



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, 2015**

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# COMMONWEALTH of VIRGINIA

*Auditor of Public Accounts*

Martha S. Mavredes, CPA  
Auditor of Public Accounts

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August 26, 2016

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

### **Report on the Schedules**

We have audited the accompanying schedule of employer allocations and schedule of employer allocation of special revenue of the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2015, 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 inflows of resources by employer of the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2015, and the related notes.

### *Management's Responsibility 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; 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 schedule of employer allocation of special revenue and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and 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 schedule of employer allocation of special revenue and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and 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, the schedule of employer allocation of special revenue, and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and 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 schedule of employer allocation of special revenue and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and 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, the schedule of employer allocation of special revenue, and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and 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 management, as well as evaluating the overall presentation of the schedule of employer allocations, the schedule of employer allocation of special revenue, and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and 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, employer allocation of special revenue, 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, 2015, 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, 2015, and our report thereon, dated December 15, 2015, 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/alh

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 1 Of 5  
For the Fiscal Year Ended June 30, 2015**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40100	Accomack County School Board	\$ 3,732,612	0.34623%
40101	Albemarle County Schools	11,946,492	1.10814%
40102	Alleghany County School Board	1,731,500	0.16061%
40103	Amelia County School Board	1,190,051	0.11039%
40104	Amherst County School Board	3,351,804	0.31091%
40105	Appomattox County School Board	1,497,409	0.13890%
40106	Arlington Public Schools	37,835,814	3.50960%
40107	Augusta County School Board	8,064,922	0.74809%
40108	Bath County School Board	660,048	0.06123%
40109	Bedford County School Board	6,724,158	0.62372%
40110	Bland County School Board	566,316	0.05253%
40111	Botetourt County Schools	3,788,145	0.35138%
40112	Brunswick County Public Schools	1,354,182	0.12561%
40113	Buchanan County School Board	2,175,906	0.20183%
40114	Buckingham County School Board	1,485,438	0.13779%
40115	Campbell County School Board	5,509,393	0.51104%
40116	Caroline County School Board	2,763,274	0.25632%
40117	Carroll County School Board	2,933,199	0.27208%
40118	Charles City County School Board	613,498	0.05691%
40119	Charlotte County School Board	1,577,394	0.14632%
40120	Chesterfield County School Board	39,682,203	3.68087%
40121	Clarke County School Board	1,654,688	0.15349%
40122	Craig County School Board	521,403	0.04836%
40123	Culpeper County School Board	6,061,501	0.56226%
40124	Cumberland County School Board	1,122,749	0.10414%
40125	Dickenson County School Board	1,489,181	0.13813%
40126	Dinwiddie County School Board	3,075,394	0.28527%
40128	Essex County Public Schools	1,152,664	0.10692%
40129	Fairfax County School Board	192,885,015	17.89182%
40130	Fauquier County School Board	10,199,271	0.94607%
40131	Floyd County School Board	1,415,570	0.13131%
40132	Fluvanna County Public Schools	3,361,208	0.31178%

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 2 Of 5  
For the Fiscal Year Ended June 30, 2015**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40133	Franklin County Public Schools	5,525,362	0.51253%
40134	Frederick County School Board	11,542,407	1.07066%
40135	Giles County Schools	1,688,277	0.15660%
40136	Gloucester County School Board	4,063,900	0.37696%
40137	Goochland County School Board	2,033,789	0.18865%
40138	Grayson County School Board	1,378,781	0.12789%
40139	Greene County Public Schools	2,311,993	0.21446%
40140	Greensville County School Board	1,791,304	0.16616%
40141	Halifax County School Board	3,939,674	0.36544%
40142	Hanover County School Board	13,712,156	1.27192%
40143	Henrico County School Board	35,384,284	3.28220%
40144	Henry County Public Schools	5,011,944	0.46490%
40145	Highland County Public Schools	259,163	0.02404%
40146	Isle of Wight County Schools	4,071,417	0.37766%
40148	King George County School Board	2,792,933	0.25907%
40149	King & Queen County School Board	642,501	0.05960%
40150	King William County School Board	1,700,649	0.15775%
40151	Lancaster County Public Schools	1,066,056	0.09889%
40152	Lee County School Board	2,594,337	0.24065%
40153	Loudoun County School Board	68,719,088	6.37430%
40154	Louisa County Public Schools	3,721,891	0.34524%
40155	Lunenburg County School Board	1,130,684	0.10488%
40156	Madison County School Board	1,392,631	0.12918%
40157	Mathews County School Board	921,634	0.08549%
40158	Mecklenburg County School Board	3,080,844	0.28578%
40159	Middlesex County School Board	1,024,577	0.09504%
40160	Montgomery County School Board	6,696,196	0.62113%
40162	Nelson County Public Schools	1,607,599	0.14912%
40163	New Kent County School Board	2,110,075	0.19573%
40165	Northampton County Schools	1,307,436	0.12128%
40166	Northumberland County School Board	1,091,087	0.10121%
40167	Nottoway County School Board	1,579,936	0.14655%
40168	Orange County Public Schools	3,724,518	0.34548%

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 3 Of 5  
For the Fiscal Year Ended June 30, 2015**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40169	Page County Public Schools	2,569,822	0.23837%
40170	Patrick County School Board	1,842,413	0.17090%
40171	Pittsylvania County School Board	5,757,292	0.53404%
40172	Powhatan County School Board	3,320,085	0.30797%
40173	Prince Edward County School Board	1,739,623	0.16137%
40174	Prince George County School Board	4,469,965	0.41463%
40176	Prince William County School Board	69,544,430	6.45086%
40177	Pulaski County School Board	3,100,631	0.28761%
40178	Rappahannock County School Board	803,179	0.07450%
40179	Richmond County School Board	907,206	0.08415%
40180	Roanoke County School Board	10,238,755	0.94973%
40181	Rockbridge County School Board	2,259,447	0.20958%
40182	Rockingham County School Board	8,921,820	0.82758%
40183	Russell County School Board	2,515,926	0.23337%
40184	Scott County School Board	2,771,944	0.25712%
40185	Shenandoah County School Board	4,727,155	0.43849%
40186	Smyth County School Board	3,339,060	0.30973%
40187	Southampton County School Board	1,863,906	0.17289%
40188	Spotsylvania County School Board	17,566,557	1.62945%
40189	Stafford County School Board	20,235,599	1.87703%
40190	Surry County Schools	1,146,640	0.10636%
40191	Sussex County School Board	1,068,493	0.09911%
40192	Tazewell County Schools	3,853,957	0.35749%
40193	Warren County School Board	4,026,370	0.37348%
40195	Washington County School Board	4,971,285	0.46113%
40196	Westmoreland County School Board	1,266,095	0.11744%
40197	Wise County School Board	4,145,988	0.38458%
40198	Wythe County School Board	2,955,064	0.27411%
40199	York County School Board	9,217,885	0.85504%
40200	Alexandria City School Board	19,421,870	1.80155%
40201	Bristol City School Board	1,756,324	0.16291%
40202	Buena Vista City Schools	737,854	0.06844%
40203	Charlottesville Public Schools	5,156,160	0.47828%

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 4 Of 5  
For the Fiscal Year Ended June 30, 2015**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40205	Danville City Schools	4,596,622	0.42638%
40206	Fredericksburg City Schools	3,107,898	0.28828%
40207	Hampton City Schools	15,425,783	1.43088%
40208	Harrisonburg City School Board	4,804,083	0.44562%
40209	Hopewell City School Board	3,362,153	0.31187%
40210	Lynchburg Public Schools	7,620,274	0.70685%
40211	Newport News Public Schools	22,315,989	2.07000%
40212	Norfolk Public Schools	30,445,793	2.82411%
40213	Petersburg City Schools	3,379,498	0.31348%
40214	Portsmouth School Board	11,318,574	1.04990%
40215	Radford City School Board	1,176,973	0.10917%
40216	Richmond Public Schools	22,529,024	2.08976%
40217	Roanoke City School Board	10,782,188	1.00014%
40219	Staunton City Schools	2,347,468	0.21775%
40220	Suffolk City School Board	9,898,173	0.91814%
40222	Winchester Public Schools	4,072,678	0.37778%
40223	Martinsville City Schools	1,797,378	0.16672%
40224	Falls Church Public Schools	3,463,586	0.32128%
40225	Colonial Heights City Schools	2,649,823	0.24579%
40230	Covington City School Board	710,238	0.06588%
40231	Fairfax City School Board	12,404	0.00115%
40232	Franklin City Public Schools	1,089,233	0.10104%
40233	Chesapeake Public Schools	31,780,455	2.94792%
40234	Virginia Beach City School Board	55,990,860	5.19364%
40236	Manassas Park City Schools	2,857,611	0.26507%
40306	Town of West Point School Board	655,717	0.06082%
40307	Lexington City School Board	374,489	0.03474%
40308	Waynesboro Public Schools	2,437,834	0.22613%
40309	Town of Colonial Beach Schools	471,572	0.04374%
40313	Galax City Schools	993,787	0.09218%
40314	Norton City Schools	513,697	0.04765%
40332	Manassas City Schools	7,831,151	0.72641%
40335	City of Salem Schools	3,078,454	0.28555%

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 5 Of 5  
For the Fiscal Year Ended June 30, 2015**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40402	Williamsburg-James City County School Board	9,475,729	0.87896%
40403	Poquoson City Public Schools	1,582,804	0.14682%
40410	Valley Vocational Technical Center	281,474	0.02611%
40412	Charlottesville/Albemarle Vo-Tech Center	134,160	0.01244%
40413	The Pruden Center for Industry and Technology	196,105	0.01819%
40414	Jackson River Technical Center	124,101	0.01151%
40415	New Horizons Technical Center	1,095,992	0.10166%
40416	Northern Neck Regional Vocational Center	168,432	0.01562%
40417	Rowanty Vocational Technical Center	99,259	0.00921%
40418	Amelia-Nottoway Vocational Center	29,123	0.00270%
40421	Northern Neck Regional Special Education Program	123,576	0.01146%
40423	Maggie Walker Governor's School for Govt & Intl Studies	593,975	0.05510%
40424	Appomattox Region Governor's School	251,292	0.02331%
40425	Bridging Communities Regional Career and Tech Center	57,283	0.00531%
Total for all Teacher Employers		\$ 1,078,065,090	100.00000%

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, 2015**

(Dollars in Thousands)

<b>Employer</b>		<b>Net</b>	<b>Total</b>
<b>Code</b>	<b>Employer</b>	<b>Pension</b>	<b>Pension</b>
		<b>Liability</b>	<b>Expense</b>
		<b>June 30, 2015</b>	<b>FY 2015</b>
40100	Accomack County School Board	\$ 43,578	\$ 3,080
40101	Albemarle County Schools	139,474	10,447
40102	Alleghany County School Board	20,215	916
40103	Amelia County School Board	13,894	1,121
40104	Amherst County School Board	39,132	2,720
40105	Appomattox County School Board	17,482	1,184
40106	Arlington Public Schools	441,730	35,162
40107	Augusta County School Board	94,157	7,136
40108	Bath County School Board	7,706	651
40109	Bedford County School Board	78,504	5,297
40110	Bland County School Board	6,611	380
40111	Botetourt County Schools	44,226	3,221
40112	Brunswick County Public Schools	15,810	692
40113	Buchanan County School Board	25,403	1,308
40114	Buckingham County School Board	17,343	1,348
40115	Campbell County School Board	64,322	4,770
40116	Caroline County School Board	32,261	2,265
40117	Carroll County School Board	34,245	2,465
40118	Charles City County School Board	7,163	394
40119	Charlotte County School Board	18,417	950
40120	Chesterfield County School Board	463,287	35,561
40121	Clarke County School Board	19,319	1,359
40122	Craig County School Board	6,087	408
40123	Culpeper County School Board	70,768	5,519
40124	Cumberland County School Board	13,108	1,119
40125	Dickenson County School Board	17,386	1,207
40126	Dinwiddie County School Board	35,905	2,716
40128	Essex County Public Schools	13,457	877
40129	Fairfax County School Board	2,251,917	166,903
40130	Fauquier County School Board	119,076	8,096
40131	Floyd County School Board	16,527	1,270
40132	Fluvanna County Public Schools	39,241	2,607

**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, 2015**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>Net Pension Liability June 30, 2015</b>	<b>Total Pension Expense FY 2015</b>
40133	Franklin County Public Schools	64,509	4,783
40134	Frederick County School Board	134,757	10,868
40135	Giles County Schools	19,710	1,548
40136	Gloucester County School Board	47,446	3,081
40137	Goochland County School Board	23,744	2,032
40138	Grayson County School Board	16,097	1,173
40139	Greene County Public Schools	26,993	2,094
40140	Greensville County School Board	20,913	1,482
40141	Halifax County School Board	45,996	2,864
40142	Hanover County School Board	160,089	10,482
40143	Henrico County School Board	413,109	28,459
40144	Henry County Public Schools	58,514	3,904
40145	Highland County Public Schools	3,025	217
40146	Isle of Wight County Schools	47,534	2,432
40148	King George County School Board	32,608	2,435
40149	King & Queen County School Board	7,502	391
40150	King William County School Board	19,855	1,777
40151	Lancaster County Public Schools	12,447	895
40152	Lee County School Board	30,289	1,965
40153	Loudoun County School Board	802,292	68,890
40154	Louisa County Public Schools	43,453	3,405
40155	Lunenburg County School Board	13,200	856
40156	Madison County School Board	16,260	1,060
40157	Mathews County School Board	10,760	799
40158	Mecklenburg County School Board	35,970	1,828
40159	Middlesex County School Board	11,962	790
40160	Montgomery County School Board	78,178	5,916
40162	Nelson County Public Schools	18,769	1,389
40163	New Kent County School Board	24,636	1,818
40165	Northampton County Schools	15,265	984
40166	Northumberland County School Board	12,739	1,112
40167	Nottoway County School Board	18,446	1,226

**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, 2015**

(Dollars in Thousands)

<b>Employer</b>		<b>Net Pension Liability June 30, 2015</b>	<b>Total Pension Expense FY 2015</b>
<b>Code</b>	<b>Employer</b>		
40168	Orange County Public Schools	43,483	3,360
40169	Page County Public Schools	30,002	2,031
40170	Patrick County School Board	21,510	1,534
40171	Pittsylvania County School Board	67,217	5,366
40172	Powhatan County School Board	38,762	2,842
40173	Prince Edward County School Board	20,311	1,084
40174	Prince George County School Board	52,186	3,780
40176	Prince William County School Board	811,927	62,270
40177	Pulaski County School Board	36,199	2,162
40178	Rappahannock County School Board	9,377	600
40179	Richmond County School Board	10,591	743
40180	Roanoke County School Board	119,536	7,314
40181	Rockbridge County School Board	26,379	1,769
40182	Rockingham County School Board	104,163	7,963
40183	Russell County School Board	29,373	1,893
40184	Scott County School Board	32,362	2,312
40185	Shenandoah County School Board	55,190	4,058
40186	Smyth County School Board	38,983	2,333
40187	Southampton County School Board	21,760	1,601
40188	Spotsylvania County School Board	205,089	13,751
40189	Stafford County School Board	236,250	15,437
40190	Surry County Schools	13,387	823
40191	Sussex County School Board	12,474	681
40192	Tazewell County Schools	44,995	2,916
40193	Warren County School Board	47,008	3,249
40195	Washington County School Board	58,039	3,382
40196	Westmoreland County School Board	14,781	1,006
40197	Wise County School Board	48,405	3,299
40198	Wythe County School Board	34,501	2,286
40199	York County School Board	107,618	8,615
40200	Alexandria City School Board	226,749	16,065
40201	Bristol City School Board	20,504	1,299

**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, 2015**

(Dollars in Thousands)

<b>Employer</b>		<b>Net Pension Liability <u>June 30, 2015</u></b>	<b>Total Pension Expense <u>FY 2015</u></b>
<u>Code</u>	<u>Employer</u>		
40202	Buena Vista City Schools	8,615	632
40203	Charlottesville Public Schools	60,198	4,331
40205	Danville City Schools	53,666	2,563
40206	Fredericksburg City Schools	36,284	3,154
40207	Hampton City Schools	180,096	11,843
40208	Harrisonburg City School Board	56,088	4,079
40209	Hopewell City School Board	39,253	2,648
40210	Lynchburg Public Schools	88,967	7,031
40211	Newport News Public Schools	260,538	18,126
40212	Norfolk Public Schools	355,452	24,241
40213	Petersburg City Schools	39,455	2,992
40214	Portsmouth School Board	132,145	8,367
40215	Radford City School Board	13,740	897
40216	Richmond Public Schools	263,025	20,484
40217	Roanoke City School Board	125,881	9,927
40219	Staunton City Schools	27,407	1,788
40220	Suffolk City School Board	115,560	7,076
40222	Winchester Public Schools	47,549	3,821
40223	Martinsville City Schools	20,984	1,787
40224	Falls Church Public Schools	40,438	4,187
40225	Colonial Heights City Schools	30,936	1,910
40230	Covington City School Board	8,292	481
40231	Fairfax City School Board	145	10
40232	Franklin City Public Schools	12,717	858
40233	Chesapeake Public Schools	371,035	27,230
40234	Virginia Beach City School Board	653,690	45,516
40236	Manassas Park City Schools	33,363	3,240
40306	Town of West Point School Board	7,655	494
40307	Lexington City School Board	4,372	296
40308	Waynesboro Public Schools	28,462	1,806
40309	Town of Colonial Beach Schools	5,506	382
40313	Galax City Schools	11,602	875

**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, 2015**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>Net Pension Liability June 30, 2015</b>	<b>Total Pension Expense FY 2015</b>
40314	Norton City Schools	5,997	358
40332	Manassas City Schools	91,429	7,696
40335	City of Salem Schools	35,941	2,099
40402	Williamsburg-James City County School Board	110,629	8,429
40403	Poquoson City Public Schools	18,479	1,319
40410	Valley Vocational Technical Center	3,286	257
40412	Charlottesville/Albemarle Vo-Tech Center	1,566	(6)
40413	The Pruden Center for Industry and Technology	2,289	149
40414	Jackson River Technical Center	1,448	79
40415	New Horizons Technical Center	12,795	868
40416	Northern Neck Regional Vocational Center	1,966	217
40417	Rowanty Vocational Technical Center	1,159	76
40418	Amelia-Nottoway Vocational Center	340	19
40421	Northern Neck Regional Special Education Program	1,443	49
40423	Maggie Walker Governor's School for Govt & Intl Studies	6,935	500
40424	Appomattox Region Governor's School	2,934	256
40425	Bridging Communities Regional Career and Tech Center	669	127
Total for all Teacher Employers		\$ 12,586,350	\$ 919,492

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 Employer Allocation of Special Revenue – Page 1 Of 5  
For the Fiscal Year Ended June 30, 2015**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>2015 Employer Allocation Percentage</b>	<b>2015 Special Revenue Allocation</b>
40100	Accomack County School Board	0.34623%	\$ 668
40101	Albemarle County Schools	1.10814%	2,137
40102	Alleghany County School Board	0.16061%	310
40103	Amelia County School Board	0.11039%	213
40104	Amherst County School Board	0.31091%	600
40105	Appomattox County School Board	0.13890%	268
40106	Arlington Public Schools	3.50960%	6,769
40107	Augusta County School Board	0.74809%	1,443
40108	Bath County School Board	0.06123%	118
40109	Bedford County School Board	0.62372%	1,203
40110	Bland County School Board	0.05253%	101
40111	Botetourt County Schools	0.35138%	678
40112	Brunswick County Public Schools	0.12561%	242
40113	Buchanan County School Board	0.20183%	389
40114	Buckingham County School Board	0.13779%	266
40115	Campbell County School Board	0.51104%	986
40116	Caroline County School Board	0.25632%	494
40117	Carroll County School Board	0.27208%	525
40118	Charles City County School Board	0.05691%	110
40119	Charlotte County School Board	0.14632%	282
40120	Chesterfield County School Board	3.68087%	7,100
40121	Clarke County School Board	0.15349%	296
40122	Craig County School Board	0.04836%	93
40123	Culpeper County School Board	0.56226%	1,085
40124	Cumberland County School Board	0.10414%	201
40125	Dickenson County School Board	0.13813%	266
40126	Dinwiddie County School Board	0.28527%	550
40128	Essex County Public Schools	0.10692%	206
40129	Fairfax County School Board	17.89182%	34,511
40130	Fauquier County School Board	0.94607%	1,825
40131	Floyd County School Board	0.13131%	253
40132	Fluvanna County Public Schools	0.31178%	601

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocation of Special Revenue – Page 2 Of 5  
For the Fiscal Year Ended June 30, 2015**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>2015 Employer Allocation Percentage</b>	<b>2015 Special Revenue Allocation</b>
40133	Franklin County Public Schools	0.51253%	989
40134	Frederick County School Board	1.07066%	2,065
40135	Giles County Schools	0.15660%	302
40136	Gloucester County School Board	0.37696%	727
40137	Goochland County School Board	0.18865%	364
40138	Grayson County School Board	0.12789%	247
40139	Greene County Public Schools	0.21446%	414
40140	Greensville County School Board	0.16616%	320
40141	Halifax County School Board	0.36544%	705
40142	Hanover County School Board	1.27192%	2,453
40143	Henrico County School Board	3.28220%	6,331
40144	Henry County Public Schools	0.46490%	897
40145	Highland County Public Schools	0.02404%	46
40146	Isle of Wight County Schools	0.37766%	728
40148	King George County School Board	0.25907%	500
40149	King & Queen County School Board	0.05960%	115
40150	King William County School Board	0.15775%	304
40151	Lancaster County Public Schools	0.09889%	191
40152	Lee County School Board	0.24065%	464
40153	Loudoun County School Board	6.37430%	12,296
40154	Louisa County Public Schools	0.34524%	666
40155	Lunenburg County School Board	0.10488%	202
40156	Madison County School Board	0.12918%	249
40157	Mathews County School Board	0.08549%	165
40158	Mecklenburg County School Board	0.28578%	551
40159	Middlesex County School Board	0.09504%	183
40160	Montgomery County School Board	0.62113%	1,198
40162	Nelson County Public Schools	0.14912%	288
40163	New Kent County School Board	0.19573%	378
40165	Northampton County Schools	0.12128%	234
40166	Northumberland County School Board	0.10121%	195
40167	Nottoway County School Board	0.14655%	283

**Virginia Retirement System**  
**VRS Teacher Retirement Plan**  
**Schedule of Employer Allocation of Special Revenue – Page 3 Of 5**  
**For the Fiscal Year Ended June 30, 2015**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>2015 Employer Allocation Percentage</b>	<b>2015 Special Revenue Allocation</b>
40168	Orange County Public Schools	0.34548%	666
40169	Page County Public Schools	0.23837%	460
40170	Patrick County School Board	0.17090%	330
40171	Pittsylvania County School Board	0.53404%	1,030
40172	Powhatan County School Board	0.30797%	594
40173	Prince Edward County School Board	0.16137%	311
40174	Prince George County School Board	0.41463%	800
40176	Prince William County School Board	6.45086%	12,444
40177	Pulaski County School Board	0.28761%	555
40178	Rappahannock County School Board	0.07450%	144
40179	Richmond County School Board	0.08415%	162
40180	Roanoke County School Board	0.94973%	1,832
40181	Rockbridge County School Board	0.20958%	404
40182	Rockingham County School Board	0.82758%	1,596
40183	Russell County School Board	0.23337%	450
40184	Scott County School Board	0.25712%	496
40185	Shenandoah County School Board	0.43849%	846
40186	Smyth County School Board	0.30973%	597
40187	Southampton County School Board	0.17289%	333
40188	Spotsylvania County School Board	1.62945%	3,143
40189	Stafford County School Board	1.87703%	3,620
40190	Surry County Schools	0.10636%	205
40191	Sussex County School Board	0.09911%	191
40192	Tazewell County Schools	0.35749%	690
40193	Warren County School Board	0.37348%	720
40195	Washington County School Board	0.46113%	889
40196	Westmoreland County School Board	0.11744%	227
40197	Wise County School Board	0.38458%	742
40198	Wythe County School Board	0.27411%	529
40199	York County School Board	0.85504%	1,649
40200	Alexandria City School Board	1.80155%	3,475
40201	Bristol City School Board	0.16291%	314

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocation of Special Revenue – Page 4 Of 5  
For the Fiscal Year Ended June 30, 2015**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>2015 Employer Allocation Percentage</b>	<b>2015 Special Revenue Allocation</b>
40202	Buena Vista City Schools	0.06844%	132
40203	Charlottesville Public Schools	0.47828%	923
40205	Danville City Schools	0.42638%	822
40206	Fredericksburg City Schools	0.28828%	556
40207	Hampton City Schools	1.43088%	2,760
40208	Harrisonburg City School Board	0.44562%	860
40209	Hopewell City School Board	0.31187%	602
40210	Lynchburg Public Schools	0.70685%	1,363
40211	Newport News Public Schools	2.07000%	3,993
40212	Norfolk Public Schools	2.82411%	5,447
40213	Petersburg City Schools	0.31348%	605
40214	Portsmouth School Board	1.04990%	2,025
40215	Radford City School Board	0.10917%	211
40216	Richmond Public Schools	2.08976%	4,031
40217	Roanoke City School Board	1.00014%	1,929
40219	Staunton City Schools	0.21775%	420
40220	Suffolk City School Board	0.91814%	1,771
40222	Winchester Public Schools	0.37778%	729
40223	Martinsville City Schools	0.16672%	322
40224	Falls Church Public Schools	0.32128%	620
40225	Colonial Heights City Schools	0.24579%	474
40230	Covington City School Board	0.06588%	127
40231	Fairfax City School Board	0.00115%	2
40232	Franklin City Public Schools	0.10104%	195
40233	Chesapeake Public Schools	2.94792%	5,686
40234	Virginia Beach City School Board	5.19364%	10,018
40236	Manassas Park City Schools	0.26507%	511
40306	Town of West Point School Board	0.06082%	117
40307	Lexington City School Board	0.03474%	67
40308	Waynesboro Public Schools	0.22613%	436
40309	Town of Colonial Beach Schools	0.04374%	84
40313	Galax City Schools	0.09218%	178

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocation of Special Revenue – Page 5 Of 5  
For the Fiscal Year Ended June 30, 2015**

(Dollars in Thousands)

Employer Code	Employer	2015 Employer Allocation Percentage	2015 Special Revenue Allocation
40314	Norton City Schools	0.04765%	92
40332	Manassas City Schools	0.72641%	1,401
40335	City of Salem Schools	0.28555%	551
40402	Williamsburg-James City County School Board	0.87896%	1,695
40403	Poquoson City Public Schools	0.14682%	283
40410	Valley Vocational Technical Center	0.02611%	50
40412	Charlottesville/Albemarle Vo-Tech Center	0.01244%	24
40413	The Pruden Center for Industry and Technology	0.01819%	35
40414	Jackson River Technical Center	0.01151%	22
40415	New Horizons Technical Center	0.10166%	196
40416	Northern Neck Regional Vocational Center	0.01562%	30
40417	Rowanty Vocational Technical Center	0.00921%	18
40418	Amelia-Nottoway Vocational Center	0.00270%	5
40421	Northern Neck Regional Special Education Program	0.01146%	22
40423	Maggie Walker Governor's School for Govt & Intl Studies	0.05510%	106
40424	Appomattox Region Governor's School	0.02331%	45
40425	Bridging Communities Regional Career and Tech Center	0.00531%	10
Total for Teacher Employers		100.00000%	\$ 192,884

***Chapter 665 of the 2015 Virginia Acts of Assembly: Item 136 C2c. This appropriation includes \$192,884,000 the second year from the Literary Fund to be paid to the Virginia Retirement System teacher retirement fund as a one-time payment toward the ten year deferred contribution balance. The Department of Education is authorized to transfer the amount to the Virginia Retirement System on July 1, 2015. The Director of the Department of Planning and Budget is authorized to move this appropriation to the first year in the event that Literary Fund proceeds from unclaimed property are sufficient to make the full payment before June 30, 2015.***

The accompanying notes are an integral part of the Schedule of Employer Allocation of Special Revenue.

**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, 2015**

(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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
40100	Accomack County School Board	\$ -	\$ -	\$ -	\$ 384	\$ 384	\$ 600	\$ 2,669		\$ 950	\$ 4,219
40101	Albemarle County Schools	-	-	-	1,355	1,355	1,921	8,541		564	11,026
40102	Alleghany County School Board	-	-	-	-	-	278	1,238		2,166	3,682
40103	Amelia County School Board	-	-	-	505	505	191	851		23	1,065
40104	Amherst County School Board	-	-	-	75	75	539	2,396		714	3,649
40105	Appomattox County School Board	-	-	-	100	100	241	1,070		405	1,716
40106	Arlington Public Schools	-	-	-	12,533	12,533	6,083	27,050	-	-	33,133
40107	Augusta County School Board	-	-	-	1,161	1,161	1,297	5,766	-	13	7,076
40108	Bath County School Board	-	-	-	378	378	106	472	-	-	578
40109	Bedford County School Board	-	-	-	2,278	2,278	1,081	4,807	-	4,843	10,731
40110	Bland County School Board	-	-	-	-	-	91	405	-	468	964
40111	Botetourt County Schools	-	-	-	1,117	1,117	609	2,708	-	1,462	4,779
40112	Brunswick County Public Schools	-	-	-	-	-	218	968	-	1,821	3,007
40113	Buchanan County School Board	-	-	-	-	-	350	1,555	-	2,036	3,941
40114	Buckingham County School Board	-	-	-	696	696	239	1,062	-	517	1,818
40115	Campbell County School Board	-	-	-	859	859	886	3,939	-	769	5,594
40116	Caroline County School Board	-	-	-	391	391	444	1,976	-	630	3,050
40117	Carroll County School Board	-	-	-	93	93	472	2,097	-	284	2,853
40118	Charles City County School Board	-	-	-	13	13	99	438	-	597	1,134
40119	Charlotte County School Board	-	-	-	-	-	254	1,127	-	1,435	2,816
40120	Chesterfield County School Board	-	-	-	6,606	6,606	6,380	28,370	-	-	34,750
40121	Clarke County School Board	-	-	-	-	-	266	1,183	-	201	1,650
40122	Craig County School Board	-	-	-	25	25	84	373	-	197	654
40123	Culpeper County School Board	-	-	-	1,918	1,918	974	4,334	-	281	5,589
40124	Cumberland County School Board	-	-	-	811	811	180	803	-	72	1,055
40125	Dickenson County School Board	-	-	-	-	-	239	1,065	-	241	1,545
40126	Dinwiddie County School Board	-	-	-	332	332	494	2,199	-	-	2,693
40128	Essex County Public Schools	-	-	-	-	-	185	824	-	421	1,430
40129	Fairfax County School Board	-	-	-	31,774	31,774	31,010	137,908	-	29,544	198,462
40130	Fauquier County School Board	-	-	-	-	-	1,640	7,292	-	2,448	11,380
40131	Floyd County School Board	-	-	-	641	641	228	1,012	-	529	1,769

**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, 2015**

(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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
40132	Fluvanna County Public Schools	-	-	-	901	901	540	2,403	-	1,628	4,571
40133	Franklin County Public Schools	-	-	-	281	281	888	3,951	-	-	4,839
40134	Frederick County School Board	-	-	-	4,346	4,346	1,856	8,252	-	-	10,108
40135	Giles County Schools	-	-	-	426	426	271	1,207	-	58	1,536
40136	Gloucester County School Board	-	-	-	-	-	653	2,906	-	1,559	5,118
40137	Goochland County School Board	-	-	-	1,094	1,094	327	1,454	-	-	1,781
40138	Grayson County School Board	-	-	-	16	16	222	985	-	25	1,232
40139	Greene County Public Schools	-	-	-	1,177	1,177	372	1,653	-	500	2,525
40140	Greensville County School Board	-	-	-	498	498	288	1,281	-	559	2,128
40141	Halifax County School Board	-	-	-	-	-	633	2,817	-	1,992	5,442
40142	Hanover County School Board	-	-	-	516	516	2,204	9,804	-	4,690	16,698
40143	Henrico County School Board	-	-	-	-	-	5,689	25,298	-	6,459	37,446
40144	Henry County Public Schools	-	-	-	-	-	806	3,583	-	1,598	5,987
40145	Highland County Public Schools	-	-	-	153	153	42	185	-	132	359
40146	Isle of Wight County Schools	-	-	-	129	129	655	2,910	-	3,774	7,339
40148	King George County School Board	-	-	-	217	217	449	1,997	-	-	2,446
40149	King & Queen County School Board	-	-	-	-	-	103	460	-	644	1,207
40150	King William County School Board	-	-	-	1,247	1,247	273	1,216	-	-	1,489
40151	Lancaster County Public Schools	-	-	-	-	-	171	763	-	52	986
40152	Lee County School Board	-	-	-	734	734	417	1,855	-	1,455	3,727
40153	Loudoun County School Board	-	-	-	41,514	41,514	11,048	49,130	-	-	60,178
40154	Louisa County Public Schools	-	-	-	919	919	598	2,661	-	-	3,259
40155	Lunenburg County School Board	-	-	-	-	-	182	808	-	393	1,383
40156	Madison County School Board	-	-	-	-	-	224	996	-	506	1,726
40157	Mathews County School Board	-	-	-	132	132	148	659	-	111	918
40158	Mecklenburg County School Board	-	-	-	-	-	495	2,203	-	3,103	5,801
40159	Middlesex County School Board	-	-	-	-	-	165	732	-	312	1,209
40160	Montgomery County School Board	-	-	-	1,254	1,254	1,077	4,787	-	677	6,541
40162	Nelson County Public Schools	-	-	-	449	449	258	1,150	-	494	1,902
40163	New Kent County School Board	-	-	-	301	301	339	1,509	-	304	2,152
40165	Northampton County Schools	-	-	-	-	-	210	935	-	534	1,679

**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, 2015**

(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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
40167	Nottoway County School Board	-	-	-	-	-	254	1,130	-	450	1,834
40168	Orange County Public Schools	-	-	-	1,280	1,280	599	2,663	-	364	3,626
40169	Page County Public Schools	-	-	-	217	217	413	1,837	-	994	3,244
40170	Patrick County School Board	-	-	-	-	-	296	1,317	-	149	1,762
40171	Pittsylvania County School Board	-	-	-	1,885	1,885	926	4,116	-	-	5,042
40172	Powhatan County School Board	-	-	-	113	113	534	2,373	-	55	2,962
40173	Prince Edward County School Board	-	-	-	-	-	280	1,243	-	1,700	3,223
40174	Prince George County School Board	-	-	-	1,010	1,010	719	3,195	-	1,425	5,339
40176	Prince William County School Board	-	-	-	13,012	13,012	11,180	49,721	-	-	60,901
40177	Pulaski County School Board	-	-	-	-	-	498	2,217	-	2,003	4,718
40178	Rappahannock County School Board	-	-	-	-	-	129	574	-	343	1,046
40179	Richmond County School Board	-	-	-	14	14	146	648	-	121	915
40180	Roanoke County School Board	-	-	-	-	-	1,646	7,320	-	5,611	14,577
40181	Rockbridge County School Board	-	-	-	16	16	363	1,616	-	570	2,549
40182	Rockingham County School Board	-	-	-	1,891	1,891	1,434	6,379	-	247	8,060
40183	Russell County School Board	-	-	-	-	-	404	1,799	-	896	3,099
40184	Scott County School Board	-	-	-	154	154	446	1,981	-	305	2,732
40185	Shenandoah County School Board	-	-	-	969	969	760	3,380	-	673	4,813
40186	Smyth County School Board	-	-	-	-	-	537	2,387	-	2,138	5,062
40187	Southampton County School Board	-	-	-	548	548	300	1,332	-	393	2,025
40188	Spotsylvania County School Board	-	-	-	1,008	1,008	2,824	12,559	-	5,139	20,522
40189	Stafford County School Board	-	-	-	1,022	1,022	3,253	14,468	-	9,442	27,163
40190	Surry County Schools	-	-	-	-	-	184	820	-	605	1,609
40191	Sussex County School Board	-	-	-	-	-	172	764	-	947	1,883
40192	Tazewell County Schools	-	-	-	-	-	620	2,755	-	1,411	4,786
40193	Warren County School Board	-	-	-	338	338	647	2,879	-	1,257	4,783
40195	Washington County School Board	-	-	-	-	-	799	3,554	-	3,582	7,935
40196	Westmoreland County School Board	-	-	-	94	94	204	905	-	335	1,444
40197	Wise County School Board	-	-	-	864	864	667	2,964	-	2,155	5,786
40198	Wythe County School Board	-	-	-	-	-	475	2,113	-	984	3,572

**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, 2015**

(Dollars in Thousands)

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Differences Between Expected and Actual Experience	Net Difference Between Projected Earnings on Pension Plan Investments	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected Earnings on Pension Plan Investments	Change of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
40199	York County School Board	-	-	-	3,228	3,228	1,482	6,590	-	-	8,072
40200	Alexandria City School Board	-	-	-	3,497	3,497	3,122	13,886	-	4,526	21,534
40201	Bristol City School Board	-	-	-	37	37	282	1,256	-	941	2,479
40202	Buena Vista City Schools	-	-	-	58	58	119	527	-	59	705
40203	Charlottesville Public Schools	-	-	-	1,453	1,453	829	3,686	-	1,384	5,899
40205	Danville City Schools	-	-	-	-	-	739	3,286	-	5,327	9,352
40206	Fredericksburg City Schools	-	-	-	2,137	2,137	500	2,222	-	-	2,722
40207	Hampton City Schools	-	-	-	1,979	1,979	2,480	11,029	-	8,379	21,888
40208	Harrisonburg City School Board	-	-	-	72	72	772	3,435	-	170	4,377
40209	Hopewell City School Board	-	-	-	-	-	541	2,403	-	822	3,766
40210	Lynchburg Public Schools	-	-	-	2,039	2,039	1,225	5,448	-	-	6,673
40211	Newport News Public Schools	-	-	-	61	61	3,588	15,954	-	3,250	22,792
40212	Norfolk Public Schools	-	-	-	-	-	4,895	21,767	-	7,015	33,677
40213	Petersburg City Schools	-	-	-	1,142	1,142	543	2,417	-	517	3,477
40214	Portsmouth School Board	-	-	-	-	-	1,820	8,092	-	5,228	15,140
40215	Radford City School Board	-	-	-	38	38	189	842	-	411	1,442
40216	Richmond Public Schools	-	-	-	11,583	11,583	3,622	16,107	-	4,667	24,396
40217	Roanoke City School Board	-	-	-	3,009	3,009	1,733	7,709	-	-	9,442
40219	Staunton City Schools	-	-	-	72	72	377	1,679	-	812	2,868
40220	Suffolk City School Board	-	-	-	-	-	1,591	7,077	-	5,110	13,778
40222	Winchester Public Schools	-	-	-	1,465	1,465	655	2,912	-	-	3,567
40223	Martinsville City Schools	-	-	-	946	946	289	1,285	-	-	1,574
40224	Falls Church Public Schools	-	-	-	5,083	5,083	557	2,476	-	-	3,033
40225	Colonial Heights City Schools	-	-	-	-	-	426	1,894	-	1,457	3,777
40230	Covington City School Board	-	-	-	-	-	114	508	-	544	1,166
40231	Fairfax City School Board	-	-	-	-	-	2	9	-	-	11
40232	Franklin City Public Schools	-	-	-	383	383	175	779	-	804	1,758
40233	Chesapeake Public Schools	-	-	-	1,594	1,594	5,109	22,722	-	1,461	29,292
40234	Virginia Beach City School Board	-	-	-	3,471	3,471	9,001	40,031	-	10,644	59,676
40236	Manassas Park City Schools	-	-	-	3,346	3,346	459	2,043	-	-	2,502
40306	Town of West Point School Board	-	-	-	-	-	105	469	-	280	854

**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, 2015**

(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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	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 Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
40307	Lexington City School Board	-	-	-	-	-	60	268	-	93	421
40308	Waynesboro Public Schools	-	-	-	133	133	392	1,743	-	1,391	3,526
40309	Town of Colonial Beach Schools	-	-	-	-	-	76	337	-	86	499
40313	Galax City Schools	-	-	-	97	97	160	710	-	-	870
40314	Norton City Schools	-	-	-	-	-	83	367	-	347	797
40332	Manassas City Schools	-	-	-	3,818	3,818	1,259	5,599	-	-	6,858
40335	City of Salem Schools	-	-	-	-	-	495	2,201	-	2,008	4,704
40402	Williamsburg-James City County School Board	-	-	-	2,165	2,165	1,523	6,775	-	484	8,782
40403	Poquoson City Public Schools	-	-	-	-	-	254	1,132	-	129	1,515
40410	Valley Vocational Technical Center	-	-	-	76	76	45	201	-	-	246
40412	Charlottesville/Albemarle Vo-Tech Center	-	-	-	-	-	22	95	-	511	628
40413	The Pruden Center for Industry and Technology	-	-	-	-	-	32	140	-	64	236
40414	Jackson River Technical Center	-	-	-	9	9	20	89	-	103	212
40415	New Horizons Technical Center	-	-	-	-	-	176	784	-	261	1,221
40416	Northern Neck Regional Vocational Center	-	-	-	283	283	27	120	-	-	147
40417	Rowanty Vocational Technical Center	-	-	-	5	5	16	71	-	42	129
40418	Amelia-Nottoway Vocational Center	-	-	-	-	-	5	20	-	25	50
40421	Northern Neck Regional Special Education Program	-	-	-	-	-	20	88	-	238	346
40423	Maggie Walker Governor's School for Govt & Intl Studies	-	-	-	95	95	95	425	-	153	673
40424	Appomattox Region Governor's School	-	-	-	159	159	40	180	-	12	232
40425	Bridging Communities Regional Career and Tech Center	-	-	-	285	285	9	41	-	-	50
Total for all Teacher Employers		\$ -	\$ -	\$ -	\$ 199,246	\$ 199,246	\$ 173,316	\$ 770,764	\$ -	\$ 199,246	\$ 1,143,326

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, 2015**

**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 and 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](http://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:

<b>RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b> 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. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b> 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. Employees are eligible for 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><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution</li> </ul>

		<p>component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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"> <li>• School division employees</li> <li>• 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</li> </ul>

<p><b>Retirement Contributions</b>  Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. 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><b>Retirement Contributions</b>  Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b>  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><b>Creditable Service</b>  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><b>Creditable Service</b>  Same as Plan 1.</p>	<p><b>Creditable Service</b>  <u><b>Defined Benefit Component:</b></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>

		<p>if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> 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><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contributions Component:</u></b> 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>

		<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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b> 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><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <b><u>Defined Benefit Component:</u></b> See definition under Plan 1</p> <p><b><u>Defined Contribution Component:</u></b> 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><b>Average Final Compensation</b> A member’s average final compensation is the average of the 36 consecutive months of</p>	<p><b>Average Final Compensation</b> A member’s average final compensation is the average of their 60 consecutive months of</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the</p>

highest compensation as a covered employee.	highest compensation as a covered employee.	defined benefit component of the plan.
<p><b>Service Retirement Multiplier</b> 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><b>Service Retirement Multiplier</b> 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><b>Service Retirement Multiplier</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contribution Component:</u></b> Not applicable.</p>
<p><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> 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><b>Earliest Unreduced Retirement Eligibility</b> 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><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contribution Component:</u></b> Members are</p>

		eligible to receive distributions upon leaving employment, subject to restrictions.
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> 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><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <u><b>Defined Benefit Component:</b></u>  <b>VRS:</b> Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u><b>Defined Contribution Component:</b></u>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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><b>Eligibility:</b></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</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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><b>Eligibility:</b></u>  Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <u><b>Defined Benefit Component:</b></u>  Same as Plan 2.</p> <p><u><b>Defined Contribution Component:</b></u>  Not applicable.</p> <p><u><b>Eligibility:</b></u>  Same as Plan 1 and Plan 2.</p>

<p>calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b>  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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage</b>  N/A</p>	<p><b>Disability Coverage</b>  N/A</p>	<p><b>Disability Coverage</b>  Employees of political subdivisions and school divisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program</p>

		<p>(VLDP) unless their 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><b>Purchase of Prior Service</b> 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. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service <u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><b><u>Defined Contribution Component:</u></b> 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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the

employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 and does not reflect the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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 79.69% of the actuarial rate for the year ended June 30, 2015.

**Actuarial Assumptions and Methods**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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 expense, 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-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

**Post-Retirement:**

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

**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, 2015, NPL amounts for the VRS Teacher Retirement Plan are as follows (amounts expressed in thousands):

Total Pension Liability	\$ 42,930,422
Plan Fiduciary Net Position	<u>30,344,072</u>
Employers’ Net Pension Liability (Asset)	<u>\$ 12,586,350</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%

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, 2018, 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, 2018 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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
<b>Total</b>	<b>100.00%</b>		<b>5.83%</b>
	<b>Inflation</b>		<b>2.50%</b>
	<b>* Expected arithmetic nominal return</b>		<b>8.33%</b>

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, 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%)	\$ 18,418,928
Net Pension Liability - Current Discount Rate (7.00%)	\$ 12,586,350
Net Pension Liability - 1.00% Increase (8.00%)	\$ 7,784,902

### **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, 2015. The average remaining service lives of all employees provided with pensions through the VRS Teacher Retirement Plan at June 30, 2015 was 5.47 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, 2017. 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, 2016	(\$ 343,557)
Measurement Period Ending June 30, 2017	(\$ 343,557)
Measurement Period Ending June 30, 2018	(\$ 343,557)
Measurement Period Ending June 30, 2019	\$ 104,815
Measurement Period Ending June 30, 2020	(\$ 18,224)

### **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. For the fiscal year ended June 30, 2015, this amount also includes a transfer of \$192,884,000 as an accelerated payback of the deferred contributions in the 2010-12 biennium.

The following table provides a reconciliation of the employer contributions in the VRS Teacher Retirement Plan's Statement of Changes in Fiduciary Net Position (per the System's separately issued financial

statements) to the employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedule of Employer Allocations.

Employer Contributions Reported in the VRS Teacher Retirement Plan's Statement of Changes In Net Position for the fiscal year ended June 30, 2015	\$ 1,271,816,000
Deduct: Employer Contributions Not Representative Of Future Contribution Effort	<u>(193,750,910)</u>
Employer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts – June 30, 2015	<u>\$ 1,078,065,090</u>

**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, 2015. 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 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR is publicly available through the About VRS link on the VRS website at [www.varetire.org](http://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.