

# **DORCHESTER COUNTY, MARYLAND**

## FINANCIAL REPORT

For the year ended June 30, 2021

# DORCHESTER COUNTY, MARYLAND

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## **INDEPENDENT AUDITORS' REPORT**

County Council of Dorchester County  
Cambridge, Maryland

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dorchester County, Maryland (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Board of Education of Dorchester County (the "Board") or Dorchester County Sanitary Districts (the "Districts") (together the "Component Units"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Component Units, is based solely upon the reports of the other auditors. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the County receives a substantial amount of its support from Federal and state agencies, which includes grant and/or loan proceeds. A significant reduction in the level of this support would have an effect on the County's ability to continue the same level of services. The significant delays incurred during this audit could have an impact on these types of funds.

As discussed in Note 14 to the financial statements, during the year ended June 30, 2021, the County adopted new accounting guidance from the Government Accounting Standards Board (GASB) Statement No. 84 "Fiduciary Activities".

As discussed in Note 14 to the financial statements, the County recorded adjustments to correct errors related to receivables, unearned revenue, and cash; for facts that existed at the time the previous financial statements were prepared.

Our opinion is not modified with respect to these matters.

***Opinions***

In our opinion, based on our audit and the reports of the other auditors, 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 Dorchester County, Maryland, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 and other auditors 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2021, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*UHY LLP*

Salisbury, Maryland  
September 15, 2023

Management's Discussion and Analysis  
June 30, 2021

Dorchester County Government's (the "County") discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the County's financial statements presented herein.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also contains **4) required supplementary information and other supplementary information** in addition to the basic financial statements themselves.

### **1. Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private business. The government-wide financial statements include a *statement of net position* and a *statement of activities*.

- The *statement of net position* presents information on the County's entire assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and 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 the County include general government, public safety, public works, social services, recreation and parks, natural resources, economic development and education.
- The *business-type activities* of the County include airport and solid waste operations.

The government-wide financial statements include not only the County (known as the primary government), but also include the Dorchester County Board of Education and the Dorchester County Sanitary Districts as legally separate component units that are reported separately from financial information presented for the primary government itself.

Management's Discussion and Analysis  
June 30, 2021

The government-wide financial statements can be found in this report, as listed in the table of contents.

## 2. **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. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into one of three categories: *governmental, proprietary, or fiduciary*.

- **Governmental Funds.** Governmental funds are used to account for 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 revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General, Special Revenue Grants, Capital Projects, ESIC, Building Excise Tax, and Transfer Tax.

The County adopts an annual appropriated budget for all of its governmental and proprietary fund budgets, except for the Building Excise Tax Fund.

The basic governmental fund financial statements can be found in this report, as listed in the table of contents.

- **Proprietary Funds.** When the County charges customers for a service it provides, whether to outside customers or to other units of government, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. Proprietary funds are comprised of two types: 1) *Enterprise funds* and 2) *Internal service funds*. The County uses enterprise funds to account for its airport and landfill operations. Internal service funds are used to report an activity that provides supplies and services for the government's other programs and activities. The County does not utilize an internal service fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.



Management's Discussion and Analysis  
June 30, 2021

The basic proprietary fund financial statements can be found in this report, as listed in the table of contents.

- ***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 statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The basic fiduciary fund financial statements can be found in this report, as listed in the table of contents.

**3. *Notes to the Financial Statements***

The notes to the financial statements 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 in this report, as listed in the table of contents.

**4. *Required Supplementary Information and Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information concerning the County's progress in funding its obligation to provide pension and other post-employment benefits to its employees, budgetary comparison schedules, and combining balance sheets and statement of revenues, expenditures and changes in fund balance for non-major governmental funds.

In addition to this MD&A, required supplementary and other supplementary information can be found in this report, as listed in the table of contents.

Management's Discussion and Analysis  
June 30, 2021

**Financial Analysis on Government-Wide Financial Statements**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$16,604,454 as of the close of the most recent fiscal year.

**Net Position (Primary Government)**

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 27,411,842	\$ 28,193,332	\$ 15,269,462	\$ 13,985,678	\$ 42,681,304	\$ 42,179,010
Capital assets	52,703,008	53,631,634	19,667,675	19,609,913	72,370,683	73,241,547
<b>Total assets</b>	<b>\$ 80,114,850</b>	<b>\$ 81,824,966</b>	<b>\$ 34,937,137</b>	<b>\$ 33,595,591</b>	<b>\$ 115,051,987</b>	<b>\$ 115,420,557</b>
<b>Deferred outflows</b>	<b>\$ 5,996,298</b>	<b>\$ 7,463,576</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,996,298</b>	<b>\$ 7,463,576</b>
Current and other liabilities	\$ 4,988,776	\$ 7,020,877	\$ 139,235	\$ 233,862	\$ 5,128,011	\$ 7,254,739
Long-term liabilities	88,365,016	91,551,409	7,515,465	7,162,263	95,880,481	98,713,672
<b>Total liabilities</b>	<b>\$ 93,353,792</b>	<b>\$ 98,572,286</b>	<b>\$ 7,654,700</b>	<b>\$ 7,396,125</b>	<b>\$ 101,008,492</b>	<b>\$ 105,968,411</b>
<b>Deferred inflows</b>	<b>\$ 3,435,339</b>	<b>\$ 5,917,005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,435,339</b>	<b>\$ 5,917,005</b>
Net investment in capital assets	\$ 40,479,905	\$ 40,888,081	\$ 19,667,675	\$ 19,609,913	\$ 60,147,580	\$ 60,497,994
Restricted	21,455	302,099	-	-	21,455	302,099
Unrestricted	(51,179,343)	(56,390,929)	7,614,762	6,589,553	(43,564,581)	(49,801,376)
<b>Total net position</b>	<b>\$ (10,677,983)</b>	<b>\$ (15,200,749)</b>	<b>\$ 27,282,437</b>	<b>\$ 26,199,466</b>	<b>\$ 16,604,454</b>	<b>\$ 10,998,717</b>

The largest portion of the County's net position reflects its investments in capital assets (e.g., land, roads, and bridges); less related outstanding debt used to acquire those assets in the amount of \$60,147,580. 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. An additional portion of the County's net position, \$21,455, represents resources that are subject to external restrictions on how they may be used. The remaining portion is unrestricted net deficit of \$43,564,581.

Management's Discussion and Analysis  
June 30, 2021

**Change in Net Position (Primary Government)**

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues						
Charge for services	\$ 2,267,881	\$ 1,863,817	\$ 4,045,684	\$ 3,628,137	\$ 6,313,565	\$ 5,491,954
Operating grants	14,918,993	7,260,297	-	-	14,918,993	7,260,297
Capital grants	2,273,978	332,185	434,538	441,465	2,708,516	773,650
General Revenues						
Property taxes	32,483,365	31,936,633	-	-	32,483,365	31,936,633
Income taxes	18,016,164	14,936,176	-	-	18,016,164	14,936,176
Other taxes	3,838,359	2,991,961	-	-	3,838,359	2,991,961
Investment income	-	-	17,535	116,616	17,535	116,616
Miscellaneous	756,118	892,040	(11,377)	-	744,741	892,040
<b>Total Revenue</b>	<b>\$ 74,554,858</b>	<b>\$ 60,213,109</b>	<b>\$ 4,486,380</b>	<b>\$ 4,186,218</b>	<b>\$ 79,041,238</b>	<b>\$ 64,399,327</b>
<b>Expenses</b>						
General government	14,232,140	14,233,300	-	-	14,232,140	14,233,300
Public safety	21,381,526	15,286,993	-	-	21,381,526	15,286,993
Public works	4,674,240	3,591,303	-	-	4,674,240	3,591,303
Social services	772,096	935,326	-	-	772,096	935,326
Recreation and parks	736,759	649,305	-	-	736,759	649,305
Natural resources	339,819	432,504	-	-	339,819	432,504
Economic development	1,503,323	1,216,542	-	-	1,503,323	1,216,542
Education	24,355,125	25,282,732	-	-	24,355,125	25,282,732
Interest on long-term debt	1,480,335	1,795,319	-	-	1,480,335	1,795,319
Airport	-	-	1,096,274	1,272,418	1,096,274	1,272,418
Landfill	-	-	2,863,864	2,598,924	2,863,864	2,598,924
<b>Total Expenses</b>	<b>69,475,363</b>	<b>63,423,324</b>	<b>3,960,138</b>	<b>3,871,342</b>	<b>73,435,501</b>	<b>67,294,666</b>
Change in net position						
before transfers	5,079,495	(3,210,215)	526,242	314,876	5,605,737	(2,895,339)
Transfers in (out)	(556,729)	(1,585,183)	556,729	1,585,183	-	-
<b>Change in net position</b>	<b>4,522,766</b>	<b>(4,795,398)</b>	<b>1,082,971</b>	<b>1,900,059</b>	<b>5,605,737</b>	<b>(2,895,339)</b>
Net position,						
beginning of year, as restated	(15,200,749)	(10,405,351)	26,199,466	24,299,407	10,998,717	13,894,056
Net position end of year	<b>\$ (10,677,983)</b>	<b>\$ (15,200,749)</b>	<b>\$ 27,282,437</b>	<b>\$ 26,199,466</b>	<b>\$ 16,604,454</b>	<b>\$ 10,998,717</b>

During fiscal year 2021, the County's total net position increased by \$5,605,737, resulting in a total net position of \$16,604,454. The primary cause of the increase is due to an increase in operating grants of approximately \$7.6 million.

Management's Discussion and Analysis  
June 30, 2021

Governmental Activities (government-wide) - Change in Net Position:

Net position in governmental activities increased by \$4,522,766, mostly related to an increase in operational grants of \$7.6m.

Business-type Activities (government-wide) - Change in Net Position:

Net position in business-type activities increased by \$1,082,971.

Governmental Funds:

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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, the County's governmental funds reported combined fund balances of \$19,594,982, an increase of \$2,863,347. Approximately \$669 thousand is nonspendable, \$21 thousand is restricted, \$4.8 million is committed, \$5.1 million is assigned, and \$9.0 million is unassigned.

Final Budget vs. Actual Results:

General Fund revenues were over budget by \$4.0m, mostly relating to property taxes, income taxes and other taxes all being over budgeted amounts by \$1.3m, \$2.0m and \$1.2m, respectively.

General Fund total expenditures were under budget by \$1.1m, a summary detail as follows:

- General government was over budget by \$273 thousand, mostly relating to unbudgeted cost related to the replacement of damaged assets.
- Public safety was under budget by \$187 thousand, mostly relating to the 911 emergency communication department being under budget by \$231 thousand.
- Public works was under budget by \$169 thousand, mostly relating to Highway and Streets, salaries and related expenses being under budget by \$214 thousand.
- Social services was under budget by \$20 thousand,
- Recreation and parks under budget by \$80 thousand,
- Natural resources was under budget by \$230 thousand, mostly relating to salaries and related expenses being under budget by \$229 thousand.
- Economic development was under budget by \$131 thousand, and
- Shared benefits expenditures was under budget by \$400k thousand mostly related to unused budgeted contingency fund monies.

Management's Discussion and Analysis  
June 30, 2021

**Capital Asset Administration – Government-Wide Statements**

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$73,370,683 (net of depreciation). This investment in capital assets includes land, buildings, bridges, roads, equipment, and operational facilities.

**Net Capital Assets (Primary Government)**

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 18,742,911	\$ 18,649,911	\$ 4,406,236	\$ 3,744,435	\$ 23,149,147	\$ 22,394,346
Construction in progress	44,941	1,544,773	7,104	1,895,043	52,045	3,439,816
Buildings and improvements	27,910,598	26,759,686	18,873,223	17,761,164	46,783,821	44,520,850
Furniture and equipment	45,609,458	42,214,812	8,909,321	8,301,714	54,518,779	50,516,526
Leasehold improvements	286,572	286,572	-	-	286,572	286,572
Infrastructure assets	47,763,369	47,408,506	-	-	47,763,369	47,408,506
Beulah landfill - cells	-	-	9,316,618	8,511,474	9,316,618	8,511,474
Total cost	140,357,849	136,864,260	41,512,502	40,213,830	181,870,351	177,078,090
Less: accumulated depreciation	(87,654,841)	(83,232,626)	(21,844,827)	(20,603,917)	(109,499,668)	(103,836,543)
Net capital assets	\$ 52,703,008	\$ 53,631,634	\$ 19,667,675	\$ 19,609,913	\$ 72,370,683	\$ 73,241,547

Major capital asset, excluding education, during the current fiscal year included the following:

<u>Description</u>	<u>Governmental</u>	<u>Business Type</u>
	<u>Activities</u>	<u>Activities</u>
Land	\$ 93,000	\$ 335,082
Construction in progress	44,940	7,104
Buildings and improvements	1,065,832	210,688
Furniture and equipment	2,583,941	673,636
Leasehold improvements	-	-
Infrastructure assets	672,002	-
Beulah landfill - cells	-	134,632
Total additions	\$ 4,459,715	\$ 1,361,142

Additional information on the County's capital assets can be found in note 4 of this report.

Management's Discussion and Analysis  
June 30, 2021

**Long-Term Liabilities Administration – Government-Wide Statements**

At the end of the current fiscal year, the County had total outstanding long-term liabilities of \$95,880,481. The long-term liabilities decreased by a net of \$2.8m, primarily a result of an decrease in bonds payable and the net OPEB liability.

**Long-term Liabilities (Primary Government)**

	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ 39,769,038	\$ 41,819,863	\$ -	\$ -	\$ 39,769,038	\$ 41,819,863
SEC loans payable	649,861	708,103	-	-	649,861	708,103
Notes payable	5,168,241	5,434,347	-	-	5,168,241	5,434,347
Compensated absences	1,007,952	1,007,952	69,969	69,969	1,077,921	1,077,921
Capital lease	187,918	274,895	-	-	187,918	274,895
Pension liability	744,486	746,477	-	-	744,486	746,477
Net pension liability	14,649,998	14,092,024	-	-	14,649,998	14,092,024
Net OPEB liability	26,187,522	27,467,748	-	-	26,187,522	27,467,748
Landfill costs	-	-	7,445,496	7,092,294	7,445,496	7,092,294
<b>Total long-term liabilities</b>	<b>\$ 88,365,016</b>	<b>\$ 91,551,409</b>	<b>\$ 7,515,465</b>	<b>\$ 7,162,263</b>	<b>\$ 95,880,481</b>	<b>\$ 98,713,672</b>

The County's credit ratings for fiscal year 2021 are as follows: 1) Standard and Poor's rated AA- and 2) Moody's Investors Service rated Aa3.

One August 4, 2023 Moody's placed the County on review due to lack of sufficient information.

Additional Information on the County's long-term liabilities can be found in note 5 of this report.

**Economic Factors and Fiscal Year 2021**

The adopted FY 2022 total budget equals \$74.8 million, an operating fund increase of \$1.5 million or 2.3% above the FY 2021 operating budget of \$64.7 million. Comparing the FY 2022 budgets to prior year FY 2021, reflects a spending decrease of \$11.8 million or 13.6% overall. This decrease is mainly attributed to Capital projects. Capital projects decreased by \$13.1 million or 70.3% of which \$10 million was earmarked for the replacement / renovation of the Health Department. The Health Department project is on hold at this time until further feasibility analysis is completed. Capital project concentration mostly consisted of continuation instead of new initiatives for FY 2022. This continuation includes \$1.7 million for infrastructure, \$141,000 for public school fire/emergency upgrades, \$1 million for Emergency Management Services upgrades, and \$257,500 for Phase Two of the Airport runway obstruction removal project. The Council's priorities in crafting the FY 2022 budget were maintaining essential services to the public while dealing with the aftermath of the COVID-19 pandemic which impacted supply chains, staffing retention and training, and customer and vendor payments.

The FY 2022 adopted real property tax rate is unchanged at \$1.00 per \$100 of assessed value, and the income tax rate is unchanged at 3.2%.

Management's Discussion and Analysis  
June 30, 2021

**Request for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Dorchester County Government, Department of Finance, 501 Court Lane, Cambridge, Maryland 21613 or sent by email to [ktolley@docogonet.com](mailto:ktolley@docogonet.com).

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Board of Education of Dorchester County	Dorchester County Sanitary Districts
<b>ASSETS</b>					
Cash and short-term investments	\$ 22,676,743	\$ 10,451,020	\$ 33,127,763	\$ 12,097,682	\$ 3,230,588
Receivables, net:					
State and local property taxes	1,350,573	-	1,350,573	-	-
Federal government	664,101	297,980	962,081	2,095,360	-
State of Maryland	4,427,156	-	4,427,156	971,242	-
Local	219,188	-	219,188	-	-
Other	181,842	358,594	540,436	557,616	19,174
Internal balances, net	(4,114,363)	4,114,363	-	-	-
Note receivable	1,337,878	-	1,337,878	-	-
Other	668,724	47,505	716,229	36,004	36,604
Nondepreciable capital assets	18,787,852	4,413,340	23,201,192	821,943	206,749
Depreciable capital assets, net	33,915,156	15,254,335	49,169,491	110,355,552	9,391,039
<b>Total assets</b>	<b>80,114,850</b>	<b>34,937,137</b>	<b>115,051,987</b>	<b>126,935,399</b>	<b>12,884,154</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension benefits	2,913,478	-	2,913,478	707,481	21,711
OPEB benefits	3,082,820	-	3,082,820	12,685,614	-
<b>Total deferred outflows of resources</b>	<b>5,996,298</b>	<b>-</b>	<b>5,996,298</b>	<b>13,393,095</b>	<b>21,711</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	2,196,867	139,235	2,336,102	5,509,613	228,582
Due to State of Maryland	169,996	-	169,996	-	-
Due to delinquent taxpayers	355,232	-	355,232	-	-
Unearned revenue	1,155,116	-	1,155,116	1,061,084	8,619
Other	1,111,565	-	1,111,565	29,750	-
Long-term liabilities, due within one year:					
Compensated absences	384,874	17,492	402,366	115,884	-
Bonds and notes payable	2,457,086	-	2,457,086	-	39,002
Capital lease	89,608	-	89,608	-	-
Pension liability	5,222	-	5,222	-	-
Long-term liabilities, due in more than one year:					
Compensated absences	623,078	52,477	675,555	1,226,711	-
Bonds and notes payable	43,130,054	-	43,130,054	-	1,656,581
Capital lease	98,310	-	98,310	-	-
Landfill closure and postclosure care costs	-	7,445,496	7,445,496	-	-
Pension liability	739,264	-	739,264	-	-
Net pension liability	14,649,998	-	14,649,998	4,574,093	111,112
Net OPEB liability	26,187,522	-	26,187,522	82,397,317	-
<b>Total liabilities</b>	<b>93,353,792</b>	<b>7,654,700</b>	<b>101,008,492</b>	<b>94,914,452</b>	<b>2,043,896</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension benefits	1,113,543	-	1,113,543	214,371	6,602
OPEB benefits	2,321,796	-	2,321,796	15,813,930	-
<b>Total deferred inflows of resources</b>	<b>3,435,339</b>	<b>-</b>	<b>3,435,339</b>	<b>16,028,301</b>	<b>6,602</b>
<b>NET POSITION</b>					
Net investment in capital assets	40,479,905	19,667,675	60,147,580	111,177,495	7,902,205
Restricted	21,455	-	21,455	551,833	-
Unrestricted (deficit)	(51,179,343)	7,614,762	(43,564,581)	(82,343,587)	2,953,162
<b>Total Net Position</b>	<b>\$ (10,677,983)</b>	<b>\$ 27,282,437</b>	<b>\$ 16,604,454</b>	<b>\$ 29,385,741</b>	<b>\$ 10,855,367</b>



**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

Function/Program	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Total Revenue	Primary Government		Component Units		
						Governmental Activities	Business-Type Activities	Total	Board of Education of Dorchester County	Dorchester County Sanitary Districts
<b>Primary Government:</b>										
<b>Governmental Activities:</b>										
General government	\$ 14,232,140	\$ 390,118	\$ 9,647,291	\$ 251,829	\$ 10,289,238	\$ (3,942,902)	\$ -	\$ (3,942,902)	\$ -	\$ -
Public safety	21,381,526	1,520,879	1,791,060	1,509,820	4,821,759	(16,559,767)	-	(16,559,767)	-	-
Public works	4,674,240	254,993	1,096,627	512,329	1,863,949	(2,810,291)	-	(2,810,291)	-	-
Social services	772,096	-	58,759	-	58,759	(713,337)	-	(713,337)	-	-
Recreation and parks	736,759	101,891	-	-	101,891	(634,868)	-	(634,868)	-	-
Natural resources	339,819	-	595,920	-	595,920	256,101	-	256,101	-	-
Economic development	1,503,323	-	1,729,336	-	1,729,336	226,013	-	226,013	-	-
Education	24,355,125	-	-	-	-	(24,355,125)	-	(24,355,125)	-	-
Interest on long-term debt	1,480,335	-	-	-	-	(1,480,335)	-	(1,480,335)	-	-
<b>Total Governmental Activities</b>	<b>69,475,363</b>	<b>2,267,881</b>	<b>14,918,993</b>	<b>2,273,978</b>	<b>19,460,852</b>	<b>(50,014,511)</b>	<b>-</b>	<b>(50,014,511)</b>	<b>-</b>	<b>-</b>
<b>Business-Type Activities</b>										
Airport	1,096,274	321,567	-	434,538	756,105	-	(340,169)	(340,169)	-	-
Landfill	2,863,864	3,724,117	-	-	3,724,117	-	860,253	860,253	-	-
<b>Total Business-Type Activities</b>	<b>3,960,138</b>	<b>4,045,684</b>	<b>-</b>	<b>434,538</b>	<b>4,480,222</b>	<b>-</b>	<b>520,084</b>	<b>520,084</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 73,435,501</b>	<b>\$ 6,313,565</b>	<b>\$ 14,918,993</b>	<b>\$ 2,708,516</b>	<b>\$ 23,941,074</b>	<b>(50,014,511)</b>	<b>520,084</b>	<b>(49,494,427)</b>	<b>-</b>	<b>-</b>
<b>Component Units</b>										
Board of Education of Dorchester County	92,587,933	1,903,723	17,179,152	5,988,546	25,071,421	-	-	-	(67,516,512)	-
Dorchester County Sanitary Districts	1,348,353	1,254,691	-	-	1,254,691	-	-	-	-	(93,662)
<b>Total Component Units</b>	<b>\$ 93,936,286</b>	<b>\$ 3,158,414</b>	<b>\$ 17,179,152</b>	<b>\$ 5,988,546</b>	<b>\$ 26,326,112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(67,516,512)</b>	<b>(93,662)</b>
<b>General Revenues</b>										
<b>Taxes:</b>										
Property						32,483,365	-	32,483,365	-	-
Income						18,016,164	-	18,016,164	-	-
Other						3,838,359	-	3,838,359	-	-
Grants and contributions no restricted to specific programs						-	-	-	66,734,858	-
Investment income						-	17,535	17,535	11,100	37,111
Miscellaneous						756,118	(11,377)	744,741	534,919	-
Transfers in (out)						(556,729)	556,729	-	-	-
<b>Total General Revenues and Transfers</b>						<b>54,537,277</b>	<b>562,887</b>	<b>55,100,164</b>	<b>67,280,877</b>	<b>37,111</b>
<b>Change in Net Position</b>						<b>4,522,766</b>	<b>1,082,971</b>	<b>5,605,737</b>	<b>(235,635)</b>	<b>(56,551)</b>
<b>Net Position, Beginning of Year, as restated</b>						<b>(15,200,749)</b>	<b>26,199,466</b>	<b>10,998,717</b>	<b>29,621,376</b>	<b>10,911,918</b>
<b>Net Position, End of Year</b>						<b>\$ (10,677,983)</b>	<b>\$ 27,282,437</b>	<b>\$ 16,604,454</b>	<b>\$ 29,385,741</b>	<b>\$ 10,855,367</b>

**DORCHESTER COUNTY, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General Fund	Special Revenue Grants Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and short-term investments	\$ 13,688,322	\$ -	\$ 8,837,944	\$ 150,477	\$ 22,676,743
Receivables:					
State and local property taxes	1,350,573	-	-	-	1,350,573
Federal government	-	664,101	-	-	664,101
State of Maryland	2,958,524	1,468,632	-	-	4,427,156
Local	219,188	-	-	-	219,188
Other	-	594	-	181,248	181,842
Interfund	8,672,603	230,971	1,688,136	4,878,038	15,469,748
Other	668,724	-	-	-	668,724
<b>Total assets</b>	<b>\$ 27,557,934</b>	<b>\$ 2,364,298</b>	<b>\$ 10,526,080</b>	<b>\$ 5,209,763</b>	<b>\$ 45,658,075</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 1,960,623	\$ 404,583	\$ 58,862	\$ 157,673	\$ 2,581,741
Due to State of Maryland	169,996	-	-	-	169,996
Due to delinquent taxpayers	355,232	-	-	-	355,232
Unearned revenue	614,183	512,261	-	28,672	1,155,116
Interfund payables	11,249,642	1,425,999	6,908,470	-	19,584,111
Other	1,111,565	-	-	-	1,111,565
<b>Total liabilities</b>	<b>15,461,241</b>	<b>2,342,843</b>	<b>6,967,332</b>	<b>186,345</b>	<b>24,957,761</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	1,105,332	-	-	-	1,105,332
<b>FUND BALANCES</b>					
Nonspendable	668,724	-	-	-	668,724
Restricted - grants	-	21,455	-	-	21,455
Committed for:					
Schools and courthouse	-	-	-	4,581,090	4,581,090
Public safety communication system	-	-	-	155,415	155,415
Sheriff	-	-	-	53,680	53,680
Assigned for:					
Fund purpose	-	-	3,558,748	233,233	3,791,981
Future budget	1,300,000	-	-	-	1,300,000
Unassigned	9,022,637	-	-	-	9,022,637
<b>Total fund balances</b>	<b>10,991,361</b>	<b>21,455</b>	<b>3,558,748</b>	<b>5,023,418</b>	<b>19,594,982</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 27,557,934</b>	<b>\$ 2,364,298</b>	<b>\$ 10,526,080</b>	<b>\$ 5,209,763</b>	<b>\$ 45,658,075</b>

**DORCHESTER COUNTY, MARYLAND**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2021**

Total fund balances, governmental funds	\$ 19,594,982
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	52,703,008
Deferred outflows of resources - pension	2,913,478
Deferred outflows of resources - OPEB	3,082,820
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental activities of the Statement of Net Position.	1,105,332
Notes receivable are not due and receivable in the current period and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	1,337,878
Deferred inflows of resources - pension	(1,113,543)
deferred inflows of resources - OPEB	(2,321,796)
Some liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. Those liabilities consist of:	
Long-term compensated absences	(623,078)
Bonds and notes payable	(45,587,140)
Capital lease	(187,918)
Pension liability	(744,486)
Net pension liability	(14,649,998)
Net OPEB liability	<u>(26,187,522)</u>
Net position of governmental activities in the Statement of Net Position	<u>\$ (10,677,983)</u>

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	General Fund	Special Revenue Grants Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 54,313,739	\$ -	\$ -	\$ 1,601,742	\$ 55,915,481
Licenses and permits	348,728	-	-	-	348,728
Intergovernmental - Federal	172,173	5,400,384	-	-	5,572,557
Intergovernmental - State	6,361,640	4,359,318	899,456	-	11,620,414
Service charges and fees	1,919,153	-	-	-	1,919,153
Miscellaneous	1,017,803	24,367	3,098	40,307	1,085,575
<b>Total revenues</b>	<b>64,133,236</b>	<b>9,784,069</b>	<b>902,554</b>	<b>1,642,049</b>	<b>76,461,908</b>
<b>EXPENDITURES:</b>					
Current:					
General government	11,924,717	1,936,150	200,031	1,098,472	15,159,370
Public safety	13,164,737	4,217,994	933,579	-	18,316,310
Public works	3,085,484	529,092	414,654	-	4,029,230
Social services	163,696	596,589	-	-	760,285
Recreation and parks	479,644	104,364	-	-	584,008
Natural resources	257,469	-	-	-	257,469
Economic development	639,696	662,792	-	-	1,302,488
Education	22,703,642	-	1,651,483	-	24,355,125
Debt service:					
Principal	2,358,316	-	-	-	2,358,316
Interest	1,480,335	-	-	-	1,480,335
Capital outlay	480,430	2,100,235	1,709,848	169,202	4,459,715
<b>Total expenditures</b>	<b>56,738,166</b>	<b>10,147,216</b>	<b>4,909,595</b>	<b>1,267,674</b>	<b>73,062,651</b>
Excess (deficiency) of revenues over expenditures	7,395,070	(363,147)	(4,007,041)	374,375	3,399,257
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers, net	(2,325,635)	117,079	1,572,646	100,000	(535,910)
<b>Total other financing sources (uses)</b>	<b>(2,325,635)</b>	<b>117,079</b>	<b>1,572,646</b>	<b>100,000</b>	<b>(535,910)</b>
Net change in fund balance	5,069,435	(246,068)	(2,434,395)	474,375	2,863,347
fund balances, beginning of year, as restated	5,921,926	267,523	5,993,143	4,549,043	16,731,635
<b>Fund balances, end of year</b>	<b>\$ 10,991,361</b>	<b>\$ 21,455</b>	<b>\$ 3,558,748</b>	<b>\$ 5,023,418</b>	<b>\$ 19,594,982</b>

**DORCHESTER COUNTY, MARYLAND**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2021**

Net change in fund balances, governmental funds	\$ 2,863,347
Amounts reported for governmental activities in the statement of activities are different because:	
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. In the current period, net changes to capital assets:	
Net (decrease) in capital assets	(928,626)
Governmental funds report receipts of notes receivable principal as a revenue. In contrast, the Statement of Activities treats such receipts as a reduction in noncurrent assets.	
Principal receipts	(35,143)
Governmental funds report repayment of debt principal and/or capital leases as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	
Principal and/or capital lease payments	2,462,150
Property tax revenue in the government-wide Statement of Activities include economic resources that are not reported as revenues in the governmental funds. Those property tax revenues increased (decreased) by this amount this year.	
	(1,577,593)
Some items 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. These activities consist of:	
(Increase) decrease in long-term compensated absences	-
(Increase) decrease in pension liability	1,991
Increase (decrease) in deferred outflows of resources - pensions	1,195,527
(Increase) decrease in deferred inflows of resources - pensions	(204,698)
(Increase) decrease in net pension liability	(557,974)
Increase (decrease) in deferred outflows of resources - OPEB	(2,662,805)
(Increase) decrease in deferred inflows of resources - OPEB	2,686,364
(Increase) decrease in net OPEB liability	<u>1,280,226</u>
Change in net position of governmental activities	<u>\$ 4,522,766</u>

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**

	Business-Type Activities		
	Landfill	Airport	Total
<b>ASSETS</b>			
Current assets			
Cash	\$ 10,450,695	\$ 325	\$ 10,451,020
Receivables:			
Accounts, net of \$25,000 allowance (landfill) and \$0 allowance (airport)	356,094	2,500	358,594
Interfund	2,179,063	2,164,945	4,344,008
Federal government	-	297,980	297,980
Inventories	-	40,649	40,649
Other	-	6,856	6,856
Total current assets	12,985,852	2,513,255	15,499,107
Noncurrent assets			
Nondepreciable capital assets	936,450	3,476,890	4,413,340
Depreciable capital assets, net	3,375,718	11,878,617	15,254,335
Total noncurrent assets	4,312,168	15,355,507	19,667,675
Total assets	\$ 17,298,020	\$ 17,868,762	\$ 35,166,782
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 75,657	\$ 63,578	\$ 139,235
Accrued vacation	14,516	2,976	17,492
Interfund payable	229,645	-	229,645
Total current liabilities	319,818	66,554	386,372
Noncurrent liabilities			
Accrued vacation	43,550	8,927	52,477
Landfill - closure and postclosure	7,445,496	-	7,445,496
Total noncurrent liabilities	7,489,046	8,927	7,497,973
Total liabilities	\$ 7,808,864	\$ 75,481	\$ 7,884,345
<b>NET POSITION</b>			
Net investment in capital assets	\$ 4,312,168	\$ 15,355,507	\$ 19,667,675
Unrestricted	5,176,988	2,437,774	7,614,762
Total net position	\$ 9,489,156	\$ 17,793,281	\$ 27,282,437

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	Business-Type Activities		
	Landfill	Airport	Totals
<b>OPERATING REVENUES:</b>			
Tipping fees	\$ 3,580,612	\$ -	\$ 3,580,612
Permits	121,192	-	121,192
Fuel sales	-	172,226	172,226
Hangar and tie-down rentals	-	140,920	140,920
Other	22,313	8,421	30,734
<b>Total operating revenues</b>	<b>3,724,117</b>	<b>321,567</b>	<b>4,045,684</b>
<b>OPERATING EXPENSES:</b>			
Salaries and related taxes	775,885	210,337	986,222
Repairs and maintenance	241,375	41,792	283,167
Rental of land, buildings and equipment	26,061	15,547	41,608
Fuel	104,989	113,598	218,587
Closure and postclosure costs accrual	353,202	-	353,202
Utilities	18,630	61,005	79,635
Depreciation	696,586	616,236	1,312,822
Other operating	647,136	37,759	684,895
<b>Total operating expenses</b>	<b>2,863,864</b>	<b>1,096,274</b>	<b>3,960,138</b>
<b>Net operating income (loss)</b>	<b>860,253</b>	<b>(774,707)</b>	<b>85,546</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Grants - Federal government	-	324,864	324,864
Grants - state government	-	109,674	109,674
Transfer of capital assets from general fund	-	20,819	20,819
Loss on disposal	(7,878)	(3,499)	(11,377)
Interest income	17,535	-	17,535
<b>Total non-operating revenues (expenses)</b>	<b>9,657</b>	<b>451,858</b>	<b>461,515</b>
<b>Income (loss) before transfers</b>	<b>869,910</b>	<b>(322,849)</b>	<b>547,061</b>
<b>Transfers in (out)</b>	<b>-</b>	<b>535,910</b>	<b>535,910</b>
<b>Change in net position</b>	<b>869,910</b>	<b>213,061</b>	<b>1,082,971</b>
<b>Net position beginning of year, as restated</b>	<b>8,619,246</b>	<b>17,580,220</b>	<b>26,199,466</b>
<b>Net position end of year</b>	<b>\$ 9,489,156</b>	<b>\$ 17,793,281</b>	<b>\$ 27,282,437</b>

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	Landfill	Airport	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 3,852,629	\$ 324,542	\$ 4,177,171
Payments to employees	(775,885)	(210,337)	(986,222)
Other payments	(1,161,796)	(242,431)	(1,404,227)
<b>Net cash provided (used) by operating activities</b>	<b>1,914,948</b>	<b>(128,226)</b>	<b>1,786,722</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Change in interfund receivable/payables, net	(403,836)	(335,859)	(739,695)
Operating transfers in from General Fund	-	535,910	535,910
<b>Net cash (used) provided by non-capital financing activities</b>	<b>(403,836)</b>	<b>200,051</b>	<b>(203,785)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of property and equipment	(832,571)	(528,571)	(1,361,142)
Grant proceeds	-	456,746	456,746
<b>Net cash used by financing activities</b>	<b>(832,571)</b>	<b>(71,825)</b>	<b>(904,396)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest income received	17,535	-	17,535
<b>Net cash provided by investing activities</b>	<b>17,535</b>	<b>-</b>	<b>17,535</b>
<b>Net change in cash</b>	<b>696,076</b>	<b>-</b>	<b>696,076</b>
<b>Cash, beginning of year</b>	<b>9,754,619</b>	<b>325</b>	<b>9,754,944</b>
<b>Cash, end of year</b>	<b>\$ 10,450,695</b>	<b>\$ 325</b>	<b>\$ 10,451,020</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating income (loss)	\$ 860,253	\$ (774,707)	\$ 85,546
Adjustments:			
Depreciation	696,586	616,236	1,312,822
Landfill closure and postclosure cost accrual	353,202	-	353,202
(Increase) decrease in assets:			
Accounts receivable	128,512	(525)	127,987
Inventory	-	3,500	3,500
Other	-	(1,708)	(1,708)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(123,605)	28,978	(94,627)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,914,948</b>	<b>\$ (128,226)</b>	<b>\$ 1,786,722</b>



**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2021**

	Commissary Fund		OPEB Trust Fund
	<u>          </u>		
	Custodial Fund		<u>          </u>
<b>ASSETS</b>			
Cash	\$ 48,449	\$	-
Receivables:			
Other	3,480		-
<hr/>			
Total assets	\$ 51,929	\$	-
<hr/>			
<b>LIABILITIES</b>			
Other	-	\$	-
<hr/>			
Total liabilities	-		-
<hr/>			
<b>NET POSITION</b>			
Restricted for participants	51,929		-
Restricted for OPEB	-		-
<hr/>			
Total net position	\$ 51,929	\$	-
<hr/>			

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF CHANGES NET POSITION**  
**FIDUCIARY FUND**  
**Year Ended June 30, 2021**

	Commissary Fund	OPEB Trust Fund
	Custodial Fund	
<b>ADDITIONS:</b>		
Contributions	\$ -	\$ 275,003
Collections for others	106,248	-
<b>Total additions</b>	<b>106,248</b>	<b>275,003</b>
<b>DEDUCTIONS:</b>		
Benefits paid	-	275,003
Distributions to others	106,248	-
<b>Total deductions</b>	<b>106,248</b>	<b>275,003</b>
Change in net position	-	-
Net position beginning of year, as restated	51,929	-
<b>Net position end of year</b>	<b>\$ 51,929</b>	<b>\$ -</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies**

The primary government is Dorchester County (the "County"). The County is a political subdivision of the State of Maryland established in 1669 and subsequently incorporated under Article 25 of the Annotated Code of the State of Maryland and is governed by an elected five-member County Council. The County government directly provides all basic local governmental services.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**Reporting Entity**

The financial statements of the reporting entity include those of Dorchester County Government (the primary government) and its component units. Component units are legally separate entities that are included in the County's reporting entity because of the significance of their operating or financial relationships with the County. The criteria for including organizations as component units within the County's reporting entity include whether:

- the organization is legally separate
- the County Council appoint a voting majority of the organization's board
- the County Council have the ability to impose their will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- the organization is fiscally dependent on the County

Based on the application of these criteria, the following organizations are considered component units of Dorchester County Government.

The component unit columns contain the financial data of the County's two discretely presented component units – the Board of Education of Dorchester County (the "Board") and the Dorchester County Sanitary Districts ("the Sanitary Districts"). They are reported in separate columns to emphasize that they are legally separate from the County. Although these organizations are legally separate entities, they are included in the financial statements of the County because the County is financially accountable for each organization. Copies of the financial statements for the component units can be obtained from the County Council's office in Cambridge, Dorchester County, Maryland.

The *Board of Education of Dorchester County* is a separately elected body that administers the public school system in the county. The Board is organized as a separate legal entity, but does not have the power to levy taxes or issue bonds. The Board's budget is subject to approval by the County council, and the Board receives a significant portion of its operational and capital project funding from the County.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Reporting Entity (continued)**

The *Dorchester County Sanitary Districts* is a separate political and corporate body created by the Commissioners of the County, and comprised of a sewer operation, two water districts and a shared facility within the County.

**Basic Financial Statements**

The County's basic financial statements include government-wide financial statements (reporting on the County as a whole), fund financial statements (reporting the County's most significant funds), and fiduciary financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities are normally supported by taxes and intergovernmental revenues. The County's general, public safety, public works, social services, recreation and parks, natural resources, economic development and education are classified as governmental activities. Business-type activities rely significantly on fees and charges for support. The County's landfill and airport are classified as business-type activities.

Government-wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements focus more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported using the economic resources measurement focus and the accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts – (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net position should be reported as restricted when constraints placed on the use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their use. When both restricted and unrestricted resources are available for use, the County utilizes restricted resources to finance qualifying activities first, then unrestricted resources as they are needed.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Basic Financial Statements (continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions and business-type activities. The functions are also supported by general government revenues (property tax, income tax, certain intergovernmental revenues, fines, permits, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and capital grants. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenues (property tax, income tax, intergovernmental revenues, interest income, etc.) which are not properly included among program revenues.

Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Nonmajor funds by category are summarized into a single column.

**Governmental Funds:** The measurement focus of the governmental fund financial statements is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. The following is a description of the governmental funds of the County:

- a. **General Fund** is the general 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 General Fund is considered a major fund.
- b. **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Grants Fund is considered a major fund.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Basic Financial Statements (continued)**

The Building Excise Tax fund is a special revenue fund for building excise tax revenue. Revenues in this fund are derived from an excise tax on new residential or commercial developments, and are dedicated for capital expenditures towards school construction, public safety communications, and the Sheriff's Office. The Transfer Tax fund is a special revenue fund for transfer tax revenue. The transfer tax is imposed on transfers of property. These revenues are dedicated for courthouse debt service, maintenance and security, as well as public school facilities. The Building Excise Fund, Transfer Tax Fund, and ESIC Fund are all considered non-major funds.

- c. **Capital Projects Fund** is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities in the governmental funds, including educational facilities, roads, and similar governmental capital assets (other than those financed by proprietary funds). The Capital Projects Fund is a major fund.

**Proprietary Funds:** The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are similar to those used for businesses in the private sector. Both the Landfill Fund and Airport Fund are considered major funds. The following is a description of the proprietary funds of the County. .

- a. **Landfill Fund** is used to account for the fees collected at the County landfills for the dumping of waste.
- b. **Airport Fund** is used to account for the financial resources to be used for the operation or construction of airport facilities.

**Fiduciary Funds:** Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support County programs. The reporting focus for fiduciary funds is on net position and changes in net position and accounting principles used are similar to those used for proprietary funds.

- a. **Commissary Fund** – a custodial fund that temporarily hold collected revenues for inmates. The results of operations for custodial funds are presented in the Statement of Changes in Fiduciary Net Position.
- b. **Other Postemployment Benefits Trust Fund (OPEB)** is used to account for assets that are required to be held in a trust for members and beneficiaries of the postemployment benefit plan. The results of operations for these funds are presented in the Statement of Changes in Fiduciary Net Position.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting and Measurement Focus**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The measurement focus identifies which transactions should be recorded.

Basis of Accounting

**Accrual Basis** – Both governmental and business-type activities are presented using the accrual basis of accounting in the government-wide financial statements and the proprietary and fiduciary fund financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Basis** – The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Measurable” means knowing or able to reasonably estimate the amount. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year-end. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures (including capital outlay) are recorded when the related liability is incurred. However, debt service expenditures (principal and interest), as well as expenditures related to compensated absences and claims and judgments, are recorded only when due.

Measurement Focus

In the government-wide financial statements, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item (b.) below.

In the governmental fund financial statements, the “current financial resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting and Measurement Focus (continued)**

- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

In applying the susceptible to accrual concept to operating and capital grants, which are classified with intergovernmental revenues in the fund financial statements, the County records receivables when the applicable eligibility requirements, including time requirements, are met. Related revenues are recognized to the extent that cash is expected to be received within one year of year-end. Resources received before the eligibility requirements are met are reported as unearned revenue.

Licenses and permits, charges for services, and miscellaneous revenues (except earnings on investments) are generally recorded as revenues when received in cash during the year. At year-end, receivables are recorded for significant amounts due. If such amounts are received in cash after year-end within the County’s 60-day availability period, they are recognized as revenue; if not, such amounts are reported as unearned revenue.

**Financial Statement Amounts**

**Cash and Cash Equivalents:** The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term securities and certificates of deposit with an original maturity of three months or less.

**Investments:** Investments held by the County are stated at fair value. Fair value is based on quoted market prices at year-end or best available estimate. All investments not required to be reported at fair value are stated at cost or amortized cost.

**Receivables:** All trade and property tax receivables are reported at their fair value. Taxes, special assessments, and accrued interest are deemed collectible in full. An allowance is established based on expected future collection for both the Landfill and Airport Funds.

Property tax revenue is recorded when it becomes measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period. Revenue relating to receivables which have not been collected within sixty days after the year-end has been reclassified from property tax revenues to deferred inflows of resources – unavailable revenue.



**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Financial Statement Amounts (continued)**

**Interfund Transactions:** The following is a description of the basic types of interfund transactions made during the year and related accounting policies:

- a. Transactions for services provided – these transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
- b. Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund – these transactions are recorded as expenditures in the disbursing fund and as reductions of expenditures in the receiving fund.
- c. Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them – these transactions are recorded as transfers in and out.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “interfund receivables/payables.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances” and are eliminated.

**Inventories:** Inventories consist of supplies held for consumption and items held for sale. These items are valued at the lower of cost or market on a First-In/First-Out Method and expensed when used.

**Prepaid Items:** 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 using the allocation method.

**Capital Assets:** Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, and similar items), are reported in applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an original, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Normal maintenance and repair costs that do not add to the value of the assets or materially extend assets’ lives are not capitalized.

Significant outlays for capital assets and improvements are capitalized as Construction in Progress while projects are being constructed. Interest incurred during the construction phase of the capital asset is included as part of the capitalized value of the assets constructed. Projects are not capitalized until completed or substantially completed and available for use.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 1. Summary of Significant Accounting Policies (continued)**

**Financial Statement Amounts (continued)**

Property, plant and equipment of the primary government and the component units are depreciated using the straight-line method over the following estimated useful lives:

<u>County Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and improvements	5 - 40	5 - 40
Furniture, machinery and equipment	3 - 40	3 - 20
Leasehold improvements	8 - 20	N/A
Infrastructure assets	10 - 50	5 - 23

**Deferred Outflows / Inflows of Resources:** In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense / expenditure) until then. The County, Board, and Sanitary Districts recognize deferred outflow of resources related to its pension obligation and/or OPEB liability. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows or resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has an item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The County, Board, and Sanitary Districts also recognize deferred inflow of resources related to its pension obligation and/or OPEB liability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The deferred outflows and inflows of resources represent reconciling items between the governmental fund financial statements and the government-wide financial statements.

**Fund Equity:** In the government-wide financial statements, equity is classified as net position and is displayed in three components:

- a. **Net investment in capital assets** – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted** – constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Financial Statement Amounts (continued)**

- c. **Unrestricted** – all others that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Governmental fund balances are classified as follows:

**Nonspendable** - cannot be spent because of its form.

**Restricted** - has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.

**Committed** – amounts that are reserved for a particular purpose by the County Council and would require formal action to release the fund balance from its commitment.

**Assigned** – amounts that are designated by the County Council or management with intent to be used for specific purposes, but are neither restricted or committed by approval of a resolution.

**Unassigned** – are amounts not included in other spendable classifications.

The County uses restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The General fund is the only governmental fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Proprietary fund equity is classified the same as in the government-wide statements.

**Vacation and Sick Leave:** Vacation benefits are earned by employees of the reporting entity based on time of service, and the rights to such benefits are vested. Sick leave is also accumulated by employees based on time of service. However, accumulated sick leave benefits do not vest and are not paid unless sickness causes employees to be absent.

Upon retirement, employees of the Board of Education (a component unit) (“Board”) receive severance pay for unused sick leave accumulated for service while employed at the Board. This estimated liability is computed on the accumulated sick leave of Board employees who have 20 years of service with the Board at the rate of \$30 per day. In addition, employees are granted vacation benefits in varying amounts depending on tenure. Compensated absences are reported as accrued in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees, which are included in other accrued expenses.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Financial Statement Amounts (continued)**

**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 position.

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 financial sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Capital leases are recorded in the same manner.

**Revenues, Expenditures, and Expenses:** Property taxes and interest assessed in the current fiscal period are accrued and are recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be earned and therefore recognizable as revenue of the current period.

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified by character.

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing goods in connection with the proprietary fund's principal operations. Operating revenues include user fees and charges. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Accounting Estimates:** The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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 the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 2. Stewardship, Compliance, and Accountability**

**Budgets and Budgetary Accounting**

A legal budget is adopted and formal budgetary accounting is employed as a management control for most funds of the County, except fiduciary funds. Budgetary comparison schedules are presented for the General Fund, Capital Improvements Fund and all other funds with legally adopted annual budgets. The basis for budgeting is the modified accrual basis, excluding certain expenditures such as compensated absences, which results in non-GAAP basis. All annual appropriations lapse at fiscal year-end.

The legal level of budgetary control (that is, the level at which expenditures cannot exceed budgeted appropriations) is at the department level. However, with proper approval by the County Council, budget transfers can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments made by the County Council.

**Note 3. Cash and Short-Term Investments**

The County is authorized to invest unexpended revenues from taxation, bond sales, lawful distributions to it of funds from other governmental agencies, or any other funds properly received by it, until it determines the funds are needed for proper public purpose. The County can invest such funds in federally insured banking institutions which pledge United States Treasury bills, notes, or other obligations to secure such deposits, or in U.S. Treasury and agency obligations, repurchase agreements, collateralized certificates of deposit, bankers' acceptance, or money market mutual funds.

Primary Government

At June 30, 2021, the carrying amount of the County's deposits was \$33,127,763 and the bank balances were \$34,592,214. As required by law, each depository is to pledge securities in addition to FDIC insurance at least equal to the amount on deposit at all times. The depository banks pledge collateral for specific accounts which are held in the County's name at several banks. At June 30, 2021, the bank deposits were fully insured or collateralized.

Board of Education of Dorchester County

At June 30, 2021, the Board had bank deposits with various commercial banks totaling \$2,917,597 (carrying value \$2,410,219). As required by law, each depository is to pledge securities at least equal to the amount on deposit at all times in addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC). The depository banks pledge collateral for specific accounts which are held in the Board's name at The Bank of New York Mellon. As of June 30, 2021, the bank deposits were under insured or collateralized by \$84,080 and subject to custodial credit risk.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 3. Cash and Short-Term Investments (continued)**

Investments consist of \$9,687,463 of U.S. Government Securities made through the State of Maryland Local Government Investment Pool (MLGIP) which provide local government units of the State a safe investment vehicle for short-term investment of funds. The State Legislature created MLGIP with the passage of Article 94 22G of the Annotated Code of Maryland. The MLGIP is managed by PNC Safe Deposit and Trust Company, which is under administrative control of the State Treasurer. A MLGIP Advisory Committee of current participants has been formed to review the activities of the Fund on a quarterly basis and provide suggestions to enhance the pool. The MLGIP is rated AAA by Standard and Poors. The fair value of the pool is the same as the value of the pool shares. Investments are recorded at cost, which approximates market value. Statutes authorize the Board to invest in obligations of the U.S. Treasury and U.S. Agencies, municipal securities and repurchase agreements, collateralized certificates of deposit, bankers' acceptance or money market funds.

The Board's exposure to investment rate and credit risk is minimal, as all investments are in cash and MLGIP and are thus precluded from having to sell below original cost. Custodial credit risk is mitigated by attempting to have all investments fully collateralized by securities. Cash is invested pursuant to the Annotated Code of Maryland and County Code.

Dorchester County Sanitary Districts

At June 30, 2021 the Sanitary Districts had bank deposits with various commercial banks totaling \$3,240,135 (carrying value \$3,230,588). Of the bank balance, \$750,000 was covered by federal depository insurance, and \$2,490,135 was covered by collateral segregated on the books of local banks, but not in the Sanitary District's name.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Transfers / Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 18,649,911	\$ 93,000	\$ -	\$ 18,742,911
Construction in progress	1,544,773	44,940	(1,544,772)	44,941
<b>Total capital assets, not being depreciated</b>	<b>20,194,684</b>	<b>137,940</b>	<b>(1,544,772)</b>	<b>18,787,852</b>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	26,759,686	1,065,832	85,080	27,910,598
Furniture and equipment	42,214,812	2,583,941	810,705	45,609,458
Leasehold improvements	286,572	-	-	286,572
Infrastructure assets	47,408,506	672,002	(317,139)	47,763,369
<b>Total capital assets, being depreciated</b>	<b>116,669,576</b>	<b>4,321,775</b>	<b>578,646</b>	<b>121,569,997</b>
Less: accumulated depreciation	(83,232,626)	(5,038,065)	615,850	(87,654,841)
<b>Net capital assets, being depreciated</b>	<b>33,436,950</b>	<b>(716,290)</b>	<b>1,194,496</b>	<b>33,915,156</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 53,631,634</b>	<b>\$ (578,350)</b>	<b>\$ (350,276)</b>	<b>\$ 52,703,008</b>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 880,092
Public safety	3,065,216
Public works	645,010
Social services	11,811
Recreation and parks	152,751
Natural resources	82,350
Economic development	200,835
	<b>\$ 5,038,065</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 4. Capital Assets (continued)**

	Beginning Balance	Increases	Transfers / Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Dorchester County Landfill</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 936,450	\$ -	\$ -	\$ 936,450
Construction in progress	670,512	-	(670,512)	-
<b>Total capital assets, not being depreciated</b>	<b>1,606,962</b>	<b>-</b>	<b>(670,512)</b>	<b>936,450</b>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	148,740	52,772	(17,260)	184,252
Machinery and equipment	7,468,217	645,167	(42,724)	8,070,660
Beulah landfill - cells	8,511,474	134,632	670,512	9,316,618
<b>Total capital assets, being depreciated</b>	<b>16,128,431</b>	<b>832,571</b>	<b>610,528</b>	<b>17,571,530</b>
Less: accumulated depreciation	(13,551,332)	(696,586)	52,106	(14,195,812)
<b>Net capital assets, being depreciated</b>	<b>2,577,099</b>	<b>135,985</b>	<b>662,634</b>	<b>3,375,718</b>
<b>Landfill capital assets, net</b>	<b>\$ 4,184,061</b>	<b>\$ 135,985</b>	<b>\$ (7,878)</b>	<b>\$ 4,312,168</b>
<b>Dorchester County Airport</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,807,985	\$ 335,082	\$ 326,719	\$ 3,469,786
Construction in progress	1,224,531	7,104	(1,224,531)	7,104
<b>Total capital assets, not being depreciated</b>	<b>4,032,516</b>	<b>342,186</b>	<b>(897,812)</b>	<b>3,476,890</b>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	17,612,424	157,916	918,631	18,688,971
Machinery and equipment	833,497	28,469	(23,305)	838,661
<b>Total capital assets, being depreciated</b>	<b>18,445,921</b>	<b>186,385</b>	<b>895,326</b>	<b>19,527,632</b>
Less: accumulated depreciation	(7,052,585)	(616,236)	19,806	(7,649,015)
<b>Net capital assets, being depreciated</b>	<b>11,393,336</b>	<b>(429,851)</b>	<b>915,132</b>	<b>11,878,617</b>
<b>Airport capital assets, net</b>	<b>\$ 15,425,852</b>	<b>\$ (87,665)</b>	<b>\$ 17,320</b>	<b>\$ 15,355,507</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 19,609,913</b>	<b>\$ 48,320</b>	<b>\$ 9,442</b>	<b>\$ 19,667,675</b>



**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 4. Capital Assets (continued)**

Capital asset activity for the component units for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Transfers / Decreases	Ending Balance
<b>Board of Education of Dorchester County</b>				
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Construction in progress	\$ 1,056,596	\$ 6,778,625	\$ (7,013,278)	\$ 821,943
<b>Total capital assets, not being depreciated</b>	<b>1,056,596</b>	<b>6,778,625</b>	<b>(7,013,278)</b>	<b>821,943</b>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	185,646,110	-	6,064,545	191,710,655
Furniture and equipment	3,871,380	-	948,733	4,820,113
Vehicles	1,585,518	97,365	-	1,682,883
<b>Total capital assets, being depreciated</b>	<b>191,103,008</b>	<b>97,365</b>	<b>7,013,278</b>	<b>198,213,651</b>
Less: accumulated depreciation	(81,665,183)	(6,218,346)	-	(87,883,529)
<b>Net capital assets, being depreciated</b>	<b>109,437,825</b>	<b>(6,120,981)</b>	<b>7,013,278</b>	<b>110,330,122</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 110,494,421</b>	<b>\$ 657,644</b>	<b>\$ -</b>	<b>\$ 111,152,065</b>
<b>Business-type activities</b>				
Equipment	\$ 70,522	\$ -	\$ -	\$ 70,522
Accumulated depreciation	(42,214)	(2,878)	-	(45,092)
<b>Business-type activities capital assets, net</b>	<b>\$ 28,308</b>	<b>\$ (2,878)</b>	<b>\$ -</b>	<b>\$ 25,430</b>
<b>Board of Education capital assets, net</b>	<b>\$ 110,522,729</b>	<b>\$ 654,766</b>	<b>\$ -</b>	<b>\$ 111,177,495</b>
<b>Dorchester County Sanitary Districts</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 2,645	\$ -	\$ -	\$ 2,645
Intangible assets	1,044,000	-	-	1,044,000
Construction in progress	99,514	104,590	-	204,104
<b>Total capital assets, not being depreciated</b>	<b>1,146,159</b>	<b>104,590</b>	<b>-</b>	<b>1,250,749</b>
<b>Capital assets, being depreciated</b>				
Vehicles	93,688	-	-	93,688
Plant and equipment	15,213,493	5,500	(9,754)	15,209,239
<b>Total capital assets, being depreciated</b>	<b>15,307,181</b>	<b>5,500</b>	<b>(9,754)</b>	<b>15,302,927</b>
Less: accumulated depreciation	(6,599,237)	(366,405)	9,754	(6,955,888)
<b>Net capital assets, being depreciated</b>	<b>8,707,944</b>	<b>(360,905)</b>	<b>-</b>	<b>8,347,039</b>
<b>Sanitary Districts capital assets, net</b>	<b>\$ 9,854,103</b>	<b>\$ (256,315)</b>	<b>\$ -</b>	<b>\$ 9,597,788</b>
<b>Total component units capital assets, net</b>	<b>\$ 120,376,832</b>	<b>\$ 398,451</b>	<b>\$ -</b>	<b>\$ 120,775,283</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 5. Long-Term Debt**

The County issues general obligation bonds and other indebtedness to provide funds for the acquisition and construction of major capital facilities.

The County has agreed to subsidize 76% of the debt service cost associated with the City of Cambridge's USDA loan for the technology park. The County's portion of the principal was \$32,358 and interest was \$43,779 for the year ended June 30, 2021. These costs are included in debt service on the Statement of Revenues, Expenditures and Changes in Fund Balance.

Dorchester County Governmental Activities Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
<b>Governmental Activities</b>					
<u>Public Facilities Bonds</u>					
Consolidated Public Improvement Bonds of 2010, payable in annual principal installments of \$810,000 to \$1,435,000 through February 1, 2030, interest payable semi-annually from 1% to 6%. Interest subsidy under Build America Bonds program reduces net interest rates to 0.65% - 3.33%.	\$ 12,070,000	\$ -	\$ (1,015,000)	\$ 11,055,000	\$ 1,050,000
Public Facilities Bond of 2018, payable in annual payments from \$680,000 to \$2,090,000 through January 1, 2039, interest payable annually from 2% to 3.9%.	27,845,000	-	(930,000)	26,915,000	975,000
Premium on bonds	1,904,863	-	(105,825)	1,799,038	105,825
<b>Total public facilities bonds</b>	<b>\$ 41,819,863</b>	<b>\$ -</b>	<b>\$ (2,050,825)</b>	<b>\$ 39,769,038</b>	<b>\$ 2,130,825</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 5. Long-Term Debt (continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
<u>State of Maryland Department of Natural Resources</u>					
<u>Shore Erosion Control Loans (SEC)</u>					
SEC 7-92 - Middle Hoopers Island Causeway; due in annual installments of \$5,516 through July 2020; no interest.	\$ 5,516	\$ -	\$ (5,516)	\$ -	\$ -
SEC 03-03 - Hoopersville Road; due in annual installments of \$19,245 through July 2033; no interest.	269,430	-	(19,245)	250,185	19,245
SEC 04-02 - Hoopers Island Road; due in annual installments of \$5,930 through July 2027; no interest.	47,442	-	(5,930)	41,512	5,930
SEC 05-03 - Taylors Island; due in annual installments of \$14,593 through July 2035; no interest.	204,310	-	(14,593)	189,717	14,593
SEC 18-02 - Punch Island Road; due in annual installments of \$12,958 through July 2035; no interest.	181,405	-	(12,958)	168,447	12,958
<b>Total SEC loans payable</b>	<b>\$ 708,103</b>	<b>\$ -</b>	<b>\$ (58,242)</b>	<b>\$ 649,861</b>	<b>\$ 52,726</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 5. Long-Term Debt (continued)**

	Beginning Balance		Additions		Reductions	Ending Balance	Amounts Due in One Year
<u>Notes Payable</u>							
County Commissioners of Queen Anne's County loan due in annual principal installments of \$5,096 to \$12,314 through January 2023; interest payable annually at 4%.	\$ 35,181	\$	-	\$	(11,162)	\$ 24,019	\$ 11,708
County Commissioners of Queen Anne's County loan due in annual principal installments of \$53,292 to \$107,262 through April 2034; interest payable annually at 2.00% to 4.00%.	1,179,545		-		(64,493)	1,115,052	67,209
TEDCO loan, due in minimum annual installments of \$25,000 plus quarterly payments of 25% of net proceeds from sale of Tech Park lots, unpaid principal due 15th anniversary of settlement, no interest. (for construction of Eastern Shore Innovation Center).	900,000		-		(25,000)	875,000	25,000
DBED loan, due in quarterly payments of 25% of net proceeds from sale of Tech Park lots, any unpaid principal to be forgiven November 2034, no interest (for construction of Eastern Shore Innovation Center).	1,263,500		-		-	1,263,500	-
MD Dpt of Commerce loan, due in monthly installments of \$6,324 including interest at 3%, through June 2026, unpaid principal of \$1,145,440 due at that time (re-loaned to local business under economic development initiative).	1,373,021		-		(35,143)	1,337,878	36,244
1880 Bank loan, due in semi-annual payments of \$72,822 including interest at 2.36%, through May 2025.	683,100		-		(130,308)	552,792	133,374
<b>Total notes payable</b>	<b>5,434,347</b>		<b>-</b>		<b>(266,106)</b>	<b>5,168,241</b>	<b>273,535</b>
<b>Total bonds and notes payable</b>	<b>\$ 47,962,313</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>(2,375,173)</b>	<b>\$ 45,587,140</b>	<b>\$ 2,457,086</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 5. Long-Term Debt (continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
<u>Other long term liabilities</u>					
Compensated absences	\$ 1,007,952	\$ -	\$ -	\$ 1,007,952	\$ 384,874
Capital lease	274,895	-	(86,977)	187,918	89,608
Pension liability	746,477	-	(1,991)	744,486	5,222
Net pension liability	14,092,024	557,974	-	14,649,998	-
Net OPEB liability	27,467,748	-	(1,280,226)	26,187,522	-
<b>Total other long term liabilities</b>	<b>\$ 43,589,096</b>	<b>\$ 557,974</b>	<b>\$ (1,369,194)</b>	<b>\$ 42,777,876</b>	<b>\$ 479,704</b>
<b>Total governmental activities debt</b>	<b>\$ 91,551,409</b>	<b>\$ 557,974</b>	<b>\$ (3,744,367)</b>	<b>\$ 88,365,016</b>	<b>\$ 2,936,790</b>

Dorchester County Business-Type Activities Long-Term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
<b><i>Business-Type Activities</i></b>					
Compensated absences	\$ 69,969	\$ -	\$ -	\$ 69,969	\$ 17,492
Landfill closure and postclosure costs	7,092,294	353,202	-	7,445,496	-
<b>Total other long term liabilities</b>	<b>\$ 7,162,263</b>	<b>\$ 353,202</b>	<b>\$ -</b>	<b>\$ 7,515,465</b>	<b>\$ 17,492</b>
<b>Total business-type activities debt</b>	<b>\$ 7,162,263</b>	<b>\$ 353,202</b>	<b>\$ -</b>	<b>\$ 7,515,465</b>	<b>\$ 17,492</b>

Payments on bonds, notes payable and loans payable that pertain to the County's governmental activities are made by the general fund. Payments on bonds and notes payable that pertain to the County's business-type activities are made by the fund in which the liability exists. The compensated absences liabilities that are attributable to the County's governmental activities are liquidated by the County's general fund. The compensated absences attributable to the County's business-type activities are liquidated by the fund in which the liability exists.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 5. Long-Term Debt (continued)**

The annual debt service requirements are as follows (excludes bond premium):

Governmental Activities Year Ending June 30	Governmental Bonds Payable			Governmental SEC Payable			Governmental Notes Payable		
	Principal	Interest	Totals	Principal	Interest	Totals	Principal	Interest	Totals
2022	\$ 2,025,000	\$ 1,595,971	\$ 3,620,971	\$ 52,726	\$ -	\$ 52,726	\$ 273,539	\$ 95,320	\$ 368,859
2023	2,115,000	1,513,096	3,628,096	52,726	-	52,726	281,126	87,846	368,972
2024	2,205,000	1,425,535	3,630,535	52,726	-	52,726	275,900	80,127	356,027
2025	2,300,000	1,334,142	3,634,142	52,726	-	52,726	283,117	73,446	356,563
2026	2,405,000	1,237,716	3,642,716	52,726	-	52,726	144,273	67,439	211,712
2027 - 2031	12,275,000	4,521,055	16,796,055	245,842	-	245,842	1,711,880	119,223	1,831,103
2032 - 2036	8,610,000	2,267,000	10,877,000	140,389	-	140,389	2,198,406	25,104	2,223,510
2037 - 2041	6,035,000	489,000	6,524,000	-	-	-	-	-	-
<b>Total</b>	<b>\$ 37,970,000</b>	<b>\$ 14,383,515</b>	<b>\$ 52,353,515</b>	<b>\$ 649,861</b>	<b>\$ -</b>	<b>\$ 649,861</b>	<b>\$ 5,168,241</b>	<b>\$ 548,505</b>	<b>\$ 5,716,746</b>

Interest expense on all County long-term debt totaled \$1,480,335 for the year ended June 30, 2021.

Long-term debt of the Board and Sanitary Districts at June 30, 2021 consists of the following:

<b>Component Units</b>	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
<u>Board of Education</u>					
<u>Other long term liabilities</u>					
Compensated absences	\$ 1,466,551	\$ 633,736	\$ (757,692)	\$ 1,342,595	\$ 115,884
Net pension liability	4,001,461	572,632	-	4,574,093	-
Net OPEB liability	68,630,316	13,767,001	-	82,397,317	-
<b>Total other long term liabilities</b>	<b>\$ 74,098,328</b>	<b>\$ 14,973,369</b>	<b>\$ (757,692)</b>	<b>\$ 88,314,005</b>	<b>\$ 115,884</b>
<u>Sanitary District</u>					
Loan payable in the amount of \$1,754,000 and \$290,000 to the USDA. Due in quarterly installments of \$17,383 and \$2,874 including interest of 2.5%, until March 2051.					
	\$ 1,733,626	\$ -	\$ (38,043)	\$ 1,695,583	\$ 39,002
<u>Other long term liabilities</u>					
Net pension liability	69,596	41,516	-	111,112	-
<b>Total other long term liabilities</b>	<b>\$ 69,596</b>	<b>\$ 41,516</b>	<b>\$ -</b>	<b>\$ 111,112</b>	<b>\$ -</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 5. Long-Term Debt (continued)**

The annual requirements to amortize all the Sanitary Districts' debt outstanding as of June 30, 2021 are as follows:

Year Ending <u>June 30</u>	Principal	Interest	Totals
2022	\$ 39,002	\$ 42,025	\$ 81,027
2023	39,986	41,042	81,028
2024	40,995	40,033	81,028
2025	42,030	38,998	81,028
2026	43,090	37,938	81,028
2027 - 2031	232,324	172,816	405,140
2032 - 2036	263,155	141,985	405,140
2037 - 2041	298,077	107,062	405,139
2042 - 2046	337,635	67,505	405,140
2047 - 2051	359,289	22,716	382,005
<b>Total</b>	<b>\$ 1,695,583</b>	<b>\$ 712,120</b>	<b>\$ 2,407,703</b>

**Note 6. Leases**

**Capital Lease**

The County has entered into lease agreements as lessee for financing the acquisition of various equipment. The lease agreements qualify as capital leases for accounting purposes. The equipment held through capital lease agreements had cost in governmental activities furniture and equipment totaling \$358,432 less accumulated depreciation of \$118,115, for a net book value of \$240,317. For the year ended June 30, 2021, depreciation expense related to assets under capital leases totaled \$71,686.

The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments as June 30, 2021.

2022	\$ 112,601
2023	80,143
2024	38,972
2025	3,248
2026	-
Total minimum lease payments	234,964
Less amount representing interest	(47,046)
Present value of future minimum lease payments	\$ 187,918

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 6. Leases (continued)**

**Operating Leases**

The County has leases for various vehicles, equipment and properties each with separate terms.

Approximate future minimum lease commitments are as follows:

<u>Year Ending June 30,</u>		
2022	\$	66,000
2023		66,000
2024		66,000
2025		62,000
2026		62,000

Rent expense under these leases totaled approximately \$118,000 for the year ended June 30, 2021.

Component Unit - Board of Education

The Board leases copy machines and internet access service for the majority of the educational system over a three to five year terms.

During fiscal year 2017, the Board entered into a fifteen-year equipment lease totaling \$4,188,274 for systemic replacements, repairs, restorations, modifications, and improvements across the school district. Payments are due annually with interest at 2.67% and final payment due December 21, 2031.

Approximate future minimum lease commitments are as follows:

<u>Year Ending June 30,</u>		
2022	\$	876,000
2023		892,000
2024		401,000
2025		400,000
2026		2,551,000

Expense under these leases totaled approximately \$884,000 for the year ended June 30, 2021.



**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 7. Interfund Transactions**

As of June 30, 2021, interfund receivable and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable	Net
<b>Governmental Funds:</b>			
General Fund	\$ 8,672,603	\$ (11,249,642)	\$ (2,577,039)
Special Revenue Grants Fund	230,971	(1,425,999)	(1,195,028)
Capital Projects Fund	1,688,136	(6,908,470)	(5,220,334)
Non-Major Funds	4,878,038	-	4,878,038
<b>Total Governmental Funds</b>	<b>15,469,748</b>	<b>(19,584,111)</b>	<b>(4,114,363)</b>
<b>Proprietary Funds:</b>			
Landfill	2,179,063	(229,645)	1,949,418
Airport	2,164,945	-	2,164,945
<b>Total Proprietary Funds</b>	<b>4,344,008</b>	<b>(229,645)</b>	<b>4,114,363</b>
<b>Total</b>	<b>\$ 19,813,756</b>	<b>\$ (19,813,756)</b>	<b>\$ -</b>

Interfund transfers represent a transfer of resources from one fund to another without expectation of repayment.

A summary of interfund transfers by fund for the year ended June 30, 2021 is as follows:

	Transfers In	Transfers Out	Net
<b>Governmental Funds:</b>			
General Fund	\$ -	\$ (2,325,635)	\$ (2,325,635)
Special Revenue Grants Fund	117,079	-	117,079
Capital Projects Fund	1,572,646	-	1,572,646
Non-Major Funds	100,000	-	100,000
<b>Total Governmental Funds</b>	<b>1,789,725</b>	<b>(2,325,635)</b>	<b>(535,910)</b>
<b>Proprietary Funds:</b>			
Landfill	-	-	-
Airport	535,910	-	535,910
<b>Total Proprietary Funds</b>	<b>535,910</b>	<b>-</b>	<b>535,910</b>
<b>Total</b>	<b>\$ 2,325,635</b>	<b>\$ (2,325,635)</b>	<b>\$ -</b>

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 8. Retirement Plans**

**Organization**

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System’s administration and operation is vested in a 15 member Board of Trustees. The System is made up of two cost-sharing employer pools: the “State Pool” and the “Municipal Pool”. The State Pool consists of State agencies, board of education, community colleges, and libraries. The Municipal Pool consists of participating governmental units that elected to join the System. Neither pool shares in each other’s actuarial liabilities, thus participating governmental units that elect to join the System (the “Municipal Pool”) share in the liabilities of the Municipal Pool only. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at [www.sra.maryland.gov](http://www.sra.maryland.gov).

The System is comprised of the Teachers’ Retirement and Pension Systems, Employees’ Retirement and Pension Systems, State Police Retirement System, Judges’ Retirement System, and the Law Enforcement Officers’ Pension System (LEOPS).

The following groups of employees participate in:

<u>Employees</u>	<u>Plan</u>
Board of Education – regular employees	Employees System
Board of Education – teachers	Teachers System
Dorchester County:	
Elected officials	Employees System
Sheriff’s Deputies	LEOPS
Regular Employees	Employees System

The System is a cost sharing multiple-employer defined benefit pension plans.

**Basis of Accounting**

The System’s financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 8. Retirement Plans (continued)**

**Covered Members**

Teachers' Retirement and Pension Systems

The Teachers' Retirement System was established on August 1, 1927, to provide retirement allowances and other benefits to teachers in the State. Effective January 1, 1980, the Teachers' Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979, became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

Employees' Retirement and Pension Systems

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. As a result, State employees (other than correctional officers) and employees of participating governmental unites hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System.

The Law Enforcement Officers' pension System (LEOPS)

The Law Enforcement Officers' Pension System (LEOPS) was established on July 2, 1990, to provide retirement allowances and other benefits for certain State and local law enforcement officers. This System includes both retirement plan and pension plan provisions which are applicable to separate portions of the System's membership. The retirement plan provisions are only applicable to those members who, on the date they elected to participate in LEOPS, were members of the Employees' Retirement System. This System's pension plan provisions are applicable to all other participating law enforcement officers.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 8. Retirement Plans (continued)**

**Summary of Significant Plan Provisions**

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the Employees', Teachers', Correctional Officers' or State Police Retirement System on or before June 30, 2011, retirement allowances are computed using both the highest three years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the State Police Retirement System or the Correctional Officers' Retirement System on or after July 1, 2011, retirement allowances are computed using both the highest five years' AFC and the actual number of years of accumulated creditable service. For all individuals who are members of the pension systems of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' AFC and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive year's AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

The member contribution rate for members of the Teachers' Retirement Pension System and Employees' Retirement Pension Systems is 7% and 6% respectively, and 7% for members of the Law Enforcement Officers' Pension System. The member contribution rate for members of the Judges' Retirement System is 8%.

In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation.

A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2020 are as follows:

Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 8. Retirement Plans (continued)**

**Summary of Significant Plan Provisions (continued)**

Service Retirement Allowances (continued)

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employee's Pension System.

Exceptions to these benefit formulas apply to members of the Employees' Pension System, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for those members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

A member of the Law Enforcement Officers' Pension System is eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of eligibility service regardless of age. The annual retirement allowance for a member who is covered under the retirement plan provisions equals  $1/50$  (2.0%) of the member's AFC multiplied by the number of years of accumulated creditable service up to 30 years, plus  $1/100$  (1.0%) of the member's AFC multiplied by the number of years of accumulated creditable service in excess of 30 years. For members subject to the pension provisions, full service pension allowances equal 2.0% of AFC up to a maximum of 60% (30 years of credit).

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 8. Retirement Plans (continued)**

**Summary of Significant Plan Provisions (continued)**

Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator), and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member, who terminates employment prior to attaining retirement age and before vesting, receives a refund of all member contributions and interest.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011 may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

Members of the State Police, Judges', Law Enforcement Officers' and Local Fire and Police Systems are not eligible for early service benefits.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 8. Retirement Plans (continued)**

**Summary of Significant Plan Provisions (continued)**

Adjusted Retirement Allowances

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLA's are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two part combination COLA depending upon the COLA election made by the member.

Effective July 1, 1998, for Teachers', Employees', and LEOPS retirees, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. The annual increase to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance.

However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

**Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage.
Salary Increases	In the 2020 actuarial valuation, 3.10% to 11.6%. In the 2019 actuarial valuation, 3.10% to 11.6%.
Investment Rate of Return	7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 8. Retirement Plans (continued)**

**Investments**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board of Trustees after considering input from the System’s investment consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	5.2%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.3%
Credit Opportunity	9%	2.8%
Real Assets	14%	4.3%
Absolute Return	8%	1.8%
Total	<u>100%</u>	

The above was the Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2020.

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate**

A single discount rate of 7.40% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 8. Retirement Plans (continued)**

**Sensitivity of the Net Pension Liability**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.40%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

System	1% Decrease to 6.40%	Current Discount Rate 7.40%	1% Increase to 8.40%
County Board	\$ 20,856,644	\$ 14,649,998	\$ 9,480,445
Sanitary District	6,511,952	4,574,093	2,960,026
	158,181	111,112	71,901

**Teachers' and Employees' Retirement Systems and Teachers' and Employees' Pension Systems**

Employer Contributions:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay 100% of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. As contractually required, during the fiscal year 2021, the Board contributed \$1,454,820 to the Teachers' Retirement and Pension System.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

Because the State of Maryland pays the unfunded liability for the Teachers' Systems and the Board pays the normal cost for the Teachers' Systems, the Board is not required to record its' share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. The Board is required to record a liability for the Employees' Systems.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 8. Retirement Plans (continued)**

At June 30, 2021, the Board reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Board. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

Board's proportionate share of the net pension liability (Employees' Systems)	\$ 4,574,093
State's proportionate share of the net pension liability (Teachers' System)	40,825,142
<hr/>	
Total	\$ 45,399,235
<hr/>	

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)**

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was calculated as follows by the System(s):

1. Calculate the net pension liability for the entire System in accordance with the provision of GASB No. 67.
2. Determined the total contributions to the System by the State and PGUs, inclusive of any underfunding of contributions.
3. Based on the number of participants at each Board of Education, calculate the difference between what each Board would have contributed if they funded at the rate of all other participating governments and what the Board actually contributed. The difference between what the Board contributed and what they would have contributed if they funded at the rate of the other participating governments, is then added to the total contribution to the System, to calculate the System's adjusted contribution.
4. Calculated for each participating government, their percentage of the adjusted System contribution by dividing the total adjusted System contribution into each primary government contribution.
5. Provide each PGU its adjusted percentage of contribution and the System's net pension liability and other related amounts as of June 30, 2020, under the GASB No. 67 requirements.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 8. Retirement Plans (continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)**

At June 30, 2021, the County reported the following related to pensions:

	<u>County</u>	<u>Board</u>	<u>Sanitary</u>
Employer's proportionate (percentage) of the collective net pension liability.	0.0648191%	0.0202381%	0.0004916%
Employer's proportionate share of the collective net pension liability.	\$ 14,649,998	\$ 4,574,093	\$ 111,112
Pension expense recognized by the employer for the year ended June 30, 2021.	\$ 1,121,972	\$ 2,217,020	\$ 42,284
		<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
<b><u>County</u></b>			
Change in assumptions		\$ 73,561	\$ (286,139)
Net difference between projected and actual investment earnings on pension plan investments		1,285,090	(208,539)
Difference between expected and actual experience		-	(618,865)
Contributions subsequent to measurement date		1,554,827	-
Total		\$ 2,913,478	\$ (1,113,543)
<b><u>Board</u></b>			
Change in assumptions		\$ -	\$ (50,381)
Net difference between projected and actual investment earnings on pension plan investments		246,243	-
Difference between expected and actual experience		-	(163,990)
Contributions subsequent to measurement date		461,238	-
Total		\$ 707,481	\$ (214,371)
<b><u>Sanitary</u></b>			
Change in assumptions		\$ 484	\$ (1,489)
Net difference between projected and actual investment earnings on pension plan investments		9,256	(3,733)
Difference between expected and actual experience		-	(1,380)
Contributions subsequent to measurement date		11,971	-
Total		\$ 21,711	\$ (6,602)

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 8. Retirement Plans (continued)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued)**

The \$1,554,827, \$461,238, and \$11,971 of deferred outflows of resources resulting from the County, Board and Sanitary Districts' contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows/inflows of resources will be amortized over approximately a five year period.

The County, Board and Sanitary Districts' net deferred outflows / (inflows) will be amortized as follows:

	<u>County</u> Deferred Outflows (Inflows)	<u>Board</u> Deferred Outflows (Inflows)	<u>Sanitary</u> Deferred Outflows (Inflows)
June 30,			
2022	\$ (163,320)	\$ (30,425)	\$ (678)
2023	34,653	21,053	692
2024	164,942	61,163	1,512
2025	211,484	(19,240)	1,631
2026	(2,651)	(679)	(19)
<b>Total</b>	<b>\$ 245,108</b>	<b>\$ 31,872</b>	<b>\$ 3,138</b>

Covered payroll refers to all compensation paid to active employees covered by the Systems.

	Total Payroll	Covered Payroll	On-Behalf By State
County	\$ 14,487,964	\$ 10,328,204	\$ -
Board of Education	42,329,186	38,610,542	3,688,275
District	214,899	146,992	-

Pension contributions made by the State of Maryland, on behalf of the Board of Education are recognized as both revenue and expenditure.

**Funding Status**

As a result of a 1997 actuarial study of the State Retirement and Pension System of Maryland, the County Commissioners of Dorchester County, Maryland (Highway Department) were identified as one of 23 municipal corporations not having enough assets in the system to fund the present value of accrued benefits for participants in the retirement system. Under rules of House Bills 1348 and 430, the County will repay the \$744,486 fund deficit over a period of 40 years. The annual payment will increase 5% per year until maturity at December 31, 2035. This liability has been recorded in the governmental activities column on the Statement of Net Position.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 9. Post-Employment Benefits**

**Plan Description**

The County administers a single-employer defined benefit healthcare plan (the Plan). The Plan provides healthcare insurance for eligible retirees and their beneficiaries through the County’s group health insurance plan, which covers both active and retired members.

Eligibility - Eligible upon retirement for employees with 30 years of service at any age or employees who have attained age 55 with at least 16 years of service if enrolled in the active medical plan immediately prior to retiring. Participants are eligible for medical and prescription drug benefits.

Spouses and surviving spouses of eligible retirees are also eligible to receive benefits from the Plan. Benefits continue for the lifetime of the retirees and spouses.

Coverage - All eligible employees and their dependents can elect coverage in the Plan. Once eligible for Medicare, participants may elect Medicare Supplement coverage under Plan F. However, retirees previously participating under Plan J may continue coverage in Plan J.

Effective January 1, 2017, post-65 retirees and their spouses no longer have prescription drug coverage.

Contributions - Pre-65 retirees pay the same premiums charged to active employees for both themselves and their dependents. Post-65 retirees pay 15% of the premiums charged for both themselves and their dependents.

Effective January 1, 2017, post-65 retirees and their spouses do not pay for the Medicare supplement.

The County is not required by law or contractual agreement to provide funding for retiree benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. The County may contribute to the Trust Fund those amounts appropriated. For fiscal year 2021, the County did not contribute to the Plan for the eligible retirees.

**Plan Reporting**

Relevant Dates

Valuation Date:	July 1, 2021
Measurement Date:	June 30, 2021
Reporting Date:	June 30, 2021

Plan Membership

The following is a summary of plan membership as of July 1, 2021.

Active	193
Retirees (including spouses)	120
Total participants	313

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 9. Post-Employment Benefits (continued)**

**Actuarial Information**

The County's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age
Asset cost method	N/A
Amortization method:	
GASB 75 recognition period	Level dollar amortization
Actuarial determined contribution	Level % of payroll method over a closed 30 year period
Interest rates:	
Discount rate	2.16%
Investment rate of return	N/A
Municipal bond rate	2.16%
Inflation	2.50%
Salary increases	Not applicable
Mortality table	Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2020

We are not aware of the last time an experience study was performed for this plan.

**Expected Return**

The County OPEB plan does not have a target allocation or long-term expected real rate of return, as the plan currently has no plan assets.

**Discount Rate**

Under GASB75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Rates were taken from the Bond Buyer 20 Bond Go index as of the measurement dates. The discount rate used was 2.16%.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 9. Post-Employment Benefits (continued)**

**Net OPEB Liability**

Changes in the net OPEB liability are as follows:

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b>Balances , beginning of year</b>	\$ 27,467,748	\$ -	\$ 27,467,748
Service cost	952,005	-	952,005
Interest on the total OPEB liability	622,429	-	622,429
Difference between expected and actual experience	(748,383)	-	(748,383)
Changes in plan provisions	-	-	-
Employer and employee contributions	-	511,052	(511,052)
Changes in assumptions	(1,595,225)	-	(1,595,225)
Net investment income	-	-	-
Benefit payments	(511,052)	(511,052)	-
Administrative expenses	-	-	-
Other changes	-	-	-
<b>Balances, end of year</b>	<b>\$ 26,187,522</b>	<b>\$ -</b>	<b>\$ 26,187,522</b>

FNP as a % of TOL (funded status) (b)/(a) 0%

**Impact of change in discount rate**

The following presents the net OPEB liability of the County, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher:

System	DISCOUNT RATE		
	1% Decrease to 1.16%	Discount Rate 2.16%	1% Increase to 3.16%
Net OPEB liability	\$ 32,536,606	\$ 26,187,522	\$ 21,432,267

**Impact of change in healthcare trend rates**

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 9. Post-Employment Benefits (continued)**

**Net OPEB Liability (continued)**

The following presents the net OPEB liability of the County, calculated using the healthcare cost trend rate of 1% higher and 1% lower than the assumed healthcare cost trend rates for all years:

System	HEALTH CARE TREND		
	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB liability	\$ 21,384,052	\$ 26,187,522	\$ 32,548,289

**Deferred Inflow/Outflow Summary**

Since certain OPEB expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts increase the OPEB expense, they are labeled as deferred outflows and amounts that decrease the OPEB expense are labeled as deferred inflows. These outflows and inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all employees that are provided with benefits through the OPEB plan at the beginning of the measurement period. Investment gains/losses are amortized over a five-year period. The following shows the summary of the deferred outflows and inflows as of June 30, 2021.

	Deferred Outflows	Deferred Inflows
<b>Balances , beginning of year</b>	\$ 5,745,625	\$ (5,008,160)
Difference between expected and actual experience	-	(748,383)
Changes in actuarial assumptions	-	(1,595,225)
Net difference between projected and actual earnings on investments	-	-
Amortization of items allowed by GASB 75:		
Difference between expected and actual experience	(11,383)	1,351,413
Changes in actuarial assumptions	(2,617,200)	3,672,067
Net difference between projected and actual earnings on investments	(34,222)	6,492
<b>Balances, end of year</b>	\$ 3,082,820	\$ (2,321,796)

The amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

2022	\$ 1,122,211
2023	(361,271)
2024	84
2025	-
2026	-
<b>Total</b>	<b>\$ 761,024</b>



**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 9. Post-Employment Benefits (continued)**

**OPEB Expense**

The amount of OPEB expense recognized in the reporting period are as follows:

Service cost	\$ 952,005
Interest on total OPEB liability	622,429
Current period benefit changes	-
Project earnings on plan assets (negative for credit against expense)	-
Difference between expected and actual experience*	(1,340,030)
Changes in actuarial assumptions*	(1,054,867)
Difference between projected and actual earnings*	27,730
Administrative expense	-
Other changes in fiduciary net position	-
<hr/>	
Total OPEB expense (income)	\$ (792,733)

\* - portions recognized for expense

Component Unit - Board of Education

**Plan Description**

The Board of Education of Dorchester County administers a single-employer defined benefit healthcare plan (“the Plan”). The plan provides healthcare insurance for eligible retirees and their spouses through the Board’s group health insurance plan, which covers both active and retired members. The Plan does not issue a stand-alone report. Benefit provisions are based on contractual agreements with employee groups. Employees are eligible to participate in the Plan upon retirement. Participants must meet the eligibility requirements of the Maryland State Teachers’ pension system.

As of January 1, 2020, the date of the last actuarial valuation, approximately 369 retirees were receiving benefits, and 673 active employees are potentially eligible to receive future benefits.

**Net OPEB Liability**

The annual OPEB expense under GASB Statement No. 75 is equal to the change in the unfunded actuarial accrued liability from the prior year’s measurement date to the current year measurement date, with some of the liability changes being deferred to future years. Changes in the actuarial accrued liability due to experience gains or losses or changes in assumptions are recognized over the expected future working lifetime of all plan participants, including retirees. For the fiscal year ended June 30, 2021, the Board recognized an OPEB expense of \$4,106,967.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 9. Post-Employment Benefits (continued)**

**Net OPEB Liability (continued)**

The Board’s total OPEB liability is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The following table shows the components of the Board’s total OPEB liability as of June 30, 2021:

Total OPEB liability	
Service cost	\$ 3,096,466
Interest cost	2,125,246
Experience losses/(gains)	(236,770)
Changes of assumptions	10,007,468
Benefit payments	(1,225,409)
<b>Net change in total OPEB liability</b>	<b>13,767,001</b>
<b>Total OPEB liability, beginning of year</b>	<b>68,630,316</b>
<b>Total OPEB liability, end of year (a)</b>	<b>\$ 82,397,317</b>

Payments have typically been liquidated from the General Fund in prior years.

**Funding Status and Funding Progress**

The Board has not established an irrevocable trust and funds benefits on a pay-as-you-go basis. Contributions to the plan are made as benefit payments and expenses become due. Benefit payments totaled \$1,225,409 for the year ended June 30, 2021. As of the most recent actuarial valuation, the plan was zero percent funded. The total OPEB liability for benefits was \$82,397,317, all of which was unfunded. The covered employee payroll was \$38,610,542, and the ratio of the net OPEB liability to the covered payroll was 213.41%.

**Sensitivity of the Total and Net OPEB Liability**

The following table presents the Board’s total OPEB liability using the discount rate of 2.45%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

System	DISCOUNT RATE		
	1% Decrease to 2.13%	Discount Rate 3.13%	1% Increase to 4.13%
Net OPEB liability	\$ 100,671,094	\$ 82,397,317	\$ 68,259,166

The following table presents the Board’s total OPEB liability using the health care trend rate of 4.0%, as well as what the total OPEB liability would be if it were calculated using a trend rate that is 1% point lower or 1% point higher than the current rate:

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 9. Post-Employment Benefits (continued)**

**Sensitivity of the Total and Net OPEB Liability (continued)**

HEALTH CARE TREND			
System	1% Decrease to 3.00%	Health Care Trend Rates 4.00%	1% Increase to 5.00%
Net OPEB liability	\$ 65,938,438	\$ 82,397,317	\$ 105,012,732

**Deferred Inflows/Outflows of Resources related to OPEB**

At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 11,424,354	\$ (5,997,952)
Net difference between projected and actual investment earnings on OPEB plan investments	-	-
Difference between actual and expected experience	-	(9,815,978)
Board contributions subsequent to measurement date	1,261,260	-
<b>Total</b>	<b>\$ 12,685,614</b>	<b>\$ (15,813,930)</b>

The \$1,261,260 of Board's contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Amounts reported as deferred inflows of resources related to changes in assumptions and the difference between actual and expected experience will be amortized and expensed over the expected average remaining service life of participants as follows:

2022	\$ (1,114,745)
2023	(1,114,745)
2024	(1,114,745)
2025	(1,114,745)
2026	(1,114,745)
Thereafter	1,184,149
<b>Total</b>	<b>\$ (4,389,576)</b>

Changes in assumptions in the most recent actuarial valuation included adjusting the discount rate to the latest 20-year Municipal GO AA Index as June 30, 2020, adjusting the medical trend using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions, and updating the Medicare claims and total costs and mortality assumptions to the latest SOA public sector experience study rates.

Detailed OPEB plan information for the Board is available in their current year audited financial statements.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 10. Deferred Compensation**

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457 and administered by a third party. The plans, available to all eligible County employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The County funds all amounts of compensation deferred under the Plans, at the direction of the covered employee, through investments underwritten by Variable Annuity Life Insurance Company (VALIC) and Nationwide. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the deferred compensation plan participants and are not subject to the claims of the County's general creditors.

The County has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. In accordance with GASB Statement No. 32, adopted by the County in 1998, the Plan's assets are not reported on the combined balance sheet of the County.

**Note 11. Landfill Closure and Post-closure Care Costs**

State and Federal laws and regulations require the County to place a final cover on its landfills when they stop accepting waste. The County is also required to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. It is the County's position that the State of Maryland will require continuous monitoring of all closed landfills with no termination period set for post-closure care, and as such will continue to accrue an estimate for these costs over a thirty year period. Although closure and post-closure care costs will be paid only near the date or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as a liability based on landfill capacity used as of each balance sheet date.

The Secretary, Golden Hill, and Old Beulah landfills stopped accepting waste in 1982, 1991 and 1996, respectively. These landfills have been capped and only has post-closure care costs associated with them.

There are five cells at the New Beulah landfill. During the year ended June 30, 2018, the County expanded the capacity of the New Beulah landfill. As a result, the change in the capacity will result in a net lower cost as the landfill is used and thus no change in the liability was recorded for the current year. Closure and post-closure care cost have been accrued and recognized in the financial records as each cell has come online beginning in November 1995.

The chart below is based on estimated current costs to perform all closure and post-closure care as of June 30, 2021. Actual costs may be higher due to inflation, deflation, changes in technology, or changes in applicable laws or regulations. The County is required by State and Federal laws and regulations to meet certain closure and post-closure financial assurance requirements. The County has satisfied these requirements by demonstrating in information submitted by the Director of Finance that they meet the Local Government Financial Test as of June 30, 2021, as specified in 40CFR258.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 11. Landfill Closure and Post-closure Care Costs (continued)**

Though there are currently no legal restrictions on available funds, the County has approximately \$10,451,000 of currently available assets for landfill closure and post-closure care costs. The shortfalls, if any, may need to be covered by any combination of charges to future landfill users, future tax revenues, or additional borrowings.

The closure and post-closure care costs associated with each of the aforementioned landfills are as follows:

Cells	Estimated Annual Cost	Years	Post-closure	Closure	Total
Secretary landfill	\$ 10,800	30	\$ 324,000	\$ -	\$ 324,000
Golden Hill landfill	14,150	30	424,500	-	424,500
Old Beulah landfill	19,800	30	594,000	-	594,000
New Beulah landfill	203,433	30	3,496,468	2,606,528	6,102,996
<b>Total</b>			<b>\$ 4,838,968</b>	<b>\$ 2,606,528</b>	<b>\$ 7,445,496</b>

**Note 12. Commitments, Contingencies and Subsequent Events**

**County**

Grants

The County receives Federal and State grants for specific purposes that are subject to review and audit by Federal and state agencies. Such audits could result in a request for reimbursement by the Federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, will not be significant to the County's combined financial statements.

Risk Management

The County's risk financing techniques include participation in a public entity risk pool and the purchase of commercial insurance.

For general, property, excess and environmental liability coverage, the County is a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverage, and operates under the terms of a Trust Agreement.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 12. Commitments, Contingencies and Subsequent Events (continued)**

Risk Management (continued)

Subscribers to coverage by LGIT share in the risk among participants of the pools. As a result, the County's annual premium requirements are affected by the loss experience of the various insurance pools in which it participates. Conversely, favorable performance of certain insurance pools may result in reduced premiums.

The County is fully insured for worker's compensation through commercial insurance and certain employees are bonded to limit the loss to the County in the event of employees committing acts of embezzlement or theft. In addition, due to specific exclusions in the County's insurance, the County also has commercial insurance coverage for property liability at the Airport. There has been no significant reduction in insurance coverage from the prior year by major categories of risk, and amounts of settlements have not exceeded insurance coverage for each of the past three fiscal years.

The County is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of management, the outcome of these lawsuits will not have a material adverse effect on the financial position of the County.

One August 4, 2023 Moody's placed the County on review due to lack of sufficient information.

The County receives a substantial amount of its support from Federal and state agencies, which includes grant and/or loan proceeds. A significant reduction in the level of this support would have an effect on the County's ability to continue the same level of services. The significant delays incurred during this audit could have an impact on these types of funds.

**Dorchester County Sanitary Districts**

The Sanitary Districts are exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Sanitary Districts purchases commercial insurance to cover these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Board of Education of Dorchester County**

The Board receives a substantial amount of its support from Federal, State and local agencies in the form of grants. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Board has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the Board, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the year ended June 30, 2021**

**Note 12. Commitments, Contingencies and Subsequent Events (continued)**

The Board is a defendant in various lawsuits. After considering all relevant facts and the opinion of legal counsel, it is management's opinion that such litigation will not have a material adverse effect on the financial position of the Board.

Risk Management

The Board 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. In 1986, the Maryland Association of Boards of Education Group Insurance Pool (the "Pool") was formed when several Maryland boards of education joined together to pool their casualty risks. Property insurance coverage was added in 1988 and workers compensation in fiscal year 2000. The Board pays an annual premium to the Pool each year which is calculated by an actuary. It is intended that the Pool be self-sustaining through member premiums. Reinsurance is carried through commercial companies for claims which exceed coverage limits as specified in the agreement. Should the Pool encounter deficits in its casualty and/or property funds, such deficits may be made up from assessments of the participating boards on a pro rata basis.

The Board continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. The Board purchases health insurance from a provider through a modified retrospective rating arrangement agreement. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

In September 2001, the Board joined the Eastern Shore of Maryland Educational Consortium (ESMEC) Health Alliance Trust, a public entity risk pool operating as a common risk management and insurance program for health insurance coverage. It is intended that ESMEC be self-sustaining through member premiums. Callable deficits, which are paid to ESMEC to cover potential shortfalls, are 5% of medical premiums and 8% of drug, dental, and vision premiums. Currently, ESMEC keeps on hand 7.5% and 12%, respectively, as a recommended conservative reserve. As of December 21, 2020 the Board's funds held by ESMEC exceeded the recommended conservative reserve by \$1,187,985. All funds held by ESMEC are restricted to being used only for health care expenses.

**DORCHESTER COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2021

**Note 13. Individual Fund Disclosures**

The following funds had an excess of expenditures over appropriations for the year ended June 30, 2021.

Fund	Budgeted Expenditures	Actual Expenditures	Excess of Actual Over Budgeted Expenditures
Special Revenue Grants Fund	3,330,750	10,147,216	6,816,466
Airport Fund	1,069,650	1,096,274	26,624

Funds to provide for the excess expenditures were made available from additional tax revenue or funding sources within the fund.

**Note 14. Prior Period Restatement**

The following table is a summary of the effects of changes on the statement of net position and the statement of activities as June 30, 2020:

	Total Governmental Funds	Custodial Funds	Governmental Activities	Business-Type Activities
Fund balance / net position as previously reported	\$ 16,915,950	\$ -	\$ (15,016,434)	\$ 26,320,743
<b>Correction of an error:</b>				
Adjust prior year receivable to actual and/or write off uncollectible amounts	(602,441)	-	(602,441)	(121,277)
Adjust unearned revenue to actual	96,988	-	96,988	-
Adjust bank reconciliation resulting from software conversion	321,138	-	321,138	-
<b>Change in Accounting Principle:</b>				
GASB No. 84	-	51,929	-	-
Fund balance / net position as restated	\$ 16,731,635	\$ 51,929	\$ (15,200,749)	\$ 26,199,466



## **REQUIRED SUPPLEMENTARY INFORMATION**

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes				
Property taxes	\$ 31,189,694	\$ 31,189,694	\$ 32,459,216	\$ 1,269,522
Income taxes	15,968,894	15,968,894	18,016,164	2,047,270
Other taxes	2,671,632	2,671,632	3,838,359	1,166,727
<b>Total taxes</b>	<b>49,830,220</b>	<b>49,830,220</b>	<b>54,313,739</b>	<b>4,483,519</b>
Licenses and permits	233,050	233,050	348,728	115,678
Intergovernmental				
Federal	60,000	60,000	172,173	112,173
State	6,186,021	6,186,021	6,361,640	175,619
Service charges	1,994,952	1,994,952	1,919,153	(75,799)
Miscellaneous	1,804,889	1,804,889	1,017,803	(787,086)
<b>Total revenues</b>	<b>60,109,132</b>	<b>60,109,132</b>	<b>64,133,236</b>	<b>4,024,104</b>
<b>EXPENDITURES:</b>				
<b>General government</b>				
County council				
Salaries and related expenses	330,553	330,553	236,294	94,259
Other	73,900	73,900	26,263	47,637
	<b>404,453</b>	<b>404,453</b>	<b>262,557</b>	<b>141,896</b>
Circuit court				
Salaries and related expenses	121,862	121,862	121,686	176
Other	84,160	84,160	59,223	24,937
	<b>206,022</b>	<b>206,022</b>	<b>180,909</b>	<b>25,113</b>
Orphan's court				
Salaries and related expenses	17,700	17,700	15,300	2,400
Other	2,523	2,523	2,490	33
	<b>20,223</b>	<b>20,223</b>	<b>17,790</b>	<b>2,433</b>
State's attorney				
Salaries and related expenses	756,289	756,289	753,683	2,606
Other	51,208	51,208	52,753	(1,545)
	<b>807,497</b>	<b>807,497</b>	<b>806,436</b>	<b>1,061</b>

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2021**  
**(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>General government (continued)</b>				
Elections				
Salaries and related expenses	\$ 55,395	\$ 55,395	\$ 39,490	\$ 15,905
Other	693,245	693,245	654,728	38,517
	748,640	748,640	694,218	54,422
Finance & treasurer				
Salaries and related expenses	449,715	449,715	422,599	27,116
Other	111,900	111,900	110,139	1,761
	561,615	561,615	532,738	28,877
Human resources				
Salaries and related expenses	69,144	69,144	69,370	(226)
Other	18,775	18,775	18,502	273
	87,919	87,919	87,872	47
Information technology				
Salaries and related expenses	248,086	248,086	248,806	(720)
Other	105,400	105,400	112,325	(6,925)
	353,486	353,486	361,131	(7,645)
Other general government				
Salaries and related expenses	67,356	67,356	66,132	1,224
Other	647,471	647,471	1,292,486	(645,015)
	714,827	714,827	1,358,618	(643,791)
Planning and zoning				
Salaries and related expenses	428,978	428,978	320,367	108,611
Other	177,750	177,750	175,024	2,726
	606,728	606,728	495,391	111,337
Maintenance				
Salaries and related expenses	133,772	133,772	113,441	20,331
Other	12,100	12,100	19,139	(7,039)
	145,872	145,872	132,580	13,292
<b>Total general government</b>	<b>4,657,282</b>	<b>4,657,282</b>	<b>4,930,240</b>	<b>(272,958)</b>

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2021**  
**(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Public safety</b>				
Sheriff				
Salaries and related expenses	\$ 2,340,095	\$ 2,340,095	\$ 2,304,316	\$ 35,779
Other	812,245	812,245	821,216	(8,971)
Capital outlay	-	-	1,468	(1,468)
	3,152,340	3,152,340	3,127,000	25,340
Volunteer fire and life support				
Salaries and related expenses	140,500	140,500	109,447	31,053
Other	861,706	861,706	870,604	(8,898)
	1,002,206	1,002,206	980,051	22,155
EMS				
Salaries and related expenses	2,633,267	2,633,267	2,575,742	57,525
Other	760,931	760,931	659,800	101,131
	3,394,198	3,394,198	3,235,542	158,656
Emergency services				
Salaries and related expenses	84,658	84,658	88,839	(4,181)
	84,658	84,658	88,839	(4,181)
Detention center				
Salaries and related expenses	2,509,995	2,509,995	2,503,653	6,342
Other	1,439,200	1,439,200	1,750,679	(311,479)
	3,949,195	3,949,195	4,254,332	(305,137)
911 emergency communications				
Salaries and related expenses	1,118,854	1,118,854	1,024,523	94,331
Other	410,641	410,641	273,224	137,417
	1,529,495	1,529,495	1,297,747	231,748
Emergency management				
Other	37,472	37,472	27,976	9,496
	37,472	37,472	27,976	9,496
Animal control				
Salaries and related expenses	118,275	118,275	108,557	9,718
Other	106,700	106,700	67,493	39,207
	224,975	224,975	176,050	48,925
<b>Total public safety</b>	<b>13,374,539</b>	<b>13,374,539</b>	<b>13,187,537</b>	<b>187,002</b>

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2021**  
**(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Public works</b>				
Highways & streets				
Salaries and related expenses	\$ 1,109,365	\$ 1,109,365	\$ 895,288	\$ 214,077
Other	2,166,208	2,166,208	2,260,073	(93,865)
	3,275,573	3,275,573	3,155,361	120,212
Engineering				
Salaries and related expenses	108,427	108,427	72,788	35,639
Other	22,800	22,800	9,808	12,992
	131,227	131,227	82,596	48,631
Total public works	3,406,800	3,406,800	3,237,957	168,843
<b>Social services</b>				
Social services				
Other	183,814	183,814	163,696	20,118
Total social services	183,814	183,814	163,696	20,118
<b>Recreation and parks</b>				
Recreation and parks				
Salaries and related expenses	313,376	313,376	255,857	57,519
Other	246,675	246,675	223,787	22,888
Total recreation and parks	560,051	560,051	479,644	80,407
<b>Natural resources</b>				
Cooperative extension service				
Other	146,934	146,934	146,934	-
	146,934	146,934	146,934	-
Other				
Salaries and related expenses	317,541	317,541	88,219	229,322
Other	23,160	23,160	22,316	844
	340,701	340,701	110,535	230,166
Total natural resources	487,635	487,635	257,469	230,166

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2021**  
**(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Economic development</b>				
Economic development				
Salaries and related expenses	\$ 305,965	\$ 305,965	\$ 227,957	\$ 78,008
Other	464,527	464,527	411,739	52,788
<b>Total economic development</b>	<b>770,492</b>	<b>770,492</b>	<b>639,696</b>	<b>130,796</b>
<b>Education</b>				
Board of Education	20,289,809	20,289,809	20,289,816	(7)
Chesapeake College	1,127,565	1,127,565	1,127,565	-
Dorchester County Public Library	553,520	553,520	553,520	-
Dorchester County Health Department	732,741	732,741	732,741	-
<b>Total education</b>	<b>22,703,635</b>	<b>22,703,635</b>	<b>22,703,642</b>	<b>(7)</b>
<b>Shared Benefits</b>				
Related expenses	5,508,598	5,508,598	6,842,558	(1,333,960)
Other	2,191,199	2,191,199	457,076	1,734,123
<b>Total miscellaneous</b>	<b>7,699,797</b>	<b>7,699,797</b>	<b>7,299,634</b>	<b>400,163</b>
<b>Debt service</b>				
Principal	1,875,664	1,875,664	2,358,316	(482,652)
Interest	2,091,288	2,091,288	1,480,335	610,953
<b>Total debt service</b>	<b>3,966,952</b>	<b>3,966,952</b>	<b>3,838,651</b>	<b>128,301</b>
<b>Total expenditures</b>	<b>57,810,997</b>	<b>57,810,997</b>	<b>56,738,166</b>	<b>1,072,831</b>
Excess (deficiency) of revenues over expenditures	2,298,135	2,298,135	7,395,070	5,096,935

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Year Ended June 30, 2021**  
**(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers, net	\$ (2,298,135)	\$ (2,298,135)	\$ (2,325,635)	\$ (27,500)
Total other financing sources (uses)	(2,298,135)	(2,298,135)	(2,325,635)	(27,500)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ 5,069,435	\$ 5,069,435

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SPECIAL REVENUE - GRANTS FUND**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental				
Federal	\$ 509,417	\$ 509,417	\$ 5,400,384	\$ 4,890,967
State	2,629,254	2,629,254	4,359,318	1,730,064
Miscellaneous	192,079	192,079	24,367	(167,712)
<b>Total revenues</b>	<b>3,330,750</b>	<b>3,330,750</b>	<b>9,784,069</b>	<b>6,453,319</b>
<b>EXPENDITURES:</b>				
Current:				
General government	509,797	509,797	1,986,180	(1,476,383)
Public safety	1,709,307	1,709,307	5,262,083	(3,552,776)
Public works	5,000	5,000	1,102,478	(1,097,478)
Social services	731,646	731,646	596,589	135,057
Recreation and parks	-	-	537,094	(537,094)
Economic development	375,000	375,000	662,792	(287,792)
<b>Total expenditures</b>	<b>3,330,750</b>	<b>3,330,750</b>	<b>10,147,216</b>	<b>(6,816,466)</b>
Excess (deficiency) of revenues over expenditures	-	-	(363,147)	(363,147)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	117,079	117,079
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>117,079</b>	<b>117,079</b>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ (246,068)	\$ (246,068)



**DORCHESTER COUNTY, MARYLAND**  
**MARYLAND STATE RETIREMENT AND PENSION SYSTEMS**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**(as of measurement date)**  
**June 30, 2021**

Measurement Date	Employer's Proportion (Percentage) of the Collective NPL A	Employer's Proportion Share of the Collective NPL B	Employer's Covered Payroll C	Proportionate Share as a Percentage of Covered Payroll (B / C)	Plan's Total Fiduciary Net Position D	Plan's Total Pension Liability E	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (D / E)
June 30, 2014	0.005%	\$ 8,892,812	\$ 10,490,392	85%	\$ 45,339,988,000	\$ 63,086,719,000	72%
June 30, 2015	0.005%	\$ 11,524,858	\$ 10,490,392	110%	\$ 45,789,840,000	\$ 66,571,552,000	69%
June 30, 2016	0.005%	\$ 12,844,506	\$ 10,084,750	127%	\$ 45,365,927,000	\$ 68,959,954,000	66%
June 30, 2017	0.005%	\$ 11,750,180	\$ 10,510,098	112%	\$ 48,987,184,000	\$ 70,610,885,000	69%
June 30, 2018	0.005%	\$ 13,084,986	\$ 10,942,269	120%	\$ 51,827,233,000	\$ 72,808,833,000	71%
June 30, 2019	0.068%	\$ 14,092,024	\$ 10,084,750	140%	\$ 53,943,420,000	\$ 74,569,030,000	72%
June 30, 2020	0.065%	\$ 14,649,998	\$ 10,328,204	142%	\$ 54,586,037,000	\$ 77,187,397,000	71%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

**DORCHESTER COUNTY, MARYLAND**  
**MARYLAND STATE RETIREMENT AND PENSION SYSTEMS**  
**SCHEDULE OF CONTRIBUTIONS**  
(as of fiscal year end)  
**June 30, 2021**

Fiscal Year	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Employer's Covered Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	\$ 1,167,734	\$ 1,167,734	\$ -	\$ 10,490,392	11%
2016	\$ 1,060,530	\$ 1,060,530	\$ -	\$ 10,084,750	11%
2017	\$ 1,105,991	\$ 1,105,991	\$ -	\$ 10,510,098	11%
2018	\$ 1,386,363	\$ 1,386,363	\$ -	\$ 10,942,269	13%
2019	\$ 1,105,991	\$ 1,105,991	\$ -	\$ 10,084,750	11%
2020	\$ 1,389,762	\$ 1,389,762	\$ -	\$ 10,328,204	13%
2021	\$ 1,554,827	\$ 1,554,827	\$ -	\$ 10,608,075	15%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which the information is available.

**DORCHESTER COUNTY, MARYLAND**  
**MARYLAND STATE RETIREMENT AND PENSION SYSTEMS**  
**ACTUARIAL ASSUMPTIONS**  
**June 30, 2021**

**Changes in Benefit Terms**

There were no benefit changes during the year.

**Changes in Assumptions**

Discount rate remained at 7.40%.

**Method and Assumptions used in Calculations of Actuarially Determined Contributions**

Actuarial	Entry Age Normal.
Amortization Method	Level Percentage of Payroll, Closed,
Remaining Amortization Period	25-year closed amortization period ending June 30, 2039; 18 years remaining.
Asset Valuation Model	Five-year smoothed market (max. 120% and min 80% of the market value).
Inflation	In the 2020 actuarial valuation, 2.60% general , 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage.
Salary Increases	In the 2020 actuarial valuation, 3.10% to 11.6%, including inflation. In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation.
Investment Rate of Return	In the 2020 actuarial valuation, 7.40%. In the 2019 actuarial valuation, 7.40%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

**DORCHESTER COUNTY, MARYLAND**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**(as of measurement date)**  
**June 30, 2021**

	2021	2020	2019	2018	2017
<b>Change in total OPEB liability</b>					
Total OPEB liability - beginning of year	\$ 27,467,748	\$ 20,595,390	\$ 29,333,257	\$ 25,150,244	\$ 28,031,714
Service cost	952,005	675,532	854,567	731,736	882,738
Interest	622,429	736,411	893,476	893,643	794,789
Difference between expected and actual experience	(748,383)	(454,350)	(2,818,653)	66,365	(63,842)
Benefit payments	(511,052)	(461,261)	(410,807)	(376,260)	(288,757)
Changes in assumptions	(1,595,225)	6,376,026	(7,256,450)	2,867,529	(4,206,398)
<b>Total OPEB liability - end of year</b>	<b>\$ 26,187,522</b>	<b>\$ 27,467,748</b>	<b>\$ 20,595,390</b>	<b>\$ 29,333,257</b>	<b>\$ 25,150,244</b>
<b>Change in fiduciary net position</b>					
Fiduciary net position - beginning of year	\$ -	\$ 9,516	\$ 242,721	\$ 390,895	\$ 632,542
Employer contributions	511,052	251,969	177,602	376,260	-
Net investment income	-	702	-	(148,174)	47,110
Benefits paid	(511,052)	(250,187)	(410,807)	(376,260)	(288,757)
Administrative expenses	-	(12,000)	-	-	-
<b>Fiduciary net position - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,516</b>	<b>\$ 242,721</b>	<b>\$ 390,895</b>
<b>Net OPEB liability - end of year</b>	<b>\$ 26,187,522</b>	<b>\$ 27,467,748</b>	<b>\$ 20,585,874</b>	<b>\$ 29,090,536</b>	<b>\$ 24,759,349</b>
PFNP as a % of TOL	0.00%	0.00%	0.05%	0.83%	1.55%
Covered employee payroll	\$ 14,716,537	\$ 13,472,279	\$ 14,048,602	\$ 13,522,494	\$ 13,076,598
NOL as a % of covered employee payroll	178%	204%	147%	215%	189%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which the information is available, will be presented.

**DORCHESTER COUNTY, MARYLAND**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
(as of measurement date)  
**June 30, 2021**

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 2,211,009	\$ 1,543,313	\$ 1,993,931	\$ -	\$ -
Contribution in relation to the actuarially determined contribution	511,052	461,261	410,807	-	-
Contribution deficiency (excess)	\$ 1,699,957	\$ 1,082,052	\$ 1,583,124	\$ -	\$ -
Covered employee payroll	14,716,537	13,472,279	14,048,602	13,522,494	13,076,598
Contributions as a % of covered employee payroll	3.47%	3.42%	2.92%	0.00%	0.00%
Annual money-weighted rate of return	Not available	Not available	Not available	Not available	Not available

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which the information is available, will be presented.

**DORCHESTER COUNTY, MARYLAND**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**  
**ACTUARIAL ASSUMPTIONS**  
**June 30, 2021**

Actuarial cost method	Entry Age
Asset cost method	N/A
Amortization method:	
GASB 75 recognition period	Level dollar amortization
Actuarial determined contribution	Level % of payroll method over a closed 30 year period
Interest rates:	
Discount rate	2.16%
Investment rate of return	N/A
Municipal bond rate	2.16%
Inflation	2.50%
Salary increases	Not applicable
Mortality table	Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2020

**Changes from prior valuation:**

Interest rates:	
Discount rate	2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.
Retirement rates	Retirement rates were updated.
Trend rates	The pre-65 and post-65 medical trend rate tables were reset in 2020.
Lapse rate	The assumed lapse rate was changed to 10% at age 65.

## **OTHER SUPPLEMENTARY INFORMATION**

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL FUND**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental				
Federal	\$ -	\$ -	\$ -	\$ -
State	643,943	643,943	899,456	255,513
Miscellaneous	-	-	3,098	3,098
<b>Total revenues</b>	<b>643,943</b>	<b>643,943</b>	<b>902,554</b>	<b>258,611</b>
<b>EXPENDITURES:</b>				
General government	10,346,420	10,346,420	808,007	9,538,413
Public Safety	1,274,747	1,274,747	1,858,890	(584,143)
Public Works	2,719,800	2,719,800	591,215	2,128,585
Recreation and parks	622,500	622,500	-	622,500
Education	-	-	1,651,483	(1,651,483)
<b>Total expenditures</b>	<b>14,963,467</b>	<b>14,963,467</b>	<b>4,909,595</b>	<b>10,053,872</b>
Excess (deficiency) of revenues over expenditures	(14,319,524)	(14,319,524)	(4,007,041)	10,312,483
<b>OTHER FINANCING SOURCES (USES):</b>				
Note proceeds	12,746,878	12,746,878	-	(12,746,878)
Transfer in (out)	1,572,646	1,572,646	1,572,646	-
<b>Total other financing sources (uses)</b>	<b>14,319,524</b>	<b>14,319,524</b>	<b>1,572,646</b>	<b>(12,746,878)</b>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ (2,434,395)	\$ (2,434,395)



**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**ESIC FUND**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Miscellaneous	\$ 55,500	\$ 55,500	\$ 40,254	\$ (15,246)
<b>EXPENDITURES:</b>				
General government				
Salaries and related expenses	60,572	60,572	-	60,572
Other expenses	94,928	94,928	55,534	39,394
Total general government	155,500	155,500	55,534	99,966
Total expenditures	155,500	155,500	55,534	99,966
Excess (deficiency) of revenues over expenditures	(100,000)	(100,000)	(15,280)	84,720
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in (out)	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ 84,720	\$ 84,720

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**TRANSFER TAX FUND**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
County transfer tax	\$ 920,410	\$ 920,410	\$ 1,601,742	\$ 681,332
<b>EXPENDITURES:</b>				
General government				
Salaries and related expenses	691,210	691,210	421,272	269,938
Other expenses	1,324,200	1,324,200	790,868	533,332
Total general government	2,015,410	2,015,410	1,212,140	803,270
Total expenditures	2,015,410	2,015,410	1,212,140	803,270
Excess (deficiency) of revenues over expenditures	(1,095,000)	(1,095,000)	389,602	1,484,602
<b>OTHER FINANCING SOURCES (USES):</b>				
Use of fund balance	1,095,000	1,095,000	-	(1,095,000)
Total other financing sources (uses)	1,095,000	1,095,000	-	(1,095,000)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ 389,602	\$ 389,602

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**AIRPORT FUND**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Fuel sales	\$ 197,000	\$ 197,000	\$ 172,226	\$ (24,774)
Hanger and tie-down rentals	175,000	175,000	140,920	(34,080)
Other	7,320	7,320	8,421	1,101
<b>Total operating revenues</b>	<b>379,320</b>	<b>379,320</b>	<b>321,567</b>	<b>(57,753)</b>
<b>OPERATING EXPENSES:</b>				
Salaries and related taxes	248,159	248,159	210,337	37,822
Repairs and maintenance	323,000	323,000	41,792	281,208
Rental of land, buildings and equipment	19,800	19,800	15,547	4,253
Fuel	147,500	147,500	113,598	33,902
Utilities	96,300	96,300	61,005	35,295
Depreciation	-	-	616,236	(616,236)
Other operating	234,891	234,891	37,759	197,132
<b>Total operating expenses</b>	<b>1,069,650</b>	<b>1,069,650</b>	<b>1,096,274</b>	<b>(26,624)</b>
<b>Net operating income (loss)</b>	<b>(690,330)</b>	<b>(690,330)</b>	<b>(774,707)</b>	<b>(84,377)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Grants - Federal government	765,900	765,900	324,864	(441,036)
Grants - state government	218,950	218,950	109,674	(109,276)
Reserve of net position	(851,000)	(851,000)	-	851,000
Transfer of capital assets from general fund	-	-	20,819	20,819
Loss on disposal	-	-	(3,499)	(3,499)
Interest expense	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>133,850</b>	<b>133,850</b>	<b>451,858</b>	<b>318,008</b>
<b>Income (loss) before transfers</b>	<b>(556,480)</b>	<b>(556,480)</b>	<b>(322,849)</b>	<b>233,631</b>
Operating transfers in	298,539	298,539	298,539	-
Capital transfers in	257,941	257,941	237,371	(20,570)
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 213,061</b>	<b>\$ 213,061</b>

**DORCHESTER COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**LANDFILL FUND**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>OPERATING REVENUES:</b>				
Tipping fees	\$ 2,804,485	\$ 2,804,485	\$ 3,580,612	\$ 776,127
Permits	122,000	122,000	121,192	(808)
Other	53,000	53,000	22,313	(30,687)
<b>Total operating revenues</b>	<b>2,979,485</b>	<b>2,979,485</b>	<b>3,724,117</b>	<b>744,632</b>
<b>OPERATING EXPENSES:</b>				
Salaries and related taxes	1,013,785	1,013,785	775,885	237,900
Repairs and maintenance	179,000	179,000	241,375	(62,375)
Rental of land, buildings and equipment	41,200	41,200	26,061	15,139
Fuel	165,000	165,000	104,989	60,011
Closure and postclosure costs accrual	450,000	450,000	353,202	96,798
Utilities	17,000	17,000	18,630	(1,630)
Depreciation	525,000	525,000	696,586	(171,586)
Other operating	1,911,500	1,911,500	647,136	1,264,364
<b>Total operating expenses</b>	<b>4,302,485</b>	<b>4,302,485</b>	<b>2,863,864</b>	<b>1,438,621</b>
<b>Net operating income (loss)</b>	<b>(1,323,000)</b>	<b>(1,323,000)</b>	<b>860,253</b>	<b>2,183,253</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Use of net position	1,313,000	1,313,000	-	(1,313,000)
Loss on disposal	-	-	(7,878)	(7,878)
Interest income	10,000	10,000	17,535	7,535
<b>Total non-operating revenues (expenses)</b>	<b>1,323,000</b>	<b>1,323,000</b>	<b>9,657</b>	<b>(1,313,343)</b>
<b>Income (loss) before transfers</b>	<b>-</b>	<b>-</b>	<b>869,910</b>	<b>869,910</b>
<b>Operating transfers in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 869,910</b>	<b>\$ 869,910</b>

**DORCHESTER COUNTY, MARYLAND**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**June 30, 2021**

	Non-Major Other Governmental Funds			
	ESIC Fund	Building Excise Tax Fund	Transfer Tax Fund	Total
<b>ASSETS</b>				
Cash	\$ -	\$ 150,477	\$ -	\$ 150,477
Accounts receivable	-	-	181,248	181,248
Interfund receivables	263,009	1,105,292	3,509,737	4,878,038
<b>Total assets</b>	<b>\$ 263,009</b>	<b>\$ 1,255,769</b>	<b>\$ 3,690,985</b>	<b>\$ 5,209,763</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,104	\$ -	\$ 156,569	\$ 157,673
Unearned revenues	28,672	-	-	28,672
Interfund payables	-	-	-	-
<b>Total liabilities</b>	<b>29,776</b>	<b>-</b>	<b>156,569</b>	<b>186,345</b>
<b>FUND BALANCES</b>				
Committed for:				
Schools and courthouse	-	1,046,674	3,534,416	4,581,090
Public safety communication system	-	155,415	-	155,415
Sheriff	-	53,680	-	53,680
Assigned	233,233	-	-	233,233
<b>Total fund balances</b>	<b>233,233</b>	<b>1,255,769</b>	<b>3,534,416</b>	<b>5,023,418</b>
<b>Total liabilities and fund balances</b>	<b>\$ 263,009</b>	<b>\$ 1,255,769</b>	<b>\$ 3,690,985</b>	<b>\$ 5,209,763</b>

**DORCHESTER COUNTY, MARYLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	Non-Major Other Governmental Funds			
	ESIC Fund	Building Excise Tax Fund	Transfer Tax Fund	Total
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 1,601,742	\$ 1,601,742
Miscellaneous	40,254	53	-	40,307
<b>Total revenues</b>	<b>40,254</b>	<b>53</b>	<b>1,601,742</b>	<b>1,642,049</b>
<b>EXPENDITURES:</b>				
General government	55,534	-	1,212,140	1,267,674
<b>Total expenditures</b>	<b>55,534</b>	<b>-</b>	<b>1,212,140</b>	<b>1,267,674</b>
Excess (deficiency) of revenues over expenditures	(15,280)	53	389,602	374,375
<b>OTHER FINANCING SOURCES:</b>				
Transfer in (out)	100,000	-	-	100,000
<b>Total other financing sources (uses)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	84,720	53	389,602	474,375
Fund balances, beginning of year	148,513	1,255,716	3,144,814	4,549,043
<b>Fund balances, end of year</b>	<b>\$ 233,233</b>	<b>\$ 1,255,769</b>	<b>\$ 3,534,416</b>	<b>\$ 5,023,418</b>

**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**

County Council of Dorchester County  
Cambridge, Maryland

We have audited, in accordance with the 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, the financial statements 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 Dorchester County, Maryland (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness.

*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 significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*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 identified the following deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

### Finding Number 2021-001 – Timely and Accurate Financial Reporting

*Criteria:* Accounting policies and procedures should be properly designed to ensure timely and accurate financial reporting.

*Condition:* The accounting policies and procedures currently in place lead to a reconciliation process resulting in overall inaccuracies and delays in the financial reporting process. Per management, much of this internal control deficiency is due to the departure of key staff during 2020 and 2021, and the implementation of a new accounting software during 2020.

*Cause:* The lack of properly designed accounting policies and procedures has resulted in significant adjustments during the audit process.

*Effect:* During our audit, significant adjusting journal entries were prepared prior to preparation of the financial statements. Timely and accurate financial reporting creates confidence, credibility, reliability and awareness for the council, management and other users of those financial reports.

*Recommendation:* We recommend designing and implementing accounting policies and procedures that would enable the County to have timely and accurate financial reporting.

*Identification of Repeat Finding:* This is a repeat finding.

*Views of Responsible Officials:* The County will review its accounting policies and procedures to ensure timely and accurate financial reporting. In addition, the County has hired a new finance director, interim county manager and has engaged outside consultants to help.

### Finding Number 2021-002 – Account Reconciliations

*Criteria:* Accounting policies and procedures should be properly designed to ensure periodic reconciliations of material general ledger accounts.

*Condition:* The County does not prepare periodic reconciliations for some of its assets, liability, revenue and expense accounts throughout the year. Per management, much of this internal control deficiency is due to the departure of key staff during 2020 and 2021, and the implementation of a new accounting software during 2020.

*Cause:* The lack of properly designed accounting policies and procedures has resulted in significant adjustments during the audit process.

*Effect:* During our audit, significant adjusting journal entries were prepared.

*Recommendation:* We recommend designing and implementing accounting policies and procedures that include when possible, the following:

- Account reconciliations that are complete – no account left behind.
- Account reconciliations should be accurate.
- Account reconciliations should be completed and reviewed in a timely manner.
- Account reconciliations should support the appropriate accounting principles.
- Account reconciliations should be constantly reviewed and improved.



We have provided more detailed account reconciliation recommendations in Section III – *Comments and Recommendations*.

*Identification of Repeat Finding:* This is a repeat finding.

*Views of Responsible Officials:* The County will review its accounting policies and procedures to expand its reconciliation process to include all material general ledger accounts. In addition, the County has hired a new finance director, interim county manager and has engaged outside consultants to help.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 financial statements. 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* and which are described above.

We noted certain matters that we reported to management of the County in a separate letter dated September 15, 2023.

## **County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the findings identified above. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, cursive font, with 'LLP' in a smaller, simpler font to the right.

Salisbury, Maryland  
September 15, 2023

**TO THE COUNTY COUNCIL OF  
DORCHESTER COUNTY, MARYLAND**

**AUDIT COMMUNICATIONS**

**JUNE 30, 2021**

**TO THE COUNTY COUNCIL OF  
DORCHESTER COUNTY, MARYLAND**

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I. COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

September 15, 2023

To the County Council of  
Dorchester County, Maryland  
Cambridge, Maryland

We have audited the financial statements 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 Dorchester County, Maryland (“the County”) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. During 2021, the County adopted new accounting guidance from the Governmental Accounting Standards (GASB) No. 84, *Fiduciary Activities*. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County’s financial statements were:

- Management’s estimation of the allowance for uncollectible amounts was based on past experience. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management’s estimation of depreciation expense is based on the estimated useful lives of these assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management’s estimate of Other Post-Employment Benefits is based on an actuarial study performed by a third party. We evaluated the key factors and assumptions used to develop the deferred inflow, deferred outflow, liability and/or expense in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the Pension Plan is based upon an actuarial study performed by a third party. We evaluated the key factors and assumptions used to develop the deferred inflow, deferred outflow, liability and/or expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrual for landfill closure and post closure care costs, which is based on an estimate of the costs expected to be incurred for the closure, care and maintenance of the landfills. Although current accounting pronouncements only require an accrual for closure and thirty years of post-closure care costs, the County has continued to maintain a thirty-year accrual for all closed sites based on the recommendation of the County's engineer. We evaluated the key factors and assumptions used to develop the accrual in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

The completion of our audit was delayed because of the following:

- Un-timely reconciliations of material general ledger accounts.
- Continued difficulties in dealing with the new software conversion that occurred in 2020.
- Significant turnover in key employees within the accounting and treasurer office, along with challenges in hiring their replacements.
- Key leadership turnover

The above difficulties resulted in missing key legislative deadlines as required by the State of Maryland and Uniform Guidance

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The attached Adjusting Journal Entry Reports, as listed in the table of contents, list all adjustments made during the audit, some of which are material to the financial statements. Certain journal entries were proposed as part of our audit procedures, while others were provided by management and/or consultants acting on behalf of management. Management has corrected all such misstatements.

In addition, the attached Proposed Journal Entry Report, as listed in the table of contents, list uncorrected misstatements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 15, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information (OSI) as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use by the County Council, and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "UHY LLP". The letters are stylized and cursive, with the "U" and "H" being particularly prominent.

UHY LLP



## II. COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

September 15, 2023

To the County Council of  
Dorchester County, Maryland  
Cambridge, Maryland

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dorchester County, Maryland (the "County") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency or 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 following deficiencies in the County's internal control to be material weaknesses:

### Finding Number 2021-001 – Timely and Accurate Financial Reporting

*Criteria:* Accounting policies and procedures should be properly designed to ensure timely and accurate financial reporting.

*Condition:* The accounting policies and procedures currently in place led to a reconciliation process resulting in overall inaccuracies and delays in the financial reporting process. Per management, much of this internal control deficiency is due to the departure of key staff during 2020 and 2021, and the implementation of a new accounting software during 2020.

*Cause:* The lack of properly designed accounting policies and procedures has resulted in significant adjustments during the audit process.

*Effect:* During our audit, significant adjusting journal entries were prepared prior to preparation of the financial statements. Timely and accurate financial reporting creates confidence, credibility, reliability and awareness for the council, management and other users of those financial reports.

*Recommendation:* We recommend designing and implementing accounting policies and procedures that would enable the County to have timely and accurate financial reporting.

*Identification of Repeat Finding:* This is a repeat finding.

*Views of Responsible Officials:* The County will review its accounting policies and procedures to ensure timely and accurate financial reporting. In addition, the County has hired a new finance director, interim county manager and has engaged outside consultants to help.

### Finding Number 2021-002 – Account Reconciliations

*Criteria:* Accounting policies and procedures should be properly designed to ensure periodic reconciliations of material general ledger accounts.

*Condition:* The County does not prepare periodic reconciliations for some of its assets, liability, revenue and expense accounts throughout the year. Per management, much of this internal control deficiency is due to the departure of key staff during 2020 and 2021, and the implementation of a new accounting software during 2020.

*Cause:* The lack of properly designed accounting policies and procedures has resulted in significant adjustments during the audit process.

*Effect:* During our audit, significant adjusting journal entries were prepared.

*Recommendation:* We recommend designing and implementing accounting policies and procedures that include when possible, the following:

- Account reconciliations that are complete – no account left behind.
- Account reconciliations should be accurate.
- Account reconciliations should be completed and reviewed by management in a timely manner.

- Account reconciliations should support the appropriate accounting principles.
- Account reconciliations should be constantly reviewed and improved.

We have provided more detailed account reconciliation recommendations in Section III – *Comments and Recommendations*.

*Identification of Repeat Finding:* This is a repeat finding.

*Views of Responsible Officials:* The County will review its accounting policies and procedures to expand its reconciliation process to include all material general ledger accounts. In addition, the County has hired a new finance director, interim county manager and has engaged outside consultants to help.

This communication is intended solely for the information and use of the council and management and is not intended to be and should not be used by anyone other than these specified parties. The County's written response, if any, to the material weaknesses identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

UHY LLP  
Salisbury, MD  
September 15, 2023

### III. COMMENTS AND RECOMMENDATIONS

September 15, 2023

To the County Council of  
Dorchester County, Maryland  
Cambridge, Maryland

In planning and performing our audit of the financial statements of Dorchester County, Maryland (the "County") as of and for the year ended June 30, 2021, we considered the County's internal control as a basis for designing our auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 15, 2023 on the financial statements of the County.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the County's personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist in implementing the recommendations.

We wish to thank the council and employees of the County for the assistance and cooperation provided us during our engagement.

Very truly yours,



UHY LLP

**Government Finance Officers Association (“GFOA”) Best Practices** identify specific policies and procedures that contribute to improved government management. They aim to promote and facilitate positive change.

#### Internal Control Environment

We recommend reviewing the GFOA’s best practices for *Internal Control Environment*. A summary is as follows:

*The GFOA recommends that governments demonstrate a commitment to the COSO framework, assume responsibility for overseeing internal control, develop organizational structures and accountability, commit to attracting and retaining competent employees, and hold individuals accountable.*

#### Timely Financial Reporting

We recommend reviewing the GFOA’s best practices for *Timely Financial Reporting*. A summary is as follows:

*Financial reports are intended to meet the needs of decision makers. Accordingly, timeliness is identified as one of the characteristics of information in financial reporting in Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), Objectives of Financial Reporting. To accomplish this objective, financial reports must be available in time to inform decision making. Therefore, financial reports should be published as soon as possible after the end of the reporting period.*

*Timely financial reporting requires careful, yearlong planning and monitoring<sup>1</sup> (e.g., data processing, audit field work) and cannot be reduced to a well-managed busy season. The need for timeliness has to be balanced against the need for reliability, which also was identified as one of the characteristics of information in financial reporting identified in GASB Concepts Statement No. 1. While governments certainly should not sacrifice reliability for timeliness, minor gains in precision ought not to be purchased at the price of indefinite delay. GASB Concepts Statement No. 1 says that “Sometimes a timely estimate is more useful than precise information that takes a long time to produce” (e.g., accounting estimates).*

*Legislative deadlines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective.*

#### Budget Monitoring

We recommend reviewing the GFOA’s best practices for Budget Monitoring. A summary is as follows:

*GFOA recommends that all governments establish a formal set of processes for comparing budget to actual results to monitor financial performance. Establishing and conducting regular budget monitoring provides organizations the opportunity to promptly adjust for any significant variances to ensure continuity of program/service delivery.*

## Audit Committees

We recommend reviewing the GFOA's best practices for Audit Committees. A summary is as follows:

*Establish an audit committee, made up of appropriate audit committee members, that are responsible for review, oversight, establishing procedures, and providing a written report.*

## Edmunds

During 2020, the County implemented the new accounting software, Edmunds. During our audit we again ran into several issues when dealing with the new system, which include but are not limited to: 1) prior year balances not matching that of the 2020 audit. 2) trial balances not balancing due to erroneous closing procedures 3) inability to obtain reports timely due to a lack of understanding of Edmunds by the staff 4) capital assets schedules indicated problems with accumulated depreciation and current deprecation calculation, which appear to be due to a conversion issue from the prior software. We recommend continued training on Edmunds and a detailed review of the capital asset schedules to ensure proper tracking and accounting going forward.

## Maintaining Database Master File

During 2021, several key employees (Director of Accounting, Assistant Director of Accounting, Grants Accountant, and Accounting Manager) left their positions resulting in significant employee turnover within the accounting department. In particular, the turnover has impacted controls surrounding payroll and related liabilities, and the accounts payable / cash disbursement cycle. We recommend master-file data files be reviewed by a knowledgeable member of management. Those files include 1) employee log for payroll and 2) vendor log for accounts payable.

During the review of the payroll system master file change log, showing all changes made to payroll information, management should review to ensure it reflects accurate and complete information.

During the review of the changes to the vendor master file, management should periodically review for reasonableness.

Proper maintenance of database master files help to ensure accurate financial reporting and help reduce errors and misappropriation of assets.

## Account Reconciliations

- Cash: We *again* recommend timely preparation and review of bank reconciliations to ensure accuracy. In addition, recommend examining older outstanding checks and the requirements of unclaimed property.
- Receivables: We recommend a timely reconciliation of accounts and other receivables to ensure subledger and general ledger accounts match, as well as ensure proper cutoff procedures are implemented.



- Grant Reconciliation: We *again* recommend a timely reconciliation of grants to ensure compliance with grant requirements, proper “cut-off” and “matching” of related grant revenue and expense accounts, as well as proper tracking of grant receivables and deferred revenue amounts.
- Capital Assets: It was *again* noted during our audit of capital assets that the capital asset module within Edmunds is not working properly. The detailed capital asset schedules are again being maintained within excel. We recommend obtaining training and reconciling the Edmund’s capital asset module (since you are paying for it), choosing another asset module to use, or contract with us to maintain the schedules on our system.
- Payables/Accruals: We recommend a timely reconciliation of accounts and other payables to ensure subledger and general ledger accounts match, as well as ensure proper cutoff procedures are implemented.
- Long-term Debt: We recommend a timely reconciliation of long-term debt to ensure proper year-end balances, debt service cost, cash flow and disclosure information.
- Other assets/liabilities: We *again* noted during our testing of other asset/liability accounts there were accounts which had not been reconciled timely. We recommend the County prepare periodic reconciliations of material asset and liability accounts. Specific examples include, but are not limited to the following:
  - 01-0000-1210 Invested-Property Foreclosures
  - 01-0000-1220 Unredeemed Property-Tax Sale
  - 01-0000-1705 Prepaid Appropriations/Expense
  - 01-0000-2757 Deferred Task Force Revenue
  - 01-0000-2785 Deferred Revenue Tax Sale Property Sales
  - 01-0000-2435 Bid Bond Deposit
- Leases: We *again* recommend developing a process and schedule to identify and track both operating and capital leases to properly report in accordance with GAAP. See *recently issued GASB pronouncements* below for upcoming changes due to GASB No. 87.

In addition to the specific items identified above, we recommend that the County prepare periodic reconciliations of all material revenue and expense accounts.

### OPEB

During our testing of the census data used to prepare the actuarial valuation of the net OPEB liability, we noted the files maintained by human resources were inaccurate and/or incomplete. We *again* recommend the County do an internal review to ensure the census data matches supporting documentation.

### Adjusting Journal Entries (“AJEs”)

During our audit we noted AJEs with vague descriptions (example – “adjust to actual”), inadequate support, many employees with journal entry posting authority, and little to no

oversight or review of posted entries. We recommend reviewing the adjusting journal entry process, taking into consideration items such as 1) creating a template for AJEs 2) defining the AJE process 3) the AJE approval process etc.

### **Recently Issued Governmental Accounting Standards Board “GASB” Pronouncements**

The following recently issued governmental accounting standards may have a material impact on the County’s financial statements in the near future. We would be happy to further discuss these items at your convenience.

#### **GASB Statement No. 87, Leases**

In June 2017, GASB issued Statement No. 87, *Leases*. The requirements for this statement are effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to improve financial reporting for leases. This Statement increases the usefulness of governmental entity financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governmental entity leasing activities.

For lessees, the liability will be reduced as payments are made and the asset will be amortized over the shorter of the lease term or the useful life of the underlying asset. The notes to the financial statements for lessees will need to include a description of the leasing arrangements, the amount of the lease assets recognized, and a schedule of future lease payments. For lessors, the lease receivable will be reduced and an inflow of resources (revenue) from the deferred inflow of resources recognized in a systematic and rational manner over the term of the lease. The notes to the financial statements for lessors should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

At the beginning of the period of implementation, leases should be recognized and measured using the facts and circumstances that exist at that time. Short-term leases with contracts of 12 months or less, including options to extend, are excluded.

#### **GASB Statement No. 86, Subscription-Based Information Technology Arrangements**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which

a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The Statement is effective for fiscal years beginning after June 15, 2022.

We recommend that the County conduct a comprehensive inventory of such arrangements it has entered with its vendors in order to implement this Statement. Such arrangements may include, but not be limited to, the following:

- ERP Systems
- Fixed Asset Software
- Tax Collection Software
- Leases Software
- Water & Electric Utilities Metering
- Remote Learning Platforms
- Email, Calendar & Office Tools (e.g., Microsoft Suite)
- Online Conferencing Tools
- Online Payment Tools
- Cloud Computing Arrangements (e.g., Software as a Services, Infrastructure as a Service, Platform as a Service)
- Data Backup & Storage for Tax / Appraisal Record

#### IV. ADJUSTING JOURNAL ENTRIES

Client: **140500.0 - Dorchester County Commissioners**  
Engagement: **6/21 AUD - Dorchester County, Maryland**  
Period Ending: **6/30/2021**  
Trial Balance: **TB General Fund**  
Workpaper: **AJE Report - Fund 01**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		<b>4204</b>		
To reverse out opening balance A/R				
01-0000-3001	FB UNASSIGNED - UNDESIGNATED		434,583.55	
01-0000-1501	ACCOUNTS RECEIVABLE			434,583.55
<b>Total</b>			<b>434,583.55</b>	<b>434,583.55</b>
<b>Adjusting Journal Entries JE # 2</b>				
		<b>A-03</b>		
GASB 84 adjustment to move monies set aside for OPEB benefits to GF. NOTE: these monies are not sitting in separate legal trust.				
01-0000-1025	OPEB Trust Fund Cash		269,636.75	
01-0000-1598	DUE FROM FUND 25			269,636.75
<b>Total</b>			<b>269,636.75</b>	<b>269,636.75</b>
<b>Adjusting Journal Entries JE # 3</b>				
		<b>01 C-02</b>		
To reclass expenses paid for by GF on behalf of Fund 25				
01-1010-5210	CONTRACTUAL SERVICES		12,000.00	
01-1010-5210	CONTRACTUAL SERVICES		6,000.00	
01-0000-2101	ACCOUNTS PAYABLE			12,000.00
01-0000-2599	DUE TO OTHER FUNDS			6,000.00
<b>Total</b>			<b>18,000.00</b>	<b>18,000.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
		<b>GF O-00</b>		
To reclass pay-go payments made by GF on behalf of the Fund 25				
01-3080-9303	OPERATING TRANSFER OUT-GF		275,002.98	
01-0000-2599	DUE TO OTHER FUNDS			275,002.98
<b>Total</b>			<b>275,002.98</b>	<b>275,002.98</b>
<b>Adjusting Journal Entries JE # 5</b>				
		<b>PBC AJE #3</b>		
**CLIENT DO NOT POST** To record Enterprise Fund Admin Charge for FY21				
01-0000-1599	DUE FROM OTHER FUNDS		250,000.00	
01-3060-4450	ENTERPRISE FUND ADMIN CHARGE			250,000.00
<b>Total</b>			<b>250,000.00</b>	<b>250,000.00</b>
<b>Adjusting Journal Entries JE # 6</b>				
		<b>A-01</b>		
To rollforward deferred revenue fro DSO Fed Treasury.				
01-0000-1018	BB&T DSO TREASURY FORFEITURE		31,501.48	
01-0000-2775	DEF REV - DSO FED TREASURY			31,501.48
<b>Total</b>			<b>31,501.48</b>	<b>31,501.48</b>
<b>Adjusting Journal Entries JE # 7</b>				
		<b>4404</b>		
To adjust Saltwater Note Receivable to actual				
01-0000-1952	LONG TERM NOTE RECEIVABLE CONTRA ACCOUNT		35,143.00	
01-3042-4216	EMS BILLING - NET		6,324.06	
01-0000-1305	LOAN-SALTWATER SEAFOOD			35,143.00
01-3060-4153	PRIN/INTEREST-SALTWATER LOAN			6,324.06
<b>Total</b>			<b>41,467.06</b>	<b>41,467.06</b>
<b>Adjusting Journal Entries JE # 8</b>				
		<b>20-01</b>		
**CLIENT DO NOT POST** P&Z Salary Reclass				
01-0080-5191	SALARIES/OTHER		44,247.79	
01-0000-2599	DUE TO OTHER FUNDS			44,247.79
<b>Total</b>			<b>44,247.79</b>	<b>44,247.79</b>
<b>Adjusting Journal Entries JE # 9</b>				
		<b>PBC AJE #5</b>		
**CLIENT DO NOT POST** To update deferred task force revenue to actual and reclass drug task force local expenses.				
01-0000-2757	DEFERRED TASK FORCE REVENUE		118,399.49	

Client: **140500.0 - Dorchester County Commissioners**  
Engagement: **6/21 AUD - Dorchester County, Maryland**  
Period Ending: **6/30/2021**  
Trial Balance: **TB General Fund**  
Workpaper: **AJE Report - Fund 01**

Account	Description	W/P Ref	Debit	Credit
01-1112-5200	TELEPHONE		35.00	
01-1112-5601	OTHER EXPENSES		599.84	
01-1116-5200	TELEPHONE			35.00
01-1116-5601	OTHER EXPENSES			599.84
01-3050-4152	TASK FORCE-LOCAL FORFEITURES			118,399.49
<b>Total</b>			<b>119,034.33</b>	<b>119,034.33</b>

**Adjusting Journal Entries JE # 10**

**5304**

To reclass Cheseapeake College interest payment as a partial principal reduction.

01-2400-6504	NOTE & LOAN PRINCIPAL		11,162.00	
01-2400-6507	NOTE & LOAN INTEREST			11,162.00
<b>Total</b>			<b>11,162.00</b>	<b>11,162.00</b>

**Adjusting Journal Entries JE # 11**

**E-04**

To record additional charges for prepaid expense suspense account that occurred during the year.

01-0000-1599	DUE FROM OTHER FUNDS		8,446.51	
01-0010-5601	OTHER EXPENSES		201.12	
01-0021-5601	OTHER EXPENSES		734.35	
01-0050-5601	OTHER EXPENSES		2,130.81	
01-0077-5600	OFFICE SUPPLIES		832.26	
01-0080-5601	OTHER EXPENSES		2,248.79	
01-0088-5601	OTHER EXPENSES		221.86	
01-1111-5601	OTHER EXPENSES		32,084.29	
01-1112-5601	OTHER EXPENSES		7,102.11	
01-1121-5601	OTHER EXPENSES		2,058.51	
01-1130-5601	OTHER EXPENSES		3,700.82	
01-1155-5601	OTHER EXPENSES		2,103.79	
01-1156-5601	OTHER EXPENSES		1,502.19	
01-1675-5601	OTHER EXPENSES		3,551.35	
01-1675-5601	OTHER EXPENSES		4,059.61	
01-1811-5601	OTHER EXPENSES		863.57	
01-1811-5601	OTHER EXPENSES		4,336.41	
01-2200-5601	OTHER EXPENSES		1,408.20	
01-2202-5601	OTHER EXPENSES		10,176.58	
01-0000-1715	PREPAID CARD EXPEND-SUSPENSE			87,763.13
<b>Total</b>			<b>87,763.13</b>	<b>87,763.13</b>

**Adjusting Journal Entries JE # 12**

**E-04**

To add on FY21 credit card purchases that were recorded in FY22

01-0000-1599	DUE FROM OTHER FUNDS		336.10	
01-0000-2108	MD SALES TAX PAYABLE		148.09	
01-0021-5600	OFFICE SUPPLIES		49.24	
01-0021-5601	OTHER EXPENSES		86.50	
01-0021-5602	POSTAGE		204.00	
01-0021-5803	EXPENSE-PETIT JURY		599.41	
01-0050-5206	DATA PROCESSING		3,282.82	
01-0050-5601	OTHER EXPENSES		40.26	
01-0050-5810	DUES		647.00	
01-0088-5601	OTHER EXPENSES		217.87	
01-1010-5210	CONTRACTUAL SERVICES		583.00	
01-1111-5602	POSTAGE		23.09	
01-1111-5804	EMPLOYEE UNIFORMS & PHYSICAL		635.67	
01-1121-5207	MEDICAL EXPENSES & SUPPLIES		1,158.56	
01-1121-5400	AUTO EXPENSES		511.07	
01-1121-5799	ASSOCIATION DUES		243.15	
01-1121-5808	TRAINING EXPENSE		1,062.10	
01-1130-5600	OFFICE SUPPLIES		227.89	
01-1131-5401	BUILDING MAINTENANCE		970.61	

Client: **140500.0 - Dorchester County Commissioners**  
Engagement: **6/21 AUD - Dorchester County, Maryland**  
Period Ending: **6/30/2021**  
Trial Balance: **TB General Fund**  
Workpaper: **AJE Report - Fund 01**

Account	Description	W/P Ref	Debit	Credit
01-0000-1715	PREPAID CARD EXPEND-SUSPENSE			11,026.43
<b>Total</b>			<b>11,026.43</b>	<b>11,026.43</b>

**Adjusting Journal Entries JE # 13**

**PBC AJE #6**

\*\*\*CLIENT DO NOST POST\*\*\* To adjust CY activity for various cash accounts

01-0000-1006	CASH-SHERIFF'S FEES ACCOUNT		9,895.00	
01-0000-1010	CASH-DRUG ESCROW A/C-NOT CO.		31,056.43	
01-0000-1017	CASH-DET.CTR. INMATE ACCOUNT		38,200.94	
01-0000-2752	DEF.REV. TASK FORCE FEDERAL JUSTICE		41,956.50	
01-0000-2107	DET.CTR. INMATE ACCOUNT			38,200.94
01-0000-2143	CONF. DRUG FUND-NOT COUNTY F			31,056.43
01-0000-2599	DUE TO OTHER FUNDS			41,956.50
01-3042-4122	SHERIFFS FEES			9,895.00
<b>Total</b>			<b>121,108.87</b>	<b>121,108.87</b>

**Adjusting Journal Entries JE # 14**

**4210**

To rollforward deferred taxes for FY21

01-0000-2733	DEFERRED PROPERTY TAX PAYMEN		1,577,593.77	
01-0000-3001	FB UNASSIGNED - UNDESIGNATED			1,212,291.78
01-3010-4011	DEFERRED TAXES			365,301.99
<b>Total</b>			<b>1,577,593.77</b>	<b>1,577,593.77</b>

**Adjusting Journal Entries JE # 15**

**PBC**

\*\*\*CLIENT DO NOT POST\*\*\* Reverse incorrect posting for additional abatements

01-3010-4002	UTILITIES - REAL & PERSONAL		166,053.21	
01-3010-4004	ADDITIONS & ABATEMENTS-PRIOR			166,053.21
<b>Total</b>			<b>166,053.21</b>	<b>166,053.21</b>

**Adjusting Journal Entries JE # 16**

**4104.05**

\*\*REVERSE ON 7/1/22\*\* To adjust for voided checks that were not listed as outstanding on Edmunds bank rec.

01-0000-3001	FB UNASSIGNED - UNDESIGNATED		88,978.17	
01-0000-1001	CASH			88,978.17
<b>Total</b>			<b>88,978.17</b>	<b>88,978.17</b>

**Adjusting Journal Entries JE # 17**

**AA-01**

To properly record Smithville boat ramp expense accrual

01-1665-5210	CONTRACTUAL SERVICES		78,212.71	
01-1668-5210	CONTRACTUAL SERVICES		5,800.00	
01-0000-2101	ACCOUNTS PAYABLE			84,012.71
<b>Total</b>			<b>84,012.71</b>	<b>84,012.71</b>

**Adjusting Journal Entries JE # 18**

**5105**

To accrue Hotel Room Rental Tax and Due to Cambridge

01-0000-1501	ACCOUNTS RECEIVABLE		113,684.91	
01-0000-2432	HOTEL TAX - DUE TO CAMBRIDGE			90,947.92
01-3015-4024	HOTEL ROOM RENTAL TAX			22,736.99
<b>Total</b>			<b>113,684.91</b>	<b>113,684.91</b>

**Adjusting Journal Entries JE # 19**

**4104.05**

To write off checks before 2020 and correction of an error to adjust cash account to actual

01-0000-1001	CASH		321,138.35	
01-0000-3001	FB UNASSIGNED - UNDESIGNATED			321,138.35
<b>Total</b>			<b>321,138.35</b>	<b>321,138.35</b>

**Adjusting Journal Entries JE # 20**

**5306**

To adjust capital lease to actual

Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB General Fund**  
 Workpaper: **AJE Report - Fund 01**

Account	Description	W/P Ref	Debit	Credit
01-0000-2830	CAPITAL LEASE OBLIGATION		86,976.96	
01-2400-6505	CAPITAL LEASE - PRINCIPAL		86,976.96	
01-2400-6506	CAPITAL LEASE - INTEREST		22,376.64	
01-0000-1950	AMT TO BE PROVIDED FR GEN GO			86,976.96
01-1111-5221	VEHICLES OPERATING LEASE			109,353.60
<b>Total</b>			<b>196,330.56</b>	<b>196,330.56</b>
<b>Adjusting Journal Entries JE # 21</b>				
To adjust Bonds payable to actual				
01-0000-2810	GENERAL OBLIGATION BONDS	5304	2,050,825.00	
01-0000-1950	AMT TO BE PROVIDED FR GEN GO			2,050,825.00
<b>Total</b>			<b>2,050,825.00</b>	<b>2,050,825.00</b>
<b>Adjusting Journal Entries JE # 22</b>				
To adjust DNR Loans to actual				
01-0000-2815	DNR SEC LOANS	5304	58,250.00	
01-0000-1950	AMT TO BE PROVIDED FR GEN GO			58,250.00
<b>Total</b>			<b>58,250.00</b>	<b>58,250.00</b>
<b>Adjusting Journal Entries JE # 23</b>				
To adjust notes payable to actual				
01-0000-2820	NOTE & LOANS PAYABLE	5304	266,106.00	
01-2400-6507	NOTE & LOAN INTEREST		7,107.00	
01-0000-1950	AMT TO BE PROVIDED FR GEN GO			266,106.00
01-2400-6504	NOTE & LOAN PRINCIPAL			7,107.00
<b>Total</b>			<b>273,213.00</b>	<b>273,213.00</b>
<b>Adjusting Journal Entries JE # 24</b>				
To adjust pension liability to actual				
01-0000-2825	PENSION LIABILITY	5304	1,991.00	
01-2405-6504	NOTE & LOAN PRINCIPAL		1,991.00	
01-0000-1950	AMT TO BE PROVIDED FR GEN GO			1,991.00
01-2405-6510	STATE RETIREMENT DEFICIT			1,991.00
<b>Total</b>			<b>3,982.00</b>	<b>3,982.00</b>
<b>Adjusting Journal Entries JE # 25</b>				
To record Reimbursing house state prison payments made for FY21 that were recorded in FY22.				
01-0000-1510	A/R - STATE OF MARYLAND	7007	77,310.00	
01-3042-4131	REIMBURSE-HOUSING STATE PRIS			77,310.00
<b>Total</b>			<b>77,310.00</b>	<b>77,310.00</b>
<b>Adjusting Journal Entries JE # 26</b>				
To add in Municipal Dispatch Fee Quaterly payment from prior year to current year.				
01-0000-3001	FB UNASSIGNED - UNDESIGNATED	7007	44,304.25	
01-3042-4138	MUNICIPAL DISPATCH REIMBURSE			44,304.25
<b>Total</b>			<b>44,304.25</b>	<b>44,304.25</b>
<b>Adjusting Journal Entries JE # 27</b>				
To adjust due to (from) to actual				
01-0000-2599	DUE TO OTHER FUNDS	4205	61,577.85	
01-2700-5899	MISC. BUDGETED APPROPRIATION			61,577.85
<b>Total</b>			<b>61,577.85</b>	<b>61,577.85</b>
<b>Adjusting Journal Entries JE # 28</b>				
To write off personal property tax receivables.				
01-0000-3001	FB UNASSIGNED - UNDESIGNATED	4207	1,212,291.78	
01-0000-1401	TAX AR-ALL YRS PER PROP SYS			430,972.83



Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB General Fund**  
 Workpaper: **AJE Report - Fund 01**

Account	Description	W/P Ref	Debit	Credit
01-0000-1402	TAX AR-ALL YRS PER PROP MAN			781,318.95
<b>Total</b>			<b><u>1,212,291.78</u></b>	<b><u>1,212,291.78</u></b>
<b>Adjusting Journal Entries JE # 29</b>		<b>5107</b>		
To adjust FICA Payable and Federal W/H payable				
01-1010-5601	OTHER EXPENSES		130,828.95	
01-0000-2310	FICA PAYABLE			80,838.84
01-0000-2311	FEDERAL W/H TAXES PAYABLE			49,990.11
<b>Total</b>			<b><u>130,828.95</u></b>	<b><u>130,828.95</u></b>
<b>Adjusting Journal Entries JE # 30</b>		<b>5106</b>		
To write of deferred income - state account.				
01-0000-2756	DEFERRED INCOME-STATE		96,987.73	
01-0000-3001	FB UNASSIGNED - UNDESIGNATED			96,987.73
<b>Total</b>			<b><u>96,987.73</u></b>	<b><u>96,987.73</u></b>
<b>Total Adjusting Journal Entries</b>			<b><u>8,271,896.61</u></b>	<b><u>8,271,896.61</u></b>
<b>Total All Journal Entries</b>			<b><u>8,271,896.61</u></b>	<b><u>8,271,896.61</u></b>

Client: **140500.0 - Dorchester County Commissioners**  
Engagement: **6/21 AUD - Dorchester County, Maryland**  
Period Ending: **6/30/2021**  
Trial Balance: **TB GFAAF**  
Workpaper: **AJE Report - Fund 04**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>		<b>F-01</b>		
To adjust for CY activity				
04-0000-1805	LAND		93,000.00	
04-0000-1806	BUILDINGS		1,150,912.00	
04-0000-1807	MACHINERY & EQUIP.		3,394,646.00	
04-0000-1816	INFRASTRUCTURE		354,863.00	
04-0000-3001	FUND BALANCE - DEPR EXP		563,612.00	
04-0000-3008	INVESTMENT-FIXED ASSETS		365,015.00	
04-0000-1803	CONSTRUCTION IN PROGRESS			1,499,833.00
04-0000-1850	ACCUMULATED DEPRECIATION			4,422,215.00
<b>Total</b>			<b>5,922,048.00</b>	<b>5,922,048.00</b>
	<b>Total Adjusting Journal Entries</b>		<b>5,922,048.00</b>	<b>5,922,048.00</b>
	<b>Total All Journal Entries</b>		<b>5,922,048.00</b>	<b>5,922,048.00</b>

Client: **140500.0 - Dorchester County Commissioners**  
Engagement: **6/21 AUD - Dorchester County, Maryland**  
Period Ending: **6/30/2021**  
Trial Balance: **TB SRGF**  
Workpaper: **AJE Report - Fund 07**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>		<b>4205</b>		
To adjust federal grants to actual				
07-0000-1505	A/R - FEDERAL GOVT		207,993.61	
07-1327-5999	EQUIPMENT/VEHICLES-CARES-EMERGENCY SERV		39,185.07	
07-1816-5210	CONTRACTUAL SERVICEES		104,363.66	
07-3031-1150	DHCD-NON-PROFIT BUSINESS GRANT		105,626.00	
07-3031-1554	HTURB CENTENNIAL MAP GUIDE		2,474.00	
07-3031-2602	HHS COVID Relief		30,000.00	
07-3031-4091	MARIJUANA ERADICATION GRANT		607.87	
07-3031-4495	FFY2018 EMPG		33,547.66	
07-0000-2101	ACCOUNTS PAYABLE			104,363.66
07-0000-2753	DEF REVENUES-GENERAL			86,964.20
07-3031-1062	BJAG-INTERLOCAL			8,335.10
07-3031-1066	BJAG-2018-0017 Tech&Equip-Comm Support			10,050.14
07-3031-1069	USMS REGIONAL FUGITIVE TASK FORCE			2,015.18
07-3031-2273	NPS HT Economic Impact Study			13,116.50
07-3031-2273	NPS HT Economic Impact Study			37,136.26
07-3031-2609	HHS Cares Act Provider Relief			45,083.26
07-3031-4088	FEDERAL MTA OPERATING GRANT			50,970.67
07-3031-4103	SHA CANNERY PARK CONSTRUCTIO			104,363.66
07-3031-4119	BODY ARMOR GRANT-SHERIFF			5,342.18
07-3031-4285	FMA FLOOD MIT PLAN UPDATE			6,500.00
07-3031-4442	FFY 2018 HSGP - SHSP			12,357.78
07-3031-4496	FFY20 EMPG FEMA/MEMA			35,150.47
07-9999-9999	Miscellaneous Revenue & Expense			2,048.81
<b>Total</b>			<b>523,797.87</b>	<b>523,797.87</b>

<b>Adjusting Journal Entries JE # 2</b>		<b>4206</b>		
To adjust state grants to actual				
07-0000-1510	A/R - STATE OF MD		24,061.60	
07-0000-1510	A/R - STATE OF MD		188.02	
07-0000-1510	A/R - STATE OF MD		1,664.36	
07-0000-1510	A/R - STATE OF MD		6,482.48	
07-0000-1510	A/R - STATE OF MD		248.87	
07-0000-1510	A/R - STATE OF MD		843.15	
07-0000-1510	A/R - STATE OF MD		300.00	
07-0000-1510	A/R - STATE OF MD		10,553.68	
07-0000-1510	A/R - STATE OF MD		2,730.03	
07-0000-1510	A/R - STATE OF MD		7,040.07	
07-0000-1510	A/R - STATE OF MD		43,850.00	
07-0000-1510	A/R - STATE OF MD		29,462.00	
07-0000-1510	A/R - STATE OF MD		24,490.00	
07-0000-1510	A/R - STATE OF MD		9,574.64	
07-0000-1510	A/R - STATE OF MD		23,729.27	
07-0000-1510	A/R - STATE OF MD		7,651.00	
07-0000-1510	A/R - STATE OF MD		699.02	
07-0000-1510	A/R - STATE OF MD		3,570.55	
07-0000-1510	A/R - STATE OF MD		5,000.00	
07-0000-1510	A/R - STATE OF MD		289.74	
07-0000-1510	A/R - STATE OF MD		1,477.78	
07-0000-1510	A/R - STATE OF MD		13,601.00	
07-0000-1510	A/R - STATE OF MD		2,136.25	
07-0000-1510	A/R - STATE OF MD		40,647.21	
07-0000-1510	A/R - STATE OF MD		5,510.00	
07-0000-1510	A/R - STATE OF MD		70,577.37	
07-0000-1510	A/R - STATE OF MD		32,190.00	
07-0000-1510	A/R - STATE OF MD		20,168.91	
07-0000-1510	A/R - STATE OF MD		20,076.25	
07-0000-1510	A/R - STATE OF MD		78,466.74	

07-0000-1510	A/R - STATE OF MD	4,229.35	
07-0000-2753	DEF REVENUES-GENERAL	1,686.30	
07-0000-2753	DEF REVENUES-GENERAL	2,790.10	
07-0000-2753	DEF REVENUES-GENERAL	1,618.99	
07-0000-2753	DEF REVENUES-GENERAL	7,643.23	
07-0000-2753	DEF REVENUES-GENERAL	55,133.74	
07-0000-2753	DEF REVENUES-GENERAL	3,440.00	
07-0020-5601	OTHER EXPENSES	9,836.68	
07-3033-1106	GOCCP-CGPF COMMUNITY GRANT	1,009.87	
07-3033-1256	FY21 MIEMSS CARDIAC DEVICES GRANT	17,119.55	
07-3033-1530	SENIOR CENTER OPERATING-PASS	12,117.50	
07-3033-2238	RMPIF-SUNX HEMP EXPANSION & RESEARCH	12,612.50	
07-3033-2601	MD Humanities COVID Relief	1,250.00	
07-3033-4251	BARM-BODYARMORREPLCMNT-GOCCP	448.28	
07-3033-4295	SOCM SEX OFFENDER MONITORIN	8,774.26	
07-3033-4315	LMB-CHILDREN'S CABINET	667,014.57	
07-3033-4429	MHAA FY19 MANAGEMENT GRANT	20,657.28	
07-3033-4432	DOCO VIRT. AUGM REALITY TOUR	19,250.00	
07-3033-4470	MHAA FY20 MANAGEMENT GRANT	12,347.63	
07-3033-4471	FY21 MHAA MANAGEMENT GRANT	44,606.00	
07-3033-6050	DNR-WIP SC AND CWM	22,793.17	
07-3033-6071	HURST CREEK COASTAL RES-DNR	1,161.42	
07-3060-1253	EMS BIKE TEAM	1,450.00	
07-3060-4159	EMER SERV-OTHER GRANTS	5,961.70	
07-3060-4160	EMS - WALMART GRANT REVENUE	5,000.00	
07-0000-1510	A/R - STATE OF MD		158,357.40
07-0000-1510	A/R - STATE OF MD		3,776.52
07-0000-1510	A/R - STATE OF MD		1,150.00
07-0000-1510	A/R - STATE OF MD		1,161.42
07-0000-1510	A/R - STATE OF MD		40,528.56
07-0000-1510	A/R - STATE OF MD		20,657.28
07-0000-2753	DEF REVENUES-GENERAL		1,009.87
07-0000-2753	DEF REVENUES-GENERAL		17,119.55
07-0000-2753	DEF REVENUES-GENERAL		12,612.50
07-0000-2753	DEF REVENUES-GENERAL		1,250.00
07-0000-2753	DEF REVENUES-GENERAL		448.28
07-0000-2753	DEF REVENUES-GENERAL		8,774.26
07-0000-2753	DEF REVENUES-GENERAL		508,657.17
07-0000-2753	DEF REVENUES-GENERAL		19,250.00
07-0000-2753	DEF REVENUES-GENERAL		8,571.11
07-0000-2753	DEF REVENUES-GENERAL		44,606.00
07-0000-2753	DEF REVENUES-GENERAL		1,450.00
07-0000-2753	DEF REVENUES-GENERAL		5,961.70
07-0000-2753	DEF REVENUES-GENERAL		5,000.00
07-0000-2753	DEF REVENUES-GENERAL		12,117.50
07-0000-2753	DEF REVENUES-GENERAL		28,303.17
07-3033-1033	GOCCP CESF Coronavirus Supplemen Funding		24,061.60
07-3033-1033	GOCCP CESF Coronavirus Supplemen Funding		20,168.91
07-3033-1034	GOCPYVS CESF-SHERIFF-JURY		188.02
07-3033-1052	GVRP-STOP GUN VIOLENCE-OT		1,664.36
07-3033-1054	GOCCP-MCIN-LMB		14,125.71
07-3033-1130	DDC-MOSAIC SBIRT		1,686.30
07-3033-1156	MIEMMS PEDIATRIC EDUCATIONAL EQUIPMENT		248.87
07-3033-1193	LMB-PRETRIAL-GOCCP		843.15
07-3033-2274	SMALL BUSINESS ADVERTISE-DEPT OF COMMERC		300.00
07-3033-2554	SDF-DHCD-APPLEBY-ENG & ARCH		10,553.68
07-3033-4081	FAMILY SERVICES GRANT-CIR.CT		50,483.89
07-3033-4084	TRUANCY REDUCTION GRANT-AOC		70,577.37
07-3033-4087	COURT SEC-CAMERAS,BULLE RES		32,190.00
07-3033-4088	STATE OPERATING TRANSP GRANT		78,466.74
07-3033-4089	STATE CAPITAL-TRANSPOR GRANT		20,076.25
07-3033-4102	OPEN SPACE GRANT		2,730.03
07-3033-4145	SRO-MSDE		7,040.07
07-3033-4211	MHAA BLOCK-GRANTS TO ORGS		43,850.00
07-3033-4214	MHAA-ECONOMIC IMPACT-HT EXP		29,462.00
07-3033-4216	BAYLEY SLAVE CABIN-BT-NTFP		24,490.00
07-3033-4217	FY20 OTD COMMERCE MARKETING		9,574.64
07-3033-4218	FY21 OTD Marketing Grant		23,729.27

07-3033-4221	TOBACCO COMPLIANCE GRANT		1,640.10
07-3033-4230	MHAA FY20 BLOCK GRANT		7,651.00
07-3033-4240	SBSE-SCHOOL BUS SAFETY ENFOR		699.02
07-3033-4244	2020 Census		1,618.99
07-3033-4246	DVUP-PROTECTIVE ORDER ENTRY		3,570.55
07-3033-4282	Police Retention and Recruitment GOCCP		5,000.00
07-3033-4315	LMB-CHILDREN'S CABINET		4,229.35
07-3033-4423	MHAA FY18 MANAGEMENT GRANT		289.74
07-3033-4431	DOCO CELEBRATES 350 YEARS		1,477.78
07-3033-4433	Audio Tour Production		13,601.00
07-3060-4102	LOCAL SHARE - OTHER SOURCES		14,605.18
07-3060-4104	LGIT SAFETY & RISK GRANTS		5,576.25
<b>Total</b>		<b>1,427,232.11</b>	<b>1,427,232.11</b>
<b>Adjusting Journal Entries JE # 3</b>		<b>PBC</b>	
***CLIENT DO NOT POST*** To adjust grant accounts			
07-0000-1599	DUE FROM OTHER FUNDS	41,956.50	
07-1063-5601	OTHER EXPENSES	41,956.50	
07-0000-1599	DUE FROM OTHER FUNDS		41,956.50
07-3031-1063	W/B HIDTA-ONDCP		41,956.50
<b>Total</b>		<b>83,913.00</b>	<b>83,913.00</b>
<b>Adjusting Journal Entries JE # 4</b>		<b>01 E-04</b>	
To adjust SRF credit card activity for FY21			
07-1170-5601	OTHER EXPENSES	4,229.35	
07-1252-5999	SHGP-LETPP EQUIPMENT	204.95	
07-0000-2599	DUE TO OTHER FUNDS		4,434.30
<b>Total</b>		<b>4,434.30</b>	<b>4,434.30</b>
<b>Adjusting Journal Entries JE # 5</b>		<b>4206</b>	
To write off bad debt for State Grant A/R			
07-0000-3001	FUND BALANCE	82,725.15	
07-9999-9998	BAD DEBT EXPENSE	130,193.27	
07-0000-1510	A/R - STATE OF MD		212,918.42
<b>Total</b>		<b>212,918.42</b>	<b>212,918.42</b>
<b>Adjusting Journal Entries JE # 6</b>		<b>4206</b>	
To adjust State Grants A/R to actual			
07-0000-3001	FUND BALANCE	560,141.99	
07-0000-1510	A/R - STATE OF MD		560,141.99
<b>Total</b>		<b>560,141.99</b>	<b>560,141.99</b>
<b>Adjusting Journal Entries JE # 7</b>		<b>4205</b>	
To write off bad debt Federal Grants A/R			
07-0000-3001	FUND BALANCE	20,546.50	
07-9999-9998	BAD DEBT EXPENSE	134,214.86	
07-0000-1505	A/R - FEDERAL GOVT		154,761.36
<b>Total</b>		<b>154,761.36</b>	<b>154,761.36</b>
<b>Adjusting Journal Entries JE # 8</b>		<b>4205</b>	
To adjust federal grants A/R to actual			
07-0000-3001	FUND BALANCE	13,537.14	
07-0000-1505	A/R - FEDERAL GOVT		13,537.14
<b>Total</b>		<b>13,537.14</b>	<b>13,537.14</b>
<b>Adjusting Journal Entries JE # 9</b>		<b>4204</b>	
To adjust deferred revenue to actual			
07-0000-2753	DEF REVENUES-GENERAL	642,374.24	
07-0000-3001	FUND BALANCE		642,374.24
<b>Total</b>		<b>642,374.24</b>	<b>642,374.24</b>
<b>Total Adjusting Journal Entries</b>		<b>3,623,110.43</b>	<b>3,623,110.43</b>
<b>Total All Journal Entries</b>		<b>3,623,110.43</b>	<b>3,623,110.43</b>

Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB Capital Fund**  
 Workpaper: **AJE Report - Fund 08**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		<b>PBC</b>		
***CLIENT DO NOT POST*** To record 2021 Interest				
08-0000-1001	CASH-CAPITAL PROJECTS		96.34	
08-0000-1018	CASH - 2018 BOND PROCEEDS		3,001.91	
08-3060-4170	INTEREST & DIVIDENDS ON INVE			3,098.25
<b>Total</b>			<b><u>3,098.25</u></b>	<b><u>3,098.25</u></b>
<b>Adjusting Journal Entries JE # 2</b>				
		<b>7005</b>		
To record ENSB Revenue and Expenditures				
08-1156-5996	ENSB FUNDED OP COSTS		899,455.67	
08-3033-4022	EMERGNCY NUMBERS SYS.BOARD			899,455.67
<b>Total</b>			<b><u>899,455.67</u></b>	<b><u>899,455.67</u></b>
<b>Adjusting Journal Entries JE # 3</b>				
		<b>[5100A] 5104</b>		
To reverse out improper A/P accrual for Chaney Enterprises				
08-0000-2101	ACCOUNTS PAYABLE		6,513.99	
08-1600-6500	2021 BOND FUNDED INFRASTRUCTURE			6,513.99
<b>Total</b>			<b><u>6,513.99</u></b>	<b><u>6,513.99</u></b>
	<b>Total Adjusting Journal Entries</b>		<b><u>909,067.91</u></b>	<b><u>909,067.91</u></b>
	<b>Total All Journal Entries</b>		<b><u>909,067.91</u></b>	<b><u>909,067.91</u></b>

Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB Building Excise Tax Fund**  
 Workpaper: **AJE Report - Fund 17**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>		<b>PBC</b>		
To correct beginning balances				
17-0000-3001	FUND BALANCE		215.73	
17-0000-3105	FB RESERVED FOR SCHOOLS			179.81
17-0000-3110	FB RESERVED FOR COMM. SYS.			26.70
17-0000-3115	FB RESERVED FOR SHERIFF			9.22
<b>Total</b>			<b>215.73</b>	<b>215.73</b>
<b>Adjusting Journal Entries JE # 2</b>				
<b>Adjusting Journal Entries JE # 2</b>		<b>6003</b>		
To correct PBC entry				
17-0000-3105	FB RESERVED FOR SCHOOLS		191.73	
17-0000-3110	FB RESERVED FOR COMM. SYS.		20.00	
17-0000-3115	FB RESERVED FOR SHERIFF		4.00	
17-0000-3001	FUND BALANCE			215.73
<b>Total</b>			<b>215.73</b>	<b>215.73</b>
<b>Total Adjusting Journal Entries</b>			<b>431.46</b>	<b>431.46</b>
<b>Total All Journal Entries</b>			<b>431.46</b>	<b>431.46</b>

Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB Transfer Tax Fund**  
 Workpaper: **AJE Report - Transfer Tax Fund**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		<b>7004</b>		
To reverse out PBC entry #2921 to tie out to confirmation.				
19-3015-4025	COUNTY TRANSFER TAX		120,032.50	
19-0000-1599	DUE FROM OTHER FUNDS			120,032.50
<b>Total</b>			<b>120,032.50</b>	<b>120,032.50</b>
<b>Adjusting Journal Entries JE # 2</b>				
		<b>7003.01</b>		
To accrue monthly electric utility expense for transfer tax fund				
19-0091-5202	ELECTRIC		5,329.77	
19-0000-2101	ACCOUNTS PAYABLE			5,329.77
<b>Total</b>			<b>5,329.77</b>	<b>5,329.77</b>
<b>Total Adjusting Journal Entries</b>			<b>125,362.27</b>	<b>125,362.27</b>
<b>Total All Journal Entries</b>			<b>125,362.27</b>	<b>125,362.27</b>



Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB Commissary Fund**  
 Workpaper: **AJE Report - Fund 15**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		DD-01		
To move deferred revenue to net position per GASB 84.				
15-0000-2754	DEFERRED REV.-COMMISSARY		53,179.59	
15-0000-3001	FUND BALANCE			53,179.59
<b>Total</b>			<b>53,179.59</b>	<b>53,179.59</b>
<b>Adjusting Journal Entries JE # 2</b>				
		DD-01		
To adjust Net Position for the excess or deficiency of revenues.				
15-0000-3001	FUND BALANCE		1,250.33	
15-3042-4144	COMMISSARY REV.-PHONE COMM.			1,250.33
<b>Total</b>			<b>1,250.33</b>	<b>1,250.33</b>
	<b>Total Adjusting Journal Entries</b>		<b>54,429.92</b>	<b>54,429.92</b>
	<b>Total All Journal Entries</b>		<b>54,429.92</b>	<b>54,429.92</b>

Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB OPEB Trust Fund**  
 Workpaper: **AJE Report - Fund 25**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
O-00				
To reclass pay-go payments made by GF on behalf of the OPEB fund				
25-0000-2599	DUE TO OTHER FUNDS		275,002.98	
25-3080-9200	OPERATING TRANSFERS IN			275,002.98
<b>Total</b>			<b>275,002.98</b>	<b>275,002.98</b>
<b>Adjusting Journal Entries JE # 2</b>				
A-03				
GASB 84 adjustment to move monies set aside for OPEB benefits to GF. NOTE: these monies are not sitting in a sepatat legal trust				
25-0000-2599	DUE TO OTHER FUNDS		269,636.75	
25-0000-1001	CASH			269,636.75
<b>Total</b>			<b>269,636.75</b>	<b>269,636.75</b>
<b>Adjusting Journal Entries JE # 3</b>				
01 C-02				
To reclass expenses paid for by GF on behalf of Fund 25				
25-0000-2101	ACCOUNTS PAYABLE		12,000.00	
25-0000-2599	DUE TO OTHER FUNDS		6,000.00	
25-1010-5210	ACTUARIAL SERVICES			6,000.00
25-1010-5210	ACTUARIAL SERVICES			12,000.00
<b>Total</b>			<b>18,000.00</b>	<b>18,000.00</b>
<b>Total Adjusting Journal Entries</b>			<b>562,639.73</b>	<b>562,639.73</b>
<b>Total All Journal Entries</b>			<b>562,639.73</b>	<b>562,639.73</b>

Client: **140500.0 - Dorchester County Commissioners**  
Engagement: **6/21 AUD - Dorchester County, Maryland**  
Period Ending: **6/30/2021**  
Trial Balance: **TB Airport**  
Workpaper: **AJE Report - Fund 10**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		<b>4304</b>		
To adjust inventory to actual.				
10-1270-5204	FUEL-COST OF SALES		3,499.56	
10-0000-1600	FUEL INVENTORY			3,499.56
<b>Total</b>			<b>3,499.56</b>	<b>3,499.56</b>
<b>Adjusting Journal Entries JE # 2</b>				
		<b>6003</b>		
To adjust net asset balances to match PY Financials				
10-0000-3001	UNRESTRICTED NET POSITION		556,159.83	
10-0000-3021	NET INVESTMENT CAPITAL ASSET			556,159.83
<b>Total</b>			<b>556,159.83</b>	<b>556,159.83</b>
<b>Adjusting Journal Entries JE # 3</b>				
		<b>4604</b>		
To record current year disposal of asset.				
10-0000-1850	ACCUMULATED DEPRECIATION		19,806.00	
10-9999-9999	LOSS ON DISPOSAL		3,499.00	
10-0000-1807	MACHINERY & EQUIPMENT			23,305.00
<b>Total</b>			<b>23,305.00</b>	<b>23,305.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
		<b>4604</b>		
To record FY21 Fixed Asset Activity.				
10-0000-1805	LAND		661,801.00	
10-0000-1807	MACHINERY & EQUIPMENT		28,469.00	
10-0000-1816	INFRASTRUCTURE		1,076,547.00	
10-1270-5300	DEPRECIATION		616,236.00	
10-0000-1817	CONSTRUCTION IN PROGRESS			1,217,427.00
10-0000-1850	ACCUMULATED DEPRECIATION			616,236.00
10-1270-5401	BLDG.MAINTENANCE & REPAIRS			7,650.00
10-1270-6000	CAPITAL OUTLAY			15,196.18
10-1271-7021	ARCHITECTURAL ENGIN. FEES			27,461.30
10-1306-6000	EASEMENT ACQUISITION			9,902.50
10-1309-5999	EQUIPMENT			171,345.66
10-1311-7021	ARCHITECTURAL ENGIN. FEES			297,015.44
10-3080-9200	OPERATING TRANSFERS IN			20,818.92
<b>Total</b>			<b>2,383,053.00</b>	<b>2,383,053.00</b>
<b>Adjusting Journal Entries JE # 5</b>				
		<b>7005</b>		
To adjust Grants A/R and related items to actual				
10-0000-1505	DUE FROM FEDERAL GOVERNMENT		15,724.30	
10-0000-1505	DUE FROM FEDERAL GOVERNMENT		15,691.98	
10-0000-3001	UNRESTRICTED NET POSITION		136,968.00	
10-0000-1579	A/R - OTHER			15,724.30
10-0000-1579	A/R - OTHER			136,968.00
10-0000-3001	UNRESTRICTED NET POSITION			15,691.98
<b>Total</b>			<b>168,384.28</b>	<b>168,384.28</b>
<b>Adjusting Journal Entries JE # 6</b>				
		<b>4204</b>		
To adjust A/R at year end to actual				
10-3043-5020	FUEL SALES		1,079.90	
10-0000-1501	ACCOUNTS RECEIVABLE			1,079.90
<b>Total</b>			<b>1,079.90</b>	<b>1,079.90</b>
<b>Adjusting Journal Entries JE # 8</b>				
		<b>4204</b>		
To write off Charlie Powell balance deemed uncollectible				
10-0000-1809	ALLOWANCE FOR DOUBTFUL ACCTS		27,324.09	
10-0000-1579	A/R - OTHER			27,324.09
<b>Total</b>			<b>27,324.09</b>	<b>27,324.09</b>

Client: **140500.0 - Dorchester County Commissioners**  
 Engagement: **6/21 AUD - Dorchester County, Maryland**  
 Period Ending: **6/30/2021**  
 Trial Balance: **TB Airport**  
 Workpaper: **AJE Report - Fund 10**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 11</b>		<b>01 4205</b>		
To record additional charges for prepaid expense suspense account that occurred during the year.				
10-1270-5601	OTHER EXPENSES		4,217.16	
10-0000-2599	DUE TO OTHER FUNDS			4,217.16
<b>Total</b>			<u><u>4,217.16</u></u>	<u><u>4,217.16</u></u>
<b>Adjusting Journal Entries JE # 12</b>		<b>01 4205</b>		
To add on FY21 credit card purchases that were recorded in FY22				
10-1270-5403	GROUND MAINTENANCE & REPAIRS		121.33	
10-1270-5600	OFFICE SUPPLIES		9.82	
10-0000-2599	DUE TO OTHER FUNDS			131.15
<b>Total</b>			<u><u>131.15</u></u>	<u><u>131.15</u></u>
<b>Adjusting Journal Entries JE # 13</b>		<b>4204</b>		
To reverse out allowance balance for FY21				
10-0000-1809	ALLOWANCE FOR DOUBTFUL ACCTS		34,676.00	
10-1270-5320	UNCOLLECTIBLE ACCOUNTS W/O			34,676.00
<b>Total</b>			<u><u>34,676.00</u></u>	<u><u>34,676.00</u></u>
<b>Adjusting Journal Entries JE # 14</b>		<b>[5100A] 5104.01</b>		
To accrue AECOM Technical Services work performed during FY21				
10-1311-7021	ARCHITECTURAL ENGIN. FEES		5,824.22	
10-0000-2101	ACCOUNTS PAYABLE			5,824.22
<b>Total</b>			<u><u>5,824.22</u></u>	<u><u>5,824.22</u></u>
<b>Adjusting Journal Entries JE # 15</b>		<b>7003.01</b>		
To adjust insurance expense to actual				
10-0000-1599	DUE FROM OTHER FUNDS		13,661.00	
10-1270-5805	INSURANCE-LIABILITY & PROP			13,661.00
<b>Total</b>			<u><u>13,661.00</u></u>	<u><u>13,661.00</u></u>
<b>Total Adjusting Journal Entries</b>			<u><u>3,221,315.19</u></u>	<u><u>3,221,315.19</u></u>
<b>Total All Journal Entries</b>			<u><u>3,221,315.19</u></u>	<u><u>3,221,315.19</u></u>

Client: **140500.0 - Dorchester County Commissioners**  
Engagement: **6/21 AUD - Dorchester County, Maryland**  
Period Ending: **6/30/2021**  
Trial Balance: **TB Landfill**  
Workpaper: **AJE Report - Fund 11**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
		<b>4604</b>		
To reverse depreciation estimate created by client				
11-0000-1850	ACCUMULATED DEPRECIATION		600,000.00	
11-1280-5300	DEPRECIATION			600,000.00
<b>Total</b>			<b>600,000.00</b>	<b>600,000.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
		<b>4604</b>		
To record CY Depreciation				
11-1280-5300	DEPRECIATION		696,585.81	
11-0000-1850	ACCUMULATED DEPRECIATION			696,585.81
<b>Total</b>			<b>696,585.81</b>	<b>696,585.81</b>
<b>Adjusting Journal Entries JE # 3</b>				
		<b>4604</b>		
To record FY21 Fixed Asset Activity				
11-0000-1806	BUILDINGS		35,512.00	
11-0000-1807	MACHINERY & EQUIPMENT		602,443.00	
11-0000-1815	LANDFILLS, COST OF		805,144.00	
11-0000-1850	ACCUMULATED DEPRECIATION		52,106.00	
11-9999-9999	LOSS ON DISPOSAL		7,878.99	
11-0000-1817	CONSTRUCTION IN PROGRESS			670,512.84
11-1280-5999	NEW VEHICLES AND/OR EQUIP.			713,901.27
11-1280-6000	CAPITAL OUTLAY			118,669.88
<b>Total</b>			<b>1,503,083.99</b>	<b>1,503,083.99</b>
<b>Adjusting Journal Entries JE # 5</b>				
		<b>6003</b>		
To adjust net asset accounts to match rollforward with PY f/s				
11-0000-3001	UNRESTRICTED NET POSITION		419,790.00	
11-0000-3021	NET INVESTMENT CAPITAL ASSET			419,790.00
<b>Total</b>			<b>419,790.00</b>	<b>419,790.00</b>
<b>Adjusting Journal Entries JE # 6</b>				
		<b>PBC AJE #3</b>		
**CLIENT DO NOT POST** To record Enterprise Fund Admin Charge for FY21				
11-1280-5240	ENTERPRISE FUND ADMIN CHARGE		250,000.00	
11-0000-2599	DUE TO OTHER FUNDS			250,000.00
<b>Total</b>			<b>250,000.00</b>	<b>250,000.00</b>
<b>Total Adjusting Journal Entries</b>			<b>3,469,459.80</b>	<b>3,469,459.80</b>
<b>Total All Journal Entries</b>			<b>3,469,459.80</b>	<b>3,469,459.80</b>

V. PROPOSED ADJUSTING JOURNAL ENTRIES

Unadjusted Audit Differences						
Financial Statement Effect - Amount of Over (Under) Statement of:					<b>6/30/21</b>	
Description of unadjusted audit differences	Nature of Misstatement	Total Assets	Total Liabilities	Equity	Income	
<b>Current Year Misstatements</b>						
1	Tipping Fee Revenue appears to be overstated	(2) Judgemental	(28,997)	0	0	(28,997)
2		[Select]	0	0	0	0
3		[Select]	0	0	0	0
4		[Select]	0	0	0	0
5		[Select]	0	0	0	0
6		[Select]	0	0	0	0
7		[Select]	0	0	0	0
8		[Select]	0	0	0	0
9		[Select]	0	0	0	0
10		[Select]	0	0	0	0
11		[Select]	0	0	0	0
12		[Select]	0	0	0	0
13		[Select]	0	0	0	0
14		[Select]	0	0	0	0
	Net Unadjusted Audit Differences - This Year		(28,997)	0	0	(28,997)
	Effect of Unadjusted Audit Differences - Last Year					0
	Net Unadjusted Audit Differences		(28,997)	0	0	(28,997)