

# West Virginia State Police Retirement System



*Administered by:  
The West Virginia Consolidated Public Retirement Board*

## Audited Schedules of Pension Amounts

As of and for the Year Ended June 30, 2023

*Serving Those Who  
Serve West Virginia*



West Virginia State Police Retirement System  
Audited Schedule of Pension Amounts  
As of and for the Year Ended June 30, 2023

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## Independent Auditor's Report

To the Members of the  
West Virginia Consolidated Public Retirement Board  
Charleston, West Virginia

### Report on Schedule of Pension Amounts

#### *Opinions*

We have audited the net pension asset (liability), total deferred outflows of resources, total deferred inflows of resources and total pension expense (expense offset) included in the accompanying schedule of pension amounts (the Schedule) of the West Virginia State Police Retirement System, administered by the West Virginia Consolidated Public Retirement Board, as of and for the year ended June 30, 2023, and related notes.

In our opinion, the Schedule referred to above present fairly, in all material respects, the net pension asset (liability), total deferred outflows of resources, total deferred inflow of resources, and total employer pension plan expense (expense offset) for the West Virginia State Police Retirement System as of and for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Other Matters*

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of West Virginia Consolidated Public Retirement Board as of and for the year ended June 30, 2023, and our report thereon, dated October 12, 2023, expressed an unmodified opinion on those financial statements.

### ***Responsibilities of Management for the Schedule***

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

### ***Auditor's Responsibilities for the Audit of the Schedule***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- 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 West Virginia Consolidated Public Retirement Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

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.

### ***Restriction on Use***

Our report is intended solely for the information and use of the West Virginia Consolidated Public Retirement Board's management, the West Virginia State Police Retirement System's participating employer and their auditors and is not intended to be and should not be used by anyone other than these specified parties.



Boise, Idaho

March 14, 2024

**WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM**  
*Schedule Of Pension Amounts*  
**As of and the Year Ended June 30, 2023**

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>			
	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Differences Between Expected and Actual Experience	Changes in Assumptions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Total Deferred Inflows of Resources	
<u>Net Pension Asset (Liability)</u>	<u>\$ 2,031,000</u>	<u>\$ 10,692,000</u>	<u>\$ 21,542,000</u>	<u>\$ 34,265,000</u>	<u>\$ (2,497,000)</u>	<u>\$ (2,497,000)</u>	<u>\$ 13,823,000</u>

The accompanying notes are an integral part of this schedule.

# WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM

## NOTES TO SCHEDULE OF PENSION AMOUNTS

### 1 - NATURE OF ENTITY

The West Virginia State Police Retirement System (SPRS) is a single employer defined benefit public employee retirement system that was established for all State Police hired on or after March 12, 1994. SPRS provides retirement, death, and disability benefits.

The West Virginia State Legislature created the Consolidated Public Retirement Board (the Board) to administer ten of the State of West Virginia's eleven retirement plans. The Board is managed by a Board of Trustees, which consists of, by virtue of their position, the Governor, State Auditor, State Treasurer, and Secretary of the Department of Administration, together with the following gubernatorial appointments that are subject to the advice and consent of the State Senate: four residents of the State who are not participants in the retirement plans, one State and one non-State employee participant in the Public Employees' Retirement System, and one participant each from the other nine retirement systems administered by the Board.

Chapter 15, Article 2 and Article 2A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

### 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction - The Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes financial reporting requirements for governments that provide employees with pension benefits. GASB Statement No. 68 requires governmental employers to recognize pension expense and related net pension liability and/or a net pension asset as employees earn pension benefits.

Basis of Accounting - The schedule of pension amounts of the West Virginia State Police Retirement System (the Plan) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for governmental units.

Accounting Estimates - The preparation of the schedule of pension amounts in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of the total pension liability, fiduciary net position, net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense as of the measurement date. Actual amounts could differ from those estimates.

WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM

NOTES TO SCHEDULE OF PENSION AMOUNTS

(Continued)

**2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments - All defined benefit plan funds not required to meet disbursement needs are invested in accordance with the West Virginia Code, as well as policies established by the West Virginia Investment Management Board (WVIMB). The WVIMB has established various investment pools to provide for the investment of the defined benefit plans' assets. These investment pools are structured as multiparticipant variable net asset funds.

The WVIMB was organized on April 25, 1997, as a public body corporate created by *West Virginia Code Section 12-6-1* to provide prudent fiscal administration and investment management services to designated state pension funds, the state's Workers' Compensation and Coal Workers' Pneumoconiosis funds, and certain other state government funds. The WVIMB is governed by a Board of Trustees, consisting of thirteen members. The Governor, the State Auditor, and the State Treasurer are ex officio members of the Board of Trustees. The Governor appoints all other WVIMB Trustees for a term of six years.

Measurement Date - Total pension liability, net pension asset, deferred inflows of resources, deferred outflows of resources, and pension expense were determined by actuarial valuations as of July 1, 2022 rolled forward to June 30, 2023, which is the measurement date.

**3 - AMORTIZATION**

The net difference between projected and actual investment earnings on pension plan investments is amortized over a five-year period. All other deferred outflows of resources and deferred inflows of resources relating to pension amounts reported in these schedules are amortized and included in pension expense over the average remaining service life of 6.59 years.

WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM

NOTES TO SCHEDULE OF PENSION AMOUNTS  
(Continued)

**3 - AMORTIZATION (Continued)**

Amortization of Changes in Assumptions (in thousands, excluding the recognition period):

<u>Measurement date June 30</u>	<u>2017</u>	<u>2021</u>	<u>2022</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Total</u>
Amount	\$ 11,192	\$ 12,476	\$ 15,809			
Recognition period (years)	9.26	7.49	7.07			
Amount recognized in fiscal year:						
2017	\$ 1,209	\$ -	\$ -	\$ 1,209	\$ -	\$ 1,209
2018	1,209	-	-	1,209	-	1,209
2019	1,209	-	-	1,209	-	1,209
2020	1,209	-	-	1,209	-	1,209
2021	1,209	1,666	-	2,875	-	2,875
2022	1,209	1,666	2,237	5,112	-	5,112
2023	1,209	1,666	2,237	5,112	-	5,112
2024	1,209	1,666	2,237	5,112	-	5,112
2025	1,209	1,666	2,237	5,112	-	5,112
2026	311	1,666	2,237	4,214	-	4,214
2027	-	1,666	2,237	3,903	-	3,903
2028	-	814	2,237	3,051	-	3,051
2029	-	-	150	150	-	150
Balance as of June 30:						
2017	\$ 9,983	\$ -	\$ -	\$ 9,983	\$ -	\$ 9,983
2018	8,774	-	-	8,774	-	8,774
2019	7,565	-	-	7,565	-	7,565
2020	6,356	-	-	6,356	-	6,356
2021	5,147	10,810	-	15,957	-	15,957
2022	3,938	9,144	13,572	26,654	-	26,654
2023	2,729	7,478	11,335	21,542	-	21,542
2024	1,520	5,812	9,098	16,430	-	16,430
2025	311	4,146	6,861	11,318	-	11,318
2026	-	2,480	4,624	7,104	-	7,104
2027	-	814	2,387	3,201	-	3,201
2028	-	-	150	150	-	150

WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM

NOTES TO SCHEDULE OF PENSION AMOUNTS  
(Continued)

**3 - AMORTIZATION (Continued)**

Amortization of Differences between Expected and Actual Liability Experience  
(in thousands, excluding the recognition period):

<u>Measurement date June 30</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Net</u> <u>Total</u>
Amount	\$ (201)	\$ 1,636	\$ (765)	\$ (3,610)	\$ (3,513)	\$ 7,888	\$ 513	\$ 3,451	\$ 4,600			
Recognition period (years)	9.00	9.18	9.26	8.50	7.78	7.74	7.49	7.07	6.59			
Amount recognized in fiscal year:												
2015	\$ (23)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (23)	\$ (23)
2016	(23)	179	-	-	-	-	-	-	-	179	(23)	156
2017	(23)	179	(83)	-	-	-	-	-	-	179	(106)	73
2018	(23)	179	(83)	(425)	-	-	-	-	-	179	(531)	(352)
2019	(23)	179	(83)	(425)	(452)	-	-	-	-	179	(983)	(804)
2020	(23)	179	(83)	(425)	(452)	1,020	-	-	-	1,199	(983)	216
2021	(23)	179	(83)	(425)	(452)	1,020	69	-	-	1,268	(983)	285
2022	(23)	179	(83)	(425)	(452)	1,020	69	489	-	1,757	(983)	774
2023	(17)	179	(83)	(425)	(452)	1,020	69	489	699	2,456	(977)	1,479
2024	-	179	(83)	(425)	(452)	1,020	69	489	699	2,456	(960)	1,496
2025	-	25	(83)	(425)	(452)	1,020	69	489	699	2,302	(960)	1,342
2026	-	-	(18)	(210)	(349)	1,020	69	489	699	2,277	(577)	1,700
2027	-	-	-	-	-	748	69	489	699	2,005	-	2,005
2028	-	-	-	-	-	-	30	489	699	1,218	-	1,218
2029	-	-	-	-	-	-	-	28	406	434	-	434
Balance as of June 30:												
2015	\$ (178)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (178)	\$ (178)
2016	(155)	1,457	-	-	-	-	-	-	-	1,457	(155)	1,302
2017	(132)	1,278	(682)	-	-	-	-	-	-	1,278	(814)	464
2018	(109)	1,099	(599)	(3,185)	-	-	-	-	-	1,099	(3,893)	(2,794)
2019	(86)	920	(516)	(2,760)	(3,061)	-	-	-	-	920	(6,423)	(5,503)
2020	(63)	741	(433)	(2,335)	(2,609)	6,868	-	-	-	7,609	(5,440)	2,169
2021	(40)	562	(350)	(1,910)	(2,157)	5,848	444	-	-	6,854	(4,457)	2,397
2022	(17)	383	(267)	(1,485)	(1,705)	4,828	375	2,962	-	8,548	(3,474)	5,074
2023	-	204	(184)	(1,060)	(1,253)	3,808	306	2,473	3,901	6,791	(2,497)	4,294
2024	-	25	(101)	(635)	(801)	2,788	237	1,984	3,202	5,034	(1,537)	3,497
2025	-	-	(18)	(210)	(349)	1,768	168	1,495	2,503	3,431	(577)	2,854
2026	-	-	-	-	-	748	99	1,006	1,804	1,853	-	1,853
2027	-	-	-	-	-	-	30	517	1,105	547	-	547
2028	-	-	-	-	-	-	-	28	406	28	-	28

WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM

NOTES TO SCHEDULE OF PENSION AMOUNTS  
(Continued)

**3 - AMORTIZATION (Continued)**

Amortization of Differences between Projected and Actual Earnings (in thousands, excluding the recognition period):

<u>Measurement date June 30</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Total</u>
Amount	\$ 2,743	\$ 8,834	\$ (55,217)	\$ 42,062	\$ (3,608)			
Recognition period (years)	5.00	5.00	5.00	5.00	5.00			
Amount recognized in fiscal year:								
2019	\$ 549	\$ -	\$ -	\$ -	\$ -	\$ 549	\$ -	\$ 549
2020	549	1,767	-	-	-	2,316	-	2,316
2021	549	1,767	(11,044)	-	-	2,316	(11,044)	(8,728)
2022	549	1,767	(11,044)	8,413	-	10,729	(11,044)	(315)
2023	547	1,767	(11,044)	8,413	(722)	10,727	(11,766)	(1,039)
2024	-	1,766	(11,044)	8,413	(722)	10,179	(11,766)	(1,587)
2025	-	-	(11,041)	8,413	(722)	8,413	(11,763)	(3,350)
2026	-	-	-	8,410	(722)	8,410	(722)	7,688
2027	-	-	-	-	(720)	-	(720)	(720)
Balance as of June 30:								
2019	\$ 2,194	\$ -	\$ -	\$ -	\$ -	\$ 2,194	\$ -	\$ 2,194
2020	1,645	7,067	-	-	-	8,712	-	8,712
2021	1,096	5,300	(44,173)	-	-	6,396	(44,173)	(37,777)
2022	547	3,533	(33,129)	33,649	-	37,729	(33,129)	4,600
2023	-	1,766	(22,085)	25,236	(2,886)	27,002	(24,971)	2,031
2024	-	-	(11,041)	16,823	(2,164)	16,823	(13,205)	3,618
2025	-	-	-	8,410	(1,442)	8,410	(1,442)	6,968
2026	-	-	-	-	(720)	-	(720)	(720)

**4 - PENSION EXPENSE**

The components of pension expense (offset) for the year ended June 30, 2023 (in thousands):

Service cost	\$ 10,019
Interest cost	24,431
Projected earnings on plan investments	(21,190)
Employee contributions	(4,860)
Recognition of current period deferred outflows/inflows:	
Differences between expected and actual experience	699
Differences between projected and actual investment earnings	(722)
Recognition of prior years' deferred outflows/inflows:	
Change in assumptions	5,112
Differences between expected and actual experience	780
Differences between projected and actual investment earnings	(317)
Other changes in fiduciary net position	(129)
Total pension expense (offset)	<u>\$ 13,823</u>

WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM

NOTES TO SCHEDULE OF PENSION AMOUNTS  
(Continued)

**5 - NET PENSION LIABILITY AND ACTUARIAL INFORMATION**

The net pension asset (liability) is the portion of the actuarial present value of projected benefit payments related to past periods, net of the fiduciary net position.

The components of the net pension asset (liability) as of June 30, 2023, are as follows (in thousands):

Total Pension Asset (Liability)	\$ (362,443)
Fiduciary Net Position	<u>320,044</u>
Net Pension Asset (Liability)	<u>\$ (42,399)</u>
Fiduciary Net Position as a percent of Total Pension Liability	88.30%

**5 - NET PENSION LIABILITY AND ACTUARIAL INFORMATION (Continued)**

The total pension liabilities for financial reporting purposes were determined by actuarial valuation as of July 1, 2022 and rolled forward to June 30, 2023 using the actuarial assumptions and methods described, as follows:

Actuarial cost method	Individual entry age normal cost with level percentage of payroll
Asset valuation method	Market value
Amortization method	Level dollar, fixed period
Amortization Period	10 years from July 1, 2019
Actuarial assumptions:	
Investment rate of return	7.25%, net of investment expense
Projected salary increases	4.00%
Inflation rate	2.75%
Discount rate	7.25%
Mortality rates	<i>Active</i> - 100% of Pub-2010 Safety Employee Table, Amount-weighted, projected generationally with Scale MP-2020 <i>Healthy Male Retirees</i> - 98% of Pub-2010 Safety Retiree Male Table, Amount-weighted, projected generationally with Scale MP-2020 <i>Healthy Female Retirees</i> - 99% of Pub-2010 Safety Retiree Female Table, Amount-weighted, projected generationally with Scale MP-2020 <i>Disabled Males</i> - 124% of Pub-2010 Safety Disabled Male Table, Amount-weighted, projected generationally with Scale MP-2020 <i>Disabled Females</i> - 100% of Pub-2010 Safety Disabled Female Table, Amount-weighted, projected generationally with Scale MP-2020 <i>Beneficiary Males</i> - 111% of Pub-2010 Contingent Survivor Male Table, Amount-weighted, projected generationally with Scale MP-2020. <i>Beneficiary Females</i> - 109% of Pub-2010 Contingent Survivor Female Table, Amount-weighted, projected generationally with Scale MP-2020.
Withdrawal rates	0.28% - 6.84%
Disability rates	0.03% - 0.40%
Retirement rates	20% - 100%
Date range of most recent experience study	2015 - 2020

WEST VIRGINIA STATE POLICE RETIREMENT SYSTEM

NOTES TO SCHEDULE OF PENSION AMOUNTS

(Continued)

**6 - SENSITIVITY OF THE NET PENSION ASSET (LIABILITY) TO CHANGE IN THE DISCOUNT RATE (in thousands)**

<u>Sensitivity of Discount Rate</u>	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Net pension asset (liability)	<u>\$ (101,113)</u>	<u>\$ (42,399)</u>	<u>\$ 4,809</u>