256	36,571	195,877
Capital Grants and Contributions	2,012,594	2,073,793	1,908,142	1,963,862	2,520,888	2,079,422	1,562,378	5,853,894	1,572,502	1,059,475
Total Business-Type Activities Program Revenues	19,225,733	19,422,698	16,892,642	17,242,898	19,480,553	19,535,062	16,909,271	20,769,581	15,417,975	12,607,648
Total Primary Government Program Revenues	\$ 55,120,130	\$ 61,439,014	\$ 63,597,531	\$ 48,053,221	\$ 57,432,379	\$ 56,440,696	\$ 48,447,679	\$ 54,030,184	\$ 49,976,809	\$ 48,949,894
Net (Expense)/Revenue										
Governmental Activities	(333,253,334)	(356,912,194)	(367,337,837)	(394,163,990)	(335,861,777)	(288,675,959)	(270,398,278)	(252,518,746)	(239,532,151)	(201,237,893)
Business-Type Activities	(3,527,478)	(2,686,379)	(3,938,105)	342,233	(1,792,850)	1,202,321	(741,950)	947,527	832,610	(1,657,812)
Total Primary Government Net Expense	\$(336,780,812)	\$(359,598,573)	\$(371,275,942)	\$(393,821,757)	\$(337,654,627)	\$(287,473,638)	\$(271,140,228)	\$(251,571,219)	\$(238,699,541)	\$(202,895,705)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
Property taxes	\$ 203,601,066	\$ 208,296,512	\$ 201,573,213	\$ 189,079,529	\$ 174,354,873	\$ 158,112,936	\$ 148,644,728	\$ 134,732,896	\$ 127,322,600	\$ 115,417,116
Income tax	118,168,038	121,921,970	95,516,527	99,973,903	120,230,118	106,921,331	108,435,386	103,315,651	90,410,674	77,821,632
Recordation	8,520,674	7,612,907	9,154,578	9,220,249	14,948,705	18,902,094	22,782,302	22,207,072	19,238,898	11,152,453
Admission and amusement tax	296,890	379,990	246,184	335,125	386,186	405,295	393,659	451,296	428,625	477,069
Agricultural transfer tax	159,227	24,977	24,199	181,458	439,268	390,420	501,049	863,696	693,045	973,496
Hotel tax	298,498	284,602	287,850	287,495	311,049	321,676	191,117	-	-	-
State shared, unrestricted	620,224	724,807	1,172,339	10,300,922	11,744,961	12,729,241	12,313,362	9,936,273	7,890,085	9,652,977
Investment earnings and miscellaneous, unrestricted	3,048,631	782,346	2,107,298	4,563,217	8,753,090	8,622,196	6,988,995	2,662,242	1,277,769	1,693,752
Transfers	(4,312,006)	(12,980,697)	(2,761,088)	(2,791,980)	(3,314,850)	(8,497,061)	(2,893,223)	(3,807,258)	(2,825,581)	(4,226,480)
Total Governmental Activities	330,401,242	327,047,414	307,321,100	311,149,918	327,853,400	297,908,128	297,357,375	270,361,868	244,436,115	212,962,015
Business-Type Activities:										
Investment earnings and miscellaneous, unrestricted	\$ 383,547	\$ 582,930	\$ 422,785	\$ 751,926	\$ 2,279,730	\$ 2,174,966	\$ 1,496,621	\$ 1,635,201	\$ 762,279	\$ 1,098,357
Gain on sale of capital asset	3,677	-	35,395	-	93,425	-	-	-	-	-
Transfers	4,312,006	12,980,697	2,761,088	2,791,980	3,314,850	8,497,061	2,893,223	3,807,258	2,825,581	4,226,480
Total Business-Type Activities	4,699,230	13,563,627	3,219,268	3,543,906	5,688,005	10,672,027	4,389,844	5,442,459	3,587,860	5,324,837
Total Primary Government	335,100,472	340,611,041	310,540,368	314,693,824	333,541,405	308,580,155	301,747,219	275,804,327	248,023,975	218,286,852
Governmental Activities	\$ (2,852,092)	\$ (29,864,780)	\$ (60,016,737)	\$ (83,014,072)	\$ (8,008,377)	\$ 9,232,169	\$ 26,959,097	\$ 17,843,122	\$ 4,903,964	\$ 11,724,122
Business-Type Activities	1,171,732	10,877,248	(718,837)	3,886,139	3,895,155	11,874,348	3,647,894	6,389,986	4,420,470	3,667,025
Total Primary Government Change in Net Assets	\$ (1,680,340)	\$ (18,987,532)	\$ (60,735,574)	\$ (79,127,933)	\$ (4,113,222)	\$ 21,106,517	\$ 30,606,991	\$ 24,233,108	\$ 9,324,434	\$ 15,391,147

Note: For comparison purposes, revenues for fiscal years 2004 and 2003 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)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund (1)										
Nonspendable	\$ 27,853,715	\$ 30,274,746								
Restricted	25,272,233	18,998,982								
Committed	19,777,263	20,165,000								
Assigned	20,946,437	9,782,490								
Unassigned	14,827,375	16,809,377								
Total General Fund	108,677,023	96,030,595								
Non-Major Governmental Funds: (1)										
Capital Projects Fund										
Assigned	37,748,479	33,780,969								
Special Revenues Fund										
Restricted	2,227,030	4,361,704								
Committed	911,792	603,723								
Unassigned	-	(21,576)								
Total Non-Major Governmental Funds	40,887,301	38,724,820								
Total Governmental Funds	\$ 149,564,324	\$ 134,755,415								
Unassigned General Fund Balance as a Percentage of General Fund Expenditures	4.8%									5.5%
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		
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		
Unreserved, undesignated	7,993,646	8,103,281	14,858,762	7,302,102	13,542,642	12,891,533	12,597,901	3,751,257		
Total General Fund	75,291,434	77,265,746	80,121,638	75,435,165	74,305,254	77,439,731	52,503,163	52,546,504		
Non-Major 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		
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		
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		
Total Other Governmental Funds	48,256,360	49,257,569	88,156,643	114,789,163	102,225,075	62,709,918	53,788,439	67,626,906		
Total Governmental Funds	\$ 123,547,794	\$ 126,523,315	\$ 168,278,281	\$ 190,224,328	\$ 176,530,329	\$ 140,149,649	\$ 106,291,602	\$ 120,173,410		
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%		

Source: Carroll County Department of the Comptroller.
(1) In FY 2011 GASB 54 was implemented.

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
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
2011	208,296,512	117,344,676	7,612,907	379,990	1,039,337	334,673,422
2012	203,601,066	128,967,957	8,520,674	296,890	1,037,075	342,423,662
Change 2003-2012	76.4%	64.0%	-23.6%	-37.8%	47.9%	65.9%

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.

In fiscal year 2012, property tax rate reduced from \$1.048 to \$1.028 per \$100 of assessed value.

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)

	2012	2011	2010	2009	2008
REVENUES					
Taxes-Local (see Table 4)	\$342,423,662	\$334,673,422	\$321,708,980	\$314,392,546	\$310,664,999
Taxes-State Shared	1,236,284	1,447,227	1,219,154	10,800,922	12,244,961
Impact fees	1,575,933	1,148,592	1,304,575	869,347	1,350,460
Licenses and permits	1,382,219	1,364,820	1,310,176	1,288,525	1,666,970
Intergovernmental revenues	15,316,915	26,455,936	30,841,686	15,042,612	16,773,453
Charges for services	4,810,478	4,981,149	5,008,757	5,239,049	5,788,013
Fines and forfeits	92,355	101,128	86,168	90,840	100,509
Interest and gain on investments	6,800,763	1,244,055	2,989,913	5,463,426	10,537,502
Miscellaneous revenues	4,372,030	3,249,099	4,396,040	3,349,723	4,101,008
Total revenues	<u>378,010,639</u>	<u>374,665,428</u>	<u>368,865,449</u>	<u>356,536,990</u>	<u>363,227,875</u>
EXPENDITURES					
Current:					
General government	69,611,957	69,373,934	72,086,446	69,035,233	65,771,932
Public safety	35,914,325	35,396,452	34,748,084	35,256,843	34,222,625
Public works	8,831,776	10,649,104	12,586,032	11,325,405	10,861,774
Health	4,494,155	4,707,292	4,712,680	4,731,958	4,368,725
Social services	1,185,304	1,226,927	1,391,110	1,319,630	1,200,206
Education	173,557,501	174,935,761	177,855,179	172,156,658	155,480,987
Library	8,497,632	8,645,019	8,413,733	8,170,171	7,717,198
Recreation and parks	2,569,590	2,639,789	1,877,029	1,665,731	1,648,268
Conservation of natural resources	839,957	822,510	792,207	800,054	821,409
Economic development	1,970,523	5,089,136	5,640,224	5,690,821	4,351,843
Capital outlay	30,304,655	44,842,000	77,047,071	127,778,575	86,014,727
Debt service:					
Principal	27,087,742	23,431,934	22,889,828	24,029,542	23,487,007
Interest	14,154,056	13,914,992	12,802,086	10,470,693	9,543,326
Total expenditures	<u>379,019,173</u>	<u>395,674,850</u>	<u>432,841,709</u>	<u>472,431,314</u>	<u>405,490,027</u>
Excess (deficiency) of revenues over (under) expenditures	(1,008,534)	(21,009,422)	(63,976,260)	(115,894,324)	(42,262,152)
OTHER FINANCING SOURCES (USES)					
Transfers in	21,745,757	13,778,283	12,035,023	16,037,191	26,594,904
Transfers out	(26,057,763)	(16,018,252)	(14,780,223)	(18,829,171)	(29,909,754)
Refunding bonds issued	9,873,957	14,690,327	(7,936,995)	-	-
Payments to escrow agent	(11,299,208)	(14,593,220)	-	-	(6,786,798)
Bonds issued	18,750,000	21,192,091	64,508,850	72,088,000	27,100,000
Bonds premium (discount)	2,756,696	2,894	2,371,214	1,874,448	672,349
Issuance of debt-long term notes	-	13,115,500	4,662,430	2,956,796	2,495,343
Total other financing sources	<u>15,769,439</u>	<u>32,167,623</u>	<u>60,860,299</u>	<u>74,127,264</u>	<u>20,166,044</u>
Net change in fund balances	<u>\$ 14,760,905</u>	<u>\$ 11,158,201</u>	<u>\$ (3,115,961)</u>	<u>\$ (41,767,060)</u>	<u>\$ (22,096,108)</u>
Debt Service as a percentage of					
Noncapital Expenditures	12.2%	10.4%	9.0%	7.9%	8.9%

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.

Implementation of GASB 43 & 45 was fiscal year 2008.

Source: Carroll County Department of the Comptroller.

Table 5

2007	2006	2005	2004	2003
\$290,760,528	\$276,738,571	\$260,060,693	\$ 233,065,846	\$ 206,375,934
12,729,242	12,313,362	9,936,273	7,890,085	9,652,977
1,669,793	3,924,721	3,936,986	4,864,707	5,394,263
1,781,585	3,349,234	2,999,086	3,175,909	3,368,917
14,253,803	12,627,892	15,319,436	16,448,322	18,806,849
5,732,717	4,559,557	4,850,580	4,237,420	4,410,686
86,754	88,942	123,622	107,577	132,349
11,112,070	6,753,742	3,395,552	2,071,122	2,657,792
5,953,948	3,763,843	3,862,252	3,862,329	3,359,057
344,080,440	324,119,864	304,484,480	275,723,317	254,158,824
60,783,464	60,412,713	66,446,506	53,805,088	46,886,320
28,595,412	26,875,030	24,466,006	22,682,161	20,585,117
9,425,523	8,495,030	7,851,771	7,386,474	8,034,700
4,339,691	4,204,001	3,924,884	3,814,693	3,734,969
1,131,873	1,096,568	1,042,802	1,057,052	961,387
151,674,483	142,253,487	132,393,561	124,378,658	117,076,007
6,782,100	6,220,220	5,725,660	5,232,270	5,098,495
2,106,832	1,221,026	1,113,773	1,098,367	1,109,263
718,552	698,716	675,481	642,661	616,403
3,067,166	1,819,561	2,728,971	3,282,035	3,257,189
55,671,218	45,177,873	38,032,734	43,078,838	23,727,048
20,336,962	18,421,084	14,670,026	15,997,408	13,907,746
9,237,763	8,987,587	8,145,529	7,451,178	8,722,292
353,871,039	325,882,896	307,217,704	289,906,883	253,716,936
(9,790,599)	(1,763,032)	(2,733,224)	(14,183,566)	441,888
14,957,047	12,024,485	17,376,594	22,913,593	23,208,305
(17,812,601)	(14,890,815)	(20,004,967)	(32,739,174)	(27,434,785)
-	-	-	-	-
(24,849,347)	-	-	(71,096,825)	-
44,092,000	34,699,318	36,860,000	81,104,603	16,289,051
1,180,352	171,249	157,786	(3,335)	-
5,994,265	5,923,118	2,179,934	100,000	530,930
23,561,716	37,927,355	36,569,347	278,862	12,593,501
\$ 13,771,117	\$ 36,164,323	\$ 33,836,123	\$ (13,904,704)	\$ 13,035,389
9.1%	9.2%	8.0%	8.8%	9.8%

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

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

Fiscal Year	Real Property			Personal Property						Grand Total Estimated Market Value
	Assessed Value	Estimated Market Value	Direct Tax Rate	Assessed Value			Total	Estimated Market Value	Direct Tax Rate	
				Unincorporated	Incorporated	Public Utilities				
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
2011	20,350,538,451	20,350,538,451	1.048	10,631,520	258,758,007	275,237,500	544,627,027	544,627,027	2.62	20,895,165,478
2012	19,148,080,099	19,148,080,099	1.028	10,201,300	388,879,330	266,415,290	665,495,920	665,495,920	2.57	19,813,576,019

Real property is reassessed every three years. Real property is assessed at market value. The total personal property assessed value is equal to the estimated market value.

Source: Carroll County Department of the Comptroller.

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

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

Fiscal Year	Direct Rate		Overlapping Rates									
	Carroll County	State of Maryland	Taneytown	Sykesville	Manchester	Westminster	Hampstead	New Windsor	Union Bridge	Mt. Airy		
2003	\$1.048	\$0.08	\$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		
2011	1.048	0.112	0.32	0.33	0.204	0.58	0.20	0.20	0.30	0.1695		
2012	1.028	0.112	0.32	0.33	0.216	0.58	0.20	0.20	0.30	0.1695		

The property tax rates indicated for the incorporated towns only apply within town limits and are in addition to the county and state taxes.

Sources: Carroll County Department of the Comptroller.
Maryland State Department of Assessments and Taxation.

Table 8

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

**Principal Taxpayers
Current Fiscal Year and Nine Years Ago**

2012

Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 175,648,440	\$ 4,514,165	0.89%
Verizon-Maryland	Communications	43,569,290	1,119,731	0.22%
Carroll Lutheran Village	Retirement Village	91,987,360	1,061,771	0.46%
Random House	Warehouse Distribution	45,344,810	664,722	0.23%
Colonial Pipeline Co.	Pipeline trans.-refined petroleum	19,930,610	512,217	0.10%
Cranberry Mall Properties	Mall	22,900,090	511,511	0.12%
Wal-Mart Real Estate	Commercial Stores	29,335,630	479,820	0.15%
Fairhaven Inc	Assisted Living	35,232,867	403,550	0.18%
Cranberry Retail Inc.	Power Tools	21,808,980	372,878	0.11%
Hampstead 2004 LLC	Retail	32,843,100	372,266	0.17%
		<u>\$ 518,601,177</u>	<u>\$ 10,012,631</u>	<u>2.62%</u>
	Total Assessed Valuation	<u>\$ 19,813,576,019</u>		

2003

Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
Baltimore Gas & Electric	Utilities	\$ 123,604,900	\$ 3,238,448	1.20%
Verizon-Maryland	Communications	71,542,040	1,874,401	0.69%
Random House Inc.	Warehouse Distribution Center	47,381,360	1,241,392	0.46%
D&L Development	Power Tools	27,983,240	733,161	0.27%
Carroll Lutheran Village	Retirement Village	24,886,560	652,028	0.24%
Wal-Mart Store, Inc.	Commercial Stores	24,425,522	639,949	0.24%
AT&T Communications	Communications	24,228,200	634,779	0.23%
Cranberry Mall Properties LLC	Mall	22,192,260	581,437	0.21%
Londontown Corp	Clothing/Outerwear	20,747,110	543,574	0.20%
Potomac Edison	Electric Utility	20,086,828	526,275	0.19%
		<u>\$ 407,078,020</u>	<u>10,665,444</u>	<u>3.94%</u>
	Total Assessed Valuation	<u>\$ 10,340,867,012</u>		

Property is reassessed every three years.

Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
		Amount	Percent of Levy		Amount	Percent of Levy		
2003	\$ 116,374,225	\$ 114,676,102	98.54%	\$ 1,691,524	\$ 116,367,626	99.99%	\$ 6,599	0.01%
2004	122,127,710	121,181,554	99.23%	930,719	122,112,273	99.99%	15,437	0.01%
2005	133,912,351	132,713,125	99.10%	1,178,064	133,891,189	99.98%	21,162	0.02%
2006	148,614,976	147,744,969	99.41%	837,637	148,582,606	99.98%	32,370	0.02%
2007	170,124,838	169,106,817	99.40%	978,469	170,085,286	99.98%	39,552	0.02%
2008	195,793,490	194,780,453	99.48%	926,543	195,706,996	99.96%	86,494	0.04%
2009	222,146,165	221,514,565	99.72%	500,950	222,015,515	99.94%	130,650	0.06%
2010	239,656,240	238,543,223	99.54%	948,289	239,491,512	99.93%	164,728	0.07%
2011	227,219,284	226,056,851	99.49%	842,901	226,899,752	99.86%	319,532	0.14%
2012	210,189,963	209,114,927	99.49%	-	209,114,927	99.49%	1,075,037	0.51%

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*				
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
2011	6.97		4.62	5.00	5.28		9.97		7.27		8.13		8.77
2012	6.97		4.62	5.00	5.28		9.97		7.27		8.13		8.77

Tiers are based on the following usages

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

The standard household meter size is 5/8" and the average household usage for fiscal year 2012 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)	General Obligation Debt	Other Notes	Purchase Agreements	General Obligation Bonds (1)	Assessment Debt with Government Commitment	Special					
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	2.02%	1.61%	2,027	
2011	307,155,888	27,129,920	200,000	2,097,835	26,190,843	1,202,259		363,976,745	2.08%	1.74%	2,167	
2012	300,214,844	27,129,919	-	1,919,820	23,758,129	271,865		353,294,577	N/A	1.78%	2,095	

Notes: N/A not available.

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Bond premium/discounts and other unamortized charges are included.

(2) See Table 6, Assessed Valuation and Estimated Market Value of Taxable Property, for Estimated Market Values of Taxable Property.

(3) See Table 15, Demographic Statistics, for personal income and population data.

Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Ratios of Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds & Debt Outstanding	Percent of Actual Property Value (1)	Percent of Personal Income (2)	Per Capita (2)
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%	2.05%	1,997
2011	360,476,651	1.72%	2.05%	2,146
2012	351,102,893	1.77%	N/A	2,082

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, 2012**

Net assessed value- Real Property	\$ 19,148,080,099	
Debt limit - 6% of net total assessed value (1)		\$ 1,148,884,806
Assessed Value-Personal Property	<u>665,495,920</u>	
Debt limit- 15% of Net Assessed Value (1)		<u>99,824,388</u>
Total Debt Limit (6%/15%)		1,248,709,194
Amount of debt applicable to debt limit:		
Total Bonded Debt	\$ 348,257,263	
Less- Agricultural Preservation Program Self Supporting Debt	27,129,920	
Less- Fire Company Loans- Self Supporting Debt	9,645,666	
Less - Bureau of Utilities bonds	18,422,077	
Less - Septage bonds	121,886	
Total amount of debt applicable to debt limit		<u>292,937,714</u>
Legal debt margin		<u><u>\$ 955,771,480</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
2003-2012

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
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%
2011	20,895,165,478	6%/15%	1,302,726,361	301,960,750	1,000,765,611	23.18%
2012	19,813,576,019	6%/15%	1,248,709,194	292,937,714	955,771,480	23.46%

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Computation of Direct And Overlapping Debt
June 30, 2012

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	\$ 550,005,859	2.87%	\$ 8,407,312	\$ 1,818,194	\$ 10,225,506
Manchester	440,582,855	2.30%	6,737,567	240,142	6,977,709
Mt. Airy	813,745,814	4.25%	12,449,853	3,086,255	15,536,108
New Windsor	135,842,218	0.71%	2,079,858	-	2,079,858
Sykesville	365,148,624	1.91%	5,595,110	1,185,617	6,780,727
Taneytown	620,842,196	3.24%	9,491,182	16,719,935	26,211,117
Union Bridge	79,774,250	0.42%	1,230,338	1,498,055	2,728,393
Westminster	1,839,844,568	9.61%	28,151,314	18,182,966	46,334,280
Unincorporated areas	14,302,293,715	74.69%	218,795,181	-	218,795,181
County-wide Totals	<u>\$ 19,148,080,099</u>	<u>100.00%</u>	<u>\$ 292,937,715</u>	<u>\$ 42,731,164</u>	<u>\$ 335,668,879</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)
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	167,134	7,192,191	44,247	27,524	6.50%
2011	167,929	7,400,133	N/A	27,201	6.80%
2012	168,570	N/A	N/A	26,937	6.60%

Source: (1) Carroll County Department of Land Use, Planning and Development, June 2012. FY 2010 reflects the 2010 Census data. Fiscal years prior to FY 2010 are estimates.

(2) Maryland Department of Planning, Planning Data Services, from U.S. Bureau of Economic Analysis, April 2012.

(3) Carroll County Board of Education Approved Operating Budget Fiscal Year 2011-2012.

(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**

2012

<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	3,757	6.95%
Carroll Hospital Center	General hospital	1,696	3.14%
Springfield Hospital Center	Mental health services	833	1.54%
Random House	Book Warehousing & Distribution	800	1.48%
Fairhaven (Episcopal Ministries)	Life care retirement community	700	1.30%
McDaniel College	Higher education	641	1.19%
Jos. A. Bank Clothiers	Corporate HQ/ Distribution	612	1.13%
Carroll County Government***	Local government	593	1.10%
Carroll Community College	Higher education	509	0.94%
Carroll Lutheran Village	Retirement/Assisted Living	437	0.81%
	Total	10,578	19.58%
	Annual Average Employment in Carroll County****	54,037	

2003

<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	3,062	6.08%
Carroll County General Hospital	General hospital	1,344	2.67%
Random House, Inc.	Book warehousing and distribution	1,080	2.15%
Carroll County Government ***	Local government central office	850	1.69%
Springfield Hospital center	Mental health services	790	1.57%
McDaniel College	Higher Education	576	1.14%
Fairhaven (Episcopal Ministries)	Life care retirement community	550	1.09%
English American Tailoring	Men & women's made-to-measure clothing	450	0.89%
Northrop Grumman	Electronic testing	435	0.86%
Charles J. Miller, Inc.	Asphalt excavation & paving contractor	314	0.62%
	Total	9,451	18.78%
	Annual Average Employment in Carroll County	50,330	

- Notes: * As of September 2010.
 ** Does not include hourly employees such as substitutes, aides, etc.
 *** Central offices only. Excludes Sheriff's Department, Courts, etc.
 **** As of June 2011.

Source: Carroll County Department of Economic Development.
 The County's Annual Average Employment is from the Maryland Department of Labor, Licensing and Regulation
 Annual Employment and Payroll Reports.
 Carroll County Department of the Comptroller.
 Carroll County Department of Land Use, Planning and Development

Table 17

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

<u>Function/program</u>	<u>2012</u>	<u>2011</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>
General Government										
County Commissioners										
Legislative	5	9	9	8	9	11	10	12	8	11
* Licenses/Zoning Appeals Board	-	-	-	-	-	-	4	5	5	4
Public Information	-	-	2	2	2	2	3	2	-	-
* Farm Museum	-	-	7	9	10	10	10	9	9	9
* Airport Management	-	-	2	2	3	2	2	2	1	1
Judicial	68	69	73	75	73	72	65	56	56	60
County Attorney	10	10	10	10	10	10	10	10	10	10
Comptroller	34	34	35	36	37	37	36	35	37	36
Administrative Services										
Administrative Services- Admin	-	1	-	-	-	-	-	-	-	-
Human Resources and Personnel Svcs	12	13	13	16	17	17	17	18	18	18
Management Analysis	-	1	1	2	2	2	3	3	3	3
TV Production	2	2	2	1	1	1	-	-	-	-
Production & Distribution Svcs	3	3	3	3	3	3	3	3	3	3
Dept of Technology Services	25	25	25	25	27	25	24	25	25	25
Management and Budget	15	14	16	18	16	18	17	16	17	16
Land Use, Planning and Development	46	43	43	43	45	42	45	44	44	43
* General Services	-	-	103	118	127	122	114	112	112	112
Citizen Services	48	48	45	54	56	51	51	44	45	47
* Recreation and Parks	31	31	22	27	27	27	27	16	16	15
Public Safety										
Sheriff Services	230	211	204	209	197	196	186	171	166	158
Emergency Services	37	30	31	32	36	35	34	31	30	28
Public Works										
* Supervision & Administration	3	2	2	4	4	4	6	5	-	6
* Building Construction	2	2	-	-	-	-	-	-	-	-
* Facilities	47	48	-	-	-	-	-	-	-	-
* Fleet	23	24	-	-	-	-	-	-	-	-
* Permits	22	22	-	-	-	-	-	-	-	-
* Airport	1	1	-	-	-	-	-	-	-	-
Roads	100	99	97	105	112	108	103	107	116	111
* Engineering	18	19	20	22	23	21	22	22	23	22
* Bureau of Utilities-Operations	33	33	32	33	34	30	29	28	28	27
* Solid Waste-Operations	20	20	19	20	20	20	21	20	20	17
Social Services	17	17	16	16	15	15	15	14	14	13
Education	1	1	1	1	1	1	1	11	12	9
Conservation of Natural Resources										
Soil Conservation Service	6	6	5	5	6	6	6	6	6	6
Economic Development										
Economic Development	6	6	6	7	7	7	7	7	7	7
BERC	9	9	10	8	8	10	10	10	10	10
Tourism	1	1	1	2	2	2	2	2	2	2
Total Full Time Employee Totals	<u>875</u>	<u>854</u>	<u>855</u>	<u>913</u>	<u>930</u>	<u>907</u>	<u>883</u>	<u>846</u>	<u>843</u>	<u>829</u>
Part Time Employees	5	5	8	12	14	15	17	24	27	26
Total Employees	<u>880</u>	<u>859</u>	<u>863</u>	<u>925</u>	<u>944</u>	<u>922</u>	<u>900</u>	<u>870</u>	<u>870</u>	<u>855</u>

* 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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Information										
Population	168,570	167,929	167,134	174,909	174,249	173,208	171,742	168,521	166,234	163,400
Registered Voters	112,931	112,688	110,336	109,428	106,828	106,853	104,318	102,505	95,056	90,756
General Government										
Building Permits Issued for Residential	246	187	201	159	255	335	661	640	731	1,177
Estimated Value (\$ in thousands) Residential	\$ 40,741	\$ 31,803	\$ 32,699	\$ 26,308	\$ 44,316	\$ 57,126	\$ 118,037	\$ 115,252	\$ 131,538	\$ 189,913
Building Permits Issued for other purposes	1,826	1,828	1,745	1,908	2,534	2,727	3,244	3,173	3,615	3,021
Estimated Value (\$ in thousands) Other	\$ 71,994	\$ 66,314	\$ 52,397	\$ 108,861	\$ 177,729	\$ 102,781	\$ 138,171	\$ 126,448	\$ 124,703	\$ 102,082
Fire and Emergency Service										
Paid Firemen	120	120	115	115	112	92	85	92	42	42
Active Volunteers (estimated)	714	714	704	663	675	675	750	800	800	1,100
Dispatched Incidence	18,488	18,216	18,081	17,848	17,584	16,357	15,969	15,104	15,470	14,507
911 Calls Received	60,037	60,752	59,565	61,140	59,186	57,761	55,923	55,375	55,829	57,381
Police Protection										
Resident Troopers	30	46	46	46	46	46	45	45	46	46
Sheriff's Department	87	64	64	64	66	64	64	56	54	46
Citations/Warnings	16,940	16,551	15,845	17,805	14,802	16,551	16,280	13,451	8,452	7,506
911 Calls for Service	18,293	18,293	18,293	17,721	12,779	6,083	6,158	8,109	5,665	3,712
Detention Center										
Detention Center Officers	92	92	92	95	93	93	90	90	88	86
Total Prisoner Days	84,739	93,252	92,144	100,430	98,155	107,711	104,874	103,285	105,415	110,047
Water										
Daily Average Usage (mgd)	2.28	2.07	2.05	2.08	2.18	2.16	2.34	2.17	2.40	2.19
Plants Daily Capacity (mgd)	7.39	7.39	7.39	7.39	3.39	3.39	3.39	3.39	3.39	N/A
Wastewater										
Daily Average Usage (mgd)	2.86	2.83	2.71	2.59	2.95	2.89	2.74	3.34	3.12	N/A
Plants Daily Capacity (mgd)	4.45	4.45	4.45	4.45	4.45	4.45	4.45	4.45	4.45	N/A
Solid Waste										
Tons In	101,616	105,683	85,942	81,447	100,195	108,608	116,267	110,178	118,726	107,707
Tons Recycled	30,587	30,154	20,155	20,322	20,652	21,080	21,533	21,625	13,023	12,811
Tons into Landfill	12,809	13,588	11,576	12,370	14,051	8,969	13,466	15,276	16,445	16,127
Tons Transferred	87,153	91,306	74,364	69,078	86,144	100,028	105,660	97,009	104,156	91,580
Education										
Number of Teachers	2,163	2,198	2,209	2,251	2,209	2,375	2,116	2,021	1,963	1,957
Number of Students	26,937	27,201	27,524	27,745	28,261	28,575	28,219	28,774	29,044	28,630
Community College										
Full Time Equivalent Students (FTE's)	3,173	3,347	3,138	2,920	2,867	2,517	2,519	2,493	2,430	2,266
Faculty-Full Time	79	77	73	75	63	63	65	52	55	50
Faculty-Part Time	296	580	527	545	143	417	249	349	288	277
Airport										
Fuel Sales (gals)	279,664	304,837	255,099	280,319	471,700	503,574	574,155	618,180	408,866	208,790
Tie Downs Occupied	15	25	25	25	25	25	25	25	25	25
Corporate Hangars Occupied	7	7	6	6	6	7	7	7	6	4
T Hangars Occupied	82	82	82	82	82	82	82	82	82	82
Libraries										
Number of volumes (estimated)	548,749	570,742	552,892	551,376	517,239	511,026	553,824	584,167	552,786	567,631
Circulation	4,402,122	4,295,264	4,214,073	3,885,584	3,606,169	3,421,828	3,579,244	3,506,229	3,583,119	3,465,526
Senior Centers										
Outside Groups using facilities	2,007	3,213	2,516	2,922	3,156	3,133	2,976	3,009	2,822	2,025
Volunteer Hours performed at Centers	49,518	44,689	41,493	39,311	39,352	42,957	43,051	39,136	36,331	36,207
Meals Served	30,446	33,297	29,171	26,020	25,188	27,242	29,145	30,470	31,346	31,383
Seniors Attending Activities	271,716	241,749	243,226	159,518	129,635	173,707	160,416	157,623	149,892	117,993

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

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	899	896	896	893	891	888	886	880	880	874
Miles of Roads Unpaved	80	83	83	84	86	87	89	92	92	92
Number of Bridges	145	139	147	147	147	147	147	146	146	146
Acres in Agricultural Land Preservation	62,078	60,002	57,627	54,858	50,711	46,998	46,737	41,927	41,927	39,766
Fire and Emergency Service Stations	14	14	14	14	14	14	14	14	14	14
Water										
Water Mains (miles)	139	139	139	135	135	134	134	133	132	130
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	8,382	8,323	8,268	8,256	8,247	8,230	8,163	8,117	8,036	7,898
Wastewater										
Sewer Mains (miles)	125	125	125	125	122	121	121	120	119	119
Treatment Plants	4	4	4	4	4	4	4	4	4	4
Pumping Stations	18	18	18	18	18	18	18	18	18	17
Number of Customer Accounts	8,953	8,891	8,844	8,816	8,793	8,766	8,745	8,702	8,620	8,336
Solid Waste										
Active Landfills	1	1	1	1	1	1	1	1	1	1
Recreation and Culture										
Parks (1)	32	31	29	28	27	27	27	26	19	19
Acreage	4,773	4,629	4,652	4,478	4,478	4,478	4,478	4,475	4,311	4,311
Education										
Elementary	23	23	23	23	23	22	22	22	21	21
Middle	9	9	9	9	9	9	9	9	9	9
High	8	8	8	8	7	7	7	7	7	7
Vocational technical	2	2	2	2	2	2	2	2	2	2
Special/Alternative Education	2	2	2	2	2	2	2	2	2	2
College	1	1	1	1	1	1	1	1	1	1
Airport										
Runway (feet)	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100	5,100
T Hangars Available	82	82	82	82	82	82	82	82	82	82
Corporate Hangars Available	7	7	7	7	7	7	7	7	7	7
Tie Downs Available	52	52	52	52	52	52	52	52	32	32
Apron Area (acres)	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	12.6	12.6
Firearms Facility	1	1	1	1	1	1	1	1	1	1
Libraries	6	6	6	6	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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue										
Usage charges	\$ 8,312,844	\$ 8,446,852	\$ 7,620,404	\$ 7,328,198	\$ 7,305,990	\$ 7,119,000	\$ 6,076,750	\$ 5,573,113	\$ 5,465,151	\$ 4,323,926
Service charges	798	11,838	4,680	421	54,991	64,593	56,666	19,790	26,745	16,959
Penalties and interest	179,147	382,493	209,239	442,379	1,815,891	1,526,835	1,050,682	1,257,886	697,697	1,023,822
Operating transfer - County	199,511	(305,031)	200,200	206,980	629,850	212,000	138,310	(60,680)	122,405	1,439,075
Capital contributions (1)	335,174	523,776	426,563	75,395	855,655	291,282	389,700	5,744,168	1,038,337	743,641
Maintenance fee	1,443,774	1,438,797	1,432,610	1,428,013	1,427,782	1,421,568	850,713	836,795	447,729	621,151
Other	176,530	172,040	217,957	190,940	307,022	160,877	148,243	152,214	218,523	159,133
Total revenue	10,647,778	10,670,765	10,111,653	9,672,326	12,397,181	10,796,155	8,711,064	13,523,286	8,016,587	8,327,707
Expenses										
Salaries	2,358,994	2,341,948	2,394,033	2,499,181	2,241,162	2,027,979	1,996,372	1,828,934	1,759,625	1,660,311
Operating expenses	5,605,458	6,280,389	5,129,427	3,157,883	5,652,991	3,861,160	3,506,230	6,722,882	2,583,989	2,732,126
Depreciation	2,266,863	2,275,618	1,914,768	1,579,651	1,534,088	1,515,493	1,510,276	1,340,581	1,197,161	1,223,787
Interest	859,153	992,506	1,051,417	932,542	628,305	406,980	498,110	594,234	644,071	706,451
Total expense	11,090,468	11,890,461	10,489,645	8,169,257	10,056,546	7,811,612	7,510,988	10,486,631	6,184,846	6,322,675
Excess (deficiency) of revenue over (under) expense:	\$ (442,690)	\$ (1,219,696)	\$ (377,992)	\$ 1,503,069	\$ 2,340,635	\$ 2,984,543	\$ 1,200,076	\$ 3,036,655	\$ 1,831,741	\$ 2,005,032

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue										
Charge for services	\$ 6,647,622	\$ 6,713,042	\$ 5,435,007	\$ 6,133,596	\$ 6,269,365	\$ 6,353,183	\$ 6,253,935	\$ 5,810,000	\$ 5,975,631	\$ 5,234,047
Penalties and interest	15,624	14,773	211,945	302,752	447,743	631,268	441,286	375,385	63,900	73,582
Proceeds from sales of recyclables	596,322	591,880	461,818	391,872	340,424	227,025	202,325	268,340	154,886	81,407
Capital contributions-equip. transferred from County	-	-	15,888	-	-	-	-	-	-	-
Gain on sale of fixed assets	3,677	-	35,395	-	-	-	-	-	-	-
Other	186,955	186,399	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	2,545,000	2,545,000	2,645,000	2,645,000	2,645,000	2,645,000	2,645,000	2,645,000
Total revenue	9,995,200	10,051,094	8,715,572	9,381,995	9,719,639	9,885,947	9,547,814	9,147,981	8,898,632	8,229,913
Expense										
Salaries	1,522,883	1,604,911	1,633,798	1,633,309	1,387,457	1,335,170	1,220,245	1,138,650	1,062,789	1,030,337
Operating expenses	6,459,000	6,453,160	6,652,203	5,363,689	5,817,255	6,162,316	5,798,265	5,354,162	5,420,652	5,055,379
Depreciation	621,723	615,658	472,313	266,818	203,133	174,008	154,380	107,960	90,952	90,217
Interest	124,285	156,480	202,701	224,027	241,073	263,743	308,018	347,036	253,197	383,626
Total expense	8,727,891	8,830,209	8,961,015	7,487,843	7,648,918	7,935,237	7,480,908	6,947,808	6,827,590	6,559,559
Excess (deficiency) of revenue over expense	\$ 1,267,309	\$ 1,220,885	\$ (245,443)	\$ 1,894,152	\$ 2,070,721	\$ 1,950,710	\$ 2,066,906	\$ 2,200,173	\$ 2,071,042	\$ 1,670,354
Tipping Fee per ton *	\$ 62.00	\$ 60.00	\$ 58.00	\$ 76.00	\$ 61.00	\$ 58.00	\$ 54.00	\$ 54.00	\$ 51.00	\$ 51.00

Source: Carroll County Department of the Comptroller.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
Westminster, Maryland

Airport Fund - Revenue and Expenses
Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenue										
Rent	\$ 588,932	\$ 611,167	\$ 462,981	\$ 470,011	\$ 495,278	\$ 450,749	\$ 517,732	\$ 472,539	\$ 353,763	\$ 156,533
Fuel sales	61,685	64,016	53,570	197,646	1,715,510	1,378,850	1,523,726	1,268,475	662,347	354,796
Capital contributions (1)	233,646	111,220	48,969	460,454	91,598	366,572	348,858	1,288,611	511,521	315,834
Capital contributions-County	-	-	-	-	-	5,603,372	-	-	-	-
Land sale	-	-	-	-	-	1,064,797	-	-	-	25,000
Operating transfer-County	-	-	-	40,000	40,000	40,000	83,020	44,053	58,176	142,405
Other	43	691	2,030	3,601	11,222	10,850	-	3,796	-	-
Total revenue	884,306	787,094	567,550	1,171,712	2,353,608	8,915,190	2,473,336	3,077,474	1,585,807	994,568
Expenses										
Salaries	188,612	212,539	247,203	256,173	236,788	184,513	182,310	159,740	96,725	82,472
Operating expenses	1,312,582	124,103	308,329	267,209	2,359,958	1,612,527	1,562,774	1,431,899	832,208	333,430
Operating expenses-capital (2)	-	15,892	-	-	255,400	36,061	227,795	137,850	-	367,330
Interest	84,437	93,960	104,350	113,327	122,044	130,092	138,741	144,323	132,137	133,179
Depreciation	183,140	171,551	169,729	140,983	123,428	123,428	123,428	118,050	23,792	24,029
Operating transfer-County	-	-	-	-	-	41,446	-	-	-	-
Total expense	1,768,771	618,045	829,611	777,692	3,097,618	2,128,067	2,255,048	1,991,862	1,084,862	940,440
Excess (deficiency) of revenue over expense:	\$ (884,465)	\$ 169,049	\$ (262,061)	\$ 394,020	\$ (744,010)	\$ 6,787,123	\$ 238,288	\$ 1,085,612	\$ 500,945	\$ 54,128

(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, 2012

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Unmod	A	B	C	D	E	
Deferred	168											
\$ 1 - \$250	45	41		4		16	6	11	10	2		
251 - 500	59	51	6	2		20	6	7	18	1		7
501 - 750	22	17	5			3	4	7	5	1		2
751 - 1000	8	6	2			2	2	1	1			2
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 Employee Pension Plan
Average Benefit Payments
Last Nine 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
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$ 518	\$ 1,736	\$ 5,999	\$ 13,356	\$ 17,581	\$ 622
Average Final Monthly Salary	\$ 2,314	\$ 2,909	\$ 2,849	\$ 3,886	\$ 3,649	\$ 3,544
Number of Retired Members	9	15	26	32	36	1
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$ 822	\$ 2,499	\$ 8,352	\$ 15,819	\$ 19,982	\$ 762
Average Final Monthly Salary	\$ 2,512	\$ 2,992	\$ 2,963	\$ 3,856	\$ 3,685	\$ 3,620
Number of Retired Members	11	19	31	34	38	2

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, 2012

Amount of Monthly Benefit	# of Retired Members	Type of Retirement				Option Selected						
		1	2	3	4	Unmod	A	B	C	D	E	
Deferred	1											
\$ 1 - \$250	0											
251 - 500	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, 2012

Retirement Effective Date	Years of Credited Service					
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30
Period 7/1/09 to 6/30/10						
Average Monthly Benefit	\$ -	\$ -	\$ 354	\$ -	\$ -	\$ 911
Average Final Monthly Salary	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ 4,488
Number of Retired Members	-	-	1	-	-	1
Period 7/1/10 to 6/30/11						
Average Monthly Benefit	\$ -	\$ -	\$ 709	\$ -	\$ -	\$ 1,366
Average Final Monthly Salary	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ 4,488
Number of Retired Members	-	-	1	-	-	1
Period 7/1/11 to 6/30/12						
Average Monthly Benefit	\$ -	\$ -	\$ 723	\$ -	\$ -	\$ 1,393
Average Final Monthly Salary	\$ -	\$ -	\$ 5,059	\$ -	\$ -	\$ 4,488
Number of Retired Members	-	-	1	-	-	1

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

Source: Department of Human Resources.

Single Audit Section





CliftonLarsonAllen

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, Maryland (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 16, 2012. 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

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency noted in the accompanying schedule of findings and questioned costs as item 2012-01 to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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

This report is intended solely for the information and use of the 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.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland
November 16, 2012



**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 and Schedule of Expenditures of
Federal Awards 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, Maryland (the 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, 2012. The 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's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Board of Education of Carroll County, the Community College of Carroll County, and the Board of Library Trustees for Carroll County, which may have received federal awards (where applicable), and which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2012. We were separately engaged to perform and have separately reported on the results of our audits of the Board of Education of Carroll County, the Community College of Carroll County and the Board of Library Trustees for Carroll County reported separately a schedule of expenditures of federal awards to perform an audit in accordance with OMB Circular A-133, if required.

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'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's compliance with those requirements.

In our opinion, the 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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with the suspension and debarment requirement, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-02.

Internal Control Over Compliance

The management of the 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'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'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-02. 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 response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the 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.



Baltimore, Maryland
November 16, 2012

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

Federal Grantor/ Program Title	Federal CFDA Number	Federal Grant Number	Pass-Through Grantor's Number	Expenditures
MAJOR PROGRAMS				
U.S. Department of Housing and Urban Development				
<u>Direct Housing Section 8 Grants</u>				
Section 8 Voucher Admin Federal Funded Subsidy FY03	14.871	P-3532	N/A	\$ 27,220
Section 8 FSS Coordinator Salary Fed Funded Subsidy FY12	14.871	P-3532	N/A	64,559
Section 8 Housing Choice Voucher Fed Funded Subsidy FY12	14.871	P-3532	N/A	5,683,382
Section 8 Admin Fed Funded Subsidy FY12	14.871	P-3532	N/A	472,672
Total U.S. Department of HUD Section 8 Grants				6,247,833
U.S. Department of Housing & Community Development				
<u>Passed Through Maryland Department of Community Development</u>				
ARRA Homelessness Prevention&Rapid Re-housing	14.257	N/A	N/A	21,403
ARRA Homelessness Prevention&Rapid Re-housing Bridge	14.257	N/A	N/A	46,844
HUD YMCA Community Devel FY04	14.228	N/A	MD-04-CD-36	77,500
Emergency Shelter Grant FY11	14.231	N/A	N/A	17,011
Home Initiatives Program	14.239	N/A	N/A	22,835
Home Initiatives Program FY12	14.239	N/A	N/A	34,521
Total U.S. Department of HCD MD Community Development				220,114
Total Major Programs				6,467,947
 OTHER FEDERAL PROGRAMS				
U.S. Department of Health and Human Services				
<u>Passed Through Maryland Office on Aging</u>				
Ombudsman FY11	93.042	N/A	3-24-AAA-005	(2,458)
Ombudsman FY12	93.042	N/A	3-24-AAA-005	16,764
Title III, Part D FY11	93.043	N/A	3-24-AAA-005	6,022
Title III, Part D FY12	93.043	N/A	3-24-AAA-005	4,763
Title III, Part B FY11	93.044	N/A	3-24-AAA-005	96,950
Title III, Part B FY12	93.044	N/A	3-24-AAA-005	67,163
Title III, Part C FY11	93.045	N/A	3-24-AAA-005	36,667
Home Delivered Meals FY11	93.045	N/A	3-24-AAA-005	15,704
Title III, Part C FY12	93.045	N/A	3-24-AAA-005	84,686
Home Delivered Meals FY12	93.045	N/A	3-24-AAA-005	49,942
Title III, Part E FY11	93.052	N/A	3-24-AAA-005	16,234
Title III, Part E FY12	93.052	N/A	3-24-AAA-005	35,358
SHIP SMP FY12	93.779	N/A	4-24-AAA-005	12,899
Total U.S. Department of HHS Through MD Office Aging				440,694
<u>Passed Through Maryland State Department of Human Resources</u>				
Safe & Stable FY12	93.556	N/A	CSEA/CRA/11-010	125,823
Cooperative Rem bursement 10/11 (Circuit Ct)	93.563	N/A	CSEA/CRA/11-010	3,214
Cooperative Reimbursement 10/11 (St Atty)	93.563	N/A	CSEA/CRA/11-009	124,205
Cooperative Reimbursement 10/11 (Sheriff)	93.563	N/A	CSEA/CRA-11-035	25,487
Cooperative Reimbursement 11/12 (Circuit Ct)	93.563	N/A	CSEA/CRA-12-035	12,763
Cooperative Reimbursement 11/12 (St Atty)	93.563	N/A	CSEA/CRA-12-035	421,781
Cooperative Reimbursement 11/12 (Sheriff)	93.563	N/A	CSEA/CRA-12-035	48,405
Total U.S. Department of HHS Through MD St Department of HR				761,678
<u>Passed Through Maryland Department of Health & Mental Hygiene</u>				
MAP FY11	93.779	N/A	MOOB9200690-006	(48,490)
MA Waiver FY12	93.779	N/A	CH837AIA	102,711
MAP FY12	93.779	N/A	MOOB9200690-006	1,444
MFP FY12	93.779	N/A	ST-2518-006	6,002
MAP/MFP FY12	93.779	N/A	ST-2518-006	100,165
Total U.S. Department of HHS Through MD Department of HMH				161,832
Total of U.S. Department of Health and Human Services				1,364,204

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012
(CONTINUED)

Federal Grantor/ Program Title	Federal CFDA Number	Federal Grant Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Labor				
<u>Passed Through Howard County Manpower Resources Employment and Training Assistance</u>				
MD Business Works Training	17.258	N/A	N/A	\$ 3,297
Economically Disadvantaged Youth IIC FY11	17.259	P00B04000017	N/A	68,061
Adminstration FY13	17.278	N/A	N/A	(162)
ARRA (Stimulus) BERC Admin	17.278	N/A	N/A	(3,371)
Economically Disadvantaged IIA FY11	17.278	P00B04000017	N/A	19,068
Dislocated Workers III FY11	17.278	P00B04000017	N/A	469,630
Administration FY11	17.278	P00B04000017	N/A	63,376
Economically Disadvantaged IIA FY12	17.278	P00B04000017	N/A	48,114
Administration FY12	17.278	P00B04000017	N/A	2,641
Total U.S. DOL Through Howard County MRETA				670,654
<u>Passed Through Howard County Manpower Resources Employment and Training Assistance</u>				
ARRA-Energy Sector Parntership Training	17.275	POOB2400173	N/A	3,445
Tota U.S. Department of Labor				674,099
U.S. Department of Transportation				
<u>Passed Through Maryland Department of Transporation</u>				
ARRA (Stimulus) Transportation Equipment	20.509	N/A	MD-96-X001	20,288
ARRA (Stimulus) Transportation Bldg CATS Buses	20.509	N/A	MD-96-X001	114,158
Section 5307 (Capital) 08/09	20.507	MD-90-0101	N/A	50,063
Section 5311 (Capital) 09/10	20.507	MD-18-4023	N/A	15,750
Section 5311 FY12	20.507	MD-90-0101	N/A	100,119
Section 5307 FY12	20.507	MD-18-4023	N/A	122,561
Section 5311 Capital FY11	20.507	MD-90-4089/MD-90-4101	N/A	135,691
Section 5311 Capital FY12	20.507	MD-90-0101	N/A	135,334
Total U.S. Department of Transportation				693,964
U.S. Department of Homeland Security				
<u>Passed Through Maryland Emergency Management Administration</u>				
Vulnerable Populations Plans & Training	97.008	N/A	2007-GE-T7-0040	(1,444)
Urban Area Security Lic Plate Reader Tactical Equip FFY08	97.008	N/A	2008-GE-T8-0011	(2,076)
Volunteer Mobilization FFY08	97.008	N/A	N/A	45
Urban Area Security Inititive Command Vehicle Maintenance FFY	97.008	N/A	2008-GE-T8-0011	33,172
Urban Area Security Inititive CBRNE Detection FFY08	97.008	N/A	2008-GE-T8-0011	3,585
Urban Area Security Inititive WebEOC Dialogic FFY08	97.008	N/A	2008-GE-T8-0011	(1,593)
Urban Area Security Inititive WebEOC FFY08	97.008	N/A	2008-GE-T8-0011	(1,476)
Sheltering Management FFY08	97.008	N/A	N/A	(2,850)
UASI FFY09 High School Program	97.008	N/A	N/A	24,386
UASI Urban Area Security Iniative FFY09 K-9 Training	97.008	N/A	09-SR-8841-03	1,030
Urban Area Security Inititive Intelligence Equip FFY09	97.008	N/A	09-SR-8841-03	1,790
Urban Area Security Inititive Tactical Equipment FFY09	97.008	N/A	09-SR-8841-03	(3,728)
Urban Area Security Inititive HAZMAT FFY09	97.008	N/A	09-SR-8841-03	56,222
Urban Area Security Inititive Volunteer Mobilization	97.008	N/A	09-SR-8841-03	27,000
Urban Area Security Inititive Emergency Planners FFY09	97.008	N/A	09-SR-8841-03	67,027
Urban Area Security Inititive EMNet Upgrade	97.008	N/A	09-SR-8841-03	2,200
U-CBRNE Protection/Response	97.008	N/A	2010-SS-T0-0025	23,356
U-Incident Management Team	97.008	N/A	2010-SS-T0-0025	7,366
LEPTA & Equipment Training	97.008	N/A	2010-SS-T0-0025	71,776
U-Mass Notification System	97.008	N/A	2010-SS-T0-0025	17,396
U-Regional Planners	97.008	N/A	2010-SS-T0-0025	18,135
U-Resource Mgmt-Tech Trn Confr	97.008	N/A	2010-SS-T0-0025	1,784
Shelter Generator PreWiring	97.008	N/A	2010-SS-T0-0025	16,187

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012
(CONTINUED)

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Transportation				
<u>Passed Through Maryland Department of Transportation (Continued)</u>				
U-Shelt Supplies	97.008	N/A	2010-SS-T0-0025	\$ 4,870
UASI-LETPA Equip/Train FFY11	97.008	N/A	11-SR-8841-03	19,367
UASI-Regional Planners FFY11	97.008	N/A	11-SR-8841-03	3,144
UASI-MCCV Main/Upgrad FFY11	97.008	N/A	11-SR-8841-03	1,399
Addi; UASI Conf + Train	97.008	N/A	N/A	831
Urban Area Security Intitive HAZMAT EP FY11	97.021	N/A	11-SR-8841-03	4,840
Emergency Mgmt Perf FFY10	97.042	N/A	10-SR-8841-03	84,663
Citizen Corp FFY08	97.053	N/A	N/A	(4,305)
CCP FFY2011	97.053	N/A	10-SR-8841-03	6,072
State Homeland Security Program FY09	97.067	N/A	N/A	2,009
State Homeland Security FY10	97.067	N/A	N/A	34,009
Citizen Corp-CERT Team FFY09	97.067	N/A	N/A	7,789
SHSP-Interoperable Communications	97.067	N/A	N/A	900
All Hazards Response	97.073	N/A	2010-SS-T0-0025	20,148
Homeland Security Training Prg	97.073	N/A	2010-SS-T0-0025	39,014
Personal Protective Equipment	97.073	N/A	2010-SS-T0-0025	181
Intel/Info Sharing	97.073	N/A	2010-SS-T0-0025	73,537
Total U.S. Department of Homeland Security				657,758
<u>U.S. Department of Agriculture Aging Commodities</u>				
The Emergency FoodAssistance Program FY12	10.568	OMG/FNS 09-007	N/A	5,000
Total U.S. Department of Agriculture				5,000
U.S. Department of Energy				
<u>Passed Through State Department of Human Resources</u>				
ARRA (Stimulus) Weatherization	81.042	N/A	N/A	268,979
ARRA (Stimulus) Weatherization Admin	81.042	N/A	N/A	18,122
Weatherization FY12	81.042	N/A	N/A	14,363
Weatherization FY12	81.042	N/A	N/A	14,630
Weatherization Admin FY12	81.042	N/A	N/A	6,767
ARRA (Stimulus) EECBG	81.128	DE-SC0002826	N/A	6,295
Total U.S. Department of Energy				329,156
U.S. Department of Justice Passed Through				
<u>The Governor's Office of Crime Control and Prevention</u>				
Adventure Diversion FY12	16.569	JABG-2012-1455	N/A	57,500
Adult Drug Court FY12	16.585	BJAG-2012-1038	N/A	55,880
Violence Against Women Act FY11 (St.Atty)	16.588	VAWA-2011-1021	N/A	13,318
Violence Against Women Act FY11 (Sheriff)	16.588	VAWA-2011-1021	N/A	5,403
Violence Against Women Act FY12 (St Atty)	16.588	VAWA-2012-1021	N/A	53,849
Violence Against Women Act FY12 (Sheriff)	16.588	VAWA-2012-1021	N/A	30,325
Immigration & Custom Enforcement (ICE)	16.590	N/A	N/A	9,442
Adult Drug Court	16.738	BJAG-2011-1038	N/A	2,464
Adult Drug Court FY12	16.738	BJAG-2012-1038	N/A	27,701
Multi-Disciplinary Team (MDT) Carroll Cty Advocacy & Investigati	93.643			4,801
ARRA (Stimulus) Sheriff Byrne Justice Assistance FY10	16.803	N/A	N/A	100,271
Total U.S. Department of Justice Through GOCCP				360,954

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012
 (CONTINUED)**

Federal Grantor/ Program Title	Federal CFDA Number	Federal Grant Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Justice National Network of Children's Advocacy Center Grant FY11</u>	16.582	N/A	N/A	<u>\$ 9,647</u>
Total U.S. Department of Justice				<u>370,601</u>
Total Other Federal Programs				<u>4,094,782</u>
Total Federal Programs				<u><u>\$ 10,562,729</u></u>

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

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, Maryland (the County) for the year ended June 30, 2012.

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'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 basic financial statements and the related federal financial reports submitted by the County.

**THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012**

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? _____ none reported
 X yes
- 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)? _____ none reported
 X yes

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? _____ no
 X yes

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program
17.258, 17.259, 17.278	ARRA-Workforce Investment Act (WIA) Cluster
20.507	Section 5307 & 5311 Transportation
97.008	Urban Area Security Initiatives
81.042	ARRA – Weatherization
16.803, 16.738	ARRA- Byrne Justice Assistance Grants

Dollar threshold used to distinguish between type A and type B programs: \$316,882

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

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Section II – Financial Statement Findings

Finding Reference: 2012-01

Condition

The County's Schedule of Expenditures of Federal Awards (SEFA) did not accurately identify proper FY 2012 federal expenditures as required by OMB A-133.

Criteria

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Internal Control-Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission, provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

In addition, OMB Circular A-133 Subpart C Section 300 (a)-(d) stipulates that the auditee must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the CFDA title and number, award number and year, name of Federal agency, and name of the pass-through entity; maintain internal control over Federal program that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulation, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs; comply with laws, regulations, and the provision of contracts or grant agreements related to each of its Federal programs; and prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB A-133 section 310.

Cause

Program expenditures were not submitted to accounts payable prior to the closing deadline; therefore they were not accrued as FY 2011 costs.

Effect

The SEFA was understated and not in compliance with OMB Circular A-133 Subpart C Section 300 (a)-(d). The County's program expenditures may be disallowed if the expenditures are not reported within the allowable period of availability.

Recommendation

We recommend that the County review current procedures for creating the SEFA and communicating accounting deadlines to program managers to ensure that all federal programs and related expenditures incurred and/or paid during the audit period are properly identified.

Management's Response

ARRA expenditures in FY11 were subsequently reclassified in FY12 through journal entries. The reclassification entries were done in the incorrect fiscal period. In the future, the County will ensure that all journal entries are entered and charged to the year in which the expenses were incurred.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Section III – Federal Award Findings and Questioned Costs

Finding Reference: 2012-02

Federal Agency: U.S. Department of Homeland Security
Federal Program: 97.008 Urban Area Security Initiatives Program Compliance
Requirement: Procurement and Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control, Noncompliance
Repeat prior year finding-2011-02

Condition

The County did not document their verification of a vendor's suspension or debarment status prior to entering into a contract with the vendor.

Context

We haphazardly selected 4 vendor contracts for testing and identified 2 of the vendor files did not contain documentation to support the vendor's suspension and/or debarment status.

Criteria

Non-Federal entities are prohibited from contracting with or making sub-awards 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 did not consistently perform current procedures for documenting their review and determination of a vendor's suspension and debarment status during the procurement process.

Effect

The County is unable to document compliance with federal suspension and debarment requirement.

Questioned Costs

There are no questioned costs related to this finding, none of the vendors were suspended or debarred from participating in a federal program.

Recommendation

We recommend that the County reiterate its policy and procedures for reviewing and documenting a vendor's suspension and debarment status during the procurement process.

Management's Response

The Emergency Management Office will now check the suspension/debarment list and attach a copy of the list to the purchase request.

THE COUNTY COMMISSIONERS OF CARROLL COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2012

Finding Reference: 2011-01

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

Condition/Context

For 3 of the 40 tenants selected for inspections testing, the inspection deficiencies were not corrected by the tenant or landlord within the required time period. In addition, for 1 of the 22 tenants selected for enforcement testing, the inspection deficiencies were not corrected by the tenant or landlord within the required time period.

We selected a sample of 40 tenants receiving Housing Assistance Payments throughout the year from a population of approximately 570 to test for compliance with Housing Choice Voucher Housing Quality Standards Inspections. We noted findings in 3 of the 40 files tested.

In addition, we selected a sample of 22 tenants with failed inspections throughout the year from a population of 183 to test for compliance with Housing Choice Voucher Housing Quality Standards Enforcement. We noted a finding in 1 of the 22 files tested.

Current Year Status

Fully Corrected – While procedures did not change, managers were encouraged to be more diligent in reviewing tenant files to ensure that required compliance requirements were met and documented.

The program was selected as a major program for FY 12. Our testing in current year precluded that all of the prior year concerns were resolved.

Finding Reference: 2011-02

Federal Agency: U.S. Department of Homeland Security
Federal Program: 97.008 Urban Area Security Initiatives Program Compliance
Requirement: Procurement and Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition/Context

For 1 of 3 vendor contracts selected, the County did not properly verify that the vendor was not suspended or debarred from receiving federal funds.

We selected a sample of 3 vendor contracts from a population of 7 contracts that were expected to equal or exceed \$25,000 in federal awards to test for compliance with suspension and debarment requirements. We noted findings in 1 of the 3 vendors tested.

Current Year Status

Partially Corrected – The County enhanced its policies and procedures via enhanced the existing purchasing policy to include verification and documentation of a vendor's suspension and debarment status..

However, the current year audit still identified noncompliance with the suspension and debarment requirement. Refer to finding 2012-02.



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