

# Explanation of Fund Balance

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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
<b>Fund Balance-beginning FY 2009</b>	<b>\$80,121,638</b>	<b>\$85,816,592</b>	<b>\$2,340,051</b>	<b>\$168,278,281</b>
FY 2009 Actual Revenues/other sources	332,808,544	23,473,025	16,706,940	372,988,509
Bond proceeds, premium, and redemption	2,054,448	71,908,000	0	73,962,448
Non-Cash Notes	2,956,795	0	0	2,956,795
FY 2009 Actual Expenditures/other uses	(340,675,679)	(135,278,575)	(15,708,464)	(491,662,718)
<b>Fund Balance-ending FY 2009</b>	<b>\$77,265,746</b>	<b>\$45,919,042</b>	<b>\$3,338,527</b>	<b>\$126,523,315</b>
FY 2010 Unaudited Revenues/other sources	330,400,000	24,534,198	16,350,964	371,285,162
Bond proceeds, premium, and redemption	2,300,249	56,642,821	0	58,943,070
Non-Cash Notes	4,662,430	0	0	4,662,430
FY 2010 Unaudited Expenditures/other uses	(342,400,000)	(73,460,307)	(14,620,517)	(430,480,825)
<b>Fund Balance-projected FY 2010</b>	<b>\$72,228,425</b>	<b>\$53,635,753</b>	<b>\$5,068,974</b>	<b>\$130,933,152</b>
FY 2011 Projected Revenues/other sources	340,896,719	13,796,466	15,325,847	370,019,032
Bond proceeds, premium, and redemption	2,000,000	39,500,000	0	41,500,000
Non-Cash Notes	3,000,000	0	0	3,000,000
FY 2011 Projected Expenditures/other uses	(349,000,000)	(53,296,466)	(15,325,847)	(417,622,313)
<b>Fund Balance-projected FY 2011</b>	<b>\$69,125,144</b>	<b>\$53,635,753</b>	<b>\$5,068,974</b>	<b>\$127,829,871</b>

**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
<b>Net Assets-beginning FY 2009</b>	<b>\$361,193</b>	<b>\$87,093,889</b>	<b>\$7,812,428</b>	<b>\$279,678</b>	<b>\$410,685</b>	<b>\$95,957,873</b>
FY 2009 Actual Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	9,381,995	9,672,326	1,171,712	453,866	106,905	20,786,804
FY 2009 Actual Oper Exp, Non-Oper Exp & Transfers Out	(7,487,843)	(8,169,257)	(777,692)	(388,398)	(77,475)	(16,900,665)
<b>Net Assets-ending FY 2009</b>	<b>\$2,255,345</b>	<b>\$88,596,958</b>	<b>\$8,206,448</b>	<b>\$345,146</b>	<b>\$440,115</b>	<b>\$99,844,012</b>
FY 2010 Unaudited Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	7,465,130	8,232,339	597,418	513,849	103,343	16,912,078
FY 2010 Unaudited Oper Exp, Non-Oper Exp & Transfers Out	(6,510,755)	(9,891,893)	(849,657)	(338,827)	(63,780)	(17,654,912)
<b>Net Assets-ending FY 2010</b>	<b>\$3,209,719</b>	<b>\$86,937,404</b>	<b>\$7,954,209</b>	<b>\$520,168</b>	<b>\$479,678</b>	<b>\$99,101,178</b>
FY 2011 Projected Oper Rev, Non-Oper Rev, Capital Contributions & Transfers In	8,742,220	12,577,159	944,620	518,075	83,000	22,865,074
FY 2011 Projected Oper Exp, Non-Oper Exp & Transfers Out	(8,742,220)	(12,577,159)	(944,620)	(518,075)	(83,000)	(22,865,074)
<b>Net Assets-ending FY 2011</b>	<b>\$3,209,719</b>	<b>\$86,937,404</b>	<b>\$7,954,209</b>	<b>\$520,168</b>	<b>\$479,678</b>	<b>\$99,101,178</b>

## Schedule of Changes in Fund Balance General Fund

	Actual for 6/30/09 Audited - CAFR	Unaudited for 6/30/10 as of 5/31/10	Projected for 6/30/11 as of 5/31/10
<b>Beginning Fund Balance</b>	<b>\$80,121,638</b>	<b>\$77,265,746</b>	<b>\$72,228,425</b>
Revenues	332,808,544	330,400,000	340,896,719
Expenditures	(340,675,679)	(342,400,000)	(349,000,000)
Bond proceeds, premium, and redemption	2,054,448	2,300,249	2,000,000
Non-Cash Notes	2,956,795	4,662,430	3,000,000
<b>Ending Fund Balance</b>	<b>\$77,265,746</b>	<b>\$72,228,425</b>	<b>\$69,125,144</b>
<b>Reserved Funds:</b>			
Loans to Volunteer Fire Companies	\$13,616,959	\$12,929,226	\$12,500,000
Encumbrances	1,164,322	700,000	700,000
Inventory	1,234,714	1,034,714	1,000,000
Prepaid expenses	281,806	195,111	195,111
Weed Control future truck purchase	5,114	11,335	10,000
Loans to Municipalities	161,436	158,337	155,237
Due from other governmental funds	0	4,143,513	4,500,000
Loans for Economic Development	5,390,252	5,447,216	5,500,000
Advances to Industrial Development Authority	1,145,560	1,145,560	1,145,560
Agricultural Preservation IPA Payables	11,538,540	12,904,882	14,750,000
<b>Total Funds Reserved</b>	<b>\$34,538,703</b>	<b>\$38,669,894</b>	<b>\$40,455,908</b>
<b>Unreserved/Designated Funds:</b>			
Stabilization Fund	\$10,700,000	\$10,700,000	\$10,700,000
Subsequent Years' Expenditure of Undesignated/Unreserved Fund Balance	14,858,762	8,103,281	5,690,251
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
<b>Total Funds Unreserved But Designated</b>	<b>\$34,623,762</b>	<b>\$27,868,281</b>	<b>\$25,455,251</b>
<b>Ending Fund Balance</b>	<b>\$77,265,746</b>	<b>\$72,228,425</b>	<b>\$69,125,144</b>
<b>Less: Total Funds Reserved</b>	<b>34,538,703</b>	<b>38,669,894</b>	<b>40,455,908</b>
<b>Less: Total Funds Unreserved But Designated</b>	<b>34,623,762</b>	<b>27,868,281</b>	<b>25,455,251</b>
<b>Unreserved/Undesignated Fund Balance</b>	<b>\$8,103,281</b>	<b>\$5,690,251</b>	<b>\$3,213,986</b>