

Audited Schedule of Pension Amounts

West Virginia State Police Death, Disability and Retirement System
Administered by
The West Virginia Consolidated Public Retirement Board

As of and for the Year Ended June 30, 2016

West Virginia State Police Death, Disability and Retirement System
Audited Schedule of Pension Amounts
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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 Schedule

We have audited the total pension liability, fiduciary net position, net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions included in the accompanying schedule of pension amounts of the West Virginia State Police Death, Disability and Retirement System, administered by the West Virginia Consolidated Public Retirement Board, as of and for the year ended June 30, 2016, and the related notes.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the schedule 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 schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule of pension amounts 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 pension amounts is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of pension amounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of pension amounts, 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 pension amounts 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 pension amounts.

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

Opinion

In our opinion, the schedule referred to above presents fairly, in all material respects, the total pension liability, fiduciary net position, net pension 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 West Virginia State Police Death, Disability and Retirement System, as of and for the year ended June 30, 2016, 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, 2016, and our report thereon dated March 31, 2017, 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 West Virginia State Police Death, Disability and Retirement System's participating employer and their auditor and is not intended to be used by anyone other than these specified parties.



Charleston, West Virginia
August 10, 2017

WEST VIRGINIA STATE POLICE DEATH, DISABILITY AND RETIREMENT SYSTEM

SCHEDULE OF PENSION AMOUNTS

As of and the Year Ended June 30, 2016

	Deferred Outflows of Resources		Deferred Inflows of Resources			
	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		Total Deferred Outflows of Resources		Total Deferred Inflows of Resources	
Total Pension Liability	\$ 729,007,000					
Fiduciary Net Position	\$ 578,798,000					
Net Pension Liability	\$ 150,209,000					
		\$ 28,753,000	\$ 28,753,000	\$ -		
					\$ 17,081,000	
						Pension Expense Excluding That Attributable to Employer-Paid Member Contributions

NOTES TO SCHEDULE OF PENSION AMOUNTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction - 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 68 requires governmental employers to recognize pension expense and the related net pension liability and/or a net pension asset as employees earn pension benefits.

Basis of Accounting - The schedule of pension amounts of the West Virginia State Police Death, Disability and Retirement System (the Plan) have 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.

Accounting Estimates - The preparation of the schedule of pension amounts 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 the total pension liability, fiduciary net position, 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.

Measurement Date - Total pension liability, net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense were determined by actuarial valuations as of June 30, 2015 rolled forward to June 30, 2016, which is the measurement date.

WEST VIRGINIA STATE POLICE DEATH, DISABILITY
AND RETIREMENT SYSTEM

NOTES TO SCHEDULE OF PENSION AMOUNTS
(Continued)

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 remaining service life of 1 year.

Amortization of Difference Between Projected and Actual Earnings (in thousands):

<u>Measurement date 6/30</u>	June 30, <u>2014</u>	June 30, <u>2015</u>	June 30, <u>2016</u>	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>	<u>Total</u>
Amount	\$ (52,173)	\$ 21,638	\$ 45,799			
Recognition period (years)	5.00	5.00	5.00			
Amount Recognized in fiscal year						
2014	\$ (10,435)	\$ -	\$ -	\$ -	\$ (10,435)	\$ (10,435)
2015	(10,435)	4,328	-	4,328	(10,435)	(6,107)
2016	(10,435)	4,328	9,160	13,488	(10,435)	3,053
2017	(10,435)	4,328	9,160	13,488	(10,435)	3,053
2018	(10,433)	4,328	9,160	13,488	(10,433)	3,055
2019	-	4,326	9,160	13,486	-	13,486
2020	-	-	9,159	9,159	-	9,159
Deferred balance at 6/30						
2014	\$ (41,738)	\$ -	\$ -	\$ -	\$ (41,738)	\$ (41,738)
2015	(31,303)	17,310	-	17,310	(31,303)	(13,993)
2016	(20,868)	12,982	36,639	49,621	(20,868)	28,753
2017	(10,433)	8,654	27,479	36,133	(10,433)	25,700
2018	-	4,326	18,319	22,645	-	22,645
2019	-	-	9,159	9,159	-	9,159

3 - SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

<u>Sensitivity of Discount Rate</u>	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Total net pension liability	\$ 245,100,000	\$ 150,209,000	\$ 72,654,000