Annual Financial Report

for the

Virginia Biotechnology Research Partnership Authority

A Component Unit of the Commonwealth of Virginia

For The Fiscal Year Ended
June 30, 2023

ACTIVATION CAPITAL
From start to phenomenal

VA BIO+TECH PARK

Prepared by the Director of Business Development and Administration of the Virginia Biotechnology Research Partnership Authority

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VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

As of June 30, 2023

Board of Directors
Michael Rao, Ph.D., Ex-Officio and Chair
The Hon. Caren Merrick, Ex Officio and Vice Chair

Garrison Coward
Donna Edmonds
Art Espey
John Gerber
Charles Macfarlane
The Hon. Jennifer DJ Nordquist
The Hon. Levar Stoney, Ex Officio

Executive Director
Chandra Briggman

VIRGINIA BIOTECHNOLOGY RESEARCH PARK CORPORATION (ACTIVATION COUNCIL)

Board of Directors
Michael Rao, Ph.D., Ex-Officio and Chair
Jennifer Finn, Vice Chair

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The Hon. Caren Merrick, Ex-Officio
The Hon. Levar Stoney, Ex-Officio

President and CEO
Chandra Briggman

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FINANCIAL INFORMATION

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Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 15, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board Members
Virginia Biotechnology Research Partnership Authority

Robert Ward, Interim President & Chief Executive Officer
Virginia Biotechnology Research Partnership Authority

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and discretely presented component unit of the **Virginia Biotechnology Research Partnership Authority** (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of another auditor, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of the Authority as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit of the Authority, which are discussed in Note 1. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the Authority, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, 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. The financial statements of the component unit of the Authority that were audited by another auditor upon whose report we are relying were not audited in accordance with Government Auditing Standards.

Emphasis of Matter

Investments with Values that are not Readily Determined

As discussed in Note 3, the accompanying financial statements of the Authority include investments valued at approximately $305 thousand as of June 30, 2023, whose fair values have been estimated by management using primarily unobservable inputs in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 11 through 16; the Schedule of Changes in Net Pension Asset and Related Ratios, the Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program, the Schedule of Changes in Net HIC OPEB Liability and Related Ratios, the Schedule of Employer's Share of Net OPEB (Asset) Liability – Virginia Local Disability Program, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 82 through 91. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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Our discussion and analysis of the Virginia Biotechnology Research Partnership Authority's (the "Authority") financial performance provides a narrative introduction, an overview of the Authority's financial activities as of, and for, the fiscal year ended June 30, 2023, with selected comparative information for the fiscal year ended June 30, 2022. It should be read in conjunction with the Authority's accompanying financial statements and notes to the financial statements.

ABOUT THE AUTHORITY

The Virginia Biotechnology Research Partnership Authority ("VA Bio+Tech Park" or "Authority") is an emerging technologies community dedicated to fostering development of Virginia's life sciences through technology transfer, new business formation, expansion of existing businesses and business attraction. Located on 34 acres in Richmond, Virginia, the VA Bio+Tech Park is adjacent to the health sciences campus of Virginia Commonwealth University (VCU) and the VCU Medical Center. It is also close to the state capitol, the academic campus of VCU and is only ten minutes from Richmond International Airport. The VA Bio+Tech Park is home to over 70 private and non-profit companies, state and federal laboratories, and research institute/administrative functions of VCU and VCU Health, filling over 1.2 million square feet of laboratory and office space and employing approximately 2,400 individuals. Major organizations in the VA Bio+Tech Park include The Altria Center for Research and Technology, United Network for Organ Sharing (UNOS), Phlow Corporation, Medicines for All Institute, and the Division of Consolidated Laboratory Services. The VA Bio+Tech Park partners with neighboring Chesterfield, Hanover and Henrico Counties to extend the reach of the VA Bio+Tech Park for sites that may accommodate larger companies on suburban campuses in the Greater Richmond area.

The Virginia Biotechnology Research Park Corporation ("Corporation" or "Activation Capital") was created in 1992 when VCU and the City of Richmond agreed to designate a site as a life science research park. The Authority was established in 1993 as a political subdivision of the Commonwealth of Virginia to disseminate knowledge pertaining to scientific and technological research and development among public and private entities, including but not limited to biotechnology, by promoting scientific research and economic development through the attraction and creation of new jobs and companies. In order to facilitate and coordinate scientific and technological research and development, the Authority promotes the industrial and economic development of the VA Bio+Tech Park and the Commonwealth, and also has authority for financing construction through bonds and other authorized means. The Authority does not have taxing powers. Operations are funded from memberships, parking, community development fees, grants, ancillary service revenues, bond issuance and other supportive and related activity. The staff of the Authority support operations.

The Authority and the Corporation have a financial and operational relationship requiring the Corporation's financial statements to be presented with the Authority's financial statements (Discretely Presented Component Unit).

In 2017, the Virginia Biotechnology Research Park Corporation (a 501c3) unveiled a new brand identity as part of continued efforts to support collaboration and coordination of high-growth innovation activities in the Richmond region: "Activation Capital: from start to phenomenal." The brand identity recognizes the uniqueness of individuals and organizations needed to strengthen and grow our regional innovation ecosystem and the support needed to take an idea and bring it to success. In addition, the Innovation Council became known as the Activation Council.

In 2018, Lighthouse Labs LLC (Lighthouse Labs) was created under Activation Capital, governed by a separate board. Lighthouse Labs is a nationally-ranked accelerator advancing the growth of high-potential companies. The financial activity of Lighthouse Labs is included with the activity of the Corporation.

The Riverflow Growth Fund I, L.P. (Partnership) was established in 2019 as an Exempt Offering under Rule 506(b) of Reg. D of the Federal Securities Act, and is organized and operated to fund early health and other advance technology companies. The Authority and the Partnership have a financial and operational relationship requiring the Partnership's financial statements to be blended into the Authority's financial statements (Blended Component Unit). Condensed statements are presented in the notes to the financial statements.

OVERVIEW OF ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the financial condition and performance of the Authority. The financial statements of the Authority are presented using the accrual method of accounting. The financial statements themselves consist of the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and Notes to the Financial Statements.

The Statement of Net Position presents the financial position of the Authority including information about the type and amount of resources and obligations on June 30, 2023. The Statement of Revenues, Expenses, and Changes in Net Position presents the results of the Authority's operating and non-operating activities, and provides information as to changes to the net position. The Statement of Cash Flows presents changes in cash and cash equivalents, as a result of operational, non-operational, and financing activities.

The Notes to the Financial Statements provide required disclosures and other pertinent information necessary to provide a reader of the financial statements a complete understanding of the data being presented. The notes are comprised of information about the Authority's accounting policies, significant account balances, obligations, commitments, contingencies, and subsequent events.

CONDENSED FINANCIAL INFORMATION

Statement of Net Position

The Statement of Net Position presents the financial position of the Authority and Partnership at the end of the fiscal year. The statement includes all assets and liabilities of the Authority and its blended component unit. Net position is an indicator of the current fiscal health of the organization and the Authority's financial position over time. A condensed summary of consolidated assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2023 and 2022, respectively, follows:

Condensed Statements of Net Position as of June 30, 2023 and 2022

	2023	2022	Value of Change	Percentage Of Change
Assets:				
Current and other assets	$ 21,091,645	$15,979,905	$ 5,111,740	32%
Capital assets, net	4,320,742	3,997,002	323,740	8%
Total assets	25,412,387	19,976,907	5,435,480	27%
Deferred outflows of resources:				
OPEB deferrals	26,441	29,797	(3,356)	(11%)
Pension deferrals	19,508	71,788	(52,280)	(73%)
Total deferred outflows of resources	45,949	101,585	(55,636)	(55%)
Liabilities:				
Current liabilities	574,015	385,420	188,595	49%
Long-term liabilities	47,810	51,245	(3,435)	(7%)
Total liabilities	621,825	436,665	185,160	42%
Deferred inflows of resources:				
OPEB deferrals	16,728	21,174	(4,446)	(21%)
Pension deferrals	185,874	316,654	(130,780)	(41%)
Total deferred inflows of resources	202,602	337,828	(135,226)	(40%)
Net position:				
Net investment in capital assets	4,188,769	3,997,002	191,767	5%
Restricted	7,545,259	2,483,422	5,061,837	204%
Unrestricted	12,899,881	12,823,535	76,346	1%
Total net position	$24,633,909	$19,303,959	$ 5,329,950	28%

The increase in current and other assets is due principally to an increase in restricted cash and cash equivalents resulting from a five million grant received during the year from the Virginia Department of Housing and Community Development but not fully expended before year end. Other assets also increased due to investment gains during the fiscal year. The increase in capital assets is due mainly to increases in construction in progress. See Footnote 4 for further information. Deferred outflows and inflows for pension and OPEB amounts decreased due to fluctuations in actuarial assumptions. Current liabilities increased from prior year primarily due to an increase in accounts payable related to the Build Back Better Regional Challenge (BBBRC) program in which the Authority is participating at year-end.

Statement of Revenues, Expenses, and Changes in Net Position

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Change in Net Position. This statement measures the success of the Authority's and its blended component unit's operations and can be used to determine whether the Authority's and its blended component unit's fiscal condition has improved or worsened during the year. A summary of the Authority and its blended component unit revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022*	Value of Change	Percentage Of Change
Operating revenues:				
Membership income	$ 503,866	$ 532,636	$ (28,770)	(5%)
Parking income	463,320	453,067	10,253	2%
Community development fees	291,061	291,061	-	0%
Business support services	309,337	667,667	(358,330)	(54%)
Grant revenues and contribution	218,057	220,314	(2,257)	(1%)
Other income	46,476	6,118	40,358	660%
Total operating revenues	1,832,117	2,170,863	(338,746)	(16%)
Operating expenses:				
Salaries and benefits	848,347	938,544	(90,197)	(10%)
Marketing and promotion	82,009	75,985	6,024	8%
Occupancy costs	313,577	283,091	30,486	11%
Administrative	1,041,223	662,766	378,457	57%
Depreciation expense	53,189	41,921	11,268	27%
Total operating expenses	2,338,345	2,002,307	336,038	17%
Operating gain (loss)	(506,228)	168,556	(674,784)	(400%)
Non-operating revenues and expenses	836,178	(3,335,337)	4,171,515	125%
Other revenues	5,000,000	-	5,000,000	100%
Change in net position	5,329,950	(3,166,781)	8,496,731	268%
Net position - beginning of year	19,303,959	22,470,740	(3,166,781)	(14%)
Net position - end of year	$24,633,909	$19,303,959	$ 5,329,950	28%

**The 2022 figures above were restated to reflect the reclassification of interest revenues from operating to non-operating in conformity with the 2023 presentation.*

Operating revenues decreased due to 1) decrease in business support services resulting from the Authority discontinuing the revenue stream partway through the current fiscal year, and 2) an increase in other income due to a twenty-two thousand third-party donation. Operating expenses increased from the prior fiscal year mainly due 1) a decrease in salaries due to the discontinuation of covering salaries and benefits for Lighthouse Labs in FY23 combined with 2) an increase in administrative costs consisting of costs related to the BBBRC program. Net non-operating revenues and expenses increased due to a combination of the following: $950,236 increase in income/gains on investments from FY22; recognition of ($2,051,938) loss on impairment of construction costs in FY22 which was isolated to that year;

and a decrease of $(725,937) in grant distributions from FY22. Other revenues consist of a five million grant from the Virginia Department of Housing and Community Development.

Statement of Cash Flows

The Statement of Cash Flows provides information about the cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides insight as to the major sources and uses of cash applicable to the fiscal year. A condensed summary of the Statement of Cash Flows for the Authority and its Blended Component Unit for the fiscal years 2023 and 2022, respectively follows:

Condensed Statements of Cash Flows
for the years ended June 30, 2023 and 2022

	2023	2022*	Value of Change	Percentage Of Change
Cash flows from (used by) operating activities	$ (386,368)	$ 166,521	$ (552,889)	(332%)
Cash flows from (used by) non-capital financing activities	172,865	(379,842)	552,707	146%
Cash flows from (used by) capital and related financing activities	4,755,044	(169,565)	4,924,609	2,904%
Cash flows from investing activities	279,465	3,759,856	(3,480,391)	(93%)
Net change in cash and cash equivalents	4,821,006	3,376,970	1,444,036	43%
Cash - beginning of year	8,033,253	4,656,283	3,376,970	73%
Cash - end of year	$ 12,854,259	$ 8,033,253	$ 4,821,006	60%

**The 2022 figures above were restated to reflect the reclassification of interest revenues from operating to non-operating in conformity with the 2023 presentation.*

Cash flows from operating activities decreased significantly and is primarily driven by the decrease in business support services revenue, combined with an increased in costs for the BBBRC program. Cash flows for non-capital financing activities increased primarily due to receipts from grants and the Corporation, as well as decreases in grant distributions, offset by one-time proceeds from the sale of partnership equity in 2022. Cash in/outflows for capital and related financing activities increased due to a significant capital grant offsetting capital outlays for the Innovation Center project. Cash inflows from investing activities decreased because in FY22, the Authority sold a significant amount of Commonfund investments as opposed to FY23.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's investment in capital assets as of June 30, 2023, amounted to approximately 4.3 million (net of accumulated depreciation). This investment in capital assets primarily includes land, construction in progress, and equipment and is more fully described in Note 4.

Long-Term Debt

The Authority's long-term debt was paid off during fiscal year 2022.

Economic Outlook

The Authority was awarded two grants from the U.S. Department of Commerce in September 2022. The award amount was $15,750,000 to support the Life Science Innovation Center construction project. The period of performance is 38 months from the date of award. The second grant awarded will support the pharmaceutical Supply Chain and was for $1,800,000.

The Commonwealth of Virginia awarded the Authority $15,000,000 to support the scale-up of pharmaceutical research, development, and manufacturing cluster in the Richmond Regional Planning District or the Crater Planning District (central Virginia). $10,000,000 will be used to help fund the construction of a life sciences lab building located at the VA Bio+Tech Park in the City of Richmond. The other $5,000,000 will be used to administer a one-time grant program designed to fund a key starting materials pilot project located in central Virginia.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money we receive. If you have any questions about this report or need additional financial information, please contact the Authority's management at 800 East Leigh Street, Richmond, VA 23219, (804) 828-0963.

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Statement of Net Position

As of June 30, 2023

	Authority	Component Unit - Corporation	Eliminations	Reporting Entity
ASSETS				
Current assets:				
Cash and cash equivalents (Note 2)	$ 670,993	$ 2,312,097	$ -	$ 2,983,090
Cash and cash equivalents with Local Government Investment Pool (Note 2)	1,165,405	-	-	1,165,405
Cash and cash equivalents with Local Government Investment Pool- Board Designated (Note 2)	4,000,000	-	-	4,000,000
Accounts receivable	106,441	-	-	106,441
Grant and contribution receivable	-	314,962	-	314,962
Prepaid expenses	4,400	-	-	4,400
Due from Corporation	101,748	-	(101,748)	-
Total current assets	6,048,987	2,627,059	(101,748)	8,574,298
Non-current assets:				
Restricted cash and cash equivalents (Note 2)	7,017,861	-	-	7,017,861
Net pension asset (Note 7)	526,592	-	-	526,592
Net OPEB asset, VLDP (Note 10)	806	-	-	806
Investments (Notes 2 & 3)	7,497,399	-	-	7,497,399
Non-depreciable capital assets (Note 4)	4,096,047	-	-	4,096,047
Depreciable capital assets, net (Note 4)	224,695	1,458	-	226,153
Total non-current assets	19,363,400	1,458	-	19,364,858
Total assets	25,412,387	2,628,517	(101,748)	27,939,156
DEFERRED OUTFLOWS OF RESOURCES				
OPEB deferrals (Notes 8, 9, & 10)	26,441	-	-	26,441
Pension deferrals (Note 7)	19,508	-	-	19,508
Total deferred outflows of resources	45,949	-	-	45,949

The Accompanying Notes to Financial Statements are an integral part of this statement

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Statement of Net Position (Continued)

As of June 30, 2023

	Authority	Component Unit - Corporation	Eliminations	Reporting Entity
LIABILITIES				
Current liabilities:				
Accounts payable	$ 494,338	$ 163,949	$ -	$ 658,287
Customer deposits	8,633	-	-	8,633
Compensated absences (Note 1)	63,085	-	-	63,085
Unearned revenue	7,959	1,500,000	-	1,507,959
Due to Authority	-	101,748	(101,748)	-
Total current liabilities	574,015	1,765,697	(101,748)	2,237,964
Non-current liabilities:				
Net OPEB liability (Notes 8, 9, & 10)	47,810	-	-	47,810
Total liabilities	621,825	1,765,697	(101,748)	2,285,774
DEFERRED INFLOWS OF RESOURCES				
OPEB deferrals (Notes 8, 9, & 10)	16,728	-	-	16,728
Pension deferrals (Note 7)	185,874	-	-	185,874
Total deferred inflows of resources	202,602	-	-	202,602
NET POSITION				
Net investment in capital assets	4,188,769	1,458	-	4,190,227
Restricted for pensions	526,592	-	-	526,592
Restricted for OPEB, VLDP	806	-	-	806
Restricted for capital projects	4,775,752	-	-	4,775,752
Restricted for grant purposes	250,000	-	-	250,000
Restricted for health innovation purposes	1,992,109	-	-	1,992,109
Unrestricted	12,899,881	861,362	-	13,761,243
Total net position	$ 24,633,909	862,820	-	$ 25,496,729

The Accompanying Notes to Financial Statements are an integral part of this statement

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Statement of Revenues, Expenses, and Changes in Net Position

For the year ended June 30, 2023

	Authority	Component Unit - Corporation	Eliminations	Reporting Entity
Operating revenues:				
Membership income	$ 503,866	$ -	$ -	$ 503,866
Parking income	463,320	-	-	463,320
Community development fees	291,061	-	-	291,061
Business support services	309,337	-	(309,337)	-
Grant revenues and contributions	218,057	1,345,026	-	1,563,083
Other income	46,476	-	-	46,476
Total operating revenues	1,832,117	1,345,026	(309,337)	2,867,806
Operating expenses:				
Salaries and benefits	848,347	559,695	(309,337)	1,098,705
Marketing and promotion	82,009	-	-	82,009
Occupancy costs	313,577	10,400	-	323,977
Administrative	1,041,223	25,811	-	1,067,034
Program expenses	-	1,205,572	-	1,205,572
Depreciation expense (Note 4)	53,189	772	-	53,961
Total operating expenses	2,338,345	1,802,250	(309,337)	3,831,258
Income (Loss) from operations	(506,228)	(457,224)	-	(963,452)
Non-operating revenue/(expenses):				
Grant distributions	(122,759)	-	-	(122,759)
Grant revenue	250,000	-	-	250,000
Interest Income	275,650	-	-	275,650
Net gain on investments	433,287	-	-	433,287
Total non-operating revenue/expense, net	836,178	-	-	836,178
Income (Loss) before other revenues, expenses, gains or losses	329,950	(457,224)	-	(127,274)
Other revenues:				
Capital grants and contributions	5,000,000	-	-	5,000,000
Change in net position	5,329,950	(457,224)	-	4,872,726
Net position - beginning of year	19,303,959	1,320,044	-	20,624,003
Net position - end of year	$24,633,909	$ 862,820	$ -	$25,496,729

The Accompanying Notes to Financial Statements are an integral part of this statement

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Statement of Cash Flows

For the year ended June 30, 2023

	Authority	Component Unit - Corporation	Eliminations	Total Reporting Entity
Cash flows from operating activities:				
Cash received from memberships	$ 509,987	$ -	$ -	$ 509,987
Cash received from parking	440,410	-	-	440,410
Cash received from community development fees	206,061	-	-	206,061
Cash received from business support services	309,337	-	(309,337)	-
Cash received from miscellaneous income	45,476	-	-	45,476
Cash received from donors and grantors	291,292	2,895,331	-	3,186,623
Payments for personnel expenses	(950,618)	(559,695)	309,337	(1,200,976)
Payments for marketing expenses	(103,943)	-	-	(103,943)
Payments for occupancy expenses	(305,393)	(10,400)	-	(315,793)
Payments for administrative expenses	(828,977)	(3,921)	-	(832,898)
Payments for program services	-	(1,254,703)	-	(1,254,703)
Net cash provided by (used in) operating activities	(386,368)	1,066,612	-	680,244
Cash flows from non-capital financing activities:				
Grant pass-through distributed	(121,000)	-	-	(121,000)
Cash reimbursements from the Corporation	635,769	-	-	635,769
Cash received for grants	250,000	-	-	250,000
Cash payments on behalf of the Corporation	(469,145)	-	-	(469,145)
Grant distributions from EDIF	(122,759)	-	-	(122,759)
Net cash provided by non-capital financing activities	172,865	-	-	172,865
Cash flows from capital and related financing activities:				
Capital grants and contributions	5,000,000	-	-	5,000,000
Purchase of capital assets	(244,956)	-	-	(244,956)
Net cash provided by capital and related financing activities	4,755,044	-	-	4,755,044
Cash flows from investing activities:				
Interest and dividends	279,465	-	-	279,465
Net cash provided by investing activities	279,465	-	-	279,465
Net increase in cash	4,821,006	1,066,612	-	5,887,618
Cash and cash equivalents - 6/30/22	8,033,253	1,245,485	-	9,278,738
Cash and cash equivalents - 6/30/23	$ 12,854,259	$ 2,312,097	$ -	$ 15,166,356
Reconciliation of cash and cash equivalents to the statement of net position:				
Cash and cash equivalents	$ 670,993	$ 2,312,097	$ -	$ 2,983,090
Cash and cash equivalents with Local Government Investment Pool	5,165,405	-	-	5,165,405
Restricted cash and cash equivalents	7,017,861	-	-	7,017,861
Total cash and cash equivalents	$ 12,854,259	$ 2,312,097	$ -	$ 15,166,356

The Accompanying Notes to Financial Statements are an integral part of this statement

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Statement of Cash Flows (Continued)

For the year ended June 30, 2023

	Authority	Component Unit - Corporation	Eliminations	Total Reporting Entity
Reconciliation of net operating loss to net cash provided by (used in) operating activities:				
Operating loss	$ (506,228)	$ (457,224)	$ -	$ (963,452)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation expense	53,189	772	-	53,961
Changes in operating assets and liabilities:				
Receivables	(6,035)	72,194	-	66,159
Prepaid expenses	11,728	-	-	11,728
Accounts payable	180,187	(49,130)	-	131,057
Unearned revenue	(96)	1,500,000	-	1,499,904
Leave accrual	3,742	-	-	3,742
Net pension asset	(40,387)	-	-	(40,387)
Deferred outflows - pension	52,280	-	-	52,280
Deferred outflows - OPEB	3,356	-	-	3,356
Net OPEB asset	597	-	-	597
Net OPEB liability	(3,435)	-	-	(3,435)
Deferred inflows - pension	(130,820)	-	-	(130,820)
Deferred inflows - OPEB	(4,446)	-	-	(4,446)
Net cash provided by (used in) operating activities	$ (386,368)	$ 1,066,612	$ -	$ 680,244
Supplemental disclosure of non-cash investing and financing activity:				
Unrealized gain on Commonfund investments	$ 624,472	$ -	$ -	$ 624,472
Decrease in valuation of Riverflow investments	(195,000)	-	-	(195,000)
Capital asset acquisitions included in accounts payable	131,973	-	-	131,973
Reimbursable costs included in accounts payable	6,211	-	-	6,211

The Accompanying Notes to Financial Statements are an integral part of this statement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Virginia Biotechnology Research Partnership Authority (Authority) began operations July 1, 1993. The Authority promotes the industrial and economic development of the VA Bio+Tech Park and the Commonwealth, and also has authority for financing construction through bonds and other authorized means. The Authority does not have taxing powers. Operations are funded from memberships, parking, community development fees, grants, ancillary service revenues, bond issuance and other supportive and related activity.

The Authority is a component unit of the Commonwealth and is included in the basic financial statements of the Commonwealth. A separate report is prepared for the Commonwealth that includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority.

The accompanying annual financial report includes the financial activities of the Authority, and its blended component unit. Financial information for the Authority and the component unit is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Government Accounting Standards Board.

Discretely Presented Component Unit

The Virginia Biotechnology Research Park Corporation (the Corporation) is an Internal Revenue Code Section 501(c) (3) corporation and is organized and operated exclusively for scientific, educational, and charitable purposes. The Corporation's financial statements are presented under FASB, including Topic 958. As such certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Corporation's financial information for these differences. The Corporation created a limited liability company called Lighthouse Labs LLC (the "Company"). The Corporation is the sole member of the Company and has the responsibility of managing the business and affairs under an operating agreement. The Authority and the Corporation have a financial relationship that requires the Corporation's financial statements be presented discretely with those of the Authority's financial statements. A copy of the statement can be obtained from 800 East Leigh Street, Richmond, VA 23219, (804) 828-0963.

Blended Component Units

Riverflow Growth Fund Manager, LLC (the Company), is a single-member limited liability company of which the Authority is the sole member. The Company is organized exclusively to manage Riverflow Growth Fund I, L.P. (the Partnership) in which the Company has a 1% general partnership interest. The Authority has a 99% limited partnership interest in the Partnership. The Partnership was formed to create pre-seed and seed-stage investments. The Authority, the Company, and the Partnership have a financial and operating relationship that required the Company's and the Partnership's financial statements to be blended in the Authority's financial statements. Administrative expenses of the Riverflow Growth Fund entities are classified as operating, and investment expenses are classified as non-operating on the statement of revenues, expenses and changes in net position.

Blended Component Units

Condensed combining financial statements for the Authority and its blended component units are presented in Note 13.

Basis of Accounting

The financial statements of the Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with generally accepted accounting principles, which provides that revenues are recorded when earned and expenses are recorded when incurred. It is the policy of the Authority to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

The Authority defines operating revenues as revenue derived from the primary business activities of the Authority. These activities include the following: 1) membership revenues; 2) contributed income directly supporting the operations or advancement of the VA BIO+TECH PARK; 3) revenue derived from ownership and management of parking surface lots within the footprint of the VA BIO+TECH PARK; 4) community development fees and other miscellaneous revenue sources such as event fees for conference facilities, and expenditure reimbursements that are not related to a specific capital outlay project; and 5) Grant revenues.

The Authority defines non-operating revenues as revenue that does not meet the definition of operating revenue, as defined above.

The Authority defines operating expenses as expenses incurred in the ordinary course of business and necessary for the day-to-day functioning of the Authority. Operating expenses include such expenses as salaries, occupancy costs, marketing, and administrative expenses.

The Authority defines non-operating expenses as expenses that do not meet the definition of operating expenses, as defined above. These expenses include interest expense, investment losses, capital related items such as the loss on sale of assets and loss on impaired assets. Non-operating activities also include items that are either unusual in nature or infrequent in occurrence.

The Authority established the Ecosystem Direct Investment Fund (EDIF) from resources obtained through the sale of Biotech 8 to support organizations providing support to entrepreneurs and companies in the innovation and entrepreneurial ecosystem. Distributions from this fund are classified as non-operating activities.

The Corporation defines operating revenues as revenue derived from grants, donations, awards, and other funds received for programs.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Authority considers all highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable debt in equity securities held by Riverflow and Commonfund are valued using fair value measurements in accordance with GASB Statement No.72, *Fair Value Measurements and Application* (GASB 72). See Note 3 for additional information on the Authority's investments measured at fair value.

Asset Capitalization and Depreciation Method

Capital assets are generally assets with an initial cost of $2,500 or more and an estimated useful life in excess of two years. Capital assets are valued at historical costs or estimated historical cost if actual cost is not available. Capital assets are comprised of land, buildings, equipment, construction in progress, trademarks, and leasehold improvements. Donated capital assets are carried at acquisition value at the date of contribution. Accumulated depreciation is reported on the statement of net position. Depreciation is computed on the straight-line basis over the estimated useful life of the asset.

Land	Non-depreciable assets
Buildings	20-48 years
Leasehold Improvements	5-15 years
Equipment	3-20 years
Trademark	5-10 years

The costs for maintenance and repairs are charged to occupancy and shared lab expense as incurred. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting profit or loss on such dispositions is reflected in non-operating activities on the statement of revenues, expenses, and changes in net position. The Authority reviewed all subscription-based information technology arrangements ("SBITAs") to determine the impact of GASB Statement No. 96. Due to the short-term nature of the Authority's SBITAs, it was determined GASB 96 does not have a material impact on the financial statements.

Compensated Absences

Compensated absences represent the amounts of paid time off (PTO) hours earned by employees, but not taken at June 30, 2023. PTO combines traditional vacation and sick leave. All full-time staff receive 30 days of PTO on January 1 of each year. The amount reflects all earned PTO and related payroll taxes to be paid under the Authority's leave pay out policy upon employment termination.

Interest Income

Interest income and expense, including administrative fees, from operating, investment, and Local Government Investment Pool accounts are recorded as non-operating revenue.

Pensions

The Authority participates in the Virginia Retirement System (VRS) Political Subdivision Retirement Plan which is a multi-employer, agent plan. For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision'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.

Health Insurance Credit Program

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to § 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Group Life Insurance Program

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

Political Subdivision Employee Virginia Local Disability Program

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. DEPOSITS AND INVESTMENTS

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC). In addition, the Authority's deposits with banks are collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the 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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Other funds of the Authority are invested in the State Treasurer's Local Government Investment Pool (LGIP). LGIP enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is managed in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*. The LGIP is compliant with all of the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in the LGIP should also report their investments in the LGIP at amortized cost. The LGIP is rated AAA by Standard & Poor's rating service.

During fiscal year 2022, the Authority's board of directors designated $4,000,000 to be used for future construction of a building.

2. DEPOSITS AND INVESTMENTS

Investments

Code of Virginia Section 2.2-4500 et.seq. authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, and the African Development Bank; "prime quality" commercial paper and certain corporate notes; banker's acceptances repurchase agreements; and the State Treasurer's Local Government Investment Pool (LGIP). The Authority was created by the Virginia Biotechnology Research Partnership Authority Act and its provisions, as amended, also govern the Authority's investment policies.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5 percent of the Authority's investments are in Commonfund Institutional Multi-Strategy Equity Fund, LLC and Commonfund Institutional Multi-Strategy Bond Fund, LLC. These investments are sixty percent and forty percent, respectively, of the Authority's total investments in Commonfund. The Authority invests in external investment pools and other pooled investments, which are not subject to the concentration of credit risk.

Credit Risk

The Commonfund is an external investment pool whose asset portfolio is unrated.

Interest Rate Risk

As of June 30, 2023, the weighted average effective duration for the Commonfund Institutional Multi-Strategy Bond Fund, LLC was 7.5 years.

Foreign Currency Risk

The Authority's exposure to foreign currency risk derives from its holdings of foreign securities and the use of derivatives to hedge the related foreign currency exposure back to the U.S. dollar. The Authority's exposure is limited to fund investments in foreign securities.

3. INVESTMENTS

Investments Measured at Net Asset Value

Investments measured at net asset value (NAV) per share are valued using the practical expedient at the Authority's pro-rata interest in the net assets of these funds. Investments held by these funds are valued at prices which approximate fair value. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the respective funds and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. Net asset valuations are provided monthly by these funds.

Investments Measured at Net Asset Value (Continued)

In relation to the investment funds in the following table valued using the practical expedient, the following information is presented regarding the nature of the Authority's investment and related commitments as of June 30, 2023. The fair value of the investments in each fund has been estimated using the NAV per share of investments.

	Fair Value	Unfunded Commitments	Eligible Redemption Frequency	Redemption Notice Period
Commonfund:				
Multi-Strategy Equity Fund	$ 4,302,392	n/a	Monthly	5 business days
Multi-Strategy Bond Fund	2,890,007	n/a	Monthly	5 business days
	$ 7,192,399			

1. Multi-Strategy Equity Funds. To offer an actively managed, multi-manager investment program that will provide broad exposure to global equity markets. The fund seeks to add value net of fees above the return of the U.S. equity market, as measured by the S&P 500 Index, over a full market cycle. The fund's risk characteristics will vary from those of the S&P 500 due to its diversified exposures to equity markets outside of that index, including non-U.S. equity markets and to certain marketable alternative strategies. A separate composite benchmark consists of typical allocations to these strategies that the Commonfund investment managers believe provides greater insight on nearer term performance drivers and fund characteristics. It also provides an appropriate framework to understand the impact of allocation changes over time. The weights reflected in the composite represent Commonfund's expectations for long run, average exposures to the strategies.
2. Multi-Strategy Bond Funds. To offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. The fund seeks to add value above the return of the broad U.S. Bond market, as measured by the Barclay's Capital U.S. Aggregate Bond Index, net of fees and to provide competitive returns relative to the Russell U.S. Core Plus Fixed Income Universe. The fund's risk characteristics will vary from those of the Index due to its diversified exposures to sectors outside of the Index, including below investments grade debt and international bond and currency markets.

Investments Measured at Fair Value

Riverflow Fund Growth Fund I, LP (the Partnership) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Partnership's investments in private companies are categorized in Level 3 of the fair value hierarchy.

Investments Measured at Fair Value (Continued)

The Partnership makes investments in privately-held companies focused on health innovation. In July, 2021, the Partnership made its second investment of $250,000 for a total preferred stock equity investment of $500,000. The transaction price, excluding transaction costs, is typically the best estimate of fair value at inception. When evidence supports a change to the carrying value from the transaction price, adjustments are made to reflect expected exit values in the investment's principal market under current market conditions. Ongoing reviews by management are based on an assessment of trends in the performance of each underlying investment from the inception date through the most recent valuation date.

These assessments typically incorporate valuation techniques using the income and market approaches. The income approach measures the present worth of anticipated future economic benefits (i.e. net cash flows). The net cash flow is forecast over the expected remaining economic life and discounted to present value using an appropriate risk-adjusted discount rate. The market approach includes an analysis of valuation metrics of comparable public companies and recent merger and acquisition transactions for the development of multiples used in valuation.

Investments valued using an income approach utilized discount rates. Additional inputs relied upon in this approach include annual projected cash flows for each investment through their respective investment horizons. These cash flow assumptions may be probability-weighted to reflect the risks associated with achieving expected performance levels across various business scenarios. Under the income approach, the privately-held nature of an investment may be reflected in the magnitude of the selected range of discount rates or through application of separate liquidity discounts. Investments valued using a market approach utilized valuation multiples based on earnings before interest, taxes, depreciation, and amortization ("EBITDA"), or another performance metric such as revenues or net earnings. The selected valuation multiples were estimated through a comparative analysis of the performance and characteristics of each investment within a range of comparable companies or transactions in the observable marketplace. In addition, the Partnership generally applies liquidity discounts and control premiums, dependent upon the characteristics of the individual investment and its respective marketplace.

During the year ended June 30, 2023, the value of one of the Partnership's investments was adjusted down $195,000 based on the results of a third-party valuation using the market approach. At June 30, 2023, the approximate fair value of investments in private companies was $305,000

4. CAPITAL ASSETS

A summary of changes in the Authority's capital assets for the year ended June 30, 2023, is presented as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Authority				
Non-depreciable capital assets:				
Land	$ 3,369,446	$ -	$ -	$ 3,369,446
Construction in progress	450,696	275,905	-	726,601
Total non-depreciable capital assets	$ 3,820,142	$ 275,905	$ -	$ 4,096,047
Depreciable capital assets:				
Equipment	$ 414,096	$ 89,068	$ -	503,164
Leasehold improvements	113,492	11,956	-	125,448
Trademark	146,649	-	-	146,649
Total depreciable capital assets	674,237	101,024	-	775,261
Less accumulated depreciation for:				
Equipment	365,878	12,285	-	378,163
Leasehold improvements	14,180	11,574	-	25,754
Trademark	117,319	29,330	-	146,649
Total accumulated depreciation	497,377	53,189	-	550,566
Depreciable capital assets, net	$ 176,860	$ 47,835	$ -	$ 224,695
Discretely Presented Component Unit - Corporation				
Depreciable capital assets:				
Equipment	$ 2,318	$ -	$ -	$ 2,318
Less accumulated depreciation for:				
Equipment	88	772	-	860
Depreciable capital assets, net	$ 2,230	$ (772)	$ -	$ 1,458

5. CONDUIT DEBT OBLIGATIONS

On April 9, 2002, the Authority issued $12,000,000 in Series 2002 Variable Rate Revenue Bonds to fund construction of the Bio+Tech Seven project. Bio+Tech Seven is an office and data facility built specifically for United Network for Organ Sharing (UNOS). These bonds have a scheduled maturity date of April 1, 2027. The total amount of bonds outstanding at June 30, 2023, is $2,815,000.

The bonds do not constitute a debt or pledge of the faith and credit of the Authority or the Commonwealth and accordingly have not been reported in the accompanying financial statements.

6. NON-CURRENT LIABILITIES

A summary of changes in the Authority's non-current liabilities for the year ended June 30, 2023, is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Net OPEB liabilities	$ 51,245	$ -	$ 3,435	$ 47,810	$ -
Total long-term liabilities	$ 51,245	$ -	$ 3,435	$ 47,810	$ -

7. DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees*

Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	***Hybrid Opt-In Election*** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 ****Non-Eligible Members*** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable

determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.		compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Service credit** Same as Plan 1.	**Service credit** ***Defined Benefit Component:*** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. ***Defined Contributions Component:*** Under the defined contribution component, service credit is used to determine vesting for the

		employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** ***Defined Benefit Component:*** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. ***Defined Contributions Component:*** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and

		may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** ***Defined Benefit Component:*** See definition under Plan 1 ***Defined Contribution Component:*** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty	**Service Retirement Multiplier** ***Defined Benefit Component:***

multiplier for non-hazardous duty members is 1.70%. ***Sheriffs and regional jail superintendents:*** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. ***Political subdivision hazardous duty employees:*** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. ***Sheriffs and regional jail superintendents:*** Same as Plan 1. ***Political subdivision hazardous duty employees:*** Same as Plan 1.	The retirement multiplier for the defined benefit component 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. ***Sheriffs and regional jail superintendents:*** Not applicable. ***Political subdivision hazardous duty employees:*** Not applicable ***Defined Contribution Component:*** Not applicable.
Normal Retirement Age Age 65. ***Political subdivision hazardous duty employees:*** Age 60.	**Normal Retirement Age** Normal Social Security retirement age. ***Political subdivision hazardous duty employees:*** Same as Plan 1.	**Normal Retirement Age** ***Defined Benefit Component:*** Same as Plan 2. ***Political subdivision hazardous duty employees:*** Not applicable. ***Defined Contribution Component:*** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of service credit or at age 50 with at	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age with at least five years (60 months) of	**Earliest Unreduced Retirement Eligibility** ***Defined Benefit Component:*** Normal Social Security retirement age and have at

least 30 years of service credit. ***Political subdivision hazardous duty employees:*** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	service credit or when their age and service equal 90. ***Political subdivision hazardous duty employees:*** Same as Plan 1.	least five years (60 months) of service credit or when their age and service equal 90. ***Political subdivision hazardous duty employees:*** Not applicable. ***Defined Contribution Component:*** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. ***Political subdivision hazardous duty employees:*** Age 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** Age 60 with at least five years (60 months) of service credit. ***Political subdivision hazardous duty employees:*** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** ***Defined Benefit Component:*** Age 60 with at least five years (60 months) of service credit. ***Political subdivision hazardous duty employees:*** Not applicable. ***Defined Contribution Component:*** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. ***Eligibility:***	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. ***Eligibility:*** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** ***Defined Benefit Component:*** Same as Plan 2. ***Defined Contribution Component:*** Not applicable. ***Eligibility:*** Same as Plan 1 and Plan 2.

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. ***Exceptions to COLA Effective Dates:*** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.	***Exceptions to COLA Effective Dates:*** Same as Plan 1	***Exceptions to COLA Effective Dates:*** Same as Plan 1 and Plan 2.

<table>
<tr><td>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.
• The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</td><td></td><td></td></tr>
<tr><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</td><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</td><td>Disability Coverage
Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.
Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</td></tr>
<tr><td>Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service.</td><td>Purchase of Prior Service
Same as Plan 1.</td><td>Purchase of Prior Service
Defined Benefit Component:
Same as Plan 1, with the following exceptions:
• Hybrid Retirement Plan members are ineligible for ported service.
Defined Contribution Component:
Not applicable.</td></tr>
</table>

Members also may be eligible to purchase periods of leave without pay.		

Employees Covered by Benefit Terms

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	5
Inactive members:	
Vested	5
Non-vested	5
Active elsewhere in VRS	2
Total inactive members	12
Active members	6
Total	23

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 Authority's contractually required employer contribution rate for the year ended June 30, 2023, was 0.00% 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 Authority were $0 and $20,933 for the years ended June 30, 2023, and June 30, 2022, respectively.

Net Pension Liability/Asset

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Authority, the net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Mortality rates (15% of deaths are assumed to be service related) :

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

Post-Retirement:
Pub-2010 Amount Weighted Safety 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, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

<u>Long-Term Expected Rate of Return</u>

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.83%

*The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate.

For the year ended June 30, 2022, 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, 2021, actuarial valuations, whichever was greater. From July 1, 2022, 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.

Changes in Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	$ 2,281,312	$ 2,767,517	$ (486,205)
Changes for the year:			
Service cost	35,251	-	35,251
Interest	150,092	-	150,092
Difference between expected and actual experience	(191,115)	-	(191,115)
Contributions – employer	-	6,515	(6,515)
Contributions – employee	-	29,180	(29,180)
Net investment income	-	632	(632)
Benefit payments, including refunds of employee contributions	(185,948)	(185,948)	-
Administrative expense	-	(1,773)	1,773
Other changes	-	61	(61)
Net changes	(191,720)	(151,333)	(40,387)
Balances at June 30, 2022	$ 2,089,592	$ 2,616,184	$ (526,592)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the Authority's net pension asset calculated using the stated discount rate of 6.75%, as well as what the Authority's net pension asset would be if it were calculated using a stated discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Authority's Net Pension Liability (Asset)	$ (261,147)	$ (526,592)	$ (743,348)

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

For the year ending June 30, 2023, the Authority recognized pension expense recovery of $(118,927). At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 100,199
Changes of assumptions	19,508	-
Net difference between projected and actual earnings on plan investments	-	85,675
	$ 19,508	$ 185,874

Amounts reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30:		
2024	$	(113,188)
2025		(33,934)
2026		(55,454)
2027		36,210
Total	$	(166,366)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

8. OTHER POST-EMPLOYMENT BENEFITS – GROUP LIFE INSURANCE (GLI) PROGRAM

Plan Description

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

Plan Description (Continued)

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:
- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.

Accidental Death Benefit – The accidental death benefit is double the natural death benefit.

Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
- Accidental dismemberment benefit
- Safety belt benefit
- Repatriation benefit
- Felonious assault benefit
- Accelerated death benefit option

Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program 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, 2023, was 0.54% of covered employee compensation. This rate 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 Program from the entity were $4,015 and $3,845 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

At June 30, 2023, the Authority reported a liability of $39,374 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022, 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, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00327% as compared to 0.00380% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $2,639. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 4,015	$ -
Differences between expected and actual experience	3,118	1,580
Changes of assumptions	1,469	3,835
Changes in proportion	7,113	6,242
Net difference between projected and actual earnings on plan investments	-	2,460
	$ 15,715	$ 14,117

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

Amounts 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30:		
2024	$	446
2025		261
2026		(1,668)
2027		61
2028		(1,517)
Thereafter		-
Total	$	(2,417)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Teachers:

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

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

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected Generationally

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	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, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action as follows:

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

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, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – JRS Employees:

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

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

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Largest Ten Locality Employers – General Employees:

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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 General Disabled Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees:

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

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

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

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

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
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, Salary Scale, Line of Duty Disability, and Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI OPEB Liability (Asset)	$ 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability (Asset)	67.21%

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

Long-Term Expected Rate of Return

See Note 7 for information regarding the long-term expected rate of return on the System's investments.

Discount Rate

See Note 7 for information regarding the discount rate used to measure the total GLI OPEB liability with the following differences: (1) the GLI OPEB rate is equal to the actuarially determined contribution rate adopted by the VRS Board of Trustees, and (2) there is no opportunity to use an alternate employer contribution rate.

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Employer's proportionate share of the Net GLI OPEB Liability	$57,294	$39,374	$24,892

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

9. OTHER POST-EMPLOYMENT BENEFITS – HEALTH INSURANCE CREDIT PROGRAM (HIC)

Plan Description

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

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • At Retirement – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. • Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No Health Insurance Credit for premiums paid and qualified under the Line of Duty Act (LODA); however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

<u>Employees Covered by Benefit Terms</u>

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested	0
Non-vested	0
Active elsewhere in VRS	0
Total inactive members	0
Active members	6
Total	9

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Authority's contractually required employer contribution rate for the year ended June 30, 2023, was 0.14% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the Political Subdivision Health Insurance Credit Program were $1,041 and $997 for the years ended June 30, 2023, and June 30, 2022, respectively.

Net HIC OPEB Liability

The Authority's net Health Insurance Credit OPEB liability was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.5% per year
Salary increases, including inflation:	
Political Subdivision Employees	3.50% – 5.35%
Political Subdivision Employees-Hazardous Duty Employees	3.50% - 4.75%
Investment Return Rate	6.75%, net of plan investment expense, including inflation

Mortality rates:

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, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Long-Term Expected Rate of Return

See Note 7 for information regarding the long-term expected rate of return on the System's investments.

Discount Rate

See Note 7 for information regarding the discount rate used to measure the total HIC OPEB liability with the following differences: (1) there are no member contributions (only employer), and (2) there is no opportunity to use an alternate employer contribution rate.

Changes in Net HIC OPEB Liability

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	$ 9,702	$ 2,699	$ 7,003
Changes for the year:			
Service cost	116	-	116
Interest	632	-	632
Changes of assumptions	12	-	12
Difference between expected and actual experience	1,665	-	1,665
Contributions – employer	-	997	(997)
Benefit payments	(899)	(899)	-
Administrative expense	-	(5)	5
Net changes	1,526	93	1,433
Balances at June 30, 2022	$ 11,228	$ 2,792	$ 8,436

Sensitivity of the Net HIC OPEB Liability to Changes in the Discount Rate

The following presents the Authority's net HIC OPEB liability calculated using the stated discount rate of 6.75%, as well as what the net HIC OPEB liability would be if it were calculated using a stated discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Authority's Net HIC OPEB Liability	$ 9,405	$ 8,436	$ 7,607

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

For the year ending June 30, 2023, the Authority recognized HIC OPEB expense of $916. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 1,041	$ -
Differences between expected and actual experience	1,484	518
Changes of assumptions	320	-
Net difference between projected and actual earnings on plan investments	-	66
	$ 2,845	$ 584

Amounts reported as deferred outflows of resources related to HIC OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year ended June 30:	
2024	$ 337
2025	307
2026	211
2027	361
2028	4
Thereafter	-
Total	$ 1,220

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

10. OTHER EMPLOYEE BENEFITS – VIRGINIA LOCAL DISABILITY PROGRAM (VLDP)

Plan Description

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
Eligible Employees The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

Benefit Amounts The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees: *Short-Term Disability:* • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. *Long-Term Disability:* • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week • Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
Virginia Local Disability Program Notes: Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirement for active hybrid plan employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2023, was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Authority to the VRS Political Subdivision Employee Virginia Local Disability Program were $6,060 and $5,329 for the years ended June 30, 2023, and June 30, 2022, respectively.

Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Political Subdivision Employee Virginia Local Disability Program OPEB

At June 30, 2023, the Authority reported an asset of $806 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Asset/Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2022, and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Asset/Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The Authority's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the Authority's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Authority's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 0.13705% as compared to 0.13865% at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of $4,629. Since there was a change in proportionate share between measurement dates, a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Political Subdivision Employee Virginia Local Disability Program OPEB (Continued)

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 6,060	$ -
Differences between expected and actual experience	1,133	1,724
Changes of assumptions	31	289
Changes in proportion	657	10
Net difference between projected and actual earnings on plan investments	-	4
	$ 7,881	$ 2,027

Amounts reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

Year ended June 30:	
2024	$ 164
2025	149
2026	(207)
2027	69
2028	(56)
Thereafter	(325)
Total	$ (206)

<u>Actuarial Assumptions</u>

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.5 %
Salary increases, including inflation –	3.5 % – 5.35- %
Investment rate of return	6.75%, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted General 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 General Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Political Subdivision Employee VLDP OPEB Liability/(Asset)

The net OPEB liability/(asset) (NOL/NOA) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL/(NOA) amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	VLDP OPEB Program
Total VLDP OPEB Liability	$ 7,360
Plan Fiduciary Net Position	7,948
Net VLDP OPEB Liability (Asset)	$ (588)
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability (Asset)	107.99%

The total Political Subdivision Employee VLDP 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 Political Subdivision Employee VLDP OPEB liability/(asset) is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

See Note 7 for information regarding the long-term expected rate of return on the System's investments.

Discount Rate

See Note 7 for information regarding the discount rate used to measure the total VLDP OPEB liability with the following differences: (1) there are no member contributions (only employer), and (2) there is no opportunity to use an alternate employer contribution rate.

Sensitivity of the Authority's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Asset to Changes in the Discount Rate

The following presents the employer's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB asset using the discount rate of 6.75%, as well as what the employer's proportionate share of the net VLDP OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Employer's proportionate share of the Net VLDP OPEB Asset (Liability)	($85)	$806	$1,580

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2022 Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

11. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters.

The Authority participates in insurance plans maintained by the Commonwealth. The Department of Human Resource Management administers the state employee health care plan. The risk management insurance plans and worker's compensation plans are administered by a private insurance agency. Risk management insurance includes property and general liability plans and faithful performance of duty bond. The Authority pays premiums directly to the vendor for insurance coverage. Amounts of settlements have not exceeded insurance coverage in the past three years. Information relating to the Commonwealth's employee health care plan is available at the statewide level in the Commonwealth's Annual Comprehensive Financial Report.

12. RELATED PARTIES

In November, 2011, the Authority entered into a lease agreement with Virginia Commonwealth University for the use of the real property, building, and improvements located at 800 East Leigh Street, otherwise known as Bio+Tech Center. Bio+Tech Center is the property from which the Authority conducts the majority of its operations. The rent under the lease agreement was $30 and was paid in a lump sum at the beginning of the lease; therefore, there is no related rent expense represented within these financial statements. The initial lease term ends November 2041.

The Authority leases the space from VCU in Bio+Tech 8 and in turn, sub-leases the space to a single tenant. The tenant paid $148,288 to the Authority during the year ended June 30, 2023, and the Authority remitted the same amount to VCU. The Authority also leases space in the Bio+Tech Center to the VCU Health System. The VCU Health System paid rent of $74,464 during the year ended June 30, 2023. VCU Health System, in turn, sub-leases a portion of the space to another tenant. The tenant paid rent to the Authority of $25,351 which the Authority paid back to VCU Health System. These sub-lease revenues and expenses are included in membership income and occupancy expense, respectively, on the statement of revenues, expenses, and changes in net position.

During FY2019, the Authority received $1.5 million from VCU Health to create investments, grants, and programs that focus on health innovation. The Authority formed two separate legal entities: Riverflow Growth Manager LLC, and Riverflow Growth Fund I, LP. $1 million of the $1.5 million received was invested in Riverflow Growth Fund I, LP, for these purposes. A grant fund was set up with the remaining $500,000. An additional $1.5 million was received during the year ended June 30, 2020, $1 million of which was again invested in Riverflow Growth Fund I, LP., and $500,000 went to the grant fund. No such contributions were received during FY2023.

Personnel of the Corporation are considered employees of the Authority and Lighthouse Labs reimburses the Authority for these costs which totaled $309,337 during fiscal year 2023.

A Board member of the Corporation performs grant program consulting services for the Corporation. The total payments made to this Board member during fiscal year 2023, either directly by the Corporation or by the Authority and then subsequently reimbursed by the Corporation, were $10,000.

During FY2023, the Authority awarded $25,000 in EDIF grants to the Corporation.

13. BLENDED COMPONENT UNIT

The Authority accounts for the Company and the Partnership as a blended component unit. The Company holds no assets and had no activity during the year ended June 30, 2023; therefore, it was aggregated with the Partnership as “Riverflow” in the condensed combining statements as follows:

Condensed Statement of Net Position

Non-current assets	$ 1,561,876
Total assets	1,561,876
Restricted for health innovation	1,256,876
Unrestricted	305,000
Total net position	$ 1,561,876

Condensed Statement of Revenues, Expenses, and Changes in Net Position

Operating expenses	$ 13,032
Operating loss	13,032
Non-operating revenues/(expenses):	
Interest income	48,378
Net loss on investments	(195,000)
Total nonoperating expenses	(146,622)
Change in net position	(159,654)
Beginning net position	1,721,530
Ending net position	$ 1,561,876

Condensed Statement of Cash Flows

Net cash used in operating activities	$ (13,032)
Net cash provided by investing activities	48,378
Net increase in cash and cash equivalents	35,346
Beginning cash and cash equivalents	1,221,530
Ending cash and cash equivalents	$ 1,256,876

14. COMMITMENTS

As of June 30, 2023, the Authority has entered into construction contracts totaling $1.4 million, of which $1.2 million is still outstanding.

REQUIRED SUPPLEMENTARY INFORMATION

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Schedule of Changes in Net Pension Asset and Related Ratios

For the measurement date as of and for the year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 35,251	$ 71,282	$ 57,654	$ 56,235	$ 46,625	$ 44,533	$ 43,233	$ 36,492	$ 57,102
Interest	150,092	139,127	132,454	126,290	121,183	116,386	109,643	102,589	96,454
Changes of assumptions	-	99,130	-	54,476	-	828	-	-	-
Difference between expected and actual experience	(191,115)	(26,028)	30,260	36,398	7,778	(4,218)	28,675	44,487	-
Benefit payments	(185,948)	(126,687)	(116,313)	(114,204)	(91,067)	(86,948)	(83,470)	(82,139)	(49,685)
Net change in total pension liability	(191,720)	156,824	104,055	159,195	84,519	70,581	98,081	101,429	103,871
Total pension liability - beginning	2,281,312	2,124,488	2,020,433	1,861,238	1,776,719	1,706,138	1,608,057	1,506,628	1,402,757
Total pension liability - ending (a)	$ 2,089,592	$ 2,281,312	$ 2,124,488	$ 2,020,433	$ 1,861,238	$ 1,776,719	$ 1,706,138	$ 1,608,057	$ 1,506,628
Plan fiduciary net position									
Contributions - employer	$ 6,515	$ 15,304	$ 3,150	$ 1,689	$ 1,781	$ 2,978	$ 24,201	$ 23,518	$ 18,091
Contributions - employee	29,180	33,300	33,921	30,092	27,037	25,655	23,639	22,946	22,363
Net investment income	632	606,849	43,404	145,042	155,987	234,975	33,550	86,652	262,181
Benefit payments	(185,948)	(126,687)	(116,313)	(114,204)	(91,067)	(86,948)	(83,470)	(82,139)	(49,685)
Administrative expenses	(1,773)	(1,546)	(1,507)	(1,488)	(1,372)	(1,388)	(1,223)	(1,205)	(1,407)
Other changes	61	57	(50)	(91)	(247)	(330)	(14)	(19)	14
Net change in plan fiduciary net position	(151,333)	527,277	(37,395)	61,040	92,119	174,942	(3,317)	49,753	251,557
Plan fiduciary net position - beginning	2,767,517	2,240,240	2,277,635	2,216,595	2,124,476	1,949,534	1,952,851	1,903,098	1,651,541
Plan fiduciary net position - ending (b)	$ 2,616,184	$ 2,767,517	$ 2,240,240	$ 2,277,635	$ 2,216,595	$ 2,124,476	$ 1,949,534	$ 1,952,851	$ 1,903,098
Authority's net pension asset - ending (b) - (a)	$ 526,592	$ 486,205	$ 115,752	$ 257,202	$ 355,357	$ 347,757	$ 243,396	$ 344,794	$ 396,470
Plan fiduciary net position as a percentage of the total pension Liability	125.2%	121.3%	105.4%	112.7%	119.1%	119.6%	114.3%	121.4%	126.3%
Covered payroll*	$ 712,000	$ 785,370	$ 728,661	$ 643,844	$ 555,656	$ 523,187	$ 472,770	$ 458,917	$ 388,489
Net pension asset as a percentage of covered payroll	74.0%	61.9%	15.9%	39.9%	64.0%	66.5%	51.5%	75.1%	102.1%

*Covered payroll represents the total pensionable payroll for employees covered under the pension plan, in accordance with GASB Statement No. 82.

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program

For the measurement date and years ended June 30,	2022	2021	2020	2019	2018	2017
Employer's proportion of the net GLI OPEB liability	0.00327%	0.00380%	0.00341%	0.00328%	0.00293%	0.00284%
Employer's proportionate share of the net GLI OPEB liability	$ 39,374	$ 44,242	$ 56,907	$ 53,375	$ 44,000	$ 43,000
Employer's covered payroll	$ 712,000	$ 785,370	$ 728,661	$ 643,844	$ 555,656	$ 523,187
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.53%	5.63%	7.81%	8.29%	7.92%	8.22%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Note: Information in this schedule is presented for the years in which information is available. Information will be added each year until a full 10-year trend is presented.

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Schedule of Changes in Net HIC OPEB Liability and Related Ratios

For the measurement date as of and for the year ended June 30,	2022	2021	2020	2019	2018
Total HIC OPEB liability					
Service cost	$ 116	$ 240	$ 206	$ 232	$ 181
Interest	632	615	645	615	594
Changes of assumptions	12	349	-	209	-
Difference between expected and actual experience	1,665	(255)	(666)	352	293
Benefit payments	(899)	(719)	(539)	(735)	(790)
Net change in total HIC OPEB liability	1,526	230	(354)	673	278
Total HIC OPEB liability - beginning	9,702	9,472	9,826	9,153	8,875
Total HIC OPEB liability - ending (a)	$ 11,228	$ 9,702	$ 9,472	$ 9,826	$ 9,153
Plan fiduciary net position					
Contributions - employer	$ 997	$ 1,085	$ 1,034	$ 902	$ 780
Contributions - employee	-	-	-	-	-
Net investment income	-	537	36	75	130
Benefit payments	(899)	(719)	(539)	(735)	(790)
Administrative expenses	(5)	(7)	(3)	(2)	(2)
Other changes	-	-	-	(63)	(5)
Net change in plan fiduciary net position	93	896	528	177	113
Plan fiduciary net position - beginning	2,699	1,803	1,275	1,098	985
Plan fiduciary net position - ending (b)	$ 2,792	$ 2,699	$ 1,803	$ 1,275	$ 1,098
Authority's net HIC OPEB liability - ending (b) - (a)	$ 8,436	$ 7,003	$ 7,669	$ 8,551	$ 8,055
Plan fiduciary net position as a percentage of the total HIC OPEB liability	24.9%	27.8%	19.0%	13.0%	12.0%
Covered payroll	$ 712,000	$ 785,370	$ 728,661	$ 643,844	$ 555,656
Net HIC OPEB liability as a percentage of covered payroll	1.2%	0.9%	1.1%	1.3%	1.4%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

Schedule of Employer's Share of Net OPEB (Asset) Liability – Virginia Local Disability Program

For the measurement date and years ended June 30,	2022	2021	2020	2019	2018	2017
Employer's proportion of the net VLDP OPEB (asset) liability	0.13705%	0.13865%	0.07074%	0.06796%	0.03335%	0.00000%
Employer's proportionate share of the net VLDP OPEB (asset) liability	$ (806)	$ (1,403)	$ 706	$ 1,377	$ -	$ -
Employer's covered payroll	$ 642,000	$ 556,988	$ 291,167	$ 210,000	$ 79,696	$ -
Employer's proportionate share of the net VLDP OPEB (asset) liability as a percentage of its covered payroll	-0.13%	-0.25%	0.24%	0.66%	0.00%	n/a
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	107.99%	119.59%	76.84%	49.19%	51.39%	38.40%

Note: Information in this schedule is presented for the years in which information is available. Information will be added each year until a full 10-year trend is presented.

VIRGINIA BIOTECHNOLOGY RESEARCH PARTNERSHIP AUTHORITY

SCHEDULE OF EMPLOYER CONTRIBUTIONS

For the year ended June 30,	Actuarially Determined Contribution (1)	Contributions in Relation to Actuarially Determined Contribution (2)	Contribution Deficiency (Excess) (1) - (2)	Employer's Covered Payroll (3)	Contributions as a % of Covered Payroll (2) / (3)
		Pension			
2023	$ -	$ -	$ -	$ 743,542	0.00%
2022	20,933	20,933	-	712,000	2.94%
2021	16,147	16,147	-	785,370	2.06%
2020	5,576	5,576	-	728,661	0.77%
2019	4,829	4,829	-	643,844	0.75%
2018	3,027	3,027	-	555,656	0.54%
2017	2,978	2,978	-	523,187	0.57%
2016	24,347	24,347	-	472,770	5.15%
2015	23,634	23,634	-	458,917	5.15%
		GLI OPEB			
2023	$ 4,015	$ 4,015	$ -	$ 743,542	0.54%
2022	3,646	3,646	-	712,000	0.51%
2021	4,241	4,241	-	785,370	0.54%
2020	3,789	3,789	-	728,661	0.52%
2019	3,348	3,348	-	643,844	0.52%
2018	2,912	2,912	-	555,656	0.52%
2017	2,742	2,742	-	523,187	0.52%
		HIC OPEB			
2023	$ 1,041	$ 1,041	$ -	$ 743,542	0.14%
2022	1,085	1,085	-	712,000	0.15%
2021	1,100	1,100	-	785,370	0.14%
2020	1,020	1,020	-	728,661	0.14%
2019	901	901	-	643,844	0.14%
		VLDP OPEB			
2023	$ 6,060	$ 6,060	$ -	$ 712,917	0.85%
2022	5,329	5,329	-	642,000	0.83%
2021	4,623	4,623	-	556,988	0.83%
2020	2,096	2,096	-	291,167	0.72%
2019	1,512	1,512	-	210,000	0.72%

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

1. Changes of benefit terms - Pension and OPEB:

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

2. Changes of assumptions - Pension and OPEB:

Changes of assumptions: The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

<u>Pension, HIC OPEB, and VLDP OPEB</u>
Non-Largest 10 Locality Employers - Non-Hazardous Duty, General Employees:
- Mortality Rates (Pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement Rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age (from 75 to 80 for all: HIC and VLDP)
- Withdrawal Rates: Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
- Disability Rates: No change
- Salary Scale: No change
- Line of Duty Disability: No change
- Discount Rate: No change

2. Changes of assumptions - Pension and OPEB (Continued)

GLI OPEB

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

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

2. Changes of assumptions - Pension and OPEB (Continued)

GLI OPEB (Continued)

SPORS Employees:

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

VaLORS Employees:

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

2. Changes of assumptions - Pension and OPEB (Continued)

GLI OPEB (Continued)

JRS Employees:
- Mortality Rates (Pre-retirement, post-retirement healthy, and disabled): Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement Rates: Decreased rates for ages 60-66 and 70-72
- Withdrawal Rates: No change
- Disability Rates: No change
- Salary Scale: Reduce increases across all ages by .50%
- Discount Rate: No change

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

2. Changes of assumptions - Pension and OPEB (Continued)

GLI OPEB (Continued)

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

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