

**Sample Notes to the Financial Statements
Cost-Sharing Employer Plans –
Political Subdivision Employee Virginia Local Disability Program
For the Fiscal Year Ended June 30, 2020**

Instructions: *The Sample Notes to the Financial Statements for the Cost-Sharing Employer Plans – Political Subdivision Employee Virginia Local Disability 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, 2019” on the VRS Guidelines and Resources page of the VRS website at 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. Where the "Largest 10" and "Non-Largest 10" are referenced under changes in assumptions select which one applies to the employer. These are highlighted in **orange text in this document**.*

We have also provided an analysis of the change in Net OPEB Liability VLDP – Political Subdivision. This analysis includes the June 30, 2018, Net OPEB Liability VLDP – Political Subdivision and elements impacting the 2019 Net Change in OPEB Liability VLDP – Political Subdivision and the June 30, 2019, Net OPEB Liability VLDP – Political Subdivision. Most of this data is also contained in the GASB 75 Report from the VRS actuary.

Note: *If material, employers should recognize and disclose the difference between their contractually required contributions and actual contributions during the measurement period. The amount of contractually required contributions may be found in the GASB 75 Report with Audit Opinion while your actual contributions during the measurement period may be obtained from the data used to prepare AJE 2 included in the Sample Journal Entries. Please refer to GASB 75, Paragraph 65 for the employer level requirements for recognition and measurement (the applicable expected remaining service life may be found beginning on p. 27 of the GASB 75 report prepared as of the Measurement Date of June 30, 2019). Additionally, disclosures required in GASB 75 paragraphs 96h and 97b are not included in the information provided below.*

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.

Political Subdivision Division Name
Notes to the Financial Statements
For the Year Ended June 30, 2020

Summary of Significant Accounting Policies

Political Subdivision Employee Virginia Local Disability Program

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

General Information About the Political Subdivision Employee Virginia Local Disability Program

Plan Description

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

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

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS

Eligible Employees

The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits.

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

- Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

Benefit Amounts

The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

Short-Term Disability:

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

Long-Term Disability:

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirement for active hybrid plan employees is governed by § 51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2020, was 0.72% of covered employee

compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 VRS Political Subdivision Employee Virginia Local Disability Program were \$ [Insert amount] and \$ [Insert amount] for the years ended June 30, 2020, and June 30, 2019, respectively.

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

At June 30, 2020, the political subdivision reported a liability of \$ [Schedule D – Net OPEB Liability – Virginia Local Disability Program – Political Subdivisions, 6/30/2019 Net OPEB Liability] for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2019, and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The political subdivision’s proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision’s actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the political subdivision’s proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was [Schedule A – Proportionate Share of Contributions – Virginia Local Disability Program – Political Subdivisions, 2019 Employer Allocation Percentage] % as compared to [Schedule A – Proportionate Share of Contributions – Virginia Local Disability Program – Political Subdivisions, 2018 Employer Allocation Percentage] % at June 30, 2018.

For the year ended June 30, 2020, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$ [Schedule B – Deferred Inflows and Outflows and OPEB Expense – Virginia Local Disability Program – Political Subdivisions, Total Employer OPEB Expense]. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

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

Source of Data for Deferred Outflows and Deferred Inflows Schedule:

Schedule B – Schedule of Deferred Inflows and Outflows and OPEB Expense – Virginia

Local Disability Program – Political Subdivisions

- 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]
- 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]

\$[Insert amount] reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

Year ended June 30

FY 2021	\$ [Schedule C, Year 1]
FY 2022	\$ [Schedule C, Year 2]
FY 2023	\$ [Schedule C, Year 3]
FY 2024	\$ [Schedule C, Year 4]
FY 2025	\$ [Schedule C, Year 5]
Thereafter	\$ [Schedule C, Thereafter]

**Source of Data for Amortization of Deferred Outflows and Deferred Inflows Schedule:
Schedule C – Amortization of Deferred Inflows and Outflows – Virginia Local Disability
Program – Political Subdivisions**

Actuarial Assumptions

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation –	
Political Subdivision Employees	3.50% – 5.95%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.*

Mortality rates – Largest 10 Locality Employers – General and Non-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 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, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	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 year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Non-Largest 10 Locality Employers – General and Non-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, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	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 year age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Net Political Subdivision Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	Political Subdivision Employee VLDP OPEB Plan	
Total Political Subdivision Employee VLDP OPEB Liability	\$	3,989
Plan Fiduciary Net Position		1,962
Political Subdivision Employee VLDP Net OPEB Liability (Asset)	\$	<u>2,027</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision Employee VLDP OPEB Liability		49.19 %

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00 %	0.88 %	0.13 %
Credit Strategies	14.00 %	5.13 %	0.72 %
Real Assets	14.00 %	5.27 %	0.74 %
Private Equity	14.00 %	8.77 %	1.23 %
MAPS - Multi-Asset Public Strategies	6.00 %	3.52 %	0.21 %
PIP - Private Investment Partnership	3.00 %	6.29 %	0.19 %
Total	100.00 %		5.13 %
	Inflation		2.50 %
	* Expected arithmetic nominal return		7.63 %

** The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.*

Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. 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 actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program 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, 2019, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions,

the Political Subdivision Employee VLDP OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Political Subdivision Employee VLDP OPEB liability.

Sensitivity of the Political Subdivision’s Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75)%	Current Discount Rate (6.75)%	1.00% Increase (7.75)%
Covered employers proportionate share of the VRS Political Subdivision Employee VLDP OPEB Plan Net OPEB Liability	\$ [Schedule D - Net OPEB Liability - Virginia Local Disability Program - Political Subdivision Employee, Net OPEB Liability 1% Decrease (5.75%)]	\$ [Schedule D - Net OPEB Liability - Virginia Local Disability Program - Political Subdivision Employee, 6/30/2019 Net OPEB Liability]	\$ [Schedule D - Net OPEB Liability - Virginia Local Disability Program - Political Subdivision Employee, Net OPEB Liability 1% Increase (6.75%)]

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program’s Fiduciary Net Position is available in the separately issued VRS 2019 *Comprehensive Annual Financial Report* (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at varetire.org/pdf/publications/2019-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 Employee Virginia Local Disability 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
Cost-Sharing Employer Plans –
VRS Political Subdivision Employee Virginia Local Disability Program
For the Fiscal Year Ended June 30, 2020**

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 VLDP 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 VLDP OPEB plan. Both of these schedules will now have multiple years of data. The periods for the additions to the schedules for FY 2020 are as follows:*

- *Schedule of Employer’s Share of Net VLDP OPEB Liability for the Measurement Dates of June 30, 2017, 2018 and 2019. This schedule will now have three years because this is the third year for this presentation.*
- *Schedule of Employer Contributions – Covered Payroll is for the fiscal year ended June 30, 2020. 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 VLDP OPEB Liability

**Schedule of Employer's Share of Net OPEB Liability
Virginia Local Disability Program (VLDP) - Political Subdivisions
For the Measurement Dates of June 30, 2019, 2018 and 2017**

	2019	2018	2017
Employer's Proportion of the Net VLDP OPEB Liability (Asset)	[Schedule A - Proportionate Share of Contributions - Political Subdivision VLDP, 2019 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Political Subdivision VLDP, 2018 Employer Allocation Percentage]%	[Schedule A - Proportionate Share of Contributions - Political Subdivision VLDP, 2017 Employer Allocation Percentage]%
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	\$ [Schedule D - Net Pension Liability - Political Subdivision VLDP, 6/30/2019 Net OPEB Liability]	\$ [Schedule D - Net Pension Liability - Political Subdivision VLDP, 6/30/2018 Net OPEB Liability]	\$ [Schedule D - Net Pension Liability - Political Subdivision VLDP, 6/30/2017 Net OPEB Liability]
Employer's Covered Payroll	\$ [Inset Amount]	\$ [Inset Amount]	\$ [Inset Amount]
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	[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 VLDP OPEB Liability	49.19%	51.39%	38.40%

Schedule is intended to show information for 10 years. Since 2019 is the third year for this presentation, there are only three years available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Virginia Local Disability Program (VLDP) for each year is presented on page 130 of the VRS 2019 *Comprehensive Annual Financial Report* (CAFR).

Sample Schedule of Employer Contributions

**Schedule of Employer Contributions
Virginia Local Disability Program
For the Years Ended June 30, 2011 through 2020**

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
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)
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)

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, 2020

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, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 Locality Employers – General and Non-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 and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

Non-Largest 10 Locality Employers – General and Non-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 and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%