

COUNTY COUNCIL OF
DORCHESTER COUNTY, MARYLAND

FINANCIAL REPORT

JUNE 30, 2004

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INDEPENDENT AUDITORS' REPORT

County Council of
Dorchester County, Maryland
Cambridge, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Dorchester County, Maryland. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dorchester County Sanitary Districts. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dorchester County Sanitary Districts, is based solely upon the reports of the other auditors.

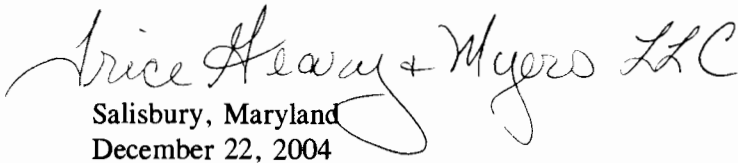
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Dorchester County, Maryland as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2004 on our consideration of Dorchester County, Maryland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund statements 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 combining fund statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Salisbury, Maryland
December 22, 2004

DORCHESTER COUNTY, MARYLAND MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The management of Dorchester County offers this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letters of Transmittal. The new reporting model required by Governmental Accounting Standards Board Statement No. 34 was implemented during fiscal year 2003.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for the fiscal year:

- The assets of the County exceeded its liabilities at June 30, 2004 by \$25.3 million (*net assets*). Of this amount, \$10.3 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$1.6 million, a \$2.4 million decrease from governmental funds, and a \$0.8 million increase from business-type activities.
- As of June 30, 2004, the County's governmental funds reported combined ending fund balances of \$13 million, a decrease of \$0.2 million from the prior year. Of this amount, \$12.9 million is available for use at the County's discretion (*unreserved fund balance*).
- At June 30, 2004, unreserved fund balance for the General Fund was \$4.7 million, or 12 percent of total general fund expenditures and transfers out.
- The County's total debt increased by \$4.4 million or 16 percent during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Dorchester County's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of Dorchester County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Dorchester County is improving or deteriorating. The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental 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, social services, public works, recreation, natural resources, economic development, tourism, and health. The business-type activities of the County include solid waste and aviation. The government-wide financial statements include not only the County itself, but also the Dorchester County Board of Education and the Dorchester County Sanitary Districts, Inc., legally separate entities for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on the pages 13 and 14 of this report.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially 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 revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Dorchester County maintains 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the capital projects funds (2), the debt service fund, and the transfer tax fund, which are considered to be major funds. Data from the other 3 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general fund, special revenue grants fund, transfer tax fund, and capital fund. A budgetary comparison statement has been provided for the general fund and other major governmental funds to demonstrate compliance with these budgets.

Proprietary funds

The County maintains only the enterprise fund type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste and aviation operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for both proprietary operations, both of which are considered to be major funds of the County.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general and major special revenue funds.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$25.3 million as of June 30, 2004. The largest portion of the County's net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets still outstanding. These capital assets are used to provide services to citizens; consequently these assets are not available for future spending. It should also be noted that the resources required to repay the related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Dorchester County's Net Assets

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 18,854,768	\$ 5,893,651	\$ 24,748,419
Capital assets	32,692,352	10,883,185	43,575,537
Total assets	\$ 51,547,120	\$ 16,776,836	\$ 68,323,956
Long-term liabilities outstanding	\$ 30,443,236	\$ 867,378	\$ 31,310,614
Other liabilities	5,399,528	6,315,978	11,715,506
Total liabilities	\$ 35,842,764	\$ 7,183,356	\$ 43,026,120
Net assets:			
Invested in capital assets, net of related debt	\$ 3,116,806	\$ 10,046,852	\$ 13,163,658
Restricted	1,792,675	-	1,792,675
Unrestricted (deficit)	10,794,875	(453,372)	10,341,503
Total net assets	\$ 15,704,356	\$ 9,593,480	\$ 25,297,836

An additional portion of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors. As of June 30, 2004 the County reports positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

Governmental activities

Governmental activities decreased the County's net assets by \$2.4 million. Key elements of this decrease are as follows:

Dorchester County's Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 2,524,035	\$ 2,782,240	\$ 5,306,275
Operating grants and contributions	10,022,915	-	10,022,915
Capital grants and contributions	209,056	332,192	541,248
General Revenues:			
Property taxes	16,211,363	-	16,211,363
Other taxes	13,014,175	-	13,014,175
Other	1,009,171	75,339	1,084,510
Total revenues	42,990,715	3,189,771	46,180,486
Expenses:			
General government	3,243,485	-	3,243,485
Public safety	7,564,122	-	7,564,122
Social services	1,889,986	-	1,889,986
Public works	5,296,054	-	5,296,054
Miscellaneous	2,483,707	-	2,483,707
Recreation and parks	626,920	-	626,920
Natural resources	427,845	-	427,845
Economic development	548,425	-	548,425
Interest on debt	1,241,651	-	1,241,651
Education	20,765,996	-	20,765,996
Intergovernmental	1,248,590	-	1,248,590
Aviation	-	755,228	755,228
Solid waste	-	1,637,742	1,637,742
Total expenses	45,336,781	2,392,970	47,729,751
Increase (decrease) in net assets before transfers	(2,346,066)	796,801	(1,549,265)
Transfers	(65,892)	65,892	-
Increase (decrease) in net assets	(2,411,958)	862,693	(1,549,265)
Net assets, June 30, 2003	18,116,314	8,730,787	26,847,101
Net assets, June 30, 2004	\$ 15,704,356	\$ 9,593,480	\$ 25,297,836

The County's governmental activities had net expenses of \$32.6 million. However, these services are intended to be primarily funded by taxes, as opposed to charges for services and grants, and those taxes and other general revenues were short of net expenses by \$2.3 million.

The County's business-type activities had total revenues of \$2.8 million, with solid waste reporting an operating income of \$847,118 and aviation reporting an operating loss of \$406,151. Aviation relies upon transfers of other revenues to cover its net expenses. Non-operating revenues of \$565,513 include federal and state grants and the general fund operational subsidy of the Airport.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of its fiscal year. At June 30, 2004, the County's governmental funds reported combined ending fund balances of \$13.0 million, a decrease of \$0.2 million from the prior year. Approximately 99% of the combined fund balances of \$12.9 million constitutes unreserved fund balance, which is available for spending at the government's discretion. However, of this unreserved fund balance, only \$2.2 million remains undesignated, as the County has designated funding to be used for the 2005 budget \$1.8 million, capital projects \$5.3 million, highway purposes \$1.3 million, and other purposes \$2.3 million. The remainder of the balance is reserved to indicate that it is not available for new spending because it has already been committed for prepaid expenditures \$0.1 million. The general fund is the chief operating fund of the County. At June 30, 2004, unreserved fund balance of the general fund was \$4.7 million and total general fund balance was \$4.8 million. As a measure of the general fund's liquidity, the total fund balance represents 13 percent of total general fund expenditures and transfers out.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Aviation operating revenues declined \$16,841 or 5 percent due to general reduction in air travel. Unrestricted net assets of the Aviation fund were a deficit of \$36,663 at June 30, 2004. Solid waste operating revenues increased \$579,096 or 30% due to general increase in system usage. Unrestricted net assets of the solid waste fund were a deficit of \$0.4 million reflecting the landfill closure and post-closure obligations.

BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the *Basic Financial Statements* for the General Fund and all major special revenue funds. Budget and actual comparison schedules are also provided in the *Combining and Individual Fund Statements and Schedules* for all nonmajor funds with annually appropriated budgets as well as for the capital outlay reserve fund. The budget and actual comparison schedules show the original adopted budgets, the final revised budget, actual results, and variance between the final budget and actual results for the general and major special revenue funds. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, new bond or loan proceeds, new grant awards, or other unanticipated revenues.

Differences between the original budget and the final amended budget for the General Fund were relatively minor and can be summarized as follows:

- Revenues and expenditures were increased \$132,750 or 0.3% due primarily to a mid-year holiday bonus granted to employees and offset by higher than expected income and recordation tax revenues.

Significant differences between the final budget and actual results for the General Fund are summarized as follows:

- Actual income tax revenues exceeded budget by \$790,577 or 10%, primarily due to higher than expected tax withholdings.
- Actual recordation tax revenues exceeded budget by \$1,025,039 or 54%, due to low interest rates which have spurred mortgage refinancings, and a very active local real estate market.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment in capital assets for its governmental and business type activities as of June 30, 2004 amounted to \$43.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, and bridges.

Major capital asset events during the fiscal year included the following:

- The near completion of a new public safety communication system*

Dorchester County's Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	\$ 4,851,807	\$ 636,137	\$ 5,487,944
Buildings and improvements	20,639,970	9,701,434	30,341,404
Infrastructure	35,275,266	4,740,398	40,015,664
Equipment	8,321,003	1,863,934	10,184,937
Construction in progress*	3,562,776	-	3,562,776
Total capital assets	72,650,822	16,941,903	89,592,725
Less accumulated depreciation	(39,958,470)	(6,058,718)	(46,017,188)
Net capital assets	\$ 32,692,352	\$ 10,883,185	\$ 43,575,537

Additional information on the County's capital assets can be found in Note 5 to the financial statements.

Long-term debt

At June 30, 2004 the County had total debt outstanding of \$31.8 million. Of this amount, \$24.4 million comprises debt backed by the general obligation bonds, \$6.0 million is loans payable and other obligations, and \$1.4 million is compensated absences and pension liability.

Dorchester County's Outstanding Debt

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 24,443,548	\$ -	\$ 24,443,548
Loans payable and other	5,131,998	838,233	5,970,231
Compensated absences/pensions	1,424,840	-	1,424,840
Total	\$ 31,000,386	\$ 838,233	\$ 31,838,619

The County's total outstanding indebtedness increased \$4.4 million during the year primarily due to the April 2004 issuance of a \$9.4 million general obligation bond issued to refinance existing debt of \$3.5 million, with the balance to be used primarily in Fiscal Year 2005 for the construction of a public safety communications system and bridge renovation projects.

The County continues to meet its financial needs through prudent use of its revenues and conservative debt financing programs. The County's financial strength and sound financial management practices are reflected in its general obligation bond investment ratings:

- A2 Moody's Investor Services
- A Standard & Poor's Corporation

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Positive economic growth is correlated with increased revenues from property taxes, income taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, and assessed valuation.

- Employment in the County during June 2004 was 14,745, which is an 8.8 percent increase from the June 2003 employment of 13,557.
- The June 2004 unemployment rate for the County was 7.0 percent, higher than the rate for the state of Maryland (4.2%) and the nation (5.6%).
- Hotel gross receipts in the County continued to show exceptional growth, increasing from \$9.4 million to \$16.7 million (an increase of \$7.3 million or 78%), with \$6.6 million of the growth from the Chesapeake Bay Hyatt Resort, Marina & Spa.
- Continued growth in the residential new construction market, with current estimates forecasting a ten year 100% increase in population for the City of Cambridge.
- The total County Assessable Base for the tax year beginning July 1, 2004 was \$1.939 billion, which was an increase of \$122 million or 7 percent over the prior year.
- Income tax collections during Fiscal 2004 were \$823,290 or 10.7% higher than Fiscal 2003, with the greatest gains derived from employee withholdings.
- State budgetary concerns continued to impact state aid to local governments.

All of these factors were considered in preparing the County's budget for the 2005 fiscal year. The County's property tax rate of \$0.93 per \$100 of assessed value was unchanged from the previous year.

REQUESTS 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 information should be addressed to the Director of Finance, 501 Court Lane, Cambridge, MD 21613.

FINANCIAL STATEMENTS

DORCHESTER COUNTY, MARYLAND
STATEMENT OF NET ASSETS
PRIMARY GOVERNMENT AS OF JUNE 30, 2004
COMPONENT UNITS AS OF JUNE 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and short-term investments	\$ 12,606,798	\$ 5,326,108	\$ 17,932,906
Receivables:			
State and local property taxes	2,290,041	-	2,290,041
Accounts receivable, net	187,821	234,892	422,713
Federal government	554,360	114,114	668,474
State of Maryland	2,667,031	88,737	2,755,768
Local	273,091	-	273,091
Other	9,855	-	9,855
Internal balances	(99,164)	99,164	-
Inventories, at cost	-	24,382	24,382
Prepaid expenditures	75,825	6,254	82,079
Bond issuance costs, net	241,577	-	241,577
Other	47,533	-	47,533
Capital assets, net	32,692,352	10,883,185	43,575,537
Total assets	51,547,120	16,776,836	68,323,956
LIABILITIES			
Accounts payable and accrued expenses	1,611,811	44,709	1,656,520
Due to State of Maryland	283,028	-	283,028
Due to delinquent taxpayers	176,073	-	176,073
Deferred revenue	2,685,840	2,360	2,688,200
Landfill closure and postclosure care costs	-	6,268,909	6,268,909
Pension liability	557,150	-	557,150
Other	85,626	-	85,626
Long-term liabilities, due within one year			
Compensated absences	239,088	12,267	251,355
Bonds, notes and capital leases payable	3,226,417	170,999	3,397,416
Long-term liabilities, due in more than one year			
Compensated absences	628,602	16,878	645,480
Bonds, notes and capital leases payable	26,349,129	667,234	27,016,363
Total liabilities	35,842,764	7,183,356	43,026,120
NET ASSETS			
Invested in capital assets, net of related debt	3,116,806	10,046,852	13,163,658
Restricted for:			
Fiscal year 2005 budget	1,792,675	-	1,792,675
Other purposes	-	-	-
Unrestricted (deficit)	10,794,875	(453,372)	10,341,503
Total Net Assets	\$ 15,704,356	\$ 9,593,480	\$ 25,297,836

The Notes to Financial Statements are an integral part of this statement.

Component Units	
Board of Education of Dorchester County	Dorchester County Sanitary Districts
\$ 5,585,682	\$ 879,913
-	-
-	49,962
1,193,201	-
40,607	-
267,456	-
-	-
-	-
21,772	-
-	-
-	-
180,555	-
44,738,103	4,185,120
<u>52,027,376</u>	<u>5,114,995</u>
1,476,566	105,535
-	-
-	-
882,416	29,445
-	-
63,126	-
1,263,402	20,617
-	10,510
31,457	15,948
823,594	3,277
29,648	316,797
<u>4,570,209</u>	<u>502,129</u>
44,676,998	3,852,375
821,006	-
307,723	129,087
1,651,440	631,404
<u>\$ 47,457,167</u>	<u>\$ 4,612,866</u>

DORCHESTER COUNTY, MARYLAND

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2004**

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest
Governmental Activities				
General government	\$ 3,243,485	\$ 73,001	\$ 492,728	\$ -
Public safety	7,564,122	2,066,659	703,985	209,056
Social services	1,889,986	3,332	4,500,536	-
Recreation and parks	626,920	42,259	244,755	-
Natural resources	427,845	-	305,695	-
Economic development	548,425	-	101,201	-
Intergovernmental	1,248,590	-	-	-
Miscellaneous	2,483,707	-	-	-
Education	20,765,996	37,729	-	-
Public works	5,296,054	301,055	3,674,014	-
Interest on long-term debt	1,241,651	-	-	-
Total Governmental Activities	45,336,781	2,524,035	10,022,915	209,056
Business-Type Activities				
Airport	755,228	325,928	-	332,192
Landfill	1,637,742	2,456,312	-	-
Total Business-Type Activities	2,392,970	2,782,240	-	332,192
Total primary government	\$ 47,729,751	\$ 5,306,275	\$ 10,022,915	\$ 541,248
Component Units				
Board of Education of Dorchester County	48,974,223	2,771,171	49,351,522	-
Dorchester County Sanitary Districts	721,782	433,458	-	-
Total component units	\$ 49,696,005	\$ 3,204,629	\$ 49,351,522	\$ -

General Revenues

Taxes:

Property

Income

Other

Licenses and permits

Payments in lieu of taxes

Interest

Other

Total General Revenues

Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets Beginning of Year, as restated

Net Assets End of Year

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Board of Education of Dorchester County	Dorchester County Sanitary Districts
\$ (2,677,756)	\$ -	\$ (2,677,756)	\$ -	\$ -
(4,584,422)	-	(4,584,422)	-	-
2,613,882	-	2,613,882	-	-
(339,906)	-	(339,906)	-	-
(122,150)	-	(122,150)	-	-
(447,224)	-	(447,224)	-	-
(1,248,590)	-	(1,248,590)	-	-
(2,483,707)	-	(2,483,707)	-	-
(20,728,267)	-	(20,728,267)	-	-
(1,320,985)	-	(1,320,985)	-	-
(1,241,651)	-	(1,241,651)	-	-
<u>(32,580,776)</u>	<u>-</u>	<u>(32,580,776)</u>	<u>-</u>	<u>-</u>
-	(97,108)	(97,108)	-	-
<u>-</u>	<u>818,570</u>	<u>818,570</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>721,462</u>	<u>721,462</u>	<u>-</u>	<u>-</u>
<u>\$ (32,580,776)</u>	<u>\$ 721,462</u>	<u>\$ (31,859,314)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	3,148,470	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(288,324)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,148,470</u>	<u>\$ (288,324)</u>
\$ 16,211,363	\$ -	\$ 16,211,363	\$ -	\$ -
8,505,222	-	8,505,222	-	-
4,508,953	-	4,508,953	-	67,626
393,409	-	393,409	-	-
69,008	-	69,008	-	-
196,636	57,847	254,483	51,458	23,794
350,119	17,492	367,611	246,809	19,044
<u>30,234,710</u>	<u>75,339</u>	<u>30,310,049</u>	<u>298,267</u>	<u>110,464</u>
<u>(65,892)</u>	<u>65,892</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>30,168,818</u>	<u>141,231</u>	<u>30,310,049</u>	<u>298,267</u>	<u>110,464</u>
(2,411,958)	862,693	(1,549,265)	3,446,737	(177,860)
18,116,314	8,730,787	26,847,101	44,010,430	4,790,726
<u>\$ 15,704,356</u>	<u>\$ 9,593,480</u>	<u>\$ 25,297,836</u>	<u>\$ 47,457,167</u>	<u>\$ 4,612,866</u>

DORCHESTER COUNTY, MARYLAND

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004**

	General Fund	Special Revenue	Capital Projects	Debt Service
ASSETS				
Cash and short-term investments	\$ 3,046,221	\$ 613,077	\$ 7,471,520	\$ -
Receivables:				
State and local property taxes	2,290,041	-	-	-
Accounts, net	-	-	-	-
Federal government	251,887	302,473	-	-
State of Maryland	1,899,715	767,316	-	-
Local	273,091	-	-	-
Other	-	9,855	-	-
Interfund	2,991,079	1,202,410	-	247,482
Prepaid expenditures	75,825	-	-	-
Bond issuance costs, net	-	-	241,577	-
Other	47,533	-	-	-
Total assets	\$ 10,875,392	\$ 2,895,131	\$ 7,713,097	\$ 247,482
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 580,274	\$ 592,088	\$ 436,204	\$ -
Due to State of Maryland	283,028	-	-	-
Due to delinquent taxpayers	176,073	-	-	-
Interfund payables	2,886,836	44,774	1,938,427	-
Due to others	72,592	-	-	-
Deferred revenue	2,082,793	1,541,156	-	-
Other	13,034	-	-	-
Total liabilities	6,094,630	2,178,018	2,374,631	-
FUND BALANCES				
Reserved for:				
Prepaid expenditures	75,825	-	-	-
Unreserved:				
Designated for legal indemnification	100,000	-	-	-
Designated for 2005 expenditures	1,075,562	717,113	-	-
Designated for capital projects	-	-	5,338,466	-
Designated for highway use	1,283,665	-	-	-
Designated for other purposes	22,711	-	-	8,394
Designated for compensated absences	-	-	-	239,088
Undesignated	2,222,999	-	-	-
Total fund balances	4,780,762	717,113	5,338,466	247,482
Total liabilities and fund balances	\$ 10,875,392	\$ 2,895,131	\$ 7,713,097	\$ 247,482

The Notes to Financial Statements are an integral part of this statement.

Transfer Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,475,980	\$ 12,606,798
-	-	2,290,041
185,819	2,002	187,821
-	-	554,360
-	-	2,667,031
-	-	273,091
-	-	9,855
923,200	35,417	5,399,588
-	-	75,825
-	-	241,577
-	-	47,533
<u>\$ 1,109,019</u>	<u>\$ 1,513,399</u>	<u>\$ 24,353,520</u>

\$ 70	\$ 3,175	\$ 1,611,811
-	-	283,028
-	-	176,073
628,715	-	5,498,752
-	-	72,592
-	75,869	3,699,818
-	-	13,034
<u>628,785</u>	<u>79,044</u>	<u>11,355,108</u>

-	-	75,825
-	-	100,000
-	-	1,792,675
-	-	5,338,466
-	-	1,283,665
480,234	1,434,355	1,945,694
-	-	239,088
-	-	2,222,999
<u>480,234</u>	<u>1,434,355</u>	<u>12,998,412</u>
<u>\$ 1,109,019</u>	<u>\$ 1,513,399</u>	<u>\$ 24,353,520</u>

DORCHESTER COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2004

Total fund balances, governmental funds		\$ 12,998,412
Amounts reported for governmental activities in the statement of net assets 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 Assets.		32,692,352
Certain revenues that do not provide current financial resources are reported as deferred income in the fund financial statements, but are reported as revenue in the governmental activities of the Statement of Net Assets.		1,013,978
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 Assets. Those liabilities consist of:		
Bonds, notes and capital leases payable	(29,575,546)	
Pension liability	(557,150)	
Compensated absences	(867,690)	
Total long-term liabilities		<u>(31,000,386)</u>
Net assets of governmental activities in the Statement of Net Assets		<u>\$ 15,704,356</u>

The Notes to Financial Statements are an integral part of this statement.

DORCHESTER COUNTY, MARYLAND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2004**

	General Fund	Special Revenue	Capital Projects
REVENUES:			
Taxes	\$ 29,505,494	\$ -	\$ -
Licenses and permits	393,409	-	-
Intergovernmental	6,135,530	-	-
Service charges and fees	2,520,703	-	-
Court fines and forfeitures	85,306	-	-
Federal grants	-	682,094	402,152
State grants	-	2,990,728	6,000
Miscellaneous	210,321	26,094	-
Interest	109,312	7,022	61,712
Total revenues	38,960,075	3,705,938	469,864
EXPENDITURES:			
Current:			
General government	2,622,375	13,539	-
Public safety	6,498,176	541,163	-
Social services	243,873	1,634,191	-
Recreation and parks	359,044	219,772	-
Natural resources	321,027	105,943	-
Economic development	303,720	67,763	-
Intergovernmental	1,003,845	244,745	-
Miscellaneous	2,350,221	50,879	20,251
Education	16,615,648	52,552	4,262,796
Public works	2,983,454	524,397	1,423,328
Non-current:			
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital projects	-	-	14,616
Fixed asset acquisitions	-	-	3,980,369
Total expenditures	33,301,383	3,454,944	9,701,360
Excess (deficiency) of revenues over expenditures	5,658,692	250,994	(9,231,496)
OTHER FINANCING SOURCES (USES):			
Refunding bond proceeds	-	-	9,430,000
Refunding bond bid premium	-	-	39,862
Note proceeds	165,000	-	70,050
Payment to refund bond escrow agent for:			
Interest payments	-	-	(249,443)
Debt principal	-	-	(2,500,000)
Increase in pension liability (See Note 10)	-	-	-
Operating transfers, net	(4,587,290)	111,636	1,212,836
Total other financing sources (uses)	(4,422,290)	111,636	8,003,305
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,236,402	362,630	(1,228,191)
Fund balances, beginning of year	3,544,360	354,483	6,566,657
Fund balances, end of year	\$ 4,780,762	\$ 717,113	\$ 5,338,466

The Notes to Financial Statements are an integral part of this statement.

Debt Service	Transfer Tax	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,133,086	\$ -	\$ 30,638,580
-	-	-	393,409
-	-	-	6,135,530
-	-	-	2,520,703
-	-	-	85,306
-	-	-	1,084,246
-	-	-	2,996,728
18,720	-	97,486	352,621
-	-	18,590	196,636
<u>18,720</u>	<u>1,133,086</u>	<u>116,076</u>	<u>44,403,759</u>
-	105,801	-	2,741,715
-	79,366	19,712	7,138,417
-	-	-	1,878,064
-	-	-	578,816
-	-	-	426,970
-	-	110,155	481,638
-	-	-	1,248,590
-	20,532	52,619	2,494,502
-	-	-	20,930,996
-	-	-	4,931,179
2,058,540	215,040	-	2,273,580
1,088,059	153,592	-	1,241,651
-	111,792	-	126,408
-	-	-	3,980,369
<u>3,146,599</u>	<u>686,123</u>	<u>182,486</u>	<u>50,472,895</u>
<u>(3,127,879)</u>	<u>446,963</u>	<u>(66,410)</u>	<u>(6,069,136)</u>
-	-	-	9,430,000
-	-	-	39,862
-	-	-	235,050
-	-	-	(249,443)
-	(1,000,000)	-	(3,500,000)
16,458	-	-	16,458
3,111,926	-	85,000	(65,892)
<u>3,128,384</u>	<u>(1,000,000)</u>	<u>85,000</u>	<u>5,906,035</u>
505	(553,037)	18,590	(163,101)
246,977	1,033,271	1,415,765	13,161,513
<u>\$ 247,482</u>	<u>\$ 480,234</u>	<u>\$ 1,434,355</u>	<u>\$ 12,998,412</u>

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, 2004

Net change in fund balances, governmental funds \$ (163,101)

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, these amounts are:

Capital outlay	4,106,777	
Depreciation expense	(1,420,038)	
Excess of capital outlay over depreciation expense	2,686,739	2,686,739

Loan proceeds provide current financial resources to governmental funds; however,
issuing debt increases long-term liabilities in the Statement of Net Assets. In the
current period, loans of this amount were issued:

Refunding bonds and note proceeds	(9,665,050)	
Refunding bond premium	(39,862)	
	(9,704,912)	(9,704,912)

Governmental funds report repayment of debt principal as an expenditure. In
contrast, the Statement of Activities treats such repayments as a reduction in
long-term liabilities.

Principal payments on long-term debt	2,273,580	
Payments to refunding bond escrow agent	3,749,443	
	6,023,023	6,023,023

Because some revenues will not be collected for several months after the County's
fiscal year ends, they are not considered "available" revenues and are deferred in the
governmental funds. Deferred revenues decreased by this amount this year. (1,248,043)

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 in compensated absences	(5,664)	
----------------------------------	---------	--

Change in net assets of governmental activities \$ (2,411,958)

DORCHESTER COUNTY, MARYLAND

**STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS**

June 30, 2004

	Business-Type Activities		
	Landfill	Airport	Total
ASSETS			
Current Assets			
Cash	\$ 5,325,783	\$ 325	\$ 5,326,108
Receivables:			
Accounts, net of \$20,000 allowance (landfill)	224,024	10,868	234,892
Federal Government	-	114,114	114,114
State of Maryland	-	88,737	88,737
Interfund	513,933	-	513,933
Inventories	-	24,382	24,382
Prepaid expenses	-	6,254	6,254
Total current assets	6,063,740	244,680	6,308,420
Noncurrent assets			
Capital assets at cost	7,098,642	9,843,261	16,941,903
Less accumulated depreciation	(4,298,607)	(1,760,111)	(6,058,718)
Total noncurrent assets	2,800,035	8,083,150	10,883,185
Total assets	\$ 8,863,775	\$ 8,327,830	\$ 17,191,605
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	\$ 40,360	\$ 4,349	\$ 44,709
Accrued vacation	9,877	2,390	12,267
Deferred revenue	-	2,360	2,360
Interfund payables	150,514	264,255	414,769
Current maturities long-term debt	170,999	-	170,999
Total current liabilities	371,750	273,354	645,104
Noncurrent liabilities			
Accrued vacation	8,889	7,989	16,878
Landfill - closure and postclosure	6,268,909	-	6,268,909
Long-term debt, less current maturities	47,234	620,000	667,234
Total noncurrent liabilities	6,325,032	627,989	6,953,021
Total liabilities	\$ 6,696,782	\$ 901,343	\$ 7,598,125
NET ASSETS			
Invested in capital assets, net of related debt	\$ 2,583,702	\$ 7,463,150	\$ 10,046,852
Unrestricted (deficit)	(416,709)	(36,663)	(453,372)
Total net assets	\$ 2,166,993	\$ 7,426,487	\$ 9,593,480

The Notes to Financial Statements are an integral part of this statement.

DORCHESTER COUNTY, MARYLAND

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year Ended June 30, 2004**

	Business-Type Activities		
	Landfill	Airport	Totals
OPERATING REVENUES:			
Tipping fees	\$ 2,374,969	\$ -	\$ 2,374,969
Permits	81,343	-	81,343
Fuel sales	-	209,944	209,944
Hangar and tie-down rentals	-	115,984	115,984
Other	14,533	2,959	17,492
Total operating revenues	2,470,845	328,887	2,799,732
OPERATING EXPENSES:			
Salaries and related taxes	574,058	118,125	692,183
Repairs and maintenance	165,414	46,828	212,242
Rental of land, buildings and equipment	55,358	13,200	68,558
Fuel	42,419	160,285	202,704
Closure and postclosure costs accrual	245,017	-	245,017
Utilities	6,848	22,123	28,971
Depreciation	493,324	281,007	774,331
Other operating	41,289	93,470	134,759
Total operating expenses	1,623,727	735,038	2,358,765
Net operating income (loss)	847,118	(406,151)	440,967
NON-OPERATING REVENUES (EXPENSES):			
Grants - Federal government	-	222,110	222,110
Grants - state government	-	110,082	110,082
Interest income	57,847	-	57,847
Interest expense	(14,015)	(20,190)	(34,205)
Total non-operating revenues	43,832	312,002	355,834
Income (loss) before transfers	890,950	(94,149)	796,801
Operating transfers	(187,619)	253,511	65,892
Change in net assets	703,331	159,362	862,693
Net assets beginning of year, as restated	1,463,662	7,267,125	8,730,787
Net assets end of year	\$ 2,166,993	\$ 7,426,487	\$ 9,593,480

The Notes to Financial Statements are an integral part of this statement.

DORCHESTER COUNTY, MARYLAND

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2004**

	<u>Landfill</u>	<u>Airport</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 2,426,276	\$ 329,711	\$ 2,755,987
Other receipts	133,733	2,959	136,692
Payments to employees	(574,016)	(118,192)	(692,208)
Payments for services	(6,848)	(22,122)	(28,970)
Payments for rentals	(55,358)	(13,200)	(68,558)
Payments for materials and supplies	(151,921)	(249,968)	(401,889)
Other payments	(244,003)	(1,398,015)	(1,642,018)
<u>Net cash provided (used) by operating activities</u>	<u>1,527,863</u>	<u>(1,468,827)</u>	<u>59,036</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating transfers from (to) General Fund	(187,619)	253,511	65,892
<u>Net cash provided (used) by non-capital financing activities</u>	<u>(187,619)</u>	<u>253,511</u>	<u>65,892</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Grant and bond receipts	-	1,396,658	1,396,658
Repayment of long-term debt	(109,866)	(27,125)	(136,991)
Interest paid	(14,015)	(20,190)	(34,205)
<u>Net cash provided (used) by financing activities</u>	<u>(123,881)</u>	<u>1,349,343</u>	<u>1,225,462</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(91,477)	(134,027)	(225,504)
Interest income received	53,263	-	53,263
<u>Net cash used in investing activities</u>	<u>(38,214)</u>	<u>(134,027)</u>	<u>(172,241)</u>
Net increase in cash and short-term investments	1,178,149	-	1,178,149
Cash and short-term investments, beginning of year	4,147,634	325	4,147,959
Cash and short-term investments, end of year	\$ 5,325,783	\$ 325	\$ 5,326,108
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 847,118	\$ (406,151)	\$ 440,967
Adjustments:			
Depreciation	493,324	281,007	774,331
Landfill closure and postclosure cost accrual	245,017	-	245,017
(Increase) decrease in assets:			
Accounts receivable	51,307	3,783	55,090
Prepaid expenses	-	18,763	18,763
Inventory	-	(5,671)	(5,671)
Interfund receivable	37,858	-	37,858
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	35,826	(491,110)	(455,284)
Accrued vacation	40	(68)	(28)
Interfund payable	(182,627)	(869,380)	(1,052,007)
<u>Total adjustments</u>	<u>680,745</u>	<u>(1,062,676)</u>	<u>(381,931)</u>
<u>Net cash provided (used) by operating activities</u>	<u>\$ 1,527,863</u>	<u>\$ (1,468,827)</u>	<u>\$ 59,036</u>

The Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity

Dorchester 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.

Financial Reporting Entity

For financial reporting purposes, based on the standards established by GASB Statement No. 14, *The Financial Reporting Entity*, the County includes the various departments, agencies, and other organizational units governed directly by the County Council of Dorchester County, Maryland as the Primary Government. The component units are included in the reporting entity because the Primary Government approves budgetary requests, provides a significant amount of funding, appoints members of the boards of the various organizations, or guarantees repayment of debt issued by the various organizations.

The component units column in the combined financial statements includes the financial data of the Board of Education of Dorchester County and the Dorchester County Sanitary Districts as the County’s discretely presented component units, which have a fiscal year-end of June 30. Copies of the financial statements for the component units can be obtained from the County Council’s office in Cambridge, Dorchester County, Maryland.

Note 2. Summary of Significant Accounting Policies

The financial statements of the County are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County has elected not to apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities.

In 2003, the County implemented GASB Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*. This Statement established a new financial and reporting model for state and local governments that included the addition of management’s discussion and analysis, government wide financial statements, and required supplementary information.

A. Basis of Presentation

The County’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County’s governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information to the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The County does not maintain any fiduciary funds.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

General Fund - The General Fund is the general operating fund of the County. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Dorchester County Reserve Fund, the Special Revenue Grants Fund, which includes Local Management Board (LMB) grant activity, the Commissary Fund, the Transfer Tax Fund and the Tourism Marketing Fund are the only special revenue funds of the County.

Capital Projects Funds - The Capital Fund (current year capital activity) and the Capital Projects Fund are used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by proprietary funds.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, including capital lease obligations, principal, interest, and related costs.

Proprietary Fund Types

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The County's enterprise funds may be used to account for any business-type activities for which a fee is charged to external users for goods or services. The following are the County's major enterprise funds:

Landfill Fund - The Landfill fund is used to account for the fees collected at the County landfills for the dumping of waste.

Airport Fund - The Airport fund is used to account for the financial resources to be used for the operation or construction of airport facilities.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available is defined as collected within sixty days of the fiscal year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales taxes, charges for services, fines and forfeitures, state-levied locally shared taxes, interest, grants, fees and rentals.

Deferred revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Property taxes for which there was an enforceable legal claim at June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets and Budgetary Accounting

All funds, other than agency funds, are legally required to be budgeted and appropriated. The budget is prepared on the budgetary basis of accounting. The budget establishes a limit on the amounts that the County may appropriate and sets annual limits as to the amounts of expenditures at a level of control selected by the County. The legal level of control has been established by the County at the category level within each fund.

The budget may be amended during the year if projected increases or decreases in revenue are identified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original budget was adopted. The amounts reported in the final budgeted amounts reflect amendments approved by the County during the year.

F. Inventory

On government-wide financial statements and the fund financial statements of proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

G. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The County's infrastructure consists of roads, bridges, ramps, and wharves. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

G. Capital Assets (continued)

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	8 – 40 years	5 – 40 years
Furniture and Equipment	5 – 10 years	3 - 15 years
Vehicles	8 years	N/A
Infrastructure	40 – 50 years	15 – 23 years

H. Interfund Receivables and Payables

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund Receivables/Payables.” Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as “Internal Balances.”

I. Compensated Absences

Vacation and Sick Leave

Vacation benefits are earned by employees of the reporting entity based on time in service, and the rights to such benefits are vested. Sick leave is also accumulated by employees based on time in 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 of Dorchester County receive severance pay for unused sick leave accumulated for service while employed. This estimated liability is computed on the accumulated sick leave of employees who have 20 years of service with the Board of Education of Dorchester County at the rate of \$20 per day. In addition, the accrued leave account includes vacation days earned by certain employees but not used by June 30, 2004.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies (continued)

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The County reserves those portions of governmental fund balances that are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sanitary landfill, airport fuel sales and airport rental fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flow of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

O. 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3. Change in Accounting Principle and Restatement of Fund Balance

A. Change in Accounting Principle

In fiscal year 2004, the County implemented a new capitalization policy increasing the threshold for capitalizable items for its proprietary funds. As a result, some items were deleted from the fixed asset inventory. The beginning net asset amounts for the proprietary funds reflect the change in fund balance for proprietary funds as of June 30, 2003, caused by the implementation of the new capitalization policy.

NOTES TO FINANCIAL STATEMENTS

Note 3. Change in Accounting Principle and Restatement of Fund Balance (continued)

B. Restatement of Fund Balance

The restatement due to the implementation of the above capitalization policy had the following effects on the fund balances for the enterprise activities:

	<u>Landfill</u>	<u>Airport</u>
Net assets, June 30, 2003	\$ 1,481,487	\$ 7,299,629
Adjustments due to capitalization poicy	<u>(17,825)</u>	<u>(32,504)</u>
Net assets, June 30, 2003, as restated	<u>\$ 1,463,662</u>	<u>\$ 7,267,125</u>

Note 4. 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 acceptances, or money market mutual funds.

Primary Government

At June 30, 2004, the Primary Government had bank deposits with various commercial banks totaling \$18,777,344 (carrying value \$17,932,906). As required by law, each depository is to pledge securities in addition to FDIC insurance at least equal to that amount on deposit at all times. At June 30, 2004, the County had \$18,319,211 in bank deposits that were uninsured by FDIC insurance, but were fully collateralized with securities held in the name of the County.

Board of Education of Dorchester County

At June 30, 2004, the Board of Education of Dorchester County had bank deposits with various commercial banks totaling \$2,663,697 (carrying value \$2,399,981). As required by law, each depository is to pledge securities in addition to FDIC insurance at least equal to that amount on deposit at all times. The depository banks pledge collateral for specific accounts, which are held in the Board's name at the Federal Reserve Bank of Boston. As of June 30, 2004, bank deposits were not fully insured or collateralized by approximately \$39,000 in one local financial institution. Investments of \$3,185,701 consist solely of U.S. Government Securities made through the State of Maryland Local Government Investment Pool. 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.

Dorchester County Sanitary Districts

At June 30, 2004 the Dorchester County Sanitary Districts had bank deposits with various commercial banks totaling \$880,605 (carrying value \$879,763), which were either fully insured or collateralized with securities held in the name of the Dorchester County Sanitary Districts.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Due to the implementation of the new capitalization policy, the capital asset balances of the business-type activities as of June 30, 2003 have been restated. The following is a summary of those changes:

Dorchester County Landfill

	Balances June 30, 2003	Adjustments	Balances June 30, 2003, as restated
Land	\$ 636,137	\$ -	\$ 636,137
Construction in progress - cell 3	1,915,567	-	1,915,567
Buildings and improvements	82,089	-	82,089
Machinery and equipment	1,701,210	(90,392)	1,610,818
Beulah landfill - cells 1-3	2,776,707	(14,152)	2,762,555
	<u>7,111,710</u>	<u>(104,544)</u>	<u>7,007,166</u>
Less: accumulated depreciation	(3,892,302)	87,019	(3,805,283)
Total landfill assets, net	<u>\$ 3,219,408</u>	<u>\$ (17,525)</u>	<u>\$ 3,201,883</u>

Dorchester County Airport

	Balances June 30, 2003	Adjustments	Balances June 30, 2003, as restated
Construction in progress	\$ 2,963,314	\$ -	\$ 2,963,314
Buildings and improvements	6,549,413	(22,052)	6,527,361
Machinery and equipment	254,157	(35,596)	218,561
	<u>9,766,884</u>	<u>(57,648)</u>	<u>9,709,236</u>
Less: accumulated depreciation	(1,504,250)	25,146	(1,479,104)
Total airport assets, net	<u>\$ 8,262,634</u>	<u>\$ (32,502)</u>	<u>\$ 8,230,132</u>

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balances June 30, 2003	Additions	Deletions	Balances June 30, 2004
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated				
Land	\$ 4,851,807	\$ -	\$ -	\$ 4,851,807
Const. in progress - communication tower	-	3,562,776	-	3,562,776
Total capital assets, not being depreciated	<u>4,851,807</u>	<u>3,562,776</u>	<u>-</u>	<u>8,414,583</u>
Capital assets, being depreciated				
Buildings and improvements	20,639,970	-	-	20,639,970
Furniture and equipment	4,703,657	132,119	-	4,835,776
Vehicles	3,141,317	198,759	(82,751)	3,257,325
Leasehold improvements	126,572	101,330	-	227,902
Infrastructure assets	35,275,266	-	-	35,275,266
Total capital assets, being depreciated	<u>63,886,782</u>	<u>432,208</u>	<u>(82,751)</u>	<u>64,236,239</u>
Less: accumulated depreciation	(38,621,183)	(1,420,038)	82,751	(39,958,470)
Net capital assets, being depreciated	<u>25,265,599</u>	<u>(987,830)</u>	<u>-</u>	<u>24,277,769</u>
Governmental activities capital assets, net	<u>\$ 30,117,406</u>	<u>\$ 2,574,946</u>	<u>\$ -</u>	<u>\$ 32,692,352</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

	Balances June 30, 2003, as restated	Additions	Deletions	Balances June 30, 2004
BUSINESS-TYPE ACTIVITIES				
Dorchester County Landfill				
Capital assets, not being depreciated				
Land	\$ 636,137	\$ -	\$ -	\$ 636,137
Construction in progress - cell 3	1,915,567	-	(1,915,567)	-
Total capital assets, not being depreciated	2,551,704	-	(1,915,567)	636,137
Capital assets, being depreciated				
Buildings and improvements	82,089	-	-	82,089
Machinery and equipment	1,610,818	29,200	-	1,640,018
Beulah landfill- Cells 1-3	2,762,555	1,977,843	-	4,740,398
Total capital assets, being depreciated	4,455,462	2,007,043	-	6,462,505
Less: accumulated depreciation	(3,805,283)	(493,324)	-	(4,298,607)
Net capital assets, being depreciated	650,179	1,513,719	-	2,163,898
Landfill capital assets, net	\$ 3,201,883	\$ 1,513,719	\$ (1,915,567)	\$ 2,800,035
Dorchester County Airport				
Capital assets, not being depreciated				
Construction in progress	\$ 2,963,314	\$ -	\$ (2,963,314)	\$ -
Total capital assets, not being depreciated	2,963,314	-	(2,963,314)	-
Capital assets, being depreciated				
Buildings and improvements	6,527,361	3,091,984	-	9,619,345
Machinery and equipment	218,561	5,355	-	223,916
Total capital assets, being depreciated	6,745,922	3,097,339	-	9,843,261
Less: accumulated depreciation	(1,479,104)	(281,007)	-	(1,760,111)
Net capital assets, being depreciated	5,266,818	2,816,332	-	8,083,150
Airport capital assets, net	\$ 8,230,132	\$ 2,816,332	\$ (2,963,314)	\$ 8,083,150
Business-type activities capital assets, net	\$ 11,432,015	\$ 4,330,051	\$ (4,878,881)	\$ 10,883,185

Depreciation expense was charged to governmental functions as follows:

General government	\$ 501,770
Public safety	425,705
Social services	11,922
Recreation and parks	48,104
Natural resources	875
Economic development	66,787
Public works	364,875
	<u>\$ 1,420,038</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (continued)

Capital asset activity for the component units for the year ended June 30, 2004 was as follows:

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004
Dorchester County Board of Education				
Capital assets, not being depreciated				
Construction in progress	\$ 8,447,332	\$ 6,132,684	\$ (13,604,081)	\$ 975,935
Total capital assets, not being depreciated	8,447,332	6,132,684	(13,604,081)	975,935
Capital assets, being depreciated				
Buildings and improvements	58,493,844	13,818,527	(3,961,951)	68,350,420
Furniture and equipment	1,252,125	24,657	-	1,276,782
Vehicles	590,864	63,209	(30,155)	623,918
Total capital assets, being depreciated	60,336,833	13,906,393	(3,992,106)	70,251,120
Less: accumulated depreciation	(26,634,331)	(1,380,917)	1,526,296	(26,488,952)
Net capital assets, being depreciated	33,702,502	12,525,476	(2,465,810)	43,762,168
Board of Education capital assets, net	\$ 42,149,834	\$ 18,658,160	\$ (16,069,891)	\$ 44,738,103
Dorchester County Sanitary Districts				
Capital assets, not being depreciated				
Land	\$ 13,645	\$ -	\$ -	\$ 13,645
Construction in progress	3,375	3,415	-	6,790
Total capital assets, not being depreciated	17,020	3,415	-	20,435
Capital assets, being depreciated				
Plant and equipment	6,845,804	8,311	-	6,854,115
Total capital assets, being depreciated	6,845,804	8,311	-	6,854,115
Less: accumulated depreciation	(2,523,807)	(165,623)	-	(2,689,430)
Net capital assets, being depreciated	4,321,997	(157,312)	-	4,164,685
Sanitary Districts capital assets, net	\$ 4,339,017	\$ (153,897)	\$ -	\$ 4,185,120
Total component units capital assets, net	\$ 46,488,851	\$ 18,504,263	\$ (16,069,891)	\$ 48,923,223

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

The following is a summary of long-term debt transactions of the Primary Government for the year ended June 30, 2004:

	Governmental Activities	Business-Type Activities
Amounts payable at June 30, 2003	\$ 27,086,794	\$ 355,223
Borrowings from bonds, notes payable, and capital leases	9,665,050	620,000
Increase in pension liability (See also Note 10)	16,458	-
Increase in vested vacation benefits and compensatory time	5,664	-
Repayment of long-term debt and capital lease obligations	(2,273,580)	(136,990)
Defeased debt	(3,500,000)	-
	\$ 31,000,386	\$ 838,233

Long-term debt consists of the following as of June 30, 2004:

Dorchester County Long-Term Debt

Public Facilities Bonds:

1991 CDA Infrastructure Financing Bonds, Series A, due in annual principal installments from \$45,000 to \$100,000 through May 1, 2006; interest, payable semi-annually, from 4.965% to 7.090%	\$ 198,548
1995 Public Facilities Bonds due in annual principal installments of \$185,000 to \$535,000 through February 1, 2015; interest, payable semi-annually, from 4.7% to 6.1%	940,000
1996 Public Facilities Bonds due in annual principal installments of \$190,000 to \$1,065,000 through November 1, 2010; interest, payable semi-annually, from 4.7% to 6.1%	4,620,000
Public School Capital Improvement Bonds of 2000 due in annual principal installments of \$145,000 to \$300,000 through March 1, 2015; interest, payable semi-annually, from 4.5% to 5.2%	2,575,000
Public School Capital Improvement bonds for 2002 due in annual principal installments of \$320,000 to \$650,000 through August 1, 2017; interest, payable semi-annually, from 3.5% to 4.5%	6,680,000
General Improvements and Refunding Bonds of 2004, payable in annual payments from \$65,000 to \$1,050,000 beginning Feb 1, 2005; interest payable annually from 2% to 3.9%	9,430,000
Total bonds payable	\$ 24,443,548

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

DNR Loans:

SEC 3-92 - Hoopersville Road Boat Ramp; due in annual installments of \$4,780 through July 2019; no interest	\$ 71,692
SEC 9-92 - Hoopersville Road at Middle Hoopers Island; due in annual installments of \$2,718 through July 2020; no interest	43,491
SEC 8-92 - McCready's Point Road; due in annual installments of \$1,683 through July 2019; no interest	26,934
SEC 7-92 - Middle Hoopers Island Causeway; due in annual installments of \$5,516 through July 2020; no interest	93,772
SEC 3-95 - Punch Island Road; due in annual installments of \$3,519 through July 2011; no interest	28,148
SEC 2-96 - Rooster Island; due in annual installments of \$8,206 to July 2012; no interest	73,858
SEC 04-02 - Hoopers Island Road; due in annual installments of \$6,032 through July 2027; no interest	142,322
SEC 05-03 - Tayors Island - \$350,000 total loan to be repaid in 25 annual installments of \$14,000, no interest, to begin July 1 after the completion of the project	70,050
Total DNR loans payable	\$ 550,267

State of Maryland Department of Natural Resources Loans:

Maryland Industrial Land Act Loans (MILA):

Maryland Industrial Land Act loan due in quarterly installments of \$15,886, including interest at 6.32%, through March 2016, secured by 5.6 acres of land and improvements located in the Chesapeake Industrial Park in Cambridge, Maryland (known as the Regina Building Phase I)	\$ 503,883
Maryland Industrial Land Act loan due in annual installments of \$45,625, including interest at 6.81%, through April 2015, secured by 5.2 acres of land (known as Lot 4) and improvements thereon (known as the Shell Building)	345,397
Maryland Industrial Land Act loan due in quarterly installments of \$11,861, including interest at 6.81%, through October 2015, secured by 5.2 acres of land (known as Lot 4) and improvements thereon (known as the Jail Site)	362,469
Maryland Industrial Land Act loan due in quarterly installments of \$7,511, including interest at 5.6%, through August 2004, with a final balloon payment of \$282,084, secured by 5.2 acres of land (known as Lot 4) and improvements thereon (known as the Regina Building Phase II)	278,429
Maryland Industrial Land Act loan due in quarterly installments of \$21,177, including interest at 4.64%, through April 2012. A final balloon payment of \$397,242 is due at maturity (known as the Connelly Building)	764,469
Total MILA loans payable	\$ 2,254,647

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Notes Payable:

County Commissioners of Queen Anne's County loan due in annual principal installments of \$20,000 to \$50,000 through January 2020; interest payable annually at 5.173% to 5.25% (known as the Learning Resource Center)	\$ 535,000
County Commissioners of Queen Anne's County loan due in annual principal installments of \$5,500 to \$18,700 through November 2013; interest payable semi-annually at 5.91% (known as the Chesapeake College Economic Development Center)	143,000
County Commissioners of Queen Anne's County loan due in annual principal installments of \$5,096 to \$12,314 through January 2023; interest payable semi-annually at 4%.	156,204
Note due in quarterly principal installments of \$24,313, plus interest at 5.33% through 2014 (known as the Delmarva Power and Light Building)	764,572
Suntrust Bank loan for camera system in Detention Center due in quarterly principal installments of \$16,367, plus interest at 4.05%, through 2006	133,110
Note due in quarterly installments of \$16,639 to \$27,525, including interest at 8.5%, through April 2008, secured by 22.0 acres of land (known as the new Eastern Shore State Hospital Center)	212,429
Total notes payable	\$ 1,944,315

Revenue Bonds

County Transportation Revenue Bonds, Series 1993; due in annual principal installments of \$36,586 to \$151,356, plus interest, through 2006	\$ 107,852
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Capital Lease Obligations:

Kansas State Bank capital lease agreement on the hydraulic excavator, due in semi-annual installments of \$18,593, including interest at 3.4%, through August 2005	\$ 53,194
Suntrust Leasing Corporation capital lease agreement on 911 dispatch equipment, due in annual installments of \$79,274, including interest of 3.58% through December 2006	221,723
Total capital leases payable	\$ 274,917
Total debt outstanding	29,575,546
Pension liability (See also Note 10)	557,150
Total debt and pension liability outstanding	30,132,696
Accrued vacation	867,690
Total Long-Term Debt	\$ 31,000,386

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

The annual debt service requirements for all Dorchester County long-term debt and pension liability through maturity are as follows:

Governmental Activities			
Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>June 30</u>			
2005	\$ 3,226,417	\$ 1,154,871	\$ 4,381,288
2006	3,027,638	1,071,200	4,098,838
2007	2,909,354	945,567	3,854,921
2008	2,914,396	818,463	3,732,859
2009	2,083,486	723,420	2,806,906
2010 - 2014	11,135,391	2,372,964	13,508,355
2015 - 2019	3,930,942	639,431	4,570,373
2020 - 2024	169,563	290,667	460,230
2025 - 2029	167,075	251,564	418,639
2030 - 2034	346,360	160,268	506,628
2035 - 2036	222,074	17,813	239,887
Total	<u>\$ 30,132,696</u>	<u>\$ 8,446,228</u>	<u>\$ 38,578,924</u>

Enterprise Activities			
Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>June 30</u>			
2005	\$ 202,914	\$ 32,405	\$ 235,319
2006	77,319	24,657	101,976
2007	31,000	22,720	53,720
2008	31,000	21,461	52,461
2009	31,000	20,086	51,086
2010 - 2014	155,000	80,718	235,718
2015 - 2019	310,000	42,856	352,856
Total	<u>\$ 838,233</u>	<u>\$ 244,903</u>	<u>\$ 1,083,136</u>

Interest expense on all County long-term debt totaled \$1,241,651 for the year ended June 30, 2004.

Additionally, the County has agreed to execute a shore erosion control project loan agreement with the Maryland Department of Natural Resources for a no interest loan in the amount of \$350,000 to complete the Taylor's Island Environmental Restoration Project to be repaid over 24 years with annual payments of \$14,000 beginning July 1, 2005. Of the \$350,000 amount, \$70,050 has been borrowed and included in the governmental activities' long-term debt.

On April 1, 2004, the County issued \$9,430,000 in General Obligation Bonds with an average interest rate of 2.98% to advance refund \$3,500,000 of outstanding 1995 Public Facilities Bonds with an average interest rate of 6.04%. The net proceeds of \$9,314,443 (after payment of \$13,776 of accrued interest and \$155,419 of bond issuance costs) were divided into two components: \$6,565,000 of the bond proceeds were deposited into the County's capital fund for current and future capital projects; \$2,749,443 along with \$1,000,000 of the County's general funds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1995 Public Facilities Bonds. As a result, the 1995 Public Facilities Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The County completed the advance refunding to reduce its total debt service payments over the next 11 years by \$1,726,201 and to obtain an economic gain (difference between the present values of the old debt and new debt service payments) of \$443,540.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Enterprise Funds

Dorchester County Landfill:

1989 Solid Waste Facilities Loan Act. Total available \$82,900. Interest-free due within one year of project acceptance, with full payment within two years of commencement of the repayment process	\$ 39,853
Tri-axle roll-off truck note payable due in quarterly installments of \$5,956, including interest of 4.25%, through June 2006	66,661
Compactor capital lease payable due in annual installments of \$100,289 including interest of 3.749% through December 2004.	94,819
Refuse and bid bonds payable	1,900
Golden Hill landfill land purchase payable in annual installments through 2005.	<u>15,000</u>
Total Landfill long-term debt	<u>\$ 218,233</u>

Dorchester County Airport:

Airport Improvement Bonds of 2003 issued through Atlantic Bank for 15 years with annual payments of \$31,000 through 2017 and a final payment of \$186,000 in 2018; interest payable quarterly at 4.19%	\$ 620,000
Total Enterprise Fund debt	<u>\$ 838,233</u>

The following is a summary of long-term debt transactions of the component units for the year ended June 30, 2004:

	Dorchester County Sanitary Districts	Board of Education of Dorchester County	Total
Amounts payable at June 30, 2003	\$ 347,777	\$ 90,764	\$ 438,541
Principal retirements	(15,032)	(29,659)	(44,691)
Amounts payable at June 30, 2004	<u>\$ 332,745</u>	<u>\$ 61,105</u>	<u>\$ 393,850</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt (continued)

Long-term debt of the Dorchester County Sanitary Districts at June 30, 2004 consists of the following:

Loan payable to the State of Maryland under the Water Quality Loan of 1983. Annual interest rate of 6.6726%. Annual installments of principal and interest of \$9,389 began March 30, 1993 and continue to March 30, 2020.	\$ 90,650
Loan payable to the State of Maryland under the Water Quality Loan of 1974. Annual interest rate of 6.6726%. Annual installments of principal and interest of \$4,736 began March 30, 1993 and continue to March 30, 2020	45,730
Loan payable to the State of Maryland under the Water Quality Loan of 1983. Annual interest rate of 6.6726%. Interest only payment of \$8,207 due September 17, 1991 and 1992. Annual installments of principal and interest of \$9,816 began September 17, 1993 and continue to September 17, 2020.	98,047
Loan payable to the State of Maryland under the Water Quality Loan of 1974; due in annual installments of \$2,051 including interest of 6.09956% until October 2012	13,885
Loan payable to the State of Maryland under the Water Quality Loan of 1974; due in annual installments of \$6,898 including interest of 8.178824% until July 2014.	48,797
Loan payable to the State of Maryland under the Drinking Water State Revolving Fund; due in annual installments of \$4,653 including interest of 3.13% until February 2013.	<u>35,636</u>
Total Dorchester County Sanitary Districts long-term debt	<u>\$ 332,745</u>

The annual requirements to amortize all Dorchester County Sanitary Districts' debt outstanding as of June 30, 2004, including interest payments of \$195,786 are as follows:

Year Ending June 30	\$
2005	37,544
2006	37,544
2007	37,544
2008	37,544
2009	37,544
2010 - 2014	180,507
2015 - 2019	126,544
2020 - 2021	<u>33,760</u>
	<u>\$ 528,531</u>

General long-term obligations of the Board of Education of Dorchester County at June 30, 2004 consist of capital lease obligations totaling \$61,105.

NOTES TO FINANCIAL STATEMENTS

Note 7. Interfund Receivables and Payables

As a result of its operations, the County affects a variety of transactions between funds to finance operations, service debt, etc. Accordingly, to the extent that certain interfund transactions have not been paid or received as of June 30, 2004, appropriate due to/from other funds have been established.

Due to/from other funds balances as of June 30, 2004 were as follows:

Primary Government	Due from Other Funds	Due to Other Funds
Governmental activities	\$ 5,399,588	\$ 5,498,752
Business-Type activities	513,933	414,769
Total due to/from other funds	\$ 5,913,521	\$ 5,913,521

Note 8. Capital Leases

Primary Government

The County entered into a lease agreement during July 1997, for the purpose of acquiring recycling equipment. The County also entered into an agreement in January 1999, for the purpose of acquiring highway and street equipment and into an agreement in August 2000, for the purpose of acquiring a hydraulic excavator. The original cost of the equipment acquired under these capital lease agreements was \$118,000, \$47,000 and \$158,360, respectively. Since the leases are financing arrangements that transfer ownership at the end of the leases, the County has recorded the present value of the future minimum lease payments and the related assets in the appropriate funds.

Future minimum lease payments under these capital lease agreements are as follows:

<u>Year Ending June 30</u>	
2005	\$ 116,460
2006	98,947
2007	79,274
	294,681
Less amounts representing interest	(19,764)
Present value of net minimum lease payments	\$ 274,917

Component Unit - Board of Education

The Board of Education of Dorchester County has entered into non-cancelable long-term lease agreements for the purpose of acquiring various equipment. Since these leases are financing arrangements, which transfer ownership at the end of the leases, the Board of Education of Dorchester County has recorded the present value of the future minimum lease payments and the related assets in the appropriate funds.

NOTES TO FINANCIAL STATEMENTS

Note 8. Capital Leases (continued)

Future minimum lease payments under these capital leases are as follows:

<u>Year Ending June 30</u>	
2005	\$ 34,221
2006	30,509
	64,730
Less amounts representing interest	(3,625)
Present value of net minimum lease payments	\$ 61,105

Interest expense on the Board of Education of Dorchester County's capital leases was \$4,562 for the year ended June 30, 2004.

Note 9. Long-Term Operating Lease

In July 1995, the County entered into a 10-year non-cancelable operating lease for its sanitary landfill site #2, commonly referred to as the "Golden Hill Landfill". Lease expense for 2004 was \$17,500.

The annual lease requirements for the above lease agreement are as follows:

<u>Year Ending June 30</u>	
2005	\$ 17,500
2006	17,500
	\$ 35,000

Note 10. Pension Plans

Plan Description

Generally, all regular employees of the reporting entity participate in the State of Maryland Employees Retirement and Pension Systems (Employees Systems). Teachers employed by the Board of Education of Dorchester County generally participate in the State of Maryland Teachers Retirement and Pensions Systems (Teachers Systems). Both the Employees Systems and the Teachers Systems (collectively the Systems) are agent multiple-employer public retirement systems sponsored by the Maryland State Retirement and Pension Systems and created by the Maryland General Assembly. The Maryland State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the systems. That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland 21201.

Participants in the Systems may retire with full benefits after thirty years of service regardless of age or at various ages with specified years of eligible service for reduced benefits. Annual service retirement allowances are paid monthly to retired members in accordance with allowance options selected based on average final compensation. Participants terminating prior to specified retirement age and before completing five years of creditable service are refunded their accumulated contributions plus earned interest or defer receipt of accumulated contributions until age 60. Participants and their beneficiaries may also be eligible for disability and death benefits based on years of creditable service and average final compensation.

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plans (continued)

Funding Policy

Employees are required to contribute varying percentages of their annual salary to the Systems. The County is required to fund the remainder of the cost of its employees' participation in the Employees Systems. The remainder of the cost of teachers' participation in the Teachers Systems is funded by the State. The 2004 contribution of the County represented less than 1% of total contributions required of all participating entities by the Employees and Teachers Systems.

Total payroll covered under the systems and contributions (excluding on-behalf payments made by the State) for the years ended June 30, 2004, 2003, and 2002 are as follows:

	2004	2003	2002
Total payroll	\$ 34,545,172	\$ 34,181,373	\$ 33,118,500
Payroll covered under the Systems	31,554,412	29,709,787	29,287,692
Contributions	726,849	758,138	736,919

Annual Pension Cost

For the year ended June 30, 2004, the County's annual pension cost of \$410,298 was equal to its required and actual contributions. In addition, the State of Maryland made contributions on behalf of the Board of Education in the amount of \$2,031,815. This required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return, compounded annually, (b) projected salary increases of 4% compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.00% to 11.96% per year attributable to seniority and merit, (d) post retirement benefit increases ranging from 3% to 4% per year depending on the system, (e) rates of mortality, termination of service, disablement and retirement based on actual experience from 1981 through 2002 and (f) the aggregate active member payroll is assumed to increase by 4% annually. The actuarial value of the Systems' asset was determined using techniques that smooth the effects of short-term volatility in the market value of investments by using a simplified five-year moving average. The Systems' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period, at June 30, 2004, was 16 years.

The County's annual pension cost for the last three years for which actuarial information is available was:

Fiscal year ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
June 30, 2004	\$ 410,298	100%	
June 30, 2003	353,592	100%	-
June 30, 2002	308,212	100%	-

Required Supplementary Information – Schedule of Funding Progress for the State Retirement and Pension Systems of Maryland (expressed in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2001	\$ 31,914,778	\$ 32,469,942	\$ 555,164	98.29%	\$ 7,255,036	7.65%
June 30, 2002	32,323,263	34,131,284	1,808,021	94.70%	7,867,794	22.98%
June 30, 2003	32,631,465	34,974,601	2,343,136	93.30%	8,134,419	28.81%

The State of Maryland plans do not provide the above information for each employer. This information is for the Systems as a whole.

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plans (continued)

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 \$557,150 fund deficit (an increase of \$16,458 over the prior fiscal year) over a period of 40 years. The fiscal year 2004 annual payment was \$25,786 and will increase 5% per year for the remaining 32 years. This liability has been recorded in the governmental activities column on the Statement of Net Assets.

Note 11. Post-Employment Health Care Benefits

The County and the Dorchester County Sanitary Districts provide the same post-employment health care benefits to their respective retired employees. Retired employees who complete 16 years of service will receive full health care benefits (including spouse) of which the employer pays 85%. Employees with less than 16 years of service will pay on a pro-rata basis.

The Board of Education of Dorchester County provides post-employment health care benefits to retired employees with 15 years of service. The amount contributed varies based on age and the number of years of service.

The cost of post-employment health care benefits is recognized as an expenditure or an expense, as applicable, as the premiums are paid. Total premiums paid and participants as of and for the year ended June 30, 2004 are as follows:

	Premiums	Participants
Dorchester County	\$ 242,524	55
Dorchester County Sanitary Districts	3,289	1
Board of Education of Dorchester County	318,085	197

Note 12. Deferred Compensation

The County offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. 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 Public Employees Benefit Services Corporation (PEBSCO). 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. A summary of the activity in the plan is presented in the supplementary information for the year ended June 30, 2004.

NOTES TO FINANCIAL STATEMENTS

Note 13. Reserved and Designated Fund Equity and Restricted Retained Earnings

Reservations of fund equity show amounts that are not available for current appropriations or are legally restricted for specific uses. Within unreserved fund equity, designations are used to show the amounts within unreserved equity, which are intended to be used for specific purposes, but are not legally restricted. The purpose for each reservation or designation is indicated by the account title on the face of the balance sheet.

Use of per lot assessments totaling \$129,087 at June 30, 2004 by the Dorchester County Sanitary Districts is restricted to capital improvements, repairs and maintenance to the water system, and debt service.

Note 14. Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the County to place a final cover on Dorchester County landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites for 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.

The Secretary landfill stopped accepting waste in 1982. The landfill has been capped and only has postclosure care costs associated with it, currently estimated to be approximately \$13,400 each year for the next thirty years.

The Golden Hill landfill stopped accepting waste in 1991. The landfill began the final cover process during fiscal year 1996 and capping was completed in fiscal year 2000. Postclosure care costs for this location are currently estimated to be approximately \$17,400 each year for the next thirty years.

The Old Beulah landfill stopped accepting waste in February 1996. The landfill is expected to be covered during fiscal year 2005 at an estimated total cost of \$3,440,000. The County is currently waiting final approval of its plan of closure from the Maryland Department of the Environment. Postclosure care costs for this location are currently estimated to be approximately \$19,000 each year for the next thirty years.

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

Secretary

Postclosure care costs	\$ 402,000
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Golden Hill

Closure costs (estimated landscaping and seeding)	25,000
Postclosure care costs	522,000

Old Beulah

Closure costs	3,440,000
Postclosure care costs	570,000

New Beulah - Cells 1-3

Closure costs	1,117,084
Postclosure care costs	192,825

Total closure and postclosure care costs	<u>\$ 6,268,909</u>
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The above amounts are based on the current costs to perform all closure and postclosure care as of June 30, 2004. As noted above, the County expects to cap the Old Beulah landfill over the next fiscal year. However, actual costs may ultimately be higher than estimated costs due to inflation, changes in technology, or changes in regulations.

NOTES TO FINANCIAL STATEMENTS

Note 14. Landfill Closure and Postclosure Care Costs (continued)

Though there are currently no legal restrictions on available funds, the County has approximately \$5,326,000 of currently available assets for landfill closure and postclosure care costs. The shortfalls may need to be covered by any combination of charges to future landfill users, future tax revenues, or additional borrowings.

The New Beulah landfill will consist of six cells. Cells 1 & 2 began accepting waste in November 1995 and were completely filled in 2003. Accruals of closure and postclosure care costs have been recognized. Total closure and postclosure care costs for Cells 1 & 2 are estimated to be \$900,000 and \$166,000, respectively.

New Beulah landfill cell 3 was completed and began accepting waste in October 2002. Accrual of closure and postclosure care costs have been recognized based on the estimated capacity used to date (29.28%). Total closure and postclosure care costs for Cell 3 are estimated to be \$750,000 and \$83,000, respectively.

Note 15. Commitments and Contingencies

Dorchester 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.

Conduit Debt

In August 1999, the County issued Economic Development Revenue Bonds in the amount of \$5,000,000 to fund plant expansions at Hi-Tech Plastics in Cambridge, Maryland. While the bonds were issued through the County, there is no liability or responsibility on behalf of the County for repayment of the debt.

Risk Management

The County's risk financing techniques include participation in a public entity 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 coverages, and operates under the terms of a Trust Agreement.

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.

Dorchester County Sanitary Districts

The County Council of Dorchester County has guaranteed certain obligations of the Dorchester County Sanitary Districts, Inc. in the amount of \$35,636.

NOTES TO FINANCIAL STATEMENTS

Note 15. Commitments and Contingencies (continued)

Board of Education of Dorchester County

The Board of Education of Dorchester County receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on future programs and services.

Note 16. Subsequent Events

Capital Improvements

Over the past six years, the County has made substantial improvements to the airport and related facilities. In conjunction with continuing these improvements the County has applied for the following grants for fiscal year 2005 and beyond:

<u>Grant Number</u>	<u>Description</u>	<u>Amount</u>
03-24-0007-18	Land acquisition	\$ 750,000
03-24-0007-19	Runway extension, road realignment and taxiway relocation design	350,000
03-24-0007-20	Realignment of Cordtown Road	3,000,000
03-24-0007-21	Relocate parallel taxiway	<u>2,800,000</u>
	Total	<u>\$ 6,900,000</u>

The County awarded a contract in the amount of \$1,892,794 for the replacement of Suicide Bridge located in Hurlock, Maryland.

REQUIRED SUPPLEMENTARY INFORMATION

DORCHESTER COUNTY, MARYLAND
REVENUE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
LOCAL PROPERTY TAXES:				
Real property taxes - full-year	\$ 15,359,312	\$ 15,359,312	\$ 15,455,819	\$ 96,507
Real property - semi-annual	146,010	146,010	69,124	(76,886)
Taxes - railroads & public utilities	2,088,309	2,088,309	1,898,580	(189,729)
Taxes - ordinary business corporations	1,464,482	1,464,482	1,389,998	(74,484)
Additions and abatements, net prior years	(165,932)	(165,932)	(142,306)	23,626
Tax credits - legislative restrictions	(55,784)	(55,784)	(52,491)	3,293
Shore erosion benefit charge	-	-	2,130	2,130
Interest and penalties - delinquent taxes	300,000	300,000	307,685	7,685
	<u>19,136,397</u>	<u>19,136,397</u>	<u>18,928,539</u>	<u>(207,858)</u>
Less:				
BRFA03 Co Sh SDAT Admin Cost	(154,000)	(154,000)	(153,843)	157
Tax credits - exempt	(1,033,568)	(1,033,568)	(1,037,722)	(4,154)
Interest on tax refunds	(5,000)	(5,000)	(4,660)	340
Deferred taxes	-	-	56,759	56,759
Tax credits - enterprise zone	(172,482)	(172,482)	(164,667)	7,815
Total net local property taxes	<u>17,771,347</u>	<u>17,771,347</u>	<u>17,624,406</u>	<u>(146,941)</u>
LOCAL INCOME TAXES:				
Income taxes	7,600,000	7,714,645	8,505,222	790,577
Total local income taxes	<u>7,600,000</u>	<u>7,714,645</u>	<u>8,505,222</u>	<u>790,577</u>
OTHER LOCAL TAXES:				
Recordation tax	1,900,000	1,900,000	2,925,039	1,025,039
911 telephone fees - local	150,000	150,000	158,489	8,489
Mobile home taxes (parks)	85,000	85,000	82,120	(2,880)
Hotel room rental tax	140,000	140,000	208,062	68,062
Total other local taxes	<u>2,275,000</u>	<u>2,275,000</u>	<u>3,373,710</u>	<u>1,098,710</u>
STATE SHARED TAXES:				
Admission and amusement	3,000	3,000	2,157	(843)
Total state shared taxes	<u>3,000</u>	<u>3,000</u>	<u>2,157</u>	<u>(843)</u>
Total taxes	<u>27,649,347</u>	<u>27,763,992</u>	<u>29,505,494</u>	<u>1,741,503</u>
LICENSES AND PERMITS - BUSINESS:				
Beer, wine and liquor licenses	66,895	66,895	68,670	1,775
Seafood buyers permit	500	500	750	250
Traders licenses, pinball, bingo, and slots	18,000	18,000	19,469	1,469
Total business licenses and permits	<u>85,395</u>	<u>85,395</u>	<u>88,889</u>	<u>3,494</u>

DORCHESTER COUNTY, MARYLAND

**REVENUE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
LICENSES AND PERMITS - OTHER:				
Marriage licenses	\$ 2,000	\$ 2,000	\$ 1,990	\$ (10)
Animal licenses	200	200	31	(169)
Zoning permit fees	79,530	79,530	100,649	21,119
Building permit fees	66,984	66,984	94,391	27,407
P&Z HVAC permit fees	600	600	1,340	740
Electrical licensing fees	9,000	9,000	12,425	3,425
Plumbing licensing fees	5,000	5,000	6,925	1,925
Electrical permit fees	8,840	8,840	13,645	4,805
Livability fees	12,000	12,000	11,330	(670)
Plumbing permit fees	30,000	30,000	61,794	31,794
Total other licenses and permits	214,154	214,154	304,520	90,366
Total licenses and permits	299,549	299,549	393,409	93,860
INTERGOVERNMENTAL:				
FROM THE FEDERAL GOVERNMENT:				
Civil defense	19,018	19,018	42,303	23,285
FEMA disaster aid	-	-	1,071	1,071
Federal aid funds	140,000	140,000	-	(140,000)
Other Federal revenue	-	-	37,528	37,528
Total federal intergovernmental	159,018	159,018	80,902	(78,116)
FEDERAL PAYMENT IN LIEU OF:				
Blackwater Wildlife Refuge	75,747	75,747	69,008	(6,739)
INTERGOVERNMENTAL:				
FROM THE STATE OF MARYLAND:				
Other state aid	-	-	28,059	28,059
MEMA - hurricane conf. reimbursement	-	-	1,764	1,764
Juror reimbursement	10,000	10,000	23,246	13,246
Soil conservation	102,228	102,228	134,414	32,186
Johnsongrass fees	6,500	6,500	(3,862)	(10,362)
State aid for police protection	96,705	96,705	115,111	18,406
Disparity grant	2,344,457	2,344,457	2,344,457	-
508 fire, rescue and ambulance	217,605	217,605	242,506	24,901
Electric equipment property tax grant	187,442	187,442	140,582	(46,860)

DORCHESTER COUNTY, MARYLAND

**REVENUE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
INTERGOVERNMENTAL (continued):				
Health custodial reimbursement	\$ 34,258	\$ 34,258	\$ -	\$ (34,258)
Highway user revenues	2,554,816	2,554,816	2,610,644	55,828
Boat ramp maintenance	25,000	25,000	-	(25,000)
Boat ramp construction	80,000	80,000	-	(80,000)
Other state aid	-	-	330,799	330,799
DNR - Chesapeake Forest Product Corp.	-	-	17,900	17,900
Total State intergovernmental	5,659,011	5,659,011	5,985,620	326,609
Total intergovernmental	5,893,776	5,893,776	6,135,530	241,754
SERVICE CHARGES AND FEES:				
SERVICE CHARGES - GENERAL GOV'T.:				
Tax sale costs reimbursement	17,500	17,500	22,990	5,490
Zoning maps	100	100	410	310
Johnsongrass spraying fees	17,349	17,349	20,952	3,603
Planning and zoning fees	20,000	20,000	25,151	5,151
Election fees filing & other	1,500	1,500	1,443	(57)
Motor vehicle fees - local	-	-	2,055	2,055
Total general government	56,449	56,449	73,001	16,552
SERVICE CHARGES - PUBLIC SAFETY:				
Sheriff's fees	33,883	33,883	26,475	(7,408)
Reimbursement for housing state prisoners	300,000	300,000	287,867	(12,133)
Reimbursement for housing non-co. inmates	900,000	900,000	1,100,404	200,404
HIV security services	1,500	1,500	-	(1,500)
Fees - community service	1,000	1,000	1,390	390
Fees weekend prisoners	3,000	3,000	3,560	560
Misc. income - detention center	10,000	10,000	4,856	(5,144)
Reimbursement for work release prisoners	45,000	45,000	42,570	(2,430)
EMS billing	525,000	525,000	573,654	48,654
Municipal patrol reimbursement	10,000	28,105	21,767	(6,338)
Haz-mat incident billing	-	-	4,116	4,116
Total public safety	1,829,383	1,847,488	2,066,659	219,171

DORCHESTER COUNTY, MARYLAND

**REVENUE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
SERVICE CHARGES AND FEES (continued):				
SERVICE CHARGES - EDUCATION:				
Home study evaluations	\$ 5,000	\$ 5,000	\$ 2,040	\$ (2,960)
Guidance/instructional services	60,739	60,739	35,689	(25,050)
Total education	65,739	65,739	37,729	(28,010)
SERVICE CHARGES - RECREATION:				
Swimming pool fees	25,000	25,000	26,697	1,697
Recreation program fees	1,000	1,000	1,000	-
Softball/baseball fees	1,500	1,500	2,700	1,200
Swimming pool concessions	13,500	13,500	11,862	(1,638)
Total recreation	41,000	41,000	42,259	1,259
SERVICE CHARGES - PUBLIC WORKS:				
Road opening permits	500	500	134	(366)
Stormwater mgmt. permits	1,000	1,000	7,068	6,068
Forest harvesting permits	2,000	2,000	1,600	(400)
Grading permits	1,500	1,500	2,355	855
Paved streets	-	-	10,528	10,528
Parking lots	-	-	18,901	18,901
Other service charges	-	-	8,202	8,202
Pipe sales	50,000	50,000	71,793	21,793
Other sales	25,000	25,000	16,377	(8,623)
Shop service charges	10,000	10,000	27,199	17,199
Equipment rental	5,000	5,000	37,858	32,858
Cash discounts	7,000	7,000	2,222	(4,778)
Mosquito control fees	30,000	30,000	70,157	40,157
Tyler's Cove slip rent	8,500	8,500	7,852	(648)
Ragged Point slip rent	13,000	13,000	15,088	2,088
Elliotts Island slip rent	6,000	6,000	3,721	(2,279)
Total public works	159,500	159,500	301,055	141,555
Total service charges and fees	2,152,071	2,170,176	2,520,703	350,527

DORCHESTER COUNTY, MARYLAND

**REVENUE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
FINES AND FORFEITURES:				
Task force - federal	\$ -	\$ -	\$ 15,822	\$ 15,822
Court fines and forfeitures	12,000	12,000	12,957	957
Drug task force	-	-	56,527	56,527
Total fines and forfeitures	12,000	12,000	85,306	73,306
MISCELLANEOUS:				
Principal and interest - Regina MILA loan	93,588	93,588	93,588	-
Vending machine commission	1,500	1,500	2,178	678
Rent - 911 tower	30,000	30,000	14,880	(15,120)
Contributions/donations - juvenile services	-	-	5,000	5,000
United fund juvenile services	8,153	8,153	-	(8,153)
Interest and dividends on investments	75,000	75,000	15,724	(59,276)
Recreation - J.E.W. Park - City of Camb.	5,000	5,000	5,000	-
Rental - other properties	139,125	139,125	141,644	2,519
Miscellaneous income	-	-	4,738	4,738
Recreation grant - Board of Education	9,000	9,000	9,000	-
Insurance proceeds	-	-	24,467	24,467
Proceeds - fixed asset sale	-	-	2,581	2,581
Tourism - misc. revenues	-	-	540	540
Cash discounts	-	-	293	293
Appropriated prior year surplus	1,075,562	1,075,562	-	(1,075,562)
Prior year highway user revenue	482,059	482,059	-	(482,059)
Total miscellaneous revenue	1,918,987	1,918,987	319,633	(1,599,354)
Total revenues	\$ 37,925,730	\$ 38,058,480	\$ 38,960,075	\$ 901,596

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
GENERAL GOVERNMENT:				
LEGISLATIVE AND EXECUTIVE:				
Salaries elected/appointed	\$ 71,000	\$ 71,000	\$ 71,000	\$ -
Salaries/supervisor	65,000	65,000	65,267	(267)
Salaries/other	79,587	79,587	82,087	(2,500)
Telephone	5,800	5,800	7,268	(1,468)
Advertising	10,500	10,500	8,874	1,626
Printing, publishing, and publications	500	500	123	377
Rental of equipment	3,000	4,525	4,438	87
Office supplies	5,000	5,000	4,312	688
Other expenses	18,500	15,000	13,140	1,860
Postage	1,000	1,000	795	205
Lodging and meals	2,200	2,200	1,952	248
Meeting registration	1,200	1,200	224	976
Mileage and conference reimbursement	2,000	3,900	2,717	1,183
Dues	200	275	275	-
	<u>265,487</u>	<u>265,487</u>	<u>262,472</u>	<u>3,015</u>
CIRCUIT COURT:				
Salaries/other	73,036	63,286	63,286	-
Telephone	5,400	5,400	5,996	(596)
Legal counsel/fees	500	500	-	500
State employee reimbursement	-	9,750	9,247	503
Rental of equipment	1,760	1,760	1,425	335
Office supplies	1,300	1,300	976	324
Other expenses	1,900	1,900	1,717	183
Postage	500	500	9,861	(9,361)
Expenses - petit jury	32,000	32,000	26,688	5,312
Expenses - grand jury	2,500	2,500	2,250	250
Salaries/other	34,853	34,853	34,854	(1)
Other expenses	1,700	1,700	821	879
	<u>155,449</u>	<u>155,449</u>	<u>157,121</u>	<u>(1,672)</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
GENERAL GOVERNMENT (continued):				
ORPHANS COURT:				
Salaries elected/appointed	\$ 10,500	\$ 10,500	\$ 10,500	\$ -
Retirement	3,600	3,600	5,100	(1,500)
Office supplies	400	400	36	364
Other expenses	710	710	724	(14)
Expense allowance	2,000	2,000	49	1,951
Mileage and conference reimbursement	500	500	617	(117)
	17,710	17,710	17,026	684
STATE'S ATTORNEY'S OFFICE:				
Salaries elected/appointed	90,576	89,201	89,200	1
Salaries/other	277,640	282,140	275,100	7,040
Telephone	7,500	6,500	6,208	292
Printing and publishing	3,500	3,250	3,182	68
Contractual services	-	-	3,386	(3,386)
Code updates	4,500	4,250	4,247	3
Rental of land and buildings	24,000	21,000	21,600	(600)
Rental of equipment	3,300	3,300	3,321	(21)
Building repairs and maintenance	630	630	380	250
Office supplies	5,000	5,000	4,717	283
Other expenses	9,000	9,000	8,837	163
Postage	6,000	4,375	4,346	29
Mileage and conference reimbursement	5,000	8,000	7,372	628
	436,646	436,646	431,896	4,750
ELECTIONS:				
Salaries/supervisor	16,000	16,000	10,020	5,980
Salaries/other	2,500	2,500	5,410	(2,910)
Telephone	2,500	2,500	4,133	(1,633)
Advertising	2,000	2,000	343	1,657
Data processing	5,000	5,000	5,887	(887)
Contractual services	30,900	30,900	20,369	10,531
State employee expense reimbursement	156,209	156,209	147,423	8,786
Rental of land and building	1,400	1,400	48,581	(47,181)
Office supplies	2,500	2,500	4,537	(2,037)
Other expenses	4,000	4,000	2,264	1,736
Postage	8,000	8,000	5,322	2,678
Mileage and conference reimbursement	8,000	8,000	7,700	300
	239,009	239,009	261,989	(22,980)

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
GENERAL GOVERNMENT (continued):				
TREASURER:				
Salaries elected/appointed	\$ 37,500	\$ 37,500	\$ 37,500	\$ -
Salaries/other	89,274	89,274	86,673	2,601
Telephone	3,000	3,000	1,648	1,352
Advertising	8,000	8,000	10,245	(2,245)
Data processing	17,854	17,854	17,634	220
Legal	300	300	-	300
Office supplies	1,000	1,000	946	54
Other expenses	1,700	1,550	1,436	114
Postage	8,000	8,000	13,052	(5,052)
Dog tag expense	100	100	63	37
Mileage and conference reimbursement	750	900	905	(5)
Insurance bonds	2,400	2,400	2,200	200
	<u>169,878</u>	<u>169,878</u>	<u>172,302</u>	<u>(2,424)</u>
FINANCE OFFICE:				
Salaries/supervisor	57,000	57,000	57,000	-
Salaries/other	111,038	111,038	111,039	(1)
Telephone	2,500	2,500	3,114	(614)
Data processing	-	6,815	-	6,815
Printing and publishing	500	500	274	226
Payroll services	19,500	19,500	23,842	(4,342)
Rental of equipment	2,727	2,727	2,727	-
Office supplies	8,500	8,500	10,884	(2,384)
Other expenses	500	500	571	(71)
Postage	500	500	187	313
Lodging and meals	500	500	393	107
Meeting registration	1,500	1,500	2,513	(1,013)
Mileage and conference reimbursements	500	500	386	114
Dues	750	750	775	(25)
	<u>206,015</u>	<u>212,830</u>	<u>213,705</u>	<u>(875)</u>
PLANNING AND ZONING:				
Salaries elected/appointed	1,050	1,050	295	755
Salaries/supervisor	49,376	49,376	49,376	-
Salaries/other	207,926	204,716	202,381	2,335
Telephone	4,500	5,300	6,866	(1,566)
Advertising	1,500	1,700	1,328	372

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
GENERAL GOVERNMENT (continued):				
PLANNING AND ZONING (continued):				
Printing, publishing and publications	\$ 4,900	\$ 5,600	\$ 5,731	\$ (131)
Contractual services	8,500	7,930	7,209	721
Legal counsel/fees	7,262	7,942	7,650	292
Auto expenses	6,270	7,670	7,556	114
Office supplies	3,300	3,300	2,932	368
Other expenses	-	-	40	(40)
Postage	2,800	2,800	3,778	(978)
Lodging and meals	1,700	1,700	1,152	548
Meeting registration	1,000	1,000	410	590
Association dues	1,000	1,000	890	110
Mileage and conference reimbursement	250	250	189	61
Salaries elected/appointed	4,200	4,200	3,120	1,080
Salaries elected/appointed	3,000	3,000	3,450	(450)
	308,534	308,534	304,353	4,181
INFORMATION TECHNOLOGY:				
Salaries/supervisor	55,000	55,000	55,000	-
Salaries/other	55,443	55,443	30,221	25,222
Communications	3,400	3,400	3,811	(411)
Printing and publishing	1,000	1,000	964	36
Office supplies	1,500	1,500	1,732	(232)
Other expenses	1,500	1,500	1,502	(2)
Media and other accessories	300	300	274	26
Lodging and meals	1,000	1,000	775	225
Meeting registration	500	500	487	13
Travel	1,000	1,000	787	213
Training expense	5,000	5,000	4,348	652
Telephone - network support	1,000	1,000	922	78
Contractual services - network support	10,000	10,000	9,107	893
Mileage & conf. reim- network support	1,500	1,500	1,711	(211)
Dues - network support	7,000	7,000	5,800	1,200
Contractual services - comm. systems	4,000	4,000	3,000	1,000
Mileage & conf. reimb. - comm. systems	600	600	659	(59)
	149,743	149,743	121,100	28,643
OTHER GENERAL GOVERNMENT:				
Legal counsel/fees	28,000	28,000	27,981	19
Legal counsel/expenses	15,000	50,000	38,381	11,619
Legal counsel fees	2,500	2,500	-	2,500

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
GENERAL GOVERNMENT (continued):				
OTHER GENERAL GOVERNMENT (continued):				
Salaries elected/appointed	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Salaries/other	-	-	500	(500)
Contractual services - audit	54,000	54,000	63,268	(9,268)
Code updates	5,300	5,300	-	5,300
Administrative fees	7,000	7,000	2,712	4,288
Auto expenses	1,000	1,000	-	1,000
Other expenses	36,000	36,000	56,640	(20,640)
Liability insurance	150,000	150,000	122,258	27,742
Replacement of damaged assets	-	-	22,325	(22,325)
Holiday Bonus	-	73,985	74,147	(162)
Other expenses	11,400	11,400	11,400	-
	312,200	421,185	421,612	(427)
HUMAN RESOURCES:				
Salaries/supervisor	40,000	40,000	40,000	-
Telephone	3,800	3,800	1,102	2,698
Advertising	4,500	4,500	104	4,396
Printing and publications	1,000	1,000	-	1,000
Contractual services	5,000	5,000	-	5,000
Office supplies	2,000	2,000	297	1,703
Other expenses	200	200	82	118
Postage	500	500	186	314
Lodging and meals	500	500	170	330
Meeting registration	500	500	468	32
Mileage reimbursement	200	200	187	13
Training expense	1,000	1,000	240	760
Dues	400	400	160	240
	59,600	59,600	42,996	16,604
MAINTENANCE:				
Salaries/supervisor	34,083	34,083	34,083	-
Salaries/other	77,113	77,113	77,114	(1)
Salaries/overtime	-	-	3,056	(3,056)
Telephone	2,500	2,500	5,739	(3,239)
Auto expenses	2,500	2,500	5,770	(3,270)
Employee uniforms and physicals	2,500	2,500	2,907	(407)
Bulding maintenance	10,000	10,000	9,011	989

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
GENERAL GOVERNMENT (continued):				
MAINTENANCE (continued):				
Water	\$ 1,200	\$ 1,200	\$ 1,802	\$ (602)
Electric	25,000	25,000	27,462	(2,462)
Gas - heat	4,000	4,000	7,254	(3,254)
Building maintenance	17,000	17,000	20,562	(3,562)
Other expenses	10,000	10,000	8,508	1,492
Water	400	400	293	107
Electric	3,600	3,600	4,016	(416)
Building maintenance	1,000	1,000	1,254	(254)
Building maintenance	2,000	2,000	6,972	(4,972)
	<u>192,896</u>	<u>192,896</u>	<u>215,803</u>	<u>(22,907)</u>
Total general government	<u>2,513,167</u>	<u>2,628,967</u>	<u>2,622,375</u>	<u>5,249</u>
PUBLIC SAFETY:				
VOLUNTEER FIRE & AMBULANCE COMPANIES:				
State aid (508 funds)	225,000	225,000	242,506	(17,506)
Fire company appropriations	437,500	437,500	427,870	9,630
Medical expenses	6,000	6,000	3,092	2,908
Contractual services	70,168	70,168	49,759	20,409
Salaries/supervisor	55,516	55,516	43,558	11,958
Salaries/other	106,000	106,000	107,568	(1,568)
Overtime	3,960	3,960	4,014	(54)
Other expenses	17,055	17,055	2,346	14,709
Rental of equipment	4,000	4,000	3,126	874
BLS transport fees	160,000	160,000	175,440	(15,440)
ALS transport fees	225,000	225,000	149,235	75,765
Haz-mat incident costs	-	-	4,478	(4,478)
Auto expenses	6,000	6,000	8,697	(2,697)
Office supplies	2,000	2,000	1,856	144
Radio expenses	2,394	2,394	1,057	1,337
Postage	250	250	74	176
Mileage and conference	200	200	118	82
Uniforms and physicals	5,500	5,500	1,540	3,960
Fuel and utilities	7,180	7,180	5,391	1,789
Building maintenance and repair	500	500	24	476
Advanced life support appropriations	445,833	445,833	435,000	10,833
	<u>1,780,056</u>	<u>1,780,056</u>	<u>1,666,749</u>	<u>113,307</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
PUBLIC SAFETY (continued):				
EMERGENCY MGMT. & COMMUNICATIONS:				
Salaries/supervisor	\$ 26,698	\$ 26,698	\$ 33,048	\$ (6,350)
Personnel	1,200	1,200	600	600
Telephone	2,800	2,800	4,077	(1,277)
Water	225	225	282	(57)
Electric	4,500	4,500	7,046	(2,546)
Printing, publishing and public relations	800	800	570	230
Radio expense	250	250	-	250
Contractual services	1,200	1,200	1,060	140
Auto expense	700	700	988	(288)
Building maintenance and repairs	100	100	253	(153)
Office supplies	1,000	1,000	1,320	(320)
Other expenses	400	400	46	354
Postage	100	100	71	29
Lodging and meals	1,267	1,267	944	323
Association dues	105	105	70	35
Mileage and conference reimbursement	895	895	840	55
Training expense	804	804	220	584
Salaries/supervisor	34,083	34,083	-	34,083
Salaries/other	270,033	270,033	304,210	(34,177)
Salaries/overtime	10,000	10,000	54,424	(44,424)
Telephone	62,000	43,000	45,661	(2,661)
Water	800	800	1,206	(406)
Electric	15,000	15,000	22,985	(7,985)
Radio expense	10,000	10,000	12,057	(2,057)
Contractual services	33,000	52,000	47,135	4,865
Auto expenses	2,000	2,000	4,559	(2,559)
Building maintenance and repairs	2,000	2,000	3,411	(1,411)
Office supplies	500	500	591	(91)
Other expenses	2,000	2,000	2,569	(569)
Postage	200	200	388	(188)
Mileage and conference reimbursement	1,000	1,000	1,279	(279)
Employee uniforms and physicals	1,800	1,800	1,788	12
Liability insurance	2,500	2,500	3,199	(699)
Training expense	3,800	3,800	4,218	(418)
	<u>493,760</u>	<u>493,760</u>	<u>561,115</u>	<u>(67,355)</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
PUBLIC SAFETY (continued):				
ANIMAL CONTROL:				
Salaries/other	\$ -	\$ 43,026	\$ 29,824	\$ 13,202
Overtime	-	2,000	1,236	764
Telephone	-	3,200	2,675	525
Medical expenses and supplies	-	4,500	789	3,711
Contractual services	-	21,225	51,425	(30,200)
Auto expenses	-	4,000	2,843	1,157
Office supplies	-	1,500	557	943
Other expenses	-	3,500	148	3,352
Employee uniforms and physicals	-	1,200	1,166	34
Training expense	-	1,500	902	598
New vehicles and/or equipment	-	1,990	-	1,990
Control of animals	123,840	-	15,309	(15,309)
	<u>123,840</u>	<u>87,641</u>	<u>106,874</u>	<u>(19,233)</u>
SHERIFF'S DEPARTMENT:				
Salaries elected/appointed	45,000	45,000	45,000	-
Salaries/other	926,560	926,560	972,968	(46,408)
Salaries/overtime	42,607	60,712	105,474	(44,762)
Overtime - bike patrol	15,000	15,000	-	15,000
Telephone	6,000	6,000	15,934	(9,934)
Water	2,500	2,500	3,865	(1,365)
Electric	5,000	5,000	7,046	(2,046)
Gas - heat	4,000	4,000	8,301	(4,301)
Advertising	250	250	15	235
Printing, publishing, publications	1,000	1,000	422	578
Radio expense	7,000	7,000	8,594	(1,594)
Contractual services	40,000	40,000	56,782	(16,782)
Code updates	1,500	1,500	191	1,309
Auto expenses	64,970	64,970	117,078	(52,108)
Office supplies	8,000	8,000	12,396	(4,396)
Other expenses	1,500	1,500	1,747	(247)
Municipalities patrol	10,000	10,000	7,964	2,036
Postage	2,000	2,000	3,242	(1,242)
Photographic expense	3,000	3,000	634	2,366
Law enforcement supplies	12,000	12,000	15,404	(3,404)
Transportation and investigation	500	500	1,752	(1,252)

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
PUBLIC SAFETY (continued):				
SHERIFF'S DEPARTMENT (continued):				
Mileage and conference reimbursement	\$ 2,000	\$ 2,000	\$ 1,148	\$ 852
Employee uniforms and physicals	21,000	21,000	20,295	705
Liability insurance	12,000	12,000	11,846	154
Crime prevention	4,000	4,000	2,580	1,420
Training expense	15,000	15,000	20,009	(5,009)
Dues	1,000	1,000	1,785	(785)
New vehicles/equipment	-	-	-	-
	<u>1,253,387</u>	<u>1,271,492</u>	<u>1,442,472</u>	<u>(170,980)</u>
DRUG TASK FORCE:				
Telephone - drug task force	-	-	8,436	(8,436)
Advertising	-	-	48	(48)
Radio expense - drug task force	-	-	256	(256)
Other expense - drug task force	-	-	11,968	(11,968)
	<u>-</u>	<u>-</u>	<u>20,708</u>	<u>(20,708)</u>
DETENTION CENTER:				
Radio expense	3,000	3,000	3,828	(828)
Auto expenses	12,000	12,000	12,009	(9)
Building maintenance and repairs	-	-	19,748	(19,748)
Office supplies	8,000	8,000	8,084	(84)
Other expenses	30,000	30,000	35,071	(5,071)
Postage	1,000	1,000	1,009	(9)
Food	285,500	285,500	306,754	(21,254)
Photographic expense	500	500	-	500
Clothing - inmates	1,000	1,000	2,411	(1,411)
Mileage and conference reimbursement	2,500	2,500	2,677	(177)
Employee uniforms and physicals	5,000	5,000	8,649	(3,649)
Liability insurance	18,000	18,000	21,642	(3,642)
Training expense	5,000	5,000	5,863	(863)
Trustees expense	23,100	23,100	24,538	(1,438)
Salaries/supervisor	56,805	56,805	60,567	(3,762)
Salaries/other	1,684,036	1,684,036	1,612,065	71,971
Salaries/overtime	12,000	12,000	25,100	(13,100)
Cadet program - salaries	4,000	4,000	-	4,000
Telephone	6,000	6,000	5,458	542
Water	21,600	21,600	25,873	(4,273)

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
PUBLIC SAFETY (continued):				
DETENTION CENTER (continued):				
Electric	\$ 43,000	\$ 43,000	\$ 43,004	\$ (4)
Gas heat	44,000	44,000	50,991	(6,991)
Medical expenses and supplies	271,700	271,700	295,619	(23,919)
Salaries/other - building exp.	51,530	51,530	51,532	(2)
Overtime - building exp.	1,400	1,400	1,513	(113)
Auto expenses - building exp.	680	680	927	(247)
Building maintenance	32,000	32,000	41,731	(9,731)
Contractual services	20,380	20,380	17,773	2,607
	<u>2,643,731</u>	<u>2,643,731</u>	<u>2,684,436</u>	<u>(40,705)</u>
OTHER PUBLIC SAFETY				
Other expenses	5,000	5,000	15,822	(10,822)
Total public safety	<u>6,299,774</u>	<u>6,281,680</u>	<u>6,498,176</u>	<u>(216,496)</u>
SOCIAL SERVICES:				
YOUTH SERVICES:				
Rental of land and buildings	12,000	12,000	-	12,000
Salaries/supervisor	46,580	46,580	46,580	-
Salaries/other	119,055	119,055	80,595	38,460
Telephone/communications	804	804	1,280	(476)
Contractual services	1,100	1,100	1,109	(9)
Mileage reimbursement - united fund	2,000	2,000	-	2,000
Other expense	1,470	1,470	1,370	100
Postage	100	100	100	-
Mileage & conference reimbursement	4,000	4,000	4,136	(136)
Insurance	700	700	700	-
Training expense	400	400	442	(42)
Auto expenses	100	100	204	(104)
Telephone	300	300	-	300
Printing	100	100	-	100
Office supplies	300	300	-	300
	<u>189,009</u>	<u>189,009</u>	<u>136,516</u>	<u>52,493</u>
OTHER HEALTH AND SOCIAL SERVICES:				
Other expenses	-	-	7,800	(7,800)
Salaries/supervisor	6,820	6,820	6,446	374
Pleasant Day Adult Care - budgeted approp.	20,064	20,064	20,064	-
Delmarva Comm. Srvs. - budgeted approp.	52,441	52,441	52,441	-

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
SOCIAL SERVICES (continued):				
OTHER HEALTH AND SOCIAL SERVICES (continued):				
Chesapeake Rehab. - budgeted appropriations	\$ 7,975	\$ 7,975	\$ 7,975	\$ -
Expense allowance	2,371	2,371	2,263	108
Community development appropriations	10,368	10,368	10,368	-
	<u>100,039</u>	<u>100,039</u>	<u>107,357</u>	<u>482</u>
Total social services	<u>289,048</u>	<u>289,048</u>	<u>243,873</u>	<u>52,975</u>
RECREATION AND PARKS:				
RECREATION DEPARTMENT:				
Salaries/supervisor	35,529	35,529	14,997	20,532
Salaries/other	97,679	96,479	116,574	(20,095)
Telephone	2,000	2,000	2,048	(48)
Water	700	700	695	5
Electric	4,200	4,650	4,381	269
Contractual services	7,500	7,500	427	7,073
Rental of equipment	2,100	1,950	1,895	55
Auto expenses	6,000	6,000	7,745	(1,745)
Maintenance and repairs	5,000	5,000	5,162	(162)
Trash removal	1,650	1,800	1,874	(74)
Office supplies	1,750	1,750	1,698	52
Other expenses	32,900	32,900	32,067	833
Postage	900	900	911	(11)
Mileage and conference reimbursement	800	550	508	42
Salaries/other - seasonal employees	58,575	59,775	58,746	1,029
Salaries/other - swimming pool	53,000	53,000	55,177	(2,177)
Telephone	600	600	449	151
Water	650	650	363	287
Electric	10,250	8,050	7,020	1,030
Maintenance and repairs	4,800	4,800	4,801	(1)
Trash removal	550	550	433	117
Other expenses	15,500	17,500	18,399	(899)
Food	9,000	9,000	9,055	(55)
Electric	4,800	4,800	3,944	856
Maintenance	1,200	1,200	1,200	-
Miscellaneous budgeted appropriation	8,475	8,475	8,475	-
Total recreation and parks	<u>366,108</u>	<u>366,108</u>	<u>359,044</u>	<u>7,064</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
NATURAL RESOURCES:				
COOPERATIVE EXTENSION SERVICES:				
Budgeted appropriations	\$ 110,738	\$ 110,738	\$ 110,738	\$ -
OYSTER REPLENISHMENT SERVICES:				
Budgeted appropriations	9,500	9,500	9,500	-
SOIL CONSERVATION:				
Salaries/other	166,440	166,166	160,372	5,794
Other expenses	3,192	3,192	3,192	-
	169,632	169,358	163,564	5,794
Gypsy moth program	10,000	10,000	1,479	8,521
Budgeted appropriations	2,160	2,160	2,160	-
	12,160	12,160	3,639	8,521
WEED CONTROL:				
Health insurance	-	-	1,754	(1,754)
Workers' compensation	590	590	-	590
Social security	1,386	1,386	1,528	(142)
Salaries/supervisor	19,466	19,466	20,102	(636)
Auto expenses	1,920	1,920	2,327	(407)
Other expenses	6,747	6,747	7,803	(1,056)
Postage	48	48	37	11
Food	96	96	-	96
Meeting registration	96	96	35	61
	30,349	30,349	33,586	(3,237)
Total natural resources	221,641	221,367	321,027	11,078
ECONOMIC DEVELOPMENT:				
ECONOMIC DEVELOPMENT DEPARTMENT:				
Salaries/supervisor	45,444	45,444	45,444	-
Salaries/other	22,121	22,121	22,121	-
Telephone	3,500	3,500	3,417	83
Advertising	900	900	495	405
Printing, publishing, and publications	1,000	1,000	503	497
Contractual services	3,500	3,500	1,639	1,861
Rental of land and building	3,600	3,600	3,000	600
Office supplies	1,000	1,000	876	124
Other expenses	500	500	309	191
Postage	300	300	151	149
Lodging & meals	3,500	3,500	797	2,703

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
ECONOMIC DEVELOPMENT (continued):				
ECONOMIC DEVELOPMENT DEPARTMENT (continued):				
Meeting registration	\$ 900	\$ 900	\$ 658	\$ 242
Association dues	500	500	325	175
Mileage and conference reimbursement	4,000	4,000	587	3,413
	<u>90,765</u>	<u>90,765</u>	<u>80,322</u>	<u>10,443</u>
TOURISM:				
Salaries/supervisor	43,280	43,280	43,283	(3)
Salaries/other	94,425	88,625	89,123	(498)
Telephone	3,500	3,500	4,399	(899)
Water	3,500	3,500	3,457	43
Electric	18,000	18,000	15,405	2,595
Printing, publishing, and publications	12,000	2,000	2,014	(14)
Rental of equipment	2,800	2,800	2,410	390
Building maintenance and repair	3,000	3,000	3,000	-
Office supplies	2,000	2,000	1,696	304
Other expenses	5,000	5,000	4,307	693
Postage	6,200	12,000	10,675	1,325
Photographic expense	900	900	900	-
Cost of goods	1,800	1,160	866	294
Lodging & meals	1,800	2,200	2,083	117
Association dues	400	640	790	(150)
Mileage & conference reimbursement	3,000	3,000	3,504	(504)
	<u>201,605</u>	<u>191,605</u>	<u>187,912</u>	<u>3,693</u>
OTHER ECONOMIC DEVELOPMENT:				
Delmarva advisory council appropriation	1,531	1,531	1,531	-
Water trans. appropriation	955	955	955	-
Capital outlay	21,000	21,000	21,000	-
Budgeted appropriations	14,000	14,000	12,000	2,000
	<u>37,486</u>	<u>37,486</u>	<u>35,486</u>	<u>2,000</u>
Total economic development	<u>329,856</u>	<u>319,856</u>	<u>303,720</u>	<u>16,136</u>
INTERGOVERNMENTAL:				
Tax rebate to municipalities	69,000	69,000	69,000	-
Bank stock - inc. towns	11,544	11,544	11,544	-
Mosquito control	249,600	249,600	256,445	(6,845)
Dor. Co. Health Department	666,856	666,856	666,856	-
Total intergovernmental	<u>997,000</u>	<u>997,000</u>	<u>1,003,845</u>	<u>(6,845)</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
MISCELLANEOUS:				
MD School for the Blind	\$ -	\$ -	\$ 200	\$ (200)
Health insurance - retirees	108,982	108,982	143,371	(34,389)
Health insurance	1,356,529	1,363,078	1,128,873	234,205
Social security	400,000	409,104	477,895	(68,791)
Retirement	250,000	251,880	267,611	(15,731)
Workers' compensation	80,000	81,876	144,620	(62,744)
Unemployment insurance	10,000	10,450	8,970	1,480
Compensated absences	-	-	3,031	(3,031)
Contingency	193,651	187,110	150,593	36,517
Comp & leave payout	25,057	25,057	25,057	-
Total miscellaneous	2,424,219	2,437,537	2,350,221	87,316
EDUCATION:				
Dor. Co. Board of Education	15,068,779	15,068,779	15,068,779	-
Chesapeake Community College	945,892	945,892	1,110,982	(165,090)
Dor. Co. Public Library	435,887	435,887	435,887	-
Total education	16,450,558	16,450,558	16,615,648	(165,090)
PUBLIC WORKS :				
ENGINEERING				
Salaries/supervisor	53,722	53,722	53,722	-
Contractual services	1,000	1,000	635	365
Office supplies	2,000	2,000	661	1,339
Other expenses	7,000	7,000	5,801	1,199
Meeting and registration	1,225	1,225	965	260
	64,947	64,947	61,784	3,163
OTHER STATE AID PROJECTS:				
Salaries/other	30,000	30,000	15,556	14,444
Electric - Bucktown and Woods Road	-	-	1,000	(1,000)
	30,000	30,000	16,556	13,444
SHOULDER WORK:				
Blacktop materials	140,000	140,000	-	140,000
Salaries/other	7,000	7,000	6,127	873
Other materials	1,000	1,000	-	1,000
	148,000	148,000	6,127	141,873
ROADWAYS:				
Salaries/other	140,000	140,000	92,811	47,189
Other materials	20,000	20,000	24,183	(4,183)
	160,000	160,000	116,994	43,006

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
PUBLIC WORKS (continued):				
SURFACE TREATMENT:				
Salaries/other	\$ 45,000	\$ 45,000	\$ 25,956	\$ 19,044
Asphalt S/T materials	100,000	100,000	87,057	12,943
Stone S/T materials	100,000	100,000	133,642	(33,642)
	<u>245,000</u>	<u>245,000</u>	<u>246,655</u>	<u>(1,655)</u>
DRAINAGE:				
Salaries/other	120,000	120,000	104,294	15,706
Contractual services	1,000	1,000	1,281	(281)
Drainage materials	60,000	60,000	78,199	(18,199)
	<u>181,000</u>	<u>181,000</u>	<u>183,774</u>	<u>(2,774)</u>
BUSHING:				
Salaries/other	50,000	50,000	19,806	30,194
Other material	-	-	295	(295)
Contractual services	2,000	2,000	2,150	(150)
	<u>52,000</u>	<u>52,000</u>	<u>22,251</u>	<u>29,749</u>
BLACKTOPPING:				
Salaries/other	110,000	110,000	4,618	105,382
Asphalt materials	30,054	30,054	10,084	19,970
Stone materials	-	-	6,134	(6,134)
Blacktop materials	-	-	9,098	(9,098)
Other materials	-	-	10	(10)
Fuel oil	-	-	19,464	(19,464)
	<u>140,054</u>	<u>140,054</u>	<u>49,408</u>	<u>90,646</u>
WIDENING AND IMPROVEMENTS:				
Salaries/other	40,000	40,000	1,181	38,819
Contract services	-	-	4,906	(4,906)
Other materials	1,000	1,000	-	1,000
	<u>41,000</u>	<u>41,000</u>	<u>6,087</u>	<u>34,913</u>
PATCHING:				
Salaries/other	28,000	28,000	50,323	(22,323)
Stone stabilization	6,000	6,000	11,665	(5,665)
	<u>34,000</u>	<u>34,000</u>	<u>61,988</u>	<u>(27,988)</u>
MOWING:				
Salaries/other	75,000	75,000	80,829	(5,829)
REMOVING DEBRIS:				
Salaries/other	6,000	6,000	5,784	216
Contract services	-	-	428	(428)
	<u>6,000</u>	<u>6,000</u>	<u>6,212</u>	<u>(212)</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
PUBLIC WORKS (continued):				
BRIDGES:				
Salaries/other	\$ -	\$ -	\$ -	\$ -
Contract services	-	-	20,435	(20,435)
Bridge materials	15,000	15,000	66	14,934
	<u>15,000</u>	<u>15,000</u>	<u>20,501</u>	<u>(5,501)</u>
SHOP:				
Salaries/other	245,000	245,000	236,420	8,580
Contractual services	40,000	40,000	48,671	(8,671)
Repair parts	80,000	80,000	91,594	(11,594)
Tires & tubes	32,000	32,000	33,982	(1,982)
Shop supplies	18,000	18,000	21,575	(3,575)
Small tools	3,000	3,000	2,190	810
	<u>418,000</u>	<u>418,000</u>	<u>434,432</u>	<u>(16,432)</u>
YARD:				
Other materials	1,000	1,000	-	1,000
Salaries/other	5,500	5,500	-	5,500
	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>6,500</u>
SNOW AND ICE:				
Salaries/other	38,149	38,149	44,655	(6,506)
Overtime	5,000	5,000	-	5,000
Other materials	10,000	10,000	15,817	(5,817)
New vehicles/equipment	-	-	359	(359)
	<u>53,149</u>	<u>53,149</u>	<u>60,831</u>	<u>(7,682)</u>
OTHER ROAD DAMAGE:				
Contractual services	-	-	9,390	(9,390)
Other materials	-	-	14,003	(14,003)
Salaries/other	4,000	4,000	167,715	(163,715)
	<u>4,000</u>	<u>4,000</u>	<u>191,108</u>	<u>(187,108)</u>
LICENSING AND PERMITS:				
Salaries/other	28,800	28,800	20,322	8,478
ELLIOTS ISLAND DOCK:				
Electric	400	400	791	(391)
Contractual services	1,000	1,000	264	736
Other materials	-	-	2,144	(2,144)
	<u>1,400</u>	<u>1,400</u>	<u>3,199</u>	<u>(1,799)</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
PUBLIC WORKS (continued):				
RAGGED POINT DOCK:				
Electric	\$ 700	\$ 700	\$ 666	\$ 34
Contractual services	1,000	1,000	1,378	(378)
	1,700	1,700	2,044	(344)
TYLERS COVE DOCK:				
Salaries/other	-	-	1,286	(1,286)
Electric	500	500	827	(327)
	500	500	2,113	(1,613)
BOAT RAMPS:				
Salaries/other	12,000	12,000	539	11,461
Electric	2,000	2,000	2,323	(323)
Contractual services	25,000	25,000	25,276	(276)
Other materials	8,000	8,000	348	7,652
	47,000	47,000	28,486	18,514
BILLABLE JOBS:				
Salaries/other	3,000	3,000	6,867	(3,867)
Contractual services	-	-	50	(50)
Other materials	4,000	4,000	1,025	2,975
	7,000	7,000	7,942	(942)
ADMINISTRATIVE SALARIES:				
Salaries/supervisor	68,443	68,443	66,414	2,029
Salaries/other	95,700	95,700	61,408	34,292
	164,143	164,143	127,822	36,321
LEAVE SALARIES:				
Salaries/other	260,000	260,000	282,245	(22,245)
OTHER ADMINISTRATIVE:				
Water and sewer	700	700	48	652
Electricity	35,000	35,000	34,431	569
Propane	-	-	1,399	(1,399)
Advertising	2,500	2,500	3,313	(813)
Communications	4,000	4,000	8,094	(4,094)
Contractual services	2,000	2,000	592	1,408
Maintenance and repairs	1,500	1,500	8,098	(6,598)
Office supplies	7,000	7,000	4,492	2,508
Cleaning supplies	300	300	173	127

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
PUBLIC WORKS (continued):				
OTHER ADMINISTRATIVE (continued):				
Fuel oil	\$ 100,000	\$ 100,000	\$ 103,240	\$ (3,240)
Gasoline	30,000	30,000	47,246	(17,246)
Conferences, meetings and conventions	1,500	1,500	735	765
Employee uniforms and physicals	22,000	22,000	22,118	(118)
Insurance - liability/property	25,000	25,000	22,674	2,326
Training	1,200	1,200	1,359	(159)
New vehicles/equipment	2,400	2,400	4,426	(2,026)
	<u>235,100</u>	<u>235,100</u>	<u>262,438</u>	<u>(27,338)</u>
HIGHWAY SAFETY SIGNS:				
Salaries/other	30,000	30,000	22,798	7,202
Other materials	15,000	15,000	21,943	(6,943)
	<u>45,000</u>	<u>45,000</u>	<u>44,741</u>	<u>259</u>
HIGHWAY SAFETY STRIPING:				
Salaries/other	2,500	2,500	2,684	(184)
Contractual services	30,000	30,000	29,865	135
Other materials	1,000	1,000	83	917
	<u>33,500</u>	<u>33,500</u>	<u>32,632</u>	<u>868</u>
EMPLOYEE EXPENSES - HIGHWAYS:				
Health insurance retirees	93,098	93,098	99,226	(6,128)
Social security	115,000	115,000	55,438	59,562
Retirement	70,000	70,000	74,044	(4,044)
Unemployment insurance	4,000	4,000	19,855	(15,855)
Workers' compensation	50,000	50,000	59,695	(9,695)
Health insurance - highways	402,651	402,651	295,675	106,976
	<u>734,749</u>	<u>734,749</u>	<u>603,933</u>	<u>130,816</u>
Total public works	<u>3,232,542</u>	<u>3,232,542</u>	<u>2,983,454</u>	<u>249,088</u>
DEBT SERVICE:				
DEBT SERVICE				
Bond principal	1,518,303	1,518,303	-	1,518,303
Bond interest	798,232	798,232	-	798,232
Note and loan principal	286,290	286,290	-	286,290
Capital lease interest	88,183	88,183	-	88,183
Capital lease principal	158,848	158,848	-	158,848
Note and loan interest	185,622	185,622	-	185,622
	<u>3,035,478</u>	<u>3,035,478</u>	<u>-</u>	<u>3,035,478</u>

DORCHESTER COUNTY, MARYLAND
EXPENDITURE DETAIL
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2004
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
DEBT SERVICE (continued):				
HIGHWAYS				
Bond principal	\$ 100,435	\$ 100,435	\$ -	\$ 100,435
Bond interest	10,699	10,699	-	10,699
Note and loan principal	32,454	32,454	-	32,454
Capital lease interest	5,415	5,415	-	5,415
Capital lease principal	38,776	38,776	-	38,776
State retirement deficit	24,558	24,558	-	24,558
	<u>212,337</u>	<u>212,337</u>	<u>-</u>	<u>212,337</u>
Total debt service	<u>3,247,815</u>	<u>3,247,815</u>	<u>-</u>	<u>3,247,815</u>
Total expenditures	<u>\$ 36,371,728</u>	<u>\$ 36,472,478</u>	<u>\$ 33,301,383</u>	<u>\$ 3,288,290</u>

DORCHESTER COUNTY, MARYLAND

**REVENUE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
FEDERAL GOVERNMENT REVENUES				
COPS fast grant - sheriff's office	\$ 24,608	\$ 24,608	\$ 47,133	\$ 22,525
Transportation grant	-	-	109,868	109,868
Marijuana eradication	-	-	1,996	1,996
Alcohol/drug highway safety	13,000	13,000	2,985	(10,015)
Critical areas grant	46,800	46,800	51,000	4,200
Weatherization assistance program	-	-	34,329	34,329
Emergency food assistance	-	-	3,485	3,485
Emergency shelter grant	-	-	17,855	17,855
Body armor grant - sheriff	5,000	5,000	2,799	(2,201)
FEMA reimbursement	-	5,454	6,761	1,307
Byrne-Ex Parte grant	11,925	11,925	-	(11,925)
Victim/witness coordinator -district court	23,438	23,438	32,513	9,075
Byrne - safe family grant	71,563	71,563	-	(71,563)
School resource officer grant	73,295	73,295	77,113	3,818
Byrne domestic violence	-	-	11,228	11,228
Domestic preparedness equipment grant	-	-	206,256	206,256
Harriet Tubman experience grant	-	-	9,231	9,231
Pre-disaster mitigation grant	-	-	26,000	26,000
Domestic prep. personnel program	-	60,000	37,136	(22,864)
Cert-comm. emergency response team	-	20,000	4,406	(15,594)
Total federal government revenues	269,629	355,083	682,094	327,011
STATE GOVERNMENT REVENUES				
Family services grant	115,322	115,322	98,743	(16,579)
Transportation grant	-	-	410,767	410,767
Open space grant	37,500	37,500	244,755	207,255
Homeless grant	-	-	42,787	42,787
Tourism development grant	35,000	35,000	42,308	7,308
MEDCO marketing grant	-	-	4,000	4,000
Circuit court master	-	-	(26,945)	(26,945)
Community service grant	10,000	10,000	11,795	1,795
Pilg grant: MD historical trust	25,000	25,000	-	(25,000)
LMB - after school program fund	100,000	50,000	-	(50,000)
MD heritage area capital grant	12,500	12,500	-	(12,500)
MD heritage area operating grant	55,000	55,000	39,339	(15,661)
Rental allowance program	-	-	49,865	49,865
School bus safety enforcement grant	-	-	8,000	8,000
GOCCP - youth strategy	47,000	47,000	539,914	492,914

DORCHESTER COUNTY, MARYLAND

**REVENUE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
STATE GOVERNMENT REVENUES (continued)				
Rural AED grant - EMS	-	-	14,019	14,019
SAO program support grant	-	-	16,720	16,720
Protective order entry grant	-	-	5,420	5,420
SAO macro grant	-	34,100	18,325	(15,775)
UMES Dorchester first grant	-	-	4,363	4,363
UMES Dorchester first website grant	-	-	960	960
MHAA UGRR SB grant	-	-	6,872	6,872
LMB - subcabinet - OCYF	1,579,112	1,529,112	1,317,054	(212,058)
LMB - incentive awards	-	-	39,286	39,286
DNR waterway improvement project	-	-	102,381	102,381
Total state government revenues	2,016,434	1,950,534	2,990,728	1,040,194
LOCAL GOVERNMENT REVENUES				
Caroline County UGRR SB match	-	-	5,000	5,000
Museums and attractions grant	-	-	5,000	5,000
Total local government revenues	-	-	10,000	10,000
MISCELLANEOUS REVENUES				
Indirect cost recovery - LMB funds	-	-	12,762	12,762
Parenting seminar fees	-	-	920	920
Supervised visitation fees	3,100	3,100	2,412	(688)
Interest and dividends on investments	-	-	7,022	7,022
Operating transfers in	111,636	111,636	111,636	-
Total miscellaneous revenues	114,736	114,736	134,752	20,016
Total revenues	\$ 2,400,799	\$ 2,420,353	\$ 3,817,574	\$ 1,397,221

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
FEDERAL GOVERNMENT				
LMB FEDERAL EXPENDITURES				
LMB - HEALTHY FAMILIES				
Indirect costs	\$ -	\$ -	\$ 1,313	\$ (1,313)
Passthrough funds	-	-	34,138	(34,138)
Total LMB federal expenditures	-	-	35,451	(35,451)
OTHER FEDERAL EXPENDITURES				
CRITICAL AREAS GRANT				
Health insurance	5,400	5,400	6,920	(1,520)
Social security	1,650	1,650	1,683	(33)
Retirement	890	890	1,149	(259)
Worker's compensation insurance	70	70	20	50
Salaries/other	22,927	22,927	24,633	(1,706)
Advertising	300	300	150	150
Printing, publishing and publication	700	700	-	700
Contractual services	13,879	13,879	15,535	(1,656)
Office supplies	784	784	511	273
Postage	200	200	400	(200)
	46,800	46,800	51,001	(4,201)
ALCOHOL/DRUG HIGHWAY SAFETY				
Social security	-	-	927	(927)
Overtime	-	-	12,178	(12,178)
Summary budget	13,000	13,000	-	13,000
	13,000	13,000	13,105	(105)
VICTIM WITNESS ADVOCATE				
Health insurance	8,460	8,460	10,402	(1,942)
Social security	1,825	1,825	1,251	574
Salaries/other	23,858	23,858	23,858	-
Retirement	1,043	1,043	-	1,043
Workers compensation insurance	86	86	-	86
Unemployment insurance	239	239	-	239
	35,511	35,511	35,511	-
SAO MACRO GRANT				
Health insurance	-	2,461	-	2,461
Social security	-	1,836	706	1,130
Retirement	-	1,565	-	1,565
Workers compensation insurance	-	75	-	75
Unemployment insurance	-	240	-	240
Salaries/other	-	24,000	14,769	9,231
Printing and publishing	-	1,500	810	690
Other expenses	-	423	299	124
Training expense	-	2,000	1,007	993
	-	34,100	17,591	16,509

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
FEDERAL GOVERNMENT (continued)				
OTHER FEDERAL EXPENDITURES (continued)				
SAO PROGRAM SUPPORT				
Software	\$ -	\$ -	\$ 16,720	\$ (16,720)
COPS FAST GRANT - SHERIFF				
Health insurance	12,212	12,212	2,236	9,976
Social security	4,550	4,550	1,265	3,285
Retirement	2,599	2,599	-	2,599
Worker's compensation insurance	2,593	2,593	426	2,167
Unemployment insurance	595	595	-	595
Salaries/other	59,476	59,476	19,556	39,920
	<u>82,025</u>	<u>82,025</u>	<u>23,483</u>	<u>58,542</u>
BULLETPROOF VEST GRANT				
New vehicles/equipment	5,000	5,000	1,174	3,826
BYRNE DOMESTIC VIOLENCE GRANT				
Software and equipment	11,925	11,925	-	11,925
WEATHERIZATION GRANT				
Other expenses	-	-	34,329	(34,329)
EMERGENCY FOOD ASSISTANCE				
Other expense	-	-	3,485	(3,485)
EMERGENCY SHELTER GRANT				
Other expenses	-	-	17,855	(17,855)
MARIJUANA ERADICATION				
Overtime	-	-	492	(492)
DOMESTIC PREPAREDNESS EQUIPMENT GRANT				
New vehicles and/or equipment	-	-	191,290	(191,290)
Total Other Federal expenditures	194,261	228,361	406,036	(177,675)
Total Federal expenditures	194,261	228,361	441,487	(213,126)
STATE GOVERNMENT				
LMB STATE EXPENDITURES				
LMB - COMMUNITY POLICING				
Passthrough funds	51,470	51,470	43,192	8,278
LMB - YOUTH SERVICES GRANT				
Health insurance	2,000	2,000	2,000	-
Social security	4,956	4,956	4,956	-
Retirement	1,594	1,594	1,594	-
Salaries/other	64,791	64,791	64,791	-
	<u>73,341</u>	<u>73,341</u>	<u>73,341</u>	<u>-</u>

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
STATE GOVERNMENT (continued)				
LMB STATE EXPENDITURES (continued)				
LMB - ADMINISTRATION				
Health insurance	\$ 21,257	\$ 12,000	\$ 11,735	\$ 265
Social security	6,496	4,305	3,956	349
Retirement	3,266	2,200	3,432	(1,232)
Workers compensation insurance	2,049	1,500	-	1,500
Unemployment insurance	850	450	3,961	(3,511)
Salaries/supervisor	43,280	43,280	44,880	(1,600)
Salaries/other	43,545	8,200	6,833	1,367
Telephone	2,000	1,500	1,416	84
Electric	2,000	2,000	1,523	477
Advertising	2,500	1,000	424	576
Contractual services	2,000	3,000	3,398	(398)
Rental of land and buildings	13,000	13,000	14,688	(1,688)
Office supplies	1,565	1,565	1,313	252
Postage	1,192	1,000	848	152
Meeting registration	2,500	1,000	3,837	(2,837)
Mileage and conference reimbursement	500	1,000	-	1,000
Insurance-liability and property	2,000	1,000	1,108	(108)
New vehicles/equipment	-	2,000	1,487	513
	<u>150,000</u>	<u>100,000</u>	<u>104,839</u>	<u>(4,839)</u>
LMB - SERVICES				
POS community service initiation	-	-	9,765	(9,765)
POS diversion	172,494	172,494	769	171,725
POS home visiting	344,725	344,725	363,082	(18,357)
	<u>517,219</u>	<u>517,219</u>	<u>373,616</u>	<u>143,603</u>
LMB - INCENTIVES-OCYF				
Incentives	-	-	39,286	(39,286)
LMB - POS EDUCATION BLOCK GRANT				
Passthrough funds	<u>52,552</u>	<u>52,552</u>	<u>52,552</u>	<u>-</u>
LMB - WELLNESS CENTERS				
Passthrough funds	<u>546,000</u>	<u>546,000</u>	<u>425,699</u>	<u>120,301</u>
LMB - JUVENILE INTERVENTION				
Passthrough funds	<u>7,160</u>	<u>7,160</u>	<u>-</u>	<u>7,160</u>

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
STATE GOVERNMENT (continued)				
LMB STATE EXPENDITURES (continued)				
LMB - COMMUNITY OUTREACH				
Health insurance	\$ 15,000	\$ 15,000	\$ 15,049	\$ (49)
Social security	6,133	6,133	5,870	263
Retirement	3,343	3,343	3,305	38
Worker's compensation insurance	3,495	3,495	3,456	39
Salaries/other	80,170	80,170	79,268	902
Telephone	1,500	1,500	1,442	58
Printing and publishing	1,100	1,100	1,100	-
Contractual services	800	800	418	382
Auto expenses	1,700	1,700	1,963	(263)
Office supplies	2,200	2,200	2,200	-
Postage	600	600	600	-
Mileage and conference reimbursement	1,500	1,500	1,317	183
Insurance	850	850	850	-
Training expenses	300	300	310	(10)
New vehicles/equipment	3,000	3,000	3,000	-
Dues	600	600	600	-
Other expenses	2,709	2,709	2,431	278
	<u>125,000</u>	<u>125,000</u>	<u>123,179</u>	<u>1,821</u>
LMB - YOUTH STRATEGIES				
Passthrough funds	-	-	48,923	(48,923)
LMB - GCAP/IG99-08				
Passthrough funds	-	-	56,300	(56,300)
LMB - COMMUNITY MOBILIZATION				
Contractual services	9,600	9,600	1,832	7,768
Indirect costs	-	-	1,594	(1,594)
Passthrough funds	-	-	40,444	(40,444)
	<u>9,600</u>	<u>9,600</u>	<u>43,870</u>	<u>(34,270)</u>
LMB - VICTIM OUTREACH				
Passthrough funds	3,333	3,333	-	3,333
LMB - OTHER				
Indirect costs	-	-	1,080	(1,080)
Passthrough funds	-	-	30,380	(30,380)
	<u>-</u>	<u>-</u>	<u>31,460</u>	<u>(31,460)</u>

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
STATE GOVERNMENT (continued)				
LMB STATE EXPENDITURES (continued)				
LMB - ACROSS AGES				
Health insurance	\$ -	\$ -	\$ 7,291	\$ (7,291)
Social security	-	-	6,212	(6,212)
Retirement	-	-	1,305	(1,305)
Salaries/other	-	-	45,670	(45,670)
Worker's compensation insurance	-	-	1,154	(1,154)
Other expenses	-	-	2,558	(2,558)
Training	-	-	950	(950)
Passthrough funds	-	-	118,098	(118,098)
Indirect costs	-	-	8,774	(8,774)
	-	-	192,012	(192,012)
FAMILY SERVICES GRANT				
Health insurance	5,758	5,758	7,345	(1,587)
Retirement	-	-	1,847	(1,847)
Social security	2,820	2,820	3,054	(234)
Worker's compensation insurance	2,307	2,307	1,920	387
Salaries/other	36,859	36,859	36,859	-
Unallocated fringes	3,228	3,228	-	3,228
Other expenses	67,450	67,450	47,716	19,734
	118,422	118,422	98,741	19,681
YOUTH SERVICES - FAMILY PRESERVATION				
Health insurance	11,461	11,461	13,147	(1,686)
Social security	6,452	6,452	5,867	585
Retirement	3,355	3,355	3,268	87
Worker's compensation insurance	3,677	3,677	3,418	259
Salaries/other	84,337	84,337	78,384	5,953
Telephone	400	400	355	45
Printing and publishing	200	200	756	(556)
Auto expenses	800	800	1,707	(907)
Office supplies	500	500	819	(319)
Other expenses	2,218	2,218	3,018	(800)
Postage	50	50	58	(8)
Mileage and conference reimbursement	900	900	997	(97)
Training expense	150	150	206	(56)
New vehicles/equipment	500	500	2,904	(2,404)
	115,000	115,000	114,904	96

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
STATE GOVERNMENT (continued)				
LMB STATE EXPENDITURES (continued)				
LMB - COMMUNITY CARE				
Health insurance	\$ -	\$ -	\$ 6,925	\$ (6,925)
Social security	-	-	314	(314)
Salaries/other	33,442	33,442	5,621	27,821
Other expenses	13,558	13,558	-	13,558
	<u>47,000</u>	<u>47,000</u>	<u>12,860</u>	<u>34,140</u>
Total LMB state expenditures	<u>1,816,097</u>	<u>1,766,097</u>	<u>1,834,774</u>	<u>(68,677)</u>
OTHER STATE EXPENDITURES				
MEMA REIMBURSABLE COSTS				
Other Expenses	-	5,454	6,761	(1,307)
PREDISASTER MITIGATION				
Contractual services	-	-	26,000	(26,000)
DOMESTIC PREPAREDNESS PERSONNEL				
Health insurance	-	3,686	-	3,686
Social security	-	2,147	935	1,212
Worker's compensation insurance	-	1,243	-	1,243
Unemployment insurance	-	281	-	281
Salaries/other	-	28,062	12,412	15,650
Telephone	-	1,600	-	1,600
Office supplies	-	2,000	1,506	494
Other expenses	-	5,381	-	5,381
Photographic expense	-	500	-	500
Mileage & conference reimbursement	-	5,000	840	4,160
Training expense	-	6,000	2	5,998
New vehicles and/or equipment	-	4,100	4,082	18
	<u>-</u>	<u>60,000</u>	<u>19,777</u>	<u>40,223</u>
EMERGENCY RESPONSE TEAM				
Personnel	-	1,000	-	1,000
Supplies	-	2,400	837	1,563
Other expenses	-	4,600	174	4,426
New equipment	-	12,000	3,394	8,606
	<u>-</u>	<u>20,000</u>	<u>4,405</u>	<u>15,595</u>
SCHOOL RESOURCE OFFICER				
Health insurance	5,450	5,450	10,419	(4,969)
Social security	4,422	4,422	4,393	29
Retirement	2,526	2,526	2,795	(269)
Worker's compensation	2,520	2,520	689	1,831

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
STATE GOVERNMENT (continued)				
OTHER STATE EXPENDITURES (continued)				
SCHOOL RESOURCE OFFICER (continued)				
Unemployment insurance	\$ 578	\$ 578	\$ -	\$ 578
Salaries/other	57,800	57,800	58,817	(1,017)
	73,296	73,296	77,113	(3,817)
SCHOOL BUS SAFETY				
Social security	-	-	703	(703)
Salaries/other	-	-	7,297	(7,297)
	-	-	8,000	(8,000)
HOMELESS GRANT				
Other expenses	-	-	42,787	(42,787)
TRANSPORTATION GRANT				
Other expenses	-	-	517,636	(517,636)
COMMUNITY SERVICE GRANT				
Social security	1,691	1,691	972	719
Worker's compensation insurance	845	845	-	845
Salaries/other	22,109	22,109	12,568	9,541
	24,645	24,645	13,540	11,105
QUEST				
Social security	2,650	1,836	2,037	(201)
Worker's compensation	1,550	1,047	-	1,047
Salaries/other	34,000	24,000	28,237	(4,237)
Contractual services	54,200	20,017	16,758	3,259
Other expenses	7,600	3,100	2,968	132
	100,000	50,000	50,000	-
PROGRAM OPEN SPACE				
Advertising	200	200	-	200
Capital outlay	49,800	49,800	169,772	(119,972)
	50,000	50,000	169,772	(119,772)
PILG GRANT- MD HIST TRUST				
Summary budget	25,000	25,000	-	25,000
Contractual services	-	-	4,590	(4,590)
	25,000	25,000	4,590	20,410

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
STATE GOVERNMENT (continued)				
OTHER STATE EXPENDITURES (continued)				
TOURISM DEVELOPMENT GRANT				
Advertising	\$ 35,000	\$ 35,000	\$ 42,308	\$ (7,308)
DNR WATERWAY IMPROVEMENT GRANT				
Contractual services	-	-	54,943	(54,943)
PROTECTIVE ORDER ENTRY GRANT				
Social security	-	-	334	(334)
Overtime	-	-	4,438	(4,438)
Office supplies	-	-	649	(649)
	-	-	5,421	(5,421)
RURAL AED GRANT EMS				
New vehicles and/or equipment	-	-	14,019	(14,019)
RENTAL ALLOWANCE PROGRAM				
Passthrough Funds	-	-	49,865	(49,865)
DORCHESTER FIRST				
Printing and publishing	-	-	4,263	(4,263)
Other expense	-	-	100	(100)
Passthrough funds	-	-	10,001	(10,001)
	-	-	14,364	(14,364)
UMES DORCHESTER FIRST WEBSITE				
Contractual services	-	-	960	(960)
NPS CBGN UFRR SB INTERPRETIVE				
Contractual services	-	-	6,755	(6,755)
Other expenses	-	-	117	(117)
	-	-	6,872	(6,872)
Total other state expenditures	307,941	343,395	1,129,133	(785,738)
Total state expenditures	2,124,038	2,109,492	2,963,907	(854,415)
LOCAL EXPENDITURES				
HERITAGE TOURISM PLANNING GRANT				
Other expenses	-	-	541	(541)

DORCHESTER COUNTY, MARYLAND

**EXPENDITURE DETAIL
BUDGET AND ACTUAL
SPECIAL REVENUE - GRANTS FUND
Year Ended June 30, 2004
(continued)**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
LOCAL EXPENDITURES (continued)				
MARYLAND HERITAGE OPERATING GRANT				
Summary budget	\$ 60,000	\$ 60,000	\$ -	\$ 60,000
Salaries/supervisor	-	-	2,883	(2,883)
Salaries/other	-	-	19,009	(19,009)
Contractual services	-	-	1,215	(1,215)
Other expenses	-	-	4,403	(4,403)
	<u>60,000</u>	<u>60,000</u>	<u>27,510</u>	<u>32,490</u>
MARYLAND HERITAGE CAPITAL GRANT				
Summary budget	22,500	22,500	-	22,500
Contractual services	-	-	4,768	(4,768)
New equipment	-	-	441	(441)
	<u>22,500</u>	<u>22,500</u>	<u>5,209</u>	<u>17,291</u>
MUSEUMS & ATTRACTIONS				
Other expenses	-	-	5,000	(5,000)
Total local expenditures	<u>82,500</u>	<u>82,500</u>	<u>38,260</u>	<u>44,240</u>
OTHER EXPENSES				
Salaries/supervisor	-	-	1,346	(1,346)
Salaries/other	-	-	9,300	(9,300)
Other expenses	-	-	644	(644)
	<u>-</u>	<u>-</u>	<u>11,290</u>	<u>(11,290)</u>
Total expenditures	<u>\$ 2,400,799</u>	<u>\$ 2,420,353</u>	<u>\$ 3,454,944</u>	<u>\$ (1,034,591)</u>

DORCHESTER COUNTY, MARYLAND
REVENUES AND EXPENDITURE DETAIL
BUDGET AND ACTUAL - TRANSFER TAX FUND
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
County transfer tax	\$ 614,442	\$ 614,442	\$ 1,133,086	\$ 518,644
Total revenues	614,442	614,442	1,133,086	518,644
EXPENDITURES				
GENERAL GOVERNMENT				
COURTHOUSE MAINTENANCE				
Salaries/other	36,807	36,807	36,807	-
Utilities	45,200	45,200	49,197	(3,997)
Maintenance	20,000	20,000	19,797	203
Other expenses	3,803	3,803	-	3,803
	105,810	105,810	105,801	9
PUBLIC SAFETY				
COURTHOUSE SECURITY				
Salaries/other	96,379	96,379	79,366	17,013
MISCELLANEOUS				
Courthouse improvements	-	-	111,792	(111,792)
Unallocated fringes	43,621	43,621	20,532	23,089
	43,621	43,621	132,324	(88,703)
Total expenses	245,810	245,810	317,491	(71,672)
Excess of revenues over expenditures	368,632	368,632	815,595	446,963
OTHER FINANCING USES				
Payment to refunded bond escrow agent	-	-	1,000,000	(1,000,000)
Bond principal	215,040	215,040	215,040	-
Bond interest	153,592	153,592	153,592	-
Total other financing uses	368,632	368,632	1,368,632	(1,000,000)
Excess of expenditures and other financing uses over revenues	\$ -	\$ -	\$ (553,037)	\$ (553,037)

ADDITIONAL SUPPLEMENTARY INFORMATION

DORCHESTER COUNTY, MARYLAND
REVENUES AND EXPENDITURE DETAIL
BUDGET AND ACTUAL
TOURISM FUND
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Advertising support	\$ 15,000	\$ 15,000	\$ 17,400	\$ 2,400
Other state aid	-	-	7,755	7,755
<u>Total revenues</u>	<u>15,000</u>	<u>15,000</u>	<u>25,155</u>	<u>10,155</u>
EXPENDITURES				
Advertising and promotion	90,000	90,000	93,262	(3,262)
Printing and publications	-	10,000	16,893	(6,893)
<u>Total expenditures</u>	<u>90,000</u>	<u>100,000</u>	<u>110,155</u>	<u>(10,155)</u>
Deficiency of revenues over expenditures	(75,000)	(85,000)	(85,000)	-
OTHER FINANCING SOURCES				
Transfers In	75,000	85,000	85,000	-
<u>Total other financing sources</u>	<u>75,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -

DORCHESTER COUNTY, MARYLAND
REVENUE AND EXPENDITURE DETAIL
BUDGET AND ACTUAL
CAPITAL FUND
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
REVENUES:				
Federal bridge revenue	\$ -	\$ -	\$ 402,152	\$ 402,152
Other state aid	1,012,000	1,012,000	6,000	(1,006,000)
Interest	-	-	61,712	61,712
Total revenues	1,012,000	1,012,000	469,864	(542,136)
EXPENDITURES:				
County council - new vehicles/equipment	5,250	5,250	5,250	-
State's attorney - capital outlay	3,360	3,360	-	3,360
Treasurer's office - new vehicles/equipment	156,285	156,285	-	156,285
Planning and zoning - new vehicles and/or equipment	12,000	12,000	11,719	281
Information technology - new vehicles/equipment	200,000	200,000	1,692	198,308
Information technology - capital outlay	-	-	198,832	(198,832)
County office building - new vehicles/equipment	-	-	4,752	(4,752)
County office building - capital outlay	-	-	830	(830)
Sheriff's office - new vehicles/equipment	41,453	41,453	26,190	15,263
EMS-Hurlock Station - new vehicles/equipment	24,000	24,000	16,834	7,166
Detention center - new vehicles and/or equipment	10,000	10,000	12,572	(2,572)
Denton center - Capital Outlay	6,000	6,000	3,428	2,572
Youth Services - new vehicles and/or equipment	5,000	5,000	-	5,000
Youth Services - Capital Outlay	12,000	12,000	-	12,000
Animal control - new vehicles/equipment	-	22,000	(17,692)	39,692
911 telephone system - new vehicles/equipment	3,811,500	3,811,500	3,616,295	195,205
Capital outlay	-	-	1,551	(1,551)
New vehicles/equipment	-	-	10,384	(10,384)
Contractual services	-	-	70,050	(70,050)
Public works - highway - new vehicles/equipment	-	-	129,444	(129,444)
Public works - highway - capital outlay	-	-	212,816	(212,816)
Public works - highway - contractual services	175,000	175,000	-	175,000
Public works - highway - salaries/other	-	-	3,090	(3,090)
Public works - highway - contractual services	150,000	150,000	893	149,107
Public works - highway - other materials	-	-	83	(83)
Public works - highway - salaries/other	-	-	111,342	(111,342)
Public works - highway - contractual services	-	-	726,384	(726,384)
Public works - highway - other materials	-	-	231,509	(231,509)
Public works-highways-asphalt s/t materials	60,900	60,900	-	60,900
Public works-highways-stone s/t materials	71,050	71,050	-	71,050
Public works-highways-fuel oil	13,050	13,050	-	13,050
Schools - new vehicles and/or equipment	551,000	551,000	415,675	135,325

DORCHESTER COUNTY, MARYLAND
REVENUE AND EXPENDITURE DETAIL
BUDGET AND ACTUAL
CAPITAL FUND
Year Ended June 30, 2004
(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
EXPENDITURES (continued):				
Schools - capital outlay	275,000	275,000	16,584	258,416
Schools - Maces Lane Middle school 2001 bond	-	-	3,667,420	(3,667,420)
Schools - Capital Projects FY 2002	-	-	46,148	(46,148)
Schools - Capital Projects FY 2003	-	-	75,738	(75,738)
Chesapeake comm. college-capital outlay	50,123	50,123	41,231	8,892
New vehicles and equipment	25,000	25,000	23,629	1,371
Tourism - new vehicles and/or equip	2,000	2,000	1,821	179
Cost of bond issuance	-	-	13,046	(13,046)
Capital outlay	-	-	2,473	(2,473)
Schools - capital projects FY 2001	-	-	12,142	(12,142)
Amortization expense	-	-	7,205	(7,205)
Total expenditures	5,659,971	5,681,971	9,701,360	(4,019,389)
Deficiency of revenues over expenditures	(4,647,971)	(4,669,971)	(9,231,496)	(4,561,525)
OTHER FINANCING SOURCES (USES):				
Refunding bond proceeds	145,000	145,000	9,469,862	9,324,862
Note proceeds	3,356,285	3,356,285	70,050	(3,286,235)
Payment to refunded bond escrow agent	-	-	(2,749,443)	(2,749,443)
Operating transfers in	1,146,686	1,168,686	1,212,836	44,150
Total other financing sources	4,647,971	4,669,971	8,003,305	3,333,334
Excess of expenditures over other financing sources	\$ -	\$ -	\$ (1,228,191)	\$ (1,228,191)

DORCHESTER COUNTY, MARYLAND

STATEMENT OF REVENUES AND EXPENSES

BUDGET AND ACTUAL

AIRPORT ENTERPRISE FUND

Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Operating:				
Hangar and facility rentals	\$ 55,800	\$ 55,800	\$ 48,673	\$ (7,127)
T-hangar rentals	63,480	63,480	64,169	689
Tie-down rentals	3,660	3,660	3,142	(518)
Fuel sales	274,000	274,000	209,944	(64,056)
Miscellaneous revenue	2,850	2,850	2,959	109
Total revenues	399,790	399,790	328,887	(70,903)
EXPENSES:				
Operating:				
Electric	29,300	29,300	19,841	9,459
Repairs and maintenance	12,000	12,000	38,015	(26,015)
Contracted services - other	7,060	7,060	8,813	(1,753)
Meetings/conferences/registrations	240	240	10	230
Salaries and wages	112,963	112,963	87,515	25,448
Fringes/payroll taxes/workers' compensation	36,400	36,400	30,610	5,790
Phone	2,198	2,198	2,282	(84)
Uniforms	1,050	1,050	1,423	(373)
Miscellaneous	5,100	5,100	3,709	1,391
Fuel farm	800	800	665	135
Refueler lease	13,200	13,200	13,200	-
Fuel	148,000	148,000	160,285	(12,285)
Office supplies	1,000	1,000	966	34
Insurance	34,196	34,196	25,141	9,055
New vehicles and equipment	5,000	5,000	4,121	879
Economic impact study	-	-	57,435	(57,435)
Summary Budget	1,100,000	1,100,000	-	1,100,000
Operating expenses, excluding depreciation	1,508,507	1,508,507	454,031	1,054,476
Depreciation	143,794	143,794	281,007	(137,213)
Total operating expenses	1,652,301	1,652,301	735,038	917,263
Operating loss	(1,252,511)	(1,252,511)	(406,151)	846,360
NON-OPERATING REVENUES (EXPENSES):				
Grants - Federal government	990,000	990,000	222,110	(767,890)
Grants - state government	55,000	55,000	110,082	55,082
Interest expense	(46,000)	(46,000)	(20,190)	25,810
Transfers from general fund	253,511	253,511	253,511	-
Total non-operating revenues	1,252,511	1,252,511	565,513	(686,998)
Net income	\$ -	\$ -	\$ 159,362	\$ 159,362

DORCHESTER COUNTY, MARYLAND
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
LANDFILL ENTERPRISE FUND
Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
REVENUES:				
Operating:				
Tipping fees	\$ 1,505,000	\$ 1,505,000	\$ 2,374,969	\$ 869,969
Permits	80,000	80,000	81,343	1,343
Miscellaneous	189,000	189,000	14,533	(174,467)
Total operating revenues	1,774,000	1,774,000	2,470,845	696,845
EXPENSES:				
Public Works - Solid Waste Recycling				
Operating:				
Contractual services	15,000	15,000	-	15,000
Equipment lease and rent	1,000	1,000	-	1,000
Miscellaneous	500	500	-	500
Mileage and conference reimbursements	500	500	-	500
Public Works - Solid Waste				
Operating:				
Salaries and wages	426,270	426,270	417,572	8,698
Fringe benefits, payroll taxes, and workers' compensation	168,887	168,887	156,486	12,401
Equipment lease and rent	157,500	157,500	55,358	102,142
Contractual services	84,000	84,000	83,532	468
Closure and postclosure costs accrual	125,000	125,000	245,017	(120,017)
Utilities and fuel	42,800	42,800	49,267	(6,467)
Insurance	2,600	2,600	1,992	608
Materials and supplies	24,500	24,500	22,504	1,996
Uniforms	4,000	4,000	3,574	426
Repairs and maintenance	49,000	49,000	68,272	(19,272)
Legal	500	500	4,695	(4,195)
Miscellaneous	186,200	186,200	22,134	164,066
Operating expenses before depreciation	1,288,257	1,288,257	1,130,403	157,854
Depreciation	580,000	580,000	493,324	86,676
Total operating expenses	1,868,257	1,868,257	1,623,727	244,530
Operating income (loss)	(94,257)	(94,257)	847,118	941,375
NON-OPERATING REVENUES (EXPENSES):				
Operating transfers	-	-	(187,619)	(187,619)
Financial income, net	94,257	94,257	43,832	(50,425)
Total non-operating revenues (expenses)	94,257	94,257	(143,787)	(238,044)
Net income	\$ -	\$ -	\$ 703,331	\$ 703,331

DORCHESTER COUNTY, MARYLAND
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2004

	Other Governmental Funds			Totals
	Reserve Fund	Commissary Fund	Tourism Marketing Fund	
ASSETS				
Cash and investments	\$ 1,434,355	\$ 41,625	\$ -	\$ 1,475,980
Accounts receivable	-	1,242	760	2,002
Interfund	-		35,417	35,417
Total assets	\$ 1,434,355	\$ 42,867	\$ 36,177	\$ 1,513,399
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 3,175	\$ 3,175
Deferred revenues	-	42,867	33,002	75,869
Total liabilities	-	42,867	36,177	79,044
FUND BALANCES				
Unrestricted	1,434,355	-	-	1,434,355
Total liabilities and fund balances	\$ 1,434,355	\$ 42,867	\$ 36,177	\$ 1,513,399

DORCHESTER COUNTY, MARYLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended June 30, 2004**

	Other Governmental Funds			Totals
	Reserve Fund	Commissary Fund	Tourism Marketing Fund	
REVENUES				
Phone commissions	\$ -	\$ 72,331	\$ -	\$ 72,331
Advertising support	-	-	17,400	17,400
Interest and dividends	18,590	-	-	18,590
Miscellaneous	-	-	7,755	7,755
Total revenues	18,590	72,331	25,155	116,076
EXPENDITURES				
Contractual services	-	8,490	-	8,490
Building maintenance	-	11,222	-	11,222
Advertising and promotion	-	-	93,262	93,262
Printing and publication	-	-	16,893	16,893
Other expenses	-	52,619	-	52,619
Total expenditures	-	72,331	110,155	182,486
Excess (deficiency) of revenues over expenditures	18,590	-	(85,000)	(66,410)
OTHER FINANCING SOURCES				
Operating transfers in	-	-	85,000	85,000
Excess of revenues and other financing sources over expenditures	18,590	-	-	18,590
Fund balance, beginning of year	1,415,765	-	-	1,415,765
Fund balance, end of year	\$ 1,434,355	\$ -	\$ -	\$ 1,434,355

DORCHESTER COUNTY, MARYLAND

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS**

June 30, 2004

	<u>Capital Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 6,519,725	\$ 951,795	\$ 7,471,520
Bond issuance costs, net	169,527	72,050	241,577
Total assets	\$ 6,689,252	\$ 1,023,845	\$ 7,713,097
LIABILITIES			
Accounts payable	\$ 436,204	\$ -	\$ 436,204
Interfund payables	1,917,036	21,391	1,938,427
Total liabilities	2,353,240	21,391	2,374,631
FUND BALANCES			
Unreserved:			
Designated for capital projects	4,336,012	1,002,454	5,338,466
Total fund equity	4,336,012	1,002,454	5,338,466
Total liabilities and fund balances	\$ 6,689,252	\$ 1,023,845	\$ 7,713,097

DORCHESTER COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
Year Ended June 30, 2004

	Capital Fund	Capital Projects Fund	Total
REVENUES			
Federal bridge revenue	\$ 402,152	\$ -	\$ 402,152
Other state aid	6,000	-	6,000
Interest	52,964	8,748	61,712
Total revenues	461,116	8,748	469,864
EXPENDITURES			
Capital projects	-	14,616	14,616
Capital outlay	9,666,493	-	9,666,493
Amortization expense	13,046	7,205	20,251
Total expenditures	9,679,539	21,821	9,701,360
Deficiency of revenues over expenditures	(9,218,423)	(13,073)	(9,231,496)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	9,469,862	-	9,469,862
Note proceeds	70,050	-	70,050
Payment to refunded bond escrow agent for:			
Interest payments	(249,443)	-	(249,443)
Debt principal	(2,500,000)	-	(2,500,000)
Operating transfers in	1,212,836	-	1,212,836
Total other financing sources	8,003,305	-	8,003,305
Deficiency of revenues and other financing sources over expenditures	(1,215,118)	(13,073)	(1,228,191)
Fund balances, beginning of year	5,551,130	1,015,527	6,566,657
Fund balances, end of year	\$ 4,336,012	\$ 1,002,454	\$ 5,338,466

DORCHESTER COUNTY, MARYLAND

**COMBINING BALANCE SHEET
COMPONENT UNITS**

June 30, 2004

	Board of Education of Dorchester County	Dorchester County Sanitary Districts	Total
ASSETS			
Cash and investments	\$ 5,585,682	\$ 879,913	\$ 6,465,595
Receivables:			
Accounts	-	49,962	49,962
Federal	1,193,201	-	1,193,201
State of Maryland	40,607	-	40,607
Dorchester County	267,456	-	267,456
Inventories	21,772	-	21,772
Capital assets, net	43,762,168	4,178,330	47,940,498
Construction in progress	975,935	6,790	982,725
Other	180,555	-	180,555
Total assets	\$ 52,027,376	\$ 5,114,995	\$ 57,142,371
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable and accrued expenses	\$ 2,733,968	\$ 105,535	\$ 2,839,503
Accrued compensated absences	823,594	13,787	837,381
Due to other governments	-	20,617	20,617
Deferred revenue	882,416	29,445	911,861
Scholarships	6,000	-	6,000
Accrued retirement incentive	63,126	-	63,126
Capital leases	61,105	-	61,105
Long-term debt	-	332,745	332,745
Total liabilities	4,570,209	502,129	5,072,338
Fund equity:			
Invested in capital assets, net of related debt	44,676,998	3,852,375	48,529,373
Restricted for:			
Fiscal year 2004 budget	821,006	-	821,006
Debt service	-	3,839	3,839
Other purposes	307,723	125,248	432,971
Unrestricted	1,651,440	631,404	2,282,844
TOTAL NET ASSETS	\$ 47,457,167	\$ 4,612,866	\$ 52,070,033

DORCHESTER COUNTY, MARYLAND

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
DEFERRED COMPENSATION PLAN
Year Ended June 30, 2004**

	Balances, June 30, <u>2003</u>	Employee Contributions	Earnings on <u>Investments</u>	<u>Distributions</u>	<u>Gains/Losses</u>	Balances, June 30, <u>2004</u>
Assets:						
Investments	\$ 660,214	\$ 119,728	\$ 24,766	\$ 17,404	\$ 1,308	\$ 788,612
Liabilities:						
Due to participants	\$ 660,214	\$ 119,728	\$ 24,766	\$ 17,404	\$ 1,308	\$ 788,612