

BLUE RIDGE REGIONAL LIBRARY
MARTINSVILLE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

BLUE RIDGE REGIONAL LIBRARY
FOR THE YEAR ENDED JUNE 30, 2024

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BLUE RIDGE REGIONAL LIBRARY
FOR THE YEAR ENDED JUNE 30, 2024

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

**TO THE LIBRARY BOARD OF DIRECTORS
BLUE RIDGE REGIONAL LIBRARY
MARTINSVILLE, VIRGINIA**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Blue Ridge Regional Library, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Blue Ridge Regional Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and each major fund of the Blue Ridge Regional Library, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blue Ridge Regional Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Blue Ridge Regional Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Blue Ridge Regional 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 Blue Ridge Regional 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 that the management's discussion and analysis, the budgetary comparison information, and the schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2025, on our consideration of the Blue Ridge Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blue Ridge Regional 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 Blue Ridge Regional Library's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
May 9, 2025

Blue Ridge Regional Library Martinsville, Virginia

The Management's Discussion and Analysis (MD&A) offers readers of the Library's financial statements a narrative overview and analysis of the Library's financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in our financial statements and notes to the financial statements (which immediately follow this discussion). The library follows the financial reporting requirements of GASB Statement No. 34 (*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*). Sections include this Management's Discussion and Analysis, the Government-wide Statement of Net Position, the Government-wide Statement of Activities, the concept of major fund reporting, and the reporting of infrastructure capital assets and long-term debt liabilities in the governmental activities. These concepts are explained throughout this discussion and analysis.

FINANCIAL HIGHLIGHTS

- The Blue Ridge Regional Library reported expenditures that exceeded revenues for the year ended June 30, 2024 by \$1,443.
- As of June 30, 2024, the Library's net position was \$176,496.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Blue Ridge Regional Library's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and budgetary comparison, and 3) notes to the financial statements.

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 and deterred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating. However, this is just one indicator of financial health of the Library. Other indicators include the condition of the Library's systems and general economic conditions within the local and state governments.

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 using the accrual basis of accounting, similar to the method used by most private-sector companies. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flow. Items such as uncollected fees, unpaid vendor invoices for items received by June 30, 2024, and earned but unused vacation leave will be included in the statement of activities as revenue and expense, even though the cash associated with these items will not be received or distributed until after June 30, 2024.

The Library has no separately identified component units included in the government-wide financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Blue Ridge Regional Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Library maintains budgetary controls over its operating funds. The objective of budgetary controls is to ensure compliance with provisions embodied in the annual appropriated budget. Budgets for governmental funds are established in accordance with state law and are adopted on a fund level. Personnel services are budgeted by fulltime positions. Capital outlays are approved by the Library on an item-by-item basis or project basis. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with the budget. Budgetary variances for the General Fund are discussed in some detail later in this section.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The Library's net position was \$176,496 as of June 30, 2024. Of this amount, \$596,040 is the Library's net investment in capital assets, which includes furniture and equipment and software. GASB Statement No. 34 requires that all capital assets be reported. The Library facilities at the Martinsville Branch are owned by the City of Martinsville, and the facilities at the Patrick County Branch are owned by Patrick County; these facilities are recorded on each jurisdiction's financial statements. The facilities at the Bassett and Ridgeway Branches are owned by the Library. The facilities at the Collinsville Branch are held under an operating lease.

Additionally, the Library must elect to either 1) depreciate these assets over their estimated useful life or 2) develop a system of asset management designed to maintain their condition perpetually and to report on their condition within the financial statements. The Library has elected the first method and will use the depreciation method on systems reporting.

The Library has \$609,680 in cash. In addition, the Library had outstanding liabilities of \$1,067,736, which consist of accounts payable of \$49,027, compensated absences of \$42,431, lease liabilities of \$61,252, net pension liability of \$877,080, and net group life insurance OPEB liability of \$37,946. Refer to the notes to the financial statements for a more in depth discussion of compensated absences.

The largest portion of the Library's net position reflects its investment in capital assets. The Library's capital assets are used to provide services to citizens. Consequently, investments in capital assets are not available for future spending.

Statement of Activities - Changes in Net Position

Total revenues for the Blue Ridge Regional Library were \$1,979,018 for the year ended June 30, 2024.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

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

General Fund Revenue and Expense Analysis

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

The following table represents revenues compared to the prior year amounts.

	<u>2024</u>	<u>2023</u>
Participating localities	\$ 1,377,342	\$ 1,364,200
Intergovernmental	488,616	434,012
Fines and costs	34,277	38,053
Revenue from use of money and property	4,706	6,948
Recovered costs	565	1,352
Miscellaneous	<u>73,512</u>	<u>93,179</u>
Total revenues	\$ <u>1,979,018</u>	\$ <u>1,937,744</u>

The following provides an explanation of revenues by source.

- Participating localities - This consists of funding from local governments. By formal contract the City of Martinsville and Henry and Patrick Counties agree to contribute local funds toward the mutual costs of operating the Library.
- Intergovernmental - Funds received from Library of Virginia state aid allocation.
- Fines and costs - Revenues from the daily fines on materials and the replacement of lost library cards.
- Revenue from use of money and property - Revenues from bank accounts and investments.
- Miscellaneous - Revenues from donations, set-off debt collection of past due accounts, and miscellaneous revenues.

The following provides an explanation of expenditures by category.

	<u>2024</u>	<u>2023</u>
Personnel	\$ 1,258,715	\$ 1,250,964
Materials	201,448	204,892
Internet and communications	79,626	77,166
Capital improvement	102,454	63,464
Other	<u>338,218</u>	<u>340,725</u>
	\$ <u>1,980,461</u>	\$ <u>1,937,211</u>

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS: (CONTINUED)

- Personnel - This category includes all paid employees' salary, wages and benefits including FICA, retirement, and health insurance.
- Materials - This includes all costs associated with purchasing and maintaining collection materials, including purchases of books, reference materials, periodicals, audio books and tapes as well as bindery repairs.
- Internet and Communications - This includes all the costs associated with Internet services for use by Library programs and patrons as well as telephone and FAX services.
- Other - This includes all other costs including occupancy, supplies, maintenance, and support expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Blue Ridge Regional Library's total investment in capital assets for its governmental activities as of June 30, 2024, totaled \$657,292 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements as well as machinery and equipment.

Long-Term Obligations

At June 30, 2024, Blue Ridge Regional Library had no long-term obligations other than those associated with compensated absences, net pension and OPEB, and lease liabilities as described in Note 5 of the accompanying Notes to Financial Statements.

HISTORY

The history of the Library can be traced back to 1913 when a group of Martinsville Woman's Club members conceived the idea to buy books to be circulated during the year and then donated them to form a library. A similar group formed a Library in Patrick County in 1941 and they subsequently added a bookmobile in 1946. The Collinsville Library was formed in 1972.

These three libraries joined forces in 1974 to form the Blue Ridge Regional Library and the Martinsville City Council and the Boards of Supervisors for Henry and Patrick counties formalized this arrangement on May 29, 1975 with the adoption of a contractual agreement to operate a free public library for the use and benefit of the citizens of local areas. This group operated together until 1990 when a group of local citizens got together and constructed the Ridgeway Branch which is now part of the system.

In 1992, the Bassett Public Library became a part of the Blue Ridge Regional Library System. The Bassett Branch housed a great deal of historical and genealogical materials and was bursting at the seams. Funds were raised for the purchase of the building across the street and 1998 the newly purchased building became the "regular" library while the genealogy materials remained in the original building and operated as the Bassett Historical Center. In 2012, the Bassett Historical Center elected to separate from the Blue Ridge Regional Library. The Blue Ridge Regional Library and the Bassett Historical Center both continue to operate as separately governed and managed organizations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Blue Ridge Regional Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Blue Ridge Regional Library, P.O. Box 5264, Martinsville, VA 24115-5264.

- Basic Financial Statements -

Government-wide Financial Statements

Statement of Net Position
As of June 30, 2024

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 609,680
Total Current Assets	<u>\$ 609,680</u>
Noncurrent Assets:	
Capital assets (net of accumulated depreciation):	
Land	\$ 92,646
Buildings and improvements	272,521
Machinery and equipment	231,729
Lease asset - building	57,595
Lease asset - equipment	2,801
Total Noncurrent Assets	<u>\$ 657,292</u>
Total Assets	<u>\$ 1,266,972</u>
Deferred Outflows of Resources	
Pension related items	\$ 137,992
OPEB related items	8,681
Total deferred outflows of resources	<u>\$ 146,673</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,413,645</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 49,027
Long-term obligations, current portion	43,868
Total current liabilities	<u>\$ 92,895</u>
Noncurrent liabilities:	
Long-term obligations, net of current portion	<u>\$ 974,841</u>
Total Liabilities	<u>\$ 1,067,736</u>
Deferred Inflows of Resources	
Pension related items	\$ 163,927
OPEB related items	5,486
Total deferred inflows of resources	<u>\$ 169,413</u>
Net Position	
Net investment in capital assets	\$ 596,040
Unrestricted	<u>(419,544)</u>
Total net position	<u>\$ 176,496</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 1,413,645</u></u>

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

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total
Governmental Activities:				
Library	\$ <u>1,839,356</u>	\$ <u>34,277</u>	\$ <u>1,865,958</u>	\$ <u>60,879</u>
	General revenues:			
	Revenue from use of money and property			\$ 4,706
	Miscellaneous			<u>73,512</u>
	Total general revenues			\$ <u>78,218</u>
	Change in net position			\$ 139,097
	Net position - beginning			<u>37,399</u>
	Net position - ending			\$ <u>176,496</u>

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

- Basic Financial Statements -

Fund Financial Statements

Balance Sheet
Governmental Funds
As of June 30, 2024

	General Fund	Capital Projects Fund	Total Govern- mental Funds
Assets:			
Cash in bank - checking	\$ 300,203	\$ 309,427	\$ 609,630
Petty cash	50	-	50
Total assets	<u>\$ 300,253</u>	<u>\$ 309,427</u>	<u>\$ 609,680</u>
Liabilities:			
Accounts payable	\$ 49,027	\$ -	\$ 49,027
Total liabilities	<u>\$ 49,027</u>	<u>\$ -</u>	<u>\$ 49,027</u>
Fund balances:			
Restricted:			
Computer replacement	\$ 117,872	\$ -	\$ 117,872
Committed:			
Capital improvements - Expanding Knowledge 1985	-	309,427	309,427
Unassigned	133,354	-	133,354
Total fund balances	<u>\$ 251,226</u>	<u>\$ 309,427</u>	<u>\$ 560,653</u>
Total liabilities and fund balance	<u>\$ 300,253</u>	<u>\$ 309,427</u>	<u>\$ 609,680</u>

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:

Total fund balances per above		\$ 560,653
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		657,292
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 137,992	
OPEB related items	<u>8,681</u>	146,673
Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net position.		(1,018,709)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (163,927)	
OPEB related items	<u>(5,486)</u>	(169,413)
Net position of General Government Activities		<u>\$ 176,496</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Fines and costs	\$ 34,277	\$ -	\$ 34,277
Revenue from use of money and property	4,285	421	4,706
Miscellaneous	73,512	-	73,512
Recovered costs	565	-	565
Participating localities	1,377,342	-	1,377,342
Intergovernmental	488,616	-	488,616
Total revenues	\$ 1,978,597	\$ 421	\$ 1,979,018
Expenditures:			
Cultural - library services	\$ 1,980,461	\$ -	\$ 1,980,461
Excess (deficiency) of revenues over (under) expenditures	\$ (1,864)	\$ 421	\$ (1,443)
Other financing sources (uses):			
Transfers in	\$ 14,500	\$ -	\$ 14,500
Transfers (out)	-	(14,500)	(14,500)
Total other financing sources (uses)	\$ 14,500	\$ (14,500)	\$ -
Net changes in fund balance	\$ 12,636	\$ (14,079)	\$ (1,443)
Fund balance at beginning of year	238,590	323,506	562,096
Fund balance at end of year	\$ 251,226	\$ 309,427	\$ 560,653

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	(1,443)
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. This is the amount by which depreciation expense exceed capital outlays in the current period. Details supporting this adjustment are as follows:		
Capital outlay	\$ 101,155	
Depreciation expense	<u>(107,663)</u>	(6,508)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Pension related items	\$ 94,248	
OPEB related items	3,594	
Principal payments on lease liabilities	39,651	
Change in compensated absences	<u>9,555</u>	<u>147,048</u>
Change in net position of governmental activities	\$	<u><u>139,097</u></u>

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

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:

A. Organization and Purpose:

The Blue Ridge Regional Library was formed by contractual agreement adopted by the City Council of the City of Martinsville and the Boards of Supervisors for the Counties of Henry and Patrick dated May 29, 1975. The primary purpose of the Library is to establish, maintain, and operate a free public Library for the use and benefit of the citizens of local areas.

B. Financial Reporting Entity:

The basic criteria for including organizations within the reporting entity is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in the reporting entity. These financial statements present the Blue Ridge Regional Library and include all operations of the Blue Ridge Regional Library.

The Library is a joint venture of the two counties and the city since its continued existence is dependent upon their operating contributions.

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

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

Management's Discussion and Analysis - the financial statements are accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD & A).

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

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

Statement of Net Position - The Statement of Net Position is designed to display financial position of the Library. The Library will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense-the cost of "using up" capital assets-in the Statement of Activities. The net position of the Library will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a Library's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budget of the Library and have a keen interest in following the actual financial progress of their regional library over the course of the year. Many libraries revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, libraries will provide budgetary comparison information in their annual reports, along with the requirement to add the Library's original budget to the current comparison of final budget and actual results.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)

Intergovernmental revenues, consisting primarily of contributions from participating localities, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the Library.

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The Library reports the following major governmental funds.

- a. General Fund - The General Fund is the primary operating fund of the Library. This fund is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from state and local contributions, charges for service, and interest income. The General Fund is considered a major fund for reporting purposes.
- b. Capital Projects Funds - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund for reporting purposes.

D. Capital Assets:

Capital assets, which include property, plant, equipment, and lease assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of at least \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, except for intangible right-to-use lease assets, the measurement of which is discussed in more detail later in this report. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (CONTINUED)

D. Capital Assets: (Continued)

Property, plant, and equipment of the Library are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Machinery and equipment	5-15
Vehicles	5-12
Lease assets	5-10

E. Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Blue Ridge Regional Library considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Library.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

F. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Compensated Absences:

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (CONTINUED)

H. Net Position:

Net position the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as *restricted - net position* and *unrestricted - net position* in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider *restricted - net position* to have been depleted before *unrestricted - net position* is applied.

I. Accounts Receivable:

Accounts receivable are stated at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowances for uncollectible accounts are recorded.

J. Collections and Books:

Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the Library has not capitalized them. Collections that are exhaustible and books used in the circulating Library have not been capitalized due to their individually insignificant amounts.

K. Pensions:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (CONTINUED)

L. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Fund Balance:

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Library's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Library's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Library Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Library Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (CONTINUED)

M. Fund Balance: (Continued)

In the general fund, the Library strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 10% of the actual GAAP basis expenditures and other financing sources and uses.

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Library has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

O. Leases:

The Library has lease assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The Library recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES: (CONTINUED)

O. Leases: (Continued)

Key Estimates and Judgments

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

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

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

P. Upcoming Pronouncements:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 2 - CONTRIBUTED SERVICES:

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Library. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

NOTE 3 - DEPOSITS:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and 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 FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

NOTE 4 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

The Library follows these procedures in developing its annual budget for the upcoming fiscal year:

In December, the Board of Trustees' Budget and Finance Director and the Library's Director prepare a preliminary budget for the general fund that is submitted to the Board of Trustees for review before submission to the jurisdictions. In February or March, a revised budget is prepared and submitted to the Board of Trustees for approval. In June, the Board of Trustees formally adopts the final budget for the upcoming fiscal year.

Amounts shown in the accompanying financial statements represent original appropriations authorized by the Board of Trustees; any additional and supplemental appropriations authorized during the year are shown in the final budget. Certain grants, contributions, in-kind support, capital projects, program revenues, and related expenditures are not budgeted items.

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Library for the year ended June 30, 2024.

	<u>Balance at July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2024</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 51,986	\$ 10,397	\$ 19,952	\$ 42,431	\$ 4,243
Lease liabilities	100,903	-	39,651	61,252	39,625
Net pension liability	976,117	395,807	494,844	877,080	-
Net OPEB liability	<u>38,721</u>	<u>14,301</u>	<u>15,076</u>	<u>37,946</u>	<u>-</u>
Total Long Term Obligations	\$ <u>1,167,727</u>	\$ <u>420,505</u>	\$ <u>569,523</u>	\$ <u>1,018,709</u>	\$ <u>43,868</u>

Annual requirements to amortize the lease liabilities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 39,625	\$ 396
2026	<u>21,627</u>	<u>54</u>
	\$ <u>61,252</u>	\$ <u>450</u>

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 6 - CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2024:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 92,646	\$ -	\$ -	\$ 92,646
Total capital assets not being depreciated	\$ 92,646	\$ -	\$ -	\$ 92,646
Capital assets being depreciated:				
Buildings and improvements	\$ 750,927	\$ -	\$ -	\$ 750,927
Machinery and equipment	1,185,870	101,155	22,699	1,264,326
Lease asset - building	166,723	-	-	166,723
Lease asset - equipment	12,452	-	-	12,452
Total capital assets being depreciated	\$ 2,115,972	\$ 101,155	\$ 22,699	\$ 2,194,428
Accumulated depreciation:				
Buildings and improvements	\$ 453,251	\$ 25,155	\$ -	\$ 478,406
Machinery and equipment	1,012,381	42,915	22,699	1,032,597
Lease asset - building	72,752	36,376	-	109,128
Lease asset - equipment	6,434	3,217	-	9,651
Total accumulated depreciation	\$ 1,544,818	\$ 107,663	\$ 22,699	\$ 1,629,782
Total capital assets being depreciated, net	\$ 571,154	\$ (6,508)	\$ -	\$ 564,646
Net capital assets	\$ 663,800	\$ (6,508)	\$ -	\$ 657,292

NOTE 7 - PENSION PLAN:***Plan Description***

All full-time, salaried permanent employees of the Library are automatically covered by a VRS Retirement Plan upon employment, through the City of Martinsville, Virginia. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities participate in the VRS plan through City of Martinsville, Virginia and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

NOTE 7 - PENSION PLAN: (CONTINUED)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty Employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 7 - PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

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

The Library's contractually required employer contribution rate for the year ended June 30, 2024 was 19.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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. Contributions to the pension plan from the Library were \$137,992 and \$142,500 for the years ended June 30, 2024 and June 30, 2023, respectively.

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Contributions: (Continued)

Net Pension Liability

At June 30, 2024, the Library reported a liability of \$877,080 for its proportionate share of the net pension liability. The Library’s net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Library’s proportionate share of the same was calculated using creditable compensation as of June 30, 2023 and 2022 as a basis for allocation. At June 30, 2023 and 2022, the Library’s proportion was 4.1000% and 4.4651%, respectively.

Actuarial Assumptions - General Employees

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

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post-retirement health, and disabled)	Update to Pub-2010 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 age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 7 - PENSION PLAN: (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 are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.25%</u>

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 7 - PENSION PLAN: (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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Library was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue 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.

Sensitivity of the Library’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Library’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Library’s proportionate share of the net pension 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:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
Library’s proportionate share of Martinsville retirement			
Plan Net Pension Liability (Asset)	\$ 1,442,868	\$ 877,080	\$ 404,164

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the Library recognized pension expense of \$43,943. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

BLUE RIDGE REGIONAL LIBRARY

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 7 - PENSION PLAN: (CONTINUED)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)***

At June 30, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 30,290
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	73,776
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	59,861
Employer contributions subsequent to the measurement date	<u>137,992</u>	<u>-</u>
Total	<u>\$ 137,992</u>	<u>\$ 163,927</u>

\$137,992 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, 2025. 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:

<u>Year ended June 30</u>	
2025	\$ (97,724)
2026	(108,838)
2027	40,353
2028	2,282
Thereafter	-

Pension Plan Data

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

NOTE 8 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI 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.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of service credit, the minimum benefit payable 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 \$9,254 as of June 30, 2024.

NOTE 8 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan 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 Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$3,921 and \$4,025 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the Statement of Activities.

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

At June 30, 2024, the entity reported a liability of \$37,946 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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 Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.0032% as compared to 0.0032% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$1,401. 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.

NOTE 8 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)***

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,790	\$ 1,152
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,525
Change in assumptions	811	2,629
Changes in proportion	159	180
Employer contributions subsequent to the measurement date	<u>3,921</u>	<u>-</u>
Total	<u>\$ 8,681</u>	<u>\$ 5,486</u>

\$3,921 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, 2025. 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:

<u>Year Ended June 30</u>	
2025	\$ (345)
2026	(1,553)
2027	669
2028	117
2029	386
Thereafter	-

NOTE 8 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

- Pre-Retirement:
 - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement:
 - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement:
 - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 8 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Program
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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.

NOTE 8 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)***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. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.25%</u>

*The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 8 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Discount Rate

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

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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Library's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 56,248	\$ 37,946	\$ 23,149

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 9 - LITIGATION:

At June 30, 2024, there were no matters of litigation involving the Library which would materially affect the Library’s financial position should any court decisions on pending matters not be favorable to the Library.

- Required Supplementary Information -

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Fines and costs	\$ 45,000	\$ 45,000	\$ 34,277	\$ (10,723)
Revenue from use of money and property	7,000	7,000	4,285	(2,715)
Miscellaneous	43,410	43,410	73,512	30,102
Recovered costs	-	-	565	565
Participating localities	1,374,200	1,374,200	1,377,342	3,142
Intergovernmental	<u>417,157</u>	<u>417,157</u>	<u>488,616</u>	<u>71,459</u>
Total revenues	\$ <u>1,886,767</u>	\$ <u>1,886,767</u>	\$ <u>1,978,597</u>	\$ <u>91,830</u>
Expenditures:				
Cultural - library services	\$ <u>1,886,767</u>	\$ <u>1,886,767</u>	\$ <u>1,980,461</u>	\$ <u>(93,694)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (1,864)	\$ (1,864)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 14,500	\$ 14,500
Net changes in fund balance	\$ -	\$ -	\$ 12,636	\$ 12,636
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>238,590</u>	<u>238,590</u>
Fund balance at end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>251,226</u>	\$ <u>251,226</u>

Schedule of Library's Proportionate Share of the Net Pension Liability

Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Employee Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2023	4.1000%	\$ 877,080	\$ 744,447	117.82%	81.80%
2022	4.4651%	976,117	699,724	139.50%	81.08%
2021	4.5543%	811,460	699,264	116.04%	84.51%
2020	4.8055%	1,484,524	692,869	214.26%	72.02%
2019	4.7733%	1,207,227	726,986	166.06%	76.36%
2018	5.3576%	1,081,299	739,038	146.31%	79.88%
2017	5.5697%	1,148,214	744,751	154.17%	79.02%
2016	5.3715%	1,302,329	720,314	180.80%	74.76%
2015	5.3700%	1,178,817	709,752	166.09%	77.41%
2014	5.4400%	1,058,696	696,178	152.07%	78.66%

Schedule of Employer Contributions

Pension Plan

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1) *	Contractually Required Contribution (2) *	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2024	\$ 137,992	\$ 137,992	\$ -	\$ 726,039	19.01%
2023	142,500	142,500	-	744,447	19.14%
2022	126,302	126,302	-	699,724	18.05%
2021	126,201	126,201	-	699,264	18.05%
2020	109,494	109,494	-	692,869	16.16%
2019	117,481	117,481	-	726,986	16.16%
2018	119,288	119,288	-	739,083	16.14%
2017	120,203	120,203	-	744,751	16.14%
2016	135,923	135,923	-	720,314	18.87%
2015	133,930	133,930	-	709,752	18.87%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022, valuations were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Library's Share of the Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2023

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
2023	0.0032% \$	37,946 \$	744,447	5.10%	69.30%
2022	0.0032%	38,721	699,724	5.53%	67.21%
2021	0.0034%	39,429	699,244	5.64%	67.45%
2020	0.0038%	56,304	694,321	8.11%	52.64%
2019	0.0038%	61,699	748,846	8.24%	52.00%
2018	0.0038%	57,784	750,783	7.70%	51.22%
2017	0.0041%	60,885	746,152	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2024	\$ 3,921	\$ 3,921	-	\$ 726,039	0.54%
2023	4,025	4,025	-	744,447	0.54%
2022	3,777	3,777	-	699,724	0.54%
2021	3,776	3,776	-	699,244	0.54%
2020	3,610	3,610	-	694,321	0.52%
2019	3,894	3,894	-	748,846	0.52%
2018	3,934	3,934	-	750,783	0.52%
2017	3,880	3,880	-	746,152	0.52%
2016	3,588	3,588	-	747,445	0.48%
2015	3,542	3,542	-	737,920	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- Other Supplementary Information -
Supporting Schedules

General Fund - Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fines and costs	\$ 45,000	\$ 45,000	\$ 34,277	\$ (10,723)
Revenue from use of money and property	\$ 7,000	\$ 7,000	\$ 4,285	\$ (2,715)
Miscellaneous:				
Donations	\$ 5,000	\$ 5,000	\$ 38,952	\$ 33,952
Refunds	38,410	38,410	34,560	(3,850)
Total miscellaneous	\$ 43,410	\$ 43,410	\$ 73,512	\$ 30,102
Recovered costs	\$ -	\$ -	\$ 565	\$ 565
Participating localities:				
City of Martinsville	\$ 308,450	\$ 308,450	\$ 308,450	\$ -
Henry County	774,968	774,968	774,968	-
Patrick County	290,782	290,782	293,924	3,142
Total participating localities	\$ 1,374,200	\$ 1,374,200	\$ 1,377,342	\$ 3,142
Intergovernmental:				
Revenue from the Commonwealth:				
Commonwealth of Virginia	\$ 417,157	\$ 417,157	\$ 488,616	\$ 71,459
Totals	\$ 1,886,767	\$ 1,886,767	\$ 1,978,597	\$ 91,830

BLUE RIDGE REGIONAL LIBRARY

Schedule 2

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General Fund - Schedule of Expenditures - Budget and Actual

For the Year Ended June 30, 2024

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Branch manager	\$ 167,560	\$ 167,560	\$ 167,723	\$ (163)
Director salary	67,959	67,959	67,959	-
Regional system services librarian	82,594	82,594	88,579	(5,985)
Branch librarians	41,890	41,890	41,890	-
Outreach assistants	39,241	39,241	41,560	(2,319)
Regional system personnel	44,684	44,684	28,687	15,997
Children's librarians	41,914	41,914	41,914	-
Courier	14,471	14,471	12,130	2,341
Administrative assistant	24,061	24,061	26,213	(2,152)
Library assistants	262,867	262,867	259,852	3,015
Custodians	29,564	29,564	29,101	463
Pages	15,600	15,600	16,116	(516)
Electronic resources staff	43,254	43,254	64,619	(21,365)
Program coordinator	35,381	35,381	35,381	-
Bonuses and commissions	15,200	15,200	15,502	(302)
Social security	56,483	56,483	55,661	822
Medicare / FICA	13,212	13,212	13,018	194
Retirement payments	141,628	141,628	142,470	(842)
Disability insurance	-	-	1,037	(1,037)
Group medical insurance	134,478	134,478	97,348	37,130
State life insurance	9,656	9,656	9,691	(35)
Workers compensation	2,366	2,366	2,264	102
Assistance service	600	600	461	139
Audit	5,900	5,900	-	5,900
Professional services	2,900	2,900	3,841	(941)
Building and grounds	38,000	38,000	33,034	4,966
Fiscal services	3,600	3,600	3,600	-
EDP maintenance	39,000	39,000	37,569	1,431
Bibliographical services	25,000	25,000	23,898	1,102
Repairs and maintenance	5,000	5,000	2,618	2,382
Maintenance service contracts	5,500	5,500	4,629	871
Advertising	2,500	2,500	1,487	1,013
Electricity	44,129	44,129	57,357	(13,228)
Fuel	9,275	9,275	6,446	2,829
Water	2,175	2,175	3,196	(1,021)

General Fund - Schedule of Expenditures - Budget and Actual
For the Year Ended June 30, 2024 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Sewer	\$ 2,175	\$ 2,175	\$ 2,275	\$ (100)
Garbage	600	600	797	(197)
Penalties and fines	-	-	1,312	(1,312)
Postal service	4,625	4,625	4,658	(33)
Telephone	16,010	16,010	15,865	145
Internet access charge	39,200	39,200	39,590	(390)
Insurance	16,675	16,675	15,220	1,455
Lease/rental of equipment	7,940	7,940	7,779	161
Lease/rental of building	37,200	37,200	37,200	-
Travel	2,350	2,350	1,826	524
Employee training	1,500	1,500	3,330	(1,830)
Recruitment	1,000	1,000	259	741
Membership	2,500	2,500	2,690	(190)
Office supplies	32,500	32,500	33,568	(1,068)
Janitorial supplies	2,500	2,500	3,049	(549)
Repair and maintenance supplies	4,400	4,400	4,876	(476)
Vehicle equipment and supplies	9,800	9,800	9,594	206
Machinery and equipment	-	-	20,402	(20,402)
Computer supplies	3,000	3,000	2,133	867
Program supplies	30,000	30,000	31,436	(1,436)
Books	119,200	119,200	121,618	(2,418)
E-Books	15,500	15,500	14,989	511
Binding	500	500	-	500
Microfilm	3,200	3,200	2,603	597
Recordings and cassettes	22,000	22,000	22,217	(217)
Subscriptions	12,500	12,500	8,585	3,915
Online resources	17,500	17,500	24,171	(6,671)
Summer reading	5,000	5,000	5,986	(986)
Non-capital building improvements	-	-	165	(165)
Non-capital equipment	7,750	7,750	2,520	5,230
Motor vehicles and equipment	-	-	35,450	(35,450)
Capital Improvement	-	-	65,809	(65,809)
Capital outlay software	2,000	2,000	1,195	805
Miscellaneous expenses	-	-	443	(443)
Totals	\$ 1,886,767	\$ 1,886,767	\$ 1,980,461	\$ (93,694)

- Compliance -



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

**TO THE LIBRARY BOARD OF DIRECTORS
BLUE RIDGE REGIONAL LIBRARY
MARTINSVILLE, VIRGINIA**

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; 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 each major fund of the Blue Ridge Regional Library as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Blue Ridge Regional Library's financial statements and have issued our report thereon dated May 9, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Blue Ridge Regional 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 Blue Ridge Regional Library's internal control. Accordingly, we do not express an opinion on the effectiveness of Blue Ridge Regional Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

May 9, 2025