

Sample Notes to the Financial Statements

Line of Duty Act Program

For the Fiscal Year Ended June 30, 2026

Instructions: *The Sample Notes to the Financial Statements for the Line of Duty Act Program are based on the data in Illustration 2 of GASB Statement No. 75 and the related information in the Implementation Guide. These are provided by the Virginia Retirement System as a guide for employers in the development of their GASB 75 note disclosures. The GASB 75 schedules referenced in this document can be found in the “GASB Statement No. 75 Report for the Virginia Retirement System Prepared as of June 30, 2025” on the VRS Guidelines and Resources page of the VRS website at employers.varetire.org/financial-reporting/vrs-guidelines-and-resources-opeb.*

Within the sample Notes to the Financial Statements, the sample Required Supplementary Information and the sample Journal Entries there are a number of variable items which each employer must fill in using their own unique information. For each of these items, we have identified the source of the information.

We have also provided an analysis of the change in Net OPEB Liability–LODA for each employer. This analysis includes the June 30, 2024, Net OPEB Liability–LODA and elements impacting the 2025 Net Change in OPEB Liability–LODA and the June 30, 2025, Net OPEB Liability–LODA. Most of this data is also contained in the GASB 75 Report from the VRS actuary.

Note: *Disclosures required in GASB 75 paragraphs 96h and 97b are not included in the information provided below.*

Since the LODA Net Position at June 30, 2025, is less than the projected FY 2026 benefit expense, the difference must be shown as the portion of the Net OPEB Liability–LODA that is due within one year.

The information in this document is provided as an additional resource for employers, but each employer is responsible for their own Notes to the Financial Statements. Employers should review the language and other information provided with their auditors.

If you have any questions concerning this information, please contact me at 804-697-6666 or send me an email at CDoughtie@varetire.org.

Employer Name
Notes to the Financial Statements
For the Year Ended June 30, 2026

Summary of Significant Accounting Policies

Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to § 9.1-400 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 Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/ deductions from the VRS Line of Duty Act Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information About the Line of Duty Act Program

Plan Description

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

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

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS

Eligible Employees

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

Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

- *Death:* The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
 - \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
 - \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit increased to \$75,000 for approved presumptive deaths occurring on or after January 1, 2025.
 - An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
 - *Health Insurance:* The LODA program provides health insurance benefits.
 - The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.
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Contributions

The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2026, was \$1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2025, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were **\$[Insert amount]** and **\$[Insert amount]** for the years ended June 30, 2026, and June 30, 2025, respectively.

Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2026, the entity reported a liability of \$ [Appendix 44 – Net OPEB Liability – Line of Duty Act Plan, 6/30/2025 Net OPEB Liability] for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2025 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2025 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2025, the entity's proportion was [Appendix 41 – Proportionate Share of Contributions – Line of Duty Act Plan, 2025 Employer Allocation Percentage] % as compared to [Appendix 41 – Proportionate Share of Contributions – Line of Duty Act Plan, 2024 Employer Allocation Percentage] % at June 30, 2024.

For the year ended June 30, 2026, the entity recognized LODA OPEB expense of \$ [Appendix 42 – Deferred Inflows and Outflows and OPEB Expense – Line of Duty Act Plan, Total Employer OPEB Expense]. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2026, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1	\$ 5
Net difference between projected and actual earnings on LODA OPEB program investments	2	6
Change in assumptions	3	7
Changes in proportionate share	4	8
Employer contribution subsequent to the measurement date	[Insert Amount]	—
Total	\$ —	\$ —

Source of Data for Deferred Outflows and Deferred Inflows Schedule:

Appendix 42 – Deferred Inflows and Outflows and OPEB Expense

- 1 – \$ [Deferred Outflows of Resources - Difference Between Expected and Actual Exp.]
- 2 – \$ [Deferred Outflows of Resources - Net Difference Between Projected and Actual Inv...]
- 3 – \$ [Deferred Outflows of Resources - Change of Assumptions.]
- 4 – \$ [Deferred Outflows of Resources - Changes in Proportionate Share and Differences between...]
- 5 – \$ [Deferred Inflows of Resources - Difference Between Expected and Actual Exp.]
- 6 – \$ [Deferred Inflows of Resources - Net Difference Between Projected and Actual Inv...]
- 7 – \$ [Deferred Inflows of Resources - Change of Assumptions.]
- 8 – \$ [Deferred Inflows of Resources - Changes in Proportionate Share and Differences between...]

\$[Insert amount] reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year ended June 30

FY 2027	\$ [Appendix 43, Year 1]
FY 2028	\$ [Appendix 43, Year 2]
FY 2029	\$ [Appendix 43, Year 3]
FY 2030	\$ [Appendix 43, Year 4]
FY 2031	\$ [Appendix 43, Year 5]
Thereafter	\$ [Appendix 43, Thereafter]

Source of Data for Amortization of Deferred Outflows and Deferred Inflows Schedule:
Appendix 43 – Amortization of Deferred Inflows and Outflows – Line of Duty Act Plan

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2024, 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, 2025.

Inflation	2.50%
Salary increases, including inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.25% – 4.25%
Ages 65 and older	6.50% – 4.25%
Medicare Part B Trend	5.89% – 4.25%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Medicare Part B Trend	Fiscal year ended 2034
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates – General State Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rate

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. 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)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Mortality rates – SPORS Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males, and 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected

generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. 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)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted bases, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Mortality rates – ValORS Employees

Pre-retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected

generationally; 95% of rates for males, and 105% of rates for females set forward 2 years

Post-retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males, and 105% of rates for females set forward 3 years

Post-disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for males set back 3 years, and 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. 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)	Maintain PUB-2010 tables with adjustments, update to P-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Decreased from 35% to 25%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Mortality rates – Metro Locality Employers With Public Safety Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 95% of rates for male; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale 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 tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. 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)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Increased to 100%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Mortality rates – Non-Metro Locality Employers With Public Safety Employees

Pre-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected

generationally; 95% of rates for male; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale 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 tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males set forward 2 years, and 110% of rates for females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. 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)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Increased to 100%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) 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, 2025, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

Total LODA OPEB Liability	\$	384,211
Plan Fiduciary Net Position		4,972
LODA Net OPEB Liability (Asset)	\$	<u>379,239</u>

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.29%
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The total LODA 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 OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Discount Rate

The Line of Duty Act Program is funded on a pay-as-you-go basis. As a result, the liabilities are valued using a discount rate of 5.20%, which approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyers GO 20-year Municipal Bond Index as of the measurement date of June 30, 2025.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of the System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP – Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	(3.00%)	4.57%	(0.14%)
Total	100.00%		7.02%
Expected arithmetic nominal return*			7.02%

** The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.*

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

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 5.20%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 4.20% or one percentage point higher 6.20% than the current rate:

	1.00% Decrease 4.20%	Current Discount Rate 5.20%	1.00% Increase 6.20%
Covered Employers Proportionate Share of the LODA Net OPEB Liability	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Decrease 4.20%]	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Plan, 6/30/2025 Net OPEB Liability]	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Increase 6.20%]

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	1.00% Decrease (6.25% decreasing to 3.25%)	Current Trend Rate (7.25% decreasing to 4.25%)	1.00% Increase (8.25% decreasing to 5.25%)
Covered employers proportionate share of the LODA Net OPEB Liability	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Decrease 6.25% decreasing to 3.25%]	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Plan, 6/30/2025 Net OPEB Liability]	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Increase 8.25% decreasing to 5.25%]

LODA OPEB Plan Fiduciary Net Position

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 2025 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/publications/?category=annual>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Line of Duty Act Program (LODA) OPEB Plan

[If the employer reported payables to the VRS, it should disclose information required by paragraph 142 of GASB 75. It is the covered employer's responsibility to calculate this amount and complete the required disclosure.]

Required Supplementary Information (RSI) Template
Cost-Sharing Employer Plans – Line of Duty Act Program (LODA)
For the Fiscal Year Ended June 30, 2026

Instructions: *This template includes two sample schedules and the language for Notes to RSI to be used as a guide in the development of the RSI section of your financial statements:*

- *Schedule of Employer's Share of Net LODA OPEB Liability*
- *Schedule of Employer Contributions*
- *Notes to Required Supplementary Information*

The sample schedules presented in this section will each eventually show a 10-year history of data related to GASB 75. You may create your own tables based on the examples VRS has provided. Each year, VRS will update the data highlighted in accordance with the legend. However, the employer is responsible for providing the remainder of the information and calculations as indicated.

Each employer is responsible for maintaining its own schedules, retaining prior year data, and updating the schedules each year based on the new information. Contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure. See GASB codification section P50.728-1 for related guidance. If this is the case, the employer will need to modify the notes in the following schedules accordingly.

Notes:

- *Schedule of Employer's Share of Net LODA OPEB Liability for the Measurement Dates of June 30, 2017 - 2025. This schedule will now have nine years because this is the ninth year for this presentation.*
- *Schedule of Employer Contributions. This schedule should have 10 years. Pre-GASB Statement No. 75 information can be taken from the RSI data previously required under GASB Statement No. 45.*

Sample Schedule of Employer's Share of Net LODA OPEB Liability

Schedule of Employer's Share of Net OPEB Liability Line of Duty Act Program (LODA) For the Measurement Dates of June 30, 2017 through 2025									
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net LODA OPEB Liability (Asset)	[Appendix 41 - Proportionate Share of Contributions - Line of Duty Act Program, 2025 Employer Allocation Percentage]%	[Appendix 41 - Proportionate Share of Contributions - Line of Duty Act Program, 2024 Employer Allocation Percentage]%	[Appendix 41 - Proportionate Share of Contributions - Line of Duty Act Program, 2023 Employer Allocation Percentage]%	[Appendix 41 - Proportionate Share of Contributions - Line of Duty Act Program, 2022 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2021 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2020 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2019 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2018 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2017 Employer Allocation Percentage]%
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Program, 6/30/2025 Net OPEB Liability]	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Program, 6/30/2024 Net OPEB Liability]	\$ [Appendix 44 - Net OPEB Liability - Line of Duty Act Program, 6/30/2023 Net OPEB Liability]	\$ [Appendix 41 - Net OPEB Liability - Line of Duty Act Program, 6/30/2022 Net OPEB Liability]	\$ [Schedule D - Net OPEB Liability - Line of Duty Act Program, 6/30/2021 Net OPEB Liability]	\$ [Schedule D - Net OPEB Liability - Line of Duty Act Program, 6/30/2020 Net OPEB Liability]	\$ [Schedule D - Net OPEB Liability - Line of Duty Act Program, 6/30/2019 Net OPEB Liability]	\$ [Schedule D - Net OPEB Liability - Line of Duty Act Program, 6/30/2018 Net OPEB Liability]	\$ [Schedule D - Net OPEB Liability - Line of Duty Act Program, 6/30/2017 Net OPEB Liability]
Covered - Employee Payroll	\$ [Insert Amount] *	\$ [Insert Amount] *	\$ [Insert Amount] *	\$ [Insert Amount] *	\$ [Insert Amount] *	\$ [Insert Amount] *	\$ [Insert Amount] *	\$ [Insert Amount] *	\$ [Insert Amount] *
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered - Employee Payroll	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *	[Calculation: line 2 divided by Line 3] % *
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.29%	1.22%	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

Schedule is intended to show information for 10 years. Since 2025 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

**The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Line of Duty Act Program (LODA) for each year is presented on pages 142 and 143 of the VRS 2025 Annual Report.

Sample Schedule of Employer Contributions

Schedule of Employer Contributions Line of Duty Act Program (LODA) For the Years Ended June 30, 2017 through 2026

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered - Employee Payroll (4)	Contributions as a % of Covered - Employee Payroll (5)
2026	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2025	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2024	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2023	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2022	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2021	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2020	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2019	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2018	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *
2017	\$(Insert Amount)	\$(Insert Amount)	Col (1) -(2)	\$(Insert Amount) *	Col (2) / (4) *

* The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

For Reference Only:

Column 1 – Employer contribution rate multiplied by the covered-employee payroll.

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website.

Column 4 – Covered-employee payroll amount for the fiscal year.

Notes to Required Supplementary Information For the Year Ended June 30, 2026

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

Changes of assumptions: The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

SPORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	No change
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

VaLORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points; use of 2.50% payroll growth assumption for purposes of amortizing any unfunded actuarial accrued liabilities
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Decreased from 35% to 25%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Employees in Metro Locality Employers With Public Safety Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Increased to 100%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%

Employees in Non-Metro Locality Employers With Public Safety Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Line of Duty Disability	No change
Discount Rate	No change
Percentage of disabilities qualifying for benefits	Increased to 100%
Percentage of deaths qualifying for benefits	No change
Percentage of qualifying deaths that are a direct result of the performance of duty	No change
Spouse/dependent participation rate	No change
Percent assumed to be eligible for Medicare due to age	Increase from 75% to 85%
Health Care trend rates	No Change: will be reviewed each valuation cycle
Missing Data Assumptions	Unknown gender: No Change Unknown Date of Birth: No Change Missing Service: adjusted slightly
Full-time Equivalent Weightings	National Guard Full-Time: from 100% to 75% National Guard Part-Time: from 10% to 5% Political Subdivisions Volunteer Part-Time: from 25% to 20% All Other Part-Time: 100% to 50%