BOARD OF EDUCATION
OF KENT COUNTY, MARYLAND

AUDITED FINANCIAL STATEMENTS

For the year ended June 30, 2024

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

Board of Education of Kent County, Maryland
Rock Hall, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Kent County, Maryland, component unit of Kent County, Maryland ("the Board"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Kent County, Maryland, as of June 30, 2024, and the respective changes in financial position 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 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 Board of Education of Kent County, Maryland 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

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 Board of Education of Kent County, Maryland'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.

Auditors' 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 generally accepted auditing standards 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 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 generally accepted auditing standards 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 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 Board of Education of Kent County, Maryland'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 Board of Education of Kent County, Maryland'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 revenues, expenditures and encumbrances budget and actual – general fund, schedule of changes in the Board's net OPEB liability and related ratios, schedule of investment returns, schedule of the Board's proportionate share of the net pension liability, and schedule of Board contributions – pensions, as listed in the table of contents, 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 Board of Education of Kent County, Maryland's basic financial statements. The accompanying schedule of revenues – general fund, combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, schedule of revenues and expenditures – food service fund, and statement of revenues, expenditures and fund balance – school activities fund, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 additional supplementary information as referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of The Board of Education of Kent County Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Board of Education of Kent County, Maryland's 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 Board of Education of Kent County, Maryland's internal control over financial reporting and compliance.

UHY LLP

Salisbury, Maryland
September 30, 2024

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL 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 Education of Kent County, Maryland
Rock Hall, Maryland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of The Board of Education of Kent County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise The Board of Education of Kent County, Maryland's basic financial statements, and have issued our report thereon dated September 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Board of Education of Kent County, Maryland's internal control over financial reporting (internal control) 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 Board of Education of Kent County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of The Board of Education of Kent County, Maryland's internal control.

A *deficiency in internal control* 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 control, 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 control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Board of Education of Kent County, Maryland'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 control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

UHY LLP

Salisbury, Maryland
September 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A)
June 30, 2024

Our discussion and analysis of the Board of Education of Kent County's financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the financial statements.

The goal of MD&A is for the Board's financial managers to present an objective and easily readable analysis of the Board's financial activities based on currently known facts, decisions, or conditions.

Financial Highlights

The General Fund unrestricted revenue budget was increased by $46,473, or 0.10%, during the year from the originally adopted budget. Amounts budgeted for unrestricted expense increased by $46,473. The final budget for restricted revenues and expense is based on grant award amounts to be received in future years.

The General Fund fund balance increased by $215,212 on a budgetary basis.

Excluding revenues and expenditures related to restricted federal and state grants, the General Fund budget revenues exceeded the actual revenues by $261,927; expenditures and encumbrances were $495,165, or approximately 1.6%, under the amended budget.

Details of the General Fund budget variances can be found on page 54 of the financial statements.

Basic Financial Statements

Management Discussion & Analysis

Government-wide Financial Statements ↔Fund Financial Statements
Notes to the Financial Statements
Required Supplemental Information

The illustration above represents the minimum requirements for the Board's external financial statements.

Government-wide Financial Statements

The government-wide perspective is designed to provide readers with a complete financial view of the entity known as The Board of Education of Kent County. The financial presentation of this perspective is similar to a private sector business.

The *statement of net position* presents information on all of the assets and liabilities of the Board with the difference between the two reported as *net position.* The *statement of activities* presents information showing how the Board's net position changed during the most recent fiscal year.

These statements measure the change in total economic resources during the period utilizing the accrual basis of accounting. This means any change in net position is 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 in this statement for some items that will only result in cash flows in future fiscal periods (like earned but unused employee leave), or for which cash has already been expended (depreciation of buildings and equipment already purchased).

The government-wide perspective is unrelated to budget and, accordingly, budget comparisons are not provided.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Board of Education of Kent County uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The Board's funds are presented in two categories, governmental funds and fiduciary funds. The Board of Education of Kent County does not operate any enterprise activities that are reported as proprietary funds.

The measurement focus of these statements is current financial resources; therefore the emphasis is placed on the cash flows of the organization within the reporting period or in the near future. Accordingly, the modified accrual basis of accounting that measures these cash flows is used. In the case of The Board of Education of Kent County, open encumbrances are excluded from expenditures. Additionally, the State of Maryland's contribution to the teachers' retirement system are added to revenue and expenditures.

Budgetary presentation of individual fund financial information utilizing the current financial resources measurement focus and the budgetary basis of accounting is presented as part of the Required Supplementary Information. In this presentation, available cash flows of the Board itself are measured, as well as the commitment to acquire goods or services with that cash. Open encumbrances at year-end are included in the expenditures.

This is the legal basis upon which the budget is adopted, so budget comparisons are provided. Governmental Accounting Standards (GASB) requires that we present the original adopted budget as well as the final budget, and discuss the changes between them.

	Government-wide Statements	**Fund Statements**	**Budgetary Fund Statements**
Measurement Focus	Economic Resources	Current Financial Resources	Current Financial Resources
Basis of Accounting	Accrual	Modified Accrual	Cash and Commitments
Budget	No	No	Yes

The table above presents the differences in the presentation of the basic financial statements.

Fiduciary Responsibility – Trust and Custodial Funds

Retiree Health Plan Trust

The Board is the trustee, or fiduciary, for its retiree health plan trust. We exclude the activity from Kent County Public Schools' other financial statements because the assets cannot be used to finance the Board's activities. We are responsible for ensuring the assets reported in this fund are used for their intended purposes.

The Board of Education of Kent County as a Whole

Table 1

	June 30, 2024	June 30, 2023	$ Change	% Change
Current and other assets	$ 9,171,235	$ 9,118,865	$ 52,370	0.57%
Capital assets	25,644,203	26,612,323	(968,120)	-3.64%
Total Assets	34,815,438	35,731,188	(915,750)	-2.56%
Deferred outflows of resources	6,698,743	7,314,724	(615,981)	-8.42%
Current and other liabilities	5,097,112	5,212,567	(115,455)	-2.21%
Long-term liabilities	18,755,998	26,040,341	(7,284,343)	-27.97%
Total Liabilities	23,853,110	31,252,908	(7,399,798)	-23.68%
Deferred inflows of resources	16,604,364	11,292,243	5,312,121	47.04%
Net position:				
Invested in capital assets	25,008,849	25,979,038	(970,189)	-3.73%
Restricted	209,129	306,343	(97,214)	-31.73%
Unrestricted	(24,161,271)	(25,784,620)	1,623,349	-6.30%
Total Net Position	$ 1,056,707	$ 500,761	$ 555,946	111.02%

During the fiscal year ended June 30, 2024, the Board's net position increased by $555,946. The Board experienced increased expenses of approximately $921 thousand in the current year. Total revenues decreased during the fiscal year by approximately $2.0 million. There was a decrease in capital grants and contributions of approximately $5.5 million which was offset in part by additional funding from the County and State. The increase in expense is primarily attributable to increased instruction and special education expenses as well as increased expenses in administration. These increases were offset by decreases in support services expense.

Capital assets are insured with the Maryland Association of Boards of Education Group Insurance Pool. The capital assets are managed using Sungard Pentamation Fixed Asset software. Inventory is updated annually.

The unrestricted net deficit at June 30, 2024 is $24,161,271. The Board has the cash flow available to meet all current obligations.

Table 2

	June 30, 2024	June 30, 2023	$ Change	% Change
Revenues				
Program Revenues				
Charges for services	$ 270,602	$ 360,974	$ (90,372)	-25.04%
Operating grants and contributions	11,854,516	11,069,513	785,003	7.09%
Capital grants and contributions	1,120,480	6,585,836	(5,465,356)	-82.99%
General Revenues				
Kent County	19,654,557	18,559,629	1,094,928	5.90%
State of Maryland	11,563,185	10,002,692	1,560,493	15.60%
Other	301,975	194,001	107,974	55.66%
Total Revenues	44,765,315	46,772,645	(2,007,330)	-4.29%
Expenses				
Instruction and special education	22,512,648	21,567,178	945,470	4.38%
Administration	3,015,959	2,359,294	656,665	27.83%
Support services	16,553,279	17,788,434	(1,235,155)	-6.94%
Depreciation - unallocated	2,127,483	1,573,595	553,888	35.20%
Total Expenses	44,209,369	43,288,501	920,868	2.13%
Change in Net Position	555,946	3,484,144	(2,928,198)	-84.04%
Net Position Beginning	500,761	(2,983,383)	3,484,144	-116.79%
Net Position End of Year	$ 1,056,707	$ 500,761	$ 555,946	111.02%

Fund Performance

Funds are self-balancing sets of accounts used by the Board to control and manage money for particular purposes. As pointed out earlier, fund information is presented in two ways to satisfy two specific purposes.

General Fund

The total unrestricted budget was expended at 98.44% excluding restricted expenditures related to restricted federal and state grants. The variances in the end of year unexpended funds versus budgeted amounts are detailed by category on page 54 of the financial statements. Expenditure changes between major categories occurred to accommodate school system priorities during the fiscal year.

The Board and the County entered into a solar agreement which began in July 2012. The project is located on the school system's Worton campus and currently contains five properties. The waterfall consists of Worton Elementary School, Kent County Community Center, Kent County Parks & Recreation, Transmitter Building, and Kent County High School. The school system then entered into another solar arrangement with the Town of Rock Hall in January 2013. The Board of Education and Rock Hall Elementary School are both participants in this venture. The school system has recognized savings from this project.

A schedule of changes between the original and final budgets for the year ended June 30, 2024 is presented below.

	Original Budget	Final Budget	Total Change
Revenues			
Local	$ 19,654,557	$ 19,654,557	$ -
State of Maryland	11,218,799	11,265,272	(46,473)
Other sources	14,192,488	14,192,488	-
Restricted federal, state and other	336,760	336,760	-
Prior year's fund balance	800,173	800,173	-
Total Revenues	$ 46,202,777	$ 46,249,250	$ (46,473)
Expenditures and Encumbrances			
Administration	$ 1,644,686	$ 1,712,759	$ (68,073)
Mid-level administration	2,321,701	2,321,701	-
Instructional salaries	10,633,700	10,322,700	311,000
Instructional texts and supplies	333,929	333,929	-
Instructional other costs	642,792	642,792	-
Special education	3,232,416	3,278,816	(46,400)
Student personnel services	500,960	500,960	-
Student health services	764,802	764,802	-
Student transportation	1,846,096	2,139,096	(293,000)
Operation of plant	1,827,561	1,997,561	(170,000)
Maintenance of plant	670,091	758,091	(88,000)
Fixed charges	7,201,502	6,893,502	308,000
Capital outlay	131,760	131,760	-
Restricted programs	14,192,488	14,192,488	-
Total Expenditures and Encumbrances	$ 45,944,484	$ 45,990,957	$ (46,473)

It is critical for the reader to understand that local and state revenues account for nearly all of the general fund revenue. Both are stable and highly predictable. Additional revenues are neither stable nor predictable, and usually are not budgeted in full in the original budget, but handled as adjustments during the year.

Food Service

The Board's food service program is a special revenue fund. Increased staff costs and related expenses, along with the need to replace kitchen equipment, are ongoing trends of concern. In fiscal year 2024, expenditures exceed revenues by $100,190, resulting in a decrease in the program's fund balance.

The use of technology in inventory control and basic operations has resulted in tremendous improvements in managing the program. The school system uses a number of best practices in its food service operations and uses certain performance measures to monitor the efficiency of its operations. The system takes advantage of available USDA commodities and maximizes its participation in the National School Meal Program.

The school system has a secure web-based software program that gives parents the convenience to pay for school meals and other activities online by using MySchoolBucks. This software integrates and updates to our current Meal Tracker program eTrition. This allows parents to track their child's meal balance online. This program enabled the school system to collect online parent payments; improving collections and reducing loss of cash. Plans are ongoing to improve the service to parents and improve system efficiency.

Other

School districts in Maryland are in the uncommon position, as they are fully fiscally dependent on the state and county governments, of owning assets but not the debt associated with those facilities. Accordingly, the Board carries no bond rating and does not have a debt policy.

Capital Assets and Debt Administration

Capital assets – By the end of fiscal year 2024, the Board had invested $74.8 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, and furniture and equipment. Total depreciation expense for the year was approximately $2.4 million. More detailed information about capital assets can be found in Note 5 to the financial statements.

Long-term liabilities – At year end, the Board had $19,063,472 in long term liabilities of which $307,474 is due in the next fiscal year. This amount consists of the following:

- $16,376,692 in net OPEB obligation
- $1,818,645 in net pension liability
- $635,354 in financed purchases
- $232,781 in intangible right-to-use leases

Factors Bearing on the Board's Future

The most significant factors influencing the Board's future are declining student enrollment trends and its impact on future funding.

The use of fund balance, a one-time funding source, to balance the Board's operating budget creates a long-term sustainability concern. Continuing to use fund balance in this manner presents a future burden for the Board to generate a similar level of funding in subsequent years.

Additional factors that present challenges for the operating budget are that surrounding school systems consistently provide their employees with annual step increases in conjunction with a cost of living adjustment (COLA), underscoring the importance of boosting salaries to remain competitive. Other factors include increases in fixed costs, health care premiums, fuel and utilities that are beyond the Board's control.

The Maryland Commission on Innovation and Excellence in Education, known as the Kirwan Commission, was tasked with updating the State's school financing formula. Based on Commission recommendations, Senate Bill 1030 established The Blueprint for Maryland's Future as current State education policy. The effects on the use of education funding continue to change as the law is being interpreted and implemented.

Funding other post-retirement benefits (OPEB) in accordance with GASB 75 remains a concern. GASB 75 is an accounting standard for all governmental agencies which addresses post-employment benefits, other than pensions, such as health care. Under GASB 75 the District must recognize the present cost and liability of future health care that has been earned by current and retired employees. There is no requirement to fund this obligation, however, it does become a liability against the Board's assets as reported in the Government-wide Statement of Net Position. Currently, health care expenses for retirees and active employees are expensed when paid. This practice is expected to continue especially with the economic conditions our funding entities face at this time. Whether or not this liability is funded in the future may affect our budget, and the bond rating of county and state governments.

During FY 2015 the Board implemented provisions of GASB 68, Accounting and Financial Reporting for Pensions. GASB 68 requires the Board to report their proportionate share of the Maryland State Retirement and Pension System's net pension liability. The Board's proportionate share is calculated by the System's actuary and is reported as a liability on the Board's Government-wide Statement of Net Position. Currently, pension costs for retirees and active employees are expensed when paid.

Contacting the Board of Education of Kent County's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, and students with a general overview of the Board's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Finance Office, (410) 778-7123, at The Board of Education of Kent County, Maryland.

FINANCIAL STATEMENTS

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	$ 4,733,050
Accounts receivable:	
Federal funds from State of Maryland	3,163,146
State of Maryland	706,436
Local	-
Other	501,097
Inventories, at cost	54,698
Prepaid items	12,808
Non depreciable capital assets	254,729
Depreciable capital assets, net	25,389,474
TOTAL ASSETS	34,815,438
DEFERRED OUTFLOWS OF RESOURCES	
Pensions (see Note 7)	666,832
Other post-employment benefits (see Note 9)	6,031,911
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,698,743
LIABILITIES	
Accounts payable:	
Vendors	846,466
Accrued payroll	2,391,220
Accrued payroll deductions and withholdings	39,819
Accrued leave	29,320
Unearned revenue	1,482,813
Long-term liabilities:	
Due within one year	307,474
Due in more than one year	18,755,998
TOTAL LIABILITIES	23,853,110
DEFERRED INFLOWS OF RESOURCES	
Pensions (see Note 7)	717,022
Other post-employment benefits (see Note 9)	15,887,342
TOTAL DEFERRED INFLOWS OF RESOURCES	16,604,364
NET POSITION	
Net investment in capital assets	25,008,849
Restricted for:	
Smith Estate	3,155
Food service	205,974
Unrestricted	(24,161,271)
TOTAL NET POSITION	$ 1,056,707

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and changes in Net Position
Governmental Activities					
Current:					
Administration	$ 3,015,959	$ -	$ 1,172,374	$ -	$ (1,843,585)
Mid-level administration	2,320,709	-	98,349	-	(2,222,360)
Instructional salaries and wages	13,693,302	-	3,371,759	-	(10,321,543)
Textbooks and instructional supplies	838,140	-	575,290	-	(262,850)
Other instructional costs	1,229,573	-	646,582	-	(582,991)
Special education	4,430,924	-	1,152,268	-	(3,278,656)
Pupil personnel services	492,413	-	-	-	(492,413)
Health services	799,584	-	52,518	-	(747,066)
Pupil transportation	2,414,448	-	153,363	-	(2,261,085)
Operation of plant	1,679,413	-	130,715	-	(1,548,698)
Maintenance of plant	760,163	-	2,410	-	(757,753)
Fixed charges	6,362,375	-	822,230	-	(5,540,145)
Community services	396,142	-	396,142	-	-
Capital outlay	9,294	-	-	1,120,480	1,111,186
Food service	1,729,207	103,864	1,523,953	-	(101,390)
School activity expenditures	153,677	166,738	-	-	13,061
Unallocated depreciation	2,127,483	-	-	-	(2,127,483)
On-behalf Kent County contributions	167,182	-	167,182	-	-
On-behalf State Retirement contributions	1,589,381	-	1,589,381	-	-
Total Governmental Activities	$ 44,209,369	$ 270,602	$ 11,854,516	$ 1,120,480	(30,963,771)

General Revenues	
Kent County Appropriations	19,654,557
State of Maryland - unrestricted	11,563,185
Investment earnings	51,306
Miscellaneous	250,669
Total General Revenues	31,519,717
Change in Net Position	555,946
Net Position Beginning of Year	500,761
Net Position End of Year	$ 1,056,707

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	MAJOR FUNDS			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 4,453,307	$ -	$ 279,743	$ 4,733,050
Accounts receivable:				
Federal funds from State of Maryland	3,084,681	-	78,465	3,163,146
State of Maryland	697,755	-	8,681	706,436
Other Board of Education funds	14,704	-	245,683	260,387
Local	-	-	-	-
Other	497,103	1,914	2,080	501,097
Prepaid items	12,808	-	-	12,808
Inventories, at cost	-	-	54,698	54,698
TOTAL ASSETS	$ 8,760,358	$ 1,914	$ 669,350	$ 9,431,622
LIABILITIES AND FUND BALANCES				
Accounts payable:				
Vendors	$ 757,343	$ -	$ 89,123	$ 846,466
Other Board of Education funds	258,473	1,914	-	260,387
Accrued payroll	2,307,943	-	83,277	2,391,220
Accrued payroll deductions and withholdings	39,819	-	-	39,819
Accrued leave	29,320	-	-	29,320
Unearned revenue - Federal	1,223,103	-	-	1,223,103
Unearned revenue - State	164,588	-	33,529	198,117
Unearned revenue - USDA commodities	-	-	2,782	2,782
Unearned revenue - other	58,811	-	-	58,811
TOTAL LIABILITIES	4,839,400	1,914	208,711	5,050,025
COMMITMENTS AND CONTINGENCIES				
FUND BALANCES				
Nonspendable	-	-	54,698	54,698
Restricted	-	-	209,129	209,129
Committed	2,204,732	-	-	2,204,732
Assigned	-	-	196,812	196,812
Unassigned	1,716,226	-	-	1,716,226
TOTAL FUND BALANCES	3,920,958	-	460,639	4,381,597
TOTAL LIABILITIES AND FUND BALANCES	$ 8,760,358	$ 1,914	$ 669,350	$ 9,431,622

Total Governmental Funds Balances		$ 4,381,597
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		25,644,203
Deferred outflows of resources not reported in the fund financial statements		
Pension (see Note 7)	666,832	
Other post-employment benefits (see Note 9)	6,031,911	
		6,698,743
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Financed purchases	(635,354)	
Long-term leases	(232,781)	
Net pension liability	(1,818,645)	
Post-employment benefits	(16,376,692)	
		(19,063,472)
Deferred inflows of resources not reported in the fund financial statements		
Pension (see Note 7)	(717,022)	
Other post-employment benefits (see Note 9)	(15,887,342)	
		(16,604,364)
Net Position of Governmental Activities		$ 1,056,707

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	MAJOR FUNDS			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
County Appropriation	$ 19,654,557	$ 8,080	$ -	$ 19,662,637
State of Maryland	11,563,185	-	28,868	11,592,053
Federal sources	-	-	1,463,963	1,463,963
Restricted Federal revenues	6,934,037	-	-	6,934,037
Restricted State and other revenues	1,671,085	1,112,400	-	2,783,485
On-behalf Kent County contributions	167,182	-	-	167,182
On-behalf State Retirement contributions	1,589,381	-	-	1,589,381
Other sources:				
Sales of food	-	-	103,864	103,864
School activity revenues	-	-	166,738	166,738
Other	300,775	-	1,200	301,975
TOTAL REVENUES	41,880,202	1,120,480	1,764,633	44,765,315
EXPENDITURES				
Current:				
Administration	2,816,550	-	-	2,816,550
Mid-level administration	2,320,709	-	-	2,320,709
Instructional salaries and wages	13,693,302	-	-	13,693,302
Instructional textbooks and supplies	838,140	-	-	838,140
Other instructional costs	1,229,573	-	-	1,229,573
Special education	4,430,924	-	-	4,430,924
Student personnel services	492,413	-	-	492,413
Student health services	799,584	-	-	799,584
Student transportation	2,447,825	-	-	2,447,825
Operation of plant	2,145,735	-	-	2,145,735
Maintenance of plant	760,163	-	-	760,163
Fixed charges	7,581,350	-	-	7,581,350
Community services	396,142	-	-	396,142
Capital outlay	98,580	1,120,480	-	1,219,060
Food services	31,122	-	1,698,085	1,729,207
School activity expenditures	-	-	153,677	153,677
On-behalf Kent County contributions	167,182	-	-	167,182
On-behalf State Retirement contributions	1,589,381	-	-	1,589,381
TOTAL EXPENDITURES	41,838,675	1,120,480	1,851,762	44,810,917
EXCESS OF REVENUES OVER EXPENDITURES	41,527	-	(87,129)	(45,602)
OTHER FINANCING SOURCES				
Proceeds from financed purchases	156,180	-	-	156,180
Proceeds from long-term leases	17,505	-	-	17,505
TOTAL OTHER FINANCING SOURCES	173,685	-	-	173,685
Net change in fund balances	215,212	-	(87,129)	128,083
Fund balances, beginning	3,705,746	-	547,768	4,253,514
Fund balances, ending	$ 3,920,958	$ -	$ 460,639	$ 4,381,597

Net change in fund balances-total Governmental Funds		$ 128,083
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Fixed asset additions	1,497,011	
Current year depreciation	(2,448,848)	
Total		(951,837)
Proceeds from financed purchases and long-term leases are revenues in the governmental funds but increases in liabilities in the statement of net position.		
Financed purchases	(156,180)	
Long-term leases	(17,505)	
Total		(173,685)
In governmental fund financial statements, proceeds from a sale are shown as an increase in financial resources. In government wide financial statements, gain or loss is calculated and reported.		(16,283)
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.		
Decrease in pension expense due to deferred financing outflow		259,934
Increase in pension expense due to net pension liability		(320,930)
Decrease in pension expense due to deferred financing inflows		293,794
Increase in post-employment benefits expense due to deferred financing outflow		(875,915)
Decrease in post-employment benefits expense due to net OPEB liability		7,468,007
Increase in post-employment benefits expense due to deferred financing inflow		(5,605,915)
Repayment of financed purchases and long-term leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Financed purchases	154,111	
Long-term leases	196,582	
Total		350,693
Change in net position of Governmental Activities		$ 555,946

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Retiree Benefit Trust Fund
ASSETS	
Investments	$ 1,450,345
TOTAL ASSETS	$ 1,450,345
NET POSITION	
Held in trust for other post-employment benefits	$ 1,450,345

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
RETIREE BENEFIT TRUST FUND
Year Ended June 30, 2024

	Retiree Benefit Trust Fund
ADDITIONS	
Contributions	$ -
Investment Income	99,719
TOTAL ADDITIONS	99,719
DEDUCTIONS	
Administrative expenses	7,337
TOTAL DEDUCTIONS	7,337
Change in net position	92,382
Net position held in trust for other post-employment benefits beginning of year	1,357,963
Net position held in trust for other post-employment benefits end of year	$ 1,450,345

Note 1. Description of the Board of Education of Kent County, Maryland

The Board of Education of Kent County (the "Board") is empowered by Title 13A of the Code of Maryland Regulations to fulfill the elementary and secondary educational needs of students in Kent County, Maryland (the "County").

Financial Reporting Entity

The Board is the basic level of government which has financial accountability and control over all activities related to public school education in Kent County, Maryland. The Board receives funding from local, State and Federal government sources and must comply with the requirements of these funding source entities.

The Board is a component unit of Kent County, Maryland and is included in the County's reporting entity. This conclusion has been reached based on the following criteria: 1) the County is responsible for approving the Board's budget and establishing spending limitations and 2) the Board cannot issue bonded debt, but the County can and does issue bonds to finance school system operations. In addition, there are no component units which are included in the Board's reporting entity.

Note 2. Summary of Significant Accounting Policies

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The most significant of the Board's accounting policies are described below.

A. Basis of Presentation

The Board's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the Board. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities. The activities of the General Fund (Current Expense Fund), Special Revenue Fund (Food Service Fund), Capital Projects Fund (School Construction Fund), and permanent fund (Smith Estate Fund) have been presented as governmental activities in the government-wide financial statements. There were no business-type activities. Internal activity between funds is eliminated from the statements.

The statement of net position presents the financial condition of the governmental activities of the Board at year-end, excluding fiduciary funds. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board's governmental activities. Direct expenses are those that are specifically associated with a service,

Note 2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (continued)

program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from general revenues of the Board.

FUND FINANCIAL STATEMENTS

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column and non-major governmental funds are reported combined in a separate column in the fund financial statements.

B. Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary (the Board has no proprietary funds).

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board’s major and non-major governmental funds:

Major funds:

General Fund (Current Expense Fund) - The General Fund is the general operating fund of the Board. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund and general operating expenditures are accounted for in this fund.

Capital Projects Fund (School Construction Fund) – School Construction Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Board administers the construction and repair of public schools and uses the School Construction Fund to record the revenues from the County and other governmental units and the expenditures in connection therewith.

Note 2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

Non-major funds:

Special Revenue Fund (Food Service Fund) – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Food Service Fund is used to account for and report all activities of the Board's nonprofit food service operation.

Smith Estate Fund – The Smith Estate fund is a permanent fund resulting from a bequest of funds that provides for payment of library expenses to the extent of investment income.

Special Revenue Fund (School Activity Fund) – The School Activity Fund is used to account for revenues and expenditures at the schools for, among other things, student insurance and pictures, athletics, clubs and other student activities, and principals' miscellaneous expenses.

FIDUCIARY FUND TYPES

Retiree Benefit Trust Fund – This fund consists of contributions of the Board to establish a reserve to pay for health and welfare benefits of future retirees. Contributions to the trust qualify as contributions and are reported using the economic resource measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred. Fiduciary funds are not reported in the government-wide financial statements.

C. Measurement Focus

Government-wide financial statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Board are included on the statement of net position.

Fund financial statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Note 2. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (continued)

Revenues-Exchange and Non-exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include primarily grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursable basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: interest, tuition, grants, fees and rentals.

Unearned revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The fair value of donated commodities used during the year is reported as an expenditure with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned revenue.

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The budget is prepared on the budgetary basis of accounting. The budget establishes a limit on the amounts that the Board may appropriate and sets annual limits as to the amount of expenditures at a level of control selected by the Board. The legal level of control has been established by the Board at the category level within each fund.

Note 2. Summary of Significant Accounting Policies (Continued)

E. Budgetary Data (continued)

The budget may be amended during the year if projected increases or decreases in revenue are identified. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original budget was adopted. The amounts reported in the final budgeted amounts reflect amendments approved by the County government during the year between categories and those approved by the Board within categories. Unexpended appropriations lapse at the end of each fiscal year.

The expenditures under state and federal restricted programs may exceed budgeted amounts. The grants included in this category are not part of budget categories subject to the spending limitations of the operating budget. Expenditures under these programs are limited to the amounts of the respective grants.

Annual budgetary comparisons to actual expenditures are not presented in the financial statements for the capital projects fund. School construction is budgeted on a project basis with funds primarily provided by Kent County and State of Maryland. State funds are approved by the State's interagency committee.

F. Inventory

On government-wide financial statements and the fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory consists of expendable food and supplies held for consumption. Food received from the USDA is included at values stated by the USDA and is offset by a deferred credit until consumed.

G. Capital Assets

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Board maintains a capitalization threshold of $5,000. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Property, plant and equipment is depreciated using the straight-line method over estimated useful lives of 20 to 50 years for buildings and land improvements and 5-20 years for equipment.

Assets that have been acquired with funds received through federal grants must be used in accordance with the terms of the grant. Federal regulations require, in some cases, that the Board must reimburse the federal government for any assets which the Board retains for its own use after the termination of the grant unless otherwise provided by the grantor.

Note 2. Summary of Significant Accounting Policies (Continued)

H. Compensated Absences

As of June 30, 2024, 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 the 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.

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.

At June 30, 2024, a total of $29,320 in unused annual leave is available, which has been recorded as accrued leave 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.

I. Unearned Revenues

Unearned revenues consist of federal and state grants, USDA commodities and other refundable advances that have not been expended as of June 30, 2024 and consist of the following:

Restricted federal, state and other grant programs	$	1,421,220
USDA commodities		2,782
Other unearned revenue		58,811
Total	$	1,482,813

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government–wide statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Note 2. Summary of Significant Accounting Policies (Continued)

K. Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by grantors, creditors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

L. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that period. The Board has two items that qualify for reporting in this category. The Board recognizes a deferred outflow of resources related to its pension liability (Note 7) and OPEB liability (Note 9) for changes in assumptions, the difference between actual and expected experience, the net difference between projected and actual investment earnings on plan investments, and contributions subsequent to the measurement date. These amounts are deferred and recognized as an outflow from resources in the period that the amounts become available.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two items that qualify for reporting in this category. The Board recognizes a deferred inflow of resources related to its pension liability (Note 7) and OPEB liability (Note 9) for changes in assumptions, the difference between actual and expected experience, the net difference between projected and actual investment earnings on plan investments, and change in the proportion and share of contributions. These items are deferred and recognized as an inflow from resources in the period that the amounts become available.

The deferred outflows and inflows of resources represent reconciling items between the governmental fund financial statements and the government-wide financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

M. Fund Balance

Fund balances are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable (i.e. inventory or long term receivables), restricted (by external parties or legislation), committed (by resolution of the Board of Education), assigned (by management approval for specific purposes) and unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Board. Assigned fund balances is a limitation imposed by a designee of the Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

N. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Cash and Cash Equivalents

The Board considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

P. Interfund Receivables and Payables and Transfers

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Transfers are fund balance amounts reserved and/or designated in the prior year that received County approval to be spent on capital projects.

Q. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances are reported as assigned fund balance in the governmental fund financial statements. There were no General fund unrestricted encumbrances outstanding at June 30, 2024 that were provided for in the current year’s budget for the budgetary basis of accounting but will be accounted for under generally accepted accounting principles in the subsequent year.

R. On-behalf Payments

The Board recognizes as revenue and expenditures amounts expended on its behalf during the fiscal year for amounts paid by third parties. During fiscal year 2024, the Board recognized $1,589,381 for amounts expended on its behalf by the State of Maryland for retirement contributions and $167,182 for amounts expended on its behalf by Kent County for school resource officers, information technology services, and ground maintenance.

Note 3. Cash and Investments

At June 30, 2024, the reported amount of the Board's deposits was $4,733,050 and the bank balance was $6,245,826. 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, 2024, the bank deposits were fully insured or collateralized.

The Board's exposure to investment rate and credit risk is minimal as all investments are in cash and are thus precluded from having to sell below original cost. Custodial credit risk is mitigated by attempting to have all investments fully collateralized by securities.

Investment in External Investment Pool

The Board has funds designated for Other Postemployment Benefits (OPEB) that are held by the Maryland Association of the Boards of Education (MABE) in the MABE Pooled OPEB Investment Trust (MABE Trust). The MABE Trust is administered by MABE, and is a wholly-owned instrumentality of its members. The ten members who are the sole contributors to the MABE Trust are the Allegany Fiduciary Fund and the boards of education of the following counties in Maryland: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George's, St. Mary's and Washington.

The investments of the MABE Trust are stated at fair value and are deposited with Fidelity at June 30, 2024. Investments consist of money market funds, U.S. government and agency fixed income and asset backed securities, equity securities, mutual funds, and corporate bonds and corporate asset backed securities. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. All investments of the MABE Trust are considered Level 1 or Level 2, the Board's membership investment in the MABE Trust are considered Level 2. For investments in mutual funds, there are no unfunded commitments and investments are able to be fully redeemed on a daily basis. At June 30, 2024, the pooled position of the MABE Trust was $694,650,255 in total, of which the Board's allocated investment balance was $1,450,345. The Board may terminate its membership interest in the MABE Trust and withdraw its allocated investment balance by providing written notice six months prior to the intended date of withdraw.

The MABE Trust is audited annually by an independent CPA firm and issues a publicly available audited report. The report may be obtained by sending a request to the Administrator of the MABE Pooled OPEB Investment Trust, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401-1112 or by calling (410) 841-5414.

Note 4. Interfund Receivables and Payables

	Due From Other Funds	Due To Other Funds
General Fund	$ 1,914	$ 245,683
School Construction Fund	-	1,914
Food Services Fund	245,569	-
Smith Estate	114	-
	$ 247,597	$ 247,597

Due to/from other funds represent advances of cash for operating needs. There were no transfers during the year.

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Deductions	Transfers	Balance June 30, 2024
Governmental Activities					
Capital Assets, not being depreciated					
Construction in progress	$ 6,480,531	$ -	$ -	$ (6,347,827)	$ 132,704
Land	122,025	-	-	-	122,025
Total capital assets, not being depreciated	6,602,556	-	-	(6,347,827)	254,729
Capital assets, being depreciated					
Land improvements	726,079	66,632	-	153,247	945,958
Buildings, furniture, fixtures and equipment	63,438,638	1,143,133	-	6,194,580	70,776,351
Vehicles	1,769,634	269,740	(145,533)	-	1,893,841
Total capital assets, being depreciated	65,934,351	1,479,505	(145,533)	6,347,827	73,616,150
Less accumulated depreciation:					
Land improvements	(504,630)	(46,761)	-	-	(551,391)
Buildings, furniture, fixtures and equipment	(44,964,090)	(2,057,062)	-	-	(47,021,152)
Vehicles	(850,773)	(153,659)	129,250	-	(875,182)
Total accumulated depreciation	(46,319,493)	(2,257,482)	129,250	-	(48,447,725)
Total capital assets, being depreciated, net	19,614,858	(777,977)	(16,283)	6,347,827	25,168,425
Intangible right-to-use assets:					
Leased equipment	861,696	17,506	-	-	879,202
Less accumulated amortization	(466,787)	(191,366)	-	-	(658,153)
Total intangible right-to-use assets, net	394,909	(173,860)	-	-	221,049
Governmental activities capital assets, net	$ 26,612,323	$ (951,837)	$ (16,283)	$ -	$ 25,644,203

Note 5. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Administration	$	199,409
Pupil transportation		121,956
Unallocated		2,127,483
Total depreciation expense	$	2,448,848

Note 6. Long-Term Liabilities

A summary of long-term liabilities for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Due within one year
Financed purchases	$ 633,285	$ 156,180	$ 154,111	$ 635,354	$ 199,412
Intangible right-to-use leases	411,858	17,505	196,582	232,781	108,062
Net pension liability (Note 7)	1,497,715	320,930	-	1,818,645	-
Net OPEB liability (Note 9)	23,844,699	-	7,468,007	16,376,692	-
	$ 26,387,557	$ 494,615	$ 7,818,700	$ 19,063,472	$ 307,474

Long-term liabilities are normally paid from the General Fund.

Note 7. Pension Plans

Plan Description

The State Retirement Agency is the administrator of the Maryland State Retirement and Pension System (the System). The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits. The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. Responsibility for the System's administration and operation is vested in a 15 member Board of Trustees. The State Retirement Agency issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 E. Baltimore Street, Suite 1660, Baltimore, Maryland 21202-1600 or on-line at www.sra.maryland.gov.

The System's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For purposes of measuring 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 System 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 benefit terms. Investments are reported at fair value.

Note 7. Pension Plans (Continued)

Generally, all regular employees of the Board participate in the Employees' Retirement and Pension Systems (Employee's Systems). Teachers employed by the Board generally participate in the Teachers' Retirement and Pensions Systems (Teachers' Systems). Both the Employees' Systems and the Teachers' Systems (collectively the Systems) are cost sharing multiple-employer defined benefit pension plans.

Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems

General Plan Policies

The Teachers' Retirement System of the State of Maryland was established on August 1, 1927 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland for the purpose of providing retirement allowances and other benefits to teachers in the State. In addition, on January 1, 1980, the Teachers' Pension System of the State of Maryland was established. In this regard, teachers hired on or after January 1, 1980 become members of the Teachers' Pension System, unless they elect to join an optional retirement program. Until December 31, 2004, existing members of the Teachers' Retirement System had the option of remaining in the Teachers' Retirement System or transferring to the Teachers' Pension System.

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension system was established. Until December 31, 2004, existing members of the Employees' Retirement System had the option of remaining in the Employees' Retirement System or transferring to the Employees' Pension System.

Significant Plan Benefits and Policies

The following is a general description of the significant plan benefits and related contribution requirements for the Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems:

Teachers' and Employees' Retirement Systems

Retirement Benefits:

A member may retire with full benefits after attaining the age of 60, or after completing 30 years of creditable service regardless of age. The annual retirement allowance is equal to 1/55 of a member's average final compensation (i.e. average of the member's three highest years of annual earnable compensation) multiplied by the number of years and months of accumulated creditable service. A member may retire with reduced benefits after completing 25 years of creditable service regardless of age. Retirement allowances are adjusted each year based on the Consumer Price Index. Cost-of-living adjustments (COLAs) are applied to all allowances payable for the year, however, the method by which the COLA is computed depends upon elections made by members and is tied to member contributions.

Note 7. Pension Plans (Continued)

Teachers' and Employees' Retirement Systems (continued)

Vested Allowance:

A member terminating employment before attaining retirement age but after completing 5 years of creditable service becomes eligible for a vested retirement allowance, provided the member lives to the age of 60 and does not withdraw his or her accumulated contributions. Members terminating employment before attaining retirement age and before completing 5 years of creditable service are refunded their accumulated contributions plus earned interest.

Employee Contributions:

Members of the Teachers' and Employees' Retirement System are required to contribute to the systems a fixed percentage of their regular salaries and wages (e.g. 7% or 5%, depending on the COLA option selected). The contributions are deducted from each member's salary and wage payment and are remitted to the systems on a regular, periodic basis.

Teachers' and Employees' Pension Systems

Pension Benefits:

A member may retire with full benefits after completing 30 years of eligibility service regardless of age, or at age 62 or older with specified years of eligibility service. On retirement from service, a member shall receive an annual service pension allowance. The annual pension allowance is equal to 1.2% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued prior to July 1, 1998 and 1.8% of average compensation for the three highest consecutive years as an employee for years of creditable service accrued on or after July 1, 1998. Members are eligible for early service pension allowances upon attaining age 55 with at least 15 years of eligibility service.

Vested Allowance:

A member terminating employment before attaining retirement age, but after completing 5 years of eligibility service, becomes eligible for a vested pension allowance provided the member lives to age 62. Members terminating employment before attaining retirement age and before completing 5 years of eligibility service are refunded their accumulated contributions plus earned interest.

Employee Contributions:

Effective July 1, 2011, members of the Teachers' and Employees' Pension Systems are required to contribute to the systems 7% of their regular salaries and wages up to the social security wage base in the year ending June 30, 2024. The contributions are deducted from each member's salary and wage payments and are remitted to the systems on a regular, periodic basis.

For members enrolled on and after July 1, 2011, the employee contribution is 7%; vesting requires ten years of eligible service; service retirement is at age 65 with ten years of eligibility service or based on the Rule of 90 (age and service must equal 90); early service retirement is age 60 with 15 years of eligibility service; average final compensation is a five year average; and the benefit multiplier per year is 1.5%.

Note 7. Pension Plans (Continued)

Teachers' and Employees' Retirement Systems and the Teachers' and Employees' Pension Systems

Employer Contributions:

For the year ended June 30, 2024 the Board's total payroll for all employees was $23,380,018. Total covered payroll was $20,570,196. Covered payroll refers to all compensation paid by the Board to active employees covered by either the Teachers' Systems or Employees' Systems.

During fiscal year 2024, the State of Maryland contributed $1,589,381 to the Systems on behalf of the Board. The Board has recognized the State on-behalf payments as both a revenue and expense in the General Fund.

Teachers' Retirement and Pension Systems:

In accordance with Maryland Senate Bill 1301, *Budget Reconciliation and Financing Act of 2012*, the Board is required to pay the State 100% of the normal cost portion of the total pension cost for teachers. The normal cost is the portion of the total retirement benefit cost that is allocated to the current year of the employee's service. As contractually required, during fiscal year 2024, the Board contributed $818,003 to the Teachers' Retirement and Pension System.

Employees' Retirement and Pension Systems:

During fiscal year 2024, the Board contributed $213,089 to the Employees' Retirement and Pension System.

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

Because the State of Maryland pays the unfunded liability for the Teachers' Systems and the Board pays the normal cost for the Teachers' Systems, the Board is not required to record its' share of the unfunded pension liability for the Teachers' Systems, the State of Maryland is required to record that liability. The Board is required to record a liability for the Employees' Systems.

At June 30, 2024, the Board reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Board. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

	2024
Board's proportionate share of the net pension liability (Employees' Systems)	$ 1,818,645
State's proportionate share of the net pension liability (Teachers' Systems)	14,383,545
Total	$ 16,202,190

Note 7. Pension Plans (Continued)

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. As of June 30, 2023 the Board's proportion of the net pension liability was .007%, which was substantially the same as its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Board recognized pension expense of $798,294 in the government-wide financial statements. $1,031,092 was recognized in the fund financial statements. At June 30, 2024, the Board 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	$ 124,990	$ 6,457
Net difference between projected and actual investment earnings on pension plan investments	162,676	-
Differences between expected and actual experience	63,920	77,637
Change in proportion and share of contributions	102,157	632,928
Board contributions subsequent to measurement date	213,089	-
Total	$ 666,832	$ 717,022

The $213,089 of deferred outflows of resources resulting from the Board's contributions to the Employees' Systems subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The deferred inflows and outflows related to non-investment activity are being amortized over the remaining service life ranging from 5.44 to 5.68 years. The net difference in investment earnings is being amortized over a closed five-year period. The following table shows the amortization of these balances:

Year Ending June 30,	Amortization of Pension Expense
2025	$ (186,448)
2026	(210,151)
2027	55,679
2028	64,781
2029	12,860
	$ (263,279)

Note 7. Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry age normal
Amortization method	Level percentage of payroll, closed
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%, including wage inflation
Discount rate	6.80%
Investment rate of return	6.80%
Mortality	Various versions of the Pub-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 females.

Investments

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 weighing 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 Board of Trustees 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, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34%	6.90%
Private Equity	16%	8.60%
Rate Sensitive	20%	2.60%
Credit Opportunity	9%	5.60%
Real Assets	15%	5.40%
Absolute Return	6%	4.40%
Total	100%	

Note 7. Pension Plans (Continued)

Discount rate

A single discount rate of 6.80% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected 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 Boards Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate	Board's Net Pension Liability
1% decrease	5.80%	$ 2,696,683
Current discount rate	6.80%	$ 1,818,645
1% increase	7.80%	$ 1,090,026

Note 8. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1986, the Maryland Association of Boards of Education Group Insurance Pool (the "Pool") was formed when several Maryland boards of education joined together to pool their casualty risks. Property insurance coverage was added in 1988 and workers compensation in fiscal year 2000. The Board pays an annual premium to the Pool each year which is calculated by an actuary. It is intended that the Pool be self-sustaining through member premiums. Reinsurance is carried through commercial companies for claims which exceed coverage limits as specified in the agreement. Should the Pool encounter deficits in its casualty and/or property funds, such deficits may be made up from assessments of the participating boards on a pro rata basis.

The Board continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. The Board purchases health insurance from a provider through a modified retrospective rating arrangement agreement. Settled claims have not exceeded insurance coverage for each of the past three fiscal years.

Note 8. Risk Management (Continued)

The Board is a member of the Eastern Shore of Maryland Educational Consortium (ESMEC) Health Alliance Trust, a public entity risk pool operating as a common risk management and insurance program for health insurance coverage. It is intended that ESMEC be self-sustaining through member premiums. Callable deficits, which are paid to ESMEC to cover potential shortfalls, are 5% of total premiums for medical and 7% of total premiums for drug, dental and vision. Currently, ESMEC keeps on hand a recommended conservative reserve of 7.5% for medical and 10.5% for drug, dental and vision. As of March 2024, the Boards' funds held by ESMEC exceeded the recommended conservative reserve by $209,732. All funds held by ESMEC are restricted to being used only for health care expenses.

Note 9. Post-Employment Health Care Benefits

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.

Plan Administration

A trust account was established and the Board became a member of the Maryland Association of Boards of Education Pooled OPEB Investment Trust (MABE Trust). It is a member owned trust that provides the Board and nine other members a structure to pool assets to reduce investment costs and share administrative expenses. The Board reserves the right to establish and amend the provisions of its relationship with the MABE Trust with respect to participants, and benefits provided thereunder, or its participation therein, in whole or in part at any time, by resolution of the governing body and upon advance notice to the Trustees of the MABE Trust.

The MABE Trust was established to pool assets of its members for investment purposes only. Each member of the MABE Trust is required to designate a member trustee. The member trustees of the MABE Trust shall ensure that the MABE Trust keep such records as are necessary in order to maintain a separation of the assets of the MABE Trust from the assets of trusts maintained by other government employers. Assets of the member trusts are reported in the respective financial statements using the economic resources measurement focus and the accrual basis of accounting under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available. The MABE Trust prohibits any part of the trust to be used for or diverted to purposes other than providing benefits to participants and beneficiaries under the Plan. The MABE Trust provides that in no event will the assets of the trust be transferred to an entity that is not a state, a political subdivision, or an entity the income of which is excluded from taxation under Section 115 of the IRS Code.

The MABE Trust issues a publicly available audited GAAP-basis report that includes the financial statements and required supplementary information for the MABE Trust. This report may be obtained by writing to the Trust Administrator, Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401 or by calling (410) 841-5414.

Note 9. Post-Employment Health Care Benefits (Continued)

Plan Membership

At April 1, 2023 (valuation date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	160
Inactive plan members or beneficiaries entitled but not yet receiving benefits	-
Active plan members	270
	430

Benefits Provided

The Plan provides medical, prescription drug, dental, and vision benefits to eligible retirees, their spouses and eligible dependents. Any employee who retires with an unreduced service retirement benefit from the Maryland Retirement System can purchase health insurance from the County. The Board provides a subsidy for employees with at least five years of service with Kent County Public Schools. The Plan provides for the payment of a portion or all of the health insurance premiums for eligible retired employees depending on their position with Kent County Public Schools and length of service. The Board of Education has the authority to establish and amend benefit provisions of the Plan. Plan members receiving benefits contribute a percentage of the monthly insurance premium. The Kent County Public Schools Retiree Health Plan pays 45% of the individual premium for each insured retiree who was a teacher, 55% for administrative and support services employees with under 30 years of service, and 100% for administrative and support services employees with 30 or more years of service. Spouses and other dependents are eligible for coverage, but the employee is responsible for the entire cost of such coverage if they retired on or after January 1, 1998. If they retired prior to January 1, 1998 the Board pays 45% of the premiums.

Participants must meet the eligibility requirements of the Maryland State Teachers'/Employees' pension system (EPS). For members hired before July 1, 2011, the earliest retirement eligibility is age 55 with 15 years of service, age 62 with 5 years of service, age 63 with 4 years of service, age 64 with 3 years of service, age 65 with 2 years of service, or 30 years of service regardless of age. For members hired after July 1, 2011, the earliest eligibility is age 60 with 15 years of service, age 65 with 10 years of service, or age plus service is at least 90 (Rule of 90).

Contributions

The employer's contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon annual approval of the operating budget.

Note 9. Post-Employment Health Care Benefits (Continued)

Investment Policy

The MABE Trust's policy in regard to the allocation of invested assets is established and may be amended by the Trustees by a majority vote of its members. It is the policy of the Trust to pursue an investment strategy that emphasizes growth of principal while avoiding excess risk. Short-term volatility will be tolerated inasmuch as it is consistent with volatility of a comparable market index. The MABE Trust's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Equity	53.45%
Fixed income	42.39%
Cash	4.16%
Total	100.00%

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, 2024, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Equity	4.89%
Fixed income	3.27%
Cash	0.98%

For the year ended June 30, 2023, the total rate of return, net of investment expense, was 8.22%. The total rate of return represents a hypothetical return on capital balance invested in the Trust during the entire year. Actual return rates may vary due to the timing of capital contributions and redemptions.

Net OPEB Liability

The Board's net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of April 1, 2023. The methods, assumptions, and participant data used are detailed in the fiscal year 2023 GASB 74 valuation report dated September 18, 2023. The discount rate was 3.69% as of June 30, 2022 and 3.86% as of June 30, 2023.

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 actuarial value of significant valuation methods and assumptions are as follows:

Note 9. Post-Employment Health Care Benefits (Continued)

Valuation date	April 1, 2023
Measurement date	June 30, 2023
Actuarial cost method - GASB 75	Entry age normal
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Discount rate - June 30, 2022	3.69%
Discount rate - June 30, 2023	3.86%
Payroll growth	3.00%
Inflation rate	2.50%
Rate of growth in real income	1.40%
Medical trend	Based on the Society of Actuaries (SOA) Getzen Long-Term Healthcare Cost Trend Model. The current valuation uses the 2022 version of the model released in October 2021. The initial rate assumed is 7.50% and decreases to 4.64% in 2050 ultimately leveling off at 3.94% in 2075.
Mortality	The mortality rates for healthy pre - retirees was calculated using the Pub-2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for healthy post - retirees was calculated using the Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for disabled individuals was calculated using the Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale.

Discount Rate

The discount rate used when OPEB 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 3.86% as of June 30, 2023. The rate has been adjusted from 3.69% as of June 30, 2022.

Note 9. Post-Employment Health Care Benefits (Continued)

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2022	$ 25,099,782	$ 1,255,083	$ 23,844,699
Changes for the Year			
Service Cost	746,636	-	746,636
Interest	912,127	-	912,127
Changes of Benefit Terms	-	-	-
Experience Losses/Gains	(7,812,672)	-	(7,812,672)
Trust Contributions - Employer	-	630,660	(630,660)
Net Investment Income	-	109,749	(109,749)
Changes in Assumptions	(580,558)	-	(580,558)
Benefit Payments (net of retiree contribution:	(630,660)	(630,660)	-
Administrative Expense	-	(6,869)	6,869
Net Changes	(7,365,127)	102,880	(7,468,007)
Balance as of June 30, 2023	$ 17,734,655	$ 1,357,963	$ 16,376,692

Plan fiduciary net position as a percentage of the total OPEB liability at June 30, 2023 is approximately 7.66%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Board using the discount rate of 3.86%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate	Net OPEB Liability
1% decrease	2.86%	$ 19,309,968
Current discount rate	3.86%	$ 16,376,692
1% increase	4.86%	$ 14,019,025

Note 9. Post-Employment Health Care Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the Board, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease	2.94%	$ 13,753,066
Current healthcare cost trend rate	3.94%	$ 16,376,692
1% increase	4.94%	$ 19,746,138

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

For the year ended June 30, 2024, the Board will recognize OPEB expense in the amount of $208,972 on the government-wide statements. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 3,773,128	$ 7,695,475
Net difference between projected and actual investment	87,881	-
Differences between expected and actual experience	1,606,413	8,191,867
Board's contributions subsequent to measurement date	564,489	-
Total	$ 6,031,911	$ 15,887,342

The $564,489 of deferred outflows of resources resulting from the Board’s contributions to the plan subsequent to the measurement date of June 30, 2023 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

Note 9. Post-Employment Health Care Benefits (Continued)

Amounts reported as differences between projected and actual earnings on OPEB plan investments will be amortized and expensed over a closed five-year period. Amounts reported as differences between expected and actual experience will be amortized and expensed over a period equal to the average remaining service lives of all employees that are provided with other post-employment benefits through the plan. Amounts reported as changes in assumptions will be amortized and expensed over a period equal to the average remaining service lives of all employees that are provided with other post-employment benefits through the plan. Amortization expense related to net deferred inflows and outflows of resources over the next five years is expected to be as follows:

Year Ending June 30,	Amortization
2025	$ (1,368,729)
2026	(1,065,558)
2027	(1,015,851)
2028	(1,641,296)
2029	(2,068,727)
Thereafter	(3,259,759)
	$ (10,419,920)

GASB 74 Information

Plan Membership

At April 1, 2023 (valuation date), the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	160
Inactive plan members or beneficiaries entitled but not yet receiving bene	-
Active plan members	270
	430

Contributions

The employer's contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon annual approval of the operating budget.

Rate of Return

For the year ended June 30, 2024, the total rate of return, net of investment expense, was 6.80%. The total rate of return represents a hypothetical return on capital balance invested in the Trust during the entire year. Actual return rates may vary due to the timing of capital contributions and redemptions.

Note 9. Post-Employment Health Care Benefits (Continued)

GASB 74 Information (continued)

Actuarial Assumptions

The total OPEB liability is based on April 1, 2023 valuation data rolled forward to June 30, 2024. The methods, assumptions and participant data used are detailed below:

Valuation date	April 1, 2023
Measurement date - GASB 74	June 30, 2024
Actuarial cost method - GASB 74	Entry age normal
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Discount rate - June 30, 2023	3.86%
Discount rate - June 30, 2024	3.97%
Payroll growth	3.00%
Inflation rate	2.50%
Rate of growth in real income	1.40%
Medical trend	Based on the Society of Actuaries (SOA) Getzen Long-Term Healthcare Cost Trend Model. The current valuation uses the 2022 version of the model released in October 2021. The initial rate assumed is 7.50% and decreases to 4.64% in 2050 ultimately leveling off at 3.94% in 2075.
Mortality	The mortality rates for healthy pre - retirees was calculated using the Pub-2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for healthy post - retirees was calculated using the Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for disabled individuals was calculated using the Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale.

Discount Rate

The discount rate used when OPEB 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 3.97% as of June 30, 2024. The rate has been adjusted from 3.86% as of June 30, 2023.

Note 9. Post-Employment Health Care Benefits (Continued)

GASB 74 Information (continued)

Change in Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2023	$ 17,734,655	$ 1,357,963	$ 16,376,692
Changes for the Year			
Service Cost	591,092	-	591,092
Interest	672,880	-	672,880
Changes of Benefit Terms	-	-	-
Experience Losses/Gains	(40,563)	-	(40,563)
Trust Contributions - Employer	-	564,489	(564,489)
Net Investment Income	-	99,719	(99,719)
Changes in Assumptions	(294,574)	-	(294,574)
Benefit Payments (net of retiree contributic	(564,489)	(564,489)	-
Administrative Expense	-	(7,337)	7,337
Net Changes	364,346	92,382	271,964
Balance as of June 30, 2024	$ 18,099,001	$ 1,450,345	$ 16,648,656

Plan fiduciary net position as a percentage of the total OPEB liability at June 30, 2024 is approximately 8.01%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Board using the discount rate of 3.97%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	Discount Rate	Net OPEB Liability
1% decrease	2.97%	$ 19,608,969
Current discount rate	3.97%	$ 16,648,656
1% increase	4.97%	$ 14,266,411

Note 9. Post-Employment Health Care Benefits (Continued)

GASB 74 Information (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the Board, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	Healthcare Cost Trend Rate	Net OPEB Liability
1% decrease	2.94%	$ 13,848,073
Current healthcare cost trend rate	3.94%	$ 16,648,656
1% increase	4.94%	$ 20,260,182

Note 10. Financed Purchases

The Board has entered into a non-cancelable contracts that transfers ownership at the end of the contract term, thus the Board has recorded the related obligations and related assets in the appropriate funds.

Financed purchase obligations at June 30, 2024 consist of the following:

Vehicles, bank, interest at 2.31%; payable in annual installments of approximately $141,425, including interest through 2027	$	338,370
Vehicle, bank, interest at 4.64%; payable in annual installments of approximately $17,362, including interest through 2027		62,085
Vehicle, bank, interest at 5.65%; payable in annual installments of approximately $27,630, including interest through 2031		156,180
Vehicle, bank, interest at 3.75%; payable in annual installments of approximately $12,945, including interest through 2031		78,719
	$	635,354

Future minimum payments under these obligations, which will be funded from the General Fund, are as follows:

2025	$	199,412
2026		199,412
2027		127,626
2028		57,987
2029		40,625
Thereafter		81,250
		706,312
Less amounts representing interest		70,958
Present value of net minimum purchased finance payments	$	635,354

Note 10. Financed Purchases (Continued)

Interest expense on financed purchases was approximately $17,600 for the year ended June 30, 2024.

The cost of items acquired under the capital lease arrangement, as included in capital assets totaled $1,560,092 and the related accumulated depreciation was $605,919 at June 30, 2024.

Note 11. Intangible Right-to-Use Assets

The Board implemented the guidance of GASB No. 87, *Leases*, at July 1, 2021 for accounting and reporting leases that had previously been reported as operating leases and recognized the value of copiers leased under long-term contracts along with a related liability (see also Note 13).

As of July 1, 2022 the Board had a variety of lease agreements in place for equipment and vehicles. Payments under these leases totaled approximately $92,000 for leases expiring during fiscal year 2026. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception of approximately 4.00%.

During fiscal year 2023, the Board entered into additional lease agreements. Payments under these leases total approximately $4,000 for leases expiring during fiscal year 2026 and $15,000 per year for leases expiring during fiscal year 2027. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception of 3.75%.

During fiscal year 2024, the Board entered into additional lease agreements. Payments under these leases total approximately $2,000 for leases expiring during fiscal year 2026 and $2,000 per year for leases expiring during fiscal year 2029. For purposes of discounting future payments on these leases the Board used its incremental borrowing rate in place at the time of lease inception of 3.75%.

The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 5.

Minimum lease payments over the next five years include:

	Lease Payments to Maturity								
	Equipment Leases			Vehicle Leases			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	$ 82,299	$ 4,825	$ 87,124	$ 25,763	$ 2,499	$ 28,262	$108,062	$ 7,324	$115,386
2026	78,178	1,686	79,864	26,730	1,534	28,264	104,908	3,220	108,128
2027	2,201	175	2,376	14,150	531	14,681	16,351	706	17,057
2028	2,285	91	2,376	-	-	-	2,285	91	2,376
2029	1,175	12	1,187	-	-	-	1,175	12	1,187
Total	$166,138	$ 6,789	$172,927	$ 66,643	$ 4,564	$ 71,207	$232,781	$ 11,353	$244,134

Interest expense on the above intangible right-to-use assets was approximately $15,000 for the year ended June 30, 2024.

Note 12. Fund Balances

As of June 30, 2024, fund balances are composed of the following:

	Major Fund			
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	$ -	$ -	$ 54,698	$ 54,698
	-	-	54,698	54,698
Restricted:				
By Federal law for nonprofit food service fund	-	-	205,974	205,974
By Smith Estate bequest for library expenses	-	-	3,155	3,155
	-	-	209,129	209,129
Committed:				
Budget reserve	1,704,732	-	-	1,704,732
Contingency	500,000	-	-	500,000
	2,204,732	-	-	2,204,732
Assigned:				
School activities	-	-	196,812	196,812
	-	-	196,812	196,812
Unassigned	1,716,226	-	-	1,716,226
Total fund balance	$ 3,920,958	$ -	$ 460,639	$ 4,381,597

Note 13. Commitments and Contingencies

The Board regularly enters into contracts for goods and services during the normal course of operations. The contracts often extend over fiscal years. In the opinion of the Board, there are no approved contracts that would have a material effect on the financial statements.

The Board receives a substantial amount of its support from Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

There are various claims pending against the Board that arise in the normal course of the Board's activities. In the opinion of legal counsel and management, the ultimate disposition of these various claims will have no adverse impact on the financial position of the Board.

REQUIRED SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Kent County	$ 19,654,557	$ 19,654,557	$ 19,654,557	$ -
State of Maryland	11,218,799	11,265,272	11,563,185	297,913
Restricted federal, state and other	14,192,488	14,192,488	8,794,333	(5,398,155)
Other sources	336,760	336,760	300,774	(35,986)
TOTAL REVENUES	45,402,604	45,449,077	40,312,849	(5,136,228)
EXPENDITURES AND ENCUMBRANCES				
Administration	1,644,686	1,712,759	1,644,176	68,583
Mid-level administration	2,321,701	2,321,701	2,222,360	99,341
Instructional salaries	10,633,700	10,322,700	10,321,543	1,157
Instructional texts and supplies	333,929	333,929	262,848	71,081
Instructional other costs	642,792	642,792	582,991	59,801
Special education	3,232,416	3,278,816	3,278,657	159
Student personnel services	500,960	500,960	492,413	8,547
Student health services	764,802	764,802	747,066	17,736
Student transportation	1,846,096	2,139,096	2,138,282	814
Operation of plant	1,827,561	1,997,561	1,997,516	45
Maintenance of plant	670,091	758,091	757,752	339
Fixed charges	7,201,502	6,893,502	6,759,121	134,381
Capital outlay	131,760	131,760	98,579	33,181
Restricted programs	14,192,488	14,192,488	8,794,333	5,398,155
TOTAL EXPENDITURES AND ENCUMBRANCES	45,944,484	45,990,957	40,097,637	5,893,320
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES	(541,880)	(541,880)	215,212	757,092
OTHER FINANCING SOURCES (USES)				
Fund balance appropriated	800,173	800,173	-	(800,173)
TOTAL OTHER FINANCING SOURCES (USES)	800,173	800,173	-	(800,173)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ 258,293	$ 258,293	$ 215,212	$ (43,081)

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Year Ended June 30, 2024

As of June 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Measurement date:	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Total OPEB liability										
Service cost			$ 753,715	$ 638,329	$ 655,921	$ 891,513	$ 1,133,075	$ 1,224,342	$ 746,636	$ 591,092
Interest			629,260	727,068	753,845	819,833	745,291	628,433	912,127	672,880
Changes of benefit terms			-	-	-	-	-	-	-	-
Differences between expected and actual experience			-	82,431	3,983,544	183,953	(1,956,360)	(177,406)	(7,812,672)	(40,563)
Changes of assumptions			(2,500,064)	(157,212)	548,092	3,270,908	3,091,431	(9,114,239)	(580,558)	(294,574)
Benefit payments			(620,000)	(768,569)	(568,072)	(893,676)	(733,079)	(561,833)	(630,660)	(564,489)
Net change in OPEB liability			(1,737,089)	522,047	5,373,330	4,272,531	2,280,358	(8,000,703)	(7,365,127)	364,346
Total OPEB liability - beginning			22,389,308	20,652,219	21,174,266	26,547,596	30,820,127	33,100,485	25,099,782	17,734,655
Total OPEB liability - ending (a)			$ 20,652,219	$ 21,174,266	$ 26,547,596	$ 30,820,127	$ 33,100,485	$ 25,099,782	$ 17,734,655	$ 18,099,001
Plan fiduciary net position										
Contributions - employer			$ 620,000	$ 768,569	$ 568,072	$ 893,676	$ 733,079	$ 561,833	$ 630,660	$ 564,489
Net investment income			103,414	74,466	76,954	33,610	284,054	(193,341)	109,749	99,719
Benefit payments			(620,000)	(768,569)	(568,072)	(893,676)	(733,079)	(561,833)	(630,660)	(564,489)
Administrative expenses			(7,642)	(5,938)	(6,132)	(6,497)	(6,645)	(6,810)	(6,869)	(7,337)
Net change in plan fiduciary net position			95,772	68,528	70,822	27,113	277,409	(200,151)	102,880	92,382
Plan fiduciary net position - beginning			915,590	1,011,362	1,079,890	1,150,712	1,177,825	1,455,234	1,255,083	1,357,963
Plan fiduciary net position - ending (b)			$ 1,011,362	$ 1,079,890	$ 1,150,712	$ 1,177,825	$ 1,455,234	$ 1,255,083	$ 1,357,963	$ 1,450,345
Board's net OPEB liability - ending (a) - (b)			$ 19,640,857	$ 20,094,376	$ 25,396,884	$ 29,642,302	$ 31,645,251	$ 23,844,699	$ 16,376,692	$ 16,648,656
Plan fiduciary net position as a percentage of the total OPEB liability			4.90%	5.10%	4.33%	3.82%	4.40%	5.00%	7.66%	8.01%
Covered employee payroll			13,848,985	17,303,337	17,862,417	16,742,974	16,547,970	16,785,809	20,049,352	20,570,196
Board's net OPEB liability as a percentage of covered employee payroll			141.82%	116.13%	142.18%	177.04%	191.23%	142.05%	81.68%	80.94%
Expected Average Remaining Service Years of All Participants			8	8	8	8	8	8	8	8

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
Year Ended June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Annual money-weighted rate of return, net of investment			10.46%	6.77%	6.56%	2.36%	23.55%	-13.29%	8.22%	6.80%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2024

Fiscal Year	Measurement Date	Board's Proportion (Percentage) of the NPL A	Board's Proportionate Share of the NPL B	State's Proportionate Share of the NPL C	Total (B+C)	Board's Covered Payroll D	Board's Proportionate Share as a Percentage of Covered Payroll (B / D)	Plan's Total Fiduciary Net Position E	Plan's Total Pension Liability F	Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (E / F)
2015	June 30, 2014	0.0113256%	$ 2,009,929	$ 16,219,599	$ 18,229,528	$ 13,696,066	14.68%	$ 45,339,988,000	$ 63,086,719,000	71.87%
2016	June 30, 2015	0.0122061%	$ 2,536,630	$ 18,627,177	$ 21,163,807	$ 14,025,709	18.09%	$ 45,789,840,000	$ 66,571,552,000	68.78%
2017	June 30, 2016	0.0124563%	$ 2,938,934	$ 24,758,151	$ 27,697,085	$ 13,848,985	21.22%	$ 45,365,927,000	$ 68,959,954,000	65.79%
2018	June 30, 2017	0.0121455%	$ 2,626,298	$ 19,958,700	$ 22,584,998	$ 17,303,337	15.18%	$ 48,987,184,000	$ 70,610,885,000	69.38%
2019	June 30, 2018	0.0121397%	$ 2,547,095	$ 17,219,703	$ 19,766,798	$ 17,862,417	14.26%	$ 51,827,233,000	$ 72,808,833,000	71.18%
2020	June 30, 2019	0.0130984%	$ 2,701,620	$ 17,366,822	$ 20,068,442	$ 16,742,974	16.14%	$ 53,943,420,000	$ 74,569,030,000	72.34%
2021	June 30, 2020	0.0133386%	$ 3,014,694	$ 17,970,399	$ 20,985,093	$ 16,547,970	18.22%	$ 54,586,037,000	$ 77,187,397,000	70.72%
2022	June 30, 2021	0.0072021%	$ 1,080,481	$ 11,384,403	$ 12,464,884	$ 16,785,809	6.44%	$ 67,604,500,000	$ 82,606,805,000	81.84%
2023	June 30, 2022	0.0074854%	$ 1,497,715	$ 14,991,335	$ 16,489,050	$ 20,049,352	7.47%	$ 64,310,991,000	$ 84,319,523,000	76.27%
2024	June 30, 2023	0.0078967%	$ 1,818,645	$ 14,383,545	$ 16,202,190	$ 20,570,196	8.84%	$ 64,892,973,000	$ 87,923,284,000	73.81%

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Year Ended June 30, 2024

Fiscal Year	Measurement Date	Contractually Required Contribution A	Actual Contribution B	Contribution Deficiency (Excess) (A - B)	Board's Covered Payroll C	Actual Contribution as a Percentage of Covered Payroll (B / C)
2015	June 30, 2014	$ 257,272	$ 257,272	$ -	$ 13,696,066	1.88%
2016	June 30, 2015	$ 242,658	$ 242,658	$ -	$ 14,025,709	1.73%
2017	June 30, 2016	$ 247,202	$ 247,202	$ -	$ 13,848,985	1.78%
2018	June 30, 2017	$ 242,074	$ 242,074	$ -	$ 17,303,337	1.40%
2019	June 30, 2018	$ 268,975	$ 268,975	$ -	$ 17,862,417	1.51%
2020	June 30, 2019	$ 285,986	$ 285,986	$ -	$ 16,742,974	1.71%
2021	June 30, 2020	$ 158,701	$ 158,701	$ -	$ 16,547,970	0.96%
2022	June 30, 2021	$ 170,840	$ 170,840	$ -	$ 16,785,809	1.02%
2023	June 30, 2022	$ 192,595	$ 192,595	$ -	$ 20,049,352	0.96%
2024	June 30, 2023	$ 213,089	$ 213,089	$ -	$ 20,570,196	1.04%

Note 1. Budgetary Comparison Schedule

The Board of Education annually adopts a budget for the General Fund (Current Expense Fund). All appropriations are legally controlled at the categorical level for the General Fund.

The budget is integrated into the accounting system, and the budgetary data compares the expenditures with the amended budget. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Schedule of Revenues, Expenditures and Encumbrances – Budget and Actual for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

Adjustments necessary to convert the results of operations and fund balances at the end of the year on the GAAP basis to the budgetary basis are as follows:

	June 30, 2024 GENERAL FUND		
	Revenues and other financing sources	Expenditures and other financing uses	Fund Balance
GAAP BASIS	$ 42,053,887	$ 41,838,675	$ 3,920,958
Encumbrances at June 30, 2023	(96,640)	(96,640)	-
Encumbrances at June 30, 2024	285,850	285,850	-
Proceeds from financed purchases	(156,180)	(156,180)	
Proceeds from right-to-use assets	(17,505)	(17,505)	
Payments made on-behalf of the Board by Kent County	(167,182)	(167,182)	-
Payments made on-behalf of the Board by the State of Maryland	(1,589,381)	(1,589,381)	-
BUDGETARY BASIS	$ 40,312,849	$ 40,097,637	$ 3,920,958

Note 2. Pension Plans

Changes in Benefit Terms
There were no benefit changes during the year.

Changes in Assumptions
There were no changes in assumptions during the year.

Note 2. Pension Plans (Continued)

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Actuarial	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years for State system
Asset valuation method	5-year smoothed market; 40% recognized in 2021; 15% equally over next four valuations
Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%, including wage 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 2019 valuation pursuant to the 2018 experience study for the period July 1, 2014 to June 30, 2018.
Mortality	Various versions of the Pub-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 females.

Note 3. Post-Employment Health Care Benefits

Changes in Benefit Terms
There were no significant benefit changes during the year.

Changes in Assumptions

- The discount rate changes year to year at June 30, 2018, 2019, 2020, 2021, 2022, 2023 and 2024 was 3.62%, 3.13%, 2.45%, 1.92%. 3.69%, 3.86% and 3.97%, respectively.

Note 3. Post-Employment Health Care Benefits (Continued)

Method and Assumptions used in Calculations of Actuarially Determined Contributions

Valuation date	April 1, 2023
Measurement date - GASB 74	June 30, 2024
Actuarial cost method - GASB 74	Entry age normal
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Discount rate - June 30, 2023	3.86%
Discount rate - June 30, 2024	3.97%
Payroll growth	3.00%
Inflation rate	2.50%
Rate of growth in real income	1.40%
Medical trend	Based on the Society of Actuaries (SOA) Getzen Long-Term Healthcare Cost Trend Model. The current valuation uses the 2022 version of the model released in October 2021. The initial rate assumed is 7.50% and decreases to 4.64% in 2050 ultimately leveling off at 3.94% in 2075.
Mortality	The mortality rates for healthy pre - retirees was calculated using the Pub-2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for healthy post - retirees was calculated using the Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale. The mortality rates for disabled individuals was calculated using the Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale.

ADDITIONAL SUPPLEMENTARY INFORMATION

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
SCHEDULE OF REVENUES
GENERAL FUND
Year Ended June 30, 2024

KENT COUNTY FUNDS	
Annual appropriation	19,654,557
On-behalf payments	167,182
Total Kent County Funds	19,821,739
STATE OF MARYLAND FUNDS	
Compensatory education	3,157,980
Foundation	2,941,142
On-behalf payments	1,589,381
Student transportation	2,015,583
Special education - formula	1,219,456
Blueprint transition	1,000,071
Career and college readiness	18,656
Blueprint coordinator	43,073
English learners	286,914
Concentration of poverty	559,733
Transitional supplemental instruction	61,710
Pre-Kindergarten	236,274
Infant and toddler	16,517
Career ladder	6,076
Total State of Maryland Funds	13,152,566
OTHER SOURCES	
Miscellaneous	75,744
E-rate reimbursement	7,260
Excise tax refund	25,539
Interest income	51,306
Out of county living	73,527
MABE grant	22,000
Sports events	16,013
WKHS	27,345
Building space rental	2,041
Total Other Sources	300,775
TOTAL REVENUES	$ 33,275,080

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	FOOD SERVICES	SCHOOL ACTIVITIES	SMITH ESTATE	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 79,890	$ 196,812	$ 3,041	$ 279,743
Accounts receivable:				
Federal funds from State of Maryland	78,465	-	-	78,465
State of Maryland	8,681	-	-	8,681
Other receivables	2,080	-	-	2,080
Other Board of Education funds	245,569	-	114	245,683
Inventories, at cost	54,698	-	-	54,698
TOTAL ASSETS	$ 469,383	$ 196,812	$ 3,155	$ 669,350
LIABILITIES AND FUND BALANCES				
Accounts payable:				
Vendors	$ 89,123	$ -	$ -	$ 89,123
Accrued payroll	83,277	-	-	83,277
Unearned revenue - State	33,529	-	-	33,529
Unearned revenue - USDA commodities	2,782	-	-	2,782
TOTAL LIABILITIES	208,711	-	-	208,711
COMMITMENTS AND CONTINGENCIES				
FUND BALANCES				
Nonspendable				
Inventory	54,698	-	-	54,698
Restricted				
Fund purpose	205,974	-	3,155	209,129
Assigned to:				
School activities	-	196,812	-	196,812
TOTAL FUND BALANCES	260,672	196,812	3,155	460,639
TOTAL LIABILITIES AND FUND BALANCES	$ 469,383	$ 196,812	$ 3,155	$ 669,350

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	FOOD SERVICES	SCHOOL ACTIVITIES	SMITH ESTATE	Total Nonmajor Governmental Funds
REVENUES				
State of Maryland	$ 28,868	$ -	$ -	$ 28,868
Federal sources	1,463,963	-	-	1,463,963
Other sources:				
Sales of food	103,864	-	-	103,864
School activity revenues	-	166,738	-	166,738
Other	1,200	-	-	1,200
TOTAL REVENUES	1,597,895	166,738	-	1,764,633
EXPENDITURES				
Food services	1,698,085	-	-	1,698,085
School activity expenditures	-	153,677	-	153,677
TOTAL EXPENDITURES	1,698,085	153,677	-	1,851,762
Net change in fund balances	(100,190)	13,061	-	(87,129)
Fund balances, beginning	360,862	183,751	3,155	547,768
Fund balances, ending	$ 260,672	$ 196,812	$ 3,155	$ 460,639

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES
FOOD SERVICE FUND
Year Ended June 30, 2024

REVENUES	
Cafeteria sales	$ 103,864
Federal assistance	1,463,963
State assistance	28,868
Miscellaneous	1,200
TOTAL REVENUES	1,597,895
EXPENDITURES	
Salaries and wages	596,580
Contracted services	62,430
Supplies and materials	917,321
Other charges	57,104
Capital outlay	64,650
TOTAL EXPENDITURES	1,698,085
EXCESS OF EXPENDITURES OVER REVENUES	$ (100,190)

BOARD OF EDUCATION OF KENT COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE - SCHOOL ACTIVITIES FUND
SCHOOL ACTIVITIES FUND
For the Year Ended June 30, 2024

	Balance July 1, 2023	Receipts	Disbursements	Balance June 30, 2024
Galena Elementary School	$ 19,998	$ 38,966	$ 19,907	$ 39,057
H.H. Garnett Elementary School	3,906	7,957	8,920	2,943
Rock Hall Elementary School	5,143	3,604	5,327	3,420
Kent County Middle School	21,021	25,593	26,669	19,945
Kent County High School	133,683	90,618	92,854	131,447
Total	$ 183,751	$ 166,738	$ 153,677	$ 196,812