

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

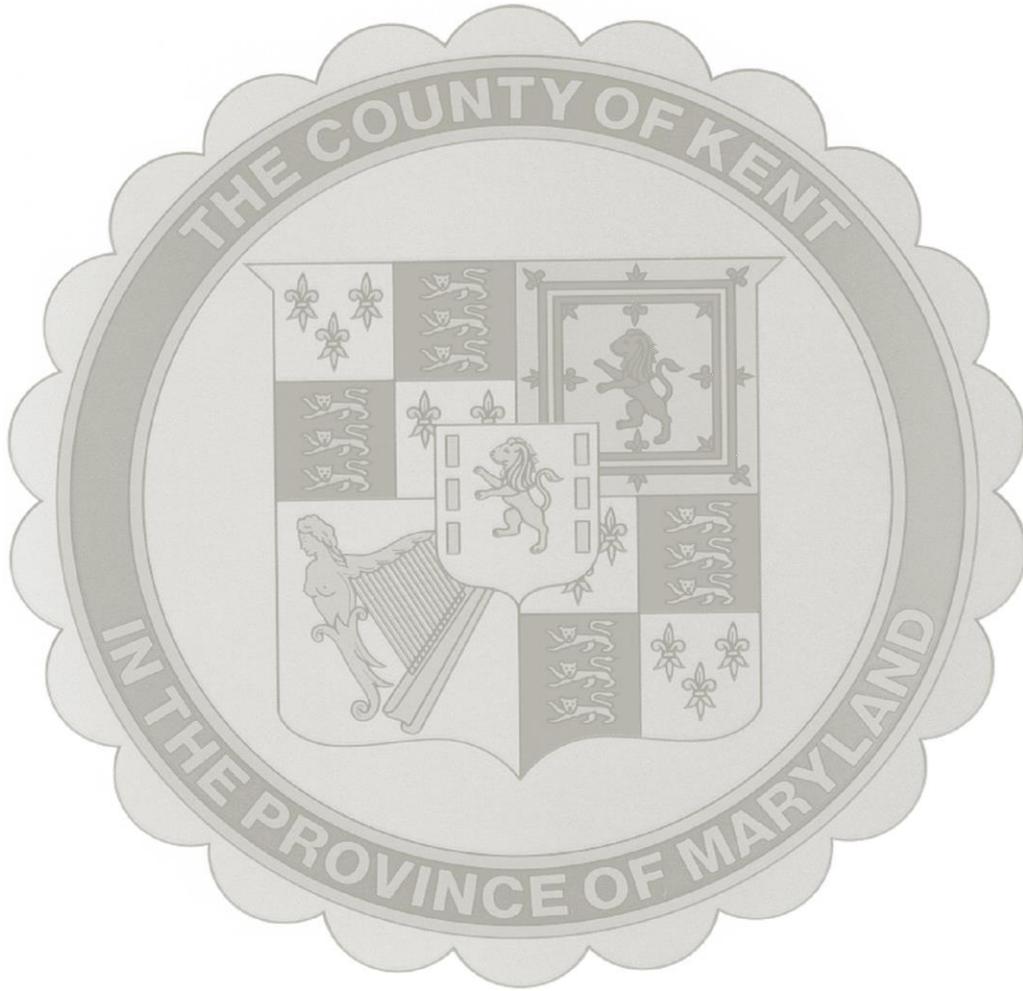
For the Fiscal Year Ended June 30, 2020

Table of Contents

| | |
|--|-----|
| Introductory Section | 1 |
| Formal Transmittal of the Comprehensive Annual Financial Report (CAFR) | 2 |
| Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting..... | 7 |
| Certain Elected and Other Officials..... | 8 |
| Kent County, Maryland Government Organizational Chart | 9 |
| Financial Section | 11 |
| Report of Independent Public Accountants..... | 12 |
| Management’s Discussion and Analysis | 15 |
| Basic Financial Statements | 25 |
| Statement of Net Position..... | 26 |
| Statement of Activities..... | 27 |
| Balance Sheet – Governmental Funds | 28 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... | 29 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... | 30 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 31 |
| Statement of Net Position - Proprietary Funds | 32 |
| Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds | 33 |
| Statement of Cash Flows - Proprietary Funds | 34 |
| Statement of Fiduciary Net Position – Fiduciary Funds..... | 35 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds..... | 36 |
| Notes to Basic Financial Statements | 37 |
| I. Summary of Significant Accounting Policies..... | 38 |
| II. Reconciliation of government-wide and fund financial statements..... | 456 |
| III. Detailed notes on all activities and funds | 47 |
| Required Supplementary Information | 67 |
| General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual..... | 68 |
| Schedule of Investment Returns for the Retiree Health Benefit Plan..... | 71 |
| Schedule of Changes in the County's Net OPEB Liability and Related Ratios..... | 72 |
| Schedule of the County's Proportionate Share of the Net Pension Liability | 73 |
| Schedule of County Contributions..... | 73 |
| Combining Balance Sheet – Nonmajor Governmental Funds..... | 76 |

| | |
|---|-----|
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 78 |
| Statement of Assets and Liabilities – Agency Funds | 82 |
| Statement of Changes in Assets and Liabilities – Agency Funds | 83 |
| Combining Balance Sheet – Local Management Board of Kent County | 86 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Local Management Board | 88 |
| Statistical Section..... | 91 |
| Financial Trends: Net Position by Component – Government-Wide..... | 92 |
| Financial Trends: Changes in Net Position – Government-Wide | 93 |
| Financial Trends: Fund Balances – Governmental Funds..... | 96 |
| Financial Trends: Changes in Fund Balances - Governmental Funds | 97 |
| Revenue Capacity: Property Tax Rates - Direct and Overlapping Governments..... | 98 |
| Revenue Capacity: Assessed Value of Taxable and Exempt Property | 99 |
| Revenue Capacity: Ten Highest Property Tax Payers | 100 |
| Revenue Capacity: Property Tax Levies and Collections | 101 |
| Revenue Capacity: Local General Tax Revenues | 102 |
| Debt Capacity: Ratio of Outstanding Debt by Type | 103 |
| Debt Capacity: Ratios of Bonded Debt Outstanding..... | 104 |
| Debt Capacity: Computation of Net Direct and Overlapping Debt..... | 105 |
| Debt Capacity: Computation of Legal Debt Margin | 106 |
| Demographic and Economic Information: Demographic Statistics | 107 |
| Demographic and Economic Information: Major Employers | 108 |
| Operating Information: County Government Employees – Full Time Equivalents | 109 |
| Operating Information: County Government Employees – Full Time Only By Function..... | 110 |
| Operating Information: Capital Asset Statistics by Function..... | 111 |
| Operating Information: Operating Indicators by Function | 112 |

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.

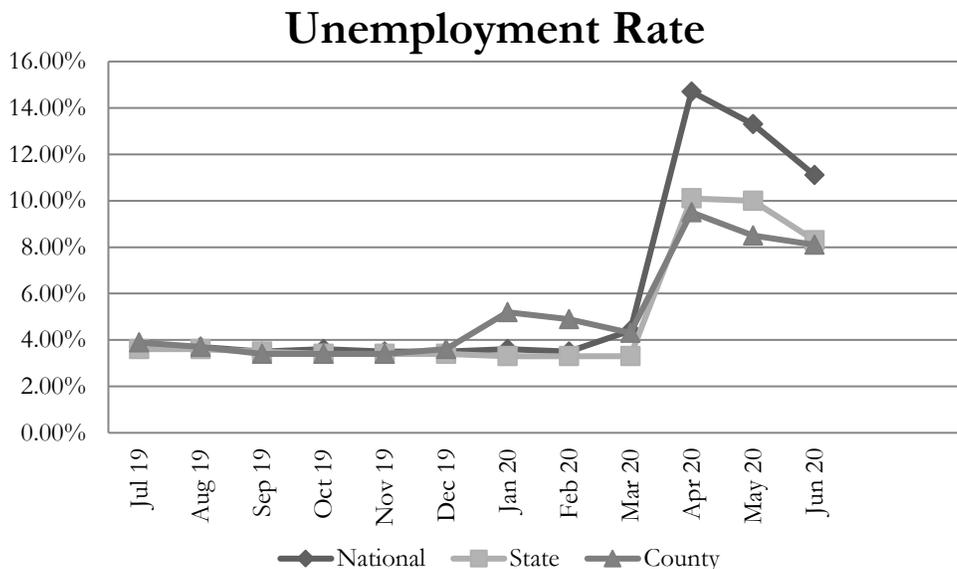
The County operates as a Maryland Code Home Rule County, which enables the Board of County Commissioners to exercise broad local legislative authority. Under code home rule, both legislative and executive functions of the County are vested in the three-member Board of County Commissioners. All three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



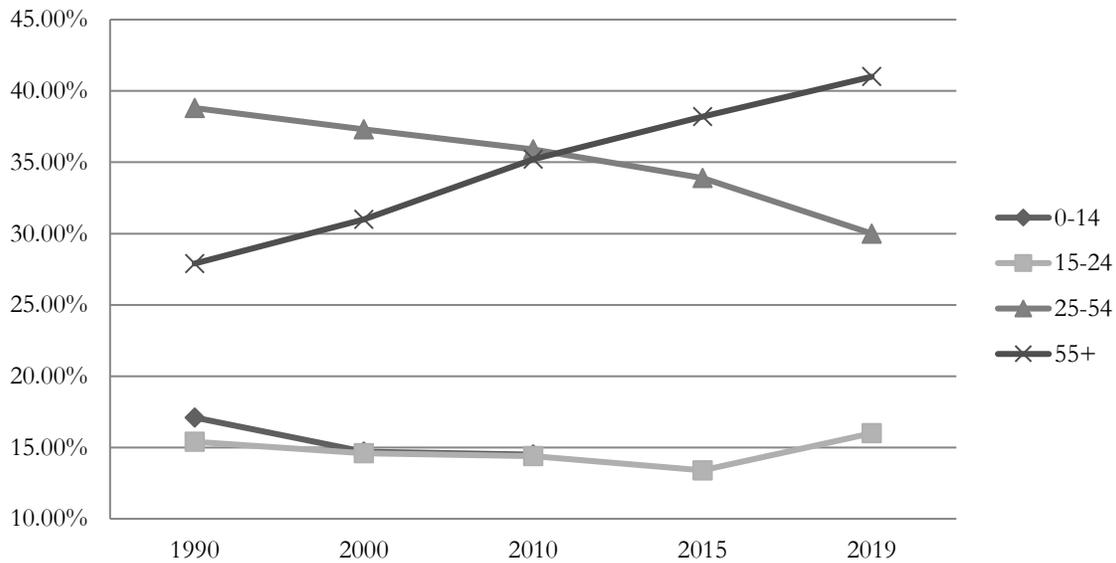
The April through June data illustrate the dramatic effect the pandemic had on employment all across our Country. Kent County's unemployment rate peaked at 9.5% in April and was less than the National (14.7%) and State (10.1%) peak figures. The volume and potential volatility of the unemployment figures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

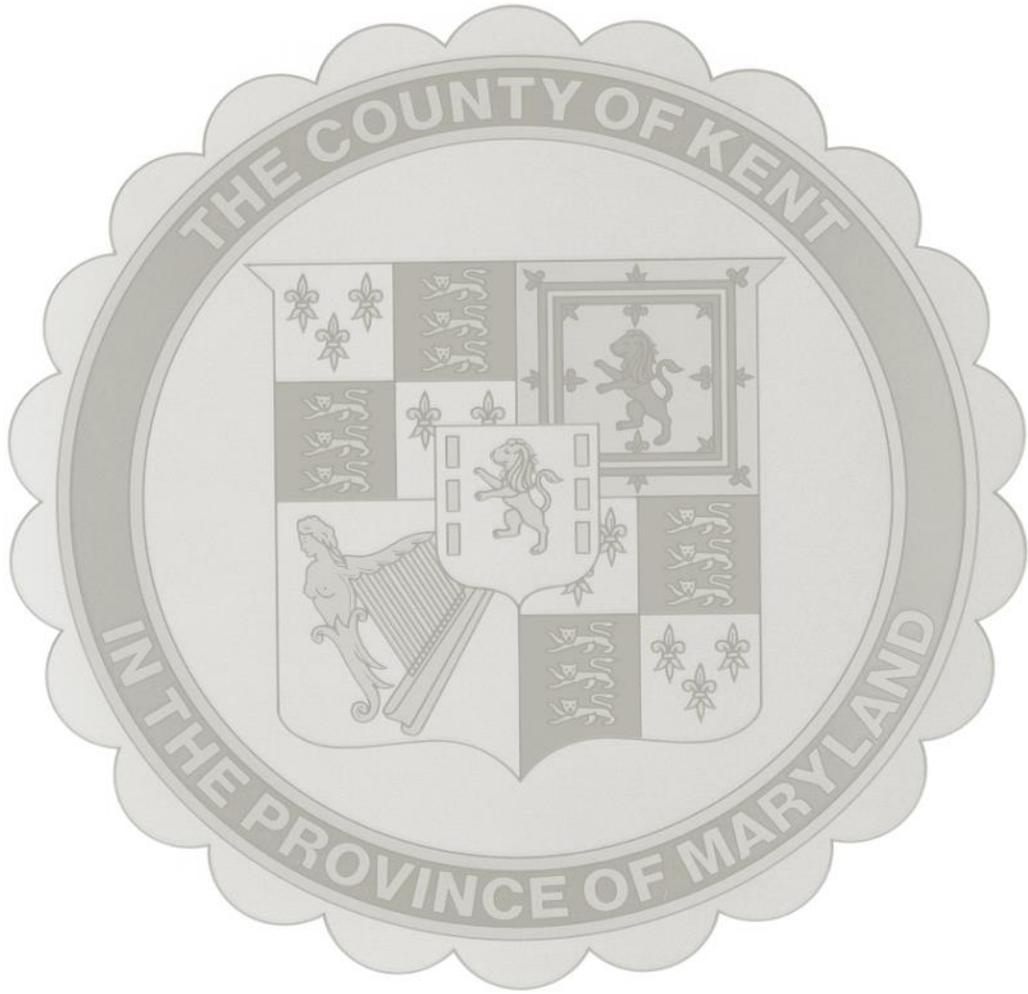
Respectfully submitted,



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

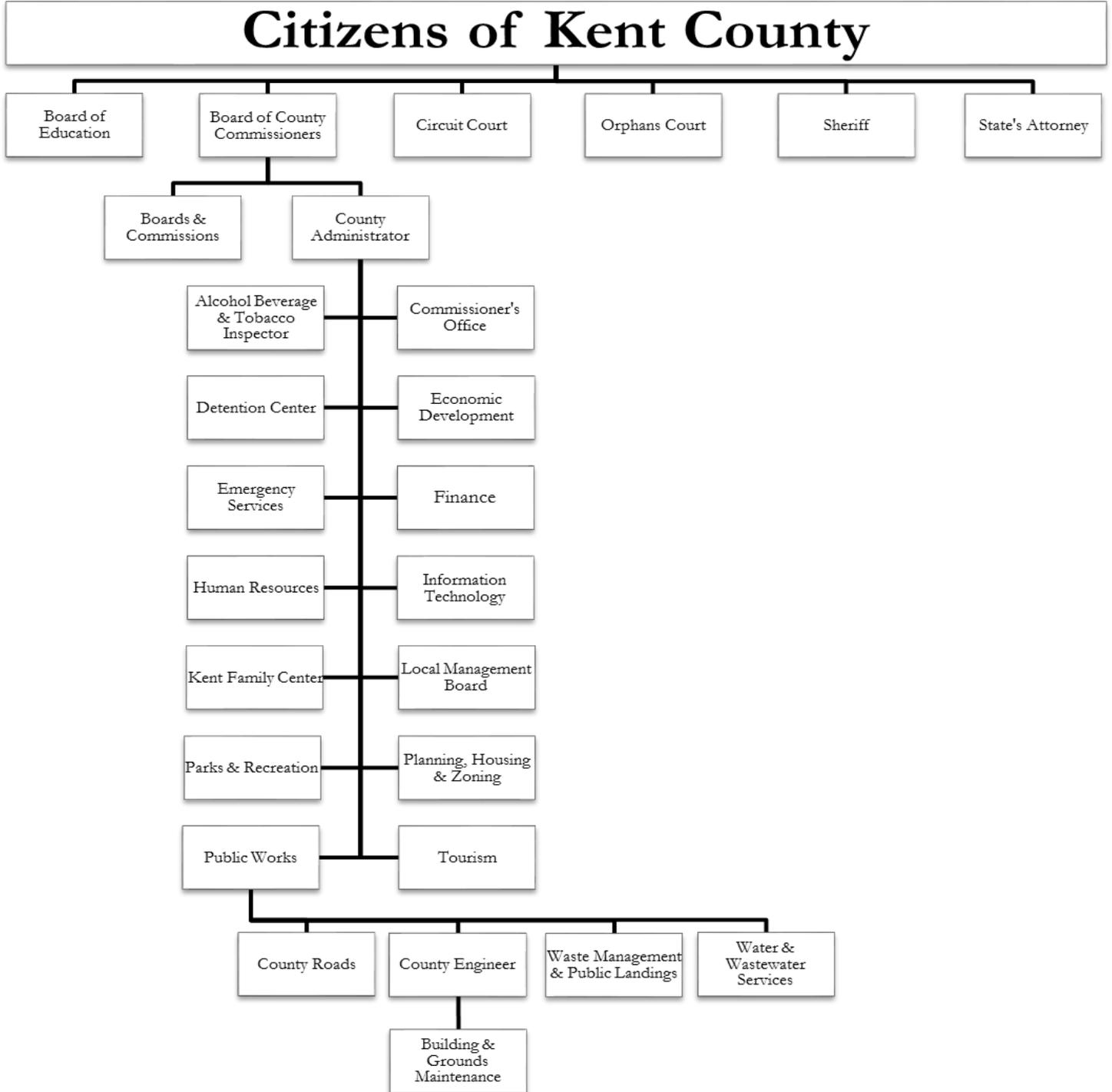
County Administrator
Chief Finance Officer
Director of Emergency Services
Director of Human Resources
Director of Information Technology
Director of Parks and Recreation
Director of Planning, Housing and Zoning
Director of Tourism
Director of Economic Development
Director of Kent County Local Management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

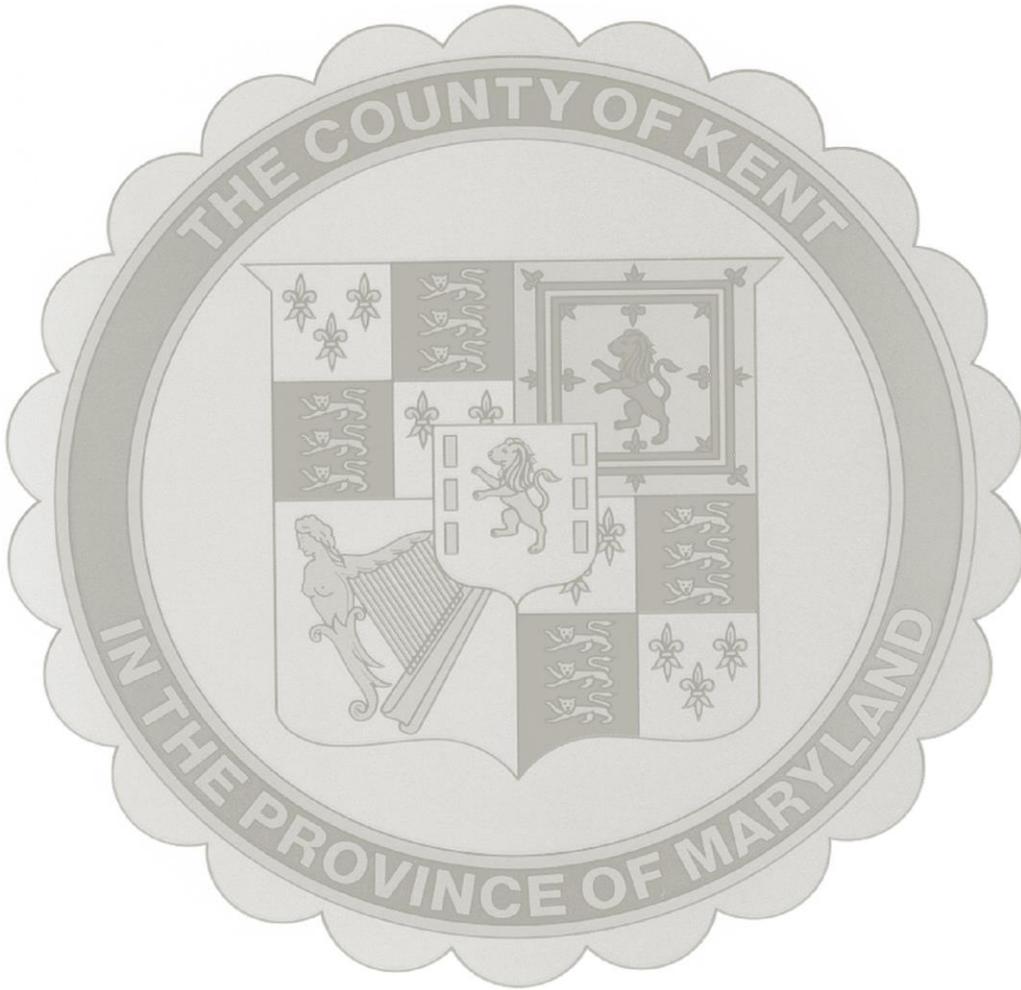
Bond Counsel
McKennon, Shelton and Henn LLP
Baltimore, Maryland

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





Financial Section





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.

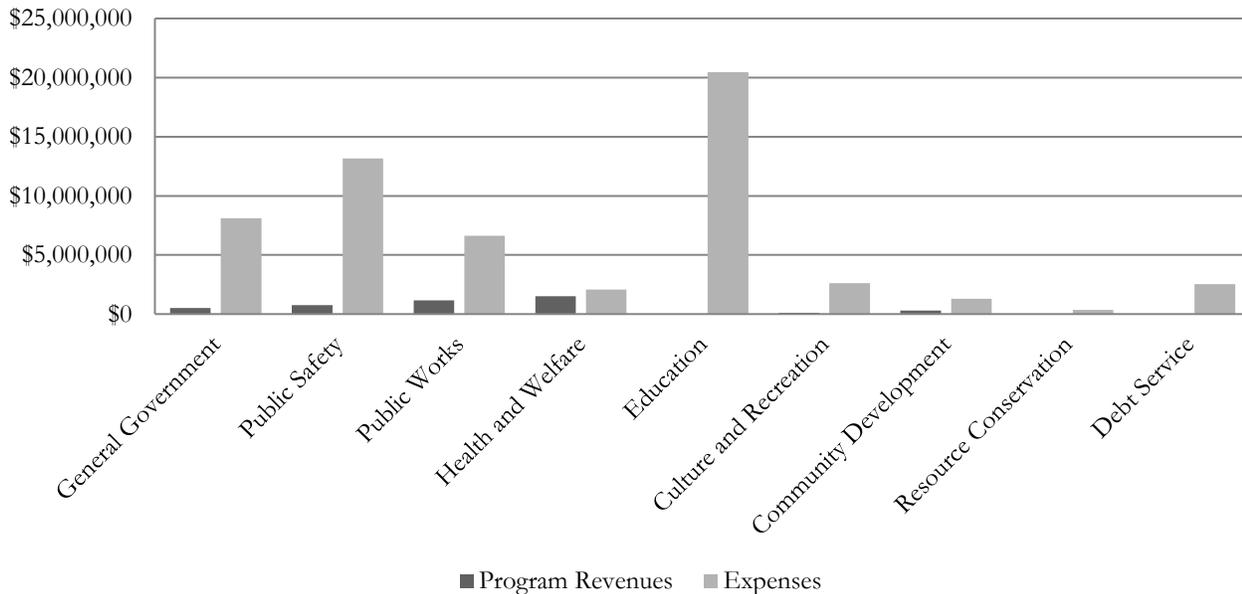
Governmental Activities

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

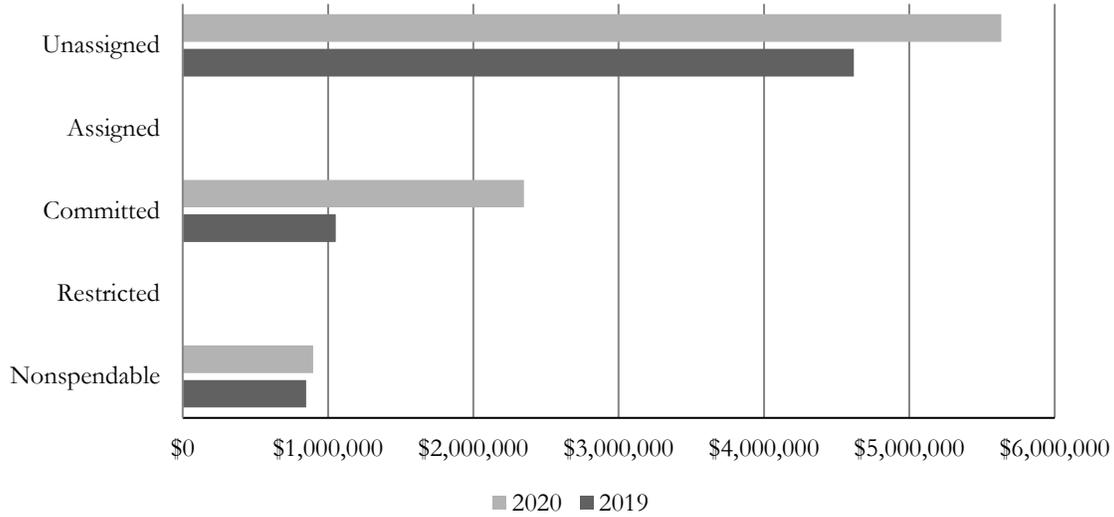
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

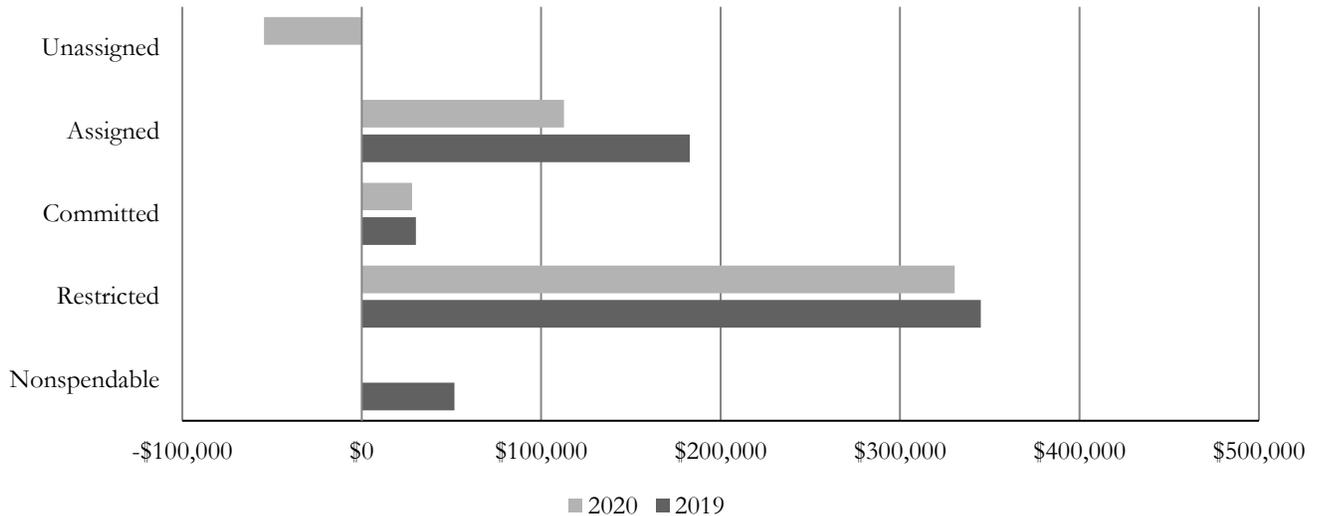
As of the end of the current fiscal year, the County’s *governmental funds* reported combined fund balances of \$9,294,201, an increase of \$2,216,679 in comparison with the prior year. Approximately 60% of this amount (\$5,577,970) constitutes *unassigned fund balance*, which is available for spending 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

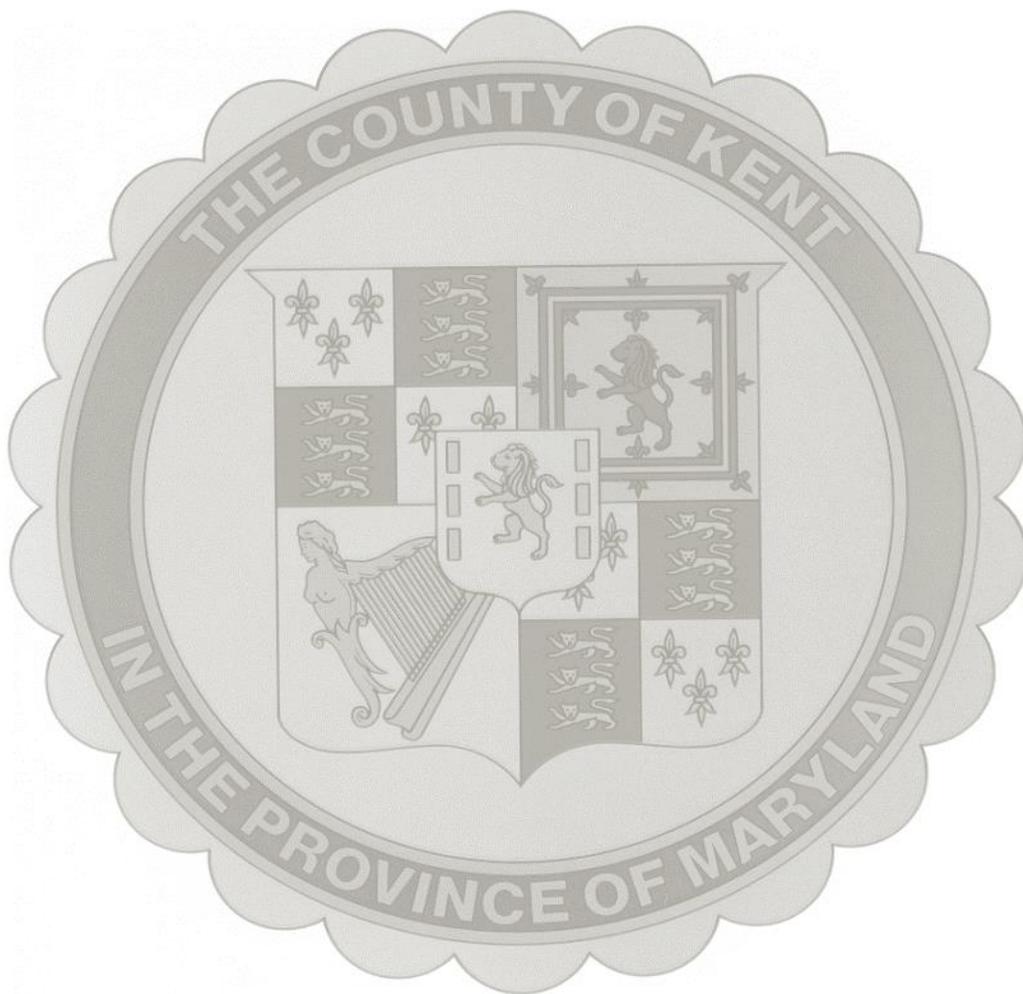
The following economic factors currently affect the County and were considered in developing the 2021 fiscal year budget:

- 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) | |
| | | <u>(2,603,658)</u> |

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

| | | |
|------|---|----|
| I. | Summary of significant accounting policies | 38 |
| A. | Description of government-wide financial statements | 38 |
| B. | Reporting entity | 38 |
| C. | Basis of presentation – government-wide financial statements | 38 |
| D. | Basis of presentation – fund financial statements | 39 |
| E. | Measurement focus and basis of accounting | 40 |
| F. | Budgetary information | 40 |
| G. | Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance | 41 |
| H. | Revenue and expenditures/expenses | 44 |
| I. | Implementation of new accounting principals | 45 |
| II. | Reconciliation of government-wide and fund financial statements | 46 |
| A. | Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position | 46 |
| 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. | 46 |
| III. | Detailed notes on all activities and funds | 47 |
| A. | Cash deposits with financial institutions | 47 |
| B. | Receivables | 48 |
| C. | Capital assets | 49 |
| D. | Accrued liabilities | 51 |
| E. | Pension liability | 51 |
| F. | Other post-employment benefit (OPEB) liability | 54 |
| G. | Deferred compensation plan | 59 |
| H. | Risk management | 59 |
| I. | Lease obligations | 60 |
| J. | Short-term debt | 61 |
| K. | Long-term liabilities | 61 |
| L. | Fund balance | 65 |
| M. | Interfund receivables and payables | 65 |
| N. | Interfund transfers | 65 |
| O. | Landfill closure and post-closure care costs | 66 |
| P. | Joint ventures | 66 |
| Q. | Agreements | 66 |
| R. | Contingencies | 66 |

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 | | Balance | |
|-------------------------------|-------------------|--------------------|-------------|-------------------|
| | July 1, 2019 | Increases | Decreases | 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 | Nonmajor | Total Governmental |
|------------------------------|-------------------|-------------------|--------------------|
| | Fund | Governmental | Funds |
| | | Funds | 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:

| | <u>1% Decrease</u> <u>(6.40%)</u> | <u>Discount Rate</u> <u>(7.40%)</u> | <u>1% Increase</u> <u>(8.40%)</u> |
|---|--------------------------------------|--|--------------------------------------|
| 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 | 5,373,330 | 70,822 | 5,302,508 |
| Balance as of June 30, 2019 for FYE 2020 | \$ 26,547,596 | \$ 1,150,712 | \$ 25,396,884 |

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

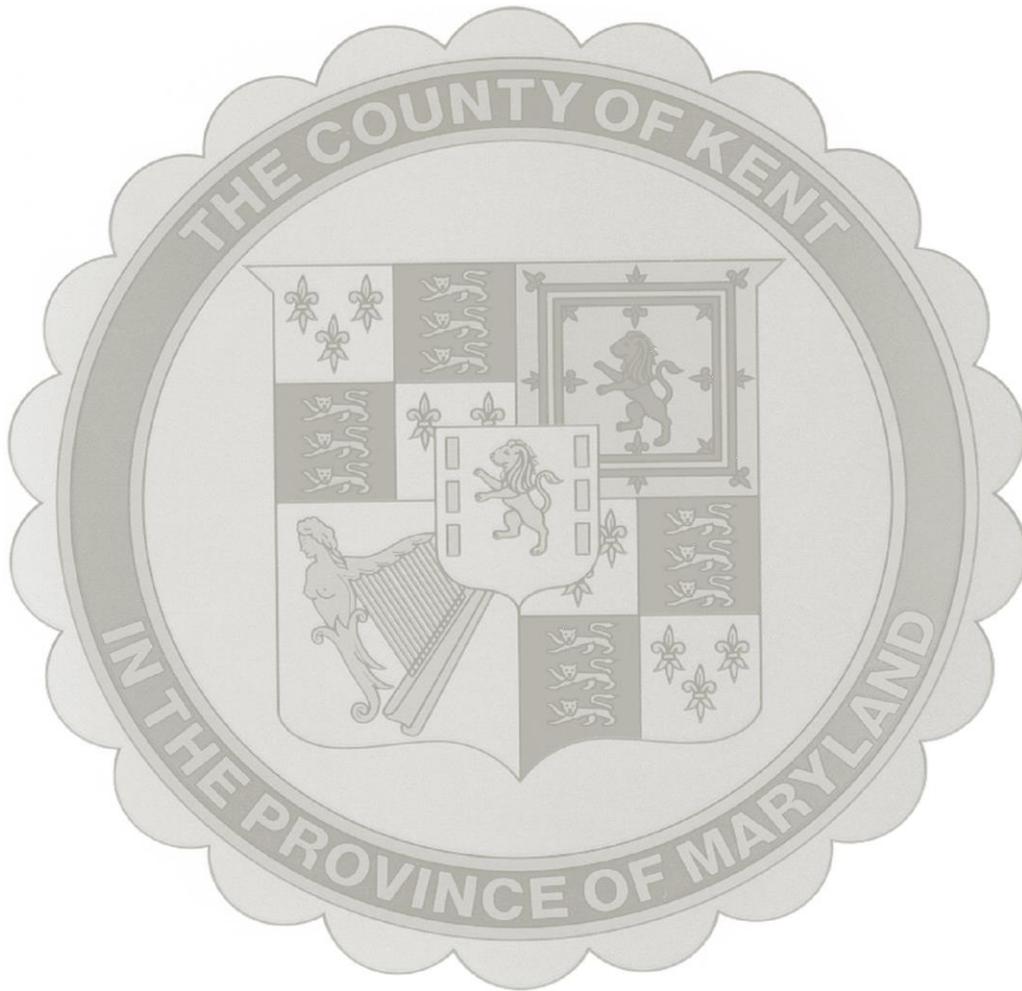
The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. If the County 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

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| 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 |
| Total public works | <u>5,547,746</u> | <u>5,833,702</u> | <u>5,257,467</u> | <u>576,235</u> |
| Health | | | | |
| Health department | 467,415 | 471,165 | 471,165 | - |
| Mosquito control | 34,784 | 34,784 | 32,701 | 2,083 |
| Total health | <u>502,199</u> | <u>505,949</u> | <u>503,866</u> | <u>2,083</u> |
| 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 | - |
| Total social services | <u>464,213</u> | <u>470,815</u> | <u>468,205</u> | <u>2,610</u> |
| 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 | - |
| Total education | <u>18,555,959</u> | <u>18,555,959</u> | <u>18,555,959</u> | <u>-</u> |
| 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 | - |
| Total parks, recreation and culture | <u>1,787,370</u> | <u>1,828,996</u> | <u>1,487,999</u> | <u>340,997</u> |
| Library | <u>685,526</u> | <u>685,526</u> | <u>685,526</u> | <u>-</u> |

(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><u>\$ 8,877,562</u></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

| | Cash and Cash Equivalents | Equity in Pooled Cash | Accounts Receivable | Total Assets | Accounts Payable | Due to Other Governments | Total Liabilities |
|--|------------------------------|--------------------------|------------------------|-------------------|---------------------|--------------------------------|----------------------|
| <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 | 5,637,023 | 6,649,994 | 6,149,146 | 10,429,608 | 10,193,113 | 10,620,107 | 9,819,123 | 6,076,970 | 6,519,545 | 8,877,562 |
| 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 | 1,035,702 | 962,119 | 227,538 | 451,337 | 532,842 | 582,781 | 572,613 | 507,811 | 557,977 | 416,639 |
| Total All Governmental Funds | \$ 6,672,725 | \$ 7,612,113 | \$ 6,376,684 | \$ 10,880,945 | \$ 10,725,955 | \$ 11,202,888 | \$ 10,391,736 | \$ 6,584,781 | \$ 7,077,522 | \$ 9,294,201 |

(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

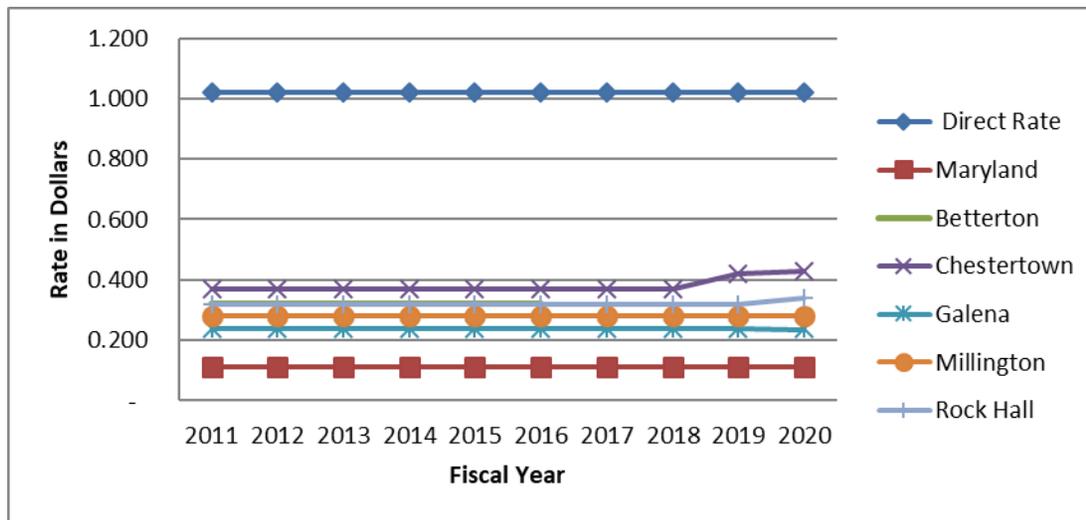
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------------------|---------------------|-----------------------|---------------------|---------------------|-------------------|---------------------|-----------------------|-------------------|---------------------|
| 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

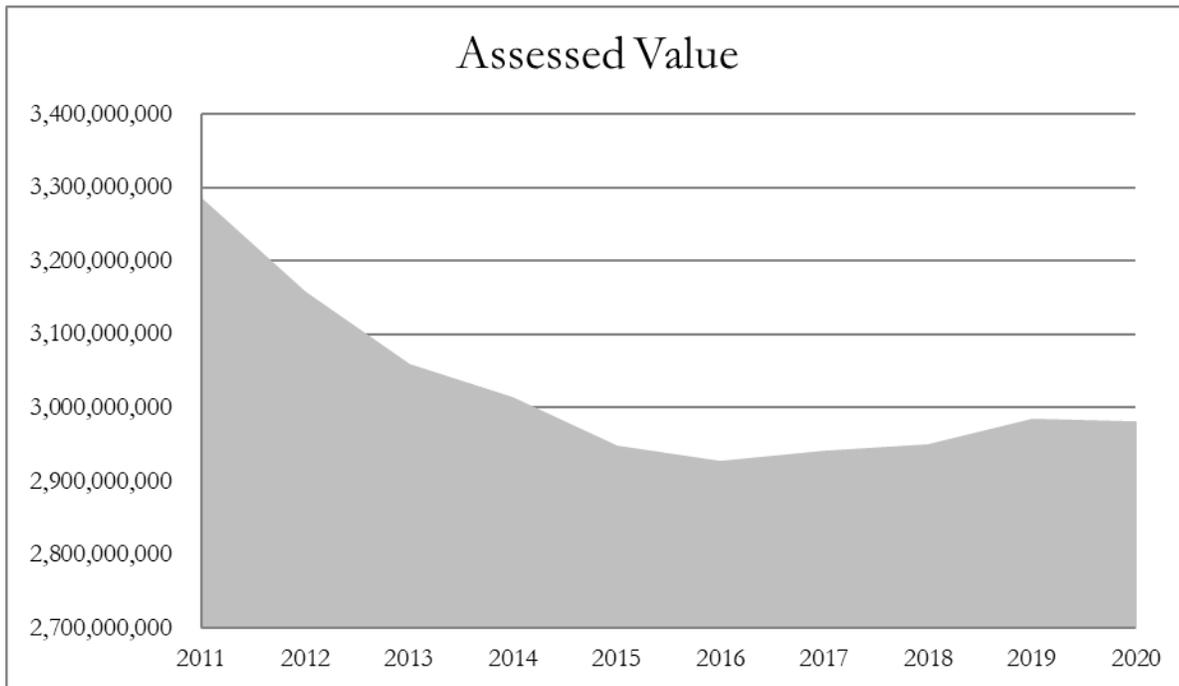


Source: State of Maryland and Towns of Betterton, Chestertown, Galena, Millington and Rock Hall.

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% |

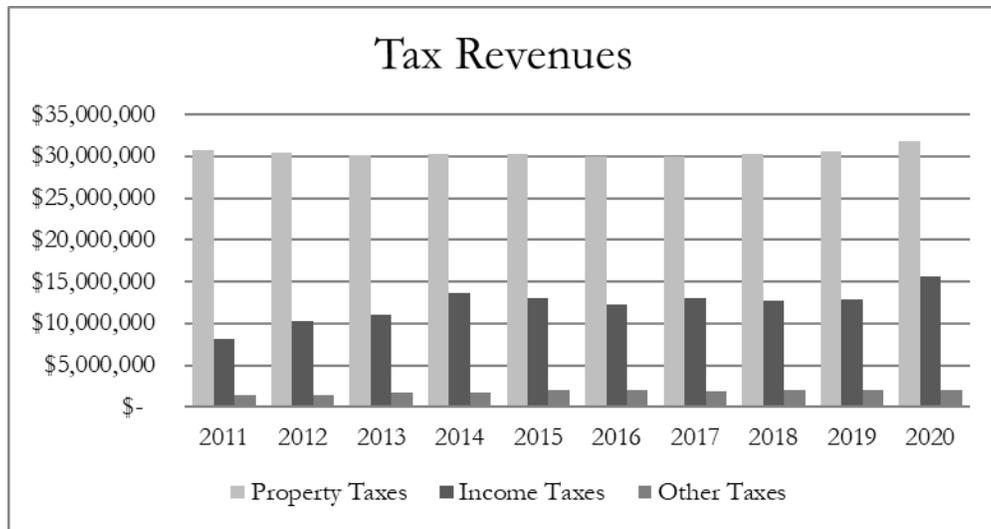
The County Commissioners of Kent County, Maryland
Revenue Capacity: Property Tax Levies and Collections
Last Ten Fiscal Years

| 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

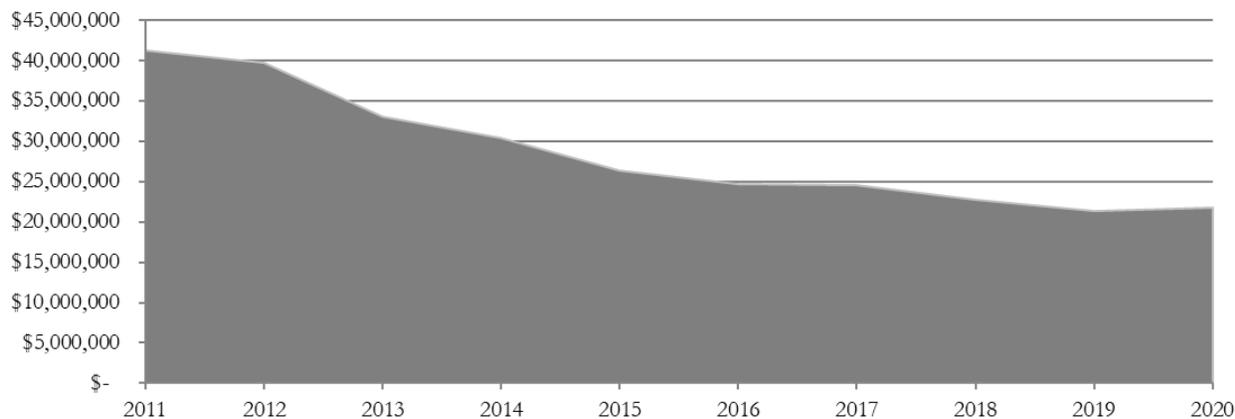
The County Commissioners of Kent County, Maryland
Revenue Capacity: Local General Tax Revenues
Last Ten Fiscal Years

| 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**