



Virginia
Retirement
System[®]

**VIRGINIA RETIREMENT SYSTEM
LINE OF DUTY ACT PROGRAM**

GASB No. 75 Schedules

With Independent Auditor's Report Thereon

For the Plan Year Ended June 30, 2023

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P.O. Box 1295
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July 24, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Trustees
Virginia Retirement System

Patricia S. Bishop, Director
Virginia Retirement System

INDEPENDENT AUDITOR'S REPORT

Report on the Schedules

Opinions

We have audited the accompanying Schedule of Employer Allocations of the Virginia Retirement System Line of Duty Act (LODA) Program, as of and for the year ended June 30, 2023, and the related notes. We have also audited the total for all employers of the columns titled Net LODA OPEB Liability, Total LODA OPEB Expense (Revenue), Total Deferred Outflows of Resources, and Total Deferred Inflows of Resources (specified column totals) included in the accompanying Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense and the Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer of the Virginia Retirement System LODA Program (schedules of OPEB amounts), as of and for the year ended June 30, 2023, and the related notes.

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the net LODA OPEB liability, total LODA OPEB expense, total deferred outflows of resources, and total deferred inflows of resources for the total of all participating employers for the Virginia Retirement System LODA Program as of and for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

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Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Virginia Retirement System LODA Program, 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 Schedules

Management is responsible for the preparation and fair presentation of these schedules 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 the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts, 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 Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the Virginia Retirement System'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 Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.

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.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Virginia Retirement System as of and for the year ended June 30, 2023, and our report thereon, dated December 14, 2023, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Governor, the Joint Legislative Audit and Review Commission, Virginia Retirement System management, the Virginia Retirement System Board of Trustees, and Virginia Retirement System LODA Program employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/clj

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2023

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
State:			
2XXXX	State Police Officers' Retirement System Employees	\$ 1,285,268	9.68520%
3XXXX	All Other State Employees	1,413,356	10.65030%
7XXXX	Virginia Law Officers' Retirement System Employees	5,445,347	41.03322%
	Sub-total State	<u>\$ 8,143,971</u>	<u>61.36872%</u>
Political Subdivisions:			
50001	Arlington County	636,157	4.79375%
50005	Appalachia, Town	—	—%
50025	Boones Mill, Town	852	0.00642%
50026	Pocahontas, Town	1,364	0.01028%
55113	Buchanan County	63,411	0.47783%
55136	Gloucester County	95,969	0.72317%
55139	Greene County	56,764	0.42774%
55152	Lee County	52,500	0.39563%
55167	Nottoway County	19,947	0.15029%
55183	Russell County	61,195	0.46113%
55197	Wise County	74,660	0.56261%
55201	Bristol, City	93,412	0.70390%
55213	Petersburg, City	134,835	1.01604%
55214	Portsmouth, City	370,237	2.78993%
55215	Radford, City	64,605	0.48682%
55220	Suffolk, City	351,318	2.64735%
55221	Williamsburg, City	56,592	0.42645%
55222	Winchester, City	117,104	0.88245%
55224	Falls Church, City	38,012	0.28644%
55226	Front Royal, Town	24,548	0.18497%
55232	Franklin, City	69,547	0.52408%
55233	Chesapeake, City	822,640	6.19899%
55234	Virginia Beach, City	1,245,381	9.38453%
55235	Norton, City	25,740	0.19396%
55236	Manassas Park, City	36,137	0.27231%
55238	Pound, Town	1,363	0.01028%

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2023

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
55245	Scottsville, Town	2,897	0.02184%
55249	LaCrosse, Town	1,364	0.01028%
55255	Brodnax, Town	684	0.00514%
55259	Richlands, Town	30,685	0.23121%
55300	Abingdon, Town	19,092	0.14386%
55301	Dumfries, Town	9,546	0.07193%
55304	South Boston, Town	27,274	0.20552%
55306	Remington, Town	1,875	0.01413%
55310	Smithfield, Town	12,954	0.09762%
55314	Jonesville, Town	1,364	0.01028%
55315	Wytheville, Town	42,957	0.32370%
55317	Vienna, Town	25,909	0.19524%
55321	Woodstock, Town	13,636	0.10276%
55327	Christiansburg, Town	72,105	0.54334%
55330	Chatham, Town	2,046	0.01541%
55332	Manassas, City	99,549	0.75015%
55334	Boydton, Town	—	—%
55338	Quantico, Town	1,534	0.01156%
55354	Big Stone Gap, Town	5,454	0.04110%
55355	Luray, Town	17,046	0.12845%
55369	Tazewell, Town	32,216	0.24277%
55372	Weber City, Town	2,729	0.02055%
55374	Hurt, Town	1,364	0.01028%
55375	Waverly, Town	—	—%
55378	Courtland, Town	1,362	0.01028%
55380	Independence, Town	4,773	0.03597%
55382	Grundy, Town	4,771	0.03597%
55389	Pembroke, Town	2,729	0.02055%
55397	Orange, Town	9,887	0.07450%
55417	Norfolk Airport Authority	40,910	0.30828%
55487	Capital Region Airport Commission	26,592	0.20038%
55858	Peumansend Creek Regional Jail Authority	38,865	0.29286%
55861	Breaks Interstate Park	1,364	0.01028%

**Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2023**

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
55869	Rsw Regional Jail Authority	—	—%
55899	Shenandoah Valley Regional Airport	7,670	0.05780%
55922	Piedmont Regional Jail	49,093	0.36994%
	Sub-total Political Subdivisions	<u>\$ 5,126,586</u>	<u>38.63128%</u>
Grand Total ⁽¹⁾		<u><u>\$ 13,270,565</u></u>	<u><u>100.00000%</u></u>

⁽¹⁾ Employer-level results may not add to Line of Duty Act system-wide results due to rounding.

The accompanying notes are an integral part of the Schedule of Employer Allocations.

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2023

Employer Code	Employer	Net LODA OPEB Liability 6/30/2023	Total LODA OPEB Expense (Revenue) 2023
State:			
2XXXX	State Police Officers' Retirement System Employees	\$ 38,827,889	\$ 4,910,192
3XXXX	All Other State Employees	42,696,968	6,007,647
7XXXX	Virginia Law Officers' Retirement System Employees	164,501,845	22,507,752
	Sub-total State	<u>\$ 246,026,702</u>	<u>\$ 33,425,591</u>
Political Subdivision:			
50001	Arlington County	\$ 19,218,105	\$ 2,751,750
50005	Appalachia, Town	—	(9,360)
50025	Boones Mill, Town	25,738	4,936
50026	Pocahontas, Town	41,212	8,977
55113	Buchanan County	1,915,617	267,987
55136	Gloucester County	2,899,183	355,393
55139	Greene County	1,714,806	265,327
55152	Lee County	1,586,077	186,829
55167	Nottoway County	602,511	71,994
55183	Russell County	1,848,666	236,135
55197	Wise County	2,255,499	341,312
55201	Bristol, City	2,821,929	291,521
55213	Petersburg, City	4,073,296	424,985
55214	Portsmouth, City	11,184,807	1,213,591
55215	Radford, City	1,951,657	321,677
55220	Suffolk, City	10,613,205	1,372,531
55221	Williamsburg, City	1,709,635	235,514
55222	Winchester, City	3,537,735	451,950
55224	Falls Church, City	1,148,336	156,286
55226	Front Royal, Town	741,543	91,721
55232	Franklin, City	2,101,032	340,642
55233	Chesapeake, City	24,851,701	3,336,526
55234	Virginia Beach, City	37,622,505	4,821,688
55235	Norton, City	777,584	116,503
55236	Manassas Park, City	1,091,689	130,990

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2023

Employer		Net	Total
Code	Employer	LODA OPEB	LODA OPEB
		Liability	Expense
		6/30/2023	(Revenue)
			2023
55238	Pound, Town	41,212	1,028
55245	Scottsville, Town	87,556	13,719
55249	LaCrosse, Town	41,212	2,231
55255	Brodnax, Town	20,606	641
55259	Richlands, Town	926,919	104,516
55300	Abingdon, Town	576,734	80,738
55301	Dumfries, Town	288,367	49,838
55304	South Boston, Town	823,928	114,980
55306	Remington, Town	56,647	8,675
55310	Smithfield, Town	391,358	46,700
55314	Jonesville, Town	41,212	3,184
55315	Wytheville, Town	1,297,711	213,613
55317	Vienna, Town	782,716	96,941
55321	Woodstock, Town	411,964	61,988
55327	Christiansburg, Town	2,178,246	302,992
55330	Chatham, Town	61,779	8,202
55332	Manassas, City	3,007,345	346,656
55334	Boydton, Town	—	(260)
55338	Quantico, Town	46,344	3,587
55354	Big Stone Gap, Town	164,770	7,486
55355	Luray, Town	514,955	78,751
55369	Tazewell, Town	973,263	186,192
55372	Weber City, Town	82,385	8,246
55374	Hurt, Town	41,212	3,654
55375	Waverly, Town	—	(13,877)
55378	Courtland, Town	41,212	4,872
55380	Independence, Town	144,203	22,216
55382	Grundy, Town	144,203	17,326
55389	Pembroke, Town	82,385	10,713
55397	Orange, Town	298,670	37,486
55417	Norfolk Airport Authority	1,235,892	161,834
55487	Capital Region Airport Commission	803,322	93,507

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2023

Employer		Net	Total
Code	Employer	LODA OPEB	LODA OPEB
		Liability	Expense
		6/30/2023	(Revenue)
			2023
55858	Peumansend Creek Regional Jail Authority	1,174,073	249,577
55861	Breaks Interstate Park	41,212	9,112
55869	Rsw Regional Jail Authority	—	(185,493)
55899	Shenandoah Valley Regional Airport	231,720	20,425
55922	Piedmont Regional Jail	1,483,086	150,743
	Sub-total Political Subdivisions	<u>\$ 154,872,487</u>	<u>\$ 20,110,144</u>
Grand Total ⁽¹⁾		<u>\$ 400,899,189</u>	<u>\$ 53,535,735</u>

⁽¹⁾ Employer-level results may not add to Line of Duty Act system-wide results due to rounding.

The accompanying notes are an integral part of the Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense.

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2023

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
State:											
2XXXX	State Police Officers' Retirement System Employees	\$ 2,071,128	\$ —	\$ 8,624,127	\$ 657,761	\$ 11,353,016	\$ 7,311,261	\$ 113,592	\$ 8,006,518	\$ 1,928,370	\$ 17,359,741
3XXXX	All Other State Employees	2,277,508	—	9,483,493	6,528,681	18,289,682	8,039,805	124,911	8,804,343	4,576,675	21,545,734
7XXXX	Virginia Law Officers' Retirement System Employees	8,774,730	—	36,537,778	31,581,455	76,893,963	30,975,566	481,247	33,921,157	26,787,611	92,165,581
	Sub-total State	<u>\$ 13,123,366</u>	<u>\$ —</u>	<u>\$ 54,645,398</u>	<u>\$ 38,767,897</u>	<u>\$ 106,536,661</u>	<u>\$ 46,326,632</u>	<u>\$ 719,750</u>	<u>\$ 50,732,018</u>	<u>\$ 33,292,656</u>	<u>\$ 131,071,056</u>
Political Subdivision:											
50001	Arlington County	\$ 1,025,118	\$ —	\$ 4,268,565	\$ 1,481,035	\$ 6,774,718	\$ 3,618,754	\$ 56,223	\$ 3,962,876	\$ 252,367	\$ 7,890,220
50005	Appalachia, Town	—	—	—	8,928	8,928	—	—	—	78,506	78,506
50025	Boones Mill, Town	1,373	—	5,717	22,827	29,917	4,846	75	5,307	41,795	52,023
50026	Pocahontas, Town	2,198	—	9,154	13,833	25,185	7,760	121	8,498	885	17,264
55113	Buchanan County	102,181	—	425,481	177,646	705,308	360,709	5,604	395,010	68,537	829,860
55136	Gloucester County	154,646	—	643,942	201,275	999,863	545,914	8,482	597,827	419,439	1,571,662
55139	Greene County	91,470	—	380,878	520,162	992,510	322,897	5,017	353,602	188,960	870,476
55152	Lee County	84,603	—	352,286	17,166	454,055	298,657	4,640	327,058	199,688	830,043
55167	Nottoway County	32,139	—	133,825	391,210	557,174	113,452	1,763	124,241	598,271	837,727
55183	Russell County	98,610	—	410,610	67,951	577,171	348,102	5,408	381,205	187,922	922,637
55197	Wise County	120,311	—	500,973	288,586	909,870	424,709	6,598	465,096	93,737	990,140

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2023

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
55201	Bristol, City	150,525	—	626,783	142,920	920,228	531,367	8,256	581,897	876,845	1,998,365
55213	Petersburg, City	217,275	—	904,727	182,925	1,304,927	766,998	11,916	839,935	967,676	2,586,525
55214	Portsmouth, City	596,611	—	2,484,276	461,290	3,542,177	2,106,090	32,721	2,306,367	2,125,855	6,571,033
55215	Radford, City	104,104	—	433,486	327,957	865,547	367,496	5,710	402,442	42,691	818,339
55220	Suffolk, City	566,122	—	2,357,316	465,498	3,388,936	1,998,458	31,049	2,188,500	789,143	5,007,150
55221	Williamsburg, City	91,194	—	379,730	123,578	594,502	321,923	5,002	352,536	112,721	792,182
55222	Winchester, City	188,707	—	785,772	158,440	1,132,919	666,153	10,350	729,500	327,166	1,733,169
55224	Falls Church, City	61,254	—	255,059	79,140	395,453	216,231	3,359	236,793	78,711	535,094
55226	Front Royal, Town	39,555	—	164,705	20,063	224,323	139,632	2,169	152,910	75,123	369,834
55232	Franklin, City	112,072	—	466,664	602,652	1,181,388	395,623	6,147	433,244	85,583	920,597
55233	Chesapeake, City	1,325,621	—	5,519,852	1,907,480	8,752,953	4,679,556	72,704	5,124,554	2,514,404	12,391,218
55234	Virginia Beach, City	2,006,831	—	8,356,397	870,823	11,234,051	7,084,288	110,065	7,757,962	3,034,237	17,986,552
55235	Norton, City	41,477	—	172,710	113,971	328,158	146,418	2,275	160,342	55,303	364,338
55236	Manassas Park, City	58,232	—	242,477	53,264	353,973	205,564	3,194	225,112	165,479	599,349
55238	Pound, Town	2,198	—	9,154	52,063	63,415	7,760	121	8,498	109,052	125,431
55245	Scottsville, Town	4,670	—	19,447	24,312	48,429	16,487	256	18,055	12,502	47,300
55249	LaCrosse, Town	2,198	—	9,154	15,757	27,109	7,760	121	8,498	12,385	28,764
55255	Brodnax, Town	1,099	—	4,577	13,354	19,030	3,880	60	4,249	23,213	31,402
55259	Richlands, Town	49,443	—	205,880	27,752	283,075	174,538	2,712	191,136	192,909	561,295
55300	Abingdon, Town	30,764	—	128,099	56,413	215,276	108,598	1,687	118,926	17,604	246,815
55301	Dumfries, Town	15,382	—	64,050	128,482	207,914	54,299	844	59,463	68,627	183,233

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2023

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
55304	South Boston, Town	43,949	—	183,004	54,557	281,510	155,145	2,410	169,898	11,277	338,730
55306	Remington, Town	3,022	—	12,582	7,069	22,673	10,667	166	11,681	5,036	27,550
55310	Smithfield, Town	20,876	—	86,925	40,037	147,838	73,692	1,145	80,700	55,298	210,835
55314	Jonesville, Town	2,198	—	9,154	18,154	29,506	7,760	121	8,498	41,784	58,163
55315	Wytheville, Town	69,222	—	288,237	402,474	759,933	244,358	3,796	267,595	66,722	582,471
55317	Vienna, Town	41,751	—	173,850	7,940	223,541	147,385	2,290	161,400	62,155	373,230
55321	Woodstock, Town	21,975	—	91,502	77,059	190,536	77,572	1,205	84,949	17,266	180,992
55327	Christiansburg, Town	116,190	—	483,814	139,038	739,042	410,162	6,372	449,166	77,556	943,256
55330	Chatham, Town	3,295	—	13,722	18,265	35,282	11,633	181	12,739	15,932	40,485
55332	Manassas, City	160,416	—	667,966	7,207	835,589	566,281	8,798	620,131	347,270	1,542,480
55334	Boydton, Town	—	—	—	4,327	4,327	—	—	—	15,730	15,730
55338	Quantico, Town	2,472	—	10,294	19,704	32,470	8,727	136	9,556	25,868	44,287
55354	Big Stone Gap, Town	8,789	—	36,597	18,858	64,244	31,026	482	33,976	119,073	184,557
55355	Luray, Town	27,468	—	114,378	98,180	240,026	96,966	1,507	106,186	40,855	245,514
55369	Tazewell, Town	51,915	—	216,173	339,323	607,411	183,265	2,847	200,692	76,975	463,779
55372	Weber City, Town	4,395	—	18,299	29,418	52,112	15,513	241	16,988	48,368	81,110
55374	Hurt, Town	2,198	—	9,154	18,621	29,973	7,760	121	8,498	25,403	41,782
55375	Waverly, Town	—	—	—	250	250	—	—	—	99,605	99,605
55378	Courtland, Town	2,198	—	9,154	13,498	24,850	7,760	121	8,498	20,551	36,930
55380	Independence, Town	7,692	—	32,029	23,962	63,683	27,153	422	29,736	8,503	65,814
55382	Grundy, Town	7,692	—	32,029	18,689	58,410	27,153	422	29,736	36,450	93,761

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2023

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
55389	Pembroke, Town	4,395	—	18,299	623	23,317	15,513	241	16,988	2,471	35,213
55397	Orange, Town	15,931	—	66,338	7,289	89,558	56,239	874	61,587	37,648	156,348
55417	Norfolk Airport Authority	65,924	—	274,506	29,731	370,161	232,717	3,616	254,848	50,462	541,643
55487	Capital Region Airport Commission	42,850	—	178,427	87,253	308,530	151,265	2,350	165,649	197,580	516,844
55858	Peumansend Creek Regional Jail Authority	62,627	—	260,775	1,027,565	1,350,967	221,077	3,435	242,100	736,365	1,202,977
55861	Breaks Interstate Park	2,198	—	9,154	19,063	30,415	7,760	121	8,498	775	17,154
55869	Rsw Regional Jail Authority	—	—	—	—	—	—	—	—	389,535	389,535
55899	Shenandoah Valley Regional Airport	12,360	—	51,468	16,715	80,543	43,633	678	47,782	55,288	147,381
55922	Piedmont Regional Jail	79,110	—	329,411	87,052	495,573	279,264	4,339	305,820	619,227	1,208,650
	Sub-total Political Subdivisions	\$ 8,261,091	\$ —	\$ 34,398,987	\$ 11,650,674	\$ 54,310,752	\$ 29,162,365	\$ 453,086	\$ 31,935,534	\$ 17,124,364	\$ 78,675,349
Grand Total		\$ 21,384,457	\$ —	\$ 89,044,385	\$ 50,418,571	\$ 160,847,413	\$ 75,488,997	\$ 1,172,836	\$ 82,667,552	\$ 50,417,020	\$ 209,746,405

The accompanying notes are an integral part of the Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer.

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Notes to GASB No. 75 Schedules
For the Plan Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Description of the Entity

The Virginia Retirement System (the System) is an independent agency of the Commonwealth of Virginia. The System administers four separate pension trust funds – the Virginia Retirement System (VRS), the State Police Officers’ Retirement System (SPORS), the Virginia Law Officers’ Retirement System (VaLORS), and the Judicial Retirement System (JRS) as well as several Other Post-Employment Benefit trust funds – the Group Life Insurance Program, the Retiree Health Insurance Credit Program, the Disability Insurance Program for state employees, the Line of Duty Act Program and the Virginia Local Disability Program for participating schools systems and local governments.

Administration and Management

The Board of Trustees (the Board) is responsible for the general administration and operation of the pension plans and the other employee benefit plans. The Board has full power to invest and reinvest the trust funds of the System through the adoption of investment policies and guidelines that fulfill the Board’s investment objective to maximize long-term investment returns while targeting an acceptable level of risk.

The Board consists of nine members. Five members are appointed by the Governor and four members are appointed by the Joint Rules Committee of the General Assembly subject to confirmation by the General Assembly. The Board appoints a Director to serve as the Chief Administrative Officer of the System and a Chief Investment Officer to direct, manage, and administer the investment of the System’s funds.

The System issues an *Annual Comprehensive Financial Report* (Annual Report) containing the financial statements and required supplementary information for all of the System’s pension and other employee benefit trust funds. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at 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. The pension and other employee benefit trust funds administered by the System are classified as fiduciary funds and are included in the basic financial statements of the Commonwealth of Virginia.

Other Post-Employment Benefits (OPEB) – LODA

The LODA Program is a multiple-employer, cost-sharing plan. The LODA Program was established pursuant to § 9.1-400 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and

health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB; LODA Program OPEB expense; information about the fiduciary net position of the LODA Program; and the additions to/ deductions from the LODA Program's fiduciary net position have been determined on the same basis as they were reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. General Information about the LODA OPEB Plan

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS

Eligible Employees

The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS or VaLORS.

Benefit Amounts

The LODA Program provides death and health insurance benefits for eligible individuals:

- **Death:** The LODA Program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
 - \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
 - \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
 - An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
 - **Health Insurance:** The LODA Program provides health insurance benefits.
 - The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.
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Contributions

The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023, was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year.

Actuarial Assumptions and Methods

The total LODA Program 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.

Inflation	2.50%
Salary increases, including inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.25% – 4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – ValORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Largest 10 Locality Employers With Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Non-Largest 10 Locality Employers With Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Note 3. Net LODA Program OPEB Liability

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

Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
LODA Net OPEB Liability (Asset)	<u>\$ 400,900</u>

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.31%
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The total LODA Program 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 LODA Program 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.

Discount Rate

The discount rate used to measure the total LODA Program OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the Statutes, and that they will be made in accordance with the System’s funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by participating

employers to the LODA Program OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA Program OPEB investments was set at 3.86% for this valuation. Since LODA Program is funded on a current-disbursement basis, it is not able to use the System’s Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Sensitivity Analysis – Investment Rate of Return

The following table presents the collective net LODA Program liability of the participating employers in the LODA Program using the discount rate of 3.86%, as well as what the collective net LODA Program liability of the participating employers would be if it were calculated using a discount rate that is one percentage point lower 2.86% or one percentage point higher 4.86% than the current rate (amounts expressed in thousands):

Net LODA OPEB Liability – 1.00% Decrease 2.86%	\$	449,503
Net LODA OPEB Liability – Current Trend Rate 3.86%	\$	400,899
Net LODA OPEB Liability – 1.00% Increase 4.86%	\$	359,781

Sensitivity Analysis – Health Care Trend Rate

The following table presents the collective net LODA Program liability of the participating employers in the LODA Program using the Healthcare Cost Trend rate of 7.00% decreasing to 4.75%, as well as what the collective net LODA Program liability of the participating employers would be if it were calculated using a Healthcare Cost Trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate (amounts expressed in thousands):

Net LODA OPEB Liability - 1.00% Decrease (6.00% decreasing to 3.75%)	\$	339,976
Net LODA OPEB Liability - Current Discount Rate (7.00% decreasing to 4.75%)	\$	400,899
Net LODA OPEB Liability - 1.00% Increase (8.00% decreasing to 5.75%)	\$	476,393

Note 4. Deferred Outflows / (Inflows) of Resources

The following schedule reflects the amortization of the net balance of remaining deferred outflows / (inflows) of resources at June 30, 2023. The average remaining service lives of all employees provided with benefits through the LODA Program at June 30, 2023 was 10.02 years. Deferred outflows of resources related to the LODA Program resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA Program OPEB Liability in the financial statements for the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA Program will be recognized in the LODA Program expense as follows:

Measurement Period Ending June 30, 2024	\$	(2,180,332)
Measurement Period Ending June 30, 2025	\$	(2,143,565)
Measurement Period Ending June 30, 2026	\$	(976,712)
Measurement Period Ending June 30, 2027	\$	(2,699,676)
Measurement Period Ending June 30, 2028	\$	(6,382,996)
Thereafter	\$	(34,515,707)

Note 5. Employer Contributions

Employers' proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution effort to the Other Post-Employment Benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the LODA Program that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions for adjustments for prior periods.

The employer contributions used in the determination of employers' proportionate shares of collective OPEB amounts reported in the Schedule of Employer Allocations were based on the total employer contributions using the plan's contribution rates and the employer's covered participants for FY 2023. This total was \$13,270,565, and agrees to the employer contributions of \$13,270,565 reported in the LODA Program's Statement of Changes in Net Position (per the System's separately issued financial statements).

Note 6. Additional Financial and Actuarial Information

Information contained in the LODA Program OPEB Notes to the Schedule of Employer Allocations and Schedule of LODA Program OPEB Amounts by Employer (Schedules) was extracted from the audited financial statements of the System for the fiscal year ended June 30, 2023. Additional financial information supporting the preparation of the LODA Program OPEB Schedules (including the financial statements and the unmodified audit opinion thereon, and required supplementary information) is presented in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report is publicly available through the About VRS link on the VRS website at <https://www.varetire.org/media/shared/pdf/publications/2023-annual-report.pdf>, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, P.O. Box 2500, Richmond, VA 23218-2500.