KENT COUNTY PUBLIC LIBRARY

Financial Statements Together with Report of Independent Public Accountants

For the Year Ended June 30, 2026

KENT COUNTY PUBLIC LIBRARY

Financial Statements Together with
Report of Independent Public Accountants

JUNE 30, 2026

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SB & Company
CPAs and Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Trustees of
Kent County Public Library
Chestertown, Maryland

Opinions

We have audited the financial statements of the governmental activities and the general fund of the Kent County Public Library (the Library), a component unit of Kent County, Maryland, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Library, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Library 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's for the Financial Statements

The Library'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 controls 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 Library'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. 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 and *Government Auditing Standards*, 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 controls 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 Library's internal controls. 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 Library'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 controls-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, budgetary comparison information, and the schedule of proportionate share of the net pension liability 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2026, on our consideration of the Library's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal controls over financial reporting and compliance.

Owings Mills, Maryland
October 28, 2026

SB & Company, LLC

KENT COUNTY PUBLIC LIBRARY

Management's Discussion and Analysis
For the Year Ended June 30, 2026

The purpose of management's discussion and analysis (MD&A) is to help Kent County Public Library (the Library) patrons and other readers understand what the financial statements and notes in this financial report say about the Library's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the Library's finances.

If you have questions about this report or require further information, contact the Kent County Public Library, 408 High Street, Chestertown, Maryland 21620, 410-778-3636.

Overview of the Financial Statements

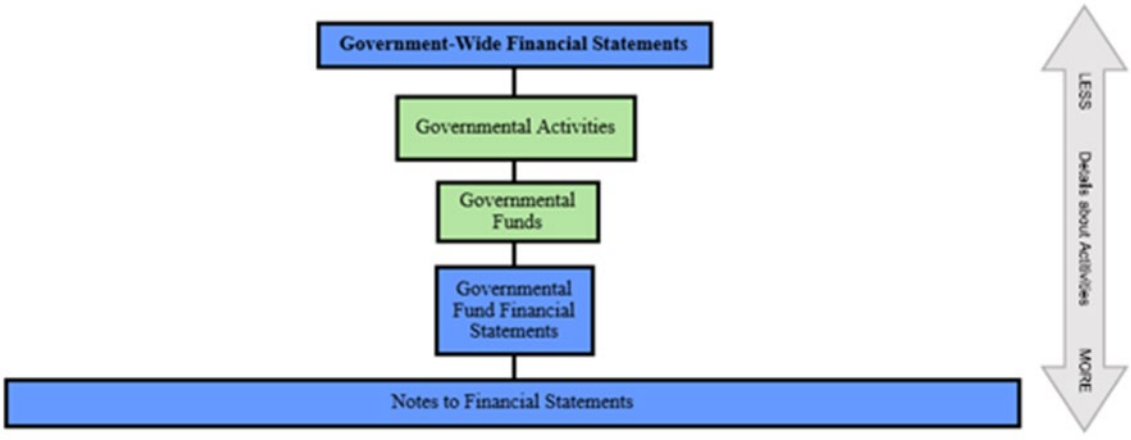
The Library's financial report contains basic financial statements. Those financial statements present the Library's finances at both an overall and a detailed level. *The government-wide financial statements* cover the Library's governmental activities.

- Governmental activities comprise the Library's most basic functions. Governmental activities primarily are financed by Kent County (the County) and state appropriations and grants from the State of Maryland.

The remaining basic financial statements present the Library's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The Library only reports one group of funds:

- *Governmental fund financial statements* report all of the governmental activities.

Figure A-1. Contents of the Library's Basic Financial Statements



The next section of this financial report contains notes to financial statements, which delve deeper into the Library's finances as reported in the financial statements. The information in the notes is as important to understanding the Library's finances as the information in the financial statements.

The Library uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

Types of Information in the Financial Statements

All of the Library's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* – resources the Library controls, from short-term assets like cash to long-term assets like the Library collection of books, periodicals and audio-visual materials.
- *Liabilities* – amounts the Library owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding leases and net amounts owed to employees for compensated absences.
- *Revenues and expenses* – inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from selling equipment.

Figure A-2. Types of Information Reported in the Library's Financial Statements

	Financial Statements	
	Government - Wide	**Governmental Fund**
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term	Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of revenues/additions	All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received	Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/ expenditures	All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid	Only expenditures for which the related governmental fund liability is incurred in that year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies, beginning on page 17.

FINANCIAL SUMMARY AND DETAILED ANALYSIS

Table A-1
Kent County Public Library Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Current and other assets	$ 415,563	$ 384,620	8.0%
Capital assets, net	308,629	361,083	-14.5%
Total Assets	**724,192**	**745,703**	**-2.9%**
Long-term liabilities	140,845	162,585	-13.4%
Other liabilities	145,785	112,547	29.5%
Total Liabilities	**286,630**	**275,132**	**4.2%**
Net position:			
Net investment in capital assets	182,060	214,637	-15.2%
Restricted	-	5,864	-100.0%
Unrestricted	255,502	250,070	2.2%
Total Net Position	**$ 437,562**	**$ 470,571**	**-7.0%**

Table A-1 shows that as of June 30, 2026, the Library's total net position - assets minus liabilities - was $437,562, a decrease of $33,009 or 7.0 percent compared with 2025. This decrease is primarily due to a $32,577 or 15.2 percent decrease in net investment in capital assets. The following sections of MD&A analyze the finances of the governmental activities.

Governmental Activities

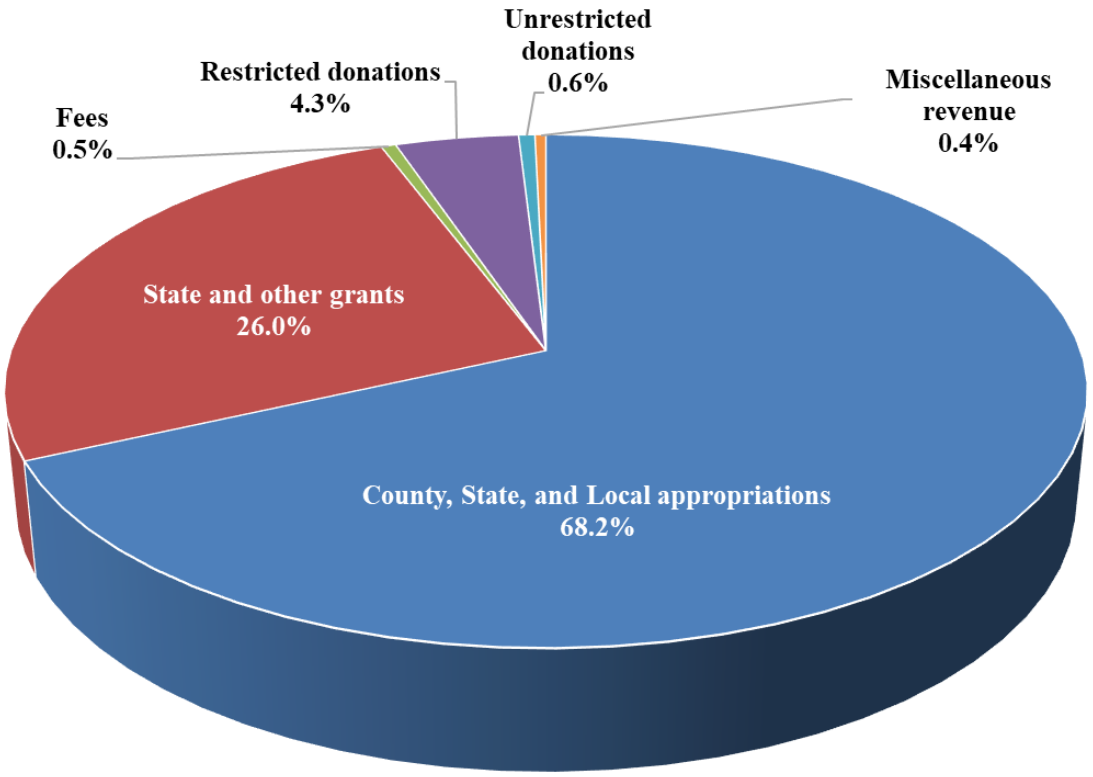
Table A-2 shows that expenses exceeded revenues in the current year, resulting in a decrease in net position. The total net position of the Library's governmental activities was $437,562, a decrease of $33,009 or 7.0 percent from 2025. Various events contributed to this decrease in net position; however, the primary factor affecting the change in net position is as follows:

(1) Increases in salaries and related costs, resulting from a 5% salary increase and rising healthcare costs.

Table A-2
Changes in Kent County Public Library's Net Position

	Governmental Activities		Total Percentage Change
	2026	2025	2026-2025
Revenues:			
County, state, and local appropriations	$ 982,986	$ 925,526	6.2%
State and other grants	374,962	215,286	74.2%
Fees	7,393	6,597	12.1%
Restricted donations	61,769	85,358	-27.6%
Unrestricted donations	8,159	10,319	-20.9%
Miscellaneous revenue	5,483	390	1305.9%
Total Revenues	**1,440,752**	**1,243,476**	**15.9%**
Expenses:			
Salaries and related costs	1,009,631	933,144	8.2%
Operating expenditures	378,979	210,938	79.7%
Debt service	4,123	4,709	-12.4%
Depreciation and amortization	81,028	83,159	-2.6%
Total Expenses	1,473,761	1,231,950	19.6%
Change in Net Position	**(33,009)**	**11,526**	**-386.4%**
Net position - beginning of period	470,571	459,045	**2.5%**
Net Position - End of Period	**$ 437,562**	**$ 470,571**	**-7.0%**

Figure A-3. Governmental Activities Revenues by Source

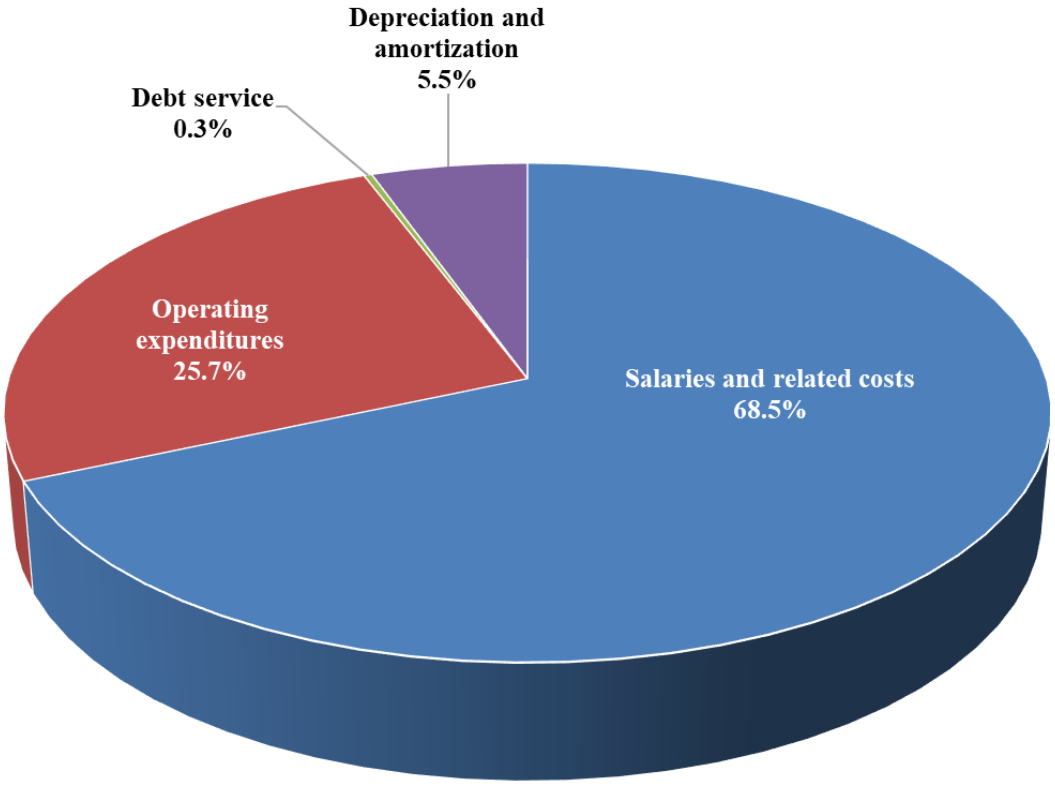


Growth in County Appropriation and Intergovernmental Grant Revenues

There were notable increases in County, state and local appropriations and state and other grants. County, state and local appropriations, which account for 68.2 percent of overall revenues for governmental activities, increased 6.2 percent to $982,986. The primary driver of this increase was a $53,884 rise in the County appropriation, a 6.8 percent gain from the prior year. State and other grants, which account for 26.0 percent of overall revenues, increased $159,676 or 74.2 percent from 2025 to 2026. This was primarily due to a one-time grant from the Maryland Historical Trust's African American Heritage Preservation Program of $191,800 that was utilized to repair and renovate the Chestertown Library.

Growth in Expenses

Figure A-4. Governmental Activities Expenses by Function



The increases in revenue were accompanied by an increase in the Library's costs of providing services. Governmental activities expenses rose 19.6 percent overall. Most notably, operating expenditures increased $168,041, a 79.7 percent increase from the prior year (see Table A-2). The repairs and rehabilitation of the Chestertown Library totaling $191,800 were the largest contributing factor of the overall increase. By contrast, the most significant decrease in this category was equipment purchases, which experienced a decrease of 56.5 percent, or $25,456.

Salaries and related costs increased by $76,487 (see Table A-2). This was primarily due to a 5% salary increase and rising health insurance costs.

Governmental Funds

The Library reports one major fund in the governmental fund financial statements, the general fund. Most of the discussion regarding governmental activities is equally applicable to the finances of that governmental fund. However, certain factors that are relevant to the Library's current financial health are more apparent in the fund financial statements than in the government-wide financial statements.

The changes in the general fund are shown in Table A-3 below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund	
	2026	**2025**
Total Revenues	**$ 1,440,752**	**$ 1,243,476**
Total Expenditures	**1,443,047**	**1,216,029**
Excess (Deficiency) of Revenues Over Expenditures	(2,295)	27,447
Net change in fund balances	(2,295)	27,447
Fund balances - beginning of period	272,073	244,626
Fund Balances - End of Period	**$ 269,778**	**$ 272,073**

Fund balance represents the financial standing of a governmental fund as of the end of the fiscal year from a short-term perspective.

General Fund

The fund balance of the Library's general fund decreased by .8 percent. This decrease in fund balance has occurred because revenues fell short of expenses, causing the Library to use fund balance to pay for expenditures.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets. Overall, the carrying value of capital assets - original cost minus accumulated depreciation - decreased 14.5 percent over 2025. The only additions to capital assets occurred in Library collection items (books, periodicals, audio-visual materials), totaling $28,574, while dispositions of the 2015 collection purchases totaled $66,579.

At year-end, the Library had a lease payable of $126,569. During the year, the lease payable decreased by $19,877.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Library is aware of five developments that will have an impact on the Library's finances in the future and were therefore incorporated into next year's budget:

(1) Staffing reorganization
(2) Additional revenue sources
(3) Increased energy costs
(4) Increased employee benefit costs
(5) Adoption of the County budget

Staffing Reorganization

During fiscal year 2026, the Library experienced a lot of disruptions and changes, but these created opportunities. The Library generated savings compared with budget expectations, despite total salary and benefit costs increasing from the prior year. These savings largely offset the reserve funding budgeted for use during the year, enabling the Library to commit this funding to the next fiscal year. At the end of the fiscal year, the Library had staffed all budgeted positions.

Additional Revenue Sources

The Library received a grant through the African American Heritage Preservation Program which funded the renovation of the Chestertown Library, Inc. Building. The building was reopened to the public for meetings and events, adding a community service and creating an additional revenue stream for the Library.

The Library pursued several grants and created sponsorship opportunities to support programming throughout the year. These efforts raised over $15,000, enhancing and expanding the summer reading program and other programming initiatives throughout the year.

The Library has been able to use unrestricted reserve funds to support operations over the past several years, but this is not renewable funding and additional revenue will need to be identified in future fiscal years. Pursuit of additional revenue sources has been a priority for the Library administration. The Board of Trustees worked with the Maryland Local Government Investment Pool to provide additional, reliable revenue for the Library through its fund balance after investigating several options.

Increased Energy Costs

The Library experienced a significant increase in energy costs in fiscal year 2026, with an increase of approximately $10,000 over the previous year, and this trend is expected to continue.

Increased Employee Benefit Costs

The renewal rate for the Library's employee benefits came in much higher than anticipated, increasing the pressure on the budget for fiscal year 2027. The Library worked with their benefits provider to identify potential areas that could result in savings, but elected to not make changes to benefits for the upcoming fiscal year.

Adoption of the County Budget

In June 2026, the County adopted its operating budget for the fiscal year ending June 30, 2027. The Library's finances are significantly affected by the County budget as the provider of 58.8 percent of its revenue. The County adopted a budget that included an amount slightly lower than that requested by the Library, therefore the Library had to rework their fiscal year 2027 budget prior to adoption.

KENT COUNTY PUBLIC LIBRARY

Statement of Net Position and Governmental Funds Balance Sheet
As of June 30, 2026

	General Fund	Adjustments	Governmental Activities
ASSETS			
Cash and cash equivalents	$ 332,929	$ -	$ 332,929
Receivables	69,030	-	69,030
Prepaid expenses	13,604	-	13,604
Depreciable capital assets, net			
Machinery, equipment and vehicles	-	59,653	59,653
Improvements	-	3,167	3,167
Leased asset	-	113,627	113,627
Library collections	-	132,182	132,182
Total Assets	415,563	308,629	724,192
LIABILITIES			
Accounts payable and accrued expenses	62,644	-	62,644
Intergovernmental payable	10,652	-	10,652
Due to Kent County	6,908	-	6,908
Unearned revenue	65,581	-	65,581
Long-term liabilities			
Amount due within one year			
Leases	-	19,241	19,241
Compensated absences	-	2,725	2,725
Amount due in more than one year			
Leases	-	107,328	107,328
Compensated absences	-	11,551	11,551
Total Liabilities	145,785	140,845	286,630
FUND BALANCES / NET POSITION			
Fund Balances			
Nonspendable - prepaids	13,604	(13,604)	-
Committed	206,872	(206,872)	-
Assigned	49,302	(49,302)	-
Total Fund Balances	269,778	(269,778)	-
Net Position			
Net investment in capital assets	-	182,060	182,060
Unrestricted	-	255,502	255,502
Total Net Position	$ -	$ 437,562	$ 437,562
Total Liabilities and Net Position	$ 415,563		

The accompanying notes are an integral part of this financial statement.

KENT COUNTY PUBLIC LIBRARY

Reconciliation of the Governmental Fund Balance to the Statement of Net Position
As of June 30, 2026

Total fund balances - governmental funds (page 13)		$ 269,778
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and library collections used in governmental activities are not financial resources, and therefore, are not reported in the funds:		
Depreciable capital assets:		
Machinery, equipment and vehicles	$ 237,912	
Improvements	33,614	
Right-to-use leased buildings	216,433	
Library collections	547,918	
Total capital assets	1,035,877	
Less accumulated depreciation and amortization	(727,248)	
		308,629
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Leases	(126,569)	
Compensated absences	(14,276)	
		(140,845)
Net Position of Governmental Activities (page 13)		$ 437,562

The accompanying notes are an integral part of this financial statement.

KENT COUNTY PUBLIC LIBRARY

Statement of Activities and Governmental Funds
Statement of Revenue, Expenditures, and Change in Fund Balance
For the Year Ended June 30, 2026

	General Fund	Adjustments	Governmental Activities
Revenues			
Appropriations:			
State of Maryland	$ 135,142	$ -	$ 135,142
Kent County	847,844	-	847,844
State and other grants	374,962	-	374,962
Fees	7,393	-	7,393
Donations:			
Restricted	61,769	-	61,769
Unrestricted	8,159	-	8,159
Miscellaneous	5,483	-	5,483
Total Revenues	1,440,752	-	1,440,752
Expenditures			
Salaries and related costs	1,011,494	(1,863)	1,009,631
Operating expenditures	378,979	-	378,979
Library materials	28,574	(28,574)	-
Debt service			
Principal	19,877	(19,877)	-
Interest	4,123	-	4,123
Depreciation and amortization	-	81,028	81,028
Total Expenditures	1,443,047	30,714	1,473,761
Net change in fund balance/net position	(2,295)	(30,714)	(33,009)
Fund balance/net position, beginning of year	272,073	198,498	470,571
Fund Balance/Net Position, End of Year	$ 269,778	$ 167,784	$ 437,562

The accompanying notes are an integral part of this financial statement.

KENT COUNTY PUBLIC LIBRARY

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2026

Net change in fund balances - total governmental funds (page 15)		$ (2,295)
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays and the acquisition of library materials as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense or amortization expense.		
Capital outlay and library collection	$ 28,574	
Depreciation and amortization expense	(81,028)	
		(52,454)
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:		
Principal repayments - leases	19,877	
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 compensated absences	1,863	
		21,740
Change in Net Position of Governmental Activities (page 15)		$ (33,009)

The accompanying notes are an integral part of this financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Kent County Public Library (the Library) was formed in 1961 by state legislation as a state and local government agency. The Library is governed by a seven member board of trustees appointed by the Kent County Commissioners. Services provided include offering Library materials of various types for use by the general public.

B. Basis of presentation – government-wide financial statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which present information about the Library as a whole. All of the activities of the Library are classified as governmental.

C. Basis of presentation – fund financial statements

The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Library has one fund and maintains all of its activity in that one general fund.

D. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement focus and basis of accounting (continued)

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 Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fees and donations 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 Library.

E. Budgetary information

1. Budgetary basis of accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the Library's general fund. The Library's director may make transfers of appropriations within line items up to $1,000 per month and the Library's treasurer may make transfers of appropriations within line items up to $5,000 per month with the exception of personnel expenditures. Transfers of appropriations in excess of $5,000 require the approval of the Library's board of trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary information (continued)

1. Budgetary basis of accounting *(continued)*

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.

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

1. Cash and cash equivalents

The Library'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. The Library follows Local Government §17-101 of the Annotated Code of Maryland, which requires that deposits with financial institutions be fully collateralized. Full collateralization is necessary to minimize the risk of loss of a deposit in the event of the default of a financial institution. In addition, this section of the law requires that collateral be of the types specified in the State Finance and Procurement Article, Section 6-202 of the Code.

2. Prepaid items

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.

3. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Library does not own its library buildings or other capital assets contributed by the County.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

3. Capital assets *(continued)*

Depreciation/amortization on all assets is provided on the straight-line basis over the following useful lives.

Asset Class	Lives
Building and improvements	7-39 years
Right-to-use leased buildings	2-10 years
Furniture, fixtures, and equipment	5 -7 years

4. Library collection

The Library collection which includes books, periodicals and audio-visual materials are reported in the applicable governmental activities column in the government-wide financial statements. These assets are recorded at historical cost or estimated historical cost. They are amortized over seven years. Fully amortized assets are removed from original cost and accumulated amortization after they have been carried for ten years.

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Library has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Library has no items that qualify for reporting in this category.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

6. Net position flow assumption

Sometimes the Library 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 statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

7. Fund balance flow assumptions

Sometimes the Library 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 Library'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.

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 Library reported $13,604 relating to prepaid expenditures in this category.

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 Library did not report any restricted fund balances.

Committed – Amounts that can be used only for specific purposes are determined by formal action (adoption or amendment) by the Library Board of Trustees who are the highest level of decision making authority. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The Library reported $206,872 of committed fund balance comprised of $167,878 in Operating Reserves and $38,994 for Health Care costs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance (continued)

8. Fund balance policies *(continued)*

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as committed. The Library Board of Trustees 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 Library reported $49,302 of assigned fund balance to be utilized for the fiscal year 2027 Budget.

Unassigned – Amounts that are not included in other fund balance classifications. The Library did not report any unassigned fund balance.

G. Revenues and expenditures/expenses

1. Compensated absences

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 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. The total liability for compensated absences as of June 30, 2026 was $14,276.

Sick Leave

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

2. 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 a 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.

Detail of these reconciling transactions can be found on page 14.

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.

The governmental fund reports 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.

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.

Detail of these reconciling transactions can be found on page 16.

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash deposits with financial institutions and investments

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. None of the Library's deposits are exposed to custodial credit risk. The Library maintains one bank account at PNC Bank. As of June 30, 2026, the carrying amount of the Library's deposits was $131,312 and the bank balance in the checking account was $142,115, all of which is insured by the Federal Deposit Insurance Corporation.

The Library had $201,117 invested in the Maryland Local Government Investment Pool as of June 30, 2026.

B. Receivables

The Library had the following receivables at June 30, 2026:

Receivable From	Amount
Eastern Shore Regional Library	$ 65,078
State of Maryland/Library Services and Technology Act	2,752
Rock Hall LLC	1,200
Total	$ 69,030

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

C. Capital assets

Capital asset activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026
Depreciable capital assets				
Lease assets - buildings	$ 216,433	$ -	$ -	$ 216,433
Library improvements	33,614	-	-	33,614
Computers & equipment	133,989	-	-	133,989
Furniture & fixtures	103,923	-	-	103,923
Total depreciable capital assets	487,959	-	-	487,959
Less accumulated depreciation/amortization for:				
Lease assets - buildings	81,162	21,644	-	102,806
Library improvements	29,960	487	-	30,447
Computers & equipment	95,319	5,501	-	100,820
Furniture & fixtures	70,946	6,493	-	77,439
Total accumulated depreciation/amortization	277,387	34,125	-	311,512
Depreciable capital assets, net	$ 210,572	$ (34,125)	$ -	$ 176,447

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Library collection

Library collections and related accumulated amortization activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026
Depreciable capital assets	$ 585,923	$ 28,574	$ (66,579)	$ 547,918
Less accumulated depreciation	435,412	46,903	(66,579)	415,736
Depreciable capital assets, net	$ 150,511	$ (18,329)	$ -	$ 132,182

E. Accrued liabilities

Accrued liabilities reported by the Library at June 30, 2026 were as follows:

Accrued Liability	Amount
Payroll	$ 37,076

F. Pension obligation

Plan Description. All full-time personnel employed in a Library position participate in the Teachers' Retirement System or the Teachers' Pension System of the State of Maryland. All other eligible permanent employees excluded above are enrolled in the Maryland State Employees' Retirement System or the Employees' Pension System.

These systems are part of the Maryland State Retirement and Pension System (the State System) and are cost-sharing multiple-employer public employee retirement systems. The State System provides pension, death and disability benefits to plan members and beneficiaries.

The retirement plans are administered by the State Retirement Agency (the Agency). Responsibility for the administration and operation of the State System is vested in a seven-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issues a publicly available financial report that includes basic financial statements and required supplementary information for the State System. The report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, or by calling 410-625-5555.

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

F. Pension obligation (continued)

Funding Policy. The State Personnel and Pensions Article requires active members to contribute to the State System at a percentage of their covered salary depending upon the retirement option selected. The State funds substantially all the employer's annual contributions. The Library has no contingent liability for funding deficits in the system should such occur.

On-behalf payments made by the State of Maryland that represent contributions to a pension plan for which the employer government is not legally responsible were as follows:

For the Year Ended	Annual Pension Cost	% of APC Contributed	Net Pension Obligation
2024	$ 90,651	100%	-
2025	101,928	100%	-
2026	87,056	100%	-

G. Risk management

The Library 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 Library is covered under the County's commercial insurance, with the exception of unemployment 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.

The Library is fully insured for worker's compensation through the Injured Worker's Insurance Fund of Maryland. No insurance settlement has exceeded the coverage to date.

H. Leases

The Library is lessee for noncancellable leases of office space. The Library recognizes lease liabilities and intangible right-to-use leases assets (leased assets) in the government-wide financial statements.

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

H. Leases (continued)

At the commencement of a lease, the Library initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the Library determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Library uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Library generally uses its estimated incremental borrowing rate as the discount rate.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Library is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Library monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

I. Long term liabilities

Changes in the government's long term liabilities for the year ended June 30, 2026 are as follows:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Lease payable	$ 146,446	$ -	$ (19,877)	$ 126,569	$ 19,241
Compensated absences	16,139	40,161	(42,024)	14,276	2,725
Long-term liabilities	$ 162,585	$ 40,161	$ (61,901)	$ 140,845	$ 21,966

The assets acquired through leases are as follows:

Asset:	
Right-to-use Leased Building	$ 216,433
Less: Accumulated Depreciation	(102,806)
Total	$ 113,627

The future principal and interest lease payments as of June 30, 2026 were as follows:

Years Ending June 30,	Principal	Interest	Total
2027	$ 19,241	$ 3,239	$ 22,480
2028	22,287	2,927	25,214
2029	23,740	2,231	25,971
2030	25,252	1,498	26,750
2031	26,833	719	27,552
2032	9,216	58	9,274
Total	$ 126,569	$ 10,672	$ 137,241

J. Short term debt

During 2026, the Library continued its $25,000 line of credit agreement with PNC Bank for operating needs. The agreement no longer has an expiration date. There has been no activity on the credit line during the year and the balance remains at $0.

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

K. Contingencies

The Library receives a substantial amount of its support from the local and state government. A significant reduction in the level of support, if this were to occur, may have an effect on the Library's programs and activities.

The Library is the recipient of various state and other grants. The Library may be under obligation to repay these grant funds if upon final review by the respective granting agencies, the funds expended did not meet the established program objectives. Management is not aware of any repayment requests affecting these financial statements.

L. New Accounting Standard

The GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, and Statement No. 104, *Disclosure of Certain Capital Assets*, which took effect during fiscal year 2026. The Library implemented these statements, which did not have a material effect on the financial statements.

The GASB has issued Statement No. 105, *Subsequent Events*, which will require adoption in the future. The Library will be analyzing the effect of this pronouncement and plans to adopt it by its effective date.

REQUIRED SUPPLEMENTARY INFORMATION

KENT COUNTY PUBLIC LIBRARY

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance	Actual	Variance with
	Original	Final	Original - Final	Amounts	Final Budget
REVENUES					
Appropriations:					
State of Maryland	$ 135,142	$ 135,142	$ -	$ 135,142	$ -
Kent County	847,844	847,844	-	847,844	-
Municipalities	2,500	2,500	-	-	(2,500)
State and other grants	287,700	374,962	87,262	374,962	-
Fees	8,200	8,200	-	7,393	(807)
Donations - restricted	20,000	61,666	41,666	61,769	103
Donations - unrestricted	5,500	6,375	875	8,159	1,784
Miscellaneous	3,150	3,150	-	5,483	2,333
Total revenues	$ 1,310,036	$ 1,439,839	$ 129,803	$ 1,440,752	$ 913

KENT COUNTY PUBLIC LIBRARY

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance	Actual	Variance with
	Original	Final	Original - Final	Amounts	Final Budget
EXPENDITURES					
Salaries and related costs					
Gross salaries	$ 726,835	$ 726,835	$ -	$ 674,460	$ 52,375
Payroll taxes	55,603	55,603	-	49,862	5,741
Health insurance	199,790	199,790	-	194,796	4,994
Unemployment	-	-	-	5,320	(5,320)
State on-behalf payments for retirements	-	87,056	87,056	87,056	-
Total salaries and related costs	982,228	1,069,284	87,056	1,011,494	57,790
Operating					
Accounting services	14,300	15,435	1,135	15,435	-
Copiers	9,000	7,283	(1,717)	7,283	-
Software subscriptions	2,500	2,631	131	2,631	-
Library programing	9,400	21,053	11,653	21,052	1
Building repairs and security	6,000	6,851	851	6,851	-
Utilities	50,000	52,401	2,401	52,401	-
Telecommunications	6,900	6,134	(766)	6,135	(1)
Staff development and travel	18,900	13,525	(5,375)	13,524	1
Postage	2,500	2,278	(222)	2,278	-
Supplies	4,658	10,797	6,139	10,797	-
Equipment	-	19,616	19,616	19,616	-
Insurance	5,000	6,156	1,156	6,156	-
Rent	39,000	14,950	(24,050)	14,950	-
Miscellaneous	6,750	8,071	1,321	8,070	1
Building renovations	191,800	191,800	-	191,800	-
Total operating	366,708	378,981	12,273	378,979	2
Library materials					
Books	11,200	17,106	5,906	17,106	-
Periodicals	7,000	5,120	(1,880)	5,120	-
Audio/visual	3,900	6,348	2,448	6,348	-
Total library materials	22,100	28,574	6,474	28,574	-
Capital outlay	-	-	-	-	-
Debt service	-	24,000	24,000	24,000	-
Total expenditures	1,371,036	1,500,839	129,803	1,443,047	57,792
Excess of expenditures over revenues	(61,000)	(61,000)	-	(2,295)	58,705
Fund balance - beginning	272,073	272,073	-	272,073	-
Fund balance - ending	$ 211,073	$ 211,073	$ -	$ 269,778	$ 58,705

KENT COUNTY PUBLIC LIBRARY

Required Supplementary Information
Note to Budgetary Comparison Schedules

Note A - Actual Budget Results

	General Fund Over (Under)
BUDGETARY REVENUES	
Differences - original budget to final budget:	
State contribution for retirement benefits not originally budgeted	$ 87,262
Prior year's restricted donations recognized in fiscal year 2026	41,666
BUDGETARY EXPENDITURES	
Differences - final budget to actual:	
Gross salaries were less than budgeted due turnover and a vacancy in the executive director position and subsequent staffing reorganization	$ 52,375
Differences - original budget to final budget:	
State on-behalf payment of retirement benefits not originally budgeted	87,056
Reclassification of rent payments to debt service	24,000
Equipment budget added for the installation of new security cameras	19,616
Library programing budget increased due to an increase in the restricted donation budget	11,653
Reclassification of rent payments to debt service	(24,050)

KENT COUNTY PUBLIC LIBRARY

Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Library's Proportion of the MSRPS Net Pension Liability	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Library's Proportionate Share of the MSRPS Net Pension Liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's Proportionate Share of the MSRPS Net Pension Liability Associated with the Library	$ 888,951	$ 910,709	$ 653,435	$ 680,673	$ 564,192	$ 868,219	$ 809,296	$ 837,601	$ 831,890	$ 913,685
Library's Covered-employee Payroll	$ 639,962	$ 600,562	$ 600,342	$ 569,492	$ 564,794	$ 429,593	$ 500,917	$ 513,688	$ 479,076	$ 478,353
Fund's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.02%	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%

SB & Company
CPAs and Business Advisors

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Kent County Public Library
Chestertown, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*s issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Kent County Public (the Library), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated October 28, 2026.

Report on Internal Controls Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal controls over financial reporting (internal controls) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Library's internal controls.

A *deficiency in internal* controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

SB & Company
CPAs and Business Advisors

Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
October 28, 2026

SB & Company, LLC