



The County Commissioners of Kent County, Maryland

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2022

**The County Commissioners of Kent County, Maryland
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

Prepared By:

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

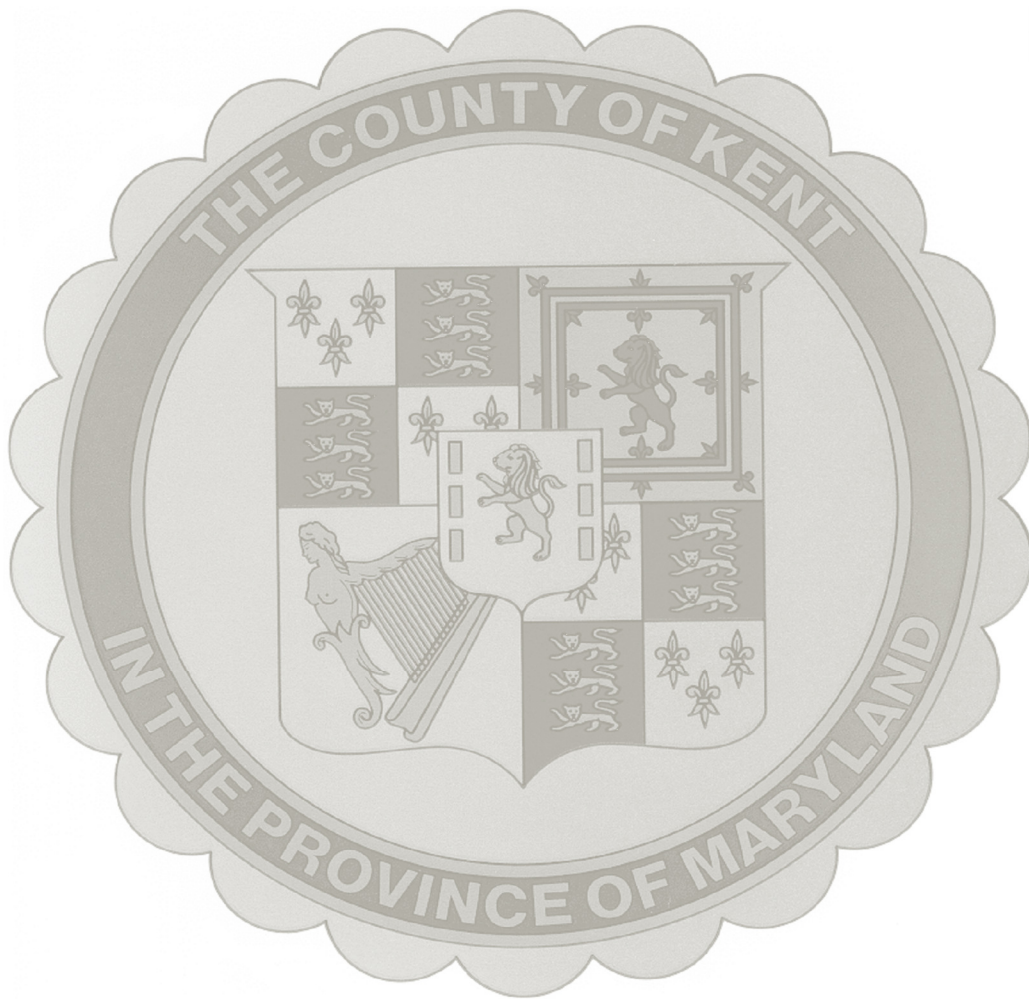
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Introductory Section





October 31, 2022

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, 2022, 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, 2022, 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, 2022, 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, 2022, 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 19,200 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.

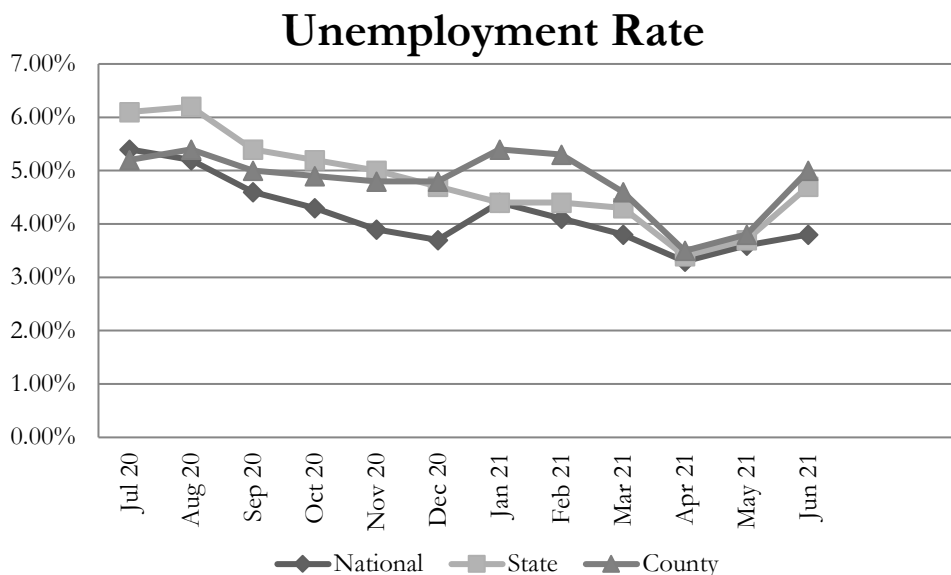
The County operates as a Maryland Code Home Rule County, which enables the Board of County Commissioners to exercise broad local legislative authority. Under code home rule, both legislative and executive functions of the County are vested in the three-member Board of County Commissioners. All three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

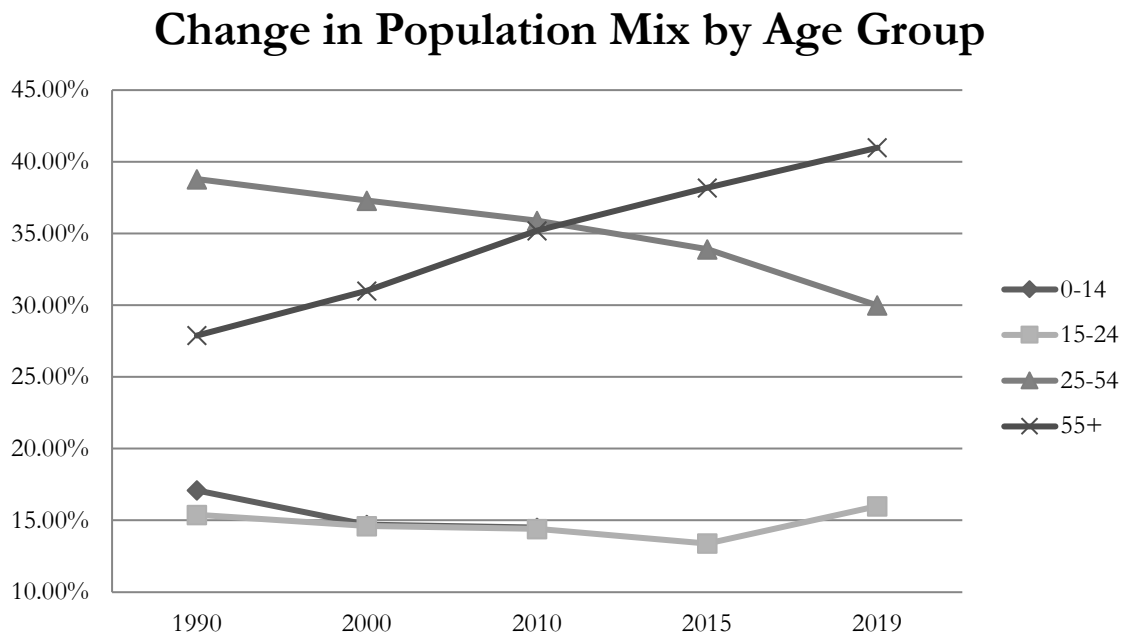


This chart illustrates the unemployment that has been experienced on the National, State and Local levels. All region's unemployment rates were at their highest points entering fiscal year 2022. Kent County's unemployment rate peaked at 5.4% in January. National, State and Kent County unemployment rates all experienced their lowest point in April between 3.3% - 3.5%. While the trend in unemployment is a positive sign, it is still 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 2023 assessments are expected to show a 1.6%

increase. Projected changes in significant revenue sources are detailed in the Management's Discussion and Analysis on page 23.

The County's population has shown a slight increase of .7% from 19,142 in 2021 to 19,270 in 2022. The mix of the population by age, however, is shifting. As the following chart illustrates, the only segment of the population that continues to increase, 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.



Median household incomes within the County are significantly lower than the state as a whole. According to census data, the County median income (2016-2020) was \$60,208, compared to the state median income of \$87,063. Additionally, 12.0% of the County's population is below poverty level compared to 10.3% 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%. At the time of this rate increase, it was estimated that it would 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 2023 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, 3) the renovation of our historic courthouse and 4) the expansion of our public safety facilities. These projects have an estimated price tag of approximately \$72 million dollars which would translate into an annual debt service payment of approximately \$3.7 - \$4.8 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.

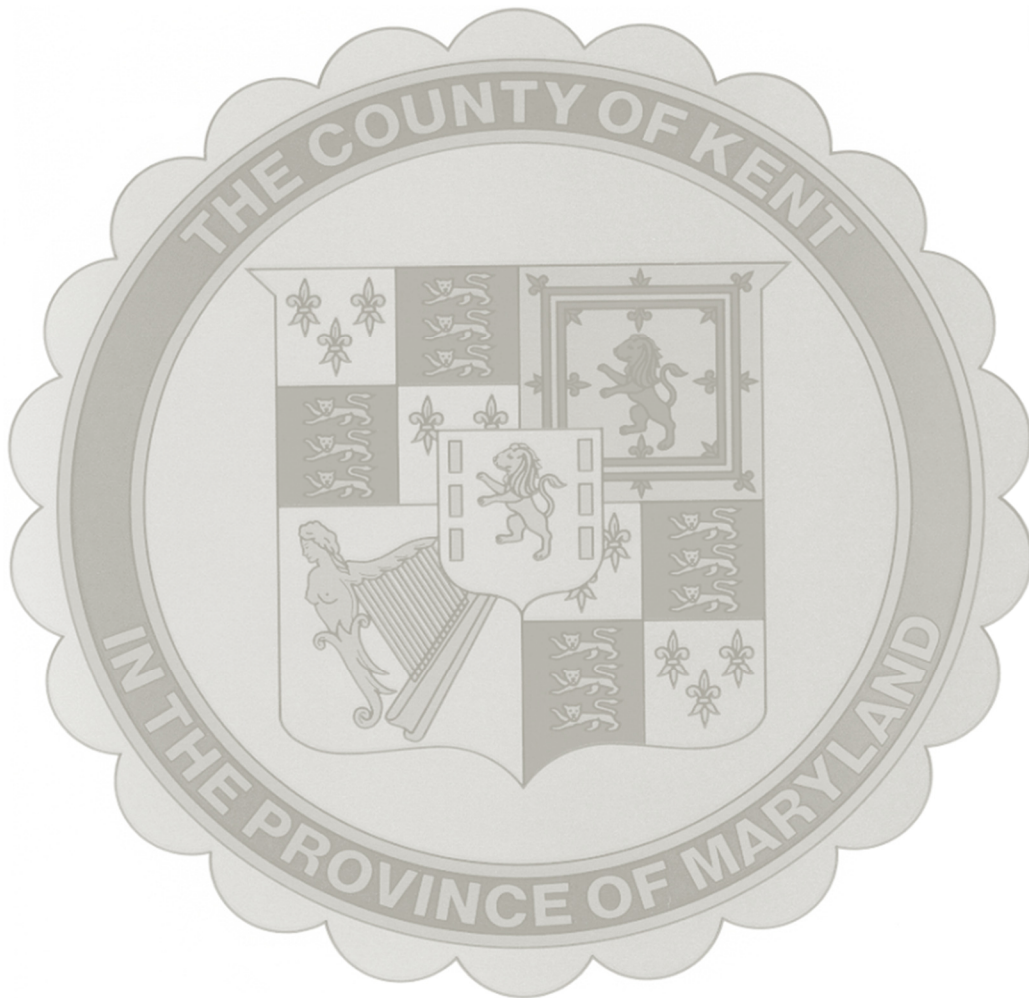
Respectfully submitted,



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



Shelley Heller
County Administrator





Government Finance Officers Association

**Certificate of
Achievement
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, 2021

Christopher P. Morill

Executive Director/CEO

**The County Commissioners of Kent County Maryland
Certain Elected and Other Officials
June 30, 2022**

Certain Elected Officials – Board of County Commissioners



Ronald H. Fithian,
Member



P. Thomas Mason,
President



Robert N. Jacob Jr.,
Member

Certain Department Heads

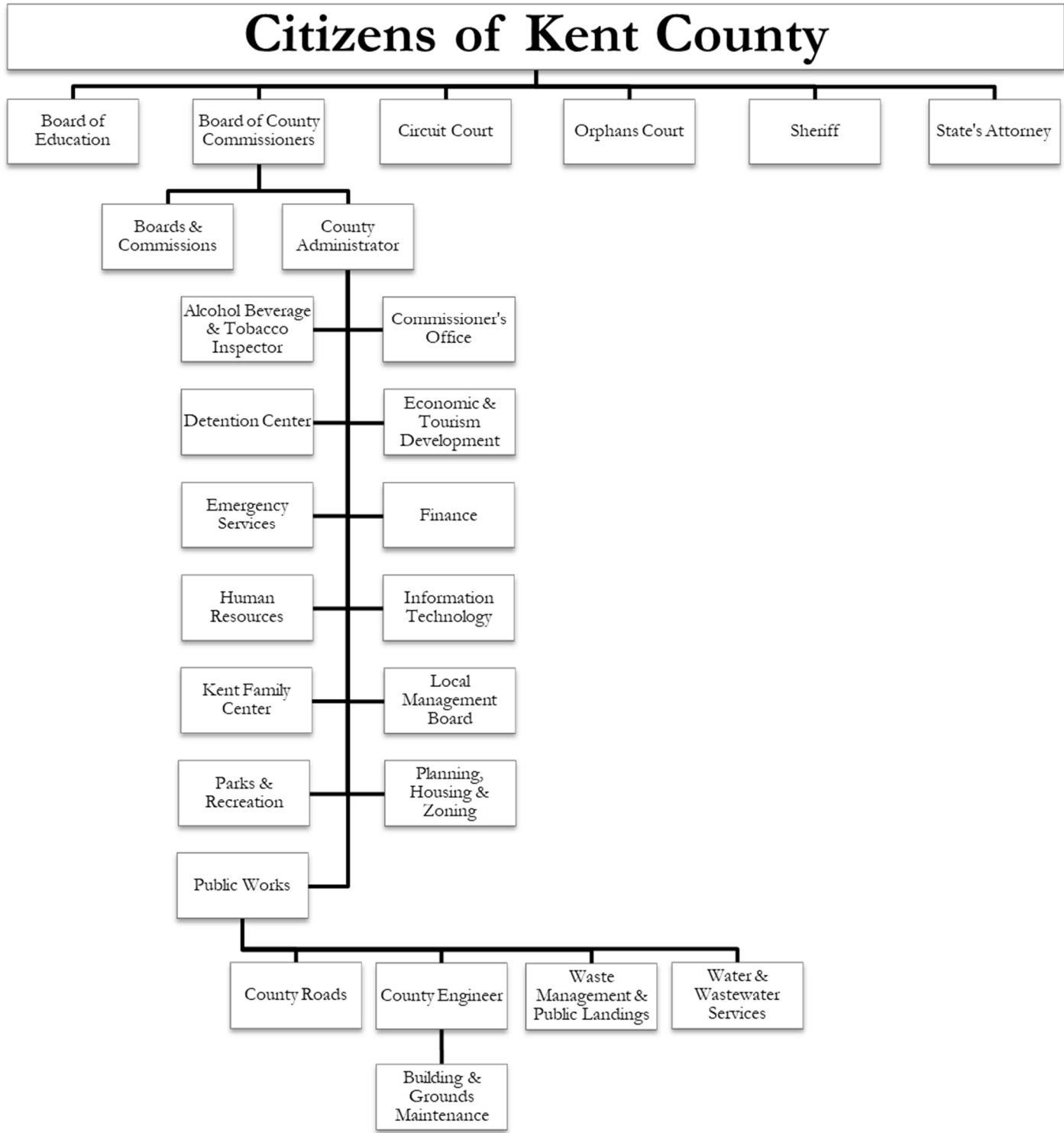
County Administrator
Chief Finance Officer
Director of Emergency Services
Director of Human Resources
Director of Information Technology
Director of Parks and Recreation
Director of Planning, Housing and Zoning
Director of Economic & Tourism Development
Director of Local Management Board
Warden

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

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

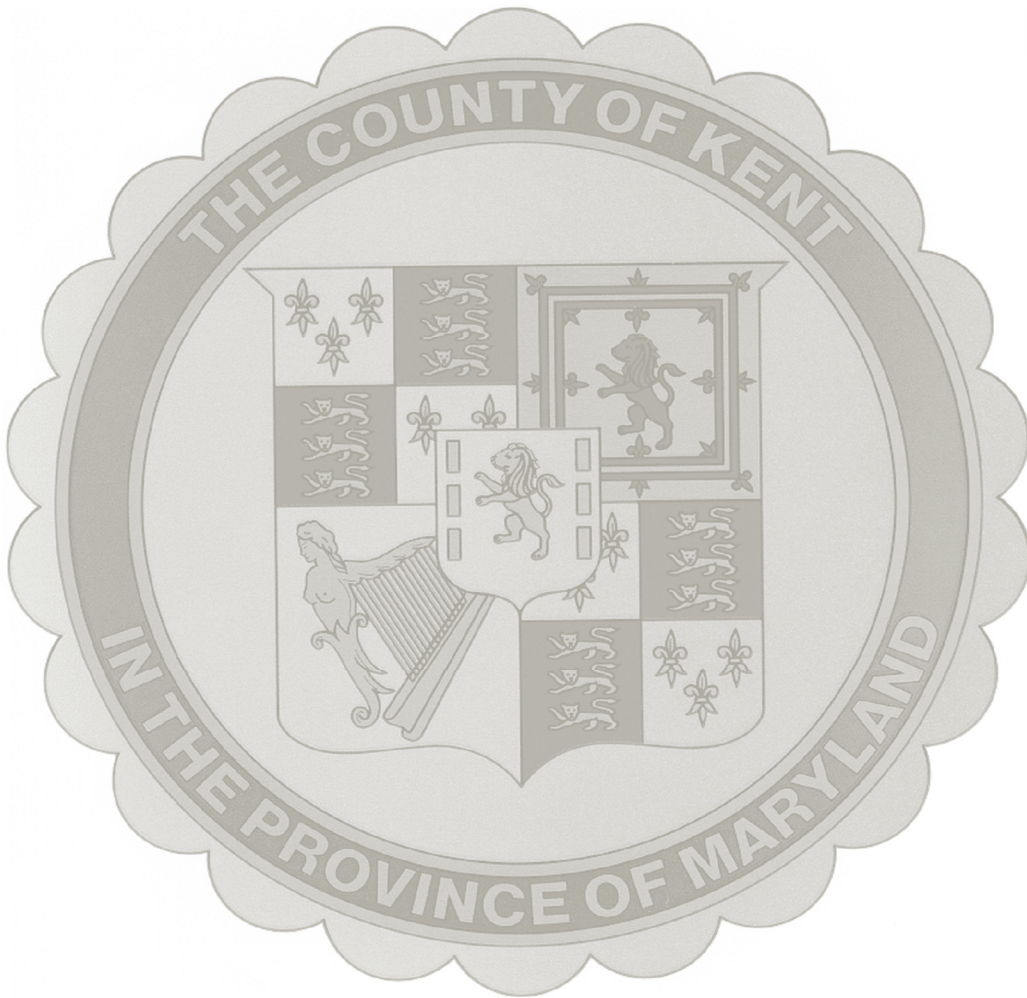
Bond Counsel
McKennon, Shelton and Henn LLP
Baltimore, Maryland

The County Commissioners of Kent County Maryland
Kent County, Maryland Government Organizational Chart
June 30, 2022





Financial Section





REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The County Commissioners of Kent County, Maryland
Chestertown, Maryland

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Kent County, Maryland (the County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements 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, as of June 30, 2022, 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.

We did not audit the financial statements of the Board of Education of Kent County, Maryland (the Board). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements



Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 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 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Owings Mills, Maryland
October 31, 2022

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, 2022. 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 2022 by \$63,053,896 (*net position*). This amount is net of a negative \$10,411,825 unrestricted net position deficit. Net pension liability, net OPEB liability 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 \$6,570,884.
- As of the close of fiscal year 2022, the County's governmental funds reported combined ending fund balances of \$16,134,318; an increase of \$3,924,272 in comparison with the prior year. Approximately 56% of this amount, \$9,091,482 is available for spending at the County's discretion (*unassigned fund balance*).
- At the end of fiscal year 2022, the unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$14,665,223, or approximately 30% of total general fund expenditures.
- The County's government-wide long-term debt decreased by \$1,425,894 during fiscal year 2022, 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 custodial 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 \$63,053,896, at the close of the most recent fiscal year.

Kent County, Maryland's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 28,830,494	\$ 20,747,750	\$ 968,950	\$ 1,099,933	\$ 29,799,444	\$ 21,847,683
Capital assets, net	50,582,202	51,370,660	38,191,306	39,430,779	88,773,508	90,801,439
Total assets	79,412,696	72,118,410	39,160,256	40,530,712	118,572,952	112,649,122
Deferred outflow of resources	8,070,590	7,543,378	-	-	8,070,590	7,543,378
Long-term liabilities outstanding	34,288,143	43,633,527	11,612,654	12,185,239	45,900,797	55,818,766
Other liabilities	3,848,897	2,476,917	400,169	603,847	4,249,066	3,080,764
Total liabilities	38,137,040	46,110,444	12,012,823	12,789,086	50,149,863	58,899,530
Deferred inflow of resources	13,439,783	4,809,958	-	-	13,439,783	4,809,958
Net position:						
Net investment in capital assets	45,196,500	45,288,933	26,642,450	27,322,054	71,838,950	72,610,987
Restricted	1,626,771	1,125,338	-	-	1,626,771	1,125,338
Unrestricted	(10,916,808)	(17,672,885)	504,983	419,572	(10,411,825)	(17,253,313)
Total net position	\$ 35,906,463	\$ 28,741,386	\$ 27,147,433	\$ 27,741,626	\$ 63,053,896	\$ 56,483,012

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, \$1,626,771 or 3%, represents resources that are subject to external restrictions on how they may be used. The majority of restricted net assets include funds for inventory, prepaid items, and reforestation and open space activities.

Unrestricted net position reflects a negative balance of \$10,411,825. Net pension liability, net OPEB liability, 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 \$6,570,884. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

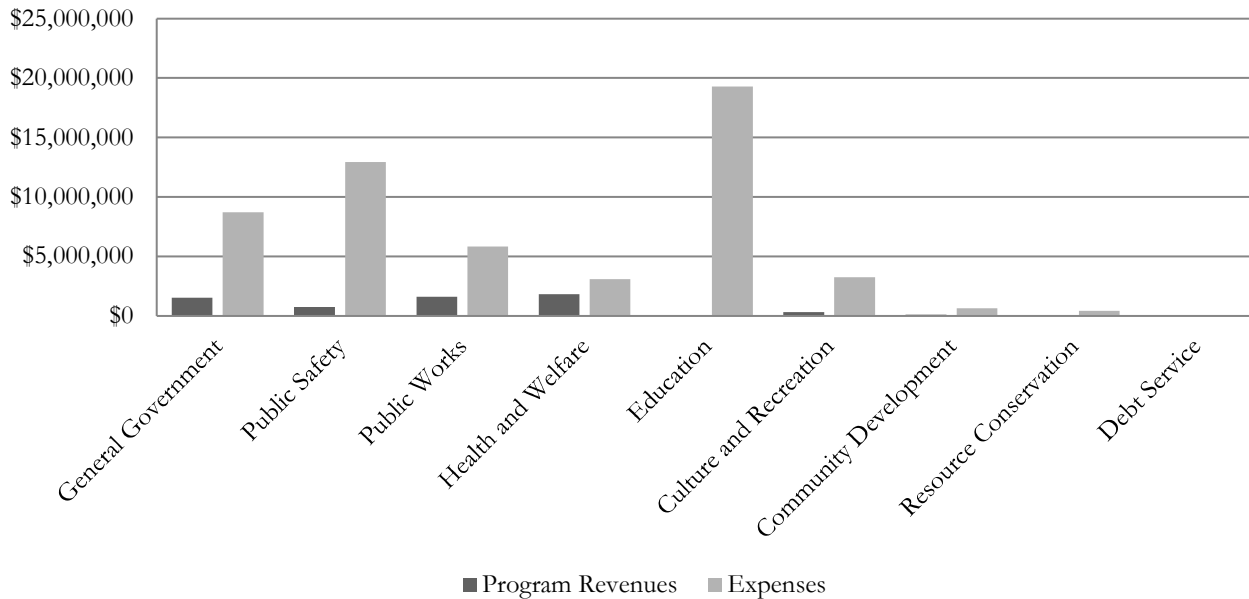
Governmental Activities

During the current fiscal year, the net position for governmental activities increased \$7,165,077 from the prior fiscal year. This was primarily due to decreases in other post-employment benefit liabilities, pension liabilities and long term debt. Additionally, income, recordation, and property transfer taxes came in significantly higher than anticipated and personnel costs came in significantly lower than anticipated due to employee turnover and vacancies.

Kent County, Maryland Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 727,501	\$ 486,055	\$ 2,673,704	\$ 2,667,438	\$ 3,401,205	\$ 3,153,493
Operating grants and contributions	3,461,867	5,272,579	-	-	3,461,867	5,272,579
Capital grants and contributions	1,857,438	1,391,360	3,100	201,640	1,860,538	1,593,000
General revenues:						
Property taxes	32,059,470	31,862,508	-	-	32,059,470	31,862,508
Income taxes	19,225,239	17,102,751	-	-	19,225,239	17,102,751
Other taxes	4,078,203	3,710,828	-	-	4,078,203	3,710,828
Other revenues	571,187	634,634	219,097	38,304	790,284	672,938
Total revenues	61,980,905	60,460,715	2,895,901	2,907,382	64,876,806	63,368,097
Expenses:						
General government	8,701,888	9,804,235	-	-	8,701,888	9,804,235
Public safety	12,915,872	13,030,751	-	-	12,915,872	13,030,751
Public works	5,817,744	5,469,460	-	-	5,817,744	5,469,460
Health and social services	3,077,573	2,325,489	-	-	3,077,573	2,325,489
Education	19,282,485	21,204,266	-	-	19,282,485	21,204,266
Culture, library and recreation	3,241,310	2,407,773	-	-	3,241,310	2,407,773
Community development	633,242	1,499,666	-	-	633,242	1,499,666
Resource conservation development	404,303	333,348	-	-	404,303	333,348
Debt service	52,455	154,518	-	-	52,455	154,518
Water and wastewater services	-	-	4,149,890	4,873,028	4,149,890	4,873,028
Bayside landing	-	-	29,160	40,431	29,160	40,431
Total expenses	54,126,872	56,229,506	4,179,050	4,913,459	58,305,922	61,142,965
Increase/(decrease) in net position before transfers	7,854,033	4,231,209	(1,283,149)	(2,006,077)	6,570,884	2,225,132
Transfers	(688,956)	(1,686,065)	688,956	1,686,065	-	-
Increase/(decrease) in net position	7,165,077	2,545,144	(594,193)	(320,012)	6,570,884	2,225,132
Net position beginning	28,741,386	26,196,242	27,741,626	28,061,638	56,483,012	54,257,880
Net position ending	\$35,906,463	\$28,741,386	\$27,147,433	\$27,741,626	\$63,053,896	\$56,483,012

Expenses and Program Revenues – Governmental Activities



Business-type Activities

For the County's business-type activities, net position decreased by \$594,193 or 2% from the prior fiscal year. The business-type revenues do not fully cover all of the associated expenses. The General Fund subsidizes these funds with the exception of depreciation/amortization. As a result, net position decreases.

Financial Analysis of the Government Funds

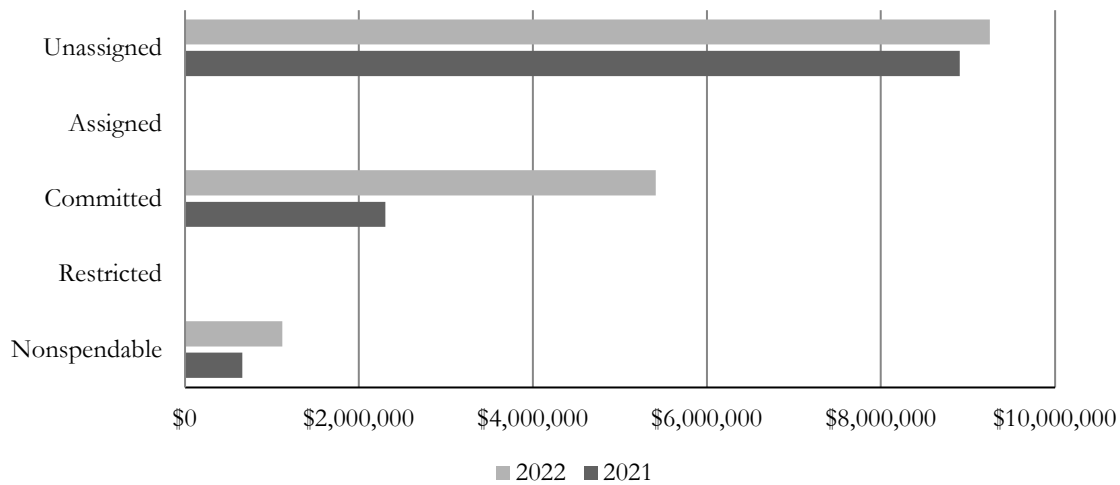
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

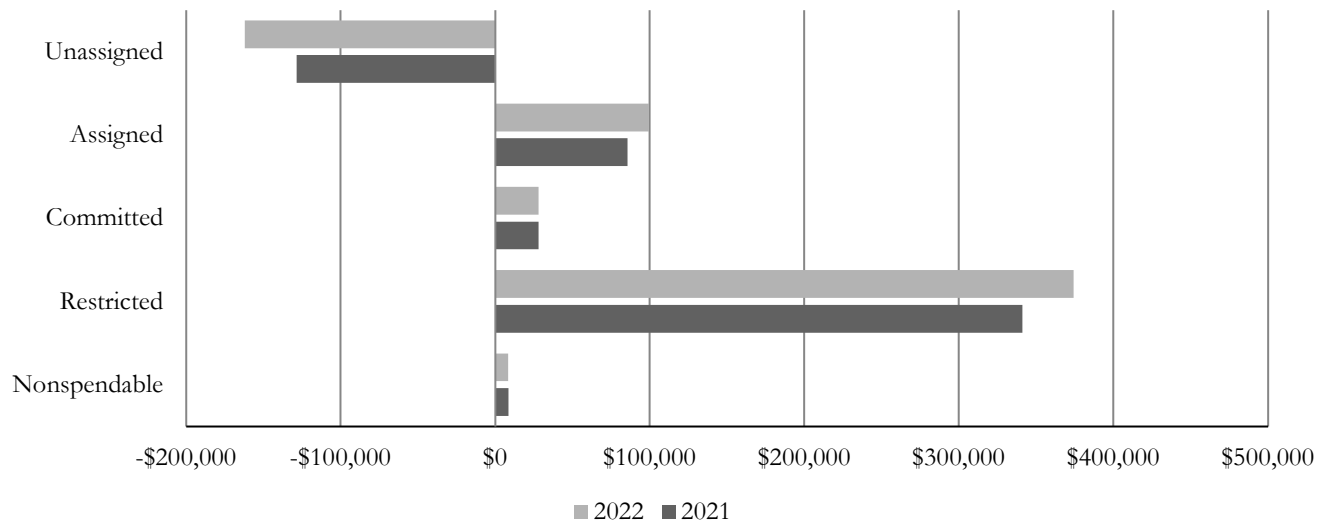
As of the end of the current fiscal year, the County's *governmental funds* reported combined fund balances of \$16,134,318, an increase of \$3,924,272 in comparison with the prior year. Approximately 56% of this amount (\$9,091,482) constitutes *unassigned fund balance*, which is available for spending 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 (\$1,129,314), 2) restricted for particular purposes (\$374,286), 3) committed for particular purposes (\$5,439,645) or 4) assigned for particular purposes (\$99,591).

General Fund - Components of Fund Balance June 30, 2022 and 2021



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 \$9,253,569, while the total fund balance was \$15,786,193. 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 32% of that same amount.

Other Governmental Funds - Components of Fund Balance June 30, 2022 and 2021



The fund balance of the County's general fund increased by \$3.9 million which is 23% more than the \$3.0 million increase in fiscal year 2021. Revenues were consistent with last year's levels rising \$0.2 million. Fiscal year 2022 expenditures were \$0.7 million lower than fiscal year 2021. Major changes included a \$3.0 million decrease in transfers for government and water wastewater capital projects and increases in personnel (\$.09 million) and capital expenditures (\$1.0 million).

The County's capital projects fund, had a negative fund balance of \$157,676 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 \$25,649,042. The total decrease in net position was (\$620,021). As noted earlier in the discussion of business-type activities, the business-type revenues do not fully cover all of the associated expenses. The General Fund subsidizes these funds with the exception of depreciation/amortization. As a result, net position decreases.

General Fund Budgetary Highlights

Original budget compared to final budget

The original general fund expenditure and transfer out budget of \$53,777,344 was amended by \$1,503,973 to a final general fund expenditure and transfer out budget of \$55,281,317. The major amendments to the budget were:

- Transfers to other funds were increased by \$586,258 reflecting the movement of capital projects from fiscal year 2022 to fiscal year 2023.
- Personnel costs were increased by \$400,000 to incorporate a January 1, 2022 salary increase of 6%.
- Leases were increased by \$237,134 reflecting the decision to lease copiers.
- The contingency fund was increased by \$100,000.

Final budget compared to actual results.

Actual expenditures for the year were \$3,546,741 less than estimated. The most significant differences occurred in the following areas:

- Personnel costs were \$1,392,852 under budget. This was the result of longer than normal position vacancies and employee turnover.
- Capital expenditure costs were \$898,260 lower than anticipated, primarily due to supply chain issues and delays in procurement.
- Operating expenditure were \$838,798 less than budget. Most of the savings occurred in election operations, planning and zoning, highways, environmental operations, building maintenance and parks & recreation.

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, 2022, amounts to \$88,773,508 (net of accumulated depreciation/amortization). 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 2%.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 22,677,487	\$ 22,677,724	\$ 1,731,536	\$ 1,731,536	\$ 24,409,023	\$ 24,409,260
Construction in progress	771,324	1,304,578	23,007	19,907	794,331	1,324,485
Buildings	8,977,096	9,275,524	1,303,014	1,338,179	10,280,110	10,613,703
Right-to-use leased buildings	97,625	-	-	-	97,625	-
Machinery, equipment and vehicles	3,728,717	5,438,533	767,381	1,112,046	4,496,098	6,550,579
Right-to-use leased equipment	1,265,557	-	196,442	-	1,461,999	-
Improvements	1,427,782	1,165,901	199,851	206,048	1,627,633	1,371,949
Infrastructure	11,636,614	11,508,400	33,970,075	35,023,063	45,606,689	46,531,463
Total	<u>\$ 50,582,202</u>	<u>\$ 51,370,660</u>	<u>\$ 38,191,306</u>	<u>\$ 39,430,779</u>	<u>\$ 88,773,508</u>	<u>\$ 90,801,439</u>

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

- \$268,941 – Vehicle leases
- \$237,134 – Copier leases
- \$143,206 – Betterton beach stairs
- \$139,464 – Right-to-use buildings (Kent Family Center)
- \$114,139 – Turners Creek bulkhead
- \$102,948 – HVAC equipment

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 \$16,783,939. The remainder of the County's long-term obligations are leases.

Kent County, Maryland's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 5,392,206	\$ 6,145,209	\$ 11,391,733	\$ 11,916,949	\$ 16,783,939	\$ 18,062,158
Leases payable	1,353,496	1,466,518	157,123	191,776	1,510,619	1,658,294
Total	<u>\$ 6,745,702</u>	<u>\$ 7,611,727</u>	<u>\$ 11,548,856</u>	<u>\$ 12,108,725</u>	<u>\$ 18,294,558</u>	<u>\$ 19,720,452</u>

During the current fiscal year, the County's total debt decreased by \$1,425,894. The County's significant debt activities included:

- \$753,004 of governmental activities debt was retired.
- \$705,211 of governmental activities leases were retired.
- \$525,216 of business-type activities debt was retired
- \$53,749 of business-type activities leases were retired.
- The County entered into \$611,285 of new right-to-use leases for vehicles, copiers, and buildings.

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 2023 fiscal year budget:

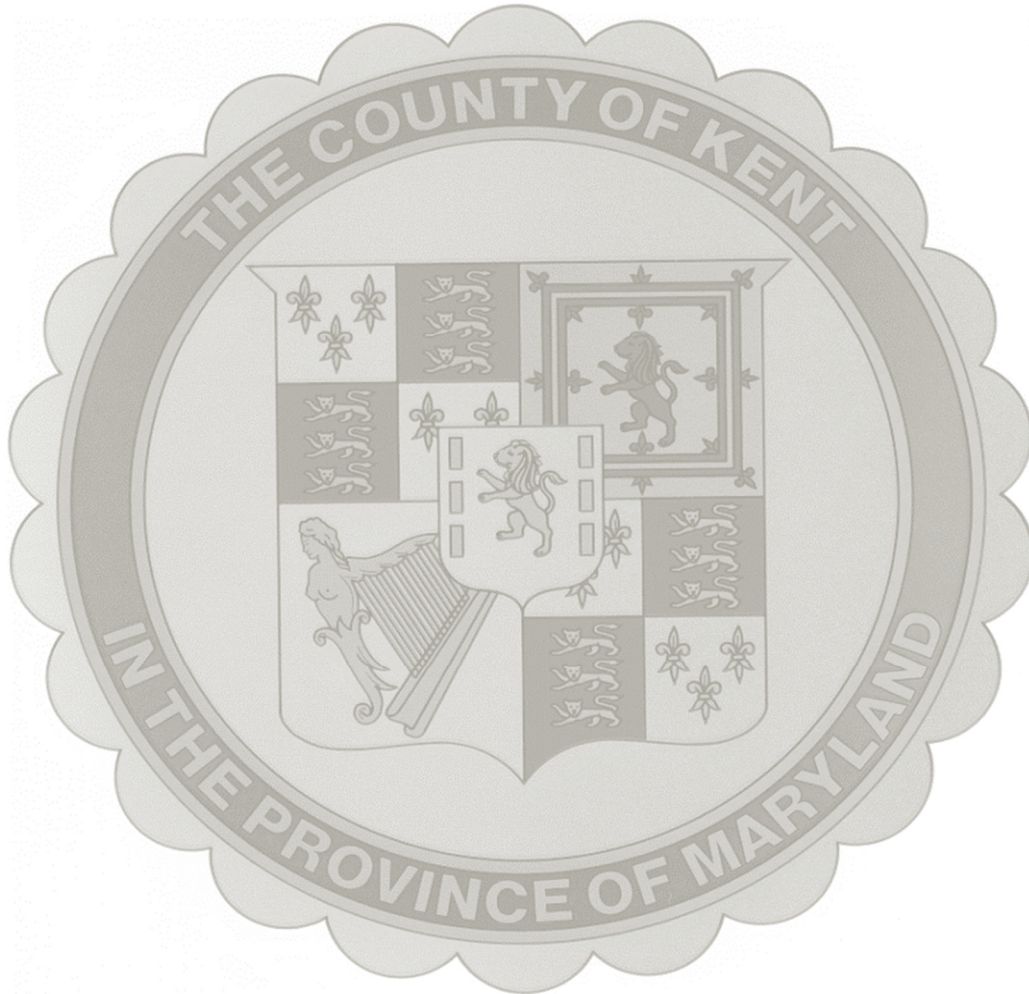
- Due to the uncertainty of the post pandemic economy, the fiscal year 2023 budget anticipates income tax revenues consistent with fiscal year 2022.
- Due to the increased activity in the housing market, recordation and property tax revenue were significantly higher than anticipated in fiscal year 2022. This is not expected to continue at the same level in fiscal year 2023.
- The fiscal year 2023 property tax rate remained at \$1.012 per \$100 of assessed property value. Assessed values are expected to rise a modest 2.4%.
- The fiscal year 2023 income tax rate remained at 3.20%.

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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Board of Education	Public Library
ASSETS					
Cash and cash equivalents	\$ 11,015,947	\$ 150	\$ 11,016,097	\$ 6,063,282	\$ 374,850
Equity in pooled cash	3,133,934	78,961	3,212,895	-	-
Property taxes receivable	1,569,651	-	1,569,651	-	-
Intergovernmental receivable	10,984,113	60,959	11,045,072	2,416,377	-
Other receivables	666,366	1,017,586	1,683,952	215,152	31,238
Internal balances	331,169	(331,169)	-	-	-
Inventories	536,006	118,714	654,720	32,875	-
Prepays	593,308	23,749	617,057	93,327	24,299
Capital assets, not being depreciated:					
Land	22,677,487	1,731,536	24,409,023	122,025	-
Construction in progress	771,324	23,007	794,331	4,918,932	-
Capital assets, net of accumulated depreciation/amortization					
Buildings	8,977,096	1,303,014	10,280,110	14,897,539	-
Right-to-use leased buildings	97,625	-	97,625	-	206,646
Machinery, equipment and vehicles	3,728,717	767,381	4,496,098	1,047,316	72
Right-to-use leased equipment	1,265,557	196,442	1,461,999	510,220	-
Infrastructure	11,636,614	33,970,075	45,606,689	-	-
Improvements	1,427,782	199,851	1,627,633	259,027	5,115
Library collection	-	-	-	-	187,222
Total Assets	<u>79,412,696</u>	<u>39,160,256</u>	<u>118,572,952</u>	<u>30,576,072</u>	<u>829,442</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	3,877,142	-	3,877,142	379,976	-
Deferred outflows related to other post employment benefits	4,193,448	-	4,193,448	8,169,633	-
Total deferred outflows of resources	<u>8,070,590</u>	<u>-</u>	<u>8,070,590</u>	<u>8,549,609</u>	<u>-</u>
LIABILITIES					
Accounts payable and other accrued liabilities	1,567,460	219,335	1,786,795	2,610,231	75,553
Accrued interest payable	43,971	39,717	83,688	-	-
Intergovernmental payable	435,582	141,117	576,699	-	280
Unearned revenues	1,801,884	-	1,801,884	955,185	29,686
Noncurrent liabilities:					
Due within one year	1,516,214	606,761	2,122,975	311,472	30,237
Due in more than one year	32,771,929	11,005,893	43,777,822	33,634,386	178,638
Total Liabilities	<u>38,137,040</u>	<u>12,012,823</u>	<u>50,149,863</u>	<u>37,511,274</u>	<u>314,394</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	5,177,025	-	5,177,025	1,734,996	-
Deferred inflows related to other post employment benefits	8,262,758	-	8,262,758	2,862,794	-
Total deferred inflows of resources	<u>13,439,783</u>	<u>-</u>	<u>13,439,783</u>	<u>4,597,790</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	45,196,500	26,642,450	71,838,950	21,060,725	190,180
Restricted for:					
Narcotics task force	39,380	-	39,380	-	-
Agricultural land preservation	25,684	-	25,684	-	-
Platform tennis	382	-	382	-	-
Weed control	73,610	-	73,610	-	-
Post prom	884	-	884	-	-
Kent family center	5,253	-	5,253	-	-
Inmate welfare	102,940	-	102,940	-	-
Law library	10,466	-	10,466	-	-
Regional family services	591	-	591	-	-
Special events overtime	6,412	-	6,412	-	-
Shop with a cop	307	-	307	-	-
Reforestation & open space	239,892	-	239,892	-	-
Other purposes	1,120,970	-	1,120,970	410,644	24,299
Unrestricted	(10,916,808)	504,983	(10,411,825)	(24,454,752)	300,569
Total Net Position	<u>\$ 35,906,463</u>	<u>\$ 27,147,433</u>	<u>\$ 63,053,896</u>	<u>\$ (2,983,383)</u>	<u>\$ 515,048</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, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Board of Education	Public Library
Functions/Programs:									
Primary Government:									
Governmental activities:									
General government	\$ 8,701,888	\$ 63,667	\$ 263,648	\$ 1,181,776	\$ (7,192,797)	\$ -	\$ (7,192,797)	\$ -	\$ -
Public safety	12,915,872	29,977	694,869	-	(12,191,026)	-	(12,191,026)	-	-
Public works	5,817,744	480,974	615,269	512,954	(4,208,547)	-	(4,208,547)	-	-
Health and social services	3,077,573	12,590	1,797,039	-	(1,267,944)	-	(1,267,944)	-	-
Education	19,282,485	-	-	-	(19,282,485)	-	(19,282,485)	-	-
Culture and recreation	2,527,411	140,293	-	162,708	(2,224,410)	-	(2,224,410)	-	-
Libraries	713,899	-	-	-	(713,899)	-	(713,899)	-	-
Resource conservation	404,303	-	-	-	(404,303)	-	(404,303)	-	-
Community development	633,242	-	91,042	-	(542,200)	-	(542,200)	-	-
Debt service - interest	52,455	-	-	-	(52,455)	-	(52,455)	-	-
Total governmental activities	<u>54,126,872</u>	<u>727,501</u>	<u>3,461,867</u>	<u>1,857,438</u>	<u>(48,080,066)</u>	<u>-</u>	<u>(48,080,066)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water and wastewater services	4,149,890	2,621,816	-	-	-	(1,528,074)	(1,528,074)	-	-
Bayside landing	29,160	51,888	-	3,100	-	25,828	25,828	-	-
Total business-type activities	<u>4,179,050</u>	<u>2,673,704</u>	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>(1,502,246)</u>	<u>(1,502,246)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$58,305,922</u>	<u>\$ 3,401,205</u>	<u>\$ 3,461,867</u>	<u>\$ 1,860,538</u>	<u>(48,080,066)</u>	<u>(1,502,246)</u>	<u>(49,582,312)</u>	<u>-</u>	<u>-</u>
Component Units:									
Kent County Board of Education	\$40,568,720	\$ 237,925	\$10,060,981	\$ 972,235				(29,297,579)	-
Kent County Public Library	1,157,764	-	-	-				-	(1,157,764)
Total component units	<u>\$41,726,484</u>	<u>\$ 237,925</u>	<u>\$10,060,981</u>	<u>\$ 972,235</u>				<u>(29,297,579)</u>	<u>(1,157,764)</u>
General revenues:									
Property taxes					32,059,470	-	32,059,470	-	-
Income taxes					19,225,239	-	19,225,239	-	-
Other taxes					4,078,203	-	4,078,203	-	-
Other revenues					571,187	219,097	790,284	238,267	57,991
Grants and contributions not restricted to specific programs					-	-	-	27,793,552	1,026,867
Transfers					(688,956)	688,956	-	-	-
Total general revenues and transfers					<u>55,245,143</u>	<u>908,053</u>	<u>56,153,196</u>	<u>28,031,819</u>	<u>1,084,858</u>
Change in net position					7,165,077	(594,193)	6,570,884	(1,265,760)	(72,906)
Net position - beginning					<u>28,741,386</u>	<u>27,741,626</u>	<u>56,483,012</u>	<u>(1,717,623)</u>	<u>587,954</u>
Net position - ending					<u>\$ 35,906,463</u>	<u>\$27,147,433</u>	<u>\$ 63,053,896</u>	<u>\$ (2,983,383)</u>	<u>\$ 515,048</u>

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

The County Commissioners of Kent County, Maryland
Balance Sheet – Governmental Funds
June 30, 2022

	General	Grants	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,015,947	\$ -	\$ -	\$ -	\$ 11,015,947
Equity in pooled cash	417,674	1,748,589	-	967,671	3,133,934
Property taxes receivable	1,569,651	-	-	-	1,569,651
Intergovernmental receivable	9,826,598	670,888	-	486,627	10,984,113
Other receivables	663,692	427	-	2,247	666,366
Due from other funds	1,373,565	-	-	-	1,373,565
Inventories	536,006	-	-	-	536,006
Prepaid items	584,964	-	-	8,344	593,308
Total assets	<u>\$ 25,988,097</u>	<u>\$ 2,419,904</u>	<u>\$ -</u>	<u>\$ 1,464,889</u>	<u>\$ 29,872,890</u>
LIABILITIES					
Accounts payable	\$ 539,575	\$ 249,198	\$ 386	\$ 64,304	\$ 853,463
Accrued liabilities	614,817	4,895	-	94,285	713,997
Intergovernmental payable	149,843	444	299	284,996	435,582
Due to other funds	6,419	595,631	156,991	283,355	1,042,396
Unearned revenue	-	1,569,736	-	232,148	1,801,884
Total liabilities	<u>1,310,654</u>	<u>2,419,904</u>	<u>157,676</u>	<u>959,088</u>	<u>4,847,322</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	8,891,250	-	-	-	8,891,250
Total deferred inflows of resources	<u>8,891,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,891,250</u>
FUND BALANCES					
Nonspendable:					
Inventory	536,006	-	-	-	536,006
Prepaid expenditures	584,964	-	-	8,344	593,308
Restricted:					
General government	-	-	-	11,057	11,057
Public safety	-	-	-	125,644	125,644
Social services	-	-	-	-	-
Resource conservation	-	-	-	237,585	237,585
Committed:					
Resource conservation	-	-	-	27,991	27,991
Subsequent year's budget appropriation of fund balance	5,411,654	-	-	-	5,411,654
Assigned:					
Parks, recreation, and culture	-	-	-	1,266	1,266
Public safety	-	-	-	22,795	22,795
Social services	-	-	-	1,920	1,920
Public works	-	-	-	73,610	73,610
Unassigned					
	<u>9,253,569</u>	<u>-</u>	<u>(157,676)</u>	<u>(4,411)</u>	<u>9,091,482</u>
Total fund balances	<u>15,786,193</u>	<u>-</u>	<u>(157,676)</u>	<u>505,801</u>	<u>16,134,318</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,988,097</u>	<u>\$ 2,419,904</u>	<u>\$ -</u>	<u>\$ 1,464,889</u>	<u>\$ 29,872,890</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, 2022

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

Total fund balance - governmental funds (page 28)		\$ 16,134,318
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	\$ 22,677,487	
Construction in progress	771,324	
Depreciable capital assets:		
Buildings	15,441,978	
Right to use leased buildings	139,464	
Improvements	3,075,193	
Machinery and equipment	16,892,095	
Right-to-use leased equipment	4,898,373	
Infrastructure	18,442,346	
Total capital assets:	<u>82,338,260</u>	
Less accumulated depreciation/amortization	<u>(31,756,058)</u>	50,582,202
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	\$ (5,392,206)	
Leases payable	(1,353,496)	
Landfill liability	(2,316,697)	
Compensated absences	(1,322,591)	
Net other post-employment benefits liability	(14,313,112)	
Net pension liability	(9,590,041)	
Accrued interest payable	<u>(43,971)</u>	
		(34,332,114)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Taxes	\$ 8,891,250	
		8,891,250
Deferred outflow of financial resources represents consumption of net position that applies to a future period and therefore are not reported in the funds:		
Pension:		
Change in proportion & differences between employer contributions & share of contributions	\$ 772,109	
Change in assumptions in net pension liability	1,660,332	
Contributions subsequent to the measurement date	1,444,701	
OPEB:		
Change in assumptions in net OPEB liability	2,988,871	
Net difference between projected and actual earnings on plan investments	7,093	
Difference between actual and expected experience	<u>1,197,484</u>	
		8,070,590
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:		
Net difference between projected and actual earnings on plan investments	\$ (4,465,760)	
Difference between actual and expected experience	(711,265)	
OPEB:		
Change in assumptions in net OPEB liability	(4,827,277)	
Difference between actual and expected experience	<u>(3,435,481)</u>	
		<u>(13,439,783)</u>
Net position of governmental activities		<u>\$ 35,906,463</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, 2022

	<u>General</u>	<u>Grants</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Property	\$ 32,073,034	\$ -	\$ -	\$ -	\$ 32,073,034
Income	16,436,095	-	-	-	16,436,095
Other	4,058,772	-	-	19,431	4,078,203
Licenses and permits	339,901	-	-	-	339,901
Intergovernmental	815,378	3,292,474	211,595	999,858	5,319,305
Charges for services	681,821	-	-	45,680	727,501
Fines and forfeitures	14,456	-	-	40,743	55,199
Rental income	111,000	-	-	-	111,000
Miscellaneous	15,435	757	-	39,227	55,419
Total revenues	<u>54,545,892</u>	<u>3,293,231</u>	<u>211,595</u>	<u>1,144,939</u>	<u>59,195,657</u>
EXPENDITURES					
Current:					
General government	7,024,062	1,390,693	-	28,716	8,443,471
Public safety	11,880,470	555,814	-	32,534	12,468,818
Public works	5,250,100	356,957	-	34,415	5,641,472
Health and social services	1,141,438	927,159	-	983,679	3,052,276
Education	19,049,753	-	-	-	19,049,753
Parks, recreation and culture	1,584,912	-	-	178,412	1,763,324
Libraries	713,899	-	-	-	713,899
Resource conservation and development	376,514	-	-	27,789	404,303
Community development	566,147	62,608	-	-	628,755
Intergovernmental	185,464	-	-	-	185,464
Miscellaneous	45,511	-	-	-	45,511
Debt service:					
Principal	1,393,952	-	-	46,574	1,440,526
Interest	246,822	-	-	4,233	251,055
Capital outlay:					
General government	-	-	47,319	-	47,319
Public safety	-	-	2,738	-	2,738
Public works	-	-	232,732	-	232,732
Education	-	-	722,534	-	722,534
Total expenditures	<u>49,459,044</u>	<u>3,293,231</u>	<u>1,005,323</u>	<u>1,336,352</u>	<u>55,093,950</u>
Excess (deficiency) of revenues over expenditures	<u>5,086,848</u>	<u>-</u>	<u>(793,728)</u>	<u>(191,413)</u>	<u>4,101,707</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	764,472	233,504	997,976
Transfers out	(1,686,932)	-	-	-	(1,686,932)
Leases	471,821	-	-	-	471,821
Sale of general capital assets	39,243	-	-	457	39,700
Total other financing sources (uses)	<u>(1,175,868)</u>	<u>-</u>	<u>764,472</u>	<u>233,961</u>	<u>(177,435)</u>
Net change in fund balances	3,910,980	-	(29,256)	42,548	3,924,272
Fund balances - beginning	<u>11,875,213</u>	<u>-</u>	<u>(128,420)</u>	<u>463,253</u>	<u>12,210,046</u>
Fund balances - ending	<u>\$ 15,786,193</u>	<u>\$ -</u>	<u>\$ (157,676)</u>	<u>\$ 505,801</u>	<u>\$ 16,134,318</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, 2022

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)	\$	3,924,272
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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/amortization expense:

Capital outlay	\$ 1,345,883	
Depreciation/amortization expense	<u>(2,088,425)</u>	(742,542)

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	\$ (26,821)	
		(26,821)

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

Taxes	\$ 2,775,671	
		2,775,671

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:

Lease issued	\$ (611,285)	
Principal repayments:		
Leases	705,211	
General obligations bond payable	<u>753,004</u>	846,930

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	\$ 150,993	
Accrued interest payable	10,822	
Net other post-employment benefits liability	4,605,634	
Net pension liability	3,914,611	
Accrued compensated absences	<u>(191,880)</u>	8,490,180

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)	
Change in proportion & differences between employer contributions & share of contributions	772,109	
Change in assumptions in net pension liability	1,660,332	
Contributions subsequent to the measurement date	(9,612)	
OPEB:		
Change in assumptions in net OPEB liability	(646,986)	
Net difference between projected and actual earnings on plan investments	7,093	
Difference between actual and expected experience	<u>(299,399)</u>	527,212

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:		
Net difference between projected and actual earnings on plan investments	\$ (4,465,760)	
Difference between actual and expected experience	(190,267)	
Change in assumptions in net pension liability	195,247	
OPEB:		
Change in assumptions in net OPEB liability	(4,776,687)	
Difference between actual and expected experience	589,592	
Net difference between projected and actual earnings on plan investments	<u>18,050</u>	(8,629,825)

Change in net position of governmental activities	\$	<u>7,165,077</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, 2022

	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	-	78,961	78,961
Accounts receivable	1,017,586	-	1,017,586
Intergovernmental receivable	57,859	3,100	60,959
Due from other funds	6,419	-	6,419
Inventories	118,714	-	118,714
Prepaid items	23,749	-	23,749
Total current assets	<u>1,224,477</u>	<u>82,061</u>	<u>1,306,538</u>
Noncurrent Assets:			
Capital Assets:			
Land	531,536	1,200,000	1,731,536
Buildings	1,551,705	206,539	1,758,244
Improvements	358,693	39,190	397,883
Infrastructure	52,664,143	109,500	52,773,643
Construction in progress	19,907	3,100	23,007
Machinery, equipment, and vehicles	3,452,699	10,887	3,463,586
Right-to-use equipment and vehicles	297,598	-	297,598
Less accumulated depreciation	<u>(22,106,009)</u>	<u>(148,182)</u>	<u>(22,254,191)</u>
Total noncurrent assets	<u>36,770,272</u>	<u>1,421,034</u>	<u>38,191,306</u>
Total assets	<u>37,994,749</u>	<u>1,503,095</u>	<u>39,497,844</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	180,590	3,108	183,698
Accrued liabilities	30,030	-	30,030
Compensated absences	7,365	-	7,365
Bonds and lease payable	599,396	-	599,396
Customer deposits payable	5,607	-	5,607
Accrued interest payable	39,717	-	39,717
Intergovernmental payable	139,521	1,596	141,117
Due to other funds	<u>337,588</u>	<u>-</u>	<u>337,588</u>
Total current liabilities	<u>1,339,814</u>	<u>4,704</u>	<u>1,344,518</u>
Noncurrent Liabilities:			
Compensated absences	56,433	-	56,433
Bonds and lease payable	<u>10,949,460</u>	<u>-</u>	<u>10,949,460</u>
Total noncurrent liabilities	<u>11,005,893</u>	<u>-</u>	<u>11,005,893</u>
Total liabilities	<u>12,345,707</u>	<u>4,704</u>	<u>12,350,411</u>
NET POSITION			
Net investment in capital assets	25,221,416	1,421,034	26,642,450
Unrestricted	<u>427,626</u>	<u>77,357</u>	<u>504,983</u>
Total net position	<u>\$ 25,649,042</u>	<u>\$ 1,498,391</u>	<u>\$ 27,147,433</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, 2022

	Business-type Activities		
	Water and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
Operating revenues:			
Charges for services:			
Water	\$ 678,084	\$ -	\$ 678,084
Sewer	1,623,893	-	1,623,893
Septic	225,556	-	225,556
Municipal Plant operations	94,283	-	94,283
Public landings	-	51,888	51,888
Miscellaneous	37,897	-	37,897
Total operating revenues	<u>2,659,713</u>	<u>51,888</u>	<u>2,711,601</u>
Operating expenses:			
Water	360,490	-	360,490
Sewer	1,516,801	-	1,516,801
Septic	79,908	-	79,908
Municipal plant operations	25,254	-	25,254
Parks and recreation	-	10,361	10,361
Public landings	-	9,947	9,947
Administration	606,194	-	606,194
Depreciation	1,285,967	8,852	1,294,819
Total operating expenses	<u>3,874,614</u>	<u>29,160</u>	<u>3,903,774</u>
Operating income (loss)	<u>(1,214,901)</u>	<u>22,728</u>	<u>(1,192,173)</u>
Nonoperating revenues (expenses):			
Allocation fees	181,200	-	181,200
Interest expense	(275,276)	-	(275,276)
Total nonoperating revenues (expenses)	<u>(94,076)</u>	<u>-</u>	<u>(94,076)</u>
Income (loss) before transfers	<u>(1,308,977)</u>	<u>22,728</u>	<u>(1,286,249)</u>
Capital contributions	-	3,100	3,100
Transfers in	<u>688,956</u>	<u>-</u>	<u>688,956</u>
Change in net position	(620,021)	25,828	(594,193)
Net position - beginning	<u>26,269,063</u>	<u>1,472,563</u>	<u>27,741,626</u>
Net position - ending	<u>\$ 25,649,042</u>	<u>\$ 1,498,391</u>	<u>\$ 27,147,433</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, 2022

	Business-Type Activities		
	Water and Wastewater Services	Non-Major Bayside Landing	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 2,767,452	\$ 48,788	\$ 2,816,240
Payments to suppliers	(2,067,953)	(31,315)	(2,099,268)
Payments to employees	(719,443)	-	(719,443)
Net cash provided (used) by operating activities	(19,944)	17,473	(2,471)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers to other funds	38,552	-	38,552
Transfers from other funds	688,956	-	688,956
Net cash provided (used) by noncapital financing activities	727,508	-	727,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of capital assets	(33,151)	-	(33,151)
Allocation fees	181,200	-	181,200
Principal paid on capital debt	(578,965)	-	(578,965)
Interest paid on capital debt	(276,648)	-	(276,648)
Net cash used by capital and related financing activities	(707,564)	-	(707,564)
Net increase (decrease) in cash and cash equivalents	-	17,473	17,473
Balances - beginning of year	150	61,488	61,638
Balances - end of year	\$ 150	\$ 78,961	\$ 79,111
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (1,214,901)	\$ 22,728	\$ (1,192,173)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,285,967	8,852	1,294,819
Changes in assets and liabilities:			
Accounts receivable	29,449	-	29,449
Intergovernmental receivable	79,088	(3,100)	75,988
Prepaid expenses	4,505	-	4,505
Inventory	428	-	428
Due from general fund	(466)	-	(466)
Accounts payable and accrued expenses	(182,757)	(12,130)	(194,887)
Intergovernmental payable	(8,209)	1,123	(7,086)
Customer deposits and overpayments	(332)	-	(332)
Compensated absences payable	(12,716)	-	(12,716)
Net cash provided by operating activities	\$ (19,944)	\$ 17,473	\$ (2,471)

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, 2022

	Tax Sale Private Purpose Trust Fund	Other Post-Employment Benefit Trust Fund	Custodial Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 40,340
Equity in pooled cash	726,562	-	49,476
Receivables:			
Taxes for other governments	-	-	627,983
Tax sale collections for individuals	22,349	-	-
Total receivables	<u>22,349</u>	<u>-</u>	<u>627,983</u>
Investments at fair value:			
Pooled investments	-	156,206	-
Total investments	<u>-</u>	<u>156,206</u>	<u>-</u>
Total assets	<u>748,911</u>	<u>156,206</u>	<u>717,799</u>
LIABILITIES			
Accounts payable and other liabilities	579,365	-	39,840
Due to other governments	330	-	677,959
Total liabilities	<u>579,695</u>	<u>-</u>	<u>717,799</u>
NET POSITION			
Restricted for:			
Post employment benefits other than pensions	-	156,206	-
Individuals, organizations and other governments	169,216	-	-
Total net position	<u>\$ 169,216</u>	<u>\$ 156,206</u>	<u>\$ -</u>

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, 2022

	Tax Sale Private Purpose Trust Fund	Other Post-Employment Benefit Trust Fund	Custodial Funds
ADDITIONS			
Contributions:			
Employer	\$ -	\$ -	\$ -
Total contributions	-	-	-
Investment Earnings			
Net increase/(decrease) in fair value of investments	-	(31,781)	-
Interest, dividends, and other	-	7,315	-
Total investment earnings	-	(24,466)	-
Less investment costs	-	81	-
Net investment earnings	-	(24,547)	-
Property tax collections for other governments	-	-	19,419,056
Funds collected for inmates	-	-	135,745
Tax sale collections for individuals	4,098,146	-	-
Total additions	4,098,146	(24,547)	19,554,801
DEDUCTIONS			
Property tax payments to other governments	-	-	19,419,056
Tax sale payments to individuals	3,928,930	-	-
Funds distributed to inmates	-	-	135,745
Administrative expenses	-	798	-
Total deductions	3,928,930	798	19,554,801
Net increase/(decrease) in fiduciary net position	56,501	(25,345)	-
Net position - beginning	112,715	181,551	-
Net position - ending	\$ 169,216	\$ 156,206	\$ -

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, 2022

IV. 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 *other post-employment benefit trust fund* accounts for the Kent County portion of the Maryland Association of Counties pooled OPEB Investment Trust Fund.

The *custodial 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 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 custodial funds are reported using the economic resource measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Budgetary information

V. 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

VI. *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/amortized using the straight-line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings	50
Right-to-use leased buildings	3
Improvements	20
Infrastructure	50
Machinery, equipment and vehicles	5-20
Right-to-use leased equipment	5-15

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 assets 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, change in proportion and differences between employer contributions and share of contributions, change in assumptions in net OPEB liability, net difference between projected and actual earnings on plan investments, 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 assets 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, the net difference between projected and actual earnings on pension plan investments, change in assumptions in net OPEB liability, and the net difference between actual and expected experience related to the OPEB plan. 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	\$ 536,006	Inventory
	584,964	Prepaid Expenditures
Special Revenue Fund		
Kent Family Center	7,744	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	\$ 25,684	Tax Property Article 13-306 and contributors
Reforestation & Open Space	211,901	Natural Resources Article 5-1610
Inmate Welfare	102,940	Correctional Services Article 10-502
Law Library	10,466	Courts and Judicial Proceedings Article 13-501
Regional Family Services	591	Courts and Judicial Proceedings Article 7-202
Kent County Drug Task Force	22,704	Kent County Drug Task Force Forfeiture Agreement

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	\$ 5,411,654	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	\$ 16,076	Kent County Budget Document
Special Events Overtime	6,412	Kent County Budget Document
Shop with a Cop	307	Kent County Budget Document
Platform Tennis	382	Kent County Budget Document
Post Prom	884	Kent County Budget Document
Weed Control	73,610	Kent County Budget Document
Kent Family Center	1,920	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, 2022 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, 2022, a total of \$1,322,591 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, 2022, the value of accumulated unused sick leave 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, 2022, 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, 2022 was \$17,047.

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/amortization 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. 87, *Leases*; Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; and 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*. These statements do not have a material effect on the County's financial statements.

The GASB has issued Statement No. 91, *Conduit Debt Obligations*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; Statement No. 99, *Omnibus 2022*; Statement No. 100, *Accounting Changes and Error Corrections*; and

Statement No. 101, *Compensated Absences*, which will require adoption in the future, if applicable. 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/amortization 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.

VII. **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, 2022
Shore United Bank (insured cash sweep)	\$ 10,023,064
Chesapeake Bank and Trust (main operating account)	4,784,570
PNC Bank (payroll processing)	87,381
Chesapeake Bank and Trust (transitional insurance program)	252

As of June 30, 2022, the carrying amount of the County's deposits at the above institutions was \$13,956,619. 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, 2022, 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, 2022, 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 \$156,206 as of June 30, 2022.

The County had \$959,156 invested in the Maryland Local Government Investment Pool as of June 30, 2022.

Component Units

Board of Education

As of June 30, 2022, the reported amount of the Board's deposits was \$6,063,282, and the bank balance was \$6,347,873. 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, 2022, 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, 2022, the carrying amount of the Library's deposits was \$374,850, the bank balance in the PNC checking account was \$140,594, the bank balance in the PNC money market account was \$31,237 and the bank balance in the savings account at Peoples Bank was \$218,736, 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	\$ 1,569,651	\$ -	\$ -	\$ -	\$ 1,569,651	\$ -	\$ 1,569,651
Other Accounts:							
Insurance refund	\$ 416,138	\$ -	\$ -	\$ -	\$ 416,138	\$ -	\$ 416,138
Water and sewer fees	-	-	-	-	-	711,920	711,920
Hotel tax	110,394	-	-	-	110,394	-	110,394
Tax sale	-	-	-	-	-	184,214	184,214
Loan receivable	100,000	-	-	-	100,000	-	100,000
Other	37,160	427	-	2,247	39,834	121,452	161,286
	\$ 663,692	\$ 427	\$ -	\$ 2,247	\$ 666,366	\$ 1,017,586	\$ 1,683,952
Intergovernmental:							
Income taxes	\$ 8,741,540	\$ -	\$ -	\$ -	\$ 8,741,540	\$ -	\$ 8,741,540
Recordation tax	245,254	-	-	-	245,254	-	245,254
Maryland Family Network	-	-	-	145,865	145,865	-	145,865
Property transfer tax	174,057	-	-	-	174,057	-	174,057
State Highway Administration	246,072	-	-	-	246,072	-	246,072
Department of Education	-	-	-	124,280	124,280	-	124,280
Town of Galena	-	-	-	-	-	9,095	9,095
Internal Revenue Service	-	-	-	-	-	7,581	7,581
Department of Housing & Community	-	263,015	-	24,447	287,462	-	287,462
Department of Natural Resources	31,650	-	-	162,708	194,358	-	194,358
Department of Emergency Management	-	147,667	-	-	147,667	-	147,667
Administrative Office of the Courts	-	143,504	-	-	143,504	-	143,504
District Court	107,312	-	-	-	107,312	-	107,312
911 fees & Numbers Board	96,811	76,169	-	-	172,980	-	172,980
Enterprise Zone Credit	99,039	-	-	-	99,039	-	99,039
Other	84,863	40,533	-	29,327	154,723	44,283	199,006
	\$ 9,826,598	\$ 670,888	\$ -	\$ 486,627	\$ 10,984,113	\$ 60,959	\$ 11,045,072

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 \$8,741,540 of the County's income tax revenue based on the 2021 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, 2022, was as follows:

	Balance July 1, 2021	Increases	Transfers	Decreases	Balance June 30, 2022
<u>Governmental activities</u>					
Capital assets, not being depreciated:					
Land	\$ 22,677,724	\$ -	\$ -	\$ 237	\$ 22,677,487
Construction in progress	1,304,578	59,256	(592,510)	-	771,324
Total capital assets, not being depreciated	23,982,302	59,256	(592,510)	237	23,448,811
Capital assets, being depreciated:					
Buildings	15,441,978	-	-	-	15,441,978
Right-to-use leased buildings	-	139,464	-	-	139,464
Improvements	2,671,590	158,778	244,825	-	3,075,193
Machinery, equipment and vehicles	16,731,369	368,408	(48,627)	159,055	16,892,095
Right-to-use leased equipment	4,433,294	506,075	(40,996)	-	4,898,373
Infrastructure	17,980,522	114,139	347,685	-	18,442,346
Total capital assets, being depreciated	57,258,753	1,286,864	502,887	159,055	58,889,449
Less accumulated depreciation for:					
Buildings	6,166,454	298,428	-	-	6,464,882
Right-to-use leased buildings	-	41,839	-	-	41,839
Improvements	1,505,689	141,722	-	-	1,647,411
Machinery, equipment and vehicles	12,727,575	616,664	(48,627)	132,234	13,163,378
Right-to-use leased equipment	2,998,555	656,162	(21,901)	-	3,632,816
Infrastructure	6,472,122	333,610	-	-	6,805,732
Total accumulated depreciation	29,870,395	2,088,425	(70,528)	132,234	31,756,058
Total capital assets being depreciated, net	27,388,358	(801,561)	573,415	26,821	27,133,391
Total governmental activities capital assets	\$ 51,370,660	\$ (742,305)	\$ (19,095)	\$ 27,058	\$ 50,582,202
<u>Business-type activities</u>					
Capital assets, not being depreciated:					
Land	\$ 1,731,536	\$ -	\$ -	\$ -	\$ 1,731,536
Construction in progress	19,907	3,100	-	-	23,007
Total capital assets, not being depreciated	1,751,443	3,100	-	-	1,754,543
Capital assets, being depreciated:					
Buildings	1,758,244	-	-	-	1,758,244
Improvements	385,128	12,755	-	-	397,883
Infrastructure	52,773,643	-	-	-	52,773,643
Machinery, equipment and vehicles	3,394,563	20,396	48,627	-	3,463,586
Right-to-use leased equipment	256,602	-	40,996	-	297,598
Total capital assets, being depreciated	58,568,180	33,151	89,623	-	58,690,954
Less accumulated depreciation for:					
Buildings	420,065	35,165	-	-	455,230
Improvements	179,080	18,952	-	-	198,032
Infrastructure	17,750,580	1,052,988	-	-	18,803,568
Machinery, equipment and vehicles	2,496,691	150,887	48,627	-	2,696,205
Right-to-use leased equipment	42,428	36,827	21,901	-	101,156
Total accumulated depreciation	20,888,844	1,294,819	70,528	-	22,254,191
Total capital assets being depreciated, net	37,679,336	(1,261,668)	19,095	-	36,436,763
Total business-type activities capital assets	\$ 39,430,779	\$ (1,258,568)	\$ 19,095	\$ -	\$ 38,191,306

Depreciation/amortization expense for the year ended June 30, 2022, was charged to the functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 484,884
Public safety	692,571
Public works	534,559
Parks, recreation and culture	329,196
Social Services	44,429
Community development	2,786
Total depreciation/amortization expense - governmental activities	<u>\$ 2,088,425</u>

Business-type activities:

Water and wastewater services	\$ 1,285,967
Bayside landing	8,852
Total depreciation/amortization expense - business-type activities	<u>\$ 1,294,819</u>

Component Units

Board of Education

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Government activities					
Capital assets, not being depreciated:					
Land	\$ 122,025	\$ -	\$ -	\$ -	\$ 122,025
Construction in progress	6,972,968	-	-	(2,054,036)	4,918,932
Total capital assets, not being depreciated	7,094,993	-	-	(2,054,036)	5,040,957
Capital assets, being depreciated:					
Land improvements	726,079	-	-	-	726,079
Buildings, furniture, fixtures and equipment	56,243,081	47,922	-	2,054,036	58,345,039
Vehicles	1,769,634	-	-	-	1,769,634
Total capital assets, being depreciated	58,738,794	47,922	-	2,054,036	60,840,752
Less accumulated depreciation for:					
Land improvements	429,473	37,579	-	-	467,052
Buildings, furniture, fixtures and equipment	42,039,853	1,407,647	-	-	43,447,500
Vehicles	593,863	128,455	-	-	722,318
Total accumulated depreciation	43,063,189	1,573,681	-	-	44,636,870
Total capital assets, being depreciated, net	15,675,605	(1,525,759)	-	2,054,036	16,203,882
Intangible right-to-use assets:					
Leased equipment	745,196	60,883	-	-	806,079
Less accumulated amortization	120,670	175,189	-	-	295,859
Total intangible right-to-use assets, net	624,526	(114,306)	-	-	510,220
Governmental activities capital assets, net	<u>\$ 23,395,124</u>	<u>\$ (1,640,065)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,755,059</u>

Public Library

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Computers and equipment	\$ 90,804	\$ -	\$ -	\$ -	\$ 90,804
Furniture and fixtures	58,476	-	-	-	58,476
Library improvements	33,614	-	-	-	33,614
Right-to-use leased buildings	-	230,966	-	-	230,966
Less accumulated depreciation	177,220	24,807	-	-	202,027
Capital assets, net	\$ 5,674	\$ 206,159	\$ -	\$ -	\$ 211,833

Library collections and related accumulated amortization activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets	\$ 642,285	\$ 63,408	\$ (40,873)	\$ 664,820
Less: accumulated depreciation	452,487	65,984	(40,873)	477,598
Net Library Collection	\$ 189,798	\$ (2,576)	\$ -	\$ 187,222

D. Accrued liabilities

Accrued liabilities reported by governmental funds at June 30, 2022, were as follows:

	General Fund	Grant Funds	Nonmajor Governmental Funds	Total Governmental Funds
Salary and employee benefits	\$ 529,878	\$ 4,895	\$ 21,375	\$ 556,148
Forfeitures	-	-	72,910	72,910
In lieu of letters of credit	35,738	-	-	35,738
Maryland state retirement	21,380	-	-	21,380
Other	27,821	-	-	27,821
Total accrued liabilities	\$ 614,817	\$ 4,895	\$ 94,285	\$ 713,997

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, 2022, the County recognized aggregated pension expense of \$256,622 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 2022.

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, 2022 is based on salaries for the year ending June 30, 2021. 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, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
MSRPS Contributions	\$ 1,444,701	\$ 1,454,313	\$ 1,276,776

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

As of June 30, 2022, the County reported a liability of \$9,590,041 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2021, 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, 2021, the County's proportion was 0.0639%.

For the year ended June 30, 2022, the County recognized pension expenses of \$256,622. As of June 30, 2022, 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	\$ 1,660,332	\$ -
Changes in proportion & differences between employer contributions & share of contributions	772,109	-
County contribution subsequent to the measurement date	1,444,701	-
Net difference between projected vs actual investment earnings	-	4,465,760
Difference between actual and expected experience	-	711,265
Total	<u>\$ 3,877,142</u>	<u>\$ 5,177,025</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,	
2023	\$ (704,048)
2024	(533,401)
2025	(463,849)
2026	(424,364)
2027	(618,922)

Actuarial Assumptions - The key actuarial assumptions used to perform the June 30, 2022, pension liability calculation are as follows:

Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 9.25%, including inflation
Investment rate of return	6.80%
Retirement Age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Various versions of the Public Sector 2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and

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%	4.7%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.4%
Credit Opportunity	9%	2.6%
Real Assets	14%	4.2%
Absolute Return	8%	2.0%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. 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 6.80%, 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 (5.80%) or 1 percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
County's proportionate share of the net pension liability	\$ 16,333,185	\$ 9,590,041	\$ 3,996,648

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, 2021. 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 2022 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, 2022, the following employees were covered by the benefits terms:

Inactive employees or beneficiaries currently receiving benefit payments	34
Inactive employees entitled to but not yet receiving benefits	0
Active employees	192
	<u>226</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 2022 the County contributed \$308,941 (\$308,941 for pay-as-you-go premiums and \$0 to the trust). Plan members receiving benefits contributed \$27,543.

Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2022, 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, 2022, 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	3.69%
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%	n/a
Fixed Income	35%	n/a
Cash and Equivalents	0%	n/a
Total	100%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.69% as of June 30, 2022. 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, 2022 bond rate of 3.69% as a discount rate. The discount rate changed from the prior measurement period. The discount rate was 1.92% for the June 30, 2021 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 06/30/21	\$ 19,100,469	\$ 181,722	\$ 18,918,747
Changes for the year:			
Service cost	969,276	-	969,276
Interest	363,509	-	363,509
Differences between expected and actual experience	(94,795)	-	(94,795)
Contributions - employer	-	281,398	(281,398)
Net investment income	-	(25,331)	25,331
Changes in assumptions	(5,587,558)	-	(5,587,558)
Benefit payments	(281,398)	(281,398)	-
Net changes	(4,630,966)	(25,331)	(4,605,635)
Balance as of 06/30/22	\$ 14,469,503	\$ 156,391	\$ 14,313,112

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 (2.69 percent) or 1 percentage point higher (4.69 percent) than the current discount rate:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Net OPEB liability (Asset)	\$ 17,176,839	\$ 14,313,112	\$ 12,073,104

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)	\$ 11,695,738	\$ 14,313,112	\$ 17,797,892

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, 2022 the County recognized OPEB expense of \$784,100. At June 30, 2022, 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	\$ 2,988,871	\$ 4,827,277
Net difference between projected and actual investment earnings	7,093	-
Difference between actual and expected experience	1,197,484	3,435,481
Total	<u>\$ 4,193,448</u>	<u>\$ 8,262,758</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	\$ (548,624)
2023	(548,168)
2024	(547,801)
2025	(531,271)
2026	(1,081,683)
Thereafter	(811,763)

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, 2021. The total OPEB liability was determined by an actuarial valuation as of January 1, 2021. The methods, assumptions and participant data used are detailed in the fiscal year 2021 valuation report dated September 2, 2021 with the exception of the discount rate. The rate was 2.45% as of June 30, 2020 and 1.92% as of June 30, 2021.

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, 2021
Measurement date – GASB 75	June 30, 2021
Actuarial cost method – GASB 75	Entry age normal
Asset valuation method	Market value of assets
Actuarial Assumptions	
Discount rate – June 30, 2020	2.45%
Discount rate – June 30, 2021	1.92%
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, 2022, are summarized in the following table:

	Target Allocation	Long Term Expected Rate of Return
Equity	54.77%	4.72%
Fixed Income	38.93%	1.60%
Cash	6.30%	-0.02%
Total	100.00%	

Discount rate – The discount rate used when plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 20-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 3.69% as of June 30, 2022. The rate has been adjusted from 1.92% as of June 30, 2021.

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, 2020 for FYE 2021	\$ 33,100,485	\$ 1,455,234	\$ 31,645,251
Changes for the Year:			
Service Cost	1,224,342	-	1,224,342
Interest	628,433	-	628,433
Experience Losses/Gains	(177,406)	-	(177,406)
ER Trust Contribution	-	561,833	(561,833)
Net Investment Income	-	(193,341)	193,341
Changes in Assumptions	(9,114,239)	-	(9,114,239)
Benefit Payments	(561,833)	(561,833)	-
Administrative Expense	-	(6,810)	6,810
Net Changes	(8,000,703)	(200,151)	(7,800,552)
Balance as of June 30, 2021 for FYE 2022	\$ 25,099,782	\$ 1,255,083	\$ 23,844,699

For the year ended June 30, 2022, the Board recognized OPEB expense of \$2,581,103.

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. Leases

Primary Government

The County has entered into various lease agreements as lessee, primarily for office space, vehicles and office equipment. Most leases have initial terms of up to 5 years, and do not contain renewal options. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expenses as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. The County's lease arrangements do not contain any material residual value guarantees. If the interest rate implicit in the County's leases is not readily determinable, the County utilized its incremental borrowing rate to discount the lease payments.

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

At June 30, 2022, the statement of net position includes the following amounts relating to leases:

	Governmental Activities	Business-type Activities	Total
Right-to-use leased assets:			
Buildings	\$ 139,464	\$ -	\$ 139,464
Equipment	4,898,373	297,598	5,195,971
Total right-to-use leased assets	5,037,837	297,598	5,335,435
Less accumulated amortization for:			
Right-to-use leased assets			
Buildings	41,839	-	41,839
Equipment	3,632,816	101,156	3,733,972
Total accumulated amortization	3,674,655	101,156	3,775,811
Total right-to-use leased assets, net:			
Buildings	97,625	-	97,625
Equipment	1,265,557	196,442	1,461,999
Total	\$ 1,363,182	\$ 196,442	\$ 1,559,624
Lease payable:			
Current	\$ 385,738	\$ 55,297	\$ 441,035
Non-current	967,758	101,826	1,069,584
Total	\$ 1,353,496	\$ 157,123	\$ 1,510,619

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal Year	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 385,738	\$ 89,092	\$ 474,830	\$ 55,297	\$ 9,376	\$ 64,673
2024	389,362	60,136	449,498	57,310	5,806	63,116
2025	313,337	30,893	344,230	44,516	5,613	50,129
2026	186,530	9,966	196,496	-	-	-
2027	78,529	2,341	80,870	-	-	-
	<u>\$ 1,353,496</u>	<u>\$ 192,428</u>	<u>\$ 1,545,924</u>	<u>\$ 157,123</u>	<u>\$ 20,795</u>	<u>\$ 177,918</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, 2022, was \$0.

Component Units

Public Library

During 2022, 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, 2022, are as follows:

Governmental Activities:

Description	Issue Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding 6/30/2022
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	\$ 122,795
<u>Shore United Bank</u>					
FY20 Refinance - FY09 Community Center	06/25/20	4,700,000	2.990%	04/01/29	3,655,556
FY20 Public Schools - Capital Projects	06/25/20	1,700,000	2.990%	04/01/30	1,360,000
<u>SunTrust Bank</u>					
FY11 Refinance - FY98 Public Works Complex	05/02/11	784,100	3.820%	05/02/26	253,855
					<u>\$ 5,392,206</u>

Business-type Activities:

Description	Issue Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding 6/30/2022
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	\$ 194,012
Fairlee/Piney Neck/Tolchester/Spring Cove Debt Refinance	04/28/04	2,027,478	1.000%	02/01/24	221,381
Worton Wastewater Treatment Plant Upgrade	07/30/09	2,700,000	1.000%	02/01/30	1,198,878
<u>United States Department of Agriculture</u>					
Worton Water Treatment Plant	01/28/10	338,000	2.375%	01/28/50	265,865
Chesterville Sewer Extension	12/16/10	476,000	2.250%	12/16/50	379,455
Worton Wastewater Treatment Plant	07/15/10	5,367,082	4.000%	07/15/50	4,548,207
Worton Wastewater Treatment Plant	12/16/10	2,253,000	3.750%	12/16/50	1,901,728
Edesville Wastewater Treatment Plant	11/18/10	60,000	2.250%	11/18/50	47,826
Worton Wastewater Treatment Plant	07/01/11	601,000	2.500%	07/01/51	492,886
Quaker Neck Sewer Extension	12/16/11	780,000	2.250%	12/16/51	637,228
Delta Heights Extension	12/22/16	476,000	1.375%	12/22/56	424,919
Galena Wastewater Treatment Plant & Collection System	12/22/16	1,163,000	1.375%	12/22/56	1,079,348
					<u>\$ 11,391,733</u>

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

<u>Governmental Activities</u>				<u>Business-Type Activities</u>			
<u>Notes from direct borrowings and direct placements</u>				<u>Notes from direct borrowings and direct placements</u>			
Fiscal Year Ending June 30,	Principal	Interest	Build America Bonds Interest	Principal	Interest	Build America Bonds Interest	Total
2023	\$ 755,278	\$ 162,399	\$ (958)	\$ 534,722	\$ 347,204	\$ (91,364)	\$ 790,562
2024	757,631	139,349	(936)	543,814	338,112	(89,750)	792,176
2025	760,088	116,195	(908)	413,239	321,673	(87,583)	647,329
2026	762,630	92,955	(882)	375,799	308,901	(85,576)	599,124
2027	695,630	69,620	(856)	384,609	300,091	(83,492)	601,208
2028 - 2032	1,572,665	88,381	(3,864)	1,748,780	1,346,312	(383,662)	2,711,430
2033 - 2037	20,392	8,868	(3,104)	1,515,131	1,087,349	(317,642)	2,284,838
2038 - 2042	22,814	6,446	(2,256)	1,785,550	816,930	(237,873)	2,364,607
2043 - 2047	25,523	3,737	(1,308)	2,108,945	493,535	(141,155)	2,461,325
2048 - 2052	19,555	842	(297)	1,743,112	126,725	(30,705)	1,839,132
2053 - 2057	-	-	-	238,032	7,818	-	245,850
	<u>\$ 5,392,206</u>	<u>\$ 688,792</u>	<u>\$ (15,369)</u>	<u>\$ 11,391,733</u>	<u>\$ 5,494,650</u>	<u>\$ (1,548,802)</u>	<u>\$ 15,337,581</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 2022, 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, 2022, are as follows:

	Balance July 1, 2021	Additions	Transfers	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:						
Notes from direct borrowings and direct placements	\$ 6,145,210	\$ -	\$ -	\$ (753,004)	\$ 5,392,206	\$ 755,278
Leases	1,466,518	611,285	(19,096)	(705,211)	1,353,496	477,905
Compensated absences	1,130,712	1,290,822	-	(1,098,943)	1,322,591	147,942
Landfill liability	2,467,690	-	-	(150,993)	2,316,697	135,089
Net other post-employment benefit liability	18,918,747	-	-	(4,605,635)	14,313,112	-
Net pension liability	13,504,652	-	-	(3,914,611)	9,590,041	-
Governmental activities long-term liabilities	<u>\$ 43,633,529</u>	<u>\$ 1,902,107</u>	<u>\$ (19,096)</u>	<u>\$ (11,228,397)</u>	<u>\$ 34,288,143</u>	<u>\$ 1,516,214</u>
Business-Type Activities:						
Notes from direct borrowings and direct placements	\$ 11,916,949	\$ -	\$ -	\$ (525,216)	\$ 11,391,733	\$ 534,722
Leases	191,776	-	19,096	(53,749)	157,123	64,674
Compensated absences	76,514	69,579	-	(82,295)	63,798	7,365
Business-type activities long-term liabilities	<u>\$ 12,185,239</u>	<u>\$ 69,579</u>	<u>\$ 19,096</u>	<u>\$ (661,260)</u>	<u>\$ 11,612,654</u>	<u>\$ 606,761</u>

The County's outstanding notes from direct borrowings and direct placements related to governmental activities of \$122,795 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 \$9,777,462 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, 2022 is as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Net other post-employment benefit liability	\$ 29,642,302	\$ 2,002,949	\$ -	\$ 31,645,251	\$ -
Financed purchases	828,087	-	(133,753)	694,334	136,973
Intangible right-to-use leases	632,604	60,883	(167,695)	525,792	174,499
Net pension liability	3,014,694	-	(1,934,213)	1,080,481	-
	<u>\$ 34,117,687</u>	<u>\$ 2,063,832</u>	<u>\$ (2,235,661)</u>	<u>\$ 33,945,858</u>	<u>\$ 311,472</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 18.1% 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, 2022, the stabilization reserve is \$312,822.

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, 2022, is as follows:

	Due From All Funds	Due To All Funds
General fund	\$ 1,373,565	\$ 6,419
Grant fund	-	595,631
Capital projects fund	-	156,991
Non-major governmental funds	-	283,355
Enterprise fund - water and wastewater services	6,419	337,588
Total	<u>\$ 1,379,984</u>	<u>\$ 1,379,984</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, 2022, is as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ (1,686,932)
Grant fund	-	-
Capital projects fund	764,472	-
Non-major governmental funds	233,504	-
Enterprise fund - water and wastewater services	688,956	-
Total	<u>\$ 1,686,932</u>	<u>\$ (1,686,932)</u>

Significant interfund transfers in 2022 included:

- \$764,472 transfer from the general fund to the capital projects fund for renovations to Galena and Rock Hall elementary schools, and the high school.
- \$688,956 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 \$2,953,403 in post closure costs in the last twenty-five years. Estimates for the costs have been revised to provide extended post-closure care for the next eighteen years at \$2,316,697. 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 \$189,348 in tipping fees to the facility during fiscal year 2022.

The participating counties are contingently liable for closure costs of the landfills. The County's potential share of the liability is \$2,582,281. 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

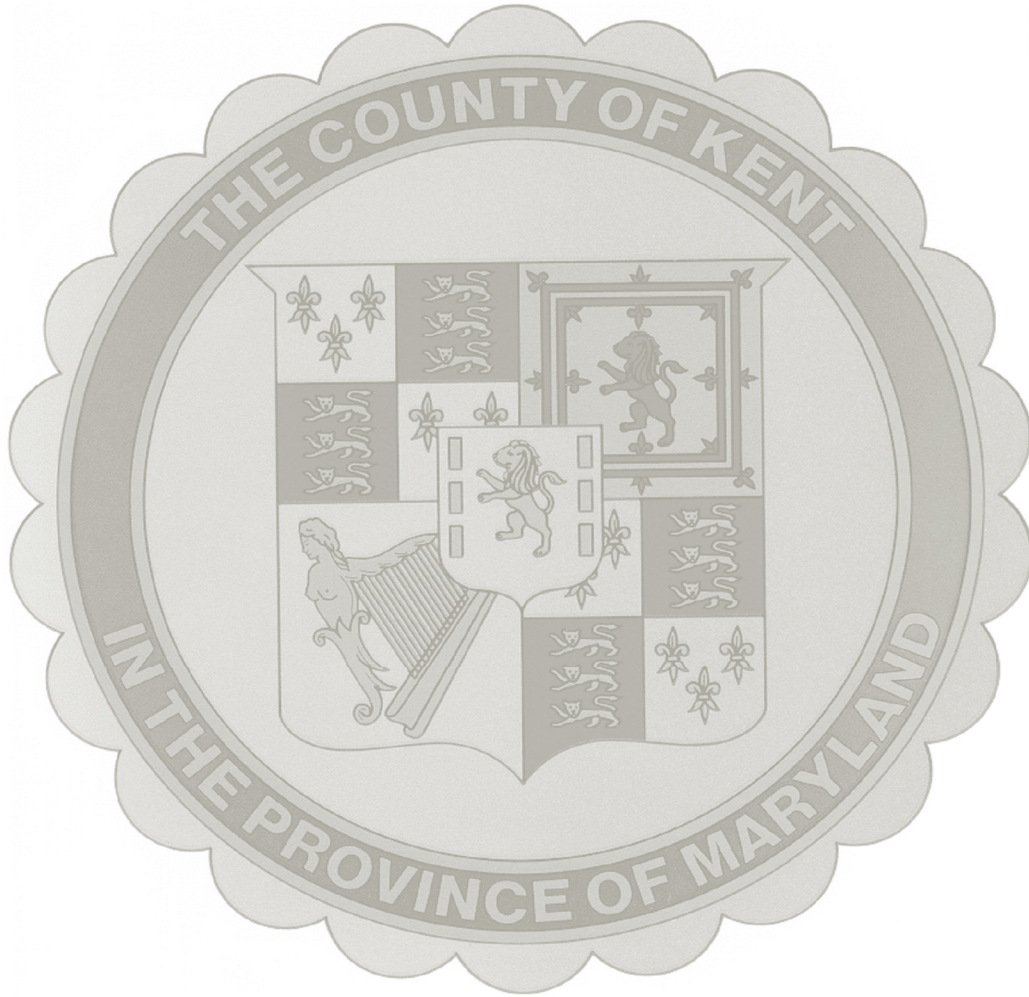
The County and its component units are recipients of various federal and state grant and/or loan programs, which are governed by various rules and regulations of grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. If the County 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, 2022, the value of all the deferred loan agreements was \$94,298.

S. Deficits

At June 30, 2022, the following funds had a deficit in unrestricted net position: Capital Projects (\$157,676) and Kent Family Center (\$4,411). 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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes:				
Property	\$ 31,877,575	\$ 31,877,575	\$ 32,073,034	\$ 195,459
Income	15,000,000	15,487,000	16,436,095	949,095
Other	2,310,000	2,310,000	4,058,772	1,748,772
Licenses and permits	352,338	352,338	339,901	(12,437)
Intergovernmental	762,983	771,508	815,378	43,870
Charges for services	464,003	464,003	681,821	217,818
Fines and forfeitures	14,860	14,860	14,456	(404)
Rental income	110,971	110,971	111,000	29
Miscellaneous	40,845	49,733	15,435	(34,298)
Total Revenues	50,933,575	51,437,988	54,545,892	3,107,904
EXPENDITURES				
General government				
County commissioners office	679,306	691,991	605,268	86,723
State's attorney's office	806,275	819,287	809,630	9,657
Circuit court	367,969	373,650	315,678	57,972
Orphan's court	71,941	71,941	67,392	4,549
Election office	681,279	681,279	340,304	340,975
Finance office	878,497	892,799	837,759	55,040
Legal counsel	57,820	74,951	67,378	7,573
Human resources	370,973	404,406	383,364	21,042
Planning and zoning	1,065,792	1,078,372	848,527	229,845
Information technology	989,799	1,066,924	1,040,316	26,608
Building maintenance	1,598,580	1,701,099	1,300,545	400,554
General services	217,211	409,767	407,901	1,866
Total general government	7,785,442	8,266,466	7,024,062	1,242,404
Public safety				
Sheriff's office	3,593,748	3,779,189	3,719,604	59,585
Volunteer fire company	1,094,018	1,177,512	1,177,511	1
Detention center	3,520,338	3,566,110	3,341,210	224,900
Community work program	9,018	9,318	9,318	-
Alcoholic beverage inspection	72,923	76,984	69,929	7,055
Building inspector	34,105	34,310	30,219	4,091
Emergency management	1,900,192	1,930,334	1,862,800	67,534
Communications division	1,217,471	1,248,118	1,247,743	375
Humane society	292,700	422,300	422,136	164
Total public safety	11,734,513	12,244,175	11,880,470	363,705

(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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Public works				
Administration	\$ 426,601	\$ 407,858	\$ 370,536	\$ 37,322
Highways and streets	4,624,963	4,664,732	3,642,505	1,022,227
Environmental operations	1,429,470	1,439,085	1,237,059	202,026
Total public works	6,481,034	6,511,675	5,250,100	1,261,575
Health				
Health department	538,964	540,334	540,334	-
Mosquito control	36,242	36,242	33,817	2,425
Total health	575,206	576,576	574,151	2,425
Social services				
Department of social services	51,416	62,476	61,826	650
Mid shore council on family violence	7,000	7,125	7,125	-
Upper shore aging	179,082	217,082	217,082	-
Delmarva community service	121,636	121,636	121,636	-
Commission on aging	3,520	3,620	3,618	2
Human Relations Commission	350	350	-	350
Community Mediation	10,000	10,000	10,000	-
Chesapeake Coalition Homeless	-	11,000	11,000	-
Kent center	84,868	84,868	84,868	-
Maryland health & mental hygiene	20,132	20,132	20,132	-
Kent Goes Purple	1,000	1,000	-	1,000
Saint martin's ministries	10,000	10,000	10,000	-
Imagination library	1,000	1,000	1,000	-
Midshore regional council	5,000	5,000	5,000	-
Casa	14,000	14,000	14,000	-
Total social services	509,004	569,289	567,287	2,002
Education				
Kent county public schools	18,559,629	18,562,129	18,562,129	-
Chesapeake college	485,124	485,124	485,124	-
Kent county learning center	2,500	2,500	2,500	-
Total education	19,047,253	19,049,753	19,049,753	-
Parks, recreation and culture				
Recreation	1,324,760	1,345,381	941,172	404,209
Parks	696,583	724,121	623,663	100,458
Culture	20,077	20,077	20,077	-
Total parks, recreation and culture	2,041,420	2,089,579	1,584,912	504,667
Library	713,899	713,899	713,899	-

(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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Resource conservation and development				
Extension office	\$ 129,173	\$ 144,329	\$ 141,193	\$ 3,136
Soil conservation service	200,903	200,903	200,903	-
Forestry board	1,693	1,693	1,693	-
Kent AG Center	-	41,710	24,725	16,985
Waterman's association	8,000	8,000	8,000	-
Total resource conservation and development	339,769	396,635	376,514	20,121
Community development				
Economic and Tourism Development	567,366	574,674	545,147	29,527
Stories of The Chesapeake	3,000	3,000	3,000	-
Small Businesses Development Center	6,000	6,000	6,000	-
Upper Shore Regional Council	12,000	12,000	12,000	-
Total community development	588,366	595,674	566,147	29,527
Debt service				
Debt service principal	753,003	753,004	753,004	-
Debt service interest	184,390	184,444	184,444	-
Lease principal	637,642	672,489	640,948	31,541
Lease interest	60,746	65,621	62,378	3,243
Total debt service	1,635,781	1,675,558	1,640,774	34,784
Intergovernmental				
Municipalities	73,576	73,576	73,576	-
Maryland department of assessment & taxation	100,000	111,888	111,888	-
Total intergovernmental	173,576	185,464	185,464	-
Miscellaneous				
Insurance & non departmental benefits	62,807	62,807	45,511	17,296
Contingencies	400,000	68,235	-	68,235
Total miscellaneous	462,807	131,042	45,511	85,531
Total expenditures	52,088,070	53,005,785	49,459,044	3,546,741
Excess (deficiency) of revenues over expenditures	(1,154,495)	(1,567,797)	5,086,848	6,654,645
OTHER FINANCING SOURCES (USES)				
Transfers in				-
Transfers out	(1,689,274)	(2,275,532)	(1,686,932)	588,600
Leases	483,172	733,628	471,821	(261,807)
Sale of general capital assets	55,351	68,951	39,243	(29,708)
General obligation bonds issued	-	-	-	-
Total Other Financing Sources (Uses)	(1,150,751)	(1,472,953)	(1,175,868)	297,085
Net change in fund balances*	(2,305,246)	(3,040,750)	3,910,980	6,951,730
Fund balance - beginning			11,875,213	
Fund balance - ending			<u>\$ 15,786,193</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, 2022

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return net of investment expense	-4.69%	10.81%	1.16%	1.43%	0.17%	0.19%	0.15%	0.16%	0.14%	0.19%

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, 2022

Total OPEB Liability	2022	2021	2020	2019	2018	2017
Service cost	\$ 969,276	\$ 1,075,976	\$ 880,662	\$ 582,369	\$ 567,667	\$ 717,357
Interest cost	363,509	520,595	565,767	469,677	439,652	380,019
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(94,795)	(4,661,630)	(39,186)	2,394,312	878	(26,927)
Changes in assumptions	(5,587,558)	1,017,850	2,044,155	1,968,477	(101,182)	(1,933,327)
Benefit payments	<u>(281,398)</u>	<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	(4,630,966)	(2,308,296)	3,175,716	5,141,327	715,772	(1,053,243)
Total OPEB liability - beginning 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>	<u>13,429,193</u>
Total OPEB liability - ending of year	<u>\$ 14,469,503</u>	<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	\$ 281,398	\$ 261,087	\$ 275,682	\$ 273,508	\$ 191,243	\$ 190,365
Net investment income	(25,331)	19,962	1,853	2,262	315	297
Benefit payments	<u>(281,398)</u>	<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	(25,331)	19,962	1,853	2,262	315	297
Fiduciary net position - beginning of year	<u>181,722</u>	<u>161,760</u>	<u>159,907</u>	<u>157,645</u>	<u>157,330</u>	<u>157,033</u>
Fiduciary net position - ending of year	<u>\$ 156,391</u>	<u>\$ 181,722</u>	<u>\$ 161,760</u>	<u>\$ 159,907</u>	<u>\$ 157,645</u>	<u>\$ 157,330</u>
Net OPEB liability	<u>\$ 14,313,112</u>	<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>1.08%</u>	<u>0.95%</u>	<u>0.76%</u>	<u>0.88%</u>	<u>1.20%</u>	<u>1.27%</u>
Covered payroll	\$ 11,946,398	\$ 11,536,020	\$ 11,042,301	\$ 9,919,302	\$ 9,938,115	\$ 9,779,935
Net OPEB liability as a % of payroll	120%	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%					
6/30/2022	3.69%					

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>2022</u>	<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	0.0639%	0.0598%	0.0573%	0.0545%	0.0470%	0.0480%	0.0459%	0.0421%
County's proportionate share of the net pension liability	<u>\$ 9,590,041</u>	<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>\$ 9,590,041</u>	<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	\$ 11,246,653	\$ 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	85.27%	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	81.84%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,444,701	\$ 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>(1,444,701)</u>	<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>	<u>\$ -</u>
County's covered payroll	\$ 10,613,707	\$ 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	13.61%	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, 2022

	<u>Agricultural Preservation</u>	<u>Inmate Welfare</u>	<u>Reforestation & Open Space</u>	<u>Law Library</u>	<u>Regional Family Services</u>	<u>Weed Control</u>	<u>Kent Family Center</u>	<u>Local Management Board</u>
ASSETS								
Equity in pooled cash	\$ 25,684	\$ 100,703	\$ 239,892	\$ 10,093	\$ 591	\$ 48,361	\$ -	\$ 222,509
Intergovernmental receivable	-	-	-	623	-	26,835	147,224	149,237
Receivables	-	2,247	-	-	-	-	-	-
Prepaid	-	-	-	-	-	-	7,744	-
Total assets	<u>\$ 25,684</u>	<u>\$ 102,950</u>	<u>\$ 239,892</u>	<u>\$ 10,716</u>	<u>\$ 591</u>	<u>\$ 75,196</u>	<u>\$ 154,968</u>	<u>\$ 371,746</u>
LIABILITIES								
Accounts payable	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ 522	\$ 4,767	\$ 52,909
Accrued liabilities	-	-	-	-	-	1,064	12,085	8,226
Intergovernmental payable	-	-	-	-	-	-	-	284,996
Due to other funds	-	-	-	-	-	-	126,015	-
Unearned revenue	-	-	-	250	-	-	6,848	25,615
Total liabilities	<u>-</u>	<u>10</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>1,586</u>	<u>149,715</u>	<u>371,746</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	7,744	-
Restricted	25,684	102,940	211,901	10,466	591	-	-	-
Committed	-	-	27,991	-	-	-	-	-
Assigned	-	-	-	-	-	73,610	1,920	-
Unassigned	-	-	-	-	-	-	(4,411)	-
Total fund balances	<u>25,684</u>	<u>102,940</u>	<u>239,892</u>	<u>10,466</u>	<u>591</u>	<u>73,610</u>	<u>5,253</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 25,684</u>	<u>\$ 102,950</u>	<u>\$ 239,892</u>	<u>\$ 10,716</u>	<u>\$ 591</u>	<u>\$ 75,196</u>	<u>\$ 154,968</u>	<u>\$ 371,746</u>

The County Commissioners of Kent County, Maryland
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2022

	Kent County Drug Task Force	Sheriff's Forfeitures	Shop With A Cop	Kennedyville Development	Special Events Overtime	Platform Tennis	Post Prom	Project Open Space	Total Nonmajor Governmental Funds
ASSETS									
Equity in pooled cash	\$ 72,032	\$ 40,386	\$ 307	\$ 199,435	\$ 6,412	\$ 382	\$ 884	\$ -	\$ 967,671
Intergovernmental receivable	-	-	-	-	-	-	-	162,708	486,627
Receivables	-	-	-	-	-	-	-	-	2,247
Prepaid	600	-	-	-	-	-	-	-	8,344
Total assets	<u>\$ 72,632</u>	<u>\$ 40,386</u>	<u>\$ 307</u>	<u>\$ 199,435</u>	<u>\$ 6,412</u>	<u>\$ 382</u>	<u>\$ 884</u>	<u>\$ 162,708</u>	<u>\$ 1,464,889</u>
LIABILITIES									
Accounts payable	\$ 728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,368	\$ 64,304
Accrued liabilities	48,600	24,310	-	-	-	-	-	-	94,285
Intergovernmental payable	-	-	-	-	-	-	-	-	284,996
Due to other funds	-	-	-	-	-	-	-	157,340	283,355
Unearned revenue	-	-	-	199,435	-	-	-	-	232,148
Total liabilities	<u>49,328</u>	<u>24,310</u>	<u>-</u>	<u>199,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,708</u>	<u>959,088</u>
FUND BALANCES									
Nonspendable	600	-	-	-	-	-	-	-	8,344
Restricted	22,704	-	-	-	-	-	-	-	374,286
Committed	-	-	-	-	-	-	-	-	27,991
Assigned	-	16,076	307	-	6,412	382	884	-	99,591
Unassigned	-	-	-	-	-	-	-	-	(4,411)
Total fund balances	<u>23,304</u>	<u>16,076</u>	<u>307</u>	<u>-</u>	<u>6,412</u>	<u>382</u>	<u>884</u>	<u>-</u>	<u>505,801</u>
Total liabilities and fund balances	<u>\$ 72,632</u>	<u>\$ 40,386</u>	<u>\$ 307</u>	<u>\$ 199,435</u>	<u>\$ 6,412</u>	<u>\$ 382</u>	<u>\$ 884</u>	<u>\$ 162,708</u>	<u>\$ 1,464,889</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, 2022

	Agricultural Preservation	Inmate Welfare	Reforestation & Open Space	Law Library	Regional Family Services	Weed Control	Kent Family Center	Local Management Board
REVENUES								
Taxes	\$ 19,431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	8,170	-	-	366,360	462,620
Charges for services	-	-	-	-	-	41,725	-	-
Fines and forfeitures	-	-	1,740	-	-	-	-	-
Miscellaneous	-	39,227	-	-	-	-	-	-
Total revenues	<u>19,431</u>	<u>39,227</u>	<u>1,740</u>	<u>8,170</u>	<u>-</u>	<u>41,725</u>	<u>366,360</u>	<u>462,620</u>
EXPENDITURES								
Current								
General government	-	-	6,358	22,358	-	-	-	-
Public safety	-	17,273	-	-	-	-	-	-
Public works	-	-	-	-	-	28,580	-	-
Health & social services	-	-	-	-	-	-	400,525	583,154
Parks recreation & culture	-	-	-	-	-	-	-	-
Resource conservation & development	27,789	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Tourism & economic development	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Debt service:								
Lease principal	-	-	-	-	-	6,115	40,459	-
Lease interest	-	-	-	-	-	783	3,450	-
Total expenditures	<u>27,789</u>	<u>17,273</u>	<u>6,358</u>	<u>22,358</u>	<u>-</u>	<u>35,478</u>	<u>444,434</u>	<u>583,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,358)</u>	<u>21,954</u>	<u>(4,618)</u>	<u>(14,188)</u>	<u>-</u>	<u>6,247</u>	<u>(78,074)</u>	<u>(120,534)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	2,591	-	-	13,000	-	-	77,224	120,534
Transfers out	-	-	-	-	-	-	-	-
Sale of general capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>2,591</u>	<u>-</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>77,224</u>	<u>120,534</u>
Net change in fund balances	(5,767)	21,954	(4,618)	(1,188)	-	6,247	(850)	-
Fund balances - beginning	31,451	80,986	244,510	11,654	591	67,363	6,103	-
Fund balances - ending	<u>\$ 25,684</u>	<u>\$ 102,940</u>	<u>\$ 239,892</u>	<u>\$ 10,466</u>	<u>\$ 591</u>	<u>\$ 73,610</u>	<u>\$ 5,253</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, 2022

	Kent County Drug Task Force	Sheriff's Forfeitures	Shop With A Cop	Kennedyville Development	Special Events Overtime	Platform Tennis	Post Prom	Project Open Space	Total Nonmajor Governmental Funds
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,431
Intergovernmental	-	-	-	-	-	-	-	162,708	999,858
Charges for services	-	-	-	-	3,955	-	-	-	45,680
Fines and forfeitures	37,961	1,042	-	-	-	-	-	-	40,743
Miscellaneous	-	-	-	-	-	-	-	-	39,227
Total revenues	<u>37,961</u>	<u>1,042</u>	<u>-</u>	<u>-</u>	<u>3,955</u>	<u>-</u>	<u>-</u>	<u>162,708</u>	<u>1,144,939</u>
EXPENDITURES									
Current									
General government	-	-	-	-	-	-	-	-	28,716
Public safety	12,342	-	-	-	2,919	-	-	-	32,534
Public works	-	-	-	5,835	-	-	-	-	34,415
Health & social services	-	-	-	-	-	-	-	-	983,679
Parks recreation & culture	-	-	-	-	-	1,384	-	177,028	178,412
Resource conservation & development	-	-	-	-	-	-	-	-	27,789
Housing	-	-	-	-	-	-	-	-	-
Tourism & economic development	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Debt service:									
Lease principal	-	-	-	-	-	-	-	-	46,574
Lease interest	-	-	-	-	-	-	-	-	4,233
Total expenditures	<u>12,342</u>	<u>-</u>	<u>-</u>	<u>5,835</u>	<u>2,919</u>	<u>1,384</u>	<u>-</u>	<u>177,028</u>	<u>1,336,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,619</u>	<u>1,042</u>	<u>-</u>	<u>(5,835)</u>	<u>1,036</u>	<u>(1,384)</u>	<u>-</u>	<u>(14,320)</u>	<u>(191,413)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	5,835	-	-	-	14,320	233,504
Transfers out	-	-	-	-	-	-	-	-	-
Sale of general capital assets	457	-	-	-	-	-	-	-	457
Total other financing sources (uses)	<u>457</u>	<u>-</u>	<u>-</u>	<u>5,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,320</u>	<u>233,961</u>
Net change in fund balances	26,076	1,042	-	-	1,036	(1,384)	-	-	42,548
Fund balances - beginning	(2,772)	15,034	307	-	5,376	1,766	884	-	463,253
Fund balances - ending	<u>\$ 23,304</u>	<u>\$ 16,076</u>	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ 6,412</u>	<u>\$ 382</u>	<u>\$ 884</u>	<u>\$ -</u>	<u>\$ 505,801</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, 2022

	State and Town Tax Collections	Millington Public Drainage Tax	Inmate Accounts	Motor Vehicle Administration	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 39,840	\$ 500	\$ 40,340
Equity in pooled cash	43,686	5,790	-	-	49,476
Receivables:					
Taxes for other governments	627,968	15	-	-	627,983
Total receivables	627,968	15	-	-	627,983
Total assets	671,654	5,805	39,840	500	717,799
LIABILITIES					
Accounts payable and other liabilities	-	-	39,840	-	39,840
Due to other governments	671,654	5,805	-	500	677,959
Total liabilities	671,654	5,805	39,840	500	717,799
NET POSITION					
Total net position	\$ -	\$ -	\$ -	\$ -	\$ -

The County Commissioners of Kent County, Maryland
Combining Schedule of Changes in Fiduciary Net Position – Custodial Funds
For the Year Ended June 30, 2022

	State and Town Tax Collections	Millington Public Drainage Tax	Inmate Accounts	Motor Vehicle Administration	Total
ADDITIONS					
Property tax collections for other governments	\$ 19,417,045	\$ 2,011	\$ -	\$ -	\$ 19,419,056
Funds collected for inmates	-	-	135,745	-	135,745
Total additions	<u>19,417,045</u>	<u>2,011</u>	<u>135,745</u>	<u>-</u>	<u>19,554,801</u>
DEDUCTIONS					
Property tax payments to other governments	19,417,045	2,011	-	-	19,419,056
Funds distributed to inmates	-	-	135,745	-	135,745
Total deductions	<u>19,417,045</u>	<u>2,011</u>	<u>135,745</u>	<u>-</u>	<u>19,554,801</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, 2022

	Home Visiting	Total Non Community Partnership Agreement	Community Partnership Agreement
ASSETS			
Cash and cash equivalents	\$ (52,031)	\$ (52,031)	\$ 226,179
Intergovernmental receivable	64,349	64,349	59,931
Receivables	-	-	-
Prepaid	-	-	-
Total assets	<u>\$ 12,318</u>	<u>\$ 12,318</u>	<u>\$ 286,110</u>
LIABILITIES			
Accounts payable	\$ 172	\$ 172	\$ 44,847
Accrued liabilities	-	-	8,226
Intergovernmental payable	12,146	12,146	207,583
Due to other funds	-	-	-
Unearned revenue	-	-	25,454
Total liabilities	<u>12,318</u>	<u>12,318</u>	<u>286,110</u>
FUND BALANCES			
Nonspendable	-	-	-
Prepaid	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 12,318</u>	<u>\$ 12,318</u>	<u>\$ 286,110</u>

The County Commissioners of Kent County, Maryland
Combining Balance Sheet – Local Management Board
June 30, 2022

	Incentive Reinvestment	County Funded Programs	Other Programs	Total
ASSETS				
Cash and cash equivalents	\$ 31,589	\$ 4,450	\$ 12,322	\$ 222,509
Intergovernmental receivable	-	-	24,957	149,237
Receivables	-	-	-	-
Prepaid	-	-	-	-
Total assets	<u>\$ 31,589</u>	<u>\$ 4,450</u>	<u>\$ 37,279</u>	<u>\$ 371,746</u>
LIABILITIES				
Accounts payable	\$ -	\$ 4,450	\$ 3,440	\$ 52,909
Accrued liabilities	-	-	-	8,226
Intergovernmental payable	31,589	-	33,678	284,996
Due to other funds	-	-	-	-
Unearned revenue	-	-	161	25,615
Total liabilities	<u>31,589</u>	<u>4,450</u>	<u>37,279</u>	<u>371,746</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>\$ 4,450</u>	<u>\$ 37,279</u>	<u>\$ 371,746</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, 2022

	Home Visiting	Total Non Community Partnership Agreement	Community Partnership Agreement
REVENUES			
Community partnership agreement:			
Earned reinvestment	\$ -	\$ -	\$ -
Children's cabinet	-	-	390,730
Total community partnership agreement	-	-	390,730
Non-community partnership agreement			
Other intergovernmental revenue	64,349	64,349	-
Total revenues	64,349	64,349	390,730
EXPENDITURES			
Administration:			
Salaries	-	-	81,323
Fringe costs	-	-	36,777
Contract services	2,289	2,289	36,248
Communications	-	-	-
Printing/Copies	-	-	843
Dues, subscriptions and licenses	568	568	-
Conferences and conventions	-	-	-
Business travel	-	-	668
Supplies	360	360	1
Fixed assets	-	-	-
Total administration expenditures	3,217	3,217	155,860
Programs:			
Healthy families mid-shore	-	-	122,274
Local care team	-	-	56,596
KCMS After School Program	-	-	56,000
Home visiting	61,132	61,132	-
Total program expenditures	61,132	61,132	234,870
Total expenditures	64,349	64,349	390,730
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, 2022

	Incentive Reinvestment	County Funded Programs	Other Programs	Total
REVENUES				
Community partnership agreement:				
Earned reinvestment	\$ -	\$ -	\$ -	\$ -
Children's cabinet	-	-	-	390,730
Total community partnership agreement	-	-	-	390,730
Non-community partnership agreement				
Other intergovernmental revenue	-	-	7,541	71,890
Total revenues	-	-	7,541	462,620
EXPENDITURES				
Administration:				
Salaries	-	58,172	-	139,495
Fringe costs	-	16,600	-	53,377
Contract services	-	19,388	-	57,925
Communications	-	2,174	-	2,174
Printing/Copies	-	650	3,193	4,686
Dues, subscriptions and licenses	-	1,298	-	1,866
Conferences and conventions	-	-	-	-
Business travel	-	594	-	1,262
Supplies	-	1,670	2,683	4,714
Fixed assets	-	-	1,665	1,665
Total administration expenditures	-	100,546	7,541	267,164
Programs:				
Healthy families mid-shore	-	-	-	122,274
Local care team	-	19,988	-	76,584
KCMS After School Program	-	-	-	56,000
Home visiting	-	-	-	61,132
Total program expenditures	-	19,988	-	315,990
Total expenditures	-	120,534	7,541	583,154
Excess (deficiency) of revenues over (under) expenditures	-	(120,534)	-	(120,534)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	120,534	-	120,534
Transfers out	-	-	-	-
Total other financing sources (uses)	-	120,534	-	120,534
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning				-
Fund balances - ending				\$ -



Statistical Section

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

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

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

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

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

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

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

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in										
Capital Assets	\$ 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	\$ 45,196,500
Restricted	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	1,626,771
Unrestricted (deficit)	(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)	(10,916,808)
	<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>	<u>35,906,463</u>
Business-Type Activities										
Net Investment in										
Capital Assets	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	26,642,450
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	579,741	590,544	323,881	(167,473)	535,147	428,104	261,870	331,520	419,572	504,983
	<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>	<u>27,147,433</u>
Primary Government										
Net Investment in										
Capital Assets	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	71,838,950
Restricted	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	1,626,771
Unrestricted (deficit)	(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)	(10,411,825)
	<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>	<u>\$ 63,053,896</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Primary government										
General government	\$ 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	\$ 8,701,888
Public safety	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	12,915,872
Public works	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	5,817,744
Health and social services	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	3,077,573
Education	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	19,282,485
Culture and recreation	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	2,527,411
Libraries	542,000	554,018	602,841	725,264	692,436	1,251,179	699,861	685,526	616,973	713,899
Resource conservation	336,852	347,017	378,754	393,922	353,331	474,044	349,513	365,026	333,348	404,303
Community development	957,230	791,118	641,490	807,887	625,041	824,273	913,277	1,290,572	1,499,666	633,242
Debt service	1,148,914	1,202,550	1,089,455	1,053,398	1,124,064	275,586	260,762	2,532,718	154,518	52,455
Total governmental activities expense	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	54,126,872
Business-type activities										
Water and wastewater services	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	4,149,890
Bayside landing	22,252	22,783	45,942	28,759	29,835	42,143	32,516	31,457	40,431	29,160
Total business-type activities expense	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	4,179,050
Total Primary Government Expenses	\$ 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	\$ 58,305,922
Program Revenues										
Primary government										
General government										
Charges for services	\$ 103,833	\$ 110,786	\$ 132,700	\$ 117,283	\$ 115,473	\$ 116,728	\$ 111,349	\$ 52,888	\$ 52,881	\$ 63,667
Operating grants and contributions	205,184	403,079	149,743	157,690	173,386	231,493	222,240	292,969	261,801	263,648
Capital grants and contributions	4,622	2,490,368	-	15,125	3,630,596	3,251,018	76,528	158,244	815,714	1,181,776
Total revenue	313,639	3,004,233	282,443	290,098	3,919,455	3,599,239	410,117	504,101	1,130,396	1,509,091
Public safety										
Charges for services	106,284	119,722	64,028	149,570	100,752	105,542	106,313	86,380	49,456	29,977
Operating grants and contributions	610,266	616,730	615,283	797,698	664,706	667,560	606,374	656,954	716,395	694,869
Capital grants and contributions	212,261	58,359	91,293	23,926	42,133	19,770	42,133	-	-	-
Total revenue	928,811	794,811	770,604	971,194	807,591	792,872	754,820	743,334	765,851	724,846
Public works										
Charges for services	136,352	109,912	109,122	108,899	161,647	179,553	249,409	311,705	328,827	480,974
Operating grants and contributions	257,320	235,086	442,188	325,310	303,315	401,674	550,982	514,967	580,447	615,269
Capital grants and contributions	176,944	64,998	51,107	94,654	94,892	271,459	158,828	321,336	575,646	512,954
Total revenue	570,616	409,996	602,417	528,863	559,854	852,686	959,219	1,148,008	1,484,920	1,609,197

(Continued)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Health and social services										
Charges for services	15,559	11,711	14,692	12,458	12,582	50,453	104,259	28,950	12,217	12,590
Operating grants and contributions	342,710	509,937	492,992	1,170,115	925,792	904,507	935,961	1,484,493	3,454,276	1,797,039
Capital grants and contributions	-	-	95,054	1,200	-	-	-	-	-	-
Total revenue	358,269	521,648	602,738	1,183,773	938,374	954,960	1,040,220	1,513,443	3,466,493	1,809,629
Culture and recreation										
Charges for services	213,773	210,373	165,654	179,414	189,572	158,782	168,488	118,328	42,674	140,293
Operating grants and contributions	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	-	-	162,708
Total revenue	226,173	313,175	353,962	303,951	411,360	244,232	194,282	118,328	42,674	303,001
Resource and conservation										
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-	-	-	-	-
Community development										
Operating grants and contributions	82,691	74,986	140,597	72,791	87,868	268,875	276,161	297,986	259,660	91,042
Capital grants and contributions	56,749	18,815	19,823	51,960	-	-	-	-	-	-
Total revenue	139,440	93,801	160,420	124,751	87,868	268,875	276,161	297,986	259,660	91,042
Total primary government activities program revenues	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	6,046,806
Business-type activities program revenue										
Water and wastewater services										
Charges for services	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	2,621,816
Operating grants and contributions	272,558	20,601	-	2,760	-	129,720	-	-	-	-
Capital grants and contributions	33,615	-	10,809	-	810,475	834,259	2,066,285	425,249	201,640	-
Total revenue	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	2,621,816
Bayside landing										
Charges for services	41,631	41,210	39,922	42,641	42,781	40,200	41,156	46,093	50,650	51,888
Operating grants and contributions	-	-	-	-	-	1,653	1,215	-	-	-
Capital grants and contributions	-	9,811	13,398	-	-	-	-	-	-	3,100
Total revenue	41,631	51,021	53,320	42,641	42,781	41,853	42,371	46,093	50,650	54,988
Total business-type activities program revenues	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	2,676,804
Net (Expense) Revenue										
Governmental activities	(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)	(48,080,066)
Business-type activities	(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)	(1,502,246)
Total primary government net expense	<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>	<u>\$ (49,582,312)</u>

(Continued)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net assets										
Government activities										
Property taxes	\$ 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	\$ 32,059,470
County income taxes	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	19,225,239
Other taxes	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	4,078,203
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Other revenues	1,037,126	663,676	659,615	673,819	641,837	733,270	842,544	1,084,395	634,634	571,187
Capital contributions - developers	-	-	-	-	-	-	-	-	-	-
Transfers	(3,600,908)	(848,869)	(1,001,689)	(868,147)	(825,030)	(880,064)	(1,165,897)	(987,861)	(1,686,065)	(688,956)
Total governmental activities	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	55,245,143
Business-type activities										
Investment income	-	-	-	-	-	-	-	-	-	-
Other revenues	46,150	27,892	32,441	25,780	40,703	36,799	94,491	43,796	38,304	219,097
Transfers	3,600,908	851,369	1,001,689	868,147	825,030	880,064	1,165,897	987,861	1,686,065	688,956
Total business-type activities	3,647,058	879,261	1,034,130	893,927	865,733	916,863	1,260,388	1,031,657	1,724,369	908,053
Total primary government	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	56,153,196
Change in net position										
Governmental activities	234,185	4,911,803	3,373,256	(192,247)	(1,939,809)	4,647,848	(656,602)	(2,603,658)	2,545,144	7,165,077
Business-type activities	2,482,154	(825,096)	(904,584)	(676,171)	(1,210,451)	(282,169)	1,227,869	(193,190)	(320,012)	(594,193)
Total primary government	\$ 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	\$ 6,570,884

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated for future year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable (1)	713,988	786,218	436,901	517,604	752,291	694,784	848,466	896,627	662,085	1,120,970
Restricted (1)	172,019	-	-	-	-	-	-	-	-	-
Committed (1)	29,425	-	-	5,134,904	3,770,373	1,665,530	1,053,753	2,348,468	2,305,246	5,411,654
Assigned (1)	-	-	-	-	-	-	-	-	-	-
Unassigned (1)	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	9,253,569
Total General Fund	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	15,786,193
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, designated for future year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated, reported in:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Nonspendable (1)	5,506	4,950	-	-	-	189,466	51,571	-	8,513	8,344
Restricted (1)	196,001	384,469	463,776	496,897	467,438	359,075	345,054	330,386	341,201	374,286
Committed (1)	-	30,175	30,175	30,175	30,175	30,175	30,175	27,991	27,991	27,991
Assigned (1)	26,031	31,743	38,891	55,709	75,000	118,561	182,748	112,759	90,730	99,591
Unassigned (1)	-	-	-	-	-	(189,466)	(51,571)	(54,497)	(133,602)	(162,087)
Total All Other Governmental Funds	227,538	451,337	532,842	582,781	572,613	507,811	557,977	416,639	334,833	348,125
Total All Governmental Funds	\$ 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	\$ 16,134,318

(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

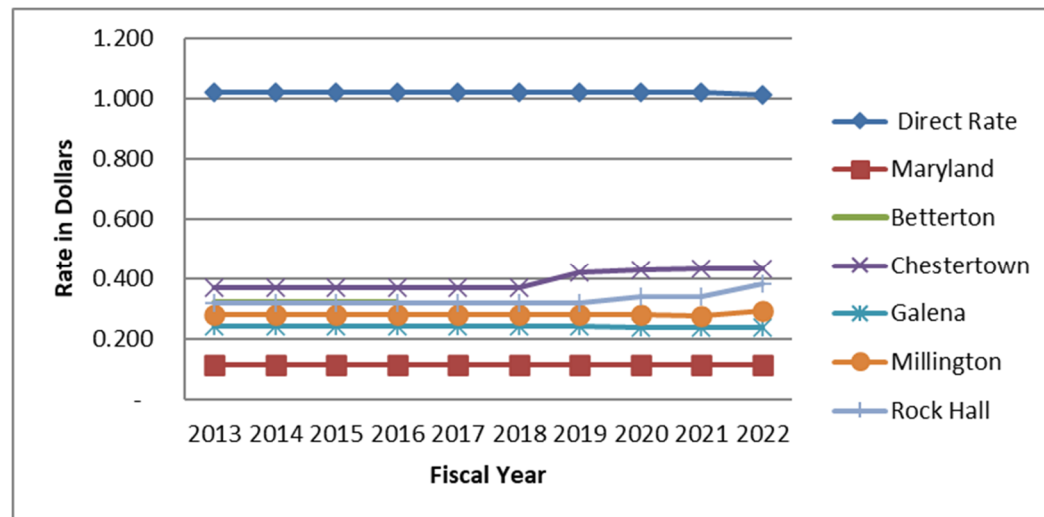
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes										
Property	\$ 30,174,622	\$ 30,212,617	\$ 29,888,083	\$ 29,951,731	\$ 29,986,484	\$ 30,207,075	\$ 30,627,922	\$ 31,769,648	\$ 32,281,508	\$ 32,073,034
Income	11,047,174	13,696,595	12,973,495	12,232,681	12,986,434	12,736,121	12,848,398	15,683,736	16,448,232	16,436,095
Other	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	4,078,203
State shared	201,738	211,318	222,422	228,948	224,873	-	-	-	-	339,901
Licenses and permits	303,533	302,045	318,992	325,727	339,840	311,801	355,703	317,696	410,223	5,319,305
Intergovernmental revenue	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	727,501
Service charges for current services	578,789	562,504	486,196	567,624	580,026	611,058	739,818	598,254	486,055	55,199
Fines and forfeitures	111,929	53,715	120,636	31,409	44,233	58,950	53,290	32,677	17,489	111,000
Miscellaneous revenue	272,794	606,480	255,692	329,514	294,924	363,337	453,862	776,685	218,728	55,419
Total revenues	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	59,195,657
Expenditures										
General government	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	8,674,446
Public safety	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	12,468,818
Public works	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	5,641,472
Health and social services	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	3,052,276
Education	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	19,049,753
Parks, recreation, and culture	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	1,763,324
Libraries	542,000	554,018	596,027	611,828	626,098	680,389	662,196	685,526	616,973	713,899
Resources conservation and development	336,852	347,017	378,754	393,922	353,331	474,044	349,513	365,026	333,348	404,303
Community development	955,209	513,246	648,410	798,178	603,126	803,413	851,069	1,232,319	1,484,601	628,755
Debt service										
Principal	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	1,440,526
Interest	910,712	769,643	657,775	523,290	475,723	426,289	380,869	415,903	250,089	251,055
Capital outlay	-	1,394,375	1,215,235	781,234	3,699,662	5,032,983	929,284	3,538,143	3,943,294	1,005,323
Total expenditures	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	55,093,950
Excess/(deficiency) of revenues over expenditures	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	4,101,707
Other financing sources (uses)										
Transfers in	903,768	1,853,579	1,102,976	783,003	3,550,919	4,881,572	938,696	1,374,537	2,956,217	997,976
Transfers out	(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)	(1,686,932)
Proceeds from leases	-	-	-	-	-	-	512,815	536,037	487,968	471,821
Sale of general capital assets	-	-	-	-	-	-	-	-	44,298	39,700
Proceeds from loans	251,800	-	-	-	-	-	-	6,400,000	-	-
	(3,349,108)	(848,869)	(1,001,689)	(868,147)	(825,030)	(880,064)	(653,082)	5,948,176	(1,153,799)	(177,435)
Net increase (decrease) in fund balance	\$ (1,235,429)	\$ 4,504,261	\$ (154,990)	\$ 476,933	\$ (811,152)	\$ (3,806,955)	\$ 492,741	\$ 2,216,679	\$ 2,915,845	\$ 3,924,272
Debt service as a percentage of noncapital expenditures	10.83%	6.24%	9.21%	3.83%	3.35%	3.95%	3.74%	11.75%	4.06%	3.07%

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
2013	1.022	0.112	0.320	0.3700	0.2400	0.2800	0.320
2014	1.022	0.112	0.320	0.3700	0.2400	0.2800	0.320
2015	1.022	0.112	0.320	0.3700	0.2400	0.2800	0.320
2016	1.022	0.112	0.320	0.3700	0.2400	0.2800	0.320
2017	1.022	0.112	0.320	0.3700	0.2403	0.2800	0.320
2018	1.022	0.112	0.320	0.3700	0.2398	0.2800	0.320
2019	1.022	0.112	0.318	0.4200	0.2404	0.2800	0.320
2020	1.022	0.112	0.318	0.4300	0.2380	0.2800	0.340
2021	1.022	0.112	0.318	0.4332	0.2350	0.2774	0.340
2022	1.012	0.112	0.320	0.4332	0.2355	0.2909	0.380

(1) Rates per \$100 of assessed value

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

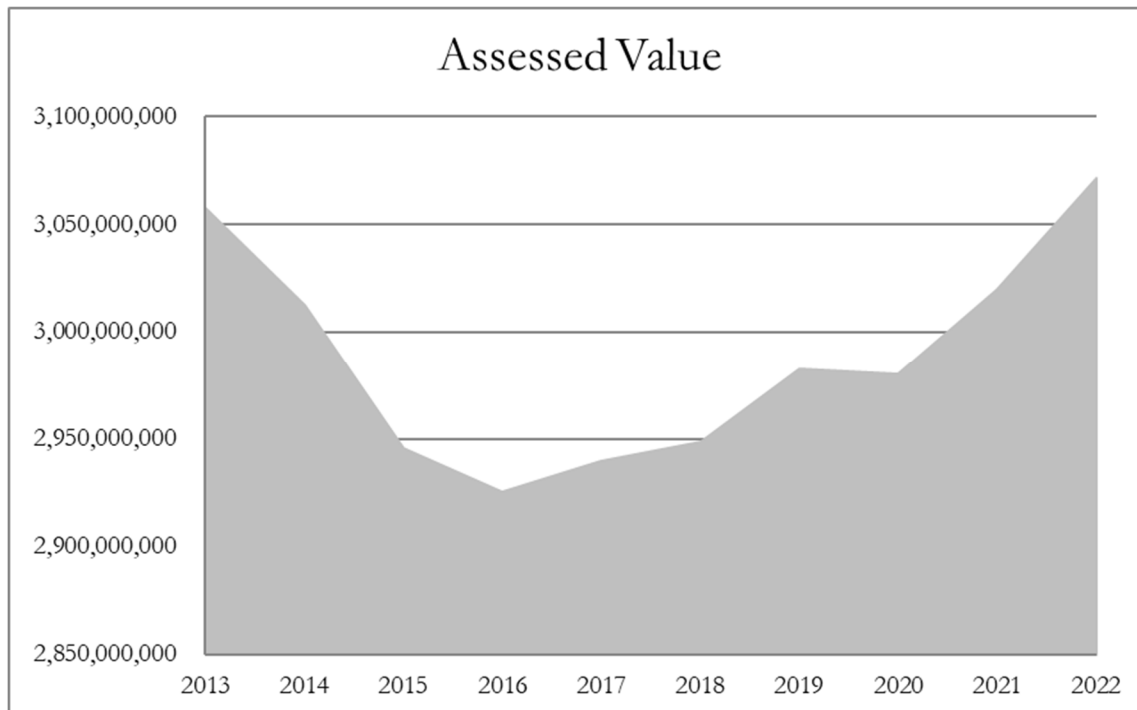


Source: State of Maryland and Towns of Betterton, Chestertown, Galena, Millington and Rock Hall.

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
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
2022	3,011,546,343	13,485,107	2,998,061,236	1.012	59,704,140	3,071,250,483

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, 2022

<u>Taxpayer</u>	<u>Tax Billed</u>	<u>% of Levy</u>
Delmarva Power and Light	\$ 1,005,094	3.15%
PUMH of Maryland, Inc	428,472	1.34%
Choptank Electric Co-op, Inc	261,032	0.82%
Verizon-MD	171,468	0.54%
KRM Development Corporation	161,472	0.51%
SGM Realty LLC	157,028	0.49%
Washington College	126,833	0.40%
Kent Crossing	122,799	0.38%
KRM Dixon Office LLC	122,168	0.38%
KRM Boss LLC	120,512	0.38%

For the Fiscal Year Ended June 30, 2013

<u>Taxpayer</u>	<u>Tax Billed</u>	<u>% of Levy</u>
Delmarva Power and Light	\$ 482,192	1.62%
PUMH of Maryland, Inc	377,331	1.27%
Verizon-MD	276,976	0.93%
Kent Research and Mfg, Inc	204,765	0.69%
Choptank Electric Co-op, Inc	195,078	0.65%
SGM Realty LLC	154,365	0.52%
Kent Crossing	133,569	0.45%
Chesapeake Meadows Limited	112,234	0.38%
Brawner Company, Inc	101,337	0.34%
Kent Plaza Associates	99,070	0.33%

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

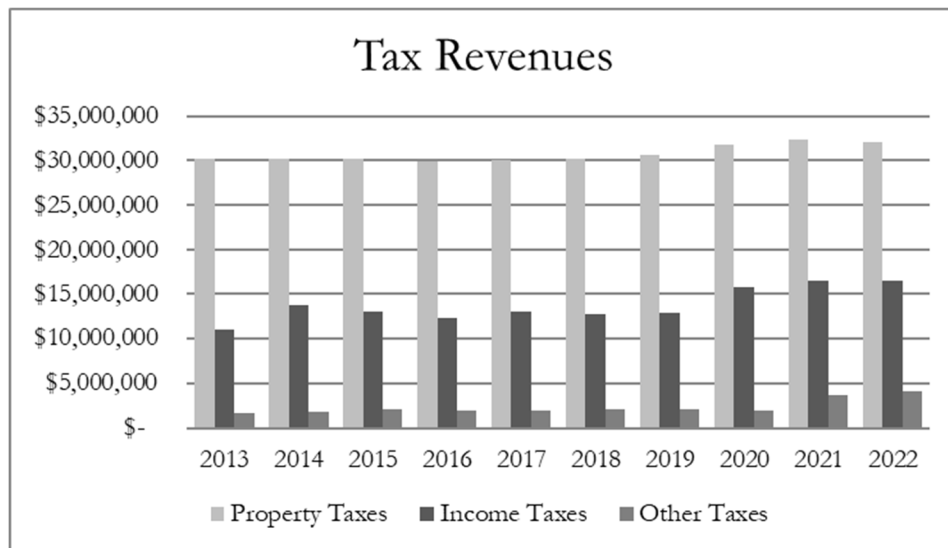
Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2013	\$	29,794,618	\$ 28,276,920	94.91%	\$ 1,465,591	\$ 29,742,511	99.83%
2014		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%	1,068,715	31,515,139	99.67%
2022		31,936,046	30,802,594	96.45%	n/a	30,802,594	96.45%

*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

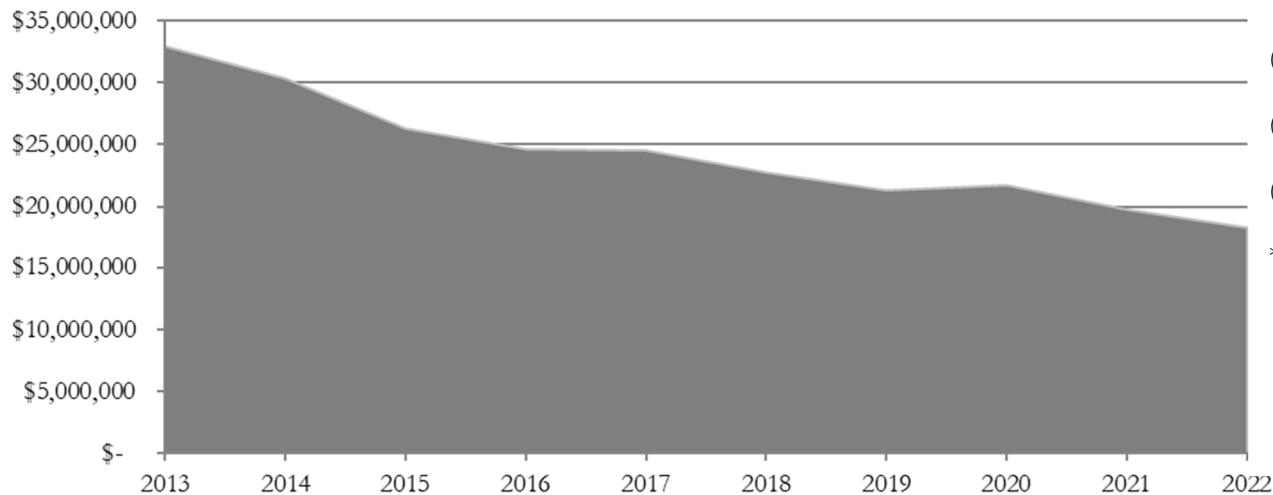
Local General Tax Revenues

	Property Taxes	Income Taxes	Other Taxes	Total Taxes
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
2022	32,073,034	16,436,095	4,058,772	52,567,901



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
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	1.60%	1,023.38
2022	5,392,206	-	1,353,496	6,745,702	11,391,733	-	157,123	11,548,856	18,294,558	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)
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%	1,166.90
2018	21,508,370	0.738%	1,109.59
2019	19,931,660	0.674%	1,028.31
2020	19,972,924	0.675%	1,028.37
2021	18,062,158	0.601%	937.32
2022	16,783,939	0.549%	n/a

*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, 2022

Name of Jurisdiction	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Towns (2)			
Betterton	\$ 253,701	100%	\$ 253,701
Chestertown (3)	-	100%	-
Galena (3)	-	100%	-
Millington	-	95%	-
Rock Hall (3)	-	100%	-
Subtotal overlapping debt			253,701
Kent County Government direct debt (1)			6,745,702
Total direct and overlapping debt			\$ 6,999,403

(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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	281,800	-	-	-	1,639,000	-	-	6,400,000	-	-
Legal Debt Margin	\$ 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	\$ 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)
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%
2021	19,270	1,234,631	37,699	5.50%

(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, 2021

Employer	Employees	Rank	Percentage of Total County Employment
Washington College	383	1	3.99%
Psychtherapeutic Services, Inc.	375	2	3.90%
Dixon Valve & Coupling Co.	356	3	3.70%
Kent County Board of Education	356	4	3.70%
Kent County Government	246	5	2.56%
University of MD Shore Regional Health	225	6	2.34%
Heron Point of Chestertown	200	7	2.08%
David A. Bramble, Inc.	191	8	1.99%
Kent Center	172	9	1.79%
Angelica Nurseries	150	10	1.56%

For the Calendar Year Ended December 31, 2013

Employer	Employees	Rank	Percentage of Total County Employment
Washington College	723	1	
Shore Medical Center at Chestertown	547	2	
Dixon Valve & Coupling Co.	375	3	
Kent County Board of Education	321	4	
Angelica Nurseries	230	5	
Kent County Government	216	6	
Heron Point of Chestertown	191	7	
LaMotte Industries	166	8	
David A. Bramble, Inc.	164	9	
YMCA Camp Tockwogh	120	10	

Source: Department of Economic Development

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Part time positions (FTE)	21	22	22	26	28	28	26	27	26	26
Exempt	29	28	29	30	37	36	36	39	43	44
Full Time Employees	163	166	169	173	166	168	171	175	173	177
Total County Government Employees	213	216	220	229	231	232	233	241	242	247

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Commissioner's Office (1)	4	4	4	4	4	4	4	4	4	5
Planning, Housing & Zoning	8	8	9	9	9	9	9	9	9	10
Human Resources	3	3	3	3	3	3	3	3	3	3
Finance	7	7	7	7	7	7	7	7	8	8
Information Technology	5	5	6	6	6	6	6	6	6	6
Tourism & Economic Development	3	3	3	4	4	4	4	4	4	4
State's Attorney's Office (2)	5	5	5	6	6	7	7	7	7	7
Circuit Court (2)	3	3	3	3	3	3	3	5	5	5
Soil Conservation Service (2)	0	0	0	0	0	0	0	0	0	0
Family & Community Partnerships	2	2	2	3	3	3	3	3	4	4
Weed Control (3)	0	0	0	0	0	0	0	0	0	0
PUBLIC SAFETY										
Sheriff's Office (2)	26	28	28	27	27	25	26	28	28	28
Detention Center	28	27	28	29	29	29	29	29	29	30
Office of Emergency Services	24	25	26	26	26	28	31	33	33	33
PUBLIC WORKS										
Administration	3	2	2	2	2	2	1	1	1	3
County Roads	30	29	29	29	29	29	29	29	29	29
Waste Management	7	8	8	8	8	8	8	8	8	8
Public Landings	1	1	1	1	1	1	1	1	1	1
Buildings & Grounds	11	13	13	13	13	15	15	15	15	15
LEISURE SERVICES										
Parks & Recreation	6	6	6	8	8	8	8	8	8	8
BUSINESS-TYPE ACTIVITIES										
Water & Wastewater Services	16	15	15	15	15	13	13	14	14	14
	192	194	198	203	203	204	207	214	216	221

- (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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	3	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	25	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	24	27	27	26	28	28	28	28	25	26

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General Government										
Planning & Zoning (1)										
Number of Permits Issued for:										
Accessory Buildings/Garages/Carports	75	70	77	87	89	77	102	75	77	89
Agricultural Buildings	26	23	23	16	21	21	17	20	17	12
Boat Lift	-	-	3	3	-	-	-	-	-	-
Commercial Addition/Alteration	11	7	13	9	8	6	8	10	7	6
Deck/Porch	28	31	23	41	27	34	21	25	21	19
New Commercial Building	2	1	7	6	7	3	7	2	2	7
New Single Family Residence	21	33	44	18	23	26	24	29	32	39
Other	33	28	46	25	-	-	-	-	-	-
Pier	19	21	14	19	22	14	28	15	21	19
Residential Addition/Alteration/Attached Garage	48	53	53	63	84	103	91	97	90	74
Sediment Control	45	20	29	36	21	27	37	40	43	46
Sign	7	12	7	4	8	12	8	2	3	4
Solar Panels	-	-	34	69	51	-	-	-	-	-
Swimming Pool	13	9	13	16	12	11	18	13	18	18
Bulkhead/Retaining Wall	5	5	7	13	4	-	-	-	-	-
Demolition	56	72	98	68	77	69	75	63	69	58
Logging	14	18	22	15	9	23	17	9	17	8
Use Permit	9	12	19	11	24	11	14	8	11	14
Total Permits Issued	412	415	532	519	487	437	467	408	428	413
Public Safety										
Alcohol Beverage Control										
Number of Licenses Issued	59	64	67	69	72	63	61	61	61	70
Number of Violations	2	6	2	-	2	1	-	3	5	-
Sheriff's Office (1)										
Number of Physical Arrests	1,380	1,557	596	436	575	604	517	401	502	534
Traffic Violations	3,902	3,678	3,580	3,711	4,212	4,155	2,757	5,554	3,370	4,844
Public Works										
Total Water Treated Annually (millions of gallons)	44	46	51	49	53	48	43	50	46	46
Total Wastewater Treated Annually (millions of gallons)	41	82	76	57	49	55	65	58	53	52

(Continued)

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Education										
Number of Personnel										
Teachers	152	164	156	161	158	159	162	158	155	175
Administrators	26	21	19	23	21	17	21	22	24	25
Support	72	118	123	111	115	116	135	126	131	139
Other	59	18	16	13	12	20	18	19	22	17
Number of Students	2130	2117	2106	2030	1895	1965	1914	1909	1809	1780
Number of High School Graduates	160	142	161	126	133	140	119	133	142	127

(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**