A scenic sunset over a beach. The sky is filled with vibrant orange and red clouds, with the sun low on the horizon. In the foreground, there is a sandy beach with several pieces of weathered driftwood. To the right, there are green trees and bushes. The water of the ocean is visible in the middle ground, reflecting the colors of the sunset.

The County Commissioners of Kent County, Maryland

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2020

**The County Commissioners of Kent County, Maryland
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

Prepared By:

**Kent County Office of Finance
Patricia M. Merritt, CFO**

The County Commissioners of Kent County, Maryland

Comprehensive Annual Financial Report

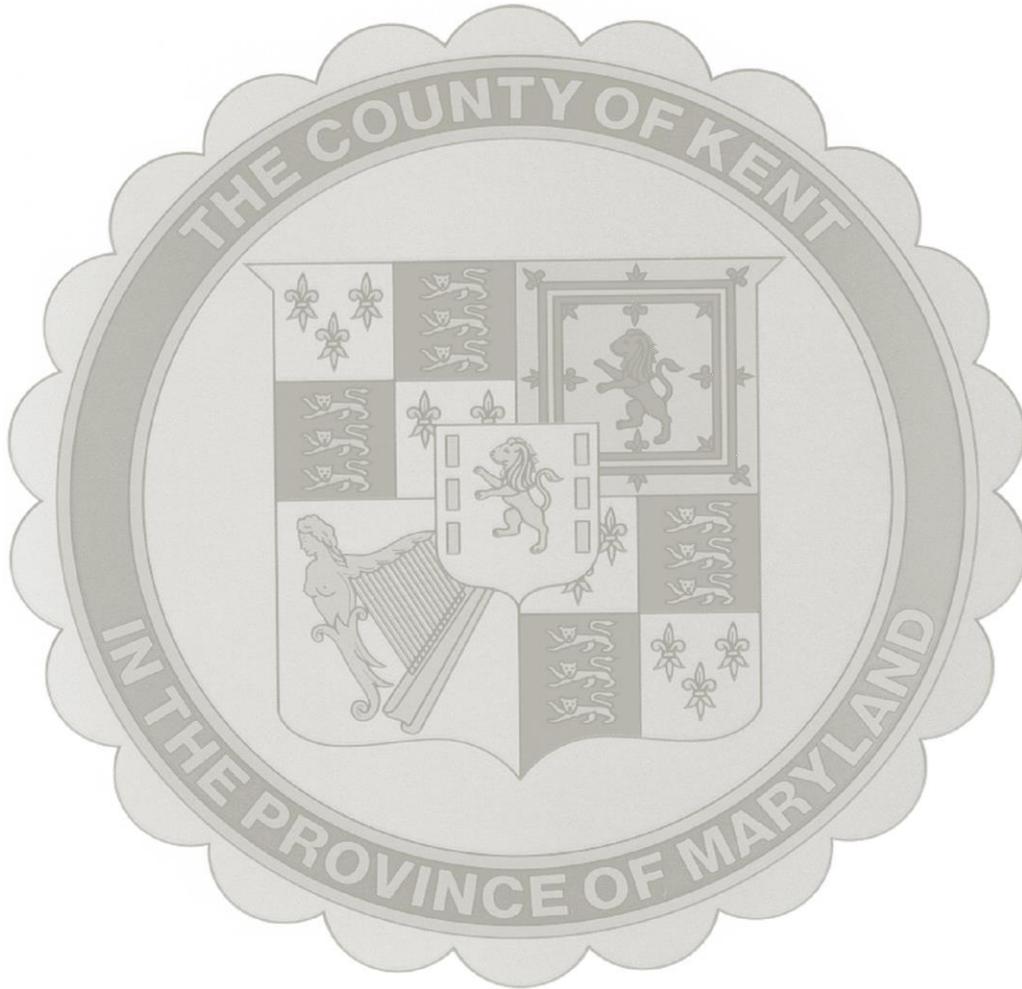
For the Fiscal Year Ended June 30, 2020

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Introductory Section



Kent County Office of Finance

R. CLAYTON MITCHELL JR. GOVERNMENT CENTER
*400 HIGH STREET*CHESTERTOWN, MARYLAND 21620
TELEPHONE (410) 778-7478 FAX (410) 810-2947



December 30, 2020

To the Honorable Board of County Commissioners and
The Citizens of Kent County, Maryland

Formal Transmittal of the Comprehensive Annual Financial Report (CAFR)

The audited Comprehensive Annual Financial Report (CAFR) of Kent County, Maryland (the County), prepared by the Office of Finance for the fiscal year ended June 30, 2020, is hereby submitted in compliance with State law which requires that all general-purpose governments issue a complete set of financial statements prepared according to accounting principles generally accepted in the United States of America (GAAP) and be audited by an independent, licensed, certified public accountant in accordance with auditing standards generally accepted in the United States of America (GAAS). For the fiscal year ended June 30, 2020, the County contracted with SB & Company, LLC of Owings Mills, Maryland to audit the financial statements. The Report of Independent Public Accountants is included on pages 12-14. The annual report was prepared by the Kent County Office of Finance in cooperation with the finance departments of the County's discretely presented component units.

This report consists of management's representations concerning the finances of Kent County. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in the report. To provide a reasonable basis for making these representations, management of Kent County has established a comprehensive framework of internal control that has been designed to both protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed the anticipated benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Kent County's financial statements have been audited by SB & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures of the financial statements, assessing the accounting principles used and significant estimates made by managements, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Kent County's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first element of the Financial Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Kent County was formed in 1642 as the Isle and County of Kent by the Governor and Council. It is named for the County of Kent in England. The County is located on the Eastern Shore of Maryland. It is bordered to the north by Cecil County, to the east by the State of Delaware, to the south by Queen Anne's County, and to the west by the Chesapeake Bay. There is no direct access to the Western Shore of Maryland. The County occupies 414 square miles and serves a population of approximately 20,000 citizens. The County Commissioners of Kent County are empowered to levy a property tax on real properties located within its boundaries, as well as an income tax on citizens residing within the County.

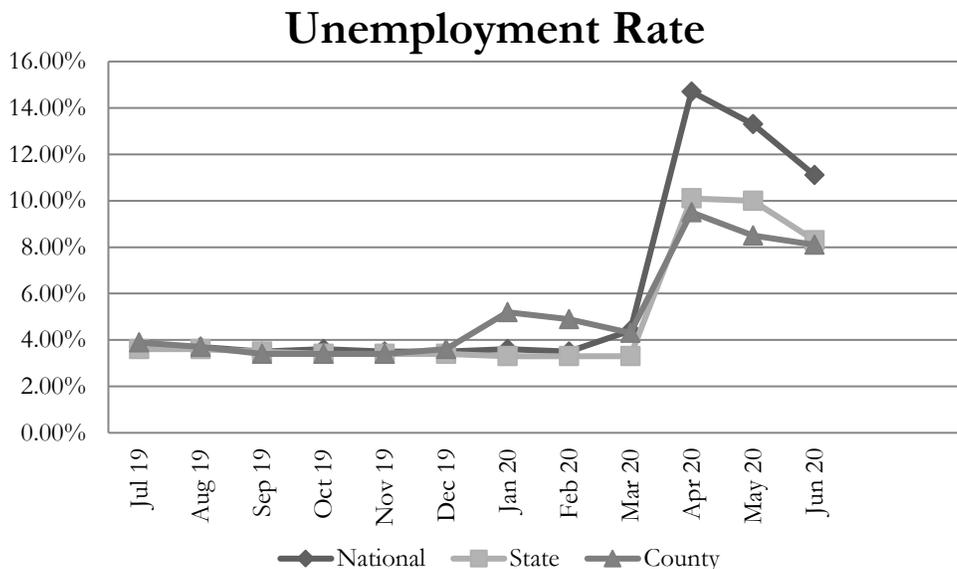
The County operates as a Maryland Code Home Rule County, which enables the Board of County Commissioners to exercise broad local legislative authority. Under code home rule, both legislative and executive functions of the County are vested in the three-member Board of County Commissioners. All three members of board are elected at large and serve a four-year term.

The County provides or funds (in whole or part) a full range of services including public safety (sheriff's office, volunteer fire and rescue services, emergency services, detention center, and animal control); construction and maintenance of county roads; solid waste; planning, housing and zoning; tourism and economic development; culture and recreation, education, libraries, and general administrative services. In addition, the County operates a water and wastewater utility, and a recreation facility.

The approved annual budget is prepared by fund, function (e.g. public safety), and department (e.g. emergency services). Department heads may make transfers between line items in their department; transfers must be ratified by the Board of County Commissioners. Budget to actual comparisons are provided in this report for individual governmental funds for which an appropriated annual budget has been adopted. The budget comparisons for the general fund are presented on pages 68 through 70 as part of the Required Supplementary Information subsection of this report.

Local Economy

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which Kent County operates. The chart below shows the unemployment rate in Kent County compared to the state-wide and national unemployment rates. During the winter months, the County's unemployment rate is significantly higher than the State and National rates. This is most likely due to the seasonality of employment in the agricultural and maritime industries.



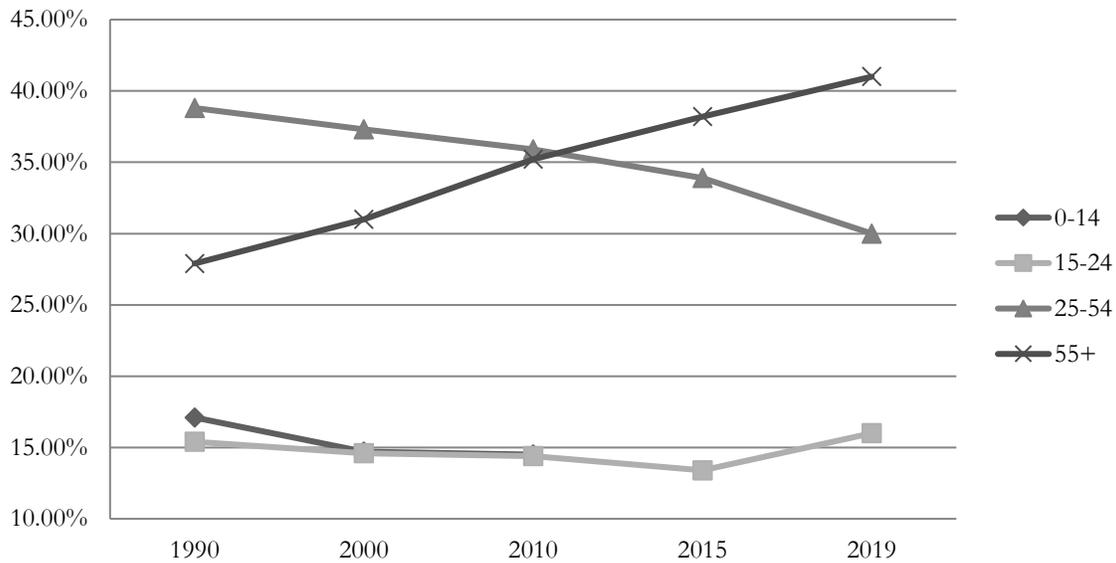
The April through June data illustrate the dramatic effect the pandemic had on employment all across our Country. Kent County's unemployment rate peaked at 9.5% in April and was less than the National (14.7%) and State (10.1%) peak figures. The volume and potential volatility of the unemployment figures coupled with the unknown potential federal stimulus

initiatives could have a significant effect on County income tax revenue streams in the coming years.

Property values throughout the county remain relatively constant. Fiscal year 2021 assessments are expected to show a very slight increase of 1.0% over fiscal year 2020. Projected changes in significant revenue sources are detailed in the Management’s Discussion and Analysis on page 23.

The County’s population has remained relatively constant, rising slightly from 19,383 in 20019 to 19,422 in 2020. The mix of the population by age, however, is shifting. As the following chart illustrates, the only segment of the population that is increasing, are residents over the age of 55. As this change in demographic continues, the County will be challenged to shift its services to meet the needs of its aging citizenry.

Change in Population Mix by Age Group



Median household incomes within the County are significantly lower than the state as a whole. According to census data, the County median income (2015-2019) was \$58,598, compared to the state median income of \$84,805. Additionally, 12.4% of the County’s population is below poverty level compared to 9.0% of the State’s population.

Long-Term Financial Planning and Major Initiatives

In recent years, the County’s general fund revenues have remained relatively constant. In fact, the County’s fiscal year 2019 revenues were at essentially the same level as they were in fiscal year 2014. In fiscal year 2020, the County increased its income tax rate from 2.85% to 3.20%. This increase generated an additional \$650,000 of revenue in fiscal year 2020 and will generate a total increase of \$1,600,000 by 2022.

In additional efforts to expand the future property tax and income tax bases, the county commissioners have implemented several initiatives to encourage business creation and expansion. In fiscal year 2017, the county created Enterprise Zones which offer a 10-year property tax and 3-year income tax credit to business who locate or expand in the designated enterprise zones. In fiscal year 2018, the county created Commerce Zones which offer a 10-year property tax credit to businesses who locate or expand in the designated commerce zones. To date, four businesses have invested approximately \$27,000,000 in business creation or expansion in the county’s enterprise and commerce zones. As the property tax and income tax credits reduce over time, the county’s future revenue streams will be increased.

Annually, the county reviews its five-year capital plan and identifies the county’s priorities. During the fiscal year 2021 budget process, four major projects have been identified: 1) the replacement or major renovation of our middle school, 2) the renovation of our high school, 2) the renovation of our historical courthouse and 3) the expansion of our public safety

facilities. These projects have an estimated price tag of approximately \$72 million dollars which would translate into an annual debt service payment of approximately \$3.0 to \$4.5 million dollars depending on the term of the financing.

In addition to our usual long-term planning, we acknowledge the potential impact of the pandemic on our revenues, particularly on income tax revenue, our second largest source of income. Because of the uncertainty of the impact, the County has struck a conservative fiscal year 2021 budget incorporating actions such as no salary increases, no new positions, limited essential capital purchases, reduced operating budgets and reduced allocations to community agencies. The County also doubled its contingency budget in fiscal year 2021 as a hedge against the unknown.

Relevant Financial Policies

The county has a comprehensive set of financial policies. As we move forward to address our capital needs, two of these policies will be particularly relevant.

Debt Management – in accordance with Section 3-9.1 of Chapter 3 of the Code of Public Local Laws of Kent County, Maryland, the County’s annual debt financing cannot exceed twenty million dollars in any single fiscal year. Given the magnitude of the priorities identified in the current five year capital plan, this policy will be integral in the planning process.

Fund Balance – the County strives to maintain an unassigned fund balance of at least 7.5% of general fund expenditures.

Acknowledgements

The preparation of this document would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Office. We wish to thank all County departments for their assistance in providing the data necessary to prepare this report and special thanks to Bernadette Bowman and Chris Cerino for providing the photographs. Credit is also due to the Board of County Commissioners for their unfailing support and for maintaining the highest standards of professionalism in the management of the County’s finances.

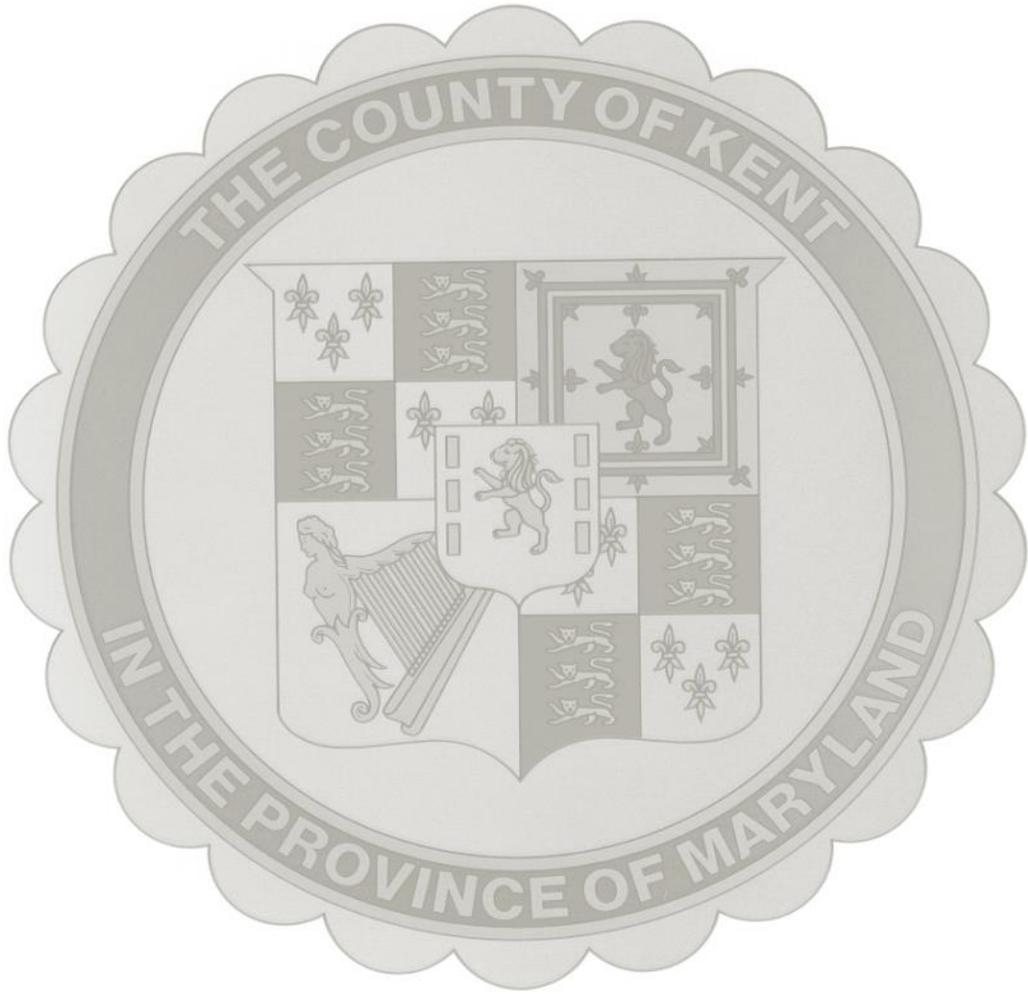
Respectfully submitted,



Patricia M. Merritt, C.P.A.
Chief Finance Officer



Shelley Heller
County Administrator





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**The County Commissioners of Kent County
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

The County Commissioners of Kent County Maryland
Certain Elected and Other Officials
June 30, 2020

Certain Elected Officials – Board of County Commissioners



Ronald H. Fithian,
Member



P. Thomas Mason,
President



Robert N. Jacob Jr.,
Member

Certain Department Heads

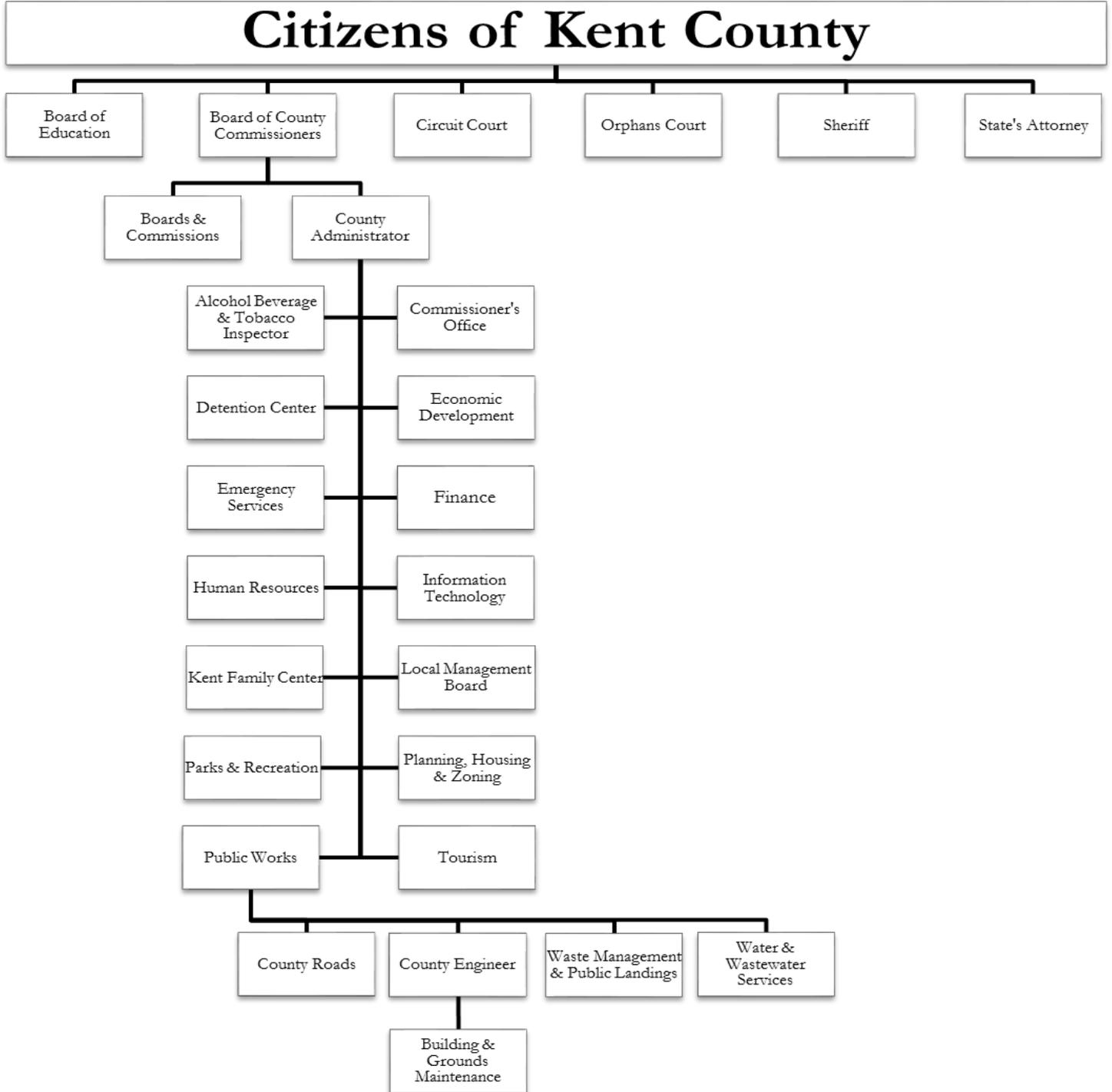
County Administrator
Chief Finance Officer
Director of Emergency Services
Director of Human Resources
Director of Information Technology
Director of Parks and Recreation
Director of Planning, Housing and Zoning
Director of Tourism
Director of Economic Development
Director of Kent County Local Management Board
Warden

Shelley L. Heller
Patricia M. Merritt
Wayne Darrell
S. Martin Hale
C. Scott Boone
Myra Butler
William Mackey
Bernadette Bowman
Jamie L. Williams
Rosemary Ramsey Granillo
Herb Dennis

Independent Auditor
SB & Company, LLC
Certified Public Accountants and Business Advisors
Owings Mills, Maryland

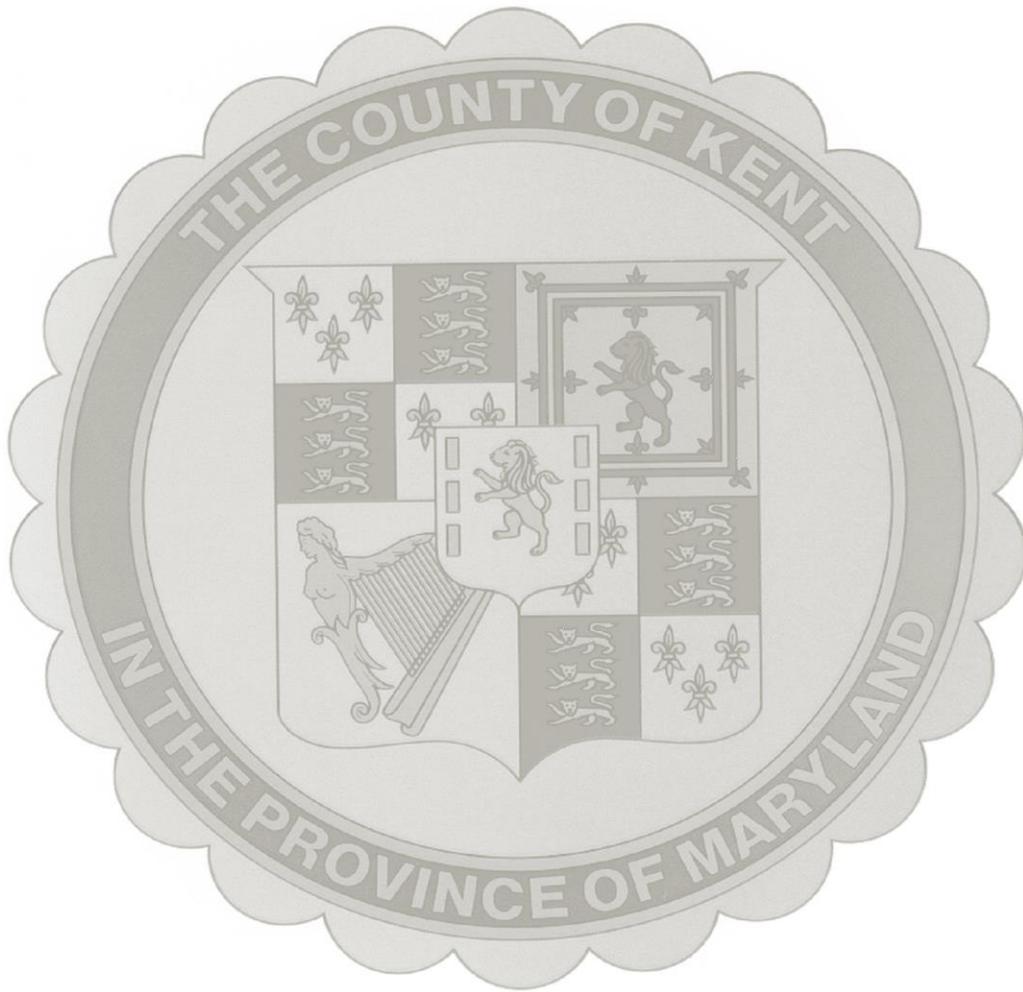
Bond Counsel
McKennon, Shelton and Henn LLP
Baltimore, Maryland

The County Commissioners of Kent County Maryland
 Kent County, Maryland Government Organizational Chart
 June 30, 2020





Financial Section





S B & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The County Commissioners of Kent County,
Maryland Chestertown, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Kent County, Maryland (the County) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Education of Kent County, Maryland. These financial statements were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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for our audit opinion.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Kent County, Maryland, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of investment returns, and schedule of changes in the County's net OPEB liability and related ratios for other post-employment benefits, schedules of the County's proportionate share of the net pension liability and County contributions, and budgetary comparison information, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund statements, agency funds statements, introductory and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund statements and agency funds statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying



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accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund statements and agency funds statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Owings Mills, Maryland
December 30, 2020

SB & Company, LLC

Management's Discussion and Analysis

Introduction

As management of Kent County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 2-5 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of fiscal year 2020 by \$54,257,880 (*net position*). This amount is net of a negative \$19,464,459 unrestricted net position deficit. GASB 68, GASB 75 and debt issued for capital projects that are not associated with an asset on the County's financials contribute to this deficit.
- The County's total net position decreased by \$2,796,848.
- As of the close of fiscal year 2020, the County's governmental funds reported combined ending fund balances of \$9,294,201; an increase of \$2,216,679 in comparison with the prior year. Approximately 60% of this amount, \$5,577,970 is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of fiscal year 2020, the unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$7,980,935, or approximately 15% of total general fund expenditures.
- The County's government-wide long-term debt increased by \$397,191 during fiscal year 2020, as detailed on page 22.

Overview of the Financial Statements

This discussion and analysis provided here is intended to serve as an introduction to the County's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

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

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (i.e.: uncollected taxes and earned but unused vacation time).

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, public works, health and social services, culture and recreation, community development, education,

and others. The business-type activities of the County include water and wastewater services and bayside landing. The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate school district and a legally separate library for which the County is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26-27 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 assessing 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*.

The County maintains eighteen 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, grant fund and the capital projects fund, which are considered to be major funds. Data from the other fifteen 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 in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28-31 of this report.

Proprietary Funds

The County maintains two enterprise funds, which 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 water and wastewater services and bayside landing 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 the water and wastewater services and bayside landing operations.

The basic proprietary fund financial statements can be found on pages 32-34 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains two different types of fiduciary funds. The County has one *Private-purpose trust fund* that is used to report

resources held in trust for property owners involved in tax sale transactions. The *Agency fund* reports resources held by the County in a custodial capacity for individuals, private organizations and other governments. The County has four agency funds: state and town tax collections, Millington public drainage association, inmate accounts, and motor vehicle administration.

The fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 37-66 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* and other supplementary information. The general fund statement of revenues, expenditures, and changes in fund balance – budget and actual, schedule of investment returns for the retiree health benefit plan, schedule of changes in the county’s net OPEB liability and related ratios, schedule of the county’s proportionate share of the net pension liability, and schedule of county contributions, combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances for nonmajor governmental funds and for the local management board fund, and statement of agency fund assets and liabilities are presented in this section.

Required supplementary information and other supplementary information can be found on pages 67-89 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government’s financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$54,257,880, at the close of the most recent fiscal year.

Kent County, Maryland’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 19,931,788	\$ 14,890,156	\$ 764,955	\$ 1,277,546	\$ 20,696,743	\$ 16,167,702
Capital assets, net	51,350,835	51,283,021	40,419,829	40,967,619	91,770,664	92,250,640
Total assets	71,282,623	66,173,177	41,184,784	42,245,165	112,467,407	108,418,342
Deferred outflow of resources	6,524,404	5,627,554	-	-	6,524,404	5,627,554
Long-term liabilities outstanding	45,848,344	39,338,109	12,760,257	13,029,487	58,608,601	52,367,596
Other liabilities	4,775,581	2,733,998	362,889	960,850	5,138,470	3,694,848
Total liabilities	50,623,925	42,072,107	13,123,146	13,990,337	63,747,071	56,062,444
Deferred inflow of resources	986,860	928,724	-	-	986,860	928,724
Net position:						
Net investment in capital assets	44,624,458	44,156,295	27,730,118	27,992,958	72,354,576	72,149,253
Restricted	1,367,763	1,406,443	-	-	1,367,763	1,406,443
Unrestricted	(19,795,979)	(16,762,838)	331,520	261,870	(19,464,459)	(16,500,968)
Total net position	\$ 26,196,242	\$ 28,799,900	\$ 28,061,638	\$ 28,254,828	\$ 54,257,880	\$ 57,054,728

By far the largest portion of the County’s net position reflects its investment in capital assets (e.g. land, buildings, improvements, infrastructure, machinery and equipment), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$1,367,763 or 3%, represents resources that are subject to external restrictions on how they may be used. The majority of restricted net assets include funds for inventory, prepaid items, and reforestation and open space activities.

Unrestricted net position reflects a negative balance of \$19,464,459. GASB 68, GASB 75 and debt issued for capital projects that are not associated with an asset on the County's financials contribute to this deficit.

The County's overall net position decreased by \$2,796,848. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

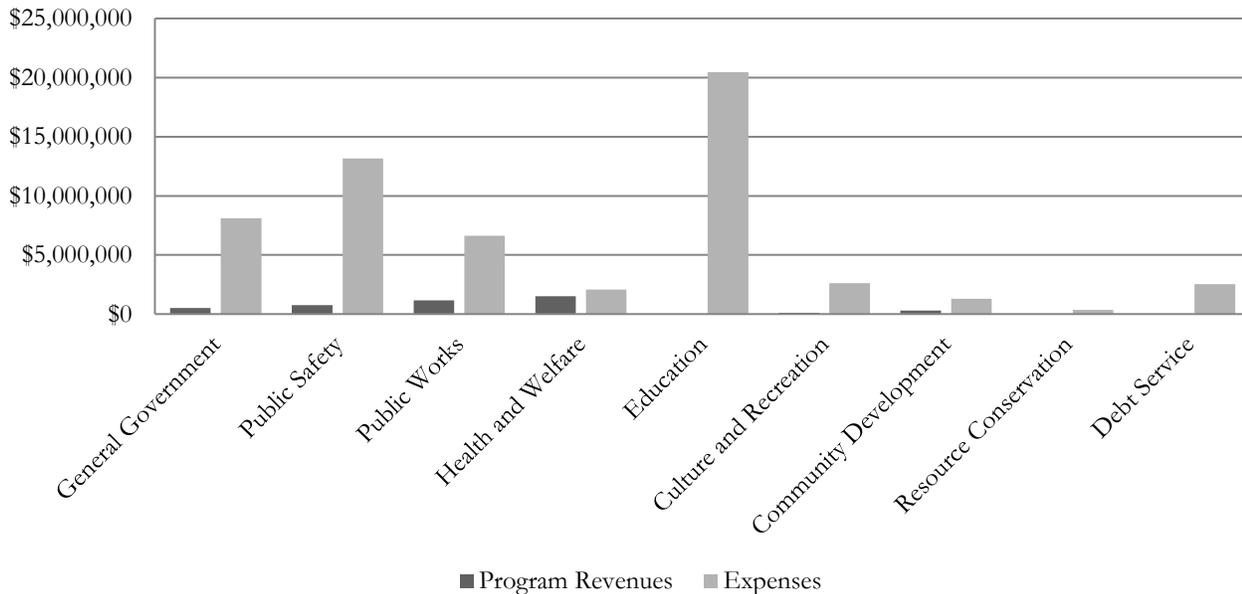
Governmental Activities

During the current fiscal year, the net position for governmental activities decreased \$2,603,658 from the prior fiscal year. This was primarily due to increases in landfill and other post-employment benefit liabilities.

Kent County, Maryland Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 598,251	\$ 739,818	\$ 2,404,166	\$ 2,186,824	\$ 3,002,417	\$ 2,926,642
Operating grants and contributions	3,247,369	2,594,344	-	1,215	3,247,369	2,595,559
Capital grants and contributions	479,580	300,657	425,249	2,066,285	904,829	2,366,942
General revenues:						
Property taxes	31,269,648	31,127,922	-	-	31,269,648	31,127,922
Income taxes	16,905,944	13,687,072	-	-	16,905,944	13,687,072
Other taxes	2,011,884	2,030,866	-	-	2,011,884	2,030,866
Other revenues	1,084,395	842,544	43,796	94,491	1,128,191	937,035
Total revenues	55,597,071	51,323,223	2,873,211	4,348,815	58,470,282	55,672,038
Expenses:						
General government	8,113,135	7,552,799	-	-	8,113,135	7,552,799
Public safety	13,166,405	12,569,374	-	-	13,166,405	12,569,374
Public works	6,612,374	6,194,260	-	-	6,612,374	6,194,260
Health and social services	2,074,507	2,034,855	-	-	2,074,507	2,034,855
Education	20,444,445	18,122,921	-	-	20,444,445	18,122,921
Culture, library and recreation	2,613,686	2,816,167	-	-	2,613,686	2,816,167
Community development	1,290,572	913,277	-	-	1,290,572	913,277
Resource conservation development	365,026	349,513	-	-	365,026	349,513
Debt service	2,532,718	260,762	-	-	2,532,718	260,762
Water and wastewater services	-	-	4,022,805	4,254,327	4,022,805	4,254,327
Bayside landing	-	-	31,457	32,516	31,457	32,516
Total expenses	57,212,868	50,813,928	4,054,262	4,286,843	61,267,130	55,100,771
Increase/(decrease) in net position						
before transfers	(1,615,797)	509,295	(1,181,051)	61,972	(2,796,848)	571,267
Transfers	(987,861)	(1,165,897)	987,861	1,165,897	-	-
Increase/(decrease) in net position	(2,603,658)	(656,602)	(193,190)	1,227,869	(2,796,848)	571,267
Net position beginning	28,799,900	29,456,502	28,254,828	27,026,959	57,054,728	56,483,461
Net position ending	\$ 26,196,242	\$ 28,799,900	\$ 28,061,638	\$ 28,254,828	\$ 54,257,880	\$ 57,054,728

Expenses and Program Revenues – Governmental Activities



Business-type Activities

For the County’s business-type activities, net position decreased by (\$193,190) or .68% from the prior fiscal year. The decrease is primarily attributable to the project involving the addition of a wastewater collection system in the Georgetown area.

Financial Analysis of the Government Funds

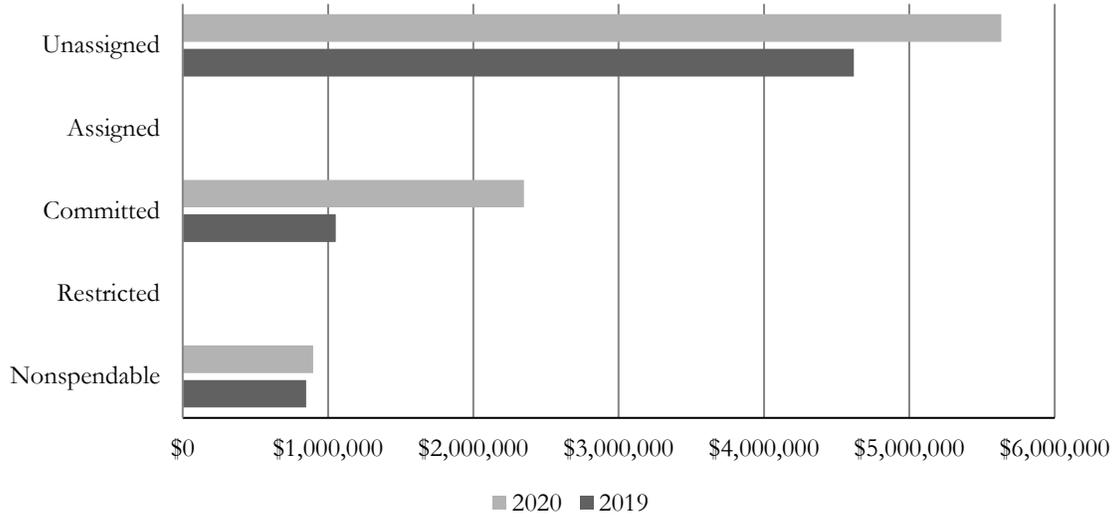
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County’s *governmental funds* is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of County Commissioners.

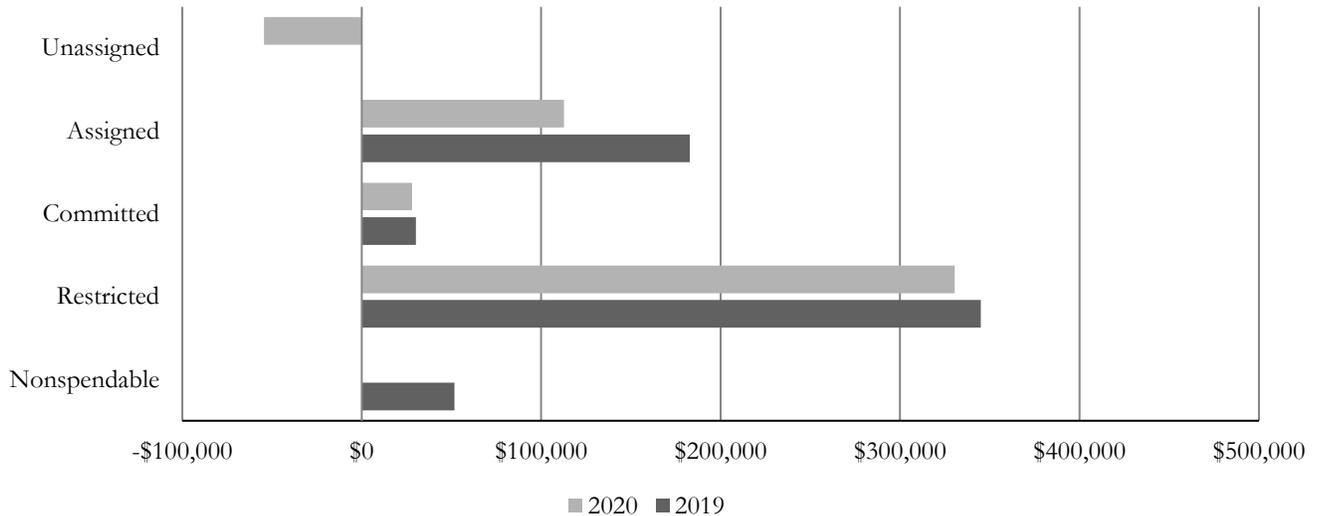
As of the end of the current fiscal year, the County’s *governmental funds* reported combined fund balances of \$9,294,201, an increase of \$2,216,679 in comparison with the prior year. Approximately 60% of this amount (\$5,577,970) constitutes *unassigned fund balance*, which is available for spending at the County’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$896,627), 2) restricted for particular purposes (\$330,386), 3) committed for particular purposes (\$2,376,459) or 4) assigned for particular purposes (\$112,759).

**General Fund - Components of Fund Balance
June 30, 2020 and 2019**



The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,632,467, while the total fund balance was \$8,877,562. As a measure of the general fund’s liquidity, it may be useful to compare both the unassigned fund balance and total general fund balance to total general fund expenditures. Unassigned fund balance represents approximately 10% of total expenditures, while total fund balance represents approximately 16% of that same amount.

**Other Governmental Funds - Components of Fund Balance
June 30, 2020 and 2019**



The fund balance of the County’s general fund increased by \$2,358,017. This was primarily due to expenditures coming in under budget levels and income tax revenue exceeding projections.

The County’s capital projects fund, had a negative fund balance of \$54,497 reflecting a due from the general fund liability related to the Nicholson water treatment plant upgrade.

Proprietary Funds

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

The net position of the County's major enterprise fund (water and wastewater services) at the end of the year was \$26,599,294. The total decrease in net position was (\$210,010). As noted earlier in the discussion of business-type activities, the decrease is primarily attributable to the project involving the addition of a wastewater collection system in the Georgetown.

General Fund Budgetary Highlights

Original budget compared to final budget

The original general fund expenditure and transfer out budget of \$50,818,280 was amended by \$6,118,730 to a final general fund expenditure and transfer out budget of \$56,937,010. The major amendments to the budget were:

- Debt Service was increased by \$4,750,737 primarily due to the County's decision to pay off the outstanding debt on the Community Center facility.
- Transfers to other funds were increased by \$924,809 largely reflecting the delay in capital projects from fiscal year 2019 to 2020.

Final budget compared to actual results.

Actual expenditures for the year were \$2,405,266 less than estimated. The most significant differences occurred in the following areas:

- General government spending was \$681,977 under budget. The largest savings were experienced in the election office, building maintenance, and planning and zoning.
- Public works spending was \$576,235 under budget for the year. Most of the savings occurred in highways and environmental operations.
- Public safety costs were \$460,007 less than anticipated. The sheriff's office and emergency medical services had savings in salary and benefits due to staff turnover. Lower prisoner populations also resulted in cost savings.
- Miscellaneous spending was \$267,770 less than anticipated. The health insurance pool refund was larger than expected and \$91,796 of contingency funds were not utilized.
- Parks and recreation spending was \$340,997 less than estimated. Reduced programming due to the pandemic contributed to the majority of the savings.

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, 2020, amounts to \$91,770,664 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and water treatment and distribution plants. The total decrease in capital assets for the current fiscal year was approximately 0.5%.

Kent County, Maryland, Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 22,677,724	\$ 22,677,724	\$ 1,731,536	\$ 1,731,536	\$ 24,409,260	\$ 24,409,260
Construction in Progress	936,456	7,817,114	2,581,778	2,279,955	3,518,234	10,097,069
Buildings	9,245,784	9,121,712	1,373,344	1,408,508	10,619,128	10,530,220
Machinery, Equipment and Vehicles	5,584,486	5,689,249	1,155,111	949,687	6,739,597	6,638,936
Improvements	1,297,068	1,418,735	169,179	185,762	1,466,247	1,604,497
Infrastructure	11,609,317	4,558,487	33,408,881	34,412,171	45,018,198	38,970,658
Total	\$ 51,350,835	\$ 51,283,021	\$ 40,419,829	\$ 40,967,619	\$ 91,770,664	\$ 92,250,640

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

- Construction of the multi-year fiber network was completed at a total cost of \$7.2 million.
- The County leased \$686,000 of vehicles for the following departments: sheriff's office, detention center, environmental services, grounds maintenance, highway, weed control, emergency services, parks and recreation, planning and zoning, engineering, state's attorney's office and water and wastewater services.
- A new maintenance facility was constructed in Worton (\$382,546)
- Renovations to the Betteron beach bathhouse were begun (\$269,617).
- A dump truck and a truck mounted weed sprayer (\$167,300) was purchased for highway and weed control.
- Water and wastewater services leased a sewer cleaner (\$149,800).

Additional information on Kent County's capital assets can be found on pages 49-51 of this report.

Long-term Debt

At the end of the current fiscal year, the County had total debt outstanding of \$19,972,924. The remainder of the County's long-term obligations are capital leases.

Kent County, Maryland's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 7,522,269	\$ 6,956,998	\$ 12,450,655	\$ 12,974,661	\$ 19,972,924	\$ 19,931,659
Capital Leases	1,530,356	1,413,486	239,056	-	1,769,412	1,413,486
Total	\$ 9,052,625	\$ 8,370,484	\$ 12,689,711	\$ 12,974,661	\$ 21,742,336	\$ 21,345,145

During the current fiscal year, the County's total debt increased by \$397,191. The County's significant debt activities included:

- \$1,700,000 of new governmental activities debt was issued for public school renovations.
- \$4,700,000 of existing governmental activities debt for the Community Center facility was refinanced to take advantage of favorable interest rates and reduce future debt service payments.
- \$5,834,729 of governmental activities debt was retired (including \$4,739,784 for the refinancing of the community center).
- \$524,006 of business-type activities debt was retired.

The County's debt policy limits the issuance of debt to under \$20,000,000 in any single year. This year the County issued \$6,400,000 in new debt.

Additional information on Kent County's long-term debt can be found on pages 61-64 of this report.

Economic Factors and Next Year's Budgets and Rates

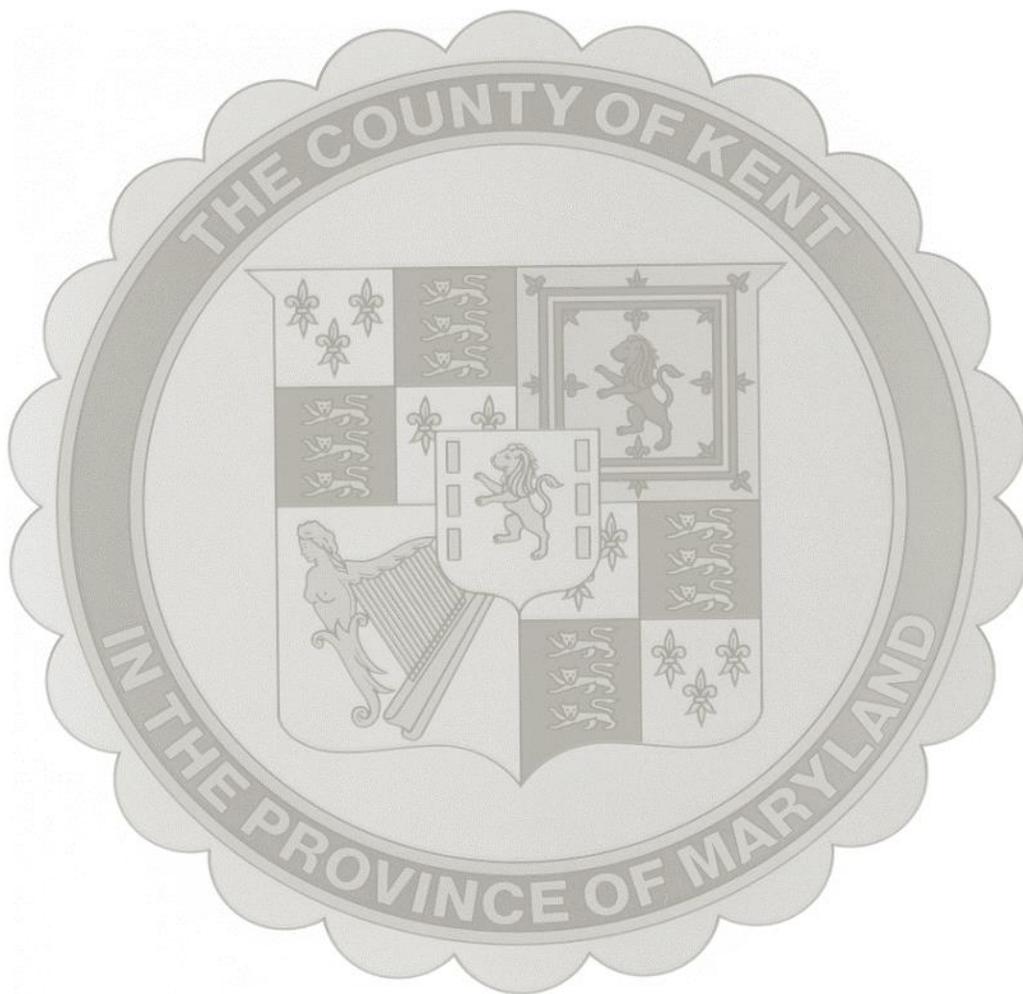
The following economic factors currently affect the County and were considered in developing the 2021 fiscal year budget:

- Because of the potential impact of the pandemic on our revenues, the County struck a very conservative fiscal year 2021 budget incorporating the following actions: no salary increase, no new positions, limited essential capital purchases, reduced operating budgets and reduced allocations to community agencies. The County also doubled its contingency budget.
- The County increased its income tax rate from 2.85% to 3.20% in fiscal year 2020. This will generate \$1,600,000 in additional revenue phased in over 3 years.
- The County will use \$2,348,468 of fund balance resources in fiscal year 2021 for capital projects and equipment needs. Capital projects include the expansion of the County's fiber network, public landing projects, Nicholson water treatment plant upgrades and public school renovation projects.
- The fiscal year 2020 property tax rate remains at \$1.022 per \$100 of assessed property value.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Office of Finance
400 High Street
Chestertown, Maryland 21620



Basic Financial Statements

Government-wide financial statements combine all of Kent County's governmental and business-type activities, as well as its discretely presented component units.

Fund financial statements show the financial position and the operating results by fund.

The County Commissioners of Kent County, Maryland
Statement of Net Position
June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Board of Education	Public Library
ASSETS					
Cash and cash equivalents	\$ 417,373	\$ 41,620	\$ 458,993	\$ 3,696,623	\$ 367,692
Equity in pooled cash	6,390,319	27,679	6,417,998	-	-
Property taxes receivable	3,711,021	-	3,711,021	-	-
Intergovernmental receivable	7,113,705	104,760	7,218,465	1,717,111	-
Other receivables	904,688	986,408	1,891,096	363,347	82,431
Internal balances	498,055	(498,055)	-	-	-
Inventories	387,186	73,068	460,254	63,986	-
Prepays	509,441	29,475	538,916	64,978	15,633
Capital assets, not being depreciated:					
Land	22,677,724	1,731,536	24,409,260	122,025	-
Construction in progress	936,456	2,581,778	3,518,234	2,284,755	-
Capital assets, net of accumulated depreciation					
Buildings	9,245,784	1,373,344	10,619,128	15,607,205	-
Machinery, equipment and vehicles	5,584,486	1,155,111	6,739,597	1,168,915	71
Infrastructure	11,609,317	33,408,881	45,018,198	-	-
Improvements	1,297,068	169,179	1,466,247	334,164	6,351
Library collection	-	-	-	-	194,478
Total Assets	<u>71,282,623</u>	<u>41,184,784</u>	<u>112,467,407</u>	<u>25,423,109</u>	<u>666,656</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	1,463,129	-	1,463,129	385,162	-
Deferred outflows related to other post employment benefits	5,061,275	-	5,061,275	4,027,004	-
Total deferred outflows of resources	<u>6,524,404</u>	<u>-</u>	<u>6,524,404</u>	<u>4,412,166</u>	<u>-</u>
LIABILITIES					
Accounts payable and other accrued liabilities	2,083,173	177,602	2,260,775	2,915,790	81,569
Accrued interest payable	18,055	45,220	63,275	-	-
Intergovernmental payable	1,158,623	140,067	1,298,690	-	5,523
Unearned revenues	1,515,730	-	1,515,730	605,301	34,545
Noncurrent liabilities:					
Due within one year	2,191,737	594,773	2,786,510	121,944	-
Due in more than one year	43,656,607	12,165,484	55,822,091	28,819,870	-
Total Liabilities	<u>50,623,925</u>	<u>13,123,146</u>	<u>63,747,071</u>	<u>32,462,905</u>	<u>121,637</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	886,368	-	886,368	249,295	-
Deferred inflows related to other post employment benefits	100,492	-	100,492	1,699,873	-
Total deferred inflows of resources	<u>986,860</u>	<u>-</u>	<u>986,860</u>	<u>1,949,168</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	44,624,458	27,730,118	72,354,576	18,673,754	200,900
Restricted for:					
Narcotics task force	25,840	-	25,840	-	-
Agricultural land preservation	36,102	-	36,102	-	-
Platform tennis	1,766	-	1,766	-	-
Weed control	81,991	-	81,991	-	-
Post prom	884	-	884	-	-
Kent family center	6,184	-	6,184	-	-
Inmate welfare	63,876	-	63,876	-	-
Law library	12,446	-	12,446	-	-
Regional family services	591	-	591	-	-
Special events overtime	4,670	-	4,670	-	-
Shop with a cop	307	-	307	-	-
Reforestation & open space	236,479	-	236,479	-	-
Other purposes	896,627	-	896,627	15,860	15,633
Unrestricted	(19,795,979)	331,520	(19,464,459)	(23,266,412)	328,486
Total Net Position	<u>\$ 26,196,242</u>	<u>\$ 28,061,638</u>	<u>\$ 54,257,880</u>	<u>\$ (4,576,798)</u>	<u>\$ 545,019</u>

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Board of Education	Public Library
Functions/Programs:									
Primary Government:									
Governmental activities:									
General government	\$ 8,113,135	\$ 52,888	\$ 292,969	\$ 158,244	\$ (7,609,034)	\$ -	\$ (7,609,034)	\$ -	\$ -
Public safety	13,166,405	86,380	656,954	-	(12,423,071)	-	(12,423,071)	-	-
Public works	6,612,374	311,705	514,967	321,336	(5,464,366)	-	(5,464,366)	-	-
Health and social services	2,074,507	28,950	1,484,493	-	(561,064)	-	(561,064)	-	-
Education	20,444,445	-	-	-	(20,444,445)	-	(20,444,445)	-	-
Culture and recreation	1,928,160	118,328	-	-	(1,809,832)	-	(1,809,832)	-	-
Libraries	685,526	-	-	-	(685,526)	-	(685,526)	-	-
Resource conservation	365,026	-	-	-	(365,026)	-	(365,026)	-	-
Community development	1,290,572	-	297,986	-	(992,586)	-	(992,586)	-	-
Debt service - interest	2,532,718	-	-	-	(2,532,718)	-	(2,532,718)	-	-
Total governmental activities	<u>57,212,868</u>	<u>598,251</u>	<u>3,247,369</u>	<u>479,580</u>	<u>(52,887,668)</u>	<u>-</u>	<u>(52,887,668)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water and wastewater services	4,022,805	2,358,073	-	425,249	-	(1,239,483)	(1,239,483)	-	-
Bayside landing	31,457	46,093	-	-	-	14,636	14,636	-	-
Total business-type activities	<u>4,054,262</u>	<u>2,404,166</u>	<u>-</u>	<u>425,249</u>	<u>-</u>	<u>(1,224,847)</u>	<u>(1,224,847)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$61,267,130</u>	<u>\$ 3,002,417</u>	<u>\$ 3,247,369</u>	<u>\$ 904,829</u>	<u>(52,887,668)</u>	<u>(1,224,847)</u>	<u>(54,112,515)</u>	<u>-</u>	<u>-</u>
Component Units:									
Kent County Board of Education	\$35,975,761	\$ 212,287	\$ 6,507,878	\$ 3,276,160			(25,979,436)		-
Kent County Public Library	1,008,648	-	-	-			-	(1,008,648)	
Total component units	<u>\$36,984,409</u>	<u>\$ 212,287</u>	<u>\$ 6,507,878</u>	<u>\$ 3,276,160</u>			<u>(25,979,436)</u>		<u>(1,008,648)</u>
General revenues:									
Property taxes					31,269,648	-	31,269,648	-	-
Income taxes					16,905,944	-	16,905,944	-	-
Other taxes					2,011,884	-	2,011,884	-	-
Other revenues					1,084,395	43,796	1,128,191	208,228	49,327
Grants and contributions not restricted to specific programs					-	-	-	27,591,168	957,431
Transfers					(987,861)	987,861	-	-	-
Total general revenues and transfers					<u>50,284,010</u>	<u>1,031,657</u>	<u>51,315,667</u>	<u>27,799,396</u>	<u>1,006,758</u>
Change in net position					(2,603,658)	(193,190)	(2,796,848)	1,819,960	(1,890)
Net position - beginning					<u>28,799,900</u>	<u>28,254,828</u>	<u>57,054,728</u>	<u>(6,396,758)</u>	<u>546,909</u>
Net position - ending					<u>\$ 26,196,242</u>	<u>\$28,061,638</u>	<u>\$ 54,257,880</u>	<u>\$ (4,576,798)</u>	<u>\$ 545,019</u>

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Balance Sheet – Governmental Funds
June 30, 2020

	General	Grants	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 417,373	\$ -	\$ -	\$ -	\$ 417,373
Equity in pooled cash	3,164,738	1,694,159	792,484	738,938	6,390,319
Property taxes receivable	3,711,021	-	-	-	3,711,021
Intergovernmental receivable	6,120,541	472,701	49,278	471,185	7,113,705
Other receivables	889,260	1,667	1,850	11,911	904,688
Due from other funds	1,126,781	-	-	-	1,126,781
Inventories	387,186	-	-	-	387,186
Prepaid items	509,441	-	-	-	509,441
Total assets	<u>\$ 16,326,341</u>	<u>\$ 2,168,527</u>	<u>\$ 843,612</u>	<u>\$ 1,222,034</u>	<u>\$ 20,560,514</u>
LIABILITIES					
Accounts payable	\$ 633,022	\$ 419,862	\$ 74,300	\$ 40,958	\$ 1,168,142
Accrued liabilities	795,686	13,332	-	106,013	915,031
Intergovernmental payable	134,647	5,564	823,809	194,603	1,158,623
Due to other funds	5,363	414,472	-	208,891	628,726
Unearned revenue	-	1,315,297	-	200,433	1,515,730
Total liabilities	<u>1,568,718</u>	<u>2,168,527</u>	<u>898,109</u>	<u>750,898</u>	<u>5,386,252</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	5,880,061	-	-	-	5,880,061
Total deferred inflows of resources	<u>5,880,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,880,061</u>
FUND BALANCES					
Nonspendable:					
Inventory	387,186	-	-	-	387,186
Prepaid expenditures	509,441	-	-	-	509,441
Restricted:					
General government	-	-	-	13,037	13,037
Public safety	-	-	-	66,575	66,575
Social services	-	-	-	6,184	6,184
Resource conservation	-	-	-	244,590	244,590
Committed:					
Resource conservation	-	-	-	27,991	27,991
Subsequent year's budget appropriation of fund balance	2,348,468	-	-	-	2,348,468
Assigned:					
Parks, recreation, and culture	-	-	-	2,650	2,650
Public safety	-	-	-	28,118	28,118
Public works	-	-	-	81,991	81,991
Unassigned	5,632,467	-	(54,497)	-	5,577,970
Total fund balances	<u>8,877,562</u>	<u>-</u>	<u>(54,497)</u>	<u>471,136</u>	<u>9,294,201</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,326,341</u>	<u>\$ 2,168,527</u>	<u>\$ 843,612</u>	<u>\$ 1,222,034</u>	<u>\$ 20,560,514</u>

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the statement of net position (page 26) are different because:

Total fund balance - governmental funds (page 28) \$ 9,294,201

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Nondepreciable capital assets:		
Land and land improvements	\$ 22,677,724	
Construction in progress	936,456	
Depreciable capital assets:		
Buildings	15,180,194	
Improvements	2,671,590	
Machinery and equipment	20,508,405	
Infrastructure	17,757,867	
Total capital assets:	79,732,236	
Less accumulated depreciation	(28,381,401)	51,350,835

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds payable	\$ (7,522,269)	
Capital leases	(1,530,356)	
Landfill liability	(2,600,000)	
Compensated absences	(1,132,469)	
Net other post-employment benefits liability	(21,247,005)	
Net pension liability	(11,816,245)	
Accrued interest payable	(18,055)	(45,866,399)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:

Taxes	\$ 5,880,061	5,880,061
-------	--------------	-----------

Deferred outflow of financial resources represents consumption of net position that applies to a future period and therefore are not reported in the funds:

Pension:		
Net difference between projected and actual earnings on plan investments	\$ 186,353	
Contributions subsequent to the measurement date	1,276,776	
OPEB:		
Change in assumptions in net OPEB liability	3,264,993	
Difference between actual and expected experience	1,796,282	6,524,404

Deferred inflow of financial resources represents an acquisition of net position that applies to a future period and therefore are not reported in the funds:

Pension:		
Change in assumptions in net pension liability	\$ (140,097)	
Difference between actual and expected experience	(746,271)	
OPEB:		
Change in assumptions in net OPEB liability	(63,238)	
Difference between actual and expected experience	(34,288)	
Net difference between projected and actual earnings on plan investments	(2,966)	(986,860)

Net position of governmental activities \$ 26,196,242

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>Grants</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 31,769,648	\$ -	\$ -	\$ -	\$ 31,769,648
Income	15,683,736	-	-	-	15,683,736
Other	2,004,260	-	-	7,624	2,011,884
Licenses and permits	317,696	-	-	-	317,696
Intergovernmental	714,854	1,766,778	368,914	876,403	3,726,949
Charges for services	537,415	-	-	60,839	598,254
Fines and forfeitures	19,315	-	-	13,362	32,677
Rental income	111,931	-	-	-	111,931
Miscellaneous	300,949	115	308,635	55,055	664,754
Total revenues	<u>51,459,804</u>	<u>1,766,893</u>	<u>677,549</u>	<u>1,013,283</u>	<u>54,917,529</u>
EXPENDITURES					
Current:					
General government	6,384,621	429,862	-	26,234	6,840,717
Public safety	11,018,476	702,336	-	51,715	11,772,527
Public works	5,257,467	10,076	-	90,778	5,358,321
Health and social services	972,071	14,339	-	1,028,199	2,014,609
Education	18,555,959	-	-	-	18,555,959
Parks, recreation and culture	1,487,999	6,976	-	27	1,495,002
Libraries	685,526	-	-	-	685,526
Resource conservation and development	365,026	-	-	-	365,026
Community development	637,510	594,809	-	-	1,232,319
Intergovernmental	275,903	8,495	-	-	284,398
Miscellaneous	(163,320)	-	-	-	(163,320)
Debt service:					
Principal	6,253,896	-	-	-	6,253,896
Interest	415,903	-	-	-	415,903
Capital outlay:					
General government	-	-	313,026	-	313,026
Public works	-	-	684,468	-	684,468
Education	-	-	1,888,486	-	1,888,486
Parks, recreation and culture	-	-	652,163	-	652,163
Libraries	-	-	-	-	-
Total expenditures	<u>52,147,037</u>	<u>1,766,893</u>	<u>3,538,143</u>	<u>1,196,953</u>	<u>58,649,026</u>
Excess (deficiency) of revenues over expenditures	<u>(687,233)</u>	<u>-</u>	<u>(2,860,594)</u>	<u>(183,670)</u>	<u>(3,731,497)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	-	1,126,097	148,440	1,374,537
Transfers out	(2,260,214)	-	(100,000)	(2,184)	(2,362,398)
Capital leases	505,464	-	-	30,573	536,037
General obligation bonds issued	4,700,000	-	1,700,000	-	6,400,000
Total other financing sources (uses)	<u>3,045,250</u>	<u>-</u>	<u>2,726,097</u>	<u>176,829</u>	<u>5,948,176</u>
Net change in fund balances	2,358,017	-	(134,497)	(6,841)	2,216,679
Fund balances - beginning	<u>6,519,545</u>	<u>-</u>	<u>80,000</u>	<u>477,977</u>	<u>7,077,522</u>
Fund balances - ending	<u>\$ 8,877,562</u>	<u>\$ -</u>	<u>\$ (54,497)</u>	<u>\$ 471,136</u>	<u>\$ 9,294,201</u>

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities (page 27) are different because:

Net change in fund balances - total governmental funds (page 30) \$ 2,216,679

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	\$ 1,865,894	
Depreciation expense	(1,674,937)	
		190,957

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the government funds, the proceeds from the sale increase financial resources.

Cost of capital assets sold	\$ (123,143)	
		(123,143)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Taxes	\$ 722,208	
		722,208

The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Capital lease financing	\$ (536,037)	
Debt issued	(6,400,000)	
Principal repayments:		
Capital leases	419,167	
General obligations bond payable	5,834,729	
		(682,141)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Accrued landfill liability	\$ (2,177,977)	
Accrued interest payable	61,162	
Net other post-employment benefits liability	(3,173,863)	
Net pension liability	(379,085)	
Accrued compensated absences	(97,169)	
		(5,766,932)

Deferred outflow of financial resources represents consumption of net position that applies to a future period and therefore are not reported in the funds:

Pension:		
Change in assumptions in net pension liability	\$ (300,954)	
Net difference between projected and actual earnings on plan investments	(142,937)	
Contributions subsequent to the measurement date	97,564	
OPEB:		
Change in assumptions in net OPEB liability	1,542,576	
Difference between actual and expected experience	(299,400)	
		896,849

Deferred inflow of financial resources represents an acquisition of net position that applies to a future period and therefore are not reported in the funds:

Pension:		
Difference between actual and expected experience	\$ 104,568	
Change in assumptions in net pension liability	(140,097)	
OPEB:		
Change in assumptions in net OPEB liability	12,648	
Difference between actual and expected experience	(34,287)	
Net difference between projected and actual earnings on plan investments	(967)	
		(58,135)

Change in net position of governmental activities \$ (2,603,658)

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Statement of Net Position - Proprietary Funds
June 30, 2020

	Business-type Activities		
	Water and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 41,620	\$ -	\$ 41,620
Equity in pooled cash	-	27,679	27,679
Accounts receivable	986,408	-	986,408
Intergovernmental receivable	104,760	-	104,760
Due from other funds	5,363	-	5,363
Inventories	73,068	-	73,068
Prepaid items	29,475	-	29,475
Total current assets	<u>1,240,694</u>	<u>27,679</u>	<u>1,268,373</u>
Noncurrent Assets:			
Capital Assets:			
Land	531,536	1,200,000	1,731,536
Buildings	1,551,705	206,539	1,758,244
Improvements	292,462	39,190	331,652
Infrastructure	50,049,271	109,500	50,158,771
Construction in progress	2,581,778	-	2,581,778
Machinery, equipment, and vehicles	3,806,952	10,887	3,817,839
Less accumulated depreciation	<u>(19,830,030)</u>	<u>(129,961)</u>	<u>(19,959,991)</u>
Total noncurrent assets	<u>38,983,674</u>	<u>1,436,155</u>	<u>40,419,829</u>
Total assets	<u>40,224,368</u>	<u>1,463,834</u>	<u>41,688,202</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	110,632	287	110,919
Accrued liabilities	63,614	-	63,614
Compensated absences	5,883	-	5,883
Bonds and capital lease payable	588,890	-	588,890
Customer deposits payable	3,069	-	3,069
Accrued interest payable	45,220	-	45,220
Intergovernmental payable	138,864	1,203	140,067
Due to other funds	<u>503,418</u>	<u>-</u>	<u>503,418</u>
Total current liabilities	<u>1,459,590</u>	<u>1,490</u>	<u>1,461,080</u>
Noncurrent Liabilities:			
Compensated absences	64,663	-	64,663
Bonds and capital lease payable	<u>12,100,821</u>	<u>-</u>	<u>12,100,821</u>
Total noncurrent liabilities	<u>12,165,484</u>	<u>-</u>	<u>12,165,484</u>
Total liabilities	<u>13,625,074</u>	<u>1,490</u>	<u>13,626,564</u>
NET POSITION			
Net investment in capital assets	26,293,963	1,436,155	27,730,118
Unrestricted	<u>305,331</u>	<u>26,189</u>	<u>331,520</u>
Total net position	<u>\$ 26,599,294</u>	<u>\$ 1,462,344</u>	<u>\$ 28,061,638</u>

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities		
	Water and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
Operating revenues:			
Charges for services:			
Water	\$ 635,625	\$ -	\$ 635,625
Sewer	1,537,081	-	1,537,081
Septic	130,191	-	130,191
Municipal Plant operations	55,176	-	55,176
Public landings	-	46,093	46,093
Miscellaneous	19,151	-	19,151
Total operating revenues	<u>2,377,224</u>	<u>46,093</u>	<u>2,423,317</u>
Operating expenses:			
Water	448,737	-	448,737
Sewer	1,442,102	-	1,442,102
Septic	68,629	-	68,629
Municipal plant operations	55,176	-	55,176
Parks and recreation	-	16,011	16,011
Public landings	-	6,077	6,077
Administration	511,294	-	511,294
Depreciation	1,212,945	9,369	1,222,314
Total operating expenses	<u>3,738,883</u>	<u>31,457</u>	<u>3,770,340</u>
Operating income (loss)	<u>(1,361,659)</u>	<u>14,636</u>	<u>(1,347,023)</u>
Nonoperating revenues (expenses):			
Allocation fees	16,520	-	16,520
Sale of vehicles	8,125	-	8,125
Interest expense	(283,922)	-	(283,922)
Total nonoperating revenues (expenses)	<u>(259,277)</u>	<u>-</u>	<u>(259,277)</u>
Income (loss) before transfers	<u>(1,620,936)</u>	<u>14,636</u>	<u>(1,606,300)</u>
Capital contributions	425,249	-	425,249
Transfers in	985,677	2,184	987,861
Change in net position	(210,010)	16,820	(193,190)
Net position - beginning	26,809,304	1,445,524	28,254,828
Net position - ending	<u>\$ 26,599,294</u>	<u>\$ 1,462,344</u>	<u>\$ 28,061,638</u>

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities		
	Waste and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 3,604,045	\$ 48,060	\$ 3,652,105
Payments to suppliers	(2,447,819)	(18,372)	(2,466,191)
Payments to employees	(682,370)	(5,300)	(687,670)
Net cash provided (used) by operating activities	<u>473,856</u>	<u>24,388</u>	<u>498,244</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(678,819)	-	(678,819)
Transfers from other funds	985,677	2,184	987,861
Net cash provided (used) by noncapital financing activities	<u>306,858</u>	<u>2,184</u>	<u>309,042</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	425,249	-	425,249
Purchases of capital assets	(593,295)	-	(593,295)
Principal paid on capital debt	(284,950)	-	(284,950)
Interest paid on capital debt	(286,248)	-	(286,248)
Net cash used by capital and related financing activities	<u>(739,244)</u>	<u>-</u>	<u>(739,244)</u>
Net increase (decrease) in cash and cash equivalents	41,470	26,572	68,042
Balances - beginning of year	<u>150</u>	<u>1,107</u>	<u>1,257</u>
Balances - end of year	<u>\$ 41,620</u>	<u>\$ 27,679</u>	<u>\$ 69,299</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (1,361,659)	\$ 14,636	\$ (1,347,023)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,212,945	9,369	1,222,314
Changes in assets and liabilities:			
Accounts receivable	(104,731)	-	(104,731)
Intergovernmental receivable	1,317,761	1,967	1,319,728
Prepaid expenses	525	-	525
Inventory	(10,374)	-	(10,374)
Due from general fund	46	-	46
Accounts payable and accrued expenses	(592,564)	(2,190)	(594,754)
Interest payable	(2,326)	-	(2,326)
Intergovernmental payable	(1,838)	606	(1,232)
Customer deposits and overpayments	351	-	351
Compensated absences payable	15,720	-	15,720
Net cash provided by operating activities	<u>\$ 473,856</u>	<u>\$ 24,388</u>	<u>\$ 498,244</u>

The notes to financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2020

	Tax Sale Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 39,817
Equity in pooled cash	102,280	46,606
Receivables	26,721	796,235
Total assets	129,001	882,658
LIABILITIES		
Accounts payable	129,001	39,316
Due to other governments	-	843,342
Total liabilities	129,001	\$ 882,658
NET POSITION		
Net position held in trust for property owners involved in tax sale transactions	\$ -	

The notes to the financial statements are an integral part of this statement.

The County Commissioners of Kent County, Maryland
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2020

	<u>Tax Sale Private Purpose Trust Fund</u>
ADDITIONS	
Tax sale redemptions	\$ 546,022
Tax sale deed executions	886
Total additions	<u>546,908</u>
DEDUCTIONS	
Tax sale redemptions	546,022
Tax sale deed executions	886
Total deductions	<u>546,908</u>
Change in net position	<u><u>-</u></u>
Net position - beginning	-
Net position - ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

Notes to Basic Financial Statements

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The County Commissioners of Kent County, Maryland
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting entity

Kent County, Maryland (the County) was founded in 1642, the second civil division in the province of Maryland. The County is governed by three commissioners who are elected at large to serve four-year terms. This board assumes responsibilities conferred upon them by the Maryland General Assembly and provides the following services: public safety, public works, health and social services, sanitation, recreation and culture, education, economic development, community development and general administrative services. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

Discretely presented component units. The Board of Education of Kent County, which operates all public schools (grades Pre-K through 12) within the County, is a component unit of Kent County, Maryland by virtue of the Board's fiscal dependency on the County through the County's responsibility for levying taxes, issuing debt, and its approval of the Board's budget. The County Board of Education's governing board is elected by the citizens of Kent County. The component unit has no taxing authority of its own.

The Kent County Public Library is a component unit of Kent County, Maryland by virtue of the Library's fiscal dependency on the County. The County levies taxes and appoints members to the Library Board of Trustees from nominations submitted by the remaining members of that board. The Library Board of Trustees governs the Library.

Separately issued financial statements of the individual component units can be obtained from their respective administrative offices listed below:

**Board of Education of
Kent County, Maryland**
5608 Boundary Avenue
Rock Hall, Maryland 21661

Kent County Public Library
408 High Street
Chestertown, MD 21620

Joint Venture. The Midshore Regional Landfill is a joint venture with Talbot, Caroline, and Queen Anne's counties. Disclosure of the County's participation in this joint venture is presented in Note III. P.

Separately issued financial statements can be obtained from the joint ventures' administrative office listed below:

Maryland Environmental Service
259 Najoles Road
Millersville, MD 21108

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while

business-type activities incorporate data from the County's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's water and wastewater functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

The *general fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *capital projects fund* accounts for the acquisition and construction of the County's major capital facilities, other than those financed by proprietary funds.

The government reports the following major enterprise funds:

The *water and wastewater services fund* accounts for the activities related to operating the sewage treatment plants, sewage pumping stations, and the water distribution systems throughout the County.

Additionally, the County reports the following fund types:

The *tax sale private-purpose trust fund* accounts for monies received from tax sale transactions on behalf of property owners.

The *agency fund* accounts for inmate accounts at the detention center, vehicle registration charges collected on behalf of the motor vehicle administration, special assessment charges collected on behalf of the Millington Drainage Association, and property taxes collected on behalf of other governments.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and enterprise funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, other local taxes, state shared taxes, licenses, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary information

1. Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, enterprise funds, and capital projects fund. The capital projects fund is appropriated on a project-length basis. Special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the County Commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

State regulations authorize the County to invest in: U.S. treasury obligations, U.S. government agency and instrumentality obligations, repurchase agreements (collateralized), certificates of deposit, bankers' acceptances, commercial paper, money market mutual funds and the Maryland Local Government Investment Pool.

The Maryland Local Government Investment Pool (MLGIP) was created by the state legislature through Section 22G of Article 94 of the Annotated Code of Maryland and is under the supervision of the state treasurer. The pool has an AAAM Standards and Poor's rating.

Investments for the County are reported at fair value (generally based on quoted market prices) except for the position in the Maryland Local Government Investment Pool which is reported at the net asset value per share. For the year ended June 30, 2020, the County did not have any investments.

3. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and repair items. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the County chose to include all such items regardless of their acquisition date or amount. The County was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. This year no tax-exempt bond anticipation notes (BANS) were issued, consequently, no interest was capitalized.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	50
Improvements	20
Infrastructure	50
Machinery and equipment	7-20
Office furniture and fixtures	7
Automobiles and trucks	10
Leased vehicles	5

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County reports a deferred outflow of resources for the change in assumptions in net pension liability, board pension contributions subsequent to the measurement date, net difference between projected and actual earnings on pension plan investments, change in assumptions in net OPEB liability, and the difference between the actual and expected experience on related to the OPEB plan .

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County reports a deferred inflow of resources for the difference between the actual and expected experience related to the pension plan, change in assumptions in net OPEB liability, and the net difference between projected and actual earnings on OPEB plan investments. The County also reports the item, *unavailable revenue*, reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from income taxes and property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

6. *Net position flow assumption*

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

7. *Fund balance flow assumptions*

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County reports the following fund balances in governmental activities:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. The County reported the following nonspendable fund balances:

Fund	Fund Balance	Nonspendable Category
General Fund	\$ 387,186	Inventory
	509,441	Prepaid Expenditures

Restricted – Amounts that can only be spent for specific purposes because of enabling legislation, constitutional provisions or externally imposed conditions by grantors, creditors or contributors. The County reported the following restricted fund balances:

Fund	Fund Balance	Restricted by
Special Revenue Fund		
Agricultural Land Preservation	\$ 36,102	Tax Property Article 13-306 and contributors
Reforestation & Open Space	208,488	Natural Resources Article 5-1610
Inmate Welfare	63,876	Correctional Services Article 10-502
Law Library	12,446	Courts and Judicial Proceedings Article 13-501
Regional Family Services	591	Courts and Judicial Proceedings Article 7-202
Kent Family Center	6,184	Maryland Department of Human Services Agreement
Kent County Drug Task Force	1,603	Kent County Drug Task Force Forfeiture Agreement
Sheriff's Forfeiture	1,096	Federal Forfeiture Regulations

Committed – Amounts that can be used only for specific purposes are determined by formal action (adoption or amendment) by the Board of County Commissioners who are the highest level of decision making authority. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The County reported the following committed fund balances:

Fund	Fund Balance	Committed by
General Fund	\$ 2,348,468	Kent County Budget Document
Special Revenue Fund		
Reforestation & Open Space	27,991	Kent County Land Use Ordinance

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Board of County Commissioners may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The County reported the following assigned fund balances:

Fund	Fund Balance	Assigned by
Special Revenue Fund		
Sheriff Forfeitures	\$ 23,141	Kent County Budget Document
Special Events Overtime	4,670	Kent County Budget Document
Shop with a Cop	307	Kent County Budget Document
Platform Tennis	1,766	Kent County Budget Document
Post Prom	884	Kent County Budget Document
Weed Control	81,991	Kent County Budget Document

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

H. Revenues and expenditures/expenses

1. *Program revenues*

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. *Property taxes*

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. Payments are due by September 30th for all non-principal residences. Beginning October 1st, interest is charged each month on taxes that remain unpaid. For principal residences and small business with property tax liabilities of less than \$100,000, a two part installment plan is offered. The first installment is due by September 30th. Beginning October 1st, interest is charged on the amount of the first installment only. The second installment is due by December 31st. Beginning January 1st, interest is charged on all outstanding balances. A final billing (mailed on January 1) reflects any adjustments (i.e. new construction) to the current year's actual levy. Beginning April 1st, interest is charged each month on taxes that remain unpaid. Property taxes are levied at rates enacted by the Board of County Commissioners in the annual budget on the assessed value as determined by the Maryland Department of Assessments and Taxation. The tax rate for the fiscal year ended June 30, 2020 was \$1.022 per \$100 of full assessed value.

3. *Compensated absences*

Primary Government

Vacation/ Compensatory Leave Time. The County's policy permits employees to accumulate earned but unused vacation and compensatory leave time benefits, which are eligible for payment upon separation from County service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. As of June 30, 2020, a total of \$1,132,469 in unused vacation and compensatory leave time has been recorded as compensated absences payable on the Statement of Net Position.

Sick Leave. Accumulated sick leave lapses when employees leave the employ of the County and, upon

separation from service, no monetary obligation exists.

Component Units

Board of Education

Sick Leave. As of June 30, 2020, the value of accumulated unused sick leave which will be used has not been determined. It is not practical to estimate the portion of such values, which will ultimately be paid because payment is contingent upon employees' future illnesses or retirement. The Board expects its commitment to provide sick leave to be met during the normal course of activities over the working lives of its present employees. Any accumulated unused sick leave at retirement will ultimately be taken into consideration and paid through retirement benefits by the State of Maryland.

Vacation. Twelve-month employees earn annual leave at varying rates dependent upon position and length of service. Annual leave generally must be taken by June 30 each year. For support staff, up to 15 days may be transferred to the next fiscal year. For administrative staff, up to three days may be transferred to the first week of July, and they can contribute 10 unused days to their 403(b) plans at the end of the fiscal year.

As of June 30, 2020, a total of \$29,320 in unused annual leave is available, which has been recorded as compensated absences payable in the Statement of Net Position.

Expenditures in the statement of revenues and expenditures for such items are the amounts accrued during the year that normally would be liquidated with expendable available financial resources. All accrued compensated absences are recorded in the government-wide financial statements.

Public Library

The Library accrues a liability for certain compensated absences that employees have earned but have not yet been paid. The Library estimates the portion to be used within the current fiscal year, and this portion is treated as a current liability in the general fund balance sheet. Expenditures in the statement of revenues and expenditures for such items are the amounts accrued during the year that normally would be liquidated with expendable available financial resources. All accrued compensated absences are recorded in the government-wide financial statement. The total liability of compensated absences as of June 30, 2020, was \$15,759.

4. *Proprietary funds operating and nonoperating revenues and expenses*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater services and bayside landing funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. Implementation of new accounting principles

As of June 30, 2020, the Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which will require adoption in the future, if applicable: GASB Statement No. 84, *Fiduciary Activities*; Statement No. 87, *Leases*; Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. During the year ended June 30, 2020, GASB has also issued GASB Statement No. 95, *Postponement of the*

Effective Dates of Certain Authoritative Guidance, which provides temporary relief to governments in light of the COVID-19 pandemic, by postponing the effective dates of certain pronouncements. These statements may or will have a material effect on the County's financial statements once implemented. The County has not yet completed the process of evaluating the impact of these pronouncements on its financial statements and plans to adopt them, as applicable, by their effective date.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. Reconciling items include the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and, therefore, are not reported in the funds.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and, therefore, are not reported in the funds.

Details of these reconciling transactions can be found on page 29.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. Reconciling items include the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.

The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities.

Some expenses 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.

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and, therefore, are not reported in the funds.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and, therefore, are not reported in the funds.

Detail of these reconciling transactions can be found on page 31.

III. Detailed notes on all activities and funds

A. Cash deposits with financial institutions

Primary Government

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County maintains the following accounts:

Financial Institution	Bank Balance June 30, 2020
Chesapeake Bank and Trust (main operating account)	\$ 7,216,105
PNC Bank (payroll processing)	499,963
Chesapeake Bank and Trust (transitional insurance program)	251

As of June 30, 2020, the reported amount of the County’s deposits was \$7,065,694. None of the County’s deposits are exposed to custodial credit risk. The deposits at Chesapeake Bank and Trust are collateralized with securities held by the pledging or financial institution’s trust department or agent in the County’s name and the deposits at PNC Bank are insured by the Federal Deposit Insurance Corporation. At the end of each day, the deposits at Chesapeake Bank and Trust are invested in an overnight sweep account.

Interest rate risk. The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to six months or less.

Credit risk. As of June 30, 2020, the County was not exposed to credit risk.

Concentration of credit risk. The County’s investment policy limits investment in any one financial institution and establishes the following limits: primary government dealers – 60%, commercial banks/certificates of deposit – 40%, money market treasury funds – 40%, local government investment pools – 70%.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2020, the County was not exposed to any custodial credit risk.

Investment Policy. The County has adopted an investment policy that is designed to provide maximum safety and liquidity of funds while providing a reasonable rate of return. Permissible investments include U.S. Treasury Obligations, U.S. Government Agency and U.S. Government-Sponsored Enterprises, repurchase agreements, collateralized certificates of deposit, the Maryland Local Government Investment Pool, and mutual funds dealing in government securities. The County’s policy and State law require that the underlying collateral for repurchase agreements and certificates of deposit must have a market value of at least 102% of the investment’s cost plus accrued interest.

Component Units

Board of Education

As of June 30, 2020, the reported amount of the Board’s deposits was \$3,696,623, and the bank balance was

\$4,264,350. As required by law, each depository is to pledge securities at least equal to the amount on deposit at all times in addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC). These collateralization requirements are established to reduce custodial risk which is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2020, the bank deposits were fully insured or collateralized.

Public Library

The Library maintains two bank accounts at PNC Bank. As of June 30, 2020, the carrying amount of the Library's deposits was \$367,692 and the bank balance in the checking account was \$222,408 and the bank balance in the money market account was \$199,705, all of which was insured by the Federal Deposit Insurance Corporation.

B. Receivables

Below is the detail of receivables for the governmental and business-type activities:

Receivables	General Fund	Capital	Nonmajor	Total	Business-type	Total
		Projects Fund	Governmental Funds	Governmental Funds		
Property Tax	\$ 3,711,021	\$ -	\$ -	\$ 3,711,021	\$ -	\$ 3,711,021
Other Accounts:						
Insurance refund	\$ 649,376	\$ -	\$ -	\$ 649,376	\$ -	\$ 649,376
Water and sewer fees	-	-	-	-	660,397	660,397
Hotel tax	33,225	-	-	33,225	-	33,225
Liquor licenses	59,475	-	-	59,475	-	59,475
Tax sale	-	-	-	-	277,815	277,815
Loan receivable	100,000	-	-	100,000	-	100,000
Maryland Rural Development	-	-	-	-	-	-
Other	47,184	1,850	3,664	52,698	48,196	100,894
	<u>\$ 889,260</u>	<u>\$ 1,850</u>	<u>\$ 3,664</u>	<u>\$ 894,774</u>	<u>\$ 986,408</u>	<u>\$ 1,881,182</u>
Intergovernmental:						
Income taxes	\$ 5,590,344	\$ -	\$ -	\$ 5,590,344	\$ -	\$ 5,590,344
Recordation tax	91,048	-	-	91,048	-	91,048
Maryland family network	-	-	96,921	96,921	-	96,921
Property transfer tax	56,127	-	-	56,127	-	56,127
State Highway Administration	150,097	-	-	150,097	-	150,097
Department of Housing	-	47,578	24,447	72,025	-	72,025
Department of Education	-	-	40,934	40,934	-	40,934
Town of Galena	-	-	-	-	21,743	21,743
Internal Revenue Service	-	-	-	-	23,735	23,735
Office of the Courts	-	-	145,267	145,267	-	145,267
Department of Health	-	-	183,593	183,593	-	183,593
Homeland Security	-	-	72,999	72,999	-	72,999
District Court	107,311	-	-	107,311	-	107,311
911 fees & Numbers Board	45,934	-	27,348	73,282	-	73,282
Governor's Office	24,918	-	286,582	311,500	-	311,500
Other	54,762	1,700	65,795	122,257	59,282	181,539
	<u>\$ 6,120,541</u>	<u>\$ 49,278</u>	<u>\$ 943,886</u>	<u>\$ 7,113,705</u>	<u>\$ 104,760</u>	<u>\$ 7,218,465</u>

The County does not have any allowance for doubtful accounts related to the above receivables. The County expects to receive all of the receivables listed above within one year except for the following:

The State has estimated that they are holding \$5,590,344 of the County's income tax revenue based on the 2018 tax returns. It will take several years for the State to remit these monies to the County, however, the State estimates their liability to the County and the County reports this receivable in accordance with GAAP.

C. Capital assets

Primary Government

Capital assets activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 22,677,724	\$ -	\$ -	\$ 22,677,724
Construction in progress	7,817,114	324,114	7,204,772	936,456
Total capital assets, not being depreciated	<u>30,494,838</u>	<u>324,114</u>	<u>7,204,772</u>	<u>23,614,180</u>
Capital assets, being depreciated:				
Buildings	14,770,729	409,465	-	15,180,194
Improvements	2,662,506	9,084	-	2,671,590
Machinery and equipment	19,883,440	1,100,429	475,464	20,508,405
Infrastructure	10,530,293	7,227,574	-	17,757,867
Total capital assets, being depreciated	<u>47,846,968</u>	<u>8,746,552</u>	<u>475,464</u>	<u>56,118,056</u>
Less accumulated depreciation for:				
Buildings	5,649,017	285,393	-	5,934,410
Improvements	1,295,480	79,042	-	1,374,522
Machinery and equipment	14,194,191	1,082,049	352,321	14,923,919
Infrastructure	5,920,097	228,453	-	6,148,550
Total accumulated depreciation	<u>27,058,785</u>	<u>1,674,937</u>	<u>352,321</u>	<u>28,381,401</u>
Total capital assets being depreciated, net	<u>20,788,183</u>	<u>7,071,615</u>	<u>123,143</u>	<u>27,736,655</u>
Governmental activities capital assets, net	<u>\$ 51,283,021</u>	<u>\$ 7,395,729</u>	<u>\$ 7,327,915</u>	<u>\$ 51,350,835</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,731,536	\$ -	\$ -	\$ 1,731,536
Construction in progress	2,279,955	404,882	103,059	2,581,778
Total capital assets, not being depreciated	<u>4,011,491</u>	<u>404,882</u>	<u>103,059</u>	<u>4,313,314</u>
Capital assets, being depreciated:				
Buildings	1,758,244	-	-	1,758,244
Improvements	331,652	-	-	331,652
Infrastructure	50,158,771	-	-	50,158,771
Machinery and equipment	3,526,367	372,701	81,229	3,817,839
Total capital assets, being depreciated	<u>55,775,034</u>	<u>372,701</u>	<u>81,229</u>	<u>56,066,506</u>
Less accumulated depreciation for:				
Buildings	349,736	35,164	-	384,900
Improvements	145,890	16,583	-	162,473
Infrastructure	15,746,600	1,003,290	-	16,749,890
Machinery and equipment	2,576,680	167,277	81,229	2,662,728
Total accumulated depreciation	<u>18,818,906</u>	<u>1,222,314</u>	<u>81,229</u>	<u>19,959,991</u>
Total capital assets, being depreciated, net	<u>36,956,128</u>	<u>(849,613)</u>	<u>-</u>	<u>36,106,515</u>
Business-type activities capital assets, net	<u>\$ 40,967,619</u>	<u>\$ (444,731)</u>	<u>\$ 103,059</u>	<u>\$ 40,419,829</u>

Depreciation expense for the year ended June 30, 2020, was charged to the functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 290,224
Public safety	583,974
Public works	480,465
Parks, recreation and culture	314,897
Social Services	2,590
Community development	2,787
Total depreciation expense - governmental activities	<u>\$ 1,674,937</u>

Business-type activities:

Water and wastewater services	\$ 1,212,945
Bayside landing	9,369
Total depreciation expense - business-type activities	<u>\$ 1,222,314</u>

Component Units

Board of Education

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Government activities				
Capital assets, not being depreciated:				
Land	\$ 122,025	\$ -	\$ -	\$ 122,025
Construction in progress	661,172	2,242,038	618,455	2,284,755
Total capital assets, not being depreciated	<u>783,197</u>	<u>2,242,038</u>	<u>618,455</u>	<u>2,406,780</u>
Capital assets, being depreciated:				
Land improvements	726,079	-	-	726,079
Buildings, furniture, fixtures and equipment	54,374,538	1,824,002	-	56,198,540
Vehicles	1,634,284	67,185	30,219	1,671,250
Total capital assets, being depreciated	<u>56,734,901</u>	<u>1,891,187</u>	<u>30,219</u>	<u>58,595,869</u>
Less accumulated depreciation for:				
Land improvements	354,336	37,579	-	391,915
Buildings, furniture, fixtures and equipment	39,120,517	1,470,818	-	40,591,335
Vehicles	416,035	116,519	30,219	502,335
Total accumulated depreciation	<u>39,890,888</u>	<u>1,624,916</u>	<u>30,219</u>	<u>41,485,585</u>
Total capital assets, being depreciated, net	<u>16,844,013</u>	<u>266,271</u>	<u>-</u>	<u>17,110,284</u>
Governmental activities capital assets, net	<u>\$ 17,627,210</u>	<u>\$ 2,508,309</u>	<u>\$ 618,455</u>	<u>\$ 19,517,064</u>

Public Library

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Computers and equipment	\$ 90,804	\$ -	\$ -	\$ 90,804
Furniture and fixtures	58,476	-	-	58,476
Library improvements	33,614	-	-	33,614
Less accumulated depreciation	175,701	771	-	176,472
Capital assets, net	<u>\$ 7,193</u>	<u>\$ (771)</u>	<u>\$ -</u>	<u>\$ 6,422</u>

Library collections and related accumulated amortization activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets	\$ 727,596	\$ 47,733	\$ 98,619	\$ 676,710
Less accumulated depreciation	519,892	60,959	98,619	482,232
Capital assets, net	<u>\$ 207,704</u>	<u>\$ (13,226)</u>	<u>\$ -</u>	<u>\$ 194,478</u>

D. Accrued liabilities

Accrued liabilities reported by governmental funds at June 30, 2020, were as follows:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Salary and employee benefits	\$ 784,942	\$ 46,830	\$ 831,772
Other	10,744	72,515	83,259
Total accrued liabilities	<u>\$ 795,686</u>	<u>\$ 119,345</u>	<u>\$ 915,031</u>

E. Pension liability

Primary Government

The County participates in the Maryland State Retirement and Pension System (MSRPS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Maryland. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. For the year ended June 30, 2020, the County recognized aggregated pension expense of \$1,503,915 for the pension system.

Benefits under the Maryland State Retirement and Pension System are established under Title 21, and the Law Enforcement Officers' Pension System under Title 26, of the Annotated Code of Maryland – State Personnel and Pensions.

The Maryland State Retirement and Pension System issues a comprehensive annual financial report that includes disclosures regarding actuarial value of assets, total actuarial accrued liability, unfunded actuarial accrued liability, if any, and funded liability ratio. This report can be obtained from the agency's office as follows:

Maryland State Retirement and Pension Systems

120 East Baltimore Street
Baltimore, Maryland 21201

Pensions

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

Plan Descriptions

The MSRPS covers three classes of employees.

Employees hired after June 30, 2002, plus eligible employees with service as of July 1, 2002. Members may retire with full benefits after completing 30 years of eligible service regardless of age or at age 62 or older. On retirement from service, a member

shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service. A member may retire with reduced benefits after attaining age 55 and completing fifteen years of eligible service. A member terminating employment before attaining retirement age, becomes eligible for a vested retirement allowance at age 62.

Employees hired after June 30, 2011. Members may retire with full benefits when their years of eligible service and age equal 90 or at age 65 or older with 10 years of eligible service. On retirement from service, a member shall receive an annual service retirement allowance based on the member's average final compensation and years of creditable service. A member may retire with reduced benefits after attaining age 60 and completing fifteen years of eligible service. A member terminating employment before attaining retirement age, but after completing ten years of eligible service, becomes eligible for a vested retirement allowance at age 65.

Law enforcement employees hired after June 30, 2002, plus eligible employees with service as of July 1, 2002. Members may retire after 25 years of service or at age 50 with at least 5 years of service. A member who joined prior to July 1, 2012 is eligible for vesting after 5 years of service; however, the contribution must be left in the Retirement System in order to qualify for benefits at age 50. A member who joined after July 1, 2012 is eligible for vesting after 10 years of service; however, the contribution must be left in the Retirement System in order to qualify for benefits at age 65.

Funding Policy

Obligations to contribute to the plan were established under Title 21 and Title 26 of the Annotated Code of Maryland – State Personnel and Pensions. Members contributed 7% of their gross regular employee compensation during fiscal year 2020.

Required contributions under the plans, which are not funded by employee contributions, are funded entirely by the County. Contributions by the County to MSRPS take place during the fiscal year and are based upon salaries for the preceding fiscal year. The County contribution for the year ending June 30, 2020 is based on salaries for the year ending June 30, 2019. The contribution requirements of plan members of the reporting entity are established and may be amended by the Maryland State Pension System Board of Trustees. The contributions for the fiscal years ending June 30th were equal to the actuarially determined amounts as follows:

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018
MSRPS Contributions	\$ 1,276,776	\$ 1,179,212	\$ 1,094,581

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

As of June 30, 2020, the County reported a liability of \$11,816,245 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participants members actuarially determined. As of June 30, 2019, the County's proportion was 0.0573%.

For the year ended June 30, 2020, the County recognized pension expenses of \$1,503,914. As of June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 140,097
County contribution subsequent to the measurement date	1,276,776	-
Net difference between projected vs actual investment earnings	186,353	-
Difference between actual and expected experience	-	746,271
Total	<u>\$ 1,463,129</u>	<u>\$ 886,368</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources are related to pensions, which will be recognized in pension expense as follows:

Year Ended	
June 30,	
2021	\$ 32,689
2022	(304,499)
2023	(279,684)
2024	(109,037)
2025	(39,484)

Actuarial Assumptions - The key actuarial assumptions used to perform the June 30, 2020, pension liability calculation are as follows:

Inflation	2.65% general, 3.15% wage
Salary increases	3.10% to 11.60%, including inflation
Investment rate of return	7.40%
Retirement Age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRSP experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37%	6.3%
Private Equity	13%	7.5%
Rate Sensitive	19%	1.3%
Credit Opportunity	9%	3.9%
Real Assets	14%	4.5%
Absolute Return	8%	3.0%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate:

	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
County's proportionate share of the net pension liability	\$ 17,102,833	\$ 11,816,245	\$ 7,413,185

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This can be found at www.sra.state.md.us.

F. Other post-employment benefit (OPEB) liability

Primary Government

Post-employment Benefits Other than Pensions (OPEB) - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Kent County Other Post-Employment Benefit Plan and additions to/deductions from the County’s Other Post-Employment Benefit Plan’s fiduciary net position have been determined on the same basis as they are reported by Kent County’s Other Post-Employment Benefit Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Plan Description – The County’s Other Post-Employment Benefit Plan (OPEB) is an agent multiple-employer defined benefit healthcare plan whose assets are held by Queen Anne’s County, Maryland. On June 9, 2009, the County Commissioners authorized the establishment of a trust to fund costs of health insurance and any other post-employment benefits provided to eligible retirees of the County. The participants of the trust include: the County, the County Commissioners of Queen Anne’s County (Queen Anne’s County), the Queen Anne’s County Free Library and the Board of Education of Queen Anne’s County.

Benefits Provided - An employee retiring from Kent County Government on or after July 2, 2002, who has accumulated thirty (30) years of service or a law enforcement employee who has accumulated twenty-five (25) years of service, will be eligible to receive the same health benefits as provided to current full-time or permanent part-time employees, whichever is applicable. In so doing, the County will pay the same percentage of premium for an employee retiring as a full-time employee as it pays to current full-time employees, and will pay the same percentage for an employee retiring as a permanent part-time employee as it pays to current permanent part-time employees. In fiscal year 2020 the County paid 100% of retiree’s health, dental, and vision premiums. Additionally, the County paid 60% of retiree’s dependents health premiums and 55% of retiree’s dependents dental and vision premiums.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Inactive employees entitled to but not yet receiving benefits	1
Active employees	197
	227

Contributions – The County contribution includes the pay-as-you-go premiums for current retirees and the trust contribution for future retirees. Both of these figures are determined annually as part of the budget process. In fiscal year 2020 the County contributed \$275,682 (\$275,682 for pay-as-you-go premiums and \$0 to the trust). Plan members receiving benefits contributed \$34,367.

Net OPEB Liability

The County’s net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability as of June 30, 2020, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions used in the latest actuarial valuation were:

Inflation rate	2.40%
Salary increases	State of Maryland General and LEOPS Retirement and Pension System salary scale assumptions
Discount rate	2.45%
Healthcare cost trend rate	Society of Actuaries Long Run Medical Cost Trend Model
Mortality	<u>Pre-Retirement Healthy Mortality</u> - RP-2014 Blue Collar Mortality Table, fully generational, projected to 2014 as of 2014 using Scale MP-2014
	<u>Post-Retirement Healthy Mortality</u> - RP-2014 Blue Collar Mortality Table, fully generational, projected to 2010 for males and 2012 for females as of 2014 using Scale MP-2014
	<u>Disabled</u> - RP-2014 Disabled Annuitant Mortality Table, not generational, set forward 2 years for males and 3 years for females

An experience study has not been completed for the County Commissioners of Kent County. The demographic assumptions are based on those used by the Maryland State Retirement and Pension System for its actuarial valuation.

The long term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100%	0.00%
Total	100%	

Discount Rate—The discount rate used to measure the total OPEB liability was 2.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assume that the County will contribute to the trust at the same level as in recent years. Based on that assumption, the liabilities for the plan will be determined using the June 30, 2020 bond rate of 2.45% as a discount rate. The discount rate changed from the prior measurement period. The discount rate was 3.13% for the June 30, 2019 measurement date.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of 06/30/19	\$ 18,233,049	\$ 159,907	\$ 18,073,142
Changes for the year:			
Service cost	880,662	-	880,662
Interest	565,767	-	565,767
Differences between expected and actual experience	(39,186)	-	(39,186)
Contributions - employer	-	275,682	(275,682)
Net investment income	-	1,853	(1,853)
Changes in assumptions	2,044,155	-	2,044,155
Benefit payments	(275,682)	(275,682)	-
Net changes	<u>3,175,716</u>	<u>1,853</u>	<u>3,173,863</u>
Balance as of 06/30/20	<u>\$ 21,408,765</u>	<u>\$ 161,760</u>	<u>\$ 21,247,005</u>

Sensitivity of the net OPEB liability to changes in the discount rate - the following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB liability (Asset)	\$ 26,498,607	\$ 21,247,005	\$ 17,302,636

Sensitivity of the net OPEB liability to changes in the health care cost trend rates - the following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower (2.90 percent) or 1-percentage-point higher (4.90 percent) than the current health care cost trend rates:

	1% Decrease (2.90%)	Health Care Cost Trend Rates (3.90%)	1% Increase (4.90%)
Net OPEB liability (Asset)	\$ 16,476,708	\$ 21,247,005	\$ 27,948,024

OPEB Fiduciary Net Position - Detailed information about the OPEB's fiduciary net position is available in the separately issued Queen Anne's County comprehensive annual financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020 the County recognized OPEB expense of \$2,228,975. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 3,264,993	\$ 63,238
Net difference between projected and actual investment earnings	-	2,966
Difference between actual and expected experience	1,796,282	34,288
Total	<u>\$ 5,061,275</u>	<u>\$ 100,492</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2021	\$ 782,546
2022	782,546
2023	782,607
2024	783,063
2025	783,432
Thereafter	1,046,589

Component Units

Board of Education

Plan Description - The Board of Education of Kent County, Maryland administers a single-employer defined benefit healthcare plan, The Kent County Public Schools Retiree Health Plan ("the Plan"), that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees, their spouses and other dependents. The Plan does not issue a publicly available report.

Annual OPEB Cost and Net OPEB Liability - The Board's net OPEB liability was measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of January 1, 2020. The methods, assumptions and participant data used are detailed in the fiscal year 2020 valuation report dated July 1, 2020 with the exception

of the discount rate. The rate was 3.62% as of June 30, 2018 and 3.13% as of June 30, 2019.

Actuarial assumptions – Projections of benefits for financial reporting are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and Plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of significant valuation methods and assumptions are as follows:

Valuation date	January 1, 2020
Measurement date – GASB 75	June 30, 2019
Actuarial cost method – GASB 75	Entry age normal
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Discount rate – June 30, 2018	3.62%
Discount rate – June 30, 2019	3.13%
Payroll growth	3.00%
Inflation rate	2.50%
Rate of growth in real income	1.50%
Medical trend	Based on Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions. The model was released in October 2010 and updated in September 2019. The 2020 rate is 4.70% decreasing gradually to 4.0% in 2075.
Mortality	The mortality rates were calculated using the Pub-2010 Teacher Employees, Teacher Retirees and Disabled Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2019 Mortality Improvement Scale.

Rate of Return – Best estimates of real rates of return for each major asset class included in the target asset allocations as of June 30, 2020, are summarized in the following table:

	Target Allocation	Long Term Expected Rate of Return
Equity	67.1%	6.75%
Fixed Income	27.3%	2.85%
Cash	5.6%	1.10%
Total	100.0%	

Discount rate – The discount rate used when plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 20-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 3.13% as of June 30, 2019. The rate has been adjusted from 3.62% as of June 30, 2018.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2018 for FYE 2019	\$ 21,174,266	\$ 1,079,890	\$ 20,094,376
Changes for the Year:			
Service Cost	655,921	-	655,921
Interest	753,845	-	753,845
Experience Losses/Gains	3,983,544	-	3,983,544
ER Trust Contribution	-	568,072	(568,072)
Net Investment Income	-	76,954	(76,954)
Changes in Assumptions	548,092	-	548,092
Benefit Payments	(568,072)	(568,072)	-
Administrative Expense	-	(6,132)	6,132
Net Changes	<u>5,373,330</u>	<u>70,822</u>	<u>5,302,508</u>
Balance as of June 30, 2019 for FYE 2020	<u>\$ 26,547,596</u>	<u>\$ 1,150,712</u>	<u>\$ 25,396,884</u>

For the year ended June 30, 2020, the Board recognized OPEB expense of \$1,576,111.

The detailed plan information is included in the Board's current year audited financial statements.

G. Deferred compensation plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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 participants. The County has no liability for losses under the plan.

Investments are managed by the plan's administrator under several different investment options, or combinations thereof. The choice of the investment option(s) is made by the participants. The County has no management control over the assets of the plan. Accordingly, the assets of the plan are not included in these financial statements per GASB Statement No. 32.

H. Risk management

The government is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County's risk financing techniques include participation in a public entity pool and the purchase of commercial insurance. For property, general, excess and environmental liability coverage, the County is a member of the Maryland Local Government Insurance Trust (LGIT). This trust is a public entity risk pool, which is owned and directed by the local governments that subscribe to its coverage's and operates under the terms of a Trust Agreement.

Subscribers to coverage provided by LGIT share the risk among participants of the pools. As a result, the County's annual premium requirements will be affected by the loss experience of the various insurance pools in which it participates. Also, the County may be subjected to additional assessments from time to time. These amounts would be recorded as expenditures when they are probable and can be reasonably estimated. Conversely, favorable performance

of certain insurance pools may result in reduced premiums.

The County pays LGIT an annual premium. Claims are processed and recoveries and administrative costs are paid by LGIT. Similar to a commercial insurance carrier, recoveries are subject to deductibles and to annual aggregate/per occurrence dollar limits. No insurance settlement has exceeded the coverage for the past three years.

The County is fully insured for workers' compensation through Chesapeake Employers Insurance Company. Employees are bonded through LGIT to limit the loss to the County in the event of employees committing acts of embezzlement or theft.

Complete financial statements can be obtained from their administrative offices:

Local Government Insurance Trust

7225 Parkway Drive
Hanover, MD 21076

I. Lease obligations

1. Capital lease

Primary Government

In December 2011, the County entered into a lease agreement with Motorola Solutions, Inc. for the financing of 700MHz radios for the new public safety communication system, which was placed into service in July 2012. This equipment is valued at \$2,800,000 and has a ten-year estimated useful life. This year \$280,000 was included in depreciation expense.

In May 2018, the County entered into a lease agreement with Enterprise Fleet Management, Inc. for the financing of vehicles for the County. These vehicles were placed into service throughout fiscal year 2019 and 2020, beginning in October 2018. The Governmental vehicles are valued at \$1,152,151 have a five-year estimated useful life. This year \$163,821 was included in depreciation expense. The Business vehicles are valued at \$106,794 and have a five-year estimated useful life. This year \$9,417 was included in depreciation expense.

In April 2020, the County placed into service and entered into a lease agreement with KS State Bank for the financing of a 2019 Ford F550 with a Mongoose truck mounted sewer cleaner for use in maintaining the County's public sewer lines. The equipment is valued at \$149,808 and has a fifteen-year estimated useful life. This year \$1,665 was included in depreciation expense.

These lease agreements qualify as a capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through these capital leases are as follows:

	Governmental Activities	Business-Type Activities	Total
Asset:			
Machinery and Equipment	\$ 3,952,151	\$256,602	\$ 4,208,753
Less: Accumulated Depreciation	(2,449,470)	(11,082)	(2,460,552)
Total	\$ 1,502,681	\$ 245,520	\$ 1,748,201

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities	Business-Type Activities	Total
2021	\$ 563,713	\$ 55,296	\$ 619,009
2022	563,713	55,296	619,009
2023	238,642	55,296	293,938
2024	194,692	55,296	249,988
2025	79,949	47,185	127,134
Total minimum lease payments	1,640,709	268,369	1,909,078
Less: amount representing interest	110,353	29,313	139,666
Present value of minimum lease payments	<u>\$ 1,530,356</u>	<u>\$ 239,056</u>	<u>\$ 1,769,412</u>

2. *Operating lease*

Primary Government

The County leases buildings for the state's attorney, election office, Kent family center, and health department operations. It also leases office and technology equipment. Total costs for operating leases were approximately \$401,475 for the year ended June 30, 2020. Future minimum lease payments under significant non-cancelable operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 362,345
2022	318,472
2023	241,631
2024	92,773
2025	-
Total	<u>\$ 1,015,221</u>

J. Short-term debt

Primary Government

The County maintains a line of credit of \$3,500,000 from a local financial institution with an interest rate of 60% of the prime rate. The outstanding balance at June 30, 2020, was \$0.

Component Units

Public Library

During 2020, the Library renewed a \$25,000 line of credit agreement with PNC Bank for operating needs. The agreement is for a period of one year and is subject to renewal. There has been no activity on the credit line during the year and the balance remains at \$0.

K. Long-term liabilities

General Obligation Bonds, Notes, Other Post-Employment Benefits, Compensated Absences, Landfill Liability

The County issues general obligation bonds and notes payable to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 40 years. General obligation bonds and notes payable outstanding at June 30, 2020, are as follows:

Governmental Activities:

Description	Issue Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding 6/30/2020
Notes from direct borrowings and direct placements					
<u>United States Department of Agriculture</u>					
FY11 Nicholson Ground Water Recovery Treatment	12/16/10	\$ 154,000	2.250%	12/16/50	\$ 128,820
<u>Manufacturers & Traders Trust Company</u>					
FY06 Public Schools Capital Projects	05/02/06	7,130,000	4.210%	05/02/21	626,248
<u>Shore United Bank</u>					
FY20 Refinance - FY09 Community Center	06/25/20	4,700,000	2.990%	04/01/29	4,700,000
FY20 Public Schools - Capital Projects	06/25/20	1,700,000	2.990%	04/01/30	1,700,000
<u>SunTrust Bank</u>					
FY11 Refinance - FY98 Public Works Complex	05/02/11	784,100	3.820%	05/02/26	367,201
					<u>\$ 7,522,269</u>

Business-type Activities:

Description	Issue Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding 6/30/2020
Notes from direct borrowings and direct placements					
<u>SunTrust</u>					
Worton Debt Refinance	05/02/11	\$ 155,300	3.260%	05/02/21	\$ 17,866
<u>Maryland Department of the Environment - Water Quality</u>					
Allen's Lane Sewer Extension	07/26/07	1,152,308	1.000%	02/01/25	339,067
Fairlee/Piney Neck/Tolchester/Spring Cove Debt Refinance	04/28/04	2,027,478	1.000%	02/01/24	438,399
Worton Wastewater Treatment Plant Upgrade	07/30/09	2,700,000	1.000%	02/01/30	1,483,980
<u>United States Department of Agriculture</u>					
Worton Water Treatment Plant	01/28/10	338,000	2.375%	01/28/50	279,112
Chesterville Sewer Extension	12/16/10	476,000	2.250%	12/16/50	398,081
Worton Wastewater Treatment Plant	07/15/10	5,367,082	4.000%	07/15/50	4,715,979
Worton Wastewater Treatment Plant	12/16/10	2,253,000	3.750%	12/16/50	1,974,105
Edesville Wastewater Treatment Plant	11/18/10	60,000	2.250%	11/18/50	50,173
Worton Wastewater Treatment Plant	07/01/11	601,000	2.500%	07/01/51	515,255
Quaker Neck Sewer Extension	12/16/11	780,000	2.250%	12/16/51	667,072
Delta Heights Extension	12/22/16	476,000	1.375%	12/22/56	443,938
Galena Wastewater Treatment Plant & Collection System	12/22/16	1,163,000	1.375%	12/22/56	1,127,628
					<u>\$ 12,450,655</u>

The debt services requirements for the County's bonds, loans and notes are as follows:

<u>Governmental Activities</u>				<u>Business-Type Activities</u>			
<u>Notes from direct borrowings and direct placements</u>				<u>Notes from direct borrowings and direct placements</u>			
Fiscal Year Ending June 30,	Principal	Interest	Build America Bonds Interest	Principal	Interest	Build America Bonds Interest	Total
2021	\$ 1,377,060	\$ 183,447	\$ (1,006)	\$ 533,594	\$ 366,780	\$ (94,875)	\$ 805,499
2022	753,004	185,371	(982)	525,099	356,827	(93,154)	788,772
2023	755,278	162,399	(958)	534,722	347,204	(91,364)	790,562
2024	757,631	139,349	(936)	543,814	338,112	(89,750)	792,176
2025	760,088	116,195	(908)	413,239	321,673	(87,583)	647,329
2026 - 2030	3,023,391	246,785	(4,142)	1,969,102	1,454,398	(406,439)	3,017,061
2031 - 2035	19,496	9,764	(3,417)	1,419,686	1,182,794	(345,503)	2,256,977
2036 - 2040	21,808	7,452	(2,608)	1,671,100	931,380	(271,781)	2,330,699
2041 - 2045	24,403	4,857	(1,700)	1,972,629	629,851	(182,078)	2,420,402
2046 - 2050	27,302	1,958	(685)	2,329,603	269,559	(73,484)	2,525,678
2051 - 2055	2,808	33	(13)	457,761	18,719	(820)	475,660
2056 - 2057	-	-	-	80,306	959	-	81,265
	<u>\$ 7,522,269</u>	<u>\$ 1,057,610</u>	<u>\$ (17,355)</u>	<u>\$ 12,450,655</u>	<u>\$ 6,218,256</u>	<u>\$ (1,736,831)</u>	<u>\$ 16,932,080</u>

A portion of the interest on loans through the Build America Bond program obtained from the United States Department of Agriculture Rural Development under the American Recovery and Reinvestment Act of 2009 (ARRA) is reimbursed to the County.

Legal Debt Margin

In accordance with Section 3-9.1 of Chapter 3 of the Code of Public Local Laws of Kent County, Maryland, the County's annual debt financing cannot exceed twenty million dollars in any single fiscal year. During fiscal year 2020, the County issued \$6,400,000 in new debt.

Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Notes from direct borrowings and direct placements	\$ 6,956,998	\$ 6,400,000	\$ (5,834,729)	\$ 7,522,269	\$ 1,377,060
Capital leases	1,413,486	536,037	(419,167)	1,530,356	563,713
Compensated absences	1,035,300	1,106,702	(1,009,533)	1,132,469	120,964
Landfill liability	422,023	2,311,005	(133,028)	2,600,000	130,000
Net other post-employment benefit liability	18,073,142	3,173,863	-	21,247,005	-
Net pension liability	11,437,160	379,085	-	11,816,245	-
Governmental activities long-term liabilities	<u>\$ 39,338,109</u>	<u>\$ 13,906,692</u>	<u>\$ (7,396,457)</u>	<u>\$ 45,848,344</u>	<u>\$ 2,191,737</u>
Business-Type Activities:					
Notes from direct borrowings and direct placements	\$ 12,974,661	\$ -	\$ (524,006)	\$ 12,450,655	\$ 533,594
Capital leases	-	247,860	(8,804)	239,056	55,296
Compensated absences	54,826	102,459	(86,739)	70,546	5,883
Business-type activities long-term liabilities	<u>\$ 13,029,487</u>	<u>\$ 350,319</u>	<u>\$ (619,549)</u>	<u>\$ 12,760,257</u>	<u>\$ 594,773</u>

The County's outstanding notes from direct borrowings and direct placements related to governmental activities of \$128,820 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

The County's outstanding notes from direct borrowings and direct placements related to business-type activities of \$10,171,343 contain a provision that in an event of default, outstanding amounts become immediately due if the County is unable to make payment.

The County also has an unused line of credit in the amount of \$3,500,000.

Funding Sources for Other Non-Debt Related Liabilities

Compensated absences liabilities of governmental activities are liquidated by the governmental fund that incurred the personnel cost. The majority of these liabilities have historically been liquidated by the general fund.

Net pension liabilities, net other post-employment benefit liabilities, and landfill liabilities are all liquidated with general fund resources.

Component Units

Board of Education

A summary of long-term liability activity for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Net other post-employment benefit liability	\$ 20,094,376	\$ 5,302,508	\$ -	\$ 25,396,884	\$ -
Capital lease	962,501	-	(119,191)	843,310	121,944
Net pension liability	2,547,095	154,525	-	2,701,620	-
	<u>\$ 23,603,972</u>	<u>\$ 5,457,033</u>	<u>\$ (119,191)</u>	<u>\$ 28,941,814</u>	<u>\$ 121,944</u>

L. Fund balance

Minimum fund balance policy. While the County does not have a formal fund balance policy, it strives to maintain an unassigned general fund balance of at least 7.5% of general fund expenditures to provide fiscal stability when economic downturns and other unexpected events occur. This year, the County’s ending unassigned fund balance is 10.4% of general fund expenditures.

Stabilization arrangement. The County maintains a revenue stabilization reserve (“rainy day fund”) in the general fund. Resources equivalent to 0.05% of total general fund revenues are reserved annually. Expenditure of the amounts in the revenue stabilization reserve may occur at the direction of the County Commissioners. Use of these funds are not expected to occur routinely and are intended to be a resource in times of revenue shortfalls. At June 30, 2020, the stabilization reserve is \$258,155.

M. Interfund receivables and payables

Interfund receivables and payables are usually used by the County to cover temporary cash deficits in individual funds until grant or similar resources are received. Occasionally, these receivables and payables are used in lieu of short-term external borrowing for capital projects. The composition of interfund balances as of June 30, 2020, is as follows:

	Due From All Funds	Due To All Funds
General fund	\$ 1,126,781	\$ 5,363
Grant fund	-	414,472
Non-major governmental funds	-	208,891
Enterprise fund - water and wastewater services	5,363	503,418
Total	<u>\$ 1,132,144</u>	<u>\$ 1,132,144</u>

N. Interfund transfers

Interfund transfers represent a transfer of resources from one fund to another without expectation of repayment. Usually these transfers are undertaken to enable the receiving entity to provide services that the government has determined to be in the best interest of the County. The composition of interfund transfers for the year ended June 30, 2020, is as follows:

	Transfers In	Transfers Out
General fund	\$ 100,000	\$ (2,260,214)
Capital projects fund	1,126,097	(100,000)
Non-major governmental funds	148,440	(2,184)
Enterprise fund - water and wastewater services	985,677	-
Enterprise fund - bayside landing	2,184	-
Total	<u>\$ 2,362,398</u>	<u>\$ (2,362,398)</u>

Significant interfund transfers in 2020 included:

- \$1,126,097 transfer from the general fund to the capital projects fund for additional expansion of the fiber network, completion of the new maintenance facility in Worton, an engineering study for the proposed public safety complex, and beginning the renovation of the Betterton Beach bath house
- \$985,677 transfer from the general fund to the water and wastewater services fund to subsidize the cost of operations.

O. Landfill closure and post-closure care costs

Between 1987 and 1992 the County operated Nicholson landfill. This 45.8 acre site was the County’s primary collection facility. In May 1992, the County stopped collecting trash at Nicholson landfill. A two foot cap of cover material, sediment ponds, water testing wells, and methane gas vents were completed in the fall of 1996 in accordance with federal and state regulations. The County is required to provide post-closure maintenance to the landfill for 30 years subsequent

to its capping. The County has paid \$2,670,100 in post closure costs in the last twenty-three years. Estimates for the costs have been revised to provide extended post-closure care for the next 20 years at \$2,600,000. The total current cost of the landfill closure and post-closure care is an estimate subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. This expenditure is budgeted and funded with general fund resources each year.

P. Joint ventures

The County Commissioners, in conjunction with Talbot, Caroline, and Queen Anne's Counties, created the Midshore Regional Landfill in 1991. Each of the counties in turn, will host a landfill site that will be owned and operated by Maryland Environmental Service to serve the four county area for a twenty-year period. The first landfill site was located in Talbot County and stopped accepting waste as of December 2010. The second landfill site was opened January 2011, in Caroline County. Each county is required to set aside sufficient land to construct a landfill within their borders. The agreement expires when the last of the four landfills is closed.

Each county is required to place its municipal waste in the landfill. The facility is also available to commercial waste disposal firms at the same price per ton as charged to the county governments. Kent County paid \$174,575 in tipping fees to the facility during fiscal year 2020.

The participating counties are contingently liable for closure costs of the landfills. The County's potential share of the liability is \$2,729,243. Maryland Environmental Service is currently putting into place a plan to fund all closure costs from the revenues of the facilities. The project has sufficient revenues and reserves at this time to lead the County to believe that no expenditure of its funds will be required. Audited financial statements for the project can be obtained from:

Maryland Environmental Service
259 Najoles Road
Millersville, MD 21108.

Q. Agreements

The County Water and Wastewater Department has also entered into agreements with the towns of Chestertown, Millington, Rock Hall, and Galena, Maryland whereby the towns provide water to West Millington and Edesville sub-districts, and accept wastewater from the Quaker Neck, West Millington, Piney Neck, Spring Cove/Green Lane, Edesville and Georgetown sub-districts, respectively. The County Department maintains and operates the water lines and sewer collection systems.

R. Contingencies

Primary Government

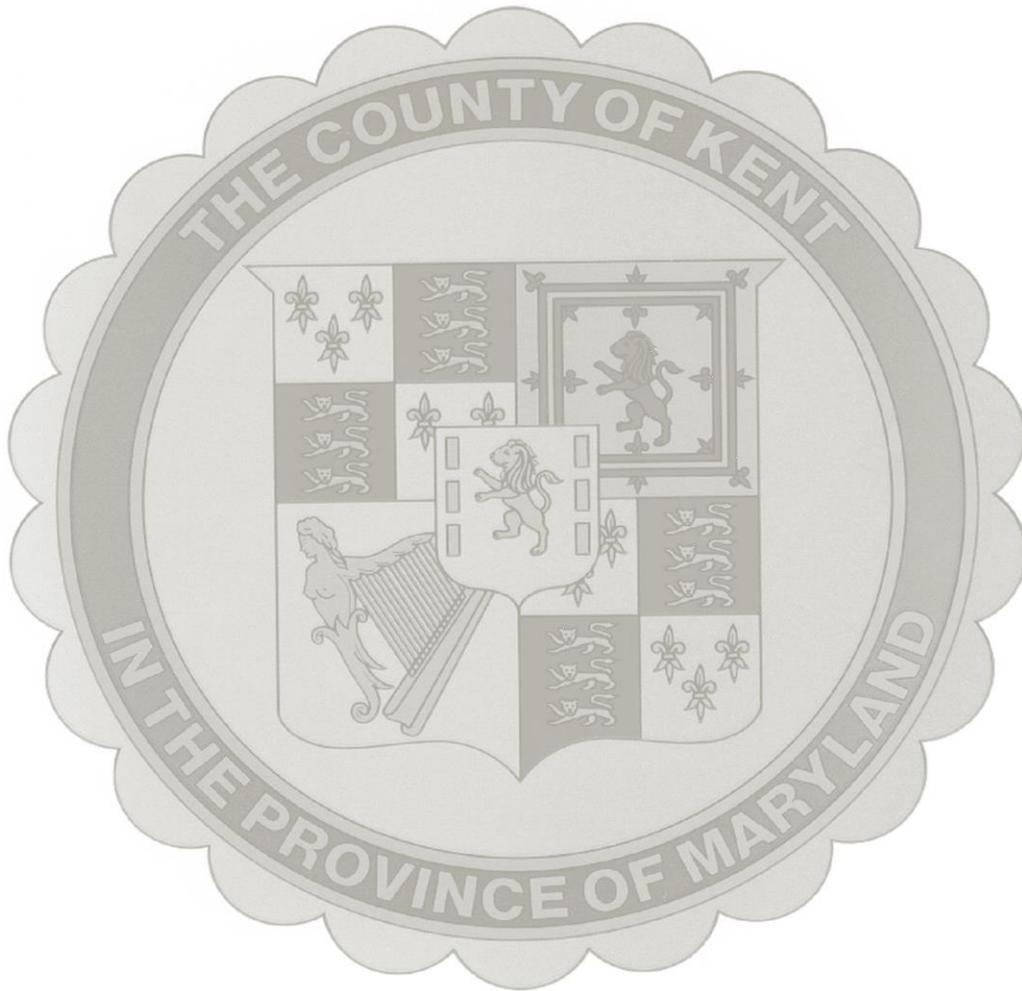
The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. If the County has not complied with the rules and regulations governing the programs, refunds of money received may be required and the collectability of any related receivable may be impaired.

The County has received Community Development Block Grant Program funds for the purpose of rehabilitating homes of low/moderate income households. Upon the completion of the housing improvements, the homeowners enter into a deferred loan agreement with the County whereby the homeowners agree to repay the County for the value of the improvements their homes received if they sell their homes within a specified period of time. As of June 30, 2020, the value of all the deferred loan agreements was \$142,743.

S. Deficits

At June 30, 2020, the Capital Projects Fund had a deficit in unrestricted net position of \$54,497. This deficit is expected to be eliminated through normal operations.

Required Supplementary Information



The County Commissioners of Kent County, Maryland
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 31,500,426	\$ 31,500,426	\$ 31,769,648	\$ 269,222
Income	13,850,000	13,850,000	15,683,736	1,833,736
Other	2,403,500	2,403,500	2,004,260	(399,240)
Licenses and permits	325,522	325,522	317,696	(7,826)
Intergovernmental	789,304	789,629	714,854	(74,775)
Charges for services	561,302	565,537	537,415	(28,122)
Fines and forfeitures	22,800	22,800	19,315	(3,485)
Rental income	110,971	110,971	111,931	960
Miscellaneous	100,460	131,151	300,949	169,798
Total Revenues	49,664,285	49,699,536	51,459,804	1,760,268
EXPENDITURES				
General government				
County commissioners office	545,581	545,077	531,219	13,858
State's attorney's office	778,284	799,757	762,819	36,938
Circuit court	318,958	318,958	305,608	13,350
Orphan's court	69,107	69,107	65,615	3,492
Election office	519,154	519,154	358,290	160,864
Finance office	735,428	736,503	730,290	6,213
Legal counsel	80,420	80,300	78,943	1,357
Human resources	398,850	401,894	373,048	28,846
Planning and zoning	943,550	950,489	811,218	139,271
Information technology	1,041,853	1,059,325	1,013,182	46,143
Building maintenance	1,374,975	1,359,215	1,145,627	213,588
General services	220,681	226,819	208,762	18,057
Total general government	7,026,841	7,066,598	6,384,621	681,977
Public safety				
Sheriff's office	3,412,997	3,615,566	3,355,337	260,229
Volunteer fire company	1,134,005	1,134,005	1,130,514	3,491
Detention center	3,265,794	3,347,248	3,214,564	132,684
Community work program	8,501	8,566	8,566	-
Alcoholic beverage inspection	42,896	42,568	31,101	11,467
Building inspector	29,225	46,608	44,019	2,589
Emergency management	1,816,730	1,857,081	1,835,515	21,566
Communications division	1,139,507	1,134,141	1,106,184	27,957
Humane society	292,700	292,700	292,676	24
Total public safety	11,142,355	11,478,483	11,018,476	460,007

(Continued)

The County Commissioners of Kent County, Maryland
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Public works				
Administration	\$ 356,152	\$ 382,212	\$ 381,170	\$ 1,042
Highways and streets	3,936,133	4,044,598	3,563,143	481,455
Environmental operations	1,255,461	1,406,892	1,313,154	93,738
	<u>5,547,746</u>	<u>5,833,702</u>	<u>5,257,467</u>	<u>576,235</u>
Total public works				
Health				
Health department	467,415	471,165	471,165	-
Mosquito control	34,784	34,784	32,701	2,083
	<u>502,199</u>	<u>505,949</u>	<u>503,866</u>	<u>2,083</u>
Total health				
Social services				
Department of social services	51,416	53,966	51,356	2,610
Mid shore council on family violence	7,000	7,325	7,325	-
Upper shore aging	175,691	175,691	175,691	-
Delmarva community service	121,636	124,803	124,803	-
Commission on aging	3,870	4,430	4,430	-
Community mediation	10,000	10,000	10,000	-
Kent center	44,868	44,868	44,868	-
Maryland health & mental hygiene	20,132	20,132	20,132	-
Saint martin's ministries	10,000	10,000	10,000	-
Imagination library	600	600	600	-
Midshore regional council	5,000	5,000	5,000	-
Casa	14,000	14,000	14,000	-
	<u>464,213</u>	<u>470,815</u>	<u>468,205</u>	<u>2,610</u>
Total social services				
Education				
Kent county public schools	18,044,079	18,044,079	18,044,079	-
Chesapeake college	509,380	509,380	509,380	-
Kent county learning center	2,500	2,500	2,500	-
	<u>18,555,959</u>	<u>18,555,959</u>	<u>18,555,959</u>	<u>-</u>
Total education				
Parks, recreation and culture				
Recreation	1,184,597	1,196,615	952,950	243,665
Parks	586,738	616,346	519,014	97,332
Culture	16,035	16,035	16,035	-
	<u>1,787,370</u>	<u>1,828,996</u>	<u>1,487,999</u>	<u>340,997</u>
Total parks, recreation and culture				
Library	685,526	685,526	685,526	-

(Continued)

The County Commissioners of Kent County, Maryland
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
Resource conservation and development				
Extension office	\$ 139,410	\$ 139,410	\$ 135,014	\$ 4,396
Soil conservation service	193,319	193,319	193,319	-
Forestry board	1,693	1,693	1,693	-
Kent conservation & preservation	-	10,000	10,000	-
Clean chesapeake coalition	17,000	17,000	17,000	-
Waterman's association	8,000	8,000	8,000	-
Total resource conservation and development	<u>359,422</u>	<u>369,422</u>	<u>365,026</u>	<u>4,396</u>
Community development				
Economic development	261,968	273,082	272,924	158
Tourism	375,693	375,268	364,586	10,682
Total community development	<u>637,661</u>	<u>648,350</u>	<u>637,510</u>	<u>10,840</u>
Debt service				
Debt service principal	1,094,949	5,834,734	5,834,729	5
Debt service interest	295,377	344,006	343,484	522
Capital lease principal	505,030	420,841	419,167	1,674
Capital lease interest	25,907	72,419	72,419	-
Total debt service	<u>1,921,263</u>	<u>6,672,000</u>	<u>6,669,799</u>	<u>2,201</u>
Intergovernmental				
Municipalities	3,576	3,576	3,576	-
Maryland department of education	211,597	211,597	155,447	56,150
Maryland department of assessment & taxation	100,000	116,880	116,880	-
Total intergovernmental	<u>315,173</u>	<u>332,053</u>	<u>275,903</u>	<u>56,150</u>
Miscellaneous				
Insurance & non departmental benefits	12,654	12,654	(163,320)	175,974
Contingencies	400,000	91,796	-	91,796
Total miscellaneous	<u>412,654</u>	<u>104,450</u>	<u>(163,320)</u>	<u>267,770</u>
 Total expenditures	 <u>49,358,382</u>	 <u>54,552,303</u>	 <u>52,147,037</u>	 <u>2,405,266</u>
 Excess (deficiency) of revenues over expenditures	 <u>305,903</u>	 <u>(4,852,767)</u>	 <u>(687,233)</u>	 <u>4,165,534</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	100,242	100,242	100,000	(242)
Transfers out	(1,459,898)	(2,384,707)	(2,260,214)	124,493
Capital leases	-	505,466	505,464	(2)
General obligation bonds issued	-	4,700,000	4,700,000	-
Total Other Financing Sources (Uses)	<u>(1,359,656)</u>	<u>2,921,001</u>	<u>3,045,250</u>	<u>124,249</u>
 Net change in fund balances*	 (1,053,753)	 (1,931,766)	 2,358,017	 4,289,783
Fund balance - beginning			<u>6,519,545</u>	
Fund balance - ending			<u>\$ 8,877,562</u>	

*The net change in fund balances was included in the budget as an appropriation (i.e. spenddown) of fund balance.

The County Commissioners of Kent County, Maryland
Schedule of Investment Returns for the Retiree Health Benefit Plan
For the Year Ended June 30, 2020

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return net of investment expense	1.16%	1.43%	0.17%	0.19%	0.15%	0.16%	0.14%	0.19%	0.20%	0.22%

The County Commissioners of Kent County, Maryland
Schedule of Changes in the County's Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2020

Total OPEB Liability	2020	2019	2018	2017
Service cost	\$ 880,662	\$ 582,369	\$ 567,667	\$ 717,357
Interest cost	565,767	469,677	439,652	380,019
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(39,186)	2,394,312	878	(26,927)
Changes in assumptions	2,044,155	1,968,477	(101,182)	(1,933,327)
Benefit payments	<u>(275,682)</u>	<u>(273,508)</u>	<u>(191,243)</u>	<u>(190,365)</u>
Net change in total OPEB liability	3,175,716	5,141,327	715,772	(1,053,243)
Total OPEB liability - beginning of year	<u>18,233,049</u>	<u>13,091,722</u>	<u>12,375,950</u>	<u>13,429,193</u>
Total OPEB liability - ending of year	<u><u>\$ 21,408,765</u></u>	<u><u>\$ 18,233,049</u></u>	<u><u>\$ 13,091,722</u></u>	<u><u>\$ 12,375,950</u></u>
 Plan Fiduciary Net Position				
Contributions - employer	\$ 275,682	\$ 273,508	\$ 191,243	\$ 190,365
Net investment income	1,853	2,262	315	297
Benefit payments	<u>(275,682)</u>	<u>(273,508)</u>	<u>(191,243)</u>	<u>(190,365)</u>
Net change in fiduciary net position	1,853	2,262	315	297
Fiduciary net position - beginning of year	<u>159,907</u>	<u>157,645</u>	<u>157,330</u>	<u>157,033</u>
Fiduciary net position - ending of year	<u><u>\$ 161,760</u></u>	<u><u>\$ 159,907</u></u>	<u><u>\$ 157,645</u></u>	<u><u>\$ 157,330</u></u>
Net OPEB liability	<u>\$ 21,247,005</u>	<u>\$ 18,073,142</u>	<u>\$ 12,934,077</u>	<u>\$ 12,218,620</u>
Fiduciary net position as a % of total OPEB liability	<u>0.76%</u>	<u>0.88%</u>	<u>1.20%</u>	<u>1.27%</u>
Covered-employee payroll	\$ 11,042,301	\$ 9,919,302	\$ 9,938,115	\$ 9,779,935
Net OPEB liability as a % of payroll	192%	182%	130%	125%

Notes to Schedule:

Benefits changes: none

Changes in assumptions: none

<u>Discount rate:</u>	
6/30/2017	3.58%
6/30/2018	3.62%
6/30/2019	3.13%
6/30/2020	2.45%

The above schedule is intended to show information for ten years. Additional years' information will be displayed as they become available.

The County Commissioners of Kent County, Maryland
Schedule of the County's Proportionate Share of the Net Pension Liability

Employee's Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
County's proportion of the net pension liability	0.0573%	0.0545%	0.0470%	0.0480%	0.0459%	0.0421%
County's proportionate share of the net pension liability	<u>\$ 11,816,245</u>	<u>\$ 11,437,160</u>	<u>\$ 10,227,322</u>	<u>\$ 11,324,075</u>	<u>\$ 9,528,916</u>	<u>\$ 7,468,023</u>
Total	<u>\$ 11,816,245</u>	<u>\$ 11,437,160</u>	<u>\$ 10,227,322</u>	<u>\$ 11,324,075</u>	<u>\$ 9,528,916</u>	<u>\$ 7,468,023</u>
County's covered payroll	\$ 10,278,413	\$ 9,948,962	\$ 8,894,900	\$ 7,544,607	\$ 8,149,823	\$ 8,051,282
County's proportionate share of the net pension liability as a percentage of its covered payroll	114.96%	114.96%	114.98%	150.09%	116.92%	92.76%
Plan fiduciary net position as a percentage of the total pension liability	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

Schedule of County Contributions

Employee's Pension Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,276,776	\$ 1,179,212	\$ 1,094,581	\$ 969,388	\$ 948,188	\$ 983,563
Contributions in relation to the contractually required contribution	<u>(1,276,776)</u>	<u>(1,179,212)</u>	<u>(1,094,581)</u>	<u>(969,388)</u>	<u>(948,188)</u>	<u>(983,563)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 10,624,941	\$ 10,278,413	\$ 9,948,962	\$ 8,894,900	\$ 7,544,607	\$ 8,149,823
Contributions as a percentage of covered payroll	12.02%	11.47%	11.00%	10.90%	12.57%	12.07%

The above schedules are intended to show information for ten years. Additional years' information will be displayed as they become available.



Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

The County Commissioners of Kent County, Maryland
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	<u>Agricultural Preservation</u>	<u>Inmate Welfare</u>	<u>Reforestation & Open Space</u>	<u>Law Library</u>	<u>Regional Family Services</u>	<u>Weed Control</u>	<u>Kent Family Center</u>	<u>Local Management Board</u>
ASSETS								
Equity in pooled cash	\$ 36,102	\$ 60,442	\$ 236,479	\$ 12,226	\$ 591	\$ 79,609	\$ -	\$ 7,836
Intergovernmental receivable	-	-	-	562	-	10,680	96,921	363,022
Receivables	-	3,610	-	-	-	-	7,701	-
Prepaid	-	-	-	-	-	-	-	-
Total assets	<u>\$ 36,102</u>	<u>\$ 64,052</u>	<u>\$ 236,479</u>	<u>\$ 12,788</u>	<u>\$ 591</u>	<u>\$ 90,289</u>	<u>\$ 104,622</u>	<u>\$ 370,858</u>
LIABILITIES								
Accounts payable	\$ -	\$ 176	\$ -	\$ 192	\$ -	\$ 6,539	\$ 4,228	\$ 27,185
Accrued liabilities	-	-	-	-	-	1,759	20,979	12,562
Intergovernmental payable	-	-	-	-	-	-	406	194,197
Due to other funds	-	-	-	-	-	-	71,977	136,914
Unearned revenue	-	-	-	150	-	-	848	-
Total liabilities	<u>-</u>	<u>176</u>	<u>-</u>	<u>342</u>	<u>-</u>	<u>8,298</u>	<u>98,438</u>	<u>370,858</u>
FUND BALANCES								
Restricted	36,102	63,876	208,488	12,446	591	-	6,184	-
Committed	-	-	27,991	-	-	-	-	-
Assigned	-	-	-	-	-	81,991	-	-
Total fund balances	<u>36,102</u>	<u>63,876</u>	<u>236,479</u>	<u>12,446</u>	<u>591</u>	<u>81,991</u>	<u>6,184</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 36,102</u>	<u>\$ 64,052</u>	<u>\$ 236,479</u>	<u>\$ 12,788</u>	<u>\$ 591</u>	<u>\$ 90,289</u>	<u>\$ 104,622</u>	<u>\$ 370,858</u>

The County Commissioners of Kent County, Maryland
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	<u>Kent County</u>				<u>Special</u>			<u>Total</u>
	<u>Drug Task</u>	<u>Sheriff's</u>	<u>Shop With</u>	<u>Kennedyville</u>	<u>Events</u>	<u>Platform</u>	<u>Post</u>	<u>Nonmajor</u>
	<u>Force</u>	<u>Forfeitures</u>	<u>A Cop</u>	<u>Development</u>	<u>Overtime</u>	<u>Tennis</u>	<u>Prom</u>	<u>Governmental</u>
								<u>Funds</u>
ASSETS								
Equity in pooled cash	\$ 64,268	\$ 33,016	\$ 307	\$ 200,742	\$ 4,670	\$ 1,766	\$ 884	\$ 738,938
Intergovernmental receivable	-	-	-	-	-	-	-	471,185
Receivables	600	-	-	-	-	-	-	11,911
Prepaid	-	-	-	-	-	-	-	-
Total assets	<u>\$ 64,868</u>	<u>\$ 33,016</u>	<u>\$ 307</u>	<u>\$ 200,742</u>	<u>\$ 4,670</u>	<u>\$ 1,766</u>	<u>\$ 884</u>	<u>\$ 1,222,034</u>
LIABILITIES								
Accounts payable	\$ 1,331	\$ -	\$ -	\$ 1,307	\$ -	\$ -	\$ -	\$ 40,958
Accrued liabilities	61,934	8,779	-	-	-	-	-	106,013
Intergovernmental payable	-	-	-	-	-	-	-	194,603
Due to other funds	-	-	-	-	-	-	-	208,891
Unearned revenue	-	-	-	199,435	-	-	-	200,433
Total liabilities	<u>63,265</u>	<u>8,779</u>	<u>-</u>	<u>200,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,898</u>
FUND BALANCES								
Restricted	1,603	1,096	-	-	-	-	-	330,386
Committed	-	-	-	-	-	-	-	27,991
Assigned	-	23,141	307	-	4,670	1,766	884	112,759
Total fund balances	<u>1,603</u>	<u>24,237</u>	<u>307</u>	<u>-</u>	<u>4,670</u>	<u>1,766</u>	<u>884</u>	<u>471,136</u>
Total liabilities and fund balances	<u>\$ 64,868</u>	<u>\$ 33,016</u>	<u>\$ 307</u>	<u>\$ 200,742</u>	<u>\$ 4,670</u>	<u>\$ 1,766</u>	<u>\$ 884</u>	<u>\$ 1,222,034</u>

The County Commissioners of Kent County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	<u>Agricultural Preservation</u>	<u>Inmate Welfare</u>	<u>Reforestation & Open Space</u>	<u>Law Library</u>	<u>Regional Family Services</u>	<u>Weed Control</u>	<u>Kent Family Center</u>	<u>Local Management Board</u>
REVENUES								
Taxes	\$ 7,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	6,654	-	-	352,173	512,272
Charges for services	-	-	-	-	-	41,999	16,775	-
Fines and forfeitures	-	-	3,960	-	-	-	-	-
Miscellaneous	-	29,055	-	-	-	-	5,100	-
Total revenues	<u>7,624</u>	<u>29,055</u>	<u>3,960</u>	<u>6,654</u>	<u>-</u>	<u>41,999</u>	<u>374,048</u>	<u>512,272</u>
EXPENDITURES								
Current								
General government	-	-	1,720	24,514	-	-	-	-
Public safety	-	34,525	-	-	-	-	-	-
Public works	-	-	-	-	-	70,878	-	-
Health & social services	-	-	-	-	-	-	417,470	610,729
Parks recreation & culture	-	-	-	-	-	-	-	-
Resource conservation & development	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Tourism & economic development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>34,525</u>	<u>1,720</u>	<u>24,514</u>	<u>-</u>	<u>70,878</u>	<u>417,470</u>	<u>610,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,624</u>	<u>(5,470)</u>	<u>2,240</u>	<u>(17,860)</u>	<u>-</u>	<u>(28,879)</u>	<u>(43,422)</u>	<u>(98,457)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	1,016	-	-	13,000	-	-	35,967	98,457
Transfers out	-	-	(2,184)	-	-	-	-	-
Capital leases	-	-	-	-	-	30,573	-	-
Total other financing sources (uses)	<u>1,016</u>	<u>-</u>	<u>(2,184)</u>	<u>13,000</u>	<u>-</u>	<u>30,573</u>	<u>35,967</u>	<u>98,457</u>
Net change in fund balances	8,640	(5,470)	56	(4,860)	-	1,694	(7,455)	-
Fund balances - beginning	27,462	69,346	236,423	17,306	591	80,297	13,639	-
Fund balances - ending	<u>\$ 36,102</u>	<u>\$ 63,876</u>	<u>\$ 236,479</u>	<u>\$ 12,446</u>	<u>\$ 591</u>	<u>\$ 81,991</u>	<u>\$ 6,184</u>	<u>\$ -</u>

The County Commissioners of Kent County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Kent County Drug Task Force	Sheriff's Forfeitures	Shop With A Cop	Kennedyville Development	Special Events Overtime	Platform Tennis	Post Prom	Total Nonmajor Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,624
Intergovernmental	5,304	-	-	-	-	-	-	876,403
Charges for services	-	-	-	-	2,065	-	-	60,839
Fines and forfeitures	1,031	8,371	-	-	-	-	-	13,362
Miscellaneous	500	500	-	19,900	-	-	-	55,055
Total revenues	<u>6,835</u>	<u>8,871</u>	<u>-</u>	<u>19,900</u>	<u>2,065</u>	<u>-</u>	<u>-</u>	<u>1,013,283</u>
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	26,234
Public safety	14,598	1,330	-	-	1,262	-	-	51,715
Public works	-	-	-	19,900	-	-	-	90,778
Health & social services	-	-	-	-	-	-	-	1,028,199
Parks recreation & culture	-	-	-	-	-	27	-	27
Resource conservation & development	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Tourism & economic development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total expenditures	<u>14,598</u>	<u>1,330</u>	<u>-</u>	<u>19,900</u>	<u>1,262</u>	<u>27</u>	<u>-</u>	<u>1,196,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,763)</u>	<u>7,541</u>	<u>-</u>	<u>-</u>	<u>803</u>	<u>(27)</u>	<u>-</u>	<u>(183,670)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	148,440
Transfers out	-	-	-	-	-	-	-	(2,184)
Capital leases	-	-	-	-	-	-	-	30,573
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,829</u>
Net change in fund balances	(7,763)	7,541	-	-	803	(27)	-	(6,841)
Fund balances - beginning	9,366	16,696	307	-	3,867	1,793	884	477,977
Fund balances - ending	<u>\$ 1,603</u>	<u>\$ 24,237</u>	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ 4,670</u>	<u>\$ 1,766</u>	<u>\$ 884</u>	<u>\$ 471,136</u>



Fiduciary Funds

Agency Funds

Agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity, or government.

The County Commissioners of Kent County, Maryland
Statement of Assets and Liabilities – Agency Funds
June 30, 2020

	State and Town Tax Collections	Millington Public Drainage Association	Inmate Accounts	Motor Vehicle Administration	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 39,316	\$ 501	\$ 39,817
Equity in pooled cash	43,671	2,935	-	-	46,606
Receivables	796,211	24	-	-	796,235
Total assets	\$ 839,882	\$ 2,959	\$ 39,316	\$ 501	\$ 882,658
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 39,316	\$ -	\$ 39,316
Due to other governments	839,882	2,959	-	501	843,342
Total liabilities	\$ 839,882	\$ 2,959	\$ 39,316	\$ 501	\$ 882,658

The County Commissioners of Kent County, Maryland
Statement of Changes in Assets and Liabilities – Agency Funds
For the Year Ended June 30, 2020

	<u>Cash and Cash Equivalents</u>	<u>Equity in Pooled Cash</u>	<u>Accounts Receivable</u>	<u>Total Assets</u>	<u>Accounts Payable</u>	<u>Due to Other Governments</u>	<u>Total Liabilities</u>
<u>STATE AND TOWN TAX COLLECTIONS</u>							
Balance 07/01/18	\$ -	\$ 69,874	\$ 787,273	\$ 857,147	\$ -	\$ 857,147	\$ 857,147
Additions	-	7,972,470	14,783,975	22,756,445	-	19,419,216	19,419,216
Deductions	-	(7,998,673)	(14,775,037)	(22,773,710)	-	(19,436,481)	(19,436,481)
Balance 06/30/19	<u>\$ -</u>	<u>\$ 43,671</u>	<u>\$ 796,211</u>	<u>\$ 839,882</u>	<u>\$ -</u>	<u>\$ 839,882</u>	<u>\$ 839,882</u>
<u>MILLINGTON PUBLIC DRAINAGE ASSOCIATION</u>							
Balance 07/01/19	\$ -	\$ 2,758	\$ 84	\$ 2,842	\$ -	\$ 2,842	\$ 2,842
Additions	-	2,096	2,036	4,132	1,910	2,145	4,055
Deductions	-	(1,919)	(2,096)	(4,015)	(1,910)	(2,028)	(3,938)
Balance 06/30/20	<u>\$ -</u>	<u>\$ 2,935</u>	<u>\$ 24</u>	<u>\$ 2,959</u>	<u>\$ -</u>	<u>\$ 2,959</u>	<u>\$ 2,959</u>
<u>INMATE ACCOUNTS</u>							
Balance 07/01/19	\$ 33,190	\$ -	\$ -	\$ 33,190	\$ 33,190	\$ -	\$ 33,190
Additions	109,147	-	-	109,147	109,147	-	109,147
Deductions	(103,021)	-	-	(103,021)	(103,021)	-	(103,021)
Balance 06/30/20	<u>\$ 39,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,316</u>	<u>\$ 39,316</u>	<u>\$ -</u>	<u>\$ 39,316</u>
<u>MOTOR VEHICLE ADMINISTRATION</u>							
Balance 07/01/19	\$ 11,848	\$ -	\$ 240	\$ 12,088	\$ -	\$ 12,088	\$ 12,088
Additions	200,806	-	760	201,566	-	199,831	199,831
Deductions	(212,153)	-	(1,000)	(213,153)	-	(211,418)	(211,418)
Balance 06/30/20	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 501</u>	<u>\$ -</u>	<u>\$ 501</u>	<u>\$ 501</u>
<u>TOTAL - ALL AGENCY FUNDS</u>							
Balance 07/01/19	\$ 45,038	\$ 72,632	\$ 787,597	\$ 905,267	\$ 33,190	\$ 872,077	\$ 905,267
Additions	309,953	7,974,566	14,786,771	23,071,290	111,057	19,621,192	19,732,249
Deductions	(315,174)	(8,000,592)	(14,778,133)	(23,093,899)	(104,931)	(19,649,927)	(19,754,858)
Balance 06/30/20	<u>\$ 39,817</u>	<u>\$ 46,606</u>	<u>\$ 796,235</u>	<u>\$ 882,658</u>	<u>\$ 39,316</u>	<u>\$ 843,342</u>	<u>\$ 882,658</u>



Local Management Board

County Commissioners of Kent County, Maryland
Combining Balance Sheet – Local Management Board
June 30, 2020

	<u>Home Visiting</u>	<u>Total Non Community Partnership Agreement</u>	<u>Community Partnership Agreement</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ (30,097)
Intergovernmental receivable	40,935	40,935	287,582
Receivables	-	-	-
Prepaid	-	-	-
Total assets	<u>\$ 40,935</u>	<u>\$ 40,935</u>	<u>\$ 257,485</u>
LIABILITIES			
Accounts payable	\$ 65	\$ 65	\$ 19,949
Accrued liabilities	-	-	12,562
Intergovernmental payable	22,987	22,987	105,943
Due to other funds	17,883	17,883	119,031
Unearned revenue	-	-	-
Total liabilities	<u>40,935</u>	<u>40,935</u>	<u>257,485</u>
FUND BALANCES			
Nonspendable	-	-	-
Prepaid	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 40,935</u>	<u>\$ 40,935</u>	<u>\$ 257,485</u>

The County Commissioners of Kent County, Maryland
Combining Balance Sheet – Local Management Board
June 30, 2020

	<u>Incentive Reinvestment</u>	<u>County Funded Programs</u>	<u>Other Programs</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 31,589	\$ 3,346	\$ 2,998	\$ 7,836
Intergovernmental receivable	-	-	34,505	363,022
Receivables	-	-	-	-
Prepaid	-	-	-	-
Total assets	<u>\$ 31,589</u>	<u>\$ 3,346</u>	<u>\$ 37,503</u>	<u>\$ 370,858</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,346	\$ 3,825	\$ 27,185
Accrued liabilities	-	-	-	12,562
Intergovernmental payable	31,589	-	33,678	194,197
Due to other funds	-	-	-	136,914
Unearned revenue	-	-	-	-
Total liabilities	<u>31,589</u>	<u>3,346</u>	<u>37,503</u>	<u>370,858</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Prepaid	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 31,589</u>	<u>\$ 3,346</u>	<u>\$ 37,503</u>	<u>\$ 370,858</u>

The County Commissioners of Kent County, Maryland
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Local Management Board
For the Year Ended June 30, 2020

	Home Visiting	Total Non Community Partnership Agreement	Community Partnership Agreement
REVENUES			
Community partnership agreement:			
Earned reinvestment	\$ -	\$ -	\$ -
Children's cabinet	-	-	412,035
Total community partnership agreement	-	-	412,035
Non-community partnership agreement			
Other intergovernmental revenue	62,210	62,210	-
Other Revenue	-	-	-
Interest	-	-	-
Total revenues	62,210	62,210	412,035
EXPENDITURES			
Administration:			
Salaries	-	-	43,600
Fringe costs	-	-	28,810
Contract services	-	-	23,272
Communications	-	-	1,438
Rent	-	-	-
Advertising	-	-	-
Printing/Copies	-	-	952
Dues, subscriptions and licenses	382	382	40
Conferences and conventions	-	-	9,902
Business travel	-	-	798
Supplies	696	696	182
Postage	-	-	8
Fixed assets	-	-	-
Passthrough	-	-	-
Total administration expenditures	1,078	1,078	109,002
Programs:			
Healthy families mid-shore	-	-	126,500
Local care team	-	-	59,554
Circlebuild	-	-	78,092
Reconnect for life	-	-	38,887
Home visiting	61,132	61,132	-
Total program expenditures	61,132	61,132	303,033
Total expenditures	62,210	62,210	412,035
Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning			
Fund balances - ending			

The County Commissioners of Kent County, Maryland
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Local Management Board
For the Year Ended June 30, 2020

	<u>Incentive Reinvestment</u>	<u>County Funded Programs</u>	<u>Other Programs</u>	<u>Total</u>
REVENUES				
Community partnership agreement:				
Earned reinvestment	\$ -	\$ -	\$ -	\$ -
Children's cabinet	-	-	-	412,035
Total community partnership agreement	-	-	-	412,035
Non-community partnership agreement				
Other intergovernmental revenue	-	-	38,027	100,237
Other Revenue	-	-	-	-
Interest	-	-	-	-
Total revenues	-	-	38,027	512,272
EXPENDITURES				
Administration:				
Salaries	-	27,346	11,782	82,728
Fringe costs	-	288	1,525	30,623
Contract services	-	-	646	23,918
Communications	-	-	-	1,438
Rent	-	-	-	-
Advertising	-	-	-	-
Printing/Copies	-	-	-	952
Dues, subscriptions and licenses	-	-	349	771
Conferences and conventions	-	-	1,190	11,092
Business travel	-	-	6,607	7,405
Supplies	-	-	53	931
Postage	-	-	-	8
Fixed assets	-	-	-	-
Passthrough	-	-	15,875	15,875
Total administration expenditures	-	27,634	38,027	175,741
Programs:				
Healthy families mid-shore	-	-	-	126,500
Local care team	-	25,523	-	85,077
Circlebuild	-	29,350	-	107,442
Reconnect for life	-	15,950	-	54,837
Home visiting	-	-	-	61,132
Total program expenditures	-	70,823	-	434,988
Total expenditures	-	98,457	38,027	610,729
Excess (deficiency) of revenues over (under) expenditures	-	(98,457)	-	(98,457)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	98,457	-	98,457
Transfers out	-	-	-	-
Total other financing sources (uses)	-	98,457	-	98,457
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning				-
Fund balances - ending				\$ -



Statistical Section

The Statistical Section fully incorporates information mandated by Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This section presents detailed information for the primary government in the following areas, which provide a context for understanding what the information in the Financial Section says about the County's overall financial health:

FINANCIAL TRENDS - Information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY - Information to help the reader assess the County's most significant local revenue sources.

DEBT CAPACITY – Information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – Indicator to help the reader understand the environment within which the County's financial activities take place.

OPERATING INFORMATION – Service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Many of the tables cover more than two fiscal years and present data from outside the accounting records. Therefore, the Statistical Section is unaudited.

The County Commissioners of Kent County, Maryland
Financial Trends: Net Position by Component – Government-Wide
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in										
Capital Assets	\$ 38,477,969	\$ 37,991,441	\$ 37,586,951	\$ 36,984,619	\$ 37,891,332	\$ 37,465,079	\$ 36,695,641	\$ 44,386,154	\$ 44,156,295	\$ 44,624,458
Restricted	2,418,209	2,371,959	1,142,970	1,237,555	969,743	1,100,385	1,324,904	1,202,595	1,406,443	1,367,763
Unrestricted (deficit)	(8,395,251)	(6,738,725)	(4,878,061)	536,589	(3,981,945)	(3,878,581)	(5,273,471)	(16,132,247)	(16,762,838)	(19,795,979)
	<u>32,500,927</u>	<u>33,624,675</u>	<u>33,851,860</u>	<u>38,758,763</u>	<u>34,879,130</u>	<u>34,686,883</u>	<u>32,747,074</u>	<u>29,456,502</u>	<u>28,799,900</u>	<u>26,196,242</u>
Business-Type Activities										
Net Investment in										
Capital Assets	25,639,311	27,796,135	30,340,789	29,509,790	28,871,869	28,687,052	26,773,981	26,598,855	27,992,958	27,730,118
Restricted	223,731	259,780	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(743,183)	375,461	579,741	590,544	323,881	(167,473)	535,147	428,104	261,870	331,520
	<u>25,119,859</u>	<u>28,431,376</u>	<u>30,920,530</u>	<u>30,100,334</u>	<u>29,195,750</u>	<u>28,519,579</u>	<u>27,309,128</u>	<u>27,026,959</u>	<u>28,254,828</u>	<u>28,061,638</u>
Primary Government										
Net Investment in										
Capital Assets	64,117,280	65,787,576	67,927,740	66,494,409	66,763,201	66,152,131	63,469,622	70,985,009	72,149,253	72,354,576
Restricted	2,641,940	2,631,739	1,142,970	1,237,555	969,743	1,100,385	1,324,904	1,202,595	1,406,443	1,367,763
Unrestricted (deficit)	(9,138,434)	(6,363,264)	(4,298,320)	1,127,133	(3,658,064)	(4,046,054)	(4,738,324)	(15,704,143)	(16,500,968)	(19,464,459)
	<u>\$ 57,620,786</u>	<u>\$ 62,056,051</u>	<u>\$ 64,772,390</u>	<u>\$ 68,859,097</u>	<u>\$ 64,074,880</u>	<u>\$ 63,206,462</u>	<u>\$ 60,056,202</u>	<u>\$ 56,483,461</u>	<u>\$ 57,054,728</u>	<u>\$ 54,257,880</u>

*Accounting Standards require that net assets be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the County

The County Commissioners of Kent County, Maryland
Financial Trends: Changes in Net Position – Government-wide
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Primary government										
General government	\$ 5,257,335	\$ 5,281,932	\$ 5,545,858	\$ 7,975,935	\$ 5,472,627	\$ 6,996,288	\$ 13,156,835	\$ 6,778,790	\$ 7,552,799	\$ 8,113,135
Public safety	9,377,712	9,305,524	9,053,031	9,769,705	10,297,034	10,925,385	11,047,333	10,913,983	12,569,374	13,166,405
Public works	4,834,514	4,059,808	3,465,575	3,929,895	4,669,683	4,838,919	5,129,235	5,709,649	6,194,260	6,612,374
Health and social services	2,077,007	1,839,876	1,344,342	1,311,827	1,439,401	2,091,870	1,839,334	1,832,417	2,034,855	2,074,507
Education	18,386,474	17,706,142	17,934,858	18,735,806	18,587,895	18,454,631	17,624,105	17,990,064	18,122,921	20,444,445
Culture and recreation	1,433,196	1,493,210	1,416,562	1,588,880	1,821,506	1,871,969	2,057,603	2,007,342	2,116,306	1,928,160
Libraries	541,266	542,000	542,000	554,018	602,841	725,264	692,436	1,251,179	699,861	685,526
Resource conservation	407,128	404,578	336,852	347,017	378,754	393,922	353,331	474,044	349,513	365,026
Community development	946,040	537,809	957,230	791,118	641,490	807,887	625,041	824,273	913,277	1,290,572
Debt service	1,091,278	1,302,170	1,148,914	1,202,550	1,089,455	1,053,398	1,124,064	275,586	260,762	2,532,718
Total governmental activities expense	44,351,950	42,473,049	41,745,222	46,206,751	45,000,686	48,159,533	53,649,317	48,057,327	50,813,928	57,212,868
Business-type activities										
Water and wastewater services	3,468,563	3,788,995	3,660,250	3,848,899	3,990,466	3,668,292	4,952,221	4,232,540	4,254,327	4,022,805
Bayside landing	30,326	22,367	22,252	22,783	45,942	28,759	29,835	42,143	32,516	31,457
Total business-type activities expense	3,498,889	3,811,362	3,682,502	3,871,682	4,036,408	3,697,051	4,982,056	4,274,683	4,286,843	4,054,262
Total Primary Government Expenses	\$ 47,850,839	\$ 46,284,411	\$ 45,427,724	\$ 50,078,433	\$ 49,037,094	\$ 51,856,584	\$ 58,631,373	\$ 52,332,010	\$ 55,100,771	\$ 61,267,130
Program Revenues										
Primary government										
General government										
Charges for services	\$ 75,083	\$ 62,781	\$ 103,833	\$ 110,786	\$ 132,700	\$ 117,283	\$ 115,473	\$ 116,728	\$ 111,349	\$ 52,888
Operating grants and contributions	275,674	302,319	205,184	403,079	149,743	157,690	173,386	231,493	222,240	292,969
Capital grants and contributions	39,735	85,909	4,622	2,490,368	-	15,125	3,630,596	3,251,018	76,528	158,244
Total revenue	390,492	451,009	313,639	3,004,233	282,443	290,098	3,919,455	3,599,239	410,117	504,101
Public safety										
Charges for services	167,124	132,013	106,284	119,722	64,028	149,570	100,752	105,542	106,313	86,380
Operating grants and contributions	673,353	621,711	610,266	616,730	615,283	797,698	664,706	667,560	606,374	656,954
Capital grants and contributions	186,123	135,819	212,261	58,359	91,293	23,926	42,133	19,770	42,133	-
Total revenue	1,026,600	889,543	928,811	794,811	770,604	971,194	807,591	792,872	754,820	743,334
Public works										
Charges for services	173,609	219,920	136,352	109,912	109,122	108,899	161,647	179,553	249,409	311,705
Operating grants and contributions	222,973	494,335	257,320	235,086	442,188	325,310	303,315	401,674	550,982	514,967
Capital grants and contributions	182,842	295,918	176,944	64,998	51,107	94,654	94,892	271,459	158,828	321,336
Total revenue	579,424	1,010,173	570,616	409,996	602,417	528,863	559,854	852,686	959,219	1,148,008

(Continued)

The County Commissioners of Kent County, Maryland
Financial Trends: Changes in Net Position – Government-Wide
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Health and social services										
Charges for services	43,729	23,999	15,559	11,711	14,692	12,458	12,582	50,453	104,259	28,950
Operating grants and contributions	1,122,776	849,130	342,710	509,937	492,992	1,170,115	925,792	904,507	935,961	1,484,493
Capital grants and contributions	-	-	-	-	95,054	1,200	-	-	-	-
Total revenue	1,166,505	873,129	358,269	521,648	602,738	1,183,773	938,374	954,960	1,040,220	1,513,443
Culture and recreation										
Charges for services	193,282	211,853	213,773	210,373	165,654	179,414	189,572	158,782	168,488	118,328
Operating grants and contributions	28,985	21,136	12,400	10,580	2,995	26,747	4,192	85,450	2,626	-
Capital grants and contributions	138,185	-	-	92,222	185,313	97,790	217,596	-	23,168	-
Total revenue	360,452	232,989	226,173	313,175	353,962	303,951	411,360	244,232	194,282	118,328
Resource and conservation										
Operating grants and contributions	28,434	28,434	-	-	-	-	-	-	-	-
Total revenue	28,434	28,434	-	-	-	-	-	-	-	-
Community development										
Operating grants and contributions	56,211	55,358	82,691	74,986	140,597	72,791	87,868	268,875	276,161	297,986
Capital grants and contributions	133,328	19,491	56,749	18,815	19,823	51,960	-	-	-	-
Total revenue	189,539	74,849	139,440	93,801	160,420	124,751	87,868	268,875	276,161	297,986
Total primary government activities program revenues	3,741,446	3,560,126	2,536,948	5,137,664	2,772,584	3,402,630	6,724,502	6,712,864	3,634,819	4,325,200
Business-type activities program revenue										
Water and wastewater services										
Charges for services	2,010,351	2,107,744	2,169,794	2,095,703	2,033,565	2,081,552	2,052,616	2,069,819	2,145,668	2,358,073
Operating grants and contributions	-	-	272,558	20,601	-	2,760	-	129,720	-	-
Capital grants and contributions	1,604,522	1,227,853	33,615	-	10,809	-	810,475	834,259	2,066,285	425,249
Total revenue	3,614,873	3,335,597	2,475,967	2,116,304	2,044,374	2,084,312	2,863,091	3,033,798	4,211,953	2,783,322
Bayside landing										
Charges for services	40,729	41,269	41,631	41,210	39,922	42,641	42,781	40,200	41,156	46,093
Operating grants and contributions	-	-	-	-	-	-	-	1,653	1,215	-
Capital grants and contributions	-	-	-	9,811	13,398	-	-	-	-	-
Total revenue	40,729	41,269	41,631	51,021	53,320	42,641	42,781	41,853	42,371	46,093
Total business-type activities program revenues	3,655,602	3,376,866	2,517,598	2,167,325	2,097,694	2,126,953	2,905,872	3,075,651	4,254,324	2,829,415
Net (Expense) Revenue										
Governmental activities	(40,610,504)	(38,912,923)	(39,208,274)	(41,069,087)	(42,228,102)	(44,756,903)	(46,924,815)	(41,344,463)	(47,179,109)	(52,887,668)
Business-type activities	156,713	(434,496)	(1,164,904)	(1,704,357)	(1,938,714)	(1,570,098)	(2,076,184)	(1,199,032)	(32,519)	(1,224,847)
Total primary government net expense	\$ (40,453,791)	\$ (39,347,419)	\$ (40,373,178)	\$ (42,773,444)	\$ (44,166,816)	\$ (46,327,001)	\$ (49,000,999)	\$ (42,543,495)	\$ (47,211,628)	\$ (54,112,515)

(Continued)

The County Commissioners of Kent County, Maryland
Financial Trends: Changes in Net Position – Government-wide
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net assets										
Government activities										
Property taxes	\$ 30,680,082	\$ 30,405,080	\$ 30,174,622	\$ 30,212,617	\$ 30,188,083	\$ 30,451,731	\$ 30,486,484	\$ 30,707,075	\$ 31,127,922	\$ 31,269,648
County income taxes	8,259,472	9,807,119	10,143,953	14,119,602	13,687,506	12,341,494	12,732,081	13,389,378	13,687,072	16,905,944
Other taxes	1,493,242	1,477,379	1,687,666	1,833,864	2,067,843	1,965,759	1,949,634	2,042,652	2,030,866	2,011,884
Licenses and permits	286,859	321,467	-	-	-	-	-	-	-	-
Fines and forfeitures	34,324	68,872	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Other revenues	261,166	2,132,585	1,037,126	663,676	659,615	673,819	641,837	733,270	842,544	1,084,395
Capital contributions - developers	-	-	-	-	-	-	-	-	-	-
Transfers	(653,982)	(3,667,989)	(3,600,908)	(848,869)	(1,001,689)	(868,147)	(825,030)	(880,064)	(1,165,897)	(987,861)
Total governmental activities	40,361,163	40,544,513	39,442,459	45,980,890	45,601,358	44,564,656	44,985,006	45,992,311	46,522,507	50,284,010
Business-type activities										
Investment income	(65)	(549)	-	-	-	-	-	-	-	-
Other revenues	168,324	74,082	46,150	27,892	32,441	25,780	40,703	36,799	94,491	43,796
Transfers	653,982	3,667,989	3,600,908	851,369	1,001,689	868,147	825,030	880,064	1,165,897	987,861
Total business-type activities	822,241	3,741,522	3,647,058	879,261	1,034,130	893,927	865,733	916,863	1,260,388	1,031,657
Total primary government	41,183,404	44,286,035	43,089,517	46,860,151	46,635,488	45,458,583	45,850,739	46,909,174	47,782,895	51,315,667
Change in net position										
Governmental activities	(249,341)	1,631,590	234,185	4,911,803	3,373,256	(192,247)	(1,939,809)	4,647,848	(656,602)	(2,603,658)
Business-type activities	978,954	3,307,026	2,482,154	(825,096)	(904,584)	(676,171)	(1,210,451)	(282,169)	1,227,869	(193,190)
Total primary government	\$ 729,613	\$ 4,938,616	\$ 2,716,339	\$ 4,086,707	\$ 2,468,672	\$ (868,418)	\$ (3,150,260)	\$ 4,365,679	\$ 571,267	\$ (2,796,848)

The County Commissioners of Kent County, Maryland
Financial Trends: Fund Balances – Governmental Funds
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated for future year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable (1)	614,320	732,260	713,988	786,218	436,901	517,604	752,291	694,784	848,466	896,627
Restricted (1)	156,240	163,010	172,019	-	-	-	-	-	-	-
Committed (1)	611,947	514,570	29,425	-	-	5,134,904	3,770,373	1,665,530	1,053,753	2,348,468
Assigned (1)	-	-	-	-	-	-	-	-	-	-
Unassigned (1)	4,254,516	5,240,154	5,233,714	9,643,390	9,756,212	4,967,599	5,296,459	3,716,656	4,617,326	5,632,467
Total General Fund	<u>5,637,023</u>	<u>6,649,994</u>	<u>6,149,146</u>	<u>10,429,608</u>	<u>10,193,113</u>	<u>10,620,107</u>	<u>9,819,123</u>	<u>6,076,970</u>	<u>6,519,545</u>	<u>8,877,562</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, designated for future year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated, reported in:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Nonspendable (1)	3,320	798	5,506	4,950	-	-	-	189,466	51,571	-
Restricted (1)	1,012,581	516,511	196,001	384,469	463,776	496,897	467,438	359,075	345,054	330,386
Committed (1)	19,801	10,573	-	30,175	30,175	30,175	30,175	30,175	30,175	27,991
Assigned (1)	-	-	26,031	31,743	38,891	55,709	75,000	118,561	182,748	112,759
Unassigned (1)	-	434,237	-	-	-	-	-	(189,466)	(51,571)	(54,497)
Total All Other Governmental Funds	<u>1,035,702</u>	<u>962,119</u>	<u>227,538</u>	<u>451,337</u>	<u>532,842</u>	<u>582,781</u>	<u>572,613</u>	<u>507,811</u>	<u>557,977</u>	<u>416,639</u>
Total All Governmental Funds	<u>\$ 6,672,725</u>	<u>\$ 7,612,113</u>	<u>\$ 6,376,684</u>	<u>\$ 10,880,945</u>	<u>\$ 10,725,955</u>	<u>\$ 11,202,888</u>	<u>\$ 10,391,736</u>	<u>\$ 6,584,781</u>	<u>\$ 7,077,522</u>	<u>\$ 9,294,201</u>

(1) As of June 30, 2011, fund balance classifications changed due to the implementation of GASB 54.

The County Commissioners of Kent County, Maryland
Financial Trends: Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

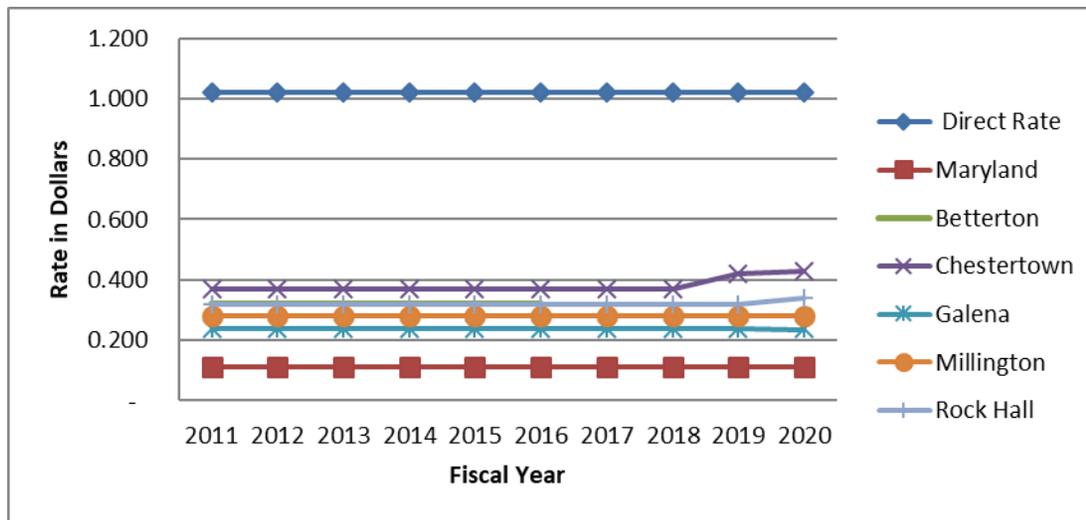
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes										
Property	\$ 30,680,082	\$ 30,405,080	\$ 30,174,622	\$ 30,212,617	\$ 29,888,083	\$ 29,951,731	\$ 29,986,484	\$ 30,207,075	\$ 30,627,922	\$ 31,769,648
Income	8,200,260	10,335,245	11,047,174	13,696,595	12,973,495	12,232,681	12,986,434	12,736,121	12,848,398	15,683,736
Other	1,493,242	1,477,379	1,687,666	1,833,864	2,067,843	1,965,759	1,949,634	2,042,652	2,030,866	2,011,884
State shared	152,110	113,412	201,738	211,318	222,422	228,948	224,873	-	-	-
Licenses and permits	286,859	321,467	303,533	302,045	318,992	325,727	339,840	311,801	355,703	317,696
Intergovernmental revenue	2,963,091	2,555,280	2,014,246	4,363,842	2,063,966	2,606,058	5,919,603	2,850,788	2,895,001	3,726,949
Service charges for current services	662,825	660,080	578,789	562,504	486,196	567,624	580,026	611,058	739,818	598,254
Fines and forfeitures	34,324	68,422	111,929	53,715	120,636	31,409	44,233	58,950	53,290	32,677
Miscellaneous revenue	483,264	3,902,895	272,794	606,480	255,692	329,514	294,924	363,337	453,862	776,685
Total revenues	44,956,057	49,839,260	46,392,491	51,842,980	48,397,325	48,239,451	52,326,051	49,181,782	50,004,860	54,917,529
Expenditures										
General government	4,988,556	4,904,035	5,363,134	7,777,559	5,664,787	6,110,099	9,787,805	6,131,512	6,573,699	6,961,795
Public safety	8,660,969	8,540,445	8,722,860	8,947,991	9,501,735	9,846,912	9,862,691	10,637,287	11,116,626	11,772,527
Public works	4,163,704	3,616,118	3,231,618	3,784,820	4,598,055	5,064,993	4,704,314	5,364,802	5,284,024	5,358,321
Health and social services	2,092,176	1,849,855	1,344,159	1,311,902	1,465,597	2,070,808	1,806,377	1,824,155	1,965,229	2,014,609
Education	17,773,673	16,706,142	17,934,858	17,721,320	17,759,230	17,982,973	17,613,193	17,710,564	17,734,289	18,555,959
Parks, recreation, and culture	1,142,849	1,180,179	1,118,836	1,275,957	1,449,062	1,493,879	1,516,010	1,709,938	1,609,550	1,495,002
Libraries	541,266	542,000	542,000	554,018	596,027	611,828	626,098	680,389	662,196	685,526
Resources conservation and development	407,128	414,878	336,852	347,017	378,754	393,922	353,331	474,044	349,513	365,026
Community development	941,182	530,249	955,209	513,246	648,410	798,178	603,126	803,413	851,069	1,232,319
Debt service										
Principal	11,491,903	2,104,233	3,818,574	2,092,002	3,615,959	1,216,255	1,263,843	1,313,297	1,402,689	6,253,896
Interest	961,939	855,907	910,712	769,643	657,775	523,290	475,723	426,289	380,869	415,903
Capital outlay	1,417,588	5,949,115	-	1,394,375	1,215,235	781,234	3,699,662	5,032,983	929,284	3,538,143
Total expenditures	54,582,933	47,193,156	44,278,812	46,489,850	47,550,626	46,894,371	52,312,173	52,108,673	48,859,037	58,649,026
Excess/(deficiency) of revenues over expenditures	(9,626,876)	2,646,104	2,113,679	5,353,130	846,699	1,345,080	13,878	(2,926,891)	1,145,823	(3,731,497)
Other financing sources (uses)										
Transfers in	177,458	596,343	903,768	1,853,579	1,102,976	783,003	3,550,919	4,881,572	938,696	1,374,537
Transfers out	(831,440)	(4,264,332)	(4,504,676)	(2,702,448)	(2,104,665)	(1,651,150)	(4,375,949)	(5,761,636)	(2,104,593)	(2,362,398)
Capital contributions - developers	-	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	2,464,624	-	-	-	-	-	-	512,815	536,037
Proceeds from loans	3,178,139	-	251,800	-	-	-	-	-	-	6,400,000
	2,524,157	(1,203,365)	(3,349,108)	(848,869)	(1,001,689)	(868,147)	(825,030)	(880,064)	(653,082)	5,948,176
Net increase (decrease) in fund balance	\$ (7,102,719)	\$ 1,442,739	\$ (1,235,429)	\$ 4,504,261	\$ (154,990)	\$ 476,933	\$ (811,152)	\$ (3,806,955)	\$ 492,741	\$ 2,216,679
Debt service as a percentage of noncapital expenditures	23.00%	6.97%	10.83%	6.24%	9.21%	3.83%	3.35%	3.95%	3.74%	11.59%

The County Commissioners of Kent County, Maryland
Revenue Capacity: Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	County Direct Rate	State of Maryland	Town of Betterton	Town of Chestertown	Town of Galena	Town of Millington	Town of Rock Hall
2011	1.022	0.112	0.320	0.370	0.2400	0.280	0.320
2012	1.022	0.112	0.320	0.370	0.2400	0.280	0.320
2013	1.022	0.112	0.320	0.370	0.2400	0.280	0.320
2014	1.022	0.112	0.320	0.370	0.2400	0.280	0.320
2015	1.022	0.112	0.320	0.370	0.2400	0.280	0.320
2016	1.022	0.112	0.320	0.370	0.2400	0.280	0.320
2017	1.022	0.112	0.320	0.370	0.2403	0.280	0.320
2018	1.022	0.112	0.320	0.370	0.2398	0.280	0.320
2019	1.022	0.112	0.318	0.420	0.2404	0.280	0.320
2020	1.022	0.112	0.318	0.430	0.2380	0.280	0.340

(1) Rates per \$100 of assessed value

(2) County Direct Rate does not reflect the tax differential for properties located in incorporated towns

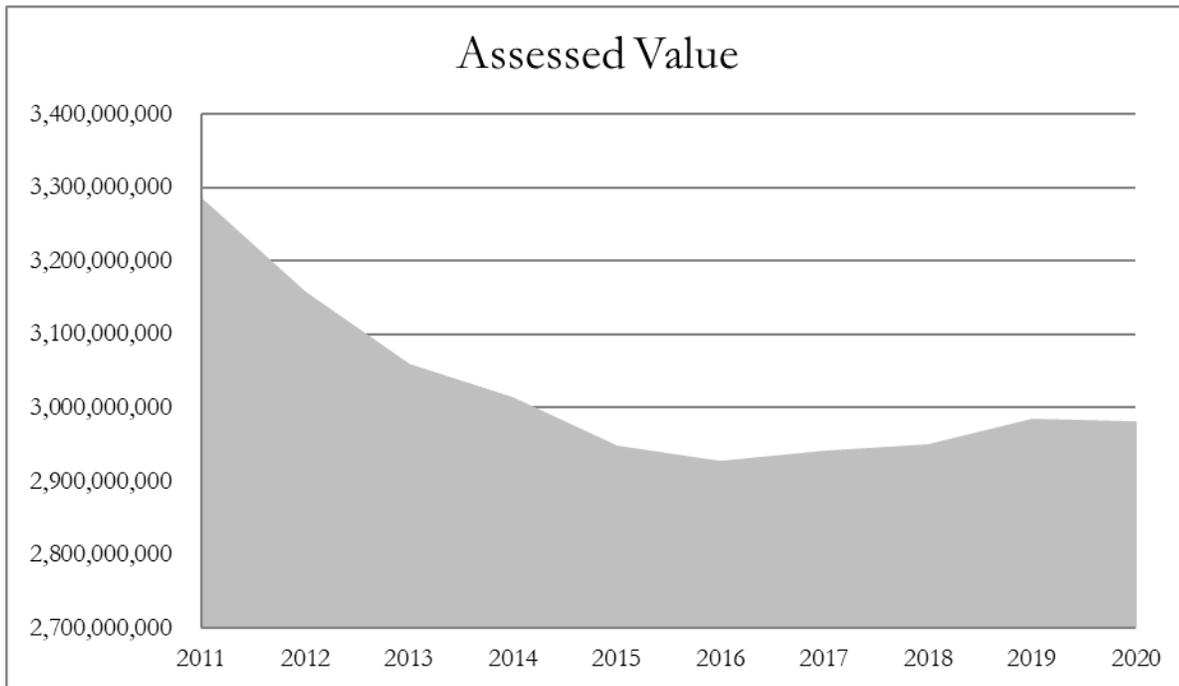


Source: State of Maryland and Towns of Betterton, Chestertown, Galena, Millington and Rock Hall.

The County Commissioners of Kent County, Maryland
Revenue Capacity: Assessed Value of Taxable and Exempt Property
Last Ten Fiscal Years

Fiscal Year	Real Property Assessed Value	Exempt-Homestead Credit	Total Assessed Value	Direct Tax Rate	Public Utility Operating Property	Taxable & Exempt Assessed Value
2011	3,247,911,464	399,620,285	2,848,291,179	1.022	35,483,440	3,283,394,904
2012	3,119,862,537	270,928,884	2,848,933,653	1.022	36,210,250	3,156,072,787
2013	3,020,454,365	194,526,863	2,825,927,502	1.022	37,126,710	3,057,581,075
2014	2,975,066,005	142,063,007	2,833,002,998	1.022	37,514,800	3,012,580,805
2015	2,905,026,301	78,538,367	2,826,487,934	1.022	40,834,410	2,945,860,711
2016	2,906,711,725	60,881,252	2,845,830,473	1.022	18,888,010	2,925,599,735
2017	2,896,170,648	44,108,770	2,852,061,878	1.022	43,656,410	2,939,827,058
2018	2,904,904,108	32,440,332	2,872,463,776	1.022	43,452,270	2,948,356,378
2019	2,935,145,251	24,352,370	2,910,792,881	1.022	47,720,120	2,982,865,371
2020	2,930,267,110	19,412,279	2,910,854,831	1.022	50,016,020	2,980,283,130

Source: Maryland State Department of Assessment and Taxation



The County Commissioners of Kent County, Maryland
Revenue Capacity: Ten Highest Property Tax Payers
Current and Nine Years Ago

For the Fiscal Year Ended June 30, 2020

Taxpayer	Tax Billed	% of Levy
Delmarva Power and Light	\$ 847,527	2.72%
PUMH of Maryland, Inc	434,836	1.39%
Choptank Electric Co-op, Inc	240,329	0.77%
Verizon-MD	195,376	0.63%
Kent Research and Mfg, Inc	171,256	0.55%
SGM Realty LLC	163,247	0.52%
Kent Plaza Associates	158,356	0.51%
Kent Crossing	131,876	0.42%
415 Morgnec Road LLC	116,531	0.37%
Brawner Company, Inc	92,987	0.30%

For the Fiscal Year Ended June 30, 2011

Taxpayer	Tax Billed	% of Levy
Delmarva Power and Light	\$ 445,676	1.49%
PUMH of Maryland, Inc	401,755	1.34%
Verizon-MD	326,596	1.09%
Kent Crossing	169,441	0.57%
Choptank Electric Co-op, Inc	155,198	0.52%
SGM Realty LLC	153,374	0.51%
Kent Research and Mfg, Inc	151,590	0.51%
Kent Plaza Associates	102,320	0.34%
Brawner Company, Inc	96,661	0.32%
Chesapeake Meadows Limited	93,150	0.31%

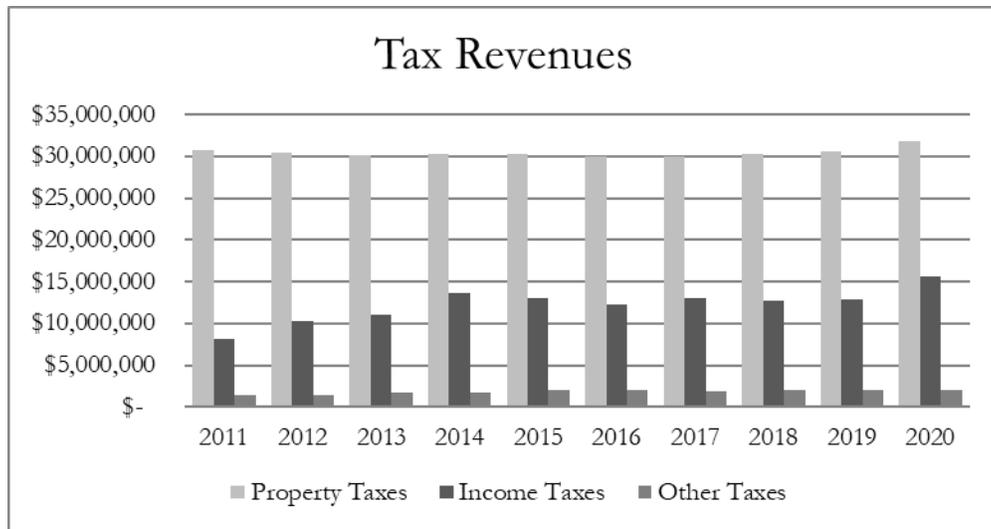
The County Commissioners of Kent County, Maryland
Revenue Capacity: Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2011	\$ 29,930,941	\$ 28,367,186	94.78%	\$ 1,544,605	\$ 29,911,791	99.94%
2012	29,992,561	28,439,362	94.82%	1,516,528	29,955,890	99.88%
2013	29,794,618	28,276,920	94.91%	1,465,591	29,742,511	99.83%
2014	29,881,782	28,460,998	95.25%	1,364,624	29,825,622	99.81%
2015	29,891,994	28,612,997	95.72%	1,232,485	29,845,482	99.84%
2016	30,125,879	28,783,368	95.54%	1,277,104	30,060,472	99.78%
2017	30,232,217	28,922,743	95.67%	1,243,130	30,165,873	99.78%
2018	30,429,820	29,090,693	95.60%	1,247,586	30,338,279	99.70%
2019	30,841,857	28,109,410	91.14%	1,588,923	29,698,333	96.29%
2020	31,186,350	28,996,828	92.98%	n/a	28,996,828	92.98%

*n/a data not readily available or not available in a manner consistent with this display

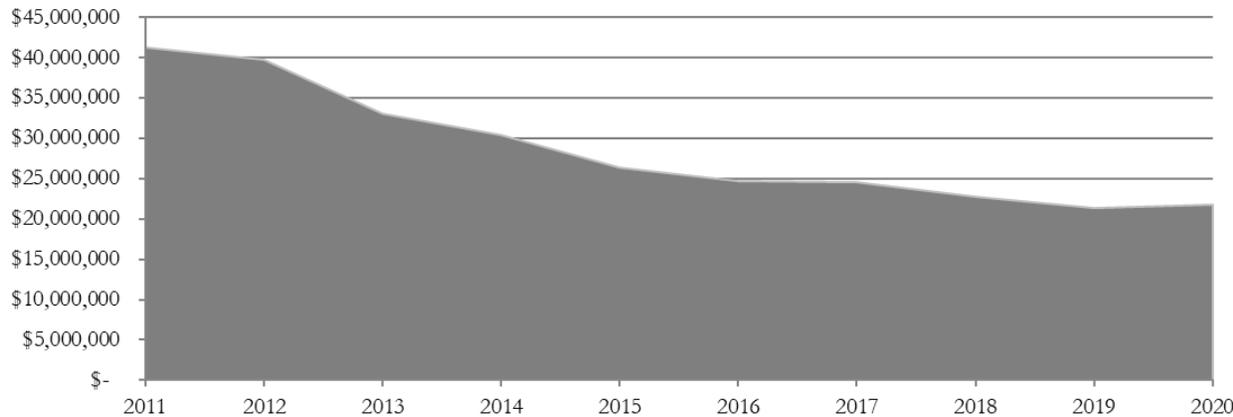
The County Commissioners of Kent County, Maryland
Revenue Capacity: Local General Tax Revenues
Last Ten Fiscal Years

Local General Tax Revenues				
	Property Taxes	Income Taxes	Other Taxes	Total Taxes
2011	\$ 30,680,082	\$ 8,200,260	\$ 1,493,242	\$ 40,373,584
2012	30,405,080	10,335,245	1,477,379	42,217,704
2013	30,174,622	11,047,174	1,687,366	42,909,162
2014	30,212,617	13,696,595	1,789,859	45,699,071
2015	30,188,083	12,973,495	2,029,337	45,190,915
2016	29,951,731	12,232,681	1,965,759	44,150,171
2017	29,986,484	12,986,434	1,949,634	44,922,552
2018	30,207,075	12,736,121	2,042,652	44,985,848
2019	30,627,922	12,848,398	2,030,866	45,507,186
2020	31,769,648	15,683,736	2,011,884	49,465,268



The County Commissioners of Kent County, Maryland
Debt Capacity: Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Government				Business Type Activities				Total Primary Government	Fiscal Year	Ratios	
	General Obligation Bonds	Notes Payable	Capital Leases	Total	General Obligation Bonds	Notes Payable	Capital Leases	Total			Debt to Personal Income	Total Debt per Capita
2011	\$ 21,368,121	\$ 279,001	\$ -	\$ 21,647,122	\$ 19,537,450	\$ 67,295	\$ -	\$ 19,604,745	\$ 41,251,867	2011	4.80%	\$ 2,042.47
2012	19,271,251	273,301	2,464,624	22,009,176	17,581,206	53,959	-	17,635,165	39,644,341	2012	4.41%	1,962.20
2013	16,045,136	197,538	2,553,968	18,796,642	14,176,039	-	-	14,176,039	32,972,681	2013	3.48%	1,633.04
2014	14,200,087	153,452	2,240,000	16,593,539	13,726,642	-	-	13,726,642	30,320,181	2014	3.07%	1,501.67
2015	10,998,014	-	2,040,095	13,038,109	13,268,902	-	-	13,268,902	26,307,011	2015	2.63%	1,327.30
2016	10,049,518	-	1,772,290	11,821,808	12,802,590	-	-	12,802,590	24,624,398	2016	2.42%	1,244.47
2017	9,060,997	-	1,496,967	10,557,964	13,962,009	-	-	13,962,009	24,519,973	2017	2.27%	1,239.20
2018	8,030,750	-	1,213,917	9,244,667	13,477,620	-	-	13,477,620	22,722,287	2018	1.97%	1,151.66
2019	6,956,999	-	1,413,486	8,370,485	12,974,661	-	-	12,974,661	21,345,146	2019	n/a	1,101.17
2020	7,522,269	-	1,530,356	9,052,625	12,450,655	-	239,056	12,689,711	21,742,336	2020	n/a	1,119.47



- (1) Total of General Obligation Bonds for general government and business-type activities
- (2) See Assessed Value of Taxable and Exempt property page 92
- (3) See Demographic Statistics on page 100

*n/a data not readily available or not available in a manner consistent with this display

The County Commissioners of Kent County, Maryland
Debt Capacity: Ratios of Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt (1)	Percentage of Total Taxable Assessable Base (2)	Per Capita(3)
2011	\$ 40,905,571	1.418%	\$ 2,025.33
2012	36,852,457	1.277%	1,824.02
2013	30,221,175	1.056%	1,496.76
2014	27,926,729	0.973%	1,400.26
2015	24,266,916	0.846%	1,224.37
2016	22,852,108	0.798%	1,154.91
2017	23,023,006	0.795%	1,163.54
2018	21,508,370	0.738%	1,090.14
2019	19,931,660	0.674%	1,028.25
2020	19,972,924	0.675%	1,028.37

*General Bonded Debt includes all general obligation debt, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Other debt is excluded because it is not in the form of bonds.

(1) General bonded debt is comprised of both governmental and business-type activities from the previous table.

(2) See Assessed Value of Taxable and Exempt Property on page 95

(3) See Demographic Statistics for population data on page 103

The County Commissioners of Kent County, Maryland
Debt Capacity: Computation of Net Direct and Overlapping Debt
June 30, 2020

Name of Jurisdiction	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Towns (2)			
Betterton	\$ 1,861,965	100%	\$ 1,861,965
Chestertown (3)	n/a	100%	n/a
Galena	1,680,703	100%	1,680,703
Millington	1,098,343	95%	1,043,426
Rock Hall (3)	n/a	100%	n/a
Subtotal overlapping debt			4,586,094
Kent County Government direct debt (1)			9,052,625
Total direct and overlapping debt			<u>\$ 13,638,719</u>

(1) Net direct debt of the County includes general obligation bonds, notes payable and capital leases. See Debt by Type on page 103.

(2) All entities are wholly located in Kent County with the exception of the Town of Millington which has 95% of the town located in the County.

(3) n/a data not readily available or not available in a manner consistent with this display

Source: Towns of Bettertown, Chestertown, Galena, Millington and Rock Hall

The County Commissioners of Kent County, Maryland
Debt Capacity: Computation of Legal Debt Margin
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Authorized Annual Borrowing under 3-9.1 CPLL	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
New General Obligations Issued	11,822,782	3,845,624	281,800	-	-	-	1,639,000	-	-	6,400,000
Legal Debt Margin	\$ 8,177,218	\$ 16,154,376	\$ 19,718,200	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 18,361,000	\$ 20,000,000	\$ 20,000,000	\$ 13,600,000

The County Commissioners of Kent County, Maryland
Demographic and Economic Information: Demographic Statistics
Last Ten Fiscal Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Income (2)	Unemployment Rate (3)
2010	20,197	860,025	42,567	8.30%
2011	20,204	898,852	44,489	7.60%
2012	20,191	948,016	32,579	7.50%
2013	19,944	987,134	31,502	7.20%
2014	19,820	999,301	28,411	6.40%
2015	19,787	1,019,350	30,081	5.30%
2016	19,730	1,078,070	30,080	4.90%
2017	19,384	1,152,685	32,217	4.50%
2018	19,383	1,191,987	34,910	4.30%
2019	19,422	n/a	n/a	4.00%

(1) Source: US Census Bureau

(2) Source: Bureau of Economic Analysis

(3) Source: Bureau of Labor Statistics

n/a - Data not readily available or not available in a manner consistent with this display

**The County Commissioners of Kent County, Maryland
Demographic and Economic Information: Major Employers
Current and Nine Years Ago**

For the Calendar Year Ended December 31, 2019*

Employer	Employees	Rank
Washington College	550	1
Dixon Valve & Coupling Co.	385	2
Kent County Board of Education	336	3
University of MD Shore Regional Health	270	4
Kent County Government	296	5
LaMotte Industries	240	6
Heron Point of Chestertown	225	7
David A. Bramble, Inc.	210	8
Kent Center	175	9
Gillespie & Son/Gillespie Precast	135	10

For the Calendar Year Ended December 31, 2010*

Employer	Employees	Rank
University of MD Shore Regional Health	628	1
Washington College	528	2
Kent County Board of Education	353	3
Dixon Valve & Coupling Co.	314	4
David A. Bramble, Inc.	270	5
Heron Point of Chestertown	196	6
LaMotte Industries	134	7
Kent County Government	241	8
Chestertown Nursing & Rehabilitation	115	9
USA Fullfillment	107	10

Source: Department of Economic Development

* Latest data available

The County Commissioners of Kent County, Maryland
Operating Information: County Government Employees – Full Time Equivalents
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Part time positions (FTE)	22	21	21	22	22	26	28	28	26	27
Exempt	35	34	29	28	29	30	37	36	36	39
Full Time Employees	173	168	163	166	169	173	166	168	171	175
Total County Government Employees	230	223	213	216	220	229	231	232	233	241

Source: Department of Human Resources

The County Commissioners of Kent County, Maryland
Operating Information: County Government Employees – Full Time Only By Function
Last Ten Fiscal Years

GENERAL GOVERNMENT	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Commissioner's Office (1)	4	4	4	4	4	4	4	4	4	4
Planning, Housing & Zoning	10	9	8	8	9	9	9	9	9	9
Human Resources	3	3	3	3	3	3	3	3	3	3
Finance	8	8	7	7	7	7	7	7	7	7
Information Technology	5	5	5	5	6	6	6	6	6	6
Tourism & Economic Development	3	3	3	3	3	4	4	4	4	4
State's Attorney's Office (2)	5	5	5	5	5	6	6	7	7	7
Circuit Court (2)	3	3	3	3	3	3	3	3	3	5
Soil Conservation Service (2)	5	5	0	0	0	0	0	0	0	0
Family & Community Partnerships	2	2	2	2	2	3	3	3	3	3
Weed Control (3)	1	0	0	0	0	0	0	0	0	0
PUBLIC SAFETY										
Sheriff's Office (2)	26	26	26	28	28	27	27	25	26	28
Detention Center	32	29	28	27	28	29	29	29	29	29
Office of Emergency Services	25	25	24	25	26	26	26	28	31	33
PUBLIC WORKS										
Administration	4	4	3	2	2	2	2	2	1	1
County Roads	30	30	30	29	29	29	29	29	29	29
Waste Management	8	7	7	8	8	8	8	8	8	8
Public Landings	1	1	1	1	1	1	1	1	1	1
Buildings & Grounds	11	11	11	13	13	13	13	15	15	15
LEISURE SERVICES										
Parks & Recreation	6	6	6	6	6	8	8	8	8	8
BUSINESS-TYPE ACTIVITIES										
Water & Wastewater Services	16	16	16	15	15	15	15	13	13	14
	208	202	192	194	198	203	203	204	207	214

- (1) Includes Liquor Inspector
- (2) County Funded State Positions
- (3) Combined with County Roads in FY12

Source: Department of Human Resources

County employees do not include employees of discretely presented component units such as the Kent County Board of Education or the Kent County Library.

The County Commissioners of Kent County, Maryland
Operating Information: Capital Asset Statistics by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Facilities										
Police Stations in County	3	3	3	3	3	3	3	3	3	3
Fire & Rescue Stations	7	7	7	7	7	7	7	7	7	7
Parks/Recreation Facilities	11	11	11	11	11	11	11	11	11	11
Senior Centers										
Libraries	3	3	3	3	3	3	3	3	3	3
Public Schools										
Elementary Schools	5	5	5	5	5	5	3	3	3	3
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
Department of Public Works										
Miles of County Maintained Paved Roads	272.11	272.23	272.23	272.23	272.23	272.23	272.23	272.23	272.23	272.23
Water Treatment Plants	4	4	4	4	4	4	4	4	4	4
Water Towers	4	4	4	4	4	4	4	4	4	4
Wastewater Treatment Plants	3	3	3	3	3	3	3	3	3	3
Lagoons	1	1	1	1	1	1	1	1	1	1
Pump Stations	24	24	24	24	24	24	24	24	24	25
Shared Septic Systems	2	2	2	2	2	2	2	2	2	2
Meters/Meter Vaults	2	2	2	2	2	2	2	2	2	2
Kent County Sheriff Department										
Vehicles in Service	27	27	24	27	27	26	28	28	28	28

Source: County Departments, Component Units, and Outside Agencies

The County Commissioners of Kent County, Maryland
Operating Information: Operating Indicators by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
General Government										
Planning & Zoning (1)										
Number of Permits Issued for:										
Accessory Buildings/Garages/Carports	73	79	75	70	77	87	89	77	102	75
Agricultural Buildings	18	32	26	23	23	16	21	21	17	20
Boat Lift	-	-	-	-	3	3	-	-	-	-
Commercial Addition/Alteration	10	12	11	7	13	9	8	6	8	10
Deck/Porch	34	27	28	31	23	41	27	34	21	25
New Commercial Building	3	1	2	1	7	6	7	3	7	2
New Single Family Residence	21	35	21	33	44	18	23	26	24	29
Other	28	33	33	28	46	25	-	-	-	-
Pier	9	25	19	21	14	19	22	14	28	15
Residential Addition/Alteration/Attached Garage	77	55	48	53	53	63	84	103	91	97
Sediment Control	21	30	45	20	29	36	21	27	37	40
Sign	7	11	7	12	7	4	8	12	8	2
Solar Panels	-	-	-	-	34	69	51	-	-	-
Swimming Pool	12	5	13	9	13	16	12	11	18	13
Bulkhead/Retaining Wall	7	12	5	5	7	13	4	-	-	-
Demolition	38	50	56	72	98	68	77	69	75	63
Logging	10	23	14	18	22	15	9	23	17	9
Use Permit	9	11	9	12	19	11	24	11	14	8
Total Permits Issued	<u>377</u>	<u>441</u>	<u>412</u>	<u>415</u>	<u>532</u>	<u>519</u>	<u>487</u>	<u>437</u>	<u>467</u>	<u>408</u>
Public Safety										
Alcohol Beverage Control										
Number of Licenses Issued	65	63	59	64	67	69	72	63	61	61
Number of Violations	2	11	2	6	2	-	2	1	-	3
Sheriff's Office (1)										
Number of Physical Arrests	996	1,279	1,380	1,557	596	436	575	604	517	401
Traffic Violations	3,044	3,787	3,902	3,678	3,580	3,711	4,212	4,155	2,757	5,554
Public Works										
Total Water Treated Annually (millions of gallons)	48	49	44	46	51	49	53	48	43	50
Total Wastewater Treated Annually (millions of gallons)	66	60	41	82	76	57	49	55	65	58

(Continued)

The County Commissioners of Kent County, Maryland
Operating Information: Operating Indicators by Function
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Education										
Number of Personnel										
Teachers	185	175	152	164	156	161	158	159	162	158
Administrators	28	25	26	21	19	23	21	17	21	22
Support	78	78	72	118	123	111	115	116	135	126
Other	63	60	59	18	16	13	12	20	18	19
Number of Students	2183	2162	2130	2117	2106	2030	1895	1965	1914	1909
Number of High School Graduates	145	165	160	142	161	126	133	140	119	133

(1) Denotes information that is tracked on a calendar year basis

Source: County Departments, Component Units, and Outside Agencies



**The County Commissioners of Kent County, Maryland
R. Clayton Mitchell Jr. Government Center
400 High Street
Chestertown, MD 21620**