

YORK COUNTY LIBRARY
(A Component Unit of York County)

Rock Hill, South Carolina

For the year ended June 30, 2024

York County Library, South Carolina

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**YORK COUNTY LIBRARY
(A Component Unit of York County)**

Rock Hill, South Carolina

Established 1979

BOARD OF TRUSTEES – as of June 30, 2024

DISTRICT 1 – Wendi Michael

DISTRICT 2 – Susan Piening

DISTRICT 3 – Anne Witte

DISTRICT 4 – Charles Robinson

DISTRICT 5 – Timothy Steele

DISTRICT 6 – Deborah Dahlin

DISTRICT 7 – Dennis Getter

York County Library, South Carolina

Management's Discussion and Analysis

For the year ended June 30, 2024

This discussion and analysis of the York County Library's (the "Library") financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2024 ("2024"). The Library is a component unit of York County (the "County"). The intent of this discussion and analysis is to present the Library's financial performance as a whole; readers should also review the financial statements, the notes to the financial statements, and the supplemental schedules to enhance their understanding of the Library's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- On the government-wide financial statements, the liabilities, and deferred inflows of resources of the Library exceeded its assets and deferred outflows of resources for a net deficit of approximately \$5,229,000 on June 30, 2024. The Library reported a deficit in unrestricted net position of approximately \$5,378,000. This deficit was due primarily to the net pension liability of approximately \$7,473,000 as required by Governmental Accounting Standards Board ("GASB") Statement No. 68 and the total OPEB liability of approximately \$2,800,000 as required by GASB Statement No. 75.
- The General Fund (the Library's only fund) reported an ending fund balance of approximately \$4,468,000 at June 30, 2024, an increase of approximately \$440,000 from the prior year ending fund balance. Of the total amount, approximately \$4,172,000 is unassigned and available for spending at the government's discretion. The unassigned fund balance represents 47% of fiscal 2024 expenditures.
- Total revenues for the year ended June 30, 2024 were approximately \$9,355,000, compared to approximately \$8,833,000 for the prior year. This increase of approximately \$522,000 (6%) was due primarily to an increase in funds appropriated by York County. Approximately 90% of the total revenues for the current year came from appropriations from York County.
- Total expenditures for the year ended June 30, 2024 were approximately \$8,914,000, compared to \$8,473,000 for the prior year. This increase of approximately \$441,000 (5%) was due primarily to increases in salaries and related benefits.
- The Library does not report any capital assets, as all capital assets are owned and maintained by York County. The Library also does not have any outstanding indebtedness.

Overview of the Financial Statements

This annual report consists of two parts: the *Financial Section* (which includes management's discussion and analysis, the financial statements, and required supplementary information), and the *Compliance Section*.

Government-wide Financial Statements. The financial statements include two kinds of statements that present different views of the Library. The first two statements are *government-wide financial statements* that provide a broad overview of the Library's overall financial status, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* presents information on all of the Library's assets and liabilities, with the difference between the two 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.

York County Library, South Carolina

Management's Discussion and Analysis

For the year ended June 30, 2024

Overview of the Financial Statements, Continued

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, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., unfunded OPEB obligations and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Library that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Library include general operations. The Library does not report any business-type activities. The government-wide financial statements can be found as listed in the table of contents of this report.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Library, reporting the Library's operations in more detail than the government-wide 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 requirements. There are three categories of funds that are typically used by state and local governments: governmental funds, proprietary funds, and fiduciary funds. The Library utilizes only governmental funds in reporting the operations of the Library.

Governmental Funds - Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Library maintains one governmental fund, the General Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for this fund, which is a major fund. The governmental fund financial statements can be found as listed in the table of contents of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Other Information. The Library adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund. This schedule can be found as listed in the table of contents of this report.

York County Library, South Carolina

Management's Discussion and Analysis

For the year ended June 30, 2024

Overview of the Financial Statements, Continued

Figure A-1 Major Features of the Library's Government-Wide and Fund Financial Statements		
	Government-Wide Statements	Fund Financial Statements
	Government-Wide Statements	Governmental Fund
Scope	Entire Library.	The activities of the Library.
Required Financial Statements	<ul style="list-style-type: none"> ▪ Statement of Net Position ▪ Statement of Activities 	<ul style="list-style-type: none"> ▪ Balance Sheet ▪ Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.
Type of Balance Sheet Information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term.	All assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) that come due during the year or soon thereafter; no capital assets included.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

York County Library, South Carolina

Management's Discussion and Analysis

For the year ended June 30, 2024

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources for a net deficit of approximately \$5,229,000 at the close of the most recent fiscal year. Below is a summary of the Library's net position for its governmental activities at June 30, 2024 and 2023:

	<u>Net Position</u>	
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Assets		
Cash and Cash Equivalents	\$ 4,690,570	\$ 4,213,449
Total Assets	<u>4,690,570</u>	<u>4,213,449</u>
Deferred Outflows of Resources		
Deferred OPEB Charges	97,601	224,503
Deferred Pension Charges	<u>1,145,745</u>	<u>977,348</u>
Total Deferred Outflows of Resources	<u>1,243,346</u>	<u>1,201,851</u>
Liabilities		
Current Liabilities	374,627	323,358
Net OPEB Liability	2,799,910	2,932,420
Net Pension Liability	7,473,117	7,264,860
Long-Term Liabilities	<u>149,250</u>	<u>135,210</u>
Total Liabilities	<u>10,796,904</u>	<u>10,655,848</u>
Deferred Inflows of Resources		
Deferred Pension Credits	60,025	130,251
Deferred OPEB Credits	<u>306,135</u>	<u>353,599</u>
Total Deferred Inflows of Resources	<u>366,160</u>	<u>483,850</u>
Net Position (Deficit)		
Restricted	148,662	142,570
Unrestricted (Deficit)	<u>(5,377,810)</u>	<u>(5,866,968)</u>
Total Net Position (Deficit)	<u>\$ (5,229,148)</u>	<u>\$ (5,724,398)</u>

The Library's total assets at June 30, 2024 increased by approximately \$477,000 over the prior year, due primarily to an increase in cash balances. The Library's total liabilities at June 30, 2024 increased by approximately \$141,000 from the prior year, primarily due to an increase in the net pension liability of approximately \$208,000 and an increase in current liabilities of \$52,000 partially offset by a decrease in net OPEB liability of approximately \$133,000

The Library's net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) increased by approximately \$495,000 during the current fiscal year due to current year revenues exceeding current year expenditures. See the next page for additional discussion of the changes in net position in fiscal year 2024.

York County Library, South Carolina

Management's Discussion and Analysis

For the year ended June 30, 2024

Government-Wide Financial Analysis, Continued

The table below shows the changes in net position for Library's governmental activities for fiscal years 2024 and 2023:

	<u>Statement of Activities</u>	
	<u>2024</u>	<u>2023</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 94,245	\$ 87,090
Operating Grants	760,477	750,432
General Revenues		
County Appropriation	8,450,000	7,970,000
Other	<u>49,837</u>	<u>25,763</u>
Total Revenues	<u>9,354,559</u>	<u>8,833,285</u>
Program Expenses		
Library Services and Operations	<u>8,859,299</u>	<u>8,110,580</u>
Total Program Expenses	<u>8,859,299</u>	<u>8,110,580</u>
Change in Net Position	495,260	722,705
Net Position (Deficit), Beginning of Year	<u>(5,724,398)</u>	<u>(6,447,103)</u>
Net Position (Deficit), End of Year	<u>\$ (5,229,138)</u>	<u>\$ (5,724,398)</u>

The Library's change in net position of approximately \$495,000 was the result of current year revenues of approximately \$9,355,000 exceeding current year expenses of approximately \$8,859,000. The increase in revenues of approximately \$522,000 is primarily due to County appropriations increasing approximately \$480,000. The approximate \$441,000 increase in expenses is primarily due to an increase in salaries and related benefits.

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.

Governmental Fund – The analysis of governmental funds serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

York County Library, South Carolina

Management's Discussion and Analysis

For the year ended June 30, 2024

Financial Analysis of the Library's Funds, Continued

At June 30, 2024, the Library's General Fund (the only fund) reported a fund balance of approximately \$4,468,000 as compared to the prior year amount of approximately \$4,028,000. Unassigned fund balance was approximately \$4,172,000 at June 30, 2024, representing 93% of the total fund balance and 47% of expenditures for the year ended June 30, 2024.

Revenues of approximately \$9,355,000 exceeded expenditures of approximately \$8,914,000, resulting in an increase of approximately \$440,000 to the fund balance. Appropriations from the County were approximately \$8,450,000 for 2024 compared to approximately \$7,970,000 for the prior year. Total expenditures were approximately \$8,914,000 for 2024, compared to approximately \$8,473,000 for 2023, or an increase of approximately \$441,000. Salaries and benefits were approximately \$5,940,000 in 2024, increasing approximately \$493,000 from the prior year; salaries and benefits represent 67% of total expenditures. Books, subscriptions, audio/visual materials, and electronic materials were approximately \$1,765,000 in 2024, increasing approximately \$78,000 from the prior year. Capital Outlay was approximately \$99,000 in 2024, increasing approximately \$17,000 from the prior year. All other expenditures experienced a net increase of approximately \$346,000 from the prior year.

General Fund Budgetary Highlights

The Board of Trustees adopts an annual budget for the Library's General Fund. The Library budgeted for no net change in fund balance for 2024. However, fund balance increased by approximately \$440,190 in fiscal year 2024 primarily due to the Library collecting approximately \$148,000 in revenues over budget along with the approximate \$292,000 of expenditures under budget. The Library's capital outlay expenditures of approximately \$99,000 exceeded the budget by approximately \$54,000. This was offset by salary and benefit expenditures coming under budget by approximately \$310,000.

Capital Assets and Debt Administration

Capital Assets

All capital assets and collections are owned by York County pursuant to a County Ordinance that created the Library system. Accordingly, capital assets are not reported in the Library's financial statements.

Debt Administration

At June 30, 2024, the Library had no outstanding debt. The Library had other long-term obligations outstanding at year end which consisted of compensated absence liabilities of approximately \$302,000. For more detailed information on the Library's long-term obligations, see Note III.B to the financial statements.

Economic Factors and Fiscal Year 2025 Budget

Many factors were considered by the Library's Director and the Board of Trustees when developing the budget for Fiscal Year 2025. Some factors were outside of Library control while others reflected goals chosen by Library administration.

York County Library, South Carolina

Management's Discussion and Analysis

For the year ended June 30, 2024

Economic Factors and Fiscal Year 2025 Budget, Continued

Primary goals were the following:

- Incorporate salary increases of XX% Merit Raises, as approved by York County Council, as well as increases in benefit costs, particularly retirement.
- Fund increases in operating costs outside of the Library's control, such as utilities, vehicle operation and maintenance costs, and bank charges.
- Provide for growth in Library Services by implementing additional online access via database and service subscriptions.
- Add additional part time staff to support programming and services.
- Continue participation in SCLENDS for access to the holdings of 19 other member libraries.
- Increase library materials and electronic resources funding to the highest level possible within revenue constraints.
- Adjust the number of Staff Development Days to two to allow staff to keep abreast of best practices, technology changes, policy and procedure changes, legislation, and strategic plans, while also limiting the number of days closed.
- Continue to partner with the City of Rock Hill, Rock Hill School District 3, and many other community partners in a wide variety of literacy initiatives, including "Rock Hill Reads."
- Purchase a maintenance van to decrease the need for our maintenance staff to use their personal vehicles.

In FY 2025 State Aid per capita funding remained at \$2.25. FY 2025 was the first time it returned to \$2.25 since the 2008 economic downturn. The per capita value increased to match the most recent census data. The director will continue to advocate that funding remain at this rate at a minimum.

Contacting the Library's Financial Management

This financial report is designed to provide those interested with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Ward, Director, at 1818 2nd Baxter Crossing, Fort Mill, SC 29708.

Basic Financial Statements

YORK COUNTY LIBRARY, SOUTH CAROLINA

Statement of Net Position

As of June 30, 2024

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,690,570
Total assets	<u>4,690,570</u>
Deferred outflows of resources	
Deferred OPEB charges	97,601
Deferred pension charges	1,145,755
Total deferred outflows of resources	<u>1,243,356</u>
Liabilities	
Current liabilities	
Accounts payable and accrued expenses	95,118
Accrued salaries, fringe, and benefits	127,091
Current portion of compensated absences	152,418
Total current liabilities	<u>374,627</u>
Noncurrent liabilities	
OPEB liability	2,799,910
Pension liability	7,473,117
Compensated absences, less current portion	149,250
Total noncurrent liabilities	<u>10,422,277</u>
Total liabilities	<u>10,796,904</u>
Deferred inflows of resources	
Deferred pension credits	60,025
Deferred OPEB credits	306,135
Total deferred inflows of resources	<u>366,160</u>
Net position	
Restricted for:	
Reading programs	89,851
Library programs by donors	58,811
Unrestricted (deficit)	(5,377,800)
Total net position	<u>\$ (5,229,138)</u>

The accompanying notes are an integral part of these financial statements

YORK COUNTY LIBRARY, SOUTH CAROLINA

Statement of Activities

For the year ended June 30, 2024

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Sales and Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
Library services and operations	\$ 8,859,299	\$ 94,245	\$ 760,477	\$ -	\$ (8,004,577)
Total primary government	<u>\$ 8,859,299</u>	<u>\$ 94,245</u>	<u>\$ 760,477</u>	<u>\$ -</u>	<u>\$ (8,004,577)</u>
General revenues:					
					8,450,000
					49,837
					<u>8,499,837</u>
					495,260
					<u>(5,724,398)</u>
					<u>\$ (5,229,138)</u>

The accompanying notes are an integral part of these financial statements

YORK COUNTY LIBRARY, SOUTH CAROLINA

Balance Sheet - Governmental Funds

As of June 30, 2024

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 4,690,570
Total assets	<u>\$ 4,690,570</u>
Liabilities	
Accounts payable	\$ 95,118
Accrued salaries, fringe and benefits	127,091
Total liabilities	<u>222,209</u>
Fund balances	
Restricted:	
Reading programs	89,851
Library programs by donors	58,811
Assigned:	
Book fair	13
Vehicle Repair	28,308
Bucks for books	113,965
Patchwork donations	20
Lake Wylie branch	5,228
Clover Branch	25
Fort Mill branch	375
York branch	118
Unassigned	4,171,647
Total fund balances	<u>4,468,361</u>
Total liabilities and fund balances	<u>\$ 4,690,570</u>

The accompanying notes are an integral part of these financial statements

YORK COUNTY LIBRARY, SOUTH CAROLINA**Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities****June 30, 2024**

Total governmental fund balance \$ 4,468,361

Amounts reported for the governmental activities in the Statement of Net Position are different different because of the following:

The Library's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position (6,387,387)

The Library's proportionate share of the total OPEB liability, deferred outflows of resources, and deferred outflows of resources related to its OPEB plan are not recorded in the governmental funds but are recorded in the Statement of Net Position (3,008,444)

Long-term obligations are not due or payable in the current period and, therefore, are not reported in the governmental funds. Long-term obligations consisted of:

Compensated Absences (301,668)

Total net position governmental activities \$ (5,229,138)

The accompanying notes are an integral part of these financial statements

YORK COUNTY LIBRARY, SOUTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the year ended June 30, 2024

	General Fund
Revenues	
County appropriation	\$ 8,450,000
State funds	634,917
Fines, fees, rentals	90,249
Other revenues	179,393
Total revenues	<u>9,354,559</u>
Expenditures	
Salaries	4,163,078
Employee benefits	1,777,054
Books	549,962
Serial subscriptions	34,507
Audio-visual materials	97,189
Electronic materials	1,083,666
Microfilm	11,375
Bindings	4,520
Utilities	127,503
Telephone	53,001
Insurance	66,109
Maintenance:	
Buildings	180,166
Computer	172,013
Equipment	45,645
Vehicle	14,643
Supplies	59,893
Marketing	4,353
Professional fees	8,400
Programs	204,729
Memberships	40,547
Staff development and travel	63,891
Postage	25,688
Capital outlay	98,508
Miscellaneous	27,929
Total expenditures	<u>8,914,369</u>
Net change in fund balance	440,190
Fund balance, beginning of year	<u>4,028,171</u>
Fund balance, end of year	<u>\$ 4,468,361</u>

The accompanying notes are an integral part of these financial statements

YORK COUNTY LIBRARY, SOUTH CAROLINA***Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended June 30, 2024***

Total net change in fund balances - governmental funds \$ 440,190

Amounts reported for the governmental activities in the Statement of Activities
are different because of the following:

Some expenses reported in the Statement of Activities (compensated absences) do not require the
use of current financial resources and, therefore, are not reported as expenditures in the
governmental funds (28,378)

Changes in the Library's proportionate share of the net pension liability, deferred outflows of resources
and deferred inflows of resources for the current year are not reported in the governmental funds but
are reported in the Statement of Activities 30,376

Changes in the Library's other postemployment benefit liability and deferred outflows of resources
for the current year are not reported in the governmental funds but are reported in the Statement of Activities 53,072

Total change in net position of governmental activities \$ 495,260

The accompanying notes are an integral part of these financial statements

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

I. Summary of Significant Accounting Policies

A. The Reporting Entity

York County Library (the “Library”) provides services to the residents of York County (the “County”) utilizing several branches throughout the County. The Library’s Board of Trustees, its governing authority, was created by an ordinance of the York County Council on April 16, 1979. York County Council appoints all of the members of the Library’s Board of Trustees. The County also provides the Library with an annual appropriation, which is the majority of the Library’s operating revenues. Accordingly, the Library is considered to be a component unit of the County, and the Library’s financial position and activities are reported in the financial statements of the County as a discretely presented component unit.

The accompanying financial statements present the financial position and results of operations of the Library only and do not include any financial information for the County or any other component unit of the County. The Library does not have any component units. The financial statements of the Library have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Library (the primary government). For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by County appropriations and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Library does not report any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Appropriations from the County and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment, or governmental function, is self-financing or draws from the general revenues of the Library.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the Library are included on the statement of net position.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

I. Summary of Significant Accounting Policies, Continued

B. Measurement Focus, Basis of Accounting, and Basis of Presentation, Continued

The government-wide statements are prepared using a different measurement focus from the manner in which governmental funds financial statements are prepared (see further detail below). Governmental funds financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds 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 (if applicable), as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

County appropriations, state revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following fund type is used by the Library.

Governmental fund types are those through which all of the governmental functions of the Library are financed. The Library's expendable financial resources and related assets and liabilities are accounted for through governmental funds. The Library has one fund:

The **General Fund, a major fund**, is the general operating fund of the Library and accounts for all revenues and expenditures of the Library. All County appropriations and other receipts are accounted for in the General Fund. General operating expenditures are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

The Library considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) are reported as investments.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

I. Summary of Significant Accounting Policies, Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

1. Cash, Cash Equivalents, and Investments, Continued

The Library's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the Library to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
- (c) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (f) Repurchase agreements when collateralized by securities as set forth in this section; and
- (g) No load open-end 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, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

I. Summary of Significant Accounting Policies, Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

1. Cash, Cash Equivalents, and Investments, Continued

The Library's cash investment objectives are preservation of capital, liquidity, and yield. The Library reports its investments at fair value, which is normally determined by quoted market prices. The Library did not have any investments during the year ended June 30, 2024.

2. Capital Assets

Capital assets and collections used by the Library are owned by the County. Accordingly, these assets are not reported in the Library's financial statements.

3. Prepaid Items

If material, prepaid items are accounted for using the consumption method and expensed over the periods expected to benefit from the initial payment.

4. Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused personal leave benefits. Vacation benefits are paid when taken up to a 45-day maximum that may be accumulated; any unused portion of vacation leave (45-day maximum) is payable upon termination, retirement or death. No liability is reported for unpaid accumulated sick leave as the Library does not pay any unused sick leave upon separation of service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

5. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental funds financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they have matured (i.e., due and payable).

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

I. Summary of Significant Accounting Policies, Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet 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 currently has two types of deferred outflows of resources. (1) The Library reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The Library reports *deferred OPEB charges* in its Statement of Net Position in connection with the Agent Multiple-Employer Defined Benefit OPEB Plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 currently has one type of deferred inflows of resources. The Library reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. The *deferred pension credits* are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

7. *Fund Balance*

In accordance with GAAP, the Library classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaid assets, inventories, etc.) or because of legal or contractual requirements (i.e., principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the Board of Trustees before the end of the reporting period. The Board of Trustees must commit fund balance by formal action before the end of the reporting period for this portion of fund balance to qualify for this category. Those committed amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use of the committed fund balance by the same action.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

I. Summary of Significant Accounting Policies, Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

7. Fund Balance, Continued

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made by the highest level of decision-making authority, or by parties delegated this authority, before the report issuance date. The Board of Trustees assigns fund balance by an approved motion by the Board before report issuance for fund balance to qualify in this category.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Library generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the Library generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

8. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

9. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and Note IV.C and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The Library recognizes a net pension liability and a total OPEB liability for each plan in which it participates, which represent the excess of the total pension liability over the fiduciary net position of the qualified plans, or the Library’s proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the Library’s fiscal year-end.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

I. Summary of Significant Accounting Policies, Continued

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity, Continued

9. Pensions and Other Postemployment Benefits, Continued

Changes in the net pension and total OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and total OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

10. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The Board of Trustees adopts a budget for General Fund revenues and expenditure prior to the beginning of each fiscal year. No budget amendments were made during the current year. The budget is presented in the required supplementary section of the financial statements. The budget is presented on the modified accrual basis of accounting, which is consistent with GAAP, and is based on funding expectations and past experience.

III. Detailed Notes on All Funds and Activities

A. Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure the Library's deposits might not be recovered. The Library does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2024, the Library's bank balances of approximately \$4,690,000 (which had a carrying value of approximately \$4,795,000) were fully collateralized and not exposed to credit risk.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

III. Detailed Notes on All Funds and Activities, Continued

B. Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2024:

<u>Long-Term Obligations</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 273,920	\$ 203,273	\$ 174,895	\$ 301,668	\$ 152,418

General Fund resources are expected to be used to liquidate the compensated absences payable.

IV. Other Information

A. Retirement Plan

The Library participates in the State of South Carolina’s retirement plans. The South Carolina Public Employee Benefit Authority (“PEBA”), created July 1, 2012, is the state agency responsible for the administration and management of the various retirement systems and retirement 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’ (“Systems”) five defined benefit plans. PEBA has an 11-member Board of Directors (“PEBA Board”), 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 position 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 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.

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement 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 allowances and other benefits for employees of the state, its public school districts, and political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each 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 newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan 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. A brief summary of benefit terms for each 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.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Plan Benefits, Continued

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars 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.

Plan 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. 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 contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase SCRS employer contribution rate that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by one percentage point each year until reaching 18.56 percent for SCRS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

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

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Plan Contributions, Continued

As noted earlier, both employees and the Library are required to contribute to the Plan at rates established and as amended by the PEBA. The Library's contributions are actuarially determined but are communicated to and paid by the Library as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS Rates		
	2022	2023	2024
Employer Contribution Rate: [^]			
Retirement	16.41%	17.41%	18.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	<u>16.56%</u>	<u>17.56%</u>	<u>18.56%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The required contributions and percentages of amounts contributed to the Plan for the past three years were as follows:

	SCRS Contributions	
	Required %	Contributed
2024	\$ 763,172	100%
2023	\$ 686,240	100%
2022	\$ 590,939	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS contribution increase for the year ended June 30, 2023. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund. The amount of funds appropriated by the State (non-employer contributing entity) for the year ended June 30, 2023 (measurement date) to the Library were approximately \$30,000 for the SCRS.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Plan Contributions, Continued

The Library recognized contributions (on-behalf benefits) from the State of approximately \$30,000 for the year ended June 30, 2024. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the Library's governmental fund financial statements.

Eligible payrolls covered under the Plan for the past three years were as follows:

	<u>SCRS Payroll</u>
2024	\$ 4,111,919
2023	\$ 3,907,975
2022	\$ 3,568,472

Actuarial Assumptions and Methods

Actuarial valuations of the 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. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for use in the July 1, 2021 actuarial valuation.

The June 30, 2023 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, 2021. The TPL was rolled-forward from the valuation date to the Plan fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 legislative session that had a material change in the benefit provisions for any of the systems.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Actuarial Assumptions and Methods, Continued

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023 (measurement date) for the SCRS.

	<u>SCRS</u>
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.00%
Projected Salary Increases*	3.0% to 11.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

* 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 System's mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2020.

Former Job Class	Males	Females
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%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represents 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 on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Long-Term Expected Rate of Return, Continued

<u>Allocation/Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity	9.0%	10.91%	0.98%
Private Debt	7.0%	6.16%	0.43%
Real Assets	12.0%		
Real Estate	9.0%	6.41%	0.58%
Infrastructure	3.0%	6.62%	0.20%
Total Expected Real Return	<u>100.0%</u>		<u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.56%</u>

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

The 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. NPL totals, as of June 30, 2023 measurement date, for the SCRS are presented in the following table:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employer's Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 58,464,402,454	\$ 34,286,961,942	\$ 24,177,440,512	58.6%

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

The TPL is calculated by the System's actuary, and each Plan fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the System's actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plan funding requirements.

At June 30, 2024, the Library reported a liability of approximately \$7,473,000 for its proportionate share of the NPL for the SCRS ("Plan"). The net pension liability was measured as of June 30, 2023, and the TPL for the Plan used to calculate the NPL were determined based on the most recent actuarial valuation report as of July 1, 2022 that was projected forward to the measurement date. The Library's proportion of the NPL were based on a projection of the Library's long-term share of contributions to the Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2023 measurement date, the Library's SCRS proportion was 0.030909 percent, which was an increase of 0.000941 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Library recognized pension expense of approximately \$703,000 for the SCRS. At June 30, 2024, the Library reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 129,746	\$ 20,724
Change in Assumptions	114,499	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	10,229
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	168,004	29,072
Employer Contributions Subsequent to the Measurement Date	733,506	-
Total SCRS	\$ 1,145,755	\$ 60,025

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Approximately \$734,000 that was reported as deferred outflows of resources related to the Library's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

	<u>SCRS</u>
2025	\$ 172,713
2026	(76,107)
2027	260,002
2028	<u>(4,383)</u>
Total	<u>\$ 352,224</u>

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. 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, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the sensitivity of the Library's proportionate share of the NPL of the Plan to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

<u>System</u>	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1.00% Increase (8.00%)</u>
The Library's proportionate share of the net pension Liability of the SCRS	\$ 9,655,980	\$ 7,473,117	\$ 5,658,797

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

A. Retirement Plan, Continued

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

B. Risk Management

The Library is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets, job related illness and injuries and errors and omissions. The Library is insured against such risk by the County which carries commercial insurance. The Library carries employee health insurance. It also carries general liability and property insurance through the South Carolina Insurance Reserve Fund, which represents South Carolina government entities joined together in a public entity risk pool. The Library purchases workers' compensation insurance from the South Carolina State Accident Fund, a public entity risk pool. The South Carolina Insurance Reserve Fund and the South Carolina Accident Fund promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. The Library pays annual premiums to the South Carolina Insurance Reserve Fund and the South Carolina State Accident Fund for its insurance coverage. These funds are self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities. The State accumulates assets to cover risks that its members incur in their normal operations. Specifically, the State assumes substantially all of the risk of the above. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

C. Other Postemployment Benefit Plan

Plan Description

The Library provides certain post-employment health care benefits for eligible retired employees and their dependents through a defined benefit other postemployment benefits plan (the “Plan”) administered by York County. The Library has the authority to establish and amend the benefit terms and financing requirements of the Plan. Participation in the Plan is optional. In accordance with the terms of the Plan effective January 1, 2015, the Library will contribute a defined amount of funds into the Retiree Health Reimbursement Arrangement (“RHRA”) for eligible employees.

Eligibility requirements are as follows:

- Employees hired before October 1, 2008 must meet the following eligibility criteria: (1) have at least ten years of continuous Library service, (2) be eligible for retirement benefits under the South Carolina Retirement System regulations, and (3) be a Library employee at the time of retirement.
- Employees hired after October 1, 2008 must meet the following criteria: (1) have twenty-five years of credible service with the South Carolina Retirement System, (2) have ten years of service as a Library employee, (3) be eligible for retirement benefits under the South Carolina Retirement System regulations, and (4) be a Library employee at the time of retirement.
- Employees hired after August 31, 2011 are not entitled to coverage of the employer cost of medical or dental coverage paid by the Library at the time of retirement. Eligible retirees may continue coverage under the Plan, but they are required to pay both the employer and employee premiums.

Plan Membership

As of June 30, 2023, the last actuarial valuation, the following employees were covered by the OPEB Plan’s benefit terms:

Inactive Members of Beneficiaries Currently Receiving Benefit Payments	28
Active Members	<u>23</u>
Total Membership	<u><u>51</u></u>

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

C. Other Postemployment Benefit Plan, Continued

Plan Benefits and Contributions

The Library's contributions to the Plan are neither guaranteed nor mandatory. The Library has retained the right to unilaterally modify its payments toward retiree health care benefits at any time. The Plan does not issue a stand-alone financial report.

The Library, as a component unit of the County, joined the South Carolina Counties Other Post Employment Benefit Trust ("SCCOPEBT"), an agent multiple employer investment trust administered by the South Carolina Association of Counties. A copy of the report may be obtained through the Controller at the South Carolina Association of Counties Office, Post Office Box 8207, Columbia, SC 29202-8207. Assets are held separately and may be used only for the payment of benefits to the members of the plan. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. Employees are not required to contribute to this plan. The Library has not made any contributions to date to the SCCOPEBT.

Upon retirement, employees who meet retiree eligibility requirements based on Library policy and elect either continued coverage under the State Health plan or an individual policy such as Medicare Supplement and Part D plan purchased through representatives of Plan Benefit Services, Inc. are eligible. Eligible retirees are required to pay the full age adjusted premium for all coverage. In order to offset the cost associated with coverage, the Library will establish an RHRA account for each eligible retiree and make monthly contributions to the account as follows: Pre-65 retirees (Retiree Only - \$675 monthly/ Retiree & Spouse - \$1,350 monthly), Post-65 retirees (Retiree Only - \$350 monthly/ Retiree & Spouse - \$700 monthly), and Retirees who only elect Dental (Retiree Only - \$11.72 monthly/ Retiree and Spouse - \$11.72 monthly).

The Library will contribute funds to the RHRA for Pre-65 retirees for as long as the retiree or any covered dependent is under the age of 65 and continues to be covered under the State Health plan or other eligible coverage. The Library will contribute funds to the RHRA for Post-65 retirees for as long as the retiree has coverage through the State Health Plan or Medicare Supplemental Coverage and Part D coverage purchased through representatives of Plan Benefit Services, Inc. The Library will make monthly contributions to the surviving spouse's RHRA for a period of one year from the retiree's date of death. The amount contributed to the surviving spouse's RHRA will be the same amount the "retiree only" class mentioned above.

Actuarial Assumptions and Method

Actuarial valuations of the 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, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

C. Other Postemployment Benefit Plan, Continued

Actuarial Assumptions and Method, Continued

Projections of benefits for financial reporting purposes are based on the substantive Plan (the plan as understood by the employer and its members) and include the types of benefits provided at the time of each 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.

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	2.50%
Discount Rate	3.97% - Changed from 3.65% in the prior year
Retirement Rates	Based on the retirement rates used for the July 1, 2022 SCRS and PORS Valuation
Mortality Rates	Based on the mortality rates used for the July 1, 2022 SCRS and PORS Valuation
Termination Rates	Based on the withdrawal rates used for the July 1, 2022 SCRS and PORS Valuation
Healthcare Cost Trend Rate	N/A - Future County RHRA contributions will not increase
Election Percentage	It is assumed that 100% of eligible retirees, 35% of spouses will elect to receive coverage upon retirement
Marriage Percentage	80% of active employees are assumed to be married at retirement. Female spouses are assumed to be 3 years younger than their husbands
Implicit Subsidy	N/A - Retirees are responsible for paying the age adjusted premiums for all coverage

Demographic assumptions were based on the results of an actuarial experience study for the five-year period ending June 30, 2022, as conducted for the SCRS.

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

C. Other Postemployment Benefit Plan, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The Library's total OPEB liability was measured as of June 30, 2024 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

	<u>Total OPEB Liability</u>
Balance as of June 30, 2023	\$ 2,932,420
Changes for the year	
Service cost	30,668
Interest	103,959
Changes of assumptions or other inputs	(97,146)
Benefit payments	<u>(169,991)</u>
Net changes	<u>(132,510)</u>
Balance as of June 30, 2024	<u>\$ 2,799,910</u>

For the year ended June 30, 2024, the Library recognized OPEB expense of approximately \$117,000. At June 30, 2024, the Library reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 48,233	\$ 19,700
Changes of assumptions	<u>49,368</u>	<u>286,435</u>
Total	<u>\$ 97,601</u>	<u>\$ 306,135</u>

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

2025	\$ (75,362)
2026	(105,794)
2027	(18,276)
2028	(9,102)
2029	<u>-</u>
Total	<u>\$ (208,534)</u>

York County Library, South Carolina

Notes to Financial Statements

For the year ended June 30, 2024

IV. Other Information, Continued

C. Other Postemployment Benefit Plan, Continued

Discount Rate

The discount rate used to measure the total OPEB liability was 3.97%. Because the Plan is not funded, a single discount rate that approximates the municipal bond rate was considered appropriate for this valuation.

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

The following table presents the sensitivity of the Library's total OPEB liability to changes in the discount rate, calculated using the discount rate of 3.97% as well as what it would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate:

	<u>1.00% Decrease (2.97%)</u>	<u>Current Discount Rate (3.97%)</u>	<u>1.00% Increase (4.97%)</u>
Total OPEB Liability	\$ 3,121,393	\$ 2,799,910	\$ 2,526,882

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The Library's future RHRA contributions will not increase, therefore there is no sensitivity due to the healthcare trend assumptions.

The Library contributes a monthly amount to an RHRA account for all eligible retirees that does not fluctuate with healthcare trend. Therefore, the TOL does not change with a 1% decrease or 1% increase in healthcare trend rates.

D. Economic Dependence

The Library receives a substantial amount of its support from the state and local government, including \$8,450,000 from the County for the year ended June 30, 2024. A significant reduction in the level of the County's support could have a negative effect on the Library's programs and activities.

E. Recently Issued Accounting Standards and Statements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, introducing new guidelines requiring the recognition of compensated absence liabilities, effective for fiscal years beginning after December 15, 2023. The Library is currently evaluating the impact of these new guidelines.

Required Supplementary Information

York County Library, SOUTH CAROLINA

*Required Supplementary Information - Budgetary Comparison Schedule - General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2024*

	Original Budget	Amended Budget	Actual	Variance Over (Under)
Revenues				
County appropriation	\$ 8,450,000	\$ 8,450,000	\$ 8,450,000	\$ -
State funds	634,917	634,917	634,917	-
Fines, fees, rentals	40,200	40,200	90,249	50,049
Bucks for Books	8,000	8,000	2,626	(5,374)
Restricted gifts and grants	73,000	73,000	125,560	52,560
Investment earnings	-	-	49,837	49,837
Miscellaneous	-	-	1,370	1,370
Total revenues	9,206,117	9,206,117	9,354,559	148,442
Expenditures				
Salaries	4,268,095	4,268,095	4,163,078	(105,017)
Employee benefits	1,981,809	1,981,809	1,777,054	(204,755)
Books	566,636	566,636	549,962	(16,674)
Serial subscriptions	35,615	35,615	34,507	(1,108)
Audio/visual matter	101,600	101,600	97,189	(4,411)
Electronic materials	1,088,535	1,088,535	1,083,666	(4,869)
Microfilm	12,000	12,000	11,375	(625)
Bindings	4,000	4,000	4,520	520
Utilities	132,000	132,000	127,503	(4,497)
Telephone	53,500	53,500	53,001	(499)
Insurance	61,040	61,040	66,109	5,069
Maintenance:				
Building	178,000	178,000	180,166	2,166
Computer	172,000	172,000	172,013	13
Equipment	41,750	41,750	45,645	3,895
Vehicle	19,000	19,000	14,643	(4,357)
Supplies	68,000	68,000	59,893	(8,107)
Marketing	5,000	5,000	4,353	(647)
Professional fees	13,300	13,300	8,400	(4,900)
Programs	190,000	190,000	204,729	14,729
Memberships	50,537	50,537	40,547	(9,990)
Staff development and travel	65,000	65,000	63,891	(1,109)
Postage	23,900	23,900	25,688	1,788
Capital outlay	45,000	45,000	98,508	53,508
Miscellaneous	29,800	29,800	27,929	(1,871)
Total expenditures	9,206,117	9,206,117	8,914,369	(291,748)
Net change in fund balance	-	-	440,190	440,190
Fund balance, beginning of year	3,668,155	3,668,155	4,028,171	-
Fund balance, end of year	\$ 3,668,155	\$ 3,668,155	\$ 4,468,361	\$ 440,190

Note: This schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

YORK COUNTY LIBRARY, SOUTH CAROLINA

Required Supplementary Information - Schedule of the York County Library's Total OPEB Liability and Related Ratios

Last Seven Fiscal Years

	Year Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	\$ 30,668	\$ 46,194	\$ 62,148	\$ 65,887	\$ 47,499	\$ 53,757	\$ 51,939
Interest	103,959	99,586	72,294	75,851	102,824	97,285	97,909
Differences between expected and actual experience	-	88,201	-	(96,556)	-	163,025	-
Changes of assumptions	(97,146)	(21,916)	(494,573)	20,454	483,184	-	-
Benefit payments, including refunds of member contributions	(169,991)	(184,016)	(163,966)	(137,966)	(139,854)	(171,525)	(163,829)
Net change in total OPEB liability	(132,510)	28,049	(524,097)	(72,330)	493,653	142,542	(13,981)
Total OPEB liability - beginning of year	2,932,420	2,904,371	3,428,468	3,500,798	3,007,145	2,864,603	2,878,584
Total OPEB liability - end of year	<u>\$ 2,799,910</u>	<u>\$ 2,932,420</u>	<u>\$ 2,904,371</u>	<u>\$ 3,428,468</u>	<u>\$ 3,500,798</u>	<u>\$ 3,007,145</u>	<u>\$ 2,864,603</u>
Covered-employee payroll	\$ 1,229,548	\$ 1,229,548	\$ 1,405,418	\$ 1,405,418	\$ 1,367,341	\$ 1,367,341	\$ 1,523,205
Total OPEB liability as a percentage of covered-employee payroll	227.72%	238.50%	206.66%	243.95%	256.03%	219.93%	188.06%

Note to Schedule:

The Library adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.

The discount rate was increased from 2.16% to 3.54% for the June 30, 2022 measurement date.

The discount rate was increased from 3.54% to 3.56% for the June 30, 2023 measurement date.

The discount rate was increased from 3.56% to 3.97% for the June 30, 2024 measurement date.

YORK COUNTY LIBRARY, SOUTH CAROLINA

*Required Supplementary Information - Schedule of the York County Library's Proportionate Share of the Net Pension Liability - South Carolina Retirement System
Last Ten Fiscal Years*

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability	0.030909%	0.029968%	0.029888%	0.030417%	0.031097%	0.031111%	0.030381%	0.030033%	0.030079%	0.029346%
Library's proportionate share of the net pension liability	\$ 7,473,117	\$ 7,264,860	\$ 6,468,126	\$ 7,772,031	\$ 7,100,786	\$ 6,970,872	\$ 6,839,252	\$ 6,415,004	\$ 5,704,627	\$ 5,052,408
Library's covered payroll	\$ 4,111,919	\$ 3,907,975	\$ 3,568,472	\$ 3,467,553	\$ 3,393,407	\$ 3,283,781	\$ 3,185,993	\$ 3,065,364	\$ 2,908,616	\$ 2,820,249
Library's proportionate share of the net pension liability as a percentage of its covered payroll	181.74%	185.90%	181.26%	224.14%	209.25%	212.28%	214.67%	209.27%	196.13%	179.15%
Plan fiduciary net position as a percentage of the total pension liability	58.60%	57.10%	60.70%	50.70%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

Note to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The discount rate was lowered from 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2022 measurement date.

YORK COUNTY LIBRARY, SOUTH CAROLINA

Required Supplementary Information - Schedule of the York County Library's Contributions - South Carolina Retirement System

Last Ten Fiscal Years

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 763,172	\$ 686,240	\$ 590,939	\$ 525,703	\$ 528,014	\$ 478,119	\$ 432,021	\$ 354,356	\$ 321,693	\$ 307,407
Contributions in relation to the contractually required contribution:										
Contributions from the Library	733,506	656,574	561,273	496,037	498,348	448,453	402,355	354,356	321,693	307,407
Contributions from the State	29,666	29,666	29,666	29,666	29,666	29,666	29,666	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered payroll	\$ 4,111,919	\$ 3,907,975	\$ 3,568,472	\$ 3,467,553	\$ 3,393,407	\$ 3,283,781	\$ 3,185,993	\$ 3,065,364	\$ 2,908,616	\$ 2,820,249
Contributions as a percentage of covered payroll:	18.56%	17.56%	16.56%	15.16%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

Compliance Section

York County Library, South Carolina**Schedule of Findings and Questioned Costs****June 30, 2024**

I. Summary of Auditor's Results**Financial Statements**

(a.) Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

(b.) Internal control over financial reporting:

1) Material weakness(es) identified: No

2) Significant deficiency(ies) identified: No

(c.) Noncompliance material to financial statements noted: No

II. Financial Statement Findings None noted

III. Findings and Questioned Costs for Federal Award None noted

IV. Summary Schedule of Prior Year Findings None noted