

**BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

**Financial Statements Together with  
Reports of Independent Public Accountants**

**For the Year Ended June 30, 2025**

# **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

## **Financial Statements Together with Reports of Independent Public Accountants**

**JUNE 30, 2025**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Board of Library Trustees for Charles County  
La Plata, Maryland

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

#### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of the Board of Library Trustees for Charles County (the Library), a component unit of the County Commissioners of Charles County, Maryland, 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 present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of the Library, 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 *Government 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. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

The Library's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, 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 controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as individually listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The statement of revenues and expenditures – general fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The statement of revenues and expenditures – general fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying statement of revenues and expenditures – general fund is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have issued our report dated November 21, 2025 on our consideration of the Library's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal controls over financial reporting and compliance.

Owings Mills, Maryland  
November 21, 2025

## **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

### **Management's Discussion and Analysis**

**As of June 30, 2025**

The mission of the Board of Library Trustees for Charles County (the Library) is to create opportunities for the community to engage, discover, and learn. Our vision is to be the trusted source for connecting everyone to endless possibilities.

The Library is governed by a seven-member Board of Trustees who are appointed by the County Commissioners. The Board is responsible for the administrative policy making in areas such as budget, personnel and as stated by state law and local ordinances. A trustee serves for a term of four years and may be reappointed by the Charles County Commissioners for a second term but may not serve more than two consecutive terms. This year, four new members were appointed to the Board.

The Charles County Public Library (CCPL) acts as a vital community hub, offering diverse services across the county. The library network includes four physical branches: one in La Plata, one in Indian Head, and two in Waldorf. Additionally, the library operates a branch within the Charles County Detention Center and a 24-hour library kiosk at the Nanjemoy Community Center.

CCPL extends its reach directly into the community with a fleet of outreach vehicles. This includes the Mobile Library truck, the Discovery Lab technology-focused sprinter van, and a smaller Outreach Van. Crucially, each of these vehicles functions as a "Wi-Fi hotspot," providing free Internet access throughout the community. While physical locations are open Monday through Saturday, the library is available 24 hours a day, 7 days a week through our virtual branch at [www.ccplonline.org](http://www.ccplonline.org).

CCPL wishes to express its profound gratitude to the Charles County Commissioners for their essential budgetary support, the Board of Trustees for their invaluable oversight, the Citizens for Charles County Public Library, Inc. for their financial and volunteer support, and the generous assistance from community partners and the Maryland State Library Agency. Finally, recognition must be given to the hard-working staff whose unwavering commitment to quality customer service is the foundation of the library's success.

# **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

## **Management's Discussion and Analysis As of June 30, 2025**

### **Overview of the Financial Statements**

This annual report consists of several sections: the report of independent public accountants, management's discussions and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information.

The basic financial statements include two kinds of statements that present different views of the Library:

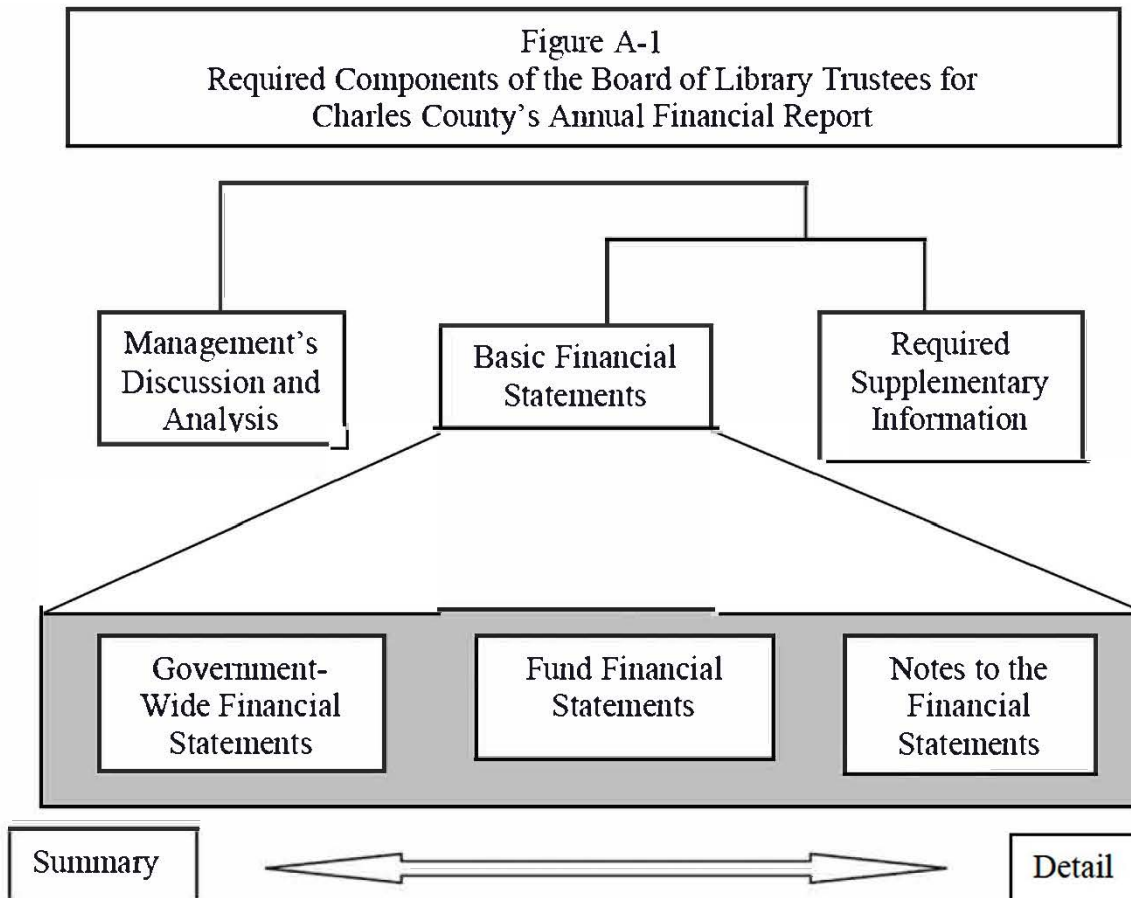
- The first two statements are government-wide statements that provide both long-term and short-term information about the Library's overall financial status.
- The remaining statements are fund financial statements. The governmental funds statements tell how general governmental services of the Library were financed in the short-term as well as what remains for future spending, and are in greater detail than the government-wide statements.

The financial statements also include notes that help explain and provide more detailed data about some of the information in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to each other.

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Management's Discussion and Analysis

As of June 30, 2025



# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Management's Discussion and Analysis As of June 30, 2025

| Figure A-2                                                                                                                 |                                                                                        |                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Major Features of the Board of Library Trustees for Charles County, Maryland Government-Wide and Fund Financial Statements |                                                                                        |                                                                                                                                                         |
|                                                                                                                            | Government-Wide Statements                                                             | Fund Statement                                                                                                                                          |
|                                                                                                                            |                                                                                        | Governmental Funds                                                                                                                                      |
| Scope                                                                                                                      | Entire Library government                                                              | The activities of the Library that are not proprietary or fiduciary                                                                                     |
| Required Financial Statements                                                                                              | Statement of Net Position and Statement of Activities                                  | Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance                                                                      |
| Accounting basis and measurement focus                                                                                     | Accrual accounting and economic resources focus                                        | Modified accrual accounting and current financial resources focus                                                                                       |
| Type of asset/liability information                                                                                        | All assets and liabilities both financial and capital, and short-term and long-term    | Only assets expected to be used up and liabilities 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 |

## **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

### **Management's Discussion and Analysis**

**As of June 30, 2025**

Figure A-2 summarizes the major features of the Library's financial statements, including the portion of the Library's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

#### Government-Wide Statements

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Library's net position and how they have changed. Net position (the difference between the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources) is one way to measure the Library's financial health or position.

- Over time, increases or decreases in the Library's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the Library's overall health, one needs to consider additional non-financial factors, such as changes to the county's property tax base and the condition of the Library's buildings and facilities.

#### Fund Financial Statements

The fund financial statements provide more detailed information about the Library's general fund – not the Library as a whole. The Library has only one governmental fund, the general fund, which includes all the services the Library offers.

- Governmental funds – All of the Library's basic services are included in a governmental fund, which focuses on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information to reconcile the differences between them.

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Management's Discussion and Analysis

As of June 30, 2025

#### Financial Analysis of the Library

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, assets and deferred outflows exceeded liabilities and deferred inflows by \$660,285 at the close of the most recent fiscal year.

At the close of FY 2025, the largest portion of the Library's total assets was cash and investments (77%). The next largest portion of the Library's total assets was capital assets (21%). The Library uses these capital assets to provide services to the citizens. Consequently, these assets are not available for future spending. The Library does not hold any long-term debt other than accrued leave payable and its share of the net OPEB liability. Unrestricted net position may be used to meet the Library's ongoing obligations to the citizens and creditors.

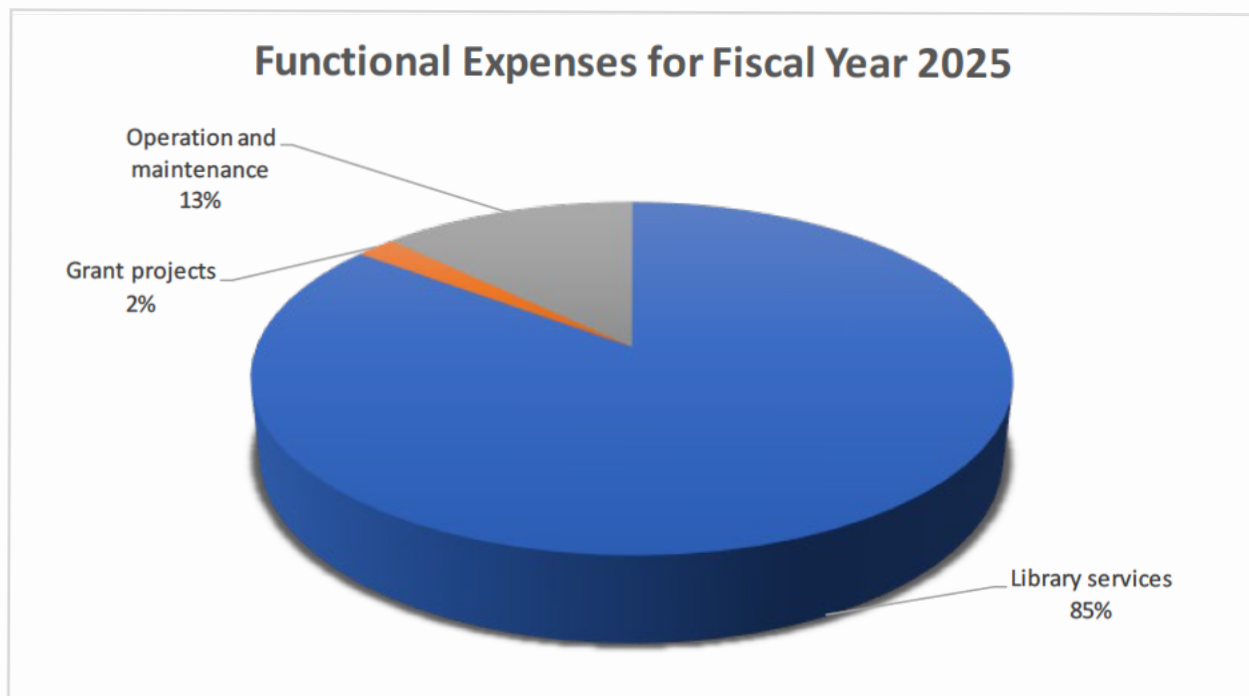
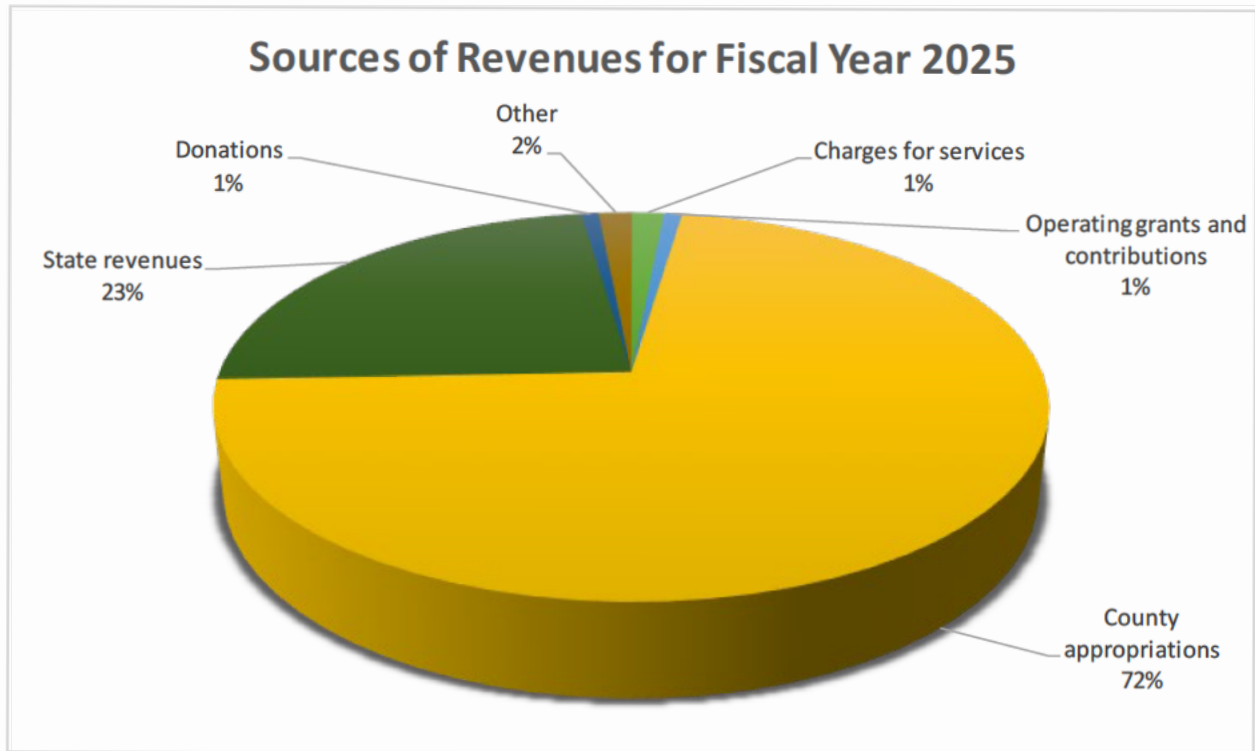
The Library's net position as of June 30, 2025 and 2024, was:

|                                  | <u>Governmental</u> |                     | <u>Percentage<br/>Change</u> |
|----------------------------------|---------------------|---------------------|------------------------------|
|                                  | <u>2025</u>         | <u>2024</u>         |                              |
| Current and other assets         | \$ 2,559,882        | \$ 2,245,865        | 13.98%                       |
| Capital assets                   | 680,900             | 466,312             | 46.02%                       |
| Total assets                     | <u>3,240,782</u>    | <u>2,712,177</u>    | 19.49%                       |
| Deferred outflows of resources   | <u>524,057</u>      | <u>124,930</u>      | 319.48%                      |
| Current liabilities              | 412,798             | 353,718             | 16.70%                       |
| Net OPEB liability               | <u>2,087,798</u>    | <u>1,018,379</u>    | 105.01%                      |
| Total liabilities                | <u>2,500,596</u>    | <u>1,372,097</u>    | 82.25%                       |
| Deferred inflows of resources    | <u>603,958</u>      | <u>1,638,552</u>    | -63.14%                      |
| Net position:                    |                     |                     |                              |
| Net investment in capital assets | 680,900             | 466,312             | 46.02%                       |
| Unrestricted (deficit)           | <u>(20,615)</u>     | <u>(639,854)</u>    | 96.78%                       |
| Total net position (deficit)     | <u>\$ 660,285</u>   | <u>\$ (173,542)</u> | 480.48%                      |

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Management's Discussion and Analysis

As of June 30, 2025



## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Management's Discussion and Analysis

As of June 30, 2025

Governmental activities increased the Library's net position by \$833,827 in FY 2025. The Library's revenues for the year ended June 30, 2025 totaled \$9,133,781; an increase from \$8,603,441 in FY 2024. County and state funding accounted for approximately 95% of the Library's revenues.

The total expenses for the year ended June 30, 2025 were \$8,299,954. The Library's expenses were predominantly related to providing Library services to the residents of Charles County (85%). This includes print and non-print materials.

The Library also provides and spends almost 13% of its costs on operating and maintaining its facilities.

The following statement shows how the changes in net position occurred.

| Summary of Changes in Net Position             |            |              |                   |
|------------------------------------------------|------------|--------------|-------------------|
|                                                | 2025       | 2024         | Percentage Change |
| Revenues:                                      |            |              |                   |
| Program revenues:                              |            |              |                   |
| Charges for services                           | \$ 134,580 | \$ 138,817   | -3.1%             |
| Operating grants and contributions             | 76,058     | 138,157      | -44.9%            |
| General revenues:                              |            |              |                   |
| County appropriations                          | 6,572,755  | 6,186,755    | 6.2%              |
| State revenues                                 | 2,138,517  | 1,980,400    | 8.0%              |
| Donations                                      | 72,211     | 33,564       | 115.1%            |
| Earnings on investments                        | 120,634    | 116,484      | 3.6%              |
| Miscellaneous                                  | 19,026     | 9,264        | 105.4%            |
| Total revenues                                 | 9,133,781  | 8,603,441    | 6.2%              |
| Expenses:                                      |            |              |                   |
| Library services                               | 7,066,329  | 6,450,242    | 9.6%              |
| Grant projects                                 | 165,466    | 149,013      | 11.0%             |
| Operation and maintenance                      | 1,068,159  | 1,061,869    | 0.6%              |
| Total expenses                                 | 8,299,954  | 7,661,124    | 8.3%              |
| Increase in net position                       | 833,827    | 942,317      | -11.5%            |
| Net position (deficit) as of beginning of year | (173,542)  | (1,115,859)  | 84.4%             |
| Net position (deficit) as of end of year       | \$ 660,285 | \$ (173,542) | 480.5%            |

## **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

### **Management's Discussion and Analysis**

**As of June 30, 2025**

#### **Budgetary Highlights**

The Library has enjoyed a steady increase in funding since FY 2016. In FY 2025, the Library enjoyed an increase in County funding of 5.9% and State funding of 8.0%. An increase in support from both the County and the State has allowed the Library to move forward with the goals set out in the 2024 - 2029 strategic plan.

#### **Capital Assets**

The Library's additions to capital assets in FY 2025 amounted to \$613,941.

Currently we have four locations: La Plata, P.D. Brown Memorial, Potomac, and Waldorf West. These first three locations have a combined service area of 36,300 square feet. The fourth branch, Waldorf West, opened in November 2012, increasing the total square footage to 67,300 square feet.

The 24-Hour Library Kiosk is the newest project from the Charles County Public Library. Now open and located at the Nanjemoy Community Center, the kiosk will not only serve as a satellite location in that part of the county by providing books for checkout. The kiosk itself will also provide Wi-Fi signal within a 100-yard radius of the machine, free of charge. The kiosk will allow patrons to check out items, return items, as well as place holds at other library locations and arrange for pick up at the kiosk...all from an easy-to-use touchscreen.

The Library maintains a Mobile Library vehicle with 17 feet of loading space, a wheelchair lift, a side awning for outdoor programming, two public computer stations and the capacity to hold 2,000 books. The Mobile Library is on the road 20 days of every month serving individuals and groups in all areas of Charles County.

The Discovery Lab, a Sprinter Van, is deployed to service our community with a primary focus on technology resources complemented with training and demonstrations. Computers, laptops, tablets, hotspots, gaming equipment, STEM/STEAM activities/games, 3D printer, 3D printer pens, charging station and camera equipment will be offered during Discovery Lab community visits.

According to the Maryland State Department of Budget and Management planning guidelines for public library systems, the universal recommended minimum floor space is one square foot library floor space per capita, with 0.6 square feet per capita being the state average. With an estimated population of 161,503, the Library's square footage is less than half of the universal minimum standard. The same document also provides guidelines for the minimum number of items for public libraries. For library systems with populations between 150,000 and 500,000, the minimum standard is three items per capita. As of June 30, 2025, we had approximately 191,089 physical items in service, which is 1.18 items per capita. The State's average is 2.9 items per capita.

## **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

### **Management's Discussion and Analysis**

**As of June 30, 2025**

Although per capita physical holdings are less than the state average, the Library participates with Calvert and St. Mary's Counties in the tri-county consortium of the Southern Maryland Regional Library Association, Inc., an integrated circulation system, delivery, and training are shared in the Southern Maryland area. Through a statewide cooperative borrowing agreement, our customers have access to over 400 libraries throughout the State that offer a wider variety of materials than would be possible as a totally separate and independent county library system. The Library also participates in the Overdrive Consortium, which gives our customers access to electronic books and audio books, increasing the number of resources available to them. The Maryland Library Association and the Maryland Library also provide a forum to share best practices for public library service.

### **Economic Factors and Next Year's Budget**

The Library Board of Trustees submitted a balanced budget to the Charles County Commissioners for FY2025 and received an increase in County funding of approximately 5.7%. Priorities for the coming year include the expansion of outreach efforts that include the purchase of hotspots and Chromebooks for circulation; providing every child from birth to age 5 in the community with free new books through the Imagination Library of Charles County; and construction of the new La Plata branch library. Management will continue to look at cost-saving measures, including the review of contracts, promotional and programming costs and staffing. Partnerships and grants will supplement the budget. The priority remains to provide the best services to the taxpayers of Charles County, Maryland with available funding.

### **Contacting the Library's Financial Management**

This financial report is designed to provide the Library system's citizens, taxpayers, and customers with a general overview of the Library system's finances and to demonstrate the Library system's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of the Charles County Public Library, 2 Garrett Avenue, La Plata, Maryland 20646.

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Statement of Net Position

As of June 30, 2025

|                                                           | Governmental<br>Activities |
|-----------------------------------------------------------|----------------------------|
| <b>ASSETS</b>                                             |                            |
| Cash and investments                                      | \$ 2,490,872               |
| Receivables                                               | 11,288                     |
| Prepaid expenses                                          | 57,722                     |
| Capital assets, net of depreciation                       | 680,900                    |
| <b>Total Assets</b>                                       | <u>3,240,782</u>           |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                     |                            |
| Deferred outflows related to OPEB                         | <u>524,057</u>             |
| <b>LIABILITIES</b>                                        |                            |
| Accounts payable and accrued salaries and fringe benefits | 153,008                    |
| Accrued compensated absences                              | 259,790                    |
| Long-term liabilities - Net OPEB liability                | 2,087,798                  |
| <b>Total Liabilities</b>                                  | <u>2,500,596</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                      |                            |
| Deferred inflows related to OPEB                          | <u>603,958</u>             |
| <b>NET POSITION</b>                                       |                            |
| Net investment in capital assets                          | 680,900                    |
| Unrestricted (deficit)                                    | (20,615)                   |
| <b>Total Net Position</b>                                 | <u><u>\$ 660,285</u></u>   |

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

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Statement of Activities

For the Year Ended June 30, 2025

| Functions/Programs               | Expenses            | Program Revenues        |                                          |                                        | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
|----------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------------|
|                                  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                                 |
| Governmental Activities:         |                     |                         |                                          |                                        |                                                            |
| Library services                 | \$ 7,066,329        | \$ 134,580              | \$ -                                     | \$ -                                   | \$ (6,931,749)                                             |
| Grant projects                   | 165,466             | -                       | 76,058                                   | -                                      | (89,408)                                                   |
| Operation and maintenance        | 1,068,159           | -                       | -                                        | -                                      | (1,068,159)                                                |
| Total Governmental Activities    | <u>\$ 8,299,954</u> | <u>\$ 134,580</u>       | <u>\$ 76,058</u>                         | <u>\$ -</u>                            | <u>(8,089,316)</u>                                         |
| General Revenues:                |                     |                         |                                          |                                        |                                                            |
| County appropriations            |                     |                         |                                          |                                        | 6,572,755                                                  |
| State of Maryland appropriations |                     |                         |                                          |                                        | 2,138,517                                                  |
| Donations                        |                     |                         |                                          |                                        | 72,211                                                     |
| Unrestricted investment earnings |                     |                         |                                          |                                        | 120,634                                                    |
| Miscellaneous                    |                     |                         |                                          |                                        | 19,026                                                     |
| Total General Revenues           |                     |                         |                                          |                                        | <u>8,923,143</u>                                           |
| <b>Change in Net Position</b>    |                     |                         |                                          |                                        | 833,827                                                    |
| Net position, beginning of year  |                     |                         |                                          |                                        | <u>(173,542)</u>                                           |
| <b>Net position, End of Year</b> |                     |                         |                                          |                                        | <u>\$ 660,285</u>                                          |

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

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Balance Sheet Governmental Fund As of June 30, 2025

|                                                           | <u>General Fund</u> |
|-----------------------------------------------------------|---------------------|
| <b>ASSETS</b>                                             |                     |
| Cash and investments                                      | \$ 2,490,872        |
| Accounts receivable                                       | 11,288              |
| Prepaid expenses                                          | 57,722              |
| <b>TOTAL ASSETS</b>                                       | <u>\$ 2,559,882</u> |
| <b>LIABILITIES</b>                                        |                     |
| Accounts payable and accrued salaries and fringe benefits | \$ 153,008          |
| <b>TOTAL LIABILITIES</b>                                  | <u>153,008</u>      |
| <b>FUND BALANCES</b>                                      |                     |
| Nonspendable                                              | 57,722              |
| Committed                                                 | 350,000             |
| Assigned                                                  | 171,717             |
| Unassigned                                                | 1,827,435           |
| <b>TOTAL FUND BALANCES</b>                                | <u>2,406,874</u>    |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>                | <u>\$ 2,559,882</u> |

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

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Reconciliation of Governmental Funds Balance Sheet With the Statement of Net Position As of June 30, 2025

|                                        |              |
|----------------------------------------|--------------|
| <b>Total Governmental Fund Balance</b> | \$ 2,406,874 |
|----------------------------------------|--------------|

|                                                                                                                                                                                                                                       |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. | 680,900 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

Some liabilities, including compensated absences and the OPEB liability, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

|                                               |                 |
|-----------------------------------------------|-----------------|
| Accrued compensated absences                  | (259,790)       |
| Net OPEB liability                            | (2,087,798)     |
| Deferred outflows and inflows related to OPEB | <u>(79,901)</u> |

|                                                |                          |
|------------------------------------------------|--------------------------|
| <b>Net Position of Governmental Activities</b> | <u><u>\$ 660,285</u></u> |
|------------------------------------------------|--------------------------|

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

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Statement of Revenues, Expenses and Changes in Fund Balance Governmental Fund For the Year Ended June 30, 2025

|                                        | <u>General Fund</u>        |
|----------------------------------------|----------------------------|
| <b>REVENUE</b>                         |                            |
| County appropriations                  | \$ 6,572,755               |
| State of Maryland appropriations       | 2,138,517                  |
| Operating grants and contributions     | 76,058                     |
| Donations                              | 72,211                     |
| Charges for services                   | 134,580                    |
| Investment earnings                    | 120,634                    |
| Miscellaneous                          | 19,026                     |
| <b>Total Revenues</b>                  | <u>9,133,781</u>           |
| <b>EXPENDITURES</b>                    |                            |
| Current:                               |                            |
| Library services                       | 7,621,092                  |
| Grants projects                        | 165,466                    |
| Operation and maintenance              | 1,068,159                  |
| <b>Total Expenditures</b>              | <u>8,854,717</u>           |
| <b>Change in fund balance</b>          | 279,064                    |
| <b>Fund balance, beginning of year</b> | <u>2,127,810</u>           |
| <b>Fund balance, End of Year</b>       | <u><u>\$ 2,406,874</u></u> |

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

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with the Statement of Activities For the Year Ended June 30, 2025

|                                                                                                                                                                                                                                                                                                                                                                                                                                                |                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>Net Change in Fund Balances - Total Governmental Fund</b>                                                                                                                                                                                                                                                                                                                                                                                   | <b>\$ 279,064</b>        |
| Governmental fund report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation of \$399,353 exceeded capital outlays of \$613,941 in the current period. | 214,588                  |
| Change in accrued compensated absences (vacations) not reflected in governmental funds.                                                                                                                                                                                                                                                                                                                                                        | (24,127)                 |
| Change in net OPEB liability and related inflows and outflows not reflected in governmental funds.                                                                                                                                                                                                                                                                                                                                             | <u>364,302</u>           |
| Change in net position of governmental activities                                                                                                                                                                                                                                                                                                                                                                                              | <u><u>\$ 833,827</u></u> |

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

# **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

## **Notes to the Financial Statements**

**June 30, 2025**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Library Trustees for Charles County, Maryland (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

The Library is a component unit of the County Commissioners of Charles County, Maryland (the County). The Library's financial statements are an integral part of the financial statements of the County. This conclusion has been reached based on the following criteria: (1) The County Commissioners are responsible for approving the Library's budget and establishing spending limitations; (2) The County Commissioners are responsible for levying taxes and collecting and distributing the funds to the Library; (3) The Library cannot issue bonded debt, but the County can and does issue bonds to finance Library operations; and (4) The County Commissioners are obligated to provide financial support to the Library. The accounting policies of the Library conform to GAAP applicable to State and local governments.

All amounts appearing in the component unit financial statements and the tabular presentations within the notes to the financial statements are stated in U.S. dollars.

The following is a summary of the more significant accounting policies of the Library:

#### **Reporting Entity**

The main criterion used in determining the entity for financial reporting purposes is whether the Library is financially accountable for any governmental department, agency, institution, commission, public authority, or other governmental organization. As part of that criterion, the following factors were considered:

- Financial benefit or burden
- Appoints a voting majority of the component unit board
- Designation of management
- Ability to impose its will
- Fiscally dependent

Based on these factors, no governmental organizations exist that should be included in these financial statements.

# **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

## **Notes to the Financial Statements**

**June 30, 2025**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Library.

The Statement of Activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to Library customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function.

Revenues and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements report information about the Library. Their focus is on major funds rather than reporting by fund type. The Library's major fund and only fund is the general fund.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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. Revenues are recognized in the year for which they are earned. 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 Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

The Library reports the following major governmental fund:

- General fund – The general fund is the Library's primary operating fund. It accounts for all financial resources of the Library.

# **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

## **Notes to the Financial Statements**

**June 30, 2025**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Amounts reported as program revenues include: 1) charges to Library customers for books, fines or fees, materials, supplies, or services provided; and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all other revenues. When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as needed.

#### **Budget**

A budget is prepared and approved by the Board of Trustees and the County. The budget, as presented, includes amendments.

#### **Compensated Absences**

The Library's annual leave policy limits the vacation time employees may accumulate. The policy states that staff members can only carry over a certain amount of accumulated leave based on their professional/nonprofessional status and years of employment. The Library may approve carryovers greater than the policies allow.

#### **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, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Library has two items that meet this criterion as of June 30, 2025: the net difference in actual and expected experience in OPEB plan activity and the net difference between projected and actual earnings on OPEB plan investments.

#### **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 represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Library has two items that meet this criterion at June 30, 2025: changes in actuarial assumptions for the OPEB plan, and the net difference in actual and expected experience in OPEB plan activity.

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Notes to the Financial Statements

June 30, 2025

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Deposits and Investments

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Maryland Local Government Investment Pool (MLGIP).

Investments are reported at fair value. Changes in the fair value of investments are recorded as investment income. The MLGIP's reported value is basically the same as the fair value of the Fund's shares.

#### Capital Assets

Capital assets, which include leasehold improvements, vehicles, and furniture and equipment, are reported in the government-wide financial statements. The Library defines capital assets as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

| Assets                          | Years |
|---------------------------------|-------|
| Leasehold improvements          | 15-39 |
| Furniture and equipment         | 7     |
| Vehicles                        | 5     |
| Computer equipment              | 5     |
| Books and audiovisual materials | 3     |

#### Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable Statement of Net Position. The Library's long-term liabilities include vacation payable and net other postemployment benefits obligation.

#### Equity Classifications

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned, and unassigned. Classifications of fund balance are subject to change. In the government-wide financial statements, equity is classified as net position and displayed in three components: net investment in capital assets, restricted, and unrestricted.

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Notes to the Financial Statements

June 30, 2025

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### New Governmental Accounting Board Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2025, that have effective dates that may impact future financial presentations. Management will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

Statement No. 101, Compensated Absences: The requirements of this Statement took effect for financial statements with the fiscal year beginning after December 15, 2023, and all reporting periods thereafter. The Library implemented this standard during the year ended June 30, 2025 and it did not have a material impact on the financial statements.

Statement No. 102, Certain Risk Disclosures: The requirements of this Statement took effect for financial statements starting with the fiscal year beginning after June 15, 2024. The Library implemented this standard during the year ended June 30, 2025 and it did not have a material impact on the financial statements.

Statement No. 103, Financial Reporting Model: The requirements of this Statement will 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 periods beginning after June 15, 2025 (FY 2026). The Library will be evaluating the effect of implementation of this Statement.

Statement No. 104, Disclosure of Certain Capital Assets: The requirements of this Statement will take effect for financial statements starting with the fiscal year beginning after June 15, 2025 (FY2026). The Library will be analyzing the effects of this pronouncement and plans to adopt it, as applicable, by its effective date.

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Notes to the Financial Statements

June 30, 2025

#### 2. CASH AND INVESTMENTS

The investment policy of the Library is required to comply with the investment policy of the County Government. This policy authorizes the Library to invest in short-term United States Government Securities, repurchase agreements, the Local Government Investment Pool, and certificates of deposit.

##### Deposits

At the end of FY 2025, the carrying amount of the Library's deposits was \$176,770 and the bank balance was \$341,303. The bank balance was covered by federal depository insurance, up to statutory limits, and collateralized by securities held by the pledging financial institution for the excess. The amount of cash on hand was \$1,712.

##### Investments

The Library's investments are pooled in the MLGIP, a money market fund. These funds are part of collateralized investment pools.

The MLGIP, under the administrative control of the State Treasurer, has been managed by a single Baltimore-based financial institution, PNC Investments. An MLGIP Advisory Committee of current participants was formed to review, on a quarterly basis, the activities of the Fund and to provide suggestions to enhance the MLGIP. Current participants include cities and towns, counties, Boards of Education, community colleges, libraries, Registers of Wills, and volunteer fire companies. As of June 30, 2025, the fair value of the Library's position in the Pool is equal to its number of pool shares.

Below reconciles the cash and investments from the statement of net position to the footnotes.

| <u>Governmental Funds</u>                       | <u>Carrying<br/>Amount</u> | <u>Bank<br/>Balance</u> |
|-------------------------------------------------|----------------------------|-------------------------|
| Cash on hand / uninsured deposits               | \$ 1,712                   | \$ 91,303               |
| Deposits:                                       |                            |                         |
| Insured - Federal Deposit Insurance Corporation | 176,770                    | 250,000                 |
| Investments:                                    |                            |                         |
| Local government investment pool                | 2,312,390                  | 2,312,390               |
| Total cash and investments                      | <u>\$ 2,490,872</u>        | <u>\$ 2,653,693</u>     |

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Notes to the Financial Statements

June 30, 2025

#### 2. CASH AND INVESTMENTS (continued)

##### Credit Risk

The Maryland Local Government Investment Pool is duly chartered, administered and subject to regulatory oversight by the State of Maryland. This Pool is managed in a “Rule 2(a)-7 like” manner and has a Standard and Poor’s rating of “AAAm”.

##### Interest Rate Risk

The Library limits its interest rate risk by primarily investing in securities with maturity dates under one year.

#### 3. CAPITAL ASSETS

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

|                                   | Beginning<br>Balance | Increases         | Decreases    | Ending<br>Balance |
|-----------------------------------|----------------------|-------------------|--------------|-------------------|
| <b>Government Activities</b>      |                      |                   |              |                   |
| Capital assets being depreciated: |                      |                   |              |                   |
| Furniture and equipment           | \$ 2,859,914         | \$ 497,906        | \$ 2,061,998 | \$ 1,295,822      |
| Library books and AV material     | 2,468,084            | 116,035           | 961,135      | 1,622,984         |
| Total capital assets              | 5,327,998            | 613,941           | 3,023,133    | 2,918,806         |
| Less: Accumulated depreciation    | 4,861,686            | 399,353           | 3,023,133    | 2,237,906         |
| <b>Total Capital Assets, Net</b>  | <u>\$ 466,312</u>    | <u>\$ 214,588</u> | <u>\$ -</u>  | <u>\$ 680,900</u> |

The Library Service function recorded accumulated depreciation for the year ended June 30, 2025 of \$399,353.

#### 4. FUND BALANCE

The Board of Library Trustees must approve a motion in order to establish a fund balance commitment. The Library first considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. When unrestricted amounts are considered to have been spent, the Library considers committed amounts first, then assigned, and finally unassigned when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

Fund balance classified as nonspendable includes assets to be used in the subsequent year for prepaids. Fund balance classified as assigned includes assets set aside for encumbrances and as designated by the Trustees, reduced by the excess of fund balance components over total fund balance. In May 2025, the Board approved \$350,000.00 to be held as committed funds toward the new La Plata Library.

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Notes to the Financial Statements

June 30, 2025

#### 5. COMPENSATED ABSENCES

Accumulated unpaid annual leave of Library employees is recorded as a liability and amounted to \$259,790 as of June 30, 2025.

The following is an analysis of the change in annual leave payable as of June 30, 2025:

|                       | Beginning<br>Balance | Increase  | Decrease | Ending<br>Balance | Due within<br>One Year |
|-----------------------|----------------------|-----------|----------|-------------------|------------------------|
| Accrued leave payable | \$ 235,663           | \$ 24,127 | \$ -     | \$ 259,790        | \$ 259,790             |

#### 6. RETIREMENT AND PENSION PLAN

##### Description

All qualified career employees of the Library are required to join the Maryland State Teachers' Pension or the Maryland State Employees' Pension Plan. Some employees hired before January 1, 1980 have retained membership in the Maryland State Teachers' or Employees' Retirement Systems. The plans have provisions for early retirement, death and disability benefits and are agent multiple-employer plans administered by the Board of Trustees of the Maryland State Retirement and Pension System (the System). The System was established and benefits are provided by the State Personnel and Pensions Article of the Annotated Code of Maryland. The separately issued financial statements of the System may be obtained by writing to the Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-1600 or calling (800) 492-5909.

##### Maryland State Pension System

The Maryland State Pension System (the Pension System) is a retirement program for employees hired after January 1, 1980 and prior employees who elected to transfer from the Retirement System. The Pension System provides retirement, death, and disability benefits in accordance with State statutes. A member terminating employment before attaining retirement age but after five years of service becomes eligible for a vested retirement allowance provided the member does not withdraw his or her accumulated contributions. Members of the Pension Systems may retire with full benefits after attaining the age of 60 with five years of service, or after completing 30 years of service regardless of age.

## **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

### **Notes to the Financial Statements June 30, 2025**

#### **6. RETIREMENT AND PENSION PLAN (continued)**

##### **Maryland State Pension System (continued)**

A member of the Pension System enrolled prior to July 1, 2011 will generally receive, upon retirement, an annual service retirement allowance equal to 1.2% of the members' highest three-consecutive year average final salary multiplied by the number of years of service credit on or before June 30, 1998, plus 1.8% of the highest three-consecutive year average final salary multiplied by the number of years of service credit after June 30, 1998. The annual benefit for a Pension System member who is employed by a participating governmental unit that does not provide enhanced pension benefits is equal to 0.8% of the member's highest three-consecutive year average final salary multiplied by the number of years of service credit, with a provision for additional benefits for compensation earned in excess of the Social Security Integration Level base. A member of either type of pension system enrolled prior to July 1, 2011 may retire with reduced benefits after attaining age 55 and completing 15 years of service.

For new Pension System members hired on or after July 1, 2011, benefit reforms enacted during the 2011 Legislative Session established the pension benefit multiplier at 1.5% rather than 1.8%, calculated average final compensation based on the five highest consecutive years of service rather than the three highest, and allowed vesting after ten years of eligible service rather than five years.

The Maryland State Retirement System (the Retirement System) is a retirement program for substantially all state employees who are not members of the State Pension System. Members of the Retirement System may retire with full benefits after attaining the age of 60, or completing 30 years of service credit, regardless of age. The annual benefit for Retirement System members is equal to 1/55th (1.81%) of the member's highest three-year average final salary multiplied by the number of years of service credit. A member may retire with reduced benefits after completing 25 years of service, regardless of age. A member enrolled prior to July 1, 2011 may retire with reduced benefits after attaining age 55 and completing 15 years of service.

##### **Funding Policy**

The State Personnel and Pensions Article requires both active members and their respective employers to make contributions to the System. Rates for required contributions by active members are established by law. Members of the Teachers' and Employees' Retirement Systems are required to contribute 7% or 5% of compensation, depending on the retirement option selected.

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Notes to the Financial Statements

June 30, 2025

### 6. RETIREMENT AND PENSION PLAN (continued)

#### Funding Policy (continued)

Contribution rates for employer and other “non-employer” contributing entities are established by annual actuarial valuations using the Individual Entry Age Normal Cost method with projection and other actuarial assumptions adopted by the Board of Trustees. These contribution rates have been established as the rates necessary to fully fund normal costs and amortize the unfunded actuarial accrued liability.

The unfunded actuarial accrued liability (UAAL) is being amortized in distinct layers. The UAAL, which existed as of the June 30, 2000 actuarial valuation, was being amortized over a 40-year period (as provided by law) from July 1, 1980 and as provided by law, any new unfunded liabilities or surpluses arising during the fiscal year ended June 30, 2001, or any fiscal year thereafter, will be amortized over a 25-year period from the end of the fiscal year in which the liability or surplus arose. However, in the 2014 legislative session, the Legislature changed the method used to fund the System. The unfunded liability as of June 30, 2014 for each System is being amortized over a single closed 25-year period.

The State makes 100% of the Library’s annual required contributions on behalf of the Library. The State contribution on behalf of the Library for the year ended June 30, 2025 was \$726,201. The State’s contribution amount has been included as both a revenue and expenditure in the general fund.

Assets are valued for funding purposes by recognizing investment gains and losses over a five-year period. Each year’s investment gain or loss is amortized on a straight-line basis over five years. The final actuarial value is limited to not more than 120% nor less than 80% of the market value of assets.

#### Actuarial Assumptions

Actuarial Methods and Assumptions: The total pension liability of the SRPS in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                                                                                                                                                                                  |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation                 | 2.25% general, 3.00% wage                                                                                                                                                                        |
| Salary increases          | 3.00% to 22.50%, including wage inflation                                                                                                                                                        |
| Investment rate of return | 6.80%                                                                                                                                                                                            |
| Mortality                 | Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality Improvements scale for males and females. |

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Notes to the Financial Statements

June 30, 2025

### 7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### Plan Description

In addition to providing the pension benefits described in Note 6, the Library provides postemployment medical, dental and vision insurance benefits (OPEB Plan) to employees, former employees, or beneficiaries who meet retirement eligibility requirements of the pension plans. Effective July 1, 1999, the Library became part of the Charles County Government's benefit program. This program provides employees retiring on or after July 1, 1999 postemployment healthcare benefits. The County pays the current costs of the retiree benefits. The plan was closed to new hires after December 31, 2016. The OPEB Plan provides health, prescription, dental and vision care insurance benefits to eligible retirees, eligible retirees' family members and the family members of deceased employees as a single-employer plan. Eligible persons include employees with a minimum of five years of eligible Library service entering an immediate retirement, family members of retirees and family members of deceased employees. The OPEB Plan pays a percentage of premiums based on number of years of service. The percentages for employees range from 10.0% with 5 years of service to 66.67% with 20 years of service. There is no statutory or contractual requirement to provide these benefits, and they may be changed or modified by the County's Board of Commissioners.

The County's OPEB Plan is administered through the single-employer OPEB Trust of Charles County, Maryland as an irrevocable trust. Assets of the trust are dedicated to providing postretirement health, prescription, dental and vision coverage to current and eligible future retirees. The Trust's financial statements are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized when due and payable. The Trust does not issue a stand-alone financial report but is included in the Annual Comprehensive Financial Report (ACFR) of the County.

Membership of the OPEB Plan enrolled in coverage as of June 30, 2025 consisted of:

|                                                         |           |
|---------------------------------------------------------|-----------|
| Retirees and beneficiaries currently receiving benefits | 23        |
| Active employees                                        | 46        |
| Total                                                   | <u>69</u> |

The Board of County Commissioners determines how much is contributed to the OPEB Trust as part of the budget process each year. The County contributed \$13,757,844 to the OPEB Trust in FY 2025.

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Notes to the Financial Statements

June 30, 2025

#### 7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

##### Net OPEB Liability

As of June 30, 2025, the Library reported a liability of \$2,087,799 of the total County liability of \$138,353,487. As of June 30, 2025, the Library's proportionate share of the net OPEB liability was 1.51%, compared to 0.97% in the previous year.

The total OPEB liability was determined by an actuarial valuation as of November 1, 2022 with data rolled forward to June 30, 2025. In the actuarial valuation dated July 1, 2024, the liabilities were computed using the Projected Unit Credit method, with linear pro-rata to assumed benefit commencement.

The discount rate used to measure the total OPEB liability was 7.25%.

The following table presents the Library's share of Total and Net OPEB liability, along with the Total and Net OPEB liability if it is calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher.

|                                                         | <b>1% Decrease<br/>2.87%</b> | <b>Current Trend Rate<br/>3.87%</b> | <b>1% Increase<br/>4.87%</b> |
|---------------------------------------------------------|------------------------------|-------------------------------------|------------------------------|
| Library's proportionate share of the net OPEB liability | <u>\$ 1,665,981</u>          | <u>\$ 2,087,799</u>                 | <u>\$ 2,699,910</u>          |

The following table presents the Library's share of Total and Net OPEB liability, along with the Total and Net OPEB liability if it is calculated using a discount rate that is 1 percentage point lower or 1 percent point higher than the 7.25% discount rate.

|                                                         | <b>1% Decrease<br/>6.25%</b> | <b>Discount Rate<br/>7.25%</b> | <b>1% Increase<br/>8.25%</b> |
|---------------------------------------------------------|------------------------------|--------------------------------|------------------------------|
| Library's proportionate share of the net OPEB liability | <u>\$ 2,643,743</u>          | <u>\$ 2,087,799</u>            | <u>\$ 1,703,855</u>          |

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Notes to the Financial Statements

June 30, 2025

#### 7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

##### Net OPEB Liability (continued)

As of June 30, 2025, the Library's share of deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

|                                                                    | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Changes in assumptions                                             | \$ 164,296                           | \$ 61,280                           |
| Net difference between projected and actual<br>investment earnings | -                                    | 44,153                              |
| Difference between actual and expected experience                  | 359,761                              | 133,182                             |
| Change in proportionate share                                      | -                                    | 365,343                             |
| Total                                                              | <u>\$ 524,057</u>                    | <u>\$ 603,958</u>                   |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in expense as follows:

| Years Ending June 30, | Amortized Amount          |
|-----------------------|---------------------------|
| 2026                  | \$ (20,786)               |
| 2027                  | (20,043)                  |
| 2028                  | (17,670)                  |
| 2029                  | (21,402)                  |
| <b>Total</b>          | <u><u>\$ (79,901)</u></u> |

#### 8. CONTINGENCIES

##### Grant Audit

The Library receives Federal funds which are passed through the State of Maryland to the Library for specific purposes. The grants are subject to review and audit by the Federal agencies and the Maryland State Department of Education. Such audits could result in a request for reimbursement by the State for expenditures disallowed under the terms and conditions of the granting agency. In the opinion of the Library's management, such disallowances, if any, will not be significant.

## **BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY**

### **Notes to the Financial Statements**

**June 30, 2025**

#### **8. CONTINGENCIES (continued)**

##### **Litigation and Other Matters**

The Library has been a defendant in litigation and other legal matters from time to time. There are currently no legal matters pending and all previous claims against the Library have been settled with no adverse effect on the Library's financial position.

##### **Support**

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

#### **9. RISK MANAGEMENT**

The Library is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance for workers' compensation, property, liability, extra expense, crime, automobile, and computer floater coverage. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **10. APPROPRIATIONS**

The Charles County Commissioners pay the Library's share of the health care benefits directly to the health care providers. The amount paid on the Library's behalf for the year ended June 30, 2025 is \$613,700 for both active and retired employees.

The Charles County Commissioners also pay an amount for utilities for the Library. The amount is recorded as revenue and expenditure for the Library. The amount paid on behalf of the Library for the year ended June 30, 2025 is \$174,400.

An amount of revenue and expenditure has been recognized annually for the estimated value of contributed facilities. The County owns and leases the Library facilities to the Library. The estimated fair rental value of these facilities is \$852,555, which is reported as rent expense in the Statement of Revenues, Expenditures, and Changes in Fund Balance.

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Notes to the Financial Statements June 30, 2025

### 10. APPROPRIATIONS (continued)

Below is a summary of appropriations from the County:

|                        |                            |
|------------------------|----------------------------|
| Annual appropriations  | \$ 4,932,100               |
| Health care benefits   | 613,700                    |
| Utilities              | 174,400                    |
|                        | <hr/>                      |
|                        | 5,720,200                  |
| Contributed facilities | 852,555                    |
|                        | <hr/>                      |
| County appropriation   | <u><u>\$ 6,572,755</u></u> |

## **REQUIRED SUPPLEMENTARY INFORMATION**

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual General Fund For the Year Ended June 30, 2025

|                                     | Budgeted Amounts |              | Actual Amounts  | Variance with<br>Final Budget -<br>Favorable<br>(Unfavorable) |
|-------------------------------------|------------------|--------------|-----------------|---------------------------------------------------------------|
|                                     | Original         | Final        | Budgetary Basis |                                                               |
| <b>REVENUES:</b>                    |                  |              |                 |                                                               |
| State of Maryland                   | \$ 1,412,316     | \$ 1,412,316 | \$ 1,412,316    | \$ -                                                          |
| County appropriations               | 5,720,200        | 5,720,200    | 5,720,200       | -                                                             |
| Operating grants and contributions  | 31,700           | 31,700       | 76,058          | 44,358                                                        |
| Donations                           | 40,000           | 40,000       | 72,211          | 32,211                                                        |
| Charges for services                | 122,000          | 122,000      | 134,580         | 12,580                                                        |
| Investment earnings                 | 15,000           | 15,000       | 120,634         | 105,634                                                       |
| Miscellaneous                       | -                | -            | 19,026          | 19,026                                                        |
| Transfer from prior years' reserves | 11,415           | 11,415       | -               | (11,415)                                                      |
|                                     |                  |              |                 |                                                               |
| Total revenues                      | 7,352,631        | 7,352,631    | 7,555,025       | 202,394                                                       |
| <b>EXPENDITURES:</b>                |                  |              |                 |                                                               |
| Salaries and wages                  | 5,111,551        | 5,111,551    | 4,940,682       | 170,869                                                       |
| Employee health insurance benefits  | 613,700          | 613,700      | 613,700         | -                                                             |
| Payroll taxes                       | 319,480          | 319,480      | 347,187         | (27,707)                                                      |
| Audiovisual                         | 25,000           | 25,000       | 21,785          | 3,215                                                         |
| Books                               | 200,000          | 200,000      | 193,471         | 6,529                                                         |
| Books - continuation                | 5,000            | 5,000        | 4,377           | 623                                                           |
| Continuing education                | 5,000            | 5,000        | -               | 5,000                                                         |
| Contracted services                 | 63,000           | 63,000       | 76,296          | (13,296)                                                      |
| Computer automation                 | 65,000           | 65,000       | 56,642          | 8,358                                                         |
| Development department              | 28,000           | 28,000       | 11,957          | 16,043                                                        |
| Digital collections                 | 95,000           | 95,000       | 97,007          | (2,007)                                                       |
| Supplies                            | 20,000           | 20,000       | 18,397          | 1,603                                                         |
| Dues and membership                 | 52,000           | 52,000       | 56,185          | (4,185)                                                       |
| Capital outlay                      | 82,000           | 82,000       | 97,734          | (15,734)                                                      |
| Repairs and maintenance             | 7,000            | 7,000        | -               | 7,000                                                         |
| Leasing                             | 30,000           | 30,000       | 23,642          | 6,358                                                         |
| Periodicals                         | 5,500            | 5,500        | 3,527           | 1,973                                                         |
| Promotion and advertising           | 45,000           | 45,000       | 37,544          | 7,456                                                         |

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual General Fund (continued) For the Year Ended June 30, 2025

|                                                       | Budgeted Amounts |           | Actual Amounts  | Final Budget -             |
|-------------------------------------------------------|------------------|-----------|-----------------|----------------------------|
|                                                       | Original         | Final     | Budgetary Basis | Favorable<br>(Unfavorable) |
| Insurance                                             | \$ 70,000        | \$ 70,000 | \$ 52,307       | \$ 17,693                  |
| Employee benefits                                     | 6,400            | 6,400     | 3,608           | 2,792                      |
| Bank charges                                          | 7,500            | 7,500     | 8,472           | (972)                      |
| Telephone                                             | 70,000           | 70,000    | 68,566          | 1,434                      |
| Postage                                               | 2,500            | 2,500     | 2,321           | 179                        |
| Miscellaneous                                         | 500              | 500       | 8,313           | (7,813)                    |
| Staff development and training                        | 45,000           | 45,000    | 39,235          | 5,765                      |
| Travel                                                | 5,000            | 5,000     | 3,647           | 1,353                      |
| Trash                                                 | 5,800            | 5,800     | -               | 5,800                      |
| Programs                                              | 25,000           | 25,000    | 52,231          | (27,231)                   |
| Processing materials                                  | 2,000            | 2,000     | 1,557           | 443                        |
| Grant - Staff Development                             | 16,700           | 16,700    | 19,351          | (2,651)                    |
| Grant - SMRLA Continuing Ed. Grant                    | 15,000           | 15,000    | 11,981          | 3,019                      |
| Grant - Dolly Parton Imagination Library              | 55,000           | 55,000    | 60,824          | (5,824)                    |
| Grant - Savannah Orange Boy                           | -                | -         | 191             | (191)                      |
| Grant - Others                                        | -                | -         | 73,119          | (73,119)                   |
| Hotspot Purchases and Replacement                     | 15,600           | 15,600    | 37,358          | (21,758)                   |
| Human resources                                       | 23,000           | 23,000    | 17,143          | 5,857                      |
| Heat/light/power                                      | 174,400          | 174,400   | 174,400         | -                          |
| Maintenance agreements                                | 41,000           | 41,000    | 41,204          | (204)                      |
| Total expenditures                                    | 7,352,631        | 7,352,631 | 7,275,961       | 76,670                     |
| Efficiency/(Deficiency) of revenues over expenditures | \$ -             | \$ -      | \$ 279,064      | \$ 279,064                 |

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual General Fund (continued) For the Year Ended June 30, 2025

#### Budgetary Basis of Accounting

While the Library reports financial position, changes in financial position, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a non-GAAP basis. The Statement of Revenues and Expenditures – Budget and Actual presented as Required Supplementary Information for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

|                                                                                                           |                            |
|-----------------------------------------------------------------------------------------------------------|----------------------------|
| Actual revenues (non-GAAP budgetary basis)                                                                | \$ 7,555,025               |
| Pension contribution by the State on behalf of the Library                                                | 726,201                    |
| Contributed facilities                                                                                    | <u>852,555</u>             |
| Total revenue as reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balance      | <u><u>\$ 9,133,781</u></u> |
| Actual expenditures (non-GAAP budgetary basis)                                                            | \$ 7,275,961               |
| Pension contribution by the State on behalf of the Library                                                | 726,201                    |
| Rent expense for contributed facilities                                                                   | <u>852,555</u>             |
| Total expenditures as reported on the Statement of<br>Revenues, Expenditures, and Changes in Fund Balance | <u><u>\$ 8,854,717</u></u> |

BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended June 30, 2025

|                                                                                                            | 2025                | 2024                | 2023                | 2022                | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                |
|------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Library's Proportion of the<br>MSRPS Net Pension Liability                                                 | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  |
| Library's proportionate share of the MSRPS<br>Net Pension Liability                                        | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| State's Proportionate Share of the MSRPS<br>Net Pension Liability Associated with the Library              | <u>\$ 7,295,646</u> | <u>\$ 5,626,867</u> | <u>\$ 4,937,760</u> | <u>\$ 3,515,635</u> | <u>\$ 5,547,490</u> | <u>\$ 5,571,720</u> | <u>\$ 5,683,619</u> | <u>\$ 5,623,568</u> | <u>\$ 6,168,861</u> | <u>\$ 4,035,777</u> |
| Library's covered-employee payroll                                                                         | \$ 4,248,987        | \$ 4,004,280        | \$ 3,519,386        | \$ 3,519,386        | \$ 2,744,887        | \$ 3,448,638        | \$ 3,485,677        | \$ 3,238,549        | \$ 3,229,661        | \$ 2,596,468        |
| Fund's Proportionate Share of the Net Pension Liability<br>as a Percentage of its Covered-employee Payroll | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  |
| Plan Fiduciary Net Position as a Percentage of the<br>Total Pension Liability                              | 72.08%              | 73.81%              | 81.84%              | 81.84%              | 70.72%              | 72.34%              | 71.18%              | 69.38%              | 65.79%              | 68.78%              |

BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

Schedule of Proportionate Share of Net OPEB Liability  
For the Year Ended June 30, 2025

|                                                                                | 2025         | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         |
|--------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Library's Proportion of the Net OPEB Liability                                 | 1.51%        | 0.97%        | 1.07%        | 1.46%        | 1.32%        | 1.22%        | 1.26%        | 1.24%        | 1.23%        |
| Library's Proportionate Share of the Net OPEB Liability                        | \$ 2,087,799 | \$ 1,018,379 | \$ 1,152,337 | \$ 1,913,963 | \$ 1,611,367 | \$ 1,403,628 | \$ 1,469,323 | \$ 2,553,308 | \$ 2,548,245 |
| Covered-Employee Payroll*                                                      |              |              |              |              |              |              |              |              |              |
| Plan Fiduciary Net Position<br>as a Percentage of the Total Net OPEB Liability | 29.05%       | 28.37%       | 21.89%       | 13.96%       | 23.88%       | 14.16%       | 7.47%        | 3.33%        | 2.54%        |

\*Because the OPEB plan does not depend on salary, this data was not provided by the actuary.

## **OTHER SUPPLEMENTARY INFORMATION**

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Statement of Revenues and Expenditures

#### General Fund

For the Year Ended June 30, 2025

#### REVENUES:

State of Maryland:

|                      |              |
|----------------------|--------------|
| Appropriations       | \$ 1,412,316 |
| Pension contribution | 726,201      |
|                      | <hr/>        |
|                      | 2,138,517    |
|                      | <hr/>        |

Charles County:

|                        |           |
|------------------------|-----------|
| Appropriations         | 5,720,200 |
| Contributed facilities | 852,555   |
|                        | <hr/>     |
|                        | 6,572,755 |
|                        | <hr/>     |

Charges for services:

|                                      |         |
|--------------------------------------|---------|
| Fines, damages, and lost books       | 17,609  |
| Photocopy and fax income             | 55,885  |
| Passport processing fees             | 22,505  |
| Nanjemoy Library Kiosk Reimbursement | -       |
| Book sales                           | 2,265   |
| Sales - other                        | 36,316  |
|                                      | <hr/>   |
|                                      | 134,580 |
|                                      | <hr/>   |

|                                    |         |
|------------------------------------|---------|
| Investment earnings                | 120,634 |
| Donations                          | 72,211  |
| Operating grants and contributions | 76,058  |
| Miscellaneous                      | 19,026  |
|                                    | <hr/>   |

|                |           |
|----------------|-----------|
| Total revenues | <hr/>     |
|                | 9,133,781 |
|                | <hr/>     |

# BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

## Statement of Revenues and Expenditures

### General Fund (continued)

For the Year Ended June 30, 2025

#### EXPENDITURES:

##### Current

##### Library services:

|                                    |              |
|------------------------------------|--------------|
| Salaries                           | \$ 4,940,682 |
| Employee Unemployment Expense      | 2,352        |
| Employee health insurance benefits | 613,700      |
| Payroll taxes                      | 347,187      |
| Pension                            | 726,201      |
| Audiovisual                        | 21,785       |
| Books                              | 193,471      |
| Books - continuation               | 4,377        |
| Development Department Expense     | 11,957       |
| Contracted services                | 76,296       |
| Computer automation                | 56,642       |
| Digital collections                | 97,007       |
| Supplies                           | 18,397       |
| Dues and memberships               | 56,185       |
| Capital outlay                     | 97,734       |
| Leasing                            | 23,642       |
| Periodicals                        | 3,527        |
| Promotion and advertising          | 37,544       |
| Insurance                          | 52,307       |
| Employee benefits                  | 1,256        |
| Bank charges                       | 8,472        |
| Telephone                          | 68,566       |
| Postage                            | 2,321        |
| Miscellaneous                      | 8,313        |
| Staff development and training     | 39,235       |
| Travel                             | 3,647        |
| Hotspot Purchases and Replacement  | 37,358       |
| Human resources                    | 17,143       |
| Programs                           | 52,231       |
| Processing materials               | 1,557        |
|                                    | <hr/>        |
|                                    | 7,621,092    |

## BOARD OF LIBRARY TRUSTEES FOR CHARLES COUNTY

### Statement of Revenues and Expenditures

#### General Fund (continued)

For the Year Ended June 30, 2025

Grants projects:

|                                  |           |
|----------------------------------|-----------|
| Continuing education             | \$ 11,981 |
| Staff development                | 19,351    |
| Dolly Parton Imagination Library | 60,824    |
| Savannah Orange Boy              | 191       |
| Other grants/donations           | 73,119    |
|                                  | <hr/>     |
|                                  | 165,466   |

Operation and maintenance:

|                        |           |
|------------------------|-----------|
| Heat/light/power       | 174,400   |
| Maintenance agreements | 41,204    |
| Contributed facilities | 852,555   |
|                        | <hr/>     |
|                        | 1,068,159 |

|                    |       |           |
|--------------------|-------|-----------|
| Total expenditures | <hr/> | 8,854,717 |
|--------------------|-------|-----------|

|                                      |       |            |
|--------------------------------------|-------|------------|
| Excess of revenues over expenditures | <hr/> | \$ 279,064 |
|--------------------------------------|-------|------------|



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

To the Board of Library Trustees for Charles County  
La Plata, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Board of Library Trustees for Charles County (the Library), a component unit of the County Commissioners of Charles County, 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 November 21, 2025.

***Report on Internal Controls Over Financial Reporting***

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

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

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses 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 controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland  
November 21, 2025