VIRGINIA RETIREMENT SYSTEM
TEACHER HEALTH INSURANCE CREDIT PLAN

GASB No. 75 Schedules

With Independent Auditor’s Report Thereon

For the Plan Year Ended June 30, 2025

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Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 30, 2026

Joint Legislative Audit
and Review Commission

Board of Trustees
Virginia Retirement System

Patricia S. Bishop
Director, Virginia Retirement System

INDEPENDENT AUDITOR'S REPORT

Report on the Schedules

Opinions

We have audited the accompanying Schedule of Employer Allocations of the Virginia Retirement System Teacher Health Insurance Credit (HIC) Plan, as of and for the year ended June 30, 2025, and the related notes. We have also audited the total for all teacher employers of the columns titled Net HIC OPEB Liability, Total HIC OPEB Expense (Revenue), Total Deferred Outflows of Resources, and Total Deferred Inflows of Resources (specified column totals) included in the accompanying Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense and the Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer of the Virginia Retirement System Teacher HIC Plan (schedules of OPEB amounts), as of and for the year ended June 30, 2025, and the related notes.

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations; and the net HIC OPEB liability, total HIC OPEB expense, total deferred outflows of resources, and total deferred inflows of resources for the total of all participating teacher employers for the Virginia Retirement System Teacher HIC Plan as of and for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Virginia Retirement System Teacher HIC Plan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Virginia Retirement System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule of Employer Allocations and the specified column totals included in the schedules of OPEB amounts.

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

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Virginia Retirement System as of and for the year ended June 30, 2025, and our report thereon, dated December 15, 2025, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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Virginia Retirement System

Health Insurance Credit Plan - Teachers

Schedule of Employer Allocations

For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40100	Accomack County School Board	$ 409,071	0.29628%
40101	Albemarle County Schools	1,704,984	1.23486%
40102	Alleghany County School Board	247,805	0.17948%
40103	Amelia County School Board	139,283	0.10088%
40104	Amherst County School Board	383,217	0.27755%
40105	Appomattox County School Board	198,237	0.14358%
40106	Arlington Public Schools	4,945,820	3.58209%
40107	Augusta County School Board	970,778	0.70310%
40108	Bath County School Board	63,665	0.04611%
40109	Bedford County School Board	762,285	0.55210%
40110	Bland County School Board	53,985	0.03910%
40111	Botetourt County Schools	422,763	0.30619%
40112	Brunswick County Public Schools	109,507	0.07931%
40113	Buchanan County School Board	190,685	0.13811%
40114	Buckingham County School Board	173,385	0.12558%
40115	Campbell County School Board	661,194	0.47888%
40116	Caroline County School Board	346,704	0.25111%
40117	Carroll County School Board	319,128	0.23113%
40118	Charles City County School Board	59,305	0.04295%
40119	Charlotte County School Board	204,367	0.14802%
40120	Chesterfield County School Board	5,748,028	4.16310%
40121	Clarke County School Board	194,755	0.14105%
40122	Craig County School Board	55,283	0.04004%
40123	Culpeper County School Board	764,579	0.55376%
40124	Cumberland County School Board	132,081	0.09566%
40125	Dickenson County School Board	149,895	0.10857%
40126	Dinwiddie County School Board	378,241	0.27395%
40128	Essex County Public Schools	96,728	0.07006%
40129	Fairfax County School Board	24,120,578	17.46968%
40130	Fauquier County School Board	1,082,023	0.78367%
40131	Floyd County School Board	149,740	0.10845%
40132	Fluvanna County Public Schools	369,239	0.26743%
40133	Franklin County Public Schools	587,767	0.42570%
40134	Frederick County School Board	1,515,892	1.09791%

Virginia Retirement System
Health Insurance Credit Plan - Teachers
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40135	Giles County Schools	217,450	0.15749%
40136	Gloucester County School Board	479,428	0.34723%
40137	Goochland County School Board	266,692	0.19316%
40138	Grayson County School Board	163,662	0.11853%
40139	Greene County Public Schools	258,938	0.18754%
40140	Greensville County School Board	201,772	0.14614%
40141	Halifax County School Board	435,610	0.31550%
40142	Hanover County School Board	1,653,745	1.19775%
40143	Henrico County School Board	4,880,916	3.53508%
40144	Henry County Public Schools	606,906	0.43956%
40145	Highland County Public Schools	27,807	0.02014%
40146	Isle of Wight County Schools	507,701	0.36771%
40148	King George County School Board	398,160	0.28837%
40149	King & Queen County School Board	72,982	0.05286%
40150	King William County School Board	164,204	0.11893%
40151	Lancaster County Public Schools	103,242	0.07477%
40152	Lee County School Board	272,534	0.19739%
40153	Loudoun County School Board	11,606,306	8.40605%
40154	Louisa County Public Schools	512,506	0.37119%
40155	Lunenburg County School Board	141,702	0.10263%
40156	Madison County School Board	148,501	0.10755%
40157	Mathews County School Board	94,264	0.06827%
40158	Mecklenburg County School Board	354,822	0.25699%
40159	Middlesex County School Board	138,141	0.10005%
40160	Montgomery County School Board	903,853	0.65463%
40162	Nelson County Public Schools	164,712	0.11930%
40163	New Kent County School Board	318,375	0.23059%
40165	Northampton County Schools	150,278	0.10884%
40166	Northumberland County School Board	131,678	0.09537%
40167	Nottoway County School Board	156,613	0.11343%
40168	Orange County Public Schools	443,281	0.32105%
40169	Page County Public Schools	292,509	0.21185%
40170	Patrick County School Board	191,759	0.13889%
40171	Pittsylvania County School Board	669,733	0.48506%
40172	Powhatan County School Board	380,086	0.27528%

Virginia Retirement System

Health Insurance Credit Plan - Teachers

Schedule of Employer Allocations

For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40173	Prince Edward County School Board	135,920	0.09844%
40174	Prince George County School Board	494,426	0.35810%
40176	Prince William County School Board	10,403,506	7.53490%
40177	Pulaski County School Board	356,685	0.25834%
40178	Rappahannock County School Board	85,887	0.06220%
40179	Richmond County School Board	111,620	0.08084%
40180	Roanoke County School Board	1,279,462	0.92667%
40181	Rockbridge County School Board	257,319	0.18637%
40182	Rockingham County School Board	1,128,343	0.81722%
40183	Russell County School Board	282,552	0.20464%
40184	Scott County School Board	350,880	0.25413%
40185	Shenandoah County School Board	524,802	0.38010%
40186	Smyth County School Board	369,252	0.26744%
40187	Southampton County School Board	173,236	0.12547%
40188	Spotsylvania County School Board	2,127,698	1.54102%
40189	Stafford County School Board	3,199,710	2.31744%
40190	Surry County Schools	98,963	0.07167%
40191	Sussex County School Board	117,978	0.08545%
40192	Tazewell County Schools	390,608	0.28290%
40193	Warren County School Board	507,900	0.36785%
40195	Washington County School Board	559,469	0.40520%
40196	Westmoreland County School Board	165,535	0.11989%
40197	Wise County School Board	482,987	0.34981%
40198	Wythe County School Board	342,655	0.24817%
40199	York County School Board	1,172,675	0.84933%
40200	Alexandria City School Board	2,508,200	1.81661%
40201	Bristol City School Board	203,000	0.14703%
40202	Buena Vista City Schools	75,100	0.05439%
40203	Charlottesville Public Schools	624,755	0.45249%
40205	Danville City Schools	622,106	0.45057%
40206	Fredericksburg City Schools	363,995	0.26363%
40207	Hampton City Schools	1,840,596	1.33308%
40208	Harrisonburg City School Board	765,034	0.55409%
40209	Hopewell City School Board	389,028	0.28176%
40210	Lynchburg Public Schools	829,564	0.60082%

Virginia Retirement System

Health Insurance Credit Plan - Teachers

Schedule of Employer Allocations

For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40211	Newport News Public Schools	2,561,663	1.85532%
40212	Norfolk Public Schools	3,198,277	2.31640%
40213	Petersburg City Schools	393,376	0.28491%
40214	Portsmouth School Board	1,237,032	0.89594%
40215	Radford City School Board	152,373	0.11036%
40216	Richmond Public Schools	2,933,020	2.12429%
40217	Roanoke City School Board	1,479,770	1.07175%
40219	Staunton City Schools	287,451	0.20819%
40220	Suffolk City School Board	1,268,339	0.91861%
40222	Winchester Public Schools	480,548	0.34804%
40223	Martinsville City Schools	175,079	0.12680%
40224	Falls Church Public Schools	430,197	0.31158%
40225	Colonial Heights City Schools	322,132	0.23331%
40231	Fairfax City School Board	1,110	0.00080%
40232	Franklin City Public Schools	125,081	0.09059%
40233	Chesapeake Public Schools	4,087,721	2.96060%
40234	Virginia Beach City School Board	6,272,074	4.54265%
40236	Manassas Park City Schools	397,190	0.28767%
40306	Town of West Point School Board	82,592	0.05982%
40307	Lexington City School Board	48,600	0.03520%
40308	Waynesboro Public Schools	324,673	0.23515%
40309	Town of Colonial Beach Schools	66,774	0.04836%
40313	Galax City Schools	125,965	0.09123%
40314	Norton City Schools	65,253	0.04726%
40332	Manassas City Schools	959,946	0.69526%
40335	City of Salem Schools	376,337	0.27257%
40402	Williamsburg-James City County School Board	1,162,003	0.84160%
40403	Poquoson City Public Schools	169,270	0.12260%
40410	Valley Vocational Technical Center	32,094	0.02324%
40415	New Horizons Technical Center	133,441	0.09665%
40416	Northern Neck Regional Vocational Center	13,129	0.00951%
40417	Rowanty Vocational Technical Center	12,244	0.00887%
40418	Amelia-Nottoway Vocational Center	5,948	0.00431%
40421	Northern Neck Regional Special Education Program	10,516	0.00762%
40423	Maggie Walker Governor's School for Govt & Intl Studies	73,473	0.05321%

Virginia Retirement System

Health Insurance Credit Plan - Teachers

Schedule of Employer Allocations

For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40424	Appomattox Region Governor's School	34,408	0.02492%
40425	Bridging Communities Regional Career and Tech Center	8,483	0.00614%
	Total for all Teacher Employers[(1)]	**$ 138,070,893**	**100.00000%**

(1) Employer-level results may not add to Health Insurance Credit - Teachers system-wide results due to rounding.

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

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Net HIC OPEB Liability	Total HIC OPEB Expense (Revenue)
40100	Accomack County School Board	$ 3,140,980	$ 138,926
40101	Albemarle County Schools	13,091,231	1,136,618
40102	Alleghany County School Board	1,902,737	62,457
40103	Amelia County School Board	1,069,468	67,030
40104	Amherst County School Board	2,942,416	191,951
40105	Appomattox County School Board	1,522,147	117,418
40106	Arlington Public Schools	37,975,130	2,578,406
40107	Augusta County School Board	7,453,837	501,744
40108	Bath County School Board	488,830	14,453
40109	Bedford County School Board	5,853,027	311,364
40110	Bland County School Board	414,514	15,774
40111	Botetourt County Schools	3,246,039	180,791
40112	Brunswick County Public Schools	840,796	(10,249)
40113	Buchanan County School Board	1,464,158	40,891
40114	Buckingham County School Board	1,331,322	82,179
40115	Campbell County School Board	5,076,793	373,712
40116	Caroline County School Board	2,662,115	174,859
40117	Carroll County School Board	2,450,299	111,113
40118	Charles City County School Board	455,330	7,874
40119	Charlotte County School Board	1,569,218	122,870
40120	Chesterfield County School Board	44,134,643	4,010,705
40121	Clarke County School Board	1,495,326	88,103
40122	Craig County School Board	424,480	24,069
40123	Culpeper County School Board	5,870,625	431,315
40124	Cumberland County School Board	1,014,129	66,930
40125	Dickenson County School Board	1,150,993	62,760
40126	Dinwiddie County School Board	2,904,251	180,287
40128	Essex County Public Schools	742,733	838
40129	Fairfax County School Board	185,202,876	12,064,313
40130	Fauquier County School Board	8,307,991	368,479

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Net HIC OPEB Liability	Total HIC OPEB Expense (Revenue)
40131	Floyd County School Board	1,149,721	43,859
40132	Fluvanna County Public Schools	2,835,130	148,758
40133	Franklin County Public Schools	4,513,011	146,971
40134	Frederick County School Board	11,639,371	856,812
40135	Giles County Schools	1,669,613	126,654
40136	Gloucester County School Board	3,681,120	215,975
40137	Goochland County School Board	2,047,764	155,913
40138	Grayson County School Board	1,256,583	102,950
40139	Greene County Public Schools	1,988,185	91,788
40140	Greensville County School Board	1,549,287	89,085
40141	Halifax County School Board	3,344,738	188,814
40142	Hanover County School Board	12,697,814	806,946
40143	Henrico County School Board	37,476,759	3,136,756
40144	Henry County Public Schools	4,659,947	305,376
40145	Highland County Public Schools	213,512	8,395
40146	Isle of Wight County Schools	3,898,237	284,199
40148	King George County School Board	3,057,123	227,173
40149	King & Queen County School Board	560,389	34,299
40150	King William County School Board	1,260,823	36,300
40151	Lancaster County Public Schools	792,666	17,029
40152	Lee County School Board	2,092,608	88,121
40153	Loudoun County School Board	89,115,807	8,873,983
40154	Louisa County Public Schools	3,935,130	326,838
40155	Lunenburg County School Board	1,088,021	89,439
40156	Madison County School Board	1,140,179	48,267
40157	Mathews County School Board	723,757	28,042
40158	Mecklenburg County School Board	2,724,451	151,410
40159	Middlesex County School Board	1,060,669	85,541
40160	Montgomery County School Board	6,939,987	538,865
40162	Nelson County Public Schools	1,264,746	47,229
40163	New Kent County School Board	2,444,574	231,012

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Net HIC OPEB Liability	Total HIC OPEB Expense (Revenue)
40165	Northampton County Schools	1,153,855	71,079
40166	Northumberland County School Board	1,011,054	63,725
40167	Nottoway County School Board	1,202,516	37,603
40168	Orange County Public Schools	3,403,576	225,836
40169	Page County Public Schools	2,245,904	130,111
40170	Patrick County School Board	1,472,427	58,826
40171	Pittsylvania County School Board	5,142,310	286,287
40172	Powhatan County School Board	2,918,350	170,822
40173	Prince Edward County School Board	1,043,601	(12,095)
40174	Prince George County School Board	3,796,357	186,946
40176	Prince William County School Board	79,880,407	7,359,586
40177	Pulaski County School Board	2,738,763	174,047
40178	Rappahannock County School Board	659,406	31,620
40179	Richmond County School Board	857,016	58,689
40180	Roanoke County School Board	9,823,989	646,682
40181	Rockbridge County School Board	1,975,781	111,454
40182	Rockingham County School Board	8,663,667	625,268
40183	Russell County School Board	2,169,468	114,638
40184	Scott County School Board	2,694,131	203,355
40185	Shenandoah County School Board	4,029,588	193,913
40186	Smyth County School Board	2,835,236	181,028
40187	Southampton County School Board	1,330,156	29,893
40188	Spotsylvania County School Board	16,336,953	1,108,769
40189	Stafford County School Board	24,568,083	2,499,823
40190	Surry County Schools	759,802	6,041
40191	Sussex County School Board	905,889	44,143
40192	Tazewell County Schools	2,999,133	139,792
40193	Warren County School Board	3,899,721	282,723
40195	Washington County School Board	4,295,683	243,169
40196	Westmoreland County School Board	1,271,001	87,819
40197	Wise County School Board	3,708,472	294,287

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Net HIC OPEB Liability	Total HIC OPEB Expense (Revenue)
40198	Wythe County School Board	2,630,947	169,036
40199	York County School Board	9,004,078	659,564
40200	Alexandria City School Board	19,258,590	1,305,156
40201	Bristol City School Board	1,558,722	101,766
40202	Buena Vista City Schools	576,610	21,760
40203	Charlottesville Public Schools	4,797,023	291,539
40205	Danville City Schools	4,776,668	445,674
40206	Fredericksburg City Schools	2,794,844	160,279
40207	Hampton City Schools	14,132,500	949,444
40208	Harrisonburg City School Board	5,874,124	552,060
40209	Hopewell City School Board	2,987,047	165,458
40210	Lynchburg Public Schools	6,369,527	280,490
40211	Newport News Public Schools	19,668,969	1,150,562
40212	Norfolk Public Schools	24,557,058	1,188,410
40213	Petersburg City Schools	3,020,442	218,227
40214	Portsmouth School Board	9,498,209	487,304
40215	Radford City School Board	1,169,969	85,324
40216	Richmond Public Schools	22,520,425	1,802,592
40217	Roanoke City School Board	11,362,039	956,420
40219	Staunton City Schools	2,207,103	148,460
40220	Suffolk City School Board	9,738,542	647,714
40222	Winchester Public Schools	3,689,707	232,324
40223	Martinsville City Schools	1,344,256	63,427
40224	Falls Church Public Schools	3,303,181	222,001
40225	Colonial Heights City Schools	2,473,410	174,894
40231	Fairfax City School Board	8,481	(79)
40232	Franklin City Public Schools	960,380	67,465
40233	Chesapeake Public Schools	31,386,473	2,452,206
40234	Virginia Beach City School Board	48,158,401	2,565,978
40236	Manassas Park City Schools	3,049,702	255,090
40306	Town of West Point School Board	634,175	31,630

Virginia Retirement System

VRS Teacher Health Insurance Credit Plan

Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense

For the Plan Year Ended and Measurement Date of June 30, 2025

Employer Code	Employer	Net HIC OPEB Liability	Total HIC OPEB Expense (Revenue)
40307	Lexington City School Board	373,169	26,427
40308	Waynesboro Public Schools	2,492,917	198,737
40309	Town of Colonial Beach Schools	512,683	42,736
40313	Galax City Schools	967,165	73,825
40314	Norton City Schools	501,022	38,405
40332	Manassas City Schools	7,370,722	549,228
40335	City of Salem Schools	2,889,621	200,109
40402	Williamsburg-James City County School Board	8,922,129	615,136
40403	Poquoson City Public Schools	1,299,730	54,827
40410	Valley Vocational Technical Center	246,376	15,521
40412	Charlottesville/Albemarle Vo-Tech Center	—	(24,235)
40415	New Horizons Technical Center	1,024,624	57,270
40416	Northern Neck Regional Vocational Center	100,819	(803)
40417	Rowanty Vocational Technical Center	94,034	6,494
40418	Amelia-Nottoway Vocational Center	45,692	6,263
40421	Northern Neck Regional Special Education Program	80,783	1,026
40423	Maggie Walker Governor's School for Govt & Intl Studies	564,100	36,918
40424	Appomattox Region Governor's School	264,187	25,127
40425	Bridging Communities Regional Career and Tech Center	65,093	4,585
	Total for all Teacher Employers	**$ 1,060,138,919**	**$ 76,486,429**

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

Virginia Retirement System

VRS Teacher Health Insurance Credit Plan

Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer

For the Plan Year Ended and Measurement Date of June 30, 2025

		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 OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Inflows of Resources
40100	Accomack County School Board	$ —	$ —	$ 34,419	$ 90,380	$ 124,799	$ 159,986	$ 30,410	$ 62,771	$ 322,990	$ 576,157
40101	Albemarle County Schools	—	—	143,456	969,758	1,113,214	666,801	126,746	261,623	477,330	1,532,500
40102	Alleghany County School Board	—	—	20,851	366,221	387,072	96,916	18,422	38,025	524,074	677,437
40103	Amelia County School Board	—	—	11,719	22,544	34,263	54,473	10,354	21,373	21,115	107,315
40104	Amherst County School Board	—	—	32,244	30,191	62,435	149,872	28,488	58,803	79,995	317,158
40105	Appomattox County School Board	—	—	16,680	67,822	84,502	77,530	14,737	30,419	13,875	136,561
40106	Arlington Public Schools	—	—	416,139	1,112,944	1,529,083	1,934,260	367,665	758,918	1,702,983	4,763,826
40107	Augusta County School Board	—	—	81,681	194,049	275,730	379,661	72,166	148,962	143,946	744,735
40108	Bath County School Board	—	—	5,357	383	5,740	24,899	4,733	9,769	55,549	94,950
40109	Bedford County School Board	—	—	64,139	4,985	69,124	298,123	56,667	116,970	514,210	985,970
40110	Bland County School Board	—	—	4,542	15,022	19,564	21,113	4,013	8,284	48,060	81,470
40111	Botetourt County Schools	—	—	35,571	2,527	38,098	165,337	31,427	64,871	121,066	382,701
40112	Brunswick County Public Schools	—	—	9,214	659	9,873	42,826	8,140	16,803	187,273	255,042
40113	Buchanan County School Board	—	—	16,045	15,112	31,157	74,577	14,176	29,261	146,910	264,924
40114	Buckingham County School Board	—	—	14,589	32,712	47,301	67,811	12,890	26,606	90,028	197,335
40115	Campbell County School Board	—	—	55,632	81,105	136,737	258,586	49,152	101,458	77,494	486,690
40116	Caroline County School Board	—	—	29,172	90,078	119,250	135,595	25,774	53,201	127,906	342,476
40117	Carroll County School Board	—	—	26,851	7,333	34,184	124,806	23,723	48,968	143,893	341,390
40118	Charles City County School Board	—	—	4,990	44,365	49,355	23,192	4,408	9,100	84,720	121,420
40119	Charlotte County School Board	—	—	17,196	1,143,480	1,160,676	79,928	15,193	31,360	1,441,571	1,568,052

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
For the Plan Year Ended and Measurement Date of June 30, 2025

		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 OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Inflows of Resources
40120	Chesterfield County School Board	—	—	483,636	3,190,826	3,674,462	2,247,994	427,300	882,013	405,409	3,962,716
40121	Clarke County School Board	—	—	16,386	35,975	52,361	76,164	14,477	29,883	81,225	201,749
40122	Craig County School Board	—	—	4,652	16,670	21,322	21,621	4,110	8,483	30,075	64,289
40123	Culpeper County School Board	—	—	64,331	224,541	288,872	299,020	56,838	117,322	67,530	540,710
40124	Cumberland County School Board	—	—	11,113	27,280	38,393	51,655	9,819	20,267	34,065	115,806
40125	Dickenson County School Board	—	—	12,613	25,413	38,026	58,626	11,144	23,002	76,934	169,706
40126	Dinwiddie County School Board	—	—	31,825	82,199	114,024	147,928	28,118	58,040	170,443	404,529
40128	Essex County Public Schools	—	—	8,139	5,844	13,983	37,831	7,191	14,843	195,412	255,277
40129	Fairfax County School Board	—	—	2,029,489	593,848	2,623,337	9,433,293	1,793,085	3,701,204	6,616,518	21,544,100
40130	Fauquier County School Board	—	—	91,041	178,457	269,498	423,167	80,436	166,032	1,079,139	1,748,774
40131	Floyd County School Board	—	—	12,599	1,926	14,525	58,561	11,131	22,977	174,807	267,476
40132	Fluvanna County Public Schools	—	—	31,068	77,796	108,864	144,407	27,449	56,659	227,633	456,148
40133	Franklin County Public Schools	—	—	49,454	3,517	52,971	229,870	43,694	90,191	562,473	926,228
40134	Frederick County School Board	—	—	127,546	311,790	439,336	592,850	112,689	232,608	212,153	1,150,300
40135	Giles County Schools	—	—	18,296	102,498	120,794	85,042	16,165	33,367	36,273	170,847
40136	Gloucester County School Board	—	—	40,338	136,250	176,588	187,498	35,640	73,566	367,450	664,154
40137	Goochland County School Board	—	—	22,440	110,654	133,094	104,303	19,826	40,924	54,923	219,976
40138	Grayson County School Board	—	—	13,770	99,783	113,553	64,004	12,166	25,112	7,080	108,362
40139	Greene County Public Schools	—	—	21,787	71,628	93,415	101,268	19,249	39,733	257,714	417,964
40140	Greensville County School Board	—	—	16,977	19,924	36,901	78,913	15,000	30,962	97,105	221,980
40141	Halifax County School Board	—	—	36,652	88,106	124,758	170,364	32,383	66,843	154,279	423,869
40142	Hanover County School Board	—	—	139,145	152,700	291,845	646,762	122,937	253,761	331,312	1,354,772

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
For the Plan Year Ended and Measurement Date of June 30, 2025

		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 OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Inflows of Resources
40143	Henrico County School Board	—	—	410,678	2,427,583	2,838,261	1,908,876	362,840	748,958	443,291	3,463,965
40144	Henry County Public Schools	—	—	51,065	95,033	146,098	237,354	45,116	93,127	148,231	523,828
40145	Highland County Public Schools	—	—	2,340	324	2,664	10,875	2,067	4,267	13,486	30,695
40146	Isle of Wight County Schools	—	—	42,718	115,908	158,626	198,556	37,742	77,905	144,797	459,000
40148	King George County School Board	—	—	33,501	176,092	209,593	155,714	29,598	61,095	151,600	398,007
40149	King & Queen County School Board	—	—	6,141	21,859	28,000	28,543	5,426	11,199	59,433	104,601
40150	King William County School Board	—	—	13,816	9,756	23,572	64,220	12,207	25,197	185,018	286,642
40151	Lancaster County Public Schools	—	—	8,686	54,384	63,070	40,374	7,674	15,841	113,957	177,846
40152	Lee County School Board	—	—	22,931	12,319	35,250	106,587	20,260	41,820	183,517	352,184
40153	Loudoun County School Board	—	—	976,548	4,828,230	5,804,778	4,539,106	862,795	1,780,943	1,429,105	8,611,949
40154	Louisa County Public Schools	—	—	43,122	174,446	217,568	200,436	38,099	78,642	135,230	452,407
40155	Lunenburg County School Board	—	—	11,923	62,193	74,116	55,418	10,534	21,744	51,269	138,965
40156	Madison County School Board	—	—	12,494	21,463	33,957	58,075	11,039	22,786	113,665	205,565
40157	Mathews County School Board	—	—	7,931	21,664	29,595	36,864	7,007	14,464	154,336	212,671
40158	Mecklenburg County School Board	—	—	29,855	44,130	73,985	138,770	26,377	54,447	228,597	448,191
40159	Middlesex County School Board	—	—	11,623	32,802	44,425	54,025	10,269	21,197	66,603	152,094
40160	Montgomery County School Board	—	—	76,050	293,153	369,203	353,488	67,191	138,693	380,104	939,476
40162	Nelson County Public Schools	—	—	13,859	978	14,837	64,420	12,245	25,275	131,012	232,952
40163	New Kent County School Board	—	—	26,788	226,059	252,847	124,514	23,668	48,854	7,468	204,504
40165	Northampton County Schools	—	—	12,644	94,280	106,924	58,772	11,171	23,059	72,593	165,595
40166	Northumberland County School Board	—	—	11,079	35,769	46,848	51,498	9,789	20,206	76,534	158,027
40167	Nottoway County School Board	—	—	13,177	935	14,112	61,250	11,642	24,032	117,744	214,668

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
For the Plan Year Ended and Measurement Date of June 30, 2025

		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 OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Inflows of Resources
40168	Orange County Public Schools	—	—	37,297	101,481	138,778	173,361	32,953	68,019	58,648	332,981
40169	Page County Public Schools	—	—	24,611	55,940	80,551	114,395	21,744	44,883	102,592	283,614
40170	Patrick County School Board	—	—	16,135	28,907	45,042	74,998	14,256	29,426	122,776	241,456
40171	Pittsylvania County School Board	—	—	56,350	70,426	126,776	261,923	49,786	102,767	382,581	797,057
40172	Powhatan County School Board	—	—	31,980	75,754	107,734	148,646	28,255	58,322	161,638	396,861
40173	Prince Edward County School Board	—	—	11,436	817	12,253	53,156	10,104	20,856	289,398	373,514
40174	Prince George County School Board	—	—	41,601	24,623	66,224	193,367	36,755	75,869	272,447	578,438
40176	Prince William County School Board	—	—	875,345	6,410,039	7,285,384	4,068,702	773,381	1,596,377	201,860	6,640,320
40177	Pulaski County School Board	—	—	30,012	170,612	200,624	139,499	26,516	54,733	142,160	362,908
40178	Rappahannock County School Board	—	—	7,226	16,492	23,718	33,587	6,384	13,178	87,451	140,600
40179	Richmond County School Board	—	—	9,391	21,083	30,474	43,652	8,297	17,127	48,442	117,518
40180	Roanoke County School Board	—	—	107,653	105,019	212,672	500,384	95,113	196,328	142,769	934,594
40181	Rockbridge County School Board	—	—	21,651	11,942	33,593	100,636	19,129	39,485	115,268	274,518
40182	Rockingham County School Board	—	—	94,938	216,974	311,912	441,283	83,879	173,140	197,361	895,663
40183	Russell County School Board	—	—	23,773	102,221	125,994	110,502	21,004	43,356	191,241	366,103
40184	Scott County School Board	—	—	29,523	136,903	166,426	137,225	26,084	53,841	30,275	247,425
40185	Shenandoah County School Board	—	—	44,157	16,949	61,106	205,247	39,013	80,530	517,428	842,218
40186	Smyth County School Board	—	—	31,069	177,993	209,062	144,412	27,450	56,661	132,799	361,322
40187	Southampton County School Board	—	—	14,576	17,833	32,409	67,751	12,878	26,583	277,256	384,468
40188	Spotsylvania County School Board	—	—	179,024	203,171	382,195	832,121	158,170	326,487	359,329	1,676,107
40189	Stafford County School Board	—	—	269,222	2,933,757	3,202,979	1,251,373	237,862	490,983	15,124	1,995,342
40190	Surry County Schools	—	—	8,326	597	8,923	38,700	7,356	15,184	126,512	187,752

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer
For the Plan Year Ended and Measurement Date of June 30, 2025

		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 OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Inflows of Resources
40191	Sussex County School Board	—	—	9,927	703	10,630	46,141	8,771	18,104	58,572	131,588
40192	Tazewell County Schools	—	—	32,865	49,978	82,843	152,761	29,037	59,936	131,385	373,119
40193	Warren County School Board	—	—	42,734	105,894	148,628	198,632	37,756	77,934	118,852	433,174
40195	Washington County School Board	—	—	47,073	23,906	70,979	218,800	41,590	85,847	127,180	473,417
40196	Westmoreland County School Board	—	—	13,928	98,751	112,679	64,738	12,305	25,400	44,936	147,379
40197	Wise County School Board	—	—	40,638	143,683	184,321	188,891	35,904	74,112	55,039	353,946
40198	Wythe County School Board	—	—	28,830	76,552	105,382	134,007	25,472	52,578	64,745	276,802
40199	York County School Board	—	—	98,668	370,100	468,768	458,622	87,175	179,943	191,374	917,114
40200	Alexandria City School Board	—	—	211,039	565,868	776,907	980,935	186,457	384,875	685,339	2,237,606
40201	Bristol City School Board	—	—	17,081	48,413	65,494	79,393	15,091	31,150	77,533	203,167
40202	Buena Vista City Schools	—	—	6,319	14,817	21,136	29,370	5,583	11,523	51,823	98,299
40203	Charlottesville Public Schools	—	—	52,567	93,779	146,346	244,336	46,443	95,867	230,358	617,004
40205	Danville City Schools	—	—	52,344	335,201	387,545	243,299	46,246	95,460	82,138	467,143
40206	Fredericksburg City Schools	—	—	30,626	113,531	144,157	142,355	27,059	55,854	296,476	521,744
40207	Hampton City Schools	—	—	154,867	400,708	555,575	719,838	136,827	282,432	158,202	1,297,299
40208	Harrisonburg City School Board	—	—	64,370	395,685	460,055	299,198	56,872	117,392	3,752	477,214
40209	Hopewell City School Board	—	—	32,733	151,524	184,257	152,145	28,920	59,695	413,525	654,285
40210	Lynchburg Public Schools	—	—	69,799	222,769	292,568	324,431	61,668	127,292	614,726	1,128,117
40211	Newport News Public Schools	—	—	215,536	238,920	454,456	1,001,837	190,430	393,076	775,365	2,360,708
40212	Norfolk Public Schools	—	—	269,101	1,117,969	1,387,070	1,250,812	237,755	490,763	1,797,900	3,777,230
40213	Petersburg City Schools	—	—	33,099	78,412	111,511	153,846	29,243	60,362	134,396	377,847
40214	Portsmouth School Board	—	—	104,083	816,748	920,831	483,790	91,959	189,818	1,213,473	1,979,040

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
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For the Plan Year Ended and Measurement Date of June 30, 2025

		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 OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Inflows of Resources
40215	Radford City School Board	—	—	12,821	90,493	103,314	59,592	11,327	23,381	42,439	136,739
40216	Richmond Public Schools	—	—	246,783	1,596,237	1,843,020	1,147,076	218,037	450,062	1,168,110	2,983,285
40217	Roanoke City School Board	—	—	124,507	1,033,110	1,157,617	578,725	110,004	227,066	495,061	1,410,856
40219	Staunton City Schools	—	—	24,186	81,853	106,039	112,419	21,369	44,108	88,331	266,227
40220	Suffolk City School Board	—	—	106,717	222,531	329,248	496,032	94,286	194,621	431,313	1,216,252
40222	Winchester Public Schools	—	—	40,433	121,710	162,143	187,935	35,723	73,737	236,588	533,983
40223	Martinsville City Schools	—	—	14,731	37,185	51,916	68,470	13,015	26,864	100,708	209,057
40224	Falls Church Public Schools	—	—	36,197	91,977	128,174	168,247	31,981	66,013	176,596	442,837
40225	Colonial Heights City Schools	—	—	27,104	86,664	113,768	125,983	23,947	49,430	33,950	233,310
40231	Fairfax City School Board	—	—	93	1,034	1,127	432	82	169	3,394	4,077
40232	Franklin City Public Schools	—	—	10,524	161,858	172,382	48,917	9,298	19,193	44,912	122,320
40233	Chesapeake Public Schools	—	—	343,939	996,017	1,339,956	1,598,667	303,875	627,246	501,234	3,031,022
40234	Virginia Beach City School Board	—	—	527,729	868,984	1,396,713	2,452,944	466,257	962,426	3,657,524	7,539,151
40236	Manassas Park City Schools	—	—	33,419	241,034	274,453	155,336	29,526	60,947	55,094	300,903
40306	Town of West Point School Board	—	—	6,949	20,563	27,512	32,302	6,140	12,674	56,833	107,949
40307	Lexington City School Board	—	—	4,089	8,960	13,049	19,007	3,613	7,458	26,846	56,924
40308	Waynesboro Public Schools	—	—	27,318	208,557	235,875	126,977	24,136	49,820	71,011	271,944
40309	Town of Colonial Beach Schools	—	—	5,618	55,375	60,993	26,113	4,964	10,246	16,918	58,241
40313	Galax City Schools	—	—	10,598	54,609	65,207	49,262	9,364	19,328	17,763	95,717
40314	Norton City Schools	—	—	5,490	41,987	47,477	25,519	4,851	10,013	23,884	64,267
40332	Manassas City Schools	—	—	80,770	300,837	381,607	375,427	71,361	147,301	149,068	743,157
40335	City of Salem Schools	—	—	31,665	74,569	106,234	147,183	27,977	57,748	97,316	330,224

Virginia Retirement System

VRS Teacher Health Insurance Credit Plan

Schedule of Deferred Outflows and Deferred Inflows of Resources by Employer

For the Plan Year Ended and Measurement Date of June 30, 2025

		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 OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Change of Assumptions	Changes in Proportionate Share and Differences Between Actual and Expected Contributions	Total Deferred Inflows of Resources
40402	Williamsburg-James City County School Board	—	—	97,770	153,478	251,248	454,448	86,382	178,305	244,988	964,123
40403	Poquoson City Public Schools	—	—	14,243	1,006	15,249	66,202	12,584	25,975	117,485	222,246
40410	Valley Vocational Technical Center	—	—	2,700	15,073	17,773	12,549	2,385	4,924	16,984	36,842
40412	Charlottesville/Albemarle Vo-Tech Center	—	—	—	20,733	20,733	—	—	—	171,401	171,401
40415	New Horizons Technical Center	—	—	11,228	8,801	20,029	52,189	9,920	20,477	90,811	173,397
40416	Northern Neck Regional Vocational Center	—	—	1,105	370	1,475	5,135	976	2,015	33,274	41,400
40417	Rowanty Vocational Technical Center	—	—	1,030	9,591	10,621	4,790	910	1,879	19,715	27,294
40418	Amelia-Nottoway Vocational Center	—	—	501	15,817	16,318	2,327	442	913	6,587	10,269
40421	Northern Neck Regional Special Education Program	—	—	885	9,892	10,777	4,115	782	1,614	16,240	22,751
40423	Maggie Walker Governor's School for Govt & Intl Studies	—	—	6,182	32,006	38,188	28,732	5,461	11,273	17,295	62,761
40424	Appomattox Region Governor's School	—	—	2,895	19,706	22,601	13,456	2,558	5,280	9,535	30,829
40425	Bridging Communities Regional Career and Tech Center	—	—	713	8,305	9,018	3,315	630	1,301	7,267	12,513
	Total for all Teacher Employers	**$ —**	**$ —**	**$ 11,617,208**	**$ 41,653,021**	**$ 53,270,229**	**$ 53,998,088**	**$ 10,263,982**	**$ 21,186,443**	**$ 41,521,449**	**$ 126,969,962**

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 Health Insurance Credit Plan
Notes to GASB No. 75 Schedules
For the Plan Year Ended June 30, 2025

Note 1. Summary of Significant Accounting Policies

Description of the Entity

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

Administration and Management

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

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

The System issues an *Annual Comprehensive Financial Report* (Annual Report) containing the financial statements and required supplementary information for all of the System's pension and other employee benefit trust funds. A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/publications/?category=annual, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500. The pension and other employee benefit trust funds administered by the VRS are classified as fiduciary funds and are included in the basic financial statements of the Commonwealth of Virginia.

Other Post-Employment Benefits – Health Insurance Credit (HIC)

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program was established pursuant to § 51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC OPEB, and HIC OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Health Insurance Credit Plan and the additions to/deductions from the VRS Teacher Health Insurance Credit Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. General Information about the HIC OPEB Plan

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

TEACHER HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Teacher Health Insurance Credit Program was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement:* For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • *Disability Retirement:* For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: ◦ $4.00 per month multiplied by twice the amount of service credit, or ◦ $4.00 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
Health Insurance Credit Program Notes: • The monthly health insurance credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Contributions

The contribution requirement for active employees is governed by § 51.1-1401(E) 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. Each school division's contractually required employer contribution rate for the year ended June 30, 2025, was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Actuarial Assumptions and Methods

The total Teacher Health Insurance Credit OPEB liability for the VRS Teacher Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2024, 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, 2025.

Inflation	2.50%
Salary increases, including inflation – Teacher Employees	3.50% – 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates:

Pre-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males

Post-Retirement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; males set forward 1 year, 105% of rates for females

Post-Disablement:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount-Weighted tables, with 75% of the MP-2021 Scale projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2021 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2024, valuation were rolled forward to a measurement date of June 30, 2025 and were based on the results of an actuarial experience study for the period from July 1, 2020, through June 30, 2024. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Maintain PUB-2010 tables with adjustments, update to MP-2021 projection scale multiplied by 75%
Retirement Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Termination Rates	Moved ~25% of the way to the observed experience, on a liability-weighted basis
Disability Rates	Moved ~50% of the way to the observed experience, on a headcount-weighted basis, to maintain margin
Salary Scale	Increase Merit & Longevity 50 basis points
Benefit participation (future service retirees)	Reduced participation to 94%
Benefit participation (future disability)	Reduced participation to 84%
Benefit participation (from terminated vested)	Reduced participation to 94%
Benefit utilization (not receiving the max)	Reduced to 13%
Benefit utilization (not receiving the max-amount of max received)	No change
Benefit Utilization (benefit increase for those not at the max)	Removed
Percentage of deferred vested members electing to withdraw from VRS	Reduced
Terminated vested member commencement age	Adjusted slightly
Discount Rate	No change

Note 3. Net Health Insurance Credit OPEB Liability

The net Health Insurance Credit OPEB liability (NOL) is calculated separately for each plan and represents that particular plan's total Health Insurance Credit OPEB liability determined in accordance with GASB Statement No. 74, less the System's fiduciary net position for the plan. As of June 30, 2025, NOL amounts for the VRS Teacher Health Insurance Credit Program are as follows (amounts expressed in thousands):

Total Teacher HIC OPEB Liability	$	1,455,872
Plan Fiduciary Net Position		395,733
Teacher HIC Net OPEB Liability (Asset)	$	1,060,139
Plan Fiduciary Net Position as a Percentage of the Total Teacher HIC OPEB Liability		27.18%

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

Discount Rate

The discount rate used to measure the total Teacher HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2025, the rate contributed by each school division for the VRS Teacher HIC OPEB Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 117% of the actuarially determined contribution rate. From July 1, 2025 on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher HIC OPEB 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 Teacher HIC OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on 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 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)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	32.00%	6.60%	2.11%
Fixed Income	16.00%	5.09%	0.81%
Credit Strategies	16.00%	8.21%	1.31%
Real Assets	15.00%	7.10%	1.07%
Private Equity	15.00%	8.60%	1.29%
PIP – Private Investment Partnerships	1.00%	7.95%	0.08%
Diversifying Strategies	6.00%	6.82%	0.41%
Cash	2.00%	4.07%	0.08%
Leverage	(3.00%)	4.57%	(0.14%)
Total	**100.00%**		**7.02%**
		* Expected arithmetic nominal return	**7.02%**

** The above allocation provides a one-year expected return of 7.02% (includes 2.50% inflation assumption). 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. These results provide a range of returns over various time periods that ultimately provide a median return of 7.06%, including expected inflation of 2.50%.*

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Sensitivity Analysis

The following table presents the collective net Teacher HIC OPEB liability of the participating employers in the VRS Teacher HIC OPEB Plan using the discount rate of 6.75%, as well as what the collective net Teacher HIC OPEB liability of the participating employers would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate (amounts expressed in thousands):

Net Teacher HIC OPEB Liability – 1.00% Decrease (5.75%)	$	1,214,832
Net Teacher HIC OPEB Liability – Current Discount Rate (6.75%)	$	1,060,139
Net Teacher HIC OPEB Liability – 1.00% Increase (7.75%)	$	928,804

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, 2025. The average remaining service lives of all employees provided with health insurance credit benefits through the VRS Teacher HIC OPEB Plan at June 30, 2025, was 6.85 years. Deferred outflows of resources related to the health insurance credit resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the financial statements for the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the health insurance credit will be recognized in the health insurance credit expense as follows:

Measurement Period Ending June 30, 2026	$	(13,255,009)
Measurement Period Ending June 30, 2027	$	(17,381,333)
Measurement Period Ending June 30, 2028	$	(17,710,059)
Measurement Period Ending June 30, 2029	$	(12,857,336)
Measurement Period Ending June 30, 2030	$	(7,669,776)
Thereafter	$	(4,826,220)

Note 5. Employer Contributions

Employers' proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution effort to the Other Post-Employment Benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS Teacher HIC OPEB 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 for adjustments for prior periods.

The employer contributions used in the determination of employers' proportionate shares of collective Other Post-Employment Benefit amounts reported in the Schedule of Employer Allocations were based on the total employer contributions using the plan's contribution rates and the employer's covered payroll for FY 2025. This total was $138,070,893. The employer contributions of 137,122,280 reported in the VRS Teacher HIC OPEB Program's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects the calculated amount less approximately 948,613 in other employer contributions and adjustments that were not representative of future contribution efforts.

Note 6. Additional Financial and Actuarial Information

Information contained in the VRS Teacher HIC OPEB Program Notes to the Schedule of Employer Allocations and Schedule of Teacher HIC OPEB Program Amounts by Employer (Schedules) was extracted from the audited financial statements of the Virginia Retirement System for the fiscal year ended June 30, 2025. Additional financial information supporting the preparation of the VRS Teacher HIC OPEB Program Schedules (including the financial statements and the unmodified audit opinion thereon, and required supplementary information) is presented in the separately issued VRS 2025 Annual Report. A copy of the 2025 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/publications/?category=annual, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.