

PAMUNKEY REGIONAL LIBRARY

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

As of and for the Year Ended June 30, 2025

And Report of Independent Auditor



ASSURANCE, TAX & ADVISORY SERVICES

PAMUNKEY REGIONAL LIBRARY

TABLE OF CONTENTS

JUNE 30, 2025

BOARD OF TRUSTEES	1	
REPORT OF INDEPENDENT AUDITOR	2-4	
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)	5-9	
FINANCIAL STATEMENTS		
Statement of Net Position	10	
Statement of Activities.....	11	
Balance Sheet – General Fund.....	12	
Reconciliation of the Balance Sheet of the General Fund to the Statement of Net Position.....	13	
Statement of Revenues, Expenditures, and Changes in Fund Balance of the General Fund	14	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the General Fund to the Statement of Activities.....	15	
Notes to the Financial Statements.....	16-48	
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)		
Budgetary Comparison Schedule – General Fund	49	
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios	50	
Schedule of Employer Contributions - Pension	51	
Schedule of Changes in the Net OPEB Asset and Related Ratios.....	52	
Schedule of Changes in the Net OPEB Liability Health Insurance Credit Program	53	
Schedule of Employer’s Share of the Net OPEB Liability Group Life Insurance Program	54	
Schedule of Employer Contributions – OPEB	55	
Notes to Required Supplementary Information.....	56	
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		57-58

PAMUNKEY REGIONAL LIBRARY

BOARD OF TRUSTEES

JUNE 30, 2025

Barbara P. Young, Chair	Goochland County
Christen R. Schumacher , Vice Chair	Hanover County
Sharon S. Landrum, Secretary	King William County
Barbara B. Slone	Goochland County
Robert J. Johnson	Hanover County
Joseph D. O'Connor	Hanover County
Jody A. McMaster	Hanover County
Vacant	King William County

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Pamunkey Regional Library

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the Pamunkey Regional Library (Library), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Library, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 14 to the financial statements, in fiscal year 2025, the Library adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis and the required supplementary information on pages 5-9 and 49-56, respectively, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025 on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness on the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
October 13, 2025

PAMUNKEY REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

As management of the Pamunkey Regional Library, Hanover, VA (the Library), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Library as of and for the fiscal year ended June 30, 2025. We encourage readers to consider this discussion and analysis in conjunction with the Library's basic financial statements which follow this discussion and analysis.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements which comprise three components:

1. Government-wide financial statements;
2. Fund financial statements; and
3. Notes to the financial statements.

This report also contains supplementary information, required supplementary information and supplemental schedules in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private sector business.

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

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

The government-wide financial statements include only the Pamunkey Regional Library.

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 has one fund which is governmental in nature.

Governmental funds: Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. The government-wide financial statements are prepared on the accrual basis of accounting, whereas the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on a near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements, a reconciliation between the two methods is provided at the succeeding page of the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances. The Library has one governmental fund - the General Fund.

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

Other information: In addition to the basic financial statements and accompanying notes to financial statements, this report also presents certain supplementary information for budgetary comparison and additional information regarding pension and other post-employment benefits.

PAMUNKEY REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Library's financial position improved throughout the course of fiscal year 2025. Net position may serve over time as a useful indicator of a Library's financial position. The Library's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,865,648 as the close of the most recent fiscal year. The following table summarizes the Library's Statements of Net Position:

Summary Statements of Net Position
June 30, 2025 and 2024

	Library Activities		Increase (Decrease)	% Change
	2025	2024		
Current and other assets	\$ 4,120,317	\$ 3,838,609	\$ 281,708	7.3%
Capital assets, net	2,522,086	2,697,563	(175,477)	-6.5%
Total assets	6,642,403	6,536,172	106,231	1.6%
Total deferred outflows of resources	366,980	374,587	(7,607)	-2.0%
Current liabilities	310,747	389,835	(79,088)	-20.3%
Noncurrent liabilities	626,320	745,283	(118,963)	-16.0%
Total liabilities	937,067	1,135,118	(198,051)	-17.4%
Total deferred inflows of resources	206,668	139,363	67,305	48.3%
Net position:				
Net investment in capital assets	2,377,922	2,411,696	(33,774)	-1.4%
Restricted	657,806	651,574	6,232	1.0%
Unrestricted	2,829,920	2,573,008	256,912	10.0%
Total net position	\$ 5,865,648	\$ 5,636,278	\$ 229,370	4.1%

PAMUNKEY REGIONAL LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The Library's Net Position increased by \$329,078 during the current fiscal year. The main reasons for this increase were federal funding above expectations, interest earnings above expectations, and spending on salaries and benefits that was below expectation. The following table summarizes the Library's Statements of Changes in Net Position. This includes a restatement due to the implementation of GASB 101, *Compensated Absences*. More details of the restatement are described in Note 14:

Summary Statements of Changes in Net Position
June 30, 2025 and 2024

	Library Activities		Increase (Decrease)	% Change
	2025	2024		
Revenues:				
Program revenues				
Charges for service	\$ 36,868	\$ 35,946	\$ 922	2.6%
Operating grants and contributions				
Donated administrative services and facilities	692,885	565,096	127,789	22.6%
Federal aid	100,001	7,649	92,352	1207.4%
State aid	713,650	662,633	51,017	7.7%
General revenue				
Operating contributions from local governments	5,097,783	5,071,698	26,085	0.5%
Donations	19,036	300,054	(281,018)	-93.7%
Interest earnings	194,353	147,277	47,076	32.0%
Other	62,027	65,745	(3,718)	-5.7%
Total revenues	6,916,603	6,856,098	60,505	0.9%
Expenses:				
Library operations				
Total expenses	6,587,525	6,360,613	226,912	3.6%
Change in net position	329,078	495,485	(166,407)	-34%
Net Position, beginning, as previously stated	5,636,278	5,140,793	495,485	10%
Restatement for adoption of GASB Statement No. 101	(99,708)	-	(99,708)	-100%
Net position, beginning of year, as restated	5,536,570	5,140,793	395,777	8%
Net Position, ending	\$ 5,865,648	\$ 5,636,278	\$ 229,370	4%

PAMUNKEY REGIONAL LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

The Library's one fund is a governmental fund. The focus of the Library's governmental fund is to provide information on near term inflows, outflows, and balances of available resources. In particular, unassigned fund balance may serve as a useful measure of the Library's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Library's governmental fund reported fund balances of \$3,777,764, an increase of \$354,564 in comparison with the prior year. The contributing factors for growth in fund balance are consistent with those leading to increase in net position in the government-wide financials. The Library's revenues were \$80,296 higher than originally budgeted, the result of donated services and investment income being greater than anticipated. The Library's expenditures were \$274,268 lower than originally budgeted due to savings in personnel costs.

The General Fund ended the fiscal year with fund balances totaling \$3,777,764, of which \$626,000 is restricted, \$164,725 is committed and \$2,454,039 is assigned. \$533,000 of the fund balance is unassigned. Major revenues of the General Fund consist of local government contributions, state aid and donated services. All expenditures are related to public library service, with personnel costs being the largest component.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes in the revenue estimate mainly related to increased funding from increased state aid, increased federal aid, increased anticipated investment earnings, and donations not included in the adopted revenue estimate. Budgeted funding from reserves was also increased during the year to support capital acquisition. Changes in the expenditure budget were mainly related to capital improvement projects not included in the adopted budget. Revenues exceeded the final estimate by \$80,296, mainly as a result of donated administrative services and investment income being higher than anticipated. Funding from reserves was a budgetary item only and represented planned use of reserves to fund operating and capital costs. This funding was not needed as a result of budgetary savings in expenditures. Expenditures were below budget by \$274,268, mainly due to vacancy related savings on salaries and benefits which more than offset donated administrative services and facilities expenditures which exceeded the final budgeted amount. Donated services were budgeted based on prior year experience but exceeded the budget as a result of increased costs in facility maintenance, financial service and legal expenses.

CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets: The Library's investment in capital assets as of June 30, 2025 totaled \$2,522,086 (net of accumulated depreciation and amortization). This investment in capital assets includes the library collection, intangible right-to-use assets, vehicles, furniture and fixtures, equipment, and leasehold improvements. Significant capital asset activities during the year included acquisition of additional materials for the Library's collection, new cargo van, and computer equipment.

Additional information on the Library's capital assets can be found in Note 5 of this report.

Long-term Obligations: At the end of the current fiscal year, the Library had total long-term obligations of \$626,320 comprised of compensated absences as well as lease, pension and net OPEB liabilities. During the current fiscal year, the Library's long-term obligations decreased in total by \$118,963. Compensated absences decreased due to leave payouts to employees. Lease liabilities and subscription arrangements decreased in accordance with the payment of principal.

As of the fiscal year-end, the Library had a lease liability of \$144,164. The Library's net OPEB liability decreased to \$107,796. The Library reports a net pension liability of \$96,634.

Additional information on the Library's long-term obligations can be found in Notes 6, 8, 9, 10, and 11 of this report.

PAMUNKEY REGIONAL LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Library's long-range plan supports budget requests from the local government partners as well as requesting State Aid for Public Libraries grant from the Commonwealth of Virginia. Both local and state government are dependent on the performance of the economy, which continues to experience inflation, unemployment, and supply chain issues.

Wages in the area have continued to be strong, which creates an incentive for the Library to keep its compensation plan competitive. As the Library approaches the end of its term for leased space for shared services, a decision about where to locate space for these services will need to be made.

The fiscal year 2026 budget decreased by approximately 10.61% compared to the adopted budget for fiscal year 2025. This decrease is primarily due to King William County exiting the system effective June 30, 2025. Economic uncertainty exists due to national and international factors, particularly inflationary pressure, a tight labor market, and supply chain disruptions. This uncertainty places pressure on staffing and purchasing. The Library is continuing its monthly revenue reporting and forecasts with an intent to amend the budget as needed.

CURRENTLY KNOWN FACTS, CONDITIONS AND DECISIONS

One member-county of the region, King William County, left the regional library on June 30, 2025.

Additional information on this event can be found in Note 13.

REQUESTS FOR INFORMATION

This financial report is designed to provide interested parties with a general overview of the Library's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Library Director at Pamunkey Regional Library, P. O. Box 119, Hanover, VA 23069.

FINANCIAL STATEMENTS

PAMUNKEY REGIONAL LIBRARY

STATEMENT OF NET POSITION

JUNE 30, 2025

Assets:

Cash, cash equivalents, and investments	\$ 3,462,511
Restricted cash	626,000
Net other postemployment benefits asset	31,806
Capital assets, net of accumulated depreciation and amortization	<u>2,522,086</u>
Total assets	<u>6,642,403</u>

Deferred Outflows of Resources:

Pension related	322,201
Other postemployment benefits related	<u>44,779</u>
Total deferred outflows of resources	<u>366,980</u>

Liabilities:

Accounts payable	124,906
Accrued payroll	159,791
Unearned Revenue	26,050
Noncurrent liabilities	
Due within one year:	
Lease liability	101,004
Compensated absences	171,584
Due in more than one year:	
Lease liability	43,160
Compensated absences	106,142
Net other postemployment benefits liability	107,796
Net pension liability	<u>96,634</u>
Total liabilities	<u>937,067</u>

Deferred Inflows of Resources:

Pension related	175,580
Other postemployment benefits related	<u>31,088</u>
Total deferred inflows of resources	<u>206,668</u>

Net Position:

Net investment in capital assets	2,377,922
Restricted for other postemployment benefits	31,806
Restricted for Atlee and Ashland branches	626,000
Unrestricted	<u>2,829,920</u>
Total net position	<u>\$ 5,865,648</u>

PAMUNKEY REGIONAL LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Program expenses:	
Library operations	\$ 6,587,525
Total program expenses	<u>6,587,525</u>
Program revenues:	
Charges for services	36,868
Operating grants and contributions:	
Donated administrative services and facilities	692,885
Federal aid	100,001
State aid	713,650
Total program revenues	<u>1,543,404</u>
Net program loss	<u>(5,044,121)</u>
General revenues:	
Operating contributions from local governments	5,097,783
Donations	19,036
Interest earnings	194,353
Miscellaneous	62,027
Total general revenues	<u>5,373,199</u>
Change in net position	329,078
Net position, beginning of year, as previously reported	5,636,278
Restatement for adoption of GASB Statement No. 101	<u>(99,708)</u>
Net position, beginning of year, as restated	<u>5,536,570</u>
Net position, end of year	<u><u>\$ 5,865,648</u></u>

PAMUNKEY REGIONAL LIBRARY
BALANCE SHEET – GENERAL FUND
JUNE 30, 2025

Assets

Cash, cash equivalents, and investments	\$ 3,462,511
Restricted cash	626,000
Total assets	<u>\$ 4,088,511</u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$ 124,906
Accrued payroll	159,791
Unearned revenue	26,050
Total liabilities	<u>310,747</u>

Fund balance:

Restricted	
Atlee branch	268,000
Ashland branch	358,000
Committed	
Admin rent	105,000
Books/material purchases	59,725
Assigned	
Future capital projects	2,354,039
Future admin center rent	100,000
Unassigned	533,000
Total fund balance	<u>3,777,764</u>
Total liabilities and fund balance	<u>\$ 4,088,511</u>

PAMUNKEY REGIONAL LIBRARY

RECONCILIATION OF THE BALANCE SHEET OF THE GENERAL FUND TO THE STATEMENT OF NET POSITION

YEAR ENDED JUNE 30, 2025

Ending fund balance – General Fund		\$ 3,777,764
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund.		
Governmental capital assets	\$ 4,850,220	
Less: accumulated depreciation and amortization	<u>(2,328,134)</u>	
Net capital assets		2,522,086
Other long-term assets are not available to pay for current period expenditures and are not reported in governmental funds:		
Net other postemployment benefits asset		31,806
Deferred outflows of resources - pension plan and other postemployment plans represent a consumption of net position that applies to a future period and is not recognized as deferred outflows of resources in the governmental funds.		366,980
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the fund:		
Lease liability	(144,164)	
Net pension liability	(96,634)	
Net other postemployment benefits liability	(107,796)	
Compensated absences	<u>(277,726)</u>	
		(626,320)
Deferred inflows of resources - pension plan and other postemployment plans represent an acquisition of net position that applied to a future period and is not recognized as deferred inflows of resources in the governmental funds.		(206,668)
Net position of governmental activities		<u>\$ 5,865,648</u>

PAMUNKEY REGIONAL LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GENERAL FUND

YEAR ENDED JUNE 30, 2025

Revenues:		
Fines, penalties and fees	\$	36,868
Operating contributions:		
From local governments		5,097,783
Donated administrative services and facilities		692,885
Federal aid		100,001
State aid		713,650
Donations		19,036
Interest earnings		194,353
Miscellaneous		62,027
		<hr/>
Total revenues		6,916,603
		<hr/>
Expenditures:		
Personnel related		3,950,511
Capital outlay		914,310
Donated administrative services and facilities		692,885
Utilities		277,822
Professional services		243,298
Debt service:		
Principal		141,335
Interest		7,416
Operation and program supplies		94,817
Rent		36,543
Books, periodicals and other related materials		89,625
Miscellaneous		113,477
		<hr/>
Total expenditures		6,562,039
		<hr/>
Revenues over expenditures		354,564
		<hr/>
Net change in fund balance		354,564
Fund balance, beginning of year		3,423,200
		<hr/>
Fund balance, end of year	\$	3,777,764
		<hr/>

PAMUNKEY REGIONAL LIBRARY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCE OF THE GENERAL FUND TO STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

Net change in fund balance – total General Fund \$ 354,564

Reconciliation of amounts reported for governmental activities in Statement of Activities:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	\$ 914,310	
Less: depreciation and amortization	<u>(946,834)</u>	
Excess of depreciation and amortization over capital outlays		(32,524)

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.

Disposals of capital assets		(142,953)
-----------------------------	--	-----------

Repayment of long-term liability principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal repayments:		
Subscription liability		39,736
Lease liability		101,599
Removal of lease liability due to early termination		368

Some expenses reported in the Statement of Activities do not require the use of the current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		71,945
Changes in pension assets, liabilities and related deferred outflows and inflows of resources		(72,953)
Changes in OPEB liabilities and related deferred outflows and inflows of resources		<u>9,296</u>
Change in net position		<u>\$ 329,078</u>

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 1—Summary of Significant Accounting Policies

The Pamunkey Regional Library (the “Library”) was organized in 1941 to operate as a regional free library system pursuant to the *Code of Virginia* (the “Code”). The Library provides services to the Counties of Hanover, Goochland, and King William and the Towns of Ashland and West Point under the administration and control of the Board of Trustees (the “Board”). The eight-member Board consists of four citizens from the County of Hanover, Virginia (the “County”) and two citizens from each of the Counties of Goochland and King William. The Board of Supervisors from each county appoints the Library Board trustees to four-year terms. The County is the fiscal agent of the Library. The Library is not a component unit of the County and, therefore, is not reported in the County’s Annual Comprehensive Financial Report as a component unit.

The King William and Town of West Point branches were removed from the Library system and fully exited the Board on June 30, 2025.

Basis of Presentation

Government-Wide Financial Statements – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities, whether short-term or long-term, of the Library. Governmental activities, which are mainly supported by operating contributions received from various counties, are reported on the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers for overdue books and lost books, and (2) Commonwealth of Virginia aid for Library operations. Other items not included among program revenues are reported as general revenues.

Fund Financial Statements – The fund financial statements (balance sheet and statement of revenues, expenditures, and changes in fund balance) of the Library’s governmental fund reports the finances of the Library and generally include only short-term information, the most readily available assets and present due liabilities, and just the resources that flow into and out of the Library during the year and shortly thereafter.

Whereas the government-wide financial statements provide an all-encompassing view of all the Library’s finances, the fund financial statements provide a narrower look at the Library’s current resources as noted above. A reconciliation is provided that explains the reasons that total fund balance in the balance sheet differs from total net position in the government-wide statement of net position. A reconciliation is also provided explaining the differences between the net change in fund balance on the statement of revenues, expenditures, and changes in fund balance and the change in net position on the statement of activities. The differences noted on the reconciliations relate to the fact that the fund financial statements primarily report short-term financial information, whereas the government-wide statements report both short and long-term information.

The Library reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Library used to account for all of the Library’s expendable financial resources and related liabilities.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 1—Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Fund Financial Statements – The General Fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are measurable and available to pay the liabilities of the current period). For this purpose, the Library considers revenue to be available if it is collected within 90 days after the end of the current fiscal period. Fines, penalties, and fees are recorded as revenue when received in cash because they are generally not measurable until actually received. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for compensated absences, which is recognized when the obligation is expected to be liquidated with expendable, available financial resources.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities, deferred inflow of resources, and disclosures of commitments and contingencies at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

Pooled Cash – Cash Equivalents and Investments with fiscal agent – Pooled cash, cash equivalents, and investments are held by the County Treasurer on behalf of the Library. Investments are reported at fair value, based on quoted market prices at year end. As of June 30, 2025, the pooled cash and investments attributed to the Library have been allocated to the Library based upon their respective ownership percentage. Investment earnings and losses and fees are allocated to the Library based upon their respective average monthly equity balance in the pooled account.

Capital Assets – Capital assets, which include vehicles, furniture and fixtures, equipment, the library collection and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets that are an individual unit or a group of like items purchased as a unit with a cost of more than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at cost where historical records are available, and estimated historical cost where no historical cost records exist. Donated assets are recorded at acquisition value at the date of donation. Intangible right-to-use assets are initially measured as the initial amount of the lease or subscription obligation, adjusted for payments made at or before the commencement of the lease or subscription, plus certain indirect costs. There were no impaired assets at year-end.

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

The Library depreciates or amortizes capital assets using the straight-line method over their estimated useful lives as follows:

Assets	Years
Vehicles	5 – 10 years
Furniture and Fixtures	5 – 10 years
Equipment	5 – 10 years
Library Collection	5 years
Leasehold Improvements	3 – 5 years
Intangible Right-to-use Lease Buildings	3 – 5 years
Intangible Right-to-use Lease Equipment	3 – 5 years
Intangible Right-to-use Subscription Assets	3 – 5 years

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 1—Summary of Significant Accounting Policies (continued)

Compensated Absences – Full-time and part-time benefit eligible library employees earn annual and sick leave according to the schedule defined in the Library’s personnel policy. Library policy also defines carryover limitations as well as the compensated payout for unused annual and sick leave upon separation, retirement, or death. Employees also earn floating holiday and family sick leave on an annual basis as defined in the Library’s personnel policy, with amounts not used by December 31st being forfeited. The Library calculates the accrued eligible for payout and estimated future leave usage as of June 30 of the reporting year and reports it as a liability. A summary of the changes in this liability are presented in Note 6.

Pension Plan – The Library participates in the Virginia Retirement System (“VRS”) Political Subdivision Retirement Plan, an agent multiple-employer plan, administered by the VRS. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the VRS agent multiple-employers, and the additions to/deductions from the VRS agent multiple-employer net fiduciary position, have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Retiree Medical Benefits Plan and Trust – The Library participates in the Hanover County Retiree Medical Benefits Plan, a multiple-employer defined benefit plan and related Trust to provide health insurance benefits to the employees and retired employees of the County and other participating employers including the Hanover County School Board, the Pamunkey Regional Library, and the Pamunkey Regional Jail. The Hanover County Finance Board was established pursuant to Code Section 15.2-1547 and is responsible for the oversight of the Hanover Retiree Medical Benefits Trust, established pursuant to Code Section 15.2-1544, which provides the authority under which benefit terms are established or may be amended. The Library’s portion of the related Medical Trust OPEB asset, deferred outflows or resources and deferred inflows of resources related to the Medical Trust OPEB Plan, and Medical Trust OPEB expense have been measured and reported in accordance with U.S. GAAP as prepared by Hanover County’s external actuary. Additionally, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Health Insurance Credit program – The Library participates in the VRS Health Insurance Credit (HIC) program. The Political Subdivision HIC Program is an agent multiple-employer defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §51.1-508 of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program OPEB; and the Political Subdivision HIC Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program; and the additions to/deductions from the VRS Political Subdivision HIC’s net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 1—Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until then. The Library has several items that qualify for reporting in this category. The items relate to the pension plan and the other postemployment benefits (OPEB) plans. See Notes 8, 9, 10 and 11 for details regarding these items. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Several types of items qualify for reporting in this category. The items relate to the pension plan and the OPEB plans. See Notes 8, 9, 10 and 11 for details regarding these items.

Leases - The Library is a lessee for noncancellable leases of buildings and equipment. The Library recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the statement of net position. The Library recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of the lease, the Library initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the Library determines (1) the discount rate is used to discount the expected lease payments to present value, (2) lease terms, and (3) lease payments.

- The Library uses the interest rate charged by the lessor as the discount rate. When interest rate charged by the lessor is not provided, the Library uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Library is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-based information technology arrangements (SBITAs) - For new or modified contracts, the Library determines whether the contract is a SBITA. If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Library records a subscription asset and subscription obligation which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Library will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

The Library will recognize a subscription liability and subscription asset on the Statement of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 1—Summary of Significant Accounting Policies (continued)

Subscription-based information technology arrangements (SBITAs)(continued) - At the commencement of a SBITA, the Library measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

Net Position and Fund Balance

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling action taken by the Library Board of Trustees or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the General Fund financial statements, governmental funds report classifications of fund balance as follows:

- *Nonspendable Fund Balance* – amounts that are not in spendable form or are required to be maintained intact;
- *Restricted Fund Balance* – amounts constrained to specific purposes by their providers (such as grantors, creditors, or laws and regulations of other governments), or by law through constitutional provisions, or by enabling legislation;
- *Committed Fund Balance* – amounts that can only be used for specific purposes imposed by majority vote resolution of the Library Board. The Library Board is the highest level of decision-making authority that can, by adoption of majority vote, prior to the end of the fiscal year, commit fund balance. Once voted, the limitation imposed by the vote remains in place until a similar action is taken (another adoption by majority vote) to remove or revise the limitation;
- *Assigned Fund Balance* – amounts constrained by the Library Boards' intent but are neither restricted or committed; and
- *Unassigned Fund Balance* – residual balance of the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 2—Stewardship, Compliance, and Accountability

The following procedures are used by the Library in establishing its budget:

- 1) The Director of the Library prepares the overall proposed annual operating budget, which includes local appropriations from each county.
- 2) The Board of the Library approves the proposed annual operating budget and authorizes all operating expenditures and appropriates funds through the adoption of the budget.
- 3) The budget for the General Fund is adopted on a basis consistent with U.S. GAAP.
- 4) Budget amendments may occur throughout the fiscal year to address operational needs or funding changes, subject to approval by the Library Board of Trustees.

Note 3—Regional Library Agreement among the Counties of Hanover, Goochland, and King William

Each county agrees that it will make a yearly appropriation of funds to the Library in at least the amount necessary to meet the minimum requirements for the Commonwealth of Virginia grants-in-aid. Appropriations are made in proportion to the population of each respective county. Effective June 30, 2025, King William County exited the Regional Library system and will no longer make yearly appropriation of funds.

Note 4—Pooled Cash, Cash Equivalents and Investments with Fiscal Agent

Hanover County acts as a fiscal agent for the Library. Accordingly, the Library follows the deposit and investment guidelines of the County. As of June 30, 2025, the Library's carrying value of deposits and investments as part of the County pooled cash and investments was \$4,088,511.

All cash of the Library's funds are maintained by the County in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the Federal Deposit Insurance Corporation must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Pooled Investments are in accordance with Section 2.2-4500 of the *Code of Virginia* and other applicable law and regulations. The County's investment policy (the "Policy") permits investments in obligations of the United States or agencies thereof; held directly, by collateralized repurchase agreement, or in mutual funds registered under the Investment Company Act of 1940, whose portfolios are restricted to U.S. and U.S. agency obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (the World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, certain corporate notes, bankers' acceptances, and repurchase agreements, savings accounts or time deposits in approved banks or savings institutions within the Commonwealth, and the Commonwealth of Virginia Treasurer's Local Government Investment Pool, (the LGIP, a 2a-7 like pool). The County Policy establishes limitations on the holding of non-US Government obligations by type of instrument.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 4—Pooled Cash, Cash Equivalents and Investments with Fiscal Agent (continued)

The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each type of security is as follows:

Money Market mutual funds	75% maximum
Repurchase agreements	50% maximum
Negotiable certificates of deposits/bank notes	25% maximum
Corporate notes	25% maximum
Bankers' acceptance	25% maximum
Commercial paper	25% maximum
State bonds, notes and other evidences of indebtedness	20% maximum
County, town, city, district, authority or other public body bonds, notes and other evidences of indebtedness	20% maximum

The following tables present the credit rating for the pooled cash and cash equivalents and investments with fiscal agent at fair value at June 30, 2025:

Investment Type	Investment Rating									
	Not Rated	AAA	AA	AA+	AA-	A-1	A-1+	A-1	A+	
Cash deposits	\$ 356,029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Money market mutual funds	-	63,395	-	-	-	-	-	-	-	-
U.S. Government and agency bonds	-	16,226	-	1,966,271	-	-	-	-	-	-
Corporate notes and bonds	-	10,022	42,219	9,807	196,342	-	-	99,206	30,497	-
Commercial Paper	-	-	-	-	-	-	191,704	-	-	-
Certificates of deposit	-	-	-	-	-	5,167	166,022	15,510	-	-
LGIP Funds	-	865,295	-	-	-	-	-	-	-	-
Municipal Bonds	-	3,542	9,749	12,583	28,925	-	-	-	-	-
Total pooled deposits and investments	\$ 356,029	\$ 958,480	\$ 51,968	\$ 1,988,661	\$ 225,267	\$ 5,167	\$ 357,726	\$ 114,716	\$ 30,497	

The following tables present the maturities for the pooled cash and cash equivalents and investments with fiscal agent at fair value at June 30, 2025:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 3	More than 3
Pooled Investments:				
Cash deposits	\$ 356,029	\$ 356,029	\$ -	\$ -
Certificates of deposit	186,699	171,189	15,510	-
Money market mutual funds	63,395	63,395	-	-
U.S. Government and agency bonds	1,982,498	491,762	1,485,018	5,718
Corporate notes and bonds	388,092	6,145	381,947	-
Municipal Bonds	54,799	25,656	29,143	-
Commercial Paper	191,704	191,704	-	-
LGIP Funds	865,295	865,295	-	-
Total pooled deposits and investments	\$ 4,088,511	\$ 2,171,175	\$ 1,911,618	\$ 5,718

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 4—Pooled Cash, Cash Equivalents and Investments with Fiscal Agent (continued)

The following table presents pooled cash, cash equivalents, and investments with fiscal agent at fair value on a recurring basis in accordance with GAAP at June 30, 2025:

	Fair Value	Level 1	Level 2	Level 3
Investments in pooled funds	\$ 2,617,093	\$ 1,739,743	\$ 877,350	\$ -
Total	2,617,093	\$ 1,739,743	\$ 877,350	\$ -
Cash equivalents and short-term investments measured at the amortized costs:				
Cash and cash equivalents in pooled funds	356,029			
Money Market Fund	63,395			
Certificates of Deposit	186,699			
LGIP	865,295			
Total investments measured at the amortized costs	1,471,418			
Total	\$ 4,088,511			

Interest Rate Risk – As a means of limiting exposure to fair value losses arising from interest rates, the County’s pooled investment portfolio precedes or coincides with the expected need of funds. The County’s policy also limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase, except proceeds from the sale of bonds, which must be invested in compliance with the specific requirement of bond covenants, and may be invested in securities with longer maturities.

Credit Risk – As required by the State statute, the County’s Policy requires that commercial paper have a short-term debt rating of no less than A-1 (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s and Fitch Ratings, and that its maturity may not exceed 270 days and the issuing corporation, or its guarantor must have a net worth of at least \$50 million and the issuer’s net income must average \$3 million for the five previous years

Corporate notes must have a rating of at least “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service. The final maturity shall not exceed a period of 5 years from the time of purchase. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service. Negotiable Certificates of Deposit and Bank Deposit Notes maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investor Service. Notes having a maturity of greater than one year must be rated “AA” by Standard & Poor’s and “Aa” by Moody’s Investor Service. The County’s pooled debt investments as of June 30, 2025 were rated by Standard & Poor’s and/or an equivalent nationally recognized statistical rating organization. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as not applicable (N/A) in the credit rating column, and those that are not rated are designated as N/R.

Concentration of Credit Risk – The County Policy has limitations on the pooled investment portfolio composition by issuer in order to control concentration of credit risk. No more than five percent of the pooled investment portfolio will be invested in the securities of any single issuer with the following exceptions:

US Treasury	100% maximum
LGIP	100% maximum
Money Market mutual funds	50% maximum
Each Federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 4—Pooled Cash, Cash Equivalents and Investments with Fiscal Agent (continued)

Custodial Credit Risk – Deposits: For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The County's deposits at June 30, 2025 were fully insured under the Virginia Security for Public Deposits Act and are therefore not considered to be subject to custodial credit risk.

Custodial Credit Risk – Investments: For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's policy requires that all investment securities purchased for the County be held by the County or by the County's designated custodian. If held by a custodian, the securities must be in the County's or the custodian's nominee name and identifiable on the custodian's books as belonging to the County and the custodian must be a third-party, not a counterparty to the investment transaction.

As of June 30, 2025, all of the County's pooled investments were held by the trust department of the County's custodial bank in the County's name.

Note 5—Capital Assets

Capital asset activities for the year ended June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Vehicles	\$ 83,807	\$ 47,803	\$ (18,386)	\$ 113,224
Furniture and fixtures	189,645	40,023	(23,230)	206,438
Equipment	185,625	83,184	-	268,809
Library collection	3,536,154	743,300	(851,602)	3,427,852
Intangible right-to-use assets-equipment	44,966	-	(8,620)	36,346
Intangible right-to-use assets-buildings	440,773	-	-	440,773
Intangible right-to-use subscription assets-equipment	115,037	-	-	115,037
Leasehold improvements	241,741	-	-	241,741
Total capital assets being depreciated and amortized	<u>4,837,748</u>	<u>914,310</u>	<u>(901,838)</u>	<u>4,850,220</u>
Less accumulated depreciation and amortization for:				
Vehicles	(83,807)	(2,390)	18,386	(67,811)
Furniture and fixtures	(138,189)	(19,836)	23,230	(134,795)
Equipment	(122,480)	(39,952)	-	(162,432)
Library collection	(1,352,240)	(707,231)	708,995	(1,350,476)
Intangible right-to-use assets-equipment	(29,393)	(10,200)	8,274	(31,319)
Intangible right-to-use assets-buildings	(227,733)	(88,155)	-	(315,888)
Intangible right-to-use subscription assets-equipment	(61,444)	(30,722)	-	(92,166)
Leasehold improvements	(124,899)	(48,348)	-	(173,247)
Total accumulated depreciation and amortization	<u>(2,140,185)</u>	<u>(946,834)</u>	<u>758,885</u>	<u>(2,328,134)</u>
Total capital assets, net	<u>\$ 2,697,563</u>	<u>\$ (32,524)</u>	<u>\$ (142,953)</u>	<u>\$ 2,522,086</u>

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 6—Long-term Obligations

	(As Restated)				
	Beginning Balance			Ending Balance	Due Within
	June 30, 2024	Increases	Decreases*	June 30, 2025	One Year
Compensated absences payable	\$ 349,671	\$ -	\$ (71,945)	\$ 277,726	\$ 171,584
Lease liability	246,131	-	(101,967)	144,164	101,004
Subscription liability	39,736	-	(39,736)	-	-
Long-term liabilities	<u>\$ 635,538</u>	<u>\$ -</u>	<u>\$ (213,648)</u>	<u>\$ 421,890</u>	<u>\$ 272,588</u>

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

Lease Obligations – The Library leases assets from a number of vendors, including leases for office space and office equipment. The leases for office equipment are typically five years. The duration of office space is for five years. Amounts are paid on a monthly basis ranging from \$738 to \$7,956 with no variable components noted. Additionally, there are no residual terms or guarantees. The lease assets are presented as intangible right-to-use assets on the Statement of Net Position and in the footnote 5 for Capital Assets. As of June 30, 2025, the total balance of the lease liability is \$144,164. The value of the intangible right-to-use assets as of the end of the current fiscal year were \$477,119 with accumulated amortization of \$347,207. As stated rates were unavailable in the lease agreements, the discount rate used to determine the liability amount was the Library’s incremental borrowing rate of 3.50%.

The principal and interest maturities on these lease obligations at June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2026	\$ 101,004	\$ 3,192	\$ 104,196
2027	43,160	355	43,515
Total	<u>\$ 144,164</u>	<u>\$ 3,547</u>	<u>\$ 147,711</u>

Subscription Obligations – During fiscal year 2023, the Library entered into a subscription agreement to use a collection management software from SirsiDynix. The subscription agreement ended in fiscal year 2025. Amounts were paid on an annual basis ranging from \$39,880 to \$40,640 with no variable components noted. Additionally, there were no residual terms or guarantees. Subscription assets are presented as intangible right-to-use assets on the Statement of Net Position and in the footnote 5 for Capital Assets. As of June 30, 2025, the total value of the subscription liability is \$0. The value of the intangible right-to-use asset as of the end of the current fiscal year was \$115,037 with accumulated amortization of \$92,166. As stated rates were unavailable in the subscription agreements, the discount rate used to determine the liability amount was the Library’s incremental borrowing rate of 2.275%.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 7—Donated Administrative Services and Facilities

In addition to the yearly appropriation of funds described in Note 3, the Counties of Goochland and Hanover, and the Town of West Point provide certain branch libraries with free utility services, library space, and building improvements. Hanover County also provides certain free general government administrative and accounting services relating to payroll recordkeeping for the Library. The value of such contributions from Hanover County amounted to \$626,936 for the year ended June 30, 2025. The County of Goochland and the Town of West Point, collectively contributed \$65,949 for the year ended June 30, 2025.

Note 8—Defined Benefit Pension Plan – Virginia Retirement System (VRS)

Plan Description – All full-time, salaried permanent employees of the Political Subdivision are automatically covered a 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 pay contributions to the 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.

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 available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

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:

	Library Employees
Inactive members or their beneficiaries	
currently receiving benefits	20
Inactive members:	
Vested inactive members	5
Non-vested inactive members	9
Inactive members active elsewhere in VRS	8
Active members:	29
Total covered employees	71

Contributions – The contribution requirement for active employees is governed by Title 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 employer contribution rate for the year ended June 30, 2025 was 6.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 8—Defined Benefit Pension Plan – Virginia Retirement System (VRS) (continued)

Contributions to the pension plan from the Library were \$107,228 and \$110,603 for the years ended June 30, 2025 and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$9,436 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$17,483 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$943,596 for the year ended June 30, 2025.

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

Actuarial Assumptions – The total pension liability for General Employees in the Political Subdivision’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 2.50%
- Salary increases, including inflation:
 General employees 3.50% - 5.35%
- Investment rate of return 6.75%, net of pension plan investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

- Mortality Rates 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 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 Rate 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.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 8—Defined Benefit Pension Plan – Virginia Retirement System (VRS) (continued)

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.
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

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 as 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%	2.14%
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 - Private Investment Partnership	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%)
	<u>100.00%</u>		<u>7.07%</u>
	**Expected arithmetic normal return		<u>7.07%</u>

* The above allocation provides a one-year expected 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. The 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 was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at this time, providing a median return of 7.14%, including expected inflation of 2.50%.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 8—Defined Benefit Pension Plan – Virginia Retirement System (VRS) (continued)

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. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension 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 (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 6,398,614	\$ 6,311,004	\$ 87,610
Changes for the year:			
Service cost	157,992	-	157,992
Interest	431,114	-	431,114
Differences between expected and actual experience	214,813	-	214,813
Contributions - employer	-	110,603	(110,603)
Contributions - employee	-	79,901	(79,901)
Net investment income	-	608,386	(608,386)
Benefit payments, including refunds of employee contributions	(339,454)	(339,454)	-
Administrative expenses	-	(4,118)	4,118
Other changes	-	123	(123)
Net changes	464,465	455,441	9,024
Balances at June 30, 2024	\$ 6,863,079	\$ 6,766,445	\$ 96,634

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Library using the discount rate of 6.75%, as well as what the Library’s net pension liability (asset) would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current rate:

	1% Decrease	Current	1% Increase
	(5.75%)	Discount Rate (6.75%)	(7.75%)
Library Employees			
Net Pension Liability (Asset)	\$ 906,960	\$ 96,634	\$ (582,784)

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 8—Defined Benefit Pension Plan – Virginia Retirement System (VRS) (concluded)

Pension Expense, 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 \$180,181. 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	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 214,973	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(175,580)
Employer contributions subsequent to the measurement date	107,228	-
Total	\$ 322,201	\$ (175,580)

The \$107,228 reported as deferred outflows of resources related to pensions resulting from the Library’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ (17,203)
2027	126,943
2028	(32,836)
2029	(37,511)
Total	<u>\$ 39,393</u>

Pension Plan Data – Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/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.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 9—County Retiree Medical Benefits Plan

The Library provides for optional participation by eligible retirees and their eligible spouses and dependents in the medical and prescription drug healthcare benefit program available to employees. The County has established the County Retiree Medical Benefits Plan (the “Plan”), an agent multiple-employer defined benefit healthcare plan, and the Retiree Medical Benefits Trust Agreement (“Trust”), which are administered as one plan for the County and its affiliates (collectively, Employers). The Library accounts for and reports its participation in the Plan by applying the requirements for a cost-sharing multiple-employer plan. The Plan covers eligible retirees of the Library. The Trust provides the funding mechanism for the postemployment healthcare benefits established by the Plan. The “Code” assigns the authority to administer the Plan, and to establish and amend the benefit provisions of the Plan, to the Hanover County Board of Supervisors (the “Board”). The Plan provides for biennial reviews of benefit provisions based on actuarial analysis, but does not require any automatic or ad hoc benefit increases, although the Board may amend or terminate the Plan at any time. The Trust’s accumulated assets may legally be used to pay all plan benefits provided to any of the plan’s members or beneficiaries.

The Trust is considered part of the County’s financial reporting entity and is included in County’s financial statements as an Other Postemployment Benefits Trust Fund. The Library is required to make periodic contributions to fund its share of the plan based on periodic actuarial analysis of its future obligations. A copy of Hanover County’s Annual Comprehensive Financial Report may be downloaded from the following website, <https://www.hanovercounty.gov/283/Comprehensive-Annual-Financial-Report>.

The Plan provides that the employers will provide certain subsidies toward the cost of the health benefit coverage of eligible retirees, spouses and dependents. In order to participate in the Plan, retirees must be enrolled in the health insurance program available to Library employees at date of separation. In addition, participants must meet the VRS retirement age and service retirement requirements and, if hired after September 30, 2007, must have five years of service with an Employer, or retire pursuant to the disability requirements of Social Security or the VRS. The amount of monthly subsidy provided by the Plan is based on years of service and, as of January 1, 2024, ranged from \$110 per month for employees with 10 but less than 15 years of service to \$220 per month for 20 or more years of service. The subsidy for a retiree’s spouse and dependents is equal to that of the retiree, with a limit of three subsidies per retiree. Effective for those who retire July 1, 2015 or later, there shall not be a subsidy for their spouses or dependents. Retirees hired prior to October 1, 2007 have no years of service requirement, but must meet all other requirements for participation. In addition, retirees hired prior to October 1, 2007 who have at least 10 years of service with an Employer, and whose age and years of service equal at least 60 (grandfathered employees), will receive an initial subsidy of \$280 per month. For employees retiring after September 30, 2008, subsidies will end with Medicare eligibility. Any plan participants currently in the Plan over age 65 must be enrolled in Medicare as primary insurer effective July 1, 2015. Additionally, any grandfathered retirees who are not yet age 65 must enroll in Medicare as primary insurer once they have met the Medicare eligibility requirements.

Retirees under the Plan may select from the health care plans offered to active employees and pay the health insurance premium rate established annually based on biennial actuarial analysis of the claims cost of the retiree group, net of the applicable subsidy established by the Plan. Depending upon the health care plan selected, the net retiree premium amounts range from \$578 to \$1,512 per month for those electing retiree-only coverage, and from \$2,202 to \$4,537 per month for family coverage. Cost of administering the Plan are borne by the Trust or by the Employers.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 9—County Retiree Medical Benefits Plan (continued)

Investments – The OPEB Board has determined that to achieve the greatest likelihood of meeting the applicable investment objectives, the Trust should allocate assets in two broad classes: Investment assets to be invested to achieve the annual rate of return equal to the Trust's actuarial discount rate with target allocations comprised of 42% in Domestic Equity, 23% in International Equity, and 35% in Fixed Income Investments and Liquidity Assets to be held solely in cash equivalent investments and used to pay for benefits and expenses of the Trust.

Rate of Return – For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was a gain of 12.34%. The return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

In the January 1, 2024 actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions include a 6.5% annual investment rate of return (net of administrative expenses) and payroll increase assumption of 2.5%. The liability is being amortized as a level percentage of projected payroll on a closed basis over fourteen years.

Mortality rates were as follows: For all healthy retirees and covered spouses, the SOA Pub-2010 General Retirees Headcount-Weighted Mortality Table, projected on a fully generational basis with mortality improvement scale MP-2021. For general disabled employees, the assumptions were based on the SOA Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Table. For disabled public safety retirees, the assumptions were based on the SOA Pub-2010 Public Safety Disabled Retirees Headcount-Weighted Mortality Table. For all disabled retirees, the projections were on a fully generational basis with mortality improvement scale MP-2021.

The assumed inflation rate is 2.5%. The long-term expected rate of return of OPEB plan investments net of inflation is 5.05% on Domestic Equities, 4.56% on International Developed Equities, 4.93% on International Emergency Markets Equities, and 2.20% on Core Fixed.

The discount rate used to measure the total OPEB liability was 6.50%. This is the expected rate of return on trust assets.

Long-term Medical Trend – As Plan funding is used subsidize premium rates, the OPEB Plan liability is not affected by changes in the Long-Term Medical Trend.

The Plan is a cost sharing plan. GAAP requires cost sharing plans allocate liabilities and assets between employers based on the employer's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort all employers and all non-employer contributing entities to determine the employer's proportion.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 9—County Retiree Medical Benefits Plan (continued)

Benefits Provided – The Plan funds subsidy amounts from participating eligible retirees and their dependents. The amounts vary based on retirement date and years of service as outlined.

Contributions – The Code permits the Board to make appropriations to fund the Trust and to enter into agreement with its Affiliates to participate in and contribute to the Trust. Contributions to the Trust are irrevocable; however, continued participation in the Plan is voluntary, and any Employer may individually terminate future participation in the Plan. Retiree medical activity is processed through the self- insurance fund on a pay-go basis. Each year the Trust Board determines whether there should be any withdrawals or contributions made to the Trust.

Funding Policy – The Board has adopted a resolution under which the Employers will contribute funds to the Trust periodically, as determined appropriate, based on periodic actuarial analysis of the future obligations of the Employers.

Net Postemployment Healthcare Plan and Other Postemployment Benefits (OPEB) Asset – At June 30, 2025, the Library reported a net OPEB asset of \$31,806. The net OPEB asset was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation performed as of January 1, 2024.

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset) (a) - (b)
Balances at June 30, 2023	\$ 20,952	\$ 46,526	\$ (25,574)
Changes for the year:			
Service cost	797	-	797
Interest	1,332	-	1,332
Experience losses (gains)	(356)	-	(356)
Employer Trust contributions	-	1,453	(1,453)
Changes in proportionate share	308	684	(376)
Net investment income	-	6,176	(6,176)
Benefit payments	(1,453)	(1,453)	-
Net changes	628	6,860	(6,232)
Balances at June 30, 2024	\$ 21,580	\$ 53,386	\$ (31,806)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate – The following presents the net OPEB asset of the Library at June 30, 2025 using the discount rate of 6.5%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Library Employees Net OPEB Asset	\$ (30,516)	\$ (31,806)	\$ (33,023)

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 9—County Retiree Medical Benefits Plan (concluded)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends Rate - The following table presents the plan's Net OPEB Liability and the effects of using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the medical trend rate of 0%:

	1% Decrease (-1.00%)	Medical Trend (0.00%)	1% Increase (1.00%)
Library Employees			
Net OPEB Asset	\$ (53,386)	\$ (31,806)	\$ (53,386)

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

For the year ended June 30, 2025, the Library recognized OPEB expense of \$4,134. At June 30, 2025, the Library reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 148	\$ (6,731)
Net difference between projected and actual earnings on pension plan investments	-	(833)
Changes in assumptions	216	(1,725)
Change in proportion	176	(1,899)
Employer contributions subsequent to the measurement date	2,200	-
Total	<u>\$ 2,740</u>	<u>\$ (11,188)</u>

The \$2,200 reported as deferred outflows of resources related to the retiree medical benefits plan OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as an adjustment to the net retiree medical benefits plan OPEB asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the retiree medical benefits plan OPEB will be recognized in the retiree medical benefits plan OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ (3,220)
2027	(1,170)
2028	(3,402)
2029	(2,715)
2030	(57)
Thereafter	(84)
Total	<u>\$ (10,648)</u>

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2025

Note 10—Health Insurance Credit Program – VRS

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death. The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit:</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p>Benefit Amounts The Political Subdivision Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <i>At Retirement:</i> For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <i>Disability Retirement:</i> For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 10—Health Insurance Credit Program – VRS (continued)

Employees Covered by Benefit Terms – As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Library Employees</u>
Inactive members or their beneficiaries currently receiving benefits	9
Inactive members:	
Vested inactive members	-
Inactive members active elsewhere in VRS	3
Active members:	<u>29</u>
Total covered employees	<u><u>41</u></u>

Contributions – The contribution requirement for active employees is governed by Title 51.1-1402(E) 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. The Library’s contractually required employer contribution rate for the year ended June 30, 2025 was 0.30 % 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 was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Library to the Political Subdivision HIC program were \$4,995 and \$5,340 for the years ended June 30, 2025 and 2024, respectively.

Net HIC OPEB Liability – At June 30, 2025, the Library reported a net HIC OPEB liability of \$30,463. The net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions – The total HIC 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 2.50%
- Salary increases, including inflation:
 - General employees 3.50% - 5.35%
- Investment rate of return 6.75%, net of OPEB plan investment expenses, including inflation

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 10—Health Insurance Credit Program – VRS (continued)

Mortality Rates – Non-Largest Ten Locality Employers - General Employees

- **Mortality Rates** 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 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 Rate 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:

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

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 10—Health Insurance Credit Program – VRS (continued)

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 as 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%	2.14%
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 - Private Investment Partnership	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%)
	<u>100.00%</u>		<u>7.07%</u>
		**Expected arithmetic normal return	<u>7.07%</u>

* The above allocation provides a one-year expected 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 was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate – The discount rate used to measure the total HIC 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 at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the Library for the HIC OPEB was 100% of actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 10—Health Insurance Credit Program – VRS (continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 52,824	\$ 18,291	\$ 34,533
Changes for the year:			
Service cost	946	-	946
Interest	3,514	-	3,514
Difference between expected and actual experience	(1,398)	-	(1,398)
Contributions - employer	-	5,340	(5,340)
Net investment income	-	1,818	(1,818)
Benefit payments	(3,422)	(3,422)	-
Administrative expenses	-	(27)	27
Other changes	-	1	(1)
Net changes	(360)	3,710	(4,070)
Balances at June 30, 2024	\$ 52,464	\$ 22,001	\$ 30,463

Sensitivity of the Net HIC OPEB Liability to Changes in the Discount Rate – The following presents the Library’s HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the net HIC OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Library Employees Net HIC OPEB Liability	\$ 35,915	\$ 30,463	\$ 25,815

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 10—Health Insurance Credit Program – VRS (concluded)

HIC OPEB Liabilities, HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIC Insurance Program OPEB

For the year ended June 30, 2025, the Library recognized HIC Program OPEB expense of \$5,359. At June 30, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,301	\$ (2,336)
Net difference between projected and actual earnings on pension plan investments	-	(415)
Change in assumptions	156	(1,030)
Employer contributions subsequent to the measurement date	4,995	-
Total	\$ 13,452	\$ (3,781)

The \$4,995 reported as deferred outflows of resources related to the HIC OPEB resulting from the Library’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC 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 HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2026	\$ 1,862
2027	1,892
2028	1,355
2029	(370)
2030	(63)
Total	\$ 4,676

Health Insurance Credit Program Plan Data – Detailed information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://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.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 11—Group Life Insurance Program – VRS

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 GLI Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB 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 GLI Program OPEB.

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI 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"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board <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 accumulated retirement member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"> • <i>Natural Death Benefit:</i> The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • <i>Accidental Death Benefit:</i> The accidental death benefit is double the natural death benefit. • <i>Other Benefit Provisions:</i> 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"> ◦ Accidental dismemberment benefit ◦ Seatbelt benefit ◦ Repatriation benefit ◦ Felonious assault benefit ◦ Accelerated death benefit option

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 11—Group Life Insurance Program – VRS (continued)

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the GLI 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.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI 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 the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §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 GLI as June 30, 2025 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, which the Library does; however, the employer must pay all of 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. The Library has elected to pay the entire rate for the year ended June 30, 2025. The employer component of contributions to the GLI Program from the Library were \$7,825 and \$9,541 for the years ended June 30, 2025 and 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 Library reported a liability of \$77,333 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 performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI 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 0.00693% as compared to 0.00728% at June 30, 2023.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 11—Group Life Insurance Program – VRS (continued)

For the year ended June 30, 2025, the Library recognized GLI OPEB expense of \$4,224. 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.

At June 30, 2025, 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	\$ 12,197	\$ (1,889)
Net difference between projected and actual earnings on GLI OPEB investments	-	(6,518)
Changes of assumptions	441	(3,832)
Change in proportion	8,124	(3,880)
Employer contributions subsequent to the measurement date	7,825	-
	<hr/>	<hr/>
Total	<u>\$ 28,587</u>	<u>\$ (16,119)</u>

The \$7,825 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:

Year Ending June 30,	Amount
2026	\$ (925)
2027	4,140
2028	272
2029	592
2030	564
Total	<u>\$ 4,643</u>

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 2.50%
- Salary increases, including inflation:
 General employees 3.50% - 5.35%
- Investment rate of return 6.75%, net of OPEB plan investment expenses, including inflation

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 11—Group Life Insurance Program – VRS (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 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 Rate 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 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
Discount Rate	No change

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 11—Group Life Insurance Program – VRS (continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the system’s total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net Liability	<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. 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.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 11—Group Life Insurance Program – VRS (continued)

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%	2.14%
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 - Private Investment Partnership	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%)
	<u>100.00%</u>		<u>7.07%</u>
	**Expected arithmetic normal return		<u>7.07%</u>

* The above allocation provides a one-year expected 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 was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at the 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 member contributions will be made per the VRS guidance 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. Through the fiscal year ending June 30, 2024, the rate contributed by the Library 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 actuarially determined contribution rate. From July 1, 2024 on, employers are assumed 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.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 11—Group Life Insurance Program – VRS (concluded)

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%)	Discount Rate (6.75%)	1% Increase (7.75%)
Library Employees Net GLI OPEB Liability	\$ 120,263	\$ 77,333	\$ 42,652

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://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.

Note 12—Pending GASB Statements

At June 30, 2025, the GASB had issued statements not yet implemented by the Library. The statements which might impact the Library are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Statement 103 will be effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. Statement No. 104 will be effective for fiscal years beginning after June 15, 2025.

Management has not determined the effect these new Statements may have on prospective financial statements.

PAMUNKEY REGIONAL LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

Note 13—Subsequent Events

On July 8, 2024, the King William County Board of Supervisors approved a motion directing the County Administrator to notify the Pamunkey Regional Library Board of Trustees of King William County’s intent to withdraw from the regional library system effective July 1, 2025. The motion also included a request to Hanover and Goochland counties to waive the two-year opt-out clause in the membership agreement.

On September 23, 2024, the King William Board of Supervisors rescinded the July 8 motion. However, on February 10, 2025, the Board voted again to withdraw from the Pamunkey Regional Library System, and Hanover and Goochland counties agreed to waive the two-year notice requirement. King William County officially withdrew from the system effective June 30, 2025.

The withdrawal will affect both revenues and expenditures in future fiscal years and will reduce the number of Pamunkey Regional Library branches from nine to seven.

Note 14—Change in Accounting Principle

In fiscal year 2025, the Library implemented GASB Statement No. 101, *Compensated Absences*, as a change in accounting principle. Statement No. 101 requires recognizing a liability for compensated absences, including certain amounts not previously accrued, and related salary-based payments. The standard has been applied retroactively, resulting in a restatement of beginning net position as of July 1, 2024 as shown below.

	<u>Government-wide</u>
Net position, as previously reported	\$ 5,636,278
Implementation GASB Statement No. 101, <i>Compensated Absences</i>	<u>(99,708)</u>
Net position, as restated	<u>\$ 5,536,570</u>

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

PAMUNKEY REGIONAL LIBRARY

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (UNAUDITED)

YEAR ENDED JUNE 30, 2025

	Budgeted amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Fines, penalties and fees	\$ 22,300	\$ 22,300	\$ 36,868	\$ 14,568
Operating contributions:				
From local governments	5,097,783	5,097,783	5,097,783	-
Donated administrative services and facilities	-	565,096	692,885	127,789
Federal aid	-	100,001	100,001	-
State aid	648,025	713,650	713,650	-
Donations	7,000	7,000	19,036	12,036
Interest earnings	20,000	90,000	194,353	104,353
Miscellaneous	59,133	59,133	62,027	2,894
Funding from reserves	105,000	181,344	-	(181,344)
Total revenues	5,959,241	6,836,307	6,916,603	80,296
Expenditures:				
Library services:				
Personnel related	4,342,911	4,342,911	3,950,511	392,400
Books, periodicals and other related materials	30,000	30,000	89,625	(59,625)
Donated administrative services and facilities	-	565,096	692,885	(127,789)
Capital outlay	735,103	968,446	914,310	54,136
Utilities	238,977	270,000	277,822	(7,822)
Debt service:				
Principal	141,362	141,362	141,335	27
Interest	7,416	7,416	7,416	-
Rent	33,000	58,000	36,543	21,457
Miscellaneous	430,472	453,076	451,592	1,484
Total expenditures	5,959,241	6,836,307	6,562,039	274,268
Net change in fund balance	\$ -	\$ -	354,564	\$ 354,564
Fund balance – beginning			<u>3,423,200</u>	
Fund balance – ending			<u>\$ 3,777,764</u>	

PAMUNKEY REGIONAL LIBRARY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS (UNAUDITED)

	Fiscal Year June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability										
Service cost	\$ 133,615	\$ 114,279	\$ 113,345	\$ 119,739	\$ 107,250	\$ 117,410	\$ 119,522	\$ 136,358	\$ 148,404	\$ 157,992
Interest	271,337	281,576	327,679	344,765	337,322	345,659	361,011	373,333	406,453	431,114
Changes of assumptions	-	-	15,875	-	135,684	-	224,821	-	-	-
Differences between expected and actual experience	(56,250)	390,782	(81,306)	(328,206)	29,275	82,372	(370,705)	281,003	134,630	214,813
Benefit Payments, including refunds of employee contributions	(120,639)	(218,452)	(37,592)	(225,418)	(259,846)	(355,238)	(280,758)	(296,158)	(327,995)	(339,454)
Other changes	163,969	-	-	-	-	-	-	-	-	-
Net change in total pension liability	392,032	568,185	338,001	(89,120)	349,685	190,203	53,891	494,536	361,492	464,465
Total pension liability - beginning	3,739,709	4,131,741	4,699,926	5,037,927	4,948,807	5,298,492	5,488,695	5,542,586	6,037,122	6,398,614
Total pension liability - ending (a)	\$ 4,131,741	\$ 4,699,926	\$ 5,037,927	\$ 4,948,807	\$ 5,298,492	\$ 5,488,695	\$ 5,542,586	\$ 6,037,122	\$ 6,398,614	\$ 6,863,079
Plan fiduciary net position										
Contributions - employer	\$ 113,256	\$ 99,771	\$ 110,831	\$ 121,371	\$ 76,720	\$ 76,908	\$ 111,768	\$ 119,462	\$ 107,829	\$ 110,603
Contributions - employee	54,205	47,326	51,205	56,160	53,490	55,570	65,277	69,943	76,592	79,901
Net investment income	164,581	86,221	383,253	339,889	322,143	96,339	1,347,435	(6,474)	388,483	608,386
Benefit Payments, including refunds of employee contributions	(120,639)	(218,452)	(37,592)	(225,418)	(259,846)	(355,238)	(280,758)	(296,158)	(327,995)	(339,454)
Administrative expense	(2,167)	244	(1,822)	(2,916)	(3,259)	(3,426)	(3,361)	(3,855)	(3,912)	(4,118)
Other	484,035	(14)	(449)	(303)	(203)	(112)	127	143	157	123
Net change in plan fiduciary net position	693,271	15,096	505,426	288,783	189,045	(129,959)	1,240,488	(116,939)	241,154	455,441
Plan fiduciary net position - beginning	3,384,639	4,077,910	4,093,006	4,598,432	4,887,215	5,076,260	4,946,301	6,186,789	6,069,850	6,311,004
Plan fiduciary net position - ending (b)	\$ 4,077,910	\$ 4,093,006	\$ 4,598,432	\$ 4,887,215	\$ 5,076,260	\$ 4,946,301	\$ 6,186,789	\$ 6,069,850	\$ 6,311,004	\$ 6,766,445
Net pension liability (asset) ending (a) - (b)	\$ 53,831	\$ 606,920	\$ 439,495	\$ 61,592	\$ 222,232	\$ 542,394	\$ (644,203)	\$ (32,728)	\$ 87,610	\$ 96,634
Plan fiduciary net position as a percentage of the total Pension liability	98.70%	87.09%	91.28%	98.76%	95.81%	90.12%	111.62%	100.54%	98.63%	98.59%
Covered payroll	\$ 1,048,018	\$ 978,129	\$ 1,068,959	\$ 1,175,436	\$ 1,144,314	\$ 1,204,366	\$ 1,431,908	\$ 1,535,555	\$ 1,711,714	\$ 1,722,788
Net pension liability(asset) as a percentage of covered payroll	5.14%	62.05%	41.11%	5.24%	19.42%	45.04%	-44.99%	-2.13%	5.12%	5.61%

PAMUNKEY REGIONAL LIBRARY
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION (UNAUDITED)

Fiscal Year June 30,	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 107,228	\$ 107,228	\$ -	\$ 1,665,031	6.44%
2024	110,603	110,603	-	1,722,788	6.42%
2023	107,829	107,829	-	1,711,714	6.42%
2022	119,462	119,462	-	1,535,555	7.78%
2021	111,768	111,768	-	1,431,908	6.39%
2020	76,908	76,908	-	1,204,366	6.39%
2019	76,720	76,720	-	1,144,314	6.70%
2018	121,371	121,371	-	1,175,436	10.33%
2017	110,831	110,831	-	1,068,959	10.37%
2016	99,771	99,771	-	978,129	10.20%

PAMUNKEY REGIONAL LIBRARY

SCHEDULE OF CHANGES IN THE NET OPEB ASSET AND RELATED RATIOS (UNAUDITED)

	Fiscal Year June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
<i>County Medical Retiree Trust</i>								
Total OPEB liability								
Service cost	\$ 774	\$ 827	\$ 794	\$ 805	\$ 1,296	\$ 1,289	\$ 785	\$ 797
Interest cost	1,108	1,155	1,200	1,131	1,603	1,847	1,271	1,332
Changes in benefit terms	-	-	-	-	(6,503)	-	-	-
Experience losses (gains)	-	(152)	2	(1,965)	(834)	(8,165)	203	(356)
Changes in assumptions	-	-	600	8,305	-	(2,975)	-	-
Change in proportionate share	-	(34)	-	(1,163)	556	9,599	-	308
Benefit payments	(1,049)	(1,298)	(1,097)	(1,216)	(1,131)	(1,481)	(1,491)	(1,453)
Net change in total OPEB liability	833	498	1,499	5,897	(5,013)	114	768	628
Total OPEB liability - beginning	16,356	17,189	17,687	19,186	25,083	20,070	20,184	20,952
Total OPEB liability - ending (a)	\$ 17,189	\$ 17,687	\$ 19,186	\$ 25,083	\$ 20,070	\$ 20,184	\$ 20,952	\$ 21,580
Total fiduciary net position								
Contributions - employer	\$ 1,049	\$ 201	\$ 96	\$ 36	\$ -	\$ -	\$ 1,491	\$ 1,453
Change in proportionate share	-	(50)	-	(1,652)	577	16,181	-	684
Net investment income	2,413	1,987	2,526	1,533	8,428	(7,200)	3,714	6,176
Benefit payments	(1,049)	(1,298)	(1,097)	(1,216)	(1,131)	-	(1,491)	(1,453)
Net change in plan fiduciary net position	2,413	840	1,525	(1,299)	7,874	8,981	3,714	6,860
Plan fiduciary net position - beginning	22,478	24,891	25,731	27,256	25,957	33,831	42,812	46,526
Plan fiduciary net position - ending (b)	\$ 24,891	\$ 25,731	\$ 27,256	\$ 25,957	\$ 33,831	\$ 42,812	\$ 46,526	\$ 53,386
Net OPEB asset ending (b) - (a)	\$ 7,702	\$ 8,044	\$ 8,070	\$ 874	\$ 13,761	\$ 22,628	\$ 25,574	\$ 31,806
Plan fiduciary net position as a percentage of the total OPEB liability	144.81%	145.48%	142.06%	103.48%	168.57%	212.11%	222.06%	247.39%
Covered payroll	\$ 1,068,959	\$ 1,175,436	\$ 1,291,251	\$ 1,304,377	\$ 1,431,908	\$ 1,535,555	\$ 1,756,168	\$ 1,780,102
Net OPEB asset as a percentage of covered payroll	0.72%	0.68%	0.62%	0.07%	0.96%	1.47%	1.46%	1.79%
Contributions as a percentage of covered payroll	0.10%	0.02%	0.01%	0.00%	0.00%	0.00%	0.08%	0.08%

Note to Schedule

(1) Schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is compiled, the Library will present information for those years which information is available.

PAMUNKEY REGIONAL LIBRARY

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY HEALTH INSURANCE CREDIT PROGRAM (UNAUDITED)

	Fiscal Year June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total liability								
Service cost	\$ 1,369	\$ 1,229	\$ 1,132	\$ 1,128	\$ 1,202	\$ 1,165	\$ 921	\$ 946
Interest on total HIC OPEB liability	2,292	2,413	2,349	2,440	2,686	2,654	2,693	3,514
Changes of assumptions	(1,223)	-	920	-	456	(2,026)	-	-
Difference between expected and actual experience	-	(2,953)	527	2,646	(3,489)	2,044	11,943	(1,398)
Benefit payments	(128)	(1,313)	(1,890)	(2,786)	(2,365)	(2,607)	(3,422)	(3,422)
Net change in total pension liability	2,310	(624)	3,038	3,428	(1,510)	1,230	12,135	(360)
Total OPEB liability - beginning	32,817	35,127	34,503	37,541	40,969	39,459	40,689	52,824
Total OPEB liability - ending (a)	\$ 35,127	\$ 34,503	\$ 37,541	\$ 40,969	\$ 39,459	\$ 40,689	\$ 52,824	\$ 52,464
Total fiduciary net position								
Contributions - employer	\$ 2,887	\$ 3,177	\$ 3,205	\$ 3,372	\$ 4,308	\$ 4,606	\$ 5,136	\$ 5,340
Net investment income	424	426	546	197	2,922	(40)	1,097	1,818
Benefit Payments, including refunds of employee contributions	(128)	(1,313)	(1,890)	(2,786)	(2,365)	(2,607)	(3,422)	(3,422)
Administrative expense	(11)	(12)	(13)	(20)	(40)	(29)	(31)	(27)
Other	10	(10)	(1)	-	-	(1,322)	(71)	1
Net change in plan fiduciary net position	3,182	2,268	1,847	763	4,825	608	2,709	3,710
Plan fiduciary net position - beginning	2,089	5,271	7,539	9,386	10,149	14,974	15,582	18,291
Plan fiduciary net position - ending (b)	\$ 5,271	\$ 7,539	\$ 9,386	\$ 10,149	\$ 14,974	\$ 15,582	\$ 18,291	\$ 22,001
Net OPEB liability ending (a) - (b)	\$ 29,856	\$ 26,964	\$ 28,155	\$ 30,820	\$ 24,485	\$ 25,107	\$ 34,533	\$ 30,463
Plan fiduciary net position as a percentage of the total OPEB liability	15.01%	21.85%	25.00%	24.77%	37.95%	38.30%	34.63%	41.94%
Covered payroll	\$ 1,068,959	\$ 1,175,436	\$ 1,291,251	\$ 1,304,377	\$ 1,431,908	\$ 1,535,555	\$ 1,711,714	\$ 1,780,129
Net OPEB liability as a percentage of covered payroll	2.79%	2.29%	2.18%	2.36%	1.71%	1.64%	2.02%	1.71%

Note to Schedule

(1) Schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is compiled, the Library will present information for those years which information is available.

PAMUNKEY REGIONAL LIBRARY

SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY GROUP LIFE INSURANCE PROGRAM (UNAUDITED)

	Fiscal Year June 30,							
	2017	2018	2019	2020	2021	2022	2023	2024
Library's Proportion of the Net GLI OPEB Liability	0.00580%	0.00619%	0.00585%	0.00585%	0.00693%	0.00706%	0.00728%	0.00693%
Library's Proportionate Share of the Net GLI OPEB Liability	\$ 88,000	\$ 94,000	\$ 95,195	\$ 97,627	\$ 80,684	\$ 85,009	\$ 87,310	\$ 77,333
Covered Payroll	\$ 1,068,959	\$ 1,175,436	\$ 1,291,251	\$ 1,304,377	\$ 1,431,908	\$ 1,535,555	\$ 1,715,916	\$ 1,766,852
Library's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.232%	7.997%	7.372%	7.485%	5.635%	5.536%	5.088%	4.377%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	52.67%	67.45%	67.45%	69.30%	73.41%

Note to Schedule

(1) Schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is compiled, the Library will present informaton for those years which information is available.

PAMUNKEY REGIONAL LIBRARY

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB (UNAUDITED)

Date	Contractually Required Contribution (1)	Contributions in Relation to		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
		Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
Retiree Healthcare Plan					
2025	\$ 2,200	\$ 2,200	\$ -	\$ 1,665,033	0.13%
2024	1,800	1,800	-	1,780,102	0.10%
2023	1,491	1,491	-	1,756,168	0.08%
2022	-	-	-	1,535,555	0.00%
2021	-	36	-	1,431,908	0.00%
2020	-	38	-	1,304,377	0.00%
2019	-	96	-	1,291,251	0.01%
2018	-	201	-	1,175,436	0.02%
VRS - Health Insurance Credit					
2025	\$ 4,995	\$ 4,995	-	\$ 1,665,033	0.30%
2024	5,340	5,340	-	1,780,129	0.30%
2023	5,136	5,136	-	1,711,714	0.30%
2022	4,606	4,606	-	1,535,555	0.30%
2021	4,308	4,308	-	1,431,908	0.30%
2020	3,372	3,372	-	1,304,377	0.26%
2019	3,205	3,205	-	1,291,251	0.25%
2018	3,177	3,177	-	1,175,436	0.27%
VRS - Group Life Insurance					
2025	\$ 7,825	\$ 7,825	\$ -	\$ 1,664,893	0.47%
2024	9,541	9,541	-	1,766,852	0.54%
2023	9,197	9,197	-	1,715,916	0.54%
2022	8,231	8,231	-	1,535,555	0.54%
2021	7,698	7,698	-	1,431,908	0.54%
2020	6,312	6,312	-	1,304,377	0.48%
2019	6,009	6,009	-	1,291,251	0.47%
2018	6,165	6,165	-	1,175,436	0.52%

Schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Library will present information for those years which information is available.

PAMUNKEY REGIONAL LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PENSION AND OTHER POSTEMPLOYMENT BENEFITS (UNAUDITED)

YEAR ENDED JUNE 30, 2025

VRS Pension, Health Insurance Credit, and Group Life Insurance Program

Changes of benefit terms: For the Pension valuation and disclosures, there have been no material changes to the System benefit provisions since the prior actuarial valuation. Additionally, for the Health Insurance Credit and Group Life Insurance Program, there have been no actuarially material changes to the VRS 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:

Library Employees

Update mortality rates to PUB2010 public sector mortality tables

For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020

Adjusted retirement 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

Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service

No change in disability rates, salary scale, line of duty disability, or discount rate

COMPLIANCE SECTION



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

To the Board of Trustees
Pamunkey Regional Library

We have audited, in accordance with the 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 (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and the General Fund of the Pamunkey Regional Library (Library), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library’s basic financial statements, and have issued our report thereon dated October 13, 2025.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

PBMares, LLP

Harrisonburg, Virginia
October 13, 2025