

**Department of Legislative Services**  
Maryland General Assembly  
2013 Session

**FISCAL AND POLICY NOTE**

House Bill 305  
Appropriations

(Carroll County Delegation)

Budget and Taxation

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**Carroll County - Budgeting and Finance Procedures - Surplus Funds**

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This bill repeals the requirement that the Carroll County Commissioners include year-end surplus funds as a revenue for the budget of the next fiscal year.

The bill takes effect July 1, 2013.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Carroll County operations or finances are not expected to be materially affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Carroll County Commissioners must include surplus funds of the county, whether from unexpended appropriations or from revenue collections in excess of revenue estimates, as a revenue for the budget of the next fiscal year. The surplus funds must include:

- the actual surplus for the prior fiscal year less the anticipated surplus, if any, used in the current year's budget;
- an estimate of the anticipated surplus for the current fiscal year; and

- any unexpended funds from the proceeds of bond issue, if the legislation authorizing the issuance of bonds does not provide for the utilization of unexpended funds.

**Background:** The current statutory requirement that prohibits the Carroll County Commissioners from accruing surplus general fund revenues from prior years for use for unspecified purposes in future years was enacted by the General Assembly in 1982 through Chapter 760, which amended the Carroll County Code of Public Local Laws. Since Carroll County operates under the commission form of government, any changes to the Carroll County Code of Public Local Laws must be approved by the General Assembly, as was the case in 1982.

**Local Fiscal Effect:** As shown in **Exhibit 1**, Carroll County ended fiscal 2012 with an unassigned general fund balance totaling \$14.8 million. Under current law, these funds must be designated as revenue in the fiscal 2014 general fund budget. As a result, the county government is not able to continuously accrue surplus general fund revenues for use for unspecified purposes in future years. According to the Carroll County budget office, repealing the statutory requirement would give the county government planning and fiscal management flexibility that exists in most other jurisdictions in Maryland. For example, most other jurisdictions can keep funds in their unassigned fund balance to provide additional flexibility for unanticipated revenue declines, expenditures, or State budgetary reductions.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 429 (Carroll County Senators) – Budget and Taxation.

**Information Source(s):** Carroll County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 8, 2013  
mlm/hlb

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**Exhibit 1**  
**County General Fund Balances in Fiscal 2012**  
(\$ In Thousands)

<b>County</b>	<b>Nonspendable</b>	<b>Restricted</b>	<b>Committed</b>	<b>Assigned</b>	<b>Unassigned</b>	<b>Total</b>
Allegany	\$1,200.5	\$129.9	\$0.0	\$881.3	\$15,679.4	\$17,891.1
Anne Arundel	2,082.0	0.0	0.0	31,391.3	46,035.9	79,509.2
Baltimore City <sup>1</sup>	6,154.0	0.0	0.0	113,558.0	102,951.0	222,663.0
Baltimore	7,109.0	99,492.0	0.0	65,659.0	229,972.0	402,232.0
Calvert	9,545.2	0.0	21,430.2	8,218.6	27,321.6	66,515.7
Caroline	196.2	0.0	0.0	0.0	3,542.7	3,738.9
Carroll	27,853.7	25,272.2	19,777.3	20,946.4	14,827.4	108,677.0
Cecil	477.1	0.0	13,118.6	4,541.0	19,633.0	37,769.7
Charles	2,257.4	3,896.9	31,526.0	3,867.5	3,959.0	45,506.9
Dorchester <sup>1</sup>	87.1	0.0	0.0	600.0	7,842.7	8,529.9
Frederick	1,245.8	21,934.2	2,355.9	75,064.3	0.0	100,600.2
Garrett	2,171.8	3,470.2	0.0	10,400.2	3,511.0	19,553.3
Harford	879.4	2,553.5	0.0	77,334.0	17,942.2	98,709.1
Howard	0.0	0.0	56,258.9	45,003.1	10,616.8	111,878.8
Kent	732.3	163.0	514.6	0.0	5,240.2	6,650.0
Montgomery	5,635.6	155,255.2	41,243.7	20,382.9	192,937.1	415,454.4
Prince George's <sup>1</sup>	1,619.3	164,668.3	53,570.3	87,170.2	76,659.6	383,687.8
Queen Anne's <sup>1</sup>	555.2	340.7	695.9	0.0	11,207.3	12,799.1
St. Mary's	786.9	77.5	30,466.7	3,819.8	24,897.4	60,048.2
Somerset <sup>1</sup>	0.0	0.0	9,700.0	1,000.0	3,644.2	14,344.2
Talbot	94.0	0.0	0.0	1,487.6	15,305.8	16,887.4
Washington	24.7	1,180.7	36,294.9	1,132.5	0.0	38,632.9
Wicomico	175.9	1,785.8	8,634.7	1,554.6	26,903.2	39,054.3
Worcester	110.6	0.0	0.0	10,821.4	38,855.2	49,787.2
<b>Total</b>	<b>\$70,993.9</b>	<b>\$480,220.1</b>	<b>\$325,587.9</b>	<b>\$584,833.8</b>	<b>\$899,484.6</b>	<b>\$2,361,120.3</b>
State of Maryland	\$485,654.0	\$632.0	\$1,271,765.0	\$0.0	-\$680,949.0	\$1,077,102.0

<sup>1</sup>Unaudited information. The audited financial statements were not available.

Source: County audit reports fiscal 2012; County finance offices