

Required Supplementary Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds**

Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	General Fund			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 13,230,100	\$ 12,913,800	\$ 13,052,887	\$ 139,087
Sales and Use	3,885,910	3,752,210	3,720,552	(31,658)
Corporation Income	765,200	794,200	826,961	32,761
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	419,000	407,000	395,733	(11,267)
Deeds, Contracts, Wills, and Suits	397,900	398,600	403,459	4,859
Premiums of Insurance Companies	335,600	344,100	340,910	(3,190)
Alcoholic Beverage Sales	211,400	225,500	222,354	(3,146)
Tobacco Products	179,651	176,900	171,198	(5,702)
Estate	-	-	8,202	8,202
Public Service Corporations	98,900	97,800	95,084	(2,716)
Other Taxes	28,737	26,850	31,048	4,198
Rights and Privileges	82,443	100,561	85,919	(14,642)
Sales of Property and Commodities	619	31,533	31,515	(18)
Assessments and Receipts for Support of Special Services	3,050	3,050	4,008	958
Institutional Revenue	45,357	45,508	36,137	(9,371)
Interest, Dividends, and Rents	40,990	62,700	61,130	(1,570)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	222,405	220,005	222,600	2,595
Federal Grants and Contracts	6,300	6,229	6,720	491
Receipts from Cities, Counties, and Towns	15,844	19,173	18,360	(813)
Private Donations, Gifts and Contracts	240	235	476	241
Tobacco Master Settlement	47,482	48,000	49,019	1,019
Other	179,292	190,034	235,237	45,203
Total Revenues	20,196,420	19,863,988	20,019,509	155,521
Expenditures:				
Current:				
General Government	2,550,041	2,474,935	2,388,305	86,630
Education	8,572,548	8,503,248	8,450,900	52,348
Transportation	58	263	236	27
Resources and Economic Development	481,718	494,179	445,102	49,077
Individual and Family Services	6,462,785	6,589,797	6,551,237	38,560
Administration of Justice	2,751,777	2,763,740	2,740,411	23,329
Capital Outlay	83,866	101,151	44,488	56,663
Total Expenditures	20,902,793	20,927,313	20,620,679	306,634
Revenues Over (Under) Expenditures	(706,373)	(1,063,325)	(601,170)	462,155
Other Financing Sources (Uses):				
Transfers:				
Transfers In	779,032	878,536	904,255	25,719
Transfers Out	(459,029)	(440,560)	(441,670)	(1,110)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	320,003	437,976	462,585	24,609
Revenues and Other Sources Over (Under)	(386,370)	(625,349)	(138,585)	486,764
Fund Balance, July 1	1,478,445	1,478,445	1,478,445	-
Fund Balance, June 30	\$ 1,092,075	\$ 853,096	\$ 1,339,860	\$ 486,764

See notes on page 187 in this section.

Commonwealth Transportation Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final/Actual Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -
1,445,500	1,399,641	1,377,684	(21,957)
-	-	-	-
1,043,660	991,952	962,010	(29,942)
927,200	937,975	947,700	9,725
-	-	-	-
90,300	98,900	98,460	(440)
163,142	163,142	163,142	-
-	-	-	-
-	-	-	-
-	-	-	-
71,600	73,275	75,224	1,949
507,334	519,886	613,620	93,734
-	556	10,609	10,053
19,926	14,779	14,274	(505)
-	-	-	-
16,204	15,805	26,381	10,576
7,120	7,058	14,224	7,166
1,062,934	1,260,697	1,126,701	(133,996)
241,201	203,557	220,604	17,047
25	25	15,971	15,946
-	-	-	-
28,034	31,758	71,890	40,132
<u>5,624,180</u>	<u>5,719,006</u>	<u>5,738,494</u>	<u>19,488</u>
84,723	84,736	54,941	29,795
1,067	2,573	2,573	-
6,124,702	6,555,258	5,677,101	878,157
15,057	15,479	15,189	290
-	-	-	-
9,882	9,882	9,882	-
68,071	137,025	41,323	95,702
<u>6,303,502</u>	<u>6,804,953</u>	<u>5,801,009</u>	<u>1,003,944</u>
<u>(679,322)</u>	<u>(1,085,947)</u>	<u>(62,515)</u>	<u>1,023,432</u>
1,000	1,000	37,870	36,870
(233,046)	(234,143)	(229,972)	4,171
316,930	316,930	316,930	-
64,902	64,902	64,902	-
149,786	148,689	189,730	41,041
(529,536)	(937,258)	127,215	1,064,473
<u>1,960,301</u>	<u>1,960,301</u>	<u>1,960,301</u>	<u>-</u>
<u>\$ 1,430,765</u>	<u>\$ 1,023,043</u>	<u>\$ 2,087,516</u>	<u>\$ 1,064,473</u>

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**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds (Continued from previous page)**

Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

	Federal Trust			Final/Actual Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ -	\$ -	\$ -	\$ -
Sales and Use	-	-	-	-
Corporation Income	-	-	-	-
Motor Fuel	-	-	-	-
Motor Vehicle Sales and Use	-	-	-	-
Communications Sales and Use	-	-	-	-
Deeds, Contracts, Wills, and Suits	-	-	-	-
Premiums of Insurance Companies	-	-	-	-
Alcoholic Beverage Sales	-	-	-	-
Tobacco Products	-	-	-	-
Estate	-	-	-	-
Public Service Corporations	-	-	-	-
Other Taxes	-	-	-	-
Rights and Privileges	-	-	1	1
Sales of Property and Commodities	534	-	459	459
Assessments and Receipts for Support of Special Services	-	-	-	-
Institutional Revenue	-	-	-	-
Interest, Dividends, and Rents	6,400	5,936	603	(5,333)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	2,351	3,662	7,749	4,087
Federal Grants and Contracts	7,890,631	8,235,663	9,009,058	773,395
Receipts from Cities, Counties, and Towns	-	-	-	-
Private Donations, Gifts and Contracts	-	-	-	-
Tobacco Master Settlement	-	-	-	-
Other	159,406	199,893	168,724	(31,169)
Total Revenues	8,059,322	8,445,154	9,186,594	741,440
Expenditures:				
Current:				
General Government	159,392	167,856	147,401	20,455
Education	948,551	1,060,925	1,081,765	(20,840)
Transportation	34,532	29,185	16,362	12,823
Resources and Economic Development	182,236	200,272	150,855	49,417
Individual and Family Services	6,648,409	6,823,858	7,671,119	(847,261)
Administration of Justice	51,384	80,788	59,001	21,787
Capital Outlay	26,436	73,862	21,060	52,802
Total Expenditures	8,050,940	8,436,746	9,147,563	(710,817)
Revenues Over (Under) Expenditures	8,382	8,408	39,031	30,623
Other Financing Sources (Uses):				
Transfers:				
Transfers In	-	-	12,423	12,423
Transfers Out	(8,382)	(8,408)	(51,454)	(43,046)
Bonds Issued	-	-	-	-
Premium on Debt Issuance	-	-	-	-
Total Other Financing Sources (Uses)	(8,382)	(8,408)	(39,031)	(30,623)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-	-
Fund Balance, July 1	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

See notes on page 187 in this section.

Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2017, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison Budgetary Basis to GAAP Basis			
<i>(Dollars in Thousands)</i>			
	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 1,339,860	\$ 2,087,516	\$ -
Adjustments from Budget to Modified Accrual:			
Accrued Revenues:			
Taxes	606,362	133,910	-
Tax Refunds	(419,506)	-	-
Other Revenue/Other Sources	69,982	84,936	742,645
Medicaid Payable	(449,468)	-	(438,876)
Accrued Expenditures/Other Uses	(648,799)	(319,282)	(158,984)
Fund Balance, Modified Accrual Basis	<u>\$ 498,431</u>	<u>\$ 1,987,080</u>	<u>\$ 144,785</u>

- As discussed in Note 1.E., the Literary Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2017, except the Literary Fund which has no approved budget.

<i>(Dollars in Thousands)</i>			
	General Fund (10)	Commonwealth Transportation Fund	Federal Trust Fund (11)
Appropriations (1)	\$ 20,902,793	\$ 6,303,502	\$ 8,050,940
Supplemental Appropriations:			
Reappropriations (2)	234,804	95,011	60,212
Subsequent Executive (3)	76,949	220,403	269,245
Subsequent Legislative (4)	(137,909)	121,666	112,290
Capital Outlay and Operating Reversions (5)	(8,435)	-	(2,154)
Deficit (6)	2,172	-	-
Transfers (7)	(1,847)	74,636	(26,170)
Capital Outlay Adjustment (8)	(141,214)	(26,056)	(27,617)
Debt Service Adjustment (9)	-	15,791	-
Appropriations, as adjusted	<u>\$ 20,927,313</u>	<u>\$ 6,804,953</u>	<u>\$ 8,436,746</u>

- Represents the budget appropriated through Chapter 780, 2016 Acts of Assembly, as amended by Chapter 836, 2017 Acts of Assembly.
- Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
- Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
- Actions taken by the Governor and the General Assembly to adjust the budget.
- Represents reversions of unexpended capital outlay and operating balances.
- Represents additional appropriations authorized subsequent to the 2017 General Assembly Session for legal expenses.
- Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately \$1.6 billion (General Fund) and \$7.3 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
- Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
- The Commonwealth Transportation Fund appropriations have been adjusted for debt service.
- Budgetary reductions totaling \$5.1 million are excluded since they were not available for disbursement during the current fiscal year.
- Appropriations do not include food stamp issuances of \$1.1 billion since this is a noncash item; however, this amount is included in actual expenditures.

Schedule of Changes in Employers' Net Pension Liability (1) (2) (3)

Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

Change in the Net Pension Liability	VRS State			VRS Teacher		
	2017	2016	2015	2017	2016	2015
Total pension liability:						
Service cost	\$ 369,779	\$ 375,149	\$ 369,120	\$ 828,856	\$ 828,901	\$ 831,501
Interest	1,533,764	1,482,951	1,436,064	2,931,065	2,834,138	2,722,788
Benefit changes	-	-	-	-	-	-
Difference between actual and expected experience	(245,642)	59,923	-	(391,881)	(212,089)	-
Assumption changes	-	-	-	-	-	-
Benefit payments	(1,195,198)	(1,136,102)	(1,081,866)	(2,081,069)	(1,980,353)	(1,874,636)
Refunds of contributions	(25,240)	(27,724)	(25,036)	(35,067)	(36,058)	(36,103)
Net change in total pension liability	437,463	754,197	698,282	1,251,904	1,434,539	1,643,550
Total pension liability - beginning	22,521,130	21,766,933	21,068,651	42,930,422	41,495,883	39,852,333
Total pension liability - ending (a)	\$ 22,958,593	\$ 22,521,130	\$ 21,766,933	\$ 44,182,326	\$ 42,930,422	\$ 41,495,883
Plan fiduciary net position:						
Contributions - employer	\$ 722,617	\$ 480,657	\$ 343,259	\$ 1,062,338	\$ 1,267,250	\$ 853,634
Contributions - member	200,184	195,582	198,035	380,314	373,525	371,241
Net investment income	277,166	728,083	2,243,999	516,704	1,327,047	4,042,441
Benefit payments	(1,195,198)	(1,136,102)	(1,081,866)	(2,081,069)	(1,980,353)	(1,874,636)
Refunds of contributions	(25,240)	(27,724)	(25,036)	(35,067)	(36,058)	(36,103)
Administrative expense	(10,140)	(10,302)	(12,341)	(18,859)	(18,238)	(22,036)
Other	(122)	(154)	123	(222)	(284)	217
Net change in plan fiduciary net position	(30,733)	230,040	1,666,173	(175,861)	932,889	3,334,758
Plan fiduciary net position - beginning	16,398,575	16,168,535	14,502,362	30,344,072	29,411,183	26,076,425
Plan fiduciary net position - ending (b)	\$ 16,367,842	\$ 16,398,575	\$ 16,168,535	\$ 30,168,211	\$ 30,344,072	\$ 29,411,183
Net pension liability - ending (a-b)	\$ 6,590,751	\$ 6,122,555	\$ 5,598,398	\$ 14,014,115	\$ 12,586,350	\$ 12,084,700
Plan fiduciary net position as a percentage of the total pension liability (b/a)	71.3%	72.8%	74.3%	68.3%	70.7%	70.9%
Covered payroll (c)	\$ 3,977,759	\$ 3,878,632	\$ 3,861,712	\$ 7,624,612	\$ 7,434,932	\$ 7,313,025
Net pension liability as a percentage of covered payroll ((a-b)/c)	165.7%	157.9%	145.0%	183.8%	169.3%	165.2%

- (1) The Commonwealth implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective for the fiscal year ended June 30, 2015, therefore, ten years of data is unavailable.
- (2) The Commonwealth's fiscal year 2017 net pension measurement date is June 30, 2016, as reported in Note 15.
- (3) Effective for fiscal year 2017, the Commonwealth is not including the current year plan data. Accordingly, there are no changes to the above schedule from the prior year.

See notes on page 194 in this section.

VRS Political Subdivisions			SPORS		
2017	2016	2015	2017	2016	2015
\$ 535,322	\$ 530,945	\$ 524,758	\$ 18,700	\$ 18,847	\$ 18,341
1,362,892	1,309,484	1,243,386	72,618	70,350	67,978
2,053	1,135	-	-	-	-
(87,268)	(185,419)	-	(14,711)	(2,890)	-
-	-	-	-	-	-
(893,585)	(819,201)	(754,706)	(53,515)	(53,338)	(50,467)
(37,380)	(36,898)	(36,876)	(584)	(375)	(685)
882,034	800,046	976,562	22,508	32,594	35,167
19,935,054	19,135,008	18,158,446	1,064,450	1,031,856	996,689
<u>\$ 20,817,088</u>	<u>\$ 19,935,054</u>	<u>\$ 19,135,008</u>	<u>\$ 1,086,958</u>	<u>\$ 1,064,450</u>	<u>\$ 1,031,856</u>
\$ 543,947	\$ 533,877	\$ 539,366	\$ 33,655	\$ 28,427	\$ 42,683
231,934	227,060	225,555	5,759	5,680	5,646
300,995	761,164	2,272,284	12,634	32,466	98,682
(893,585)	(819,201)	(754,706)	(53,515)	(53,338)	(50,467)
(37,380)	(36,898)	(36,876)	(584)	(375)	(685)
(10,696)	(10,358)	(12,153)	(590)	(471)	(431)
(130)	(162)	120	(23)	(27)	-
135,085	655,482	2,233,590	(2,664)	12,362	95,428
17,283,021	16,627,539	14,393,949	733,352	720,990	625,562
<u>\$ 17,418,106</u>	<u>\$ 17,283,021</u>	<u>\$ 16,627,539</u>	<u>\$ 730,688</u>	<u>\$ 733,352</u>	<u>\$ 720,990</u>
<u>\$ 3,398,982</u>	<u>\$ 2,652,033</u>	<u>\$ 2,507,469</u>	<u>\$ 356,270</u>	<u>\$ 331,098</u>	<u>\$ 310,866</u>
83.7%	86.7%	86.9%	67.2%	68.9%	69.9%
\$ 4,628,806	\$ 4,513,335	\$ 4,434,764	\$ 114,395	\$ 110,059	\$ 112,010
73.4%	58.8%	56.5%	311.4%	300.8%	277.5%

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Schedule of Changes in Employers' Net Pension Liability (1) (2) (3) (Continued from previous page)

Fiscal Year Ended June 30, 2017

(Dollars in Thousands)

Change in the Net Pension Liability	VaLORS			JRS		
	2017	2016	2015	2017	2016	2015
Total pension liability:						
Service cost	\$ 45,608	\$ 47,531	\$ 46,504	\$ 21,978	\$ 23,254	\$ 24,024
Interest	129,756	124,579	119,040	42,820	41,759	40,013
Benefit changes	-	-	-	(15,552)	-	-
Difference between actual and expected experience	4,997	(4,849)	-	(18,681)	(9,107)	-
Assumption changes	-	-	-	-	-	-
Benefit payments	(92,270)	(84,990)	(78,412)	(41,341)	(40,205)	(37,984)
Refunds of contributions	(4,524)	(4,797)	(4,665)	-	-	-
Net change in total pension liability	83,567	77,474	82,467	(10,776)	15,701	26,053
Total pension liability - beginning	<u>1,902,051</u>	<u>1,824,577</u>	<u>1,742,110</u>	<u>632,381</u>	<u>616,680</u>	<u>590,627</u>
Total pension liability - ending (a)	<u>\$ 1,985,618</u>	<u>\$ 1,902,051</u>	<u>\$ 1,824,577</u>	<u>\$ 621,605</u>	<u>\$ 632,381</u>	<u>\$ 616,680</u>
Plan fiduciary net position:						
Contributions - employer	\$ 79,392	\$ 62,084	\$ 67,483	\$ 41,502	\$ 31,503	\$ 27,727
Contributions - member	17,574	17,081	17,908	3,236	3,015	3,051
Net investment income	20,899	52,312	156,786	8,112	20,051	60,833
Benefit payments	(92,270)	(84,990)	(78,412)	(41,341)	(40,205)	(37,984)
Refunds of contributions	(4,524)	(4,797)	(4,665)	-	-	-
Administrative expense	(940)	(743)	(681)	(363)	(283)	(268)
Other	(38)	(44)	-	(15)	(17)	-
Net change in plan fiduciary net position	20,093	40,903	158,419	11,131	14,064	53,359
Plan fiduciary net position - beginning	<u>1,191,353</u>	<u>1,150,450</u>	<u>992,031</u>	<u>456,258</u>	<u>442,194</u>	<u>388,835</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,211,446</u>	<u>\$ 1,191,353</u>	<u>\$ 1,150,450</u>	<u>\$ 467,389</u>	<u>\$ 456,258</u>	<u>\$ 442,194</u>
Net pension liability - ending (a-b)	<u>\$ 774,172</u>	<u>\$ 710,698</u>	<u>\$ 674,127</u>	<u>\$ 154,216</u>	<u>\$ 176,123</u>	<u>\$ 174,486</u>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	61.0%	62.6%	63.1%	75.2%	72.1%	71.7%
Covered payroll (c)	\$ 345,504	\$ 338,562	\$ 352,492	\$ 66,621	\$ 61,092	\$ 61,020
Net pension liability as a percentage of covered payroll ((a-b)/c)	224.1%	209.9%	191.2%	231.5%	288.3%	285.9%



Schedule of Employer Contributions – Pension Plans (1)

(Dollars in Thousands)

<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contributions Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
VIRGINIA RETIREMENT SYSTEM (VRS) – STATE					
2017	\$ 542,418	\$ 542,418	\$ -	\$ 4,020,893	13.49%
2016	628,486	557,160	71,326	3,977,759	14.01%
2015	612,824	478,235	134,589	3,878,632	12.33%
2014	504,726	338,286	166,440	3,861,712	8.76%
2013	485,577	325,452	160,125	3,715,205	8.76%
2012	309,930	117,696	192,234	3,663,475	3.21%
2011	294,363	74,113	220,250	3,479,484	2.13%
2010	285,209	176,751	108,458	3,556,222	4.97%
2009	290,653	225,782	64,871	3,624,109	6.23%
2008	260,965	218,954	42,011	3,560,228	6.15%
VIRGINIA RETIREMENT SYSTEM (VRS) – TEACHER					
2017	\$ 1,287,939	\$ 1,156,935	\$ 131,004	\$ 7,891,783	14.66%
2016	1,344,981	1,072,020	272,961	7,624,612	14.06%
2015	1,353,158	1,078,065	275,093	7,434,932	14.50%
2014	1,226,394	852,699	373,695	7,313,025	11.66%
2013	1,203,856	837,028	366,828	7,178,629	11.66%
2012	903,655	443,078	460,577	6,999,653	6.33%
2011	891,237	271,306	619,931	6,903,465	3.93%
2010	839,550	450,218	389,332	7,090,791	6.35%
2009	845,999	629,497	216,502	7,145,260	8.81%
2008	766,559	706,222	60,337	6,856,523	10.30%
VIRGINIA RETIREMENT SYSTEM (VRS) – POLITICAL SUBDIVISIONS					
2017	\$ 487,067	\$ 487,702	\$ (635)	\$ 4,765,841	10.23%
2016	554,335	549,408	4,927	4,628,806	11.87%
2015	540,859	535,919	4,940	4,513,335	11.87%
2014	551,822	539,131	12,691	4,434,764	12.16%
2013	537,657	525,385	12,272	4,321,565	12.16%
2012	400,879	400,879	-	4,142,150	9.68%
2011	391,531	391,531	-	4,078,580	9.60%
2010	363,982	363,982	-	4,125,087	8.82%
2009	364,366	364,366	-	4,144,638	8.79%
2008	351,469	351,469	-	3,960,566	8.87%

(1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.

See notes on page 194 in this section.

<u>Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contributions Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS)					
2017	\$ 31,792	\$ 31,792	\$ -	\$ 111,395	28.54%
2016	35,211	31,561	3,650	114,395	27.59%
2015	33,876	28,417	5,459	110,059	25.82%
2014	36,538	27,711	8,827	112,010	24.74%
2013	34,535	26,193	8,342	105,872	24.74%
2012	26,250	11,441	14,809	102,701	11.14%
2011	24,570	7,460	17,110	96,128	7.76%
2010	23,791	15,714	8,077	98,757	15.91%
2009	24,241	20,175	4,066	100,626	20.05%
2008	22,941	20,989	1,952	101,106	20.76%
VIRGINIA LAW OFFICERS' RETIREMENT SYSTEM (VaLORS)					
2017	\$ 72,511	\$ 72,511	\$ -	\$ 344,468	21.05%
2016	72,763	65,101	7,662	345,504	18.84%
2015	71,301	59,824	11,477	338,562	17.67%
2014	68,806	52,169	16,637	352,492	14.80%
2013	66,463	50,392	16,071	340,489	14.80%
2012	55,306	24,481	30,825	347,181	7.05%
2011	53,686	17,255	36,431	337,010	5.12%
2010	57,894	39,027	18,867	345,020	11.31%
2009	60,059	50,932	9,127	357,922	14.23%
2008	61,325	55,929	5,396	352,643	15.86%
JUDICIAL RETIREMENT SYSTEM (JRS)					
2017	\$ 28,047	\$ 28,047	\$ -	\$ 66,826	41.97%
2016	37,008	33,291	3,717	66,621	49.97%
2015	35,336	31,560	3,776	61,092	51.66%
2014	33,018	27,728	5,290	61,020	45.44%
2013	32,185	27,028	5,157	59,481	45.44%
2012	27,631	18,907	8,724	59,053	32.02%
2011	28,101	17,303	10,798	60,058	28.81%
2010	23,638	17,065	6,573	62,139	27.46%
2009	23,148	21,000	2,148	60,853	34.51%
2008	23,600	22,386	1,214	58,896	38.01%

Notes for Pension Schedules

	VRS					
	State	Teacher	Political Subdivisions	SPORS	VaLORS	JRS
Valuation Date	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:						
Investment Rate of Return*	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Projected Salary Increases:*						
State Employees/Teachers	3.50% to 5.35%	3.50% to 5.95%	N/A	3.50% to 4.75%	3.50% to 4.75%	4.50%
Political Subdivision – Non-Hazardous Duty Employees	N/A	N/A	3.50% to 5.35%	N/A	N/A	N/A
Political Subdivision – Hazardous Duty Employees	N/A	N/A	3.50% to 4.75%	N/A	N/A	N/A
Post-Retirement Benefits Increases**						
Plan 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plan 2	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

* Includes inflation at 2.50%.

** Compounded annually.

As discussed in Note 15, visit the Virginia Retirement System's website at www.varetire.org to obtain a copy of the individually published financial statements.



Schedule of Funding Progress for Other Postemployment Benefit Plans

(Dollars in Millions)

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
June 30						
Group Life Insurance Fund						
2016	\$ 1,248	\$ 2,974	\$ 1,726	42.0%	\$ 18,322	9.4%
2015	1,129	2,829	1,700	39.9%	17,814	9.5%
2014	992	2,701	1,709	36.7%	17,559	9.7%
2013	837	2,572	1,735	32.5%	17,132	10.1%
2012	756	2,458	1,702	30.7%	16,697	10.2%
2011	852	2,359	1,507	36.1%	16,543	9.1%
2010	929	2,245	1,316	41.4%	16,526	8.0%
2009	967	1,995	1,028	48.5%	16,728	6.1%
2008	975	1,772	797	55.0%	16,267	4.9%
2007	880	1,552	672	56.7%	14,822	4.5%
Retiree Health Insurance Credit Fund						
2016	\$ 179	\$ 2,419	\$ 2,240	7.4%	\$ 15,786	14.2%
2015	174	2,380	2,206	7.3%	15,267	14.4%
2014	162	2,334	2,172	6.9%	14,956	14.5%
2013	139	2,273	2,134	6.1%	14,502	14.7%
2012	130	2,258	2,128	5.8%	14,211	15.0%
2011	213	2,195	1,982	9.7%	14,111	14.0%
2010 (1)	281	2,162	1,881	13.0%	14,220	13.2%
2009 (1)	296	2,007	1,711	14.8%	14,339	11.9%
2008 (1)	264	1,943	1,679	13.6%	13,686	12.3%
2007 (1)	207	1,883	1,676	11.0%	11,935	14.0%
Disability Insurance Trust Fund						
2016	\$ 416	\$ 241	\$ (175)	172.6%	\$ 3,816	(4.6%)
2015	398	235	(163)	169.4%	3,627	(4.5%)
2014	380	239	(141)	159.0%	3,585	(3.9%)
2013	359	228	(131)	157.4%	3,473	(3.8%)
2012	344	303	(41)	113.7%	3,433	(1.2%)
2011	369	296	(73)	124.6%	3,372	(2.2%)
2010 (2)	336	311	(25)	108.0%	3,168	(0.8%)
2009 (2)	290	291	1	99.7%	4,080	-
2008 (2)	314	392	78	79.9%	4,111	1.9%
2007	264	451	187	58.5%	3,909	4.8%

- (1) Data for 2007-2010 has been restated to include the state-funded Retiree Health Insurance Credit benefit for local employees.
- (2) Data for 2008-2010 has been restated to include state-funded Long-term Care program. Prior years were funded by premiums paid to insurance carrier and the insurance carrier was responsible for the liability.
- (3) Contributions into the Other Postemployment Line of Duty Death and Disability Fund are based on the number of participants in the program using a per capita based contribution versus a payroll based contribution.
- (4) 2007 was the first actuarial valuation prepared for Pre-Medicare Retiree Healthcare.
- (5) The Virginia Local Disability Program was new effective January 1, 2014, as part of the Hybrid Retirement for non-state employers.
- (6) The Line of Duty Act Program was established and set up as a trust fund effective July 1, 2010. Contributions into the trust fund will be based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution.

See notes on page 198 in this section.

Actuarial Valuation Date June 30	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll [b-a]/[c]
Virginia Local Disability Program (5)						
2016	\$ -	\$ 1	\$ 1	-	\$ 341	0.3%
2015	-	-	-	-	192	-
2014	-	-	-	-	34	-
Line of Duty Death and Disability (Line of Duty Trust Fund) (6)						
2016	\$ 2	\$ 225	\$ 223	0.9%	N/A	-
2015	-	245	245	-	N/A	-
2014	7	226	219	3.1%	N/A	-
2013	10	204	194	4.9%	N/A	-
2012	6	226	220	2.7%	N/A	-
2011	-	399	399	-	N/A	-
2010 (3)	-	576	576	-	N/A	-
2009	-	373	373	-	N/A	-
2008	3	185	182	1.6%	N/A	-
2007	-	146	146	-	N/A	-
Pre-Medicare Retiree Healthcare						
2016	\$ -	\$ 1,417	\$ 1,417	-	\$ 4,137	34.3%
2015	-	1,309	1,309	-	4,034	32.4%
2014	-	1,342	1,342	-	4,011	33.5%
2013	-	1,262	1,262	-	3,857	32.7%
2012	-	1,351	1,351	-	3,709	36.4%
2011	-	1,269	1,269	-	3,566	35.6%
2010	-	1,298	1,298	-	3,297	39.4%
2009	-	1,218	1,218	-	3,170	38.4%
2007 (4)	-	982	982	-	2,931	33.5%

Notes for Schedule of Funding Progress for Other Postemployment Benefit Plans

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Virginia Local Disability Program	Line of Duty Death and Disability	Pre-Medicare Retiree Healthcare
Valuation Date	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2016	July 1, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Open	Level dollar, Open
Payroll Growth Rate:						
State Employees	3.0%	3.0%	3.0%	N/A	3.0%	3.0%
Teachers	3.0%	3.0%	N/A	3.0%	N/A	N/A
Political Subdivision Employees	3.0%	3.0%	N/A	3.0%	3.0%	N/A
State Police / Virginia Law Officers	3.0%	3.0%	3.0%	N/A	3.0%	3.0%
Judges	3.0%	3.0%	N/A	N/A	N/A	N/A
Effective Amortization Period (1)						
State Employees	27.5 years	27.0 years	24.5 years	N/A	30.0 years	30.0 years
Teachers	27.5 years	26.7 years	N/A	18.7 years	N/A	N/A
Political Subdivision Employees	27.5 years	26.3 years	N/A	19.8 years	30.0 years	N/A
Asset Valuation Method						
State Employees and Teachers	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	5-Year, Smoothed Market	Market Value	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Smoothed Market	Market Value	N/A	5-Year, Smoothed Market	Market Value	Market Value
Actuarial Assumptions:						
Investment Rate of Return (2)	7.0%	7.0%	7.0%	7.0%	4.8%	4.0%
Projected Salary Increases (3)						
State Employees	3.5% to 5.4%	3.5% to 5.4%	3.5% to 5.4%	N/A	N/A	4.0%
Teachers	3.5% to 6.0%	3.5% to 6.0%	N/A	3.5% to 6.0%	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.5% to 5.4%	3.5% to 5.4%	N/A	3.5% to 5.4%	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A	N/A	N/A
State Police / Virginia Law Officers	3.5% to 4.8%	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A	4.0%
Judges	4.5%	4.5%	N/A	N/A	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	N/A	7.8% to 5.0%	
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	N/A	5.8% to 5.0%	
Year of Ultimate Trend Rate	N/A	N/A	N/A	N/A	2023	

- (1) The amortization period of the Unfunded Actuarial Accrued Liability (UAAL) was a closed 30-year period for the June 30, 2013 balance and a closed 20-year period for each subsequent year. The Line of Duty Act Program amortization period is 30 years for the UAAL.
- (2) Includes inflation rate of 2.5 percent. The Line of Duty Act Program uses 4.8 percent for the investment rate of return.
- (3) Projected salary increases for the Retiree Health Insurance Credit Fund are used in the application of the actuarial cost method. Projected salary increase factors are not applicable to the Line of Duty Act Program since neither the benefit nor the cost is salary-based.

Schedule of Employer Contributions – Other Postemployment Benefit Plans (1)

(Dollars in Thousands)

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Statutory Required Contribution</u>	<u>Percentage Contributed</u>
Group Life Insurance Fund				
2017	\$ 241,997	100.0%	\$ 241,997	100.0%
2016	237,558	90.2%	214,162	100.0%
2015	231,283	90.2%	208,505	100.0%
2014	228,086	90.2%	205,623	100.0%
2013	221,622	90.2%	199,796	100.0%
2012	181,527	26.1%	47,293	100.0%
2011	177,378	25.2%	44,744	100.0%
2010	145,228	65.5%	95,185	100.0%
2009	146,545	92.1%	135,019	100.0%
2008	158,740	100.0%	158,740	100.0%
Retiree Health Insurance Credit Fund				
2017	\$ 179,111	94.7%	\$ 169,641	100.0%
2016	165,860	89.9%	149,124	100.0%
2015	161,120	89.9%	144,862	100.0%
2014	150,831	95.1%	143,425	100.0%
2013	145,416	95.1%	138,282	100.0%
2012	138,195	37.5%	51,882	100.0%
2011	133,655	36.5%	48,736	100.0%
2010	148,956	66.7%	99,356	100.0%
2009	150,048	96.6%	144,989	100.0%
2008	147,524	100.0%	147,524	100.0%
Disability Insurance Trust Fund				
2017	\$ 25,077	100.0%	\$ 25,077	100.0%
2016	27,187	90.4%	24,580	100.0%
2015	26,244	90.4%	23,728	100.0%
2014	20,610	81.0%	16,701	100.0%
2013	21,032	81.0%	17,043	100.0%
2012	30,285	3.6%	1,096	100.0%
2011	28,646	-	-	100.0%
2010	76,530	40.3%	30,861	100.0%
2009	78,120	91.3%	71,344	100.0%
2008	97,975	80.0%	78,380	100.0%
Line of Duty Death and Disability (Line of Duty Trust Fund) (2)				
2017	\$ 23,503	45.9%	\$ 10,785	100.0%
2016	23,328	41.8%	9,756	100.0%
2015	23,847	41.8%	9,974	100.0%
2014	22,103	47.0%	10,381	100.0%
2013	21,895	42.7%	9,341	100.0%
2012	25,033	33.3%	8,323	100.0%
2011	-	-	-	-
2010	16,901	53.8%	9,084	100.0%
2009	16,523	51.5%	8,511	100.0%
2008	9,786	102.5%	10,026	100.0%
Pre-Medicare Retiree Healthcare				
2017	\$ 228,735	18.9%	\$ -	-
2016	214,114	20.1%	-	-
2015	207,046	17.0%	-	-
2014	198,873	17.3%	-	-
2013	182,970	8.5%	-	-
2012	172,910	21.2%	-	-
2011	166,984	17.8%	-	-
2010	136,710	17.4%	-	-
2009	131,925	23.3%	-	-
2008	127,426	25.2%	-	-

- (1) Contributions made by employers were not in all cases in accordance with the actuarially determined Annual Required Contribution (ARC), but they did meet statutory requirements.
- (2) Line of Duty Death and Disability became a cost sharing plan effective July 1, 2010. Accordingly, the net OPEB obligation at the beginning of the transition period has been reduced to zero.

Claims Development Information – Risk Management

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2008	2009	2010	2011
1. Required contribution and investment revenue:				
Earned	\$ 6,759	\$ 6,197	\$ 5,485	\$ 4,131
Ceded (a)	-	-	-	-
Net earned	6,759	6,197	5,485	4,131
2. Unallocated expenses	1,307	1,272	1,269	1,310
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	3,330	3,681	3,404	3,213
Ceded (a)	-	-	-	-
Net incurred	3,330	3,681	3,404	3,213
4. Net paid (cumulative) as of:				
End of policy year	493	300	412	396
One year later	1,697	1,858	2,236	1,940
Two years later	3,476	2,690	5,237	3,943
Three years later	3,753	3,679	6,744	4,317
Four years later	3,834	3,867	7,013	4,380
Five years later	5,065	3,928	7,653	4,392
Six years later	5,084	3,928	7,937	4,401
Seven years later	5,140	3,930	7,951	
Eight years later	5,164	3,930		
Nine years later	5,906			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	3,330	3,681	3,404	3,213
One year later	3,928	3,742	6,096	3,919
Two years later	5,420	3,943	8,428	4,523
Three years later	5,309	4,721	8,640	4,570
Four years later	5,094	4,555	8,692	4,474
Five years later	6,065	4,000	7,894	4,444
Six years later	5,768	3,936	8,108	4,456
Seven years later	5,968	3,936	7,978	
Eight years later	6,691	3,936		
Nine years later	6,373			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	3,043	255	4,574	1,243

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 204 in this section.

	2012	2013	2014	2015	2016	2017
\$	5,019	\$ 5,043	\$ 8,500	\$ 8,487	\$ 8,733	\$ 13,213
	-	-	-	-	-	-
	5,019	5,043	8,500	8,487	8,733	13,213
	1,382	1,273	1,435	1,331	1,357	1,460
	5,390	3,394	4,025	4,664	6,893	4,235
	-	-	-	-	-	-
	5,390	3,394	4,025	4,664	6,893	4,235
	1,677	335	367	922	1,206	836
	4,468	3,401	3,210	3,270	4,680	
	7,554	8,118	4,291	5,844		
	8,137	8,278	5,002			
	8,991	7,702				
	9,034					
	-	-	-	-	-	-
	5,390	3,394	4,025	4,664	6,893	4,235
	8,704	9,397	6,454	6,775	10,307	
	9,107	9,939	6,979	8,961		
	9,727	10,333	8,045			
	9,368	8,213				
	9,307					
	3,917	4,819	4,020	4,297	3,414	-

Claims Development Information – Health Care

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2008	2009	2010	2011
1. Required contribution and investment revenue:				
Earned	\$ 211,034	\$ 222,498	\$ 240,305	\$ 246,730
Ceded (a)	-	-	-	-
Net earned	211,034	222,498	240,305	246,730
2. Unallocated expenses	16,215	16,400	15,936	15,849
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	185,117	214,411	215,376	213,694
Ceded (a)	-	-	-	-
Net incurred	185,117	214,411	215,376	213,694
4. Net paid (cumulative) as of:				
End of policy year	181,566	204,655	214,371	209,365
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	-	-	-	-
6. Reestimated incurred claims and expenses:				
End of policy year	185,117	214,411	215,376	213,694
One year later	185,117	214,411	215,376	213,694
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	-	-	-	-

The Commonwealth, through its Department of Human Resource Management, provides health care insurance for local governmental units, which went into effect in fiscal year 1987.

See Notes on page 204 in this section.

	2012	2013	2014	2015	2016	2017
\$	259,135	\$ 284,526	\$ 320,678	\$ 343,470	\$ 392,778	\$ 430,247
	-	-	-	-	-	-
	259,135	284,526	320,678	343,470	392,778	430,247
	16,701	18,781	17,738	22,748	25,422	26,650
	250,019	277,455	290,557	327,154	386,227	419,841
	-	-	-	-	-	-
	250,019	277,455	290,557	327,154	386,227	419,841
	235,058	267,256	291,711	329,099	379,376	417,869
	N/A	N/A	N/A	N/A	N/A	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-
	250,019	277,455	290,557	327,154	386,227	419,841
	250,019	277,455	290,557	327,154	N/A	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	-	-	-	-	-	-

Notes for Claims Development Information Tables

The tables on the previous four pages illustrate how the Risk Management and Health Care Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the funds, including overhead and claims expense not allocable to individual claims.
3. This line shows the funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Notes:

- (a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.