State Teachers Retirement System

Administered by

The West Virginia Consolidated Public Retirement Board

2018

Audited Schedules of Employer Allocations and Pension Amounts by Employer





State Teachers Retirement System

Audited Schedules of Employer Allocations and Pension Amounts By Employer

As of and for the Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of the West Virginia Consolidated Public Retirement Board Charleston, West Virginia

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the State Teachers Retirement System (TRS), administered by the West Virginia Consolidated Public Retirement Board, as of and for the year ended June 30, 2018, and the related notes. We have also audited the total for all entities of the columns titled net pension asset (liability), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals) included in the accompanying schedule of pension amounts by employer of the TRS as of and for the year ended June 30, 2018, and the related notes.

Management's Responsibility for the Schedules

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

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts 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 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 pension amounts by employer are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts 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 specified column totals included in the schedule of pension amounts 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 specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension asset (liability), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions for the total of all participating entities for the State Teachers Retirement System, as of and for the year ended June 30, 2018, 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, the financial statements of the West Virginia Consolidated Public Retirement Board as of and for the year ended June 30, 2018, and our report thereon dated October 15, 2018, expressed an unmodified opinion on those financial statements.

Restrictions on Use

Our report is intended solely for the information and use of the West Virginia Consolidated Public Retirement Board, the State Teachers Retirement System's participating employers and their auditors and is not intended to be used by anyone other than these specified parties.

Charleston, West Virginia

Suttle + Stalnaker, PUC

April 11, 2019

Schedule of Employer Allocations For the Year Ended June 30, 2018

		St	tate Payment Made		Employer
	Employer		"On Behalf" of	Total Employer	Allocation
Employer	Contributions		Employers	Contributions	Percentage
Barbour County Board of Education	\$ 91,307	\$	5,768	\$ 97,075	0.020574%
Berkeley County Board of Education	2,128,375		134,460	2,262,835	0.479580%
Boone County Board of Education	15,642		988	16,630	0.003525%
Braxton County Board of Education	118,410		7,481	125,891	0.026681%
Brooke County Board of Education	374,823		23,679	398,502	0.084458%
Cabell County Board of Education	1,126,701		71,179	1,197,880	0.253876%
Calhoun County Board of Education	57,012		3,602	60,614	0.012846%
Clay County Board of Education	135,128 293,778		8,537	143,665	0.030448%
Doddridge County Board of Education Fayette County Board of Education	460,921		18,559 29,119	312,337 490,040	0.066196%
Gilmer County Board of Education	53,818		3,400	57,218	0.103858% 0.012127%
Grant County Board of Education Grant County Board of Education	101,376		6,404	107,780	0.01212776
Greenbrier County Board of Education	439,243		27,749	466,992	0.098973%
Hampshire County Board of Education	105,950		6,693	112,643	0.023873%
Hancock County Board of Education	371,981		23,500	395,481	0.083817%
Hardy County Board of Education	26,378		1,667	28,045	0.005944%
Harrison County Board of Education	1,445,594		91,325	1,536,919	0.325731%
Jackson County Board of Education	389,441		24,603	414,044	0.087751%
Jefferson County Board of Education	880,777		55,643	936,420	0.198463%
Kanawha County Board of Education	1,679,726		106,116	1,785,842	0.378487%
Lewis County Board of Education	166,593		10,525	177,118	0.037538%
Lincoln County Board of Education	214,372		13,543	227,915	0.048304%
Logan County Board of Education	399,390		25,231	424,621	0.089993%
Marion County Board of Education	794,493		50,192	844,685	0.179021%
Marshall County Board of Education	960,303		60,667	1,020,970	0.216382%
Mason County Board of Education	279,136		17,634	296,770	0.062897%
McDowell County Board of Education Mercer County Board of Education	307,992		19,457 39,320	327,449 661,715	0.069399% 0.140242%
Mineral County Board of Education Mineral County Board of Education	622,395 370,887		23,431	394,318	0.083571%
Mingo County Board of Education	238,194		15,048	253,242	0.053672%
Monongalia County Board of Education	1,442,250		91,114	1,533,364	0.324977%
Monroe County Board of Education	116,727		7,374	124,101	0.026302%
Morgan County Board of Education	180,102		11,378	191,480	0.040582%
Nicholas County Board of Education	228,705		14,448	243,153	0.051533%
Ohio County Board of Education	666,637		42,115	708,752	0.150211%
Pendleton County Board of Education	18,799		1,188	19,987	0.004236%
Pleasants County Board of Education	199,721		12,617	212,338	0.045002%
Pocahontas County Board of Education	51,727		3,268	54,995	0.011656%
Preston County Board of Education	78,623		4,967	83,590	0.017716%
Putnam County Board of Education	912,366		57,638	970,004	0.205580%
Raleigh County Board of Education	769,270		48,598	817,868	0.173337%
Randolph County Board of Education	194,269		12,273 10,700	206,542	0.043774%
Ritchie County Board of Education Roane County Board of Education	169,377 63,578		4,017	180,077 67,595	0.038165% 0.014326%
Summers County Board of Education	16,610		1,049	17,659	0.003743%
Taylor County Board of Education	150,309		9,496	159,805	0.033869%
Tucker County Board of Education	25,102		1,586	26,688	0.005656%
Tyler County Board of Education	151,755		9,587	161,342	0.034194%
Upshur County Board of Education	180,153		11,381	191,534	0.040593%
Wayne County Board of Education	350,136		22,120	372,256	0.078895%
Webster County Board of Education	106,343		6,718	113,061	0.023962%
Wetzel County Board of Education	542,474		34,271	576,745	0.122234%
Wirt County Board of Education	42,431		2,681	45,112	0.009561%
Wood County Board of Education	1,087,602		68,709	1,156,311	0.245066%
Wyoming County Board of Education	224,485		14,182	238,667	0.050583%
Bluefield State College	53,896		3,405	57,301	0.012144%
River Valley Child Development Services	21,144		1,336	22,480	0.004764%
Concord University Fairmont State University	70,058 87,101		4,426 5,503	74,484 92,604	0.015786%
Glenville State College	133,576		8,439	142,015	0.019626% 0.030098%
Marshall University Research Corp	24,334		1,537	25,871	0.005483%
Marshall University	329,787		20,834	350,621	0.074310%
Shepherd University	33,914		2,143	36,057	0.007642%
West Liberty University	50,416		3,185	53,601	0.011360%
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Schedule of Employer Allocations For the Year Ended June 30, 2018

	Employer	State Payment Made "On Behalf" of	Total Employer	Employer Allocation
<u>Employer</u>	Contributions	Employers	Contributions	Percentage
West Virginia School for the Deaf and Blind	570,479	36,040	606,519	0.128544%
West Virginia State University	102,179	6,455	108,634	0.023024%
West Virginia University	883,545	55,818	939,363	0.199086%
Southern West Virginia Community & Technical College	61,912	3,911	65,823	0.013950%
West Virginia Northern Community College	28,228	1,783	30,011	0.006360%
West Virginia Network	13,576	858	14,434	0.003059%
Blue Ridge Community and Technical College	9,831	621	10,452	0.002215%
Pierpont Community & Technical College	7,377	466	7,843	0.001662%
Mountwest Community and Technical College	4,962	313	5,275	0.001118%
New River Community and Technical College	12,693	802	13,495	0.002860%
West Virginia University at Parkersburg	10,577	668	11,245	0.002383%
West Virginia Council for Community & Technical College Education	10,438	659	11,097	0.002352%
West Virginia Department of Education	2,179,491	137,689	2,317,180	0.491098%
Bridge Valley Community & Technical College	14,025	886	14,911	0.003160%
West Virginia Higher Education Policy Commission	44,722	2,825	47,547	0.010077%
State of WV Special Funding - SAF	96,207,630	6,077,903	102,285,533	21.678150%
State of WV Special Funding - ARC Contributions	320,214,422	20,229,500	340,443,922	<u>72.152866%</u>
	\$ 443,800,000	\$ 28,037,000	\$ 471,837,000	100.000000%

STATE TEACHERS RETIREMENT SYSTEM Schedule of Pension Amounts by Employer As of and for the Year Ended June 39, 2018

ions	Total Employer Pension Expense Excluding That Attributable to Employer-Paid Member Contributions	103,717	2,128,191	(1,042,761)	12	234,229	1,0/8,/40	(16,947)	371,427	45,526	116,399	221.644	90,630	170,339	53,788	134,992	685,435	1,011,088	76,870	322,464	251,842	838,955	(183,234)	(59,386)	68,434	1,039,854	96,950	91,979	472,706	(63,153)	50.135	(103,266)	402,463	(170,933)	98,362	(40,474)	58,318	33,849	34.542	177,454	1,215	/83,458 (3,093)	353,566	(285,873)	4,882	(105,468)	(100,835) (73,031)
Employer-Paid Member Contributions	Net Amortization of Defered of Defered Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share Proportionate Share	55,401 \$	1,001,950	(1,051,039)	(62,645)	35,889	482,540	(88,451)	215,973	(198,373)	87,920	(10,783)	34,567	(26,496)	39,829	(71,082)	219,366	122,253	(11,284)	111,125	(168,569)	330,806	(346,210)	(388,729)	(127,823)	276,681	35,183	(3,323)	119,952	(73,101)	26,002	(144,870)	(80,319)	(273,731)	8,736	(74,117)	(21,220)	20,567	(72,889)	(7,822)	(55,057)	496,405 (25,546)	(221,945)	(404,662)	(6,306)	(142,540)	(146,925) (143,713)
Employ	Proportionate Share of Allocable Pension Expense	\$ 48,316 \$	1,126,241	8,278	62,657	198,340	30,167	71,504	155,454	243,899	28,479	232,427	56,063	196,835	13,959	206,074	466,069	888,835	88,154	211,339	420,411	508,149	147,707	329,343	196,257	763,173	61,767	95,302	352,754	9,948	27.373	41,604	482,782	102,798	89,626	33,643	79,538	13,282	80,301	185,276	56,272	22,453	575,511	118,789	11,188	37,072	46,090 70,682
	Total Deferred Inflows of Resources		(1,821,213)	(4,360,493)	(286,182)	(647,660)	(1,064,883)	(230,018)	(149,273)	(1,134,275)	(134,158)	(1.235,018)	(838,312)	(640,127)	(384,054)	(1,563,634)	(2,413,952)	(8,679,353)	(742,733)	(1,265,002)	(1,127,952)	(632,229)	(1,759,724)	(2,701,537)	(927,482)	(1,219,260)	(196,519)	(212,743)	(943,316)	(369,953)	(8/4,102)	(1,034,381)	(1,258,945)	(972,642)	(308,086)	(365,726)	(433,935)	(221,904)	(523,462)	(1,969,979)	(235,810)	(183,859)	(2,282,030)	(2,026,244)	(44,075)	(623,782)	(413,312) (670,630)
Deferred Inflows of Resources	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share Proportionate Share		(739,755)	(4,352,544)	(226,016)	(457,206)	(492,390)	(5/9,6/5)		(900,074)	(106,811)	(1.011.832)	(784,478)	(451,119)	(370,650)	(1,365,755)	(1,966,416)	(7,825,861)	(658,085)	(1,062,067)	(724,258)	(144,286)	(823,282)	(2,385,289)	(739,029)	(049,000)	(137,207)	(121,230)	(604,589)	(360,401)	(772,622)	(994,431)	(795,361)	(873,931)	(222,024)	(333,421)	(357,560)	(209,150)	(446,355)	(1,792,070)	(181,775)	(162,299)	(1,729,404)	(1,912,179)	(33,332)	(588,184)	(369,055)
Deferred Inflo	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(779,572)	(5,730)	(43,371)	(137,289)	(412,683)	(49,494)	(107,604)	(168,824)	(19,713)	(37,132)	(38,806)	(136,247)	(9,662)	(142,642)	(322,608)	(615,242)	(61,019)	(146,286)	(291,004)	(351,735)	(112,810)	(227,968)	(135,847)	(528,260)	(42,755)	(65,967)	(244,172)	(6,886)	(73,152)	(28,798)	(334,176)	(71,156)	(62,038)	(23,287)	(55,055)	(9,194)	(55,583)	(128,246)	(38,951)	(198,695)	(398,362)	(82,224)	(7,744)	(25,661)	(31,903)
	Differences Between Expected and Actual Experience	\$ (12,951) \$	(301,886)	(2,219)	(16,795)	(53,165)	(018,651)	(19,166)	(41,669)	(65,377)	(7,634)	(62,302)	(15,028)	(52,761)	(3,742)	(55,237)	(124,928)	(238,250)	(23,629)	(56,649)	(112,690)	(136,208)	(43,685)	(88,280)	(52,606)	(204,567)	(16,557)	(25,546)	(94,555)	(2,666)	(28,328)	(11,152)	(129,408)	(27,555)	(24,024)	(9,018)	(21,320)	(3,560)	(21,524)	(49,663)	(15,084)	(76,944) (6,018)	(154,264)	(31,841)	(2,999)	(9,937)	(12,354)
	Total Deferred Outflows of Resources	5 259,440	3,570,697	524,781	442,856	697,722	286.585	180,730	609,478	487,250	168,011	928,995	585,782	331,177	327,727	956,627	2,158,053	6,470,763	348,095	1,171,646	1,691,488	1,831,890	731,094	1,214,280	492,409	1,771,982	244,244	324,697	963,357	205,434	625,210	583,537	1,208,002	401,831	330,690	88,008	671,147	169,736	333,782	1,495,042	293,126	1,657,533	1,413,195	694,824	26,997	67,436	23,446 171,663
of Resources	Changes in Assumptions	\$ 19,960	465,265	3,420	25,885	81,937	246,298	29,539	64,220	100,758	11,765	96,019	23,160	81,315	5,767	85,132	192,539	367,189	36,417	87,307	173,677	209,923	67,327	136,056	81,076	315,276	25,517	39,371	145,727	4,110	43,659	17,187	199,443	42,467	37,026	3,898	32,858	5,487	33,173	76,540	23,247	9,276	237,751	49,073	4,622	15,315	19,040 29,200
Deferred Outflows of Resources	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions		2,997,757	520,570	410,981	278,987	271.238	144,355	530,396	363,174	153,523	810,755	557,262	231,043	320,625	851,793	1,920,955	6,018,596	453,250	1,064,134	1,477,617	1,573,385	648.186	1,046,737	392,570	1,383,742	212,822	276,215	783,905	200,373	211.356	562,372	962,402	349,536	285,095	70,894	630,685	162,979	292,932	1,400,788	264,499	1,511,504	1,120,422	634,394	21,305	48,577	135,705
	Differences Between Expected and Actual Experience	\$ 4,619 \$	107,675	791	5,990	18,963	2.884	6,836	14,862	23,318	2,723	22,221	5,360	18,819	1,335	19,702	44,559	84,978	8,428	20,205	40,194	48,582	15,581	31,487	18,763	72,964	5,905	9,111	33,725	951	2.617	3,978	46,157	9,828	8,569	3,216	7,604	1,270	7,677	17,714	5,380	2,147	55,022	11,357	1,070	3,544	4,406 6,758
	Net Pension Asset (Liability)	\$ (642,373)	(14,973,720)	(110,060)	(833,049)	(2,636,996)	(7,926,661)	(401,083)	(2,066,809)	(3,242,714)	(378,636)	(3.090,191)	(745,376)	(2,616,982)	(185,587)	(2,739,812)	(6,196,525)	(11,817,337)	(1,172,033)	(2,809,813)	(5,589,496)	(6,756,002)	(1,963,806)	(4,378,716)	(2,609,301)	(10,146,617)	(821,216)	(1,267,074)	(4,689,973)	(132,259)	(1,405,078)	(553,139)	(6,418,736)	(1,366,737)	(1,191,609)	(447,295)	(1,057,477)	(176,595)	(1,067,625)	(2,463,305)	(748,155)	(3,816,460) (298,519)	(7,651,590)	(1,579,331)	(148,744)	(492,879)	(612,774)
	Employer	Barbour County Board of Education	Berkeley County Board of Education	Boone County Board of Education	Braxton County Board of Education	Brooke County Board of Education	Cabell County Board of Education Calhoun County Board of Education	Californ County Board of Education Clay County Board of Education	Doddridge County Board of Education	Fayette County Board of Education	Gilmer County Board of Education	Grant County Board of Education Greenbrier County Board of Education	Hampshire County Board of Education	Hancock County Board of Education	Hardy County Board of Education	Jackson County Board of Education	Jefferson County Board of Education	Kanawha County Board of Education	Lewis County Board of Education Timoda County Board of Education	Logan County Board of Education	Marion County Board of Education	Marshall County Board of Education	Mason County Board of Education McDowell County Board of Education	Mercer County Board of Education	Mineral County Board of Education	Minigo County Board of Education Monongalia County Board of Education	Monroe County Board of Education	Morgan County Board of Education Nicholas County Board of Education	Ohio County Board of Education	Pendleton County Board of Education	Pleasants County Board of Education Pocahontas County Board of Education	Preston County Board of Education	Putnam County Board of Education	Randolph County Board of Education	Ritchie County Board of Education	Roane County Board of Education Summers County Board of Education	Taylor County Board of Education	Tucker County Board of Education	Tyler County Board of Education Unshur County Board of Education	Wayne County Board of Education	Webster County Board of Education	Wetzel County Board of Education Wirt County Board of Education	Wood County Board of Education	Wyoming County Board of Education	Butefield State College River Valley Child Development Services	Concord University	Fairmont State University Glenville State College

STATE TEACHERS RETIREMENT SYSTEM Schedule of Pension Amounts by Employer As of and for the Year Ended June 30, 2018

			Deferred Outflows of Resources	fResources			Deferred Infl	Deferred Inflows of Resources		Pension Ex Empk	Pension Expense Excluding that Attributable to Employer-Paid Member Contributions	outable to
											Net Amortization of Deferred	
							Net Difference				Amounts from	
			Changes in				Between	Changes in			Changes in	Total Employer
			Proportion				Projected	Proportion			Proportion and	Pension Expense
		Differences	and Differences			Differences	and Actual	and Differences		Proportionate	Differences	Excluding That
	Net	Between	Between Employer		Total	Between	Investment	Between Employer	Total	Share of	Between Employer	Attributable to
	Pension	Expected	Contributions and		Deferred	Expected	Earnings on	Contributions and	Deferred	Allocable	Contributions and	Employer-Paid
Employer	Asset (Liability)	and Actual Experience	Proportionate Share of Contributions	Changes in Assumptions	Outflows of Resources	and Actual Experience	Pension Plan Investments	Proportionate Share of Contributions	Inflows of Resources	Pension Expense	Proportionate Share of Contributions	Member Contributions
Marshall University Research Corp	(171,193)	1,231	31,446	5,319	37,996	(3,451)	(8,913)	(13,240)	(25,604)	12,876	2,210	15,086
Marshall University	(2,320,149)	16,684	44,296	72,092	133,072	(46,777)	(120,793)	(1,033,767)	(1,201,337)	174,509	(316,414)	(141,905)
Shepherd University	(238,603)	1,716	1,265	7,414	10,395	(4,810)	(12,422)	(119,402)	(136,634)	17,946	(70,230)	(52,284)
West Liberty University	(354,688)	2,551	28,197	11,021	41,769	(7,151)	(18,466)	(246,812)	(272,429)	26,678	(61,341)	(34,663)
West Virginia School for the Deaf and Blind	(4,013,474)	28,861	565,406	124,707	718,974	(80,916)	(208,952)	(1,143,515)	(1,433,383)	301,871	(133,164)	168,707
West Virginia State University	(718,868)	5,169	28,123	22,337	55,629	(14,493)	(37,426)	(281,254)	(333,173)	54,069	(86,815)	(32,746)
West Virginia University	(6,215,977)	44,699	168,302	193,143	406,144	(125,321)	(323,620)	(3,424,570)	(3,873,511)	467,532	(1,078,029)	(610,497)
Southern West Virginia Community & Technical College	(435,555)	3,132	•	13,534	16,666	(8,781)	(22,676)	(259,192)	(290,649)	32,760	(112,050)	(79,290)
West Virginia Northern Community College	(198,576)	1,428	7,758	6,170	15,356	(4,003)	(10,338)	(128,330)	(142,671)	14,936	(63,191)	(48,255)
West Virginia Network	(95,510)	289	•	2,968	3,655	(1,926)	(4,972)	(30,153)	(37,051)	7,184	(10,410)	(3,226)
Blue Ridge Community and Technical College	(69,158)	497	8,756	2,149	11,402	(1,394)	(3,601)	(11,812)	(16,807)	5,202	(408)	4,794
Pierpont Community & Technical College	(51,892)	373	6,375	1,612	8,360	(1,046)	(2,702)	(2,076)	(10,824)	3,903	300	4,203
Mountwest Community and Technical College	(34,907)	251	6,794	1,085	8,130	(704)	(1,817)	(124,266)	(126,787)	2,626	(40,267)	(37,641)
New River Community and Technical College	(89,297)	642	16,240	2,775	19,657	(1,800)	(4,649)	(208,255)	(214,704)	6,716	(47,664)	(40,948)
West Virginia University at Parkersburg	(74,403)	535	16,260	2,312	19,107	(1,500)	(3,874)	(65,548)	(70,922)	5,596	(9,322)	(3,726)
West Virginia Council for Community & Technical College Education	(73,435)	528	7,089	2,282	668'6	(1,481)	(3,823)	(29,537)	(34,841)	5,523	(13,691)	(8,168)
West Virginia Department of Education	(15,333,342)	110,261	1,810,701	476,439	2,397,401	(309,136)	(798,295)	(3,738,293)	(4,845,724)	1,153,290	(690,844)	462,446
Bridge Valley Community & Technical College	(69,863)	709	175,09	3,066	64,346	(1,989)	(5,137)	(324,693)	(331,819)	7,421	(67,179)	(59,758)
West Virginia Higher Education Policy Commission	(314,630)	2,262	51,870	9,776	63,908	(6,343)	(16,380)	(48,510)	(71,233)	23,665	22,331	45,996
State of WV Special Funding - SAF	(676,847,556)	4,867,178	57,948,144	21,031,057	83,846,379	(13,645,962)	(35,238,483)	(142,346,123)	(191,230,568)	50,908,751	(25,216,606)	25,692,145
State of WV Special Funding - ARC Contributions	(2,252,797,910)	16,199,765	194,462,671	660,666,69	280,661,535	(45,418,790)	(117,286,651)	(91,580,983)	(254,286,424)	169,443,067	29,396,904	198,839,971
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	\$ (3,122,421,000)		0 429,500,471	000,010,16	410,772,727	\$ (000,040,000) \$	(102,222,000)	p (17±,000,662)	(124,000,420)	0 234,022,000	9	234,022,000

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Introduction</u> - The Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes financial reporting requirements for governments that provide employees with pension benefits. GASB Statement No. 68 requires governmental employers to recognize a net pension liability and/or a net pension asset as employees earn pension benefits. Governments participating in the State Teachers Retirement System (the TRS) will recognize their proportionate share of the collective pension amounts for all benefits provided through the plan.

<u>Basis of Accounting</u> - The schedule of pension amounts by employer of the Plan has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for governmental units.

Basis of Allocation - Pension amounts have been allocated to each participating employer and non-employer contributing entity based on their proportionate share of employer and non-employer contributions to the TRS for the fiscal year ended June 30, 2018. Employer contributions are recognized when due. Retroactive service, military service, out of state service, and back pay employer contributions have been excluded from the allocation. Employer contributions made by the non-employer contributing entity on behalf of participating employers have been allocated to the non-employer contributing entity in accordance with the special funding situation requirements of GASB 68. See Note 4, special funding situation, for additional discussion, and Note 5 for discussion of contributions that are not in a special funding situation.

<u>Accounting Estimates</u> - The preparation of the schedules of employer allocations and pension amounts by employer in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense as of the measurement date. Actual amounts could differ from those estimates.

<u>Measurement Date</u> - Net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense were determined by actuarial valuations as of July 1, 2017 rolled forward to June 30, 2018, which is the measurement date.

2 - AMORTIZATION

The net difference between projected and actual investment earnings on pension plan investments is amortized over a five year period. All other deferred outflows of resources and deferred inflows of resources relating to pension amounts reported in these schedules are amortized and included in pension expense over the average expected remaining service life of 5.71 years.

The amortization of the deferred outflows and deferred inflows related to changes in the proportionate share of contributions from year to year for each entity is available from the West Virginia Public Retirement Board.

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER (Continued)

2 – AMORTIZATION (Continued)

Information regarding the amortization of deferred outflows and deferred inflows of resources related to pension amounts follows:

Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments (in thousands, except for the recognition period):

]	Deferred]	Deferred	
							O	utflows of	I	nflows of	
Measurement date June 30	 2014	2015	2016	_	2017	2018	R	Resources	F	Resources	Total
Amount	\$ (570,044)	\$ 244,714	\$ 524,259	\$	(508,789)	\$ (144,907)					
Recognition period (years)	5.00	5.00	5.00		5.00	5.00					
Amount recongized in											
fiscal year:											
2014	\$ (114,009)	\$ -	\$ -	\$	-	\$ -	\$	-	\$	(114,009)	\$ (114,009)
2015	(114,009)	48,943	-		-	-		48,943		(114,009)	(65,066)
2016	(114,009)	48,943	104,852		-	-		153,795		(114,009)	39,786
2017	(114,009)	48,943	104,852		(101,758)	-		153,795		(215,767)	(61,972)
2018	(114,008)	48,943	104,852		(101,758)	(28,982)		153,795		(244,748)	(90,953)
2019	-	48,942	104,852		(101,758)	(28,982)		153,794		(130,740)	23,054
2020	-	-	104,851		(101,758)	(28,982)		104,851		(130,740)	(25,889)
2021	-	-	-		(101,757)	(28,982)		-		(130,739)	(130,739)
2022	-	-	-		-	(28,979)		-		(28,979)	(28,979)
Balance as of June 30:											
2014	\$ (456,035)	\$ -	\$ _	\$	-	\$ -	\$	-	\$	(456,035)	\$ (456,035)
2015	(342,026)	195,771	_		-	-		195,771		(342,026)	(146,255)
2016	(228,017)	146,828	419,407		-	-		566,235		(228,017)	338,218
2017	(114,008)	97,885	314,555		(407,031)	-		412,440		(521,039)	(108,599)
2018	-	48,942	209,703		(305,273)	(115,925)		258,645		(421,198)	(162,553)
2019	_	-	104,851		(203,515)	(86,943)		104,851		(290,458)	(185,607)
2020	-	-	_		(101,757)	(57,961)		_		(159,718)	(159,718)
2021	-	-	-		-	(28,979)		-		(28,979)	(28,979)

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER (Continued)

2 – AMORTIZATION (Continued)

<u>Differences</u> Between Expected and Actual Experience (in thousands, except for the recognition period):

Measurement date June 30	2015	2016	2017	2018	O	Deferred outflows of Resources	Ir	Deferred of lesources	Total
Amount	\$ (36,005)	\$ 45,210	\$ (52,290)	\$ (19,576)					 _
Recognition period (years)	6.00	5.96	5.98	5.71					
Amount recongized in									
fiscal year:									
2015	\$ (6,001)	\$ -	\$ -	\$ -	\$	-	\$	(6,001)	\$ (6,001)
2016	(6,001)	7,586	-	-		7,586		(6,001)	1,585
2017	(6,001)	7,586	(8,745)	-		7,586		(14,746)	(7,160)
2018	(6,001)	7,586	(8,745)	(3,429)		7,586		(18,175)	(10,589)
2019	(6,001)	7,586	(8,745)	(3,429)		7,586		(18,175)	(10,589)
2020	(6,000)	7,586	(8,745)	(3,429)		7,586		(18,174)	(10,588)
2021	-	7,280	(8,745)	(3,429)		7,280		(12,174)	(4,894)
2022	-	-	(8,565)	(3,429)		-		(11,994)	(11,994)
2023	-	-	-	(2,431)		-		(2,431)	(2,431)
Balance as of June 30:									
2015	\$ (30,004)	\$ -	\$ -	\$ -	\$	-	\$	(30,004)	\$ (30,004)
2016	(24,003)	37,624	-	-		37,624		(24,003)	13,621
2017	(18,002)	30,038	(43,545)	_		30,038		(61,547)	(31,509)
2018	(12,001)	22,452	(34,800)	(16,147)		22,452		(62,948)	(40,496)
2019	(6,000)	14,866	(26,055)	(12,718)		14,866		(44,773)	(29,907)
2020	-	7,280	(17,310)	(9,289)		7,280		(26,599)	(19,319)
2021	_	-	(8,565)	(5,860)		_		(14,425)	(14,425)
2022	_	_	-	(2,431)		-		(2,431)	(2,431)

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER (Continued)

2 - AMORTIZATION (Continued)

Changes in Assumptions (in thousands, except for the recognition period):

			Ι	Deferred	Def	ferred		
			Οι	ıtflows of	Inflo	ws of		
Measurement date June 30	_	2016	R	esources	Res	ources	_	Total
Amount	\$	195,343						
Recognition period (years)		5.96						
Amount recongized in								
fiscal year:								
2016	\$	32,776	\$	32,776	\$	-	\$	32,776
2017		32,776		32,776		-		32,776
2018		32,776		32,776		-		32,776
2019		32,776		32,776		-		32,776
2020		32,776		32,776		-		32,776
2021		31,463		31,463		-		31,463
Balance as of June 30:								
2016	\$	162,567	\$	162,567	\$	-	\$	162,567
2017		129,791		129,791		-		129,791
2018		97,015		97,015		-		97,015
2019		64,239		64,239		-		64,239
2020		31,463		31,463		-		31,463

$3-SENSITIVITY\ OF\ NET\ PENSION\ ASSET\ (LIABILITY)\ TO\ CHANGES\ IN\ THE\ DISCOUNT\ RATE$

		Current	
	1% Decrease	Discount Rate	1% Increase
Sensitivity of Discount Rate	(6.5%)	(7.5%)	(8.5%)
Total net pension asset (liability)	\$ (4,214,475,000)	\$ (3,122,257,000)	\$(2,188,490,000)

NOTES TO SCHEDULES OF EMPLOYER ALLOCATIONS AND PENSION AMOUNTS BY EMPLOYER (Continued)

4 - SPECIAL FUNDING SITUATION

The State of West Virginia (State) is a non-employer contributing entity that provides funding through the School Aid Formula (SAF) to subsidize employer contributions of county boards of education and to fund the unfunded liability of the TRS for all participating employers. These amounts qualify as a special funding situation in accordance with GASB Statement No. 68. The State assumes a share of the net pension liability on behalf of the various county boards of education for contributions related to the SAF. The State assumes a share of the net pension liability on behalf of all participating employers for contributions related to funding of the unfunded liability.

5 - CONTRIBUTIONS BY NON-EMPLOYER CONTRIBUTING ENTITY NOT IN A SPECIAL FUNDING SITUATION

For the year ended June 30, 2018, the West Virginia Legislature appropriated and contributed funds to the TRS in excess of the Annual Required Contribution (ARC) in the amount of \$28,037,000. This contribution is not considered a special funding situation and the amounts of this contribution associated with each participating employer are reported in the "on-behalf payments" column reported in the accompanying schedule of employer allocations.