

**Sample Notes to the Financial Statements  
Single Employer Plan –  
Political Subdivision Health Insurance Credit Program  
For the Fiscal Year Ended June 30, 2019**

***Instructions** – The Sample Notes to the Financial Statements for the Single Employer Plan – Political Subdivision Health Insurance Credit Program are based on the data in Illustration 1 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, 2018” on the VRS Guidelines and Resources page of the VRS website at:*

<https://employers.varetire.org/financial-reporting/vrs-guidlines-and-resources-opeb.html>

*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. In addition, employers without hazardous duty employees should exclude that information and those references from their presentations.*

*We have also provided an analysis of the change in Net OPEB Liability HIC-Political Subs. This analysis includes the June 30, 2017 Net OPEB Liability HIC- Political Subs and elements impacting the 2018 Net Change in OPEB Liability HIC- Political Subs and the June 30, 2018 Net OPEB Liability HIC- Political Subs. Most of this data is also contained in the GASB 75 Report from the VRS actuary and in the individual GASB 75 reports that have been provided to covered employers.*

*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) 344-3128 or send me an email at [bfaison@varetire.org](mailto:bfaison@varetire.org).*

**Political Subdivision Name**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**Summary of Significant Accounting Policies**

***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 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.

**General Information about the Political Subdivision Health Insurance Credit Program**

***Plan Description***

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension 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 their employer pays 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 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.

**Employees Covered by Benefit Terms**

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	Political Subdivision's GASB 75 Report - Membership Table, Page 3, Line 1
Inactive members:	
Vested inactive members	Political Subdivision's GASB 75 Report - Membership Table, Page 3, Line 2
Non-vested Inactive members	Political Subdivision's GASB 75 Report - Membership Table, Page 3, Line 3
Inactive members active elsewhere in VRS	Political Subdivision's GASB 75 Report - Membership Table, Page 3, Line 4
Total inactive members	Political Subdivision's GASB 75 Report - Membership Table, Page 3, Line 5
Active members	Political Subdivision's GASB 75 Report - Membership Table, Page 3, Line 6
Total covered employees	Political Subdivision's GASB 75 Report - Membership Table, Page 3, Line 7

**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 political subdivision’s contractually required employer contribution rate for the year ended June 30, 2019 was [Insert contributed rate]% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 political subdivision to the Political Subdivision Health Insurance Credit Program were \$ [Insert amount] and \$ [Insert amount] for the years ended June 30, 2019 and June 30, 2018, respectively.

**Net HIC OPEB liability**

The political subdivision’s net Health Insurance Credit OPEB liability was measured as of June 30, 2018. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation

performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

**Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation –	
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	7.0 Percent, net of investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

**Mortality rates – Largest Ten Locality Employers - General Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Mortality rates – Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14 to 15%

## **Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees**

### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

### **Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

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

### **Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

### **Post-Retirement:**

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

### **Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

### **Long-Term Expected Rate of Return**

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
<b>Total</b>	<b>100.00%</b>		<b>4.80%</b>
	Inflation		2.50%
	* Expected arithmetic nominal return		<b>7.30%</b>

\* The above allocation provides a one-year return of 7.30%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.



**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

**Changes in Net HIC OPEB Liability:**

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 39,493,000	\$ 22,167,000	\$ 17,326,000
Changes for the year:			
Service cost	963,000	-	963,000
Interest	2,625,000	-	2,625,000
Benefit changes	-	-	-
Differences between expected and actual experience	176,000	-	176,000
Assumption changes	-	-	-
Contributions - employer	-	2,291,000	(2,291,000)
Net investment income	-	1,570,000	(1,570,000)
Benefit payments	(2,707,000)	(2,707,000)	-
Administrative expenses	-	(37,000)	37,000
Other changes	-	(113,000)	113,000
Net changes	1,057,000	1,004,000	53,000
Balances at June 30, 2018	\$ 40,550,000	\$ 23,171,000	\$ 17,379,000

Totals are from Schedule E Total OPEB Liability and Fiduciary Net Position on pages 199-204 of the GASB Statement No. 75 Report. **(Individual employer data is provided in the Political Subdivision’s GASB 75 Report in the Schedule of Changes in the Net OPEB Liability on page 4.)**

**Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate**

The following presents the Political Subdivision Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the Political Subdivision’s net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Political subdivision's Net HIC OPEB Liability	\$ [Political Subdivision's GASB 75 Report Page 3, Net OPEB Liability 1% Decrease (6.00%)]	\$ [Political Subdivision's GASB 75 Report Page 3, 6/20/2018 Net OPEB Liability]	\$ [Political Subdivision's GASB 75 Report Page 3, Net OPEB Liability 1% Increase (8.00%)]

**Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB**

For the year ended June 30, 2019, the political subdivision recognized Health Insurance Credit Program OPEB expense \$ [OPEB Expense, Page 7 of the Political Subdivision’s GASB 75 report]. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ [Deferred Outflows, Page 6, Column 2]	\$ [Deferred Inflows, Page 6, Column 3]
Change in assumptions	\$ [Deferred Outflows, Page 6, Column 2]	\$ [Deferred Inflows, Page 6, Column 3]
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ [Deferred Outflows, Page 6, Column 2]	\$ [Deferred Inflows, Page 6, Column 3]
Employer contributions subsequent to the measurement date	[Insert amount]	-
Total	\$ -	\$ -

**(Data for this table is taken from the Summary of Deferred Inflows and Outflows of Resources table on page 6 of the Political Subdivision’s GASB 75 Report.)**

\$[Insert amount] reported as deferred outflows of resources related to the HIC OPEB resulting from the political subdivision’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, 2020. 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**

Year 1 (2020)	\$ [Amortization of Deferred Outflows & Inflows, Page 6]
Year 2 (2021)	\$ [Amortization of Deferred Outflows & Inflows, Page 6]
Year 3 (2022)	\$ [Amortization of Deferred Outflows & Inflows, Page 6]
Year 4 (2023)	\$ [Amortization of Deferred Outflows & Inflows, Page 6]
Year 5 (2024)	\$ [Amortization of Deferred Outflows & Inflows, Page 6]
Thereafter	\$ [Amortization of Deferred Outflows & Inflows, Page 6]

***(Data for this table is taken from the Schedule of Amortization of Deferred Inflows and Outflows of Resources table on page 6 of the Political Subdivision’s GASB 75 Report.)***

***Health Insurance Credit Program Plan Data***

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Payables to the Political Subdivision Health Insurance Credit Program OPEB Plan***

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

**Required Supplementary Information (RSI) Template  
Single Employer Plan –  
Political Subdivision Health Insurance Credit Program  
For the Fiscal Year Ended June 30, 2019**

**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 HIC 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 calculation 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.*

**Note:** *Employer’s Covered Payroll referenced in the GASB 75 schedules in the template represent the total covered payroll for employees covered under the HIC OPEB plan. Both of these schedules will now have multiple years of data. The periods for the additions to the schedules for FY 2019 are as follows:*

- *Schedule of Employer’s Net HIC OPEB Liability for the Measurement Dates of June 30, 2017 and 2018. This schedule will now have two years because this is the second year for this presentation.*
- *Schedule of Employer Contributions – Covered Payroll is for the fiscal year ended June 30, 2019. This schedule should have ten 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 Net HIC OPEB Liability and Related Ratios**

**Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability and Related Ratios**

	<u>2018</u>
<b>Total HIC OPEB liability</b>	
Service cost	\$ 963,000
Interest	2,625,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	176,000
Benefit Payments	(2,707,000)
<b>Net change in total HIC OPEB liability</b>	<u>1,057,000</u>
<b>Total HIC OPEB liability - beginning</b>	<u>39,493,000</u>
<b>Total HIC OPEB liability - ending (a)</b>	<u>\$ 40,550,000</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 2,291,000
Net investment income	1,570,000
Benefit Payments	(2,707,000)
Administrative expense	(37,000)
Other	(113,000)
<b>Net change in plan fiduciary net position</b>	<u>1,004,000</u>
<b>Plan fiduciary net position - beginning</b>	<u>22,167,000</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 23,171,000</u>
<b>Political subdivision's net HIC OPEB liability - ending (a) - (b)</b>	<u>\$ 17,379,000</u>
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	57.14%
<b>Covered payroll</b>	\$ 1,022,007,000
<b>Political subdivision's net HIC OPEB liability as a percentage of covered payroll</b>	1.70%

Totals, with the exception of the covered payroll are from Schedule E – Total OPEB Liability and Fiduciary Net Position on pages 199-204 and the Summary of Collective Amounts on page 26 of the GASB Statement No. 75 Report. ***(Employer data, with the exception of the covered payroll and ratios, is provided in the Political Subdivision's GASB 75 Report in the Schedule of Changes in the Net OPEB Liability on page 4)***

Sample Schedule of Employer Contributions

<b>Schedule of Employer Contributions                      For the Years Ended June 30, 2010 through 2019</b>					
	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Date	(1)	(2)	(3)	(4)	(5)
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)
2016	\$ [Insert Amount]	\$ [Insert Amount]	Col (1) - (2)	\$ [Insert Amount]	Col (2) / (4)
2015	\$ [Insert Amount]	\$ [Insert Amount]	Col (1) - (2)	\$ [Insert Amount]	Col (2) / (4)
2014	\$ [Insert Amount]	\$ [Insert Amount]	Col (1) - (2)	\$ [Insert Amount]	Col (2) / (4)
2013	\$ [Insert Amount]	\$ [Insert Amount]	Col (1) - (2)	\$ [Insert Amount]	Col (2) / (4)
2012	\$ [Insert Amount]	\$ [Insert Amount]	Col (1) - (2)	\$ [Insert Amount]	Col (2) / (4)
2011	\$ [Insert Amount]	\$ [Insert Amount]	Col (1) - (2)	\$ [Insert Amount]	Col (2) / (4)
2010	\$ [Insert Amount]	\$ [Insert Amount]	Col (1) - (2)	\$ [Insert Amount]	Col (2) / (4)

**For Reference Only:**

Column 1 – Employer contribution rate multiplied by the employer’s covered payroll

Column 2 – Actual employer contribution remitted to VRS

Column 4 – Employer’s covered payroll amount for the fiscal year.

**Sample Notes to Required Supplementary Information**

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2019**

**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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

**Largest Ten Locality Employers - General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

**Largest Ten Locality Employers – Hazardous Duty Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates

Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

**Non-Largest Ten Locality Employers – Hazardous Duty Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%