This Preliminary Official Statement and the information contained herein are subject to completion or amendment in a Final Official Statement. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the applicable securities laws of any such jurisdiction. Final written confirmation of the sale shall not be conclusive unless the Final Official Statement is delivered to the purchaser.

**PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 19, 2026**

**NEW ISSUE**
**FULL BOOK-ENTRY-ONLY**

**RATING: S&P: SP-1+**
**(See "MISCELLANEOUS - Rating" herein)**

DAC Bond®

*In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain covenants, interest on the Notes is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" for a brief description of certain federal income tax consequences to certain recipients of interest on the Notes. The Notes and the interest thereon will be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.*

# $50,250,000*
# CHARLESTON COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
# GENERAL OBLIGATION BOND ANTICIPATION NOTES
# (SALES TAX PROJECTS – PHASE VI), SERIES 2026B

The $50,250,000* Charleston County School District, South Carolina, General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase VI), Series 2026B (the "Notes") will be general obligations of Charleston County School District, South Carolina (the "School District"), and as such the full faith, credit, resources and taxing power of the School District will be irrevocably pledged for the payment thereof. The Notes will be payable from the proceeds of general obligation bonds to be issued by the School District and are also payable from the proceeds of a sales and use tax to be imposed within Charleston County, South Carolina (the "County") pursuant to the provisions of the Education Capital Improvements Sales and Use Tax Act (Title 4, Chapter 10, Article 4 of the Code of Laws of South Carolina 1976, as amended) and the successful results of a referendum held within the County on November 3, 2026. See "THE NOTES - Security" herein.

The Notes are issuable in fully registered form and when issued will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which principal and interest payments on the Notes will be made. Individual purchases of beneficial ownership interests in the Notes will be made in book-entry form only, in the principal amounts of $5,000 or any whole multiple thereof. So long as Cede & Co., as nominee of DTC, is the registered owner of the Notes, references herein to the holders of the Notes or registered owners of the Notes shall mean Cede & Co. and shall not mean the beneficial owners of the Notes. So long as Cede & Co. is the registered owner of the Notes, the principal and interest on the Notes are payable to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to the DTC Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Notes. See "THE NOTES - Book-Entry-Only System." The School District will act as Registrar and Paying Agent for the Notes for so long as they are held in a Book-Entry-Only System.

The Notes will be dated as of the date of delivery and payment therefor, which is expected to be December 9, 2026. The Notes will mature as to principal and interest on December 8, 2027. The Notes will bear interest from their date of delivery at the rate per annum specified below. The Notes are not subject to redemption prior to maturity.

| Maturity | CUSIP | Principal Amount | Interest Rate | Yield |
|---|---|---|---|---|
| December 8, 2027 | | $50,250,000* | _____% | _____% |

Sealed bids in accordance with the Official Notice of Sale will be received until 11:00 a.m. (prevailing local time), Wednesday, December 2, 2026, at 75 Calhoun Street, Charleston, South Carolina.

The Notes are offered when, as and if issued and subject to the approving opinion as to legality of Haynsworth Sinkler Boyd, P.A., Bond Counsel, Charleston, South Carolina. First Tryon Advisors, Charlotte, North Carolina is acting as municipal advisor to the School District with respect to the Notes. It is expected that the Notes in definitive form will be delivered to DTC and be available for credit to the account of the DTC Participants on or about December 9, 2026.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. This Preliminary Official Statement has been deemed "final" by the School District for purposes of S.E.C. Rule 15c2-12 except for information which may be omitted pursuant to Rule 15c2-12.

This Official Statement is dated _____, 2026

*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by Charleston County School District, South Carolina (the "School District") to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such other information or representation may not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been provided by the School District and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof.

**This Official Statement has been deemed final by the School District for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), but is subject to revision, amendment, and completion in a final Official Statement as provided in the Rule.**

**CHARLESTON COUNTY SCHOOL DISTRICT,**
**SOUTH CAROLINA**

**BOARD OF TRUSTEES**

Darlene Roberson, Chair
Carolina Jewett, Vice Chair
Joy Brown
Keith Grybowski
Michele Leber
Craig Logan
Bethany Nemitz
Dr. Carol Tempel
Libby Tisdale

**SCHOOL DISTRICT ADMINISTRATION**

Anita W. Huggins, Superintendent of Schools
Daniel T. Prentice, Chief of Staff
Jessica D. Carraher, Chief Financial Officer

**BOND COUNSEL**

Haynsworth Sinkler Boyd, P.A.
Charleston, South Carolina

**MUNICIPAL ADVISOR**

First Tryon Advisors
Charlotte, North Carolina

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**TABLE OF CONTENTS**


Page

OFFICIAL NOTICE OF SALE ..... iii
INTRODUCTION ..... 1
- The Issuer ..... 1
- Purpose of the Notes ..... 1
- Security for the Notes ..... 1
- Details of the Notes ..... 1
- Tax Status of Interest on the Notes ..... 1
- Professionals Involved in the Offering ..... 2
- Authorization ..... 2
- Information Concerning Terms of the Offering ..... 2
- General ..... 2

THE NOTES ..... 2
- Description ..... 2
- Book-Entry-Only System ..... 2
- Discontinuance of Book-Entry-Only System ..... 4
- Redemption ..... 4
- Authorization ..... 4
- Purpose of the Notes ..... 4
- Security ..... 6
- Additional Security for the Notes ..... 6
- Miscellaneous ..... 7

THE SCHOOL DISTRICT ..... 7
- General Description ..... 7
- Board of Trustees and Principal Administrative Officials ..... 7
- Educational Programs and Services ..... 8
- School Facilities and Capital Plans ..... 10
- Public School Enrollment in the School District ..... 10
- The Education Accountability Act of 1998 ..... 10
- Charter Schools ..... 11
- Tax Credits and Scholarships for Alternative Education Choices ..... 12
- Open Enrollment ..... 13

FINANCIAL AND TAX INFORMATION ..... 14
- Five-Year Summary of General Fund Operations ..... 14
- Financial Statements ..... 14
- Fund Balance Policy ..... 15
- Budget Procedure and Accounting Policies ..... 15
- State Budget Reductions ..... 16
- Revenues ..... 17
- Investment Policies ..... 20
- Fringe Benefits, Retirement, and Health Insurance ..... 20
- Other Post-Employment Benefits ..... 20

CERTAIN FISCAL MATTERS ..... 21
- Property Taxation and Assessment ..... 21
- Millage Levy Authority ..... 22
- Homestead Exemption - Property Tax Relief ..... 22
- Act No. 388 Sales Tax ..... 23
- Payments in Lieu of Taxes ..... 24
- Assessed Value ..... 25
- Exempt Manufacturing Property ..... 25
- Tax Increment Financing Districts ..... 25
- Estimated True Value of all Taxable Property ..... 26
- Tax Collection Procedure ..... 26
- Tax Collections ..... 27

Ten Largest Taxpayers ..... 27
Millage History ..... 27
Liability Insurance ..... 28
Property Insurance ..... 28
DEBT STRUCTURE ..... 28
Legal Debt Limit of the School District ..... 28
Outstanding Indebtedness ..... 29
Installment Purchase Obligations ..... 29
Composite General Obligation Debt Service ..... 31
Legal Debt Limit of Overlapping Taxing Entities ..... 32
Miscellaneous Debt Information ..... 32
ECONOMIC CHARACTERISTICS ..... 32
Commerce and Industry ..... 32
Port of Charleston ..... 32
Tourism ..... 33
Population Growth ..... 33
Per Capita Income ..... 33
Construction ..... 33
Commercial and Savings Bank Deposits ..... 34
Retail Sales ..... 34
Sales and Use Tax/Referenda ..... 34
Capital Investment ..... 35
Major Employers ..... 35
Unemployment ..... 36
Transportation ..... 36
Hospital Facilities ..... 36
Education ..... 36
INVESTMENT CONSIDERATIONS ..... 36
Climate Change and Natural Disasters ..... 36
Cybersecurity ..... 37
CERTAIN LEGAL MATTERS ..... 37
Litigation ..... 37
Legal Opinion ..... 37
United States Bankruptcy Code ..... 38
TAX EXEMPTION ..... 38
Federal Income Tax Generally ..... 38
Collateral Federal Tax Considerations ..... 39
[Original Issue Premium ..... 39
State Tax Exemption ..... 39
MISCELLANEOUS ..... 40
Closing Certifications ..... 40
Continuing Disclosure ..... 40
Rating ..... 40
Sale and Award ..... 40
Municipal Advisor ..... 41
Independent Auditor ..... 41
Conclusion ..... 41

APPENDIX A - Audited Financial Statements for Fiscal Year 2025
APPENDIX B - Form of Disclosure Dissemination Agent Agreement
APPENDIX C - Form of Opinion of Bond Counsel

## OFFICIAL NOTICE OF SALE

**$50,250,000*
CHARLESTON COUNTY SCHOOL DISTRICT, SOUTH CAROLINA
GENERAL OBLIGATION BOND ANTICIPATION NOTES
(SALES TAX PROJECTS - PHASE V), SERIES 2026A**

SEALED PROPOSALS, addressed to the undersigned, will be received by the Board of Trustees of Charleston County School District, South Carolina (the "School District"), until 11:00 a.m. (local time) on Wednesday, December 2, 2026, at 75 Calhoun Street, Charleston, South Carolina 29401, for the purchase of Fifty Million Two Hundred Fifty Thousand Dollars* ($50,250,000*) Charleston County School District, South Carolina, General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase VI), Series 2026B (the "Notes"). The School District reserves the right to increase or decrease the principal amount of the Notes following the sale by an amount not to exceed 10% of the par amount of the Notes. The Notes will be initially issued under the DTC Book-Entry-Only System. All payments of principal and interest with respect to the Notes shall be made through the facilities of DTC.

***The Notes*:** The Notes will mature as to principal and interest on December 8, 2027. The Notes will bear interest from the date of delivery thereof, which is expected to be December 9, 2026. Interest will be calculated on the basis of a 360-day year consisting of twelve months of thirty days each. Both principal and interest will be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, at the office of the Superintendent of the School District, 75 Calhoun Street, Charleston, South Carolina.

***Redemption:*** The Notes shall not be subject to redemption prior to maturity.

***Bid Requirements*:** Bidders shall specify the single fixed rate of interest which the Notes are to bear. A bid for less than all the Notes or a bid at a price less than par will not be considered.

***Award of Notes*:** The Notes will be awarded to the bidder offering to purchase the Notes at the lowest true interest cost ("TIC") to the School District. In the event two or more bids have the same lowest TIC, the Notes will be awarded on the basis of a coin flip. The Board reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 4:00 p.m., South Carolina time, on the date of the sale.

***Bid Form:*** Proposals must be delivered through the Parity/BIDCOMP Competitive Bidding System (the "Parity System"). No other provider of electronic bidding services or other form of bid will be accepted. Bids must be unconditional and received by the Parity System before the time stated above. Such bids are to be publicly opened and read at such time and place on said day. The time as maintained by the Parity System shall constitute the official time with respect to all bids submitted. No good faith deposit is required.

If any provisions of this Official Notice of Sale conflict with information provided by the Parity System as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about the Parity System may be obtained from Parity, 1359 Broadway, New York, New York 10018, telephone (212) 849-5021.

If a bidder for the Notes desires to have the Notes insured, the bidder shall specify in its bid whether bond insurance will be purchased and the premium of such bond insurance must be paid at or prior to closing by the successful bidder.

***Purpose*:** The Notes are issued for the purposes of defraying the costs of capital improvements of the School District and paying costs of issuance of the Notes.

*Preliminary, subject to change.

***Security*:** For the payment of the principal of and interest on the Notes as the same shall fall due, the full faith, credit, resources and taxing power of the School District are hereby irrevocably pledged. In addition thereto, so much of the proceeds of the sales and use tax authorized by Title 4, Chapter 10, Article 4 of the Code of Laws of South Carolina 1976, as amended, a resolution adopted by the Board on July 27, 2026, and the successful results of a referendum held within the School District on November 3, 2026 (the "Sales and Use Tax – Phase V") or the principal proceeds of a series of general obligation bonds (the "Bonds") to be issued by the School District shall be applied, to the extent necessary, to the payment of the Notes; and, further, the School District has covenanted and irrevocably pledged to effect the issuance of the Bonds to the extent that it does not hold proceeds of the Sales and Use Tax – Phase V in an amount sufficient to provide for the retirement of the Notes or, in the alternative, to refund or renew outstanding Notes in order that the proceeds thereof will be sufficient to provide for the retirement of the Notes.

***Tax Exemption:*** In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain covenants, interest on the Notes is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on such corporations. The Notes and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.

***Not "Bank Qualified"*:** The Notes have not been designated as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code of 1986, as amended.

***Official Statement*:** The Preliminary Official Statement dated November 19, 2026 has been deemed final by the School District for purposes of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") but is subject to revision, amendment and completion in a final Official Statement as provided in the Rule. The Preliminary Official Statement is available at www.i-dealprospectus.com. The School District will furnish the successful bidder with a sufficient number of copies of the final Official Statement in order to allow the bidder to comply with the Rule, without charge, within seven working days of the acceptance of a bid for the Notes.

***Continuing Disclosure*:** In order to assist bidders in complying with SEC Rule 15c2-12, the School District will undertake, pursuant to the resolution authorizing the issuance of the Notes and a Disclosure Dissemination Agent Agreement, to provide notice of certain material events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

***Legal Opinion*:** The School District shall furnish upon delivery of the Notes the final approving opinion of Haynsworth Sinkler Boyd, P.A., Bond Counsel, Charleston, South Carolina, which opinion shall be attached to each Note, together with the usual closing documents, including a certificate that no litigation is pending affecting the Notes.

***Certificates as to Issue Price and Yield:*** (a) The winning bidder shall assist the School District in establishing the issue price of the Notes and shall execute and deliver to the School District at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the form attached to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the School District and Bond Counsel.

(b) The School District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

(1) the School District shall disseminate this Official Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the School District may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the School District anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

(c) In the event that the School District does not receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds, the School District shall so advise the winning bidder. The School District may determine to treat (i) the first price at which 10% of the Notes (the "10% test") is sold to the Public as the issue price of the Notes and/or (ii) the initial offering price to the Public as of the sale date of the Notes as the issue price (the "hold-the-offering-price rule"). The winning bidder shall advise the School District if the Notes satisfy the 10% test as of the date and time of the award of the Notes. The School District shall promptly advise the winning bidder, at or before the time of award of the Notes, whether the Notes shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that the School District determines to apply the hold-the-offering-price rule to the Notes. Bidders should prepare their bids on the assumption that the Notes will be subject to the hold-the-offering-price rule in order to establish the issue price of the Notes.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to the Notes, the winning bidder agrees promptly to report to the School District the price at which the unsold Notes have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Notes or until all Notes have been sold to the Public.

(d) By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Notes to the Public on or before the date of the award at the offering price (the "initial offering price"), or at the corresponding yield, set forth in the bid submitted by the winning bidder, and (ii) agree, on behalf of the Underwriters participating in the purchase of the Notes, that the Underwriters will neither offer nor sell unsold Notes to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the Public during the period starting on the sale date and ending on the earlier of the following:

(1) The close of the fifth (5th) business day after the sale date; or

(2) The date on which the Underwriters have sold at least 10% of the Notes to the Public at a price that is no higher than the initial offering price to the Public.

The winning bidder shall promptly advise the School District when the Underwriters have sold 10% of the Notes to the Public at prices that are no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) The School District acknowledges that, in making the representation set for the above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the Public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Notes to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The School District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or any broker-dealer that

is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Notes.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the Public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among Underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% test has been satisfied as to the Notes or all Notes have been sold to the Public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a related party to an Underwriter shall not constitute sales to the Public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

(i) "Public" means any person other than an Underwriter or a related party,

(ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the School District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),

(iii) a purchaser of any of the Notes is a "related party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Notes are awarded by the School District to the winning bidder.

***Delivery*:** The Notes will be delivered on or about December 9, 2026, through the facilities of DTC at the expense of the School District, or at such other place as may be agreed upon with the purchaser at the expense of the purchaser. The purchase price then due must be paid in Federal funds or other immediately available funds. The cost of preparing the Notes will be borne by the School District.

***CUSIP Numbers*:** It is anticipated that CUSIP identification numbers will be printed on the Notes, but neither the failure to print such numbers on any Notes nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes in accordance with the terms of its proposal. All expenses in relation to the printing of CUSIP identification numbers on the Notes shall be paid for

by the School District; provided, however, that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the successful bidder.

***Additional Information:*** Persons seeking additional information should communicate with Jessica D. Carraher, Chief Financial Officer, Charleston County School District, at jessica_carraher@charleston.k12.sc.us, telephone (843) 566-8198, Carol L. Clark, Esquire, Haynsworth Sinkler Boyd, P.A., Bond Counsel to the School District, at cclark@hsblawfirm.com, telephone (843) 724-1123, or David Cheatwood, First Tryon Advisors, the School District's Municipal Advisor, at dcheatwood@firsttryon.com, telephone (704) 926-2447.

*This Notice is given to evidence the School District's intent to receive bids for and award the Notes on the date stated above. Such sale may be postponed prior to the time bids are to be received through Thomson Municipal Market Monitor, Bloomberg, or other electronic information service. If canceled, the sale may be thereafter rescheduled within 60 days of the date of the publication of this Official Notice of Sale, and notice of such rescheduled date of sale will be posted at least 48 hours prior to the time for receipt of bids through Thomson Municipal Market Monitor, Bloomberg, i-dealprospectus.com or other electronic information service.*

Superintendent of Schools
Charleston County School District, South Carolina

FORM OF CERTIFICATE AS TO ISSUE PRICE

The undersigned, on behalf of _____, hereby certifies as set forth below with respect to the sale of the $_____ General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase VI), Series 2026B (the "Notes") of Charleston County School District, South Carolina (the "School District").

[ALTERNATIVE 1 - IF THREE QUALIFYING BIDS ARE RECEIVED:

***Reasonably Expected Initial Offering Prices.*** As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by _____ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Notes used by _____ in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by _____ to purchase the Notes.

_____ was not given the opportunity to review other bids prior to submitting its bid.

The bid submitted by _____ constituted a firm offer to purchase the Notes.]

[ALTERNATIVE 2 - IF THREE QUALIFYING BIDS ARE NOT RECEIVED AND 10% OF NOTES ARE SOLD:

***Sale of the Notes***. As of the date of this certificate, the first price at which at least 10% of the Notes was sold to the Public is the respective price listed in Schedule A.]

[ALTERNATIVE 3 – IF THREE QUALIFYING BIDS ARE NOT RECEIVED AND 10% OF NOTES ARE NOT SOLD:

***Initial Offering Price of the Notes.*** _____ offered the Notes to the Public for purchase at the initial offering price of $_____ (the "Initial Offering Price") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.

As set forth in the Official Notice of Sale and bid award, _____ has agreed in writing that (i) it would neither offer nor sell any of the Notes to any person at a price that is higher than the Initial Offering Price during the Holding Period (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold the Notes at a price that is higher than the respective Initial Offering Price for the Notes during the Holding Period.]

***Defined Terms.***

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the first day on which there is a binding contract in writing for the sale of the Notes. The Sale Date of the Notes is December 2, 2026.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the School District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

[Use with Alternative 3

"Holding Period" means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (December 9, 2026), or (ii) the date on which _____ has sold at least 10% of the Notes to the Public at prices that are no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents _____'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the School District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Bond Counsel in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the School District from time to time relating to the Notes.

_____

By:_____
Name:_____

Dated: _____, 2026

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**$50,250,000***
**CHARLESTON COUNTY SCHOOL DISTRICT, SOUTH CAROLINA**
**GENERAL OBLIGATION BOND ANTICIPATION NOTES**
**(SALES TAX PROJECTS – PHASE VI), SERIES 2026B**

## INTRODUCTION

This Introduction briefly describes the contents of this Official Statement and is expressly qualified by reference to the entire contents hereof, including appendices, as well as of the documents summarized or described herein.

### The Issuer

The $50,250,000* Charleston County School District, South Carolina, General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase VI), Series 2026B (the "Notes") are being issued by Charleston County School District, South Carolina (the "School District"), a body politic and corporate and a political subdivision of the State of South Carolina (the "State").

### Purpose of the Notes

The Notes are being issued for the purposes of providing funds to pay (i) a portion of cost of the design, construction, renovation and equipping of the Sales Tax Projects – Phase VI (as such term is defined herein); and (ii) the costs of issuance of the Notes. See "THE NOTES – Purpose of the Notes" herein.

### Security for the Notes

For the payment of the principal of and interest on the Notes, the full faith, credit, resources and taxing power of the School District and the proceeds of general obligation bonds to be issued by the School District are irrevocably pledged. The Notes are also payable from the proceeds of the Sales and Use Tax – Phase VI (as such term is defined herein). See "THE NOTES - Security" herein.

### Details of the Notes

The Notes will be general obligations of the School District; will be issuable in fully registered form in denominations of $5,000 each or any whole multiple thereof; and, when issued, will be registered to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). The Notes will be dated as of the date of their delivery (which is expected to be December 9, 2026) and will bear interest from their date at the rate shown on the cover hereof. The Notes will mature as to principal and interest on December 8, 2027. The Notes are not subject to redemption prior to their stated maturity. The School District is serving as registrar/paying agent (the "Registrar/Paying Agent") for the Notes. See "THE NOTES" for further information.

### Tax Status of Interest on the Notes

In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain covenants, interest on the Notes is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" for a brief description of certain federal income tax consequences to certain recipients of interest on the Notes. The Notes and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.

**Professionals Involved in the Offering**

Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina is acting as Bond Counsel in connection with the issuance of the Notes. First Tryon Advisors, Charlotte, North Carolina is acting as municipal advisor to the School District. Greene Finney Cauley, LLP, Certified Public Accountants, Mauldin, South Carolina audited the financial statements of the School District for the year ended June 30, 2025, included as Appendix A.

**Authorization**

The Notes are being issued pursuant to the Constitution and laws of the State of South Carolina, including Article X, Section 15 of the Constitution of the State of South Carolina 1895, as amended (the "South Carolina Constitution"); Title 11, Chapter 17 of the Code of Laws of South Carolina 1976, as amended, as amended and supplemented by Section 11-27-50 of the Code of Laws of South Carolina 1976, as amended; and a resolution (the "Note Resolution") duly adopted by the Board of Trustees of the School District on September 28, 2026.

**Information Concerning Terms of the Offering**

The Notes are being issued in book-entry-only form. It is expected that the Notes will be delivered to Cede & Co., at the offices of DTC, on or about December 9, 2026, and will be available for credit to the accounts of the DTC Participants and, through them, the Beneficial Owners on such date. Information on limitations on transfer of ownership is set forth in "THE NOTES - Book-Entry-Only System" and "THE NOTES - Discontinuance of Book-Entry-Only System."

**General**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Official Statement will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. Copies of the Preliminary Official Statement, the Official Statement, the Note Resolution and related documents and information are available by contacting Jessica D. Carraher, Chief Financial Officer, Charleston County School District, 75 Calhoun Street, Charleston, South Carolina 29401 (843-566-8198).

## THE NOTES

**Description**

The Notes will be general obligations of the School District; will be issuable initially in book-entry-only form; and, when issued, will be registered to Cede & Co., as nominee for DTC. Purchases of beneficial interests in the Notes will be made in book-entry form only, in the principal amounts of $5,000 or any whole multiple thereof. The Notes will be dated as of the date of delivery thereof, which is expected to be December 9, 2026, and will bear interest from their date at the rate shown on the cover hereof (based on a 360-day year consisting of twelve 30-day months). The Notes will mature as to principal and interest on December 8, 2027. The Notes are not subject to redemption prior to their stated maturity.

**Book-Entry-Only System**

DTC will initially act as securities depository for the Notes. The Notes will be issued as fully registered securities in the name of Cede & Co. (DTC's partnership nominee). Upon issuance of the Notes, one fully registered Note will be issued in the aggregate principal amount of the Notes and will be deposited with DTC. So long as Cede & Co., as nominee of DTC, is the registered owner of the Notes references herein to the holders or registered owners of the Notes shall mean Cede & Co. and shall not mean the Beneficial Owners (hereinafter defined) of the Notes.

*The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but the School District does not take any responsibility for the accuracy or completeness thereof.*

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its regulated subdivisions. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of the actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other names may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The School District and the Registrar/Paying Agent will recognize DTC or its nominee, Cede & Co., as the registered owner of the Notes for all purposes. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified on a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit DTC Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School District or the Registrar/Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the School District or the Registrar/Paying Agent, subject to any statutory

or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District acting through the Registrar/Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the School District or the Registrar/Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

**Discontinuance of Book-Entry-Only System**

In the event that Notes are no longer in book-entry only form, the following provisions shall apply with respect to such Notes: The School District will appoint another securities depository for the Notes or the Notes held by DTC will be cancelled and the School District will execute and deliver the Notes in fully certificated form to the DTC Participants shown on the records of DTC. If no other securities depository is named, principal and interest on the Notes shall be payable to the Registered Owner at maturity upon presentation and surrender thereof to a paying agent appointed by the School District at its principal corporate trust office. The School District would then maintain through the paying agent books of registry for the purpose of registering ownership and transfer of the Notes. The Notes would be transferable by the registered owner in person or by his duly authorized attorney upon surrender of the Note to be transferred together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. The paying agent will, upon receipt thereof, authenticate and deliver a new Note or Notes in like principal amount as the Note so presented. The School District and the paying agent will deem and treat the person in whose name each Note is registered as the absolute owner thereof for all purposes.

**Redemption**

The Notes are not subject to redemption prior to their stated maturity.

**Authorization**

The Notes will be issued pursuant to and in accordance with the South Carolina Constitution and statutes of the State of South Carolina, including Article X, Section 15 of the South Carolina Constitution; Sections 11-17-10 to 11-17-120, inclusive, of the Code of Laws of South Carolina 1976, as amended, as amended and supplemented by Section 11-27-50 of the Code of Laws of South Carolina 1976, as amended; and the Note Resolution.

Pursuant to the provisions of Sections 59-71-10 to 59-71-190, inclusive, of the Code of Laws of South Carolina 1976, as amended, as amended and supplemented by Section 11-27-50 of the Code of Laws of South Carolina 1976, as amended (together, the "School Bond Act"), the School District is authorized to issue general obligation bonds, the proceeds of which are used to defray the cost of constructing, improving, equipping, renovating and repairing school buildings or other school facilities of the School District or the cost of the acquisition of land whereon to construct or establish such school facilities. Sections 11-17-10 through 11-17-120 of the Code of Laws of South Carolina 1976, as amended, provides that a school district that is authorized to issue bonds may, pending the sale and issuance thereof, borrow in anticipation of the proceeds of the bonds and execute a note or notes therefor expressed to mature not later than one year from the date of issuance.

**Purpose of the Notes**

The Education Capital Improvements Sales and Use Tax Act (the "Sales and Use Tax Act"), codified as Title 4, Chapter 10, Article 4 of the Code of Laws of South Carolina 1976, as amended, authorizes certain school districts within the State, upon adoption of a resolution by its board of trustees and subsequent voter approval by referendum, to impose a one percent sales and use tax (a "Sales and Use Tax") within the county in which such school district is located to fund specific education capital improvements for the school district, either directly or to service general obligation debt incurred by the school district for such improvements, or a combination thereof. As further

described under "THE SCHOOL DISTRICT – School Facilities and Capital Plans" herein, pursuant to the Sales and Use Tax Act, resolutions adopted by the Board and voter approved by referenda, the Board has previously imposed two Sales and Use Taxes, the Sales and Use Tax – Phase III and the Sales and Use Tax – Phase IV (as further defined herein), which were imposed for consecutive six-year periods from January 1, 2011 through December 31, 2022 to fund the education capital improvements specified in the respective referendum. Pursuant to the Sale and Use Tax Act, a resolution adopted by the Board and voter approval by referendum, the Board subsequently imposed the Sales and Use Tax – Phase V (as further defined herein). Collection of the Sales and Use Tax – Phase V commenced on January 1, 2023 and will terminate on December 31, 2028.

Subsequent to the imposition of the Sales and Use Tax – Phase V, the Board determined the need for certain education capital improvements in addition to the Sales Tax Projects – Phase V and further determined that such capital improvements should be funded from proceeds of another one percent Sales and Use Tax. Pursuant to the provisions of the Sales and Use Tax Act and subject to approval by referendum, the Board adopted a resolution on July 27, 2026 approving the extension of the Sales and Use Tax for a period of six calendar years following the termination of the Sales and Use Tax – Phase V. Proceeds of the reimposed Sales and Use Tax (the "Sales and Use Tax – Phase VI") will be used to fund the following education capital improvement projects, whether directly through expenditure of the proceeds of the Sales and Use Tax – Phase VI, through the payment of debt service on general obligation bonds or bond anticipation notes issued by the School District to fund such capital improvements from the proceeds of the Sales and Use Tax – Phase VI, or a combination thereof:

1. District-wide school safety and security enhancements to include physical security upgrades, controlled access, video surveillance, communication systems, and measures for continuous improvement of emergency preparedness and response

2. Design, construct and equip additional classrooms in a building addition and annex to include weight room, stadium upgrades and parking additions at Lucy Beckham High School

3. Design, construct, and equip a classroom wing addition to Johns Island Elementary School

4. Design, construct, and equip a Career Technology Education wing at Burke High School

5. Renovate and equip Baptist Hill Middle School on the C.C. Blaney campus

6. Design, construct, and equip a replacement Meeting Street School at Brentwood

7. Design, construct, and equip a new Orange Grove Middle School and Pattison's Academy for Comprehensive Education (PACE) on the former St Andrews High School campus

8. Design, construct, and equip new multipurpose rooms to include Edith Frierson Montessori, East Cooper Montessori, Belle Hall Elementary and AC Corcoran Elementary Schools

9. Building and property improvements to include a car loop expansion at Camp Road Middle School and renovations at James Island Elementary School

10. Design, construct, and equip a replacement Midland Park Primary School

11. Design, construct, and equip a new elementary school and early education classrooms to accommodate growth in the area of West Ashley Long Savannah

12. Design, construct, and equip an auditorium and fine arts classrooms for Baptist Hill High School

13. Design, construct, and equip early education additions to include Laurel Hill Primary, Drayton Hall Elementary and Hunley Park Elementary Schools

14. Design, construct, and equip Phase III of the recapitalization of Deer Park Middle School

15. Design, construct, and equip a replacement Mary Ford Early Learning and Family Center

16. District-wide athletics improvements to include renovation of the Baptist Hill softball field

17. Design, construct, and equip a new multi-purpose room and classroom addition at Pepperhill Elementary School

18. District-wide land purchase for campus expansion, new schools, and/or bus lot

19. Design, construct, and equip a replacement Ladson Primary School

20. Design, construct, and equip a replacement Northwoods Middle School

21. Design, construct, and equip a replacement Montessori Community School on the former St. Andrews High School Campus

22. Design, construct, and equip a new District-wide Montessori Middle School and replacement Simmons-Pinckney Middle School

23. Design, construct, and equip a building replacement for AC Corcoran Elementary School

together with the cost of capital maintenance and technology replacement, upgrades and innovation at school facilities of Charleston County School District (collectively, the "Sales Tax Projects – Phase VI").

The referendum authorizing the imposition of the Sales and Use Tax – Phase VI (the "2026 Referendum") was held within the County on November 3, 2026 and was approved by a majority of voters with 115,482 votes cast in favor of the question and 54,260 votes cast in opposition to the question.

Collection of the Sales and Use Tax – Phase VI will commence immediately upon the termination of the Sales and Use Tax – Phase V on December 31, 2028 and will continue through December 31, 2034. Pending the receipt of revenues of the Sales and Use Tax – Phase VI, the School District is issuing the Notes to provide funds to defray a portion of the costs of the design, construction, renovation and equipping of the Sales Tax Projects – Phase VI and to pay the costs of issuance of the Notes.

**Security**

The Notes are general obligations of the School District and the full faith, credit, resources and taxing power of the School District are irrevocably pledged to the payment of the principal and interest thereof. In addition thereto, the School District has, pursuant to the Note Resolution, irrevocably pledged to issue sufficient general obligation bonds to pay the principal of and interest on the Notes at the maturity thereof. The Notes are also payable from the proceeds of the Sales and Use Tax – Phase VI.

**Additional Security for the Notes**

Article X, Section 15, Paragraph (4) of the Constitution of the State of South Carolina 1895, as amended, provides:

> If at any time any school district shall fail to effect the punctual payment of the principal and interest of its general obligation debt, the State Treasurer shall withhold from such school district sufficient moneys from any state appropriation to which such political subdivision may be entitled and apply so much as shall be necessary to the payment of the principal and interest on the indebtedness of the school district then due.

The following table shows the amount of State General Fund appropriations subject to being so withheld, including sales tax distributed to the School District as described under "FINANCIAL AND TAX

INFORMATION – New Homestead Exemption" herein, which were received by the School District for the Fiscal Years shown:

| Fiscal Year Ended June 30 | Amounts Received |
|---|---|
| 2020 | $197,946,549 |
| 2021 | 206,644,562 |
| 2022 | 211,436,181 |
| 2023 | 230,475,346 |
| 2024 | 249,958,036 |
| 2025 | 269,352,007 |

**Miscellaneous**

Neither the Notes nor any of the documents relating to their issuance contain any covenants or periodic reporting requirements that could result in a default. Payment of principal of and interest on the Notes may be enforced against the School District and the pledge of the full faith, credit, resources and taxing power is enforceable by mandamus. The Notes contain no provision for amendment of any of the terms thereof.

## THE SCHOOL DISTRICT

**General Description**

The School District was created in July 1968, through the merger of eight former school districts (which became "Constituent Districts") to form a single countywide district. The nine-member Board of Trustees of the School District (the "Board") is responsible for the operation of School District affairs. Following consolidation, the Constituent Districts continued to function administratively to administer discipline, handle expulsion hearings, and develop attendance lines and were governed by separate boards elected from the residents of each Constituent District. Legislation was recently enacted by the General Assembly which abolished the Constituent Districts and transferred all powers exercised by their respective boards of trustees to the Board effective July 1, 2025.

**Board of Trustees and Principal Administrative Officials**

The members of the Board have historically been elected from and represented the original eight Constituent Districts of the County but were voted on at large by all registered voters in the County. Pursuant to recent legislation, seats on the Board have been redrawn to align with County Council districts instead of Constituent Districts with members of the Board now elected only by the registered voters residing in the district they represent. This change became effective with the General Election in 2022. The Board is given broad duties, powers, and responsibilities, including those provided by law for county boards of education and for school district trustees. The current members of the Board, the voting district they represent, and the expiration of their current term are as follows:

| Name | Voting District Represented | Term Expires |
|---|---|---|
| Darlene Roberson, *Chair* | 8 | 11/2028 |
| Carolina Jewett, *Vice Chair* | 2 | 11/2028 |
| Joy Brown | 7 | 11/2030 |
| Keith Grybowski | 1 | 11/2030 |
| Michele Leber | 6 | 11/2028 |
| Craig Logan | 4 | 11/2028 |
| Bethany Nemitz | 3 | 11/2030 |
| Dr. Carol Tempel | 9 | 11/2030 |
| Libby Tisdale | 5 | 11/2030 |

The Superintendent of Schools serves as the chief executive officer of the School District. Anita W. Huggins was appointed Superintendent of Schools on February 6, 2024. Prior to her appointment, Mrs. Huggins served in the positions of Acting Superintendent of Schools, Deputy Superintendent of Schools, Interim Chief Transformation Officer and Executive Director of Secondary Learning Community, Office of School Support and Office of Teacher and Principal Effectiveness with the School District. Mrs. Huggins began her career as a teacher and principal in the School District and Horry County School District. She earned a Bachelor of Arts in English and Secondary Education from Coastal Carolina University and a Master of Education in Educational Leadership and Administration from The Citadel College of Graduate and Professional Studies.

Daniel T. Prentice serves as Chief of Staff for the School District and is a member of the Superintendent's Cabinet. In this role, Mr. Prentice oversees the leadership of Financial Services, Information Technology, and Safety and Risk Services, while advancing major strategic initiatives, strengthening relationships with business and industry partners, and advising the Superintendent on the daily operations and business of the School District. He previously served as the School District's Chief Financial Officer, where he led the development and administration of the School District's $1.7 billion budget and helped strengthen long-term financial planning, transparency, risk management, and operational effectiveness. Prior to joining the School District in March 2024, Mr. Prentice served for eight years as Deputy County Administrator and Chief Financial Officer for Dorchester County, South Carolina, where he managed a broad portfolio of financial and operational functions for one of the State's fastest-growing counties. Mr. Prentice earned a Bachelor of Science in Accounting, with a minor in Crime, Law and Society, from the College of Charleston and a Master of Business Administration from Louisiana State University Shreveport. He has served on the South Carolina Tourism Expenditure Review Committee by appointment of the Governor and currently holds leadership roles through committee appointments with the Government Finance Officers Association.

Jessica D. Carraher serves as Chief Financial Officer for the School District, overseeing Accounting, Capital Projects Accounting, Budgeting, Payroll, and Procurement Services. Prior to assuming that role in October 2026, she served as Director of Financial Services, Deputy Chief Financial Officer and Interim Chief Financial Officer for the School District. Since joining the School District in 2024, Mrs. Carraher has strengthened financial planning and transparency, developing a multi-year forecasting model and leading implementation of a modern budget and transparency portal. Under her financial leadership, the School District earned its first GFOA Distinguished Budget Presentation Award for its Fiscal Year 2026 Budget Document. Previously, Mrs. Carraher spent nearly 15 years with Dorchester County, ultimately serving as Director of Business Services. She holds a Bachelor of Science in Accounting from the College of Charleston. Throughout her career, Mrs. Carraher has championed fiscal accountability, transparency, strategic planning, and responsible stewardship of public resources.

**Educational Programs and Services**

The School District provides primary and secondary education, as well as a number of special programs, to its residents. All schools in the School District are fully accredited by the State and Cognia. The School District offers a number of choices for students and parents, including neighborhood schools, specialized programs ranging from pre-kindergarten to alternative and special needs, district-wide and constituent magnet schools, Montessori programs and charter schools. The instructional programs of the School District are described below. Funding for the programs of the School District is provided from the State and Federal Government as well as local property taxes. See "FINANCIAL AND TAX INFORMATION" herein.

***Special Programs***. The School District has a number of offerings and special programs including the following:

*Neighborhood Schools*: The School District has 50 neighborhood schools which serve an assigned geographic attendance zone. Some of these schools have themes which are integrated into instruction and school activities.

*County-Wide Magnet Schools*: The School District has nine county-wide magnet schools and programs which, unlike neighborhood schools, typically do not have an assigned attendance zone. In addition to teaching according to the School District's core curriculum and the State's standards, county-wide magnet schools have a theme or focus area which is integrated into instruction and school activities. Any student residing in Charleston County who is interested in the school's focus may apply, but acceptance may depend

on how well the student meets admission criteria and the availability of seats. Some county-wide magnet schools hold lotteries to determine enrollment for the following year. Transportation is provided for all students.

*Constituent Magnet Schools*: The School District has 22 constituent magnet schools which are neighborhood schools that, in addition to serving students in their assigned attendance zone, also have a specific number of seats allocated to students who live outside the attendance zone but within the constituent district. In addition to teaching according to the School District's core curriculum and the State's standards, each constituent magnet school has a theme or focus area which is integrated into instruction and school activities. Students living outside the assigned attendance zone must apply to the school in order to be considered for admission, and acceptance may depend on the availability of seats. Some constituent magnet schools hold lotteries to determine enrollment for the following year.

*Charter Schools*: Charter schools are public schools that operate with freedom from many of the local regulations that apply to traditional public schools. A charter school does not have an assigned neighborhood or attendance zone. In addition to teaching according to the State's standards, a charter school generally has a theme or focus area which is integrated into instruction and school activities. Any student residing in Charleston County who is interested in the school's focus may contact a charter school about registering but enrollment may depend on the availability of seats. The School District sponsors eight charter schools. See "THE SCHOOL DISTRICT – Charter Schools" herein.

*Montessori Schools:* The School District has six Montessori schools of which one is a charter and five are partial magnet schools which are neighborhood schools that, in addition to serving students in their assigned attendance zone, also have a specific number of seats allocated to students who live outside the attendance zone and one is a charter school. In addition to teaching according to the State's standards, a Montessori school takes a child-centered education approach in which students work with specially designed materials, manipulating and investigating until they master a particular lesson. Students living outside the assigned attendance zone must apply to the school in order to be considered for admission, and acceptance may depend on the availability of seats. Some Montessori schools hold lotteries to determine enrollment for the following year.

*Specialized Programs*: The School District has five specialized programs that serve students with particular needs. Similar to the School District's schools, each specialized program has its own facility, faculty, and instructional leadership. Because each specialized program is unique, each program has its own referral or application process.

*Centers for Advanced Studies:* The School District has three centers for advanced studies which provide high school students with career pathways through high-demand, high-wage, career-readiness programs of study. Students can complete career and technology education focused coursework at one of the three regional centers while remaining students at their home school.

***Other Programs***. The School District offers Early Learning programs that include 4-year-old Child Development, 3-year-old Head Start, and 0-36 months Early Head Start programs. The School District's Child Development program is designed to serve academically at-risk 4-year-olds while the Head Start and Early Head Start programs are designed to serve under-resourced families below the poverty guidelines.

***Students with Special Needs***. There are more than 5,000 students with a variety of special needs. Various programs operate for students who require additional resources in order to function in the regular school. Programs are available for students with special needs including hearing, visual or speech limitations as well as autism, emotional or learning disabilities. Additionally, there are special projects with other groups and agencies to ensure that all students are receiving the services they need.

***Business Education Partnerships***. The School District helps pair local businesses and schools together to foster a better understanding of the public school system. Many schools have more than one partner, and several School District programs are now paired in the Business in Education Partnership. The number of partnerships now totals more than 200.

***School Volunteers***. Volunteers help improve academic achievement and extend educational services to students as well as provide resources from the community to enrich the school program. More than 20,000 volunteers provide services worth more than $4 million to educators and students during the school year.

***Expanded Learning***. Expanded learning programs effectively deliver a variety of recreational, cultural and enrichment activities through the utilization of local school facilities.

**School Facilities and Capital Plans**

To fund its Capital Improvement Program ("CIP") for the years 2010-2016, the School District considered several options including pay-as-you-go, general obligation bonds and Sales and Use Tax. The Sales and Use Tax option was determined to be the most cost-effective method. On November 2, 2010, voters in Charleston County approved a referendum (the "2010 Referendum)" authorizing the imposition of a one percent Sales and Use Tax within the County (the "Sales and Use Tax – Phase III") for a period of six years to fund projects set forth in the 2010 Referendum. Collection of the Sales and Use Tax – Phase III commenced on March 1, 2011, and terminated on December 31, 2016. The Sales and Use Tax – Phase III allowed the School District to continue the third phase of the capital building program without passing a property tax increase to the citizens of the County.

On August 14, 2014, the Board voted to extend the Sales and Use Tax for a period of six years upon the termination of the Sales and Use Tax – Phase III to fund the fourth phase of the capital building program (the "2017-22 CIP"). On November 4, 2014, voters approved a referendum (the "2014 Referendum") extending the Sales and Use Tax within the County (the "Sales and Use Tax – Phase IV") which commenced on January 1, 2017, and terminated on December 31, 2022. Collections of the Sales and Use Tax – Phase IV were used to replace or renovate eight entire schools, renovate portions of or construct additions or expansions to 15 schools, and fund capital maintenance and technology replacements and upgrades throughout the School District.

On July 27, 2020, the Board voted to extend the Sales and Use Tax for an additional six years upon the termination of the Sales and Use Tax – Phase IV to fund the fifth phase of the capital building program (the "2023-28 CIP"). On November 3, 2020, voters approved a referendum (the "2020 Referendum") extending the Sales and Use Tax (the "Sales and Use Tax – Phase V") which commenced on January 1, 2023, and will continue until December 31, 2028.

See "FINANCIAL AND TAX INFORMATION – Revenues – *Revenues from Sales and Use Tax*" herein.

**Public School Enrollment in the School District**

Public school enrollment in the School District for the last six school years is shown in the following table. These figures are based on 135-day average daily membership and include Special Education and Charter School students. These figures do not include enrollment for Early Head Start, Head Start and Child Development.

| Year | Kindergarten | Grades 1-8 | Grades 9-12 | Total | Percent Change |
|---|---|---|---|---|---|
| 2022-2023 | 3,738 | 29,611 | 13,501 | 46,850 | 0.08% |
| 2023-2024 | 3,592 | 29,854 | 13,794 | 47,240 | 0.83 |
| 2024-2025 | 3,770 | 29,979 | 14,009 | 47,759 | 1.10 |
| 2025-2026 | 3,643 | 29,561 | 13,790 | 46,994 | (1.60) |
| 2026-2027* | 3,822 | 29,385 | 13,907 | 47,114 | 0.25 |

*10-Day Enrollment.

**The Education Accountability Act of 1998**

At its 1998 legislative session, the General Assembly adopted the "Education Accountability Act of 1998" (the "Accountability Act"). The purpose of the Accountability Act was to establish a "performance-based accountability system" which focuses on improving teaching and learning in order to equip students with a strong

academic foundation. The Accountability Act requires all school districts, among other things, to establish local accountability systems to stimulate quality teaching and learning practices and target assistance to low performing schools. The linchpin for the Accountability Act is the annual report card which is provided to each school and school district. These report cards provide clear and specific information about school and district academic performance and other performance to parents and the public.

From a school district's perspective, the Accountability Act requires boards of trustees, among other things, to establish and annually review a performance-based accountability system (or modify its existing system) to reinforce the state accountability system. The School District's current accountability plan is modified each year in order to conform to State accountability system requirements.

If a school receives an annual report card rating of "below average" or "unsatisfactory", that school must review and revise its improvement plan (required of every school under the EFA (as defined herein)). Once the revised plan is developed, a school district's superintendent and board of trustees must review and approve the plan. In addition, schools which receive unsatisfactory ratings (or those receiving a below average rating which so request) will be assigned an external review team. If the recommendations of the review team are not implemented satisfactorily or within the period expected, or if student academic performance has not met expected progress, the State Board of Education may declare a state of emergency in the school. Declaration of a state of emergency may be followed by direct management of the school or school district, as the case may be, by the State Board of Education.

**Charter Schools**

The General Assembly has provided for the establishment of "charter schools" in the State pursuant to Section 59-40-10 *et seq*. of the Code of Laws of South Carolina 1976, as amended (the "Charter School Act"). A 2006 amendment to the Charter School Act created a State Charter School District (the "State Charter District"). The State Charter District is an alternative source of sponsorship for charter schools, the other sources being the local school district and institutions of higher education, including private institutions. Pursuant to the Charter School Act, a charter school sponsored by a school district is considered a school of the school district; a charter school sponsored by the State Charter District is a school of the State Charter District, but, in either case, is governed according to a charter approved in accordance with the Charter School Act and by a "charter committee," rather than by the governing body of the school district or the State Charter District. A charter school sponsored by an institution of higher learning is not included within any local school district or the State Charter District but is governed pursuant to arrangements between the charter school and its sponsor, and by its charter. An existing public school facility may be "converted" to a charter school of the local school district upon the vote of two-thirds of the parents of present students and school staff.

The funding sources for a charter school depend on the nature of its sponsor. Charter schools sponsored by a local school district are funded through the distribution of a proportional amount of the total general fund revenues of the sponsoring school district (state and local sources), based on relative weighted pupil units. The amount of funds which must be distributed to each charter school is calculated annually based upon the most recently completed audited financial statements of the school district, adjusted by an inflation factor. Charter schools sponsored by the State Charter District receive no local funds but do receive on a per student basis a portion of State funding under the EFA which would have otherwise been distributed to the local school district in which the student resides. Federal funds are allocated to charter schools proportionately based upon the special student characteristics relevant to the funding. Federal funds for disabled students are not allocated to charter schools.

Legislation adopted by the General Assembly in 2012, Act No. 164 of 2012 ("Act No. 164") affords greater flexibility in the organization and operation of a charter school. Act No. 164 provides for single-gender charter schools, authorizes public and independent colleges and universities to sponsor charter schools, and establishes a State Charter School Revolving Loan Program to provide loans for capital needs of charter schools. Act No. 164 also provides charter schools access to interscholastic athletic and other competitions and provides that a student who attends a charter school which does not sponsor a particular extracurricular activity may participate in that activity at the public school which he or she would otherwise attend.

See "THE SCHOOL DISTRICT – Educational Programs and Services – *Special Programs*" above for a discussion of charter schools within the School District.

**Tax Credits and Scholarships for Alternative Education Choices**

The General Assembly, beginning in its 2013 Session, authorized tax credits for persons making donations to qualifying non-profit organizations which make grants and "scholarships" to qualified "exceptional needs" students to offset tuition, transportation costs and textbook expenses incurred to attend private schools. For Fiscal Year 2017-18, the General Assembly continued from prior years the Educational Credit for "Exceptional Needs Children Fund" to provide tuition assistance, with a limit of $11 million in authorized tax credits. A bill enacted by the General Assembly in the 2018 legislative session, designated Act 247 of 2018, incorporates the foregoing matters into permanent law. Several bills presently pending in the General Assembly broaden the use of tax credits and scholarships to enable additional students to attend private schools, including certain home-schooling facilities.

The General Assembly enacted on April 27, 2023, the Education Scholarship Trust Fund program ("ESTF") (Bill 39 of 2023) providing by way of State funding up to $6,000 annually for expenses incurred by an eligible student to attend a private school, physical or virtual, or a school of a public school district other than that in which the student is domiciled. Participation was limited in Fiscal Year 2024-25 to students in households with incomes not exceeding 200% of federal poverty guidelines, expanding over three years to Fiscal Year 2026-27, wherein students in households with incomes not exceeding 400% of federal poverty guidelines will be eligible. In addition, participation was limited in Fiscal Year 2024-25 to 5,000 total students, expanding over three years to 15,000 total students in Fiscal Year 2026-27. Bill 39 of 2023 became effective on May 5, 2023.

On September 11, 2024, the South Carolina Supreme Court issued opinions in *Eidson, et al. v. South Carolina Department of Education, et al.*, holding by a vote of 3 to 2 that the provisions of the ESTF Act which authorizes the use of State funds to pay tuition at private schools is unconstitutional. Art. XI, §4 of the South Carolina Constitution provides that "(n)o money shall be paid from public funds nor shall the credit of the State or any of its political subdivisions be used for the direct benefit of any religious or other private educational institution." The 3-2 majority held that the use of State funds for tuition payments provides a "direct benefit" to private schools. The use of State funds for non-tuition purposes, however, was upheld.

The ESTF Act was amended by Act No. 11 of 2025, which increased the amount of per pupil scholarship for Fiscal Year 2025-26 to $7,500 and provided that in future years the amount would increase by the percentage increase in average per pupil fund from State sources. For Fiscal Year 2026-27, the awarded amount will be $7,634.

Act No. 11 of 2025 further increased the maximum participation to 10,000 students for Fiscal Year 2025-26 and 15,000 students for Fiscal Year 2026-27. Also provided by Act No. 11 of 2025 is an increase in the household income maximum to 300% of federal poverty guidelines for Fiscal Year 2025-26 and 500% of federal poverty guidelines for Fiscal Year 2026-27 and subsequent fiscal years. Five hundred percent of federal poverty guidelines for a family of four for Fiscal Year 2026-27 is $160,750.

Act No. 11 of 2025 also attempts to remedy the holding in *Eidson* by declaring that appropriations made under the ESTF Act for scholarships are to be deposited into an irrevocable trust and thereafter deemed not funds of the State but funds held in trust for beneficiaries of the ESTF Act. The School District cannot predict whether litigation challenging this portion of Act No. 11 of 2025 will be filed or, if so, will be ultimately successful.

The General Assembly has also authorized the issuance credits against State taxes for donations to certain organizations providing grants and scholarships to qualified "exceptional needs" students to offset tuition, transportation costs and textbook expenses incurred to attend certain private schools. Such scholarships are subject to an $11,000 per pupil annual limit. There is also a $12 million limit on the amount of credits available in any fiscal year. Parents and guardians of students described in this paragraph may also reclaim a refundable State tax credit, subject to an annually-determined cap, based on tuition paid for a child to attend an approved school providing services to exceptional needs students.

A new federal program, which will become effective in South Carolina beginning in 2027, will provide a credit against federal taxes on a dollar for dollar basis for contributions of up to $1,700 to non-profit "scholarship granting organizations". South Carolina opted in to this program in 2026, but to date has not selected which entities will qualify as "scholarship granting organizations". The new federal program is available to any student, has no

annual limit on credits, and scholarships funded thereby may be used at any public or private school, including parochial schools.

The provision of tax credits as described above and as may be expanded hereafter by the General Assembly through legislation could provide a sufficient incentive for a student to transfer from a given school district to an alternative educational source, including private schools, home school arrangements or other public school districts. In any case, the portion of State funding allocated to the public school district attended by that student on a per pupil basis would be lost by that public school district upon the transfer of the student out of that district.

**Open Enrollment**

House Bill 3199 ("H.3199") was introduced in the House of Representatives in January 2025 and referred to the Committee on Education and Public Works. No further action was taken in the 2025 legislative session, but H.3199 remains viable and may be taken up in the 2026 legislative session.

If adopted, H.3199 will provide for open enrollment in State public schools. Each school district will be required to develop a policy that must, among other things: (a) adhere to federal desegregation and other educational requirements; (b) identify and describe the application requirements, timeline, and communication plan; (c) allow parents to declare school preferences, including placement of siblings within the same school; (d) describe lottery and wait list policies and an appeal process for adverse decisions; (e) include the policies adopted by the Board regarding capacity standards, standards of approval and denial, priorities of acceptance for enrollment, and transportation; and (f) disclose any fees to be charged to non-resident students. The School District cannot predict whether legislation identical or similar to H.3199 will be ultimately adopted.

## FINANCIAL AND TAX INFORMATION

### Five-Year Summary of General Fund Operations

The following table sets forth a summary of the School District's General Fund operations for the Fiscal Years ended June 30, 2021 through June 30, 2025.

Five-Year Analysis of General Fund Revenues and Expenditures

| | 6/30/21 | 6/30/22 | 6/30/23 | 6/30/24 | 6/30/25 |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Local Sources | $348,821,729 | $376,476,670 | $427,575,431 | $483,355,240 | $533,096,818 |
| State Sources | 206,644,562 | 211,436,181 | 230,475,346 | 249,958,036 | 269,352,007 |
| Federal Sources | 113,707 | 63,177 | 11,674 | 196,753 | 0 |
| Intergovernmental | 409,975 | 533,076 | 289,468 | 317,295 | 269,078 |
| **Total Revenues** | $555,989,973 | $588,509,104 | $658,351,919 | $733,827,324 | $802,717,903 |
| **Expenditures** | | | | | |
| Instructional | $276,058,413 | $284,134,577 | $297,872,472 | $336,837,545 | $413,659,876 |
| Support Services | 227,017,532 | 235,486,710 | 263,844,714 | 287,511,869 | 327,258,697 |
| Community Service | 902,964 | 954,024 | 1,193,238 | 1,924,060 | 2,211,687 |
| Intergovernmental | 1,134,800 | 1,129,700 | 2,860,000 | 1,060,000 | 18,631,487 |
| Debt Service/Capital Outlay | 609,987 | 298,821 | 2,013,734 | 1,381,982 | 834,179 |
| **Total Expenditures** | $505,723,696 | $522,003,832 | $567,784,158 | $628,715,456 | $762,595,926 |
| **Excess Revenues Over (Under)Expenditures** | $ 50,266,277 | $ 66,505,272 | $ 90,567,761 | $105,111,868 | $ 40,121,977 |
| Sale of Fixed Assets | $ 0 | $ 27,636 | $ 1,710 | $ 12,745 | $ 3,601 |
| Transfers In | 16,207,061 | 17,796,419 | 20,036,488 | 20,168,086 | 17,230,662 |
| Transfers Out/Payments to Component Units | (66,436,886) | (70,582,021) | (83,323,218) | (80,717,005) | (71,698,470) |
| **Total Other Financing Sources (Uses)** | $ (50,229,825) | $ (52,757,966) | $ (63,285,020) | $ (60,536,174) | $ (54,464,207) |
| Excess (Deficiency) of Revenues over Expenditures | 36,452 | 13,747,306 | 27,282,741 | 44,575,694 | (14,342,230) |
| Fund Balance-July 1 of Fiscal Year | 145,215,296 | 145,251,748 | 158,999,054 | $186,281,795 | $230,857,489 |
| **Fund Balance – June 30 of Fiscal Year** | $145,251,748 | $158,999,054 | $186,281,795 | $230,857,489 | $216,515,260 |

Source: Audited Financial Statements of the School District for the Fiscal Years ended June 30, 2021 through June 30, 2025.

### Financial Statements

The financial statements of the School District for the year ended June 30, 2021 were audited by Greene Finney, LLP and for the years ended June 30, 2022 through June 30, 2025 by Greene Finney Cauley, LLP. A copy of the general purpose financial statements of the School District for the year ended June 30, 2025 is attached to this Official Statement as Appendix A. Copies of complete audited financial statements for the year ended June 30, 2025 and prior years are available for inspection at the School District offices.

For a discussion of the School District's undesignated fund balance, see the heading "Fund Balance Policy" herein.

**Fund Balance Policy**

In May 2018, the Board adopted a new fund balance policy which defined the Board's authority to utilize fund balance categories in accordance with Governmental Accounting Standards Board Statement No. 54 and to comply with Act No. 23 adopted by the South Carolina General Assembly in 2017 ("Act 23") which requires school districts to maintain a general fund reserve fund of at least one month of general fund operating expenditures of the two previously completed fiscal years. In 2022, the fund balance policy was amended to require the School District to maintain 200% of the amount required to comply with Act 23.

| Fiscal Year | Beginning Fund Balance | Budgeted Use of Fund Balance | Actual Change in Fund Balance | Actual Ending Fund Balance | Undesignated Fund Balance |
|---|---|---|---|---|---|
| 2021 | $145,215,296 | $(33,855,104) | $ 36,452 | $145,251,748 | $27,468,945 |
| 2022 | 145,251,748 | (21,015,749) | 13,747,306 | 158,999,054 | 27,468,945 |
| 2023 | 158,999,054 | (18,770,252) | 27,282,741 | 186,281,795 | 44,487,010 |
| 2024 | 186,281,795 | (14,414,398) | 44,575,694 | 230,857,489 | 71,713,475 |
| 2025 | 230,857,490 | (62,485,529) | (14,342,230) | 216,515,260 | 57,371,245 |

For the 2024-25 Fiscal Year budget, the School District budgeted to use fund balance to implement the weighted student funding formula utilizing $20,000,000 from ESSER sustainability and $42,400,000 in funds available from prior year savings. The actual change in fund balance in Fiscal Year 2024-25 was a net decrease of $14,342,230. For the 2025-26 Fiscal Year budget, the School District budgeted to use fund balance of $31,337,335 as follows: $10,000,000 for weighted student funding and the remainder for salary increases. For the 2026-27 Fiscal Year budget, the School District has budgeted to use fund balance of $20,000,000 for weighted student funding and salary increases.

**Budget Procedure and Accounting Policies**

***General.*** The South Carolina Constitution provides that each school district shall prepare and maintain annual budgets which provide for sufficient income to meet the estimated expenses for each year. Whenever ordinary expenses of a school district for any year exceed the income, the governing body of the school district is required to provide for levying a tax in the ensuing year sufficient, with all other sources of income, to pay the deficiency in the preceding year, together with the estimated expenses for the ensuing year.

State law provides that the fiscal year for school districts begins on July 1 of each year and ends on June 30 of the following year. A school district board of trustees is required to adopt an operating budget for the operation of the school district annually, prior to the beginning of each fiscal year. A public hearing, following notice thereof published in a newspaper of general circulation in the school district, must be conducted prior to the adoption of the budget. The budget must identify the sources of anticipated revenue including taxes necessary to meet the financial requirements of the budget adopted. The school district is required to provide for the levy and collection of taxes necessary to meet all budget requirements except as provided for by other revenue sources. The School District for many years enjoyed unlimited taxing authority. This authority was limited, however, effective for Fiscal Year 2007-08 and thereafter, by Act No. 388 adopted by the General Assembly in 2006 ("Act 388"). See "CERTAIN FISCAL MATTERS – Property Taxation and Assessment" and " – Millage Levy Authority" herein.

Upon adoption of the school district budget by a board of trustees, the county auditor is notified of the millage required for operation of the schools for the ensuing school year. A school district may make supplemental appropriations, which shall specify the source of funds for such appropriations. A supplemental appropriation is defined as an appropriation of additional funds which have come available during the fiscal year, and which have not been previously obligated by the current operating or capital budget.

***The School District.*** Budgets are prepared and adopted on a Fiscal Year basis beginning July 1 and ending June 30 of each year for the General, Special Revenue, and Education Improvement Act Funds of the School District. Student enrollments are projected for the next year and these projections are used to determine teacher allocations and per pupil supply allocations. Input is obtained from the individual school principals and department heads on additional or extraordinary requests. The data is summarized and compiled by the School District's Office of Financial

Services. An administrative team comprised of the Superintendent and key School District personnel reviews the budget information. Priorities for funding are established to equitably distribute available funds to meet the needs of all the students in the School District. The administrative team, along with appropriate support personnel, meets with the entire Board in work sessions to review the proposed budget in detail. The full Board then meets in formal session to amend the proposed budget and ultimately approve a final budget.

The following budget summary for the 2025-26 Fiscal Year is based upon the final reading of the School District's operating budget for that year. Final action and approval of the School District's 2026-27 Fiscal Year budget as summarized below occurred on May 18, 2026.

2025-26 Fiscal Year Approved Budget; 2026-27 Fiscal Year Budget Summary

| | Approved Budget 2025-2026 | Approved Budget 2026-2027 |
|---|---|---|
| Revenues: | | |
| Local Sources | $592,809,265 | $637,383,342 |
| Intergovernmental | 325,000 | 300,000 |
| State Sources | 275,693,782 | 292,881,537 |
| Federal Sources | 115,236 | 115,236 |
| Transfers/Other | 14,999,548 | 14,406,542 |
| TOTAL | $883,942,831 | $945,086,657 |
| | | |
| Expenditures: | | |
| Current | | |
| Instruction | $432,204,393 | $442,346,362 |
| Support Services | 346,246,790 | 353,493,776 |
| Community Services | 2,054,887 | 2,270,952 |
| Intergovernmental/Transfers | 130,453,643 | 162,262,151 |
| Reserves | 4,220,453 | 4,713,416 |
| Debt Service/Capital Outlay | 100,000 | - |
| TOTAL | $915,280,166 | $965,086,657 |

NOTE: For Fiscal Year 2026-27, the School District has budgeted to use fund balance of $20,000,000 for weighted student funding and salary increases.

**State Budget Reductions**

The General Assembly adopts its annual budget based upon prior year revenues, adjusted to reflect any projected changes forecast by the State Board of Economic Advisors. Article X, Section 7(a) of the South Carolina Constitution requires that the General Assembly provide for a budgetary process to ensure that annual expenditures of State government may not exceed annual State revenues. Article X, Section 7(c) of the South Carolina Constitution requires that the General Assembly prescribe by law a spending limitation on appropriations for the operation of State government such that annual increases in appropriations may not exceed the annual growth rate of the economy of the State; provided, however, that this limitation is subject to suspension (for any one fiscal year) by an affirmative vote in each House of the General Assembly by 2/3 of the members present and voting, but not less than 3/5 of the total membership in each House. Article X, Section 7(d) of the South Carolina Constitution requires that the General Assembly prescribe by law a limitation on the number of State employees such that the annual increase in such number may not exceed the average growth rate of the population of the State; provided, however, that this limitation is subject to suspension (for any one fiscal year) by an affirmative vote in each House of the General Assembly by 2/3 of the members present and voting, but not less than 3/5 of the total membership in each House.

Reductions in funding provided to the School District may be adjusted by two methods to reflect actual and expected reductions in State revenues. First, reductions in funding may be incorporated into the State budget when adopted. Amounts appropriated to school districts may be reduced from year to year. Second, reductions in funding may be made during a fiscal year.

Appropriations made by the State are monitored against income throughout the fiscal year by the State's Board of Economic Advisors, which meets quarterly and reports its findings to the State Fiscal Accountability Authority. If at the end of the first, second or third quarter of any fiscal year, the Board of Economic Advisors reduces the revenue forecast for the fiscal year by 3% or less, within three days of that determination the Director of the State Executive Budget Office must reduce general fund appropriations by the requisite amount as prescribed by law and further must immediately notify the State Treasurer and Comptroller General of the reduction. Upon that notification, the appropriations are considered reduced; however, no agencies, departments, institutions, activity, program, item, special appropriation, or allocation for which the General Assembly has provided funding may be discontinued, deleted, or deferred by the Director of the Executive Budget Office. The Director of the Executive Budget Office is required to apply any reduction to the rate of expenditure as uniformly as practicable, except that no reduction may be applied to funds encumbered by a written contract with any agency, department, or institution not connected with State government.

If at the end of the first, second, or third quarter of any fiscal year the Board of Economic Advisors reduces the revenue forecast for the fiscal year by more than 3%, the President Pro Tempore of the Senate and the Speaker of the House of Representatives may call each respective house into session to take action to avoid a year-end deficit. If the General Assembly does not to take action within 20 days of the determination of the Board of Economic Advisors, the Director of the Executive Budget Office is required to reduce general fund appropriations by the requisite amount in the manner prescribed by law and in accordance with the provisions that apply to a reduction of 3% or less, as described above.

**Revenues**

The audited financial statements of the School District for the Fiscal Year ended June 30, 2025 indicate that 34% of general fund revenues came from the State and 66% came from local sources.

***Revenues from the State.*** The second largest source of operating revenues is the State of South Carolina. These revenues come in the form of general fund revenues, which are available for general operating expenses of the School District, and special revenues, which are available for use only in connection with specific programs. The amounts the School District has received as general fund and special revenues from the State, including sales tax distributed to the School District as described under "New Homestead Exemption" herein, for the Fiscal Years shown are listed in the following table:

| Fiscal Year | General Fund | Special Revenue | Total |
|---|---|---|---|
| 2021 | $206,644,562 | $47,072,004 | $253,716,566 |
| 2022 | 211,436,181 | 38,476,036 | 249,912,217 |
| 2023 | 230,475,346 | 39,835,265 | 270,310,611 |
| 2024 | 249,958,036 | 42,265,956 | 292,223,992 |
| 2025 | 269,352,007 | 43,837,174 | 313,189,181 |

***Education Finance Act.*** At its 1977 Session, the General Assembly enacted Act No. 163, the Education Finance Act (the "EFA"), which provided for a program designed to equalize educational opportunities of elementary, middle and high school students throughout the State. The EFA established a minimum Foundation Program for all students. Although the State historically provided a large portion of the moneys necessary to defray the cost of operating and maintaining the programs of the school districts, the implementation of the EFA required additional appropriations to be made by the State.

The procedure established by the EFA for the distribution of specified portions of State education funds recognizes the disproportionate distribution of wealth in the State. In prior years, the distribution of these funds has been determined by two factors: a school district's "Index of Taxpaying Ability" and its number of students, based on a weighted formula. A defined program was established annually by the State Board of Education with a baseline State funding level of 70% of the cost of the defined program. If a local school district's index of taxpaying ability indicates a greater or lesser ability to provide local funds, the State funds will be either reduced or increased from the baseline funding level accordingly. The remainder is funded locally.

The State's share and the School District's share of funding of the Foundation Program is shown below.

Contributions to EFA Foundation Program

| Fiscal Year | State Contributions | State Percentage | School District Contributions | School District Percentage |
|---|---|---|---|---|
| 2020 | $49,395,385 | 32% | $105,640,293 | 68% |
| 2021 | 51,308,252 | 34 | 101,569,787 | 66 |
| 2022 | 50,289,776 | 32 | 105,094,409 | 68 |

EFA funding formulas have been adjusted in recent years via State budget "provisos" of one year's duration with a view towards likely permanent changes in allocation of State funds to school districts. For Fiscal Years 2022-23 and thereafter, amounts appropriated for purposes previously identified simply as the EFA have been characterized as "Aid to Classrooms", and the formula for distribution of funds among school districts adjusted. These amounts include both funding formerly expressed in the State budget as EFA, and, in addition, various other budget line items which have beginning in Fiscal Year 2022-23 been combined into a General Fund allocation.

Amounts appropriated to the School District as Aid to Classrooms to date are as follows:

| Fiscal Year | Aid to Classrooms |
|---|---|
| 2023 | $100,621,890 |
| 2024 | 110,596,487 |
| 2025 | 123,919,787 |

The Aid to Classrooms funding is based on the number of teachers needed to serve the estimated students at a targeted student/teacher ratio of 11.2. Each school district will receive its share of the total State funds based upon its proportion of total weighted pupils and the school district's ability to pay, measured by an "Index of Taxpaying Ability" which compares property values among the various school districts. The student-teacher ratio and cost of a teacher determine the total program cost at the state and local level. The program does not depend on a base student cost or inflation factor. The inflation factor is replaced by the goal for teacher salaries, including the fringe rate. Student growth, the targeted student-teacher ratio, the targeted salary schedule and the annual fringe rate determine changes in the program cost. Weighted pupils do not drive the cost of the program and are only used to allocate State funds to school districts. The applicable budget provisos also require each school district of the State to publish its budget on its website and to utilize outside auditors approved by the State Auditor. The South Carolina Revenue and Fiscal Affairs Office is directed by those provisos to create a public dashboard to show expenditures, demographics and performance of individual school districts.

***Education Improvement Act.*** Almost all of the special revenues received from the State are paid to the School District under the Education Improvement Act of 1984 (the "EIA"). The EIA was enacted to improve the quality of public education in the State through special programs and incentives. The EIA program is funded by a 1¢ increase in the general sales tax. Amounts received by the School District under the EIA are restricted to the programs authorized or mandated by the EIA.

| Fiscal Year | Amount |
|---|---|
| 2021 | $30,910,584 |
| 2022 | 33,891,186 |
| 2023 | 33,338,421 |
| 2024 | 39,229,090 |
| 2025 | 40,857,557 |

As stated above under "- *Education Finance Act*" above, appropriations made by the State are monitored against income throughout the fiscal year by the State's Board of Economic Advisors. If State revenues are below budget estimates, the Director of the Executive Budget Office has the authority to reduce appropriations by amounts sufficient to maintain a balanced budget for the State. See "State Budget Reductions" above.

***Revenues from Ad Valorem Taxes.*** The largest source of School District general operating revenues comes from ad valorem taxes paid by taxpayers within the School District. A discussion of general tax information, tax rates, and millage levied upon taxpayers of the School District for School District purposes is presented under the headings "CERTAIN FISCAL MATTERS - Property Taxation and Assessment", "- Assessed Value", "- Tax Collection Procedure", "- Tax Collections", "- Ten Largest Taxpayers", and "- Millage History" below. All the revenues from ad valorem taxes are either general fund revenues, and, therefore, may be used by the School District on an unrestricted basis, or are collected for the purposes of paying debt service on general obligation bonds of the School District. Listed below are the amounts the School District received as general fund revenues from ad valorem taxes for the Fiscal Years shown:

| Fiscal Year | General Fund* |
|---|---|
| 2021 | $444,212,783 |
| 2022 | 472,196,919 |
| 2023 | 521,113,127 |
| 2024 | 578,666,184 |
| 2025 | 631,182,292 |

*Includes amounts received as Homestead Exemption and Property Tax Relief Exemption as such terms are defined in "—Homestead Exemption - Property Tax Relief" herein.

***Revenues from Federal Sources.*** The School District receives a portion of its revenues from the Federal Government, including federal grants which are tied to specific uses, such as the school lunch program and aid for the handicapped, vocational education and adult education, and Subchapter I of the Elementary and Secondary Education Block Grant program (PL 97-35), which funds are used to pay operational costs (including teachers' salaries). These revenues are restricted and must be used for specific programs.

The amounts received by the School District as special revenues and food services from Federal sources for the Fiscal Years shown are set forth below:

| Fiscal Year | Food Services | Special Revenues |
|---|---|---|
| 2021 | $23,455,521 | $ 65,862,941 |
| 2022 | 38,651,782 | 111,949,015 |
| 2023 | 25,877,546 | 150,443,971 |
| 2024 | 32,486,246 | 139,551,910 |
| 2025 | 32,706,918 | 65,493,588 |

***Revenues from Sales and Use Tax.*** As provided in the Sales and Use Tax Act, the Sales and Use Tax is administered and collected by the South Carolina Department of Revenue in the same manner as other sales and use taxes. The revenues of the Sales and Use Tax are remitted to the State Treasurer and credited to a fund separate and distinct from the general fund of the State. After deducting the amount of any refunds made and costs to the Department of Revenue of administering the tax (not to exceed one percent of the revenues), the State Treasurer will distribute the revenues monthly to the County Treasurer for the benefit of the School District. Revenues received by the County Treasurer must be deposited in an account for the School District, separate from accounts established for any other purpose, and investment earnings derived from amounts held in such account must be credited to the account. Withdrawals by the School District of proceeds of the Sales and Use Tax must be made in the same manner as funds appropriated to the School District by the State. The School District must maintain records which demonstrate that proceeds of the Sales and Use Tax are only used to pay the costs of the Sales Tax Projects or to pay debt service on general obligation debt incurred by the School District to pay the costs of the Sales Tax Projects.

On November 2, 2010, voters in Charleston County approved the 2010 Referendum authorizing the imposition of the one percent Sales and Use Tax – Phase III within the County for a period of six years to fund the Sales Tax Projects – Phase III set forth in the 2010 Referendum. Collection of the Sales and Use Tax – Phase III commenced on March 1, 2011 and continued until December 31, 2016, with total collections of $488,119,965.

On November 4, 2014, voters in Charleston County approved the 2014 Referendum authorizing the imposition of the one percent Sales and Use Tax – Phase IV within the County for a period of six years to fund the Sales Tax Projects – Phase IV set forth in the 2014 Referendum. Collection of the Sales and Use Tax – Phase IV commenced on January 1, 2017 and continued until December 31, 2022, with total collections of $731,586,244.

Collection of the Sales and Use Tax – Phase V to fund the Sales Tax Projects – Phase V commenced on January 1, 2023 following the termination of the Sales and Use Tax – Phase IV and will continue until December 31, 2028. Through June 30, 2026, $549,911,316 of Sales and Use Tax – Phase V have been collected.

**Investment Policies**

The School District holds and invests all operating funds directly. General obligation bond proceeds and tax collections used to pay debt service on bonds are held and invested by the County Treasurer. In both cases, the funds may only be invested in investments specified under Section 6-5-10 of the Code of Laws of South Carolina 1976, as amended, or the South Carolina Pooled Investment Fund. The South Carolina Pooled Investment Fund is managed by the South Carolina State Treasurer.

**Fringe Benefits, Retirement, and Health Insurance**

The School District contributes to the South Carolina Retirement System (the "System"), a cost-sharing, multiple-employer, defined-benefit pension plan. The System provides both retirement and death benefits on an employee and employer contribution basis. Member employees currently contribute 9% of their annual compensation. For Fiscal Year 2026-27, employer contribution is 24.66% of the total membership's annual compensation and the entire cost of group life insurance for covered employees is included. Total employer retirement contributions to the System paid on behalf of the School District are set forth in the table below.

The School District provides comprehensive group health and dental insurance through the State Employees Group Plan administered by Public Employee Benefit Authority ("PEBA"). The School District also offers a health maintenance organization, a cancer policy, a term basic, optional and dependent life insurance policy, an accidental death and dismemberment policy and a supplemental hospital cash plan. Employer's contributions are made on behalf of the employees at fixed rates. Health and dental insurance contributions to the System paid on behalf of the employees are shown in the following table.

| Fiscal Year | Retirement | Health Insurance |
|---|---|---|
| 2021 | $ 72,063,600 | $35,998,706 |
| 2022 | 83,107,456 | 37,566,692 |
| 2023 | 90,249,122 | 42,449,508 |
| 2024 | 105,174,213 | 47,452,433 |
| 2025 | 115,540,605 | 52,787,432 |

The School District has paid all required contributions for fringe benefits and insurance as they come due and there are no liabilities for underfundings of such benefits.

**Other Post-Employment Benefits**

The School District is required to pay as part of its pension contributions a surcharge for retiree health and dental insurance. Except for such payments, post-employment benefits such as health insurance for School District employees are the responsibility of the State. The School District has no liability for such benefits but does make disclosure pertaining to such benefits under Governmental Accounting Standards Board Statement No. 45.

## CERTAIN FISCAL MATTERS

### Property Taxation and Assessment

Article X of the South Carolina Constitution mandates that the assessment of all property, both real and personal, shall be equal and uniform and that the following ratios shall apply in the appropriate classifications of property:

(1) Real and personal property owned by or leased to manufacturers, utilities and mining operations and used in the conduct of such business — 10.5% of fair market value;
(2) Real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used in the conduct of such business — 9.5% of fair market value;
(3) Legal residence and not more than five contiguous acres — 4% of fair market value (if the property owner makes proper application and qualifies);
(4) Agricultural real property used for such purposes owned by individuals and certain corporations — 4% of use value (if the property owner makes proper application and qualifies);
(5) Agricultural property and timberlands belonging to corporations having more than 10 shareholders — 6% of use value (if property owner makes proper application and qualifies);
(6) All other real property — 6% of fair market value;
(7) Business inventories — 6% of fair market value (as of 1988, there is available an exemption from taxation of property in this category, hence this item is no longer significant, except that the assessed value of business inventory as of tax year 1987 is taken into account in determining total assessed value for purposes of the bonded debt limit); and
(8) Personal motor vehicles which must be titled by a state or federal agency, limited to passenger motor vehicles and pickup trucks, as defined by law — 6% of fair market value; and
(9) All other personal property — 10.5% of fair market value.

The County Assessor appraises and assesses each year all real property and mobile homes located within the County and certifies the results to the County Auditor (with the exception of Manufacturer's Real Property which is certified by the South Carolina Department of Revenue ("DOR")). The County Auditor appraises and assesses all motor vehicles (except for large trucks, which are appraised and assessed by DOR), marine equipment, business personal property and airplanes. DOR furnishes guides for use by the County in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers and business equipment.

In each year, upon completion of its work, DOR certifies its assessments to the County Auditor. During August and September of each year the County Auditor prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares the tax bills and then in September charges the County Treasurer with the collection. With the exception of motor vehicles, the South Carolina Tax Control date is December 31st for the ensuing tax year. South Carolina has no state-wide property tax.

DOR has been charged with the responsibility of taking steps necessary to ensure equalization of assessments statewide in order that all property is assessed uniformly and equitably throughout the State and may require reassessment of any part or all of the property within the School District. Under law enacted by the South Carolina General Assembly in 1995, every fourth year the County and the State are required by law to effect an appraisal of all property within the County and to implement that appraisal as a new assessment in the following year. Regulations of DOR effectively require that a reappraisal program must be instituted by a county if the median appraisal for all property in such county (as a whole or for any class of property) is higher than 105% or lower than 80% of fair market value. The County implemented reassessment in Fiscal Year 2025-26.

In addition to limits on growth in operating millage rates, Act 388 provides that the growth in valuation of real property attributable to reassessment may not exceed 15% for each five-year reassessment cycle. Growth in valuation resulting from improvements to real property is exempt from this restriction. Moreover, upon the sale of any parcel of real property or other "assessable transfer of interest," including long-term leases, conveyances out of

trusts, and other defined events, but excluding transfers between spouses, such parcel will be reassessed to its then-current market value.

Legislation adopted in the 2011 session of the General Assembly further limits the reassessment of property assessed at six percent (6%) of market value, *e.g.* commercial property and non-owner-occupied homes. Upon an assessable transfer of interest of such property, the new assessed value for tax purposes is the greater of (a) 75% of the fair market value of the property at the time of sale or (b) 100% of the fair market value of the property according to the most recently completed county-wide reassessment.

The foregoing limitations on increases in assessed value may materially affect the growth in the School District's assessed value, and, thus, debt limit, over time.

**Millage Levy Authority**

Pursuant to Act 388, the annual millage rate for operations of the School District may increase only at a rate which does not exceed the sum of (a) the increase in the consumer price index, plus (b) the rate of population growth of the political subdivision or school district. This limitation may be overridden by a vote of two-thirds of the Board, but only for the following purposes and only in a year in which such condition exists:

(1) a deficiency of the preceding year;
(2) any catastrophic event outside the control of the governing body such as a natural disaster, severe weather event, act of God, or act of terrorism, fire, war, or riot;
(3) compliance with a court order or decree;
(4) taxpayer closure due to circumstances outside the control of the governing body that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or
(5) compliance with a regulation promulgated or statute enacted by the federal or state government after the ratification date of this section for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government.

Legislation amending Act 388, adopted in 2011, allows a local government such as the School District to apply in any year millage rate increases which were permitted under Act 388, but not implemented, in any of the three most recent prior fiscal years under the inflation and population growth limitations imposed by Act 388 as described in (a) and (b) in the preceding paragraph. For example, if a local government was allowed a three-mill increase in Fiscal Year 2024-25 and a five mill increase in Fiscal Year 2025-26 but implemented neither, it could implement an eight mill increase in Fiscal Year 2026-27 (along with any increase arising that year) under Act 388.

**Homestead Exemption - Property Tax Relief**

South Carolina provides, among other tax exemptions, several exemptions for homesteads. The first is a general exemption from all ad valorem property taxes and applies to the first $50,000 of the fair market value of the dwelling place of persons who are over 65 years of age, totally and permanently disabled or legally blind (the "Homestead Exemption"). The revenues that would have been received by various taxing entities but for the Homestead Exemption are replaced by funds from the State. The State pays each taxing entity the amount to which it is entitled by April 15 of each year from the State's general fund. The School District has received $3,557,262 under the Homestead Exemption every year since the 2007-08 Fiscal Year and expects to receive the same amount in the 2026-27 Fiscal Year.

Beginning in Fiscal Year 1994-95, the first $100,000 of appraised value of homesteads was granted an exemption from school operating taxes; amounts which the school districts of the State would have otherwise received were replaced by State revenues (the "Property Tax Relief Exemption"). Beginning in Fiscal Year 1998-99, the replacement revenues appropriated to the school districts of the State pursuant to the Property Tax Relief Exemption have been capped, and do not reflect changes in millage rates or changes in the number of exempt homesteads within a particular taxing jurisdiction. Since 1999, the School District has received $16,955,781 annually by way of the Property Relief Tax Exemption and expects to receive the same amount in the 2026-27 Fiscal Year.

Beginning with Fiscal Year 2007-08, the Property Tax Relief Exemption has been amended pursuant to Act 388 such that 100% of the value of owner-occupied real property will be exempt from all taxes levied for school district operating purposes (the "New Homestead Exemption"). A portion of the amounts which the school districts of the State would receive but for the New Homestead Exemption will be replaced with the proceeds of an additional one percent sales tax imposed State-wide.

**Act No. 388 Sales Tax**

Pursuant to Act 388, an additional one percent sales tax was imposed State-wide beginning on June 1, 2007. The additional tax does not apply to certain items, including certain accommodations (*e.g.*, hotels, motels, campgrounds and the like), items taxed at a defined maximum tax (*e.g.*, automobiles, taxed at a maximum of $300, regardless of sales price), and unprepared food (which is presently exempt from State sales tax). Receipts from the new one percent sales tax must be credited to the "Homestead Exemption Fund" created pursuant to Act 388.

As stated above, the New Homestead Exemption exempts all owner-occupied real property in the State from ad valorem property taxes levied for school district operations. Proceeds of the sales tax deposited in the Homestead Exemption Fund are distributed to the school districts of the State in substitution for the ad valorem property taxes not collected as a consequence of the New Homestead Exemption, provided, however, that in no event is the amount of sales taxes distributed to the school district or districts within any county be less than $2,500,000 in the aggregate. Act 388 contains provisions for distribution to multiple school districts within a single county of any amounts made available under the preceding sentence.

The aggregate annual reimbursement to the school districts of the State from the Homestead Exemption Fund will increase by an amount equal to the percentage increase in the previous year of the Consumer Price Index, Southeast Region, as published by the United States Department of Labor, Bureau of Labor Statistics plus the percentage increase in the previous year in the population of the State as determined by the State Revenue and Fiscal Affairs Office. If the total increase calculated pursuant to the preceding sentence is less than four percent, then to the extent revenues are available in the Homestead Exemption Fund, the annual Tier Three reimbursement is further increased, not to exceed a total of four percent. The aggregate amount of the reimbursement increase in any year will be distributed among the school districts of the State proportionately based on each school district's weighted pupil units as a percentage of statewide weighted pupil units as determined annually pursuant to the Education Finance Act.

During its 2007 session, the General Assembly enacted Act No. 57 ("Act No. 57"), which amended Section 11-11-156 of the Code of Laws of South Carolina, 1976 as amended, to provide for the schedule for disbursement of funds to school districts from the Homestead Exemption Fund. The disbursements are divided into three tiers. The Tier One disbursement includes the amount of the Property Tax Relief established in 1995, and, as noted above, is capped at $16,955,781 annually. Tier Two is the amount of the Homestead Exemption for all property taxes applied to the first $50,000 of fair market value of owner-occupied residential property of persons who are 65 years of age, permanently disabled or legally blind. The amount reimbursed to the School District under Tier Two is capped by Act No. 57 at $3,557,262 annually. Tier Three is the amount of the New Homestead Exemption to be reimbursed from the 1% sales tax to replace revenue that would have been collected from the appropriation of school operating millage on owner-occupied residential property.

As amended by Act No. 57, Section 11-11-156(A)(5)(b) provides that:

(i) ninety percent of the Tier One reimbursement must be paid in the last quarter of the calendar year no later than December 1. The balance of the Tier One reimbursement must be paid in the last quarter of the Fiscal Year that ends June 30 following the first Tier One reimbursement date;

(ii) Tier Two reimbursements must be paid on the same schedule as the second Tier One reimbursement;

(iii) Tier Three reimbursements must be paid in nine equal monthly installments based on one-tenth of the State estimate, beginning not later than October 15. A final adjustment balance payment must be made before the closing of the State's books for the Fiscal Year.

Any amounts remaining in the Homestead Exemption Fund after the distribution of moneys as described in the preceding paragraphs must be distributed to the 46 counties of the State, proportionately based upon population, and applied as a credit against ad valorem property taxes levied against, first, owner-occupied real property, and, thereafter, to all other classes of taxable property, for county operating purposes.

The following amounts were distributed to the School District from the New Homestead Exemption (Tier Three) for the years shown:

| Fiscal Year | Amount Received |
|---|---|
| 2021 | $75,939,602 |
| 2022 | 77,986,571 |
| 2023 | 81,190,316 |
| 2024 | 86,841,505 |
| 2025 | 90,670,414 |

To the extent revenues in the Homestead Exemption Fund are insufficient to pay all reimbursements due to the school districts of the State as described above, Section 11-11-156(A)(6) provides that the difference "must be paid from the State's general fund." Enforcement of the requirement described in the preceding sentence may not be self-executing, however, and may in each applicable year be subject to the appropriation of the necessary amounts by the General Assembly. South Carolina courts have not considered whether this provision is self-executing.

The substitution of sales tax revenues for property tax revenues imposed by Act 388, to the extent that growth in its operating expenses exceeds the growth rate of sales tax reimbursements from the State, may have a material impact on funding of School District operations. Growth in sales tax reimbursements is subject both to restrictions contained in Act 388 and to the growth in State sales tax collections generally.

The School District cannot predict whether in any year the sales tax reimbursement will be insufficient to meet growth in operating expenses. The School District's ability to compensate for insufficiencies in sales tax reimbursements through an increase in its millage rate is limited, as discussed under the heading "CERTAIN FISCAL MATTERS - Millage Levy Authority" above.

**Payments in Lieu of Taxes**

The State has adopted an array of property tax inducements and incentives to promote investment in the State. Qualifying investments of $5 million ($1 million in some counties and for certain "Brownfield" sites) or more may negotiate for payments in lieu of taxes for a period of 20 years based on assessment ratios of as little as 6% and using millage rates that are either fixed for 20 years or adjusted every fifth year. Certain of those projects may also design a payment schedule so long as the present value of the payments under the schedule are equal to the present value of the payments that would have been made without the schedule. The State also provides a more generous inducement for projects creating at least 200 new jobs and which provide new investment of not less than $200 million or for projects which have total investment of not less than $200 million within the State. These projects may negotiate for payments based on assessment ratios of as low as 4% and for a term of up to 30 years.

The State provides alternative provisions respecting the distribution of payments in lieu of taxes to entities having taxing jurisdiction at the location of the investment: (i) revenues received in respect of property that is not included in a multicounty park are allocated annually in proportion to the amounts that would have been received by the taxing entities if the payments were taxes, based on the relative millage rates of overlapping taxing entities in a given year, and (ii) revenues received from property that is in a multicounty park, however, is distributed in accordance with the agreement creating the park; the amount of the distribution to each taxing entity is, for all practical purposes, controlled by the County. Property may be included in a multicounty park under terms of agreements between two or more counties with individual sites being determined primarily by the county in which they are located. Payments in lieu of taxes may be diverted from taxing entities in the sole discretion of the County to fund projects which support economic development activities, including projects that are used solely by a single enterprise, and such other uses as directed by the County.

In addition to the above-described incentives, under State law a county may issue special source revenue bonds or grant equivalent credits against payments in lieu of taxes in order to pay for certain infrastructure costs to support economic development activities. Such bonds or credits are payable from, and effectively allow for the capturing of, portions of the payments in lieu of taxes payable by industry.

The effect of the above-described incentives, is that, notwithstanding the fixed payments by the industry, the County's share of these payments will vary in each year in accordance with the ratio its millage rates for that year bear to the total millage that would otherwise apply to the property. Projects on which these payments in lieu of taxes are made are considered taxable property at the level of the negotiated payment for purposes of calculating bonded indebtedness limits and for purposes of computing the index of taxpaying ability pursuant to the South Carolina Education Financing Act. If the property is situated in a multicounty park, the calculation of assessed value for debt limit purposes is based upon the relative share of payments received by all taxing entities which overlap the multicounty park. Accordingly, a recipient of payments from a multicounty park is able to include only a fraction of the assessed value of property therein in calculating its debt limit.

**Assessed Value**

The assessed value and estimated true value of taxable real and personal property in the School District for each of the last five tax years are set forth in the following table.

**Charleston County[(1)]**

| | Real Property | | Personal Property | | Total | |
|---|---|---|---|---|---|---|
| Tax Year | Assessed Value | Estimated True Value | Assessed Value | Estimated True Value | Assessed Value | Estimated True Value |
| 2022 | $4,425,579,698 | $ 88,664,354,633 | $720,876,198 | $ 9,579,933,071 | $5,146,455,896 | $ 98,244,287,705 |
| 2023 | 4,709,327,143 | 94,245,165,133 | 809,891,173 | 10,792,873,042 | 5,519,218,316 | 105,038,038,175 |
| 2024 | 4,929,326,208 | 99,113,357,050 | 865,376,552 | 11,505,376,489 | 5,794,702,760 | 110,618,733,539 |
| 2025[(2)] | 5,826,210,842 | 116,748,170,283 | 822,984,649 | 10,167,417,259 | 6,649,195,491 | 126,915,587,542 |
| 2026 | 6,048,146,362 | 121,451,510,450 | 881,068,289 | 10,812,776,059 | 6,929,214,651 | 132,264,286,509 |

[(1)]These values do not include merchants inventory figures at the 1987 level of $21,657,390.
[(2)]Reassessment year.

Source: Charleston County Auditor

**Exempt Manufacturing Property**

Article X, Section 3 of the South Carolina Constitution provides that all new manufacturing establishments located in any county after July 1, 1977, and all additions (in excess of $50,000) to existing manufacturing establishments are exempt from ad valorem taxation for five years for county taxes only. No exemption is granted from school or municipal taxes.

**Tax Increment Financing Districts**

A portion of the increase in the assessed value of real property located within tax increment financing ("TIF") districts may not be available for taxation by governmental entities other than the municipality creating the TIF district

during the period that TIF obligation is outstanding. The assessed value of TIF properties not subject to School District millage for the last five years, for which information is available, is set forth below:

| Tax Year | Assessed Values | Appraised Values |
|---|---|---|
| 2021 | $107,147,034 | $1,861,768,483 |
| 2022 | 131,214,772 | 2,271,657,907 |
| 2023 | 147,954,732 | 2,565,019,117 |
| 2024 | 179,274,679 | 3,091,185,150 |
| 2025 | 226,934,137 | 3,905,156,200 |

Source: Auditor's Office

**Estimated True Value of all Taxable Property**

The 2026 tax year (2026-27 Fiscal Year) estimated assessed and true value of all taxable property located within the School District is set forth below:

| | Estimated Assessed Value* | Estimated True Value* |
|---|---|---|
| Real Property (Non-Manufacturing) and Mobile Homes | $6,048,146,362 | $121,451,510,450 |
| Motor Vehicles | 378,558,732 | 5,627,639,732 |
| Public Utilities | 155,336,260 | 1,479,392,952 |
| Manufacturing Property | | |
| Full Levy | 8,610,809 | 82,007,705 |
| Special Levy | 2,902,950 | 27,647,143 |
| Watercraft | 79,283,290 | 785,920,881 |
| Business Personal – County | 28,528,050 | 282,767,162 |
| Business Personal – State | 105,726,970 | 1,006,923,524 |
| Aircraft | 30,268,350 | 288,270,000 |
| Railroads | 6,263,840 | 65,935,158 |
| Rental Residential | 4,638,510 | 44,176,286 |
| Fee in Lieu/MCP | 80,950,528 | 1,122,095,517 |
| TOTAL | $6,929,214,651 | $132,264,286,509 |

*Some variance from the Table of Assessed Value may be the result of daily fluctuations in various categories including Motor Vehicles. Figures do not include merchants inventory.
Source: Charleston County Auditor

**Tax Collection Procedure**

In the School District, taxes are levied for County and School District purposes by the County Auditor as a single tax bill, which must be paid in full by the individual taxpayer.

Real and personal taxes are due on or before January 15 of each year with the exception of taxes on motor vehicles. All personal property taxes on motor vehicles are due on or before the last day of the month in which the license tag for each such motor vehicle expires. If property taxes, other than taxes on motor vehicles, are not paid on or before January 16, a penalty of 3% is added; if not paid by February 1, an additional penalty of 7% is added; if not paid on or before March 17, an additional penalty of 5% is added and taxes go into execution. Taxes on motor vehicles are subject to similar penalties measured from the due date thereof. Unpaid taxes, both real and personal, constitute a first lien against the property. To effectuate the collection of delinquent taxes, the tax collector is empowered to seize and sell so much of the defaulting taxpayer's estate, real and personal or both, as may be sufficient to satisfy the taxes.

**Tax Collections**

The following table shows taxes levied for operational and debt service purposes (adjusted to include additions, abatements, and nulla bonae) for the School District, taxes collected as of June 30 of the year following the year in which the levy was made, and the amount of delinquent taxes collected. Delinquent taxes include taxes levied in prior years but collected in the year shown. The table reflects only the levy and collections in connection with real and personal property other than motor vehicle taxes.

| Fiscal Year | Adjusted Tax Levy | Current Taxes Collected | Current Percentage Collected | Delinquent Taxes Collected | Total Taxes Collected |
|---|---|---|---|---|---|
| 2021-22 | $ 675,364,401 | $657,757,631 | 97% | $11,616,363 | $ 669,373,994 |
| 2022-23 | 748,156,166 | 726,373,815 | 97 | 12,266,192 | 738,640,007 |
| 2023-24 | 823,034,526 | 801,695,530 | 97 | 14,033,856 | 815,729,386 |
| 2024-25 | 888,382,356 | 862,772,950 | 97 | 14,368,223 | 877,141,173 |
| 2025-26 | 1,014,975,900 | 986,430,510 | 97 | 17,177,937 | 1,003,608,447 |

Source: Charleston County Treasurer

**Ten Largest Taxpayers**

The ten largest taxpayers in the County, the 2025 Tax Year assessed value for the taxable property of each located within the County, and the amount of 2025-26 Fiscal Year School District taxes paid for each are shown below.

| Name | Estimated Assessed Valuation | Total Taxes Paid |
|---|---|---|
| Dominion Energy South Carolina | $ 93,684,980 | $15,504,864 |
| The Boeing Company | 64,129,779 | 10,613,478 |
| Trident Medical Center LLC | 22,137,800 | 3,663,806 |
| Charleston Place Propco LLC | 17,403,540 | 2,880,286 |
| Mercedes Benz Vans LLC | 15,101,144 | 2,499,239 |
| Mid-America Apartments LLC | 11,502,040 | 1,903,588 |
| Berkeley Electric Co-Op | 11,164,280 | 1,847,688 |
| Kiawah Real Estate Company | 9,954,490 | 1,647,468 |
| Morrison Yard Owners LLC | 9,085,380 | 1,503,630 |
| Jasper Development LLC | 8,815,940 | 1,459,038 |
| | $262,979,373 | $43,523,086 |

Source: Charleston County Auditor

**Millage History**

All residents of the School District pay property taxes for the debt service of the School District. Property taxes for the operations of the School District are paid with respect to all real property except owner-occupied residential real property. Presented below is the millage history for School District taxes broken down into Operations and Debt Service for the past five Fiscal Years.

| | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|
| Operations | 130.0 | 138.3 | 145.2 | 142.5 | 145.2 |
| Debt Service | 28.0 | 26.0 | 23.0 | 23.0 | 23.0 |
| School District Total | 158.0 | 164.3 | 168.2 | 165.5 | 168.2 |

Source: School District

**Liability Insurance**

Subject to specific immunity set forth in the South Carolina Tort Claims Act (the "Act"), local governments, including the School District, may be liable for damages not to exceed $300,000 per incident/person and $600,000 per occurrence/aggregate. No punitive or exemplary damages are permitted under the Act. Insurance protection to units of local government is provided from either the South Carolina Insurance Reserve Fund established by the State Fiscal Accountability Authority, private carriers, self-insurance or pooled self-insurance funds. The School District currently maintains liability insurance coverage with the South Carolina School Boards Insurance Trust, with a self-insured retention per incident of $100,000. In the opinion of the Superintendent the amount of liability coverage maintained by the School District is sufficient to provide protection against any loss arising under the Act. In the opinion of legal counsel for the School District, there is no litigation pending or threatened against the School District, which is not adequately insured by such coverage.

**Property Insurance**

Because of the geographic location of the School District on the South Carolina coast and the risk of hurricanes due to its location, property insurance coverage demands a higher premium than at many other locations; however, the School District is of the opinion that it is adequately covered with respect to property damage.

## DEBT STRUCTURE

The School District is authorized by law to incur general obligation indebtedness and may also contract for the acquisition of capital assets through lease-purchase agreements subject to annual appropriation termination clauses. The School District has issued general obligation bonded indebtedness as described below. Payment of debt service on the School District's obligations is handled by the Charleston County Treasurer.

**Legal Debt Limit of the School District**

The School District has a limit on the amount of general obligation debt it may incur from and after November 30, 1982, equal to 8% of the assessed valuation of property within its jurisdiction. Indebtedness outstanding on November 30, 1982, and any refunding thereof, and any indebtedness approved in a referendum or any refunding thereof is excluded from the limit. Also excluded from the debt limit is debt issued in anticipation of the collection of ad valorem taxes.

The School District's estimated general obligation bonded debt limitation as of the date hereof is computed below:

| | |
|---|---|
| Assessed Value* | $6,950,872,041 |
| Constitutional Debt Limit | x 8% |
| | $ 556,069,763 |
| General Obligation Debt Subject to Debt Limit** | 294,440,000 |
| General Obligation Debt Available Without Referendum | $ 261,629,763 |

*Based on Tax Year 2026 assessed value; includes merchants inventory in the amount of $21,657,390.
**Includes the School District's outstanding 2010 QSCBs, 2023A Bonds, 2025A Bonds, 2025B Bonds, 2026A Notes, 2026A Bonds and 2026B Bonds.
Source: Charleston County Auditor

The Notes offered hereby will count against the School District's debt limit. Accordingly, after the Notes are issued, the School District will have an available debt limit of $211,379,763.

**Outstanding Indebtedness**

The following table gives specific information concerning all general obligation debt of the School District outstanding as of the date hereof.

| Date of Issue | Date of Final Maturity | Amount Issued | Amount Outstanding As of the Date Hereof |
|---|---|---|---|
| 10-14-10[(1)] | 8-1-27 | $ 15,075,000 | $ 14,510,000 |
| 10-17-23[(2)] | 2-1-32 | 40,000,000 | 18,230,000 |
| 7-1-25[(3)] | 2-1-35 | 49,315,000 | 44,315,000 |
| 11-13-25[(4)] | 3-1-28 | 134,525,000 | 9,000,000 |
| 5-7-26[(5)] | 5-6-27 | 77,130,000 | 77,130,000 |
| 9-3-26[(6)] | 3-1-27 | 122,140,000 | 122,140,000 |
| 9-3-26[(7)] | 3-1-27 | 9,115,000 | 9,115,000 |
| Total | | $447,300,000 | $294,440,000 |

[(1)] The 2010 QSCBs are included in the amount of bonded indebtedness applicable to the debt limit.
[(2)] The 2023A Bonds are included in the amount of bonded indebtedness applicable to the debt limit.
[(3)] The 2025A Bonds are included in the amount of bonded indebtedness applicable to the debt limit.
[(4)] The 2025B Bonds are included in the amount of bonded indebtedness applicable to the debt limit.
[(5)] The 2026A Notes are included in the amount of bonded indebtedness applicable to the debt limit.
[(6)] The 2026A Bonds are included in the amount of bonded indebtedness applicable to the debt limit.
[(7)] The 2026B Bonds are included in the amount of bonded indebtedness applicable to the debt limit.

**Installment Purchase Obligations**

On May 9, 2013, Charleston Educational Excellence Financing Corporation ("CEEFC") issued its $343,420,000 Installment Purchase Revenue Refunding Bonds (Charleston County School District, South Carolina Project) Series 2013B (the "Series 2013B Installment Purchase Bonds") to refund all of its outstanding Installment Purchase Revenue Bonds (Charleston County School District, South Carolina Project) Series 2005 (the "Series 2005 Installment Purchase Bonds"). The Series 2005 Installment Purchase Bonds were issued for the purpose of funding certain projects for the School District's 2005-09 CIP. In connection with the issuance of the Series 2013B Installment Purchase Bonds, the School District entered into the Amended and Restated School Facilities Purchase and Occupancy Agreement dated as of May 1, 2013 (the "2013B Facilities Agreement") with CEEFC pursuant to which the School District agreed to pay to CEEFC installment payments of purchase price for the facilities refinanced by CEEFC in such amounts and at such times as would be sufficient to make payments on the Series 2013B Installment Purchase Bonds, subject to the School District's right to elect not to appropriate funds to make such installment payments. In order to maintain occupancy of such facilities, the School District must appropriate funds to make such installment payments annually. The School District may elect not to appropriate such amounts, in which case it will forfeit the right to occupy a portion of such facilities, but will not be in default. The obligations of the School District under the 2013B Facilities Agreement do not represent or constitute a legal obligation of, or a pledge of the faith and credit or taxing power of, the School District, but are subject to and dependent upon lawful appropriations being made by the School District.

CEEFC issued its $156,835,000 Installment Purchase Revenue Refunding Bonds (Charleston County School District, South Carolina Project) Taxable Series 2020 (the "Series 2020 Installment Purchase Bonds") on October 22, 2020 to refund a portion of the Series 2013B Installment Purchase Bonds. In connection with the issuance of the Series 2020 Installment Purchase Bonds, the School District entered into the First Supplemental Amended and Restated School Facilities Purchase and Occupancy Agreement dated as of October 1, 2020 (the "2020 Supplemental Facilities Agreement") with CEEFC in order to decrease the installment payments of purchase price due to CEEFC to reflect the refunding of portions of the Series 2013B Installment Purchase Bonds and to provide for payments on the Series 2020 Installment Purchase Bonds, subject to the School District's right not to appropriate funds to make such installment payments.

CEEFC issued its $141,580,000 Installment Purchase Revenue Refunding Bonds (Charleston County School District, South Carolina Project) Series 2023 (the "Series 2023 Installment Purchase Bonds") on September 5, 2023

to refund the remaining callable Series 2013B Installment Purchase Bonds. In connection with the issuance of the Series 2023 Installment Purchase Bonds, the School District entered into the Second Supplemental Amended and Restated School Facilities Purchase and Occupancy Agreement dated as of September 1, 2023 (the "2023 Supplemental Facilities Agreement") with CEEFC in order to decrease the installment payments of purchase price due to CEEFC to reflect the refunding of portions of the Series 2013B Installment Purchase Bonds and to provide for payments on the Series 2023 Installment Purchase Bonds, subject to the School District's right not to appropriate funds to make such installment payments. The remaining outstanding Series 2013B Installment Purchase Bonds were retired on December 1, 2023.

CEEFC issued its $38,070,000 Installment Purchase Revenue Refunding Bonds (Charleston County School District, South Carolina Project) Series 2025 (the "Series 2025 Installment Purchase Bonds") on December 17, 2025 to provide funds to pay the purchase price for certain of the outstanding Series 2020 Installment Purchase Bonds that were tendered for purchase by the holders thereof. In connection with the issuance of the Series 2025 Installment Purchase Bonds, the School District entered into the Third Supplemental Amended and Restated School Facilities Purchase and Occupancy Agreement dated as of December 1, 2025 (the "2025 Supplemental Facilities Agreement") with CEEFC in order to decrease the installment payments of purchase price due to CEEFC to reflect the redemption of portions of the Series 2020 Installment Purchase Bonds and to provide for payments on the Series 2025 Installment Purchase Bonds, subject to the School District's right not to appropriate funds to make such installment payments.

Below are the installment payments due under the 2013B Facilities Agreement, as amended and supplemented by the 2020 Supplemental Facilities Agreement, the 2023 Supplemental Facilities Agreement and the 2025 Supplemental Facilities Agreement, to make payments on the remaining outstanding Series 2020 Installment Purchase Bonds, the Series 2023 Installment Purchase Bonds and the Series 2025 Installment Bonds.

| Fiscal Year Ending June 30 | Series 2020 Installment Purchase Bonds | Series 2023 Installment Purchase Bonds | Series 2025 Installment Purchase Bonds |
|---|---|---|---|
| 2027 | $ 4,224,705 | $38,646,125 | $ 1,903,500 |
| 2028 | 32,278,793 | 2,089,500 | 12,370,125 |
| 2029 | 2,775,964 | 42,834,750 | 1,366,750 |
| 2030 | 24,517,777 | 0 | 22,753,375 |
| 2031 | 41,726,561 | 0 | 5,535,000 |
| Total | $105,523,800 | $83,570,375 | $43,928,750 |

On September 9, 2014, CEEFC issued the Series 2014 Installment Purchase Bonds in the original principal amount of $111,565,000 to refund all of its outstanding Installment Purchase Revenue Bonds (Charleston County School District, South Carolina Project), Series 2006 (the "Series 2006 Installment Purchase Bonds"). The Series 2006 Installment Purchase Bonds were issued for the purpose of funding certain additional projects for the School District's 2005-09 CIP. In connection with the issuance of the Series 2014 Installment Purchase Bonds, the School District entered into the 2014 Facilities Agreement with CEEFC pursuant to which the School District agreed to pay to CEEFC installment payments of purchase price for the facilities refinanced by CEEFC in such amounts and at such times as would be sufficient to make payments on the Series 2014 Installment Purchase Bonds, subject to the School District's right to elect not to appropriate funds to make such installment payments. In order to maintain occupancy of such facilities, the School District must appropriate funds to make such installment payments annually. The School District may elect not to appropriate such amounts, in which case it will forfeit the right to occupy a portion of such facilities but will not be in default. The obligations of the School District under the 2014 Facilities Agreement do not represent or constitute a legal obligation of, or a pledge of the faith and credit or taxing power of, the School District, but are subject to and dependent upon lawful appropriations being made by the School District.

CEEFC issued its $72,530,000 Installment Purchase Revenue Refunding Bonds (Charleston County School District, South Carolina Project) Series 2024 (the "Series 2024 Installment Purchase Bonds") on September 18, 2024 to refund all of the outstanding Series 2014 Installment Purchase Bonds. In connection with the issuance of the Series 2024 Installment Purchase Bonds, the School District entered into the First Supplemental Amended and Restated School Facilities Purchase and Occupancy Agreement dated as of September 1, 2024 (the "2024 Supplemental Facilities Agreement") with CEEFC in order to decrease the installment payments of purchase price due to CEEFC to reflect the refunding of all of the Series 2014 Installment Purchase Bonds and to provide for payments on the Series

2024 Installment Purchase Bonds, subject to the School District's right not to appropriate funds to make such installment payments. All of the remaining outstanding Series 2014 Installment Purchase Bonds were retired at maturity or by prior redemption on December 12, 2024 and are no longer outstanding.

Below are the installment payments due under the 2014 Facilities Agreement, as supplemented by the 2024 Supplemental Facilities Agreement, to make payments on the Series 2024 Installment Purchase Bonds.

| Fiscal Year Ending June 30 | Series 2024 Installment Purchase Bonds |
|---|---|
| 2027 | $10,753,750 |
| 2028 | 10,749,875 |
| 2029 | 10,735,000 |
| 2030 | 10,762,250 |
| 2031 | 10,765,000 |
| 2032 | 10,767,625 |
| Total | $64,533,500 |

**Composite General Obligation Debt Service**

The following table sets forth the debt service requirements for all outstanding general obligation indebtedness of the School District. Numbers have been rounded to the nearest dollar.

| Fiscal Year Ending June 30 | Outstanding Debt | | |
|---|---|---|---|
| | Principal | Interest | Total |
| 2027* | 215,080,000 | 11,242,517 | $226,322,517 |
| 2028 | 29,345,000 | 3,553,640 | 32,898,640 |
| 2029 | 6,125,000 | 2,463,650 | 8,588,650 |
| 2030 | 6,430,000 | 2,157,400 | 8,587,400 |
| 2031 | 6,660,000 | 1,930,000 | 8,590,000 |
| 2032 | 15,090,000 | 1,597,000 | 16,687,000 |
| 2033 | 5,345,000 | 842,500 | 6,187,500 |
| 2034 | 5,610,000 | 575,250 | 6,185,250 |
| 2035 | 5,895,000 | 294,750 | 6,189,750 |
| | $295,580,000 | $24,656,707 | $320,236,707 |

*Includes (i) the $122,140,000 principal amount General Obligation Bonds, Series 2026A and the $9,115,000 General Obligation Bonds, Series 2026B which mature on March 1, 2027 and (ii) the $77,130,000 principal amount General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase V), Series 2026A which mature on May 6, 2027, and will be retired with proceeds of a series of general obligation bonds or bond anticipation notes or Sales and Use Tax – Phase V collections.

The following table sets forth the total amount of outstanding indebtedness of the School District as of the last five Fiscal Years:

| Fiscal Year Ended June 30 | General Obligation Indebtedness | School District Debt Per Capita* | % of Assessed Value |
|---|---|---|---|
| 2022 | $292,565,000 | $716.66 | 6.01% |
| 2023 | 235,630,000 | 577.19 | 4.58 |
| 2024 | 260,385,000 | 637.83 | 4.72 |
| 2025 | 193,470,000 | 473.92 | 3.34 |
| 2026 | 164,325,000 | 402.53 | 2.47 |

*Debt per capita based on the 2020 population of 408,235.
Source: School District and County Officials

**Legal Debt Limit of Overlapping Taxing Entities**

Under the provisions of Article X, Section 14 of the South Carolina Constitution, each county, incorporated municipality, and special purpose district may, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law, incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitation as to amount, and incur, without an election, general obligation debt (in addition to bonded indebtedness existing on November 30, 1977, and bonded indebtedness authorized by a majority vote of qualified electors) in an amount not exceeding 8% of the assessed value of all taxable property therein. Pursuant to referenda held in 2004 and 2006, voters in Charleston County approved the issuance of general obligation transportation sales tax bonds in the principal amount of not exceeding $413,000,000, the proceeds of which will be used for various transportation, mass transit and greenspace projects. Based on this authorization, the County issued bonds in the aggregate principal amount of $382,000,000 pursuant to the referendum. Except as otherwise discussed herein, as of the date hereof the School District is not aware of any general obligation debt of such political subdivisions which has been authorized by a referendum and not yet issued.

**Miscellaneous Debt Information**

The School District has not defaulted in the payment of principal or interest, or in any other material respect, with regard to any of its securities at any time within the last 25 years, nor has the School District within such time issued any refunding bonds for the purpose of preventing a default in the payment of principal or interest on any of its securities then outstanding. The School District has not used the proceeds of any bonds or other securities (other than tax anticipation notes) for current operating expenses at any time within the last 25 years.

## ECONOMIC CHARACTERISTICS

**Commerce and Industry**

The County is located on South Carolina's southeastern coast. The County covers an area of 1,357 square miles and has a 100-mile coastline along the Atlantic Ocean. The County seat, the City of Charleston, is a major deep-water port as well as a nationally renowned tourist and convention destination. The County is also the largest business and financial center for the Southeastern section of South Carolina.

**Port of Charleston**

The South Carolina Ports Authority ("SCPA"), established by the State's General Assembly in 1942, owns and operates public seaport and intermodal facilities in Mount Pleasant, Charleston, North Charleston, Dillon, Georgetown and Greer. As an economic development engine for the State, Port operations facilitate 187,200 statewide jobs and generate nearly $53 billion annual economic activity. SCPA is soon to be home to the deepest harbor on the U.S. East Coast at 52 feet, and the Port is an industry leader in delivering speed-to-market, seamless processes and flexibility to ensure reliable operations, big ship handling, efficient market reach and environmental responsibility.

**Tourism**

Charleston has received regional, national and worldwide recognition as a top city to visit. The historic character, architecture, moderate climate and coastal location of Charleston all make the area a major national tourist attraction. The Charleston Regional Development Alliance estimates that 7 million tourists visit Charleston annually and 47,000 direct and indirect jobs are generated by this industry, with an $8 billion economic impact.

**Population Growth**

The U.S. Bureau of the Census reports that the 2020 population of the County was 408,235. This figure represents a 16.6% increase in population over the 2010 census figure of 350,209. According to the 2020 Census, the County was the second most populous county in the State. The Charleston Metropolitan Statistical Area (comprising Charleston, Berkeley, and Dorchester Counties) (the "Charleston MSA") is the fastest growing metropolitan statistical area in the State with a 2020 population of 799,636.

The following table shows population information for the County for the last five decennial censuses.

| Year | Charleston County | Percent Increase Prior Census |
|---|---|---|
| 1980 | 276,974 | 11.84% |
| 1990 | 295,039 | 6.52 |
| 2000 | 309,969 | 5.06 |
| 2010 | 350,209 | 12.98 |
| 2020 | 408,235 | 16.56 |

Source: U.S. Bureau of the Census

**Per Capita Income**

The per capita income in the County, the State, and the United States for each of the last eight years for which information is available is shown below.

| Year | County | State | United States |
|---|---|---|---|
| 2020 | $68,116 | $48,770 | $59,151 |
| 2021 | 74,475 | 53,224 | 64,427 |
| 2022 | 78,187 | 54,429 | 65,473 |
| 2023 | 83,294 | 57,332 | 68,531 |
| 2024 | N/A | 60,776 | N/A |

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Selected state data tables were discontinued September 27, 2024, and selected county tables were discontinued on November 14, 2024, due to budget constraints.

**Construction**

The following table shows the approximate number of all construction building permits issued in the County and the approximate cost of construction represented by those permits in each of the last six years. Multi-Family

Residential Permits do not include "mixed-use" permits which are often, but not always, a combination of multi-family residential and commercial.

| | Single Family Residential | | Multi-Family Residential | | Commercial | |
|---|---|---|---|---|---|---|
| Year | Number of Permits | Estimated Construction Costs | Number of Permits | Estimated Construction Costs | Number of Permits | Estimated Construction Costs |
| 2021 | 2,272 | $1,081,871,317 | 109[1] | $293,608,474[1] | 429[1] | $ 324,304,385[1] |
| 2022 | 2,086 | 1,158,476,335 | 96[2] | 171,136,292[2] | 451[2] | 399,368,717[2] |
| 2023 | 2,477 | 1,011,461,936 | 75[3] | 176,237,413[3] | 428[3] | 788,698,680[3] |
| 2024 | 1,625 | 1,052,011,477 | 22[4] | 73,636,525[4] | 595[4] | 846,006,558[4] |
| 2025 | 1,814 | 1,102,087,538 | 108[5] | 386,747,793[5] | 852[5] | 2,688,118,502[5] |

Source: BCD Council of Governments
[1]The mixed use values are: 4 permits for $143,698,744.
[2]The mixed use values are: 6 permits for $323,379,859.
[3]The mixed use values are: 6 permits for $67,821,083.
[4]The mixed use values are: 9 permits for $47,800,049.
[5]The mixed use values are: 7 permits for $440,640,078.

**Commercial and Savings Bank Deposits**

As of June 30, 2026, Charleston County was served by 133 offices of FDIC-insured institutions with total deposits of $20,379,503,000 according to the Federal Deposit Insurance Corporation. The continuing reorganization of the banking system in the United States, with its attendant mergers and consolidations, is likely to affect the total number of branch offices in the County. (Source: Commission of Banking)

**Retail Sales**

The State imposes a 6% sales tax on all retail sales and the County has adopted a 1% local option sales tax. The following table shows the level of gross retail sales over the last six years for businesses located in the County and the percentage increase (decrease) over the previous year:

| Year Ended December 31 | Total Retail Sales | Increase Over Previous Year |
|---|---|---|
| 2021 | $19,559,795,726 | 19.8% |
| 2022 | 21,704,500,876 | 11.0 |
| 2023 | 22,252,740,829 | 2.5 |
| 2024 | 23,362,767,546 | 5.0 |
| 2025 | 23,487,360,638 | 0.5 |

Source: South Carolina Department of Revenue, Administrative Division

**Sales and Use Tax/Referenda**

On November 2, 2004, voters in Charleston County approved a county-wide one-half percent sales and use tax to be used to finance certain projects, including building, repairing and maintaining highways, streets and bridges, supporting mass transit systems operated within the County and providing greenspace. The one-half percent sales tax went into effect on May 1, 2005. Voters also approved in 2004 the issuance of not exceeding $113,000,000 of general obligation bonds of Charleston County payable from the sales and use tax to fund the projects described above.

**Capital Investment**

The County has experienced growth in industrial operations through additions and expansions to manufacturing plants. Listed below are the total capital investment and additional employment for new and expanded industry in the County for the last six years.

| Year | Total Capital Investment | Additional Employment |
|---|---|---|
| 2021 | $ 98,662,000 | 3,053 |
| 2022 | 150,355,000 | 790 |
| 2023 | 94,386,426 | 932 |
| 2024 | 1,049,962,300 | 1,029 |
| 2025 | 133,900,000 | 384 |

Source: South Carolina Department of Commerce

**Major Employers**

The largest employers, including the School District, located within the Charleston MSA and the approximate number of employees are listed below.

| Company | Product or Service | Employees |
|---|---|---|
| Joint Base Charleston | Area U.S. military commands | 24,900 |
| Medical University of South Carolina | Hospital, post-secondary education, research | 17,000 |
| Boeing Company | Commercial jetliner manufacturer | 7,864 |
| Charleston County School District | Education/public schools | 7,100 |
| 5,000-6,999 | | |
| Berkeley County School District | Education/public schools | |
| Roper St. Francis Healthcare | Roper and Bon Secours St. Francis hospitals | |
| 3,000-4,999 | | |
| Dorchester County School District II | Education/public schools | |
| Berkeley County School District | Education/public schools | |
| Trident Health System | Hospital system | |
| Volvo Car USA LLC | Manufacture Volvo S60 sedans | |
| Walmart Inc. | Retail merchandise | |
| R.H. Johnson VA Medical Center | Medical research and healthcare | |
| 2,000-2,999 | | |
| Mercedes-Benz Vans, LLC | Assembly of Sprinter vans | |
| Charleston County | Local government | |
| U.S. Postal Service | Postal service | |
| 1,000-1,999 | | |
| College of Charleston | Post-secondary education | |
| Robert Bosch Corporation | Antilock brake systems, fuel injunction | |
| T-Mobile | Inbound/outbound customer service center | |
| City of Charleston | Local government | |
| Kiawah Island Golf Resort/The Sanctuary | Resort | |
| Trident Technical College | Post-secondary & continuing education | |
| City of North Charleston | Local government | |
| Berkeley County | Local government | |
| U.S. Coast Guard Sector Charleston | U.S. Coast Guard; Dept. of Homeland Security | |
| Dorchester County | Local government | |

Source: Charleston Regional Development Alliance

**Unemployment**

The average annual unemployment rates in the County, the State, and the United States for the last six years are shown below.

| Year | County | State | United States |
|---|---|---|---|
| 2021 | 3.5% | 3.9% | 5.3% |
| 2022 | 2.7 | 3.2 | 3.6 |
| 2023 | 2.5 | 3.0 | 3.6 |
| 2024 | 3.4 | 4.1 | 4.0 |
| 2025 | 3.6 | 4.5 | 4.3 |

Source: South Carolina Employment Security Commission, Labor Market Information

**Transportation**

Interstate I-26 links Charleston directly with Columbia, the State capital, and interchanges with Interstate I-95, a major interstate running from Boston to Miami, a few miles west of the County. Four U.S. highways and seven major state roads serve Charleston. The easy accessibility provided by these highways and roads has helped in the continued growth of the County's tourism and shipping industries.

CSX Railroad and the Norfolk Southern Railroad are the freight railroads servicing the Charleston area. Passenger service is provided by four Amtrak trains daily. Charleston's Port is served by train service to more major markets than any other southern port with daily container trains providing large, well-equipped intermodal yards with rail and highway access. Over 100 motor freight lines serve the Charleston area with expected overnight service to cities within a 300 to 450-mile radius.

The Charleston International Airport serves the City and surrounding region. The airport, located in the City of North Charleston, is currently being served by 12 commercial airlines and is classified as a "small hub" by the Federal Aviation Administration. Scheduled airline carriers enplaned approximately 3,167,903 passengers and deplaned approximately 3,173,242 passengers during 2025.

**Hospital Facilities**

One of the largest medical centers in the southeast is located on an eight-block area in downtown Charleston. The medical center, with over 1,279 beds, comprises Roper Hospital, the Veterans Administration Medical Center and the Medical University of South Carolina Medical Campus. Four additional hospitals serve the area. They are Trident Regional Medical Center with approximately 296 beds, Bon Secours St. Francis Hospital with 204 beds, East Cooper Community Hospital with 140 beds and Roper Hospital located in Mount Pleasant with 85 beds.

**Education**

Four major institutions of higher learning are located in the Charleston area. Three (the College of Charleston, the Medical University of South Carolina and The Citadel) are located within the corporate limits of the City of Charleston. Charleston Southern University is located on a 300-acre campus approximately 17 miles north of the City. Trident Technical College (serving Charleston, Berkeley, and Dorchester Counties) is also located in the County and provides courses designed to meet the technical workforce needs of the area.

## INVESTMENT CONSIDERATIONS

**Climate Change and Natural Disasters**

The State of South Carolina is naturally susceptible to the effects of extreme weather events and natural disasters including floods, droughts and hurricanes, which could result in negative economic impacts on communities

including the School District. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the School District. The economic impacts resulting from such extreme weather events could include a loss of revenue, interruption of service and escalated recovery costs.

The School District incorporates physical climate risks like hurricanes and sea level rise into its capital planning and operations. The School District's building program includes continuous updates and upgrades to school facilities and focuses on preventative maintenance such as the installation of flood gates at the schools located in downtown Charleston and the installation of hurricane-resistant windows and frames that can withstand Category III hurricane-force winds. Additionally, approximately 85% of the School District's property schedule is 20 years old or newer.

**Cybersecurity**

The School District relies on a broad and complex technology environment to conduct its operations, and like many large public and private entities, is exposed to a range of cybersecurity threats, including phishing, malware, hacking and other potential attacks on its digital systems and networks. As a steward of sensitive financial, student, parent and employee information, the School District recognizes that cybersecurity incidents could result in operational disruption, financial loss, reputational damage or unauthorized access to confidential information.

To mitigate these risks, the School District has implemented multiple layers of controls, including network segmentation, endpoint protection, advanced email and web filtering, data encryption and multifactor authentication for staff. The School District also applies zero trust principles such as least-privilege access and continuous verification to reduce the risk of unauthorized access to critical systems and data. The School District consults regularly with the South Carolina Cybersecurity Interagency Committee and its partners - the FBI, Homeland Security and the Cybersecurity and Infrastructure Security Agency - and participates in national and statewide information-sharing efforts to remain current with emerging threats and best practices. The School District conducts ongoing employee awareness and training programs to reduce human-factor vulnerabilities and regularly engages in monitoring, patching and testing to strengthen its defenses. In recent years, the School District has invested in enhancing redundancy of core systems and internet connectivity, improving disaster recovery capabilities and expanding protections against emerging threats.

The School District maintains a cyber and privacy liability insurance policy through the South Carolina School Boards Insurance Trust and carries a separate private cybersecurity insurance policy to provide additional protection in the event of a significant cybersecurity incident.

## CERTAIN LEGAL MATTERS

**Litigation**

There is no litigation presently pending or threatened challenging the validity of any general obligation debt issued or proposed to be issued by the School District, including the Notes.

A certificate to the effect that there is no litigation threatened or pending to restrain the issuance and sale of the Notes will be delivered at closing.

**Legal Opinion**

The form of the opinion of Bond Counsel, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina, prepared in connection with the issuance of the Notes is attached to this Official Statement as Appendix C.

Haynsworth Sinkler Boyd, P.A. has assisted the School District by compiling certain information supplied by the School District and others and included in this Official Statement, but has not undertaken to verify the accuracy

of such information. The opinion of Haynsworth Sinkler Boyd, P.A. will be limited solely to the legality and enforceability of the Notes, and no opinion will be given with respect to this Official Statement.

The legal opinion to be delivered concurrently with the delivery of the Notes expresses the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

**United States Bankruptcy Code**

The undertakings of the School District should be considered with reference to Chapter 9 of the Bankruptcy Code, 11 U.S.C. Section 901, et seq., as amended, and other laws affecting creditors' rights and municipalities generally. Chapter 9 permits a municipality, political subdivision, public agency, or other instrumentality of a State that is insolvent or unable to meet its debts as such debts mature to file a petition in the United States Bankruptcy Court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of its creditors; provides that the filing of the petition under that Chapter operates as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; directs a petitioner to file a plan for the adjustment of its debts; permits the petitioner in its plan to modify the rights to payment of its creditors; and provides that the plan must be accepted in writing by or on behalf of creditors of each impaired class of claims holding at least two-thirds in amount and more than one-half in number of the creditors which have accepted or rejected the plan. The plan may be confirmed notwithstanding the negative vote of one or more classes of claims if the court finds that the plan is in the best interest of creditors, is feasible, and is fair and equitable with respect to the dissenting classes of creditors. A petitioner has the right to reinstate indebtedness under its plan according to the original maturity schedule of such indebtedness or alter the payment terms, maturity schedule and other provisions governing the indebtedness notwithstanding any provision in the documents under which the indebtedness arose relating to the insolvency or financial condition of the debtor before the confirmation of the plan, the commencement of a case under the Bankruptcy Code, or the appointment of or taking possession by a trustee in a case under the Bankruptcy Code or by a receiver or other custodian prior to the commencement of a case under the Bankruptcy Code.

## TAX EXEMPTION

**Federal Income Tax Generally**

On the date of issuance of the Notes, Haynsworth Sinkler Boyd, P.A., Charleston, South Carolina ("Bond Counsel"), will render an opinion that, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations") and further subject to certain considerations described in "Collateral Federal Tax Considerations" below, under existing statutes, regulations and judicial decisions, interest on the Notes is excludable from the gross income of the registered owners thereof for federal income tax purposes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Service Notice 94-84. Interest on the Notes will not be treated as an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of (i) ownership of the Notes or (ii) the inclusion in certain computations of interest that is excluded from gross income.

The opinion of Bond Counsel described above is subject to the condition that the School District complies with all requirements of the Code and the Regulations, including, without limitation, certain restrictions on the use, expenditure and investment of the gross proceeds of the Notes and the obligation to rebate certain earnings on investments of such gross proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes

retroactive to the date of issuance of the Notes. The opinion of Bond Counsel delivered on the date of issuance of the Notes is conditioned on compliance by the School District with such requirements and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Notes.

**Collateral Federal Tax Considerations**

Prospective purchasers of the Notes should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The Notes have not been designated "bank qualified tax exempt obligations" under Section 265(b)(3) of the Code. Bond Counsel expresses no opinion concerning such collateral income tax consequences and prospective purchasers of Notes should consult their tax advisors as to the applicability thereof.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The Internal Revenue Service (the "IRS") has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Notes. Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the Owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the Issuer and their appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the School District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the School District or the Owners to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the School District may be obligated to disclose the commencement of an audit under the Continuing Disclosure Agreement. See "MISCELLANEOUS - Continuing Disclosure," herein.

**[Original Issue Premium**

The Notes have been sold at an initial public offering price which is greater than the amount payable at maturity. An amount equal to the excess of the purchase price of the Notes over their stated redemption price at maturity constitutes premium on such Notes. A purchaser of the Notes must amortize any premium over such Note's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Notes is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Notes prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Notes at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Notes.]

**State Tax Exemption**

Bond Counsel is of the further opinion that the Notes and the interest thereon are exempt from all taxation by the State of South Carolina, its counties, municipalities and school districts except estate, transfer or certain franchise taxes. Interest paid on the Notes is currently subject to the tax imposed on banks by Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue

as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State of South Carolina and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Notes or the interest thereon under the laws of any other jurisdiction.

## MISCELLANEOUS

### Closing Certifications

The School District will furnish, without cost to the successful bidder, certifications by appropriate officials that the Official Statement relating to the Notes as of its date and as of the date of delivery of the Notes, does not contain an untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is intended to be used or which is necessary to make the statements contained therein, in the light of the circumstances in which they were made, not misleading.

Appropriate certification will be given by School District officials to establish that the Notes are not "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations thereunder in effect on the occasion of the delivery of the Notes.

### Continuing Disclosure

In order to provide certain continuing disclosure with respect to the Notes in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), the School District will enter into a Disclosure Dissemination Agent Agreement dated the date of the issuance of the Notes ("Disclosure Dissemination Agreement") for the benefit of the beneficial owners of the Notes with Digital Assurance Certification, L.L.C. ("DAC") under which the School District will designate DAC as Disclosure Dissemination Agent. The form of Disclosure Dissemination Agreement is attached as Appendix B.

On October 22, 2020, CEEFC issued its Series 2020 Installment Purchase Bonds to advance refund a portion of the Series 2013B Installment Purchase Bonds. In connection with the Series 2020 Installment Purchase Bonds, the School District, as the "Obligated Person", had entered into a disclosure dissemination agent agreement with DAC. The advance refunding documents in connection with the defeasance were posted on EMMA on October 22, 2020; however, the notice of defeasance was not posted until December 22, 2020. On September 5, 2023, CEEFC issued its Series 2023 Installment Purchase Bonds to refund the remaining outstanding callable Series 2013B Installment Purchase Bonds. The notice of defeasance was not posted until October 2, 2023. Other than the foregoing, to the knowledge of the School District, it has complied with all of the requirements of its continuing disclosure undertakings and no default has occurred under any of these continuing disclosure undertakings.

### Rating

S&P Global Ratings ("S&P") has assigned a rating of SP-1+ to the Notes. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. The School District has furnished to S&P certain information and materials respecting the School District and the Notes. Generally, S&P bases its rating on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by it. There is no assurance that such rating will remain unchanged for any period of time or that they may not be lowered or withdrawn entirely by S&P, if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

### Sale and Award

The Notes were purchased at competitive sale for resale by _____ (the "Purchaser") at a purchase price of $_____ (representing par [plus original issue premium of $_____] [less underwriter's discount of $_____)]. The initial public offering price of the Notes is stated on the cover hereof. The Purchaser may offer and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts) and others at prices lower than the stated initial public offering price. In addition, the initial public offering price may be changed from time to time by the Purchaser without prior notice.

**Municipal Advisor**

First Tryon Advisors is serving as Municipal Advisor (the "Municipal Advisor") to the School District with respect to the sale of the Notes. The Municipal Advisor's fee for services rendered with respect to the sale of the Notes is contingent on the issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto.

**Independent Auditor**

Greene Finney Cauley, LLP, independent auditor to the School District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Greene Finney Cauley, LLP also has not performed any procedures relating to this Official Statement.

**Conclusion**

Further inquiries should be addressed to the School District's Municipal Advisors, David Cheatwood, First Tryon Advisors, 6101 Carnegie Boulevard, Suite 210, Charlotte, North Carolina 28209, telephone (704) 926-2447 or Jessica D. Carraher, Chief Financial Officer, Charleston County School District, 75 Calhoun Street, Charleston, South Carolina 29401, (843) 566-8198. Requests for additional copies of this Official Statement may be addressed to the Municipal Advisor, or may be addressed to Carol L. Clark, Esquire, Haynsworth Sinkler Boyd, P.A., 134 Meeting Street, Third Floor, Charleston, South Carolina 29401 (843) 724-1123.

CHARLESTON COUNTY SCHOOL DISTRICT,
SOUTH CAROLINA

/s/ Anita W. Huggins
Superintendent of Schools

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**APPENDIX A**

Audited Financial Statements
Fiscal Year Ended June 30, 2025

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

# CHARLESTON COUNTY SCHOOL DISTRICT
# CHARLESTON, SOUTH CAROLINA

## FINANCIAL STATEMENTS

## YEAR ENDED JUNE 30, 2025

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2025**


| | Page Number |
|---|---|
| Table of Contents | i |
| Principal Officials | iii |
| ***FINANCIAL SECTION*** | |
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 4 |
| **Basic Financial Statements:** | |
| *Government-Wide Financial Statements:* | |
| Statement of Net Position | 16 |
| Statement of Activities | 17 |
| *Fund Financial Statements:* | |
| Balance Sheet - Governmental Funds | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 20 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 22 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 24 |
| Statement of Fiduciary Net Position - Fiduciary Fund | 25 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Fund | 26 |
| *Notes to the Financial Statements* | 27 |
| **Required Supplementary Information:** | |
| *Budgetary Comparison Schedules:* | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - General Fund | 72 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - Special Revenue Fund | 73 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - Education Improvement Act Fund | 74 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgets and Actual - Food Service Fund | 75 |
| *Pension Plan Schedules:* | |
| Schedule of the School District's Proportionate Share of the Net Pension Liability - South Carolina Retirement System | 76 |
| Schedule of Contributions - South Carolina Retirement System | 77 |
| Schedule of the School District's Proportionate Share of the Net Pension Liability - South Carolina Police Officers Retirement System | 78 |
| Schedule of Contributions - South Carolina Police Officers Retirement System | 79 |


(Continued)

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**TABLE OF CONTENTS**

**YEAR ENDED JUNE 30, 2025**


***FINANCIAL SECTION (CONTINUED)***

*Other Postemployment Benefit Plan Schedules:*

| | | |
|---|---|---|
| Schedule of the School District's Proportionate Share of the Net OPEB Liability - South Carolina Retiree Health Insurance Trust Fund | | 80 |
| Schedule of the School District's Contributions - South Carolina Retiree Health Insurance Trust Fund | | 81 |

**Supplementary Information:**

*Combining and Individual Fund Schedules:*

General Fund

| | | |
|---|---|---|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Revised Budget and Actual | Schedule A-1 | 84 |

Special Revenue Fund

*Special Revenue Fund:*

| | | |
|---|---|---|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances | Schedule B-1 | 94 |
| Supplemental Listing of LEA Subfund Codes and Titles | Schedule B-2 | 108 |
| Summary Schedule for Other Designated Restricted State Grants | Schedule B-3 | 110 |

*Education Improvement Act:*

| | | |
|---|---|---|
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs | Schedule B-4 | 111 |
| Summary Schedule by Program | Schedule B-5 | 116 |

*Other Schedules:*

| | | |
|---|---|---|
| Detailed Schedule of Due to State Department of Education/Federal Government | Schedule B-6 | 117 |

Food Service Fund

| | | |
|---|---|---|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance | Schedule B-7 | 118 |

Debt Service Funds

| | | |
|---|---|---|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund - District | Schedule C-1 | 120 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund - CEEF | Schedule C-2 | 121 |

Capital Projects Fund

| | | |
|---|---|---|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Fund - District | Schedule D-1 | 122 |

| | | |
|---|---|---|
| *Location Reconciliation Schedule* | | 123 |

**Other Information:**

Discretely Presented Component Units

| | | |
|---|---|---|
| Combining Schedule of Net Position - Discretely Presented Component Units | Schedule E-1 | 128 |
| Combining Schedule of Activities - Discretely Presented Component Units | Schedule E-2 | 129 |

# CHARLESTON COUNTY SCHOOL DISTRICT
# CHARLESTON, SOUTH CAROLINA

## PRINCIPAL OFFICIALS

## YEAR ENDED JUNE 30, 2025

---

**Board of Trustees**

**Pamela McKinney, Board Chair**
**Carlotte Bailey, Board Vice-Chair**
**Keith Grybowski**
**Kevin Hollinshead**
**Carolina Jewett**
**Michele Leber**
**Darlene Dunmeyer-Roberson**
**Dr. Carol Tempel**
**Leah Whatley**

**Superintendent**

**Anita Huggins**

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

Independent Auditor's Report

The Board of Trustees
Charleston County School District
Charleston, South Carolina

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

***Opinions***

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charleston County School District, South Carolina (the "School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Charleston County School District, 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.

With the exception of East Cooper Montessori Charter School, we did not audit the financial statements of the charter schools, which represent 90% of the assets and revenues of the aggregate discretely presented component units as of June 30, 2025, and the respective changes in financial position of the aggregate discretely presented component units for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

***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* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal 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 School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, Pension Schedules, and Other Postemployment Benefit Plan Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the Discretely Presented Component Units – Combining Schedule of Net Position and the Combining Schedule of Activities but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
December 1, 2025

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## YEAR ENDED JUNE 30, 2025

---

The Management's Discussion and Analysis (MD&A) provides an objective analysis of the Charleston County School District's (the "School District", "District" or "CCSD") financial condition based on facts known as of the date of the auditor's report. While the accompanying financial statements are for the year ended June 30, 2025, the MD&A presents both a short-term and long-term analysis of the School District's financial status.

### Financial Highlights

- The General Operating Fund ("GOF") total fund balance, which includes non-spendable amounts for inventory and prepaid items, assignments for future expenditures, including a usage of accumulated fund balance, and unassigned fund balance, at June 30, 2025 was $216.5 million, a decrease of $14.3 million from the prior year fund balance at June 30, 2024. This was primarily due to an increase in expenditures of $99.4 million, including a $76.8 million increase in instruction expenditures and a $39.7 million increase in support services expenditures. The increase in expenditures was partially offset by an increase in revenues of approximately $68.9 million due to local property tax revenues and state revenues increasing by $49.7 million and $19.4 million, respectively. Property taxes increased primarily due to an increase in the millage rate and an increase in assessed values. State revenues increased due to changes in the State's funding formula.
- Unassigned GOF fund balance was $69.8 million as of June 30, 2025, or 8% of total General Fund expenditures for the year ended June 30, 2025.
- The School District assigned $18.0 million of the fund balance in the GOF to cover the budgeted shortfall for fiscal year 2026, $13.4 million is assigned for ESSER sustainability and stabilization, $96.4 million is committed for future years' expenditures, $7.8 million is committed for ESSER sustainability and stabilization and $11.1 million was non-spendable as it was related to prepaid items and inventories.
- The School District's revenues for governmental funds decreased $6.1 million or less than 1% to $1.3 billion in fiscal year 2025. The major changes were a decrease in federal revenues of $74.0 million partially offset by a $41.4 million increase in local property taxes and a $21.2 million increase in state revenues.
- Property taxes and other local revenues (including the Local One Cent Sales Tax revenues) accounted for 68% of the School District's governmental funds' revenue, with property taxes contributing about 51 cents of every dollar raised. The State revenue contribution was 25%; the Federal was 8%.
- The District received approximately $123.9 million from State Aid to Classrooms which was higher than budget due to changes in the State's funding formula.
- This discussion and analysis focuses on the primary government; however, the District sponsored nine charter schools and two public/private partnership schools in fiscal year 2025, which are reflected in the government-wide financials as discretely presented component units.
- The 7-day enrollment increased by 619 from 49,663 in fiscal year 2024 to 50,282 in fiscal year 2025. These numbers include all students in classes for child development through grade 12 as well as charter school students and self-contained special education students. The increase in 7-day enrollment represents a 1.24% increase.
- The average daily membership (ADM) of students in the School District increased from 47,239 in 2024 to 47,763 in fiscal year 2025, a 1.10% increase in the 135-day ADM. The 135-day ADM does not include child development enrollments, only students in kindergarten through grade 12 including self-contained special education students. The 7-day enrollment and the 135-day ADM continue to increase each year as the School District maintains the number of students from the beginning of the year to the end of the year.
- Total expenditures and other financing uses exceeded revenues and other financing sources for **all governmental funds** by $93.3 million. This net change was due to changes in several funds as follows:
  - $14.3 million decrease in the General Fund, as explained above.
  - $0.5 million increase in the Special Revenue Fund.
  - $1.2 million decrease in the Food Service Fund.
  - $68.2 million increase in the Debt Service – District Fund as a result of property tax collections exceeding principal and interest payments on short-term and long-term debt and transfers to the Capital Projects.
  - $146.6 million decrease in the Capital Projects – District Fund, increase due to capital expenditures on ongoing construction projects exceeding local once cent sales tax revenues.

**Financial Highlights (Continued)**

- Many capital projects were underway during the current fiscal year. The major projects are:
    - Completed construction on several sites including:
        - Carolina Park Elementary School Addition
        - C.E. Williams Middle School Addition
        - Stoney Field Improvements
        - John's Island Elementary School
        - Deer Park Middle School
        - A.C. Corcoran Elementary School Annex
        - Early College High School Support Building
        - District Wide Athletic Improvements
        - John's Island Stadium
    - Continued work on building sites including:
        - Ladson Elementary School
        - Lambs Elementary School – Phase I
        - Morningside Middle School
        - West Ashley Middle School (6th Grade Academy)
        - James B. Edwards Elementary Early Learning Addition
        - Stiles Point Elementary Early Learning Addition
        - Cario Middle School Expansion
        - Murray-LaSaine Multipurpose Room
        - Edith Frierson Montessori Classroom Addition
        - North Charleston Track & Field Stadium
        - James Island Bus Parking Facility
        - District Wide Minor Building Improvements
        - District Wide Paving Improvements
    - Continued Modernization projects that included:
        - Student devices, wireless network upgrades and support equipment
        - Computer replacement program (administration, general lab and CTE lab)
        - Classroom sound enhancement
        - Technology software
        - Cybersecurity Network Infrastructure
    - Continued Fixed Cost of Ownership projects that included:
        - Mobile classroom renovation and relocation
        - Roof replacement, repairs and restoration
        - Flooring
        - HVAC replacement and chill water piping system
        - Playgrounds
        - Security (Surveillance and access control)
        - Emergency communication
        - Furniture
        - Media Center upgrades

**Financial Highlights (Continued)**

- Arts
- Athletics
- Career and Technology equipment furnishings
- Operational Planning & Real Estate
- Transportation
- School Nutrition
- Nursing Service

**Overview of the Financial Statements**

The School District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information designed to enhance the readers' understanding of the financial statements.

The School District's government-wide financial statements, which can be found as listed in the table of contents, include the Statement of Net Position and the Statement of Activities. These two statements do not focus on the financial activities of the District's individual subprograms, but rather report information about the overall financial condition of the District's operation.

As described in the notes to the financial statements, other entities' activities are included in this report because of the relationship of these legally separate entities to the School District. Financial information of the Allegro Music School, Charleston Development Academy, Inc., East Cooper Montessori Charter School, James Island Charter High School, Orange Grove Charter Elementary, Charleston School for Math and Science Charter School, Gregg Mathis Charter High School, Meeting Street Elementary at Brentwood, Meeting Street Elementary at Burns, Pattison's Academy, and Carolina Voyager Charter School are collectively referred to in the financial statements as those of the discretely-presented component units.

The School District's fund financial statements can be found as listed in the table of contents. Unlike the government-wide financial statements, which consolidate financial data, the purpose of the School District's fund financial statements is to present detailed financial information about the District's operations. Included in these statements are the District's general operating fund, special revenue funds, education improvement act funds, debt service fund, capital projects fund, the non-major permanent fund, and the Private Purpose Trusts Fund.

The notes to the financial statements provide additional information that may be necessary for understanding the data contained in both the government-wide and the fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

**Analysis of the District's Government-wide Statements**

Government-wide financial statements report transactions that are considered governmental type activities. Such activities are funded primarily through local property taxes and state and federal revenues. Governmental activities account for the School District's basic services such as regular and special education, school bus transportation, school building maintenance, and administration.

An important question that should be asked about the School District's finances is, "Is the School District, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities present consolidated financial information about the School District as a whole and that helps answer the question. These statements report the District's financial data using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies.

**Analysis of the District's Government-wide Statements (Continued)**

The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity). 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 School District's net position and how it has changed from one year to the next. Net position – which is the School District's assets and deferred outflows of resources less the School District's liabilities and deferred inflows of resource – are one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position indicate whether its financial position is improving or deteriorating. To assess the School District's overall health, additional economic factors, such as changes in the School District's property tax base, the condition of school buildings and other facilities, and changes in state and federal revenue should be considered. These factors are addressed in this report.

Our analysis below focuses on total net position (Figure A-1) and changes in net position (Figure A-2) of the School District's governmental activities.

## Analysis of the District's Government-wide Statements (Continued)

**Figure A - 1**

Condensed Statement of Net Position (in millions of dollars)

| | Governmental Activities | | |
|---|---|---|---|
| | 2024 | 2025 | Difference |
| **Assets** | | | |
| Current and Other Assets | $ 856.5 | 714.1 | $ (142.4) |
| Capital Assets, Net | 1,731.6 | 1,863.9 | 132.3 |
| Total Assets | 2,588.1 | 2,578.0 | (10.1) |
| **Deferred Outlfows of Resources** | | | |
| Deferred Pension Charges | 102.0 | 114.3 | 12.3 |
| Deferred OPEB Charges | 169.8 | 209.3 | 39.5 |
| Advance Refunding Charges | 14.9 | 13.2 | (1.7) |
| Total Deferred Outflows of Resources | 286.7 | 336.8 | 50.1 |
| **Liabilities** | | | |
| Long-Term Liabilities | 1,576.4 | 1,606.1 | 29.7 |
| Other Liabilities | 371.9 | 324.7 | (47.2) |
| Total Liabilities | 1,948.3 | 1,930.8 | (17.5) |
| **Deferred Inflows of Resources** | | | |
| Deferred Pension Credits | 7.7 | 29.4 | 21.7 |
| Deferred OPEB Credits | 270.6 | 218.2 | (52.4) |
| Total Deferred Inflows of Resources | 278.3 | 247.6 | (30.7) |
| **Net Position** | | | |
| Net Investment in Capital Assets | 1,553.0 | 1,594.6 | 41.6 |
| Restricted | 22.6 | 69.1 | 46.5 |
| Unrestricted | (927.4) | (927.3) | 0.1 |
| Total Net Position | $ 648.2 | 736.4 | $ 88.2 |

The $10.1 million decrease in assets is due to a $142.4 million decrease in current and other assets partially offset by a $132.3 million increase in capital assets. Net capital assets increased primarily due to additions of $190.6 million exceeding depreciation expense of $58.3 million. The $50.1 million increase in deferred outflows of resources and $30.7 million decrease in deferred inflows of resources are primarily the result of changes in the latest actuarial valuation of the net pension and other postemployment benefit ("OPEB") liabilities. The $17.5 million decrease in liabilities is primarily due to a $47.3 million net decrease in the net bond anticipation notes and other current liabilities, pension obligation of $17.3 and long term liabilities of $57.6 partially offset by an increase in the OPEB liability of $103.0 million and accrued compensated absences of $1.7 million.

**Analysis of the District's Government-wide Statements (Continued)**

**Figure A - 2**

Changes in Net Position from Operating Results (in millions of dollars)

| | Governmental Activities | | |
|---|---|---|---|
| **Revenues** | 2024 | 2025 | Difference |
| Program Revenues: | | | |
| Charges for Services | $ 9.4 | 9.3 | $ (0.1) |
| Operating Grants | 482.9 | 415.9 | (67.0) |
| Capital Grants | - | 0.2 | 0.2 |
| General Revenue: | | | |
| Property Taxes | 611.0 | 650.7 | 39.7 |
| Local One Cent Sales Tax | 160.1 | 166.8 | 6.7 |
| Other | 37.8 | 47.6 | 9.8 |
| Total Revenues | 1,301.2 | 1,290.5 | (10.7) |
| **Program Expenses** | | | |
| Instruction | 444.9 | 469.5 | 24.6 |
| Support Services | 571.8 | 623.3 | 51.5 |
| Community Services | 15.8 | 17.1 | 1.3 |
| Payments to Component Units | 70.2 | 78.3 | 8.1 |
| Interest and Fiscal Charges | 20.0 | 14.1 | (5.9) |
| Total Program Expenses | 1,122.7 | 1,202.3 | 79.6 |
| Change in Net Position | 178.5 | 88.2 | (90.3) |
| Net Position, Beginning of Year | 469.7 | 648.2 | 178.5 |
| Net Position, End of Year | $ 648.2 | 736.4 | $ 88.2 |

Expense categories:

Instruction – face-to-face direct classroom expenditures
Support Services – those expenditures that support the classroom including media center, guidance, health services, professional development, food service, student transportation, maintenance and administrative costs
Community Services – those expenditures that are an extension of the regular school day to include Adult Education, Community Education and After-School child care
Payment to Component Units – those expenditures that reflect payments to the charter schools that the School District sponsors
Interest and Fiscal Charges – those expenditures that reflect the interest due on short- and long-term borrowing to include debt service interest payments due under alternative financing

Revenues decreased $10.7 million (1%) primarily due to a $67.0 million decrease in operating grants partially offset by a $39.7 million increase in property taxes as a result of increased assessed values, local one cent sales tax of $6.7 million and other general revenues of $9.8 million.

Expenses increased $79.6 million (7%). Instruction expenses increased $24.6 million, support expenses increased $51.5 million, community services increased $1.3 million and payments to component units increased $8.1 million. The increases in instruction and support expenses were primarily due to increases in salaries and fringe benefits as a result of a step increase and cost of living adjustment given to employees. These increases were partially offset by a decrease in interest and fiscal charges of $5.9 million.

**Financial Analysis of the School District's Funds**

The fund financial statements, which can be found as listed in the table of contents, provide more detailed information about the School District's funds, focusing on its significant funds – not the School District as a whole. Funds are accounting devices that the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The School District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The School District has two kinds of funds:

- Governmental funds: The School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information follows the governmental funds statements, in the form of a reconciliation, to explain the relationship (or differences) between them.

- Fiduciary fund: The School District is the trustee, or fiduciary, for assets that belong to others and reported in the Private Purpose Trust Fund. The School District is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from district-wide financial statements because it cannot use these assets to finance its operations.

*Governmental Funds*

For the year ended June 30, 2025, the School District's governmental funds reported a *combined* fund balance of $377.7 million, as compared to $471.1 million for the prior year. This decrease of $93.3 million was due to changes in several funds as follows: $14.3 million decrease in the General Fund, $0.5 million increase in the Special Revenue Fund, $1.2 million decrease in the Food Service Fund, $68.2 million increase in the Debt Service – District Fund, $3 thousand decrease in the Debt Service – CEEF Fund, a $146.6 million decrease in the Capital Projects – District Fund, and a $19 thousand increase in the Medals and Awards Permanent Fund. These changes are discussed in further detail below.

At June 30, 2025, the School District's non-spendable fund balance for all governmental funds was $11.5 million, which includes $10.9 million related to prepaid items, $0.4 million related to inventories in the General Fund, and $0.2 million related to inventories in the Food Service Fund. The School District's restricted fund balance for all governmental funds was $147.2 million including restrictions for debt service of $58.8 million, capital projects of $80.1 million, food services of $3.8 million, student activities of $4.3 million and endowments and scholarships of $0.2 million. Committed fund balance of $104.3 million includes $96.4 million committed for future years' expenditures and $7.8 million committed for ESSER Sustainability and Stabilization. Assigned fund balance includes the projected use of fund balance of $18.0 million for the fiscal year 2026 budgeted shortfall, $13.4 million for ESSER Sustainability and Stabilization, and $13.6 million for Special Revenue programs. The portion of fund balance that is unassigned may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The total unassigned fund balance (all funds) was $69.8 million, all of which was reported in the General Fund.

**Financial Analysis of the School District's Funds (Continued)**

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, total fund balance of the General Fund was $216.5 million, including $69.8 million in unassigned fund balance. Unassigned fund balance was 8% of fiscal year 2025 expenditures.

The School District amended its fund balance policy in September 2022 to maintain a minimum of one and one-half months' of General Fund operating expenditures for the previous two completed fiscal years as committed fund balance. Approximately $96.4 of the General Fund's fund balance was committed for future year's expenditures as of June 30, 2025. The School District's policy also requires a minimum unassigned fund balance of one-half month of General Fund operating expenditures for the previous two completed fiscal years, or approximately $32.1 million as of June 30, 2025. The School District is in compliance with this policy.

The School District's Governmental Funds include the General Fund, as described above, Special Revenue, Special Revenue – EIA, Food Service, Debt Service – District, Debt Service – CEEF, Capital Projects – District, and Medals and Awards Permanent Fund.

The School District's Special Revenue and EIA Funds are used to account for revenues derived from the State of South Carolina and the Federal Government and various other special revenue programs. The Special Revenue Fund reported an ending fund balance of $18.0 million, an increase of $0.5 million, as revenues and other financing sources of $94.2 million exceeded expenditures and other financing uses of $93.7 million. The EIA fund reports no fund balance as any unspent allocations received from the State Department of Education as of year-end are considered to be unearned revenues. As a result, revenues of $41.8 million equaled expenditures and other financing uses of $41.8 million.

The School District accounts for its United States Department of Agriculture's approved school breakfast and lunch programs in a separate Food Service (special revenue) fund. The fund balance at the end of the current fiscal year was $4.0 million, which was a decrease of $1.2 million from the prior year. Total revenue and other financing sources of $37.0 million were exceeded by expenditures and other financing uses of $38.2 million.

Two Debt Service funds are shown in the accompanying financial statements of the School District as the District Debt Service fund and the CEEF Debt Service Fund. Both funds are used to account for the accumulation of funds for debt retirement. The District Debt Service fund balance at the end of the current fiscal year was $58.4 million, an increase of $68.2 million from the prior year deficit fund balance of $9.9 million. The change in fund balance is due to property tax revenues and debt proceeds exceeding principal and interest payments and transfers to other funds. The CEEF Debt Service fund balance at the end of the current fiscal year of $0.5 million accounts for accumulated resources for payment on the CEEF Installment Purchase Revenue Bonds sold by the non-profit organization. The fund balance decreased by $3 thousand compared to the prior year.

The fund balance in the Capital Projects – District Fund decreased by $146.6 million to $80.1 million at June 30, 2025, due primarily to construction-related expenditures exceeding revenues from the one cent local sales tax as previously discussed.

**General Fund Budgetary Highlights**

The School District's budgeted expenditures for the General Fund including other financing uses were approximately $847.6 million and the budget anticipated that expenditures would exceed revenues by $62.5 million. Expenditures exceeded revenues by $14.3 million, a $48.2 million improvement over the budgeted decrease of $62.5 million. This was due to several areas as indicated below:

- Local revenues were $19.9 million higher than expected with $31.2 million in local property taxes offset by a deficit of $11.3 million in in other local revenue.

**General Fund Budgetary Highlights (Continued)**

- State reimbursements were $14.1 million higher than expected with $3.0 million in manufacturers depreciation reimbursement and $2.8 million in Retiree Insurance, $1.6 million in school bus drivers' salary and $6.5 million in state aid to classrooms and $0.2 million in other state revenues.
- Expenditures were below budget by $12.6 million primarily due to instruction expenditures coming in under budget by $5.8 million and support services expenditures under budget by $8.6 million, partially offset by intergovernmental of $1.8 million.

**Capital Asset and Debt Administration**

*Capital Assets*

The School District has invested $1.9 billion in a broad range of capital assets including land, school buildings, athletic facilities, equipment, and administrative offices. Accumulated depreciation on these assets as of June 30, 2025, was $776.4 million (See Figure A-3).

Total depreciation expense for the year was $58.3 million while additions to capital assets amounted to $190.6 million.

**FIGURE A - 3**
**CAPITAL ASSETS AT YEAR-END**
(Net of Depreciation, in millions of dollars)

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2025 |
| Land | $ 71.5 | $ 74.2 |
| Construction in Progress | 91.1 | 250.8 |
| Building and Improvements | 2,087.6 | 2,102.9 |
| Improvements Other than Buildings | 121.9 | 127.1 |
| Furniture and Fixtures | 75.5 | 82.9 |
| Food Service Equipment | 2.4 | 2.4 |
| Less: Accumulated Depreciation | (718.4) | (776.4) |
| Totals | $ 1,731.6 | $ 1,863.9 |

Major additions primarily included construction projects, which were discussed in detail above. See Note III.D to the financial statements for more information on capital assets.

*Long-Term Debt*

As of June 30, 2025, the School District had $357.2 million in general obligation bonds and other long-term debt, a decrease of $54.2 million or 13% from June 30, 2024 due to regularly scheduled principal payments, as shown in Figure A-4. The District's bond rating as of October 2025 was Aa1 (Enhanced)/Aa2 (Underlying) by Moody's.

**Capital Asset and Debt Administration (Continued)**

*Long-Term Debt (Continued)*

**FIGURE A - 4**
**Outstanding Debt at Year-End**
**(In millions of dollars)**

| | Governmental Activities | |
|---|---|---|
| | 2024 | 2025 |
| General Obligation Bonds | $ 46.0 | $ 36.4 |
| Installment Revenue Bonds | 365.3 | 320.7 |
| Totals | $ 411.3 | $ 357.1 |

In addition to the long-term obligations detailed above, the School District had $157.0 million in outstanding short-term General Obligation Bond Anticipation Notes ("BAN") at June 30, 2025 which are all due in full in fiscal 2026.

More detailed information on long-term debt is provided in the accompanying notes to the financial statements in Note III.G and Note III.H.

**Factors Bearing on the School District's Future**

At the time these financial statements were prepared, the School District was not aware of existing circumstances that could significantly affect its financial health in the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Office, Charleston County School District, 3999 Bridge View Drive, Charleston, SC 29406.

(This page intentionally left blank.)

# BASIC FINANCIAL STATEMENTS

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2025**

| | Primary Government Governmental Activities | Discretely Presented Component Units |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ 277,069,965 | $ 32,327,404 |
| Investments | - | 17,966,744 |
| Restricted Cash and Cash Equivalents | 294,196,320 | - |
| Restricted Investments | 10,945,417 | - |
| Accounts Receivable, Net | 1,303,840 | 201,284 |
| Grant Receivable | - | 382,378 |
| Property Taxes Receivable, Net | 14,640,606 | - |
| Due from Governmental Agencies | 104,400,748 | 989,234 |
| Due from Others | - | 431,466 |
| Inventory | 621,353 | - |
| Prepaid Expenses | 10,894,913 | 649,019 |
| Deposits | - | 11,228 |
| Total Current Assets | 714,073,162 | 52,958,757 |
| Non-Current Assets: | | |
| Capital Assets: | | |
| Capital Assets - Not Being Depreciated | 325,031,775 | - |
| Capital Assets - Net of Accumulated Depreciation | 1,538,820,198 | 45,542,412 |
| Total Non-Current Assets | 1,863,851,973 | 45,542,412 |
| **TOTAL ASSETS** | **2,577,925,135** | **98,501,169** |
| **DEFERED OUTFLOWS OF RESOURCES** | | |
| Deferred Pension Charges | 114,268,931 | 17,915,630 |
| Deferred OPEB Charges | 209,337,449 | 5,222,376 |
| Advance Refunding Charges | 13,234,033 | - |
| **TOTAL DEFERRED OUTFLOWS OF RESOURCES** | **336,840,413** | **23,138,006** |
| **LIABILITIES** | | |
| Current Liabilities: | | |
| Accounts Payable | 61,154,585 | 5,068,592 |
| Contracts Payable - Retainage | 7,850,580 | - |
| Unearned Revenue | 4,446,381 | 544,661 |
| Due to Other Entities | 306,412 | 187,019 |
| Accrued Compensation and Related Benefits | 82,850,229 | - |
| Accrued Interest Payable | 1,593,859 | - |
| Other Accrued Expenses | 9,450,589 | - |
| Bond Anticipation Notes | 157,045,000 | - |
| Total Current Liabilities | 324,697,635 | 5,800,272 |
| Non-Current Liabilities: | | |
| Net Pension Liability | 661,573,129 | 46,638,349 |
| Net OPEB Liability | 573,300,956 | 40,295,799 |
| Long-Term Obligations, Due Within One Year | 52,311,255 | 647,621 |
| Long-Term Obligations, Due in More Than One Year | 318,940,306 | 18,198,733 |
| Total Non-Current Liabilities | 1,606,125,646 | 105,780,502 |
| **TOTAL LIABILITIES** | **1,930,823,281** | **111,580,774** |
| **DEFERED INFLOWS OF RESOURCES** | | |
| Deferred Pension Credits | 29,396,274 | 11,210,943 |
| Deferred OPEB Credits | 218,165,219 | 7,824,589 |
| **TOTAL DEFERRED INFLOWS OF RESOURCES** | **247,561,493** | **19,035,532** |
| **NET POSITION** | | |
| Net Investment in Capital Assets | 1,594,634,837 | 26,903,741 |
| Restricted For: | | |
| Debt Service | 60,462,392 | 1,133,393 |
| Food Service | 4,010,074 | - |
| Endowments and Scholarships - Nonexpendable | 27,948 | - |
| Endowments and Scholarships - Expendable | 185,510 | - |
| Student Activities | 4,340,743 | 1,130,839 |
| Unrestricted | (927,280,730) | (38,145,104) |
| **TOTAL NET POSITION** | **$ 736,380,774** | **$ (8,977,131)** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2025**

| FUNCTIONS/PROGRAMS | | PROGRAM REVENUES | | | NET REVENUE (EXPENSE) AND CHANGE IN NET POSITION | |
|---|---|---|---|---|---|---|
| PRIMARY GOVERNMENT | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government Governmental Activities | Component Units Charter Schools |
| Governmental Activities: | | | | | | |
| Instruction | $ 469,533,297 | - | 230,024,691 | 75,077 | (239,433,529) | $ - |
| Support Services | 623,308,910 | 9,320,814 | 107,251,851 | 67,064 | (506,669,181) | - |
| Community Services | 17,085,327 | - | - | - | (17,085,327) | - |
| Intergovernmental | - | - | 331,947 | - | 331,947 | - |
| Payments to Component Units | 78,294,393 | - | 78,294,393 | - | - | - |
| Interest and Other Charges | 14,079,411 | - | - | - | (14,079,411) | - |
| **TOTAL PRIMARY GOVERNMENT** | 1,202,301,338 | 9,320,814 | 415,902,882 | 142,141 | (776,935,501) | - |
| **COMPONENT UNITS** | | | | | | |
| Discretely Presented Component Units | 106,578,768 | 649,623 | 101,819,798 | - | - | (4,109,347) |
| **TOTAL COMPONENT UNITS** | **$ 106,578,768** | **649,623** | **101,819,798** | **-** | **-** | **$ (4,109,347)** |
| **GENERAL REVENUES** | | | | | | |
| Property Taxes Levied for | | | | | | |
| General Purposes | | | | | $ 520,843,120 | $ - |
| Debt Service | | | | | 129,875,666 | - |
| Local One Cent Sales Tax | | | | | 166,787,193 | - |
| Other Taxes | | | | | 2,642,973 | - |
| Miscellaneous Revenue | | | | | 17,351,281 | 4,254,540 |
| Payments from Other Governmental Units | | | | | 269,077 | - |
| Gain on Disposal of Assets | | | | | 257,564 | - |
| Interest on Investments | | | | | 27,121,923 | 1,052,355 |
| Total General Revenue | | | | | 865,148,797 | 5,306,895 |
| **CHANGE IN NET POSITION** | | | | | **88,213,296** | **1,197,548** |
| NET POSITION, Beginning of Year - As Previously Reported | | | | | 648,167,478 | (10,309,960) |
| Cumulative Change in Accounting Principle | | | | | - | 135,281 |
| NET POSITION, Beginning of Year | | | | | 648,167,478 | (10,174,679) |
| **NET POSITION, End of Year** | | | | | **$ 736,380,774** | **$ (8,977,131)** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2025**

| | GENERAL | SPECIAL REVENUE | EIA |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 268,469,368 | 8,535,914 | - |
| Restricted Cash and Cash Equivalents | - | - | - |
| Restricted Investments | - | - | - |
| Accounts Receivable, Net | 1,244,487 | - | - |
| Property Taxes Receivable, Net | 11,049,567 | - | - |
| Due From Other Funds | 43,820,880 | - | 6,604,832 |
| Due From County Treasurer | 1,680,128 | - | - |
| Due From State Department of Education | 1,253,989 | 70,000 | 1,341 |
| Due From Other Agencies | 101,091 | 3,417 | - |
| Due From Federal Agencies | - | 17,977,163 | - |
| Due From Fiscal Agent | - | 59,353 | - |
| Inventory | 373,643 | - | - |
| Prepaid Items | 10,704,124 | 64,468 | - |
| **TOTAL ASSETS** | **$ 338,697,277** | **26,710,315** | **6,606,173** |
| **LIABILITIES** | | | |
| Accounts Payable | $ 16,669,984 | 2,308,788 | 606,363 |
| Contracts Payable - Retainage | - | - | - |
| Unearned Revenue | - | 475,974 | 3,421,498 |
| Due to Other Funds | 12,982,249 | 433,962 | - |
| Due to State Department of Education | - | 213,598 | 46,881 |
| Due to Other Agencies | 45,933 | - | - |
| Accrued Compensation and Related Benefits | 73,082,789 | 5,261,886 | 2,531,431 |
| Other Accrued Expenditures | 9,450,589 | - | - |
| Bond Anticipation Notes | - | - | - |
| TOTAL LIABILITIES | 112,231,544 | 8,694,208 | 6,606,173 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable Revenue - Property Taxes | 9,950,474 | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 9,950,474 | - | - |
| **TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** | **122,182,018** | **8,694,208** | **6,606,173** |
| **FUND BALANCES** | | | |
| Nonspendable: | | | |
| Inventory | 373,643 | - | - |
| Prepaid Items | 10,704,124 | 64,468 | - |
| Principal on Endowments | - | - | - |
| Restricted for: | | | |
| Food Service | - | - | - |
| Debt Service | - | - | - |
| Capital Projects | - | - | - |
| Endowments and Scholarships | - | - | - |
| Student Activities | - | 4,340,743 | - |
| Committed for: | | | |
| Future Years' Expenditures | 96,416,679 | - | - |
| ESSER Sustainability and Stabilization | 7,844,456 | - | - |
| Assigned for: | | | |
| Special Revenue Programs | - | 13,610,896 | - |
| FY26 Budget Appropriations | 17,981,482 | - | - |
| ESSER Sustainability and Stabilization | 13,355,974 | - | - |
| Unassigned | 69,838,901 | - | - |
| TOTAL FUND BALANCES | 216,515,259 | 18,016,107 | - |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | **$ 338,697,277** | **26,710,315** | **6,606,173** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

| FOOD SERVICE | DEBT SERVICE - DISTRICT | DEBT SERVICE - CEEF | CAPITAL PROJECTS - DISTRICT | MEDALS AND AWARDS PERMANENT FUND | | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|---|
| 64,683 | - | - | - | - | $ | 277,069,965 |
| - | - | 1 | 294,029,972 | 166,347 | | 294,196,320 |
| - | 10,940,644 | 4,773 | - | - | | 10,945,417 |
| - | - | - | - | - | | 1,244,487 |
| - | 3,591,039 | - | - | - | | 14,640,606 |
| 5,862,426 | 55,683 | 412,198 | - | 47,111 | | 56,803,130 |
| - | 52,679,663 | - | - | - | | 54,359,791 |
| - | - | - | - | - | | 1,325,330 |
| - | - | - | 30,192,308 | - | | 30,296,816 |
| 441,648 | - | - | - | - | | 18,418,811 |
| - | - | - | - | - | | 59,353 |
| 247,710 | - | - | - | - | | 621,353 |
| 12,360 | - | 113,961 | - | - | | 10,894,913 |
| **6,628,827** | **67,267,029** | **530,933** | **324,222,280** | **213,458** | **$** | **770,876,292** |
| | | | | | | |
| 101,804 | 2,750 | - | 41,464,897 | - | $ | 61,154,586 |
| - | - | - | 7,850,580 | - | | 7,850,580 |
| 548,909 | - | - | - | - | | 4,446,381 |
| - | - | - | 43,386,919 | - | | 56,803,130 |
| - | - | - | - | - | | 260,479 |
| - | - | - | - | - | | 45,933 |
| 1,968,040 | - | - | 6,083 | - | | 82,850,229 |
| - | - | - | - | - | | 9,450,589 |
| - | 5,625,000 | - | 151,420,000 | - | | 157,045,000 |
| 2,618,753 | 5,627,750 | - | 244,128,479 | - | | 379,906,907 |
| | | | | | | |
| - | 3,273,915 | - | - | - | | 13,224,389 |
| - | 3,273,915 | - | - | - | | 13,224,389 |
| | | | | | | |
| **2,618,753** | **8,901,665** | **-** | **244,128,479** | **-** | | **393,131,296** |
| | | | | | | |
| 247,710 | - | - | - | - | | 621,353 |
| 12,360 | - | 113,961 | - | - | | 10,894,913 |
| - | - | - | - | 27,948 | | 27,948 |
| 3,750,004 | - | - | - | - | | 3,750,004 |
| - | 58,365,364 | 416,972 | - | - | | 58,782,336 |
| - | - | - | 80,093,801 | - | | 80,093,801 |
| - | - | - | - | 185,510 | | 185,510 |
| - | - | - | - | - | | 4,340,743 |
| - | - | - | - | - | | 96,416,679 |
| - | - | - | - | - | | 7,844,456 |
| - | - | - | - | - | | 13,610,896 |
| - | - | - | - | - | | 17,981,482 |
| - | - | - | - | - | | 13,355,974 |
| - | - | - | - | - | | 69,838,901 |
| 4,010,074 | 58,365,364 | 530,933 | 80,093,801 | 213,458 | | 377,744,996 |
| | | | | | | |
| **6,628,827** | **67,267,029** | **530,933** | **324,222,280** | **213,458** | **$** | **770,876,292** |

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2025**

| | | |
|---|---|---|
| **TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** | | **$ 377,744,996** |
| Amounts reported for the governmental activities in the Statement of Net Position are different because: | | |
| Property taxes receivable will be collected but are not available soon enough to pay for the current period's expenditures and therefore are considered unavailable revenues in the funds. | | 13,224,390 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was $2,640,270,948 and the accumulated depreciation was $776,418,975. | | 1,863,851,973 |
| The School District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. | | (576,700,472) |
| The School District's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. | | (582,128,726) |
| Advance refunding charges are amortized over the lives of the bonds; however, in governmental accounting, advance refunding charges are expenditures or other financing uses the year they are incurred. The advance refunding charges of $65,828,399 have been shown net of accumulated amortization expense of $52,594,366. | | 13,234,033 |
| Accrued interest on outstanding long-term obligations in governmental accounting is not due and payable in the current period and therefore has not been reported as a liability in the funds. | | (1,593,859) |
| Long-term obligations, including debt premiums and discounts, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term obligations consisted of: | | |
| Long-Term Debt | (357,155,000) | |
| Premiums, net of accumulated amortization | (5,405,971) | |
| Compensated Absences | (8,690,590) | (371,251,561) |
| **TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** | | **$ 736,380,774** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

(This page intentionally left blank.)

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2025**

| | GENERAL | SPECIAL REVENUE | EIA | FOOD SERVICE |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Local Property Taxes | $ 522,035,861 | - | - | - |
| Local One Cent Sales Tax | - | - | - | - |
| Other Local | 11,060,957 | 25,272,567 | - | 3,474,742 |
| **Total Local** | **533,096,818** | **25,272,567** | **-** | **3,474,742** |
| State | 269,352,007 | 2,937,061 | 41,843,943 | - |
| Federal | - | 65,502,670 | - | 32,706,918 |
| Intergovernmental | 269,078 | - | - | - |
| **TOTAL REVENUE ALL SOURCES** | **802,717,903** | **93,712,298** | **41,843,943** | **36,181,660** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction | 413,659,876 | 38,263,876 | 13,114,760 | - |
| Support Services | 327,258,697 | 34,370,849 | 11,521,240 | 36,223,082 |
| Community Services | 2,211,687 | 14,782,738 | 476 | - |
| Intergovernmental | 18,631,487 | 457,399 | - | - |
| Payments to Component Units | 70,638,470 | 2,923,533 | 4,732,390 | - |
| Capital Outlay | 462,493 | 67,064 | 75,077 | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest and Other Charges | 371,686 | - | - | - |
| TOTAL EXPENDITURES | 833,234,396 | 90,865,459 | 29,443,943 | 36,223,082 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | **(30,516,493)** | **2,846,839** | **12,400,000** | **(41,422)** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Sale of Capital Assets | 3,601 | 294,005 | - | - |
| Premium on Bonds Sold | - | - | - | - |
| Issuance of Refunding Debt | - | - | - | - |
| Payment to Refunded Debt Escrow Agent | - | - | - | - |
| Transfers In | 17,230,662 | 235,000 | - | 825,000 |
| Transfers Out | (1,060,000) | (2,881,859) | (12,400,000) | (1,948,803) |
| TOTAL OTHER FINANCING SOURCES (USES) | 16,174,263 | (2,352,854) | (12,400,000) | (1,123,803) |
| **NET CHANGES IN FUND BALANCES** | **(14,342,230)** | **493,985** | **-** | **(1,165,225)** |
| FUND BALANCES, Beginning of Year | 230,857,489 | 17,522,122 | - | 5,175,299 |
| **FUND BALANCES, End of Year** | **$ 216,515,259** | **18,016,107** | **-** | **4,010,074** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

| DEBT SERVICE - DISTRICT | DEBT SERVICE - CEEF | CAPITAL PROJECTS - DISTRICT | MEDALS AND AWARDS PERMANENT FUND | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|
| 130,490,946 | - | - | - | $ 652,526,807 |
| - | - | 166,787,193 | - | 166,787,193 |
| 243 | 118,964 | 17,188,542 | 48,478 | 57,164,493 |
| **130,491,189** | **118,964** | **183,975,735** | **48,478** | **876,478,493** |
| 2,642,973 | - | - | - | 316,775,984 |
| - | - | - | - | 98,209,588 |
| 331,947 | - | - | - | 601,025 |
| **133,466,109** | **118,964** | **183,975,735** | **48,478** | **1,292,065,090** |
| - | - | - | - | 465,038,512 |
| - | - | 134,926,651 | - | 544,300,519 |
| - | - | - | 29,285 | 17,024,186 |
| - | - | - | - | 19,088,886 |
| - | - | - | - | 78,294,393 |
| - | - | 191,400,212 | - | 192,004,846 |
| 9,630,000 | 40,210,000 | - | - | 49,840,000 |
| 4,378,679 | 11,682,696 | 4,222,073 | - | 20,655,134 |
| 14,008,679 | 51,892,696 | 330,548,936 | 29,285 | 1,386,246,476 |
| **119,457,430** | **(51,773,732)** | **(146,573,201)** | **19,193** | **(94,181,386)** |
| - | - | - | - | 297,606 |
| - | 5,929,506 | - | - | 5,929,506 |
| - | 72,530,000 | - | - | 72,530,000 |
| - | (77,909,965) | - | - | (77,909,965) |
| 72,348 | 51,293,474 | - | - | 69,656,484 |
| (51,293,474) | (72,348) | - | - | (69,656,484) |
| (51,221,126) | 51,770,667 | - | - | 847,147 |
| **68,236,304** | **(3,065)** | **(146,573,201)** | **19,193** | **(93,334,239)** |
| (9,870,940) | 533,998 | 226,667,002 | 194,265 | 471,079,235 |
| **58,365,364** | **530,933** | **80,093,801** | **213,458** | **$ 377,744,996** |

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2025**

| | | |
|---|---|---|
| **TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** | **$** | **(93,334,239)** |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenues for the year. | | (1,808,020) |
| Repayment of bond principal and payments to refunding debt escrow agents are an expenditure in the governmental funds, but they reduce long-term liabilities in the Statement of Net Position. | | 126,720,000 |
| Bond and note proceeds provide current financial resources to governmental funds, but issuing debt also increases long term liabilities in the Statement of Net Position. | | (72,530,000) |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the net change in accrued interest for the year. | | (77,369) |
| Advance refunding charges are expenditures or other financing uses the year they are incurred in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the current year amortization expense for advance refunding charges. | | (1,668,335) |
| Bond premiums are revenues the year they are received in governmental funds but are amortized over the lives of the bonds in the Statement of Activities. This amount represents the amount by which the current year premium received on long-term debt issues exceeded the current year amortization expense on premiums. | | 3,421,886 |
| Changes in the School District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities. | | 7,940,123 |
| Changes in the School District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities. | | (11,040,447) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This amount represents the change in the compensated absences accrual. | | (1,682,903) |
| In the Statement of Activities the loss on the sale of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed. | | (40,042) |
| Governmental funds report asset additions as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of $190,565,599 exceeded depreciation expense of $58,252,957 in the current year. | | 132,312,642 |
| **CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** | **$** | **88,213,296** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUND**

**JUNE 30, 2025**

| | PRIVATE-PURPOSE TRUSTS |
|---|---|
| **ASSETS** | |
| Cash and Cash Equivalents | $ 313,916 |
| **TOTAL ASSETS** | **313,916** |
| **NET POSITION** | |
| Restricted for Endowment Scholarships | 313,916 |
| **TOTAL NET POSITION** | **$ 313,916** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FIDUCIARY FUND**

**JUNE 30, 2025**

| | PRIVATE-PURPOSE TRUSTS |
|---|---|
| **ADDITIONS** | |
| Interest | $ 14,826 |
| **TOTAL ADDITIONS** | **14,826** |
| **CHANGES IN NET POSITION** | **14,826** |
| NET POSITION, Beginning of Year | 299,090 |
| **NET POSITION, End of Year** | **$ 313,916** |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. The Reporting Entity

**Charleston County School District** (the "School District") was created in July, 1968 through the merger of eight former school districts (which became constituent districts) to form a single county-wide district. The School District operates 46 elementary schools (grades K-5), 13 middle schools (grades 6-8), 17 high schools (grades 9-12), 4 Montessori schools, 7 multi-level combination schools, 4 special programs, 9 charter schools, and 2 public/private partnership schools.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

The School District is the government which has responsibility for and control over all activities related to public school education in Charleston County, South Carolina. The School District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The School District is governed by a nine member Board of Trustees (the "Board"). The Board determines the operating policies of the School District and such policies are implemented by the School District Superintendent.

As required by GAAP, the financial statements must present the School District's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the School District both appoints a voting majority of the entity's governing body, and either 1) the School District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the School District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the School District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the School District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the School District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the School District; and (c) issue bonded debt without approval by the School District. An entity has a financial benefit or burden relationship with the School District if, for example, any one of the following conditions exists: (a) the School District is legally entitled to or can otherwise access the entity's resources, (b) the School District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the School District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the School District's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the School District. Based on the criteria above, the School District has two blended component units and several discretely presented component units as discussed below.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### A. The Reporting Entity (Continued)

**Blended Component Units.** The Charleston County School District Development Corporation (the "Corporation") and the Charleston Educational Excellence Financing Corporation ("CEEF"), not-for-profit organizations, were formed to acquire, construct, and lease facilities to be used by the School District. A voting majority of the Corporation's and CEEF's Board of Directors are appointed by the School District, and the School District has the ability to modify or approve the Corporation's and CEEF's budgets. The Corporation is reported as a nonmajor governmental fund, but it has been inactive for the last several years. The School District has a financial burden to the CEEF in that it is obligated for lease payments equaling the amount of debt to be relieved and associated interest payments. Activities of CEEF are reported as major capital projects and debt service funds. The CEEF's capital project fund met all obligations in 2016 and has not been active since that time and reported no assets, liabilities, or fund balance at June 30, 2025. As such, no activity is reported in the financial statements. Separate financial statements for CEEF are not issued.

**Discretely Presented Component Units.** A charter school is considered a public school, and these schools are a part of the School District for the purposes of state law and state constitution. Because the charter schools are fiscally dependent on the School District and because the nature and significance of the relationship between the School District and the charter schools is such that exclusion of the charter schools would cause the School District's financial statements to be incomplete, the financial statements of the charter schools are included in those of the School District.

The following charter schools were established under the South Carolina Charter Schools Act by a charter granted by the School District:

Charleston Development Academy, Inc. (CDA)
233 Line Street, P. O. Box 20518
Charleston, SC, 29413

James Island Charter High School (JICHS)
1000 Fort Johnson Road
Charleston, SC, 29412

Greg Mathis Charter High School (GMCHS)
7555 N. Spartan Boulevard
North Charleston, SC, 29420

Charleston Charter School for Math
and Science (CCSMS)
1002 King Street
Charleston, SC, 29403

Allegro Charter School of Music (ACSM)
120 Broad Street
Charleston, SC 29401

East Cooper Montessori Charter School (ECMCS)
188 Civitas Street
Mt. Pleasant, SC, 29464

Orange Grove Elementary Charter (OGEC)
1225 Orange Branch Road
Charleston, SC, 29407

Pattison's Academy
2383 Highway 41
Mt. Pleasant, SC, 29466

Carolina Voyager Charter School (CVCS)
30 Race Street
Charleston, SC, 29403

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### A. The Reporting Entity (Continued)

Meeting Street Elementary at Brentwood (MSEB) and Meeting Street Elementary at Burns (MSEBs) are alternative school choices (public/private partnership schools) for the residents of the School District. Because MSEB and MSEBs are fiscally dependent on the School District and because the nature and significance of the relationship between the School District and both entities is such that exclusion of the schools would cause the School District's financial statements to be incomplete, the financial statements of MSEB and MSEBs are included in those of the School District. MSEB and MSEBs are located at 2685 Leeds Avenue, North Charleston, South Carolina 29405.

Complete financial statements for each of the discretely presented component units may be obtained at the respective charter school's administrative offices. The School District paid a total of approximately $70,294,000 to the schools during the year ended June 30, 2025. These expenditures are included in payments to component units in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Combining schedules for the discretely presented component units have been provided as Schedule E series in the other information to assist in providing information to the South Carolina Department of Education ("SDE"). The information in these schedules was provided to the School District by the component units.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School District (the primary government) and its component units. The effect of interfund activity has been removed from these statements.

*Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The School District does not have any business-type activities. Likewise, the *primary government* (the School District) is reported separately from certain legally separate *component units* which are fiscally dependent on the School District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

The **government-wide financial statements** (which exclude fiduciary activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the Fiduciary Fund financial statements. Revenues are recognized and recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

Property taxes, federal and state grant programs and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary funds are reported by fund type.

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

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

***Governmental fund types*** are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the School District's governmental funds:

The ***General Fund,*** **a major fund** and a budgeted fund**,** is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

***Special Revenue Funds*** are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has three Special Revenue Funds:

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

i) **The Special Revenue Fund, a major fund** and a budgeted fund, is used to account for and report the financial resources provided by federal, state and local projects and grants (including pupil activity funds) that are restricted, committed or assigned for specific educational programs.

ii) **The Education Improvement Act ("EIA") Fund, a major fund** and a budgeted fund, is used to account for and report the revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source), which are restricted for specific programs authorized or mandated by EIA.

iii) **The Food Service Fund, a major fund** and a budgeted fund, is used to account for and report the financial resources received that are restricted for the operation and improvement of the food service program. These revenues primarily consist of resources received (a) from breakfast, lunch, and other food sales and (b) from the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

The ***Debt Service Fund-District,*** **a major fund** and a budgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs for the School District except those accounted for in the CEEF Debt Service Fund.

The ***Debt Service Fund-CEEF***, **a major fund** and a budgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest, and related costs for CEEF.

The ***Capital Projects Fund-District,*** **a major fund** and a budgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets of the School District.

The **Permanent Fund, a nonmajor fund** and an unbudgeted fund, is used to account for financial resources endowed to the School District in trust, for which only the interest earnings may be used by the School District for various restricted purposes as specified by the private donors. The School District reports the following permanent fund:

- The ***Medals and Awards Fund*** accounts for amounts contributed to the School District for the purpose of providing monies from which medals and awards may be purchased. Initial contributions to this fund are recorded as principal and may not be expended. Earnings from investments are recorded as income and are available for the stated fund purposes. Since it is the only non-major governmental fund, it is shown in a separate column in the fund financial statements.

***Fiduciary Fund types*** are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include agency funds and private-purpose trust funds. Fiduciary Fund types include the following fund:

The ***Private Purpose Trust Fund*** is used to account for assets held in trust for other purposes. The School District reports the following private-purpose trust fund:

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

- The ***William C. Bradley Fund*** accounts for monies given to the School District to fund engineering scholarships to students graduating from Wando High School. The fund principal balance may not be expended. Earnings from investments are recorded as income and are available for the stated fund purpose.

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

#### *1. Cash, Cash Equivalents and Investments*

***Cash and Cash Equivalents***

The School District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Local Government Investment Pool ("LGIP") to be cash equivalents. Securities with an initial maturity of more than three months (when initially purchased) that are not purchased from the LGIP are reported as investments.

***Investments***

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

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(c) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### *1. Cash, Cash Equivalents and Investments (Continued)*

***Investments (Continued)***

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The School District's cash investment objectives are preservation of capital, liquidity and yield. The School District reports its cash and investments at fair value which is normally determined by quoted market prices.

The School District has used the following investments in the past year:

- Open-end mutual funds, primarily money market funds which invest in short term obligations of the United States and related agencies.
- Obligations of the United States and its agencies as described in (a) above.
- Obligations of agencies described in (b) above.
- LGIP investments are invested with the South Carolina State Treasurer's Office, which established the LGIP pursuant to Section 6-6-10 of the South Carolina Code. The LGIP is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools and* GASB Statement No. 72, *Fair Value Measurement and Application*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the LGIP is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of $1.00. Funds may be deposited by LGIP participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the LGIP may be obtained by writing the Office
- Overnight repurchase agreement primarily investing in obligations of agencies described in (b) above.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### *2. Receivables and Payables*

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." These amounts are eliminated in the governmental activities column of the Statement of Net Position. All trade and property taxes receivable are shown net of an allowance for uncollectible amounts, if any.

#### *3. Inventories and Other Assets*

***Inventories***

Under the system of accounting for inventories, materials and supplies are carried in an inventory account at average cost, determined using the first-in, first-out method, and are subsequently charged to expenditures/expenses when consumed rather than when purchased. Inventories in the General Fund include operating and instructional supplies. The Food Service Special Revenue Fund inventory includes an amount for commodities/fresh fruits and vegetables received from the USDA that are recorded at fair market value at the time of receipt but have not been consumed as of the end of the fiscal year.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

#### *4. Restricted Assets*

The School District established certain accounts for assets restricted for specific purposes, typically by outside parties or legal agreements. Certain bond indentures and related agreements require the establishment of (i) maximum annual principal and interest payments, unless a surety bond was provided; (ii) the next succeeding principal and accrued interest payment; (iii) bond proceeds to be used for construction purposes as required in the bond agreement; and (iv) sinking fund accounts for the accumulation of funds for future debt service payments. Also, the accumulated appreciation on assets of the Permanent and Private-Purpose Trust funds are classified as restricted assets because their use is restricted by donors.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### *5. Capital Assets*

General capital assets, which include land, buildings, furniture, equipment and improvements to land and buildings, generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of $5,000 and a group purchase capitalization threshold of $1,000,000.

The School District's infrastructure assets are immaterial and have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Construction projects are depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| Assets | Years |
|---|---|
| Buildings | 40 |
| Furniture and fixtures | 5-17 |
| Print shop equipment | 15 |
| Food service equipment | 12 |
| Improvement other than buildings | 10-20 |
| Leasehold improvements | Over the term of the lease |

#### *6. Compensated Absences*

School District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days; unused sick leave is not reimbursed. The School District's policy on compensated absences is as follows: Employees are entitled to vacation if employed on a twelve-month (12) basis. Vacation allowance shall not be cumulative. Vacation days are earned during the fiscal year and shall be used by the end of the succeeding year. A sixty-day grace period is automatically allowed. Employees are allowed to accumulate up to 45 days of vacation in the last five years prior to retirement.

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 101 "*Compensated Absences*." The entire compensated absence liability and expense is reported in the government-wide financial statements. The governmental funds will only recognize a compensated absence liability for disability notifications and retirements that occurred prior to year-end (matured liabilities), if they are material. The School District estimates what will be paid out related to its compensated absences liability based on a last-in first-out basis. The School District reflects changes to its compensated absences liability each year on a net basis on its long-term obligation rollforward.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### *7. Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments (including estimated arbitrage liabilities), compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Salaries and employee benefits of teachers and certain other instructional employees are based on elections by those employees, paid over a twelve-month period from August to July, but are earned by those employees over the school year of August through June. Salaries and certain related employee benefits earned but not paid because of such employee elections have been accrued and recorded in the financial statements as Accrued Compensation and Related Benefits.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums and discounts are included in interest expense. Bonds payable are reported net of the applicable bond premiums and discounts. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses in the period incurred. If applicable, estimated arbitrage payable is also reflected in long-term obligations.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period received or incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

#### *8. Deferred Outflows of Resources*

In addition to assets, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District currently has three types of deferred outflows of resources: (1) The School District reports *deferred pension charges* in its Statement(s) of Net Position in connection with its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. (2) The School District reports *deferred other postemployment benefit ("OPEB") charges* in in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP. (3) The School District reports advance refunding charges in its government-wide statement of net position. Advance refunding charges, which are the differences between the reacquisition prices and the net carrying amount of the defeased debt, are deferred and amortized over the life of the old debt or the new debt, whichever is shorter. Amortization of advanced refunding charges is included in interest expense in the statement of activities.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### *8. Deferred Outflows of Resources (Continued)*

In addition to liabilities, the Statement of Net Position and the Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The School District currently has three types of deferred inflows of resources: (1) The School District reports *unavailable revenue* for property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The School District also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. (3) The School District reports *deferred OPEB credits* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP

#### *9. Fund Balance*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"), which established new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types the School District classifies governmental fund balances as follows:

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

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

**Committed –** includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the School District consist of amounts approved by a majority vote of the Board of Trustees.

**Assigned –** includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Board of Trustees grants the Superintendent and the Chief Financial and Operations Officer the right to make assignments of fund balance for the School District.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

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

#### *9. Fund Balance (Continued)*

**Unassigned –** includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The School District's fund balance policy requires the School District to maintain a minimum of one and one-half months' of General Fund operating expenditures for the previous two completed fiscal years as committed fund balance. Approximately $96,417,000 of the General Fund's fund balance was committed for future years' expenditures as of June 30, 2025. The School District's policy also requires a minimum unassigned fund balance of one-half month of General Fund operating expenditures for the previous two completed fiscal years, or approximately $32,139,000 as of June 30, 2025. The School District is in compliance with this policy.

#### *10. Net Position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the statement of net position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

#### *11. Fair Value*

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### *11. Fair Value (Continued)*

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The School District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

#### *12. Pensions and Other Postemployment Benefits*

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

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

#### *13. Accounting Estimates*

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

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### *14. Comparative Data*

Comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

***Budgetary Practices*** - Budgets are presented as required supplementary information for the General Fund, Special Revenue Fund, Education Improvement Act Fund and the Food Service Fund.

Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

The School District's policies allow funds to be transferred between functions. The legal level of control is at the fund level. During the year, the School District revised the budget.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

(1) In the fall of the preceding year, the School District begins its budget process for the next succeeding fiscal year beginning on July 1.

(2) After the School District's budget committee reviews all requests and allocation requirements and related revenue, it presents a tentative proposed budget to the Superintendent for his review and adjustment.

(3) The Superintendent then presents a proposed budget to the Board of Trustees, which reviews the proposed budget, in a series of workshops, and makes any additions or deletions as deemed necessary.

(4) Prior to July 1, the Board legally enacts the budget through passage of a resolution.

The administration has discretionary authority to make transfers between appropriation accounts. The revised budget amounts are as amended by the administration. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

### A. Deposits and Investments

***Deposits***

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025, none of the School District's bank balances of approximately $41,135,000, which had a carrying amount of approximately $41,150,000, were exposed to custodial credit risk.

***Investments***

As of June 30, 2025, the School District had the following investments:

| Investment Type | Fair Value | Credit Ratings S&P | Credit Ratings Moody's | Weighted Average Maturity | Fair Value Level |
|---|---|---|---|---|---|
| SC Local Government Investment Pool | $ 530,439,005 | Unrated | Unrated | ^ | N/A |
| Resolution Funding Corporation Coupon Strips | 2,238,021 | Unrated | Unrated | 3-5 years | Level 1 |
| United States Treasury Notes | 8,698,858 | Unrated | Aaa | 3-5 years | Level 1 |
| | $ 541,375,884 | | | | |

^ Investments in 2a-7 like pools do not require interest rate risk disclosure.

**Interest Rate Risk:** The School District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Credit Risk for Investments:** Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have an investment policy for credit risk, but follows the investment policy statutes of the State of South Carolina.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. At June 30, 2025, none of the School District's investments were exposed to custodial credit risk.

**Concentration of Credit Risk for Investments:** The School District places no limit on the amount it may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### A. Deposits and Investments (Continued)

***Investments (Continued)***

A reconciliation of cash and investments as shown in the financial statements for all fund types follows:

| Financial Statement Totals | | Footnotes | |
|---|---|---|---|
| Balance Sheet - Governmental Funds | | | |
| Cash and Cash Equivalents | $ 277,069,965 | Carrying Amount | |
| Restricted Cash and Cash Equivalents | 294,196,320 | of Deposits | $ 41,149,734 |
| Restricted Investments | 10,945,417 | | |
| | 582,211,702 | Fair Value of | |
| | | Investments | 541,375,884 |
| Statement of Assets and Liabilities - Fiduciary Funds | | | |
| Restricted Cash and Cash Equivalents | 313,916 | | |
| | 313,916 | | |
| | $ 582,525,618 | | $ 582,525,618 |

### B. Property Taxes and Other Receivables

Charleston County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet funding obligations for the School District. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

Property taxes are levied and billed by the County on real and personal properties (excluding vehicles, merchants inventory and TIF District properties) on October 1 based on an assessed value of approximately $5,831,355,000 at rates of 138.3 mills and 26.0 mills for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 15.

Penalties are added to taxes depending on the date paid as follows:

| | | |
|---|---|---|
| January 16 through February 1 | - | 3% of tax |
| February 2 through March 16 | - | 10% of tax |
| After March 16 | - | 15% of tax |

Current year real and personal property taxes become delinquent on March 17. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

Taxes receivable include an allowance for uncollectible amounts of approximately $15,226,000 for the General Fund and $1,647,000 for the Debt Service – District Fund and at June 30, 2025. Significant allowances for uncollectible amounts were not necessary for the other receivable accounts, which are expected to be collected within the availability period.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### C. Unearned Revenues and Deferred Inflows of Resources

Governmental funds report deferred inflows of resources and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Also, both the government-wide financial statements and governmental funds do not recognize revenue in connection with resources that have been received, but not yet earned. At June 30, 2025, the various components of deferred inflows and unearned revenue were as follows:

| | | |
|---|---|---|
| Deferred Inflows: | | |
| Delinquent Property Taxes Receivable (General Fund) | $ | 9,950,474 |
| Delinquent Property Taxes Receivable (Debt Service - District Fund) | | 3,273,915 |
| Total Deferred Inflows for Governmental Funds | $ | 13,224,389 |
| Unearned Revenues: | | |
| Revenue Collected, but Unearned (Special Revenue Fund) | $ | 475,974 |
| Revenue Collected, but Unearned (Special Revenue - EIA Fund) | | 3,421,498 |
| Revenue Collected, but Unearned (Special Revenue - Food Service Fund) | | 548,909 |
| Total Unearned Revenues for both Government-wide Financial Statements and Governmental Funds | $ | 4,446,381 |

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### D. Capital Assets

Capital asset activity for the School District's Primary Government for the year ended June 30, 2025, is as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | $ 71,507,830 | 2,739,277 | - | - | $ 74,247,107 |
| Construction in Progress | 91,063,141 | 178,886,575 | - | (19,165,048) | 250,784,668 |
| Total Capital Assets, Not Being Depreciated | 162,570,971 | 181,625,852 | - | (19,165,048) | 325,031,775 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings and Improvements | 2,087,567,173 | - | - | 15,380,397 | 2,102,947,570 |
| Improvements Other than Buildings | 121,862,455 | 1,432,113 | - | 3,784,651 | 127,079,219 |
| Furniture and Fixtures | 63,964,938 | 6,485,618 | (296,978) | - | 70,153,578 |
| Bulk Equipment | 11,663,218 | 1,022,016 | - | - | 12,685,234 |
| Food Service Equipment | 2,373,572 | - | - | - | 2,373,572 |
| Total Capital Assets Being Depreciated | 2,287,431,356 | 8,939,747 | (296,978) | 19,165,048 | 2,315,239,173 |
| Less: Accumulated Depreciation for: | | | | | |
| Buildings | (611,989,966) | (48,487,965) | - | - | (660,477,931) |
| Improvements Other than Buildings | (58,038,882) | (3,249,712) | - | - | (61,288,594) |
| Furniture and Fixtures | (41,920,103) | (3,978,233) | 256,936 | - | (45,641,400) |
| Bulk Equipment | (4,353,110) | (2,537,047) | - | - | (6,890,157) |
| Food Service Equipment | (2,120,893) | - | - | - | (2,120,893) |
| Total Accumulated Depreciation | (718,422,954) | (58,252,957) | 256,936 | - | (776,418,975) |
| Total Capital Assets, Being Depreciated, Net | 1,569,008,402 | (49,313,210) | (40,042) | 19,165,048 | 1,538,820,198 |
| Total Governmental Activities Capital Assets, Net | $ 1,731,579,373 | 132,312,642 | (40,042) | - | $ 1,863,851,973 |

Depreciation expense for governmental activities was charged to functions/programs as follows:

| | |
|---|---|
| **Governmental Activities:** | |
| Instruction | $ 4,660,237 |
| Support Services | 53,592,720 |
| Total Depreciation Expense - Governmental Activities | $ 58,252,957 |

***Construction Commitments***

The School District has several ongoing construction projects as of June 30, 2025. The projects include renovation of existing schools as well as construction of new facilities. Total outstanding construction commitments at June 30, 2025 are approximately $186,816,000.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### D. Capital Assets (Continued)

***One Percent Educational Capital Improvement Sales and Use Tax***

In August 2010, the School District's Board approved a motion to place a 1% Educational Capital Improvement Sales and Use Tax on the November 2, 2010 Ballot for Consideration, with the proceeds to be used for rebuilding and renovating a number of schools. In November 2010, the voters of Charleston County approved this referendum, and the new tax became effective March 1, 2011 for a six year term. A six-year extension of this program was approved by the voters of Charleston County in November 2014 and again in November 2020 to extend the tax through 2028. A list of the projects was included on the ballot and a Citizen's Advisory Committee was established to work with the School District on prioritization, design and community engagement into the program. The South Carolina Department of Revenue collects the tax and disburses it to Charleston County, who disburses it to the School District. The School District recognized approximately $166,787,000 in revenues from this funding source in the year ended June 30, 2025.

### E. Interfund Receivables and Payables

Interfund balances at June 30, 2025 (all of which are expected to be paid or received within one year), consisted of the following individual fund receivables and payables for the primary government:

| Fund | Receivables | Payables |
|---|---|---|
| General Fund | $ 43,820,880 | $ 12,982,249 |
| Special Revenue Funds: | | |
| Special Revenue | - | 433,962 |
| EIA | 6,604,832 | - |
| Food Service | 5,862,426 | - |
| Debt Service Fund - District | 55,683 | - |
| Debt Service Fund - CEEF | 412,198 | - |
| Capital Projects Fund - District | - | 43,386,919 |
| Medals and Awards Permanent Fund | 47,111 | - |
| Totals | $ 56,803,130 | $ 56,803,130 |

The General Fund receivable is the result of amounts due from the Special Revenue Fund and the Capital Projects Funds. The General Fund pays the expenditures of other funds throughout the year and is reimbursed when claims or other deposits are received. The General Fund payable is the result of amounts due to the Special Revenue – EIA Fund, the Special Revenue – Food Service Fund, the Debt Service Fund - District, the Debt Service Fund – CEEF, and the Medals and Awards Permanent Fund. Deposits are generally made into the General Fund central depository account, which reflects the amounts as due to other funds. These due to balances are reduced as expenditures are processed for the other funds.

The net payables in the Special Revenue Fund and Capital Projects Funds are a result of expenditures paid by the General Fund, with the cash transferred to the General Fund subsequent to year end when claims or other deposits were received.

The Special Revenue – EIA Fund, Special Revenue – Food Service Fund, Debt Service Fund - District, Debt Service Fund – CEEF, and Medals and Awards Permanent Fund net receivables are primarily a result of revenues received and recorded as cash in the General Fund.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### F. Transfers From and To Other Funds

Transfers from and to other funds for the year ended June 30, 2025, consisted of the following:

| Transfers from | | | Transfers to | | |
|---|---|---|---|---|---|
| | | | **General Fund** | | |
| EIA | $ | 12,400,000 | Special Revenue | $ | 235,000 |
| Special Revenue | | 369,739 | | | - |
| Special Revenue - Indirect Costs | | 2,512,120 | | | - |
| Food Service - Indirect Costs | | 1,948,803 | Food Service | | 825,000 |
| | $ | 17,230,662 | | $ | 1,060,000 |
| | | | **Special Revenue Fund** | | |
| General Fund | $ | 235,000 | General Fund | $ | 369,739 |
| | | - | General Fund - Indirect Costs | | 2,512,120 |
| | $ | 235,000 | | $ | 2,881,859 |
| | | | **EIA Fund** | | |
| None | $ | - | General Fund | $ | 12,400,000 |
| | | | **Food Service** | | |
| General Fund | $ | 825,000 | General Fund - Indirect Costs | $ | 1,948,803 |
| | | | **Debt Service - District** | | |
| Debt Service - CEEF | $ | 72,348 | Debt Service - CEEF | $ | 51,293,474 |
| | | | **Debt Service - CEEF** | | |
| Debt Service - District | $ | 51,293,474 | Capital Projects - District | $ | 72,348 |
| Totals | $ | 69,656,484 | Totals | $ | 69,656,484 |

**General Fund**

Transfers from:
Funds were transferred to the General Fund from other funds to cover EIA state aid to classrooms and indirect costs for federal programs and food services.

Transfers to:
Funds were transferred from the General Fund into other funds to cover funding shortfalls in Special Revenue programs and for the Food Service benefit shortfall.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### F. Transfers From and To Other Funds (Continued)

**Special Revenue/EIA Funds**

Transfers from:
Funds were transferred from the General Fund to cover funding shortfalls.

Transfers to:
Funds were transferred from Special Revenue and EIA funds to the General Fund primarily to cover indirect costs on federal programs, and the EIA state aid to classrooms.

**Food Service Fund**

Transfer from:
Funds were transferred from the General Fund for the fringe benefit shortfall.

Transfer to:
Funds were transferred to the General Fund for indirect costs.

**Debt Service Funds**

Transfers from:
Funds were transferred from the Debt Service - District Fund to the Debt Service - CEEF Fund to make the base lease payments as defined in the acquisition agreement.

Transfers to:
Funds were transferred from the Debt Service – District Fund and the Debt Service – CEEF to the Capital Projects – District Fund to partially fund the capital projects program.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### G. Short-Term Obligations

The School District's short-term debt activity is as follows:

| Governmental Activities: | Beginning Balance | Additions | Reductions | Ending Balance |
|---|---|---|---|---|
| General Obligation Bond Anticipation Note, Series 2024A, issued May 2024, with interest at 4.50%, matures November 2024. | $ 67,305,000 | | 67,305,000 | $ - |
| General Obligation Bond Anticipation Note, Series 2024B, issued May 2024, with interest at 4.75%, matures May 2025. | 147,025,000 | - | 147,025,000 | - |
| General Obligation Bond Anticipation Note, Series 2025, issued October 2025, with interest at 5.00%, matures March 2025. | - | 114,140,000 | 114,140,000 | - |
| Tax Anticipation Note, Series 2024, issued November 2025, with interest at 5.00%, matures April 2025. | - | 30,000,000 | 30,000,000 | - |
| General Obligation Bond Anticipation Note, Series 2025A, issued May 2025, with interest at 4.00%, matures November 2025. | - | 5,625,000 | - | 5,625,000 |
| General Obligation Bond Anticipation Note, Series 2025B, issued May 2025, with interest at 5.00%, matures May 2026. | - | 151,420,000 | - | 151,420,000 |
| Total Governmental Activities | $ 214,330,000 | 301,185,000 | 358,470,000 | $ 157,045,000 |

All of the outstanding short-term debt is backed by the full faith and credit of the Charleston County School District. The Tax Anticipation Note was issued in November 2024 to fund ongoing operations and was repaid in April 2025 from General Fund property tax revenues. The General Obligation Bond Anticipation Notes – Series 2025A were issued for the purposes of providing funds to pay the debt service on the Series 2014 Installment Purchase Bonds, the Series 2020 Installment Purchase Bonds, Series 2023 Installment Purchase Bonds, a portion of the costs of the design, construction, renovation, and equipping of the Sales Tax Projects, and the cost of issuance of the Series 2025A Bonds. The General Obligation Bond Anticipation Notes – Series 2025A were issued in April 2025 and are due in November 2025 and were outstanding as of June 30, 2025. The General Obligation Bond Anticipation Notes – Series 2025B were issued for the purposes of providing funds to pay the debt service for the General Obligations Bond Anticipation Note, Series 203B. The General Obligation Bond Anticipation Notes – Series 2025B were issued in May 2025 and are due in May 2026 and were outstanding as of June 30, 2025.

The School District received premiums totaling approximately $3,469,000 upon issuance of the Tax Anticipation Note and the General Obligation Bond Anticipation Notes.

The balance of short-term obligations outstanding has appropriately been reflected as a liability on the governmental funds balance sheet. The premiums received have been netted against interest expenditures in the financial statements.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### H. Long-Term Obligations

The following is a summary of changes in School District long-term obligations for the year ended June 30, 2025:

| | Beginning Balance | Additions | Reductions | Refunding | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|---|
| General Obligation Bonds (Direct Borrowings): | | | | | | |
| Series 2009B QSCB - subject to 8% | $ 3,390,000 | - | 1,125,000 | - | 2,265,000 | $ 1,125,000 |
| Series 2010B QSCB - subject to 8% | 14,510,000 | - | - | - | 14,510,000 | - |
| Series 2019B Refunding GO Bonds - subject to 8% | 4,155,000 | - | 4,155,000 | - | - | - |
| Series 2020 GO Bonds - subject to 8% | 3,000,000 | - | 3,000,000 | - | - | - |
| Series 2023A GO Bonds - subject to 8% | 21,000,000 | - | 1,350,000 | - | 19,650,000 | 1,420,000 |
| Total General Obligation Bonds | 46,055,000 | - | 9,630,000 | - | 36,425,000 | 2,545,000 |
| Installment Revenue Bonds (Direct Borrowings): | | | | | | |
| Series 2014C Refunding Bonds | 76,880,000 | - | - | 76,880,000 | - | - |
| Series 2020 Refunding Bonds | 148,400,000 | - | 2,845,000 | - | 145,555,000 | 2,870,000 |
| Series 2023 Refunding Bonds | 140,010,000 | - | 28,360,000 | - | 111,650,000 | 34,195,000 |
| Series 2024 Refunding Bonds | - | 72,530,000 | 9,005,000 | - | 63,525,000 | 7,765,000 |
| Total Installment Sale Revenue Bonds | 365,290,000 | 72,530,000 | 40,210,000 | 76,880,000 | 320,730,000 | 44,830,000 |
| Total Premiums, net | 8,827,857 | 5,929,506 | 801,305 | 8,550,087 | 5,405,971 | - |
| Compensated Absences** | 7,007,687 | 1,682,903 | - | - | 8,690,590 | 4,936,255 |
| **Total Long-Term Obligations** | $ 427,180,544 | 80,142,409 | 50,641,305 | 85,430,087 | 371,251,561 | $ 52,311,255 |

** The change in compensated absences liability is presented as a net change.

General Fund resources typically have been used in prior years to liquidate compensated absences payable. The Debt Service Funds have been used to liquidate all other long-term obligations.

Interest paid on the debt issued by the School District is exempt from federal income tax. The School District sometimes temporarily reinvests the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government on the fifth anniversary of the issuance of the tax-exempt debt and every five years thereafter until the debt has been repaid, in accordance with the arbitrage regulations.

The School District does not have positive arbitrage on any of its indebtedness as of June 30, 2025.

## III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### H. Long-Term Obligations (Continued)

In September 2024, the School District issued its Series 2024 CEEF Installment Purchase Revenue Refunding Bonds for $72,530,000 at a coupon rate of 5%. Principal is due on the bonds annually on December 1, 2024 through December 1, 2031 with interest due semi-annually beginning on December 1, 2024. These bonds were issued for the purpose of advance refunding $76,880,000 of the outstanding Series 2014C CEEF Installment Purchase Revenue Refunding Bonds. The School District used the proceeds from the issuance of the refunding bonds to place approximately $78,854,000 in an irrevocable trust which were used to pay the principal and interest payments on the refunded bonds on December 1, 2024, the earliest date of optional redemption, at which time the refunded bonds are considered redeemed. The reacquisition price exceeded the net carrying amount of the old debt by approximately $5,740,000. This amount is recognized in the current year due to immateriality. This refunding was undertaken to reduce total debt service payments over the next 8 years by $5,538,000 and resulted in an economic gain of $5,740,000. The refunded bonds were redeemed in December 2023, and the liability has been removed from the governmental activities column of the Statement of Net Position.

The CEEF bonds were issued pursuant to a School Facilities Purchase and Occupancy Agreement (the "Facilities Agreement") and evidence proportionate interests of the owners in certain rental payments to be made by the School District under the terms of a Base Lease Agreement between the School District and CEEF dated March 15, 2002. The School District will purchase the Capital Projects from CEEF pursuant to the Facilities Agreement, which will obligate the School District to make semiannual installment payments to CEEF in amounts calculated to be sufficient to enable CEEF to pay the principal and interest on the outstanding bonds. The School District's obligations under the Facilities Agreement are from year to year only and do not constitute a mandatory payment obligation of the School District in any fiscal year in which funds are not appropriated by the School District to pay the installment payments of purchase price due in such fiscal year. However, the School District would forfeit possession of the Facilities for the remainder of the term of the Lease. It is anticipated that the payments will be funded by the School District by the future issuance of short-term general obligation bonds. Upon the termination/completion of the School Facilities Purchase and Occupancy Agreements, the School District will own all of the capital assets financed by the Installment Sale Revenue Bonds.

The CEEF bonds are not a debt of the School District; however, as CEEF is blended with the operations of the School District, the debt of CEEF is included with the School District's other obligations as required by GAAP.

Details for each debt issue outstanding as of June 30, 2025 are as follows:

General Obligation Bonds:

| | | |
|---|---|---|
| $13,515,000 Series 2009B (QSCB), with interest at 1.05%, maturing in September 2026. | $ | 2,265,000 |
| $15,075,000 Series 2010B (QSCB), with interest at 4.8%, maturing in August 2027. | | 14,510,000 |
| $40,000,000 Series 2023A, with interest of 5.0%, maturing in February 2032. | | 19,650,000 |
| Total General Obligation Bonds | $ | 36,425,000 |

## III.DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### H. Long-Term Obligations (Continued)

Installment Revenue Bonds:

| | |
|---|---|
| $156,835,000 Series 2020 Refunding, with interest at 1.74%, maturing in December 2030. | $ 145,555,000 |
| $141,580,000 Series 2023 Refunding, with interest at 5.00%, maturing in December 2028. | 111,650,000 |
| $72,530,000 Series 2024 Refunding, with interest at 5.00%, maturing in December 2031. | 63,525,000 |
| Total Installment Revenue Bonds | $ 320,730,000 |

2010 Qualified School Construction Bonds:

In October 2010, the School District issued its Series 2010B General Obligation Bonds (Taxable Qualified School Construction Bonds) with a par amount of $15,075,000 to provide funds to pay for improvements to School District facilities and to pay for the costs of issuance of the bonds. Interest payments are due semi-annually beginning on February 1, 2011 at a coupon rate of approximately 4.80% with $565,000 in principal paid in 2014 and 2015 and the remaining $14,510,000 due on August 1, 2027. The Federal Government is subsidizing 100% of the interest payments. The School District entered into a Paying Agent and Registrar Agreement with Wells Fargo Bank in October 2010 for the purpose of establishing a sinking fund to accumulate assets to be used for the retirement of this debt at maturity. In accordance with the terms of this agreement, the School District directed and will direct the U. S. Department of the Treasury to send the interest subsidy to Wells Fargo Bank to be held by them in a sinking fund until maturity. The School District anticipates that amounts on deposit plus the expected yield (investment earnings) of these funds on deposit will produce an amount equal to the required principal payment due in August 2027 of $14,510,000. The balance in the escrow sinking fund account at June 30, 2025 was approximately $10,945,000 and is included in the restricted investments in the financial statements.

Annual Debt Service Requirements

Annual debt service requirements to maturity for all long-term debt as of June 30, 2025 are as follows:

| Year Ending June 30, | Principal | Interest | Totals |
|---|---|---|---|
| 2026 | $ 47,375,000 | 11,901,691 | $ 59,276,691 |
| 2027 | 49,365,000 | 9,639,316 | 59,004,316 |
| 2028 | 109,960,000 | 7,571,101 | 117,531,101 |
| 2029 | 12,180,000 | 4,291,911 | 16,471,911 |
| 2030 | 58,280,000 | 3,293,900 | 61,573,900 |
| 2031-2032 | 79,995,000 | 2,585,711 | 82,580,711 |
| Totals | $ 357,155,000 | 39,283,630 | $ 396,438,630 |

The School District is subject to a statutory millage limit on the amount of ad valorem taxes it may annually levy to fund operations and does not presently have sufficient unused capacity under its operating millage limit to levy additional ad valorem taxes to fund the installment payments of purchase price due under the Facilities Agreement. The School District is, however, authorized to levy an unlimited ad valorem tax to pay its general obligation debt and has covenanted and agreed in the Facilities Agreement to exercise its best efforts to issue its general obligation debt from time to time to provide funds to make installment payments of purchase price due under the Facilities Agreement as well as base payments to CEEF.

## II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

### H. Long-Term Obligations (Continued)

The School District has continuous authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed valuation of property subject to levy by the School District, applicable to debt issued subsequent to November 30, 1982. As of November 30, 1982, the constitutional debt limit was decreased from 20% to 8% of the assessed valuation under the provisions of Section 15, Article X of the South Carolina Constitution. Of the outstanding general obligation debt at June 30, 2025, $320,730,000 was approved through voter referendum. Therefore, $193,470,000 including the $157,045,000 in short-term General Obligation Bond Anticipation Notes outstanding at June 30, 2025, is subject to the 8% limitation. Based on an assessed value of approximately $5,831,355,000 at June 30, 2025 (which includes merchant's inventory and TIF District amounts), the School District had available capacity to issue approximately $273,038,000 of additional general obligation debt.

### I. Endowments

Medals and Awards Permanent Fund. For the year ended June 30, 2025, the net appreciation on investments of donor-restricted endowments was approximately $8,000. Under the terms of the endowment, the School District is authorized to spend the net appreciation on medals and awards. At June 30, 2025, the principal amount of approximately $28,000 is reported as nonspendable fund balance on the governmental fund statements, but is reported in net position as restricted for endowments and scholarships on the government-wide statements. Also included in this fund is contributions restricted for scholarships. For the year ended June 30, 2025, additional contributions of approximately $0 were received with a total of $0 in scholarships awarded. The net accumulation of contributions for scholarships of approximately $186,000 is also reported in net position restricted for endowments and scholarships.

William C. Bradley Private-Purpose Trust Fund. For the year ended June 30, 2025, the appreciation on investments of donor-restricted endowments was approximately $15,000. Under the terms of the endowment, the School District is authorized to spend the net appreciation on engineering scholarships to students graduating from Wando High School. At June 30, 2025, the principal balance of $250,000 and the accumulated net appreciation of approximately $64,000 is reported as Fiduciary Net Position restricted for scholarships.

### J. Food Service

***Federal Guidelines***

The School District's Food Service Fund administers the meal programs in accordance with United States Department of Agriculture ("USDA") guidelines. Revenues are provided from USDA reimbursements and cash collections. Within the Food Service Fund, meals served to pupils are classified as regular, reduced or free. The type of meal served determines the amount of reimbursement received from the USDA. Reimbursements may be in the form of cash or commodities/fruits and vegetables. The Food Service expenses are inclusive of approximately $3,039,000 of commodities/fruits and vegetables consumed during the year ended June 30, 2025.

## IV. OTHER INFORMATION

### A. Retirement Plans

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

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

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

*Plan Description*

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

The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to the SCRS to newly hired state, public higher education institution and public school district employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. The PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

The South Carolina Police Officers Retirement System ("PORS"), a cost–sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges, and magistrates.

## IV. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Plan Membership*

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

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

- State ORP – As an alternative to membership in the SCRS, newly hired state, public school and higher education employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012 have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employers to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the SCRS.

- PORS – To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in the PORS. Magistrates are required to participate in the PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

*Plan Benefits*

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

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

## IV. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Plan Benefits (Continued)*

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

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

  The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

*Plan Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS ("Plans") contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both the SCRS and PORS until reaching 18.56 percent for the SCRS and 21.24 percent for the PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

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

## IV. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Plan Contributions (Continued)*

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

| | SCRS and State ORP Rates | PORS Rates |
|---|---|---|
| | 2025 | 2025 |
| Employer Contribution Rate: ^ | | |
| Retirement* | 18.41% | 20.84% |
| Incidental Death Benefit | 0.15% | 0.20% |
| Accidental Death Contributions | 0.00% | 0.20% |
| | 18.56% | 21.24% |
| Employee Contribution Rate ^ | 9.00% | 9.75% |

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

* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The actual and required contributions to the SCRS, ORP, and PORS were approximately $68,488,000, $12,781,000, and $108,000, respectively, for the year ended June 30, 2025 and include the nonemployer contributions noted below.

*Nonemployer Contributions*

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the SCRS and PORS contribution increases for the year ended June 30, 2025. The State's budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund and the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2025 were approximately $2,971,000 and $2,000 for the SCRS and PORS, respectively. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the School District's governmental fund financial statements.

## IV. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Actuarial Assumptions and Methods*

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

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

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024 (measurement date) for the SCRS and PORS.

| | SCRS | PORS |
|---|---|---|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Actuarial Assumptions: | | |
| Investment Rate of Return* | 7.00% | 7.00% |
| Projected Salary Increases* | 3.0% to 11.0% (varies by service) | 3.5% to 10.5% (varies by service) |
| Benefit Adjustments | Lesser of 1% or $500 annually | Lesser of 1% or $500 annually |

* Includes inflation at 2.25%.

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

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

## III. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Long-Term Expected Rate of Return*

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

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

| Allocation/Exposure | Policy Target | Expected Arithmetic Real Rate of Return | Long-Term Expected Portfolio Real Rate of Return |
|---|---|---|---|
| **Public Equity** | **46.0%** | 6.23% | 2.86% |
| **Bonds** | **26.0%** | 2.60% | 0.68% |
| **Private Equity** | **9.0%** | 9.60% | 0.86% |
| **Private Debt** | **7.0%** | 6.90% | 0.48% |
| **Real Assets** | **12.0%** | | |
| Real Estate | 9.0% | 4.30% | 0.39% |
| Infrastructure | 3.0% | 7.30% | 0.22% |
| Total Expected Real Rate of Return | 100.0% | | 5.49% |
| Inflation for Actuarial Purposes | | | 2.25% |
| Total Expected Nominal Return | | | 7.74% |

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

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2024 measurement date, for the SCRS and PORS, are presented in the following table:

| System | Total Pension Liability | Plan Fiduciary Net Position | Employers' Net Pension Liability (Asset) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|
| SCRS | $ 61,369,806,968 | 37,919,492,371 | $ 23,450,314,597 | 61.8% |
| PORS | $ 10,177,904,231 | 7,178,118,865 | $ 2,999,785,366 | 70.5% |

## IV. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

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

At June 30, 2025 the School District reported liabilities of approximately $660,715,000 and $858,000 for its proportionate share of the NPL for the SCRS and PORS, respectively. The NPL were measured as of June 30, 2024, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2023 that was projected forward to the measurement date. The School District's proportion of the NPL were based on a projection of the School District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2024 measurement date, the School District's SCRS proportion was 2.8175 percent, which was an increase of 0.01123 percent from its proportion measured as of June 30, 2023. At the June 30, 2024 measurement date, the School District's PORS proportion was 0.02861 percent, which was an increase of 0.01415 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2023, the School District recognized pension expense of approximately $73,122,000 and $246,000 for the SCRS and PORS, respectively. At June 30, 2025, the School District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| **SCRS** | | |
| Differences Between Expected and Actual Experience | $ 21,713,424 | $ 819,988 |
| Change in Assumptions | 11,648,286 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 25,457,523 |
| Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions | 2,067,774 | 3,053,398 |
| Employer Contributions Subsequent to the Measurement Date | 78,298,195 | - |
| Total SCRS | 113,727,679 | 29,330,909 |
| **PORS** | | |
| Differences Between Expected and Actual Experience | 80,607 | 4,921 |
| Change in Assumptions | 18,687 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 48,121 |
| Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions | 335,605 | 12,323 |
| Employer Contributions Subsequent to the Measurement Date | 106,353 | - |
| Total PORS | 541,252 | 65,365 |
| Total SCRS and PORS | $ 114,268,931 | $ 29,396,274 |

## IV. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

Approximately $78,298,000 and $106,000 that were reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS and PORS will increase (decrease) pension expense as follows:

| Year Ended June 30, | SCRS | PORS | Total |
|---|---|---|---|
| 2026 | $ (10,015,539) | 114,084 | $ (9,901,455) |
| 2027 | 23,105,962 | 179,694 | 23,285,656 |
| 2028 | (306,467) | 88,479 | (217,988) |
| 2029 | (6,685,381) | (12,723) | (6,698,104) |
| Total | $ 6,098,575 | 369,534 | $ 6,468,109 |

*Discount Rate*

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

*Sensitivity Analysis*

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

| System | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| School District's proportionate share of the net pension liability of the SCRS | $ 856,211,743 | 660,714,814 | $ 480,677,621 |
| School District's proportionate share of the net pension liability of the PORS | 1,243,534 | 858,315 | 542,801 |
| Total | $ 857,455,277 | 661,573,129 | $ 481,220,422 |

*Plans Fiduciary Net Position*

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

## IV. OTHER INFORMATION (CONTINUED)

### A. Retirement Plans (Continued)

*Payable to Plans*

The School District reported a payable of approximately $10,402,000 to the PEBA as of June 30, 2025, representing required employer and employee contributions for the month of June 2025 for the SCRS and PORS. This amount is included in Accrued Compensation and Related Benefits on the financial statements and was paid in July 2025.

### B. Other Postemployment Benefit Plans

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note IV.A for more details on the PEBA and the SFAA.

For purposes of measuring the net OPEB liability ("NOL"), deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB trusts, and additions to and deductions from the OPEB trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

The PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB trust funds. This information is publicly available through the PEBA – Insurance Benefits' link on the PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB trust fund financial information is also included in the Annual Comprehensive Financial Report of the state.

*Plan Descriptions*

The Other Postemployment Benefits Trust Funds ("OPEB Trusts" or "OPEB Plans"), collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

## IV. OTHER INFORMATION (CONTINUED)

### B. Other Postemployment Benefit Plan (Continued)

*Plan Benefits*

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the NOL and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the School District, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

*Plan Contributions and Funding Policies*

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through nonemployer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Nonemployer contributions may consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2024 was 6.35 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Nonemployer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. It is also funded through investment income.

The covered payroll surcharge rate for the year ended June 30, 2025 was 6.35% and was calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws. The actual and required contributions to the SCRHITF were approximately $29,450,000 for the year ended June 30, 2025.

The State (via state appropriations) and the PEBA – Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the District an immaterial amount for the year ended June 30, 2024 (measurement period).

## IV. OTHER INFORMATION (CONTINUED)

### B. Other Postemployment Benefit Plan (Continued)

*Actuarial Assumptions and Methods*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of the School District's Proportionate Share of the Net OPEB Liability and the Schedule of the School District's Contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about the School District's NOL, funded status of the OPEB Plan, and the School District's contributions to the OPEB Plan.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability ("TOL"), NOL, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2023 actuarial valuation. The TOL was rolled-forward from the valuation date to the OPEB Plan's fiscal year ended June 30, 2024 using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

| | |
|---|---|
| Valuation Date: | June 30, 2023 |
| Actuarial Cost Method: | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation: | 2.25% |
| Investment Rate of Return: | 2.75%, net of plan investment expense (including inflation) |
| Single Discount Rate: | 3.97% as of June 30, 2024 |
| Demographic Assumptions: | Based on the experience study performed for the South Carolina Retirement Systems for the five-year period ending June 30, 2019 |
| Mortality: | For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements. |
| Health Care Trend Rate: | Initial trend starting at 6.50% and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years |
| Participation Assumption: | 79% for retirees who are eligible for funded premiums<br>59% for retirees who are eligible for partial funded premiums<br>20% for retirees who are eligible for non-funded premiums |
| Notes: | The single discount rate changed from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024. |

## IV. OTHER INFORMATION (CONTINUED)

### B. Other Postemployment Benefit Plan (Continued)

*Long-Term Expected Rate of Return*

The long-term expected rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Arithmetic Real Rate of Return | Allocation-Weighted Long-Term Expected Real Rate of Return |
|---|---|---|---|
| US Domestic Fixed Income | 80.0% | 0.95% | 0.76% |
| Cash Equivalents | 20.0% | 0.35% | 0.07% |
| **Total** | 100.0% | | 0.83% |
| Expected Inflation | | | 2.25% |
| **Total Return** | | | 3.08% |
| **Investment Return Assumption** | | | 2.75% |

*Single Discount Rate*

The Single Discount Rate of 3.97% was used to measure the TOL for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the SCRHITF's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

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

The NOL is calculated separately for each system and represents that particular system's TOL determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2024 measurement date for the SCRHITF, are presented in the following table:

| System | Total OPEB Liability | OPEB Plan Fiduciary Net Position | Net OPEB Liability (Asset) | OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---|---|---|---|---|
| SCRHITF | $ 17,894,389,610 | 1,772,587,512 | $ 16,121,802,098 | 9.91% |

The TOL is calculated by PEBA's actuary, and the fiduciary net position is reported in the PEBA's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the PEBA's notes to the financial statements and required supplementary information. Liability calculations performed by the PEBA's actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 are not applicable for other purposes, such as determining the OPEB Plan's funding requirements.

## IV. OTHER INFORMATION (CONTINUED)

### B. Other Postemployment Benefit Plan (Continued)

*OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)*

At June 30, 2025, the School District reported a liability of approximately $573,301,000 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2024, and the TOL for the SCRHITF used to calculate the NOL was determined based on the most recent actuarial valuation report of June 30, 2023 that was projected forward to the measurement date. The School District's proportion of the NOL was based on a projection of the School District's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2023 measurement date, the School District's proportion was 3.5561 percent, which was a decrease of 0.1186 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized OPEB expense of approximately $38,875,000 for the SCRHITF. At June 30, 2025, the School District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEBs from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 29,801,600 | $ 84,852,393 |
| Change in Assumptions | 122,786,598 | 117,716,756 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | 2,796,364 | - |
| Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions | 24,503,028 | 15,596,070 |
| Employer Contributions Subsequent to the Measurement Date | 29,449,859 | - |
| Total | $ 209,337,449 | $ 218,165,219 |

Approximately $29,450,000 that was reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRHITF, will be recognized as a reduction of the NOL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

| Year Ended June 30, | Increase (Decrease) OPEB Expense |
|---|---|
| 2025 | $ 2,174,969 |
| 2026 | (3,735,164) |
| 2027 | (17,935,807) |
| 2028 | (29,905,245) |
| 2029 | 88,182 |
| 2030 | 11,035,436 |
| Total | $ (38,277,629) |

## IV. OTHER INFORMATION (CONTINUED)

### B. Other Postemployment Benefit Plan (Continued)

*Sensitivity Analysis*

The following table presents the sensitivity of the School District's NOL for the SCRHITF to changes in the discount rate, calculated using the discount rate of 3.97%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.97%) or 1% point higher (4.97%) than the current rate:

| | 1% Decrease (2.97%) | Current Discount Rate (3.97%) | 1% Increase (4.97%) |
|---|---|---|---|
| Net OPEB Liability | $ 680,551,850 | 573,300,956 | $ 487,447,920 |

The following table presents the sensitivity of the School District's NOL to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 6.50% decreasing to 4.25%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (5.50% decreasing to 325%) or 1% point higher (7.50% decreasing to 5.25%) than the current rate:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| Net OPEB Liability | $ 471,432,170 | 573,300,956 | $ 705,430,155 |

*OPEB Plans' Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the OPEB Plans administered by the PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Post Employment Benefits Trust Funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to SCRHITF*

The School District reported a payable of approximately $2,675,000 to the PEBA as of June 30, 2025, representing required employer contributions for the month of June 2025 for the SCRHITF. This amount is included in Accrued Compensation and Related Benefits on the financial statements and was paid in July 2026.

### C. Contingent Liabilities

*Litigation*

Various other claims and lawsuits are pending against the School District. Although the outcome of these other claims and lawsuits is not presently determinable, it is the opinion of the School District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

*Grants*

The School District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

## IV. OTHER INFORMATION (CONTINUED)

### D. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District continues to carry commercial insurance for employee health and dental coverage and is partially self-insured for workers' compensation and general liability, auto, and property and casualty. Because of the high cost of insurance, the School District has partnered with the South Carolina School Boards Insurance Trust ("SCSBIT") in order to obtain property and casualty insurance at the best rate. The School District is insured through SCSBIT for property and casualty insurance and has a service agreement with SCBIT for risk management services; however, the School District does not participate in SCSBIT's property and casualty insurance pool but contracts independently with Willis, the same broker for SCSBIT, for brokerage services. As a result, the School District is not liable for any shortages related to SCSBIT's property and casualty pool. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there has been no significant reduction in insurance coverage.

As noted above, the School District is self-insured related to risks associated with workers compensation. The School District has a $850,000 per claim deductible with the insurance provider paying claims that are in excess of $850,000 per claim. The School District has recorded an estimated liability of $4,277,000 for incurred but unpaid claims at June 30, 2025, which is based on GASB Statement No. 10 which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is included in Other Accrued Expenses in the Statement of Net Position, as this amount is generally expected to be paid within one year.

Changes in the balances of estimated unpaid claims for workers' compensation during the two years ended June 30, 2025, are as follows:

| Year ending June 30, | Unpaid Claims at Beginning of Fiscal Year | Current-Year Claims and Changes in Estimates | Claim Payments | Unpaid Claims at End of Fiscal Year |
|---|---|---|---|---|
| 2023-2024 | $ 3,140,737 | 4,995,900 | (3,859,305) | $ 4,277,332 |
| 2024-2025 | $ 4,277,332 | 6,873,050 | (4,238,466) | $ 6,911,916 |

The School District is also self-insured related to risks associated with general liability, auto, and property and casualty. For general liability and auto coverage, the School District has a $75,000 per claim deductible with the insurance provider paying claims that are in excess of $75,000 per claim; for property and casualty coverage, the School District has a $100,000 per claim deductible with the insurance provider paying claims that are in excess of $100,000 per claim. In the event of a wind storm (hurricane), the District will incur the greater of a deductible of 2% of the total loss or $100,000. The School District has recorded an estimated liability of approximately $1,580,000 for incurred but not reported claims at June 30, 2025, which is based on GASB Statement No. 10 which requires that a liability for claims be recorded if information prior to the issuance of the basic financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is included in Other Accrued Expenses in the Statement of Net Position, as this amount is generally expected to be paid within one year.

## IV. OTHER INFORMATION (CONTINUED)

### D. Risk Management (Continued)

Changes in the balances of estimated unpaid claims for property damage, auto and general liability claims during the two years ended June 30, 2025 are as follows:

| Year ending June 30, | Unpaid Claims at Beginning of Fiscal Year | Current-Year Claims and Changes in Estimates | Claim Payments | Unpaid Claims at End of Fiscal Year |
|---|---|---|---|---|
| 2023-2024 | $ 1,404,480 | 5,841,073 | (5,665,738) | $ 1,579,815 |
| 2024-2025 | $ 1,579,815 | 4,453,554 | (3,494,696) | $ 2,538,673 |

### E. Service Contracts

The School District is party to the following contracts for services which are funded by the General, Special Revenue, EIA, and Capital Projects Funds.

The School District contracted for student transportation services with First Student, Inc. The contract period is from July 1, 2024 through December 30, 2029. The School District pays a base payment which is calculated per bus per day based on bus routes.

In June 2022, the School District contracted with Cumming/Brownstone for Program Management Services for the 2023-2028 Capital Program. The contract period runs through December 2028. This Capital Program is funded by the penny sales tax approved in November 2020.

Future required annual payments under the contracts for services are as follows:

| Fiscal Year | Cumming/Brownstone | First Student, Inc. | Total |
|---|---|---|---|
| 2026 | $ 3,942,992 | 28,387,525 | $ 32,330,517 |
| 2027 | 3,995,429 | 29,664,964 | 33,660,393 |
| 2028 | 3,978,951 | 30,703,238 | 34,682,189 |
| 2029 | 1,946,037 | 31,777,851 | 33,723,888 |
| Total | $ 13,863,409 | 120,533,578 | $ 134,396,987 |

### F. Tax Abatements

The District is subject to tax abatements entered into by Charleston County, who enters into property tax abatement agreements with local businesses through various abatement programs. For the fiscal year ended June 30, 2025, the District's property taxes abated by agreements entered into by Charleston County totaled approximately $16,538,000. The District has not entered into any of its own tax abatement agreements.

## IV. OTHER INFORMATION (CONTINUED)

### G. Subsequent Events

In July 2025, the School District issued General Obligation Bonds, Series 2025A for $49,315,000. The bonds were issued at a premium of approximately $4,298,000 and a coupon rate of 5.00%. Principal and interest are due annually on February 1, through 2035. The bonds are being issued for the purpose of providing funds for capital projects and to pay the costs of issuance of the bonds.

In November 2025, the School issued the General Obligation Bonds, Series 2025B for $134,525,000. The bonds were issued at a premium of approximately $576,000 and a coupon rate of 3.75% to 5.00%. Principal and interest are due on March 1, 2026, interest only due in fiscal year 2027, with the remaining principal and interest due March 1, 2028. The bonds will be paid using operating tax collections. The bonds are being issued for the purpose of providing funds for the debt service of the Series 2024, 2023, and 2020 Installment Purchase Bonds, the Series 2025A Bond Anticipation Note (BAN), fixed cost of ownership, future land purchase, and to pay the costs of issuance of the bonds.

In November 2025, the School District issued a short-term Tax Anticipation Note (TAN) for $60,000,000 at a coupon rate of 4.00% and received a premium of $318,600. Principal and interest are due in full at maturity on April 1, 2026 and will be paid using operating tax collections. The TAN was issued for the purpose of providing funds to pay the operational expenditures of the School District during fiscal year 2026 until tax revenues are received.

The CEEF is approved to issue Installment Purchase Revenue Refunding Bonds Series 2025 for $37,880,000. Projected closing is December 17, 2025.

(This page intentionally left blank.)

# REQUIRED SUPPLEMENTARY INFORMATION

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL**

**YEAR ENDED JUNE 30, 2025**

| | BUDGETED AMOUNTS | | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| **REVENUES** | | | | |
| Local Property Taxes | $ 490,836,647 | 490,836,647 | 522,035,861 | $ 31,199,214 |
| Other Local | 22,313,530 | 22,313,530 | 11,060,957 | (11,252,573) |
| Total Local | 513,150,177 | 513,150,177 | 533,096,818 | 19,946,641 |
| State | 255,241,181 | 255,241,181 | 269,352,007 | 14,110,826 |
| Federal | 12,000 | 12,000 | - | (12,000) |
| Intergovernmental | 325,000 | 325,000 | 269,078 | (55,922) |
| **TOTAL REVENUE** | **768,728,358** | **768,728,358** | **802,717,903** | **33,989,545** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction | 396,105,488 | 419,425,220 | 413,659,876 | 5,765,344 |
| Support Services | 323,668,484 | 335,870,487 | 327,258,697 | 8,611,790 |
| Community Services | 2,122,160 | 2,265,081 | 2,211,687 | 53,394 |
| Intergovernmental | 17,501,272 | 16,850,503 | 18,631,487 | (1,780,984) |
| Payments to Component Units | 72,555,428 | 70,885,651 | 70,638,470 | 247,181 |
| Capital Outlay | - | 493,547 | 462,493 | 31,054 |
| Debt Service: | | | | |
| Interest and Other Fiscal Charges | 100,000 | 100,000 | 371,686 | (271,686) |
| TOTAL EXPENDITURES | 812,052,832 | 845,890,489 | 833,234,396 | 12,656,093 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | **(43,324,474)** | **(77,162,131)** | **(30,516,493)** | **46,645,638** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Sale of Capital Assets | - | - | 3,601 | 3,601 |
| Transfers In | 16,372,002 | 16,372,002 | 17,230,662 | 858,660 |
| Transfers Out | (35,533,057) | (1,695,400) | (1,060,000) | 635,400 |
| TOTAL OTHER FINANCING SOURCES (USES) | (19,161,055) | 14,676,602 | 16,174,263 | 1,497,661 |
| **NET CHANGES IN FUND BALANCES** | **(62,485,529)** | **(62,485,529)** | **(14,342,230)** | **48,143,299** |
| FUND BALANCE, Beginning of Year, Restated | 230,857,489 | 230,857,489 | 230,857,489 | - |
| **FUND BALANCE, End of Year** | **$ 168,371,960** | **168,371,960** | **216,515,259** | **$ 48,143,299** |

Note: The School District's original and final budget reflected an expected use of fund balance of $62,485,529.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL**

**YEAR ENDED JUNE 30, 2025**

| | BUDGETED AMOUNTS | | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| **REVENUES** | | | | |
| Other Local | $ 16,230,267 | 26,758,014 | 25,272,567 | $ (1,485,447) |
| Total Local | 16,230,267 | 26,758,014 | 25,272,567 | (1,485,447) |
| State | 3,008,322 | 4,863,720 | 2,937,061 | (1,926,659) |
| Federal | 53,224,003 | 74,285,102 | 65,502,670 | (8,782,432) |
| **TOTAL REVENUE** | **72,462,592** | **105,906,836** | **93,712,298** | **(12,194,538)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction | 32,312,324 | 41,748,237 | 38,263,876 | 3,484,361 |
| Support Services | 21,846,766 | 45,012,517 | 34,370,849 | 10,641,668 |
| Community Services | 16,398,432 | 17,248,430 | 14,782,738 | 2,465,692 |
| Intergovernmental | - | 457,399 | 457,399 | - |
| Payments to Component Units | 1,206,866 | 2,982,544 | 2,923,533 | 59,011 |
| Capital Outlay | - | 350,486 | 67,064 | 283,422 |
| TOTAL EXPENDITURES | 71,764,388 | 107,799,613 | 90,865,459 | 16,934,154 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | **698,204** | **(1,892,777)** | **2,846,839** | **4,739,616** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Sale of Capital Assets | - | 296,603 | 294,005 | (2,598) |
| Transfers In | 235,000 | 235,000 | 235,000 | - |
| Transfers Out | (1,175,849) | (3,093,951) | (2,881,859) | 212,092 |
| TOTAL OTHER FINANCING SOURCES (USES) | (940,849) | (2,562,348) | (2,352,854) | 209,494 |
| **NET CHANGES IN FUND BALANCES** | **(242,645)** | **(4,455,125)** | **493,985** | **4,949,110** |
| FUND BALANCE, Beginning of Year | 17,522,122 | 17,522,122 | 17,522,122 | - |
| **FUND BALANCE, End of Year** | **$ 17,279,477** | **13,066,997** | **18,016,107** | **$ 4,949,110** |

Note: The School District's final budget reflected an expected use of fund balance of $4,455,125.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - EDUCATION IMPROVEMENT ACT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL**

**YEAR ENDED JUNE 30, 2025**

| | BUDGETED AMOUNTS | | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| **REVENUES** | | | | |
| State | $ 35,181,660 | 45,313,381 | 41,843,943 | $ (3,469,438) |
| **TOTAL REVENUE** | **35,181,660** | **45,313,381** | **41,843,943** | **(3,469,438)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Instruction | 13,392,209 | 15,700,619 | 13,114,760 | 2,585,859 |
| Support Services | 7,854,030 | 12,243,780 | 11,521,240 | 722,540 |
| Community Services | - | 476 | 476 | - |
| Intergovernmental | - | 19,707 | 19,705 | 2 |
| Payments to Component Units | 1,535,421 | 4,873,722 | 4,712,685 | 161,037 |
| Capital Outlay | - | 75,077 | 75,077 | - |
| TOTAL EXPENDITURES | 22,781,660 | 32,913,381 | 29,443,943 | 3,469,438 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | **12,400,000** | **12,400,000** | **12,400,000** | **-** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers Out | (12,400,000) | (12,400,000) | (12,400,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (12,400,000) | (12,400,000) | (12,400,000) | - |
| **NET CHANGES IN FUND BALANCES** | **-** | **-** | **-** | **-** |
| FUND BALANCE, Beginning of Year | - | - | - | - |
| **FUND BALANCE, End of Year** | **$ -** | **-** | **-** | **$ -** |

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - FOOD SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL**

**YEAR ENDED JUNE 30, 2025**

| | BUDGETED AMOUNTS | | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | | |
| **REVENUES** | | | | |
| Other Local | $ 3,593,571 | 3,601,071 | 3,474,742 | $ (126,329) |
| Total Local | 3,593,571 | 3,601,071 | 3,474,742 | (126,329) |
| Federal | 34,340,070 | 34,340,070 | 32,706,918 | (1,633,152) |
| **TOTAL REVENUE** | **37,933,641** | **37,941,141** | **36,181,660** | **(1,759,481)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Support Services | 36,514,933 | 36,522,433 | 36,223,082 | 299,351 |
| TOTAL EXPENDITURES | 36,514,933 | 36,522,433 | 36,223,082 | 299,351 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | **1,418,708** | **1,418,708** | **(41,422)** | **(1,460,130)** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers In | 825,000 | 825,000 | 825,000 | - |
| Transfers Out | (2,243,708) | (2,243,708) | (1,948,803) | 294,905 |
| TOTAL OTHER FINANCING SOURCES (USES) | (1,418,708) | (1,418,708) | (1,123,803) | 294,905 |
| **NET CHANGES IN FUND BALANCES** | **-** | **-** | **(1,165,225)** | **(1,165,225)** |
| FUND BALANCE, Beginning of Year | 5,175,299 | 5,175,299 | 5,175,299 | - |
| **FUND BALANCE, End of Year** | **$ 5,175,299** | **5,175,299** | **4,010,074** | **$ (1,165,225)** |

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**
**SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

| | Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| The School District 's Proportion of the Net Pension Liability | 2.817509% | 2.806276% | 2.834721% | 2.752110% | 2.566424% | 2.553005% | 2.466989% | 2.339275% | 2.660899% | 2.539803% |
| The School District's Proportionate Share of the Net Pension Liability | $660,714,814 | 678,485,746 | 687,197,330 | 595,591,082 | 655,766,860 | 582,956,777 | 552,773,615 | 526,608,423 | 568,364,147 | $ 481,685,824 |
| The School District's Covered Payroll | $410,337,831 | 379,921,657 | 360,998,038 | 320,569,194 | 298,303,840 | 289,577,721 | 275,901,891 | 256,142,644 | 282,173,194 | $ 262,544,556 |
| The School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 161.0% | 178.6% | 190.4% | 185.8% | 219.8% | 201.3% | 200.4% | 205.6% | 201.4% | 183.5% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 61.8% | 58.6% | 57.1% | 60.7% | 50.7% | 54.4% | 54.1% | 53.3% | 52.9% | 57.0% |

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

**SCHEDULE OF CONTRIBUTIONS -**
**SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

| | Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Contractually Required Contribution | $ 81,269,495 | 71,941,371 | 62,842,181 | 55,934,814 | 46,292,925 | 44,551,318 | 39,173,874 | 34,795,356 | 26,779,711 | $ 28,008,902 |
| Contributions in Relation to the Contractually Required Contribution: | | | | | | | | | | |
| Contributions from the School District | 78,298,195 | 68,957,935 | 59,874,553 | 53,051,939 | 43,410,050 | 41,669,751 | 36,292,307 | 31,913,789 | 26,779,711 | 28,008,902 |
| Contributions from the State | 2,971,300 | 2,983,436 | 2,967,628 | 2,882,875 | 2,882,875 | 2,881,567 | 2,881,567 | 2,881,567 | - | - |
| Contribution Deficiency (Excess) | $ - | - | - | - | - | - | - | - | - | $ - |
| The School District's Covered Payroll | $ 463,267,005 | 410,337,831 | 379,921,657 | 360,998,038 | 320,596,194 | 298,303,840 | 289,577,721 | 275,901,891 | 256,142,644 | $ 282,173,194 |
| Contributions as a Percentage of Covered Payroll | 17.54% | 17.53% | 16.54% | 15.49% | 14.44% | 14.93% | 13.53% | 12.61% | 10.45% | 9.93% |

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -**
**SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

| | Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| The School District 's Proportion of the Net Pension Liability | 0.02861% | 0.01446% | 0.01194% | 0.01388% | 0.01056% | 0.00976% | 0.01008% | 0.00906% | 0.01554% | 0.02128% |
| The School District's Proportionate Share of the Net Pension Liability | $ 858,315 | 440,312 | 358,082 | 357,103 | 350,168 | 279,747 | 285,553 | 248,177 | 394,168 | $ 463,731 |
| The School District's Covered Payroll | $ 564,376 | 253,431 | 187,101 | 187,522 | 149,414 | 144,324 | 139,489 | 121,989 | 198,086 | $ 263,586 |
| The School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 152.1% | 173.7% | 191.4% | 190.4% | 234.4% | 193.8% | 204.7% | 203.4% | 199.0% | 175.9% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.5% | 67.8% | 66.4% | 70.4% | 58.8% | 62.7% | 61.7% | 60.9% | 60.4% | 64.6% |

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.
The discount rate was lowered from 7.25% to 7.00% beginning with the year ended June 30, 2021 measurement date and 7.50% to 7.25% beginning with the year ended June 30, 2017 measurement date.

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

**SCHEDULE OF CONTRIBUTIONS -**
**SOUTH CAROLINA POLICE OFFICERS RETIREMENT SYSTEM**

**LAST TEN FISCAL YEARS**

| | Year Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Contractually Required Contribution | $ 108,389 | 119,874 | 51,295 | 35,999 | 34,204 | 29,095 | 24,881 | 22,653 | 16,884 | $ 26,425 |
| Contributions in Relation to the Contractually Required Contribution: | | | | | | | | | | |
| Contributions from the School District | 106,353 | 117,837 | 49,258 | 33,962 | 32,167 | 27,058 | 22,844 | 20,616 | 16,884 | 26,425 |
| Contributions from the State | 2,036 | 2,037 | 2,037 | 2,037 | 2,037 | 2,037 | 2,037 | 2,037 | - | - |
| Contribution Deficiency (Excess) | $ - | - | - | - | - | - | - | - | - | $ - |
| The School District's Covered Payroll | $ 510,307 | 564,376 | 253,431 | 187,101 | 187,522 | 149,414 | 144,324 | 139,489 | 121,989 | $ 198,086 |
| Contributions as a Percentage of Covered Payroll | 21.24% | 21.24% | 20.24% | 19.24% | 18.24% | 19.47% | 17.24% | 16.24% | 13.84% | 13.34% |

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -**
**SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

**LAST NINE FISCAL YEARS**

| | Year Ended June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** |
| School District's Proportion of the Net OPEB Liability | 3.55606% | 3.59262% | 3.67470% | 3.45152% | 3.34674% | 3.31706% | 3.19335% | 3.04737% | 3.14265% |
| School District's Proportionate Share of the Net OPEB Liability | $ 573,300,956 | 470,326,829 | 558,988,920 | 718,715,844 | 604,134,867 | 501,590,758 | 452,515,894 | 412,761,832 | $ 454,698,574 |
| School District's Covered Payroll | $ 410,902,207 | 380,175,088 | 361,185,139 | 320,756,716 | 307,375,964 | 289,722,045 | 276,041,380 | 265,014,846 | $ 265,014,846 |
| School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 139.5% | 123.7% | 154.8% | 224.1% | 196.5% | 173.1% | 163.9% | 155.8% | 171.6% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 9.9% | 11.2% | 9.6% | 7.5% | 8.4% | 8.4% | 7.9% | 7.6% | 6.6% |

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).
The School District adopted GASB #75 during the year ended June 30, 2018. Information is not available for years prior to 2017.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| The discount rates used by year were as follows: | 3.97% | 3.86% | 3.69% | 1.92% | 2.45% | 3.13% | 3.62% | 3.56% | 2.92% |

**CHARLESTON COUNTY SCHOOL DISTRICT**
**CHARLESTON, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS -**
**SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

**LAST NINE FISCAL YEARS**

| | Year Ended June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** |
| Contractually Required Contribution | $ 29,449,859 | 26,092,290 | 23,760,943 | 22,574,071 | 20,117,595 | 19,281,055 | 17,578,405 | 15,147,858 | $ 14,125,292 |
| Contributions in Relation to the Contractually Required Contribution | 29,449,859 | 26,092,290 | 23,760,943 | 22,574,071 | 20,117,595 | 19,281,055 | 17,578,405 | 15,147,858 | 14,125,292 |
| Contribution Deficiency (Excess) | $ - | - | - | - | - | - | - | - | $ - |
| School District's Covered Payroll | $463,777,312 | 410,902,207 | 380,175,088 | 361,185,139 | 320,756,717 | 307,375,964 | 289,722,045 | 276,041,380 | $ 265,014,846 |
| Contributions as a Percentage of Covered Payroll | 6.35% | 6.35% | 6.25% | 6.25% | 6.27% | 6.27% | 6.07% | 5.49% | 5.33% |

**Notes to Schedule:**

The School District adopted GASB #75 during the year ended June 30, 2018. Information is not available for years prior to 2017.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**APPENDIX B**

Form of Disclosure Dissemination Agent Agreement

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT**

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of _____, 2026 is executed and delivered by Charleston County School District, South Carolina (the "School District") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC"), for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to assist the School District in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule"). Inasmuch as the Bonds have a stated maturity of less than 18 months, the limited exemption provided by S.E.C. Rule 15c2-12(d)(3) applies to the Bonds, and the School District's obligations are limited to compliance with S.E.C. Rule 15c2-12(b)(5)(i)(C).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the School District through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the School District or anyone on the School District's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Bonds" means the obligations as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Notice Event notice or Voluntary Event Disclosure delivered to the Disclosure Dissemination Agent is the Notice Event notice or Voluntary Event Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the School District and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the School District pursuant to Section 8 hereof.

"Disclosure Representative" means the Chief Financial Officer of the School District or any Interim or Acting Chief Financial Officer or his or her designee,, or such other person as the School District shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent

authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Notice Event notices or the Voluntary Event Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 2(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the School District, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the School District in connection with the Bonds, as listed in Exhibit A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (a)(ii)(1) through (a)(ii)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 6(a) of this Disclosure Agreement.

SECTION 2. Filing of Notice Events.

(a) The Disclosure Dissemination Agent shall:

(i) upon receipt, promptly file the text of each Notice Event received under Sections 3(a) and 3(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the School District pursuant to Section 3(a) or 3(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 3(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material, and tender offers;"

9. "Defeasances;"

10. "Release, substitution, or sale of property securing repayment of the securities, if material;"

11. "Rating changes;"

12. "Bankruptcy, insolvency, receivership or similar event of the Obligated Person;"

13. "The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;"

14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"

15. "Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material;" and

16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(ii) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 6(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the School District pursuant to Section 6(a) (being any of the categories set forth below) when filing pursuant to Section 6(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"

2. "change in Obligated Person;"

3. "notice to investors pursuant to bond documents;"

4. "certain communications from the Internal Revenue Service" other than those communications included in the Rule;

5. "secondary market purchases;"

6. "bid for auction rate or other securities;"

7. "capital or other financing plan;"

8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;" and

10. "other event-based disclosures."

(iii) provide the School District evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(b) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 10:00 a.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

13. **Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

16. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The School District shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(a)(i) of this Disclosure Agreement), include the text of the disclosure that the School District desires to make, contain the written authorization of the School District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School District desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the School District or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the School District determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 3, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(a)(i) of this Disclosure Agreement), include the text of the disclosure that the School District desires to make, contain the written authorization of the School District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School District desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the School District as prescribed in subsection (a) or (b)(ii) of this Section 3 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(a)(i) of this Disclosure Agreement. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit B-1.

SECTION 4. CUSIP Numbers. The School District will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 5. Additional Disclosure Obligations. The School District acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the School District, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The School District acknowledges and understands that the duties of the Disclosure

Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 6. Voluntary Filing.

(a) The School District may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(a)(ii) of this Disclosure Agreement), include the text of the disclosure that the School District desires to make, contain the written authorization of the School District for the Disclosure Dissemination Agent to disseminate such information, and identify the date the School District desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the School District as prescribed in this Section 6(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(a)(ii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit B-2.

(b) The parties hereto acknowledge that the School District is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 6(a) hereof.

(c) Nothing in this Disclosure Agreement shall be deemed to prevent the School District from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Notice Event notice or Voluntary Event Disclosure, in addition to that required by this Disclosure Agreement. If the School District chooses to include any information in any Notice Event notice or Voluntary Event Disclosure in addition to that which is specifically required by this Disclosure Agreement, the School District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Notice Event notice or Voluntary Event Disclosure.

SECTION 7. Termination of Reporting Obligation. The obligations of the School District and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the School District is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 8. Disclosure Dissemination Agent. The School District has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The School District may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the School District or DAC, the School District agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the School District shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the School District.

SECTION 9. Remedies in Event of Default. In the event of a failure of the School District or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 10. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the School District has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the School District and shall not be deemed to be acting in any fiduciary capacity for the School District, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the School District's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the School District has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the School District at all times.

The obligations of the School District under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the School District.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the School District and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the School District and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the School District nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the School District. No such amendment shall become effective if the School District shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the School District, the Trustee, if any, of the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent and the School District have caused this Disclosure Dissemination Agent Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

By:_____
Name:_____
Title:_____

CHARLESTON COUNTY SCHOOL DISTRICT, SOUTH CAROLINA, as Issuer

By:_____
Name:_____
Title:_____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

| | |
|---|---|
| Name of Issuer: | Charleston County School District, South Carolina |
| Obligated Person(s): | Charleston County School District, South Carolina |
| Name of Issue: | General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase VI), Series 2026B |
| Date of Issuance: | _____, 2026 |
| Date of Official Statement: | _____, 2026 |

CUSIP Number:

**EXHIBIT B-1**
**EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

_____

Issuer's Six-Digit CUSIP Number:

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

_____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1._____"Principal and interest payment delinquencies;"
2._____"Non-Payment related defaults, if material;"
3._____"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4._____"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5._____"Substitution of credit or liquidity providers, or their failure to perform;"
6._____"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7._____"Modifications to rights of securities holders, if material;"
8._____"Bond calls, if material, and tender offers;"
9._____"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
13._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
14._____"Merger, consolidation, or acquisition of the obligated person, if material;"
15._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
16._____"Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material;" and
17._____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date:

**EXHIBIT B-2**
**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____ between the Obligated Person and DAC.

Issuer's and/or Other Obligated Person's Name:

_____

Issuer's Six-Digit CUSIP Number:

_____

_____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

_____

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1._____"amendment to continuing disclosure undertaking;"
2._____"change in obligated person;"
3._____"notice to investors pursuant to bond documents;"
4._____"certain communications from the Internal Revenue Service;"
5._____"secondary market purchases;"
6._____"bid for auction rate or other securities;"
7._____"capital or other financing plan;"
8._____"litigation/enforcement action;"
9._____"change of tender agent, remarketing agent, or other on-going party; and"
10._____"other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

_____

Name: _____Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**APPENDIX C**

Form of Opinion of Bond Counsel

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**FORM OF OPINION OF BOND COUNSEL**

[Purchaser]

Re: $_____ Charleston County School District, South Carolina, General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase VI), Series 2026B

Sirs:

We have examined the record of proceedings and other proofs submitted to us, including the Constitution and Statutes of the State of South Carolina, in relation to the issuance of the $_____ Charleston County School District, South Carolina, General Obligation Bond Anticipation Notes (Sales Tax Projects – Phase VI), Series 2026B (the "Notes").

The Notes are issued pursuant to the provisions of Article X, Section 15 of the Constitution of the State of South Carolina and Sections 11-17-10 to 11-17-120, inclusive, of the Code of Laws of South Carolina 1976, as amended, and a resolution (the "Resolution") duly adopted by the Board of Trustees of Charleston County School District, South Carolina (the "Board"), the governing body of Charleston County School District, South Carolina (the "School District"), on September 28, 2026.

The Notes are dated and bear interest from the date of delivery thereof, and mature as to both principal and interest on December 8, 2027, without privilege of prepayment.

In our opinion, the proceedings are regular and in due form of law, and the Notes constitute valid and binding obligations of the School District, secured by an irrevocable pledge of the full faith, credit and taxing power of the School District, and are payable, both principal and interest, from a direct ad valorem tax levied upon all taxable property in the School District, without limit as to rate or amount. The Notes are also payable, as to both principal and interest, from the proceeds of general obligation bonds to be issued by the School District and from the proceeds of a sales and use tax imposed within Charleston County, South Carolina (the "County") pursuant to the provisions of the Education Capital Improvements Sales and Use Tax Act (Title 4, Chapter 10, Article 4 of the Code of Laws of South Carolina 1976, as amended) and the successful results of a referendum held within the County.

Interest on the Notes is excludable from gross income of the registered owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Board has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

The Notes and the interest thereon are exempt from all state, county, school district, municipal and all other taxes or assessments of the State of South Carolina, except inheritance, estate, transfer or certain franchise taxes. Interest paid on the Notes is currently subject to the tax imposed on banks by Section 12-11-20 of the Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue and Taxation as a franchise tax. The opinion of Bond Counsel is limited to the laws of the State of South Carolina and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Notes or the interest thereon under the laws of any other jurisdiction.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement dated _____, 2026 relating to the Notes. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

It is to be understood that the obligations of the School District under the Notes and the Resolution, and the enforceability thereof, may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State of South Carolina and of the constitutional powers of the United States of America, and applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors rights.

We have examined the executed Note No. R-1 of said issue, and in our opinion, its form and execution are in due form of law.

Very truly yours,