

Explanation of Fund Balance

Governmental funds report the difference between their assets and liabilities as *fund balance*. Under Generally Accepted Accounting Principles (GAAP) fund balance is divided into reserved and unreserved portions. The *reserved fund balance* isolates the portion of fund balance that is not available for appropriation to the next budget. Under GAAP the *unreserved fund balance* can be further divided into designated and undesignated portions with the *designated fund balance* representing intended uses of fund balance. Designating the use of fund balance is a powerful tool in prudent fiscal planning, allowing governments to manage their future fiscal health. *Unreserved/undesignated fund balance* is fully available for appropriation and, under the Code of Public Local Laws of Carroll County Article 7, 3-62(19), must be appropriated to the next budget following the completion of an independent financial audit of those funds.

The reservation of fund balance is necessary for two reasons:

- *Resource not available for spending.* Some of the assets reported in governmental funds are not available for spending in the subsequent year's budget. For example, a long-term loan receivable is not available for current spending.
- *Legal restrictions on spending.* Fund balance also is reserved to indicate situations where a portion of fund balance is not available for new spending because of legal restrictions involving parties outside the financial reporting entity. A common example is funds reserved for encumbrances.

The designation of funds is a fiscal tool used to ensure the County's fiscal stability. Some examples of designations include:

- *Stabilization Fund.* The County maintains a stabilization fund of 3% of budget to provide a reserve against certain specified conditions including a natural disaster or a sudden and unexpected drop in revenues.
- *Medical Claims Reserve.* The County is self-insured for medical and hospitalization costs and maintains a reserve against a short-term rise in claims experience.

Schedule of Changes in Fund Balance

Governmental Fund Types

	General Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance-beginning FY 2007	\$74,305,254	\$92,829,898	\$9,395,177	\$176,530,329
FY 2007 Actual Revenues/other sources	296,329,773	73,671,873	15,453,111	385,454,757
FY 2007 Actual Expenditures/other uses	(295,199,862)	(61,686,068)	(14,874,828)	(371,760,758)
Fund Balance-ending FY 2007	\$75,435,165	\$104,815,703	\$9,973,460	\$190,224,328
FY 2008 Unaudited Revenues/other sources	325,200,270	74,269,423	16,506,087	415,975,780
FY 2008 Unaudited Expenditures/other uses	(320,252,275)	(89,320,460)	(24,162,710)	(433,735,445)
Fund Balance-ending FY 2008	\$80,383,160	\$89,764,666	\$2,316,837	\$172,464,663
FY 2009 Projected Revenues/other sources	341,697,898	135,297,971	14,981,438	491,977,307
FY 2009 Projected Expenditures/other uses	(349,470,000)	(135,297,971)	(14,981,438)	(499,749,409)
Fund Balance-ending FY 2009	\$72,611,058	\$89,764,666	\$2,316,837	\$164,692,561

Schedule of Changes in Net Assets
Proprietary Funds

Business-type Activities - Enterprise Funds

	Solid Waste Fund	Utilities Fund	Airport Fund	Septage Fund	Firearms Fund	Total Enterprise Funds
Net Assets-beginning FY 2007	(\$3,660,238)	\$81,768,711	\$1,769,315	\$131,261	\$179,321	\$80,188,370
FY 2007 Actual Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	9,885,947	10,834,290	8,915,190	549,182	63,926	30,248,535
FY 2007 Actual Oper Exp, Non-Oper Exp & Transfers Out	(7,935,237)	(7,849,747)	(2,128,067)	(402,898)	(58,238)	(18,374,187)
Net Assets-ending FY 2007	(\$1,709,528)	\$84,753,254	\$8,556,438	\$277,545	\$185,009	\$92,062,718
FY 2008 Unaudited Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	9,696,429	12,397,181	2,405,322	397,958	376,368 *	25,273,258
FY 2008 Unaudited Oper Exp, Non-Oper Exp & Transfers Out	(9,173,025)	(22,029,169)	(3,497,340)	(398,869)	(434,613) *	(35,533,016)
Net Assets-ending FY 2008	(\$1,186,124)	\$75,121,266	\$7,464,420	\$276,634	\$126,764	\$81,802,960
FY 2009 Projected Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	12,115,710	11,097,950	11,056,160	919,200	75,100	35,264,120
FY 2009 Projected Oper Exp, Non-Oper Exp & Transfers Out	(12,115,710)	(11,097,950)	(11,056,160)	(919,200)	(75,100)	(35,264,120)
Net Assets-ending FY 2009	(\$1,186,124)	\$75,121,266	\$7,464,420	\$276,634	\$126,764	\$81,802,960

*Included in these totals is the expenditure and insurance reimbursement due to a fire at the facility.

Schedule of Changes in Fund Balance

General Fund

	Actual for 6/30/07 as of 7/30/08	Unaudited for 6/30/08 as of 7/30/08	Projected for 6/30/09 as of 7/30/08
Beginning Fund Balance	\$74,305,254	\$75,435,165	\$80,383,160
Revenues	296,329,773	325,200,270	341,697,898 *
Expenditures*	(295,199,862)	(320,252,275)	(349,470,000)
Projected Ending Fund Balance	\$75,435,165	\$80,383,160	\$72,611,058
Reserved Funds:			
Loans to Volunteer Fire Companies	\$15,383,630	\$14,503,131	\$13,875,000
Encumbrances	1,895,581	1,026,708	1,300,000
Inventory	1,072,559	1,222,620	1,250,000
Loans to Municipalities	302,772	252,547	275,000
Loans for Economic Development	5,320,660	5,307,735	5,350,000
Advances to Industrial Development Authority	1,125,560	1,125,560	1,125,000
Agricultural Preservation IPA Payables	11,244,623	10,827,438	11,000,000
Total Funds Reserved	\$36,345,385	\$34,265,739	\$34,175,000
Unreserved/Designated Funds:			
Stabilization Fund	\$9,900,000	\$10,600,000	\$10,600,000
Subsequent Years' Expenditure of Undesignated/Unreserved Fund Balance	13,542,642	11,302,102	15,120,283
Lien Certificates	15,000	15,000	15,000
Workers Compensation Claims Reserve	400,000	400,000	400,000
Vehicle Replacement Reserve	500,000	500,000	500,000
Short-Term Reserve	6,000,000	6,750,000	6,750,000
Medical Claims Reserve	1,400,000	1,400,000	1,400,000
Loan to Warfield Development	30,036	30,036	30,036
Total Funds Unreserved But Designated	\$31,787,678	\$30,997,138	\$34,815,319
Projected Ending Fund Balance	\$75,435,165	\$80,383,160	\$72,611,058
Less: Total Funds Reserved Balance	36,345,385	34,265,739	34,175,000
Less: Total Funds Unreserved But Designated	31,787,678	30,997,138	34,815,319
Unreserved/Undesignated Fund Balance	\$7,302,102	\$15,120,283	\$3,620,739

*\$7,302,102 of FY 09 expenditures were funded by the planned use of FY 07 undesignated/unreserved fund balance.

*\$4,000,000 of FY 09 expenditures were funded by the planned use of FY 08 undesignated/unreserved fund balance.