



Virginia
Retirement
System

**VIRGINIA RETIREMENT SYSTEM
TEACHER RETIREMENT PLAN**

GASB No. 68 Schedules

With Independent Auditor's Report Thereon

For the Fiscal Year Ended June 30, 2017

Table of Contents

| | |
|---|-----------|
| Independent Auditor’s Report..... | 3 |
| VRS Teacher Retirement Plan – Schedule of Employer Allocations..... | 6 |
| VRS Teacher Retirement Plan – Schedule of Net Pension Liability and Total Pension Expense..... | 11 |
| VRS Teacher Retirement Plan – Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer..... | 16 |
| VRS Teacher Retirement Plan – Notes to GASB No. 68 Schedules..... | 21 |



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Auditor of Public Accounts

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July 12, 2018

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 Teacher Retirement Plan as of and for the year ended June 30, 2017, and the related notes. We have also audited the total for all teacher employers of the columns titled net pension liability, total pension expense, total deferred outflows of resources, and total deferred inflows of resources (specified column totals) included in the accompanying schedule of net pension liability and total pension expense and the schedule of deferred outflows and deferred inflows of resources by employer of the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2017, and the related notes.

Management's Responsibility for the Schedules

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 pension liability and total pension 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 the specified column totals included in the

schedule of net pension liability and total pension 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 pension liability and total pension 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 pension liability and total pension 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 pension liability and total pension 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 pension liability and total pension 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 net pension liability, total pension expense, total deferred outflows of resources, and total deferred inflows of resources, for the total of all of the participating teacher employers for the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2017, 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, 2017, and our report thereon, dated December 15, 2017, 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 the Virginia Retirement System Teacher Retirement Plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.


AUDITOR OF PUBLIC ACCOUNTS

ZLB/clj

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Employer Allocations – Page 1 of 5
For the Fiscal Year Ended June 30, 2017**

| Employer Code | Employer | Employer Contributions | Employer Allocation Percentage |
|----------------------|----------------------------------|-------------------------------|---------------------------------------|
| 40100 | Accomack County School Board | \$ 3,910,649 | 0.34367% |
| 40101 | Albemarle County Schools | 12,777,409 | 1.12289% |
| 40102 | Alleghany County School Board | 1,695,928 | 0.14904% |
| 40103 | Amelia County School Board | 1,239,255 | 0.10891% |
| 40104 | Amherst County School Board | 3,357,315 | 0.29504% |
| 40105 | Appomattox County School Board | 1,581,020 | 0.13894% |
| 40106 | Arlington Public Schools | 41,229,265 | 3.62326% |
| 40107 | Augusta County School Board | 8,350,365 | 0.73384% |
| 40108 | Bath County School Board | 668,530 | 0.05875% |
| 40109 | Bedford County School Board | 6,961,826 | 0.61181% |
| 40110 | Bland County School Board | 562,122 | 0.04940% |
| 40111 | Botetourt County Schools | 3,907,913 | 0.34343% |
| 40112 | Brunswick County Public Schools | 1,390,937 | 0.12224% |
| 40113 | Buchanan County School Board | 2,045,073 | 0.17972% |
| 40114 | Buckingham County School Board | 1,545,783 | 0.13584% |
| 40115 | Campbell County School Board | 5,418,663 | 0.47620% |
| 40116 | Caroline County School Board | 2,956,420 | 0.25981% |
| 40117 | Carroll County School Board | 3,120,833 | 0.27426% |
| 40118 | Charles City County School Board | 671,742 | 0.05903% |
| 40119 | Charlotte County School Board | 1,612,141 | 0.14168% |
| 40120 | Chesterfield County School Board | 41,893,508 | 3.68164% |
| 40121 | Clarke County School Board | 1,721,269 | 0.15127% |
| 40122 | Craig County School Board | 498,593 | 0.04382% |
| 40123 | Culpeper County School Board | 6,220,035 | 0.54662% |
| 40124 | Cumberland County School Board | 1,161,193 | 0.10205% |
| 40125 | Dickenson County School Board | 1,401,558 | 0.12317% |
| 40126 | Dinwiddie County School Board | 3,369,230 | 0.29609% |
| 40128 | Essex County Public Schools | 1,170,020 | 0.10282% |
| 40129 | Fairfax County School Board | 206,588,999 | 18.15522% |
| 40130 | Fauquier County School Board | 10,507,620 | 0.92342% |
| 40131 | Floyd County School Board | 1,457,091 | 0.12805% |
| 40132 | Fluvanna County Public Schools | 3,426,522 | 0.30113% |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Employer Allocations – Page 2 of 5
For the Fiscal Year Ended June 30, 2017**

| Employer Code | Employer | Employer Contributions | Employer Allocation Percentage |
|----------------------|------------------------------------|-------------------------------|---------------------------------------|
| 40133 | Franklin County Public Schools | 5,928,741 | 0.52102% |
| 40134 | Frederick County School Board | 12,336,949 | 1.08418% |
| 40135 | Giles County Schools | 1,751,588 | 0.15393% |
| 40136 | Gloucester County School Board | 4,335,827 | 0.38104% |
| 40137 | Goochland County School Board | 2,111,572 | 0.18557% |
| 40138 | Grayson County School Board | 1,289,686 | 0.11334% |
| 40139 | Greene County Public Schools | 2,466,470 | 0.21676% |
| 40140 | Greensville County School Board | 1,774,972 | 0.15599% |
| 40141 | Halifax County School Board | 4,073,400 | 0.35797% |
| 40142 | Hanover County School Board | 14,428,450 | 1.26798% |
| 40143 | Henrico County School Board | 37,325,862 | 3.28023% |
| 40144 | Henry County Public Schools | 5,250,139 | 0.46139% |
| 40145 | Highland County Public Schools | 277,134 | 0.02435% |
| 40146 | Isle of Wight County Schools | 4,194,927 | 0.36865% |
| 40148 | King George County School Board | 3,250,530 | 0.28566% |
| 40149 | King & Queen County School Board | 640,689 | 0.05630% |
| 40150 | King William County School Board | 1,706,234 | 0.14995% |
| 40151 | Lancaster County Public Schools | 1,097,411 | 0.09644% |
| 40152 | Lee County School Board | 2,656,179 | 0.23343% |
| 40153 | Loudoun County School Board | 78,008,862 | 6.85549% |
| 40154 | Louisa County Public Schools | 3,903,095 | 0.34301% |
| 40155 | Lunenburg County School Board | 1,105,072 | 0.09711% |
| 40156 | Madison County School Board | 1,435,916 | 0.12619% |
| 40157 | Mathews County School Board | 952,823 | 0.08373% |
| 40158 | Mecklenburg County School Board | 3,197,361 | 0.28099% |
| 40159 | Middlesex County School Board | 1,056,672 | 0.09286% |
| 40160 | Montgomery County School Board | 7,165,556 | 0.62972% |
| 40162 | Nelson County Public Schools | 1,641,569 | 0.14426% |
| 40163 | New Kent County School Board | 2,263,303 | 0.19890% |
| 40165 | Northampton County Schools | 1,311,996 | 0.11530% |
| 40166 | Northumberland County School Board | 1,137,373 | 0.09995% |
| 40167 | Nottoway County School Board | 1,639,552 | 0.14409% |
| 40168 | Orange County Public Schools | 3,794,387 | 0.33345% |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Employer Allocations – Page 3 of 5
For the Fiscal Year Ended June 30, 2017**

| Employer Code | Employer | Employer Contributions | Employer Allocation Percentage |
|----------------------|------------------------------------|-------------------------------|---------------------------------------|
| 40169 | Page County Public Schools | 2,653,156 | 0.23316% |
| 40170 | Patrick County School Board | 1,933,278 | 0.16990% |
| 40171 | Pittsylvania County School Board | 5,969,403 | 0.52460% |
| 40172 | Powhatan County School Board | 3,462,670 | 0.30430% |
| 40173 | Prince Edward County School Board | 1,661,567 | 0.14602% |
| 40174 | Prince George County School Board | 4,667,619 | 0.41019% |
| 40176 | Prince William County School Board | 74,811,537 | 6.57450% |
| 40177 | Pulaski County School Board | 3,142,158 | 0.27614% |
| 40178 | Rappahannock County School Board | 828,847 | 0.07284% |
| 40179 | Richmond County School Board | 950,449 | 0.08353% |
| 40180 | Roanoke County School Board | 11,120,197 | 0.97725% |
| 40181 | Rockbridge County School Board | 2,327,351 | 0.20453% |
| 40182 | Rockingham County School Board | 9,314,905 | 0.81860% |
| 40183 | Russell County School Board | 2,606,249 | 0.22904% |
| 40184 | Scott County School Board | 2,881,327 | 0.25321% |
| 40185 | Shenandoah County School Board | 4,935,266 | 0.43372% |
| 40186 | Smyth County School Board | 3,268,124 | 0.28721% |
| 40187 | Southampton County School Board | 1,853,926 | 0.16292% |
| 40188 | Spotsylvania County School Board | 18,178,350 | 1.59753% |
| 40189 | Stafford County School Board | 21,806,528 | 1.91638% |
| 40190 | Surry County Schools | 1,147,011 | 0.10080% |
| 40191 | Sussex County School Board | 1,108,719 | 0.09744% |
| 40192 | Tazewell County Schools | 3,831,673 | 0.33673% |
| 40193 | Warren County School Board | 4,174,597 | 0.36687% |
| 40195 | Washington County School Board | 5,122,939 | 0.45021% |
| 40196 | Westmoreland County School Board | 1,395,922 | 0.12267% |
| 40197 | Wise County School Board | 3,993,223 | 0.35093% |
| 40198 | Wythe County School Board | 3,017,268 | 0.26516% |
| 40199 | York County School Board | 9,689,007 | 0.85148% |
| 40200 | Alexandria City School Board | 21,023,667 | 1.84758% |
| 40201 | Bristol City School Board | 1,789,628 | 0.15727% |
| 40202 | Buena Vista City Schools | 752,811 | 0.06616% |
| 40203 | Charlottesville Public Schools | 5,466,667 | 0.48042% |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Employer Allocations – Page 4 of 5
For the Fiscal Year Ended June 30, 2017**

| Employer Code | Employer | Employer Contributions | Employer Allocation Percentage |
|----------------------|----------------------------------|-------------------------------|---------------------------------------|
| 40205 | Danville City Schools | 4,510,278 | 0.39637% |
| 40206 | Fredericksburg City Schools | 3,284,717 | 0.28866% |
| 40207 | Hampton City Schools | 15,806,468 | 1.38909% |
| 40208 | Harrisonburg City School Board | 5,374,619 | 0.47233% |
| 40209 | Hopewell City School Board | 3,552,876 | 0.31223% |
| 40210 | Lynchburg Public Schools | 8,073,021 | 0.70946% |
| 40211 | Newport News Public Schools | 23,034,462 | 2.02429% |
| 40212 | Norfolk Public Schools | 30,730,034 | 2.70058% |
| 40213 | Petersburg City Schools | 3,245,040 | 0.28518% |
| 40214 | Portsmouth School Board | 11,424,563 | 1.00400% |
| 40215 | Radford City School Board | 1,260,728 | 0.11079% |
| 40216 | Richmond Public Schools | 22,693,062 | 1.99429% |
| 40217 | Roanoke City School Board | 11,471,964 | 1.00817% |
| 40219 | Staunton City Schools | 2,451,620 | 0.21545% |
| 40220 | Suffolk City School Board | 10,645,526 | 0.93554% |
| 40222 | Winchester Public Schools | 4,205,358 | 0.36957% |
| 40223 | Martinsville City Schools | 1,676,401 | 0.14732% |
| 40224 | Falls Church Public Schools | 3,654,087 | 0.32112% |
| 40225 | Colonial Heights City Schools | 2,696,034 | 0.23693% |
| 40230 | Covington City School Board | 817,457 | 0.07184% |
| 40231 | Fairfax City School Board | 13,674 | 0.00120% |
| 40232 | Franklin City Public Schools | 1,093,471 | 0.09610% |
| 40233 | Chesapeake Public Schools | 32,755,761 | 2.87861% |
| 40234 | Virginia Beach City School Board | 57,883,454 | 5.08685% |
| 40236 | Manassas Park City Schools | 2,966,471 | 0.26070% |
| 40306 | Town of West Point School Board | 781,596 | 0.06869% |
| 40307 | Lexington City School Board | 400,197 | 0.03517% |
| 40308 | Waynesboro Public Schools | 2,598,444 | 0.22835% |
| 40309 | Town of Colonial Beach Schools | 516,211 | 0.04537% |
| 40313 | Galax City Schools | 1,029,916 | 0.09051% |
| 40314 | Norton City Schools | 545,299 | 0.04792% |
| 40332 | Manassas City Schools | 7,962,614 | 0.69976% |
| 40335 | City of Salem Schools | 3,172,295 | 0.27878% |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Employer Allocations – Page 5 of 5
For the Fiscal Year Ended June 30, 2017**

| Employer Code | Employer | Employer Contributions | Employer Allocation Percentage |
|---------------------------------|---|-------------------------------|---------------------------------------|
| 40402 | Williamsburg-James City County School Board | 9,826,488 | 0.86356% |
| 40403 | Poquoson City Public Schools | 1,664,914 | 0.14631% |
| 40410 | Valley Vocational Technical Center | 285,538 | 0.02509% |
| 40412 | Charlottesville/Albemarle Vo-Tech Center | 166,936 | 0.01467% |
| 40413 | The Pruden Center for Industry and Technology | 192,728 | 0.01694% |
| 40414 | Jackson River Technical Center | 78,683 | 0.00691% |
| 40415 | New Horizons Technical Center | 1,183,565 | 0.10401% |
| 40416 | Northern Neck Regional Vocational Center | 160,914 | 0.01414% |
| 40417 | Rowanty Vocational Technical Center | 108,792 | 0.00956% |
| 40418 | Amelia-Nottoway Vocational Center | 30,262 | 0.00266% |
| 40421 | Northern Neck Regional Special Education Program | 113,937 | 0.01001% |
| 40423 | Maggie Walker Governor's School for Govt & Intl Studies | 634,800 | 0.05579% |
| 40424 | Appomattox Region Governor's School | 248,262 | 0.02182% |
| 40425 | Bridging Communities Regional Career and Tech Center | 65,254 | 0.00573% |
| Total for all Teacher Employers | | <u>\$ 1,137,903,954</u> | <u>100.00000%</u> |

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

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Net Pension Liability and Total Pension Expense – Page 1 of 5
As of and For the Fiscal Year Ended June 30, 2017**

(Dollars in Thousands)

| Employer | | Net Pension Liability June 30, 2017 | Total Pension Expense FY 2017 |
|-----------------|----------------------------------|--|--|
| Code | Employer | | |
| 40100 | Accomack County School Board | 42,264 | 2,946 |
| 40101 | Albemarle County Schools | 138,093 | 10,805 |
| 40102 | Alleghany County School Board | 18,329 | 504 |
| 40103 | Amelia County School Board | 13,394 | 1,056 |
| 40104 | Amherst County School Board | 36,284 | 2,147 |
| 40105 | Appomattox County School Board | 17,087 | 1,165 |
| 40106 | Arlington Public Schools | 445,588 | 38,531 |
| 40107 | Augusta County School Board | 90,248 | 6,548 |
| 40108 | Bath County School Board | 7,225 | 559 |
| 40109 | Bedford County School Board | 75,240 | 4,819 |
| 40110 | Bland County School Board | 6,075 | 265 |
| 40111 | Botetourt County Schools | 42,235 | 2,905 |
| 40112 | Brunswick County Public Schools | 15,033 | 562 |
| 40113 | Buchanan County School Board | 22,102 | 536 |
| 40114 | Buckingham County School Board | 16,705 | 1,265 |
| 40115 | Campbell County School Board | 58,563 | 3,525 |
| 40116 | Caroline County School Board | 31,951 | 2,348 |
| 40117 | Carroll County School Board | 33,728 | 2,499 |
| 40118 | Charles City County School Board | 7,260 | 459 |
| 40119 | Charlotte County School Board | 17,424 | 774 |
| 40120 | Chesterfield County School Board | 452,768 | 35,087 |
| 40121 | Clarke County School Board | 18,603 | 1,265 |
| 40122 | Craig County School Board | 5,389 | 248 |
| 40123 | Culpeper County School Board | 67,223 | 4,915 |
| 40124 | Cumberland County School Board | 12,551 | 1,033 |
| 40125 | Dickenson County School Board | 15,148 | 688 |
| 40126 | Dinwiddie County School Board | 36,413 | 3,045 |
| 40128 | Essex County Public Schools | 12,644 | 726 |
| 40129 | Fairfax County School Board | 2,232,727 | 173,410 |
| 40130 | Fauquier County School Board | 113,561 | 7,212 |
| 40131 | Floyd County School Board | 15,747 | 1,145 |
| 40132 | Fluvanna County Public Schools | 37,033 | 2,206 |

Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Net Pension Liability and Total Pension Expense – Page 2 of 5
As of and For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

| Employer | | Net | Total |
|-----------------|------------------------------------|----------------------|----------------|
| Code | Employer | Pension | Pension |
| | | Liability | Expense |
| | | June 30, 2017 | FY 2017 |
| 40133 | Franklin County Public Schools | 64,075 | 4,999 |
| 40134 | Frederick County School Board | 133,333 | 11,197 |
| 40135 | Giles County Schools | 18,930 | 1,437 |
| 40136 | Gloucester County School Board | 46,860 | 3,166 |
| 40137 | Goochland County School Board | 22,821 | 1,904 |
| 40138 | Grayson County School Board | 13,938 | 659 |
| 40139 | Greene County Public Schools | 26,657 | 2,145 |
| 40140 | Greensville County School Board | 19,184 | 1,116 |
| 40141 | Halifax County School Board | 44,023 | 2,568 |
| 40142 | Hanover County School Board | 155,936 | 10,181 |
| 40143 | Henrico County School Board | 403,402 | 27,974 |
| 40144 | Henry County Public Schools | 56,742 | 3,723 |
| 40145 | Highland County Public Schools | 2,994 | 224 |
| 40146 | Isle of Wight County Schools | 45,337 | 2,077 |
| 40148 | King George County School Board | 35,131 | 3,296 |
| 40149 | King & Queen County School Board | 6,924 | 270 |
| 40150 | King William County School Board | 18,441 | 1,493 |
| 40151 | Lancaster County Public Schools | 11,861 | 799 |
| 40152 | Lee County School Board | 28,707 | 1,687 |
| 40153 | Loudoun County School Board | 843,087 | 84,306 |
| 40154 | Louisa County Public Schools | 42,184 | 3,286 |
| 40155 | Lunenburg County School Board | 11,943 | 584 |
| 40156 | Madison County School Board | 15,518 | 941 |
| 40157 | Mathews County School Board | 10,297 | 728 |
| 40158 | Mecklenburg County School Board | 34,556 | 1,633 |
| 40159 | Middlesex County School Board | 11,420 | 704 |
| 40160 | Montgomery County School Board | 77,443 | 6,123 |
| 40162 | Nelson County Public Schools | 17,741 | 1,206 |
| 40163 | New Kent County School Board | 24,460 | 1,899 |
| 40165 | Northampton County Schools | 14,179 | 767 |
| 40166 | Northumberland County School Board | 12,292 | 1,055 |
| 40167 | Nottoway County School Board | 17,720 | 1,123 |

Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Net Pension Liability and Total Pension Expense – Page 3 of 5
As of and For the Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

| Employer | | Net Pension Liability | Total Pension Expense |
|-----------------|------------------------------------|--------------------------------------|--------------------------------------|
| Code | Employer | June 30, 2017 | FY 2017 |
| 40168 | Orange County Public Schools | 41,008 | 2,909 |
| 40169 | Page County Public Schools | 28,673 | 1,826 |
| 40170 | Patrick County School Board | 20,894 | 1,478 |
| 40171 | Pittsylvania County School Board | 64,515 | 4,977 |
| 40172 | Powhatan County School Board | 37,423 | 2,675 |
| 40173 | Prince Edward County School Board | 17,958 | 546 |
| 40174 | Prince George County School Board | 50,445 | 3,581 |
| 40176 | Prince William County School Board | 808,531 | 65,596 |
| 40177 | Pulaski County School Board | 33,960 | 1,736 |
| 40178 | Rappahannock County School Board | 8,958 | 534 |
| 40179 | Richmond County School Board | 10,272 | 710 |
| 40180 | Roanoke County School Board | 120,182 | 8,111 |
| 40181 | Rockbridge County School Board | 25,153 | 1,571 |
| 40182 | Rockingham County School Board | 100,671 | 7,552 |
| 40183 | Russell County School Board | 28,167 | 1,718 |
| 40184 | Scott County School Board | 31,140 | 2,144 |
| 40185 | Shenandoah County School Board | 53,339 | 3,843 |
| 40186 | Smyth County School Board | 35,321 | 1,531 |
| 40187 | Southampton County School Board | 20,036 | 1,241 |
| 40188 | Spotsylvania County School Board | 196,464 | 12,466 |
| 40189 | Stafford County School Board | 235,676 | 16,514 |
| 40190 | Surry County Schools | 12,396 | 620 |
| 40191 | Sussex County School Board | 11,983 | 614 |
| 40192 | Tazewell County Schools | 41,411 | 2,168 |
| 40193 | Warren County School Board | 45,117 | 2,975 |
| 40195 | Washington County School Board | 55,366 | 2,953 |
| 40196 | Westmoreland County School Board | 15,086 | 1,164 |
| 40197 | Wise County School Board | 43,158 | 2,113 |
| 40198 | Wythe County School Board | 32,609 | 1,947 |
| 40199 | York County School Board | 104,715 | 8,392 |
| 40200 | Alexandria City School Board | 227,215 | 17,398 |
| 40201 | Bristol City School Board | 19,341 | 1,086 |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Net Pension Liability and Total Pension Expense – Page 4 of 5
As of and For the Fiscal Year Ended June 30, 2017**

(Dollars in Thousands)

| Employer | Net Pension Liability <u>June 30, 2017</u> | Total Pension Expense <u>FY 2017</u> |
|--|---|---|
| <u>Code</u> <u>Employer</u> | | |
| 40202 Buena Vista City Schools | 8,136 | 548 |
| 40203 Charlottesville Public Schools | 59,082 | 4,342 |
| 40205 Danville City Schools | 48,745 | 1,495 |
| 40206 Fredericksburg City Schools | 35,499 | 3,129 |
| 40207 Hampton City Schools | 170,830 | 10,236 |
| 40208 Harrisonburg City School Board | 58,087 | 4,922 |
| 40209 Hopewell City School Board | 38,398 | 2,614 |
| 40210 Lynchburg Public Schools | 87,249 | 7,037 |
| 40211 Newport News Public Schools | 248,946 | 16,308 |
| 40212 Norfolk Public Schools | 332,116 | 19,726 |
| 40213 Petersburg City Schools | 35,072 | 2,001 |
| 40214 Portsmouth School Board | 123,472 | 6,687 |
| 40215 Radford City School Board | 13,625 | 935 |
| 40216 Richmond Public Schools | 245,257 | 16,993 |
| 40217 Roanoke City School Board | 123,985 | 10,069 |
| 40219 Staunton City Schools | 26,496 | 1,684 |
| 40220 Suffolk City School Board | 115,052 | 7,554 |
| 40222 Winchester Public Schools | 45,450 | 3,497 |
| 40223 Martinsville City Schools | 18,117 | 1,107 |
| 40224 Falls Church Public Schools | 39,492 | 4,142 |
| 40225 Colonial Heights City Schools | 29,138 | 1,579 |
| 40230 Covington City School Board | 8,835 | 673 |
| 40231 Fairfax City School Board | 148 | 13 |
| 40232 Franklin City Public Schools | 11,818 | 678 |
| 40233 Chesapeake Public Schools | 354,010 | 24,476 |
| 40234 Virginia Beach City School Board | 625,579 | 41,220 |
| 40236 Manassas Park City Schools | 32,060 | 3,067 |
| 40306 Town of West Point School Board | 8,447 | 751 |
| 40307 Lexington City School Board | 4,325 | 306 |
| 40308 Waynesboro Public Schools | 28,083 | 1,853 |
| 40309 Town of Colonial Beach Schools | 5,580 | 432 |
| 40313 Galax City Schools | 11,130 | 806 |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Net Pension Liability and Total Pension Expense – Page 5 of 5
As of and For the Fiscal Year Ended June 30, 2017**

(Dollars in Thousands)

| Employer Code | Employer | Net Pension Liability June 30, 2017 | Total Pension Expense FY 2017 |
|---------------------------------|---|--|--|
| 40314 | Norton City Schools | 5,893 | 362 |
| 40332 | Manassas City Schools | 86,057 | 6,705 |
| 40335 | City of Salem Schools | 34,284 | 1,832 |
| 40402 | Williamsburg-James City County School Board | 106,201 | 7,793 |
| 40403 | Poquoson City Public Schools | 17,993 | 1,282 |
| 40410 | Valley Vocational Technical Center | 3,085 | 219 |
| 40412 | Charlottesville/Albemarle Vo-Tech Center | 1,804 | 68 |
| 40413 | The Pruden Center for Industry and Technology | 2,084 | 106 |
| 40414 | Jackson River Technical Center | 849 | (77) |
| 40415 | New Horizons Technical Center | 12,791 | 933 |
| 40416 | Northern Neck Regional Vocational Center | 1,739 | 165 |
| 40417 | Rowanty Vocational Technical Center | 1,176 | 87 |
| 40418 | Amelia-Nottoway Vocational Center | 327 | 16 |
| 40421 | Northern Neck Regional Special Education Program | 1,231 | (1) |
| 40423 | Maggie Walker Governor's School for Govt & Intl Studies | 6,861 | 516 |
| 40424 | Appomattox Region Governor's School | 2,683 | 203 |
| 40425 | Bridging Communities Regional Career and Tech Center | 704 | 140 |
| Total for all Teacher Employers | | \$ 12,297,975 | \$ 906,386 |

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

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer – Page 1 of 5
As of June 30, 2017**

(Dollars in Thousands)

| Employer Code | Employer | Deferred Outflows of Resources | | | | | Deferred Inflows of Resources | | | | |
|---------------|----------------------------------|--|--|-----------------------|--------------------------------|--------------------------------------|--|--|-----------------------|--------------------------------|-------------------------------------|
| | | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Outflows of Resources | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Inflows of Resources |
| 40100 | Accomack County School Board | \$ - | \$ - | \$ 617 | \$ 451 | \$ 1,068 | \$ 2,994 | \$ 1,535 | \$ - | \$ 960 | \$ 5,489 |
| 40101 | Albemarle County Schools | - | - | 2,015 | 2,004 | 4,019 | 9,778 | 5,017 | - | 519 | 15,314 |
| 40102 | Alleghany County School Board | - | - | 267 | - | 267 | 1,297 | 666 | - | 2,192 | 4,155 |
| 40103 | Amelia County School Board | - | - | 195 | 361 | 556 | 947 | 487 | - | 198 | 1,632 |
| 40104 | Amherst County School Board | - | - | 529 | 33 | 562 | 2,569 | 1,318 | - | 2,136 | 6,023 |
| 40105 | Appomattox County School Board | - | - | 249 | 487 | 736 | 1,209 | 621 | - | 499 | 2,329 |
| 40106 | Arlington Public Schools | - | - | 6,502 | 18,487 | 24,989 | 31,552 | 16,188 | - | - | 47,740 |
| 40107 | Augusta County School Board | - | - | 1,317 | 1,559 | 2,876 | 6,390 | 3,279 | - | 1,922 | 11,591 |
| 40108 | Bath County School Board | - | - | 105 | 202 | 307 | 512 | 262 | - | 243 | 1,017 |
| 40109 | Bedford County School Board | - | - | 1,098 | 1,512 | 2,610 | 5,328 | 2,734 | - | 4,703 | 12,765 |
| 40110 | Bland County School Board | - | - | 89 | 95 | 184 | 430 | 221 | - | 598 | 1,249 |
| 40111 | Botetourt County Schools | - | - | 616 | 483 | 1,099 | 2,990 | 1,534 | - | 1,517 | 6,041 |
| 40112 | Brunswick County Public Schools | - | - | 219 | - | 219 | 1,064 | 546 | - | 1,243 | 2,853 |
| 40113 | Buchanan County School Board | - | - | 323 | - | 323 | 1,565 | 803 | - | 3,155 | 5,523 |
| 40114 | Buckingham County School Board | - | - | 244 | 520 | 764 | 1,183 | 607 | - | 789 | 2,579 |
| 40115 | Campbell County School Board | - | - | 855 | 373 | 1,228 | 4,147 | 2,128 | - | 3,811 | 10,086 |
| 40116 | Caroline County School Board | - | - | 466 | 584 | 1,050 | 2,262 | 1,161 | - | 272 | 3,695 |
| 40117 | Carroll County School Board | - | - | 492 | 940 | 1,432 | 2,388 | 1,225 | - | 656 | 4,269 |
| 40118 | Charles City County School Board | - | - | 106 | 188 | 294 | 514 | 264 | - | 331 | 1,109 |
| 40119 | Charlotte County School Board | - | - | 254 | - | 254 | 1,233 | 633 | - | 1,124 | 2,990 |
| 40120 | Chesterfield County School Board | - | - | 6,607 | 7,300 | 13,907 | 32,060 | 16,449 | - | 3,073 | 51,582 |
| 40121 | Clarke County School Board | - | - | 271 | - | 271 | 1,316 | 676 | - | 333 | 2,325 |
| 40122 | Craig County School Board | - | - | 79 | 11 | 90 | 381 | 196 | - | 557 | 1,134 |
| 40123 | Culpeper County School Board | - | - | 981 | 1,060 | 2,041 | 4,760 | 2,442 | - | 1,617 | 8,819 |
| 40124 | Cumberland County School Board | - | - | 183 | 449 | 632 | 888 | 456 | - | 211 | 1,555 |
| 40125 | Dickenson County School Board | - | - | 221 | 106 | 327 | 1,073 | 550 | - | 1,933 | 3,556 |
| 40126 | Dinwiddie County School Board | - | - | 531 | 1,214 | 1,745 | 2,578 | 1,323 | - | - | 3,901 |
| 40128 | Essex County Public Schools | - | - | 185 | 16 | 201 | 897 | 459 | - | 690 | 2,046 |
| 40129 | Fairfax County School Board | - | - | 32,589 | 41,792 | 74,381 | 158,113 | 81,117 | - | 16,322 | 255,552 |
| 40130 | Fauquier County School Board | - | - | 1,657 | - | 1,657 | 8,041 | 4,126 | - | 3,700 | 15,867 |
| 40131 | Floyd County School Board | - | - | 230 | 452 | 682 | 1,115 | 572 | - | 885 | 2,572 |

**Virginia Retirement System
VRS Teacher Retirement Plan**

**Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer – Page 2 of 5
As of June 30, 2017**

(Dollars in Thousands)

| | | Deferred Outflows of Resources | | | | | Deferred Inflows of Resources | | | | |
|---------------|----------------------------------|--|--|-----------------------|--------------------------------|--------------------------------------|--|--|-----------------------|--------------------------------|-------------------------------------|
| Employer Code | Employer | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Outflows of Resources | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Inflows of Resources |
| | | | | | | | | | | | |
| 40133 | Franklin County Public Schools | - | - | 935 | 1,077 | 2,012 | 4,537 | 2,328 | - | - | 6,865 |
| 40134 | Frederick County School Board | - | - | 1,946 | 5,073 | 7,019 | 9,441 | 4,844 | - | 2,128 | 16,413 |
| 40135 | Giles County Schools | - | - | 276 | 184 | 460 | 1,340 | 688 | - | 321 | 2,349 |
| 40136 | Gloucester County School Board | - | - | 684 | 1,161 | 1,845 | 3,318 | 1,702 | - | 1,324 | 6,344 |
| 40137 | Goochland County School Board | - | - | 333 | 500 | 833 | 1,616 | 829 | - | 332 | 2,777 |
| 40138 | Grayson County School Board | - | - | 203 | 382 | 585 | 987 | 506 | - | 1,538 | 3,031 |
| 40139 | Greene County Public Schools | - | - | 389 | 970 | 1,359 | 1,888 | 968 | - | 378 | 3,234 |
| 40140 | Greensville County School Board | - | - | 280 | 274 | 554 | 1,358 | 697 | - | 1,225 | 3,280 |
| 40141 | Halifax County School Board | - | - | 642 | 367 | 1,009 | 3,117 | 1,599 | - | 2,320 | 7,036 |
| 40142 | Hanover County School Board | - | - | 2,276 | 549 | 2,825 | 11,043 | 5,665 | - | 2,571 | 19,279 |
| 40143 | Henrico County School Board | - | - | 5,887 | 1,891 | 7,778 | 28,565 | 14,656 | - | 5,724 | 48,945 |
| 40144 | Henry County Public Schools | - | - | 828 | 100 | 928 | 4,018 | 2,061 | - | 1,232 | 7,311 |
| 40145 | Highland County Public Schools | - | - | 44 | 188 | 232 | 212 | 109 | - | 108 | 429 |
| 40146 | Isle of Wight County Schools | - | - | 662 | 71 | 733 | 3,211 | 1,647 | - | 2,468 | 7,326 |
| 40148 | King George County School Board | - | - | 513 | 2,916 | 3,429 | 2,489 | 1,276 | - | - | 3,765 |
| 40149 | King & Queen County School Board | - | - | 101 | 42 | 143 | 489 | 252 | - | 643 | 1,384 |
| 40150 | King William County School Board | - | - | 269 | 593 | 862 | 1,306 | 670 | - | 740 | 2,716 |
| 40151 | Lancaster County Public Schools | - | - | 173 | - | 173 | 840 | 431 | - | 255 | 1,526 |
| 40152 | Lee County School Board | - | - | 419 | 497 | 916 | 2,032 | 1,043 | - | 1,316 | 4,391 |
| 40153 | Loudoun County School Board | - | - | 12,303 | 68,435 | 80,738 | 59,697 | 30,630 | - | - | 90,327 |
| 40154 | Louisa County Public Schools | - | - | 616 | 548 | 1,164 | 2,987 | 1,533 | - | 370 | 4,890 |
| 40155 | Lunenburg County School Board | - | - | 174 | 263 | 437 | 845 | 434 | - | 1,396 | 2,675 |
| 40156 | Madison County School Board | - | - | 226 | 142 | 368 | 1,098 | 564 | - | 615 | 2,277 |
| 40157 | Mathews County School Board | - | - | 150 | 56 | 206 | 729 | 374 | - | 215 | 1,318 |
| 40158 | Mecklenburg County School Board | - | - | 504 | 430 | 934 | 2,447 | 1,255 | - | 2,607 | 6,309 |
| 40159 | Middlesex County School Board | - | - | 167 | - | 167 | 809 | 415 | - | 366 | 1,590 |
| 40160 | Montgomery County School Board | - | - | 1,130 | 1,540 | 2,670 | 5,483 | 2,814 | - | 401 | 8,698 |
| 40162 | Nelson County Public Schools | - | - | 259 | 193 | 452 | 1,256 | 645 | - | 790 | 2,691 |
| 40163 | New Kent County School Board | - | - | 357 | 466 | 823 | 1,732 | 889 | - | 168 | 2,789 |
| 40165 | Northampton County Schools | - | - | 207 | - | 207 | 1,005 | 515 | - | 869 | 2,389 |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer – Page 3 of 5
As of June 30, 2017**

(Dollars in Thousands)

| | | Deferred Outflows of Resources | | | | | Deferred Inflows of Resources | | | | |
|---------------|------------------------------------|--|---|-----------------------|--------------------------------|--------------------------------------|--|---|-----------------------|--------------------------------|-------------------------------------|
| Employer Code | Employer | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Outflows of Resources | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Inflows of Resources |
| | | | | | | | | | | | |
| 40167 | Nottoway County School Board | - | - | 259 | - | 259 | 1,255 | 644 | - | 419 | 2,318 |
| 40168 | Orange County Public Schools | - | - | 598 | 708 | 1,306 | 2,904 | 1,490 | - | 1,398 | 5,792 |
| 40169 | Page County Public Schools | - | - | 418 | 183 | 601 | 2,029 | 1,042 | - | 1,250 | 4,321 |
| 40170 | Patrick County School Board | - | - | 305 | - | 305 | 1,479 | 759 | - | 166 | 2,404 |
| 40171 | Pittsylvania County School Board | - | - | 941 | 973 | 1,914 | 4,568 | 2,344 | - | 859 | 7,771 |
| 40172 | Powhatan County School Board | - | - | 546 | 231 | 777 | 2,650 | 1,360 | - | 464 | 4,474 |
| 40173 | Prince Edward County School Board | - | - | 262 | - | 262 | 1,272 | 652 | - | 2,442 | 4,366 |
| 40174 | Prince George County School Board | - | - | 736 | 1,000 | 1,736 | 3,572 | 1,833 | - | 2,027 | 7,432 |
| 40176 | Prince William County School Board | - | - | 11,799 | 19,507 | 31,306 | 57,252 | 29,374 | - | - | 86,626 |
| 40177 | Pulaski County School Board | - | - | 496 | - | 496 | 2,404 | 1,234 | - | 2,148 | 5,786 |
| 40178 | Rappahannock County School Board | - | - | 131 | - | 131 | 635 | 325 | - | 342 | 1,302 |
| 40179 | Richmond County School Board | - | - | 150 | 101 | 251 | 728 | 373 | - | 178 | 1,279 |
| 40180 | Roanoke County School Board | - | - | 1,754 | 3,314 | 5,068 | 8,510 | 4,366 | - | 2,945 | 15,821 |
| 40181 | Rockbridge County School Board | - | - | 367 | 8 | 375 | 1,781 | 914 | - | 703 | 3,398 |
| 40182 | Rockingham County School Board | - | - | 1,469 | 1,045 | 2,514 | 7,128 | 3,657 | - | 1,068 | 11,853 |
| 40183 | Russell County School Board | - | - | 411 | 132 | 543 | 1,995 | 1,023 | - | 1,049 | 4,067 |
| 40184 | Scott County School Board | - | - | 454 | 377 | 831 | 2,205 | 1,131 | - | 689 | 4,025 |
| 40185 | Shenandoah County School Board | - | - | 778 | 932 | 1,710 | 3,776 | 1,938 | - | 1,348 | 7,062 |
| 40186 | Smyth County School Board | - | - | 515 | - | 515 | 2,501 | 1,283 | - | 3,280 | 7,064 |
| 40187 | Southampton County School Board | - | - | 292 | 302 | 594 | 1,418 | 728 | - | 1,063 | 3,209 |
| 40188 | Spotsylvania County School Board | - | - | 2,867 | 558 | 3,425 | 13,911 | 7,138 | - | 5,728 | 26,777 |
| 40189 | Stafford County School Board | - | - | 3,439 | 4,654 | 8,093 | 16,688 | 8,562 | - | 5,218 | 30,468 |
| 40190 | Surry County Schools | - | - | 181 | 2 | 183 | 878 | 450 | - | 772 | 2,100 |
| 40191 | Sussex County School Board | - | - | 175 | 203 | 378 | 849 | 435 | - | 943 | 2,227 |
| 40192 | Tazewell County Schools | - | - | 604 | - | 604 | 2,932 | 1,504 | - | 2,708 | 7,144 |
| 40193 | Warren County School Board | - | - | 658 | 146 | 804 | 3,194 | 1,639 | - | 1,259 | 6,092 |
| 40195 | Washington County School Board | - | - | 808 | - | 808 | 3,921 | 2,011 | - | 2,936 | 8,868 |
| 40196 | Westmoreland County School Board | - | - | 220 | 959 | 1,179 | 1,068 | 548 | - | 389 | 2,005 |
| 40197 | Wise County School Board | - | - | 630 | 374 | 1,004 | 3,056 | 1,568 | - | 4,545 | 9,169 |
| 40198 | Wythe County School Board | - | - | 476 | - | 476 | 2,309 | 1,185 | - | 1,352 | 4,846 |

**Virginia Retirement System
VRS Teacher Retirement Plan**

**Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer – Page 4 of 5
As of June 30, 2017**

(Dollars in Thousands)

| | | Deferred Outflows of Resources | | | | | Deferred Inflows of Resources | | | | |
|---------------|----------------------------------|--|---|-----------------------|--------------------------------|--------------------------------------|--|---|-----------------------|--------------------------------|-------------------------------------|
| Employer Code | Employer | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Outflows of Resources | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Inflows of Resources |
| 40199 | York County School Board | - | - | 1,528 | 3,019 | 4,547 | 7,415 | 3,804 | - | 2,105 | 13,324 |
| 40200 | Alexandria City School Board | - | - | 3,316 | 6,295 | 9,611 | 16,089 | 8,255 | - | 2,529 | 26,873 |
| 40201 | Bristol City School Board | - | - | 282 | 15 | 297 | 1,369 | 703 | - | 1,086 | 3,158 |
| 40202 | Buena Vista City Schools | - | - | 119 | 51 | 170 | 576 | 296 | - | 323 | 1,195 |
| 40203 | Charlottesville Public Schools | - | - | 862 | 1,112 | 1,974 | 4,184 | 2,146 | - | 768 | 7,098 |
| 40205 | Danville City Schools | - | - | 711 | - | 711 | 3,451 | 1,771 | - | 5,652 | 10,874 |
| 40206 | Fredericksburg City Schools | - | - | 518 | 1,226 | 1,744 | 2,513 | 1,290 | - | 82 | 3,885 |
| 40207 | Hampton City Schools | - | - | 2,493 | 857 | 3,350 | 12,097 | 6,206 | - | 8,326 | 26,629 |
| 40208 | Harrisonburg City School Board | - | - | 848 | 2,720 | 3,568 | 4,113 | 2,110 | - | 94 | 6,317 |
| 40209 | Hopewell City School Board | - | - | 560 | 1,008 | 1,568 | 2,718 | 1,395 | - | 1,118 | 5,231 |
| 40210 | Lynchburg Public Schools | - | - | 1,273 | 2,830 | 4,103 | 6,177 | 3,170 | - | 2,145 | 11,492 |
| 40211 | Newport News Public Schools | - | - | 3,633 | 33 | 3,666 | 17,628 | 9,044 | - | 5,772 | 32,444 |
| 40212 | Norfolk Public Schools | - | - | 4,846 | - | 4,846 | 23,517 | 12,066 | - | 17,117 | 52,700 |
| 40213 | Petersburg City Schools | - | - | 512 | 630 | 1,142 | 2,483 | 1,274 | - | 3,305 | 7,062 |
| 40214 | Portsmouth School Board | - | - | 1,802 | - | 1,802 | 8,743 | 4,486 | - | 7,653 | 20,882 |
| 40215 | Radford City School Board | - | - | 199 | 361 | 560 | 965 | 495 | - | 300 | 1,760 |
| 40216 | Richmond Public Schools | - | - | 3,579 | 6,401 | 9,980 | 17,366 | 8,910 | - | 11,790 | 38,066 |
| 40217 | Roanoke City School Board | - | - | 1,809 | 2,256 | 4,065 | 8,779 | 4,504 | - | 30 | 13,313 |
| 40219 | Staunton City Schools | - | - | 387 | 273 | 660 | 1,876 | 963 | - | 917 | 3,756 |
| 40220 | Suffolk City School Board | - | - | 1,679 | 2,364 | 4,043 | 8,147 | 4,180 | - | 3,533 | 15,860 |
| 40222 | Winchester Public Schools | - | - | 663 | 814 | 1,477 | 3,218 | 1,651 | - | 979 | 5,848 |
| 40223 | Martinsville City Schools | - | - | 264 | 438 | 702 | 1,283 | 658 | - | 1,787 | 3,728 |
| 40224 | Falls Church Public Schools | - | - | 576 | 2,896 | 3,472 | 2,796 | 1,435 | - | 385 | 4,616 |
| 40225 | Colonial Heights City Schools | - | - | 425 | - | 425 | 2,063 | 1,059 | - | 1,604 | 4,726 |
| 40230 | Covington City School Board | - | - | 129 | 608 | 737 | 625 | 321 | - | 294 | 1,240 |
| 40231 | Fairfax City School Board | - | - | 2 | 3 | 5 | 11 | 5 | - | - | 16 |
| 40232 | Franklin City Public Schools | - | - | 172 | 165 | 337 | 837 | 429 | - | 978 | 2,244 |
| 40233 | Chesapeake Public Schools | - | - | 5,166 | 2,693 | 7,859 | 25,068 | 12,861 | - | 8,248 | 46,177 |
| 40234 | Virginia Beach City School Board | - | - | 9,129 | 1,917 | 11,046 | 44,297 | 22,728 | - | 14,696 | 81,721 |
| 40236 | Manassas Park City Schools | - | - | 468 | 2,891 | 3,359 | 2,270 | 1,165 | - | 2,004 | 5,439 |
| 40306 | Town of West Point School Board | - | - | 123 | 820 | 943 | 598 | 307 | - | 150 | 1,055 |

**Virginia Retirement System
VRS Teacher Retirement Plan
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer – Page 5 of 5
As of June 30, 2017**

(Dollars in Thousands)

| | | Deferred Outflows of Resources | | | | | Deferred Inflows of Resources | | | | |
|---------------------------------|---|--|---|-----------------------|--------------------------------|--------------------------------------|--|---|-----------------------|--------------------------------|-------------------------------------|
| Employer Code | Employer | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Outflows of Resources | Differences Between Expected and Actual Experience | Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | Change of Assumptions | Changes in Proportionate Share | Total Deferred Inflows of Resources |
| | | | | | | | | | | | |
| 40307 | Lexington City School Board | - | - | 63 | 90 | 153 | 306 | 157 | - | 77 | 540 |
| 40308 | Waynesboro Public Schools | - | - | 410 | 252 | 662 | 1,989 | 1,020 | - | 769 | 3,778 |
| 40309 | Town of Colonial Beach Schools | - | - | 81 | 153 | 234 | 394 | 203 | - | 46 | 643 |
| 40313 | Galax City Schools | - | - | 162 | 43 | 205 | 788 | 404 | - | 180 | 1,372 |
| 40314 | Norton City Schools | - | - | 86 | 199 | 285 | 417 | 214 | - | 419 | 1,050 |
| 40332 | Manassas City Schools | - | - | 1,256 | 1,784 | 3,040 | 6,094 | 3,126 | - | 2,797 | 12,017 |
| 40335 | City of Salem Schools | - | - | 500 | - | 500 | 2,427 | 1,246 | - | 1,572 | 5,245 |
| 40402 | Williamsburg-James City County School Board | - | - | 1,550 | 1,197 | 2,747 | 7,520 | 3,858 | - | 1,725 | 13,103 |
| 40403 | Poquoson City Public Schools | - | - | 263 | 93 | 356 | 1,274 | 654 | - | 182 | 2,110 |
| 40410 | Valley Vocational Technical Center | - | - | 45 | 42 | 87 | 219 | 112 | - | 95 | 426 |
| 40412 | Charlottesville/Albemarle Vo-Tech Center | - | - | 26 | 212 | 238 | 127 | 66 | - | 271 | 464 |
| 40413 | The Pruden Center for Industry and Technology | - | - | 30 | 86 | 116 | 147 | 76 | - | 283 | 506 |
| 40414 | Jackson River Technical Center | - | - | 12 | 5 | 17 | 60 | 31 | - | 541 | 632 |
| 40415 | New Horizons Technical Center | - | - | 187 | 236 | 423 | 906 | 465 | - | 127 | 1,498 |
| 40416 | Northern Neck Regional Vocational Center | - | - | 25 | 137 | 162 | 123 | 63 | - | 153 | 339 |
| 40417 | Rowanty Vocational Technical Center | - | - | 17 | 34 | 51 | 83 | 43 | - | 22 | 148 |
| 40418 | Amelia-Nottoway Vocational Center | - | - | 5 | - | 5 | 23 | 12 | - | 18 | 53 |
| 40421 | Northern Neck Regional Special Education Program | - | - | 18 | 40 | 58 | 87 | 45 | - | 281 | 413 |
| 40423 | Maggie Walker Governor's School for Govt & Intl Studies | - | - | 100 | 108 | 208 | 486 | 249 | - | 85 | 820 |
| 40424 | Appomattox Region Governor's School | - | - | 39 | 69 | 108 | 190 | 97 | - | 168 | 455 |
| 40425 | Bridging Communities Regional Career and Tech Center | - | - | 10 | 186 | 196 | 49 | 26 | - | 27 | 102 |
| Total for all Teacher Employers | | \$ - | \$ - | \$ 179,461 | \$ 255,906 | \$ 435,367 | \$ 870,809 | \$ 446,790 | \$ - | \$ 255,906 | \$ 1,573,505 |

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

**Virginia Retirement System
VRS Teacher Retirement Plan
Notes to GASB No. 68 Schedules
For The Fiscal Year Ended June 30, 2017**

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). The VRS Teacher Retirement Plan is part of the VRS Trust Fund.

Administration and Management

The Board of Trustees (the Board) is responsible for the general administration and operation of the defined benefit 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 (CAFR) containing the financial statements and required supplementary information for all of the System’s pension and other employee benefit trust funds. The CAFR is publically available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, PO Box 2500, Richmond, VA 23218-2500. The pension and other employee benefit trust funds administered by the VRS are classified as fiduciary funds and are included in the basic financial statements of the Commonwealth of Virginia.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan’s net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are

recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. General Information about the Pension Plan

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The VRS Teacher Retirement Plan is a multiple-employer cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan, and the eligibility for covered groups within each plan are set out in the table below:

| RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE | | |
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| PLAN 1 | PLAN 2 | HYBRID RETIREMENT PLAN |
| <p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</p> | <p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</p> | <p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the |

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| | | <p>investment performance of those contributions.</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. |
| <p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> | <p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> | <p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014 |
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| <p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p> | <p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p> | <p>Retirement Contributions A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p> |
| <p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> | <p>Creditable Service Same as Plan 1.</p> | <p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement,</p> |

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| | | <p>if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p> |
| <p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p> | <p>Vesting Same as Plan 1.</p> | <p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a</p> |

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| | | <p>member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p> |
| <p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p> | <p>Calculating the Benefit See definition under Plan 1.</p> | <p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p> |
| <p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of</p> | <p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of</p> | <p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the</p> |

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| highest compensation as a covered employee. | highest compensation as a covered employee. | defined benefit component of the plan. |
| <p>Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.</p> | <p>Service Retirement Multiplier Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> | <p>Service Retirement Multiplier <u>Defined Benefit Component:</u> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> |
| <p>Normal Retirement Age Age 65.</p> | <p>Normal Retirement Age Normal Social Security retirement age.</p> | <p>Normal Retirement Age <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p>Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> | <p>Earliest Unreduced Retirement Eligibility Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> | <p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Defined Contribution Component:</u> Members are</p> |

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| | | eligible to receive distributions upon leaving employment, subject to restrictions. |
| <p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> | <p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p> | <p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the</p> | <p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> | <p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> |

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| <p>unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. | <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p> | <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p> |
| <p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service,</p> | <p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when</p> | <p>Disability Coverage Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their</p> |

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| <p>regardless of when it was earned, purchased or granted.</p> | <p>it was earned, purchased or granted.</p> | <p>local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p> |
| <p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p> | <p>Purchase of Prior Service Same as Plan 1.</p> | <p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p> |

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate of 16.32% from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the employer contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017.

Actuarial Assumptions and Methods

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

| | |
|---------------------------------------|---|
| Inflation | 2.50 percent |
| Salary increases, including Inflation | 3.50 percent – 5.95 percent |
| Investment rate of return | 7.00 Percent, net of pension plan investment expenses, including inflation* |

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the 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 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

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| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update 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 |

Note 3. Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Retirement Plan are as follows (amounts expressed in thousands):

| | |
|--|----------------------|
| Total Pension Liability | \$ 45,417,520 |
| Plan Fiduciary Net Position | <u>33,119,545</u> |
| Employers’ Net Pension Liability (Asset) | <u>\$ 12,297,975</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.92% |

The total pension 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 pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers in the VRS Teacher Retirement Plan using the discount rate of 7.00%, as well as what collective net pension liability of the participating employers in the VRS Teacher Retirement Plan net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (amounts expressed in thousands):

| | |
|---|---------------|
| Net Pension Liability - 1.00% Decrease (6.00%) | \$ 18,364,993 |
| Net Pension Liability - Current Discount Rate (7.00%) | \$ 12,297,975 |
| Net Pension Liability - 1.00% Increase (8.00%) | \$ 7,279,318 |

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, 2017. The average remaining service lives of all employees provided with pensions through the VRS Teacher Retirement Plan at June 30, 2017 was 5.59 years. Deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the financial statements for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts expressed in thousands):

| | |
|---|--------------|
| Measurement Period Ending June 30, 2018 | (\$ 483,985) |
| Measurement Period Ending June 30, 2019 | (\$ 35,613) |
| Measurement Period Ending June 30, 2020 | (\$ 158,651) |
| Measurement Period Ending June 30, 2021 | (\$ 415,118) |
| Measurement Period Ending June 30, 2022 | (\$ 44,771) |

Note 5. Employer Contributions

Employers’ proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 68 encourages the use of the employer’s projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS Teacher Retirement Plan 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 toward the purchase of employee service, contributions for adjustments for prior periods, and supplemental employer contributions from certain employers.

The employer contributions used in the determination of employers’ proportionate shares of collective pension amounts reported in the Schedule of Employer Allocations was based on the total employer contributions using the plan’s contribution rates and the employer’s covered payroll for FY 2017. This total was \$1,156,935,400. Of this amount, \$19,031,446 was transferred to ICMA-RC as the employer cost of the defined contribution component for employees covered by the Hybrid retirement plan benefit structure and \$1,137,903,954 was retained by the defined benefit plan. The employer contributions of \$1,137,976,000 reported in the VRS Teacher Employee’s Retirement Plan’s Statement of Changes in Net Position (per the System’s separately issued financial statements) reflects this net amount plus approximately \$72,042 in other employer contributions that were not representative of future contribution efforts.

Note 6. Additional Financial and Actuarial Information

Information contained in the VRS Teacher Retirement Plan Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (Schedules) was extracted from the audited financial statements of the Virginia Retirement System for the fiscal year ended June 30, 2017. Additional financial

information supporting the preparation of the VRS Teacher Retirement Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, PO Box 2500, Richmond, VA 23218-2500.