



Virginia
Retirement
System

**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, 2020

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Auditor of Public Accounts

Commonwealth of Virginia

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P.O. Box 1295
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August 13, 2021

Board of Trustees
Virginia Retirement System
1200 E. Main Street
Richmond, VA 23219

INDEPENDENT AUDITOR'S REPORT

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the Virginia Retirement System Teacher Health Insurance Credit (HIC) Plan, as of and for the year ended June 30, 2020, 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, 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 schedule of deferred outflows and deferred inflows of resources by employer of the Virginia Retirement System Teacher Health Insurance Credit Plan, as of and for the year ended June 30, 2020, and the related notes.

Management's Responsibility for the Schedule

The Virginia Retirement System's management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of net HIC OPEB liability and total HIC OPEB

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expense and the schedule of deferred outflows and deferred inflows of resources by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of net HIC OPEB liability and total HIC OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of net HIC OPEB liability and total HIC OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of net HIC OPEB liability and total HIC OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and the specified column totals included in the schedule of net HIC OPEB liability and total HIC OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Virginia Retirement System management, as well as evaluating the overall presentation of the schedule of employer allocations and the specified column totals included in the schedule of net HIC OPEB liability and total HIC OPEB expense and the schedule of deferred outflows and deferred inflows of resources by employer.

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and 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 Health Insurance Credit Plan as of and for the year ended June 30, 2020, 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, 2020, and our report thereon, dated December 15, 2020, 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 Health Insurance Credit 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, 2020

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40100	Accomack County School Board	\$ 345,158	0.32809%
40101	Albemarle County Schools	1,224,100	1.16358%
40102	Alleghany County School Board	138,831	0.13197%
40103	Amelia County School Board	103,777	0.09865%
40104	Amherst County School Board	298,991	0.28421%
40105	Appomattox County School Board	141,085	0.13411%
40106	Arlington Public Schools	3,874,720	3.68316%
40107	Augusta County School Board	735,673	0.69930%
40108	Bath County School Board	55,453	0.05271%
40109	Bedford County School Board	644,449	0.61259%
40110	Bland County School Board	43,579	0.04142%
40111	Botetourt County Schools	342,691	0.32575%
40112	Brunswick County Public Schools	112,059	0.10652%
40113	Buchanan County School Board	164,109	0.15600%
40114	Buckingham County School Board	136,666	0.12991%
40115	Campbell County School Board	503,498	0.47861%
40116	Caroline County School Board	259,437	0.24661%
40117	Carroll County School Board	261,752	0.24881%
40118	Charles City County School Board	50,134	0.04766%
40119	Charlotte County School Board	135,898	0.12918%
40120	Chesterfield County School Board	3,881,627	3.68972%
40121	Clarke County School Board	156,260	0.14853%
40122	Craig County School Board	45,072	0.04284%
40123	Culpeper County School Board	567,665	0.53960%
40124	Cumberland County School Board	102,359	0.09730%
40125	Dickenson County School Board	121,602	0.11559%
40126	Dinwiddie County School Board	297,785	0.28306%
40128	Essex County Public Schools	93,859	0.08922%
40129	Fairfax County School Board	19,517,590	18.55265%
40130	Fauquier County School Board	945,274	0.89854%
40131	Floyd County School Board	134,547	0.12790%
40132	Fluvanna County Public Schools	301,810	0.28689%
40133	Franklin County Public Schools	517,927	0.49232%
40134	Frederick County School Board	1,150,520	1.09364%

Virginia Retirement System
Health Insurance Credit Plan - Teachers
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2020

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40135	Giles County Schools	159,483	0.15160%
40136	Gloucester County School Board	393,506	0.37405%
40137	Goochland County School Board	198,405	0.18860%
40138	Grayson County School Board	112,978	0.10739%
40139	Greene County Public Schools	215,244	0.20460%
40140	Greensville County School Board	164,800	0.15665%
40141	Halifax County School Board	332,151	0.31573%
40142	Hanover County School Board	1,282,959	1.21953%
40143	Henrico County School Board	3,513,433	3.33973%
40144	Henry County Public Schools	469,099	0.44591%
40145	Highland County Public Schools	22,506	0.02139%
40146	Isle of Wight County Schools	389,938	0.37066%
40148	King George County School Board	300,609	0.28575%
40149	King & Queen County School Board	57,966	0.05510%
40150	King William County School Board	150,273	0.14284%
40151	Lancaster County Public Schools	89,700	0.08527%
40152	Lee County School Board	236,832	0.22512%
40153	Loudoun County School Board	8,415,034	7.99900%
40154	Louisa County Public Schools	370,248	0.35194%
40155	Lunenburg County School Board	107,988	0.10265%
40156	Madison County School Board	122,577	0.11652%
40157	Mathews County School Board	91,712	0.08718%
40158	Mecklenburg County School Board	300,977	0.28610%
40159	Middlesex County School Board	110,248	0.10480%
40160	Montgomery County School Board	695,393	0.66101%
40162	Nelson County Public Schools	141,269	0.13428%
40163	New Kent County School Board	216,133	0.20545%
40165	Northampton County Schools	116,140	0.11040%
40166	Northumberland County School Board	102,046	0.09700%
40167	Nottoway County School Board	136,125	0.12940%
40168	Orange County Public Schools	332,807	0.31635%
40169	Page County Public Schools	223,459	0.21241%
40170	Patrick County School Board	154,838	0.14718%
40171	Pittsylvania County School Board	549,854	0.52267%
40172	Powhatan County School Board	302,210	0.28727%

Virginia Retirement System
Health Insurance Credit Plan - Teachers
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2020

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40173	Prince Edward County School Board	140,816	0.13385%
40174	Prince George County School Board	412,882	0.39247%
40176	Prince William County School Board	7,137,097	6.78424%
40177	Pulaski County School Board	261,098	0.24819%
40178	Rappahannock County School Board	71,948	0.06839%
40179	Richmond County School Board	86,833	0.08254%
40180	Roanoke County School Board	964,531	0.91684%
40181	Rockbridge County School Board	213,181	0.20264%
40182	Rockingham County School Board	836,299	0.79495%
40183	Russell County School Board	234,902	0.22329%
40184	Scott County School Board	254,943	0.24234%
40185	Shenandoah County School Board	463,656	0.44073%
40186	Smyth County School Board	275,349	0.26174%
40187	Southampton County School Board	165,609	0.15742%
40188	Spotsylvania County School Board	1,654,659	1.57285%
40189	Stafford County School Board	2,064,533	1.96246%
40190	Surry County Schools	89,069	0.08467%
40191	Sussex County School Board	99,289	0.09438%
40192	Tazewell County Schools	302,692	0.28773%
40193	Warren County School Board	380,674	0.36185%
40195	Washington County School Board	440,188	0.41843%
40196	Westmoreland County School Board	123,747	0.11763%
40197	Wise County School Board	344,218	0.32720%
40198	Wythe County School Board	257,079	0.24437%
40199	York County School Board	892,376	0.84826%
40200	Alexandria City School Board	1,966,591	1.86936%
40201	Bristol City School Board	157,267	0.14949%
40202	Buena Vista City Schools	63,968	0.06081%
40203	Charlottesville Public Schools	508,293	0.48316%
40205	Danville City Schools	448,191	0.42603%
40206	Fredericksburg City Schools	292,279	0.27783%
40207	Hampton City Schools	1,353,905	1.28697%
40208	Harrisonburg City School Board	526,753	0.50071%
40209	Hopewell City School Board	324,418	0.30838%
40210	Lynchburg Public Schools	677,764	0.64426%

Virginia Retirement System
Health Insurance Credit Plan - Teachers
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2020

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40211	Newport News Public Schools	2,004,244	1.90515%
40212	Norfolk Public Schools	2,569,407	2.44238%
40213	Petersburg City Schools	304,614	0.28955%
40214	Portsmouth School Board	1,026,736	0.97597%
40215	Radford City School Board	110,529	0.10506%
40216	Richmond Public Schools	1,983,284	1.88523%
40217	Roanoke City School Board	1,021,360	0.97086%
40219	Staunton City Schools	216,602	0.20589%
40220	Suffolk City School Board	993,676	0.94455%
40222	Winchester Public Schools	373,332	0.35487%
40223	Martinsville City Schools	139,552	0.13265%
40224	Falls Church Public Schools	343,062	0.32610%
40225	Colonial Heights City Schools	239,657	0.22781%
40230	Covington City School Board	67,696	0.06435%
40231	Fairfax City School Board	1,171	0.00111%
40232	Franklin City Public Schools	76,055	0.07229%
40233	Chesapeake Public Schools	3,025,386	2.87581%
40234	Virginia Beach City School Board	5,132,992	4.87922%
40236	Manassas Park City Schools	282,994	0.26900%
40306	Town of West Point School Board	68,797	0.06540%
40307	Lexington City School Board	38,840	0.03692%
40308	Waynesboro Public Schools	221,248	0.21031%
40309	Town of Colonial Beach Schools	45,157	0.04292%
40313	Galax City Schools	88,831	0.08444%
40314	Norton City Schools	44,527	0.04233%
40332	Manassas City Schools	693,945	0.65964%
40335	City of Salem Schools	284,584	0.27051%
40402	Williamsburg-James City County School Board	905,336	0.86058%
40403	Poquoson City Public Schools	146,239	0.13901%
40410	Valley Vocational Technical Center	25,039	0.02380%
40412	Charlottesville/Albemarle Vo-Tech Center	15,202	0.01445%
40414	Jackson River Technical Center	7,343	0.00698%
40415	New Horizons Technical Center	109,247	0.10385%
40416	Northern Neck Regional Vocational Center	14,891	0.01415%
40417	Rowanty Vocational Technical Center	10,495	0.00998%

Virginia Retirement System
Health Insurance Credit Plan - Teachers
Schedule of Employer Allocations
For the Plan Year Ended and Measurement Date of June 30, 2020

Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40418	Amelia-Nottoway Vocational Center	3,130	0.00298%
40421	Northern Neck Regional Special Education Program	10,381	0.00987%
40423	Maggie Walker Governor's School for Govt & Intl Studies	52,884	0.05027%
40424	Appomattox Region Governor's School	24,701	0.02348%
40425	Bridging Communities Regional Career and Tech Center	5,949	0.00565%
Total for all Teacher Employers		\$ 105,201,109	100.00000%

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
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer Code	Employer	Net HIC OPEB Liability 6/30/2020	Total HIC OPEB Expense 2020
40100	Accomack County School Board	\$ 4,279,988	\$ 330,400
40101	Albemarle County Schools	15,179,094	1,319,378
40102	Alleghany County School Board	1,721,571	102,961
40103	Amelia County School Board	1,286,905	90,058
40104	Amherst County School Board	3,707,566	263,814
40105	Appomattox County School Board	1,749,487	142,154
40106	Arlington Public Schools	48,047,430	4,190,242
40107	Augusta County School Board	9,122,484	707,332
40108	Bath County School Board	687,610	44,447
40109	Bedford County School Board	7,991,338	630,476
40110	Bland County School Board	540,331	32,219
40111	Botetourt County Schools	4,249,462	318,892
40112	Brunswick County Public Schools	1,389,571	84,060
40113	Buchanan County School Board	2,035,045	107,178
40114	Buckingham County School Board	1,694,697	122,568
40115	Campbell County School Board	6,243,546	494,180
40116	Caroline County School Board	3,217,068	246,696
40117	Carroll County School Board	3,245,767	237,710
40118	Charles City County School Board	621,732	31,635
40119	Charlotte County School Board	1,685,175	112,154
40120	Chesterfield County School Board	48,133,006	4,044,351
40121	Clarke County School Board	1,937,598	152,337
40122	Craig County School Board	558,855	40,729
40123	Culpeper County School Board	7,039,171	558,434
40124	Cumberland County School Board	1,269,294	96,925
40125	Dickenson County School Board	1,507,891	84,917
40126	Dinwiddie County School Board	3,692,564	291,667
40128	Essex County Public Schools	1,163,889	65,546
40129	Fairfax County School Board	242,022,384	20,992,885
40130	Fauquier County School Board	11,721,602	892,660
40131	Floyd County School Board	1,668,477	128,048

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer		Net HIC OPEB Liability 6/30/2020	Total HIC OPEB Expense 2020
Code	Employer		
40132	Fluvanna County Public Schools	3,742,527	275,323
40133	Franklin County Public Schools	6,422,396	492,517
40134	Frederick County School Board	14,266,715	1,161,327
40135	Giles County Schools	1,977,647	155,191
40136	Gloucester County School Board	4,879,544	408,325
40137	Goochland County School Board	2,460,318	203,894
40138	Grayson County School Board	1,400,921	110,923
40139	Greene County Public Schools	2,669,041	196,979
40140	Greensville County School Board	2,043,525	162,696
40141	Halifax County School Board	4,118,750	247,870
40142	Hanover County School Board	15,908,970	1,233,579
40143	Henrico County School Board	43,567,329	3,657,975
40144	Henry County Public Schools	5,816,970	455,271
40145	Highland County Public Schools	279,036	19,733
40146	Isle of Wight County Schools	4,835,321	398,696
40148	King George County School Board	3,727,656	341,012
40149	King & Queen County School Board	718,789	57,456
40150	King William County School Board	1,863,372	136,900
40151	Lancaster County Public Schools	1,112,361	70,846
40152	Lee County School Board	2,936,727	230,065
40153	Loudoun County School Board	104,348,276	10,984,557
40154	Louisa County Public Schools	4,591,115	388,832
40155	Lunenburg County School Board	1,339,086	102,581
40156	Madison County School Board	1,520,023	110,594
40157	Mathews County School Board	1,137,277	99,746
40158	Mecklenburg County School Board	3,732,222	300,624
40159	Middlesex County School Board	1,367,133	130,968
40160	Montgomery County School Board	8,622,985	780,063
40162	Nelson County Public Schools	1,751,705	121,011
40163	New Kent County School Board	2,680,129	236,318
40165	Northampton County Schools	1,440,187	105,097
40166	Northumberland County School Board	1,265,381	101,654

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer		Net	Total
Code	Employer	HIC OPEB	HIC OPEB
		Liability	Expense
		6/30/2020	2020
40167	Nottoway County School Board	1,688,044	113,765
40168	Orange County Public Schools	4,126,838	297,928
40169	Page County Public Schools	2,770,924	182,331
40170	Patrick County School Board	1,919,987	118,993
40171	Pittsylvania County School Board	6,818,316	555,703
40172	Powhatan County School Board	3,747,484	282,650
40173	Prince Edward County School Board	1,746,095	108,736
40174	Prince George County School Board	5,119,836	374,049
40176	Prince William County School Board	88,501,531	7,780,380
40177	Pulaski County School Board	3,237,679	210,678
40178	Rappahannock County School Board	892,159	64,515
40179	Richmond County School Board	1,076,748	88,490
40180	Roanoke County School Board	11,960,329	932,913
40181	Rockbridge County School Board	2,643,472	213,263
40182	Rockingham County School Board	10,370,255	802,835
40183	Russell County School Board	2,912,854	221,035
40184	Scott County School Board	3,161,365	246,654
40185	Shenandoah County School Board	5,749,395	470,232
40186	Smyth County School Board	3,414,442	222,874
40187	Southampton County School Board	2,053,570	157,070
40188	Spotsylvania County School Board	20,518,088	1,603,234
40189	Stafford County School Board	25,600,615	2,246,296
40190	Surry County Schools	1,104,534	63,326
40191	Sussex County School Board	1,231,203	89,455
40192	Tazewell County Schools	3,753,485	209,346
40193	Warren County School Board	4,720,393	381,243
40195	Washington County School Board	5,458,488	387,322
40196	Westmoreland County School Board	1,534,503	131,569
40197	Wise County School Board	4,268,378	282,069
40198	Wythe County School Board	3,187,847	223,111
40199	York County School Board	11,065,692	876,970
40200	Alexandria City School Board	24,386,110	2,040,600

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer Code	Employer	Net HIC OPEB Liability 6/30/2020	Total HIC OPEB Expense 2020
40201	Bristol City School Board	1,950,122	142,607
40202	Buena Vista City Schools	793,276	52,021
40203	Charlottesville Public Schools	6,302,902	521,999
40205	Danville City Schools	5,557,631	479,793
40206	Fredericksburg City Schools	3,624,339	279,213
40207	Hampton City Schools	16,788,736	1,202,277
40208	Harrisonburg City School Board	6,531,844	612,806
40209	Hopewell City School Board	4,022,868	340,042
40210	Lynchburg Public Schools	8,404,478	549,734
40211	Newport News Public Schools	24,852,997	1,816,304
40212	Norfolk Public Schools	31,861,250	1,998,454
40213	Petersburg City Schools	3,777,227	278,079
40214	Portsmouth School Board	12,731,690	935,126
40215	Radford City School Board	1,370,526	108,444
40216	Richmond Public Schools	24,593,137	1,733,682
40217	Roanoke City School Board	12,665,029	980,568
40219	Staunton City Schools	2,685,869	196,944
40220	Suffolk City School Board	12,321,811	981,350
40222	Winchester Public Schools	4,629,337	342,365
40223	Martinsville City Schools	1,730,441	109,143
40224	Falls Church Public Schools	4,254,029	353,791
40225	Colonial Heights City Schools	2,971,820	224,081
40230	Covington City School Board	839,456	62,600
40231	Fairfax City School Board	14,480	1,074
40232	Franklin City Public Schools	943,035	29,832
40233	Chesapeake Public Schools	37,515,416	3,122,608
40234	Virginia Beach City School Board	63,650,230	4,834,775
40236	Manassas Park City Schools	3,509,150	273,806
40306	Town of West Point School Board	853,154	73,936
40307	Lexington City School Board	481,628	43,774
40308	Waynesboro Public Schools	2,743,528	195,721
40309	Town of Colonial Beach Schools	559,898	42,994

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
Schedule of Net HIC OPEB Liability and Total HIC OPEB Expense
As of the Measurement Date and For the Plan Year Ended June 30, 2020

Employer Code	Employer	Net HIC OPEB Liability 6/30/2020	Total HIC OPEB Expense 2020
40313	Galax City Schools	1,101,534	78,067
40314	Norton City Schools	552,202	32,736
40332	Manassas City Schools	8,605,113	607,821
40335	City of Salem Schools	3,528,848	274,262
40402	Williamsburg-James City County School Board	11,226,409	909,203
40403	Poquoson City Public Schools	1,813,409	138,564
40410	Valley Vocational Technical Center	310,475	22,887
40412	Charlottesville/Albemarle Vo-Tech Center	188,502	16,757
40414	Jackson River Technical Center	91,055	969
40415	New Horizons Technical Center	1,354,741	113,649
40416	Northern Neck Regional Vocational Center	184,589	14,062
40417	Rowanty Vocational Technical Center	130,191	11,632
40418	Amelia-Nottoway Vocational Center	38,875	3,730
40421	Northern Neck Regional Special Education Program	128,756	10,826
40423	Maggie Walker Governor's School for Govt & Intl Studies	655,781	45,380
40424	Appomattox Region Governor's School	306,301	25,769
40425	Bridging Communities Regional Career and Tech Center	73,705	5,675
Total for all Teacher Employers		\$ 1,304,516,511	\$ 107,647,243

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
As of the Measurement Date of June 30, 2020

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan	Change of Assumptions	Changes in Proportionate Share	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan	Change of Assumptions	Changes in Proportionate Share	Total Deferred Inflows of Resources
40100	Accomack County School Board	\$ —	\$ 18,967	\$ 84,609	\$ 33,278	\$ 136,854	\$ 57,157	\$ —	\$ 23,385	\$ 184,576	\$ 265,118
40101	Albemarle County Schools	—	67,268	300,069	360,163	727,500	202,711	—	82,934	—	285,645
40102	Alleghany County School Board	—	7,629	34,033	—	41,662	22,990	—	9,406	187,365	219,761
40103	Amelia County School Board	—	5,703	25,440	16,574	47,717	17,186	—	7,031	99,082	123,299
40104	Amherst County School Board	—	16,430	73,293	37,618	127,341	49,513	—	20,257	198,148	267,918
40105	Appomattox County School Board	—	7,753	34,585	30,784	73,122	23,364	—	9,559	59,357	92,280
40106	Arlington Public Schools	—	212,927	949,830	1,223,664	2,386,421	641,653	—	262,517	442,065	1,346,235
40107	Augusta County School Board	—	40,427	180,339	47,022	267,788	121,826	—	49,843	300,174	471,843
40108	Bath County School Board	—	3,047	13,593	—	16,640	9,183	—	3,757	63,740	76,680
40109	Bedford County School Board	—	35,414	157,977	74,142	267,533	106,720	—	43,662	196,527	346,909
40110	Bland County School Board	—	2,395	10,682	3,220	16,297	7,217	—	2,952	67,016	77,185
40111	Botetourt County Schools	—	18,832	84,006	—	102,838	56,750	—	23,218	152,430	232,398
40112	Brunswick County Public Schools	—	6,158	27,470	—	33,628	18,558	—	7,592	151,275	177,425
40113	Buchanan County School Board	—	9,019	40,230	—	49,249	27,178	—	11,119	288,618	326,915

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Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows 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	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	Total Deferred Inflows of Resources
40114	Buckingham County School Board	—	7,510	33,502	20,376	61,388	22,633	—	9,259	91,773	123,665
40115	Campbell County School Board	—	27,669	123,426	48,944	200,039	83,380	—	34,113	105,452	222,945
40116	Caroline County School Board	—	14,257	63,597	27,054	104,908	42,963	—	17,577	158,215	218,755
40117	Carroll County School Board	—	14,384	64,164	36,072	114,620	43,345	—	17,734	211,251	272,330
40118	Charles City County School Board	—	2,755	12,291	—	15,046	8,303	—	3,397	106,393	118,093
40119	Charlotte County School Board	—	7,468	33,314	—	40,782	22,505	—	9,207	139,270	170,982
40120	Chesterfield County School Board	—	213,306	951,522	748,246	1,913,074	642,795	—	262,985	632,850	1,538,630
40121	Clarke County School Board	—	8,587	38,304	6,952	53,843	25,877	—	10,586	48,905	85,368
40122	Craig County School Board	—	2,477	11,048	1,456	14,981	7,464	—	3,053	23,149	33,666
40123	Culpeper County School Board	—	31,195	139,154	—	170,349	94,005	—	38,460	126,161	258,626
40124	Cumberland County School Board	—	5,625	25,092	21,384	52,101	16,950	—	6,935	51,399	75,284
40125	Dickenson County School Board	—	6,682	29,809	25,526	62,017	20,136	—	8,239	179,495	207,870
40126	Dinwiddie County School Board	—	16,364	72,997	42,814	132,175	49,313	—	20,175	111,232	180,720
40128	Essex County Public Schools	—	5,158	23,008	—	28,166	15,543	—	6,359	150,687	172,589
40129	Fairfax County School Board	—	1,072,548	4,784,444	5,081,496	10,938,488	3,232,106	—	1,322,342	—	4,554,448

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Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows 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	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	Total Deferred Inflows of Resources
40130	Fauquier County School Board	—	51,945	231,720	—	283,665	156,537	—	64,043	320,651	541,231
40131	Floyd County School Board	—	7,394	32,983	32,004	72,381	22,282	—	9,116	82,920	114,318
40132	Fluvanna County Public Schools	—	16,585	73,984	4,866	95,435	49,979	—	20,448	175,994	246,421
40133	Franklin County Public Schools	—	28,461	126,962	129,640	285,063	85,768	—	35,090	416,847	537,705
40134	Frederick County School Board	—	63,224	282,033	200,138	545,395	190,526	—	77,949	255,835	524,310
40135	Giles County Schools	—	8,764	39,095	21,534	69,393	26,411	—	10,805	58,457	95,673
40136	Gloucester County School Board	—	21,624	96,462	97,112	215,198	65,165	—	26,660	77,854	169,679
40137	Goochland County School Board	—	10,903	48,637	26,111	85,651	32,857	—	13,442	21,725	68,024
40138	Grayson County School Board	—	6,208	27,694	56,856	90,758	18,708	—	7,654	82,448	108,810
40139	Greene County Public Schools	—	11,828	52,763	—	64,591	35,643	—	14,583	134,815	185,041
40140	Greensville County School Board	—	9,056	40,398	34,756	84,210	27,291	—	11,165	70,599	109,055
40141	Halifax County School Board	—	18,253	81,422	—	99,675	55,004	—	22,504	445,700	523,208
40142	Hanover County School Board	—	70,502	314,498	—	385,000	212,457	—	86,922	435,227	734,606
40143	Henrico County School Board	—	193,073	861,265	561,265	1,615,603	581,824	—	238,039	124,316	944,179
40144	Henry County Public Schools	—	25,778	114,993	—	140,771	77,682	—	31,782	125,985	235,449

Virginia Retirement System
VRS Teacher Health Insurance Credit Plan
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Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows 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	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	Total Deferred Inflows of Resources
40145	Highland County Public Schools	—	1,237	5,516	5,154	11,907	3,727	—	1,525	27,974	33,226
40146	Isle of Wight County Schools	—	21,428	95,587	43,637	160,652	64,572	—	26,419	28,986	119,977
40148	King George County School Board	—	16,519	73,690	169,860	260,069	49,780	—	20,367	44,488	114,635
40149	King & Queen County School Board	—	3,185	14,209	4,170	21,564	9,598	—	3,927	15,738	29,263
40150	King William County School Board	—	8,258	36,836	—	45,094	24,885	—	10,181	85,470	120,536
40151	Lancaster County Public Schools	—	4,930	21,990	2,576	29,496	14,855	—	6,078	127,741	148,674
40152	Lee County School Board	—	13,014	58,055	47,363	118,432	39,219	—	16,045	109,713	164,977
40153	Loudoun County School Board	—	462,429	2,062,818	12,586,438	15,111,685	1,393,526	—	570,128	—	1,963,654
40154	Louisa County Public Schools	—	20,346	90,760	118,728	229,834	61,312	—	25,085	66,366	152,763
40155	Lunenburg County School Board	—	5,934	26,472	67,651	100,057	17,883	—	7,316	67,634	92,833
40156	Madison County School Board	—	6,736	30,049	13,526	50,311	20,300	—	8,305	108,242	136,847
40157	Mathews County School Board	—	5,040	22,482	97,515	125,037	15,187	—	6,214	43,329	64,730
40158	Mecklenburg County School Board	—	16,540	73,781	150,594	240,915	49,842	—	20,392	146,110	216,344
40159	Middlesex County School Board	—	6,059	27,026	124,281	157,366	18,258	—	7,470	29,870	55,598
40160	Montgomery County School Board	—	38,214	170,464	418,176	626,854	115,157	—	47,113	34,303	196,573

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Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows 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	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	Total Deferred Inflows of Resources
40162	Nelson County Public Schools	—	7,763	34,629	4,866	47,258	23,393	—	9,571	133,569	166,533
40163	New Kent County School Board	—	11,877	52,982	75,580	140,439	35,792	—	14,643	—	50,435
40165	Northampton County Schools	—	6,382	28,470	—	34,852	19,232	—	7,869	72,493	99,594
40166	Northumberland County School Board	—	5,608	25,015	30,874	61,497	16,899	—	6,914	56,808	80,621
40167	Nottoway County School Board	—	7,481	33,370	—	40,851	22,544	—	9,223	133,497	165,264
40168	Orange County Public Schools	—	18,288	81,582	—	99,870	55,112	—	22,548	215,741	293,401
40169	Page County Public Schools	—	12,280	54,777	—	67,057	37,004	—	15,140	240,666	292,810
40170	Patrick County School Board	—	8,509	37,955	—	46,464	25,641	—	10,490	210,531	246,662
40171	Pittsylvania County School Board	—	30,216	134,788	165,440	330,444	91,056	—	37,253	241,003	369,312
40172	Powhatan County School Board	—	16,607	74,082	6,142	96,831	50,045	—	20,475	139,945	210,465
40173	Prince Edward County School Board	—	7,738	34,518	10,426	52,682	23,318	—	9,540	192,701	225,559
40174	Prince George County School Board	—	22,689	101,212	27,093	150,994	68,373	—	27,973	243,963	340,309
40176	Prince William County School Board	—	392,203	1,749,550	3,026,213	5,167,966	1,181,900	—	483,546	638,805	2,304,251
40177	Pulaski County School Board	—	14,348	64,004	—	78,352	43,237	—	17,690	297,911	358,838
40178	Rappahannock County School Board	—	3,954	17,637	—	21,591	11,916	—	4,874	42,969	59,759

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Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows 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	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	Total Deferred Inflows of Resources
40179	Richmond County School Board	—	4,772	21,286	24,054	50,112	14,380	—	5,883	26,334	46,597
40180	Roanoke County School Board	—	53,003	236,439	149,438	438,880	159,724	—	65,348	505,975	731,047
40181	Rockbridge County School Board	—	11,715	52,258	33,074	97,047	35,303	—	14,443	59,657	109,403
40182	Rockingham County School Board	—	45,957	205,005	52,830	303,792	138,490	—	56,660	343,511	538,661
40183	Russell County School Board	—	12,909	57,583	27,989	98,481	38,900	—	15,915	107,479	162,294
40184	Scott County School Board	—	14,010	62,496	1,932	78,438	42,219	—	17,273	76,007	135,499
40185	Shenandoah County School Board	—	25,479	113,657	149,213	288,349	76,780	—	31,413	151,374	259,567
40186	Smyth County School Board	—	15,131	67,499	—	82,630	45,598	—	18,656	282,166	346,420
40187	Southampton County School Board	—	9,101	40,596	—	49,697	27,425	—	11,220	68,627	107,272
40188	Spotsylvania County School Board	—	90,928	405,614	143,825	640,367	274,010	—	112,105	495,382	881,497
40189	Stafford County School Board	—	113,452	506,088	953,716	1,573,256	341,886	—	139,874	229,390	711,150
40190	Surry County Schools	—	4,895	21,835	—	26,730	14,751	—	6,035	160,852	181,638
40191	Sussex County School Board	—	5,456	24,339	5,560	35,355	16,442	—	6,727	59,841	83,010
40192	Tazewell County Schools	—	16,634	74,201	—	90,835	50,126	—	20,508	501,625	572,259
40193	Warren County School Board	—	20,919	93,316	18,787	133,022	63,039	—	25,791	66,680	155,510

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Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows 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	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	Total Deferred Inflows of Resources
40195	Washington County School Board	—	24,190	107,907	—	132,097	72,896	—	29,824	314,883	417,603
40196	Westmoreland County School Board	—	6,800	30,335	93,907	131,042	20,493	—	8,384	84,727	113,604
40197	Wise County School Board	—	18,916	84,380	101,774	205,070	57,003	—	23,321	382,897	463,221
40198	Wythe County School Board	—	14,127	63,019	—	77,146	42,572	—	17,417	205,373	265,362
40199	York County School Board	—	49,039	218,753	110,548	378,340	147,778	—	60,460	220,480	428,718
40200	Alexandria City School Board	—	108,069	482,079	296,521	886,669	325,665	—	133,239	172,161	631,065
40201	Bristol City School Board	—	8,642	38,551	25,862	73,055	26,043	—	10,655	99,271	135,969
40202	Buena Vista City Schools	—	3,515	15,682	—	19,197	10,594	—	4,334	67,485	82,413
40203	Charlottesville Public Schools	—	27,932	124,599	15,893	168,424	84,172	—	34,437	4,170	122,779
40205	Danville City Schools	—	24,629	109,867	366,462	500,958	74,220	—	30,365	183,348	287,933
40206	Fredericksburg City Schools	—	16,062	71,648	—	87,710	48,402	—	19,802	110,304	178,508
40207	Hampton City Schools	—	74,401	331,890	—	406,291	224,206	—	91,729	961,449	1,277,384
40208	Harrisonburg City School Board	—	28,946	129,125	332,532	490,603	87,229	—	35,688	—	122,917
40209	Hopewell City School Board	—	17,828	79,526	93,943	191,297	53,723	—	21,980	76,288	151,991
40210	Lynchburg Public Schools	—	37,245	166,145	—	203,390	112,237	—	45,920	727,805	885,962

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		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	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	Total Deferred Inflows of Resources
40211	Newport News Public Schools	—	110,138	491,309	—	601,447	331,901	—	135,789	1,275,553	1,743,243
40212	Norfolk Public Schools	—	141,196	629,852	—	771,048	425,493	—	174,081	3,055,950	3,655,524
40213	Petersburg City Schools	—	16,739	74,670	68,999	160,408	50,442	—	20,638	167,072	238,152
40214	Portsmouth School Board	—	56,422	251,688	—	308,110	170,027	—	69,562	523,113	762,702
40215	Radford City School Board	—	6,074	27,093	19,968	53,135	18,303	—	7,488	55,200	80,991
40216	Richmond Public Schools	—	108,987	486,172	357,988	953,147	328,431	—	134,370	2,157,720	2,620,521
40217	Roanoke City School Board	—	56,126	250,370	9,018	315,514	169,136	—	69,198	365,366	603,700
40219	Staunton City Schools	—	11,903	53,096	—	64,999	35,869	—	14,675	120,445	170,989
40220	Suffolk City School Board	—	54,605	243,585	373,593	671,783	164,553	—	67,323	566,914	798,790
40222	Winchester Public Schools	—	20,515	91,515	5,598	117,628	61,823	—	25,293	191,336	278,452
40223	Martinsville City Schools	—	7,669	34,208	—	41,877	23,109	—	9,455	181,038	213,602
40224	Falls Church Public Schools	—	18,852	84,096	123,886	226,834	56,810	—	23,243	104,125	184,178
40225	Colonial Heights City Schools	—	13,170	58,749	—	71,919	39,688	—	16,237	107,767	163,692
40230	Covington City School Board	—	3,720	16,595	19,324	39,639	11,210	—	4,587	61,252	77,049
40231	Fairfax City School Board	—	64	286	—	350	193	—	79	698	970

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		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	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	Total Deferred Inflows of Resources
40232	Franklin City Public Schools	—	4,179	18,642	—	22,821	12,594	—	5,152	250,202	267,948
40233	Chesapeake Public Schools	—	166,253	741,627	370,571	1,278,451	501,003	—	204,973	182,975	888,951
40234	Virginia Beach City School Board	—	282,072	1,258,275	—	1,540,347	850,022	—	347,766	2,226,913	3,424,701
40236	Manassas Park City Schools	—	15,551	69,371	37,148	122,070	46,864	—	19,173	90,859	156,896
40306	Town of West Point School Board	—	3,781	16,866	28,986	49,633	11,395	—	4,661	26,807	42,863
40307	Lexington City School Board	—	2,134	9,521	20,226	31,881	6,432	—	2,631	—	9,063
40308	Waynesboro Public Schools	—	12,158	54,236	—	66,394	36,639	—	14,990	170,472	222,101
40309	Town of Colonial Beach Schools	—	2,481	11,068	7,086	20,635	7,476	—	3,059	27,126	37,661
40313	Galax City Schools	—	4,882	21,776	—	26,658	14,712	—	6,018	66,864	87,594
40314	Norton City Schools	—	2,447	10,916	6,045	19,408	7,374	—	3,017	63,451	73,842
40332	Manassas City Schools	—	38,134	170,111	156,111	364,356	114,917	—	47,016	635,682	797,615
40335	City of Salem Schools	—	15,638	69,760	18,074	103,472	47,125	—	19,281	107,726	174,132
40402	Williamsburg-James City County School Board	—	49,751	221,930	122,187	393,868	149,924	—	61,338	174,419	385,681
40403	Poquoson City Public Schools	—	8,036	35,849	—	43,885	24,218	—	9,908	59,482	93,608
40410	Valley Vocational Technical Center	—	1,376	6,138	1,324	8,838	4,147	—	1,696	14,230	20,073

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As of the Measurement Date of June 30, 2020

Employer Code	Employer	Deferred Outflows of Resources					Deferred Inflows 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	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	Total Deferred Inflows of Resources
40412	Charlottesville/Albemarle Vo-Tech Center	—	835	3,726	23,823	28,384	2,516	—	1,030	16,682	20,228
40414	Jackson River Technical Center	—	404	1,800	3,476	5,680	1,216	—	497	28,521	30,234
40415	New Horizons Technical Center	—	6,004	26,781	40,196	72,981	18,092	—	7,402	45,482	70,976
40416	Northern Neck Regional Vocational Center	—	818	3,649	2,449	6,916	2,465	—	1,009	5,798	9,272
40417	Rowanty Vocational Technical Center	—	577	2,574	15,190	18,341	1,739	—	711	7,646	10,096
40418	Amelia-Nottoway Vocational Center	—	172	768	5,198	6,138	519	—	212	2,687	3,418
40421	Northern Neck Regional Special Education Program	—	571	2,545	5,356	8,472	1,721	—	703	6,386	8,810
40423	Maggie Walker Governor's School for Govt & Intl Studies	—	2,906	12,964	2,086	17,956	8,758	—	3,583	53,205	65,546
40424	Appomattox Region Governor's School	—	1,357	6,055	25,457	32,869	4,090	—	1,674	15,326	21,090
40425	Bridging Communities Regional Career and Tech Center	—	327	1,457	6,256	8,040	984	—	403	10,274	11,661
Total for all Teacher Employers		\$ —	\$ 5,781,090	\$ 25,788,450	\$ 31,120,849	\$ 62,690,389	\$ 17,421,257	\$ —	\$ 7,127,496	\$ 31,120,849	\$ 55,669,602

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, 2020

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 a *Comprehensive Annual 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 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500. The pension and other employee benefit trust funds administered by the 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

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 year 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, 2020 was 1.20% 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, 2017. 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, 2019, 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, 2020.

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*

* 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 assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of the OPEB liabilities.

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. 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)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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, 2020, NOL amounts for the VRS Teacher Health Insurance Credit Program are as follows (amounts expressed in thousands):

Total Teacher HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher HIC Net OPEB Liability (Asset)	\$	<u>1,304,516</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher HIC OPEB Liability 9.95 %

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, 2020, 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 100% of the actuarially determined contribution rate. From July 1, 2020 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	Arithmetic	Weighted Average
	Asset Allocation	Long-Term Expected Rate of Return	Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP- Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

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%)	\$	1,460,270
Net Teacher HIC OPEB Liability – Current Discount Rate (6.75%)	\$	1,304,514
Net Teacher HIC OPEB Liability – 1.00% Increase (7.75%)	\$	1,172,137

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, 2020. The average remaining service lives of all employees provided with health insurance credit benefits through the VRS Teacher HIC OPEB Plan at June 30, 2020, was 7.38 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, 2022. 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, 2021	\$815,774
Measurement Period Ending June 30, 2022	\$1,388,774
Measurement Period Ending June 30, 2023	\$1,196,772
Measurement Period Ending June 30, 2024	\$1,781,798
Measurement Period Ending June 30, 2025	\$2,054,639
Thereafter	\$(216,970)

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 2020. This total was \$105,201,109. The employer contributions of \$105,208,641 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 plus approximately \$7,532 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, 2020. 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 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.