Audited Financial Statements

West Virginia Consolidated Public Retirement Board

Years Ended June 30, 2009 and 2008

Gibbons & Kawash
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of plan net assets for the pension funds and statement of net assets of the internal service fund of the West Virginia Consolidated Public Retirement Board (the Board), a component unit of the State of West Virginia, as of June 30, 2009 and 2008, and the related statement of changes in plan net assets of the pension funds, and statements of revenues, expenses, and changes in fund net assets, and cash flows of the internal service fund for the years then ended, which collectively comprise the Board's basic financial statements. These financial statements are the responsibility of the management of the Board. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the pension funds and the internal service fund of the Board as of June 30, 2009 and 2008, and the changes in net assets of the pension funds, and the changes in financial position and cash flows of the internal service fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 6, 2009, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Board has not presented the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The required supplementary information on pages 40 through 44 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and express no opinion on it.

Gibbons & Kawash

November 6, 2009

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

STATEMENT OF PLAN NET ASSETS - PENSION FUNDS
(In Thousands)

June 30, 2009

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability and Retirement System
ASSETS			
Cash	$ 24	$ 2,283	$ 3
Investments at fair value	3,243,754	3,513,007	362,924
Contributions receivable	4,678	30,763	-
Participant loans receivable	-	8,198	-
Miscellaneous revenue receivable	-	628	-
Total assets	3,248,456	3,554,879	362,927
LIABILITIES AND PLAN NET ASSETS			
Liabilities:			
Accrued expenses and other payables	186	108	-
Net assets held in trust for pension benefits (see schedule of funding progress)	$ 3,248,270	$ 3,554,771	$ 362,927

The accompanying notes are an integral part of these financial statements.

State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Services Retirement System	Teachers' Defined Contribution Retirement System	Total
$ -	$ 4	$ -	$ -	$ 3,142	$ 5,456
40,321	77,050	88,310	16,870	222,407	7,564,643
-	660	-	303	2,156	38,560
-	462	-	-	-	8,660
-	55	-	-	201	884
40,321	78,231	88,310	17,173	227,906	7,618,203
-	11	-	-	201	506
$ 40,321	$ 78,220	$ 88,310	$ 17,173	$ 227,705	$ 7,617,697

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

STATEMENT OF PLAN NET ASSETS - PENSION FUNDS
(In Thousands)

June 30, 2008

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability and Retirement System
ASSETS			
Cash	$ 183	$ -	$ 2
Investments at fair value	3,934,489	3,347,966	459,056
Contributions receivable	4,529	22,521	-
Participant loans receivable	-	7,502	-
Appropriation receivable	-	-	128
Miscellaneous revenue receivable	-	627	-
Total assets	3,939,201	3,378,616	459,186
LIABILITIES AND PLAN NET ASSETS			
Liabilities:			
Accrued expenses and other payables	142	100	4
Net assets held in trust for pension benefits (see schedule of funding progress)	$ 3,939,059	$ 3,378,516	$ 459,182

The accompanying notes are an integral part of these financial statements.

State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Services Retirement System	Teachers' Defined Contribution Retirement System	Total
$ -	$ -	$ -	$ -	$ 7,185	$ 7,370
41,564	88,794	100,189	15,416	930,310	8,917,784
-	569	-	259	10,423	38,301
-	437	-	-	-	7,939
-	51	-	-	-	179
-	1	-	-	-	628
41,564	89,852	100,189	15,675	947,918	8,972,201
-	-	3	-	1,249	1,498
$ 41,564	$ 89,852	$ 100,186	$ 15,675	$ 946,669	$ 8,970,703

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

STATEMENT OF CHANGES IN PLAN NET ASSETS - PENSION FUNDS
(In Thousands)

Year Ended June 30, 2009

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability and Retirement System
Additions:			
Contributions:			
Member contributions	$ 56,360	$ 115,925	$ 968
Employer contributions	131,143	368,330	1,688
Total contributions	187,503	484,255	2,656
Investment income (loss):			
Net decrease in fair value of investments	(896,621)	(650,856)	(104,948)
Interest	277,604	75,260	32,066
Net investment income (loss)	(619,017)	(575,596)	(72,882)
Other income	4,118	41,963	1,917
Total additions	(427,396)	(49,378)	(68,309)
Deductions and transfers:			
Benefit expense	248,770	463,528	27,823
Refunds of contributions	10,422	5,143	72
Transfers (to) from plans	(56)	(698,268)	-
Administrative expenses	4,257	3,964	51
Total deductions and transfers	263,393	(225,633)	27,946
Net increase (decrease) in plan net assets	(690,789)	176,255	(96,255)
Net assets held in trust for pension benefits:			
Beginning of year	3,939,059	3,378,516	459,182
End of year	$ 3,248,270	$ 3,554,771	$ 362,927

The accompanying notes are an integral part of these financial statements.

State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Service Retirement System	Teachers' Defined Contribution Retirement System	Total
$ 2,594	$ 3,160	$ 748	$ 1,749	$ 6,250	$ 187,754
2,594	3,962	6,034	2,030	10,342	526,123
5,188	7,122	6,782	3,779	16,592	713,877
(9,331)	(20,294)	(21,883)	(3,366)	(29,743)	(1,737,042)
3,224	6,714	6,956	1,212	-	403,036
(6,107)	(13,580)	(14,927)	(2,154)	(29,743)	(1,334,006)
176	555	-	-	-	48,729
(743)	(5,903)	(8,145)	1,625	(13,151)	(571,400)
298	5,018	3,719	-	-	749,156
168	633	-	127	6,480	23,045
-	-	5	(28)	698,347	-
34	78	7	28	986	9,405
500	5,729	3,731	127	705,813	781,606
(1,243)	(11,632)	(11,876)	1,498	(718,964)	(1,353,006)
41,564	89,852	100,186	15,675	946,669	8,970,703
$ 40,321	$ 78,220	$ 88,310	$ 17,173	$ 227,705	$ 7,617,697

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

STATEMENT OF CHANGES IN PLAN NET ASSETS - PENSION FUNDS
(In Thousands)

Year Ended June 30, 2008

	Public Employees' Retirement System	Teachers' Retirement System	Public Safety Death, Disability and Retirement System
Additions:			
Contributions:			
Member contributions	$ 53,958	$ 52,916	$ 989
Employer contributions	125,992	368,883	1,701
Total contributions	179,950	421,799	2,690
Investment income (loss):			
Net decrease in fair value of investments	(393,745)	(370,464)	(47,811)
Interest	116,956	99,103	13,891
Net investment income (loss)	(276,789)	(271,361)	(33,920)
Other income	3,308	3,625	3,656
Total additions	(93,531)	154,063	(27,574)
Deductions and transfers:			
Benefit expense	232,807	434,285	26,202
Refunds of contributions	9,448	3,748	-
Transfers (to) from plans	14,263	436	-
Administrative expenses	4,188	3,071	51
Total deductions and transfers	260,706	441,540	26,253
Net increase (decrease) in plan net assets	(354,237)	(287,477)	(53,827)
Net assets held in trust for pension benefits:			
Beginning of year	4,293,296	3,665,993	513,009
End of year	$ 3,939,059	$ 3,378,516	$ 459,182

The accompanying notes are an integral part of these financial statements.

State Police Retirement System	Deputy Sheriff Retirement System	Judges' Retirement System	Emergency Medical Service Retirement System	Teachers' Defined Contribution Retirement System	Total
$ 2,339	$ 3,006	$ 736	$ 722	$ 34,110	$ 148,776
2,339	3,724	6,034	917	52,982	562,572
4,678	6,730	6,770	1,639	87,092	711,348
(4,020)	(9,015)	(9,943)	(643)	(83,466)	(919,107)
1,186	2,661	2,908	22	55,394	292,121
(2,834)	(6,354)	(7,035)	(621)	(28,072)	(626,986)
-	553	-	-	-	11,142
1,844	929	(265)	1,018	59,020	95,504
232	4,434	3,669	-	-	701,629
366	552	-	16	17,598	31,728
-	-	-	(14,673)	(26)	-
32	74	7	-	2,625	10,048
630	5,060	3,676	(14,657)	20,197	743,405
1,214	(4,131)	(3,941)	15,675	38,823	(647,901)
40,350	93,983	104,127	-	907,846	9,618,604
$ 41,564	$ 89,852	$ 100,186	$ 15,675	$ 946,669	$ 8,970,703

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

STATEMENT OF NET ASSETS - INTERNAL SERVICE FUND
(In Thousands)

June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets:		
Cash with the State Treasurer	$ 9,806	$ 6,704
Miscellaneous receivable	201	1,712
Total assets	$ 10,007	$ 8,416
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued expenses and other payables	$ 418	$ 1,013
Other post-employment benefits payable	165	85
Total current liabilities	583	1,098
Noncurrent liabilities:		
Compensated absences	198	169
Total liabilities	781	1,267
Net assets, unrestricted	$ 9,226	$ 7,149

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - INTERNAL SERVICE FUND
(In Thousands)

Years Ended June 30, 2009 and 2008

	2009	2008
Operating revenues:		
Fees received for administrative services	$ 9,266	$ 10,049
Operating expenses:		
Administrative	8,682	8,100
Operating income	584	1,949
Nonoperating revenue:		
Appropriation revenue	1,493	706
On-behalf contributions	-	86
Total nonoperating revenue	1,493	792
Change in net assets	2,077	2,741
Net assets, beginning of year, as previously reported	7,149	4,171
Cumulative effect of implementation of GASB Statement 45	-	237
Net assets, beginning of year, as restated	7,149	4,408
Net assets, end of year	$ 9,226	$ 7,149

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND
(In Thousands)

Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash received from customers and users	$ 10,777	$ 9,040
Cash paid to employees	(3,008)	(2,748)
Cash paid to suppliers	(6,160)	(4,769)
Net cash provided by operating activities	1,609	1,523
Cash flows from noncapital financing activities:		
Appropriated receipts from State of West Virginia	1,493	706
Increase in cash and cash equivalents	3,102	2,229
Cash and cash equivalents, beginning of year	6,704	4,475
Cash and cash equivalents, end of year	$ 9,806	$ 6,704
Reconciliation of change in net assets to net cash provided by operating activities:		
Operating income	$ 584	$ 1,949
Adjustments to reconcile operating income to net cash used in operating activities:		
Change in assets and liabilities:		
Increase (decrease) in miscellaneous receivable	1,511	(1,059)
Decrease (increase) in accrued expenses and other payables	(595)	445
Increase in compensated absences	29	103
Increase in post-employment benefits payable	80	85
Net cash provided by operating activities	$ 1,609	$ 1,523
Noncash transactions affecting financial position:		
On-behalf payments transferred from the State of West Virginia to the West Virginia Retiree Health Benefit Trust Fund	$ -	$ 86

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS

1 - DESCRIPTION OF PLAN

Reporting Entity

During fiscal year 1991, the West Virginia State Legislature created the Consolidated Public Retirement Board (the Board). The Board administers eight of the State of West Virginia's nine retirement plans. The eight retirement plans included within these financial statements are the Public Employees' Retirement System (PERS), the Teachers' Retirement System (TRS), the Public Safety Death, Disability and Retirement System (PSDDRS), the State Police Retirement System (SPRS), the Deputy Sheriff Retirement System (DSRS), the Judges' Retirement System (JRS), the Emergency Medical Services Retirement System (EMSRS) and the Teachers' Defined Contribution Retirement System (TDCRS). The Total Pension Funds column included in the statements of plan net assets and statements of changes in plan net assets is for informational purposes only. The net assets of each plan are only available to satisfy the obligations of that plan. The Board is a component unit of the State of West Virginia (the State). The Governmental Employees Deferred Compensation Plan is administered by the West Virginia State Treasurer's Office and has been excluded from these financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

The Internal Service Fund (the Fund) is used for the administration of all plans administered by the Board. The Fund receives a service fee from each plan based upon the number of participants included in the plan. These fees are legally restricted for the purpose of administering the plans and are not available for any other purpose.

The Board is managed by a Board of Trustees, which consists of, by virtue of their position, the Governor, State Auditor, State Treasurer, and Secretary of the Department of Administration, together with the following gubernatorial appointments that are subject to the advice and consent of the State Senate: four residents of the State who are not participants in the retirement plans, one State and one non-State employee participant in PERS, and one participant each from TRS, PSDDRS, SPRS, DSRS, EMSRS and TDCRS.

Pursuant to the West Virginia Code, the Board submits a detailed budgetary schedule of administrative expenses to the Secretary of the Department of Administration prior to the beginning of each fiscal year. The fundamental purpose of budgetary control is to plan for the expected level of operations and to provide management with a tool to control deviation from such plan.

Basis of Accounting

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles for governmental units. The accompanying pension fund financial statements have been prepared on the accrual basis of accounting. Plan member contributions are recognized in the period when contributions are due. Employer contributions to the plan are recognized when due

1 - DESCRIPTION OF PLAN (Continued)

Basis of Accounting (Continued)

and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The Internal Service Fund financial statements have also been prepared on the accrual basis of accounting. The Board's assets are held primarily in accounts maintained by the State Auditor, the State Treasurer, the West Virginia Investment Management Board (the IMB), and the third-party administrator of its defined contribution plan.

Cash

Cash balances of the internal service fund are on deposit with the West Virginia State Treasurer's Office (the State Treasurer) and are pooled by the State Treasurer with other available funds of the State for investment by the West Virginia Board of Treasury Investments (BTI). These funds are transferred to the BTI and the BTI invests these funds in specific investment pools. Investment income on these investment pools is allocated by the State Treasurer to the various participants in the investment pools based on the balances of the various participants and their deposits with the State Treasurer in the month in which the income was earned. The amounts on deposit with the State Treasurer are available for immediate withdrawal and, accordingly, are presented as cash and cash equivalents in the accompanying financial statements.

Investments

All defined benefit plan funds not required to meet disbursement needs are invested in accordance with the West Virginia Code, as well as policies established by the IMB. The IMB has established various investment pools to provide for the investment of the defined benefit plan assets. These investment pools are structured as multiparticipant variable net asset funds.

Investments of the IMB Short-term Fixed Income pool are carried at amortized cost. The investments in the other IMB pools, except as noted below, are carried at fair value, which is determined by a third party pricing service based on asset portfolio pricing models and other sources. The IMB invests in private equity, private real estate, and hedge funds, which are not publicly traded, and are carried at estimated fair value as provided by the IMB funds' management. The IMB may, in addition, consider other factors in assessing the fair value of these investments. Because these investments are not marketable, the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investment existed. Futures and option contracts are valued at the last settlement price established each day by the exchange on which they are traded. Interest rate swap values are based on market values received from third parties or are determined by valuation models. Foreign currency forward contracts are valued at either spot or forward month-end exchange rates. Investments in commingled investment pools are valued at the reported unit values of the individual funds as provided by the IMB fund's management.

1 - DESCRIPTION OF PLAN (Continued)

Investments (Continued)

The TDCRS investments are held by an investment company which also serves as the third party administrator for the plan. As prescribed by West Virginia Code, the TDCRS investments are allocated to participant accounts and the participants direct the investment of their individual account balances by selecting from a list of plan mutual funds or a long term fixed investment option.

The TDCRS investments are carried at fair value as determined by a third-party pricing service utilized by an investment management company. Investment income for the TDCRS is determined monthly and distributed to the individual participant accounts.

Contributions Receivable

Contributions receivable represent funds owed to the Board from other government employer entities participating in the various retirement plans.

Participant Loans Receivable

The TRS makes loans to its members, hired prior to July 1, 2005, up to the lesser of one-half of a member's accumulated contributions or $8,000, at an interest rate indexed to the interest rate used by the Board for determining actuarial contributions levels. TRS loans require repayment over varying terms, with a maximum term of five years.

During the 2008 First Special Session, the West Virginia Legislature passed House Bill 101 regarding retirement benefits for teachers and educational service personnel which became effective Sunday, March 16, 2008. The legislation provided an opportunity for members of the Teachers' Defined Contribution Retirement System (TDCRS) to elect to transfer to the West Virginia Teachers' Retirement System (TRS). The transfer occurred on July 1, 2008 and a total of 15,152 TDCRS members transferred to TRS. These members were granted 75% service created under TRS for their years of service in TDCRS. These members were also granted a one time opportunity to receive a loan in order to purchase the additional 25% service credit at a 7.5% interest rate and with a maximum term of five years.

The DSRS also makes loans to its members, hired prior to July 1, 2005, up to the lesser of one-half of a member's accumulated contributions or $8,000, at an interest rate indexed to the interest rate used by the Board for determining actuarial contributions levels. DSRS loans require repayment over varying terms, with a maximum term of five years.

Accrued Expenses and Other Payables

Accrued expenses and other payables primarily represent retirement annuity amounts due to new retirees.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - DESCRIPTION OF PLAN (Continued)

Compensated Absences

Liability for compensated absences (annual leave) is accounted for in accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences and, accordingly, a liability for employees' rights to receive compensation for future absences has been recorded. When an employee is separated from employment with the Board for reasons other than retirement, all sick leave credited to that employee is considered nonvested and no reimbursement to the employee is provided. Accrued sick leave, if any, existing for employees upon their retirement, may be used either to extend benefits provided by the West Virginia Public Employees Insurance Agency or to increase retirement benefits. Other post-employment benefits other than pensions are described in Note 5.

Capital Assets

The Board does not record any capital assets. The administrative buildings occupied by CPRB are leased under operating leases and the furniture and other holdings are substantially depreciated. Therefore, this treatment does not have a material impact on the financial statements.

Accounting Estimates

The preparation of financial statements 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 assets, liabilities, actuarial accrued liabilities and disclosure of contingent assets and liabilities as of the financial statement date, and the reported amounts of additions and deductions for the reporting period. Actual amounts could differ from those estimates.

The various retirement plans utilize various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of plan net assets. Changes in the value of investment securities could affect the future funding status of the plans or require additional contributions to maintain the current funding status.

2 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET ASSETS

Beginning July 1, 2007, the Board adopted GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which provides guidance on other postemployment benefit reporting by employers, effectively revising the provisions of GASB 16. As a result of adopting the new standard, the Board has restated its net assets as of July 1, 2007, to account for the cumulative effect of this change in accounting principle related to accounting for other postemployment benefits. The effect of the restatement was an increase to beginning net assets for fiscal year 2008 in the internal service fund of $237,000.

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION

Funding policies for all plans have been established by and are changed from time-to-time by action of the State Legislature. While contribution rates are legislatively determined, actuarial valuations are performed to assist the State Legislature in determining contribution rates. The following information is provided for general information purposes only. Plan participants should refer to the respective West Virginia State Code Section for more complete information.

Defined Benefit Plans

Public Employees' Retirement System

Plan Description - PERS is a multiple employer defined benefit cost sharing public employee retirement system covering substantially all employees of the State and its component units, as well as employees of participating non-State governmental entities who are not participants of another state or municipal retirement system. The number of participating local government employers as of June 30, 2009 and 2008, are as follows:

	2009	2008
Cities and towns	104	105
Counties	55	55
Special districts	369	366
	528	526

PERS provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last ten years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62.

Chapter 5, Article 10 of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature. In certain circumstances, this Article also permits members of TRS to transfer accumulated service credit and member contributions into PERS.

Contributions - Per Chapter 5, Article 10, members contribute 4.5% of annual earnings. Funding by State and non-State governmental employers is 10.5% of covered employees' annual earnings. Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the Board.

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

Teachers' Retirement System

Plan Description - TRS is a multiple employer defined benefit cost sharing public employee retirement system covering all full-time employees of the 55 county public school systems in the State and certain personnel of the 13 State-supported institutions of higher education, State Department of Education and the Higher Education Policy Commission hired prior to July 1, 1991. Employees of the State-supported institutions of higher education and the Higher Education Policy Commission hired after June 30, 1991, are required to participate in the Higher Education Retirement System. TRS closed membership to new hires effective July 1, 1991. However, effective July 1, 2005, all new employees hired for the first time are required to participate in TRS.

During the 2008 First Special Session, the West Virginia Legislature passed House Bill 101 regarding retirement benefits for teachers and educational service personnel which became effective Sunday, March 16, 2008. The legislation provided an opportunity for members of the Teachers' Defined Contribution Retirement System (TDCRS) to elect to transfer to the West Virginia Teachers' Retirement System (TRS).

For the transfer to occur, at least 65% of members who were actively contributing to TDCRS as of December 31, 2007, had to affirmatively elect to transfer to TRS during the election period. All TDCRS members were eligible to voluntarily elect to transfer whether or not they were actively contributing on December 31, 2007. The statutory election period for all TDCRS members was April 1st through May 12th, 2008.

Of the actively contributing members of TDCRS, 14,871 elected to transfer to TRS, which was 78.3% of the total actively contributing members. Therefore, the transfer occurred on July 1, 2008 and a total of 15,152 TDCRS members transferred to TRS.

TRS provides retirement benefits as well as death and disability benefits. A member is eligible for normal retirement at age 60 with five years of service, age 55 with 30 years of service or any age with 35 years of service. A member may retire with 30 years of credited service at any age with the pension reduced actuarially if the member retires before age 55. Terminated members with at least five, but less than 20, years of credited service who do not withdraw their accumulated contributions are entitled to a deferred retirement commencing at age 62. Retirement benefits are equivalent to 2% of average annual salary multiplied by years of service. Average salary is the average of the 5 highest fiscal years of earnings during the last 15 fiscal years of earnings.

Chapter 18, Article 7A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded.

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

Teachers' Retirement System (Continued)

TRS funding policy provides for member contributions based on 6% of members' gross salary. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined. Employers make the following contributions:

The State, county boards of education, and other employers contribute 15% of gross salary of their TRS members hired prior to July 1, 1991. The State, county boards of education, and other employers contribute 7.5% of the gross salary of their TRS covered employees hired for the first time after July 1, 2005 and for those TDCRS members who selected to transfer to TRS effective July 1, 2008. The other employers and county board of education, utilizing funds made available through the State's School Aid Formula (SAF) contribute 7.5% of the gross salary of their TDCRS covered employees. In addition, the State contributes a certain percentage of fire insurance premiums paid by State residents and an amount determined by the State actuary as being needed to extinguish the TRS unfunded liability within 40 years of June 30, 1994.

Public Safety Death, Disability and Retirement System

Plan Description - PSDDRS is a single employer defined benefit public employee retirement system covering all West Virginia State Police (State Police) hired on or before March 11, 1994. This plan is closed to new entrants.

PSDDRS provides retirement benefits as well as death and disability benefits. A member is eligible for normal retirement at age 50 after 20 years of contributory service, or at any age upon completion of 25 years of service. There is no vesting in the State's contributions prior to ten years of service. Benefits payable to members retiring prior to age 50 are deferred until the normal retirement date. The annual retirement benefit is 5.5% of the members' aggregate salary, but not less than $6,000 per year. Total service related disability benefits are equal to the member's annual salary, but not less than $15,000 per year. Aggregate salary is the total salary paid to a member during his or her period of service, which may include up to 5 years of active military service credited at the average departmental salary. Aggregate salary for purposes of determining disability benefits may include salary that would have been earned had the participant served at least 25 years notwithstanding the disability. An annual cost-of-living adjustment of 3.75% is granted to retirees and beneficiaries. For service-connected total disability retirees, the adjustment begins at age 65. A member who terminates employment is entitled to a refund of his or her contributions plus interest.

Contributions - PSDDRS funding policy provides for member contributions based on 9% of their annual earnings. The State makes contributions based on 15% of the annual payroll of State Police, as well as contributing all revenue generated by the sale of traffic accident reports, criminal investigation reports and other fees. In addition, certain additional contributions of approximately $1.3 million and $3.0 million have been made during the years ended June 30, 2009 and 2008, respectively, representing extra appropriations to pay off the unfunded liability. Contributions, as a percentage of payroll for members and the employer, are established by State law and are not actuarially determined.

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

State Police Retirement System

Plan Description - SPRS is a single employer defined benefit public employee retirement system that was established for all State Police hired on or after March 12, 1994. SPRS provides retirement, death, and disability benefits. A member is eligible for normal retirement at age 50 with 25 years of service or age 52 with 20 years of credited service. A member is eligible for a reduced benefit with 20 years of credited service and retiring before age 52. The annual regular retirement benefit, paid monthly, is equal to 2.75% of the final average salary multiplied by the years of service. Final average salary is the average of the five highest calendar years of earnings during the last ten years of earnings. Annual retirement annuity adjustments are 1.0% for regular retirement and are payable on July 1 of each year after the member reaches 63 years of age.

Contributions - Employees contribute 12% of annual base salary and the employer contributes 12% of gross salary.

Chapter 15, Article 2 and Article 2A of the West Virginia State Code assigns the authority to establish and amend the provisions of the PSDDRS and SPRS plans to the State Legislature.

Deputy Sheriff Retirement System

Plan Description - DSRS, a multiple employer defined benefit cost sharing public employee retirement system, was established for all deputy sheriffs hired by all 55 county governments on or after July 1, 1998. The DSRS was also made available to any deputy sheriff employed in covered employment participating in PERS on the effective date so long as he/she made notification in writing before January 31, 1999, to both the County Commission in the county in which he/she was employed and the Board of his/her desire to transfer to the DSRS. Approximately 600 deputy sheriffs elected such transfer and as a result, approximately $28,638,000 of accumulated member and employer contributions and interest were transferred from PERS to DSRS in fiscal year 1999, in accordance with Chapter 7, Article 14D of the West Virginia State Code.

DSRS provides retirement as well as death and disability benefits. A member is eligible for normal retirement under the following circumstances:

1. Attainment of the age of 50 years and completion of 20 or more years of service
2. Member is in covered employment, has attained the age of 60 years, and has completed five or more years of service
3. Attainment of the age of 62 years and has completed five or more years of service

The annual regular retirement benefit is equal to 2.25% of a member’s final average salary multiplied by the member’s years of credited service. Final average salary refers to the average of the highest annual compensation received for covered employment by the member during any five consecutive plan years within the member’s last ten years of service. A member may elect to receive retirement income payments equal to his/her accrued benefit in the normal form or in a variety of annuity options. The normal form signifies a monthly annuity which is 1/12 of the amount of a members accrued benefit which is payable for the member’s life.

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

Deputy Sheriff Retirement System (Continued)

Benefit payments did not begin prior to January 1, 2000, except benefit payments resulting from disability.

Chapter 7, Article 14D of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - Members contribute 8.5% of monthly base salary, and the Sheriff's Office/County Commission of the County in which the member is employed contributes an additional 10.5% of the member's monthly salary. In addition, the Sheriff's Office/County Commissions contribute certain fees charged for reports and other services provided by the sheriff's offices.

Judges' Retirement System

Plan Description - JRS is a single employer defined benefit public employee retirement system covering State judges and justices who elect to participate. JRS provides retirement as well as death and disability benefits. A member who was appointed or elected to the bench prior to July 2, 2005 is eligible for normal retirement upon the attainment of 24 years of service of which at least 12 years is as a sitting judge or justice, 16 years of service at age 65 of which at least 12 years is as a sitting judge or justice, or 8 full years of service after age 65. A member who was appointed or elected to the bench on or after July 2, 2005 is eligible for normal retirement upon the attainment of 24 years of service of which at least 14 years is as a sitting judge or justice, or 16 years of service at age 65 of which 14 years is as a sitting judge or justice. A member on the bench prior to July 2, 2005 is eligible for a deferred benefit upon termination of service prior to normal retirement provided the member completes 16 years of service of which 12 years of service is as a sitting judge or justice. A member of the bench on or after July 2, 2005 is eligible for a deferred benefit upon termination of service prior to normal retirement provided the member completes 16 years of service of which 14 years of service are as a sitting judge or justice.

The annual benefit paid to judges and justices on the bench prior to July 2, 2005 is 75% of the current annual salary of the office from which the participant retires, with surviving spouse and dependent child benefits. This benefit is proportionally increased upon increase in salary for active sitting judges and justices.

The annual benefit paid to judges and justices on the bench on or after July 2, 2005 is 75% of the member's final average salary. Final average salary means the average of the highest thirty-six consecutive month's compensation received as a judge or justice. No increases in benefits are given by virtue of increase in salary of active sitting judges or justices.

Chapter 51, Article 9 of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

Judges' Retirement System (Continued)

Contributions - JRS funding policy provides for member contributions based on 10.5% of their annual earnings. This policy also provides for periodic employer contributions at varying amounts appropriated annually by the State Legislature. However, annual appropriations are determined in consideration of the most recent actuarial valuation. Any participant who terminates before becoming eligible for benefits may elect to withdraw his or her contributions without interest.

Emergency Medical Services Retirement System (EMSRS)

Plan Description - The EMSRS Act was passed by the Legislature in March 2007. The legislation provided for a voluntary participation election of eligible emergency medical service officers and mandated that certain participation levels be reached by December 31, 2007, in order for the provisions of the Emergency Medical Services Retirement System to become effective. At the close of the election period, fifteen licensed EMS public employers, including twelve eligible Public Employees Retirement System (PERS) political subdivisions and three eligible Non-PERS political subdivisions, passed corporate resolutions to become participating public employers of this retirement system. Statewide, over five hundred eligible Emergency Medical Services Officers elected to opt into this new retirement plan. The WV Emergency Medical Services Retirement System (EMSRS) became effective January 1, 2008.

The statute prohibits any payout of benefits from the EMSRS fund prior to January 1, 2011, with the exception of duty disability retirement. An EMSRS member is eligible for "normal" retirement when one of the following occurs:

- Attainment of age 50 and the completion of 20 years of contributory service; or
- Attainment of age 50 when age plus contributory service equals 70 while still in covered employment; or
- Attainment of age 60 and completion of 10 years contributory service while still in covered employment; or
- Attainment of age 62 and completion of 5 years of contributory service.

An EMSRS member is eligible for "early retirement" when they reach age 45 and have completed 20 years of service.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

Emergency Medical Services Retirement System (EMSRS) (Continued)

Final Average Salary (FAS) is the average of the highest annual compensation received by the member during covered employment for any 5 consecutive plan years (Jan. 1- Dec. 31) within the last 10 years of service. The accrued benefit on behalf of any member is calculated as follows:

Final Average Salary x Years of Credited Service x Benefit Percentage

Annual Retirement Benefit Formula
2.6% x FAS x Years of Service for years 1-20
2.0% x FAS x Years of Service for years 21-25
1.0% x FAS x Years of Service for years 26-30

In accordance with provisions in statute, upon reaching a 75% funded level as of an actuarial valuation date, the Board shall increase the annual retirement benefit multiplier from 2.6% of final average salary to 2.75% of final average salary for years one through twenty of service credited.

Chapter 16, Article 5V of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions - Currently, the EMSRS employee contribution rate is 8.5% of gross monthly salary and the employer contribution rate is 10.5% of gross monthly salary. As provided for in statute, the Board may recommend that the current employee contribution rate be increased to 10.5%, if the EMSRS plan does not reach a 70% funded level by July 1, 2012.

Plan Membership

Membership in the above plans consisted of the following as of the plan valuation dates, July 1, 2008 and 2007:

As of July 1, 2008:	PERS	TRS	PSDDRS	SPRS	DSRS	JRS	EMSRS
Retirees and beneficiaries currently receiving benefits	20,912	28,522	662	12	227	49	-
Terminated members entitled to benefits but not yet receiving them	3,863	1,761	10	5	47	2	3
Terminated nonvested members	10,697	571	2	91	107	1	1
Active members:							
Vested	23,557	25,715	173	130	555	21	217
Nonvested	11,934	9,504	-	325	358	50	258
Total	70,963	66,073	847	563	1,294	123	479

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

As of July 1, 2007:	PERS	TRS	PSDDRS	SPRS	DSRS	JRS	EMSRS*
Retirees and beneficiaries currently receiving benefits	20,514	28,040	651	8	197	53	-
Terminated members entitled to benefits but not yet receiving them	3,658	3,259	7	3	46	2	3
Terminated nonvested members	9,762	358	2	80	99	1	1
Active members:							
Vested	23,858	14,654	191	117	528	21	217
Nonvested	12,015	4,875	-	332	365	50	258
Total	69,807	51,186	851	540	1,235	127	479

* as of January 1, 2008

Plan Funded Status and Funding Progress - Defined Benefit Pension Plans

Plan Funded Status - The funded status of each plan as of June 30, 2008 (unless otherwise noted), the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
PERS	$ 3,939,059	$ 4,677,027	$ 737,968	84.2%	$ 1,219,388	60.5%
TRS	4,133,883	8,268,578	4,134,695	50.0%	1,409,437	293.4%
PSDDRS	459,182	547,623	88,441	83.9%	10,400	850.4%
SPRS	41,564	51,388	9,824	80.9%	20,285	48.4%
DSRS	89,852	119,738	29,886	75.0%	37,366	80.0%
JRS	100,186	97,965	(2,221)	102.3%	8,261	N/A
EMS (as of January 1, 2008)	14,323	19,492	5,169	73.5%	17,181	30.1%

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

Plan Funded Status and Funding Progress - Defined Benefit Pension Plans (Continued)

Plan Funding Progress - The schedules of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

	PERS	TRS	PSDDRS
Valuation Date	July 1, 2008	July 1, 2008	July 1, 2008
Actuarial cost method	Entry age cost	Entry age cost	Entry age cost
Asset valuation method	Fair value	Fair value	Fair value
Amortization method	Level dollar	Level dollar	Level dollar
Amortization period	Through FY 2035*	Through FY 2034	Through FY 2025
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases:			
PERS:			
State	4.25-6.0%	-	-
Nonstate	3.75-5.5%	-	-
TRS:			
Teachers	-	3.5-5.0%	-
Non Teachers	-	3.6-5.5%	-
Other plans	-	-	6% for first 5 yrs of service, 5.5% for the next 5 yrs, and 4.75% thereafter
Inflation rate	3.0%	3.0%	3.0%

	SPRS	DSRS	JRS
Valuation Date	July 1, 2008	July 1, 2008	July 1, 2008
Actuarial cost method	Entry age cost	Entry age cost	Entry age cost
Actuarial valuation method	Fair value	Fair value	Fair value
Amortization Method	Level percentage of payroll	Level percentage of payroll	Level dollar
Amortization Period	Through FY 2030	Through FY 2029*	Not applicable
Actuarial Assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Other plans:	6.0%for first 5 yrs of service, 5.5% for the next 5 yrs, and 4.75% thereafter	5.5% for first 5 yrs of service, 5.0% for the next 5 yrs, and 4.5% thereafter	4.5%
Inflation rate	3.0%	3.0%	3.0%

* Contribution rates are not sufficient to meet original amortization funding target.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Benefit Plans (Continued)

Plan Funded Status and Funding Progress - Defined Benefit Pension Plans (Continued)

	EMSRS
Valuation Date	January 1, 2008
Actuarial cost method	Entry age cost
Actuarial valuation method	Fair value
Amortization Method	Level dollar
Amortization Period	Through FY 2030
Actuarial Assumptions:	
Investment rate of return	7.5%
Other plans:	By age from 5.0% at age 30 Declining to 3.5% at age 55
Inflation rate	3.0%

Defined Contribution Plan

Teachers' Defined Contribution Retirement System

Plan Description - TDCRS is a multiple employer defined contribution retirement system, which is a money purchase pension plan covering primarily full-time employees of the State's 55 county public school systems, the State Department of Education, and the Schools for the Deaf and Blind who were hired between July 1, 1991 and June 30, 2005. TDCRS members also include former TRS plan members, including higher education employees, who have elected to transfer into or participate in TDCRS. There were approximately 5,862 and 21,431 members in the TDCRS plan at June 30, 2009 and 2008, respectively. TDCRS benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. TDCRS closed participation to new members effective June 30, 2005.

During the 2008 First Special Session, the West Virginia Legislature passed House Bill 101 regarding retirement benefits for teachers and educational service personnel which became effective Sunday, March 16, 2008. The legislation provided an opportunity for members of the Teachers' Defined Contribution Retirement System (TDCRS) to elect to transfer to the West Virginia Teachers' Retirement System (TRS).

For the transfer to occur, at least 65% of members who were actively contributing to TDCRS as of December 31, 2007, had to affirmatively elect to transfer to TRS during the election period. All TDCRS members were eligible to voluntarily elect to transfer whether or not they were actively contributing on December 31, 2007. The statutory election period for all TDCRS members was April 1st through May 12th, 2008.

3 - PLAN DESCRIPTIONS AND CONTRIBUTION INFORMATION (Continued)

Defined Contribution Plan (Continued)

Teachers' Defined Contribution Retirement System (Continued)

Of the actively contributing members of TDCRS, 14,871 elected to transfer to TRS, which was 78.3% of the total actively contributing members. Therefore, the transfer occurred on July 1, 2008 and a total of 15,152 TDCRS members transferred to TRS.

The TDCRS provides members with a choice of ten separate investment options made up of a fixed income mutual fund, balanced mutual fund, large cap mutual funds, mid cap mutual fund, small cap mutual fund, international mutual fund, money market fund and a guaranteed insurance fixed annuity. Three Profile funds (conservative, moderate, or aggressive) allow participants to invest their contributions according to their risk tolerance (conservative, moderate, or aggressive) made up of these ten investment options are also offered to TDCRS members and are automatically rebalanced quarterly.

Contributions **-** State law requires employees to contribute 4.5% of their gross compensation and the employers to contribute 7.5% of covered members' gross compensation. Employer contributions are comprised from amounts allocated to the employers through the State's School Aid Formula, forfeitures allotted from the TDC Plan and county contributions. Employer contributions for each employee (and interest allocated to the employee's account) become partially vested after six years and fully vested after 12 complete years of service. If a terminated employee does not return to active participant status within five years, the nonvested employer contributions and earnings thereon are forfeited to reduce the employer's current period contribution requirement. Any such forfeitures arising from contributions, plus earnings thereon, will be used to reduce future employer contributions.

4 - INVESTMENTS

The Board has adopted investment guidelines that are consistent with those specified in the West Virginia Code. Those guidelines authorize the Board to invest with IMB in obligations of the United States and certain of its agencies, certificates of deposit, direct and general obligations of states, repurchase agreements relating to certain securities, equity securities, real estate, and guaranteed investment contracts. Plan assets of defined benefit plans are invested by the IMB. Investments are managed by a third party administrator as the trustee for the TDCRS.

The West Virginia Investment Management Board (IMB) invests plan assets in accordance with West Virginia Code and policies established by the IMB. Individual defined benefit plan assets are invested by the IMB in the various IMB pools. Following is a summary of investments held by IMB for each plan as of June 30, 2009 and 2008.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - INVESTMENTS (Continued)

As of June 30, 2009 (in thousands):	PERS	TRS	PSDDRS	SPRS	DSRS	JRS	EMSRS
Investments:							
Large cap equity	$ 680,600	$ 730,127	$ 96,655	$ 8,325	$ 16,141	$ 18,568	$ 3,480
Non-large cap equity	122,080	128,547	13,521	1,462	2,850	3,286	609
International qualified	272,446	287,574	32,637	3,498	6,853	7,925	1,449
International equity	592,014	639,074	64,587	7,066	13,648	15,666	2,964
Private equity	251,943	273,788	33,769	3,689	7,149	8,221	1,542
Private real estate	17,578	16,468	2,047	208	395	450	77
Total Return Fixed income	830,545	657,748	92,772	10,394	20,066	22,859	4,327
Core Fixed Income	87,299	67,421	9,742	1,094	2,110	2,406	455
Hedge Fund	372,820	383,448	35,475	3,868	7,504	8,626	1,615
TRS Annuity	-	198,904	-	-	-	-	-
Short term fixed income	16,429	129,908	1,719	717	334	303	352
Total investments	$3,243,754	$3,513,007	$ 362,924	$ 40,321	$ 77,050	$ 88,310	$ 16,870

As of June 30, 2008 (in thousands):	PERS	TRS	PSDDRS	SPRS	DSRS	JRS	EMSRS
Investments:							
Large cap equity	$ 761,062	$ 736,142	$ 92,491	$ 8,487	$ 17,890	$ 19,415	$ 3,220
Non-large cap equity	295,601	283,987	17,998	1,593	3,460	3,781	574
International qualified	221,650	188,165	26,498	2,217	4,974	5,501	1,123
International equity	592,583	775,733	86,362	7,232	16,157	17,965	2,263
Private equity	430,956	361,209	50,771	4,324	9,597	10,664	1,538
Private real estate	16,860	14,099	1,976	172	377	416	36
Fixed income	1,599,015	870,389	182,580	16,670	35,807	38,567	6,179
Short term fixed income	16,762	118,242	380	869	532	3,880	483
Total investments	$3,934,489	$3,347,966	$ 459,056	$ 41,564	$ 88,794	$ 100,189	$ 15,416

Large Cap Domestic

The pool's objective is to exceed, net of external investment management fees, the S&P 500 Stock Index over three to five year periods. Assets are managed by Intech Investment Management, LLC, and State Street Global Advisors.

This pool holds equity securities of U.S. companies and money market funds with the highest credit rating. These types of securities are not exposed to credit risk, interest rate risk, custodial credit risk, or foreign currency risk. At June 30, 2009, this pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5% of the value of the pool and is not exposed to concentration of credit risk.

4 - INVESTMENTS (Continued)

Non-Large Cap Domestic

This pool invests in the equities of small to mid-sized companies and its objective is to exceed, net of external investment management fees, the Russell 2500 Index over three- to five-year periods. Assets of this pool are managed by Aronson + Johnson + Ortiz, LP and Westfield Capital Management. During March 2008, this pool also held international securities as part of an overall investment portfolio restructuring that included a transition to alternative investment classes and an increased exposure to international markets. These securities were transferred to the appropriate investment pools on April 1, 2008.

This pool holds equity securities of U.S. companies and money market funds with the highest credit rating. These types of securities are not exposed to credit risk, interest rate risk, custodial credit risk, or foreign currency risk. At June 30, 2009, this pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5% of the value of the pool and is not exposed to concentration of credit risk.

International Qualified

Funds of this pool are invested in Silchester International Investors' Value Equity Group Trust. This pool is expected to produce investment returns that exceed the Morgan Stanley Capital International's Europe Australasia Far East (EAFE) Index by 200 basis points on an annualized basis over three to five year periods, net of external investment management fees. Only "qualified participants" (as defined by the *Internal Revenue Code*) may invest in this pool.

This pool holds an institutional mutual fund that invests in equities denominated in foreign currencies. This investment, although denominated in U.S. dollars, is exposed to foreign currency risk. West Virginia statute limits the amount of international securities to no more than thirty percent of the total assets managed by the IMB. At June 30, 2009 the IMB was in compliance with this limitation. This pool is not exposed to credit risk, interest rate risk, custodial credit risk or concentration of credit risk.

International Equity

This pool invests in the equities of international companies. Assets are managed by AXA Rosenberg Investment Management, LLC, Brandes Investment Partners, LLC, LSV Asset Management and Pictet Asset Managers Limited. The objective of the pool is to exceed, net of external investment management fees, Morgan Stanley Capital International's All Country World Free Ex US Index over three to five year periods.

This pool is not exposed to credit risk, interest rate risk, or custodial credit risk. At June 30, 2009, the pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5% of the value of the pool. This pool has both equity securities and cash that are denominated in foreign currencies and are exposed to foreign currency risks. West Virginia statute limits the amount of international securities to no more than thirty percent of the total assets managed by the IMB. At June 30, 2009 the IMB was in compliance with this limitation. The amounts (in U.S. dollars) of the securities and cash denominated in foreign currencies are as follows:

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - INVESTMENTS (Continued)

International Equity (Continued)

Currency	Equity Securities	Cash	Total
Australian Dollar	$ 45,295,313	$ 187,926	$ 45,483,239
Brazil Cruzeiros Real	76,243,266	1,318,077	77,561,343
British Pound	175,318,942	1,551,666	176,870,608
Canadian Dollar	43,761,183	109,535	43,870,718
Czech Koruna	7,234,731	135	7,234,866
Danish Krone	10,935,831	33,982	10,969,813
Euro	266,768,796	6,226,567	272,995,363
Hong Kong Dollar	115,552,388	304,416	115,856,804
Hungarian Forint	11,566,434	781	11,567,215
Indonesian Rupiah	2,474,340	-	2,474,340
Israeli Shekel	13,692,033	81	13,692,114
Japanese Yen	214,493,385	2,000,670	216,494,055
Malaysian Ringgit	8,765,540	25,190	8,790,730
Mexican New Peso	20,204,832	54,161	20,258,993
New Taiwan Dollar	44,242,681	29,702	44,272,383
New Zealand Dollar	1,750,119	404,401	2,154,520
Norwegian Krone	9,140,371	127,263	9,267,634
Pakistani Rupee	1,371,114	-	1,371,114
Philippine Peso	4,738,490	-	4,738,490
Polish Zloty	4,768,257	39	4,768,296
Singapore Dollar	31,364,188	238,905	31,603,093
South African Rand	20,492,344	55,109	20,547,453
South Korean Won	75,285,153	527,742	75,812,895
Swedish Krona	19,034,030	75,507	19,109,537
Swiss Franc	58,766,408	928,122	59,694,530
Thailand Baht	-	2,202	2,202
Turkish Lira	30,584,716	42,029	30,626,745
	$ 1,313,844,885	$ 14,244,208	$ 1,328,089,093

This table excludes cash and securities held by the Pool that are denominated in U.S. dollars. The market value of the U.S. dollar denominated cash and securities is $818,239,129 as of June 30, 2009.

Short-Term Fixed Income

The main objective of this pool is to maintain sufficient liquidity to fund withdrawals by the participant plans and to invest cash contributions until such time as the money can be transferred to other asset classes without sustaining capital losses. JP Morgan Investment Advisor's, Inc., manages this pool. This pool's investment performance, net of external investment management fees, is expected to meet or exceed the Citigroup ninety-day Treasury bill index plus fifteen basis points.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - INVESTMENTS (Continued)

Short-Term Fixed Income (Continued)

Credit risk

The IMB limits the exposure to credit risk in the Short-Term Fixed Income pool by requiring all corporate bonds to be rated AA or higher. Commercial paper must be rated A1 by Standard & Poor's and P1 by Moody's. Additionally, the pool must have at least 15% of its assets in United States Treasury issues.

The following table provides information on the weighted average credit ratings of the Short-Term Fixed Income pool's investments as of June 30, 2009.

Security Type	Moody's	S&P	Carrying Value	Percent of Assets
U.S. Treasury bills	AAA	AAA	$ 92,585,804	34.9%
Agency discount notes	P1	A-1	88,452,922	33.3
U.S. Treasury note	Aaa	AAA	43,996,249	16.6
Agency bonds	Aaa	AAA	27,496,451	10.3
Commercial Paper	P1	A-1	12,999,680	4.9
Money market fund	Aaa	AAA	131	0.0
Total rated investments			$ 265,531,237	100.0%

This table includes securities received as collateral for repurchase agreements with a fair value of $92,585,804 as compared to the amortized cost of the repurchase agreements of $91,593,000.

Concentration of credit risk

West Virginia statutes prohibit the Short-Term Fixed Income pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2009, the pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial credit risk

At June 30, 2009, the Short-Term Fixed Income pool held no securities that were subject to custodial credit risk. Repurchase agreements are collateralized at 102% and the collateral is held in the name of the IMB. All remaining securities are held by the IMB's custodian in the name of the IMB.

4 - INVESTMENTS (Continued)

Short-Term Fixed Income (Continued)

Interest rate risk

The weighted average maturity of the investments of the Short-Term Fixed Income pool is not to exceed 60 days. The maturity of floating rate notes is assumed to be the next interest rate reset date. The following table provides the weighted average maturities (WAM) for various asset types in the Short-Term pool as of June 30, 2009.

Security Type	Carrying Value	WAM (days)
Repurchase agreements	$ 91,593,000	1
Agency discount notes	27,496,451	52
US Treasury bills	43,996,249	23
Agency bonds	12,999,680	5
Commercial paper	88,452,922	54
Money market funds	131	1
Total assets	$ 264,538,433	28

Foreign currency risk

The Short-Term Fixed Income pool has no securities that are subject to foreign currency risk.

Total Return Fixed Income

The main objective of this bond pool is to earn superior returns low volatility by actively investing in the extended fixed income markets. The pool was renamed in June 2009. It was previously the Fixed Income Pool. Western Asset Management Company (Western) manages the pool. The Pool's investment performance, net of external investment management fees, is expected to meet or exceed the Barclays Capital US Universal index.

Credit risk

The IMB limits the exposure to credit risk in the Total Return Fixed Income pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted average credit ratings of the rated asset types in the Total Return Fixed Income pool as of June 30, 2009.

4 - INVESTMENTS (Continued)

Total Return Fixed Income (Continued)

Security Type	Moody's	S&P	Fair Value	Percent of Assets
Agency mortgage backed securities	Aaa	AAA	$ 531,284,382	20.2%
Money Market Funds	Aaa	AAA	472,292,326	17.9
Corporate bonds and notes	Baa	BBB	466,052,257	17.7
Corporate collateralized mortgage obligations	Baa	AA	91,081,767	3.5
U.S. Treasury inflation protection bonds	Aaa	AAA	74,631,563	2.8
Agency notes	Aaa	AAA	3,866,877	0.1
U.S. Treasury bonds and notes	Aaa	AAA	1,678,244	0.1
Corporate preferred securities	C	C	965,455	0.0
Corporate asset backed securities	Aa	AA	622,399	0.0
Agency collateralized mortgage obligations	Aaa	AAA	465,532	0.0
Total rated investments			$ 1,642,940,802	62.3%

Unrated securities include commingled investment pools of $987,105,348, swaps, options, and swaptions valued at $(10,205,602), futures contract valued at $6,356,507, foreign currency forward contracts valued at $(610,756) and cash of $16,705,447 pledged to brokerage as collateral. These unrated securities represent 37.7 percent of the value of the pool's investments.

Concentration of credit risk

West Virginia statutes prohibit the Total Return Fixed Income pool from investing more than 5% of its assets in securities issued by a single private corporation or association. At June 30, 2009, the Total Return Fixed Income pool did not have investments in any one private corporation or association that represented more than 5% of assets.

Custodial credit risk

At June 30, 2009, the Total Return Fixed Income pool held no securities that were subject to custodial credit risk. Repurchase agreements are collateralized at 102% and the collateral is held in the name of the IMB. Investments in commingled funds are held in an account in the name of IMB. All remaining securities are held by the IMB's custodian in the name of the IMB. Securities lending collateral that is reported in the Statement of Assets and Liabilities of the IMB is invested in the lending agent's money market fund.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - INVESTMENTS (Continued)

Total Return Fixed Income (Continued)

Interest rate risk

The IMB monitors interest rate risk of the Total Return Fixed Income pool by evaluating the modified duration of the investments in the pool. The following table provides the weighted average modified duration for the various asset types in the Fixed Income pools as of June 30, 2009.

Security Type	Fair Value	Modified Duration (years)
Commingled investment pools	$ 987,105,348	2.5
Agency mortgage backed securities	531,284,382	9.6
Money market fund	472,292,326	0.0
Corporate bonds and notes	466,052,257	5.7
Corporate collateralized mortgage obligations	91,081,767	5.1
U.S. Treasury inflation protection bonds	74,631,563	13.1
Agency bonds	3,866,877	2.8
U.S. Treasury notes and bonds	1,678,244	16.4
Corporate asset backed securities	622,399	2.5
Agency collateralized mortgage obligations	465,532	0.5
Total assets	$ 2,629,080,695	5.4

The Total Return Fixed Income pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2009, the Total Return Fixed Income pool held $623,499,368 of these securities. This represents approximately 24 percent of the value of the Pool's securities.

Foreign currency risk

None of the notes, bonds, asset backed securities, mortgage backed securities, collateralized mortgage obligations or money market fund held by the Total Return Fixed Income Pool are exposed to foreign currency risk. However, the Pool does have foreign exchange forward

4 - INVESTMENTS (Continued)

Total Return Fixed Income (Continued)

contracts. Additionally, the Pool has indirect exposure to foreign currency risk through its ownership interests in certain of the commingled investment pools. Approximately $176,856,000, or 18 percent, of the commingled investment pools hold substantially all of their investments in foreign currencies. West Virginia statute limits the amount of international securities to no more than 30 percent of the total assets managed by the IMB. At June 30, 2009 the IMB was in compliance with this limitation.

Core Fixed Income

The main objective of this core bond pool is to generate investment income, provide stability and diversification, but not at the expense of total return. JPMorgan Investment Advisors, Inc. manages this pool. This pool's investment performance, net of external investment management fees, is expected to meet or exceed the Barclays Capital US Aggregate index.

This pool holds positions in institutional mutual funds with a combined value of $749,333,959 at June 30, 2008, that invest in mortgage-backed securities and corporate bonds. The mutual funds are unrated. The weighted average modified duration of the underlying securities is 5.6 years. This pool is not exposed to custodial credit risk, concentration of credit risk, or foreign currency risk.

Credit Risk

The IMB limits the exposure to credit risk in the Core Fixed Income Pool by maintaining at least an average rating of investment grade as defined by the Nationally Recognized Statistical Rating Organizations. The following table provides the weighted average credit ratings of the rated assets in the Core Fixed Income Pool as of June 30, 2009.

Security Type	Moody's	S&P	Fair Value	Percent of Assets
Agency collateralized mortgage obligations	Aaa	AAA	$ 134,378,380	33.1%
Agency mortgage backed securities	Aaa	AAA	117,952,526	29.1%
U. S. Treasury bonds and notes	Aaa	AAA	69,633,643	17.2%
Corporate bonds and notes	A	A	41,035,802	10.1%
Corporate collateralized mortgage obligations	Baa	AA	25,367,921	6.3%
Money market funds	Aaa	AAA	15,209,068	3.7%
Corporate asset backed securities	Aaa	AAA	2,191,003	0.5%
Total rated investments			$ 405,768,343	100.0%

Concentration of Credit Risk

West Virginia statutes prohibit the Core Fixed Income Pool from investing more than 5 percent of its assets in securities issued by a single private corporation or association. At June 30, 2009, the Core Fixed Income Pool did not have investments in any one private corporation or association that represented more than 5 percent of assets.

4 - INVESTMENTS (Continued)

Core Fixed Income (Continued)

Custodial Credit Risk

At June 30, 2009, the Core Fixed Income Pool held no securities that were subject to custodial credit risk. All securities are held by the IMB's custodian in the name of the IMB.

Interest Rate Risk

The IMB monitors interest rate risk of the Core Fixed Income Pool by evaluating the modified duration of the investments in the Pool. The following table provides the weighted average modified duration for the various asset types in the Core Fixed Income Pool as of June 30, 2009.

Security Type	Fair Value	Modified Duration (years)
Agency collateralized mortgage obligations	$ 134,378,380	3.4
Agency mortgage backed securities	117,952,526	8.9
U. S. Treasury bonds and notes	69,633,643	6.4
Corporate bonds and notes	41,035,802	5.0
Corporate collateralized mortgage obligations	25,367,921	4.1
Money market funds	15,209,068	0.0
Corporate asset backed securities	2,191,003	1.9
Total assets	$ 405,768,343	5.4

The Core Fixed Income Pool invests in commercial and residential mortgage-backed securities, asset-backed securities, and collateralized mortgage obligations. The cash flows from these securities are based on the payment of the underlying collateral. The modified duration and yield to maturity of these securities are dependent on estimated prepayment assumptions that consider historical experience, market conditions and other criteria. Actual prepayments may vary with changes in interest rates. Rising interest rates often result in a slower rate of prepayments while declining rates tend to lead to faster prepayments. As a result, the fair values of these securities are highly sensitive to interest rate changes. At June 30, 2009, the Core Fixed Income Pool held $279,883,830 of these securities. This represents approximately 69 percent of the value of the Pool's securities.

Foreign Currency Risk

None of the securities held by the Core Fixed Income Pool are exposed to foreign currency risk.

TRS Annuity Pool

The TRS Annuity Pool holds an investment contract strictly for the benefit of the Teachers Retirement System (TRS). The IMB assumed responsibility for this investment as part of the restructuring of the Teachers Defined Contribution (TDC) plan, a separate retirement plan outside of the

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - INVESTMENTS (Continued)

TRS Annuity Pool (Continued)

IMB, whereby certain TDC participants elected to transfer the ownership of their individual TDC retirement accounts to the TRS in exchange for current participation in the TRS defined benefit plan. The contract, issued by the Variable Annuity Life Insurance Company (VALIC), could not be liquidated as part of the restructuring, and was transferred in kind to the IMB on December 10, 2008. The final amount transferred on the contract was $248,292,529. Effective April 23, 2009, the IMB elected to liquidate this contract and will receive five equal annual payments of $55,058,102. The first payment was received on May 4, 2009 and subsequent payments will be received on May 4, 2010, 2011, 2012, and 2013. The contract and the payments include a guaranteed annual interest yield of 4.5%. VALIC is a wholly-owned subsidiary of American International Group, Inc. (AIG), but is not in bankruptcy.

Credit Risk

The contract issued by the VALIC is not rated by any of the nationally recognized statistical rating agencies. VALIC has received "A" ratings from Moody's, Fitch, and Standard & Poor's.

Concentration of Credit Risk

The contract issued by the VALIC is the only security held by the Pool. Consequently, the Pool is subject to concentration of credit risk.

Custodial Credit Risk

The Pool is not subject to custodial credit risk.

Interest Rate Risk

The investment contract has a guaranteed annual interest yield of 4.5%, which is higher than current market interest rates. The IMB has elected to withdraw funds in equal installments over five years. Under the terms of the election agreement the interest rate became fixed. The Pool is subject to the risk that it could potentially earn a lower than market interest rate in the event market rates increase above the 4.5% contractual rate.

Foreign Currency Risk

The Pool is not subject to foreign currency risk.

4 - INVESTMENTS (Continued)

Private Equity

The private equity pool was established February 1, 2008 to hold the IMB's investments in various types of private equity funds. Franklin Park Associates, LLC has been retained by the IMB to provide consulting services for this asset class.

This pool holds limited partnerships, shares of an institutional commingled fund and a money market fund with the highest credit rating. The institutional commingled fund is not rated by any of the nationally recognized statistical rating agencies and thus any credit risk cannot be accurately reported. The securities of this pool are not exposed to credit risk, interest rate risk, or custodial credit risk. There is an indirect exposure to foreign currency risk through certain of the partnerships and the commingled fund. At June 30, 2009 these investments had holdings in foreign currencies of approximately $301,550,000 or approximately 53 percent of the total value of the Pool's investments.

Currency	Equity Securities
Australian Dollar	$ 13,154,000
Brazil Cruzeiros Real	144,000
Canadian Dollar	3,388,000
Euro	179,673,000
Hong Kong Dollar	3,373,000
Japanese Yen	46,209,000
Pound	55,609,000
	$ 301,550,000

At June 30, 2009 this pool, in accordance with West Virginia statutes, did not hold securities of any one issuer in excess of 5 percent of the value of the pool and is not exposed to concentration of credit risk.

Private Real Estate

The private real estate pool was established February 1, 2008 to hold the IMB's investments in private real estate funds. Courtland Partners, Ltd. has been retained by the IMB to provide consulting services for this asset class.

The Pool holds a limited partnership, shares of an institutional commingled fund and a money market fund with the highest credit rating. The institutional commingled fund is not rated by any of the nationally recognized statistical rating agencies and thus any credit risk cannot be accurately reported. The securities of the Pool are not exposed to credit risk, interest rate risk, custodial credit risk, or foreign currency risk. At June 30, 2009, the Pool, in accordance with West Virginia statutes,

4 - INVESTMENTS (Continued)

Private Real Estate (Continued)

did not hold securities of any one issuer in excess of 5 percent of the value of the Pool and is not exposed to concentration of credit risk.

IMB Commitments

The IMB, with the assistance of its specialty consultants, began implementing its plan to invest in private equity, real estate, and hedge funds in February 2008. As of June 30, 2009, the IMB has made commitments to fourteen private equity general partnerships totaling $540,000,000. The IMB has funded $81,116,000 of these commitments at June 30, 2009, leaving unfunded commitments of $458,884,000. The IMB also committed $130,000,000 to four real estate funds/partnerships. The IMB had funded $25,058,000 of these commitments at June, 30, 2009 leaving unfunded commitments of $104,942,000.

Investments and Deposits - TDCRS

Credit Risk

The TDCRS' investments are not rated as to credit risk.

Concentration of Credit Risk

As of June 30, 2009 and 2008, the TDCRS has investment balances with the following issuers which were greater than 5% of the total investment balance of the TDCRS (in thousands):

Mutual Funds:	2009	2008
American Funds Growth Fund A	$ 30,149	$ 142,809
Black Rock Large Cap Value Fund	13,760	71,251
Federated Max Cap Institutional	13,128	63,446
Franklin Income Fund - A	19,937	95,132
American Funds Bond A	36,727	82,528
Valic Fixed Annuity Option	60,695	298,333
Vanguard Money Market Prime Portfolio	15,835	59,214
Other (less than 5% individually)	32,176	117,597
	$ 222,407	$ 930,310

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the TDCRS will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2009, the TDCRS held no securities that were subject to custodial credit risk.

4 - INVESTMENTS (Continued)

Investments and Deposits - TDCRS (Continued)

Concentration of Credit Risk - Cash Deposits

The TDCRS' cash deposits with financial institutions were $3,097 at June 30, 2009. These deposits, which had a bank balance of $3,097, are either insured by the Federal Deposit Insurance Corporation or collateralized with securities held in TDCRS' name by its agent.

Interest Rate Risk

As of June 30, 2009, the TDCRS had the following investments and maturities (in thousands):

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1-5	6-10
Mutual Funds	$ 222,179	$ 222,179	$ -	$ -

Foreign Currency Risk

There are no securities held by TDCRS that are subject to foreign currency risk.

5 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description

The Board participates in the West Virginia Other Postemployment Benefits Plan (OPEB Plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost sharing multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employees. The provisions of the Code of West Virginia, 1931, as amended (the Code) assigned the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publically available financial report that includes financial statements and required supplemental information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, 601 57th Street SE, Suite 2, Charleston, West Virginia, 25303-2345, or by calling 1-888-680-7342.

Funding Policy

The Code requires the OPEB Plan to bill the participating employers 100% of the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost per year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

5 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

The Board's contribution to the OPEB Plan for the year ended June 30, 2009 and 2008 was $243,524 and $157,664 and the billed ARC was $328,275 and $328,274. This resulted in a net ARC liability of $84,751 and $84,750, which is included in the Board's liabilities as of June 30, 2009 and 2008.

6 - EMPLOYEE BENEFIT PLANS

The Board's employees are eligible to participate in PERS. The key provisions of the PERS plan are described in Note 2. Per the plan provisions, Board and employee contributions for the three years ended June 30, 2007, 2008 and 2009 are as follows, which equal their required contributions to the plan (in thousands):

	2009	2008	2007
Board contributions	$ 305	$ 277	$ 176
Employee contributions	130	119	75
Total contributions	$ 435	$ 396	$ 251

7 - CONTINGENCIES

The Board is engaged in various legal actions that it considers to be in the ordinary course of business. Some of these cases involve potentially significant amounts for which legal counsel is unable to render an opinion on the outcome. Further, the financial impact of some cases is dependent upon judicial rulings in favor of petitioners and would have to be actuarially determined, inasmuch as the relief sought is an increase in the petitioners' annuity benefit. Accordingly, the financial statement impact of such cases cannot be determined at the present time. As legal actions are resolved, the Board recognizes the liability in its financial statements in the period the amount can be estimated.

8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to, and illnesses of employees; medical liabilities; and natural disasters.

Health insurance coverage for the Board's employees is obtained through its participation in the West Virginia Public Employees Insurance Agency (PEIA). PEIA provides the following basic employee benefit coverage to all participants: hospital, surgical, group major medical, basic group life, accidental death, and prescription drug coverage for active and retired employees of the State of West Virginia and various related State and non-State agencies. Additionally, the Board has obtained

8 - RISK MANAGEMENT (Continued)

coverage for job-related injuries through the purchase of a policy from Brickstreet Mutual Insurance Company. In exchange for the payment of premiums to PEIA and Brickstreet, the Board has transferred its risks related to health coverage for employees and job-related injuries of employees. Furthermore, the Board is a participant in the self-insured public entity risk pool administered by the Board of Risk and Insurance Management. Coverage is in the amount of $1,000,000 per occurrence for general liability and property damage.

There have been no significant reductions in insurance coverage from the prior year. Additionally, the amount of settlements has not exceeded insurance coverage in the past three years.

9 - SUBSEQUENT EVENTS

Increase in Employer Contribution Rate for PERS

Action was taken by the Board on January 21, 2009 to increase the employer contribution rate for PERS from 10.5% of a member’s monthly gross salary to 11.0% of a member’s monthly gross salary effective July 1, 2009. The increase is necessary to adequately fund the Public Employees Retirement System and to protect the public interest to ensure that the unfunded actuarial accrued liability does not increase.

Increase in Employee Contribution Rate for SPRS

Action was taken by the Board on January 21, 2009 to increase the employee contribution rate for SPRS from 12.0% of a member’s monthly gross salary to 13.0% of a member’s monthly gross salary effective July 1, 2009. The increase is necessary to adequately fund the Public Employees Retirement System and to protect the public interest to ensure that the unfunded actuarial accrued liability does not increase.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

SCHEDULE OF FUNDING PROGRESS
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PERS						
July 1, 2008	$ 3,939,059	$ 4,677,027	$ 737,968	84.2 %	$ 1,219,388	60.5 %
July 1, 2007	4,293,296	4,426,051	132,755	97.0	1,191,130	11.1
July 1, 2006	3,700,186	4,264,700	564,514	86.6	1,159,715	48.7
July 1, 2005	3,404,651	4,074,385	669,734	83.6	162,098	57.6
July 1, 2004	3,095,660	3,870,201	774,541	80.0	1,134,111	68.3
July 1, 2003	2,669,941	3,691,001	991,060	73.1	1,109,272	89.3
July 1, 2002	2,588,777	3,432,467	843,690	75.4	1,040,269	81.1
July 1, 2001	2,681,395	3,178,037	496,642	84.4	972,711	51.1
July 1, 2000	2,700,356	2,932,484	232,128	92.1	930,331	25.0
July 1, 1999	3,504,002	2,681,756	177,754	93.4	854,833	20.8
July 1, 1998	2,371,359	2,524,214	152,855	93.6	836,541	18.3
TRS						
July 1, 2008	$ 4,133,883	$ 8,268,578	$ 4,134,695	50.0 %	$ 1,409,437	293.4 %
July 1, 2007	3,665,993	7,142,711	3,476,718	51.3	828,939	419.4
July 1, 2006	2,174,464	6,877,872	4,703,408	31.6	759,206	619.5
July 1, 2005	1,627,355	6,617,708	4,990,353	24.0	735,614	678.4
July 1, 2004	1,427,475	6,440,738	5,013,263	22.2	784,415	639.1
July 1, 2003	1,191,238	6,243,834	5,052,596	19.1	832,919	606.6
July 1, 2002	1,098,441	5,709,001	4,610,560	19.2	841,627	547.8
July 1, 2001	1,090,663	5,188,826	4,098,163	21.0	867,018	472.7
July 1, 2000	1,046,840	4,883,064	3,836,224	21.4	874,166	438.8
July 1, 1999	932,501	4,629,276	3,696,775	20.1	891,165	414.8
July 1, 1998	839,597	4,262,797	3,423,200	19.7	878,364	389.7
PSDDRS						
July 1, 2008	$ 459,182	$ 547,623	$ 88,441	83.9 %	$ 10,400	850.4 %
July 1, 2007	513,009	527,393	14,384	97.3	10,997	130.8
July 1, 2006	452,794	506,828	54,034	89.3	11,128	485.6
July 1, 2005	361,390	485,429	124,039	74.4	11,252	1102.4
July 1, 2004	118,080	462,119	344,039	25.6	12,273	2803.2
July 1, 2003	99,409	447,869	348,460	22.2	13,496	2581.9
July 1, 2002	91,095	416,938	325,843	21.9	14,314	2276.4
July 1, 2001	89,229	388,909	299,680	22.9	15,611	1919.7
July 1, 2000	84,922	361,026	276,104	23.5	16,319	1691.9
July 1, 1999	74,230	343,289	269,059	21.6	16,478	1632.8
July 1, 1998	67,568	297,832	230,264	22.7	16,560	1390.5
SPRS						
July 1, 2008	$ 41,564	$ 51,388	$ 9,824	80.9 %	$ 20,285	48.4 %
July 1, 2007	40,350	40,786	436	98.9	18,850	2.3
July 1, 2006	30,747	33,552	2,805	91.6	15,870	17.7
July 1, 2005	25,297	26,050	753	97.1	14,311	5.3
July 1, 2004	19,882	22,102	2,220	90.0	13,233	16.8

(Continued)

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

SCHEDULE OF FUNDING PROGRESS
(In Thousands)
(Continued)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
SPRS (Continued)						
July 1, 2003	14,741	16,892	2,151	87.3	11,449	18.8
July 1, 2002	11,644	13,708	2,064	84.9	10,134	20.4
July 1, 2001	9,825	10,819	994	91.0	10,175	9.8
July 1, 2000	7,514	8,585	1,071	87.5	9,799	10.9
July 1, 1999	5,081	4,921	(160)	103.3	6,961	(2.3)
July 1, 1998	3,414	2,944	(470)	116.0	5,077	(9.3)
DSRS						
July 1, 2008	$ 89,852	$ 119,738	$ 29,885	75.0 %	$ 37,366	80.0 %
July 1, 2007	93,983	109,726	15,743	85.7	34,605	45.5
July 1, 2006	77,899	103,748	25,849	75.1	31,967	80.9
July 1, 2005	68,914	98,081	29,167	70.3	29,837	97.8
July 1, 2004	59,715	87,759	28,044	68.0	28,326	99.0
July 1, 2003	49,364	78,871	29,507	62.6	26,094	113.1
July 1, 2002	44,371	72,702	28,311	61.0	24,291	116.6
July 1, 2001	42,919	64,869	21,950	66.2	22,590	97.2
July 1, 2000	39,679	57,481	17,802	69.0	21,056	84.5
July 1, 1999	32,801	49,237	16,436	66.6	19,581	83.9
JRS						
July 1, 2008	$ 100,186	$ 97,965	$ (2,221)	102.3 %	$ 8,261	0.0 %
July 1, 2007	104,127	96,018	(8,109)	108.4	8,261	0.0
July 1, 2006	85,932	91,820	5,888	93.6	8,029	73.3
July 1, 2005	74,757	90,528	15,771	82.6	8,145	193.6
July 1, 2004	63,559	85,778	22,219	74.1	6,325	351.3
July 1, 2003	52,779	96,709	43,930	54.6	6,325	694.5
July 1, 2002	47,620	92,215	44,595	51.6	6,325	705.1
July 1, 2001	46,635	84,791	38,156	55.0	6,325	603.3
July 1, 2000	43,779	83,982	40,203	52.1	6,055	664.0
July 1, 1999	37,359	78,598	41,239	47.5	5,965	691.3
July 1, 1998	32,593	73,900	41,307	44.1	5,363	770.2
July 1, 1996	23,051	70,091	47,040	32.9	5,385	873.5
EMSRS						
January 1, 2008	$ 14,323	$ 19,492	$ 5,169	73.5 %	$ 17,181	30.1 %

Note: Actuarial calculations for PSDDRS, SPRS, and JRS were not performed as of July 1, 1997. The June 30, 2003 TRS assets were changed to reflect the final audited financial statements which were unavailable at the issuance of the July 1, 2003 valuation report. EMSRS data is from the Initial Valuation report for the Plan's effective date of January 1, 2008.

See accompanying note to required supplementary information.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYERS AND
OTHER CONTRIBUTING ENTITIES
(In Thousands)

Year Ended June 30	(1) Budgeted Recommended Contribution	(2) Restated Recommended Contribution	Percent of Budget Contributed	Percent of Restated Contributed
PERS				
2009	$ 128,036	$ 128,036	99.98 %	99.98 %
2008	125,069	125,069	102.08	102.08
2007	121,770	121,770	101.91	101.17
2006	122,020	124,033	109.49	107.71
2005	119,082	119,164	99.71	99.64
2004	116,474	116,474	99.28	99.28
2003	98,826	117,030	104.47	88.22
2002	92,408	92,408	104.63	104.63
2001	88,381	88,381	101.77	101.77
2000	81,214	81,214	104.73	104.73
1999	79,471	79,471	98.11	98.11
TRS (3)				
2009	$ 404,457	$ 404,457	94.29 %	94.29 %
2008	337,316	345,412	110.10	107.52
2007	348,688	327,068	425.99	454.15
2006	345,215	347,802	191.52	190.10
2005	342,800	334,533	102.98	105.52
2004	307,634	333,208	106.76	98.57
2003	271,808	290,428	105.38	98.63
2002	237,688	254,050	110.19	103.10
2001	227,881	229,926	107.64	106.68
2000	213,085	220,853	103.42	99.78
1999	199,019	211,804	107.20	100.73
PSDDRS (4)				
2009	$ 4,018	$ 4,018	116.45 %	116.45 %
2008	5,693	5,693	94.01	94.01
2007	6,227	6,227	96.74	96.74
2006	10,567	10,567	724.46	724.46
2005	27,953	27,953	904.90	904.90
2004	24,701	24,358	97.10	98.47
2003	22,473	23,866	100.19	94.34
2002	19,742	21,713	103.17	93.80
2001	18,546	19,074	100.35	97.58
2000	16,613	17,920	104.25	96.65
1999	14,600	12,983	105.76	118.93
SPRS				
2009	$ 2,434	$ 2,434	96.13 %	96.13 %
2008	2,262	2,262	102.49	102.49
2007	1,904	1,904	114.29	114.29
2006	1,719	1,717	105.93	106.06
2005	1,487	1,588	114.46	107.18
2004	1,357	1,343	109.95	122.70
2003	1,422	1,170	90.93	110.50

(Continued)

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

SCHEDULE OF CONTRIBUTIONS FROM THE EMPLOYERS AND
OTHER CONTRIBUTING ENTITIES
(In Thousands)

Year Ended June 30	(1) Budgeted Recommended Contribution	(2) Restated Recommended Contribution	Percent of Budget Contributed	Percent of Restated Contributed
SPRS (Continued)				
2002	$ 1,329	$ 1,039	91.79 %	117.44 %
2001	842	1,105	141.28	107.74
2000	759	561	135.94	184.04
1999	424	325	176.06	229.46
DSRS (5)				
2009	$ 4,448	$ 4,448	96.15 %	96.15 %
2008	4,134	4,134	102.49	102.49
2007	3,857	3,857	100.96	100.96
2006	3,608	3,608	104.30	104.30
2005	3,449	2,912	103.48	122.56
2004	2,979	3,241	108.46	99.69
2003	2,758	2,993	105.48	97.21
2002	2,646	2,505	100.36	106.01
2001	2,537	2,094	103.18	125.05
2000	2,397	1,922	104.13	129.85
JRS				
2009	$ 2,537	$ 2,537	237.84 %	237.84 %
2008	3,267	2,508	184.70	240.59
2007	4,204	3,088	143.53	195.40
2006	4,713	4,104	143.39	164.67
2005	6,758	4,398	100.00	153.66
2004	6,517	6,652	81.77	80.11
2003	5,413	6,418	101.60	85.70
2002	5,138	5,330	116.77	112.58
2001	5,165	5,066	125.16	127.62
2000	5,550	4,920	97.58	110.09
1999	5,705	5,324	94.94	101.72

Notes:

(1) Budgeted recommended contribution represents the original budgeted recommended contribution per the actuarial reports as presented to the Legislature.

(2) Restated recommended contribution represents the updated recommended contribution based upon the availability of more recent information, including changes in market performance, payroll, and other factors.

(3) Contributions for the Teachers Retirement System include employer contributions and interest from out-of-state services and surcharges on fire and casualty insurance policies which are specifically identified to fund the plan per West Virginia State Code Section 33-3-14d and 33-33-33.

(4) Contributions for Plan A include employer contributions and other payments designated by WV State Code Section 15-2-26 - Payments to members for court attendance and mileage; rewards for apprehending wanted persons; fees for traffic accident reports and photographs; fees for criminal investigation reports and photographs; fees for criminal history record checks; and fees for criminal history record reviews and challenges or from any other sources designated by the superintendent.

(5) Contributions include employer contributions and various other fees designated for the fund from charges and fees per WV State Code Section 7-14E-2 and 17A-3-17 - Charges for obtaining reports (i.e., accident reports); fees for performing certain services (adult private employment finger printing for federal firearm permits, motor vehicle number identification, adult identification card, and photo-identification card); fees for nongovernmental background investigation reports; and fees for renewal of a Class A or G vehicle registration.

See accompanying note to required supplementary information.

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was based on the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	PERS	TRS	PSDDRS
Valuation date	July 1, 2008	July 1, 2008	July 1, 2008
Actuarial cost method	Entry age cost	Entry age cost	Entry age cost
Asset valuation method	Fair value	Fair value	Fair value
Amortization method	Level dollar	Level dollar	Level dollar
Amortization period	Through FY 2035*	Through FY 2034	Through FY 2025
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
Projected salary increases:			
PERS:			
State	4.25-6.0%	-	-
Nonstate	3.75-5.5%	-	-
TRS:			
Teachers	-	3.5-5.0%	-
Non Teachers	-	3.6-5.5%	-
Other Plans	-	-	6% for first 5 yrs of service, 5.5% for the next 5 yrs, and 4.75% thereafter
Inflation rate	3.0%	3.0%	3.0%

*Contribution rates are not sufficient to meet original amortization funding target.

SPRS	DSRS	JRS	EMSRS
July 1, 2008	July 1, 2008	July 1, 2008	January 1, 2008
Entry age cost	Entry age cost	Entry age cost	Entry age cost
Fair value	Fair value	Fair value	Fair value
Level dollar	Level percentage of payroll	Level dollar	Level dollar
Through FY 2030	Through FY 2029*	N/A	Through FY 2030
7.5%	7.5%	7.5%	7.5%
-	-	-	-
-	-	-	-
6% for first 5 yrs of service, 5.5% for the next 5 yrs, and 4.75% thereafter	5.5% for first 5 yrs of service, 5.0% for the next 5 yrs, and 4.5% thereafter	4.5%	By age from 5.0% at age 30 declining to 3.5% at age 55
3.0%	3.0%	3.0%	3.0%

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of WV Consolidated Public Retirement Board (the Board), as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements and have issued our report thereon dated November 6, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Members of the Board, and the Members of the West Virginia Legislature, and is not intended to be and should not be used by anyone other than these specified parties.

Gibbons & Kawash

November 6, 2009

WEST VIRGINIA CONSOLIDATED PUBLIC RETIREMENT BOARD

SCHEDULE OF FINDINGS AND RESPONSES

2009-1 ACCOUNTS PAYABLE CUTOFF

Condition:

We noted that accounts payable balances reported in the financial statements of the internal service fund prepared by management did not include all significant expenses incurred but unpaid by the Board as of June 30, 2009.

Criteria:

In accordance with accounting principles generally accepted in the United States of America, accounts payable reported in the financial statements should include all expenses incurred and unpaid by the government as of the balance sheet date.

Context:

Accounts payable in the Internal Service Fund, as reported in the internal unaudited financial statements was understated by $78,016.

Effect:

The unaudited financial statements did not include all significant expenses and associated liabilities incurred by the Board as of June 30, 2009.

Cause:

Management does not have effective procedures established to ensure that a complete and accurate cut-off of accounts payable is achieved.

Recommendation:

Management should establish effective procedures to ensure that all material expenditures that have been incurred but not paid as of the balance sheet date are recorded in the Board's internal service fund financial statements as a liability in accordance with accounting principles generally accepted in the United States of America.

Management's Response:

The Board has procedures in place to ensure that all material expenditures that have been incurred but not paid as of the balance sheets date are recorded. The unrecorded items occurred because a single experienced employee recorded the transactions in the financial system based upon the invoice date rather than the dates services were rendered. The employee could not explain why this was done and has been cautioned to be more attentive to the accounting period in which transactions are recorded. The Accounting Manager is monitoring this employee's work to ensure this type of error does not reoccur.