

The County Commissioners of Kent County, Maryland

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2021



**The County Commissioners of Kent County, Maryland
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021**

Prepared By:

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

The County Commissioners of Kent County, Maryland

Annual Comprehensive Financial Report

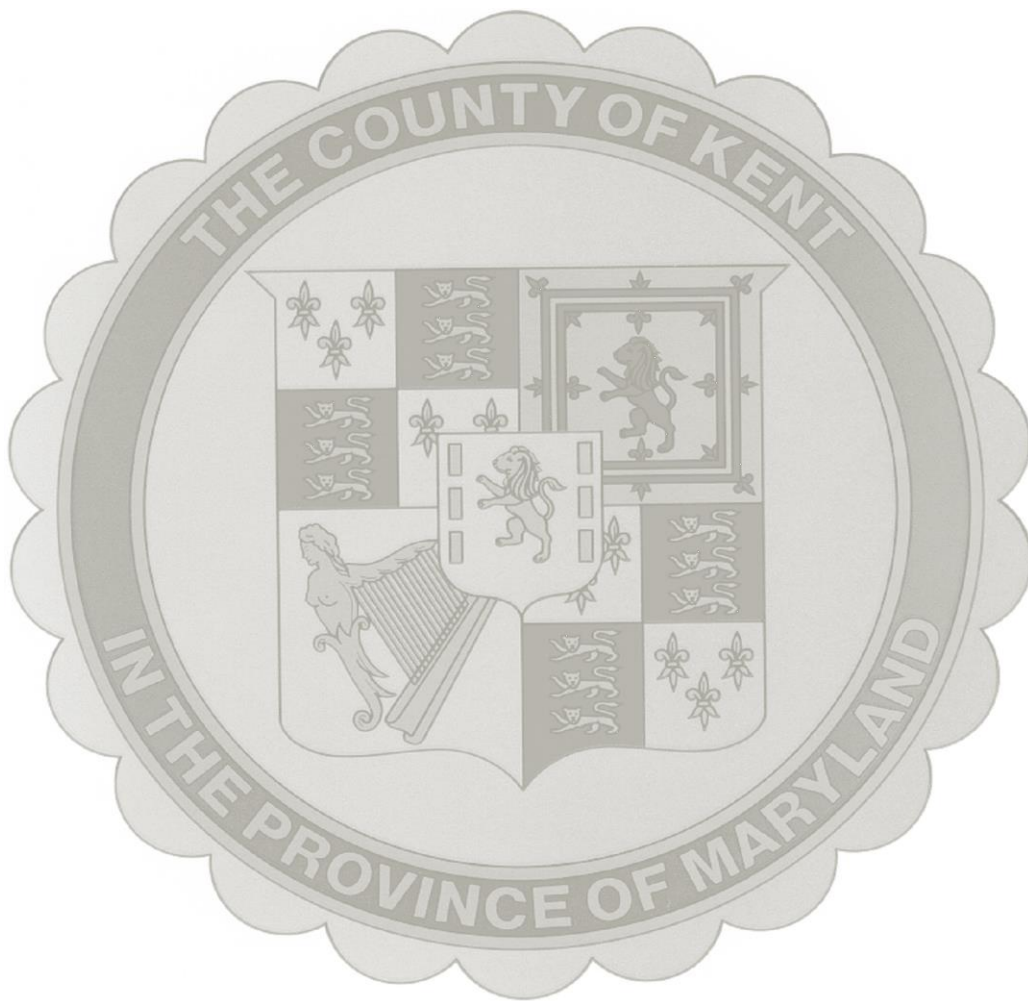
For the Fiscal Year Ended June 30, 2021

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Introductory Section



Kent County Office of Finance

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



December 29, 2021

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

Formal Transmittal of the Annual Comprehensive Financial Report (ACFR)

The audited Annual Comprehensive Financial Report (ACFR) of Kent County, Maryland (the County), prepared by the Office of Finance for the fiscal year ended June 30, 2021, 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, 2021, 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, 2021, 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.

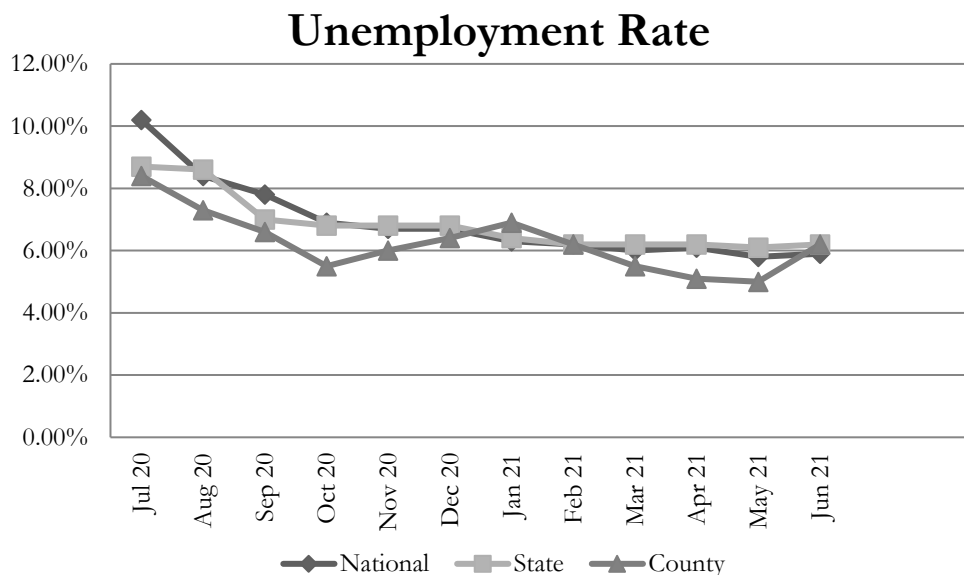
The County operates as a Maryland Code Home Rule County, which enables the Board of County Commissioners to exercise broad local legislative authority. Under code home rule, both legislative and executive functions of the County are vested in the three-member Board of County Commissioners. All three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



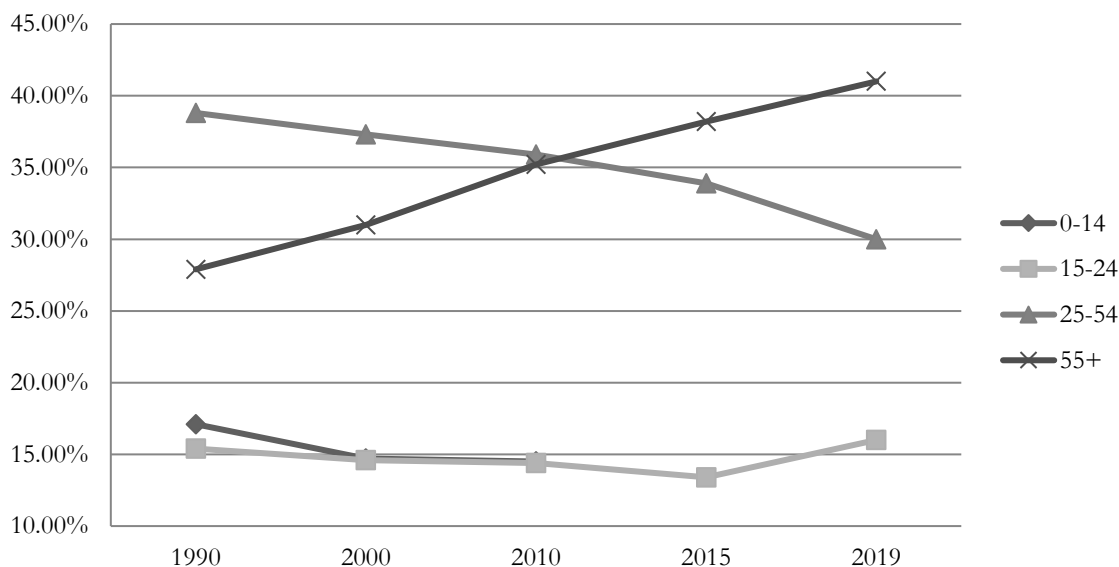
This chart illustrates the declining unemployment that has been experienced on the National, State and Local levels. All region's unemployment rates were at their highest points entering fiscal year 2021 and have declined during the year. Kent County's unemployment rate peaked at 8.4% in July and was less than the National (10.2%) and State (8.7%) peak figures. National, State and Kent County unemployment rates ended the fiscal year in roughly the same place at 6%. While the decline in unemployment is a positive sign, it is still approximately 2% higher than pre-pandemic levels. This will continue

to impact County income tax revenue streams.

Property values throughout the county remain relatively constant. Fiscal year 2022 assessments are expected to show a 2% increase, followed by a 1% projected increase in fiscal year 2023. 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

The County continues to try to increase its revenue base. 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 2022 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 \$76 million dollars which would translate into an

annual debt service payment of approximately \$5.0 million dollars depending on the financing terms.

In addition to our usual long-term planning, we acknowledge the potential continuing impact of the pandemic on our revenues, particularly on income tax revenue, our second largest source of income. We continue to monitor income tax distributions closely.

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

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for Excellence
in Financial
Reporting

Presented to

**The County Commissioners of Kent County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

**The County Commissioners of Kent County Maryland
Certain Elected and Other Officials
June 30, 2021**

Certain Elected Officials – Board of County Commissioners



Ronald H. Fithian,
Member



P. Thomas Mason,
President



Robert N. Jacob Jr.,
Member

Certain Department Heads

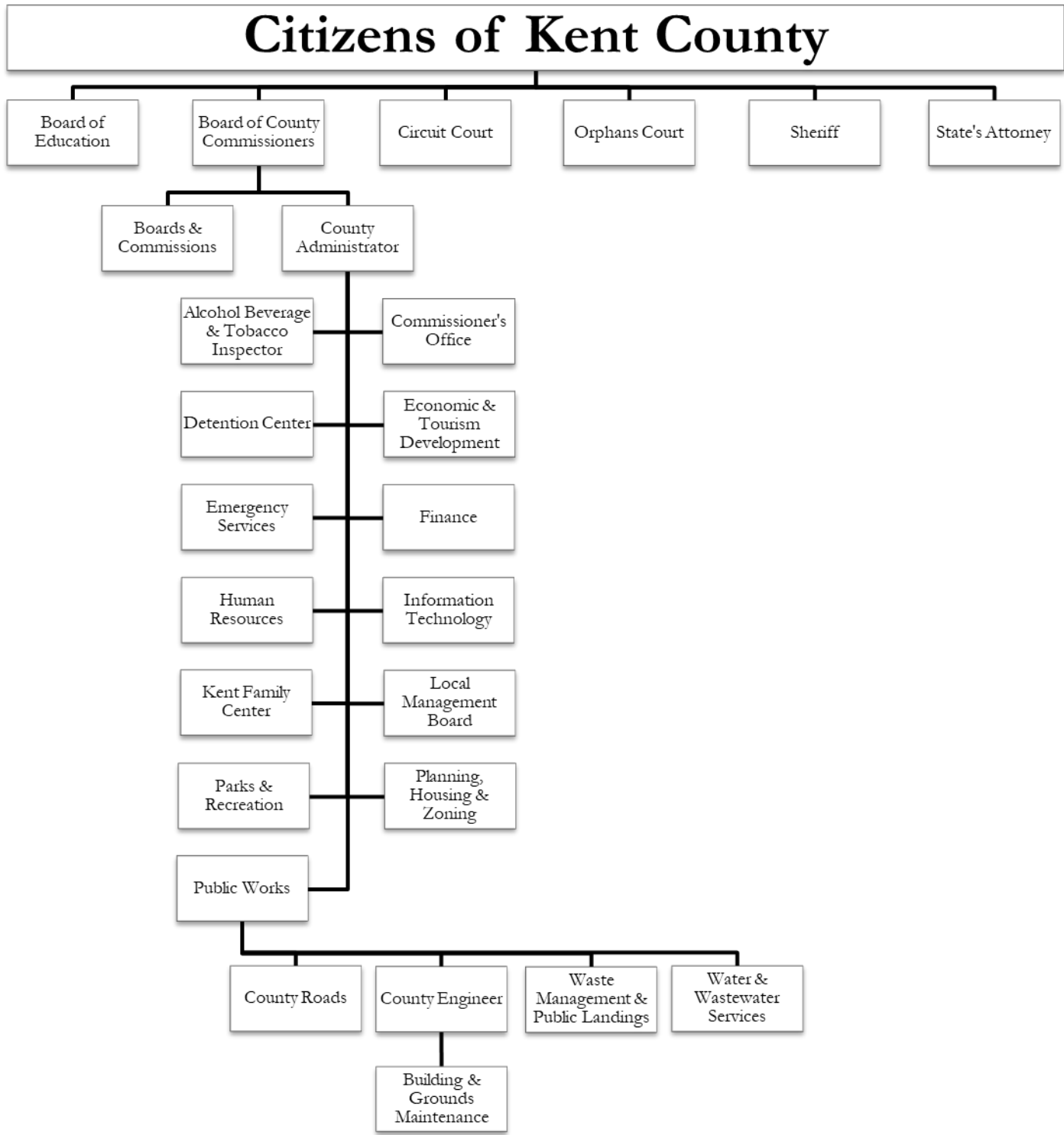
County Administrator
Chief Finance Officer
Director of Emergency Services
Director of Human Resources
Director of Information Technology
Director of Parks and Recreation
Director of Planning, Housing and Zoning
Director of Economic & Tourism Development
Director of Local Management Board
Warden

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

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

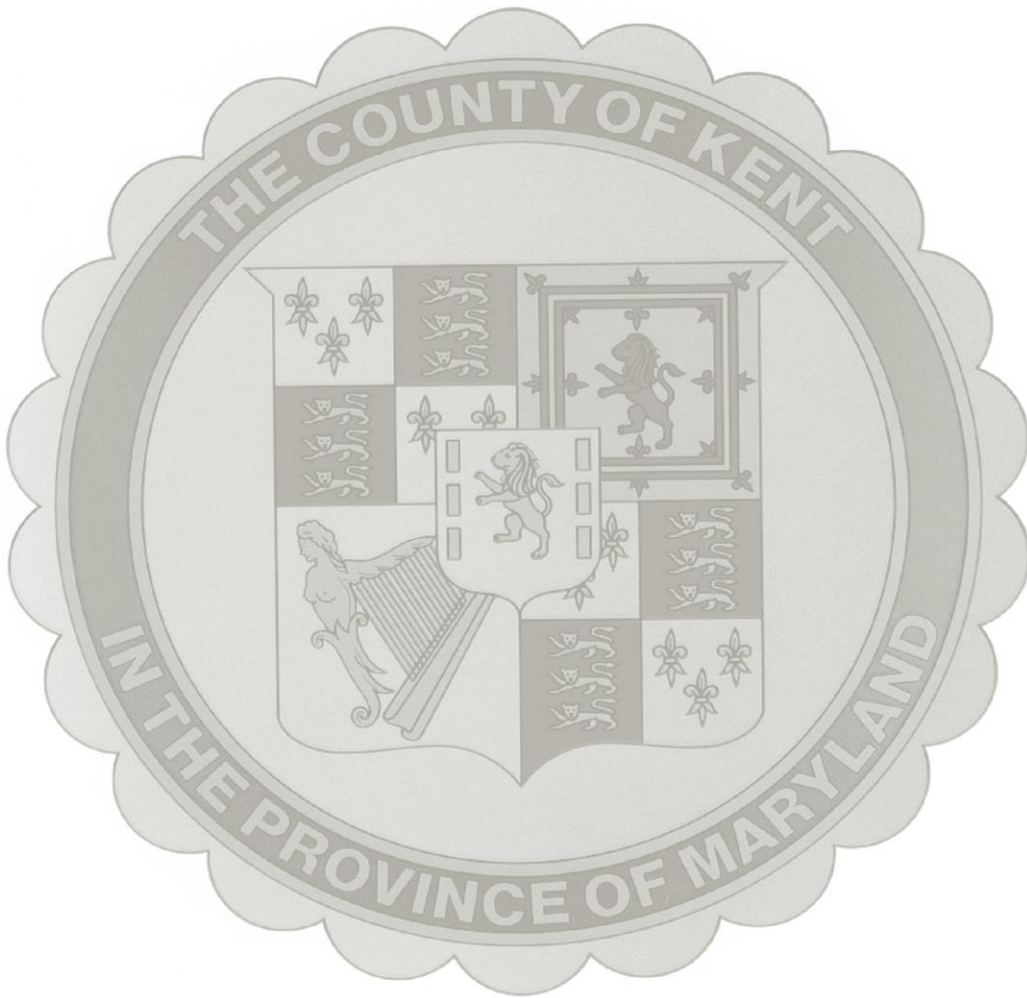
Bond Counsel
McKennon, Shelton and Henn LLP
Baltimore, Maryland

The County Commissioners of Kent County Maryland
Kent County, Maryland Government Organizational Chart
June 30, 2021





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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, 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 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 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

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 29, 2021

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, 2021. 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 2021 by \$56,483,012 (*net position*). This amount is net of a negative \$17,253,313 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 increased by \$2,225,132.
- As of the close of fiscal year 2021, the County's governmental funds reported combined ending fund balances of \$12,210,046; an increase of \$2,915,845 in comparison with the prior year. Approximately 72% of this amount, \$8,774,280 is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of fiscal year 2021, the unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$11,213,128, or approximately 24% of total general fund expenditures.
- The County's government-wide long-term debt decreased by \$2,021,884 during fiscal year 2021, 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 uses fiduciary funds to account for resources held in trust for property owners involved in tax sale transactions,

other post-employment benefits, and. resources held by the County in a custodial capacity for individuals, private organizations and other governments. The County has four custodial 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 \$56,483,012, at the close of the most recent fiscal year.

Kent County, Maryland's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 20,747,750	\$ 19,931,788	\$ 1,099,933	\$ 764,955	\$ 21,847,683	\$ 20,696,743
Capital assets, net	51,370,660	51,350,835	39,430,779	40,419,829	90,801,439	91,770,664
Total assets	72,118,410	71,282,623	40,530,712	41,184,784	112,649,122	112,467,407
Deferred outflow of resources	7,543,378	6,524,404	-	-	7,543,378	6,524,404
Long-term liabilities outstanding	43,633,527	45,848,344	12,185,239	12,760,257	55,818,766	58,608,601
Other liabilities	2,476,917	4,775,581	603,847	362,889	3,080,764	5,138,470
Total liabilities	46,110,444	50,623,925	12,789,086	13,123,146	58,899,530	63,747,071
Deferred inflow of resources	4,809,958	986,860	-	-	4,809,958	986,860
Net position:						
Net investment in capital assets	45,288,933	44,624,458	27,322,054	27,730,118	72,610,987	72,354,576
Restricted	1,125,338	1,367,763	-	-	1,125,338	1,367,763
Unrestricted	(17,672,885)	(19,795,979)	419,572	331,520	(17,253,313)	(19,464,459)
Total net position	\$ 28,741,386	\$ 26,196,242	\$ 27,741,626	\$ 28,061,638	\$ 56,483,012	\$ 54,257,880

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, \$1,125,338 or 2%, 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 \$17,253,313. 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 increased by \$2,225,132. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

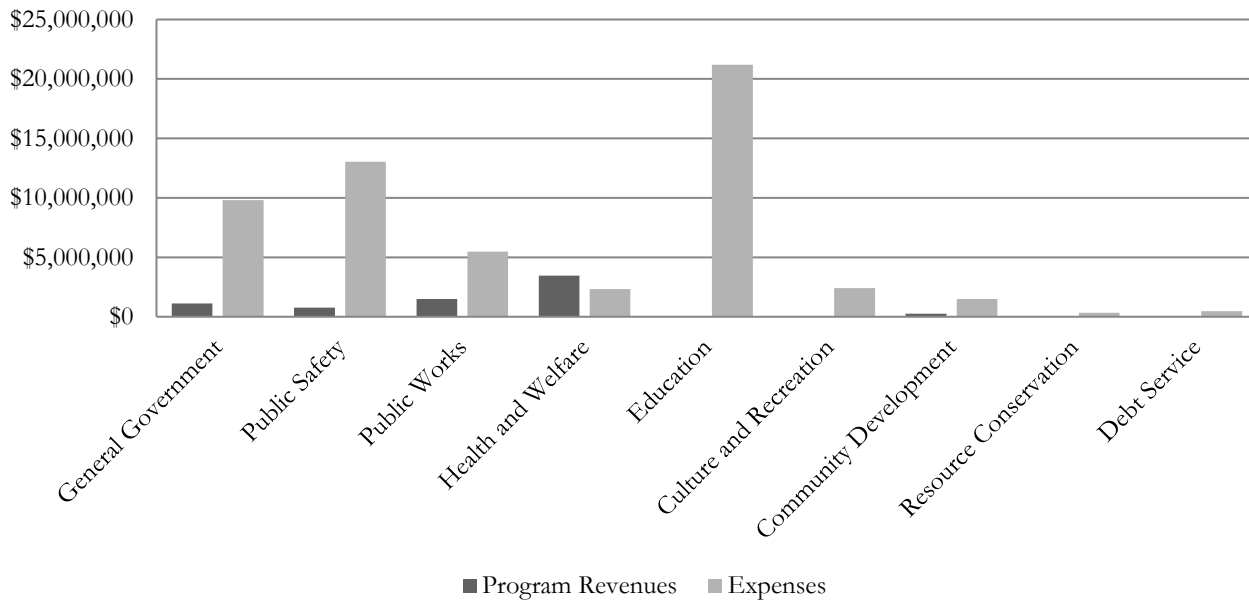
Governmental Activities

During the current fiscal year, the net position for governmental activities increased \$2,545,144 from the prior fiscal year. This was primarily due to decreases in other post-employment benefit liabilities and long term debt. Additionally, funding received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) increased operating grant revenues significantly.

Kent County, Maryland Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 486,055	\$ 598,251	\$ 2,667,438	\$ 2,404,166	\$ 3,153,493	\$ 3,002,417
Operating grants and contributions	5,272,579	3,247,369	-	-	5,272,579	3,247,369
Capital grants and contributions	1,391,360	479,580	201,640	425,249	1,593,000	904,829
General revenues:						
Property taxes	31,862,508	31,269,648	-	-	31,862,508	31,269,648
Income taxes	17,102,751	16,905,944	-	-	17,102,751	16,905,944
Other taxes	3,710,828	2,011,884	-	-	3,710,828	2,011,884
Other revenues	634,634	1,084,395	38,304	43,796	672,938	1,128,191
Total revenues	60,460,715	55,597,071	2,907,382	2,873,211	63,368,097	58,470,282
Expenses:						
General government	9,804,235	8,113,135	-	-	9,804,235	8,113,135
Public safety	13,030,751	13,166,405	-	-	13,030,751	13,166,405
Public works	5,469,460	6,612,374	-	-	5,469,460	6,612,374
Health and social services	2,325,489	2,074,507	-	-	2,325,489	2,074,507
Education	21,204,266	20,444,445	-	-	21,204,266	20,444,445
Culture, library and recreation	2,407,773	2,613,686	-	-	2,407,773	2,613,686
Community development	1,499,666	1,290,572	-	-	1,499,666	1,290,572
Resource conservation development	333,348	365,026	-	-	333,348	365,026
Debt service	154,518	2,532,718	-	-	154,518	2,532,718
Water and wastewater services	-	-	4,873,028	4,022,805	4,873,028	4,022,805
Bayside landing	-	-	40,431	31,457	40,431	31,457
Total expenses	56,229,506	57,212,868	4,913,459	4,054,262	61,142,965	61,267,130
Increase/(decrease) in net position before transfers	4,231,209	(1,615,797)	(2,006,077)	(1,181,051)	2,225,132	(2,796,848)
Transfers	(1,686,065)	(987,861)	1,686,065	987,861	-	-
Increase/(decrease) in net position	2,545,144	(2,603,658)	(320,012)	(193,190)	2,225,132	(2,796,848)
Net position beginning	26,196,242	28,799,900	28,061,638	28,254,828	54,257,880	57,054,728
Net position ending	\$ 28,741,386	\$ 26,196,242	\$ 27,741,626	\$ 28,061,638	\$ 56,483,012	\$ 54,257,880

Expenses and Program Revenues – Governmental Activities



Business-type Activities

For the County’s business-type activities, net position decreased by \$320,012 or 1% from the prior fiscal year. The decrease is primarily attributable to an increase in major repair expenses at the Worton wastewater treatment facility.

Financial Analysis of the Government Funds

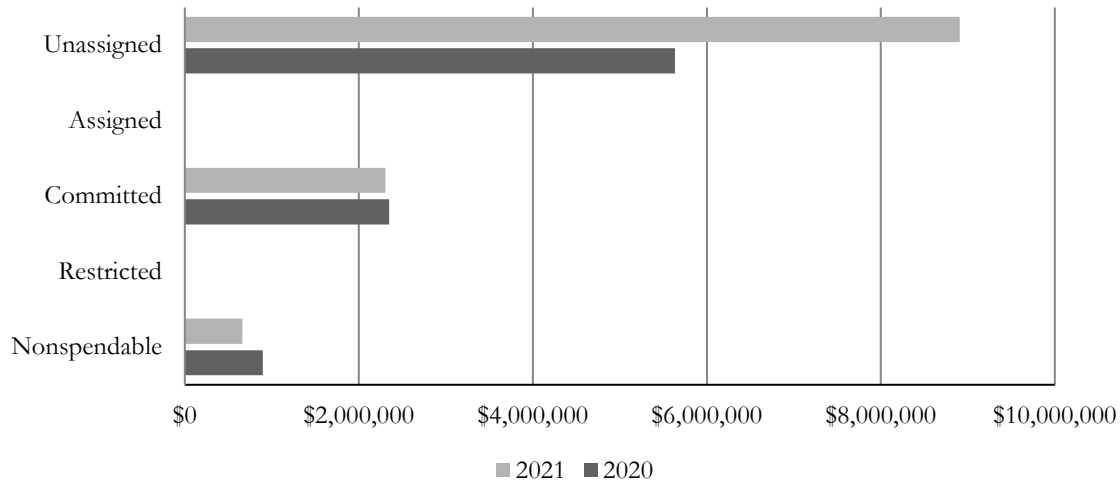
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

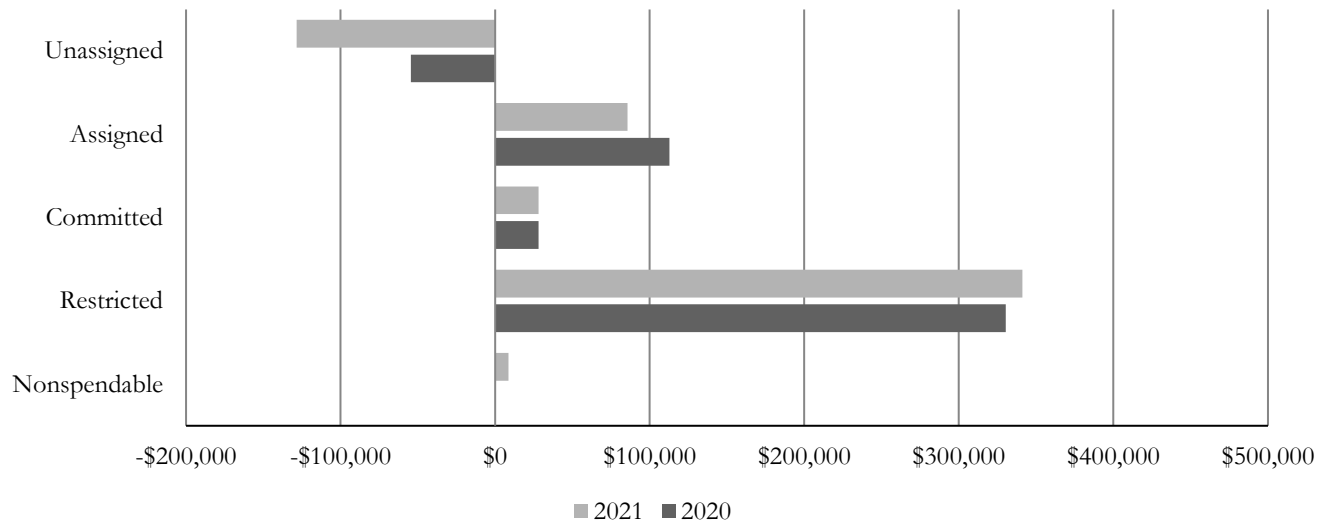
As of the end of the current fiscal year, the County’s *governmental funds* reported combined fund balances of \$12,210,046, an increase of \$2,915,845 in comparison with the prior year. Approximately 72% of this amount (\$8,774,280) constitutes *unassigned fund balance*, which is available for spending 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 (\$670,598), 2) restricted for particular purposes (\$341,201), 3) committed for particular purposes (\$2,333,237) or 4) assigned for particular purposes (\$90,730).

General Fund - Components of Fund Balance June 30, 2021 and 2020



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 \$8,907,882, while the total fund balance was \$11,875,213. 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 19% of total expenditures, while total fund balance represents approximately 25% of that same amount.

Other Governmental Funds - Components of Fund Balance June 30, 2021 and 2020



The fund balance of the County's general fund increased by \$2,997,651. This was primarily due to expenditures coming in under budget levels and income property and other tax revenues exceeding projections.

The County's capital projects fund, had a negative fund balance of \$128,420 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 \$26,269,063. The total decrease in net position was (\$330,231). As noted earlier in the discussion of business-type activities, the decrease is primarily attributable to an increase in major repair expenses at the Worton wastewater treatment facility.

General Fund Budgetary Highlights

Original budget compared to final budget

The original general fund expenditure and transfer out budget of \$52,525,965 was amended by \$2,285,395 to a final general fund expenditure and transfer out budget of \$54,811,360. The major amendments to the budget were:

- Transfers to other funds were increased by \$1,794,741 reflecting the decision to pay for capital projects instead of financing them.
- Capital leases were increased by \$487,968 reflecting the decision to lease a computer aided dispatch system and 4 vehicles.

Final budget compared to actual results.

Actual expenditures for the year were \$2,795,874 less than estimated. The most significant differences occurred in the following areas:

- General government spending was \$858,942 under budget. The largest savings were experienced in the election office, building maintenance, and planning and zoning.
- Public safety costs were \$502,475 less than anticipated. The sheriff's office, detention center and emergency medical services had savings in salary and benefits due to staff turnover. Lower prisoner populations also resulted in cost savings.
- Public works spending was \$547,834 under budget for the year. Most of the savings occurred in highways and environmental operations.
- Miscellaneous spending was \$391,467 less than anticipated, primarily because \$391,407 of contingency funds were not utilized.
- Parks and recreation spending was \$316,121 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, 2021, amounts to \$90,801,439 (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 1%.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 22,677,724	\$ 22,677,724	\$ 1,731,536	\$ 1,731,536	\$ 24,409,260	\$ 24,409,260
Construction in Progress	1,304,578	936,456	19,907	2,581,778	1,324,485	3,518,234
Buildings	9,275,524	9,245,784	1,338,179	1,373,344	10,613,703	10,619,128
Machinery, Equipment and Vehicles	5,438,533	5,584,486	1,112,046	1,155,111	6,550,579	6,739,597
Improvements	1,165,901	1,297,068	206,048	169,179	1,371,949	1,466,247
Infrastructure	11,508,400	11,609,317	35,023,063	33,408,881	46,531,463	45,018,198
Total	\$ 51,370,660	\$ 51,350,835	\$ 39,430,779	\$ 40,419,829	\$ 90,801,439	\$ 91,770,664

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

- Construction of the multi-year Galena/Georgetown sewer collection system was completed at a cost of \$2.7 million.
- Emergency Services leased a new CAD System (\$329,600) and purchased an ambulance (\$248,300).
- The County leased \$189,300 of vehicles for the sheriff's office.
- The detention center replaced its security control panel and camera system (\$147,700).
- County roads purchased five (5) electronic message sign boards (\$78,000).
- The Quaker Neck landing pier was replaced (\$222,650).
- Renovations to the Betterton beach bathhouse were completed (\$341,617).
- Replacement of the Turners Creek pier and boat ramp was underway (\$588,485).

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 \$18,062,158. The remainder of the County's long-term obligations are capital leases.

Kent County, Maryland's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 6,145,209	\$ 7,522,269	\$ 11,916,949	\$ 12,450,655	\$ 18,062,158	\$ 19,972,924
Capital Leases	1,466,518	1,530,356	191,776	239,056	1,658,294	1,769,412
Total	\$ 7,611,727	\$ 9,052,625	\$ 12,108,725	\$ 12,689,711	\$ 19,720,452	\$ 21,742,336

During the current fiscal year, the County's total debt decreased by \$2,021,884. The County's significant debt activities included:

- \$1,377,060 of governmental activities debt was retired.
- \$551,806 of governmental activities leases were retired.
- \$533,706 of business-type activities debt was retired.
- \$47,280 of business-type activities leases were retired.
- The County entered into \$487,968 of new leases for a computer aided dispatch system and vehicles.

The County's debt policy limits the issuance of debt to under \$20,000,000 in any single year. This year the County issued no 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 2022 fiscal year budget:

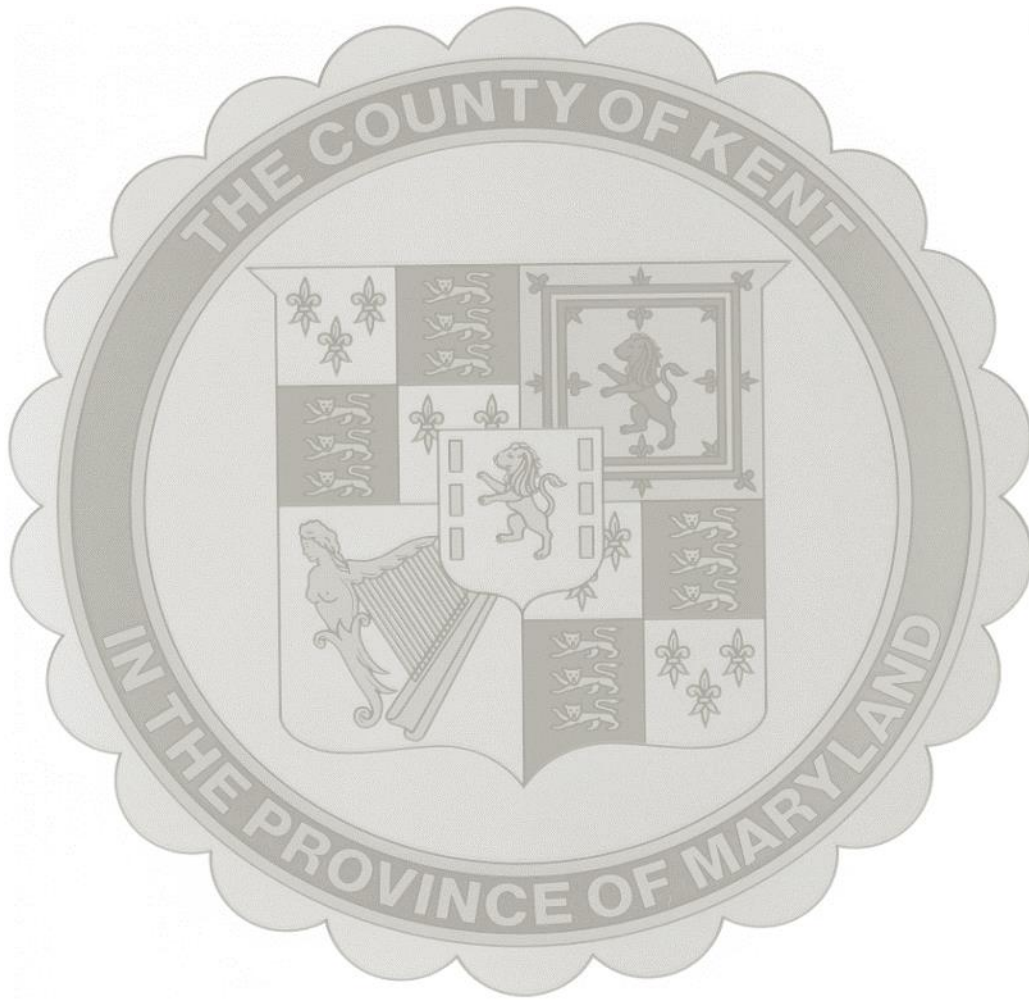
- In contrast to last year's budget which incorporated conservative income tax revenue projections due to the uncertainty of the impact of the pandemic, this year's budget reflects higher estimated income tax revenues based on recent revenue trends. The County also reduced its contingency budget back to its pre-pandemic level.
- The fiscal year 2022 property tax rate was reduced from \$1.022 per \$100 of assessed property value to \$1.012 per \$100 of assessed property value. Because of the expected increase in assessed property values in fiscal year 2022, the revenue impact of the rate decrease is neutral
- 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.

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, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Board of Education	Public Library
ASSETS					
Cash and cash equivalents	\$ 5,543,514	\$ 150	\$ 5,543,664	\$ 5,948,079	\$ 441,401
Equity in pooled cash	3,117,002	61,488	3,178,490	-	-
Property taxes receivable	1,655,671	-	1,655,671	-	-
Intergovernmental receivable	8,766,843	136,947	8,903,790	1,195,172	-
Other receivables	701,039	1,047,035	1,748,074	165,933	57,133
Internal balances	293,083	(293,083)	-	-	-
Inventories	501,887	119,142	621,029	44,115	-
Prepays	168,711	28,254	196,965	-	20,782
Capital assets, not being depreciated:					
Land	22,677,724	1,731,536	24,409,260	122,025	-
Construction in progress	1,304,578	19,907	1,324,485	6,972,968	-
Capital assets, net of accumulated depreciation					
Buildings	9,275,524	1,338,179	10,613,703	14,203,228	-
Machinery, equipment and vehicles	5,438,533	1,112,046	6,550,579	1,175,771	71
Infrastructure	11,508,400	35,023,063	46,531,463	-	-
Improvements	1,165,901	206,048	1,371,949	296,606	5,603
Library collection	-	-	-	-	189,798
Total Assets	<u>72,118,410</u>	<u>40,530,712</u>	<u>112,649,122</u>	<u>30,123,897</u>	<u>714,788</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	2,410,638	-	2,410,638	397,095	-
Deferred outflows related to other post employment benefits	5,132,740	-	5,132,740	6,510,618	-
Total deferred outflows of resources	<u>7,543,378</u>	<u>-</u>	<u>7,543,378</u>	<u>6,907,713</u>	<u>-</u>
LIABILITIES					
Accounts payable and other accrued liabilities	1,734,451	414,555	2,149,006	2,684,414	92,049
Accrued interest payable	54,793	41,089	95,882	-	-
Intergovernmental payable	398,961	148,203	547,164	-	3,323
Unearned revenues	288,712	-	288,712	1,037,060	31,462
Noncurrent liabilities:					
Due within one year	1,673,534	587,310	2,260,844	133,754	-
Due in more than one year	41,959,993	11,597,929	53,557,922	33,351,329	-
Total Liabilities	<u>46,110,444</u>	<u>12,789,086</u>	<u>58,899,530</u>	<u>37,206,557</u>	<u>126,834</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	716,245	-	716,245	175,894	-
Deferred inflows related to other post employment benefits	4,093,713	-	4,093,713	1,358,704	-
Total deferred inflows of resources	<u>4,809,958</u>	<u>-</u>	<u>4,809,958</u>	<u>1,534,598</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	45,288,933	27,322,054	72,610,987	21,942,511	195,472
Restricted for:					
Narcotics task force	12,262	-	12,262	-	-
Agricultural land preservation	31,451	-	31,451	-	-
Platform tennis	1,766	-	1,766	-	-
Weed control	67,363	-	67,363	-	-
Post prom	884	-	884	-	-
Kent family center	6,103	-	6,103	-	-
Inmate welfare	80,986	-	80,986	-	-
Law library	11,654	-	11,654	-	-
Regional family services	591	-	591	-	-
Special events overtime	5,376	-	5,376	-	-
Shop with a cop	307	-	307	-	-
Reforestation & open space	244,510	-	244,510	-	-
Other purposes	662,085	-	662,085	16,261	20,782
Unrestricted	(17,672,885)	419,572	(17,253,313)	(23,668,317)	371,700
Total Net Position	<u>\$ 28,741,386</u>	<u>\$ 27,741,626</u>	<u>\$ 56,483,012</u>	<u>\$ (1,709,545)</u>	<u>\$ 587,954</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, 2021

	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	\$ 9,804,235	\$ 52,881	\$ 261,801	\$ 815,714	\$ (8,673,839)	\$ -	\$ (8,673,839)	\$ -	\$ -
Public safety	13,030,751	49,456	716,395	-	(12,264,900)	-	(12,264,900)	-	-
Public works	5,469,460	328,827	580,447	575,646	(3,984,540)	-	(3,984,540)	-	-
Health and social services	2,325,489	12,217	3,454,276	-	1,141,004	-	1,141,004	-	-
Education	21,204,266	-	-	-	(21,204,266)	-	(21,204,266)	-	-
Culture and recreation	1,790,800	42,674	-	-	(1,748,126)	-	(1,748,126)	-	-
Libraries	616,973	-	-	-	(616,973)	-	(616,973)	-	-
Resource conservation	333,348	-	-	-	(333,348)	-	(333,348)	-	-
Community development	1,499,666	-	259,660	-	(1,240,006)	-	(1,240,006)	-	-
Debt service - interest	154,518	-	-	-	(154,518)	-	(154,518)	-	-
Total governmental activities	<u>56,229,506</u>	<u>486,055</u>	<u>5,272,579</u>	<u>1,391,360</u>	<u>(49,079,512)</u>	<u>-</u>	<u>(49,079,512)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water and wastewater services	4,873,028	2,616,788	-	201,640	-	(2,054,600)	(2,054,600)	-	-
Bayside landing	40,431	50,650	-	-	-	10,219	10,219	-	-
Total business-type activities	<u>4,913,459</u>	<u>2,667,438</u>	<u>-</u>	<u>201,640</u>	<u>-</u>	<u>(2,044,381)</u>	<u>(2,044,381)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$61,142,965</u>	<u>\$ 3,153,493</u>	<u>\$ 5,272,579</u>	<u>\$ 1,593,000</u>	<u>(49,079,512)</u>	<u>(2,044,381)</u>	<u>(51,123,893)</u>	<u>-</u>	<u>-</u>
Component Units:									
Kent County Board of Education	\$37,107,909	\$ 158,778	\$ 6,772,783	\$ 4,695,229				(25,481,119)	-
Kent County Public Library	934,163	-	-	-				-	(934,163)
Total component units	<u>\$38,042,072</u>	<u>\$ 158,778</u>	<u>\$ 6,772,783</u>	<u>\$ 4,695,229</u>				<u>(25,481,119)</u>	<u>(934,163)</u>
General revenues:									
Property taxes					31,862,508	-	31,862,508	-	-
Income taxes					17,102,751	-	17,102,751	-	-
Other taxes					3,710,828	-	3,710,828	-	-
Other revenues					634,634	38,304	672,938	203,035	38,865
Grants and contributions not restricted to specific programs					-	-	-	27,974,854	938,233
Transfers					(1,686,065)	1,686,065	-	-	-
Total general revenues and transfers					<u>51,624,656</u>	<u>1,724,369</u>	<u>53,349,025</u>	<u>28,177,889</u>	<u>977,098</u>
Change in net position					2,545,144	(320,012)	2,225,132	2,696,770	42,935
Net position - beginning					<u>26,196,242</u>	<u>28,061,638</u>	<u>54,257,880</u>	<u>(4,406,315)</u>	<u>545,019</u>
Net position - ending					<u>\$ 28,741,386</u>	<u>\$27,741,626</u>	<u>\$ 56,483,012</u>	<u>\$ (1,709,545)</u>	<u>\$ 587,954</u>

The County Commissioners of Kent County, Maryland
Balance Sheet – Governmental Funds
June 30, 2021

	General	Grants	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,543,514	\$ -	\$ -	\$ -	\$ 5,543,514
Equity in pooled cash	2,324,981	30,158	-	761,863	3,117,002
Property taxes receivable	1,655,671	-	-	-	1,655,671
Intergovernmental receivable	7,291,550	423,307	512,125	539,861	8,766,843
Other receivables	697,460	339	-	3,240	701,039
Due from other funds	1,378,038	-	-	-	1,378,038
Inventories	501,887	-	-	-	501,887
Prepaid items	160,198	-	-	8,513	168,711
Total assets	<u>\$ 19,553,299</u>	<u>\$ 453,804</u>	<u>\$ 512,125</u>	<u>\$ 1,313,477</u>	<u>\$ 21,832,705</u>
LIABILITIES					
Accounts payable	\$ 597,569	\$ 73,050	\$ 18,106	\$ 43,859	\$ 732,584
Accrued liabilities	848,660	11,733	-	141,474	1,001,867
Intergovernmental payable	110,324	865	84,330	203,442	398,961
Due to other funds	5,953	359,906	538,109	180,987	1,084,955
Unearned revenue	-	8,250	-	280,462	288,712
Total liabilities	<u>1,562,506</u>	<u>453,804</u>	<u>640,545</u>	<u>850,224</u>	<u>3,507,079</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	6,115,580	-	-	-	6,115,580
Total deferred inflows of resources	<u>6,115,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,115,580</u>
FUND BALANCES					
Nonspendable:					
Inventory	501,887	-	-	-	501,887
Prepaid expenditures	160,198	-	-	8,513	168,711
Restricted:					
General government	-	-	-	12,245	12,245
Public safety	-	-	-	80,986	80,986
Social services	-	-	-	-	-
Resource conservation	-	-	-	247,970	247,970
Committed:					
Resource conservation	-	-	-	27,991	27,991
Subsequent year's budget appropriation of fund balance	2,305,246	-	-	-	2,305,246
Assigned:					
Parks, recreation, and culture	-	-	-	2,650	2,650
Public safety	-	-	-	20,717	20,717
Public works	-	-	-	67,363	67,363
Unassigned	<u>8,907,882</u>	<u>-</u>	<u>(128,420)</u>	<u>(5,182)</u>	<u>8,774,280</u>
Total fund balances	<u>11,875,213</u>	<u>-</u>	<u>(128,420)</u>	<u>463,253</u>	<u>12,210,046</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,553,299</u>	<u>\$ 453,804</u>	<u>\$ 512,125</u>	<u>\$ 1,313,477</u>	<u>\$ 21,832,705</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, 2021

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

Total fund balance - governmental funds (page 28)		\$ 12,210,046
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	1,304,578	
Depreciable capital assets:		
Buildings	15,441,978	
Improvements	2,671,590	
Machinery and equipment	21,164,663	
Infrastructure	17,980,522	
Total capital assets:	<u>81,241,055</u>	
Less accumulated depreciation	<u>(29,870,395)</u>	51,370,660
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	\$ (6,145,209)	
Capital leases	(1,466,518)	
Landfill liability	(2,467,690)	
Compensated absences	(1,130,711)	
Net other post-employment benefits liability	(18,918,747)	
Net pension liability	(13,504,652)	
Accrued interest payable	<u>(54,793)</u>	
		(43,688,320)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Taxes	\$ 6,115,580	
		6,115,580
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	\$ 956,325	
Contributions subsequent to the measurement date	1,454,313	
OPEB:		
Change in assumptions in net OPEB liability	3,635,857	
Difference between actual and expected experience	<u>1,496,883</u>	
		7,543,378
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	\$ (195,247)	
Difference between actual and expected experience	(520,998)	
OPEB:		
Change in assumptions in net OPEB liability	(50,590)	
Difference between actual and expected experience	(4,025,073)	
Net difference between projected and actual earnings on plan investments	<u>(18,050)</u>	
		<u>(4,809,958)</u>
Net position of governmental activities		<u><u>\$ 28,741,386</u></u>

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, 2021

	<u>General</u>	<u>Grants</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 32,281,508	\$ -	\$ -	\$ -	\$ 32,281,508
Income	16,448,232	-	-	-	16,448,232
Other	3,707,598	-	-	3,230	3,710,828
Licenses and permits	410,223	-	-	-	410,223
Intergovernmental	794,961	4,056,425	1,055,536	757,017	6,663,939
Charges for services	457,787	-	-	28,268	486,055
Fines and forfeitures	7,518	-	-	9,971	17,489
Rental income	110,971	-	-	-	110,971
Miscellaneous	57,398	12,716	-	37,643	107,757
Total revenues	<u>54,276,196</u>	<u>4,069,141</u>	<u>1,055,536</u>	<u>836,129</u>	<u>60,237,002</u>
EXPENDITURES					
Current:					
General government	6,556,029	1,259,287	-	22,147	7,837,463
Public safety	11,064,893	1,248,621	-	40,816	12,354,330
Public works	4,410,403	86,656	-	41,777	4,538,836
Health and social services	997,094	416,464	-	863,791	2,277,349
Education	19,020,661	-	-	-	19,020,661
Parks, recreation and culture	1,318,162	6,074	-	-	1,324,236
Libraries	616,973	-	-	-	616,973
Resource conservation and development	325,036	-	-	8,312	333,348
Community development	481,212	1,003,389	-	-	1,484,601
Intergovernmental	97,976	62,650	-	-	160,626
Miscellaneous	96,686	-	-	-	96,686
Debt service:					
Principal	1,928,866	-	-	-	1,928,866
Interest	250,089	-	-	-	250,089
Capital outlay:					
General government	-	-	775,049	-	775,049
Public works	-	-	885,062	-	885,062
Education	-	-	2,183,605	-	2,183,605
Parks, recreation and culture	-	-	99,578	-	99,578
Total expenditures	<u>47,164,080</u>	<u>4,083,141</u>	<u>3,943,294</u>	<u>976,843</u>	<u>56,167,358</u>
Excess (deficiency) of revenues over expenditures	<u>7,112,116</u>	<u>(14,000)</u>	<u>(2,887,758)</u>	<u>(140,714)</u>	<u>4,069,644</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	14,000	2,813,835	128,382	2,956,217
Transfers out	(4,642,282)	-	-	-	(4,642,282)
Capital leases	487,968	-	-	-	487,968
Sale of general Capital assets	39,849	-	-	4,449	44,298
Total other financing sources (uses)	<u>(4,114,465)</u>	<u>14,000</u>	<u>2,813,835</u>	<u>132,831</u>	<u>(1,153,799)</u>
Net change in fund balances	2,997,651	-	(73,923)	(7,883)	2,915,845
Fund balances - beginning	<u>8,877,562</u>	<u>-</u>	<u>(54,497)</u>	<u>471,136</u>	<u>9,294,201</u>
Fund balances - ending	<u>\$ 11,875,213</u>	<u>\$ -</u>	<u>\$ (128,420)</u>	<u>\$ 463,253</u>	<u>\$ 12,210,046</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, 2021

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)	\$	2,915,845
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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	\$ 2,456,324	
Depreciation expense	<u>(1,942,242)</u>	
		514,082

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	\$ (494,257)	
		(494,257)

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

Taxes	\$ 235,520	
		235,520

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	\$ (487,968)	
Principal repayments:		
Capital leases	551,806	
General obligations bond payable	<u>1,377,060</u>	
		1,440,898

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	\$ 132,310	
Accrued interest payable	(36,739)	
Net other post-employment benefits liability	2,328,258	
Net pension liability	(1,688,407)	
Accrued compensated absences	<u>1,756</u>	
		<u>737,178</u>

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	\$ 769,972	
Contributions subsequent to the measurement date	177,537	
OPEB:		
Change in assumptions in net OPEB liability	370,864	
Difference between actual and expected experience	<u>(299,397)</u>	
		1,018,976

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	\$ 225,273	
Change in assumptions in net pension liability	(55,150)	
OPEB:		
Change in assumptions in net OPEB liability	12,648	
Difference between actual and expected experience	(3,990,785)	
Net difference between projected and actual earnings on plan investments	<u>(15,084)</u>	
		<u>(3,823,098)</u>

Change in net position of governmental activities	\$	<u><u>2,545,144</u></u>
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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, 2021

	Business-type Activities		
	Water and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 150	\$ -	\$ 150
Equity in pooled cash	-	61,488	61,488
Accounts receivable	1,047,035	-	1,047,035
Intergovernmental receivable	136,947	-	136,947
Due from other funds	5,953	-	5,953
Inventories	119,142	-	119,142
Prepaid items	28,254	-	28,254
Total current assets	<u>1,337,481</u>	<u>61,488</u>	<u>1,398,969</u>
Noncurrent Assets:			
Capital Assets:			
Land	531,536	1,200,000	1,731,536
Buildings	1,551,705	206,539	1,758,244
Improvements	345,938	39,190	385,128
Infrastructure	52,664,143	109,500	52,773,643
Construction in progress	19,907	-	19,907
Machinery, equipment, and vehicles	3,640,278	10,887	3,651,165
Less accumulated depreciation	<u>(20,749,515)</u>	<u>(139,329)</u>	<u>(20,888,844)</u>
Total noncurrent assets	<u>38,003,992</u>	<u>1,426,787</u>	<u>39,430,779</u>
Total assets	<u>39,341,473</u>	<u>1,488,275</u>	<u>40,829,748</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	324,748	15,239	339,987
Accrued liabilities	68,629	-	68,629
Compensated absences	6,804	-	6,804
Bonds and capital lease payable	580,395	-	580,395
Customer deposits payable	5,939	-	5,939
Accrued interest payable	41,089	-	41,089
Intergovernmental payable	147,730	473	148,203
Due to other funds	<u>299,036</u>	<u>-</u>	<u>299,036</u>
Total current liabilities	<u>1,474,370</u>	<u>15,712</u>	<u>1,490,082</u>
Noncurrent Liabilities:			
Compensated absences	69,710	-	69,710
Bonds and capital lease payable	<u>11,528,330</u>	<u>-</u>	<u>11,528,330</u>
Total noncurrent liabilities	<u>11,598,040</u>	<u>-</u>	<u>11,598,040</u>
Total liabilities	<u>13,072,410</u>	<u>15,712</u>	<u>13,088,122</u>
NET POSITION			
Net investment in capital assets	25,895,267	1,426,787	27,322,054
Unrestricted	<u>373,796</u>	<u>45,776</u>	<u>419,572</u>
Total net position	<u>\$ 26,269,063</u>	<u>\$ 1,472,563</u>	<u>\$ 27,741,626</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, 2021

	Business-type Activities		
	Water and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
Operating revenues:			
Charges for services:			
Water	\$ 664,539	\$ -	\$ 664,539
Sewer	1,647,214	-	1,647,214
Septic	220,288	-	220,288
Municipal Plant operations	84,747	-	84,747
Public landings	-	50,650	50,650
Miscellaneous	37,503	-	37,503
Total operating revenues	<u>2,654,291</u>	<u>50,650</u>	<u>2,704,941</u>
Operating expenses:			
Water	669,281	-	669,281
Sewer	1,957,803	-	1,957,803
Septic	111,253	-	111,253
Municipal plant operations	43,517	-	43,517
Parks and recreation	-	18,194	18,194
Public landings	-	12,868	12,868
Administration	585,167	-	585,167
Depreciation	1,225,259	9,369	1,234,628
Total operating expenses	<u>4,592,280</u>	<u>40,431</u>	<u>4,632,711</u>
Operating income (loss)	<u>(1,937,989)</u>	<u>10,219</u>	<u>(1,927,770)</u>
Nonoperating revenues (expenses):			
Sale of vehicles	801	-	801
Interest expense	(280,748)	-	(280,748)
Total nonoperating revenues (expenses)	<u>(279,947)</u>	<u>-</u>	<u>(279,947)</u>
Income (loss) before transfers	<u>(2,217,936)</u>	<u>10,219</u>	<u>(2,207,717)</u>
Capital contributions	201,640	-	201,640
Transfers in	<u>1,686,065</u>	<u>-</u>	<u>1,686,065</u>
Change in net position	(330,231)	10,219	(320,012)
Net position - beginning	26,599,294	1,462,344	28,061,638
Net position - ending	<u>\$ 26,269,063</u>	<u>\$ 1,472,563</u>	<u>\$ 27,741,626</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, 2021

	Business-Type Activities		
	Waste and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 2,563,757	\$ 50,650	\$ 2,614,407
Payments to suppliers	(2,439,937)	(16,841)	(2,456,778)
Payments to employees	(737,972)	-	(737,972)
Net cash provided (used) by operating activities	(614,152)	33,809	(580,343)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	(204,382)	-	(204,382)
Transfers from other funds	1,686,065	-	1,686,065
Net cash provided (used) by noncapital financing activities	1,481,683	-	1,481,683
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants	201,640	-	201,640
Purchases of capital assets	(421,453)	-	(421,453)
Proceeds from sale of assets	176,677	-	176,677
Principal paid on capital debt	(580,986)	-	(580,986)
Interest paid on capital debt	(284,879)	-	(284,879)
Net cash used by capital and related financing activities	(909,001)	-	(909,001)
Net increase (decrease) in cash and cash equivalents	(41,470)	33,809	(7,661)
Balances - beginning of year	41,620	27,679	69,299
Balances - end of year	\$ 150	\$ 61,488	\$ 61,638
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (1,937,989)	\$ 10,219	\$ (1,927,770)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,225,259	9,369	1,234,628
Changes in assets and liabilities:			
Accounts receivable	(60,627)	-	(60,627)
Intergovernmental receivable	(32,187)	-	(32,187)
Prepaid expenses	1,221	-	1,221
Inventory	(46,074)	-	(46,074)
Due from general fund	(590)	-	(590)
Accounts payable and accrued expenses	219,131	14,951	234,082
Intergovernmental payable	8,866	(730)	8,136
Customer deposits and overpayments	2,870	-	2,870
Compensated absences payable	5,968	-	5,968
Net cash provided by operating activities	\$ (614,152)	\$ 33,809	\$ (580,343)

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, 2021

	Tax Sale Private Purpose Trust Fund	Pension (and Other Employee Benefit) Trust Fund	Custodial Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 44,177
Equity in pooled cash	591,517	-	45,348
Receivables:			
Taxes for other governments	-	-	688,086
Tax sale collections for individuals	27,314	-	-
Total receivables	27,314	-	688,086
Investments at fair value:			
Pooled investments	-	181,551	-
Total investments	-	181,551	-
Total assets	618,831	181,551	777,611
LIABILITIES			
Accounts payable and other liabilities	505,734	-	43,677
Due to other governments	382	-	733,934
Total liabilities	506,116	-	777,611
NET POSITION			
Restricted for:			
Post employment benefits other than pensions	-	181,551	-
Individuals, organizations and other governments	112,715	-	-
Total net position	\$ 112,715	\$ 181,551	\$ -

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, 2021

	Tax Sale Private Purpose Trust Fund	Pension (and Other Employee Benefit) Trust Fund	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ -	\$ 161,844	\$ -
Total contributions	<u>-</u>	<u>161,844</u>	<u>-</u>
Investment Earnings			
Net increase/(decrease) in fair value of investments	-	16,694	-
Interest, dividends, and other	<u>-</u>	<u>4,263</u>	<u>-</u>
Total investment earnings	-	20,957	-
Less investment costs	<u>-</u>	<u>89</u>	<u>-</u>
Net investment earnings	<u>-</u>	<u>20,868</u>	<u>-</u>
Property tax collections for other governments	-	-	19,241,278
Funds collected for inmates	-	-	129,444
Tax sale collections for individuals	<u>2,243,931</u>	<u>-</u>	<u>-</u>
Total additions	<u>2,243,931</u>	<u>182,712</u>	<u>19,370,722</u>
DEDUCTIONS			
Property tax payments to other governments	-	-	19,241,278
Tax sale payments to individuals	2,131,216	-	-
Funds distributed to inmates	-	-	129,444
Administrative expenses	<u>-</u>	<u>1,161</u>	<u>-</u>
Total deductions	<u>2,131,216</u>	<u>1,161</u>	<u>19,370,722</u>
Net increase/(decrease) in fiduciary net position	<u>112,715</u>	<u>181,551</u>	<u>-</u>
Net position - beginning	-	-	-
Net position - ending	<u>\$ 112,715</u>	<u>\$ 181,551</u>	<u>\$ -</u>

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

Notes to Basic Financial Statements

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The County Commissioners of Kent County, Maryland
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 *grant fund* accounts for all of the County's activities that are funded by grant revenue.

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

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.

The Maryland Local Government Investment Pool (MLGIP) was created by the state legislature through Section 22G of Article 4 of the Annotated Code of Maryland and is under the supervision of the state treasurer. Investments in the Maryland Local Government Investment Pool are reported at the net asset value per share.

The Maryland Association of Counties Pooled OPEB Trust (MACO Trust) is administered by Davenport & Company LLC, and is a wholly-owned instrumentality of its members. Investments in the MACO Trust are recorded at fair value.

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 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	\$ 501,887	Inventory
	160,198	Prepaid Expenditures
Special Revenue Fund		
Kent Family Center	7,913	Prepaid Expenditures
Kent County Drug Task Force	600	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	\$ 31,451	Tax Property Article 13-306 and contributors
Reforestation & Open Space	216,519	Natural Resources Article 5-1610
Inmate Welfare	80,986	Correctional Services Article 10-502
Law Library	11,654	Courts and Judicial Proceedings Article 13-501
Regional Family Services	591	Courts and Judicial Proceedings Article 7-202

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	\$ 2,305,246	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	\$ 15,034	Kent County Budget Document
Special Events Overtime	5,376	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	67,363	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, 2021 was \$1.012 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, 2021, a total of \$1,207,225 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, 2021, 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, 2021, 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

Vacation. The Library's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental fund only if the liability has matured as a result of employee resignation or retirements.

The liability for compensated absences as of June 30, 2021 was \$13,552.

Sick Leave. Accumulated sick leave lapses when employees leave the employ of the Library and, upon separation from service, no monetary obligation exists.

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

The GASB issued Statement No. 84, *Fiduciary Activities*; Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; which all took effect during FY 2021. In addition, the GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*, which the County has early implemented. These statements have an immaterial effect on the County's financial statements.

The GASB has issued Statement No. 87, *Leases*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; 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; which will require adoption in the future, if applicable. Some of these statements and implementation guides will have a material effect on the County’s financial statements once implemented. The County will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

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 and investments

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, 2021
Shore United Bank (insured cash sweep)	\$ 5,508,902
Chesapeake Bank and Trust (main operating account)	4,213,740
PNC Bank (payroll processing)	449,642
Chesapeake Bank and Trust (transitional insurance program)	252

As of June 30, 2021, the carrying amount of the County's deposits at the above institutions was \$9,324,595. 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 Shore United Bank and 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, 2021, 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, 2021, the County was not exposed to any custodial credit risk.

Investments. 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.

The County's OPEB plan assets are invested in the Maryland Association of Counties Pooled OPEB Trust (MACO Trust). The assets of the MACO Trust are managed by the Board of Trustees and consist of U.S. Treasury obligations, U.S. government agencies, corporate and foreign bonds, municipal obligations, taxable fixed income securities, mutual funds, global funds, and international equity securities. The County's investment in the MACO Trust was \$181,551 as of June 30, 2021.

The County had \$2,972 invested in the Maryland Local Government Investment Pool as of June 30, 2021.

Component Units

Board of Education

As of June 30, 2021, the reported amount of the Board's deposits was \$5,948,079, and the bank balance was \$6,123,537. 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, 2021, the bank deposits were fully insured or collateralized.

Public Library

The Library maintains three bank accounts, two at PNC Bank and one at Peoples Bank. As of June 30, 2021, the carrying amount of the Library's deposits was \$441,401, the bank balance in the PNC checking account was \$196,976, the bank balance in the PNC money market account was \$31,234 and the bank balance in the savings account at Peoples Bank was \$218,605, 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	Grants Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds	Business-type Funds	Total
Property Taxes	\$ 1,665,671	\$ -	\$ -	\$ -	\$ 1,665,671	\$ -	\$ 1,665,671
Other Accounts:							
Insurance refund	\$ 417,643	\$ -	\$ -	\$ -	\$ 417,643	\$ -	\$ 417,643
Water and sewer fees	-	-	-	-	-	672,472	672,472
Hotel tax	105,101	-	-	-	105,101	-	105,101
Tax sale	-	-	-	-	-	216,164	216,164
Loan receivable	100,000	-	-	-	100,000	-	100,000
Other	74,716	339	-	3,240	78,295	158,399	236,694
	\$ 697,460	\$ 339	\$ -	\$ 3,240	\$ 701,039	\$ 1,047,035	\$ 1,748,074
Intergovernmental:							
Income taxes	\$ 6,350,791	\$ -	\$ -	\$ -	\$ 6,350,791	\$ -	\$ 6,350,791
Recordation tax	233,952	-	-	-	233,952	-	233,952
Maryland family network	-	-	-	208,077	208,077	-	208,077
Property transfer tax	163,900	-	-	-	163,900	-	163,900
State Highway Administration	253,353	-	-	-	253,353	-	253,353
State of Maryland	-	-	82,964	-	82,964	-	82,964
Department of Education	-	-	-	64,349	64,349	-	64,349
Town of Galena	-	-	-	-	-	11,773	11,773
Internal Revenue Service	-	-	-	-	-	903	903
Governors Office	-	-	-	227,028	227,028	-	227,028
Department of Natural Resources	-	138,183	429,161	-	567,344	-	567,344
Homeland Security	-	91,453	-	-	91,453	-	91,453
Administrative Office of the	-	129,524	-	-	129,524	-	129,524
District Court	107,311	-	-	-	107,311	-	107,311
911 fees & Numbers Board	49,693	25,717	-	-	75,410	-	75,410
Comptroller	70,661	-	-	-	70,661	-	70,661
Other	61,889	38,430	-	40,407	140,726	124,271	264,997
	\$ 7,291,550	\$ 423,307	\$ 512,125	\$ 539,861	\$ 8,766,843	\$ 136,947	\$ 8,903,790

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 \$6,350,791 of the County's income tax revenue based on the 2020 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, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<u>Governmental activities</u>				
Capital assets, not being depreciated:				
Land	\$ 22,677,724	\$ -	\$ -	\$ 22,677,724
Construction in progress	936,456	662,408	294,286	1,304,578
Total capital assets, not being depreciated	23,614,180	662,408	294,286	23,982,302
Capital assets, being depreciated:				
Buildings	15,180,194	366,286	104,502	15,441,978
Improvements	2,671,590	-	-	2,671,590
Machinery and equipment	20,508,405	1,499,261	843,003	21,164,663
Infrastructure	17,757,867	222,655	-	17,980,522
Total capital assets, being depreciated	56,118,056	2,088,202	947,505	57,258,753
Less accumulated depreciation for:				
Buildings	5,934,410	295,964	63,920	6,166,454
Improvements	1,374,522	131,167	-	1,505,689
Machinery and equipment	14,923,919	1,191,539	389,328	15,726,130
Infrastructure	6,148,550	323,572	-	6,472,122
Total accumulated depreciation	28,381,401	1,942,242	453,248	29,870,395
Total capital assets being depreciated, net	27,736,655	145,960	494,257	27,388,358
Governmental activities capital assets, net	\$ 51,350,835	\$ 808,368	\$ 788,543	\$ 51,370,660
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,731,536	\$ -	\$ -	\$ 1,731,536
Construction in progress	2,581,778	1,213	2,563,084	19,907
Total capital assets, not being depreciated	4,313,314	1,213	2,563,084	1,751,443
Capital assets, being depreciated:				
Buildings	1,758,244	-	-	1,758,244
Improvements	331,652	53,476	-	385,128
Infrastructure	50,158,771	2,614,872	-	52,773,643
Machinery and equipment	3,817,839	314,976	481,650	3,651,165
Total capital assets, being depreciated	56,066,506	2,983,324	481,650	58,568,180
Less accumulated depreciation for:				
Buildings	384,900	35,165	-	420,065
Improvements	162,473	16,607	-	179,080
Infrastructure	16,749,890	1,000,690	-	17,750,580
Machinery and equipment	2,662,728	182,165	305,774	2,539,119
Total accumulated depreciation	19,959,991	1,234,627	305,774	20,888,844
Total capital assets, being depreciated, net	36,106,515	1,748,697	175,876	37,679,336
Business-type activities capital assets, net	\$ 40,419,829	\$ 1,749,910	\$ 2,738,960	\$ 39,430,779

Depreciation expense for the year ended June 30, 2021, was charged to the functions/programs of the primary

government as follows:

Governmental activities:

General government	\$ 444,380
Public safety	645,216
Public works	520,914
Parks, recreation and culture	326,355
Social Services	2,590
Community development	2,787
Total depreciation expense - governmental activities	<u>\$ 1,942,242</u>

Business-type activities:

Water and wastewater services	\$ 1,225,258
Bayside landing	9,369
Total depreciation expense - business-type activities	<u>\$ 1,234,627</u>

Component Units

Board of Education

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Government activities				
Capital assets, not being depreciated:				
Land	\$ 122,025	\$ -	\$ -	\$ 122,025
Construction in progress	2,284,755	4,707,939	19,726	6,972,968
Total capital assets, not being depreciated	2,406,780	4,707,939	19,726	7,094,993
Capital assets, being depreciated:				
Land improvements	726,079	-	-	726,079
Buildings, furniture, fixtures and equipment	56,198,540	50,116	5,575	56,243,081
Vehicles	1,671,250	147,298	48,914	1,769,634
Total capital assets, being depreciated	58,595,869	197,414	54,489	58,738,794
Less accumulated depreciation for:				
Land improvements	391,915	37,558	-	429,473
Buildings, furniture, fixtures and equipment	40,591,335	1,454,093	5,575	42,039,853
Vehicles	502,335	126,892	35,364	593,863
Total accumulated depreciation	41,485,585	1,618,543	40,939	43,063,189
Total capital assets, being depreciated, net	17,110,284	(1,421,129)	13,550	15,675,605
Governmental activities capital assets, net	<u>\$ 19,517,064</u>	<u>\$ 3,286,810</u>	<u>\$ 33,276</u>	<u>\$ 22,770,598</u>

Public Library

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

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Computers and equipment	\$ 90,804	\$ -	\$ -	\$ 90,804
Furniture and fixtures	58,476	-	-	58,476
Library improvements	33,614	-	-	33,614
Less accumulated depreciation	176,473	747	-	177,220
Capital assets, net	<u>\$ 6,421</u>	<u>\$ (747)</u>	<u>\$ -</u>	<u>\$ 5,674</u>

Library collections and related accumulated amortization activity for the year ended June 30, 2021, was as

follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets	\$ 676,710	\$ 53,554	\$ (87,979)	\$ 818,243
Less accumulated depreciation	482,231	58,235	(87,979)	628,445
Capital assets, net	\$ 194,479	\$ (4,681)	\$ -	\$ 189,798

D. Accrued liabilities

Accrued liabilities reported by governmental funds at June 30, 2021, were as follows:

	General Fund	Grant Funds	Nonmajor Governmental Funds	Total Governmental Funds
Salary and employee benefits	\$ 828,050	\$ 11,733	\$ 37,928	\$ 877,711
Forfeitures	-	-	102,712	102,712
Other	20,610	-	834	21,444
Total accrued liabilities	\$ 848,660	\$ 11,733	\$ 141,474	\$ 1,001,867

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, 2021, the County recognized aggregated pension expense of \$1,505,552 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 2021.

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, 2021 is based on salaries for the year ending June 30, 2020. 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, 2021	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
MSRPS Contributions	\$ 1,454,313	\$ 1,276,776	\$ 1,179,212

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

As of June 30, 2021, the County reported a liability of \$13,504,652 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2020, the County's proportion was 0.0598%.

For the year ended June 30, 2021, the County recognized pension expenses of \$1,505,552. As of June 30, 2021, 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	\$ -	\$ 195,247
County contribution subsequent to the measurement date	1,454,313	-
Net difference between projected vs actual investment earnings	956,325	-
Difference between actual and expected experience	-	520,998
Total	<u>\$ 2,410,638</u>	<u>\$ 716,245</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,	
2022	\$ (109,942)
2023	(85,127)
2024	85,520
2025	155,072
2026	194,557

Actuarial Assumptions - The key actuarial assumptions used to perform the June 30, 2021, pension liability calculation are as follows:

Inflation	2.65% general, 3.10% 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%	5.2%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.3%
Credit Opportunity	9%	2.8%
Real Assets	14%	4.3%
Absolute Return	8%	1.8%
Total	<u>100%</u>	

Discount Rate

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

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

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

	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
County's proportionate share of the net pension liability	\$ 19,226,061	\$ 13,504,652	\$ 8,739,259

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. 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 the Maryland Association of Counties Pooled OPEB Trust. 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: Allegany, Queen Anne's, Kent and Talbot Counties, City of Annapolis, College of Southern Maryland, Town of Bel Air, Talbot and Queen Anne's County Boards of Education, St. Mary's County Metropolitan Commission, Harford Community College, Harford and Queen Anne's County Public Libraries, and La Vale Sanitary Commission..

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 2021 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, 2021, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefit payments	32
Inactive employees entitled to but not yet receiving benefits	1
Active employees	189
	<u>222</u>

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 2021 the County contributed \$300,600 (\$300,600 for pay-as-you-go premiums and \$0 to the trust). Plan members receiving benefits contributed \$33,956.

Net OPEB Liability

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

Actuarial Assumptions - The total OPEB liability as of June 30, 2021, 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	2.50%
Salary increases	State of Maryland General and LEOPS Retirement and Pension System salary scale assumptions
Discount rate	1.92%
Healthcare cost trend rate	Society of Actuaries Long Run Medical Cost Trend Model
Mortality	<u>Healthy Active Mortality</u> - Regular - Pub-2010 General Employees Headcount-Weighted Mortality Projected with Fully Generational MP2020 Mortality Improvement Scale. LEOPS - Pub-2010 Safety Employees Headcount-Weighted Mortality Projected with Fully Generational MP2020 Mortality Improvement Scale. <u>Healthy Inactive Mortality</u> - Regular - Pub-2010 General Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2020 Mortality Improvement Scale. LEOPS - Pub-2010 Safety Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2020 Mortality Improvement Scale. <u>Disabled Mortality</u> - Regular- Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2020 Mortality Improvement Scale. LEOPS - Pub-2010 Safety Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2020 Mortality Improvement Scale.

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
Equities	65%	
Fixed Income	35%	
Cash and Equivalents	0%	
Total	100%	

Discount Rate - The discount rate used to measure the total OPEB liability was 1.92% as of June 30, 2021. 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, 2021 bond rate of 1.92% as a discount rate. The discount rate changed from the prior measurement period. The discount rate was 2.45% for the June 30, 2020 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 06/30/20	\$ 21,408,765	\$ 161,760	\$ 21,247,005
Changes for the year:			
Service cost	1,075,976	-	1,075,976
Interest	520,595	-	520,595
Differences between expected and actual experience	(4,661,630)	-	(4,661,630)
Contributions - employer	-	261,087	(261,087)
Net investment income	-	19,962	(19,962)
Changes in assumptions	1,017,850	-	1,017,850
Benefit payments	(261,087)	(261,087)	-
Net changes	<u>(2,308,296)</u>	<u>19,962</u>	<u>(2,328,258)</u>
Balance as of 06/30/21	<u>\$ 19,100,469</u>	<u>\$ 181,722</u>	<u>\$ 18,918,747</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 (0.92 percent) or 1 percentage point higher (2.92 percent) than the current discount rate:

	1% Decrease (0.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
Net OPEB liability (Asset)	\$ 23,254,796	\$ 18,918,747	\$ 15,600,942

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)	\$ 15,165,224	\$ 18,918,747	\$ 24,033,549

OPEB Fiduciary Net Position - Detailed information about the OPEB's fiduciary net position is available in the separately issued Maryland Association of Counties Pooled OPEB Trust Financial Statement.

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

For the year ended June 30, 2021 the County recognized OPEB expense of \$1,854,585. At June 30, 2021, 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	\$ 3,635,857	\$ 50,590
Net difference between projected and actual investment earnings	-	18,050
Difference between actual and expected experience	1,496,883	4,025,073
Total	<u>\$ 5,132,740</u>	<u>\$ 4,093,713</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:	
2022	\$ 258,014
2023	258,075
2024	258,531
2025	258,898
2026	275,427
Thereafter	(269,918)

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, 2020. 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 3.13% as of June 30, 2019 and 2.45% as of June 30, 2020.

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, 2020
Actuarial cost method – GASB 75	Entry age normal
Asset valuation method	Market value of assets
Actuarial Assumptions	
Discount rate – June 30, 2019	3.13%
Discount rate – June 30, 2020	2.45%
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 4.7% 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, 2021, are summarized in the following table:

	Target Allocation	Long Term Expected Rate of Return
Equity	54.8%	4.72%
Fixed Income	38.9%	1.60%
Cash	6.3%	-0.02%
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 2.45% as of June 30, 2020. The rate has been adjusted from 3.13% as of June 30, 2019.

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 June 30, 2019 for FYE 2020	\$ 26,547,896	\$ 1,150,712	\$ 25,397,184
Changes for the Year:			
Service Cost	891,513	-	891,513
Interest	819,833	-	819,833
Experience Losses/Gains	183,953	-	183,953
ER Trust Contribution	-	893,676	(893,676)
Net Investment Income	-	33,610	(33,610)
Changes in Assumptions	3,270,908	-	3,270,908
Benefit Payments	(893,676)	(893,676)	-
Administrative Expense	-	(6,497)	6,497
Net Changes	4,272,531	27,113	4,245,418
Balance as of June 30, 2020 for FYE 2021	\$ 30,820,427	\$ 1,177,825	\$ 29,642,602

For the year ended June 30, 2021, the Board recognized OPEB expense of \$2,314,311.

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 coverages 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, 2020 and 2021, beginning in October 2018. The Governmental vehicles are valued at \$1,303,662 and have a five-year estimated useful life. This year \$235,520 was included in depreciation expense. The Business vehicles are valued at \$106,794 and have a five-year estimated useful life. This year \$21,359 was included in depreciation expense.

In December of 2019, the County entered into a lease agreement with Motorola Solutions, Inc. for the financing of equipment for the public safety computer aided dispatch system, which was placed in service in July 2020. The equipment is valued at \$329,632 and has a 7 year estimated useful life. This year \$47,090 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 \$9,987 was included in depreciation expense.

These lease agreements qualify as 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	\$ 4,433,294	\$256,602	\$ 4,689,896
Less: Accumulated Depreciation	(2,998,553)	(42,428)	(3,040,981)
Total	\$ 1,434,741	\$ 214,174	\$ 1,648,915

The future minimum lease obligation and the net present value of these minimum lease payments as of June

30, 2021, were as follows:

<u>Fiscal Year Ending June 30,</u>	Governmental Activities	Business-Type Activities	Total
2022	\$ 652,819	\$ 55,296	\$ 708,115
2023	327,749	55,296	383,045
2024	283,798	55,296	339,094
2025	159,030	45,351	204,381
2026	81,460	-	81,460
2027	54,494	-	54,494
Total minimum lease payments	1,559,351	211,239	1,770,590
Less: amount representing interest	92,833	19,463	112,296
Present value of minimum lease payments	\$ 1,466,518	\$ 191,776	\$ 1,658,294

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 \$388,881 for the year ended June 30, 2021. Future minimum lease payments under significant non-cancelable operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 371,964
2023	295,123
2024	140,849
2025	53,493
2026	4,458
Total	<u>\$ 865,887</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, 2021, was \$0.

Component Units

Public Library

During 2021, 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, 2021, are as follows:

Governmental Activities:

Description	Issue Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding 6/30/2021
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	\$ 125,841
<u>Shore United Bank</u>					
FY20 Refinance - FY09 Community Center	06/25/20	4,700,000	2.990%	04/01/29	4,177,778
FY20 Public Schools - Capital Projects	06/25/20	1,700,000	2.990%	04/01/30	1,530,000
<u>SunTrust Bank</u>					
FY11 Refinance - FY98 Public Works Complex	05/02/11	784,100	3.820%	05/02/26	311,590
					<u>\$ 6,145,209</u>

Business-type Activities:

Description	Issue Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding 6/30/2021
Notes from direct borrowings and direct placements					
<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	\$ 266,900
Fairlee/Piney Neck/Tolchester/Spring Cove Debt Refinance	04/28/04	2,027,478	1.000%	02/01/24	330,430
Worton Wastewater Treatment Plant Upgrade	07/30/09	2,700,000	1.000%	02/01/30	1,342,138
<u>United States Department of Agriculture</u>					
Worton Water Treatment Plant	01/28/10	338,000	2.375%	01/28/50	272,567
Chesterville Sewer Extension	12/16/10	476,000	2.250%	12/16/50	388,872
Worton Wastewater Treatment Plant	07/15/10	5,367,082	4.000%	07/15/50	4,633,762
Worton Wastewater Treatment Plant	12/16/10	2,253,000	3.750%	12/16/50	1,938,592
Edesville Wastewater Treatment Plant	11/18/10	60,000	2.250%	11/18/50	49,013
Worton Wastewater Treatment Plant	07/01/11	601,000	2.500%	07/01/51	504,210
Quaker Neck Sewer Extension	12/16/11	780,000	2.250%	12/16/51	652,317
Delta Heights Extension	12/22/16	476,000	1.375%	12/22/56	434,494
Galena Wastewater Treatment Plant & Collection System	12/22/16	1,163,000	1.375%	12/22/56	1,103,654
					<u>\$ 11,916,949</u>

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

Governmental ActivitiesNotes from direct borrowings and direct placements

Fiscal Year Ending June 30,	Principal	Interest	Build America Bonds Interest
2022	\$ 753,004	\$ 185,371	\$ (982)
2023	755,278	162,399	(958)
2024	757,631	139,349	(936)
2025	760,088	116,195	(908)
2026	762,630	92,955	(882)
2027 - 2031	2,264,488	155,955	(4,003)
2032 - 2036	19,934	9,326	(3,264)
2037 - 2041	22,308	6,952	(2,433)
2042 - 2046	24,957	4,303	(1,506)
2047 - 2051	24,891	1,357	(477)
2052 - 2056	-	-	-
2057	-	-	-
	<u>\$ 6,145,209</u>	<u>\$ 874,162</u>	<u>\$ (16,349)</u>

Business-Type ActivitiesNotes from direct borrowings and direct placements

Principal	Interest	Build America Bonds Interest	Total
\$ 525,099	\$ 356,827	\$ (93,154)	\$ 788,772
534,722	347,204	(91,364)	790,562
543,814	338,112	(89,750)	792,176
413,239	321,673	(87,583)	647,329
375,799	308,901	(85,576)	599,124
1,859,296	1,400,000	(395,174)	2,864,122
1,466,000	1,136,480	(332,016)	2,270,464
1,727,561	874,919	(255,074)	2,347,406
2,039,562	562,918	(162,010)	2,440,470
2,123,020	192,758	(50,255)	2,265,523
282,552	11,552	-	294,104
26,285	133	-	26,418
<u>\$ 11,916,949</u>	<u>\$ 5,851,477</u>	<u>\$ (1,641,956)</u>	<u>\$ 16,126,470</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 2021, the County issued no new debt.

Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Notes from direct borrowings and direct placements	\$ 7,522,269	\$ -	\$ (1,377,060)	\$ 6,145,209	\$ 753,004
Capital leases	1,530,356	487,968	(551,806)	1,466,518	652,819
Compensated absences	1,132,469	961,081	(962,839)	1,130,711	137,711
Landfill liability	2,600,000	-	(132,310)	2,467,690	130,000
Net other post-employment benefit liability	21,247,005	(2,328,258)	-	18,918,747	-
Net pension liability	11,816,245	1,688,407	-	13,504,652	-
Governmental activities long-term liabilities	<u>\$ 45,848,344</u>	<u>\$ 809,198</u>	<u>\$ (3,024,015)</u>	<u>\$ 43,633,527</u>	<u>\$ 1,673,534</u>
Business-Type Activities:					
Notes from direct borrowings and direct placements	\$ 12,450,655	\$ -	\$ (533,706)	\$ 11,916,949	\$ 525,099
Capital leases	239,056	-	(47,280)	191,776	55,296
Compensated absences	70,546	84,670	(78,702)	76,514	6,915
Business-type activities long-term liabilities	<u>\$ 12,760,257</u>	<u>\$ 84,670</u>	<u>\$ (659,688)</u>	<u>\$ 12,185,239</u>	<u>\$ 587,310</u>

The County's outstanding notes from direct borrowings and direct placements related to governmental activities of \$125,841 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 \$9,977,481 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, 2021 is as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Net other post-employment benefit liability	\$ 25,396,884	\$ 4,245,418	\$ -	\$ 29,642,302	\$ -
Capital lease	843,310	106,721	(121,944)	828,087	133,754
Net pension liability	2,701,620	313,074	-	3,014,694	-
	<u>\$ 28,941,814</u>	<u>\$ 4,665,213</u>	<u>\$ (121,944)</u>	<u>\$ 33,485,083</u>	<u>\$ 133,754</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 17.1% 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, 2021, the stabilization reserve is \$285,293.

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, 2021, is as follows:

	Due From All Funds	Due To All Funds
General fund	\$ 1,378,038	\$ 5,953
Grant fund	-	359,906
Capital projects fund	-	538,109
Non-major governmental funds	-	180,987
Enterprise fund - water and wastewater services	5,953	299,036
Total	<u>\$ 1,383,991</u>	<u>\$ 1,383,991</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, 2021, is as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ (4,642,282)
Grant fund	14,000	-
Capital projects fund	2,813,835	-
Non-major governmental funds	128,382	-
Enterprise fund - water and wastewater services	1,686,065	-
Total	<u>\$ 4,642,282</u>	<u>\$ (4,642,282)</u>

Significant interfund transfers in 2021 included:

- \$2,813,835 transfer from the general fund to the capital projects fund for additional expansion of the fiber network, improvements to the Turners Creek and Quaker Neck public landings, completion of the renovation of the Betterton Beach bath house, upgrades to the Nicholson wastewater treatment plant and renovations to the Galena and Rock Hall elementary schools.
- \$1,686,065 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 \$2,802,410 in post closure costs in the last twenty-four years. Estimates for the costs have been revised to provide extended post-closure care for the next 19 years at \$2,467,690. 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 \$195,488 in tipping fees to the facility during fiscal year 2021.

The participating counties are contingently liable for closure costs of the landfills. The County's potential share of the liability is \$2,521,121. 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

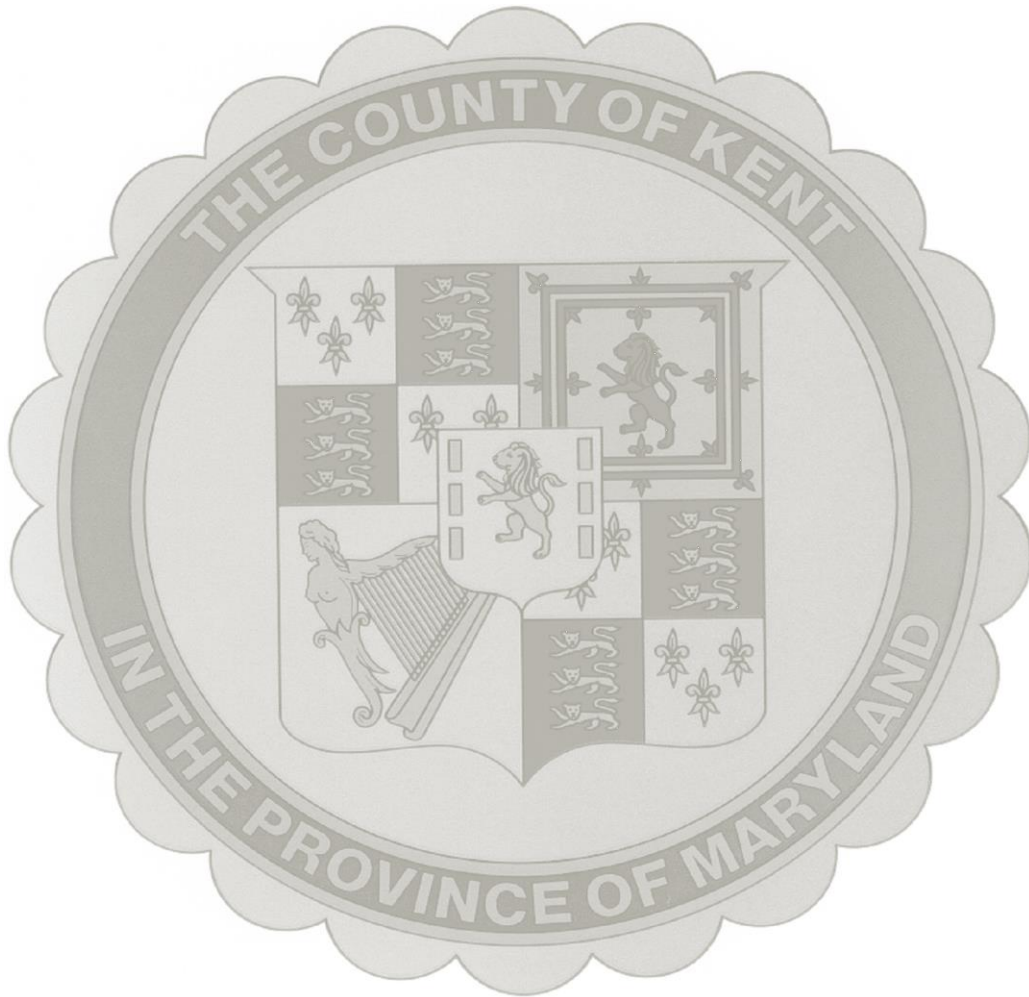
The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. If the County 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, 2021, the value of all the deferred loan agreements was \$122,408.

S. Deficits

At June 30, 2021, the following funds had a deficit in unrestricted net position: Capital Projects (\$128,420), Kent Family Center (\$1,810), and Kent County Drug Task Force (\$3,372). These deficits are 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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	\$ 31,878,046	\$ 31,878,046	\$ 32,281,508	\$ 403,462
Income	14,250,000	15,000,000	16,448,232	1,448,232
Other	2,105,749	3,123,749	3,707,598	583,849
Licenses and permits	358,775	358,775	410,223	51,448
Intergovernmental	803,639	803,639	794,961	(8,678)
Charges for services	577,542	438,542	457,787	19,245
Fines and forfeitures	16,400	16,400	7,518	(8,882)
Rental income	110,971	110,971	110,971	-
Miscellaneous	75,525	100,132	57,398	(42,734)
Total Revenues	50,176,647	51,830,254	54,276,196	2,445,942
EXPENDITURES				
General government				
County commissioners office	577,022	623,474	612,017	11,457
State's attorney's office	765,369	798,532	785,249	13,283
Circuit court	320,069	328,826	313,393	15,433
Orphan's court	71,307	71,307	67,414	3,893
Election office	606,307	606,307	445,804	160,503
Finance office	746,003	764,002	758,133	5,869
Legal counsel	60,500	58,711	58,711	-
Human resources	365,964	375,027	348,133	26,894
Planning and zoning	1,059,068	1,096,631	822,926	273,705
Information technology	925,778	979,787	911,831	67,956
Building maintenance	1,428,092	1,460,789	1,194,116	266,673
General services	226,971	251,578	238,302	13,276
Total general government	7,152,450	7,414,971	6,556,029	858,942
Public safety				
Sheriff's office	3,440,731	3,603,881	3,374,122	229,759
Volunteer fire company	1,125,207	1,079,012	1,052,081	26,931
Detention center	3,454,731	3,464,959	3,331,612	133,347
Community work program	8,502	9,259	9,259	-
Alcoholic beverage inspection	34,049	48,392	42,418	5,974
Building inspector	26,695	27,820	26,402	1,418
Emergency management	1,718,871	1,740,558	1,710,976	29,582
Communications division	1,071,251	1,329,987	1,254,576	75,411
Humane society	263,500	263,500	263,447	53
Total public safety	11,143,537	11,567,368	11,064,893	502,475

(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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Public works				
Administration	\$ 361,023	\$ 375,223	\$ 369,199	\$ 6,024
Highways and streets	3,187,675	3,272,663	2,789,085	483,578
Environmental operations	1,260,552	1,310,351	1,252,119	58,232
Total public works	4,809,250	4,958,237	4,410,403	547,834
Health				
Health department	468,785	529,646	529,646	-
Mosquito control	36,242	36,242	32,816	3,426
Total health	505,027	565,888	562,462	3,426
Social services				
Department of social services	60,289	60,289	57,189	3,100
Mid shore council on family violence	6,700	6,700	5,875	825
Upper shore aging	158,122	158,122	158,122	-
Delmarva community service	109,472	109,472	109,472	-
Commission on aging	3,870	3,870	3,334	536
Community mediation	9,000	9,000	9,000	-
Kent center	44,868	44,868	44,868	-
Maryland health & mental hygiene	20,132	20,132	20,132	-
Saint martin's ministries	9,000	9,000	9,000	-
Imagination library	540	540	540	-
Midshore regional council	4,500	4,500	4,500	-
Casa	12,600	12,600	12,600	-
Total social services	439,093	439,093	434,632	4,461
Education				
Kent county public schools	18,559,615	18,559,623	18,559,623	-
Chesapeake college	458,788	458,788	458,788	-
Kent county learning center	2,250	2,250	2,250	-
Total education	19,020,653	19,020,661	19,020,661	-
Parks, recreation and culture				
Recreation	1,151,391	892,121	718,691	173,430
Parks	664,281	727,730	585,039	142,691
Culture	14,432	14,432	14,432	-
Total parks, recreation and culture	1,830,104	1,634,283	1,318,162	316,121
Library	616,973	616,973	616,973	-

(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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Resource conservation and development				
Extension office	\$ 127,294	\$ 127,294	\$ 122,569	\$ 4,725
Soil conservation service	193,743	193,743	193,743	-
Forestry board	1,524	1,524	1,524	-
Waterman's association	7,200	7,200	7,200	-
Total resource conservation and development	329,761	329,761	325,036	4,725
Community development				
Economic development	273,236	280,277	256,391	23,886
Tourism	354,038	339,041	224,821	114,220
Total community development	627,274	619,318	481,212	138,106
Debt service				
Debt service principal	1,373,317	1,377,060	1,377,060	-
Debt service interest	199,282	182,469	182,469	-
Capital lease principal	464,389	554,164	551,806	2,358
Capital lease interest	40,321	67,979	67,620	359
Total debt service	2,077,309	2,181,672	2,178,955	2,717
Intergovernmental				
Municipalities	3,576	3,576	3,576	-
Maryland department of assessment & taxation	120,000	120,000	94,400	25,600
Total intergovernmental	123,576	123,576	97,976	25,600
Miscellaneous				
Insurance & non departmental benefits	(5,707)	96,746	96,686	60
Contingencies	800,000	391,407	-	391,407
Total miscellaneous	794,293	488,153	96,686	391,467
Total expenditures	49,469,300	49,959,954	47,164,080	2,795,874
Excess (deficiency) of revenues over expenditures	707,347	1,870,300	7,112,116	5,241,816
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Transfers out	(3,056,665)	(4,851,406)	(4,642,282)	209,124
Capital leases	-	483,532	487,968	4,436
Sale of general capital assets	850	850	39,849	38,999
General obligation bonds issued	-	-	-	-
Total Other Financing Sources (Uses)	(3,055,815)	(4,367,024)	(4,114,465)	252,559
Net change in fund balances*	(2,348,468)	(2,496,724)	2,997,651	5,494,375
Fund balance - beginning			8,877,562	
Fund balance - ending			<u>\$ 11,875,213</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, 2021

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Annual money-weighted rate of return net of investment expense	10.81%	1.16%	1.43%	0.17%	0.19%	0.15%	0.16%	0.14%	0.19%	0.20%

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, 2021

Total OPEB Liability	2021	2020	2019	2018	2017
Service cost	\$ 1,075,976	\$ 880,662	\$ 582,369	\$ 567,667	\$ 717,357
Interest cost	520,595	565,767	469,677	439,652	380,019
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(4,661,630)	(39,186)	2,394,312	878	(26,927)
Changes in assumptions	1,017,850	2,044,155	1,968,477	(101,182)	(1,933,327)
Benefit payments	<u>(261,087)</u>	<u>(275,682)</u>	<u>(273,508)</u>	<u>(191,243)</u>	<u>(190,365)</u>
Net change in total OPEB liability	(2,308,296)	3,175,716	5,141,327	715,772	(1,053,243)
Total OPEB liability - beginning of year	21,408,765	18,233,049	13,091,722	12,375,950	13,429,193
Total OPEB liability - ending of year	<u>\$ 19,100,469</u>	<u>\$ 21,408,765</u>	<u>\$ 18,233,049</u>	<u>\$ 13,091,722</u>	<u>\$ 12,375,950</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 261,087	\$ 275,682	\$ 273,508	\$ 191,243	\$ 190,365
Net investment income	19,962	1,853	2,262	315	297
Benefit payments	<u>(261,087)</u>	<u>(275,682)</u>	<u>(273,508)</u>	<u>(191,243)</u>	<u>(190,365)</u>
Net change in fiduciary net position	19,962	1,853	2,262	315	297
Fiduciary net position - beginning of year	161,760	159,907	157,645	157,330	157,033
Fiduciary net position - ending of year	<u>\$ 181,722</u>	<u>\$ 161,760</u>	<u>\$ 159,907</u>	<u>\$ 157,645</u>	<u>\$ 157,330</u>
Net OPEB liability	<u>\$ 18,918,747</u>	<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>0.95%</u>	<u>0.76%</u>	<u>0.88%</u>	<u>1.20%</u>	<u>1.27%</u>
Covered-employee payroll	\$ 11,536,020	\$ 11,042,301	\$ 9,919,302	\$ 9,938,115	\$ 9,779,935
Net OPEB liability as a % of payroll	164%	192%	182%	130%	125%

Notes to Schedule:

Benefits changes: none

Changes in assumptions: none

Discount rate:	
6/30/2017	3.58%
6/30/2018	3.62%
6/30/2019	3.13%
6/30/2020	2.45%
6/30/2021	1.92%

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>2021</u>	<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%	0.0573%	0.0545%	0.0470%	0.0480%	0.0459%	0.0421%
County's proportionate share of the net pension liability	<u>\$ 13,504,652</u>	<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>\$ 13,504,652</u>	<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	\$ 10,624,941	\$ 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	127.10%	114.96%	114.96%	114.98%	150.09%	116.92%	92.76%
Plan fiduciary net position as a percentage of the total pension liability	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

Schedule of County Contributions

Employee's Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,454,313	\$ 1,276,776	\$ 1,179,212	\$ 1,094,581	\$ 969,388	\$ 948,188	\$ 983,563
Contributions in relation to the contractually required contribution	<u>(1,454,313)</u>	<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>	<u>\$ -</u>
County's covered payroll	\$ 11,246,653	\$ 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	12.93%	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, 2021

	Agricultural Preservation	Inmate Welfare	Reforestation & Open Space	Law Library	Regional Family Services	Weed Control	Kent Family Center	Local Management Board
ASSETS								
Equity in pooled cash	\$ 31,451	\$ 78,025	\$ 244,510	\$ 12,942	\$ 591	\$ 59,139	\$ -	\$ 10,958
Intergovernmental receivable	-	-	-	1,018	-	13,125	209,384	316,334
Receivables	-	3,023	-	-	-	-	-	-
Prepaid	-	-	-	-	-	-	7,913	-
Total assets	<u>\$ 31,451</u>	<u>\$ 81,048</u>	<u>\$ 244,510</u>	<u>\$ 13,960</u>	<u>\$ 591</u>	<u>\$ 72,264</u>	<u>\$ 217,297</u>	<u>\$ 327,292</u>
LIABILITIES								
Accounts payable	\$ -	\$ 62	\$ -	\$ 2,156	\$ -	\$ 1,171	\$ 5,148	\$ 33,834
Accrued liabilities	-	-	-	-	-	3,730	22,711	11,487
Intergovernmental payable	-	-	-	-	-	-	-	203,442
Due to other funds	-	-	-	-	-	-	180,987	-
Unearned revenue	-	-	-	150	-	-	2,348	78,529
Total liabilities	<u>-</u>	<u>62</u>	<u>-</u>	<u>2,306</u>	<u>-</u>	<u>4,901</u>	<u>211,194</u>	<u>327,292</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	7,913	-
Restricted	31,451	80,986	216,519	11,654	591	-	-	-
Committed	-	-	27,991	-	-	-	-	-
Assigned	-	-	-	-	-	67,363	-	-
Unassigned	-	-	-	-	-	-	(1,810)	-
Total fund balances	<u>31,451</u>	<u>80,986</u>	<u>244,510</u>	<u>11,654</u>	<u>591</u>	<u>67,363</u>	<u>6,103</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 31,451</u>	<u>\$ 81,048</u>	<u>\$ 244,510</u>	<u>\$ 13,960</u>	<u>\$ 591</u>	<u>\$ 72,264</u>	<u>\$ 217,297</u>	<u>\$ 327,292</u>

The County Commissioners of Kent County, Maryland
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2021

	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
ASSETS								
Equity in pooled cash	\$ 82,528	\$ 33,117	\$ 307	\$ 199,435	\$ 6,210	\$ 1,766	\$ 884	\$ 761,863
Intergovernmental receivable	-	-	-	-	-	-	-	539,861
Receivables	217	-	-	-	-	-	-	3,240
Prepaid	600	-	-	-	-	-	-	8,513
Total assets	<u>\$ 83,345</u>	<u>\$ 33,117</u>	<u>\$ 307</u>	<u>\$ 199,435</u>	<u>\$ 6,210</u>	<u>\$ 1,766</u>	<u>\$ 884</u>	<u>\$ 1,313,477</u>
LIABILITIES								
Accounts payable	\$ 1,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,859
Accrued liabilities	84,629	18,083	-	-	834	-	-	141,474
Intergovernmental payable	-	-	-	-	-	-	-	203,442
Due to other funds	-	-	-	-	-	-	-	180,987
Unearned revenue	-	-	-	199,435	-	-	-	280,462
Total liabilities	<u>86,117</u>	<u>18,083</u>	<u>-</u>	<u>199,435</u>	<u>834</u>	<u>-</u>	<u>-</u>	<u>850,224</u>
FUND BALANCES								
Nonspendable	600	-	-	-	-	-	-	8,513
Restricted	-	-	-	-	-	-	-	341,201
Committed	-	-	-	-	-	-	-	27,991
Assigned	-	15,034	307	-	5,376	1,766	884	90,730
Unassigned	<u>(3,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,182)</u>
Total fund balances	<u>(2,772)</u>	<u>15,034</u>	<u>307</u>	<u>-</u>	<u>5,376</u>	<u>1,766</u>	<u>884</u>	<u>463,253</u>
Total liabilities and fund balances	<u>\$ 83,345</u>	<u>\$ 33,117</u>	<u>\$ 307</u>	<u>\$ 199,435</u>	<u>\$ 6,210</u>	<u>\$ 1,766</u>	<u>\$ 884</u>	<u>\$ 1,313,477</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, 2021

	Agricultural Preservation	Inmate Welfare	Reforestation & Open Space	Law Library	Regional Family Services	Weed Control	Kent Family Center	Local Management Board
REVENUES								
Taxes	\$ 3,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	8,258	-	-	363,746	385,013
Charges for services	-	-	-	-	-	26,728	-	-
Fines and forfeitures	-	-	8,128	-	-	-	-	-
Miscellaneous	-	37,643	-	-	-	-	-	-
Total revenues	<u>3,230</u>	<u>37,643</u>	<u>8,128</u>	<u>8,258</u>	<u>-</u>	<u>26,728</u>	<u>363,746</u>	<u>385,013</u>
EXPENDITURES								
Current								
General government	-	-	97	22,050	-	-	-	-
Public safety	-	20,533	-	-	-	-	-	-
Public works	-	-	-	-	-	41,777	-	-
Health & social services	-	-	-	-	-	-	385,120	478,671
Parks recreation & culture	-	-	-	-	-	-	-	-
Resource conservation & development	8,312	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Tourism & economic development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total expenditures	<u>8,312</u>	<u>20,533</u>	<u>97</u>	<u>22,050</u>	<u>-</u>	<u>41,777</u>	<u>385,120</u>	<u>478,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,082)</u>	<u>17,110</u>	<u>8,031</u>	<u>(13,792)</u>	<u>-</u>	<u>(15,049)</u>	<u>(21,374)</u>	<u>(93,658)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	431	-	-	13,000	-	-	21,293	93,658
Transfers out	-	-	-	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	421	-	-
Total other financing sources (uses)	<u>431</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>421</u>	<u>21,293</u>	<u>93,658</u>
Net change in fund balances	(4,651)	17,110	8,031	(792)	-	(14,628)	(81)	-
Fund balances - beginning	36,102	63,876	236,479	12,446	591	81,991	6,184	-
Fund balances - ending	<u>\$ 31,451</u>	<u>\$ 80,986</u>	<u>\$ 244,510</u>	<u>\$ 11,654</u>	<u>\$ 591</u>	<u>\$ 67,363</u>	<u>\$ 6,103</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, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,230
Intergovernmental	-	-	-	-	-	-	-	757,017
Charges for services	-	-	-	-	1,540	-	-	28,268
Fines and forfeitures	730	1,113	-	-	-	-	-	9,971
Miscellaneous	-	-	-	-	-	-	-	37,643
Total revenues	<u>730</u>	<u>1,113</u>	<u>-</u>	<u>-</u>	<u>1,540</u>	<u>-</u>	<u>-</u>	<u>836,129</u>
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	22,147
Public safety	9,133	10,316	-	-	834	-	-	40,816
Public works	-	-	-	-	-	-	-	41,777
Health & social services	-	-	-	-	-	-	-	863,791
Parks recreation & culture	-	-	-	-	-	-	-	-
Resource conservation & development	-	-	-	-	-	-	-	8,312
Housing	-	-	-	-	-	-	-	-
Tourism & economic development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total expenditures	<u>9,133</u>	<u>10,316</u>	<u>-</u>	<u>-</u>	<u>834</u>	<u>-</u>	<u>-</u>	<u>976,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,403)</u>	<u>(9,203)</u>	<u>-</u>	<u>-</u>	<u>706</u>	<u>-</u>	<u>-</u>	<u>(140,714)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	128,382
Transfers out	-	-	-	-	-	-	-	-
Sale of general capital assets	4,028	-	-	-	-	-	-	4,449
Total other financing sources (uses)	<u>4,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,831</u>
Net change in fund balances	(4,375)	(9,203)	-	-	706	-	-	(7,883)
Fund balances - beginning	1,603	24,237	307	-	4,670	1,766	884	471,136
Fund balances - ending	<u>\$ (2,772)</u>	<u>\$ 15,034</u>	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ 5,376</u>	<u>\$ 1,766</u>	<u>\$ 884</u>	<u>\$ 463,253</u>



Custodial Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The County Commissioners of Kent County, Maryland
Combining Schedule of Fiduciary Net Position – Custodial Funds
June 30, 2021

	State and Town Tax Collections	Millington Public Drainage Association	Inmate Accounts	Motor Vehicle Administration	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 43,677	\$ 500	\$ 44,177
Equity in pooled cash	41,554	3,794	-	-	45,348
Receivables:					
Taxes for other governments	688,086	-	-	-	688,086
Total receivables	688,086	-	-	-	688,086
Total assets	<u>729,640</u>	<u>3,794</u>	<u>43,677</u>	<u>500</u>	<u>777,611</u>
LIABILITIES					
Accounts payable and other liabilities	-	-	43,677	-	43,677
Due to other governments	729,640	3,794	-	500	733,934
Total liabilities	<u>729,640</u>	<u>3,794</u>	<u>43,677</u>	<u>500</u>	<u>777,611</u>
NET POSITION					
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The County Commissioners of Kent County, Maryland
Combining Schedule of Changes in Fiduciary Net Position – Custodial Funds
For the Year Ended June 30, 2021

	<u>State and Town Tax Collections</u>	<u>Millington Public Drainage Association</u>	<u>Inmate Accounts</u>	<u>Motor Vehicle Administration</u>	<u>Total</u>
ADDITIONS					
Property tax collections for other governments	\$ 19,239,244	\$ 2,034	\$ -	\$ -	\$ 19,241,278
Funds collected for inmates	-	-	129,444	-	129,444
Total additions	<u>19,239,244</u>	<u>2,034</u>	<u>129,444</u>	<u>-</u>	<u>19,370,722</u>
DEDUCTIONS					
Property tax payments to other governments	19,239,244	2,034	-	-	19,241,278
Funds distributed to inmates	-	-	129,444	-	129,444
Total deductions	<u>19,239,244</u>	<u>2,034</u>	<u>129,444</u>	<u>-</u>	<u>19,370,722</u>
Net increase/(decrease) in fiduciary net position	-	-	-	-	-
Net position - beginning	-	-	-	-	-
Net position - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



Local Management Board

County Commissioners of Kent County, Maryland
Combining Balance Sheet – Local Management Board
June 30, 2021

	Home Visiting	Total Non Community Partnership Agreement	Community Partnership Agreement
ASSETS			
Cash and cash equivalents	\$ (42,852)	\$ (42,852)	\$ 5,433
Intergovernmental receivable	64,349	64,349	227,028
Receivables	-	-	-
Prepaid	-	-	-
Total assets	<u>\$ 21,497</u>	<u>\$ 21,497</u>	<u>\$ 232,461</u>
LIABILITIES			
Accounts payable	\$ 2,338	\$ 2,338	\$ 24,131
Accrued liabilities	-	-	11,487
Intergovernmental payable	19,159	19,159	119,016
Due to other funds	-	-	-
Unearned revenue	-	-	77,827
Total liabilities	<u>21,497</u>	<u>21,497</u>	<u>232,461</u>
FUND BALANCES			
Nonspendable	-	-	-
Prepaid	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 21,497</u>	<u>\$ 21,497</u>	<u>\$ 232,461</u>

The County Commissioners of Kent County, Maryland
Combining Balance Sheet – Local Management Board
June 30, 2021

	Incentive Reinvestment	County Funded Programs	Other Programs	Total
ASSETS				
Cash and cash equivalents	\$ 31,589	\$ 7,172	\$ 9,616	\$ 10,958
Intergovernmental receivable	-	-	24,957	316,334
Receivables	-	-	-	-
Prepaid	-	-	-	-
Total assets	<u>\$ 31,589</u>	<u>\$ 7,172</u>	<u>\$ 34,573</u>	<u>\$ 327,292</u>
LIABILITIES				
Accounts payable	\$ -	\$ 7,172	\$ 193	\$ 33,834
Accrued liabilities	-	-	-	11,487
Intergovernmental payable	31,589	-	33,678	203,442
Due to other funds	-	-	-	-
Unearned revenue	-	-	702	78,529
Total liabilities	<u>31,589</u>	<u>7,172</u>	<u>34,573</u>	<u>327,292</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>\$ 7,172</u>	<u>\$ 34,573</u>	<u>\$ 327,292</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, 2021

	Home Visiting	Total Non Community Partnership Agreement	Community Partnership Agreement
REVENUES			
Community partnership agreement:			
Earned reinvestment	\$ -	\$ -	\$ -
Children's cabinet	-	-	307,399
Total community partnership agreement	-	-	307,399
Non-community partnership agreement			
Other intergovernmental revenue	64,349	64,349	-
Total revenues	64,349	64,349	307,399
EXPENDITURES			
Administration:			
Salaries	-	-	69,418
Fringe costs	-	-	28,045
Contract services	2,338	2,338	22,962
Communications	-	-	-
Printing/Copies	-	-	2,107
Dues, subscriptions and licenses	879	879	269
Conferences and conventions	-	-	4,997
Business travel	-	-	-
Supplies	-	-	-
Fixed assets	-	-	-
Total administration expenditures	3,217	3,217	127,798
Programs:			
Healthy families mid-shore	-	-	111,975
Local care team	-	-	46,447
KCMS After School Program	-	-	21,179
Reconnect for life	-	-	-
Home visiting	61,132	61,132	-
Total program expenditures	61,132	61,132	179,601
Total expenditures	64,349	64,349	307,399
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, 2021

	<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	-	-	-	307,399
Total community partnership agreement	-	-	-	307,399
Non-community partnership agreement				
Other intergovernmental revenue	-	-	13,265	77,614
Total revenues	-	-	13,265	385,013
EXPENDITURES				
Administration:				
Salaries	-	59,264	9,721	138,403
Fringe costs	-	25,609	1,246	54,900
Contract services	-	-	-	25,300
Communications	-	1,603	-	1,603
Printing/Copies	-	-	-	2,107
Dues, subscriptions and licenses	-	156	-	1,304
Conferences and conventions	-	6,541	-	11,538
Business travel	-	40	-	40
Supplies	-	445	889	1,334
Fixed assets	-	-	1,409	1,409
Total administration expenditures	-	93,658	13,265	237,938
Programs:				
Healthy families mid-shore	-	-	-	111,975
Local care team	-	-	-	46,447
KCMS After School Program	-	-	-	21,179
Home visiting	-	-	-	61,132
Total program expenditures	-	-	-	240,733
Total expenditures	-	93,658	13,265	478,671
Excess (deficiency) of revenues over (under) expenditures	-	(93,658)	-	(93,658)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	93,658	-	93,658
Transfers out	-	-	-	-
Total other financing sources (uses)	-	93,658	-	93,658
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances - beginning				-
Fund balances - ending				<u>\$ -</u>



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in										
Capital Assets	\$ 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	\$ 45,288,933
Restricted	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	1,125,338
Unrestricted (deficit)	(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)	(17,672,885)
	<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>	<u>28,741,386</u>
Business-Type Activities										
Net Investment in										
Capital Assets	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	27,322,054
Restricted	259,780	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	375,461	579,741	590,544	323,881	(167,473)	535,147	428,104	261,870	331,520	419,572
	<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>	<u>27,741,626</u>
Primary Government										
Net Investment in										
Capital Assets	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	72,610,987
Restricted	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	1,125,338
Unrestricted (deficit)	(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)	(17,253,313)
	<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>	<u>\$ 56,483,012</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Primary government										
General government	\$ 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	\$ 9,804,235
Public safety	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	13,030,751
Public works	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	5,469,460
Health and social services	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	2,325,489
Education	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	21,204,266
Culture and recreation	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	1,790,800
Libraries	542,000	542,000	554,018	602,841	725,264	692,436	1,251,179	699,861	685,526	616,973
Resource conservation	404,578	336,852	347,017	378,754	393,922	353,331	474,044	349,513	365,026	333,348
Community development	537,809	957,230	791,118	641,490	807,887	625,041	824,273	913,277	1,290,572	1,499,666
Debt service	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	154,518
Total governmental activities expense	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	56,229,506
Business-type activities										
Water and wastewater services	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	4,873,028
Bayside landing	22,367	22,252	22,783	45,942	28,759	29,835	42,143	32,516	31,457	40,431
Total business-type activities expense	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	4,913,459
Total Primary Government Expenses	\$ 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	\$ 61,142,965
Program Revenues										
Primary government										
General government										
Charges for services	\$ 62,781	\$ 103,833	\$ 110,786	\$ 132,700	\$ 117,283	\$ 115,473	\$ 116,728	\$ 111,349	\$ 52,888	\$ 52,881
Operating grants and contributions	302,319	205,184	403,079	149,743	157,690	173,386	231,493	222,240	292,969	261,801
Capital grants and contributions	85,909	4,622	2,490,368	-	15,125	3,630,596	3,251,018	76,528	158,244	815,714
Total revenue	451,009	313,639	3,004,233	282,443	290,098	3,919,455	3,599,239	410,117	504,101	1,130,396
Public safety										
Charges for services	132,013	106,284	119,722	64,028	149,570	100,752	105,542	106,313	86,380	49,456
Operating grants and contributions	621,711	610,266	616,730	615,283	797,698	664,706	667,560	606,374	656,954	716,395
Capital grants and contributions	135,819	212,261	58,359	91,293	23,926	42,133	19,770	42,133	-	-
Total revenue	889,543	928,811	794,811	770,604	971,194	807,591	792,872	754,820	743,334	765,851
Public works										
Charges for services	219,920	136,352	109,912	109,122	108,899	161,647	179,553	249,409	311,705	328,827
Operating grants and contributions	494,335	257,320	235,086	442,188	325,310	303,315	401,674	550,982	514,967	580,447
Capital grants and contributions	295,918	176,944	64,998	51,107	94,654	94,892	271,459	158,828	321,336	575,646
Total revenue	1,010,173	570,616	409,996	602,417	528,863	559,854	852,686	959,219	1,148,008	1,484,920

(Continued)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Health and social services										
Charges for services	23,999	15,559	11,711	14,692	12,458	12,582	50,453	104,259	28,950	12,217
Operating grants and contributions	849,130	342,710	509,937	492,992	1,170,115	925,792	904,507	935,961	1,484,493	3,454,276
Capital grants and contributions	-	-	-	95,054	1,200	-	-	-	-	-
Total revenue	873,129	358,269	521,648	602,738	1,183,773	938,374	954,960	1,040,220	1,513,443	3,466,493
Culture and recreation										
Charges for services	211,853	213,773	210,373	165,654	179,414	189,572	158,782	168,488	118,328	42,674
Operating grants and contributions	21,136	12,400	10,580	2,995	26,747	4,192	85,450	2,626	-	-
Capital grants and contributions	-	-	92,222	185,313	97,790	217,596	-	23,168	-	-
Total revenue	232,989	226,173	313,175	353,962	303,951	411,360	244,232	194,282	118,328	42,674
Resource and conservation										
Operating grants and contributions	28,434	-	-	-	-	-	-	-	-	-
Total revenue	28,434	-	-	-	-	-	-	-	-	-
Community development										
Operating grants and contributions	55,358	82,691	74,986	140,597	72,791	87,868	268,875	276,161	297,986	259,660
Capital grants and contributions	19,491	56,749	18,815	19,823	51,960	-	-	-	-	-
Total revenue	74,849	139,440	93,801	160,420	124,751	87,868	268,875	276,161	297,986	259,660
Total primary government activities program revenues	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	7,149,994
Business-type activities program revenue										
Water and wastewater services										
Charges for services	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	2,616,788
Operating grants and contributions	-	272,558	20,601	-	2,760	-	129,720	-	-	-
Capital grants and contributions	1,227,853	33,615	-	10,809	-	810,475	834,259	2,066,285	425,249	201,640
Total revenue	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	2,818,428
Bayside landing										
Charges for services	41,269	41,631	41,210	39,922	42,641	42,781	40,200	41,156	46,093	50,650
Operating grants and contributions	-	-	-	-	-	-	1,653	1,215	-	-
Capital grants and contributions	-	-	9,811	13,398	-	-	-	-	-	-
Total revenue	41,269	41,631	51,021	53,320	42,641	42,781	41,853	42,371	46,093	50,650
Total business-type activities program revenues	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	2,869,078
Net (Expense) Revenue										
Governmental activities	(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)	(49,079,512)
Business-type activities	(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)	(2,044,381)
Total primary government net expense	<u>\$ (39,347,419)</u>	<u>\$ (40,373,178)</u>	<u>\$ (42,773,444)</u>	<u>\$ (44,166,816)</u>	<u>\$ (46,327,001)</u>	<u>\$ (49,000,999)</u>	<u>\$ (42,543,495)</u>	<u>\$ (47,211,628)</u>	<u>\$ (54,112,515)</u>	<u>\$ (51,123,893)</u>

(Continued)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net assets										
Government activities										
Property taxes	\$ 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	\$ 31,862,508
County income taxes	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	17,102,751
Other taxes	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	3,710,828
Licenses and permits	321,467	-	-	-	-	-	-	-	-	-
Fines and forfeitures	68,872	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Other revenues	2,132,585	1,037,126	663,676	659,615	673,819	641,837	733,270	842,544	1,084,395	634,634
Capital contributions - developers	-	-	-	-	-	-	-	-	-	-
Transfers	(3,667,989)	(3,600,908)	(848,869)	(1,001,689)	(868,147)	(825,030)	(880,064)	(1,165,897)	(987,861)	(1,686,065)
Total governmental activities	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	51,624,656
Business-type activities										
Investment income	(549)	-	-	-	-	-	-	-	-	-
Other revenues	74,082	46,150	27,892	32,441	25,780	40,703	36,799	94,491	43,796	38,304
Transfers	3,667,989	3,600,908	851,369	1,001,689	868,147	825,030	880,064	1,165,897	987,861	1,686,065
Total business-type activities	3,741,522	3,647,058	879,261	1,034,130	893,927	865,733	916,863	1,260,388	1,031,657	1,724,369
Total primary government	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	53,349,025
Change in net position										
Governmental activities	1,631,590	234,185	4,911,803	3,373,256	(192,247)	(1,939,809)	4,647,848	(656,602)	(2,603,658)	2,545,144
Business-type activities	3,307,026	2,482,154	(825,096)	(904,584)	(676,171)	(1,210,451)	(282,169)	1,227,869	(193,190)	(320,012)
Total primary government	\$ 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)	\$ 2,225,132

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated for future year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable (1)	732,260	713,988	786,218	436,901	517,604	752,291	694,784	848,466	896,627	662,085
Restricted (1)	163,010	172,019	-	-	-	-	-	-	-	-
Committed (1)	514,570	29,425	-	-	5,134,904	3,770,373	1,665,530	1,053,753	2,348,468	2,305,246
Assigned (1)	-	-	-	-	-	-	-	-	-	-
Unassigned (1)	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	8,907,882
Total General Fund	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	11,875,213
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, designated for future year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated, reported in:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Nonspendable (1)	798	5,506	4,950	-	-	-	189,466	51,571	-	8,513
Restricted (1)	516,511	196,001	384,469	463,776	496,897	467,438	359,075	345,054	330,386	341,201
Committed (1)	10,573	-	30,175	30,175	30,175	30,175	30,175	30,175	27,991	27,991
Assigned (1)	-	26,031	31,743	38,891	55,709	75,000	118,561	182,748	112,759	90,730
Unassigned (1)	434,237	-	-	-	-	-	(189,466)	(51,571)	(54,497)	(133,602)
Total All Other Governmental Funds	962,119	227,538	451,337	532,842	582,781	572,613	507,811	557,977	416,639	334,833
Total All Governmental Funds	\$ 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	\$ 12,210,046

(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

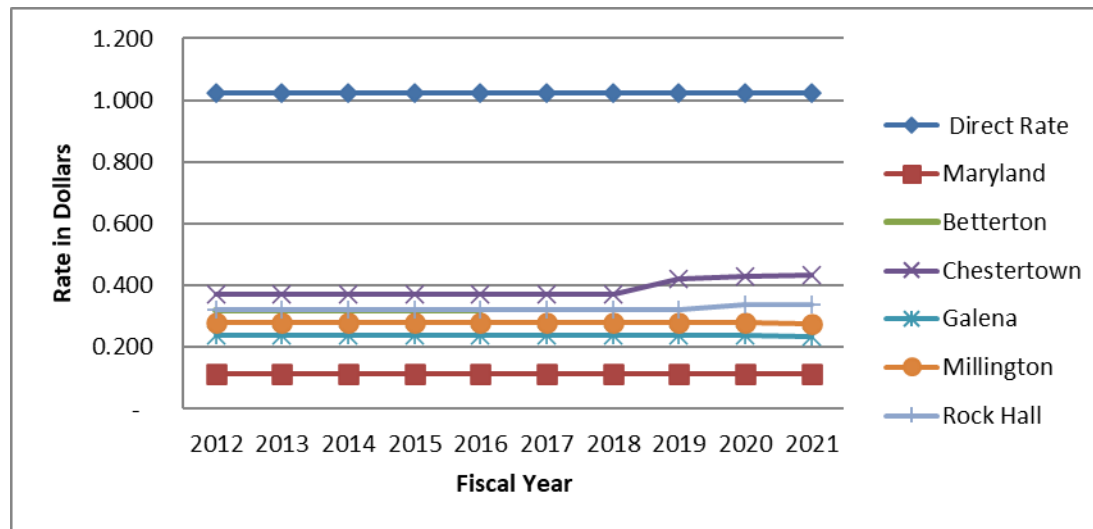
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes										
Property	\$ 30,405,080	\$ 30,174,622	\$ 30,212,617	\$ 29,888,083	\$ 29,951,731	\$ 29,986,484	\$ 30,207,075	\$ 30,627,922	\$ 31,769,648	\$ 32,281,508
Income	10,335,245	11,047,174	13,696,595	12,973,495	12,232,681	12,986,434	12,736,121	12,848,398	15,683,736	16,448,232
Other	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	3,710,828
State shared	113,412	201,738	211,318	222,422	228,948	224,873	-	-	-	-
Licenses and permits	321,467	303,533	302,045	318,992	325,727	339,840	311,801	355,703	317,696	410,223
Intergovernmental revenue	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	6,663,939
Service charges for current services	660,080	578,789	562,504	486,196	567,624	580,026	611,058	739,818	598,254	486,055
Fines and forfeitures	68,422	111,929	53,715	120,636	31,409	44,233	58,950	53,290	32,677	17,489
Miscellaneous revenue	3,902,895	272,794	606,480	255,692	329,514	294,924	363,337	453,862	776,685	218,728
Total revenues	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	60,237,002
Expenditures										
General government	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	8,094,775
Public safety	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	12,354,330
Public works	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	4,538,836
Health and social services	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	2,277,349
Education	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	19,020,661
Parks, recreation, and culture	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	1,324,236
Libraries	542,000	542,000	554,018	596,027	611,828	626,098	680,389	662,196	685,526	616,973
Resources conservation and development	414,878	336,852	347,017	378,754	393,922	353,331	474,044	349,513	365,026	333,348
Community development	530,249	955,209	513,246	648,410	798,178	603,126	803,413	851,069	1,232,319	1,484,601
Debt service										
Principal	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	1,928,866
Interest	855,907	910,712	769,643	657,775	523,290	475,723	426,289	380,869	415,903	250,089
Capital outlay	5,949,115	-	1,394,375	1,215,235	781,234	3,699,662	5,032,983	929,284	3,538,143	3,943,294
Total expenditures	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	56,167,358
Excess/(deficiency) of revenues over expenditures	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)	4,069,644
Other financing sources (uses)										
Transfers in	596,343	903,768	1,853,579	1,102,976	783,003	3,550,919	4,881,572	938,696	1,374,537	2,956,217
Transfers out	(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)	(4,642,282)
Proceeds from capital leases	2,464,624	-	-	-	-	-	-	512,815	536,037	487,968
Sale of general capital assets	-	-	-	-	-	-	-	-	-	44,298
Proceeds from loans	-	251,800	-	-	-	-	-	-	6,400,000	-
	(1,203,365)	(3,349,108)	(848,869)	(1,001,689)	(868,147)	(825,030)	(880,064)	(653,082)	5,948,176	(1,153,799)
Net increase (decrease) in fund balance	\$ 1,442,739	\$ (1,235,429)	\$ 4,504,261	\$ (154,990)	\$ 476,933	\$ (811,152)	\$ (3,806,955)	\$ 492,741	\$ 2,216,679	\$ 2,915,845
Debt service as a percentage of noncapital expenditures	6.97%	10.83%	6.24%	9.21%	3.83%	3.35%	3.95%	3.74%	11.75%	4.06%

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
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
2021	1.022	0.112	0.318	0.433	0.2350	0.277	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

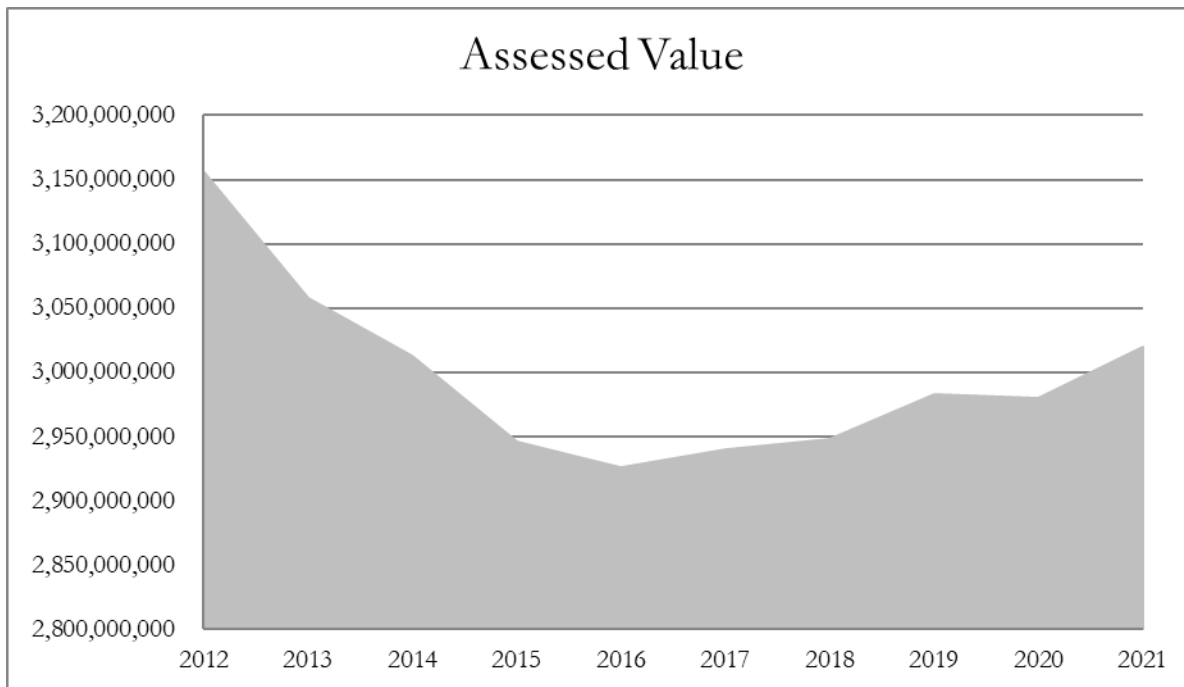


Source: State of Maryland and Towns of Betterton, Chestertown, Galena, Millington and Rock Hall.

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
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
2021	2,966,250,063	15,944,076	2,950,305,987	1.022	53,400,770	3,019,650,833

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, 2021

Taxpayer	Tax Billed	% of Levy
Delmarva Power and Light	\$ 923,341	2.92%
PUMH of Maryland, Inc	435,724	1.38%
Choptank Electric Co-op, Inc	258,782	0.82%
Verizon-MD	183,737	0.58%
KRM Development Corporation	171,607	0.54%
Kent Plaza Associates	171,123	0.54%
SGM Realty LLC	168,980	0.53%
Washington College	136,433	0.43%
KRM Dixon Office LLC	120,803	0.38%
Kent Crossing	108,895	0.34%

For the Fiscal Year Ended June 30, 2012

Taxpayer	Tax Billed	% of Levy
Delmarva Power and Light	\$ 478,537	1.60%
PUMH of Maryland, Inc	401,755	1.34%
Verizon-MD	293,738	0.98%
Choptank Electric Co-op, Inc	174,139	0.58%
Kent Crossing	169,441	0.56%
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%

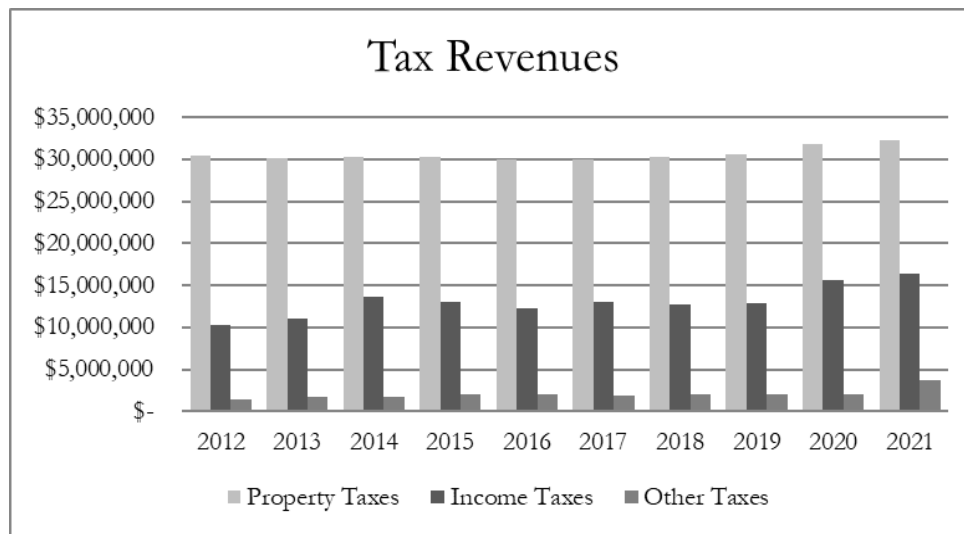
The County Commissioners of Kent County, Maryland
Revenue Capacity: Property Tax Levies and Collections
Last Ten Fiscal Years

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
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%	2,106,718	31,103,546	99.73%
2021		31,620,142	30,446,424	96.29%	n/a	28,996,828	91.70%

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

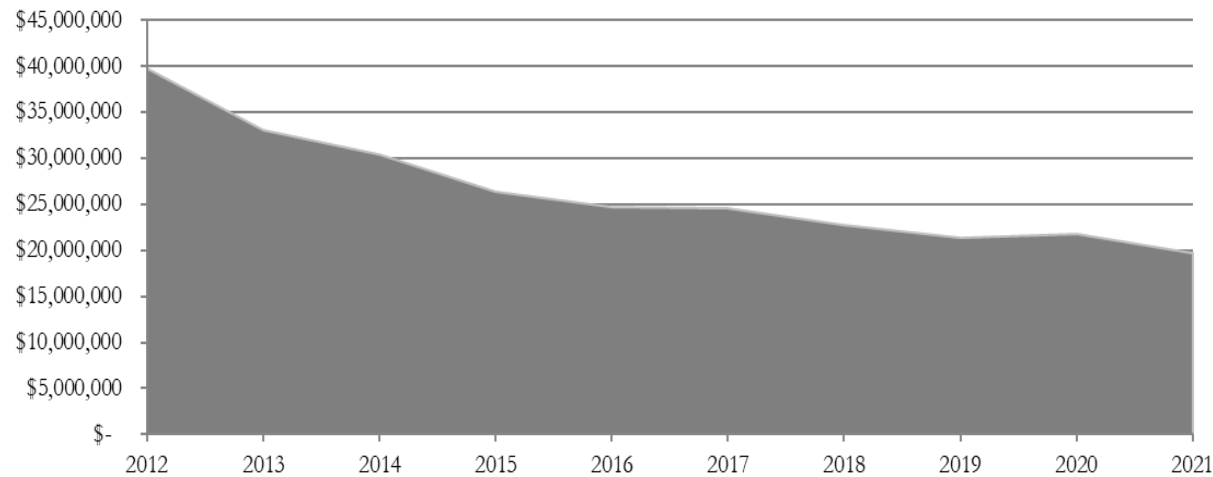
The County Commissioners of Kent County, Maryland
Revenue Capacity: Local General Tax Revenues
Last Ten Fiscal Years

Local General Tax Revenues				
	Property Taxes	Income Taxes	Other Taxes	Total Taxes
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
2021	32,281,508	16,448,232	3,710,828	52,440,568



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
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%	1,520.27
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%	1,242.78
2018	8,030,750	-	1,213,917	9,244,667	13,477,620	-	-	13,477,620	22,722,287	2018	1.97%	1,172.22
2019	6,956,999	-	1,413,486	8,370,485	12,974,661	-	-	12,974,661	21,345,146	2019	1.79%	1,101.23
2020	7,522,269	-	1,530,356	9,052,625	12,450,655	-	239,056	12,689,711	21,742,336	2020	1.77%	1,119.47
2021	6,145,209	-	1,466,518	7,611,727	11,916,949	-	191,776	12,108,725	19,720,452	2021	n/a	n/a



- (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	\$ 260,165	100%	\$ 260,165
Chestertown	2,534,245	100%	2,534,245
Galena	-	100%	-
Millington	-	95%	-
Rock Hall (3)	n/a	100%	n/a
Subtotal overlapping debt			2,794,410
Kent County Government direct debt (1)			7,649,713
Total direct and overlapping debt			<u>\$ 10,444,123</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	3,845,624	281,800	-	-	-	1,639,000	-	-	6,400,000	-
Legal Debt Margin	\$ 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	\$ 20,000,000

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)
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	1,226,328	n/a	4.00%
2020	n/a	n/a	n/a	6.60%

(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, 2020*

Employer	Employees	Rank	Percentage of Total County Employment
Washington College	435	1	4.26%
Dixon Valve & Coupling Co.	381	2	3.73%
Kent County Board of Education	332	3	3.25%
LaMotte Industries	256	4	2.51%
University of MD Shore Regional Health	225	5	2.20%
Kent County Government	216	6	2.12%
USA Fulfillmen	210	7	2.06%
David A. Bramble, Inc.	191	8	1.87%
Heron Point of Chestertown	180	9	1.76%
Kent Center	172	10	1.69%

For the Calendar Year Ended December 31, 2012*

Employer	Employees	Rank	Percentage of Total County Employment
Washington College	635	1	5.76%
Chester River Health System	586	2	5.32%
Dixon Valve & Coupling Co.	410	3	3.72%
Kent County Board of Education	309	4	2.80%
Angelica Nurseries	230	5	2.09%
Kent County Government	213	6	1.93%
Heron Point of Chestertown	190	7	1.72%
LaMotte Industries	171	8	1.55%
David A. Bramble, Inc.	150	9	1.36%
Waterman's Crab House	104	10	0.94%

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Part time positions (FTE)	21	21	22	22	26	28	28	26	27	26
Exempt	34	29	28	29	30	37	36	36	39	43
Full Time Employees	168	163	166	169	173	166	168	171	175	173
Total County Government Employees	223	213	216	220	229	231	232	233	241	242

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Commissioner's Office (1)	4	4	4	4	4	4	4	4	4	4
Planning, Housing & Zoning	9	8	8	9	9	9	9	9	9	9
Human Resources	3	3	3	3	3	3	3	3	3	3
Finance	8	7	7	7	7	7	7	7	7	8
Information Technology	5	5	5	6	6	6	6	6	6	6
Tourism & Economic Development	3	3	3	3	4	4	4	4	4	4
State's Attorney's Office (2)	5	5	5	5	6	6	7	7	7	7
Circuit Court (2)	3	3	3	3	3	3	3	3	5	5
Soil Conservation Service (2)	5	0	0	0	0	0	0	0	0	0
Family & Community Partnerships	2	2	2	2	3	3	3	3	3	4
Weed Control (3)	0	0	0	0	0	0	0	0	0	0
PUBLIC SAFETY										
Sheriff's Office (2)	26	26	28	28	27	27	25	26	28	28
Detention Center	29	28	27	28	29	29	29	29	29	29
Office of Emergency Services	25	24	25	26	26	26	28	31	33	33
PUBLIC WORKS										
Administration	4	3	2	2	2	2	2	1	1	1
County Roads	30	30	29	29	29	29	29	29	29	29
Waste Management	7	7	8	8	8	8	8	8	8	8
Public Landings	1	1	1	1	1	1	1	1	1	1
Buildings & Grounds	11	11	13	13	13	13	15	15	15	15
LEISURE SERVICES										
Parks & Recreation	6	6	6	6	8	8	8	8	8	8
BUSINESS-TYPE ACTIVITIES										
Water & Wastewater Services	16	16	15	15	15	15	13	13	14	14
	202	192	194	198	203	203	204	207	214	216

- (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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	3	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	272.23	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	25	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	24	27	27	26	28	28	28	28	25

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
General Government										
Planning & Zoning (1)										
Number of Permits Issued for:										
Accessory Buildings/Garages/Carports	79	75	70	77	87	89	77	102	75	77
Agricultural Buildings	32	26	23	23	16	21	21	17	20	17
Boat Lift	-	-	-	3	3	-	-	-	-	-
Commercial Addition/Alteration	12	11	7	13	9	8	6	8	10	7
Deck/Porch	27	28	31	23	41	27	34	21	25	21
New Commercial Building	1	2	1	7	6	7	3	7	2	2
New Single Family Residence	35	21	33	44	18	23	26	24	29	32
Other	33	33	28	46	25	-	-	-	-	-
Pier	25	19	21	14	19	22	14	28	15	21
Residential Addition/Alteration/Attached Garage	55	48	53	53	63	84	103	91	97	90
Sediment Control	30	45	20	29	36	21	27	37	40	43
Sign	11	7	12	7	4	8	12	8	2	3
Solar Panels	-	-	-	34	69	51	-	-	-	-
Swimming Pool	5	13	9	13	16	12	11	18	13	18
Bulkhead/Retaining Wall	12	5	5	7	13	4	-	-	-	-
Demolition	50	56	72	98	68	77	69	75	63	69
Logging	23	14	18	22	15	9	23	17	9	17
Use Permit	11	9	12	19	11	24	11	14	8	11
Total Permits Issued	441	412	415	532	519	487	437	467	408	428
Public Safety										
Alcohol Beverage Control										
Number of Licenses Issued	63	59	64	67	69	72	63	61	61	61
Number of Violations	11	2	6	2	-	2	1	-	3	5
Sheriff's Office (1)										
Number of Physical Arrests	1,279	1,380	1,557	596	436	575	604	517	401	502
Traffic Violations	3,787	3,902	3,678	3,580	3,711	4,212	4,155	2,757	5,554	3,370
Public Works										
Total Water Treated Annually (millions of gallons)	49	44	46	51	49	53	48	43	50	46
Total Wastewater Treated Annually (millions of gallons)	60	41	82	76	57	49	55	65	58	53

(Continued)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Education										
Number of Personnel										
Teachers	175	152	164	156	161	158	159	162	158	155
Administrators	25	26	21	19	23	21	17	21	22	24
Support	78	72	118	123	111	115	116	135	126	131
Other	60	59	18	16	13	12	20	18	19	22
Number of Students	2162	2130	2117	2106	2030	1895	1965	1914	1909	1809
Number of High School Graduates	165	160	142	161	126	133	140	119	133	142

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



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