



# AUDIT REPORT

JUNE 30, 2025

**LONESOME PINE REGIONAL LIBRARY**  
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**JUNE 30, 2025**

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## Independent Auditors' Report

The Board of Trustees  
Lonesome Pine Regional Library  
Wise, Virginia 24293

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, as of and for the year then ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lonesome Pine Regional Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lonesome Pine Regional Library's, Virginia, 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 Lonesome Pine Regional Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lonesome Pine Regional Library's, Virginia'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 Lonesome Pine Regional Library's, Virginia'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 and budgetary comparison information on pages 5-10 and 63-66 be presented to supplement the basic financial statements. Such information, 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 Lonesome Pine Regional Library's basic financial statements. The accompanying schedule of pension and other post-employment benefit (OPEB) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

The Board of Trustees  
Lonesome Pine Regional Library  
Wise, Virginia 24293  
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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 schedule of expenditures of the pension schedules, and OPEB schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

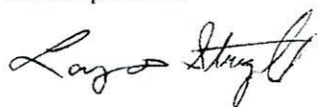
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover 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 10, 2025, on our consideration of the Lonesome Pine Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lonesome Pine Regional Library's, Virginia'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 Lonesome Pine Regional Library's, Virginia's internal control over financial reporting and compliance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Larry D. Sturgill, P.C.  
Wise, Virginia  
December 10, 2025



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## *Lonesome Pine Regional Library*

*124 Library Road S.W.*

*Wise, Virginia 24293*

### **Lonesome Pine Regional Library Management's Discussion and Analysis of Financial Statements Ending June 30, 2025**

The Management's Discussion and Analysis (MD&A) presents to readers of the Library's financial statements a narrative overview and analysis of the Library's financial activities for the fiscal year ended June 30, 2025. The Library's audit is presented under the financial reporting requirements of GASB Statement No. 34 (Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments) as amended by GASB 63 and GASB 65. GASB 68 reports Net Pension Liability based on information provided by the Virginia Retirement System. GASB 74 reports the Group Life Insurance OPEB Liability based on Virginia Retirement System information. To meet the requirements of GASB 34, several sections and procedures are included: Management's Discussion and Analysis, Government-wide Statement of Net Position, Government-wide Statement of Activities, concept of reporting major funds and reporting capital assets, deferred inflows and outflows, and long term debt liabilities.

Shannon Steffey  
Director

#### **FINANCIAL HIGHLIGHTS**

The Library's assets exceeded its liabilities on June 30, 2025, by \$1,967,626. This was a decrease in Net Assets of \$208,931. This decrease was due to using Phillips Endowment interest to complete a reference room addition and building updates at the C. Bascom Slep Memorial Library. Wise County administered a gift from Normand T. Graber for part of the construction with the library using Phillips interest funds to complete the project.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is an introduction to the Library's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements. The report also contains additional required supplementary information.

#### **Government-wide Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances in a manner similar to a private-sector business. The statements provide information about the Library's financial position which helps readers determine whether the Library's financial position has improved or deteriorated during the

Serving:  
Wise County  
City of Norton  
Dickenson County  
Lee County  
Scott County

fiscal year. These statements include all non-fiduciary financial activity on the modified accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30, 2025.

The Statement of Net Position presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate whether the financial state of the Library is improving or deteriorating.

The Statement of Activities presents information showing how the Library's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., E-rate Reimbursements and earned but unused vacation leave).

Both of the government-wide financial statements illustrate that the functions of the Library are primarily supported by local governmental appropriations and state aid funding. Library fines, service fees for copies and faxes, interest income and grants are the Library's only non-governmental sources of income. As fees for material use are prohibited, the Library is extremely dependent on local government and state aid revenues.

The Government-wide financial statements present the overall financial data for the Lonesome Pine Regional Library system. Although the Library maintains separate financial statements for each individual library or department, there are no separate legal entities for which the Library is financially accountable.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Library can be divided into two categories: general operating funds and restricted funds.

General Operating Funds - Most of the basic services provided by the Library are reported in the general operating funds.

Restricted Funds - The Library maintains several restricted funds originating from endowments or monies set aside for specific purposes.

The Library adopts an annual budget for its General Operating Fund detailing expenditures for personnel, operating expenses and material purchases. Requests for use of Restricted funds and changes to the adopted budget are presented by management for

Board of Trustee approval. A budgetary comparison statement has been provided for those funds to demonstrate compliance with the Library's budget.

### Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

Net position may serve over time as a useful indicator of an entity's financial state. The Library's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,704,267 (Net Position) at the close of the 2025 fiscal year. This is a decrease from the prior year due to utilization of Phillips Endowment interest for a construction project.

Pension and Group Life related deferred outflows of resources recognized at June 30, 2025 totaled \$(31,245). The amount of deferred outflows recognized at June 30, 2024 totaled \$325,869. The deferred outflows represent the amount of employer contributions made to the pension and life insurance plans subsequent to the measurement date of June 30, 2024 and June 30, 2023 plus the difference between projected and actual earnings on plan investments as of the measurement dates.

Pension and Group Life related deferred inflows of resources recognized at June 30, 2025 totaled \$457,831 and the amount of deferred inflows recognized at the end of June 30, 2024 totaled \$491,215. The elements of deferred inflows are comprised of the amount of the prior years' difference between projected and actual earnings on plan investments and the difference in projected and actual experience at the measurement dates of June 30, 2024 and June 30, 2023.

At June 30, 2025 the Library had outstanding liabilities of \$302,573. The library has no long term lease liability. Other long-term liabilities include \$544,771 Accrued Compensated Absences and Net GLI OPEB Liability of \$33,000.

### Total Net Position

The total net position at June 30, 2025:

Net investment in capital assets	490,615
Restricted Funds & Endowments	1,251,190
Unrestricted	<u>(37,538)</u>
Total Net Position	1,704,267

### Statement of Activities - Changes in Net Position

Total revenues for Lonesome Pine Regional Library were \$2,759,180 for the year ended June 30, 2025. Local and state government entities provided the majority of the revenues.

### FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As noted earlier, the Lonesome Pine Regional Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following are financial analysis of the Library's governmental fund.

#### Governmental Fund Revenue and Expense Analysis

The Governmental Fund is the chief operating fund of the Library. The focus of the Library's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Total assets in the General Fund amounted to \$869,395, accounting for 43% of total governmental fund assets of \$2,005,301.

The following table represents revenues compared to prior year amounts:

	2025	2024
Local Participating Governments	\$ 1,646,521	\$ 1,646,021
State Aid Grant	650,481	613,182
Other Grants & Endowments	93,900	32,303
Use of Contributed Services	82,114	86,060
Gifts & Donations	89,349	7,699
Fines	11,874	13,522
Fees-copies, fax, lost materials	34,423	34,988
Interest Income	83,591	92,266
Debt-Set Collections on lost items/fines	10,342	11,116
E-Rate Reimbursement	44,172	44,172
Miscellaneous	12,413	11,988
Total Revenue	<u>\$ 2,759,180</u>	<u>\$ 2,593,317</u>

The following provides an explanation of revenues by source:

Local Participating Governments - Funding from the Counties of Wise, Dickenson, Lee and Scott; City of Norton; and the Towns of Wise, Big Stone Gap, Coeburn, and St. Paul.

State Aid Grant - Monies received from the Library of Virginia state aid allocation; used primarily for Library Materials, Programming and Professional Librarian Salaries.

Other Grants & Endowments - Monies received from the Columbus Phipps Foundation, Rapha Foundation, Gibbs Grant, Teddie's Treasures, Friends of LPRL Corporation and the Dutton Foundation.

Use of Contributed Services - In-kind Support for utilities, building maintenance, insurance and custodial services from Wise, Scott and Dickenson Counties and the towns of Coeburn, Clintwood, Haysi and St Paul.

Gifts & Donations - Contributions from Library Patrons, Friends of the Library and the Cummings Family for Memorial Books, Programming and miscellaneous donations.

Fines - Revenue for daily fines on library materials.

Fees - Revenue for use of library services such as copier, fax and computer copies.

Interest Income - Revenue from cash deposits with the Local Government Investment Pool.

Debt-Set Collections - Revenue through the Virginia Department of Taxation for Debt Set-off Collections for past due fines and lost materials.

E-Rate Reimbursement - Revenue from the Universal Services Administration Schools and Libraries Division for advances in technology providing internet services.

Miscellaneous - Revenue for providing outreach services for Culpeper Library along with miscellaneous collections and reimbursements.

The following table represents expenditures compared to prior year amounts:

	2025	2024
Administrative	\$ 1,757,772	\$ 1,774,901
Library Materials & Services	365,226	290,066
Operations	845,113	462,956
Debt Service	-0-	-0-
Total Expenditures	<u>\$ 2,968,111</u>	<u>\$ 2,527,923</u>

The following provides an explanation of expenditures by category:

Administrative - Expenditures for Salaries, Payroll Taxes, Fringe Benefits, Health Insurance, Travel, Professional Services, Postage, Office Supplies, Telephone, Dues, and Advertising.

Library Materials & Services - Expenditures for Books, Music CD's, DVD's, Digital Audio Books, Magazines & Newspapers, Internet Connectivity, Memorial Books, Cataloging Fees, Marketing, Programming, Electronic Materials and Databases.

Operations - Repairs for Buildings and Grounds, Maintenance Materials, Rent for Library Facilities, Shelving, Furniture, Equipment, Building Improvements, Utilities, Liability Insurance, Van Travel, Equipment Maintenance and Miscellaneous expenditures.

Debt Service - Principal and Interest on Equipment Leases.

## **CAPITAL ASSET AND LONG-TERM COMMITMENTS**

### **Capital Assets**

The Lonesome Pine Regional Library's total investment in capital assets for its governmental activities as of June 30, 2025, amounts to \$490,615 (net of accumulated depreciation). This investment in capital assets includes shelving, vehicles, equipment, furniture and a significant addition to the C. Bascom Slemper Memorial Library.

### **Long-Term Commitments**

At June 30, 2025, Lonesome Pine Regional Library had no long-term contract obligations. Other long-term liabilities include \$544,771 Accrued Compensated Absences which increased significantly due to GASB 101 now including Sick Leave as a liability although employees forfeit those balances upon termination.

### **Requests for Information**

This financial report is intended to provide a general overview of Lonesome Pine Regional Library's financial position for all those with an interest in the Library's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Lonesome Pine Regional Library, 124 Library Road SW, Wise, VA 24293.

**Lonesome Pine Regional Library**  
**Statement of Net Position**  
**June 30, 2025**

EXHIBIT 1

	<b>Primary Government</b>	
	<b>Governmental Activity</b>	<b>Total</b>
<b>ASSETS</b>		
Cash, including interest-		
Bearing Accounts	\$ 88,551	\$ 88,551
Accounts Receivables	3,681	
Investments	777,163	777,163
Restricted Cash and Cash Equivalents	1,135,906	1,135,906
Other Capital Assets, Net of Depreciation	490,615	490,615
Total Assets	2,495,916	2,492,235
<b>DEFERRED OUTFLOWS</b>		
Pension Plan	(40,900)	(40,900)
Group Life Plan	9,655	9,655
Total Deferred Outflows	(31,245)	(31,245)
<b>LIABILITIES</b>		
Accounts Payable	13,933	13,933
Payroll Taxes Payable	1,793	1,793
Employee Wages Payable	21,949	21,949
Long-term Liabilities:		
Due within one year	54,477	54,477
Due in more than one year	490,291	490,291
Net Pension Liability	(312,870)	(312,870)
Net GLI OPEB Liability	33,000	33,000
Total Liabilities	302,573	302,573
<b>DEFERRED INFLOWS</b>		
Pension Plan	446,563	446,563
Group Life Plan	11,268	11,268
Total Deferred Inflows	457,831	457,831
<b>NET POSITION</b>		
Net Investment in Capital Assets	490,615	490,615
Restricted for:		
Committed Funds	115,284	115,284
Cummings Endowment	82,122	82,122
Wise Co. Addington Endowment Fund	66,410	66,410
Phillips Endowment	987,374	987,374
Unrestricted	(37,538)	(37,538)
Total Net Position	\$ 1,704,267	\$ 1,704,267

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library  
Statement of Activities  
For the Year Ended June 30, 2025**

EXHIBIT 2

		<b>Program Revenues</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Primary Government Agency:</b>				
Governmental Activities:				
Administration	\$ 1,585,131	\$ -	\$ 110,594	\$ (1,474,537)
Library Materials and Services	365,226	46,970	200,494	(117,762)
Operations	511,041	-	4,000	(507,041)
Total Governmental Activities	\$ 2,461,398	\$ 46,970	\$ 315,088	(2,099,340)
Support and Revenue:				
General Revenue				196,815
Grants and Contributions, not restricted to specific programs				2,116,716
Investment Income, Net of Investment Loss				83,591
Total Support and Revenue				2,397,122
Change in Net Position				297,782
Net Position, Beginning				1,406,485
Net Position, Ending				\$ 1,704,267

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library  
Balance Sheet - Governmental Fund  
June 30, 2025**

	<b>General Fund</b>	<b>Total</b>
<b>ASSETS</b>		
Cash, including interest-bearing accounts	\$ 88,551	\$ 88,551
Investments	777,163	777,163
Restricted	1,135,906	1,135,906
Accounts Receivables	3,681	3,681
Total Assets	2,005,301	2,005,301
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts Payable	13,933	13,933
Payroll Taxes Payable	1,793	1,793
Employee Wages Payable	21,949	21,949
Total Liabilities	37,675	37,675
Fund balance:		
Restricted:		
Endowments	1,135,906	1,135,906
Committed:		
Regional and Branches	115,284	115,284
Unassigned	716,436	716,436
Total Fund Balance	1,967,626	1,967,626
Total Liabilities and Fund Balance	\$ 2,005,301	\$ 2,005,301
Detailed explanation of adjustments from fund statements to government-wide statements of net position:		
Total Fund Balances		\$ 1,967,626
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of capitals assets is \$1,634,070 and the accumulated depreciation is \$1,143,455		490,615
Due to timing differences in recognition of current year employer contributions to the pension plan per GASB 68, deferred outflows of resources are recognized for the contributions in the Statement of Net Position		(40,900)
Due to timing differences in recognition of current year employer contributions to the life insurance per GASB 75, deferred outflows of resources are recognized for the contributions in the Statement of Net Position		9,658
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Long-term liabilities at 06/30/25 consisted of the following:		
Net Pension Liability	\$ 312,870	
Compensated Absences	(544,771)	
GLI OPEB Liability	(33,000)	(264,901)
Certain pension related deferrals are reported in the Statement of Net position as required by GASB 68.		(446,563)
Certain pension related deferrals are reported in the Statement of Net position as required by GASB 75.		(11,268)
Net Position of General Government Activities		\$ 1,704,267

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2025**

	<b>General Fund</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>		
Support:		
Grants:		
State-Aid	\$ 650,481	\$ 650,481
Other Grants and Endowments	93,900	93,900
Local Governmental Units	1,646,521	1,646,521
Use of Contributed Services	82,114	82,114
Gifts and Donations	89,349	89,349
Total Support	2,562,365	2,562,365
General revenue:		
Book Fines	11,874	11,874
Copy Machine	33,870	33,870
Lost Materials	553	553
Library Cards and Bags	613	613
ILL Postage Fees	54	54
Culpeper	11,500	11,500
Interest Income	83,591	83,591
Debt-Set Collections	10,342	10,342
E-Rate Reimbursement	44,172	44,172
Miscellaneous	186	186
Non Resident Fee's	60	60
Total General Revenue	196,815	196,815
Total Support and Revenue	2,759,180	2,759,180
<b>EXPENDITURES</b>		
Administration:		
Salaries	1,279,636	1,279,636
Payroll Taxes	97,367	97,367
Fringe Benefits	56,627	56,627
Professional Services	16,233	16,233
Travel	4,101	4,101
Printing and Office Supplies	30,937	30,937
Postage	7,436	7,436
Telephone	27,774	27,774
Health Insurance	232,449	232,449
Advertising	1,033	1,033
Dues, Fees, and Subscriptions	4,179	4,179
Total Administration	1,757,772	1,757,772

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2025**

	General Fund	Total
Library Materials and Services:		
Books	\$ 81,123	\$ 81,123
Audio and Video Materials	22,444	22,444
Periodicals	15,058	15,058
Internet Connectivity	54,556	54,556
Marketing	10,502	10,502
Memorial & Gift Purchases	1,227	1,227
Cataloging Fees	18,620	18,620
Grant Expense	37,231	37,231
Programming	64,511	64,511
Culpeper Expense	568	568
Electronic Data Bases and Materials	59,386	59,386
Total Library Materials and Services	365,226	365,226
Operations:		
Repairs-Building and Grounds	70,525	70,525
Equipment Maintenance Contracts	123,768	123,768
Maintenance Material	12,070	12,070
Maintenance and Utility Fees	4,800	4,800
Shelving, Furniture, Equipment	82,585	82,585
Building Improvements	368,784	368,784
Electricity	129,300	129,300
Water, Sewer and Garbage	12,057	12,057
Insurance	34,223	34,223
Van Travel	4,150	4,150
Miscellaneous and Signage	2,851	2,851
Total Operations	845,113	845,113
Total Operations	2,968,111	2,968,111
Excess (Deficiency) of Support and Revenue over Expenditures - Net Change in Fund Balance	(208,931)	(208,931)
Fund Balance, Beginning	2,176,557	2,176,557
Fund Balance, Ending	\$ 1,967,626	\$ 1,967,626

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Reconciliation of Statement of Support, Revenues, Expenditures,**  
**and Changes in Fund Balance of Governmental Fund**  
**To the Statement of Activities**  
**For the Year Ended June 30, 2025**

	<u>Governmental Fund</u>
Amounts reported for governmental activity in the statement of activities are different because:	
Net Change in Fund Balance - Total Governmental Fund	\$ (208,931)
Governmental fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	334,072
Employer contributions to the pension plan in the current year are not included on the Statement of Activities.	40,260
Employer contributions to the life insurance in the current year are not included on the Statement of Activities.	3,504
Some expenses reported in the statement of activities, such as compensated absences and accrued interest, do not require the use of current resources and, therefore, are not required as expenditures in governmental funds.	
Total Pension Expense (Income)	68,047
Net Change in Compensated Absences	<u>60,830</u>
	<u>128,877</u>
Change in Net Position	<u>\$ 297,782</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Statement of Support, Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Governmental Fund**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Support and Revenue:				
Support:				
Grants:				
State-Aid	\$ 650,481	\$ 650,481	\$ 650,481	\$ -
Other Grants & Endowments	-	93,900	93,900	-
Local Governmental Units	1,644,121	1,646,521	1,646,521	-
Use of Contributed Services	54,420	82,114	82,114	-
Gifts and Donations	-	21,282	89,349	68,067
Total Support	<u>2,349,022</u>	<u>2,494,298</u>	<u>2,562,365</u>	<u>68,067</u>
General Revenue:				
Book Fines	11,635	10,930	11,874	944
Copy Machine	28,670	31,937	33,870	1,933
Lost Materials	325	363	553	190
Library Cards and Bags	610	472	613	141
ILL Postage Fees	40	40	54	14
Interest Income	12,780	6,134	83,591	77,457
Culpeper	11,500	11,500	11,500	-
Debt-Set Collections	8,520	8,121	10,342	2,221
E-Rate Reimbursement	35,305	32,845	44,172	11,327
Miscellaneous	155	105	186	81
Non-Resident Fees	-	60	60	-
Total General Revenue	<u>109,540</u>	<u>102,507</u>	<u>196,815</u>	<u>94,308</u>
Total Support and Revenue	<u>2,458,562</u>	<u>2,596,805</u>	<u>2,759,180</u>	<u>162,375</u>
Expenditures:				
Administration:				
Salaries	1,307,965	1,311,247	1,279,636	31,611
Payroll Tax Expense	100,455	100,954	97,367	3,587
Fringe Benefits	62,030	62,726	56,627	6,099
Professional Services	18,025	16,235	16,233	2
Travel	3,585	4,780	4,101	679
Printing and Office Supplies	41,140	34,345	30,937	3,408
Postage	8,930	8,663	7,436	1,227
Telephone	30,205	29,455	27,774	1,681
Health Insurance	232,480	237,334	232,449	4,885
Professional Development	600	600	-	600
Advertising	100	1,215	1,033	182
Dues, Fees, and Subscriptions	4,645	4,570	4,179	391
Total Administration	<u>1,810,160</u>	<u>1,812,124</u>	<u>1,757,772</u>	<u>54,352</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Statement of Support, Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Governmental Fund**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Books	97,845	86,965	81,123	5,842
Audio and Video Materials	28,295	22,444	22,444	-
Periodicals	15,680	15,058	15,058	-
Internet Connectivity	58,265	54,556	54,556	-
Marketing	9,650	13,223	10,502	2,721
Memorial and Gift Purchases	-	15,414	1,227	14,187
Microforms	2,545	-	-	-
Cataloging Fees	19,735	18,620	18,620	-
Grant Expense	-	38,204	37,231	973
Programming	47,819	92,260	64,511	27,749
Culpepper Expense	750	750	568	182
Electronic Materials and Databases	26,155	59,386	59,386	-
Total Support	<u>306,739</u>	<u>416,880</u>	<u>365,226</u>	<u>51,654</u>
Repairs-Building and Grounds	50,693	76,089	70,525	5,564
Equipment Maintenance	127,875	124,438	123,768	670
Maintenance Material	11,280	12,640	12,070	570
Maintenance and Utility Fees	4,800	4,800	4,800	-
Shelving, Furniture, Equipment	83,027	82,860	82,585	275
Building Improvements	-	371,109	368,784	2,325
Electricity	140,010	141,752	129,300	12,452
Water, Sewer, and Garbage	12,385	12,933	12,057	876
Insurance	34,430	35,059	34,223	836
Van Travel	8,000	8,000	4,150	3,850
Miscellaneous and Signage	3,105	3,165	2,851	314
Total Operations	<u>475,605</u>	<u>872,845</u>	<u>845,113</u>	<u>27,732</u>
Total Expenditures	<u>2,593,504</u>	<u>3,101,849</u>	<u>2,968,111</u>	<u>133,378</u>
Support and Revenue Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (208,931)</u>	
Fund Balance, Beginning			<u>2,176,557</u>	
Fund Balance, Ending (Exhibit 4)			<u>\$ 1,967,626</u>	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Lonesome Pine Regional Library have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board (GASB). The more significant of the government's accounting policies are described below.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the Library prepares and presents financial information.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis – GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as building and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Statement of Net Position – The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets, in the government-wide Statement of Net Position. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Budgetary comparison schedules – Demonstrating compliance with the adopted budget is an important component of a government’s accountability to the public. Many citizens participate, in some way, in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under this reporting model governments will continue to provide budgetary comparison information in their annual reports. As required, the government’s original budget is included in the current comparison of final budget and actual results.

A. The Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit’s reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organizations governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the primary government, should be included in its reporting entity. These financial statements present the Lonesome Pine Regional Library (the primary government) as required by generally accepted accounting principles.

B. Potential Component Unit Consideration

Upon consideration of potential component units, it was determined that there were no component units for the Lonesome Pine Regional Library.

C. Measurement Focus, Basis of Accounting, Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The Library applies all GASB pronouncements as well as the Financial Accounting Standard Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities reflects both the gross and net cost per functional category (administration, etc.), which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

In the fund financial statements, financial transactions and accounts of the Library are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The government reports the following major governmental funds.

- (1) Governmental Funds account for the expendable financial resources other than those accounted for in Fiduciary Funds. The Governmental Fund measurement focus is on determination of financial position and changes in financial position, rather than on net income determination as would apply to a commercial enterprise. The individual Governmental Fund is:

General Fund

The General Fund is the primary operating fund of the library. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from state and local contributions, charges for services and interest income.

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Budgets and Budgetary Accounting

The following procedures are used by the Library in establishing the budgetary data reflected in the financial statements:

1. The Director submits to the Board of Trustees a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Prior to June 30, the Board passes a motion to adopt the budget.
3. The adopted budget places restrictions on expenditures at the department level or category level. Management presents adjustments for any budgetary changes for each department or category to the Board of Trustees.
4. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Appropriations lapse on June 30.
6. All budget data presented in the accompanying financial statements is the revised budget for the year.

E. Capital Assets

Capital assets are reported in the applicable governmental activities' column in the government-wide financial statements. Capital assets are defined by the Library as furniture & fixtures, vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Leased assets are recorded as described in Note E. Leases.

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

Assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Furniture & Fixtures	5 Years
Equipment	5 Years
Motor Vehicles	5 Years

F. Leases

The Library may lease various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. As of June 30, 2025, the Lonesome Pine Regional Library had no leases.

Lessee

The Library recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Library uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Library uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee).

The Library monitors changes in circumstances that would require a remeasurement or modification of its leases. The Library will remeasure the lease asset and liability (lessee) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

G. Allowance for Doubtful Accounts

The Library does maintain an allowance for estimated uncollectible accounts. As of June 30, 2025, all receivables were deemed collectible and therefore no allowance was reported.

H. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and investments with maturities of 90 days or less.

I. Investments

The Library's investments may include cash on deposit in a money market savings account, certificates of deposits and investments in the Local Government Investment Pool Program (LGIP) of the Commonwealth of Virginia. Certificate of deposits and short-term repurchase agreements, if any, are reported in the accompanying financial statements as cash and cash equivalents. Investments in a deferred compensation agency fund, if any, are reported at market value. Investments in the LGIP are valued at their net asset value, which barring extraordinary circumstances, will maintain the constant price of \$1.00 per share. The LGIP portfolio is valued by the amortized cost valuation technique, which values securities at their acquisition cost adjusted for amortization of premium or accretion of discount rather than at their value based on current market factors. Amortized cost valuation is permitted provided the LGIP investment portfolio meets all of the criteria of GASB Statement 79. The LGIP adheres to these rules pursuant to the "Investment Policy and Guidelines".

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Contributed Facilities

The Lonesome Pine Regional Library System occupies, without charge, certain premises located in government-owned buildings. The estimated fair rental value of the premises is not reported as support and expenses in the period since they are not allowed on the government financial statement.

K. Contributed Services

The Library receives from local governmental units, certain services without charge; such as electricity, water and sewer, and custodial services. The value of these services has been reported as support and expenditures in the period in which the services were received.

L. Compensated Absences

The Library provides annual leave for full-time and part-time employees. The rate at which annual leave is accrued depends on length of service. Annual leave is accumulated, but only a limited amount can be carried over from year to year depending on length of service. The Library's liability for annual leave is recorded as a component of long-term liabilities in the statement of net position.

M. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

N. Fund Balances

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement No. 54) in February 2009 to provide new financial reporting categories for fund balances of governmental funds. In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned).

- Nonspendable fund balance includes amounts not in spendable form, such as prepaid expenses, inventories, or amounts legally or contractually required to remain intact (such as the principal of a permanent fund).
- Restricted fund balance represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Lonesome Pine Regional Library's governing board. Formal action of the Library's Board of Trustees is required to establish, modify or rescind committed fund balances.

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Assigned fund balance is constrained by the Lonesome Pine Regional Library's Board of Trustees or an appointed decision-making authority's intent to be used for specific purposes. This classification includes the residual fund balance for the General Fund.
- Unassigned fund balance is available for any purpose. Positive Unassigned amounts are reported in the General Fund only. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, the Lonesome Pine Regional Library will adhere to the default policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, the Lonesome Pine Regional Library will adhere to the default policy to spend committed resources first.

**NOTE 2: CASH AND INVESTMENTS**

Deposits: All cash of the Lonesome Pine Regional Library is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 ET. Seq. of the Code of Virginia or covered by federal depository insurance.

Credit Risk: At year end June 30, 2025, the Library had no investments requiring interest rate disclosures. Deposits and investments held by any single issuer that exceeded 5% are as follows:

Local Banks	4.40%
Virginia Local Government Investment Pool	95.60%

Investments: Statutes authorize the Lonesome Pine Regional Library to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the

Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Lonesome Pine Regional Library's investments consist of participation in the State Treasurer's Local Government Pool. The LGIP is managed in a manner consistent with SEC Rule 2a-7 and meets the requirements of GASB No. 31 and GASB No. 79. The LGIP strives to maintain a stable asset value per share of \$1.00 using the amortized cost method of valuation. Therefore, the fair value of the position in the LGIP is the same as the value of the pool shares. The LGIP is managed by the Virginia State Treasury and is not SEC registered. The LGIP received a pool rating of AAA from Standard & Poor on March 1, 2022. Redemptions may be made on any banking day and there are no redemption fees or withdrawal penalties.

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 2: CASH AND INVESTMENTS (Continued)**

At year-end, the library's investment balances were as follows:

	Original Investment Maturity			Carrying Amount
	Fair Value	Less Than 1 Year	1-5 Years	
State Treasurer's Local Government Pool (LGIP)	\$ 1,913,069	\$ 1,913,069	\$ -	\$ 1,913,069
Total Investments	<u>\$ 1,913,069</u>	<u>\$ 1,913,069</u>	<u>\$ -</u>	\$ 1,913,069
Total Cash on Checking				\$ 88,091
Total Cash on Hand				460
Total Cash and Cash Equivalents				<u>\$ 88,551</u>
Total Deposits and Investments				<u>\$ 2,001,620</u>

**NOTE 3: CAPITAL ASSETS**

A summary of capital assets by location follows:

	Purchased Assets
Regional Office	\$ 362,980
Wise Library Public Library-Wise	214,720
J. B. Deel Library-Clintwood	152,434
C. Bascom Slemph Library-Big Stone Gap	510,314
Scott Library Public Library-Gate City	128,163
Lee County Public Library-Pennington Gap	114,867
J. F. Matthews Library-St. Paul	46,301
Coeburn Community Library-Coeburn	26,609
Haysi Library	43,571
Rose Hill Library	19,154
Mailbox Library	<u>14,957</u>
Total Capital Assets	\$ 1,634,070
Less: Accumulated Depreciation/Amortization	<u>(1,143,455)</u>
Net Capital Assets	<u>\$ 490,615</u>

The following is a summary of changes in capital assets for the year ending June 30, 2025:

	July 1, 2024 Balance	Additions	Deletions	June 30, 2025 Balance
Equipment	\$ 395,479	\$ 385,990	\$ (15,686)	\$ 765,783
Furniture and Fixtures	774,549	-	-	774,549
Vehicles	93,738	-	-	93,738
Total	<u>\$ 1,263,766</u>	<u>\$ 385,990</u>	<u>\$ (15,686)</u>	\$ 1,634,070
Less: Accumulated Depreciation				<u>(1,143,455)</u>
Net Capital Assets				<u>\$ 490,615</u>

Total depreciation expense charged to the General Fund for the year ending June 30, 2025, was \$51,762.

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 4: COMPENSATED ABSENCES**

GASB 101, effective for fiscal years beginning after December 15, 2023, aims to improve the consistency and transparency of financial reporting related to compensated absences, which include vacation, sick leave, and other paid time off. This statement supersedes GASB Statement No. 16 and introduces a unified model for recognizing and measuring these liabilities across state and local governments. The current portion of compensated absences payable in the next year is \$54,477.

The table below shows compensated absences by location for the fiscal year ended June 30, 2025.

Location	<u>Amount</u>
C.B. Slemp Library-Big Stone Gap	\$ 29,157
Coeburn Community Library-Coeburn	8,313
J.B. Deel Library-Clintwood	41,349
Haysi Library	33,414
Lee Library Library-Pennington Gap	107,220
Rose Hill Library	2,896
Scott Library Library-Gate City	25,192
J.F. Matthews Library-St. Paul	9,953
Wise Public Library-Wise	74,884
Regional	<u>212,390</u>
Total	\$ <u>544,768</u>

**NOTE 5: COMMITMENTS & CONTINGENCIES**

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

No other commitments or contingencies are outstanding as of June 30, 2025.

**NOTE 6: SURETY BONDS**

The Lonesome Pine Regional Library has, as of June 30, 2025, a blanket insurance policy with The Virginia Municipal League covering dishonest employee acts with an aggregate limit of \$100,000 and a \$100 deductible.

**NOTE 7: RESTRICTED AND COMMITTED FUNDS**

Restricted Fund Balance - The Lonesome Pine Regional Library's funds include balances that are restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. A summary of the nature and purpose of restricted reserves at June 30, 2025, follows:

	<u>Amount</u>
Cummings Endowment Fund	\$ 82,122
WCPL Addington Endowment Fund	66,410
CBS Phillips Endowment Fund	<u>987,374</u>
<b>TOTAL RESTRICTED FUNDS</b>	<b><u>\$ 1,135,906</u></b>

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**NOTE 7: RESTRICTED AND COMMITTED FUNDS (Continued)**

Committed Fund Balance – The Library’s funds included balances that represent amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library’s Board of Trustees. A summary of nature and purpose of committed reserves at June 30, 2025, follows:

	Amount
Regional Funds Committed For:	
Van Replacement	\$ 46,638
Compensated Absences	29,744
Funds Committed for Branch Improvement:	
Wise County Public Library	13,781
C. Bascom Slemple Library	640
Coeburn Community Library	1,756
Haysi Public Library	40
J. Fred Matthews Memorial Library	22,299
Lee County Public Library	386
TOTAL COMMITTED FUNDS	\$ 115,284

**NOTE 8: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The Library has deferred outflows totaling \$40,260 representing the amount of employer contributions made to the pension plan subsequent to the measurement date of June 30, 2024. Deferred outflows representing the difference in projected and actual earnings on plan investments at the measurement date of June 30, 2024 are (\$65,688). Deferred outflows representing changes in assumptions as of June 30, 2023 is \$-0-. Total deferred outflows related to the Library’s pension plan are (\$25,428).

The Library has deferred inflows totaling \$446,653 as described in Note 9: Defined Benefit Pension Plan. The specific elements of deferred inflows are comprised of the amount of the prior years’ difference between projected and actual earnings on pension plan investments of \$86,518 and the difference in projected and actual experience in the total pension liability at June 30, 2024 of \$360,135.

**NOTE 9: DEFINED BENEFIT PENSION PLAN**

Pensions

The Virginia Retirement System (VRS) Lonesome Pine Regional Library Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Lonesome Pine Regional Library’s Retirement Plan and the additions to/deductions from the Lonesome Pine Regional Library’s Plan’s net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description – All full-time, salaried permanent employees of the Lonesome Pine Regional Library (Library) are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b>            Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b>            Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b>            The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>

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<p><b>Eligible Members</b>          Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b>          VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Eligible Members</b>          Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b>          Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>Eligible Members</b>          Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Lonesome Pine Regional Library (LPRL) employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><b>*Non-Eligible Members</b>          Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• LPRL employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b>          Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and</p>	<p><b>Retirement Contributions</b>          Same as Plan 1</p>	<p><b>Retirement Contributions</b>          A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make</p>

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<p>employer contributions to provide funding for the future benefit payment.</p>		<p>voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b>          Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Service Credit</b>          Same as Plan 1</p>	<p><b>Service Credit</b>  <u>Defined Benefit Component:</u>          Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the employer offers the health insurance credit.</p>

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<p><b>Vesting</b>          Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>          Same as Plan 1</p>	<p><b>Vesting</b>  <u>Defined Benefit Component:</u>          Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u>          Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution not required, except as governed by law until age 73.</p>
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<p><b>Calculating the Benefit</b>          The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p><b>Calculating the Benefit</b>          See definition under Plan 1</p>	<p><b>Calculating the Benefit</b>  <u>Defined Benefit Component:</u>          See definition under Plan 1</p> <p><u>Defined Contribution component:</u>          The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b>          A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>          A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>          Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%</p> <p><b>Sheriffs and regional jail superintendents:</b>          The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political Subdivision hazardous duty employees:</b>          The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b>          Same as Plan 1</p> <p><b>Political Subdivision hazardous duty employees:</b>          Same as Plan 1</p>	<p><b>Service Retirement Multiplier</b>  <u>Defined Benefit Component:</u>  <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b>          Not Applicable</p> <p><b>Political Subdivision hazardous duty employees:</b>          Not Applicable  <u>Defined Contribution Component:</u>          Not applicable</p>

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<p><b>Normal Retirement Age</b>  <b>VRS:</b> Age 65</p> <p><b>Political subdivision hazardous duty employees:</b>        Age 60</p>	<p><b>Normal Retirement Age</b>  <b>VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b>        Same as Plan 1</p>	<p><b>Normal Retirement Age</b>  <u>Defined Benefit Component:</u>  <b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b>        Not applicable</p> <p><u>Defined Contribution Component:</u>        Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political Subdivisions hazardous duty employees:</b>        Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political Subdivisions hazardous duty employees:</b>        Same as Plan 1</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <u>Defined Benefit Component:</u>  <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political Subdivisions hazardous duty employees:</b>        Not Applicable</p> <p><u>Defined Contribution Component:</u>        Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>        Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>        Same as Plan 1</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <u>Defined Benefit Component:</u>  <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>        Not Applicable</p> <p><u>Defined Contribution Component:</u>        Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>          Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u>          For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u>          The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>          Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u>          Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u>          Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <u>Defined Benefit Component:</u>          Same as Plan 2</p> <p><u>Defined Contribution Component:</u>          Not applicable</p> <p><u>Eligibility:</u>          Same as Plan 1 and Plan 2</p> <p><u>Exceptions to COLA Effective Dates:</u>          Same as Plan 1 and Plan 2</p>
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<ul style="list-style-type: none"> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor, or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>		
<p><b>Disability Coverage</b>        Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b>        Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b>        Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid plan members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b>        Members may be eligible to purchase services from previous public employment, active-duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts</p>	<p><b>Purchase of Prior Service</b>        Same as Plan 1</p>	<p><b>Purchase of Prior Service</b>  <u>Defined Benefit Component:</u>        Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul>

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toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.		<u>Defined Contribution Component:</u> Not applicable
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Employees Covered by Benefit Terms – As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Retirees and Beneficiaries	25
Transfers Out	-
Inactive Members:	
Vested Inactive Members	4
Non-vested Inactive Members	5
Active Elsewhere in VRS	2
Total Inactive Members	36
Active Members	19
Total Covered Employees	55

Contributions – The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Library’s contractually required contribution rate for the year ending June 30, 2025 was 9.46% of the employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The amount to finance any unfunded accrued liability. Contributions to the pension plan from the Library were \$40,260 and \$68,049 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net Pension Liability – The net pension liability (NPL) is calculated separately for each employer and represent that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. For Lonesome Pine Regional Library, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

Actuarial Assumptions – General Employees – The total pension liability for General Employees in the Library’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service-related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disables Rates projected generationally 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rate.

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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

The All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disables Rates projected generationally 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

All Others (Non 10 Largest) – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjust rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits– The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Library’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

Mortality rates:

Largest 10 – Non-Hazardous Duty: 70% of deaths are assumed to be service-related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disable Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service-related.

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amounted Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

**Long-Term Expected Rate of Return** – The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%

\*Expected Arithmetic Nominal Return

7.07%

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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

\*The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from June 30, 2023, actuarial valuations, whichever was greater. From July 01, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pensions plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	\$6,499,664	\$6,393,401	\$106,263
Changes for the year:			
Service Cost	70,406	-	70,406
Interest	432,918	-	432,918
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between expected and actual experience	(208,374)	-	(208,374)
Contributions – Employer	-	68,049	(68,049)
Contributions – Employee	-	35,954	(35,954)
Net Investment Income	-	614,170	(614,170)
Benefit payments, including refunds of employee contributions	(312,927)	(312,927)	-
Administrative Expenses	-	(4,212)	4,212
Other Changes	-	122	(122)
Net Changes	(17,977)	401,156	(419,133)
Balances at June 30, 2024	\$6,481,687	\$6,794,557	\$(312,870)

LONESOME PINE REGIONAL LIBRARY  
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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 86,518
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	180,255
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 266,773

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Lonesome Pine Regional Library's Net Pension Liability	\$ 362,221	\$ (312,870)	\$ (888,941)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions  
– For the year ended June 30, 2025, the Library recognized pension expense of \$68,049. At June 30, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources related to pensions resulting from the library's contributions subsequent to the measurement date in the amount of \$40,260 will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2026	\$ (244,387)
2027	50,422
2028	(34,848)
2029	(37,960)
2030	-
Thereafter	-
TOTAL	(266,773)

LONESOME PINE REGIONAL LIBRARY  
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**NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 Annual Financial Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Payables to the Pension Plan***

The Library reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

LONESOME PINE REGIONAL LIBRARY  
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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM**

**GROUP LIFE INSURANCE**

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating subdivisions. The Group Life Insurance Program was established pursuant to 51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Programs is defined benefit plan that provides a basic group life insurance benefit for employees or participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows or resources related to the Group Life OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Plan Description**

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

<b>GROUP LIFE INSURANCE PROGRAM PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City Schools Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b>—The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b>—The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b>—In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:             <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>
<p><b>Reduction in benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$9,532 as of June 30, 2025.</p>

LONESOME PINE REGIONAL LIBRARY  
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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

**Contributions**

The contribution requirements for the Group Life Insurance Program are governed by Section 51.1-506 and Section 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$3,504 and \$4,109 for the years ended June 30, 2025, and June 30, 2024, respectively.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB***

At June 30, 2025, the entities reported a liability of \$33,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.0096% as compared to 0.00296% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$3,504. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and Actual experience	\$ 5,210	\$ 807
Net difference between projected and Actual earnings on GLI OPEB Program investments	-	2,784
Changes in assumptions	188	1,637
Changes in proportion	148	6,040
Employer contributions subsequent to the Measurement date	<u>4,110</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 9,656</u></b>	<b><u>\$ 11,268</u></b>

\$4,110 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

FY 2025	\$ (3,633)
FY 2026	(767)
FY 2027	(1,239)
FY 2028	(365)
FY 2029	282
Thereafter	<u>-</u>
<b>TOTAL</b>	<b><u>\$ (5,752)</u></b>

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.5 percent
Salary increases, including inflation—	
General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.0 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 Percent, net of investment expenses, Including inflation*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

***Mortality rates – General State Employees***

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***Mortality rates – Teachers***

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

*Mortality rates-- SPORS Employees*

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

***Mortality rates – VaLORS Employees***

Pre-retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For Future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

LONESOME PINE REGIONAL LIBRARY  
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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

*Mortality rates- JRS Employees*

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020.. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

*Mortality rates—Largest Ten Locality Employers-General Employees*

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

**Mortality rates— Non-Largest Ten Locality Employers-General Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

LONESOME PINE REGIONAL LIBRARY  
 NOTES TO FINANCIAL STATEMENT  
 JUNE 30, 2025

**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

*Mortality rates—Largest Ten Locality Employers-Hazardous Duty Employees*

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

*Mortality rates—Non-Largest Ten Locality Employers-Hazardous Duty Employees*

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

LONESOME PINE REGIONAL LIBRARY  
 NOTES TO FINANCIAL STATEMENT  
 JUNE 30, 2025

**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***Net OPEB Liability***

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	<u>Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
Employers’ Net GLI OPEB Liability (Asset)	<u>\$ 1,115,922</u>
 Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	 73.41%

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

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

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class.

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.1%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	<u>100.00%</u>		<u>7.07%</u>
		*Expected Arithmetic Nominal Return	<u>7.07%</u>

The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

LONESOME PINE REGIONAL LIBRARY  
 NOTES TO FINANCIAL STATEMENT  
 JUNE 30, 2025

**NOTE 10: GROUP LIFE INSURANCE OPEB PROGRAM (Continued)**

Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

***Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75% as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Lonesome Pine Regional Library Share of the Group Life Insurance Program Net OPEB Liability	\$ 51,400	\$ 33,000	\$ 18,200

***Group Life Insurance Program Fiduciary Net Position***

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Payables to the VRS Group Life Insurance OPEB Plan***

As of June 30, 2025, the Library reported a payable of \$-0- for the outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2025.

**11. PRIOR PERIOD ADJUSTMENT**

As a result of the GASB 101 accounting change, the Lonesome Pine Regional Library recorded a prior period adjustment as it related to sick leave amounting to \$470,254.

Net Position as of June 30, 2024	\$ 1,876,739
Prior Period Adjustments	(470,254)
Net Position as of June 30, 2024, as restated	\$ 1,406,485

LONESOME PINE REGIONAL LIBRARY  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2025

**NOTE 11: SUBSEQUENT EVENTS**

The Library's management evaluated subsequent events through December 10, 2025, the date at which the report was available to be issued. No subsequent events were identified that would have a material effect on the financial statements.

**Lonesome Pine Regional Library**  
**Statement of Support and Revenue- Budget and Actual**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Favorable (Unfavorable)
Operating Support and Revenue:				
Support:				
State Aid - Books and Related Material	\$ 546,586	\$ 539,887	\$ 539,887	\$ -
State Aid - Salaries	103,895	110,594	110,594	-
Total State-Aid	<u>650,481</u>	<u>650,481</u>	<u>650,481</u>	<u>-</u>
Other Grants:				
Friends LPRL Grant	-	80,800	80,800	-
Phipps Foundation	-	4,000	4,000	-
Special Grants	-	9,100	9,100	-
Total Other Grants	<u>-</u>	<u>93,900</u>	<u>93,900</u>	<u>-</u>
Local Government Support:				
County of Wise	818,555	818,555	818,555	-
County of Dickenson	332,553	332,553	332,553	-
County of Lee	237,678	237,678	237,678	-
County of Scott	203,050	203,050	203,050	-
City of Norton	30,285	30,285	30,285	-
Town of Wise	9,500	9,500	9,500	-
Town of Big Stone Gap	2,500	2,500	2,500	-
Town of Coeburn	5,000	5,000	5,000	-
Town of St. Paul	5,000	5,000	5,000	-
Discretionary Fund-Wise County	-	2,050	2,050	-
Discretionary Fund-Clintwood	-	100	100	-
Discretionary Fund-Haysi	-	250	250	-
County of Scott - In Kind	16,620	29,439	29,439	-
Town of Haysi - In Kind	2,800	2,550	2,550	-
Town of St. Paul - In Kind	1,230	898	898	-
Town of Clintwood - In Kind	705	706	706	-
Dickenson County - In Kind	3,660	12,930	12,930	-
Town of Coeburn - In Kind	2,905	2,009	2,009	-
Wise County - In Kind	26,500	33,582	33,582	-
Total Local Governmental Support	<u>1,698,541</u>	<u>1,728,635</u>	<u>1,728,635</u>	<u>-</u>
Gifts and Donations	-	21,282	89,349	68,067
Total Gifts and Donations	<u>-</u>	<u>21,282</u>	<u>89,349</u>	<u>68,067</u>
Total Support	<u>2,349,022</u>	<u>2,494,298</u>	<u>2,562,365</u>	<u>68,067</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Statement of Support and Revenue- Budget and Actual**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenue:				
Book Fines	\$ 11,635	\$ 10,930	\$ 11,874	\$ 944
Copy Machine	28,670	31,937	33,870	\$ 1,933
Lost Materials	325	363	553	\$ 190
Library Bags	335	232	295	\$ 63
Library Cards	275	240	318	\$ 78
Interest	12,780	6,134	83,591	\$ 77,457
Culpeper Contract	11,500	11,500	11,500	\$ -
Debt Set Collections	8,520	8,121	10,342	\$ 2,221
ILL Postage Fee	40	40	54	\$ 14
E-Rate Reimbursement	35,305	32,845	44,172	\$ 11,327
Non Resident Fee's	-	60	60	\$ -
Miscellaneous	155	105	186	\$ 81
	<u>109,540</u>	<u>102,507</u>	<u>196,815</u>	<u>94,308</u>
Total Revenue				
	<u>109,540</u>	<u>102,507</u>	<u>196,815</u>	<u>94,308</u>
Total Support and Revenue	<u>\$ 2,458,562</u>	<u>\$ 2,596,805</u>	<u>\$ 2,759,180</u>	<u>\$ 162,375</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Statement of Expenditures - Budget and Actual**  
**For the Year Ended June 30, 2025**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Favorable (Unfavorable)</u>
Expenditures:				
Administration:				
Salaries	\$ 1,307,965	\$ 1,311,247	\$ 1,279,636	\$ 31,611
Payroll Tax Expense	100,455	100,954	97,367	3,587
Fringe Benefits	62,030	62,726	56,627	6,099
Professional Services	18,025	16,235	16,233	2
Travel	3,585	4,780	4,101	679
Printing and Office Supplies	41,140	34,345	30,937	3,408
Postage	8,930	8,663	7,436	1,227
Telephone	30,205	29,455	27,774	1,681
Health Insurance	232,480	237,334	232,449	4,885
Professional Development	600	600	-	600
Advertising	100	1,215	1,033	182
Dues, Fees, and Subscriptions	4,650	4,570	4,179	391
Total Administration	<u>1,810,165</u>	<u>1,812,124</u>	<u>1,757,772</u>	<u>54,352</u>
Library Materials and Services:				
Books	97,845	86,965	81,123	5,842
Audio & Video Materials	28,295	22,444	22,444	-
Periodicals	15,680	15,058	15,058	-
Internet Connectivity	58,265	54,556	54,556	-
Marketing/Outreach	9,650	13,223	10,502	2,721
Grant Expense	-	38,204	37,231	973
Memorial and Gift Purchases	-	15,414	1,227	14,187
Microforms	2,545	-	-	-
Cataloging Fees	19,735	18,620	18,620	-
Programming	47,819	92,260	64,511	27,749
Culpeper Expense	750	750	568	182
Electronic Data Bases and Materials	26,155	59,386	59,386	-
Total Library Materials and Services	<u>306,739</u>	<u>416,880</u>	<u>365,226</u>	<u>51,654</u>
Operations:				
Repairs-Building and Grounds	50,693	76,089	70,525	5,564
Equipment Maintenance	127,875	124,438	123,768	670
Maintenance Material	11,280	12,640	12,070	570
Maintenance and Utility Fees	4,800	4,800	4,800	-
Shelving, Furniture, Equipment	83,027	82,860	82,585	2,779
Building Improvements	-	371,109	368,784	2,325
Electricity	140,010	141,752	129,300	12,452
Water, Sewer and Garbage	12,385	12,933	12,057	876

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

**Lonesome Pine Regional Library**  
**Statement of Expenditures - Budget and Actual**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance With Final Favorable (Unfavorable)
Operations ( <i>continued</i> ):				
Insurance	\$ 35,430	\$ 35,059	\$ 34,223	\$ 836
Van Travel	8,000	8,000	4,150	\$ 3,850
Miscellaneous	3,105	3,165	2,851	\$ 314
Total Operations	<u>476,605</u>	<u>872,845</u>	<u>845,113</u>	<u>\$ 27,732</u>
Total Expenditures	<u>\$ 2,593,509</u>	<u>\$ 3,101,849</u>	<u>\$ 2,968,111</u>	<u>\$ 133,738</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

LONESOME PINE REGIONAL LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
VIRGINIA RETIREMENT SYSTEM  
RETIREMENT PLAN  
JUNE 30, 2025

Schedule of Changes in the Lonesome Pine Regional Library's  
Net Pension Liability and Related Ratios

	2024	2023	2022	2021	2020	2019
Total Pension Liability						
Service Cost	\$ 70,406	\$ 61,152	\$ 65,995	\$ 74,744	\$ 64,589	\$ 74,420
Interest	432,918	428,818	418,410	389,929	358,042	344,312
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(208,374)	(153,641)	(78,682)	(83,414)	276,582	37,413
Changes in Assumptions	-	-	-	209,617	-	146,713
Benefit Payments, Including Refunds of Employee Contributions	(312,927)	(256,746)	(236,621)	(233,243)	(220,386)	(214,170)
Net Change in Total Pension Liability	(17,977)	79,583	169,102	357,633	478,827	388,688
Total Pension Liability – Beginning	6,499,664	6,420,081	6,250,979	5,893,346	5,414,519	5,025,831
Total Pension Liability – Ending	\$ 6,481,687	\$ 6,499,664	\$ 6,420,081	\$ 6,250,979	\$ 5,893,346	\$ 5,414,519
Plan Fiduciary Net Position						
Contributions – Employer	\$ 68,049	\$ 66,072	\$ 58,575	\$ 59,763	\$ 36,164	\$ 37,284
Contributions – Employee	35,954	34,697	33,118	35,814	35,554	36,116
Net Investment Income	614,170	394,746	(5,354)	1,379,085	97,444	326,248
Benefit Payments, Including Refunds of Employee Contributions	(312,927)	(256,746)	(236,621)	(233,343)	(220,386)	(214,170)
Administrative Expense	(4,212)	(3,983)	(3,948)	(3,474)	(3,383)	(3,311)
Other	122	159	145	129	(114)	(205)
Net Change in Plan Fiduciary – Net Position	401,156	234,945	(152,085)	1,238,074	(54,721)	181,962
Plan Fiduciary Net Position – Beginning	6,393,401	6,158,456	6,310,541	5,072,467	5,127,188	4,945,226
Plan Fiduciary Net Position – Ending	\$ 6,794,557	\$ 6,393,401	\$ 6,158,456	\$ 6,310,541	\$ 5,072,467	\$ 5,127,188
Lonesome Pine Regional Library's Net Pension Liability – Ending	\$ (312,870)	\$ 106,263	\$ 261,625	\$ (59,562)	\$ 820,879	\$ 287,331
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.04%	98.37%	95.59%	100.95%	86.08%	94.69%
Covered-employee Payroll	760,948	727,838	719,205	735,027	727,171	781,319
Lonesome Pine Regional Library's Net Pension Liability as a Percentage of Covered-employee Payroll	71.20%	14.60%	(35.94%)	(8.30%)	(111.68%)	39.51%

LONESOME PINE REGIONAL LIBRARY  
REQUIRED SUPPLEMENTARY INFORMATION  
VIRGINIA RETIREMENT SYSTEM  
RETIREMENT PLAN  
JUNE 30, 2025

Schedule of Changes in the Lonesome Pine Regional Library's  
Net Pension Liability and Related Ratios

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 75,062	\$ 85,939	\$ 88,999	\$ 102,444	\$ 102,810
Interest	358,961	337,370	328,828	311,899	292,648
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	460,155	1,664	(163,197)	(33,120)	-
Changes in Assumptions	-	27,942	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	5,204,061	(136,862)	(128,318)	(150,452)	(90,448)
Net Change in Total Pension Liability	(178,230)	316,053	126,312	230,771	305,010
Total Pension Liability – Beginning	5,204,061	4,888,008	4,761,696	4,530,925	4,225,915
Total Pension Liability – Ending	\$ 5,025,831	\$ 5,204,061	\$ 4,888,008	\$ 4,761,696	\$ 4,530,925
Plan Fiduciary Net Position					
Contributions – Employer	\$ 72,360	\$ 74,511	\$ 92,275	\$ 96,716	\$ 111,977
Contributions – Employee	40,275	41,423	43,100	45,279	49,772
Net Investment Income	342,576	508,890	72,622	181,348	531,478
Benefit Payments, Including Refunds of Employee Contributions	(152,098)	(136,862)	(128,318)	(150,452)	(90,448)
Administrative Expense	(2,934)	(2,904)	(2,518)	(2,450)	(2,775)
Other	(307)	(454)	(30)	(37)	28
Net Change in Plan Fiduciary Net Position	299,872	484,604	77,131	170,404	600,032
Plan Fiduciary Net Position – Beginning	4,645,354	4,160,750	4,083,619	3,913,215	3,313,183
Plan Fiduciary Net Position – Ending	\$ 4,945,226	\$ 4,645,354	\$ 4,160,750	\$ 4,083,619	\$ 3,913,215
Lonesome Pine Regional Library's Net Pension Liability – Ending	\$ 80,605	\$ 558,707	\$ 727,258	\$ 678,077	\$ 617,710
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.40%	89.26%	85.12%	85.76%	86.37%
Covered-employee Payroll	797,300	785,329	840,619	905,583	994,185
Lonesome Pine Regional Library's Net Pension Liability as a Percentage of Covered-employee Payroll	10.31%	71.20%	86.51%	79.93%	62.13%

LONESOME PINE REGIONAL LIBRARY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 VIRGINIA RETIREMENT SYSTEM  
 RETIREMENT PLAN  
 JUNE 30, 2025

Schedule of Employer Contributions  
 For the Years Ended June 30, 2014 through 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2025	\$ 40,260	\$ 40,260	\$ -	\$ 745,553	9.65%
2024	71,986	71,986	-	760,948	9.46%
2023	68,853	68,853	-	727,838	9.46%
2022	60,197	60,197	-	719,205	8.37%
2021	59,763	59,763	-	735,027	8.13%
2020	36,164	36,116	-	727,171	4.97%
2019	37,284	37,284	-	781,319	4.77%
2018	72,360	72,360	-	797,300	8.94%
2017	74,511	74,511	-	785,329	9.49%
2016	92,275	92,275	-	840,619	10.98%
2015	96,716	96,716	-	905,583	10.68%
2014	109,857	109,996	(139)	994,185	11.05%

*Information presented prior to FY 2015 reflects information taken from required supplementary information data previously reported under GASB Statement No. 27.*

LONESOME PINE REGIONAL LIBRARY  
 NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
 VRS RETIREMENT PLAN  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No Change
Salary Scale	No Change
Line of Duty Disability	No Change
Discount Rate	No Change

All Others (Non 10 Largest) – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No Change
Salary Scale	No Change
Line of Duty Disability	No Change
Discount Rate	No Change

LONESOME PINE REGIONAL LIBRARY  
 NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
 VRS RETIREMENT PLAN  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Largest 10 – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased Disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased Rates
Disability Rates	No Change
Salary Scale	No Change
Line of Duty Disability	No Change
Discount Rate	No Change

All Others (Non 10 Largest) – Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased Disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Rates Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No Change
Salary Scale	No Change
Line of Duty Disability	No Change
Discount Rate	No Change

**LONESOME PINE REGIONAL LIBRARY**  
REQUIRED SUPPLEMENTARY INFORMATION  
VIRGINIA RETIREMENT SYSTEM  
GROUP LIFE INSURANCE PROGRAM  
JUNE 30, 2025

**Schedule of Lonesome Pine Regional Library's Share of  
Net OPEB Liability and Related Ratios  
Group Life Insurance Program  
For the Years Ended June 30, 2017 through June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability (Asset)	.0096%	.00296%	.00331%	.00334%	.00356%	.00373%	.00426%	.00452%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 33,000	\$ 37,000	\$ 40,000	\$ 42,000	\$ 59,000	\$ 61,000	\$ 65,000	\$ 68,000
Employer's Covered Payroll	\$745,553	\$760,948	\$757,838	\$719,205	\$735,027	\$727,171	\$781,319	\$ 797,300
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	4.42%	4.86%	5.27%	5.83%	8.03%	8.93%	8.31%	8.38%
Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.*

\*The amounts presented have a measurement date of the previous fiscal year end.

**For Reference Only:** The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 and 131 of the VRS 2024 Comprehensive Annual Financial Report (CAFR).

**LONESOME PINE REGIONAL LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**GROUP LIFE INSURANCE PROGRAM**  
**JUNE 30, 2025**

**Schedule of Employer Contributions**  
**For the Years Ended June 30, 2017 through 2024**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	3,504	3,504	0	745,553	0.47%
2023	4,109	4,109	0	760,948	0.53%
2022	3,615	3,615	0	757,838	0.47%
2021	3,884	3,884	0	719,205	0.54%
2020	3,969	3,969	0	735,028	0.54%
2019	3,798	3,798	0	727,171	0.52%
2018	4,215	4,215	0	781,319	0.42%
2017	4,261	4,261	0	797,300	0.50%

*Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.*

**LONESOME PINE REGIONAL LIBRARY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**GROUP LIFE INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**General State Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Teachers**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**LONESOME PINE REGIONAL LIBRARY**  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
GROUP LIFE INSURANCE PROGRAM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**SPORS Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 7
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**VaLORS Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**JRS Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

**LONESOME PINE REGIONAL LIBRARY**  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
GROUP LIFE INSURANCE PROGRAM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**Largest Ten Locality Employers-General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest Ten Locality Employers-General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**LONESOME PINE REGIONAL LIBRARY**  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
GROUP LIFE INSURANCE PROGRAM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**Largest Ten Locality Employers-Hazardous Duty Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest Ten Locality Employers—Hazardous Duty Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**LARRY D. STURGILL, P. C.**

LARRY D. STURGILL

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MEMBER  
TENNESSEE & VIRGINIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees  
Lonesome Pine Regional Library  
Wise, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities of the Lonesome Pine Regional Library (the Library) and with the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the auditor of public accounts of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated December 10, 2025.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial

The Board of Trustees  
Lonesome Pine Regional Library  
Wise, Virginia 24293  
Page 2

reporting that might be significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Larry D. Sturgill, P.C.  
Wise, Virginia  
December 10, 2025

# LARRY D. STURGILL, P. C.

LARRY D. STURGILL

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## **Independent Auditors' Report on Compliance with Commonwealth Of Virginia Laws, Regulations, Contracts, and Grants**

To the Board of Trustees  
Lonesome Pine Regional Library  
Wise, Virginia

We have audited the accompanying financial statements of the governmental activities, as of and for the year then ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lonesome Pine Regional Library's basic financial statements as listed in the table of contents, and issued our report thereon dated December 10, 2025.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions* (Specifications), issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and Specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the library is the responsibility of the management of the Lonesome Pine Regional Library. As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the library's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with such provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants (as specified in the Specifications, Chapters Two) for which we performed tests of compliance:

### **Code of Virginia**

- Cash and Investments
- Retirement Systems
- Procurement
- Unclaimed Property
- Conflicts of Interest
- Reporting

The Board of Trustees  
Lonesome Pine Regional Library  
Wise, Virginia 24293  
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The results of our tests did not disclose any instances of noncompliance with those requirements which are required to be reported in accordance with the Specifications.

This report is intended solely for the information and use of management, the governing Board of Directors, others within the entity, the Auditor of Public Accounts of the Commonwealth of Virginia, and the applicable state agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Larry D. Sturgill". The signature is written in a cursive style with a large initial "L" and "S".

Larry D. Sturgill, P.C.  
Wise, VA  
December 10, 2025

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