



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, 2022

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



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July 11, 2023

Board of Trustees
Virginia Retirement System
1200 E. Main Street
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INDEPENDENT AUDITOR'S REPORT

Report on the Schedules

Opinions

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, 2022, 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 (Revenue), 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 LODA Program (schedules of OPEB amounts), as of and for the year ended June 30, 2022, and the related notes.

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 LODA Program as of and for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Virginia Retirement System LODA Program, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our

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

Responsibilities of Management for the Schedules

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 and for 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 Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.
- Obtain an understanding of internal control relevant to the audit 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 Virginia Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2022, and our report thereon, dated December 7, 2022, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of Virginia Retirement System management, the Virginia Retirement System Board of Trustees, the Commonwealth Joint Legislative Audit and Review Commission, and Virginia Retirement System LODA 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

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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, 2022

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
State:			
2XXXX	State Police Officers' Retirement System Employees	\$ 1,362,007	9.88930%
3XXXX	All Other State Employees	1,557,997	11.31235%
7XXXX	Virginia Law Officers' Retirement System Employees	5,276,965	38.31516%
	Sub-total State	<u>\$ 8,196,969</u>	<u>59.51681%</u>
Political Subdivisions:			
50001	Arlington County	665,107	4.82923%
50005	Town of Appalachia	—	—%
50025	Town of Boones Mill	2,168	0.01574%
50026	Town of Pocahontas	1,445	0.01049%
55113	Buchanan County	67,198	0.48791%
55136	Gloucester County	106,396	0.77252%
55139	Greene County	53,108	0.38561%
55152	Lee County	57,443	0.41709%
55167	Nottoway County	42,089	0.30560%
55183	Russell County	64,669	0.46955%
55197	Wise County	80,926	0.58759%
55201	City of Bristol	127,169	0.92335%
55213	City of Petersburg	157,697	1.14501%
55214	City of Portsmouth	412,757	2.99696%
55215	City of Radford	68,642	0.49840%
55220	City of Suffolk	361,456	2.62447%
55221	City of Williamsburg	62,501	0.45381%
55222	City of Winchester	123,195	0.89450%
55224	City of Falls Church	39,560	0.28724%
55226	Town of Front Royal	26,012	0.18887%
55232	City of Franklin	71,894	0.52201%
55233	City of Chesapeake	916,013	6.65101%
55234	City of Virginia Beach	1,347,919	9.78701%
55235	City of Norton	25,470	0.18493%
55236	City of Manassas Park	39,740	0.28855%
55238	Town of Pound	—	—%

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, 2022

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
55245	Town of Scottsville	3,071	0.02230%
55249	Town of La Crosse	1,445	0.01049%
55255	Town of Brodnax	1,445	0.01049%
55259	Town of Richlands	36,128	0.26232%
55300	Town of Abingdon	19,509	0.14165%
55301	Town of Dumfries	8,671	0.06296%
55304	Town of South Boston	27,457	0.19936%
55306	Town of Remington	1,987	0.01443%
55310	Town of Smithfield	13,728	0.09968%
55314	Town of Jonesville	1,445	0.01049%
55315	Town of Wytheville	39,018	0.28330%
55317	Town of Vienna	27,457	0.19936%
55321	Town of Woodstock	12,283	0.08919%
55327	Town of Christiansburg	75,507	0.54824%
55330	Town of Chatham	1,445	0.01049%
55332	City of Manassas	109,647	0.79613%
55334	Town of Boydton	—	—%
55338	Town of Quantico	1,626	0.01180%
55354	Town of Big Stone Gap	7,948	0.05771%
55355	Town of Luray	18,064	0.13116%
55369	Town of Tazewell	34,863	0.25313%
55372	Town of Weber City	4,335	0.03148%
55374	Town of Hurt	723	0.00525%
55375	Town of Waverly	—	—%
55378	Town of Courtland	2,168	0.01574%
55380	Town of Independence	4,335	0.03148%
55382	Town of Grundy	5,058	0.03672%
55389	Town of Pembroke	2,890	0.02099%
55397	Town of Orange	11,200	0.08132%
55417	Norfolk Airport Authority	42,630	0.30953%
55487	Capital Region Airport Comm	26,734	0.19411%
55858	Peumansend Creek Regional Jail Authority	45,521	0.33052%
55861	Breaks Interstate Park Commission	1,445	0.01049%

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, 2022

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
55869	RSW Regional Jail Authority	—	—%
55899	Shenandoah Valley Regional Airport Commission	8,129	0.05902%
55922	Piedmont Regional Jail Authority	57,081	0.41446%
	Sub-total Political Subdivisions	\$ 5,575,567	40.48324%
Grand Total ⁽¹⁾		\$ 13,772,536	100.00005%

⁽¹⁾ Employer-level results may not add to Line of Duty Act system-wide results due to rounding.

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, 2022

Employer		Net	Total
Code	Employer	LODA OPEB	LODA OPEB
		Liability	Expense
		6/30/2022	(Revenue)
			2022
State:			
2XXXX	State Police Officers' Retirement System Employees	\$ 37,426,591	\$ 4,822,390
3XXXX	All Other State Employees	42,812,202	6,311,821
7XXXX	Virginia Law Officers' Retirement System Employees	145,005,799	18,854,984
	Sub-total State	<u>\$ 225,244,592</u>	<u>\$ 29,989,195</u>
Political Subdivision:			
50001	Arlington County	\$ 18,276,482	\$ 2,648,275
50005	Town of Appalachia	—	(9,360)
50025	Town of Boones Mill	59,569	13,288
50026	Town of Pocahontas	39,700	8,878
55113	Buchanan County	1,846,522	263,665
55136	Gloucester County	2,923,644	380,072
55139	Greene County	1,459,362	214,616
55152	Lee County	1,578,500	195,259
55167	Nottoway County	1,156,560	209,950
55183	Russell County	1,777,037	230,766
55197	Wise County	2,223,766	348,230
55201	City of Bristol	3,494,468	472,509
55213	City of Petersburg	4,333,352	514,266
55214	City of Portsmouth	11,342,157	1,324,041
55215	City of Radford	1,886,222	318,473
55220	City of Suffolk	9,932,449	1,276,494
55221	City of Williamsburg	1,717,469	248,473
55222	City of Winchester	3,385,284	437,956
55224	City of Falls Church	1,087,075	148,895
55226	Town of Front Royal	714,789	90,046
55232	City of Franklin	1,975,575	323,882
55233	City of Chesapeake	25,171,107	3,574,625
55234	City of Virginia Beach	37,039,469	4,924,072
55235	City of Norton	699,878	102,732
55236	City of Manassas Park	1,092,033	138,138

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, 2022

		Net	Total
		LODA OPEB	LODA OPEB
		Liability	Expense
Employer		6/30/2022	(Revenue)
Code	Employer		2022
55238	Town of Pound	—	(8,677)
55245	Town of Scottsville	84,396	13,521
55249	Town of La Crosse	39,700	2,132
55255	Town of Brodnax	39,700	5,394
55259	Town of Richlands	992,764	126,445
55300	Town of Abingdon	536,082	74,635
55301	Town of Dumfries	238,276	39,584
55304	Town of South Boston	754,489	103,510
55306	Town of Remington	54,611	8,549
55310	Town of Smithfield	377,244	45,818
55314	Town of Jonesville	39,700	3,085
55315	Town of Wytheville	1,072,164	167,437
55317	Town of Vienna	754,489	95,176
55321	Town of Woodstock	337,544	46,648
55327	Town of Christiansburg	2,074,844	292,069
55330	Town of Chatham	39,700	3,259
55332	City of Manassas	3,012,997	367,484
55334	Town of Boydton	—	(260)
55338	Town of Quantico	44,658	3,479
55354	Town of Big Stone Gap	218,407	21,531
55355	Town of Luray	496,382	77,590
55369	Town of Tazewell	957,984	188,793
55372	Town of Weber City	119,138	17,671
55374	Town of Hurt	19,869	(1,243)
55375	Town of Waverly	—	(13,877)
55378	Town of Courtland	59,569	9,581
55380	Town of Independence	119,138	17,084
55382	Town of Grundy	138,969	16,993
55389	Town of Pembroke	79,438	10,533
55397	Town of Orange	307,760	41,618
55417	Norfolk Airport Authority	1,171,433	154,235
55487	Capital Region Airport Comm	734,620	82,081

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, 2022

		Net	Total
		LODA OPEB	LODA OPEB
		Liability	Expense
Employer			(Revenue)
Code	Employer	6/30/2022	2022
55858	Peumansend Creek Regional Jail Authority	1,250,871	275,756
55861	Breaks Interstate Park Commission	39,700	9,013
55869	RSW Regional Jail Authority	—	(185,493)
55899	Shenandoah Valley Regional Airport Commission	223,364	19,903
55922	Piedmont Regional Jail Authority	1,568,546	181,018
	Sub-total Political Subdivisions	<u>\$ 153,211,015</u>	<u>\$ 20,710,316</u>
Grand Total ⁽¹⁾		<u><u>\$ 378,455,607</u></u>	<u><u>\$ 50,699,511</u></u>

⁽¹⁾ Employer-level results may not add to Line of Duty Act system-wide results due to rounding.

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, 2022

		Deferred Outflows of Resources					Deferred Inflows of Resources					
Employer Code	Employer	Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	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	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
State:												
2XXXX	State Police Officers' Retirement System Employees	\$ 2,875,379	\$ —	\$ 10,437,236	\$ 777,395	\$ 14,090,010		\$ 6,994,951	\$ 160,054	\$ 9,231,139	\$ 1,486,966	\$ 17,873,110
3XXXX	All Other State Employees	3,289,141	—	11,939,133	7,594,676	22,822,950		8,001,510	183,085	10,559,483	2,625,397	21,369,475
7XXXX	Virginia Law Officers' Retirement System Employees	11,140,388	—	40,438,088	19,404,124	70,982,600		27,101,278	620,114	35,765,178	25,201,298	88,687,868
	Sub-total State	<u>\$ 17,304,908</u>	<u>\$ —</u>	<u>\$ 62,814,457</u>	<u>\$ 27,776,195</u>	<u>\$ 107,895,560</u>		<u>\$ 42,097,739</u>	<u>\$ 963,253</u>	<u>\$ 55,555,800</u>	<u>\$ 29,313,661</u>	<u>\$ 127,930,453</u>
Political Subdivision:												
50001	Arlington County	\$ 1,404,130	\$ —	\$ 5,096,803	\$ 1,738,813	\$ 8,239,746		\$ 3,415,836	\$ 78,159	\$ 4,507,831	\$ 179,452	\$ 8,181,278
50005	Town of Appalachia	—	—	—	10,668	10,668		—	—	—	89,606	89,606
50025	Town of Boones Mill	4,577	—	16,612	29,075	50,264		11,133	255	14,692	8,375	34,455
50026	Town of Pocahontas	3,050	—	11,071	17,420	31,541		7,420	170	9,792	137	17,519
55113	Buchanan County	141,863	—	514,944	207,210	864,017		345,111	7,897	455,438	44,642	853,088
55136	Gloucester County	224,615	—	815,323	229,869	1,269,807		546,423	12,503	721,107	277,688	1,557,721
55139	Greene County	112,119	—	406,975	417,842	936,936		272,752	6,241	359,947	222,843	861,783
55152	Lee County	121,272	—	440,200	21,868	583,340		295,018	6,750	389,331	141,477	832,576
55167	Nottoway County	88,855	—	322,532	451,232	862,619		216,159	4,946	285,261	30,710	537,076
55183	Russell County	136,525	—	495,566	84,943	717,034		332,125	7,599	438,300	181,165	959,189
55197	Wise County	170,846	—	620,147	339,583	1,130,576		415,617	9,510	548,484	2,316	975,927

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, 2022

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	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	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
55201	City of Bristol	268,470	—	974,510	160,987	1,403,967	653,109	14,944	861,898	81,505	1,611,456
55213	City of Petersburg	332,919	—	1,208,452	228,769	1,770,140	809,894	18,531	1,068,806	604,301	2,501,532
55214	City of Portsmouth	871,386	—	3,163,013	540,698	4,575,097	2,119,825	48,504	2,797,504	1,637,416	6,603,249
55215	City of Radford	144,913	—	526,015	393,744	1,064,672	352,531	8,066	465,230	—	825,827
55220	City of Suffolk	763,082	—	2,769,884	467,704	4,000,670	1,856,354	42,476	2,449,804	929,793	5,278,427
55221	City of Williamsburg	131,948	—	478,954	144,284	755,186	320,991	7,345	423,608	14,166	766,110
55222	City of Winchester	260,082	—	944,062	193,285	1,397,429	632,702	14,477	834,969	333,136	1,815,284
55224	City of Falls Church	83,517	—	303,155	98,272	484,944	203,172	4,649	268,123	91,628	567,572
55226	Town of Front Royal	54,915	—	199,335	28,251	282,501	133,593	3,057	176,300	74,643	387,593
55232	City of Franklin	151,778	—	550,933	674,738	1,377,449	369,231	8,448	487,269	106,072	971,020
55233	City of Chesapeake	1,933,825	—	7,019,522	2,252,095	11,205,442	4,704,427	107,644	6,208,367	989,977	12,010,415
55234	City of Virginia Beach	2,845,637	—	10,329,279	1,177,490	14,352,406	6,922,599	158,398	9,135,657	1,894,982	18,111,636
55235	City of Norton	53,770	—	195,176	101,649	350,595	130,806	2,993	172,622	67,297	373,718
55236	City of Manassas Park	83,898	—	304,538	62,689	451,125	204,099	4,670	269,346	123,189	601,304
55238	Town of Pound	—	—	—	20,732	20,732	—	—	—	124,295	124,295
55245	Town of Scottsville	6,484	—	23,536	28,814	58,834	15,773	361	20,816	13,093	50,043
55249	Town of La Crosse	3,050	—	11,071	17,748	31,869	7,420	170	9,792	16,787	34,169
55255	Town of Brodnax	3,050	—	11,071	15,031	29,152	7,420	170	9,792	5,091	22,473
55259	Town of Richlands	76,271	—	276,854	36,961	390,086	185,546	4,246	244,862	93,976	528,630
55300	Town of Abingdon	41,186	—	149,498	55,276	245,960	100,193	2,293	132,223	21,796	256,505
55301	Town of Dumfries	18,306	—	66,448	113,764	198,518	44,533	1,019	58,770	79,314	183,636

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, 2022

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	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	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
55304	Town of South Boston	57,965	—	210,406	37,956	306,327	141,012	3,227	186,092	14,949	345,280
55306	Town of Remington	4,196	—	15,230	8,823	28,249	10,207	234	13,470	4,451	28,362
55310	Town of Smithfield	28,983	—	105,203	45,066	179,252	70,506	1,613	93,046	57,452	222,617
55314	Town of Jonesville	3,050	—	11,071	21,828	35,949	7,420	170	9,792	46,916	64,298
55315	Town of Wytheville	82,371	—	298,997	293,374	674,742	200,385	4,585	264,446	82,755	552,171
55317	Town of Vienna	57,965	—	210,406	10,187	278,558	141,012	3,227	186,092	55,111	385,442
55321	Town of Woodstock	25,933	—	94,132	31,663	151,728	63,086	1,443	83,254	20,469	168,252
55327	Town of Christiansburg	159,404	—	578,616	165,500	903,520	387,784	8,873	511,753	71,839	980,249
55330	Town of Chatham	3,050	—	11,071	142	14,263	7,420	170	9,792	18,007	35,389
55332	City of Manassas	231,480	—	840,241	9,545	1,081,266	563,123	12,885	743,145	216,245	1,535,398
55334	Town of Boydton	—	—	—	6,078	6,078	—	—	—	17,741	17,741
55338	Town of Quantico	3,431	—	12,454	22,179	38,064	8,346	191	11,015	29,962	49,514
55354	Town of Big Stone Gap	16,780	—	60,908	22,713	100,401	40,820	934	53,869	69,422	165,045
55355	Town of Luray	38,136	—	138,427	115,290	291,853	92,773	2,123	122,431	36,882	254,209
55369	Town of Tazewell	73,599	—	267,155	411,469	752,223	179,045	4,097	236,283	50,469	469,894
55372	Town of Weber City	9,153	—	33,224	33,127	75,504	22,267	509	29,385	10,071	62,232
55374	Town of Hurt	1,526	—	5,541	86	7,153	3,713	85	4,901	29,316	38,015
55375	Town of Waverly	—	—	—	282	282	—	—	—	113,514	113,514
55378	Town of Courtland	4,577	—	16,612	15,193	36,382	11,133	255	14,692	515	26,595
55380	Town of Independence	9,153	—	33,224	10,623	53,000	22,267	509	29,385	10,592	62,753
55382	Town of Grundy	10,677	—	38,755	22,281	71,713	25,973	594	34,276	38,900	99,743

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, 2022

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Difference Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	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	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total of Deferred Inflows of Resources
55389	Town of Pembroke	6,103	—	22,153	701	28,957	14,847	340	19,593	1,036	35,816
55397	Town of Orange	23,644	—	85,826	9,710	119,180	57,520	1,316	75,908	14,537	149,281
55417	Norfolk Airport Authority	89,998	—	326,680	35,713	452,391	218,938	5,010	288,930	54,530	567,408
55487	Capital Region Airport Comm	56,439	—	204,865	82,218	343,522	137,299	3,142	181,191	231,991	553,623
55858	Peumansend Creek Regional Jail Authority	96,101	—	348,833	1,211,289	1,656,223	233,785	5,349	308,523	673,066	1,220,723
55861	Breaks Interstate Park Commission	3,050	—	11,071	22,758	36,879	7,420	170	9,792	—	17,382
55869	RSW Regional Jail Authority	—	—	—	—	—	—	—	—	575,028	575,028
55899	Shenandoah Valley Regional Airport Commission	17,160	—	62,290	18,828	98,278	41,746	955	55,092	62,924	160,717
55922	Piedmont Regional Jail Authority	120,507	—	437,424	126,244	684,175	293,158	6,708	386,877	523,399	1,210,142
	Sub-total Political Subdivisions	\$ 11,770,770	\$ —	\$ 42,726,294	\$ 13,152,370	\$ 67,649,434	\$ 28,634,817	\$ 655,205	\$ 37,788,966	\$ 11,612,957	\$ 78,691,945
Grand Total		\$ 29,075,678	\$ —	\$ 105,540,751	\$ 40,928,565	\$ 175,544,994	\$ 70,732,556	\$ 1,618,458	\$ 93,344,766	\$ 40,926,618	\$ 206,622,398

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, 2022

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 an *Annual Comprehensive 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 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-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, 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.
 - The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.
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Contributions

The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2022, was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019, 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, 2021, 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, 2022.

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	5.25% – 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	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally;
females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected
generationally; 110% of rates for females.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally;
males and females set forward 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected
generationally; 110% of rates for males and females.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is
75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Mortality rates – SPORS Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Mortality rates – ValORS Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Mortality rates – Largest 10 Locality Employers With Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Mortality rates – Non-Largest 10 Locality Employers With Public Safety Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

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, 2022, NOL amounts for the LODA Program's OPEB liability are as follows (amounts expressed in thousands):

Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asset)	<u>\$ 378,455</u>

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%
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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 3.69%. 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, 2022, 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 3.69% 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 3.69% 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, 2022.

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 3.69%, 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 2.69% or one percentage point higher 4.69% than the current rate (amounts expressed in thousands):

Net LODA OPEB Liability – 1.00% Decrease 2.69%	\$	432,003
Net LODA OPEB Liability – Current Trend Rate 3.69%	\$	378,455
Net LODA OPEB Liability – 1.00% Increase 4.69%	\$	334,647

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%)	\$	318,931
Net LODA OPEB Liability - Current Discount Rate (7.00% decreasing to 4.75%)	\$	378,455
Net LODA OPEB Liability - 1.00% Increase (8.00% decreasing to 5.75%)	\$	453,168

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, 2022. The average remaining service lives of all employees provided with benefits through the LODA Program at June 30, 2022 was 9.91 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, 2024. 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, 2023	\$	(197,174)
Measurement Period Ending June 30, 2024	\$	(162,601)
Measurement Period Ending June 30, 2025	\$	(125,830)
Measurement Period Ending June 30, 2026	\$	1,041,016
Measurement Period Ending June 30, 2027	\$	(681,938)
Thereafter	\$	(30,950,902)

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 2022. This total was \$13,772,532. The employer contributions of \$13,770,559 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 \$1,973 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, 2022. 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 2022 Annual Report. A copy of the 2022 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.