



Virginia
Retirement
System

**VIRGINIA RETIREMENT SYSTEM
LINE OF DUTY ACT PROGRAM**

GASB No. 75 Schedules

With Independent Auditor's Report Thereon

For the Plan Year Ended June 30, 2020

Table of Contents

Independent Auditor’s Report.....	3
VRS Line of Duty Act Program (LODA) – Schedule of Employer Allocations.....	6
VRS Line of Duty Act Program (LODA) – Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense.....	9
VRS Line of Duty Act Program (LODA) – Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer.....	12
VRS Line of Duty Act Program (LODA) – Notes to GASB No. 75 Schedules.....	16



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

August 13, 2021

Board of Trustees
Virginia Retirement System
1200 E. Main Street
Richmond, VA 23219

INDEPENDENT AUDITOR'S REPORT

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the Virginia Retirement System Line of Duty Act (LODA) Program, as of and for the year ended June 30, 2020, and the related notes. We have also audited the total for all employers of the columns titled net LODA OPEB liability, total LODA OPEB expense, total deferred outflows of resources, and total deferred inflows of resources (specified column totals) included in the accompanying schedule of net LODA OPEB liability and total LODA OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer of the Virginia Retirement System Line of Duty Act Program, as of and for the year ended June 30, 2020, and the related notes.

Management's Responsibility for the Schedule

The Virginia Retirement System's management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of net LODA OPEB liability and total LODA OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of net LODA OPEB liability and

total LODA OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of net LODA OPEB liability and total LODA OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of net LODA OPEB liability and total LODA OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedule of net LODA OPEB liability and total LODA OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Virginia Retirement System management, as well as evaluating the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of net OPEB LODA liability and total LODA OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and the net LODA OPEB liability, total LODA OPEB expense, total deferred outflows of resources, and total deferred inflows of resources for the total of all participating employers for the Virginia Retirement System Line of Duty Act Program as of and for the year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Virginia Retirement System as of and for the year ended June 30, 2020, and our report thereon, dated December 15, 2020, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the Virginia Retirement System management, the Virginia Retirement System Board of Trustees, the Commonwealth Joint Legislative Audit and Review Commission, and Virginia Retirement System Line of Duty Act Program employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/vks

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2020

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
State:			
2XXXX	State Police Officers' Retirement System Employees	\$ 1,362,842	10.02822%
3XXXX	All Other State Employees	1,309,297	9.63424%
7XXXX	Virginia Law Officers' Retirement System Employees	5,491,597	40.40899%
	Sub-total State	<u>\$ 8,163,736</u>	<u>60.07145%</u>
Political Subdivisions:			
50001	Arlington County	\$ 614,726	4.52335%
50005	Appalachia, Town	\$ 3,529	0.02597%
50025	Boones Mill, Town	2,117	0.01558%
50026	Pocahontas, Town	1,412	0.01039%
55113	Buchanan County	58,931	0.43364%
55136	Gloucester County	108,688	0.79976%
55139	Greene County	41,287	0.30380%
55152	Lee County	61,049	0.44922%
55167	Nottoway County	25,761	0.18955%
55183	Russell County	68,106	0.50115%
55197	Wise County	68,989	0.50764%
55201	Bristol, City	120,334	0.88546%
55213	Petersburg, City	165,503	1.21782%
55214	Portsmouth, City	430,343	3.16661%
55215	Radford, City	60,520	0.44532%
55220	Suffolk, City	373,881	2.75114%
55221	Williamsburg, City	56,638	0.41676%
55222	Winchester, City	130,391	0.95946%
55224	Falls Church, City	36,700	0.27005%
55226	Front Royal, Town	26,819	0.19735%
55232	Franklin, City	41,111	0.30251%
55233	Chesapeake, City	849,747	6.25272%
55234	Virginia Beach, City	1,347,490	9.91526%
55235	Norton, City	25,584	0.18826%
55236	Manassas Park, City	40,229	0.29602%
55238	Pound, Town	4,588	0.03376%

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2020

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
55245	Scottsville, Town	3,000	0.02207%
55249	La Crosse, Town	706	0.00519%
55255	Brodnax, Town	706	0.00519%
55259	Richlands, Town	37,406	0.27524%
55300	Abingdon, Town	16,938	0.12464%
55301	Dumfries, Town	7,763	0.05713%
55304	South Boston, Town	26,113	0.19215%
55306	Remington, Town	2,117	0.01558%
55310	Smithfield, Town	12,704	0.09348%
55314	Jonesville, Town	2,117	0.01558%
55315	Wytheville, Town	28,937	0.21292%
55317	Vienna, Town	28,937	0.21292%
55321	Woodstock, Town	11,998	0.08829%
55327	Christiansburg, Town	69,871	0.51413%
55330	Chatham, Town	2,117	0.01558%
55332	Manassas, City	111,512	0.82054%
55334	Boydton, Town	706	0.00519%
55338	Quantico, Town	1,235	0.00909%
55354	Big Stone Gap, Town	8,469	0.06232%
55355	Luray, Town	14,115	0.10387%
55369	Tazewell, Town	22,937	0.16878%
55372	Weber City, Town	2,823	0.02077%
55374	Hurt, Town	1,412	0.01039%
55375	Waverly, Town	4,235	0.03116%
55378	Courtland, Town	1,412	0.01039%
55380	Independence, Town	4,235	0.03116%
55382	Grundy, Town	6,352	0.04674%
55389	Pembroke, Town	2,823	0.02077%
55397	Orange, Town	11,292	0.08309%
55417	Norfolk Airport Authority	42,346	0.31160%
55487	Capital Region Airport Commission	32,465	0.23889%
55858	Peumansend Creek Regional Jail Authority	59,285	0.43624%
55861	Breaks Interstate Park	1,412	0.01039%

**Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2020**

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
55869	RSW Regional Jail	—	—%
55899	Shenandoah Valley Regional Airport	8,646	0.06362%
55922	Piedmont Regional Jail	72,694	0.53491%
	Sub-total Political Subdivisions	<u>\$ 5,426,309</u>	<u>39.92855%</u>
Grand Total		<u><u>\$ 13,590,045</u></u>	<u><u>100.00000%</u></u>

The accompanying notes are an integral part of the Schedule of Employer Allocations.

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer Code	Employer	Net LODA OPEB Liability 6/30/2020	Total LODA OPEB Expense 2020
State:			
2XXXX	State Police Officers' Retirement System Employees	\$ 41,999,732	\$ 3,658,752
3XXXX	All Other State Employees	40,349,684	3,615,646
7XXXX	Virginia Law Officers' Retirement System Employees	169,239,090	15,527,046
	Sub-total State	<u>\$ 251,588,506</u>	<u>\$ 22,801,444</u>
Political Subdivision:			
50001	Arlington County	\$ 18,944,488	\$ 1,805,364
50005	Appalachia, Town of	108,767	9,960
50025	Boones Mill, Town of	65,252	11,326
50026	Pocahontas, Town of	43,515	7,471
55113	Buchanan County	1,816,151	163,663
55136	Gloucester County	3,349,518	297,622
55139	Greene County	1,272,361	102,232
55152	Lee County	1,881,403	165,173
55167	Nottoway County	793,864	86,392
55183	Russell County	2,098,894	192,753
55197	Wise County	2,126,074	214,901
55201	City of Bristol	3,708,443	325,828
55213	City of Petersburg	5,100,418	421,323
55214	City of Portsmouth	13,262,252	1,056,893
55215	City of Radford	1,865,069	215,526
55220	City of Suffolk	11,522,199	1,040,326
55221	City of Williamsburg	1,745,455	164,564
55222	City of Winchester	4,018,366	368,062
55224	City of Falls Church	1,131,011	99,660
55226	Front Royal, Town of	826,532	72,159
55232	City of Franklin	1,266,958	101,388
55233	City of Chesapeake	26,187,356	2,458,617
55234	City of Virginia Beach	41,526,639	3,780,431
55235	City of Norton	788,462	81,295

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer		Net	Total
Code	Employer	LODA OPEB	LODA OPEB
		Liability	Expense
		6/30/2020	2020
55236	City of Manassas Park	1,239,777	108,085
55238	Pound, Town of	141,392	16,375
55245	Scottsville, Town of	92,433	10,594
55249	La Crosse, Town of	21,736	(3,206)
55255	Brodnax, Town of	21,736	370
55259	Richlands, Town of	1,152,748	102,902
55300	Abingdon, Town of	522,012	44,416
55301	Dumfries, Town of	239,269	26,240
55304	South Boston, Town of	804,754	73,057
55306	Remington, Town of	65,252	7,586
55310	Smithfield, Town of	391,508	29,415
55314	Jonesville, Town of	65,252	5,916
55315	Wytheville, Town of	891,741	82,651
55317	Vienna, Town of	891,741	79,799
55321	Woodstock, Town of	369,772	34,956
55327	Christiansburg, Town of	2,153,256	197,999
55330	Chatham, Town of	65,252	5,776
55332	City of Manassas	3,436,548	284,450
55334	Boydton, Town of	21,736	3,664
55338	Quantico, Town of	38,070	403
55354	Big Stone Gap, Town of	261,005	18,001
55355	Luray, Town of	435,024	40,617
55369	Tazewell, Town of	706,876	93,823
55372	Weber City, Town of	86,988	5,891
55374	Hurt, Town of	43,515	1,976
55375	Waverly, Town of	130,503	9,679
55378	Courtland, Town of	43,515	3,852
55380	Independence, Town of	130,503	12,844
55382	Grundy, Town of	195,755	19,277
55389	Pembroke, Town of	86,988	7,702
55397	Orange, Town of	347,993	32,473
55417	Norfolk Airport Authority	1,305,029	115,866

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer Code	Employer	Net LODA OPEB Liability 6/30/2020	Total LODA OPEB Expense 2020
55487	Capital Region Airport Commission	1,000,508	91,600
55858	Peumansend Creek Regional Jail Authority	1,827,040	319,362
55861	Breaks Interstate Park	43,515	7,606
55869	RSW Regional Jail	—	(185,493)
55899	Shenandoah Valley Regional Airport Commission	266,450	15,258
55922	Piedmont Regional Jail	2,240,286	215,367
	Sub-total Political Subdivision	<u>\$ 167,226,925</u>	<u>\$ 15,180,078</u>
Grand Total		<u><u>\$ 418,815,431</u></u>	<u><u>\$ 37,981,522</u></u>

The accompanying notes are an integral part of the Schedule of Net LODA OPEB Liability and Total LODA OPEB Expense.

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2020

		Deferred Outflows of Resources					Deferred Inflows of Resources				
Employer	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Inflows of Resources	
State:											
2XXXX	State Police Officers' Retirement System Employees	\$ 4,458,352	\$ —	\$ 11,243,650	\$ 843,505	\$ 16,545,507	\$ 5,725,955	\$ 59,709	\$ 2,617,228	\$ 1,482,470	\$ 9,885,362
3XXXX	All Other State Employees	4,283,195	—	10,801,916	2,695,476	17,780,587	5,500,991	57,368	2,514,408	3,341,531	11,414,298
7XXXX	Virginia Law Officers' Retirement System Employees	17,965,048	—	45,306,581	11,367,846	74,639,475	23,072,854	240,622	10,546,209	10,117,913	43,977,598
	Sub-total State	<u>\$ 26,706,595</u>	<u>\$ —</u>	<u>\$ 67,352,147</u>	<u>\$ 14,906,827</u>	<u>\$ 108,965,569</u>	<u>\$ 34,299,800</u>	<u>\$ 357,699</u>	<u>\$ 15,677,845</u>	<u>\$ 14,941,914</u>	<u>\$ 65,277,258</u>
Political Subdivision:											
50001	Arlington County	\$ 2,010,993	\$ —	\$ 5,071,583	\$ 1,025,655	\$ 8,108,231	\$ 2,582,758	\$ 26,935	\$ 1,180,534	\$ 295,226	\$ 4,085,453
50005	Appalachia, Town	11,546	—	29,118	14,148	54,812	14,829	155	6,778	8,567	30,329
50025	Boones Mill, Town	6,927	—	17,468	32,367	56,762	8,896	93	4,066	—	13,055
50026	Pocahontas, Town	4,619	—	11,649	24,202	40,470	5,932	62	2,712	191	8,897
55113	Buchanan County	192,788	—	486,197	76,374	755,359	247,602	2,582	113,174	71,174	434,532
55136	Gloucester County	355,558	—	896,691	72,828	1,325,077	456,650	4,762	208,727	83,099	753,238
55139	Greene County	135,064	—	340,621	85,442	561,127	173,466	1,809	79,288	203,892	458,455
55152	Lee County	199,714	—	503,666	31,262	734,642	256,498	2,675	117,240	65,599	442,012
55167	Nottoway County	84,270	—	212,524	127,382	424,176	108,230	1,129	49,470	40,725	199,554
55183	Russell County	222,802	—	561,890	100,254	884,946	286,150	2,984	130,793	104,645	524,572

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2020

		Deferred Outflows of Resources					Deferred Inflows of Resources				
Employer	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Inflows of Resources	
55197	Wise County	225,687	—	569,166	133,057	927,910	289,854	3,023	132,487	3,658	429,022
55201	Bristol, City	393,658	—	992,778	—	1,386,436	505,582	5,273	231,093	73,730	815,678
55213	Petersburg, City	541,419	—	1,365,421	320,433	2,227,273	695,354	7,252	317,835	554,858	1,575,299
55214	Portsmouth, City	1,407,813	—	3,550,405	427,606	5,385,824	1,808,082	18,856	826,443	1,370,671	4,024,052
55215	Radford, City	197,981	—	499,293	313,515	1,010,789	254,270	2,652	116,223	—	373,145
55220	Suffolk, City	1,223,103	—	3,084,580	533,284	4,840,967	1,570,855	16,382	718,011	564,076	2,869,324
55221	Williamsburg, City	185,283	—	467,272	52,964	705,519	237,962	2,482	108,769	18,787	368,000
55222	Winchester, City	426,557	—	1,075,747	173,530	1,675,834	547,836	5,713	250,406	133,708	937,663
55224	Falls Church, City	120,059	—	302,780	69,086	491,925	154,195	1,608	70,479	123,356	349,638
55226	Front Royal, Town	87,738	—	221,269	44,624	353,631	112,683	1,175	51,506	70,592	235,956
55232	Franklin, City	134,490	—	339,174	38,040	511,704	172,729	1,801	78,951	147,052	400,533
55233	Chesapeake, City	2,779,837	—	7,010,554	1,167,396	10,957,787	3,570,199	37,233	1,631,876	805,039	6,044,347
55234	Virginia Beach, City	4,408,131	—	11,116,996	1,553,056	17,078,183	5,661,449	59,042	2,587,750	1,776,369	10,084,610
55235	Norton, City	83,697	—	211,077	127,665	422,439	107,494	1,121	49,133	66,336	224,084
55236	Manassas Park, City	131,605	—	331,898	24,123	487,626	169,022	1,763	77,257	59,650	307,692
55238	Pound, Town	15,009	—	37,852	33,866	86,727	19,276	201	8,811	21,245	49,533
55245	Scottsville, Town	9,812	—	24,745	33,077	67,634	12,602	131	5,760	12,990	31,483
55249	La Crosse, Town	2,307	—	5,819	—	8,126	2,963	31	1,355	27,141	31,490
55255	Brodnax, Town	2,307	—	5,819	—	8,126	2,963	31	1,355	8,293	12,642
55259	Richlands, Town	122,366	—	308,599	52,255	483,220	157,156	1,639	71,834	68,798	299,427

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2020

		Deferred Outflows of Resources					Deferred Inflows of Resources				
Employer	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Inflows of Resources	
55300	Abingdon, Town	55,413	—	139,746	6,464	201,623	71,168	742	32,529	30,180	134,619
55301	Dumfries, Town	25,399	—	64,054	63,173	152,626	32,621	340	14,910	47,226	95,097
55304	South Boston, Town	85,426	—	215,439	24,334	325,199	109,714	1,144	50,149	22,293	183,300
55306	Remington, Town	6,927	—	17,468	12,160	36,555	8,896	93	4,066	573	13,628
55310	Smithfield, Town	41,559	—	104,810	—	146,369	53,375	557	24,397	37,035	115,364
55314	Jonesville, Town	6,927	—	17,468	10,974	35,369	8,896	93	4,066	16,273	29,328
55315	Wytheville, Town	94,660	—	238,726	118,227	451,613	121,574	1,268	55,569	101,447	279,858
55317	Vienna, Town	94,660	—	238,726	14,677	348,063	121,574	1,268	55,569	18,671	197,082
55321	Woodstock, Town	39,252	—	98,991	21,929	160,172	50,411	526	23,043	8,046	82,026
55327	Christiansburg, Town	228,572	—	576,443	93,778	898,793	293,560	3,061	134,181	96,533	527,335
55330	Chatham, Town	6,927	—	17,468	—	24,395	8,896	93	4,066	1,072	14,127
55332	Manassas, City	364,796	—	919,990	14,201	1,298,987	468,515	4,886	214,150	195,560	883,111
55334	Boydton, Town	2,307	—	5,819	9,510	17,636	2,963	31	1,355	391	4,740
55338	Quantico, Town	4,041	—	10,192	—	14,233	5,191	54	2,372	18,876	26,493
55354	Big Stone Gap, Town	27,706	—	69,873	11,704	109,283	35,583	371	16,265	51,488	103,707
55355	Luray, Town	46,179	—	116,459	41,118	203,756	59,307	619	27,109	48,916	135,951
55369	Tazewell, Town	75,036	—	189,236	220,126	484,398	96,370	1,005	44,049	73,842	215,266
55372	Weber City, Town	9,234	—	23,287	—	32,521	11,859	124	5,421	14,067	31,471
55374	Hurt, Town	4,619	—	11,649	—	16,268	5,932	62	2,712	15,936	24,642
55375	Waverly, Town	13,853	—	34,937	—	48,790	17,792	186	8,132	13,102	39,212

Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
As of the Measurement Date of June 30, 2020

	Deferred Outflows of Resources					Deferred Inflows of Resources					
	Employer	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Change of Proportionate Share	Total of Deferred Inflows of Resources
55378	Courtland, Town	4,619	—	11,649	—	16,268	5,932	62	2,712	703	9,409
55380	Independence, Town	13,853	—	34,937	15,802	64,592	17,792	186	8,132	14,772	40,882
55382	Grundy, Town	20,780	—	52,405	28,438	101,623	26,688	278	12,199	13,796	52,961
55389	Pembroke, Town	9,234	—	23,287	—	32,521	11,859	124	5,421	1,410	18,814
55397	Orange, Town	36,940	—	93,161	12,253	142,354	47,443	495	21,685	10,539	80,162
55417	Norfolk Airport Authority	138,531	—	349,366	17,558	505,455	177,919	1,855	81,323	39,317	300,414
55487	Capital Region Airport Commission	106,206	—	267,844	97,681	471,731	136,403	1,423	62,347	92,593	292,766
55858	Peumansend Creek Regional Jail Authority	193,944	—	489,113	1,249,344	1,932,401	249,086	2,598	113,853	—	365,537
55861	Breaks Interstate Park	4,619	—	11,649	29,756	46,024	5,932	62	2,712	—	8,706
55869	RSW Regional Jail	—	—	—	—	—	—	—	—	946,014	946,014
55899	Shenandoah Valley Regional Airport	28,284	—	71,331	—	99,615	36,326	379	16,604	51,825	105,134
55922	Piedmont Regional Jail	237,811	—	599,741	204,618	1,042,170	305,425	3,185	139,604	208,266	656,480
	Sub-total Political Subdivision	\$ 17,751,454	\$ —	\$ 44,767,915	\$ 9,005,316	\$ 71,524,685	\$ 22,798,539	\$ 237,765	\$ 10,420,818	\$ 8,970,229	\$ 42,427,351
Grand Total		\$ 44,458,049	\$ —	\$ 112,120,062	\$ 23,912,143	\$ 180,490,254	\$ 57,098,339	\$ 595,464	\$ 26,098,663	\$ 23,912,143	\$ 107,704,609

The accompanying notes are an integral part of the Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer.

**Virginia Retirement System
VRS Line of Duty Act Program (LODA)
Notes to GASB No. 75 Schedules
For the Plan Year Ended June 30, 2020**

Note 1. Summary of Significant Accounting Policies

Description of the Entity

The Virginia Retirement System (the System) is an independent agency of the Commonwealth of Virginia. The System administers four separate pension trust funds – the Virginia Retirement System (VRS), the State Police Officers’ Retirement System (SPORS), the Virginia Law Officers’ Retirement System (VaLORS), and the Judicial Retirement System (JRS) as well as several Other Post-Employment Benefit trust funds – the Group Life Insurance Program, the Retiree Health Insurance Credit Program, the Disability Insurance Program for state employees, the Line of Duty Act Program and the Virginia Local Disability Program for participating schools systems and local governments.

Administration and Management

The Board of Trustees (the Board) is responsible for the general administration and operation of the pension plans and the other employee benefit plans. The Board has full power to invest and reinvest the trust funds of the System through the adoption of investment policies and guidelines that fulfill the Board’s investment objective to maximize long-term investment returns while targeting an acceptable level of risk.

The Board consists of nine members. Five members are appointed by the Governor and four members are appointed by the Joint Rules Committee of the General Assembly subject to confirmation by the General Assembly. The Board appoints a Director to serve as the Chief Administrative Officer of the System and a Chief Investment Officer to direct, manage, and administer the investment of the System’s funds.

The System issues a *Comprehensive Annual Financial Report* (Annual Report) containing the financial statements and required supplementary information for all of the System’s pension and other employee benefit trust funds. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500. The pension and other employee benefit trust funds administered by the System are classified as fiduciary funds and are included in the basic financial statements of the Commonwealth of Virginia.

Other Post-Employment Benefits (OPEB) – LODA

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

Note 2. General Information about the LODA OPEB Plan

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 LODA Program. As required by statute, 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 the LODA Program OPEB, including eligibility, coverage, and benefits is set out in the following table :

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

The LODA Program 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.
 - 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.
 - Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.
 - Beginning July 1, 2017, 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.
-

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, 2020, was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017, 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.

Actuarial Assumptions and Methods

The total LODA Program OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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	7.00% – 4.75%
Ages 65 and older	5.375% – 4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019, 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 rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality rates – SPORS 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, 2019, 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 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Mortality rates – ValORS 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, 2019, 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 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Mortality rates – Largest 10 Locality Employers With Public Safety 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, 2019, 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 10 Locality Employers With Public Safety 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, 2019, 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 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%

Note 3. Net LODA Program OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the total LODA Program's OPEB liability determined in accordance with GASB Statement No. 74, less its fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the LODA Program's OPEB liability are as follows (amounts expressed in thousands):

Total LODA OPEB Liability	\$	423,147
Plan Fiduciary Net Position		4,333
LODA Net OPEB Liability (Asset)	\$	<u>418,814</u>

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability 1.02%

The total LODA Program 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 LODA Program 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 discount rate used to measure the total LODA Program OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the Statutes, and that they will be made in accordance with the System's funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the LODA Program OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA Program OPEB investments was set at 2.21% for this valuation. Since LODA Program is funded on a current-disbursement basis, it is not able to use the System's Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Sensitivity Analysis – Investment Rate of Return

The following table presents the collective net LODA Program liability of the participating employers in the LODA Program using the discount rate of 2.21%, as well as what the collective net LODA Program liability of the participating employers would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate (amounts expressed in thousands):

Net LODA OPEB Liability – 1.00% Decrease (1.21%)	\$	497,128
Net LODA OPEB Liability – Current Discount Rate (2.21%)	\$	418,814
Net LODA OPEB Liability – 1.00% Increase (3.21%)	\$	359,785

Sensitivity Analysis – Health Care Trend Rate

The following table presents the collective net LODA Program liability of the participating employers in the LODA Program using the Healthcare Cost Trend rate of 7.00% decreasing to 4.75%, as well as what the collective net LODA Program liability of the participating employers would be if it were calculated using a Healthcare Cost Trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate (amounts expressed in thousands):

Net LODA OPEB Liability - 1.00% Decrease (6.00% decreasing to 3.75%)	\$	346,165
Net LODA OPEB Liability - Current Discount Rate (7.00% decreasing to 4.75%)	\$	418,814
Net LODA OPEB Liability - 1.00% Increase (8.00% decreasing to 5.75%)	\$	513,842

Note 4. Deferred Outflows / (Inflows) of Resources

The following schedule reflects the amortization of the net balance of remaining deferred outflows / (inflows) of resources at June 30, 2020. The average remaining service lives of all employees provided with benefits through the LODA Program at June 30, 2020 was 9.13 years. Deferred outflows of resources related to the LODA Program resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA Program OPEB Liability in the financial statements for the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA Program will be recognized in the LODA Program expense as follows:

Measurement Period Ending June 30, 2021	\$	9,451,709
Measurement Period Ending June 30, 2022	\$	9,561,707
Measurement Period Ending June 30, 2023	\$	9,679,041
Measurement Period Ending June 30, 2024	\$	9,713,611
Measurement Period Ending June 30, 2025	\$	9,750,383
Thereafter	\$	24,629,194

Note 5. Employer Contributions

Employers' proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution effort to the Other Post-Employment Benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the LODA Program that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions for adjustments for prior periods.

The employer contributions used in the determination of employers' proportionate shares of collective OPEB amounts reported in the Schedule of Employer Allocations were based on the total employer contributions using the plan's contribution rates and the employer's covered participants for FY 2020. This total was \$13,590,041. The employer contributions of \$13,567,000 reported in the LODA Program's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects the calculated amount less approximately \$23,041 in other employer contributions and adjustments that were not representative of future contribution efforts.

Note 6. Additional Financial and Actuarial Information

Information contained in the LODA Program OPEB Notes to the Schedule of Employer Allocations and Schedule of LODA Program OPEB Amounts by Employer (Schedules) was extracted from the audited financial statements of the System for the fiscal year ended June 30, 2020. Additional financial information supporting the preparation of the LODA Program OPEB Schedules (including the financial statements and the unmodified audit opinion thereon, and required supplementary information) is presented in the separately issued VRS 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report is publicly available through the About VRS link on the VRS website at varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, P.O. Box 2500, Richmond, VA 23218-2500.