

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 2008	\$75,435,165	\$104,815,703	\$9,973,460	\$190,224,328
FY 2008 Actual Revenues/other sources	324,788,687	75,019,233	16,554,271	416,362,191
FY 2008 Actual Expenditures/other uses	(320,102,216)	(94,018,344)	(24,187,680)	(438,308,240)
Fund Balance-ending FY 2008	\$80,121,636	\$85,816,592	\$2,340,051	\$168,278,279
FY 2009 Unaudited Revenues/other sources	338,634,105	93,789,967	16,519,753	448,943,825
FY 2009 Unaudited Expenditures/other uses	(340,633,430)	(122,468,898)	(15,151,864)	(478,254,192)
Fund Balance-ending FY 2009	\$78,122,311	\$57,137,661	\$3,707,940	\$138,967,912
FY 2010 Projected Revenues/other sources	354,500,000	93,085,159	14,282,316	461,867,475
FY 2010 Projected Expenditures/other uses	(354,500,000)	(93,085,159)	(14,282,316)	(461,867,475)
Fund Balance-ending FY 2010	\$78,122,311	\$57,137,661	\$3,707,940	\$138,967,912

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 2008	(\$1,709,528)	\$84,753,254	\$8,556,438	\$277,545	\$185,009	\$92,062,718
FY 2008 Actual Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	9,719,639	12,397,181	2,353,607	397,958	300,174	25,168,559
FY 2008 Actual Oper Exp, Non-Oper Exp & Transfers Out	(7,648,918)	(10,056,545)	(3,097,618)	(395,824)	(74,497)	(21,273,402)
Net Assets-ending FY 2008	\$361,193	\$87,093,890	\$7,812,427	\$279,679	\$410,686	\$95,957,875
FY 2009 Unaudited Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	9,312,738	9,584,510	1,212,113	453,495	106,648	20,669,504
FY 2009 Unaudited Oper Exp, Non-Oper Exp & Transfers Out	(7,564,251)	(8,808,089)	(888,433)	(271,915)	(76,940)	(17,609,628)
Net Assets-ending FY 2009	\$2,109,680	\$87,870,311	\$8,136,107	\$461,259	\$440,394	\$99,017,751
FY 2010 Projected Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	10,697,400	11,617,870	69,690,142	496,540	81,915	92,583,867
FY 2010 Projected Oper Exp, Non-Oper Exp & Transfers Out	(10,697,400)	(11,617,870)	(69,690,142)	(496,540)	(81,915)	(92,583,867)
Net Assets-ending FY 2010	\$2,109,680	\$87,870,311	\$8,136,107	\$461,259	\$440,394	\$99,017,751

Schedule of Changes in Fund Balance

General Fund

	Actual for 6/30/08 Audited - CAFR	Unaudited for 6/30/09 as of 5/31/09	Projected for 6/30/10 as of 5/31/09
Beginning Fund Balance	\$75,435,165	\$80,121,636	\$78,122,311
Revenues	324,788,687	338,634,105	354,500,000
Expenditures	(320,102,216)	(340,633,430)	(354,500,000)
Projected Ending Fund Balance	\$80,121,636	\$78,122,311	\$78,122,311
Reserved Funds:			
Loans to Volunteer Fire Companies	\$14,503,131	\$13,656,795	\$13,250,000
Encumbrances	1,026,708	1,100,000	1,000,000
Inventory	1,222,617	1,222,620	1,250,000
Loans to Municipalities	252,547	246,228	250,000
Loans for Economic Development	5,307,735	5,365,330	5,400,000
Advances to Industrial Development Authority	1,125,560	1,145,560	1,145,000
Agricultural Preservation IPA Payables	10,827,438	11,252,252	12,000,000
Total Funds Reserved	\$34,265,736	\$33,988,785	\$34,295,000
Unreserved/Designated Funds:			
Stabilization Fund	\$10,600,000	\$10,700,000	\$10,700,000
Subsequent Years' Expenditure of Undesignated/Unreserved Fund Balance	11,302,102	14,858,762	9,479,728
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	6,750,000	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	\$30,997,138	\$34,653,798	\$29,274,764
Projected Ending Fund Balance	\$80,121,636	\$78,122,311	\$78,122,311
Less: Total Funds Reserved Balance	34,265,736	33,988,785	34,295,000
Less: Total Funds Unreserved But Designated	30,997,138	34,653,798	29,274,764
Unreserved/Undesignated Fund Balance	\$14,858,762	\$9,479,728	\$14,552,547