

Sample Notes to the Financial Statements Line of Duty Act Program For the Fiscal Year Ended June 30, 2020

Instructions: *The Sample Notes to the Financial Statements for the Line of Duty Act Program are based on the data in Illustration 2 of GASB Statement No. 75 and the related information in the Implementation Guide. These are provided by the Virginia Retirement System as a guide for employers in the development of their GASB 75 note disclosures. The GASB 75 schedules referenced in this document can be found in the “GASB Statement No. 75 Report for the Virginia Retirement System Prepared as of June 30, 2019” on the VRS Guidelines and Resources page of the VRS website at employers.varetire.org/financial-reporting/vrs-guidelines-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.

We have also provided an analysis of the change in Net OPEB Liability – LODA for each employer. This analysis includes the June 30, 2018, Net OPEB Liability – LODA and elements impacting the 2019 Net Change in OPEB Liability – LODA and the June 30, 2019, Net OPEB Liability – LODA. 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. 52 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.*

Since the LODA Net Position at June 30, 2019, is less than the projected FY 2020 benefit expense, the difference must be shown as the portion of the Net OPEB Liability – LODA that is due within one year.

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

If you have any questions concerning this information, please contact me at 804-344-3128 or send me an email at bfaison@varetire.org.

Employer Name
Notes to the Financial Statements
For the Year Ended June 30, 2020

Summary of Significant Accounting Policies

Line of Duty Act Program

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

General Information About the Line of Duty Act Program

Plan Description

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

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

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS

Eligible Employees

The eligible employees of the Line of Duty Act Program (LODA) are 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).

Benefit Amounts

The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals:

- *Death:* The Line of Duty Act 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 Line of Duty Act 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.
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Contributions

The contribution requirements for the Line of Duty Act Program (LODA) 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 Line of Duty Act Program (LODA) 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. Contributions to the Line of Duty Act Program (LODA) from the entity were \$[Insert amount] and \$[Insert amount] for the years ended June 30, 2020, and June 30, 2019, respectively.

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

At June 30, 2020, the entity reported a liability of \$ [Schedule D – Net OPEB Liability – Line of Duty Act Plan, 6/30/2019 Net OPEB Liability] for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA 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 entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was [Schedule A – Proportionate Share of Contributions – Line of Duty Act Plan, 2019 Employer Allocation Percentage] % as compared to [Schedule A – Proportionate Share of Contributions – Line of Duty Act Plan, 2018 Employer Allocation Percentage] % at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$ [Schedule B – Schedule of Deferred Inflows and Outflows and OPEB Expense – Line of Duty Act Plan, Total Employer OPEB Expense]. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 1 | \$ 5 |
| Net difference between projected and actual earnings on LODA OPEB program investments | 2 | 6 |
| Change in assumptions | 3 | 7 |
| Changes in 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

- 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 LODA OPEB resulting from the entity’s contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year ended June 30

| | |
|------------|-----------------------------|
| FY 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 – Line of Duty Act Plan**

Actuarial Assumptions

The total LODA OPEB liability 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 – | |
| General state employees | N/A |
| SPORS employees | N/A |
| VaLORS employees | N/A |
| Locality employees | N/A |
| Medical cost trend rates assumption – | |
| Under age 65 | 7.25% – 4.75% |
| Ages 65 and older | 5.50% – 4.75% |
| Year of ultimate trend rate | |
| Post-65 | Fiscal year ended 2023 |
| Pre-65 | Fiscal year ended 2028 |
| Investment rate of return | 3.50%, 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 market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% 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, 2018, 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 | Increase 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, 2018, 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 | Increase 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, 2018, 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, 2018, 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 | Increase 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, 2018, 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 | Decrease rate from 60% to 45% |

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2019, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

| | |
|---------------------------------|-------------------------------------|
| | Line of Duty Program Act |
| Total LODA OPEB Liability | \$ 361,626 |
| Plan Fiduciary Net Position | 2,839 |
| LODA Net OPEB Liability (Asset) | <u>\$ 358,787</u> |

| | |
|--|--------|
| Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability | 0.79 % |
|--|--------|

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% 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, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS 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, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50)% or one percentage point higher (4.50)% than the current rate:

| | 1.00% Decrease (2.50)% | Current Discount Rate (3.50)% | 1.00% Increase (4.50)% |
|--|--|--|--|
| Covered employers proportionate share of the LODA Net OPEB Liability | \$ [Schedule D - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Decrease (2.50%)] | \$ [Schedule D - Net OPEB Liability - Line of Duty Act Plan, 6/30/2019 Net OPEB Liability] | \$ [Schedule D - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Increase (4.50%)] |

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

Because the Line of Duty Act Program (LODA) contains a provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

| | 1.00% Decrease 6.75% decreasing to 3.75% | Current Discount Rate 7.75% decreasing to 4.75% | 1.00% Increase 8.75% decreasing to 5.75% |
|--|--|--|--|
| Covered employers proportionate share of the LODA Net OPEB Liability | \$ [Schedule D - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Decrease (6.75% decreasing to 3.75%)] | \$ [Schedule D - Net OPEB Liability - Line of Duty Act Plan, 6/30/2019 Net OPEB Liability] | \$ [Schedule D - Net OPEB Liability - Line of Duty Act Plan, Net OPEB Liability 1% Increase (8.75% decreasing to 5.75%)] |

LODA OPEB Plan Fiduciary Net Position

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 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 Line of Duty Act Program (LODA) OPEB Plan

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

Required Supplementary Information (RSI) Template
Cost-Sharing Employer Plans – Line of Duty Act Program (LODA)
For the Fiscal Year Ended June 30, 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 LODA OPEB Liability*
- *Schedule of Employer Contributions*
- *Notes to Required Supplementary Information*

The sample schedules presented in this section will each eventually show a 10-year history of data related to GASB 75. You may create your own tables based on the examples VRS has provided. Each year, VRS will update the data highlighted in accordance with the legend. However, the employer is responsible for providing the remainder of the information and 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. Contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer’s members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure. See GASB codification section P50.728-1 for related guidance. If this is the case, the employer will need to modify the notes in the following schedules accordingly.

Notes:

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

**Schedule of Employer's Share of Net OPEB Liability
Line of Duty Act Program (LODA)
For the Measurement Dates of June 30, 2019, 2018 and 2017**

| | 2019 | 2018 | 2017 |
|--|--|--|--|
| Employer's Proportion of the Net LODA OPEB Liability (Asset) | [Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2019 Employer Allocation Percentage]% | [Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2018 Employer Allocation Percentage]% | [Schedule A - Proportionate Share of Contributions - Line of Duty Act Program, 2017 Employer Allocation Percentage]% |
| Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) | \$ [Schedule D - Net Pension Liability - Line of Duty Act Program, 6/30/2019 Net OPEB Liability] | \$ [Schedule D - Net Pension Liability - Line of Duty Act Program, 6/30/2018 Net OPEB Liability] | \$ [Schedule D - Net Pension Liability - Line of Duty Act Program, 6/30/2017 Net OPEB Liability] |
| Employer's Covered Payroll | \$ [Inset Amount] | \$ [Inset Amount] | \$ [Inset Amount] |
| Employer's Proportionate Share of the Net LODA 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 LODA OPEB Liability | 0.79% | 0.60% | 1.30% |

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.

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

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Line of Duty Act Program (LODA) for each year is presented on page 131 of the VRS 2019 *Comprehensive Annual Financial Report (CAFR)*.

Sample Schedule of Employer Contributions

**Schedule of Employer Contributions
Line of Duty Act Program (LODA)
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 | N/A ** | N/A ** | Col (1) -(2) | N/A ** | N/A ** |

* The contributions for the Line of Duty Act Program are based on the numbers of participants in the program using a per capita - based contribution versus a payroll - based contribution. Therefore, a covered - employer payroll more relevant measure, which is the total payroll of employers in the OPEB plan.

** FY2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions.

For Reference Only:

- Column 1 – Employer contribution rate multiplied by the covered-employee payroll
- Column 2 – Actual employer contribution remitted to VRS
- Column 4 – Covered-employee payroll amount for the fiscal year.

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. Changes to the actuarial assumptions as a result of the experience study are as follows:

General State 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 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 | Increase rate from 14% to 25% |

SPORS Employees:

| | |
|---|---|
| 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 | Increase rate from 60% to 85% |

VaLORS Employees:

| | |
|---|---|
| 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 | Decrease rate from 50% to 35% |

Employees in the Largest 10 Locality Employers With Public Safety 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 | Increase rate from 60% to 70% |

Employees in the Non-Largest 10 Locality Employers With Public Safety 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 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 | Decrease rate from 60% to 45% |