

**CHARLESTON COUNTY LIBRARY,  
A COMPONENT UNIT OF CHARLESTON COUNTY,  
SOUTH CAROLINA**

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**BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

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**YEAR ENDED JUNE 30, 2025**

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**YEAR ENDED JUNE 30, 2025**  
**Charleston, South Carolina**

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***Independent Auditor's Report***

Board of Trustees  
***Charleston County Library, a Component Unit***  
***of Charleston County, South Carolina***  
Charleston, South Carolina

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the non-governmental discretely presented component unit, the major fund, and the aggregate remaining fund information of the ***Charleston County Library, a Component Unit of Charleston County, South Carolina***, (the Library) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the non-governmental discretely presented component unit, the major fund, and the aggregate remaining fund information of the Charleston County Library, a Component Unit of Charleston County, South Carolina, as of June 30, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards* (GAS), 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. The financial statements of the Friends of the Charleston County Library, the non-governmental discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of Charleston County Library, a Component Unit of Charleston County, South Carolina, 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 Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with 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 Library'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 Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal 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*, *Budgetary Comparison Schedule*, *Notes to Budgetary Comparison Schedule*, *Schedule of the Library's Proportionate Share of Net Pension Liability South Carolina Retirement System*, *Schedule of the Library's Contributions South Carolina Retirement System*, *Notes to Required Supplementary Information – South Carolina Retirement System*, and *Schedule of Changes in Total OPEB Liability and Related Ratios – For the Six Months Ended June 30, 2025*, on pages 4-14, and 57-62, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Library'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 Library's internal control over financial reporting and compliance.

Handwritten signature of Webster Rogues LLP in cursive script.

Charleston, South Carolina  
December 8, 2025

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

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Management of the Charleston County Library, a Component Unit of Charleston County, South Carolina, (the Library) presents the following narrative overview of the financial activities of the Library for the fiscal year ended June 30, 2025. This information should be considered in conjunction with the Library's financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the Library exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$15,506,585 (*deficit net position*). Of this amount, \$20,898,088 represents *negative unrestricted net position*.
- Governmental Accounting Standards Board (GASB) Standard No. 68, *Accounting and Financial Reporting for Pensions* requires the Library to record its proportionate share of the state retirement system's net pension liability. The net pension liability on June 30, 2025, of \$29,560,709 created negative net position for the Library.
- GASB Standard No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the Library to record a liability for other postemployment benefits (OPEB). The net OPEB liability on June 30, 2025, of \$1,784,759 created negative net position for the Library.
- On January 1, 2025, the Library separated from Charleston County and became its own employer unit within the South Carolina Public Employee Benefit Authority (PEBA) for purposes of providing employee benefits. The Library has assumed responsibility for servicing health benefits for employees retiring after January 1, 2025, while Charleston County retained responsibility for previous retirees. This substantially reduced the Library's OPEB liability as of June 30, 2025.
- The Library's total net position increased by \$5,946,498. This was due primarily to a decrease in liabilities and deferred inflows of resources, net of deferred outflows for OPEB of \$6,871,921 as noted above.
- The Library implemented GASB Standard No. 101, *Compensated Absences*. This required a restatement reducing prior year's net position by \$2,288,356.
- At the close of the current fiscal year, the Library's governmental funds reported combined fund balances of \$6,949,988, an increase of \$1,160,213 in comparison with the prior year. Approximately 80 percent of the fund balance amount (\$5,579,692) is available for spending at the Library's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total *committed, assigned, and unassigned* components of *fund balance*) for the general fund was \$6,479,692, or approximately 17.1 percent of total general fund expenditures (budgetary basis). Total general fund balance of \$6,755,589 was approximately 17.8 percent of expenditures (budgetary basis).
- General fund operating expenditures were \$1,478,514, or 3.8 percent, less than budgeted. This was primarily due to shelving space issues for physical information resources along with savings related to the separation from Charleston County for OPEB administration noted above.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains additional required supplementary information intended to support the basic financial statements themselves. These components are described below:

**Government – Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Library's finances in a similar manner to a private-sector business. The statements provide both short-term and long-term information about the Library's financial position which assists in assessing the Library's economic condition at the

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

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end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow similar methods to those used by most businesses. They consider all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid.

The *statement of net position* presents financial information on all the Library's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for the Library.

Both government-wide financial statements distinguish functions of the Library that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). All the operations of the Library are considered *governmental activities* and are supported primarily by intergovernmental revenues. The Library does not have any business-type activities.

The government-wide financial statements include not only the Library itself (known as the *primary government*), but also a legally separate non-profit organization that is financially significant to the Library since it provides funding only to the Library. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Because of the nature and significance of the relationship between the Library and the Friends of the Charleston County Library (the Friends), the Friends is determined to be a discretely presented component unit within the financial statements of the Library for 2025.

The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the Library government, reporting the Library's operations in more detail than the government-wide statements. All the funds of the Library are governmental funds.

**Governmental funds** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on the *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Library's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the Library.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are presented on the face of the governmental fund financial statements.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

The Library maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the other nonmajor funds.

The Library adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as Required Supplementary Information to demonstrate compliance with this budget.

The governmental funds financial statements can be found immediately following the government-wide statements.

**Notes to the Financial Statements**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the financial statements.

**Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule composed of both the original and final budget of the Library along with actual results of operations. It also includes schedules of the Library's proportionate share of the net pension liability of the South Carolina Retirement System for the last ten years, and the Library's contributions to the South Carolina Retirement System for the last ten years as well as a schedule of the changes in total OPEB liability and related ratios for the six months ended June 30, 2025.

**GOVERNMENT – WIDE OVERALL FINANCIAL ANALYSIS**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$15,506,585 (net position) at the close of the most recent fiscal year.

**CHARLESTON COUNTY LIBRARY'S NET POSITION**

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 8,745,971	\$ 7,664,940
Capital assets	8,698,612	9,551,263
Total assets	<u>17,444,583</u>	<u>17,216,203</u>
Deferred outflows of resources	<u>9,731,867</u>	<u>10,272,121</u>
Other Liabilities	1,916,348	1,993,883
Long-term liabilities outstanding	7,830,777	7,976,660
Net pension liability	29,560,709	28,113,546
OPEB Liability	1,784,759	6,397,247
Total liabilities	<u>41,092,593</u>	<u>44,481,336</u>
Deferred inflows of resources	<u>1,590,442</u>	<u>4,460,070</u>
Net position:		
Net investment in capital assets	5,197,104	5,780,459
Restricted	194,399	219,195
Unrestricted	(20,898,088)	(27,452,737)
Total net position	<u>\$ (15,506,585)</u>	<u>\$ (21,453,083)</u>

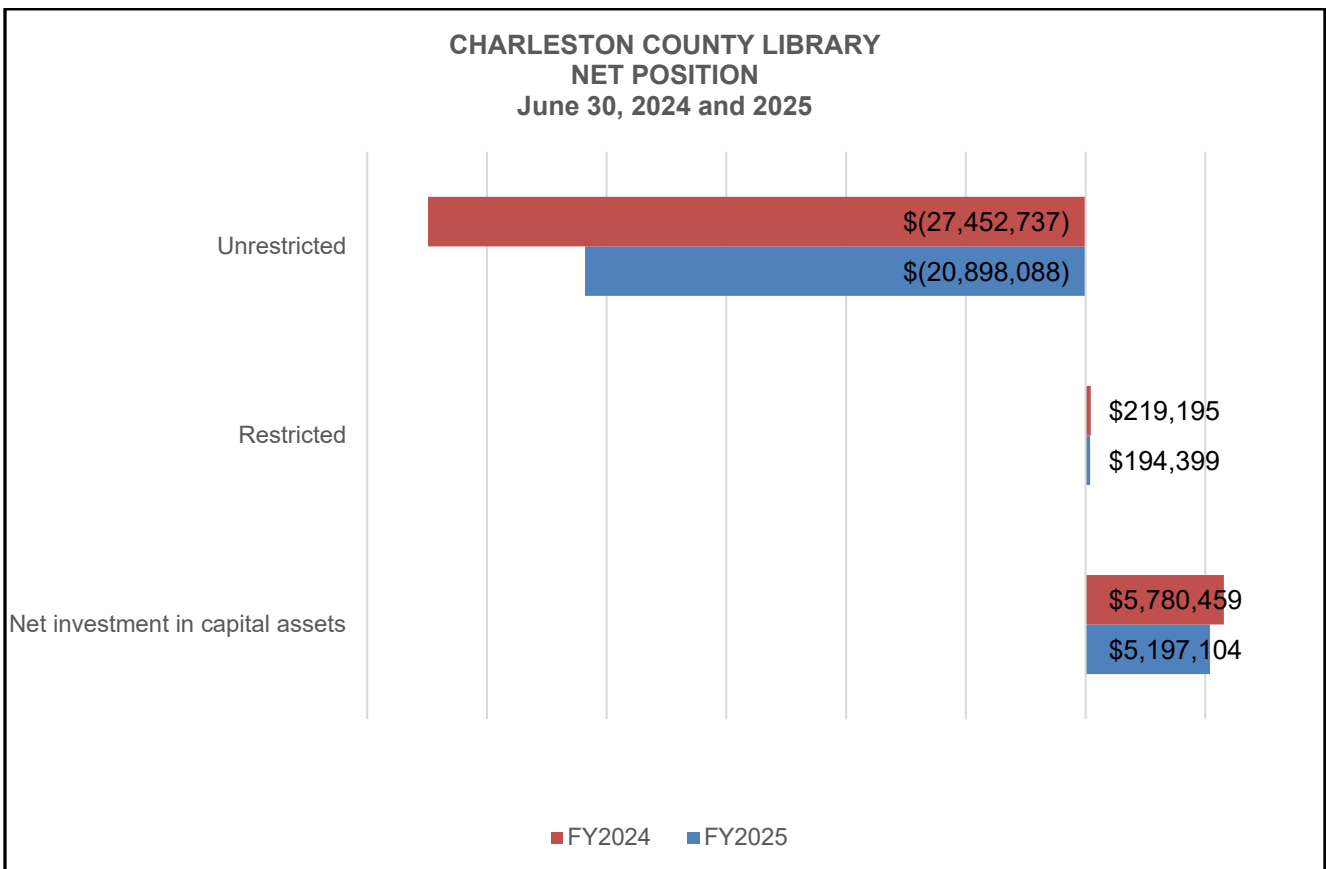
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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By far, the largest portion of the Library's net position (134 percent) comes from negative unrestricted net position due to the Library's proportionate share of the net pension liability of the South Carolina Retirement System plus its OPEB liability.

Net investment in capital assets (e.g., library materials, furniture, fixtures, and equipment), less any related outstanding debt that was used to acquire those assets, is included in net position. The Library uses these capital assets to provide services to citizens. Accordingly, these assets are *not* available for future spending. Although the Library's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$194,399, of the Library's net position represents resources that are subject to external restrictions on how they may be used (*restricted net position*).

At the end of the current fiscal year, the Library is unable to report positive balances in all reported categories of net position. This was due to the Library's proportionate share of the South Carolina Retirement Systems net pension liability and its OPEB liability.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

**Changes in Net Position**

During the current fiscal year, net position of the Library increased \$5,946,498 from the prior fiscal year. This increase is equivalent to the excess of expenses over revenues for the current fiscal year. Key elements of this increase are as follows:

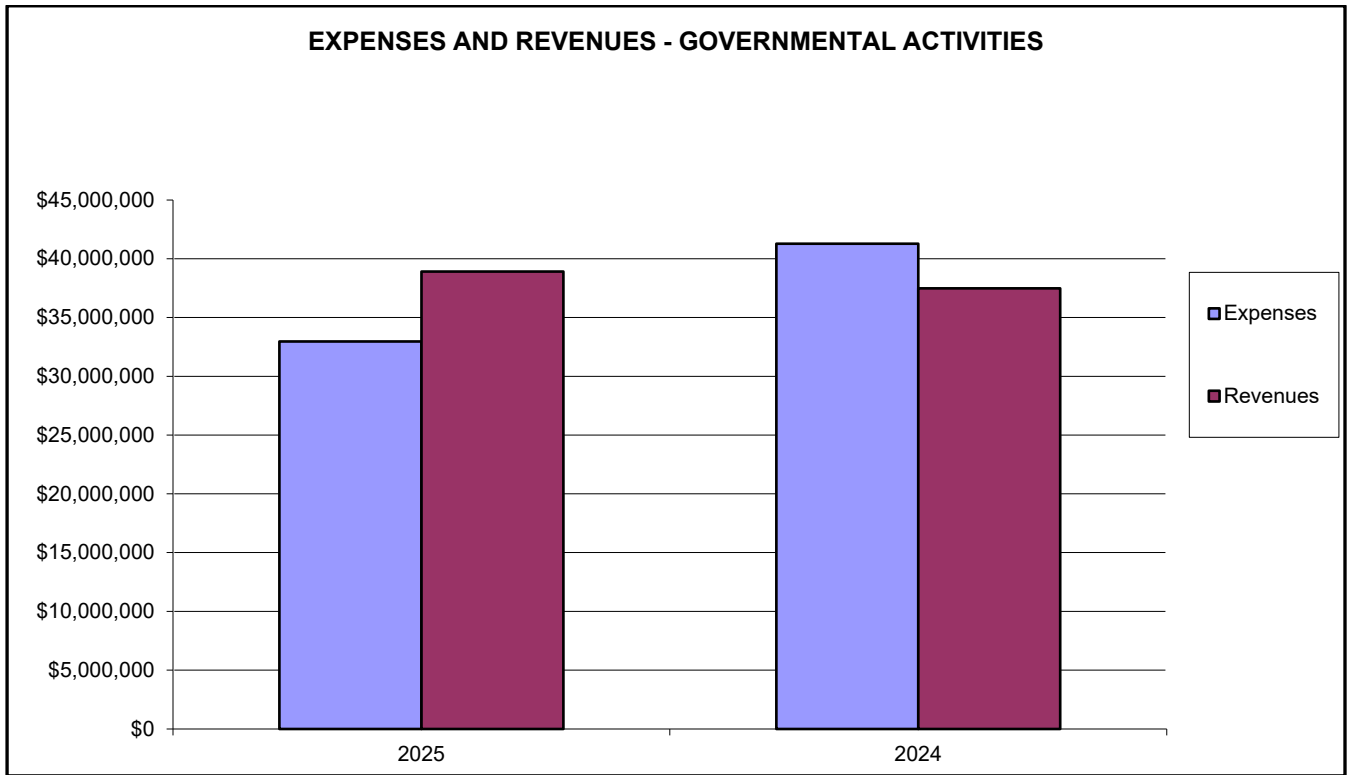
- Personnel costs decreased by \$9,053,153 primarily due to a decrease in the OPEB liability resulting from separating from Charleston County's OPEB Plan, as noted in the highlights above.
- Information resources increased \$479,748 primarily due to increased patron usage of digital products.
- Information technology increased \$304,486 primarily due to maintenance contracts on equipment that is no longer under warranty.
- Notable changes in program revenues were due to an increase of \$1,400,705 in county funds.

For the most part, increases in other expenses closely parallel inflation and growth in demand for services.

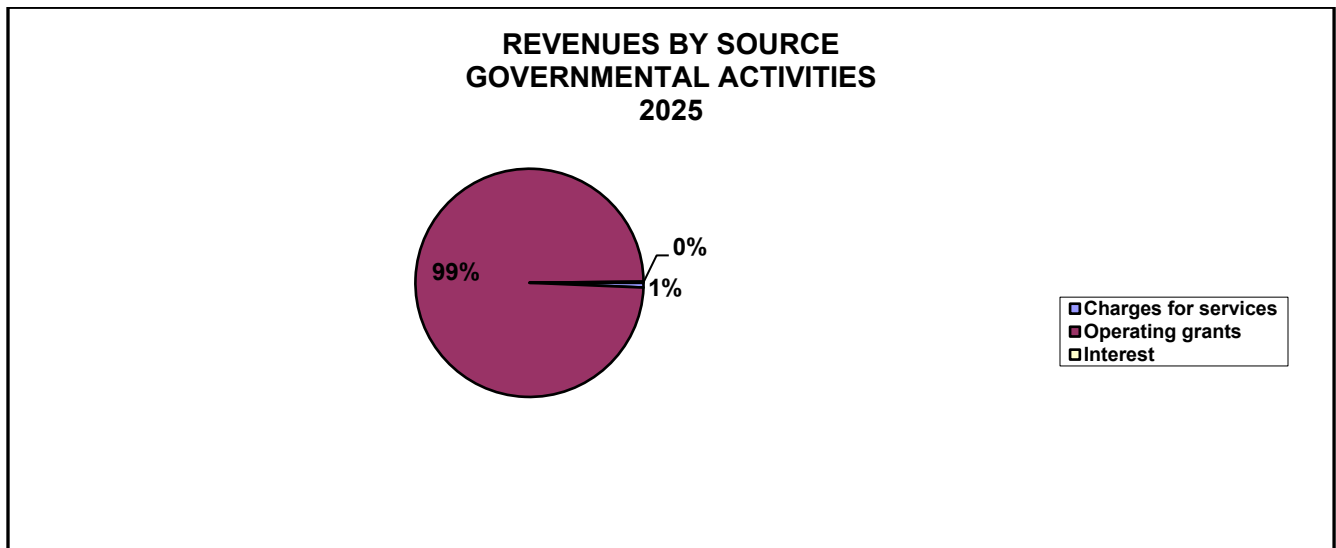
**CHARLESTON COUNTY LIBRARY'S CHANGES IN NET POSITION**

	<u>2025</u>	<u>2024</u>
Revenues:		
Program revenues		
Charges for services	\$ 254,837	\$ 222,337
Operating grants and contributions	38,597,759	37,183,478
Total revenues	<u>38,852,596</u>	<u>37,405,815</u>
General Revenues		
Interest Earnings	<u>61,954</u>	<u>69,652</u>
Expenses:		
Personnel services	20,017,677	29,070,830
Purchased services and materials	10,096,304	9,096,385
Depreciation and amortization	2,854,071	3,113,988
Total expenses	<u>32,968,052</u>	<u>41,281,203</u>
Increase (decrease) in net position	5,946,498	(3,805,736)
Net position - beginning of year	<u>(21,453,083)</u>	<u>(17,647,347)</u>
Net position - end of year	<u>\$ (15,506,585)</u>	<u>\$ (21,453,083)</u>

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Most of the Library's revenues is made up of operating grants from Charleston County and the State of South Carolina through the State Library. No capital grants were received in either year presented.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

**REVENUES BY SOURCE**  
**GOVERNMENTAL ACTIVITIES**  
**2024**



Personnel costs represent the largest share of the Library's expenses. This has remained consistent from year to year.

**EXPENSES BY TYPE**  
**GOVERNMENTAL ACTIVITIES**  
**2025**



**EXPENSES BY TYPE**  
**GOVERNMENTAL ACTIVITIES**  
**2024**



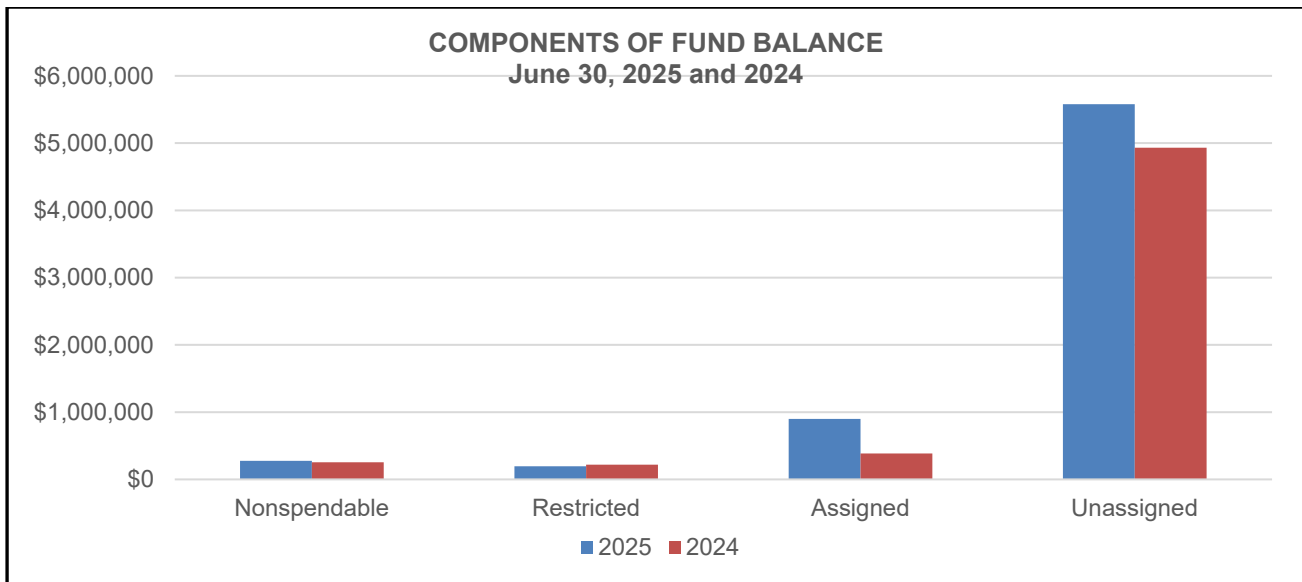
**CHARLESTON COUNTY LIBRARY**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**

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

The focus of the Library's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Library's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to for a particular purpose by either an external party, the Library itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Charleston County Library Board of Trustees.

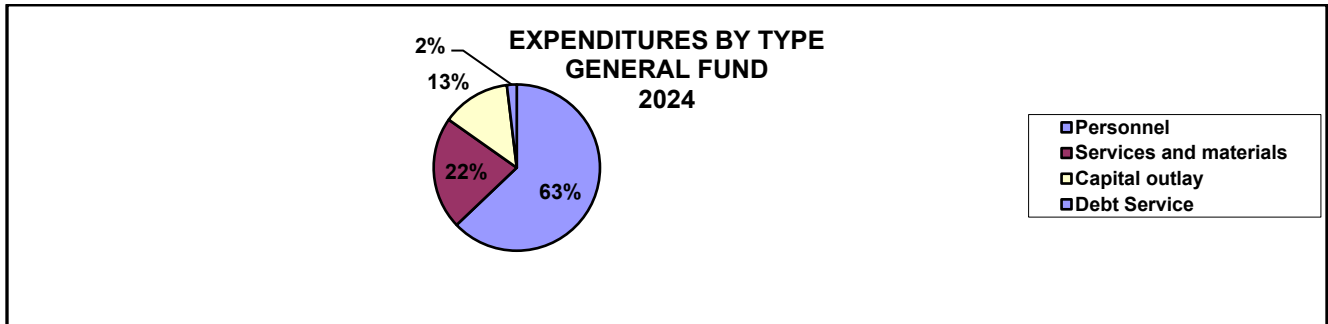
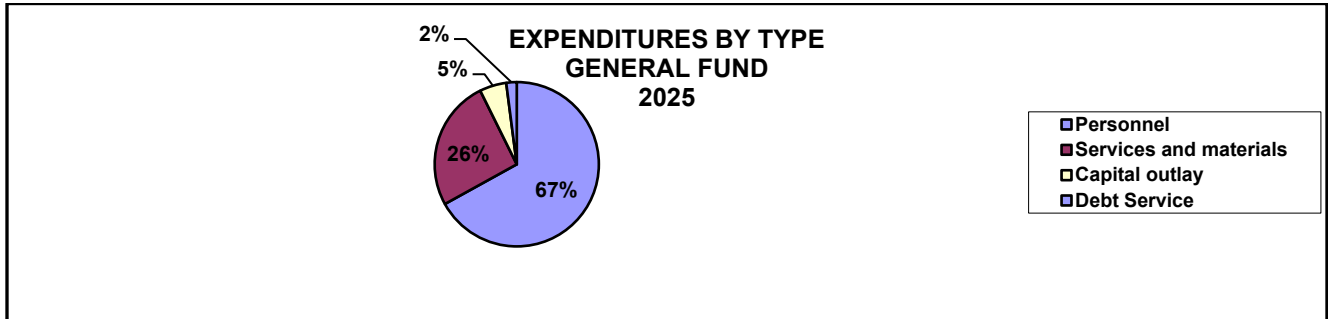
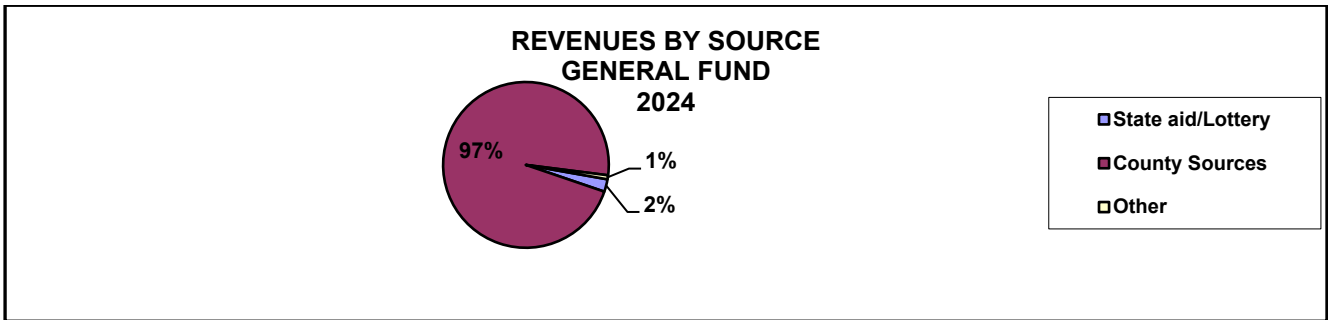
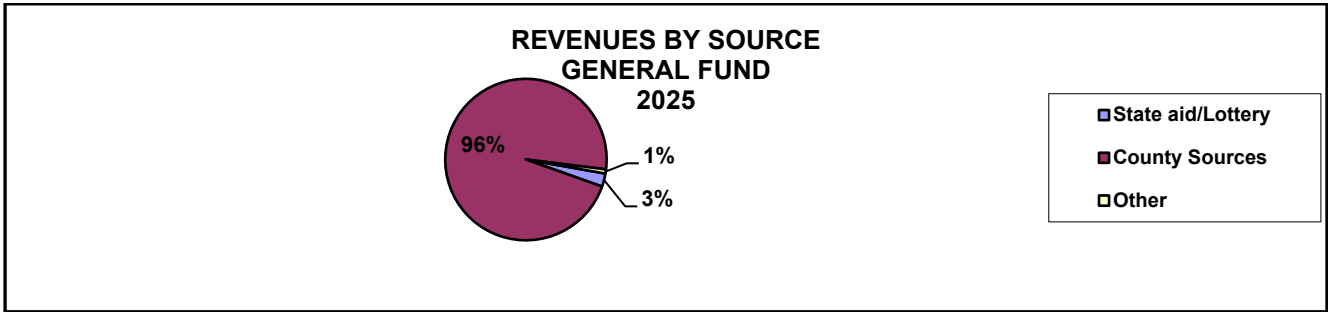
On June 30, 2025, the Library's governmental funds reported combined fund balances of \$6,949,988, an increase of \$1,160,213 in comparison with the prior year. Approximately 80 percent of total fund balance (\$5,579,692) constitutes *unassigned fund balance* which is available for spending at the Library Board's discretion. *Assigned fund balance* of \$900,000 represents 13 percent of the total. This is assigned to finance a portion of the fiscal year 2026 budget. *Restricted fund balance* of \$194,399 has limitations imposed by contributors and can only be used for specific purposes. The remainder of fund balance is *nonspendable* to indicate that it is not available for new spending because it has already been spent on inventory of supplies and prepaid items.



The general fund is the chief operating fund of the Library. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,579,692, and assigned fund balance was \$900,000, while the total fund balance was \$6,755,589. As a measure of the general fund's liquidity, it may be useful to compare both unassigned and assigned fund balances and total fund balance to total fund expenditures. Unassigned and assigned fund balance represents 17.1 percent, (up from 13.2 percent in 2024), of total general fund expenditures, while total fund balance represents 17.8 percent, (up from 13.8 percent in 2024), of that same amount. Unassigned and assigned fund balances are combined for this analysis because 100 percent of the assigned fund balance is designated to finance fiscal year 2026 expenditures.

The Library's general fund balance increased \$1,185,009 during the current fiscal year. The increase was primarily related to lower than budgeted spending on information resources due to availability of shelving space, reduced personnel expense related to employee benefits, along with increased funding from Charleston County.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

**GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

**Original Budget Compared to Final Budget**

Over the course of the year, the Library Board of Trustees did not amend the Library budget.

**Final Budget Compared to Actual Results**

The Library budgeted to use \$385,500 in general fund balance for the fiscal year ending June 30, 2025. Actual results increased fund balance by \$1,185,009.

Actual revenues were \$91,995, or 0.2 percent, greater than estimated revenues. The most significant differences were reimbursement from the County of \$55,733 for the summer youth intern program, additional copier machine charges of \$12,565, parking garage receipts at the Main Library of \$19,707, netted with lower interest income of \$18,046 due to reduced rates.

Total actual expenditures were \$1,478,514, or 3.8 percent, less than the final budget. This was primarily a result of savings from the information resources budget of \$835,296 due to availability of shelving space, and savings from projected spending on the Main Library renovation project of \$194,876.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Library's investment in capital assets as of June 30, 2025, amounts to \$5,197,104 (net of accumulated depreciation, amortization, and related liabilities). This investment in capital assets includes equipment, furnishings, and library materials. The total decrease in the Library's investment in capital assets for the current fiscal year was \$583,355, or 10.1 percent.

**CHARLESTON COUNTY LIBRARY'S CAPITAL ASSETS**  
(Net of depreciation)

	<u>2025</u>	<u>2024</u>
Equipment and furnishings	\$ 539,034	\$ 898,597
Library materials	3,631,701	3,835,304
Right to use assets	3,591,376	3,880,864
Reference Database	925,499	925,499
Artwork (not subject to depreciation)	11,000	11,000
Less related liabilities	<u>(3,501,506)</u>	<u>(3,770,805)</u>
<b>Total</b>	<b><u>\$ 5,197,104</u></b>	<b><u>\$ 5,780,459</u></b>

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

- Additional library materials were acquired for \$1,641,671, while materials totaling \$1,893,215 with accumulated depreciation of \$1,893,215 were removed.
- Additional right to use assets of \$343,103 were obtained through leasing of computer equipment while equipment totaling \$394,420 with accumulated depreciation of \$394,420 were removed.
- Depreciation expense of \$2,221,480 and amortization expense of \$632,591 was recognized in the government-wide financial statements.

Additional information on the Library's capital assets can be found in the notes immediately following the fund financial statements.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2025**

**Long-Term Debt**

At the end of the fiscal year, the Library had total long-term obligations of \$39,176,245. Net pension liability was \$29,560,709, while the OPEB liability was \$1,784,759. The remaining obligations of compensated absences, financed purchases, and leases are shown below.

**CHARLESTON COUNTY LIBRARY'S OUTSTANDING DEBT**

	<u>2025</u>	<u>2024</u>
Financed purchase obligations	\$ 43,449	\$ 78,795
Compensated absences	4,329,271	4,205,856
Subscription-based IT arrangements	3,112,899	3,417,574
Leases	<u>345,158</u>	<u>274,436</u>
Total	<u>\$ 7,830,777</u>	<u>\$ 7,976,661</u>

The Library's total debt decreased by \$145,884, or 1.8 percent during the current fiscal year. The decrease was primarily due to the scheduled payments on debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic factors currently affect the Library and were considered in developing the 2025-2026 fiscal year budget.

- The county appropriation, excluding any supplemental amounts, is expected to be 6.1 percent, or \$2,295,607, greater than fiscal year 2025.
- State aid was budgeted for fiscal year 2026 at per capita of \$2.75, or \$102,074 (10.0 percent), greater than fiscal year 2025.
- A referendum passed in November 2014 for an expansion and renovation of Library facilities. That project continues to impact the fiscal year 2026 budget with the renovation of the Main Library.
- Total fiscal year 2026 original budgeted expenditures are \$2,984,096, or 7.6 percent greater than 2025. Increases are primarily due to personnel costs including pay increases, longevities, and fringe benefits, and additional information resources.

On June 30, 2025, the unrestricted fund balance in the general fund was \$6,479,692. The Board of Trustees assigned \$900,000 of the fund balance of the general fund to finance information technology special projects, furniture and fixtures, and spending related to the renovation of the Main Library. After year end, the budget was amended to authorize one-time bonuses to certain staff utilizing \$650,000 of additional fund balance.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Library's finances and demonstrate the Library's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Charleston County Library, 4355 Bridge View Drive, North Charleston, SC 29405.

## **BASIC FINANCIAL STATEMENTS**

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,423,399
Receivables	46,675
Inventory of supplies	23,802
Prepaid expenditures	252,095
Capital assets	
Artwork and other non-depreciable assets	936,499
Other capital assets, net of accumulated depreciation	4,170,737
Right-to-use leased assets, net of accumulated amortization	3,591,376
<b>TOTAL ASSETS</b>	<b>17,444,583</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	7,806,521
Deferred outflows related to other postemployment benefits (OPEB)	1,925,346
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>9,731,867</b>
<b>LIABILITIES</b>	
Accounts payable	380,752
Accrued interest payable	120,365
Accrued payroll, benefits, and payroll taxes payable	1,415,231
Long-term liabilities	
Due within one year	1,365,371
Due in more than one year	6,465,406
Net pension liability	29,560,709
OPEB liability	1,784,759
<b>TOTAL LIABILITIES</b>	<b>41,092,593</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	1,193,326
Deferred inflows related to OPEB	397,116
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,590,442</b>
<b>NET POSITION</b>	
Net investment in capital assets	5,197,104
Restricted for special programs	194,399
Unrestricted (deficit)	(20,898,088)
<b>TOTAL NET POSITION</b>	<b>\$ (15,506,585)</b>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

	Governmental Activities
<b>EXPENSES</b>	
Personnel services - salaries, wages, and employee benefits	\$ 20,017,677
Purchased services and materials	10,096,304
Amortization	632,591
Depreciation	2,221,480
	32,968,052
<b>TOTAL EXPENSES</b>	<b>32,968,052</b>
<b>PROGRAM REVENUES</b>	
Charges for services	254,837
Operating grants and contributions	38,597,759
	38,852,596
<b>TOTAL PROGRAM REVENUES</b>	<b>38,852,596</b>
<b>TOTAL GOVERNMENTAL SERVICES</b>	<b>5,884,544</b>
<b>GENERAL REVENUES</b>	
Interest earnings	61,954
	61,954
<b>TOTAL GENERAL REVENUES</b>	<b>61,954</b>
<b>CHANGE IN NET POSITION</b>	<b>5,946,498</b>
<b>NET POSITION</b>	
Beginning of year	(19,164,727)
Effect of implementation of GASB 101 (Note I)	(2,288,356)
	(21,453,083)
Beginning of year, as restated	(21,453,083)
End of year	<b>\$ (15,506,585)</b>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2024**

	<u>Friends of the Charleston County Library</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 410,145
Prepaid expenses	<u>293</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 410,438</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	<u>\$ 5,540</u>
<b>TOTAL LIABILITIES</b>	<u>5,540</u>
<b>NET ASSETS</b>	
Without donor restrictions	<u>404,898</u>
<b>TOTAL NET ASSETS</b>	<u>404,898</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 410,438</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2024**

	<u>Friends of the Charleston County Library</u>
<b>SUPPORT AND REVENUE</b>	
Book and merchandise sales	\$ 177,302
In-kind contributions:	
Rent	117,139
Other	2,328
Special event - Black Ink	6,232
Membership dues	19,632
Contributions	51,404
Interest income	<u>3,568</u>
 TOTAL SUPPORT AND REVENUE	 <u>377,605</u>
<b>EXPENSES</b>	
Program services:	
Library support	78,379
Supporting services:	
Management and general	19,464
Fundraising	<u>207,984</u>
 TOTAL EXPENSES	 <u>305,827</u>
 INCREASE IN NET ASSETS	 71,778
<b>NET ASSETS</b>	
Beginning of year	<u>333,120</u>
 End of year	 <u>\$ 404,898</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	General	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,423,399	\$ -	\$ 8,423,399
Receivables	46,675	-	46,675
Due from other funds	-	194,399	194,399
Inventory of supplies, at cost	23,802	-	23,802
Prepaid expenditures	252,095	-	252,095
<b>TOTAL ASSETS</b>	<b>\$ 8,745,971</b>	<b>\$ 194,399</b>	<b>\$ 8,940,370</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 380,752	\$ -	\$ 380,752
Accrued payroll, benefits, and payroll taxes payable	1,415,231	-	1,415,231
Due to other funds	194,399	-	194,399
<b>TOTAL LIABILITIES</b>	<b>1,990,382</b>	<b>-</b>	<b>1,990,382</b>
<b>FUND BALANCES</b>			
Nonspendable	275,897	-	275,897
Restricted	-	194,399	194,399
Assigned	900,000	-	900,000
Unassigned	5,579,692	-	5,579,692
<b>TOTAL FUND BALANCES</b>	<b>6,755,589</b>	<b>194,399</b>	<b>6,949,988</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,745,971</b>	<b>\$ 194,399</b>	<b>\$ 8,940,370</b>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

TOTAL GOVERNMENTAL FUND BALANCES		\$ 6,949,988
Amounts reported for governmental activities in the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost of capital assets	\$ 19,849,845	
Accumulated depreciation	<u>(14,742,609)</u>	5,107,236
Right-to-use leased assets and subscription-based information technology arrangements used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right-to-use leased assets and subscription-based IT arrangements at historical cost	\$ 4,799,063	
Accumulated amortization	<u>(1,207,687)</u>	3,591,376
Deferred outflows related to pension expense are not available to pay for current expenditures and are, therefore, not reported or are deferred in the funds:		
Pension contributions made subsequent to the measurement date	\$ 3,193,780	
Differences between actual and expected experience	971,469	
Assumption changes	521,150	
Changes in proportion and differences between Library's contributions and proportionate share of contributions	<u>3,120,122</u>	7,806,521
Deferred outflows related to OPEB expense are not available to pay for current expenditures and are, therefore, not reported or deferred in the funds:		
OPEB contributions made subsequent to measurement date	\$ 2,334	
Differences between actual and expected experience	<u>1,923,012</u>	1,925,346
Deferred inflows related to pension expense do not consume current financial resources and are, therefore, not reported in the funds:		
Differences between actual and expected experience	\$ (36,687)	
Changes in proportion and differences between Library's contributions and proportionate share of contributions	(17,657)	
Net difference between projected and actual investment earnings	<u>(1,138,982)</u>	(1,193,326)
Deferred inflows related to OPEB expense do not consume current financial resources and are, therefore, not reported in the funds:		
Assumption changes	<u>\$ (397,116)</u>	(397,116)
Long-term liabilities, including leases payable, financed purchase obligations, accrued annual leave, accrued sick leave and net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued annual leave and sick leave	\$ (4,329,271)	
Accrued interest payable	(120,365)	
Operating lease and subscription liabilities payable	(3,458,057)	
Financed purchase obligations	(43,449)	
Net pension liabilities	(29,560,709)	
OPEB liabilities	<u>(1,784,759)</u>	<u>(39,296,610)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (15,506,585)</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental revenues			
State aid income	\$ 1,021,523	\$ -	\$ 1,021,523
County appropriation	37,419,732	-	37,419,732
Federal pass-thru grants	-	4,000	4,000
Fees and sales	88,072	-	88,072
Miscellaneous income			
Copy machine charges	130,035	-	130,035
Other revenues	98,684	-	98,684
Restricted contribution from component unit	-	58,450	58,450
Restricted donations	-	94,054	94,054
<b>TOTAL REVENUES</b>	<b>38,758,046</b>	<b>156,504</b>	<b>38,914,550</b>
<b>EXPENDITURES</b>			
Current			
Personnel services - salaries, wages, and employee benefits	25,388,962	-	25,388,962
Purchased services and materials	9,745,720	181,300	9,927,020
Debt service			
Principal	612,401	-	612,401
Interest	167,637	-	167,637
Capital outlay	2,001,421	-	2,001,421
<b>TOTAL EXPENDITURES</b>	<b>37,916,141</b>	<b>181,300</b>	<b>38,097,441</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>841,905</b>	<b>(24,796)</b>	<b>817,109</b>
<b>OTHER FINANCING SOURCES</b>			
Lease proceeds	343,104	-	343,104
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>343,104</b>	<b>-</b>	<b>343,104</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,185,009</b>	<b>(24,796)</b>	<b>1,160,213</b>
<b>FUND BALANCE</b>			
Beginning of year	5,570,580	219,195	5,789,775
End of year	<b>\$ 6,755,589</b>	<b>\$ 194,399</b>	<b>\$ 6,949,988</b>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,160,213

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 and reported as amortization and depreciation expense. The details are as follows:

Right-to-use capital outlays	\$ 343,103	
Other capital outlays	1,658,317	
Amortization	(632,591)	
Depreciation	<u>(2,221,480)</u>	(852,651)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The effect of the difference in the treatment of leases and financed purchases is as follows:

Repayment of principal on financed purchases	\$ 35,346	
Issuance of leases and subscription liabilities	(343,103)	
Repayment of principal on lease and subscription liabilities	577,055	
Increase in accrued interest payable	<u>(1,646)</u>	267,652

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details are as follows:

The increase in annual leave and sick leave payable decreases net position. Annual leave payable is not due and payable in the current period and, therefore, not reported in the funds. (123,415)

Expense that is related to net pension liability as recorded in the statement of activities is based on the Library's proportionate share of pension expense of the retirement system as a whole, whereas pension expense recorded in the funds are based on the use of financial resources (e.g. required contributions). Thus the change in net position differs from the change in fund balance by the amount by which the Library's proportionate share of pension expense exceeds actual contributions. (1,377,222)

Expense that is related to OPEB liability as recorded in the statement of activities, whereas OPEB expense recorded in the funds are based on the use of financial resources (e.g. required contributions). Thus the change in net position differs from the change in fund balance by the amount by which the OPEB expense differs from benefit contributions. 6,871,921

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,946,498

The accompanying Notes to Financial Statements are an integral part of this financial statement.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Charleston County Library System was established in 1979 as part of the Charleston County Government by Charleston County Council in accordance with state law enacted by the South Carolina Legislature. It was subsequently named the **Charleston County Library, Charleston, South Carolina** (the Library). The Library is a continuation of the original library system which was established in 1930. Its primary purpose is to provide public library services to the citizens of Charleston County (the County) through the operation of branch libraries located throughout the County. The Library is governed by an eleven-member Board of Trustees as appointed by the Charleston County Council. The Library operates a support services center, a main branch, and seventeen community branches.

As of June 30, 2025, the members of the Board of Trustees were as follows:

Mr. Rob Byko - Chair	December 2026
Ms. Melenie Collins - Vice Chair	December 2025
Mr. Victor A. Rawl - Treasurer	December 2028
Ms. Louise Allen - Secretary	December 2025
Ms. Alessa Bertoluzzi	December 2028
Ms. Belinda Gergel	December 2026
Mr. Matthew Brady	December 2028
Ms. Mary Nesbitt	December 2026
Mr. Graham Horsman	December 2028
Mr. Kyle Oman	December 2025
Ms. Geraldine Riley	December 2025

**B. Reporting Entity**

The financial statements of the Library include all of the integral parts of the Library operations. The Library adopted GASB Statement No. 61, *The Financial Reporting Entity* (GASB 61), and applied that criterion to determine whether any organization should be included in the Library's reporting entity. Based on the criteria of GASB 61, management has determined that the Friends of the Charleston County Library (the Friends) meets the criteria to be included in the Library's financial statements as a non-governmental discretely presented component unit. The Friends is a legally separate entity, and the Library does not appoint the Board of Directors. The Library is not financially responsible for the Friends. There is no legal obligation for the Library to provide any funding nor to pay any debts. Therefore, the Friends does not meet the financial benefit or burden relationship. However, the Library believes it would be misleading to exclude the Friends from the statements of the Library since the Friends provides funding directly to the Library and no one else and therefore has included the Friends as a non-governmental discretely presented component unit.

The Friends is a nonprofit corporation that was incorporated in September 1982 under the laws of the State of South Carolina to provide financial support for the Charleston County Library. The Friends reports its financial results on a calendar year basis. Copies of the Friends separately issued financial statements can be obtained by sending a request to the following address: Friends of the Charleston County Library, 68 Calhoun Street, Charleston, South Carolina. The Friends reports under Financial Accounting Standards Board (FASB) standards.

Because the Friends is deemed not to be a governmental entity and uses a different reporting model, its balances and transactions are reported on separate financial statements (pages 17 and 18). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. Reporting Entity** (continued)

No modifications have been made to the Friends' financial information in the Library's financial reporting entity for these differences. Resource flows (except those that affect the statement of net position/balance sheet only, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions—that is, as revenues and expenses.

The Library is considered to be a component unit of the Charleston County Government because of the significance of its operational and financial relationship with the County. The County appoints the Board of Trustees, can significantly influence operations, and provides substantial financial support to the Library. Additionally, County Council approves the Library's budget and bonded indebtedness for the benefit of the Library. Therefore, the Library is included in the financial statements of the County.

**C. Funding Sources**

The Library receives an appropriation from the County for general operations as well as payment by the County of certain overhead costs for items such as rent-free use of space and vehicles and issuance of bonded indebtedness.

The Library receives funds from the State of South Carolina through an Annual State Aid Agreement and various supplemental funds and grants. The State also acts as a flow-through organization for various federal funds.

The Library generates relatively small amounts of revenue from library operations such as gifts, memorials, copies, sales, and other small user fees.

The Library receives funds from private donations, fundraising, and grants from various not-for-profit entities.

**D. Basis of Presentations**

*Government-wide Statements:*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of a primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which a primary government is financially accountable or that is financially significant to the primary government. As of June 30, 2025, the Library has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items, such as interest income, not properly included among program revenues are reported instead as *general revenues*.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Basis of Presentations** (continued)

*Fund Financial Statements:*

The accounts of the Library are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. When applicable, separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in fund financial statements when applicable. As of June 30, 2025, the Library has no proprietary or fiduciary funds.

The Library reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Library except those required to be accounted for in another fund.

Additionally, the Library reports the following nonmajor funds:

The special revenue funds account for the revenue sources that are legally restricted to expenditures for specific purposes. Certain federal and state grant proceeds and private foundation restricted donations are accounted for in special revenue funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

**E. Measurement Focus and Basis of Accounting**

The basic financial statements of the Library have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

*Government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Nonexchange transactions, in which the Library gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**E. Measurement Focus and Basis of Accounting** (continued)

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchase obligations are reported as other financing sources.

**F. Assets, Liabilities, and Net Position/Fund Balance**

***Deposits and investments***

The Library considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

***Inventory of supplies***

Inventory consists of various supplies used in the operation of the Library. Inventory is valued at the lower of cost or market using the first-in first-out method. The Library uses the consumption method of accounting to record inventory under which the cost of inventory is recorded as an expenditure when consumed rather than when purchased.

***Prepays***

Expenditures for maintenance contracts and periodical subscriptions which reflect costs attributable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Receivables***

Accounts receivable consists of amounts due from federal, state, and local governments. Receivables are shown net of an allowance for doubtful accounts which is estimated based on professional judgment and historical information. Management determined that an allowance was not necessary at June 30, 2025.

***Capital assets***

Capital assets, which include artwork, other non-depreciable assets such as nondepletable electronic collections of historical significance, library materials, equipment, and furnishings, are reported in the government-wide financial statements. With the exception of library materials, capital assets are defined by the Library as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Collections of library materials, such as books, microfilm, digital video discs, and audio books, are capitalized and included with equipment in the financial statements. The fees incurred to ready the library materials to be placed in circulation are included in the cost of the materials. Annual periodical subscriptions are not capitalized. Electronic resources (E-Books, downloadable audio, etc.) are not capitalized because the Library does not own these resources.

The costs of normal maintenance and repairs that are exhaustible or that do not add to the value of the asset or materially extend assets lives are not capitalized. Because periodicals do not have a useful life beyond the year of purchase, the Library has not capitalized them. When capital assets are disposed of, the cost and accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is recognized in the government-wide financial statements.

**CHARLESTON COUNTY LIBRARY**  
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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities, and Net Position/Fund Balance** (continued)

Capital assets of the Library, with the exception of artwork and other non-depreciable assets, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Computer software and equipment	2 - 4
Library materials	5
Equipment and furnishings	5 - 10

***Right-to-use assets***

The Library has recorded right-to-use lease and subscription-based information technology arrangement assets. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the contract term, less vendor incentives, and plus ancillary implementation costs. The right-to-use assets are amortized on a straight-line basis over the life of the related contract.

***Compensated absences***

It is the Library's policy to permit employees to accumulate earned and unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for the vacation amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Although sick pay is accumulated and accrued in the government-wide financial statements, the Library does not have a policy to provide payment when employees separate from service with the Library.

***Long-term obligations***

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities.

***Contributed facilities***

During the year, the Library occupied, without charge, certain buildings owned by the County, Trinity Episcopal Church, and the Towns of Mt. Pleasant and Folly Beach. The estimated fair rental value of these contributed facilities is not readily determinable and, accordingly, is not recorded as revenue and expenditure.

***Contributed services***

A substantial number of unpaid volunteers have made significant contributions of their time to assist in the Library's operations. The value of this contributed time (approximately 7,200 hours) is not reflected in these statements since it is not susceptible to objective measurement or valuation.

***Gifts received***

In the normal course of operations, the Library receives gifts from individuals and non-profit organizations. These gifts may take the form of cash, donated equipment or library materials, and financial support for special projects and staff development. Gifts received in cash are reflected in the statement of revenues and expenditures and changes in fund balances. The value of equipment and library materials donated to the Library is included in the statement of activities as capital grants and contributions. The value of such gifts is reported at its acquisition value at the date of the gift. Acquisition value is generally actual cost to the donor if the gifts are made to the Library immediately after acquisition.

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities, and Net Position/Fund Balance** (continued)

***Interfund activity***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS), and additions to/deductions from the SCRS’s fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Other post-employment benefits (OPEB)***

Through December 31, 2024, post-employment benefits for the employees of the Library were the liability of Charleston County. As a component unit of the County, the Library’s employees were included in the actuary’s study as required by GASB 74, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*. Effective January 1, 2025, the Library established and administered its own OPEB plan separate from Charleston County. An actuarial valuation is now performed for the Library’s employees, and the Library accounts for and reports its OPEB liability and related disclosures based on its own plan in accordance with applicable GASB standards.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Library’s OPEB plan, and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the South Carolina Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows/Inflows of Resources and Unearned Revenue***

***Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Library may have five items that qualify for reporting in this category as follows:

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities, and Net Position/Fund Balance** (continued)

***Deferred Outflows/Inflows of Resources and Unearned Revenue*** (continued)

*Deferred Outflows of Resources* (continued)

1. Pension and OPEB contributions made subsequent to the measurement date which will be recognized as a reduction of the net pension liability and net OPEB liability in the subsequent year.
2. The net difference between the projected and actual earnings on pension plan and OPEB investments which is deferred and amortized over a closed five-year period.
3. The differences between expected and actual experience which is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
4. The changes in proportion and differences between employer contribution and proportionate share of contributions which will be deferred and amortized over the remaining service lives of all plan participants.
5. Changes in actuarial assumptions which will be deferred and amortized over the remaining service lives of all plan participants.

*Deferred Inflows of Resources*

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library may have the following items that qualify for reporting in this category:

1. The differences between expected and actual experience which is amortized into pension and OPEB expense beginning in the year the deferral occurs over a closed period equal to the average remaining service lives of all plan participants.
2. The changes in proportion and differences between employer contribution and proportionate share of contributions which will be deferred and amortized over the remaining service lives of all plan participants.
3. Changes in actuarial assumptions which will be deferred and amortized over the remaining service lives of all plan participants.
4. The net difference between the projected and actual earnings on pension plan and OPEB investments which is deferred and amortized over a closed five-year period.

*Unearned Revenue*

The Library also defers revenue recognition in connection with resources received prior to meeting eligibility requirements (other than time requirements) such as certain grants that have been received but not yet earned.

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities, and Net Position/Fund Balance** (continued)

***Net Position/Fund balance***

*Government-wide statements*

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets and capital-related deferred outflows of resources, net of accumulated depreciation/amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and capital-related deferred inflows of resources.
2. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of “net investment in capital assets” or “restricted.”

*Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund statements*

Fund balance classifications are hierarchical and are based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Library classifies and reports amounts in the appropriate fund balance classifications based on this criterion. The Library's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of nonspendable, restricted, committed, assigned, or unassigned.

Fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are not in a spendable form, such as inventory, or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

Committed - Amounts constrained to specific purposes pursuant to constraints imposed by formal action (ordinance or resolution) by the Board of Trustees itself. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same formal action (ordinance or resolution) that was employed when the funds were originally committed.

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities, and Net Position/Fund Balance** (continued)

***Net Position/Fund balance*** (continued)

*Fund statements* (continued)

Assigned – Amounts the Library intends to use for a specific purpose, but do not meet the criteria to be classified as committed. Intent can be expressed by the Board or by an official or body to which the Board delegates the authority. The Board has not delegated such authority as of June 30, 2025. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - All amounts not included in other spendable classifications.

*Fund Balance Flow Assumption*

In the governmental funds, the Library's policy is to first apply the expenditure toward restricted fund balance and then to other less restricted classifications – committed and then assigned fund balances - before using unassigned fund balance.

***Accounting estimates***

The preparation of financial statements in accordance with generally accepted accounting principles requires the Library's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and these differences may be material. Estimates include depreciation expense, library materials, interest rates used for lease and subscription-based arrangements and liabilities for pensions and OPEB.

***Income taxes***

The Friends of Charleston County Library is a not-for-profit organization described in Internal Revenue Code Section 501(c)(3) and is exempt from federal income tax under Code Section 501(a). The Friends are classified as an organization other than a private foundation. In addition, donations to the Friends qualify for the charitable contribution deduction.

***Change in Accounting Principle and Restatement***

The Library implemented Governmental Accounting Standards (GASB) Statement No. 101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. This Statement establishes new recognition measurement criteria for liabilities related to compensated absences. As a result of implementing this standard, the Library recognized a liability of \$2,288,356 as of July 1, 2024, with a resulting \$2,288,356 restatement to net position.

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities, and Net Position/Fund Balance** (continued)

***Change in Accounting Principle and Restatement*** (continued)

	Governmental Activities	
	Long-term Liabilities (Note II.C.)	Net position
Balances at June 30, 2024, as previously reported	\$ 1,917,500	\$ (19,164,727)
Restatement due to implementation of GASB 101: Compensated absences	2,288,356	(2,288,356)
Beginning balances at July 1, 2024, as restated	\$ 4,205,856	\$ (21,453,083)

**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

A reconciliation of cash and investments to the amount shown on the Statement of Net Position follows:

Cash on hand	\$	1,655
Carrying amount of deposits		8,421,744
Total cash and cash equivalents - per Balance Sheet	\$	8,423,399

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

State statutes authorize the Library to invest in the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan association deposits to the extent insured by the Federal Depository Insurance Corporation;

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**A. Deposits and Investments (continued)**

***Credit Risk*** (continued)

4. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
5. No-load open or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina State statutes authorize the Library to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund, created by state legislation, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is not registered with the SEC. It is similar to a money market fund in that it is offered at a stable price and is guided by risk control principles such as significant overnight Repurchase Agreements for liquidity, attention to credit quality, portfolio diversification, and maintenance of a short average maturity of fixed and floating rate investments.

Funds may be deposited at any time and may be withdrawn upon 24 hours' notice. Monthly investment income is distributed to participants in the form of additional units in the pool and is calculated on the accrual basis of accounting, including accrued interest and amortization of premium or discount. Unrealized gains and losses on investments are not distributed to participants until realized. The Pool does not carry any legally binding guarantees to protect participants against potential loss of investment value.

In accordance with governmental accounting principles, investments are carried at fair value based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned. The fair value of the Library's position in the Pool is the same as the value of the pool shares. The total fair value of the SCLGIP is apportioned to the entities with funds invested on an equal basis for each share owned which are acquired at a cost of \$1.00.

***Concentration of Credit Risk***

This is the risk of loss attributed to the magnitude of the Library's investment in a single issue. The Library places no limit on the amount the Library may invest in any one issuer.

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a policy for custodial credit risk. However, South Carolina state statutes provide that banks accepting deposits of funds from local government units must furnish an indemnity bond or pledge as collateral on obligations of the United States, South Carolina, political subdivisions of South Carolina, the Federal National Mortgage Association, the Federal Home Loan Bank, the Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation. On June 30, 2025, the Library's bank balance was \$8,559,435. The financial institution represents that \$250,000 of the balance was covered by the Federal Deposit Insurance Corporation (FDIC). In addition, the bank balance was collateralized by investments held by the pledging financial institution's trust department or agent in the Library's name. Such investments were valued at \$9,360,934 at June 30, 2025.

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**A. Deposits and Investments (continued)**

***Custodial Credit Risk – Investments***

For an investment, this is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of June 30, 2025, the Library did not have any investments.

***Non-Governmental Discretely Presented Component Unit***

The Friends maintain cash and cash equivalent balances in one financial institution. The FDIC insures accounts at each institution up to \$250,000 per account owner. At December 31, 2024, the Friends had uninsured cash and cash equivalent balances of \$56,644.

**B. Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2025, follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
<b><i>Capital assets not being depreciated</i></b>				
Reference database	\$ 925,499	\$ -	\$ -	\$ 925,499
Artwork	11,000	-	-	11,000
Total capital assets not being depreciated	<u>936,499</u>	<u>-</u>	<u>-</u>	<u>936,499</u>
<b><i>Capital assets being depreciated</i></b>				
Equipment and furnishings	4,582,796	16,646	-	4,599,442
Library materials				
Books	11,862,382	1,460,000	(1,516,642)	11,805,740
Microfilm	514,759	-	-	514,759
Digital video discs	1,622,673	128,450	(251,187)	1,499,936
Audio books on CD Rom	565,634	53,221	(125,386)	493,469
Subtotal - library materials	<u>14,565,448</u>	<u>1,641,671</u>	<u>(1,893,215)</u>	<u>14,313,904</u>
Total capital assets being depreciated	<u>19,148,244</u>	<u>1,658,317</u>	<u>(1,893,215)</u>	<u>18,913,346</u>
Less accumulated depreciation:				
Equipment and furnishings	<u>(3,684,200)</u>	<u>(376,207)</u>	<u>-</u>	<u>(4,060,407)</u>
Library materials				
Books	(8,472,737)	(1,625,639)	1,516,642	(8,581,734)
Microfilm	(514,759)	-	-	(514,759)
Digital video discs	(1,273,517)	(168,689)	251,187	(1,191,019)
Audio books on CD Rom	(469,131)	(50,945)	125,386	(394,690)
Subtotal - library materials	<u>(10,730,144)</u>	<u>(1,845,273)</u>	<u>1,893,215</u>	<u>(10,682,202)</u>
Total accumulated depreciation	<u>(14,414,344)</u>	<u>(2,221,480)</u>	<u>1,893,215</u>	<u>(14,742,609)</u>
Total capital assets being depreciated, net	<u>\$ 4,733,900</u>	<u>\$ (563,163)</u>	<u>\$ -</u>	<u>\$ 4,170,737</u>

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**B. Changes in Capital Assets (continued)**

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
<b><i>Right-to-use assets being amortized</i></b>				
Equipment	\$ 812,532	\$ 343,103	\$ (394,420)	\$ 761,215
IT subscriptions	4,037,848	-	-	4,037,848
Total leased assets being amortized	<u>4,850,380</u>	<u>343,103</u>	<u>(394,420)</u>	<u>4,799,063</u>
Less accumulated amortization for Right-to-use assets				
Equipment	(554,824)	(192,699)	394,420	(353,103)
IT subscriptions	(414,692)	(439,892)	-	(854,584)
Total accumulated amortization	<u>(969,516)</u>	<u>(632,591)</u>	<u>394,420</u>	<u>(1,207,687)</u>
Total leased assets being amortized, net	<u>3,880,864</u>	<u>(289,488)</u>	<u>-</u>	<u>3,591,376</u>
Total capital assets, net	<u>\$ 9,551,263</u>	<u>\$ (852,651)</u>	<u>\$ -</u>	<u>\$ 8,698,612</u>

**C. Long-Term Liabilities**

***Change in long-term liabilities***

Long-term liability activity for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Financed purchase obligations	\$ 78,795	\$ -	\$ 35,346	\$ 43,449	\$ 26,715
Lease liabilities					
Subscription-based IT arrangements	3,417,574	-	304,675	3,112,899	317,007
Equipment	274,435	343,103	272,380	345,158	172,112
Compensated absences	<u>4,205,856</u>	<u>1,334,235</u>	<u>1,210,820</u>	<u>4,329,271</u>	<u>849,537</u>
Total long-term liabilities	<u>\$ 7,976,660</u>	<u>\$ 1,677,338</u>	<u>\$ 1,823,221</u>	<u>\$ 7,830,777</u>	<u>\$ 1,365,371</u>

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**C. Long-Term Liabilities (continued)**

***Financed purchase obligations***

During 2018 through 2023, the Library entered into agreements for financing the acquisition of copiers. These agreements qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Repayment is budgeted in the general fund.

In May 2022, the Library entered into a lease agreement for computers to be used by staff members. This agreement qualifies as a financed purchase for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Repayment is budgeted in the general fund.

The carrying value of the assets acquired through financed purchases is as follows:

	Governmental Activities
Copiers and computers	\$ 504,537
Less accumulated depreciation	452,295
Total	\$ 52,242

The future maturities of financed purchase obligations as of June 30, 2025, was as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2026	\$ 26,715	\$ 3,943	\$ 30,658
2027	14,558	1,480	16,038
2028	2,176	69	2,245
	\$ 43,449	\$ 5,492	\$ 48,941

Amortization expense for equipment under financed purchases is included in depreciation expense. Interest of \$6,579 was paid on the financed purchases for the year ended June 30, 2025, and was reported as a direct expense.

The Library also paid operating expenses which are not included in the measurement of the financed purchase obligations as they are variable in nature. The Library paid \$69,108 during the year toward those variable costs.

***Leases***

The Library has entered into agreements to lease certain equipment. The lease agreements qualified as other than short-term leases under GASB 87 and therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception.

In August 2019, the Library entered into a lease agreement for public-use computers. The lease agreement was for a 48-month period commencing October 2019 and ending September 2023, with a minimum monthly charge of \$1,594. In September 2023, the agreement was extended on a month-to-month basis and remained in place as of June 30, 2025.

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS** (Continued)

**C. Long-Term Liabilities** (continued)

**Leases** (Continued)

In September 2019, the Library entered into a lease agreement for public-use computers. The lease agreement was for a 48-month period commencing October 2019 and ending September 2023, with a minimum monthly charge of \$2,588. In September 2023, the agreement was extended on a month-to-month basis and remained in place as of June 30, 2025.

In April 2018, the Library entered into a lease agreement for credit-debit card processing machines. The lease agreement was for a 36-month period commencing in April 2018 and ending April 2021, with a minimum monthly charge of \$262. The lease has continued annually through 2025 with a current minimum monthly charge of \$338.

In December 2019, the Library entered into a lease agreement for public-use computers. The lease agreement was for a 48-month period commencing February 2020 and ending January 2024, with a minimum monthly charge of \$1,282. In January 2024, the agreement was extended on a month-to-month basis and remained in place as of June 30, 2025.

In March 2020, the Library entered into a lease agreement for public-use computers. The lease agreement was for a 48-month period commencing May 2020 and ending April 2024, with a minimum monthly charge of \$1,708. In April 2024, the agreement was extended on a month-to-month basis and remained in place as of June 30, 2025.

In October 2020, the Library entered into a lease agreement for computers to be used by staff members. The lease agreement was for a 48-month period commencing in February 2021 and ending January 2025, with a minimum monthly charge of \$10,048. In January 2025, the agreement was extended on a month-to-month basis and remained in place as of June 30, 2025.

In February 2022, the Library entered into a lease agreement for public-use computers and computers to be used by staff members. The lease agreement was for a 48-month period commencing in May 2022 and ending April 2026, with a minimum monthly charge of \$9,724.

In April 2025, the Library entered into a lease agreement for computers to be used by staff members. The lease agreement was for a 48-month period commencing in April 2025 and ending April 2029, with an annual payment of \$97,971.

No discount rate was stated in the lease agreements. Management used the stated rate for similar equipment, which is discussed in the financed purchase obligations note. The discount rates used to determine the net present value of future minimum lease obligations were 5.5% or 10.08%, depending on the timing of the lease agreement.

Lease liabilities as of July 1, 2024, and June 30, 2025, were \$274,436 and \$345,158, respectively. Total rent expense associated with the leases for the year ended June 30, 2025, was \$272,380, and lease related interest expense was \$15,989.

The Library also paid operating expenses which are not included in the measurement of the lease liability as they are variable in nature. The Library paid \$214,910 during the year toward those variable costs.

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**C. Long-Term Liabilities (continued)**

**Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2026	\$ 172,112	\$ 26,142	\$ 198,254
2027	82,182	15,789	97,971
2028	90,864	7,107	97,971
	\$ 345,158	\$ 49,038	\$ 394,196

**Subscription-Based Information Technology Arrangements**

The Library follows the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (Subscriptions or SBITAs).

Subscriptions in effect at the end of June 30, 2022, had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022, plus amounts paid at the beginning of the arrangement. There were three such agreements in place at June 30, 2022. The Subscriptions are largely focused on system security, including a system for monitoring tickets for IT support. The initial terms of the agreements ranged from 32 to 59 months at implementation. Two of the Subscriptions were paid in full at the beginning of the term, so no related subscription liability was recognized. The Subscription with a remaining payment obligation requires annual payments of \$2,200 and does not have a stated interest rate. Accordingly, the Library used the risk-free rate of 2.88% to discount the subscription payments.

During 2022, the Library entered into two new Subscriptions. One of the Subscriptions is for secure storage and data protection in the cloud environment and the other provides secure mobile printing capability and a means for processing customer payments. The term of each of the agreements is five years. One of the Subscriptions was paid at the beginning of the term and the other Subscription requires annual payments of \$37,338. The Subscription does not have a stated interest rate. Accordingly, the Library used the risk-free rate of 2.88% to discount the subscription payments.

During 2024, the Library committed to a SBITA involving an integrated library system software. This SBITA is for a ten-year period with annual payments starting at \$396,747 with 2.9% annual increases, for total scheduled payments of approximately \$4,550,000. The subscription does not have a stated interest rate. Accordingly, the Library used the risk-free rate of 4.59% to discount the subscription payments.

Subscription liabilities as of July 1, 2024, and June 30, 2025, were \$3,417,574 and \$3,112,899, respectively. Total subscription expense associated with the agreements noted above for the year ended June 30, 2025, was \$304,675, and subscription related interest expense was \$145,069.

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**C. Long-Term Liabilities (continued)**

***Subscription-Based Information Technology Arrangements* (continued)**

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

Year Ending June 30,	Principal Payments	Interest Payments	Total
2026	\$ 317,007	\$ 144,623	\$ 461,630
2027	341,254	130,424	471,678
2028	331,869	115,069	446,938
2029	360,385	99,511	459,896
2030	390,619	82,617	473,236
2031-2035	1,371,765	131,887	1,503,652
	<u>\$ 3,112,899</u>	<u>\$ 704,131</u>	<u>\$ 3,817,030</u>

In addition to the amounts presented above, the Library also had outflows of resources during the fiscal year totaling \$105,560 that were not included in the measurement of the subscriptions liability. This total consists of a \$61,712 variable amount that is based on the specific number of users or seats each month or year of certain software. The remainder of the costs were for short term agreements of one year or less.

***Compensated absences***

The obligations represent the accumulation of annual leave and sick leave benefits which are not funded by the current period or prior years' revenue resources. These obligations are funded by the general fund.

**D. Net Position/Fund Balance**

The Library has a nonspendable fund balance for inventory and prepaid expenditures, an assigned fund balance for expenditures related to remaining costs for subsequent year expenditures, and a restricted fund balance for grantor/donor related restrictions. Grantor/donor related restrictions are typically restricted for specific uses and do not lapse. The remaining fund balance is unassigned.

Changes in the components of governmental funds fund balances for the year are as follows:

	Nonspendable Inventory & Prepaid Items	Restricted By donors	Assigned Subsequent Years Expenditures	Unassigned
Fund balances, July 1, 2024	\$ 253,400	\$ 219,195	\$ 385,500	\$ 4,931,680
Increase (decrease) in asset balance	22,497	-	-	(22,497)
Receipt of restricted donations and other revenue	-	94,054	-	(94,054)
Expenditure of restricted donations and other revenue	-	(121,413)	-	121,413
Receipt of restricted grants	-	4,000	-	(4,000)
Expenditure of restricted grants	-	(2,000)	-	2,000
Receipt of restricted contribution from the Friends	-	58,450	-	(58,450)
Expenditure of restricted contribution from the Friends	-	(57,887)	-	57,887
Increase (decrease) in assignment by Board	-	-	514,500	(514,500)
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,160,213</u>
Fund balances, June 30, 2025	<u>\$ 275,897</u>	<u>\$ 194,399</u>	<u>\$ 900,000</u>	<u>\$ 5,579,692</u>

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**II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS** (Continued)

**D. Net Position/Fund Balance** (continued)

The statement of net position reports \$194,399 of net position restricted by donors for special purposes.

***Non-Governmental Discretely Presented Component Unit***

In accordance with GAAP, support and revenue and expenses of the Friends are classified based on the existence or absence of donor-imposed restrictions. The Friends had \$404,898 of net assets without donor restrictions at December 31, 2024.

**E. Interfund Receivables and Payables**

Interfund balances at June 30, 2025, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General Fund	\$ -	\$ 194,399
Nonmajor funds	194,399	-
Total balances	\$ 194,399	\$ 194,399

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**III. OTHER INFORMATION**

**A. Risk Management**

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For all of these risks, the Library is insured through the County's participation as a member in the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The State Insurance Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims.

The Library is also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees and their dependents. The Library has enrolled substantially all of its eligible employees in the State's health insurance plans administered by the South Carolina Department of Administration. The State reinsures through commercial companies for these risks. The Library paid contributions to the County for the first six months of the fiscal year and paid contributions to the State for the last six months of the fiscal year.

In addition, the Library insures against the risk of job-related injury or illness to its employees through the County's workers' compensation internal service fund. The County is self-insured for the first \$100,000 per claim with any excess covered by an insurance policy. Claims processing is administered by the South Carolina Counties Workers' Compensation Trust. The Library contributes to the County's internal service fund at a rate of 2.0% of its budgeted payroll for workers' compensation.

For all of the above risk management programs, the Library has not significantly reduced insurance coverages from the previous year, and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs and public entity risk pools in which they participate, the Library has effectively transferred all risks with no liability for unfunded claims.

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**III. OTHER INFORMATION** (Continued)

**B. Related-Party Transactions**

During the year, there were several transactions between the Library and Charleston County (primary government). These transactions were as follows:

	Amount
Amounts received from the County by the Library:	
Appropriation	\$ 37,363,999
One time supplemental funds - summer youth workers	55,733
	\$ 37,419,732
Amounts paid to the County by the Library:	
Workers' compensation	\$ 234,323
OPEB expenditures	360,097
Wellness expenditures	63,017
Messenger service	1,175
Motor vehicle repairs	37,722
Motor vehicle fuel charges	16,872
Health, life, and dental insurance (Library employees covered through County plan)	2,076,872
Maintenance and utilities	
Security	1,246,452
Electricity and gas	1,224,545
General repairs	867
Janitorial	751,297
Carpet cleaning	81,533
Water and sewer	106,337
Solid waste	35,982
Other general services	673,106
General liability insurance	236,038
	\$ 7,146,235
Other transactions:	
Rent-free use of County-owned Library buildings and County-owned vehicles	\$ - *

\* Not determined

**CHARLESTON COUNTY LIBRARY**  
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**III. OTHER INFORMATION** (Continued)

**B. Related-Party Transactions** (continued)

Also, during the year, there were several transactions between the Library and the Friends of the Charleston County Library (a component unit). These transactions were as follows:

Amounts received from the Friends by the Library:	
Contributions	<u>\$ 58,450</u>
Contributions from the Friends were used for the following expenses:	
Programming supplies	<u>\$ 57,887</u>
Other transactions:	
Rent-free use of County-owned Library buildings	<u>\$ 117,139 †</u>

† Comparable rental space is available in the area for approximately \$33.43 per square foot per year. The Friends of the Charleston County Library square footage as of December 31, 2024, was 3,504 square feet of space. The amount does not reflect any utilities.

**C. Defined Benefit Pension Plan**

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee, and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net pension of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the State of South Carolina, and therefore, retirement trust fund financial information is also included in the ACFR for the state.

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**III. OTHER INFORMATION** (Continued)

**C. Defined Benefit Pension Plan** (continued)

***Plan Description***

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government, and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

***Membership***

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under the system is presented below.

SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

***Benefits***

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for the system is presented below.

SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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**III. OTHER INFORMATION** (Continued)

**C. Defined Benefit Pension Plan** (continued)

**Contributions**

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS until reaching 18.56 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified the statute such that the employer contribution rates for SCRS to be further increased, not exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates are as follows:

<b>SCRS</b>	<u>Fiscal year 2025*</u>	<u>Fiscal year 2024*</u>
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%

Required employer contribution rates are as follows:

<b>SCRS</b>	<u>Fiscal year 2025*</u>	<u>Fiscal year 2024*</u>
Employer Class Two	18.56%	18.56%
Employer Class Three	18.56%	18.56%

\*Required employee contribution rates are calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The Library's actual contributions to SCRS for the year ended June 30, 2025, were \$3,193,780, which equaled the required contributions, net of a credit issued in accordance with South Carolina 2019-2020 Appropriations Act, Section 117.131.

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**III. OTHER INFORMATION** (Continued)

**C. Defined Benefit Pension Plan** (continued)

**Actuarial Assumptions and Methods**

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The GASB Statement No. 67 valuation report prepared as of June 30, 2024, is based on the experience study report for the period ending June 30, 2019. A more recent experience report on the systems was issued for the period ending June 30, 2023, and will be used for future valuations.

The June 30, 2024, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2023. The total pension liability was rolled forward from the valuation date to the plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the system.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024.

	<b>SCRS</b>
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return <sup>1</sup>	7.00%
Projected salary increases	3% to 11% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually
<sup>1</sup> Includes inflation at 2.25%	

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2024, TPL are as follows:

<b>Former Job Class</b>	<b>Males</b>	<b>Females</b>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

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**III. OTHER INFORMATION** (Continued)

**C. Defined Benefit Pension Plan** (continued)

***Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. The Library's proportional share of the NPL amounts for SCRS is presented below:

Measurement Period Ended June 30,	Fiscal Year Ended June 30,	SCRS
2023	2024	\$ 28,113,546
2024	2025	\$ 29,560,709

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The Library's proportionate share of the net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements. For the measurement period ended June 30, 2024, the Library's percentage of the SCRS net pension liability was 0.126057%, which represents an increase of 0.009777% from 2023 to 2024.

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments is based upon 20-year capital markets assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Public Equity</b>	<b>46.00%</b>	<b>6.23%</b>	<b>2.86%</b>
<b>Bonds</b>	<b>26.00%</b>	<b>2.60%</b>	<b>0.68%</b>
<b>Private Equity</b>	<b>9.00%</b>	<b>9.60%</b>	<b>0.86%</b>
<b>Private Debt</b>	<b>7.00%</b>	<b>6.90%</b>	<b>0.48%</b>
<b>Real Assets</b>	<b>12.00%</b>		
Real Estate	9.00%	4.30%	0.39%
Infrastructure	3.00%	7.30%	0.22%
Total Expected Real Return	100.00%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Rate of Return			7.74%

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**III. OTHER INFORMATION** (Continued)

**C. Defined Benefit Pension Plan** (continued)

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 Analysis***

The following table presents the proportional net pension liability of the Library calculated using the discount rate of 7.00%, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

<b>Sensitivity of the Library's Proportional Share of Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6%)</b>	<b>Current Discount Rate (7%)</b>	<b>1.00% Increase (8%)</b>
SCRS	\$ 38,307,348	\$ 29,560,709	\$ 21,505,761

***Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is available in PEBA's separately issued financial report.

***Pension Expense and Deferred Outflows (Inflows) of Resources***

For the year ended June 30, 2025, the Library recognized pension expense of \$1,377,222. At June 30, 2025, the Library reported deferred outflows (inflows) of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made subsequent to measurement date	\$ 3,193,780	\$ -
Differences in actual and expected experience	971,469	36,687
Assumption changes	521,150	-
Changes in proportion and differences between Library's contributions and proportionate share of contributions	3,120,122	17,657
Net differences between projected and actual earnings on plan investments	-	1,138,982
	<u>\$ 7,806,521</u>	<u>\$ 1,193,326</u>

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**III. OTHER INFORMATION** (Continued)

**C. Defined Benefit Pension Plan** (continued)

***Pension Expense and Deferred Outflows (Inflows) of Resources*** (continued)

The Library reported \$3,193,780 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. The difference between projected and actual earnings on pension plan investments are reported as deferred outflows (inflows) of resources and will be amortized over a closed five-year period and recognized in pension expense in future years. The differences between expected and actual experience, assumption changes, and the change in proportionate share of contributions are reported as deferred outflows (inflows) of resources and will be amortized over the average remaining service lives of all plan participants. Average remaining service lives of all employees provided with pensions through the pension plans at the June 30, 2024, measurement date was 3.616 years.

The following schedule reflects the amortization of the Library's proportional share of the net balance of remaining deferred outflows (inflows) of resources (excluding contributions made subsequent to measurement date) at June 30, 2025.

<u>Measurement Period Ending June 30,</u>	<u>Fiscal Year Ending June 30,</u>	<u>SCRS</u>
2025	2026	\$ 1,079,800
2026	2027	2,281,362
2027	2028	357,362
2028	2029	(299,109)
Net Balance of Deferred Outflows / (Inflows) of Resources		<u>\$ 3,419,415</u>

***Payables to the pension plan***

At June 30, 2025, the Library reported a payable of \$375,734 for the outstanding amount of contributions to SCRS. The liability will be paid in the normal course of paying year-end obligations.

**D. Defined Contribution Pension Plans**

***Internal Revenue Code Section 457 Plan***

The Library offers its employees a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular full-time and part-time employees, permits participants to defer a portion of their salaries until future years. The Library does not provide matching contributions. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability, or an approved hardship. All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The plan is administered by the State of South Carolina.

Employee contributions to the 457 Plan for the year were \$13,475.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**III. OTHER INFORMATION** (Continued)

**D. Defined Contribution Pension Plans** (continued)

***Internal Revenue Code Section 401(k) Plan***

The Library also offers its employees participation in a deferred compensation plan offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 Plan, although the withdrawal provisions are more lenient under the 401(k) plan. The Library does not provide matching contributions. All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The funds are administered by the State of South Carolina.

Employee contributions to the 401(k) plan for the year were \$292,851.

**E. Other Post-Employment Benefits**

***General Information and Plan Description***

The Library's defined benefit OPEB Plan, Charleston County Public Library Retiree Health Care Plan (the Plan), was established in January 2025. The Plan was established and may be amended by the Board of Trustees. The Plan is a single employer defined benefit plan. The OPEB Plan does not issue a stand-alone financial report. No assets are accumulated in a trust that meets all of the following criteria in GASB Statement No. 75, paragraph 4:

***Plan Assets***

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the plan administrator, and plan members.

At June 30, 2024, there were 302 active members participating in the Plan. No inactive plan members or beneficiaries are currently receiving benefits. No inactive plan members are entitled to but not yet receiving benefits.

***Benefits Provided***

Charleston County Public Library utilizes the published retiree non-funded rates provided by the SC Public Employee Benefits Authority (PEBA). The published cost is then experienced rated based on the load factor provided by the SC Public Employee Benefits Authority (PEBA). The Library currently subsidizes the cost by paying 50% of the total health insurance premiums to include retiree and dependents. The retiree is responsible for paying 100% of other insurance cost such as dental, life, and long-term care insurance.

If an eligible retiree elects not to continue retiree insurance at the time of retirement, they can enroll during the insurance open enrollment period. They can also join the insurance benefits if they have a qualifying event where they lose their current coverage and provide the proper documentation to obtain coverage under Charleston County Public Library retiree insurance.

**CHARLESTON COUNTY LIBRARY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**III. OTHER INFORMATION (Continued)**

**E. Other Post-Employment Benefits** (continued)

**Benefits Provided** (continued)

For employees hired on or after July 1, 2008, who plan to retire from the Library:

- The Library will pay 50% of health premiums if the employee retires with at least 25 years of service.
- The Library will pay 25% of health premiums if the employee retires with at least 15 years and less than 25 years of service.
- The Library will pay 0% of health premiums if the employee retires with less than 15 years of service.

Employees hired on or after July 1, 2016, will be required to pay 100% of the premiums.

The spouse of a retired employee may participate as a dependent of the retiree, as long as the spouse continues to meet the definition of a qualified dependent. Upon the death of the retiree, if the spouse is on coverage at the time of retiree death, they can remain on coverage for up to one year under a waiver for health insurance premiums only. In the event that a surviving spouse remarries, the coverage will end on the date of the marriage.

Employees Retiring prior to January 1, 2009:

- The Library will provide covered survivors with a premium waiver for medical insurance for one (1) year. After the one year of premium waiver, the covered survivor(s) may continue medical insurance at the same subsidized rate that their retired spouse qualified for.

Employees Retiring on or after January 1, 2009:

- The Library will provide covered survivors with a premium waiver for medical insurance for one (1) year. After one year of premium waiver, the covered survivor(s) may continue medical insurance coverage by paying the full premium.

**Eligibility**

To qualify for the retiree group insurance program with Charleston County Public Library, the employee's last five years of employment must be served consecutively and in a full-time regular position. Retirees are eligible for insurance coverage if they retire:

- Due to years of service
- Due to age; or
- On approved disability through SC Retirement Systems (SCRS).

Normal (Unreduced) Retirement Requirements:

- SCRS Class Two – Any age with 28 years of service; or at age 65 with at least 5 years of service.
- SCRS Class Three – Rule of 90; or at age 65 with at least 8 years of service.

Early (Reduced) Retirement Requirements:

- SCRS Class Two – Age 60 with at least 5 years of service; or at age 55 with at least 25 years of service.
- SCRS Class Three – Age 60 with at least 8 years of service.

**CHARLESTON COUNTY LIBRARY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**III. OTHER INFORMATION** (Continued)

**E. Other Post-Employment Benefits** (continued)

**Eligibility** (continued)

Class 3 – Disability Retirement Eligibility: At least 8 years of service. The eight-year service requirement is waived if the disability is duty related. A member must be approved for disability benefits from the federal Social Security Administration, which generally requires an incapacity to perform any gainful occupation.

Class Two employees are those employees hired prior to July 1, 2012. Class Three employees are those employees hired on or after July 1, 2012.

Health insurance coverage supplements Medicare once retiree/spouse/dependent is eligible for Medicare. Retiree/spouse/dependent is required to enroll in both Medicare Part A and B, when eligible, to receive full benefits with any state-offered retiree group health plan.

**Contributions and Funding Policy**

The Library’s actual post-employment benefit costs for the year ended June 30, 2025, to be \$1,562 or 0.01% of eligible budgeted salaries. The employer contributions include the implicit subsidy or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employers’ active employees that represents the amount of the active employee premiums that subsidize higher cost retiree benefits. For purposes of financial reporting in accordance with GAAP, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer’s contributions towards the plan reflect the underlying age-adjusted retiree benefit costs.

<u>Year ended June 30, 2025</u>	
Required benefit payments	\$ 2,334
Actual benefit payments	\$ 2,334

**Actuarial Assumptions and Methods**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

**III. OTHER INFORMATION** (Continued)

**E. Other Post-Employment Benefits** (continued)

***Actuarial Assumptions and Methods*** (continued)

Additional information as of the latest actuarial valuation for the Primary Government:

Valuation Date:	June 30, 2024
Measurement Date:	June 30, 2024
Actuarial Cost Method:	Individual Entry-Age Normal
Discount Rate:	3.97% as of June 30, 2024
Inflation:	2.25%
Salary Increases:	3.00% to 9.65%, including inflation
Demographic Assumptions:	Based on the experience study covering the five-year period ending June 30, 2023 as conducted for the South Carolina Retirement Systems.
Mortality:	For healthy retirees, the gender-distinct Pub-2010 General Headcount-Weighted Healthy Retiree mortality tables are used. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2021.

Participation Rates:	<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">Premium Paid by Library</th> <th style="padding: 5px;">Pre-65 Election Rate</th> <th style="padding: 5px;">Post-65 Continuation Rate</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">50%</td> <td style="padding: 5px;">60%</td> <td style="padding: 5px;">75%</td> </tr> <tr> <td style="padding: 5px;">25%</td> <td style="padding: 5px;">50%</td> <td style="padding: 5px;">50%</td> </tr> <tr> <td style="padding: 5px;">0%</td> <td style="padding: 5px;">20%</td> <td style="padding: 5px;">0%</td> </tr> </tbody> </table>	Premium Paid by Library	Pre-65 Election Rate	Post-65 Continuation Rate	50%	60%	75%	25%	50%	50%	0%	20%	0%
Premium Paid by Library	Pre-65 Election Rate	Post-65 Continuation Rate											
50%	60%	75%											
25%	50%	50%											
0%	20%	0%											

Health Care Trend Rate: Initial rate of 6.80% declining to an ultimate rate of 4.25% after 15 years.

Notes: The discount rate changed from 3.86% as of June 30, 2023, to 3.97% as of June 30, 2024. Additionally, updates were made to the following: the demographic and salary increase assumptions to reflect the 2024 experience study for the South Carolina Retirement Systems, the tables used to model the impact of aging on the underlying claims, the two-person coverage rates, the health care trend rates, and the participation rates to account for continued lapse in health care coverage each year after the age of 65.

***Change in OPEB Liability***

The Library's proportionate share of the OPEB liability was calculated using the Library's proportion of active participants in the County insurance over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors. For the measurement period ended June 30, 2023, the Library's percentage of the County's OPEB liability was 11.9705% for fiscal year ended June 30, 2024. For the measurement period ended June 30, 2024 and fiscal year ended June 30, 2025, the Library established and administered their own Plan.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

**III. OTHER INFORMATION** (Continued)

**E. Other Post-Employment Benefits** (continued)

**Change in OPEB Liability** (continued)

The Library's proportionate share of the OPEB liability for the County as of June 30, 2024, and the Library's OPEB liability as of June 30, 2025, is presented below:

Measurement Period Ended June 30,	Fiscal Year Ended June 30,	
2023	2024	\$6,397,247
2024	2025	\$1,784,759

**Discount Rate and Healthcare Rate Sensitivity Analysis**

*Single Discount Rate*

The Single Discount Rate of 3.97% was used to measure the total OPEB liability for the Plan. For plans that do not have a formal trust that meets GASB's requirements, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate.

*Sensitivity Analysis*

The following table presents the Library's OPEB liability calculated using a Single Discount Rate of 3.97% as well as what the Library's OPEB liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>Sensitivity of the Library's OPEB Liability to Changes in the Discount Rate</b>		
	<b>1.00% Decrease 2.97%</b>	<b>Current Discount Rate 3.97%</b>	<b>1.00% Increase 4.97%</b>
OPEB liability	\$ 2,020,978	\$ 1,784,759	\$ 1,582,016

Regarding the sensitivity of the Library's OPEB liability to changes in the healthcare cost trend rates, the following table presents the Library's OPEB liability, calculated using the assumed trend rates as well as what the Library's proportionate share of the OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher:

	<b>Sensitivity of the Library's OPEB Liability to Changes in the Health Care Cost Trend Rate</b>		
	<b>1.00% Decrease</b>	<b>Current Cost Trend Rate Assumption</b>	<b>1.00% Increase</b>
OPEB liability	\$ 1,523,997	\$ 1,784,759	\$ 2,105,919

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

**III. OTHER INFORMATION** (Continued)

**E. Other Post-Employment Benefits** (continued)

***OPEB Expense and Deferred Outflows (Inflows) of Resources***

For the year ended June 30, 2025, the Library's actuarially computed plan expense was \$258,863.

At June 30, 2025, the Library reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made subsequent to measurement date	\$ 2,334	\$ -
Differences in actual and expected experience	1,923,012	-
Assumption changes	-	397,116
	<b>\$ 1,925,346</b>	<b>\$ 397,116</b>

The Library's benefits paid as they became due for 2025 was \$2,334, which is reported as deferred outflows of resources related to contributions subsequent to the measurement date, and which will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. The difference between expected and actual experience and changes in assumptions are reported as deferred outflows (inflows) of resources and will be amortized over the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

Average remaining service lives of all employees that are provided OPEB through the OPEB plan at the June 30, 2024, measurement date was 10.8921 years. The following schedule reflects the amortization of the Library's balance of remaining deferred outflows (inflows) at June 30, 2025:

<b>Measurement Period Ending June 30,</b>	<b>Fiscal Year Ending June</b>	
2025	2026	\$ 154,254
2026	2027	154,254
2027	2028	154,254
2028	2029	154,254
2029	2030	154,254
Thereafter	Thereafter	754,626
Net Balance of Deferred Outflows / (Inflows) of Resources		<b>\$ 1,525,896</b>

***Payables to the OPEB Plans***

The Library has no amounts due to the plan at year end.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**III. OTHER INFORMATION** (Continued)

**F. Funds Held by Coastal Community Foundation**

As of June 30, 2025, the Coastal Community Foundation held \$667,702 in the Charleston County Library Fund. The fund was established in November 1983 for the purpose of providing annual distributions to the Library to be used to support programs and services at the Library not adequately provided by appropriations from governmental agencies, and to provide funds for unusual or emergency projects where funds from governmental sources are not readily available. During the year, \$23,888 was awarded as grants to the Library and recorded as restricted donations. At year-end, there were no funds available for grants to the Library.

As of June 30, 2025, the Coastal Community Foundation held \$150,175 in the Roper Foundation Community Wellness Endowment for the Charleston County Library. The endowment was established for the purpose of supporting the Library's health and wellness programs. During the year, \$5,370 was awarded as grants to the Library. At year-end, no funds were available for grants to the Library.

As of June 30, 2025, the Coastal Community Foundation held \$36,734 in the DuBois Kenyetta Campbell Memorial Endowment for the Charleston County Library. The endowment was established for the purpose of providing grants to the John L. Dart Branch of the Charleston County Public Library system for the purchase of electronic books or other state-of-the-art delivery system with the most up-to-date world-class scientific content, appropriate for readers from pre-kindergarten through the 8th grade level, as well as for teachers for their continuing education. During the year, \$1,308 was awarded as grants to the Library. At year-end, no funds were available for grants to the Library.

As of June 30, 2025, the Coastal Community Foundation held \$14,521 in the Charleston County Public Library Endowment for the Charleston County Library. The fund was established in January 2022 for the purpose of providing grants to the Charleston County Library. During the year, no grants were awarded to the Library. At year-end, there were no funds available for grants to the Library.

These amounts are not reflected in the Library's financial statements until grants are received by the Library from the Foundation.

**G. Commitments and Contingent Liabilities**

**Grants**

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

The Library must apply for annual renewal of contracts and grants with the South Carolina State Library. Funding is subject to both increases and decreases at the discretion of the State Library, and some agreements also may be terminated by either party contingent upon certain conditions.

Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the general fund. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Library expects such amounts, if any, to be immaterial.

**Litigation**

The Library is a defendant in a lawsuit alleging liability for medical fees related to an incident at one of its branches. The Library is contesting the litigation. Legal counsel has indicated that the outcome of the litigation is uncertain and that no estimate regarding possible loss can be made at this time. Accordingly, no liability has been recorded in the accompanying financial statements.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

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**III. OTHER INFORMATION** (Continued)

**H. Pending GASB Pronouncements**

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Library will implement the new guidance with the 2026 financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, the objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Library will implement the new guidance with the 2026 financial statements.

Management has not yet determined the impact implementation of these standards will have on the Library's financial statements, if any.

**I. Subsequent Events**

The Board passed a budget amendment in September 2025, which was approved by the County Council in October 2025 to authorize the payment of one-time bonuses to certain staff. The budget amendment increased the Library's projected excess expenditures over revenues by \$650,000. Fund balance will be used to finance the increased deficit.

Management has assessed subsequent events through December 8, 2025, the date the financial statements were available to be issued. There are no other material subsequent events to be disclosed.

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**BUDGETARY COMPARISON SCHEDULE –**  
**GENERAL FUND (BUDGETARY BASIS)**  
**YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental revenues			
State aid income	\$ 1,020,743	\$ 1,020,743	\$ 1,021,523
County appropriation	37,363,998	37,363,998	37,363,999
Supplemental appropriation			
Summer youth	-	-	55,733
Fees and sales	79,840	79,840	88,072
Miscellaneous income			
Copy machine charges	117,470	117,470	130,035
Other	84,000	84,000	98,684
<b>TOTAL REVENUES</b>	<b>38,666,051</b>	<b>38,666,051</b>	<b>38,758,046</b>
<b>EXPENDITURES</b>			
Personnel costs	25,770,405	25,770,405	25,388,962
Purchased services and materials			
Information resources	5,858,000	5,858,000	5,022,704
Building repairs and maintenance	2,780,927	2,780,927	2,779,866
Information technology	1,697,800	1,697,800	1,640,228
Utilities	1,424,854	1,424,854	1,416,847
Copiers and printers	164,310	164,310	130,998
Other expenditures	352,090	352,090	363,693
County insurance and risk management	236,038	236,038	236,038
Supplies	186,900	186,900	210,663
Outreach and programming	115,450	115,450	136,533
Equipment repairs and maintenance	59,271	59,271	59,766
Motor vehicle expenses	65,006	65,006	62,319
Special projects	335,500	335,500	123,257
Miscellaneous	5,000	5,000	1,163
<b>TOTAL EXPENDITURES</b>	<b>39,051,551</b>	<b>39,051,551</b>	<b>37,573,037</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (385,500)</b>	<b>\$ (385,500)</b>	<b>\$ 1,185,009</b>

The accompanying Notes to Budgetary Comparison Schedule are an integral part of this schedule.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE –**  
**GENERAL FUND (BUDGETARY BASIS)**  
**YEAR ENDED JUNE 30, 2025**

Annually, at a time designated by the Charleston County Council, the Library prepares a proposed budget for the General Fund. This budget includes all funds the Board anticipates will be available for the operation of the library system and which the Board anticipates will be adequate to fund the operation and programs of the library system. The budget is approved by County Council. The annual appropriation from Charleston County is only subject to change by County Council. All appropriations lapse at year end.

The legal level of budgetary control is determined by the Board at the entity level. Expenditures by major category, i.e., personnel, purchased services, and materials, are further defined in the budget document. Management of the Library is authorized to make transfers between major expenditure categories. The budget ordinance must be amended by the Board to effect changes in total appropriations.

When the Library adopts its budget, no distinction is made in regard to the capitalizable portion of library materials purchased, and the distinction between operating versus financed purchases is not made in all cases. On the statement of revenues, expenditures, and changes in fund balances, items that are capitalized are presented as "Capital outlay," and the principal and interest paid on financed purchases are presented under the heading "Debt Service." In addition to these differences, capital outlay for assets purchased from leases, subscriptions and financed purchase arrangements, and the related financing sources from leases, subscriptions and financed purchase proceeds, are not presented on the budgetary comparison schedule, and funding provided to the PEBA by the State of South Carolina on the Library's behalf is netted against pension expenditures in the budget. Below is a summary of such differences:

	Revenues, Expenditures, and Changes in Fund Balances	Budgetary Comparison Schedule	Differences
Total revenue - general fund	\$ 38,758,046	\$ 38,758,046	\$ -
Expenditures			
Current			
Personnel costs	25,388,962	25,388,962	-
Purchased services and materials	9,745,720	12,184,075	(2,438,355)
Debt service			
Principal	612,401	-	612,401
Interest	167,637	-	167,637
Capital outlay	2,001,421	-	2,001,421
Total expenditures	37,916,141	37,573,037	343,104
Excess of revenues over expenditures	841,905	1,185,009	(343,104)
Other financing sources			
Leases	343,104	-	343,104
Total other financing sources	343,104	-	343,104
Net change in fund balance	\$ 1,185,009	\$ 1,185,009	\$ -

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE**  
**NET PENSION LIABILITY - SOUTH CAROLINA RETIREMENT SYSTEM**  
**LAST TEN YEARS**

Measurement Year Ended June 30	Fiscal Year Ended June 30	Library's proportion of the net pension liability	Library's proportionate share of the net pension liability (asset)	Library's covered payroll	Library's share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2025	0.1261%	\$ 29,560,709	\$ 17,322,394	171%	61.80%
2023	2024	0.1163%	\$ 28,113,546	\$ 14,701,637	191%	58.60%
2022	2023	0.1025%	\$ 24,859,402	\$ 12,210,956	204%	57.10%
2021	2022	0.1029%	\$ 22,272,019	\$ 11,633,541	191%	60.70%
2020	2021	0.0972%	\$ 24,842,547	\$ 10,846,209	229%	50.70%
2019	2020	0.0854%	\$ 19,499,662	\$ 9,017,686	216%	54.40%
2018	2019	0.0787%	\$ 17,632,684	\$ 8,132,990	217%	54.10%
2017	2018	0.0736%	\$ 16,567,418	\$ 7,423,257	223%	53.30%
2016	2017	0.0745%	\$ 15,920,780	\$ 7,199,888	221%	52.90%
2015	2016	0.0812%	\$ 15,393,713	\$ 7,600,121	203%	57.00%

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF THE LIBRARY'S CONTRIBUTIONS –**  
**SOUTH CAROLINA RETIREMENT SYSTEM**  
**LAST TEN YEARS**

<u>Year Ended June 30</u>	<u>Contractually required contribution</u>	<u>Contributions relative to contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Library's covered payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2025	\$ 3,193,780	\$ 3,193,780	\$ -	\$ 17,604,555	18.14%
2024	\$ 3,141,411	\$ 3,141,411	\$ -	\$ 17,322,394	18.13%
2023	\$ 2,507,982	\$ 2,507,982	\$ -	\$ 14,701,637	17.06%
2022	\$ 1,948,509	\$ 1,948,509	\$ -	\$ 12,210,956	15.96%
2021	\$ 1,736,554	\$ 1,736,554	\$ -	\$ 11,633,541	14.93%
2020	\$ 1,614,045	\$ 1,614,045	\$ -	\$ 10,846,209	14.88%
2019	\$ 1,239,350	\$ 1,239,350	\$ -	\$ 9,017,686	13.74%
2018	\$ 1,102,834	\$ 1,102,834	\$ -	\$ 8,132,990	13.56%
2017	\$ 858,128	\$ 858,128	\$ -	\$ 7,423,257	11.56%
2016	\$ 796,308	\$ 796,308	\$ -	\$ 7,199,888	11.06%

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**SOUTH CAROLINA RETIREMENT SYSTEM**

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**A. Summary of Actuarial Methods and Significant Assumptions**

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2024, the most recent measurement date.

Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent of pay
Amortization period	25 years maximum, closed period
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	3.00% plus step-rate increases for members with less than 21 years of service
Benefit adjustments	Lesser of 1% or \$500 annually
Mortality	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections using 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.

**B. Contribution Rates**

The actual contribution rates and the actuarially determined contribution rates for the SCRS are determined in accordance with Section 9-1-1085 of the South Carolina Code. Legislation in 2017 increased, but also established a ceiling, for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS by two percentage points and further scheduled employer contributions rates to increase by a minimum of one percentage point each year through July 1, 2022. The General Assembly postponed the one percent increase that was scheduled to go into effect beginning July 1, 2020. The one percent increase scheduled for July 1, 2020, went into effect July 1, 2021. Another one percent increase went into effect on July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

**CHARLESTON COUNTY LIBRARY**  
**(A Component Unit of Charleston County, South Carolina)**  
**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2025**

	2025
Service cost	\$ 102,628
Interest on total OPEB liability	1,981
Difference between expected and actual experience	2,117,411
Changes of assumption	(437,261)
Net change in total OPEB liability	1,784,759
Net liability for OPEB, beginning of year	-
Net liability for OPEB, end of year	\$ 1,784,759
Covered employee payroll	\$ 17,322,394
Total OPEB liability as a percentage of covered employee payroll	10.30%

**Notes to Schedule**

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

The discount rate ranged from 3.86% to 3.97%.

As of June 30, 2024, the Library was a part of the County's OPEB Plan. As of January 1, 2025, the Library entered into their own plan. The balances above reflect the activity of the Charleston County Public Library's OPEB Plan for the period of January 1, 2025, through June 30, 2025.

Each year the Library will add an additional year of data until a total of ten years is presented.

***GOVERNMENT AUDITING STANDARDS REPORT***

***Independent Auditor's 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 Trustees  
**Charleston County Library, a Component Unit  
of Charleston County, South Carolina**  
Charleston, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the non-governmental discretely presented component unit, the major fund, and the aggregate remaining fund information of **Charleston County Library, a Component Unit of Charleston County, South Carolina**, (the Library) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated December 8, 2025. The financial statements of Friends of the Charleston County Library, the non-governmental discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Friends of the Charleston County Library.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Library'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 Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library'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 may exist that have not been identified.

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Library'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 Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Webster Rogues LLP". The signature is written in a cursive, flowing style.

Charleston, South Carolina  
December 8, 2025