



Virginia  
Retirement  
System

**VIRGINIA RETIREMENT SYSTEM  
TEACHER RETIREMENT PLAN**

**GASB No. 68 Schedules**

**With Independent Auditor's Report Thereon**

**For the Fiscal Year Ended June 30, 2013**

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Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

October 1, 2015

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

## Independent Auditor's Report

### Report on the Schedules

We have audited the accompanying schedule of employer allocations of the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2013, and the related notes. We have also audited the total for all teacher employers of the column titled net pension liability included in the accompanying schedule of net pension liability of the Virginia Retirement System Teacher Retirement Plan as of June 30, 2013, and the related notes.

#### *Management's Responsibility for the Schedules*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on the schedule of employer allocations and the specified column total included in the schedule of net pension liability based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and the specified column total included in the schedule of net pension liability are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and the specified column total included in the schedule of net pension liability. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the specified column total included in the schedule of net pension liability, whether

due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and the specified column total included in the schedule of net pension liability in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and the specified column total included in the schedule of net pension liability.

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

### *Opinions*

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, for the total of all participating teacher employers for the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Virginia Retirement System as of and for the year ended June 30, 2013, and our report thereon, dated December 2, 2013, expressed an unmodified opinion on those financial statements.

### *Restriction on Use*

Our report is intended solely for the information and use of the Virginia Retirement System management, the Virginia Retirement System Board of Trustees, the Commonwealth Joint Legislative Audit and Review Commission, and the Virginia Retirement System Teacher Retirement Plan employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

  
AUDITOR OF PUBLIC ACCOUNTS

ZLB/clj

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 1 Of 5  
For the Fiscal Year Ended June 30, 2013**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40100	ACCOMACK COUNTY SCHOOL BOARD	\$ 2,931,579	0.35024%
40101	ALBEMARLE COUNTY SCHOOLS	9,188,036	1.09770%
40102	ALLEGHANY COUNTY SCHOOL BOARD	1,531,738	0.18300%
40103	AMELIA COUNTY SCHOOL BOARD	889,003	0.10621%
40104	AMHERST COUNTY SCHOOL BOARD	2,647,990	0.31636%
40105	APPOMATTOX COUNTY SCHOOL BOARD	1,193,887	0.14263%
40106	ARLINGTON PUBLIC SCHOOLS	28,419,647	3.39530%
40107	AUGUSTA COUNTY SCHOOL BOARD	6,177,181	0.73799%
40108	BATH COUNTY SCHOOL BOARD	483,198	0.05773%
40109	BEDFORD COUNTY SCHOOL BOARD	5,361,304	0.64052%
40110	BLAND COUNTY SCHOOL BOARD	474,086	0.05664%
40111	BOTETOURT COUNTY SCHOOLS	2,942,673	0.35156%
40112	BRUNSWICK COUNTY PUBLIC SCHOOLS	1,205,802	0.14406%
40113	BUCHANAN COUNTY SCHOOL BOARD	1,872,733	0.22374%
40114	BUCKINGHAM COUNTY SCHOOL BOARD	1,125,298	0.13444%
40115	CAMPBELL COUNTY SCHOOL BOARD	4,252,638	0.50806%
40116	CAROLINE COUNTY SCHOOL BOARD	2,176,707	0.26005%
40117	CARROLL COUNTY SCHOOL BOARD	2,289,550	0.27353%
40118	CHARLES CITY CO SCHOOL BD	519,159	0.06202%
40119	CHARLOTTE COUNTY SCHOOL BOARD	1,357,199	0.16214%
40120	CHESTERFIELD CO SCHOOL BD	30,236,797	3.61240%
40121	CLARKE COUNTY SCHOOL BOARD	1,302,140	0.15557%
40122	CRAIG COUNTY SCHOOL BOARD	417,019	0.04982%
40123	CULPEPER COUNTY SCHOOL BOARD	4,591,491	0.54855%
40124	CUMBERLAND COUNTY SCHOOL BOARD	818,623	0.09780%
40125	DICKENSON COUNTY SCHOOL BOARD	1,177,464	0.14067%
40126	DINWIDDIE COUNTY SCHOOL BOARD	2,356,460	0.28153%
40128	ESSEX COUNTY PUBLIC SCHOOLS	930,196	0.11113%
40129	FAIRFAX COUNTY PUBLIC SCHOOLS	148,915,984	17.79107%
40130	FAUQUIER COUNTY SCHOOL BOARD	8,119,409	0.97003%
40131	FLOYD COUNTY SCHOOL BOARD	1,077,197	0.12869%
40132	FLUVANNA COUNTY PUBLIC SCHOOLS	2,698,153	0.32235%

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 2 Of 5  
For the Fiscal Year Ended June 30, 2013**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40133	FRANKLIN COUNTY PUBLIC SCHOOLS	4,266,720	0.50975%
40134	FREDERICK COUNTY SCHOOL BOARD	8,622,800	1.03017%
40135	GILES COUNTY SCHOOLS	1,274,458	0.15226%
40136	GLOUCESTER COUNTY SCHOOL BOARD	3,283,284	0.39225%
40137	GOOCHLAND COUNTY SCHOOL BOARD	1,479,259	0.17673%
40138	GRAYSON COUNTY SCHOOL BOARD	1,071,659	0.12803%
40139	GREENE COUNTY PUBLIC SCHOOLS	1,755,750	0.20976%
40140	GREENSVILLE CO SCHOOL BOARD	1,407,241	0.16812%
40141	HALIFAX COUNTY SCHOOL BOARD	3,223,962	0.38517%
40142	HANOVER COUNTY PUBLIC SCHOOLS	11,054,756	1.32071%
40143	HENRICO CO SCHOOL BOARD	28,048,548	3.35097%
40144	HENRY COUNTY PUBLIC SCHOOLS	4,014,238	0.47958%
40145	HIGHLAND COUNTY PUBLIC SCHOOLS	202,524	0.02420%
40146	ISLE OF WIGHT COUNTY SCHOOLS	3,510,891	0.41945%
40148	KING GEORGE CO SCHOOL BOARD	2,150,988	0.25698%
40149	KING AND QUEEN COUNTY SCHOOL BOARD	551,128	0.06584%
40150	KING WILLIAM CO SCHOOL BOARD	1,211,282	0.14471%
40151	LANCASTER COUNTY PUBLIC SCHOOLS	832,413	0.09945%
40152	LEE COUNTY SCHOOL BOARD	2,098,610	0.25072%
40153	LOUDOUN COUNTY SCHOOL BOARD	49,935,540	5.96581%
40154	LOUISA COUNTY PUBLIC SCHOOLS	2,812,949	0.33606%
40155	LUNENBURG COUNTY SCHOOL BOARD	913,888	0.10918%
40156	MADISON COUNTY SCHOOL BOARD	1,123,966	0.13428%
40157	MATHEWS COUNTY SCHOOL BOARD	711,170	0.08496%
40158	MECKLENBURG CO SCHOOL BOARD	2,658,923	0.31766%
40159	MIDDLESEX COUNTY SCHOOL BOARD	823,287	0.09836%
40160	MONTGOMERY COUNTY SCHOOL BOARD	5,129,551	0.61283%
40162	NELSON COUNTY PUBLIC SCHOOLS	1,241,762	0.14835%
40163	NEW KENT COUNTY SCHOOL BOARD	1,632,067	0.19498%
40165	NORTHAMPTON COUNTY SCHOOLS	1,058,925	0.12651%
40166	NORTHUMBERLAND CO SCHOOL BD	786,423	0.09395%
40167	NOTTOWAY COUNTY SCHOOL BOARD	1,267,321	0.15141%

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 3 Of 5  
For the Fiscal Year Ended June 30, 2013**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40168	ORANGE COUNTY PUBLIC SCHOOLS	2,831,919	0.33833%
40169	PAGE COUNTY PUBLIC SCHOOLS	2,047,970	0.24467%
40170	PATRICK COUNTY SCHOOL BOARD	1,442,652	0.17235%
40171	PITTSYLVANIA CO SCHOOL BD	4,318,844	0.51597%
40172	POWHATAN COUNTY SCHOOL BOARD	2,574,700	0.30760%
40173	PRINCE EDWARD CO SCHOOL BD	1,483,161	0.17719%
40174	PRINCE GEORGE CO SCHOOL BD	3,479,517	0.41570%
40176	PRINCE WILLIAM CO SCHOOL BD	53,019,433	6.33425%
40177	PULASKI COUNTY SCHOOL BOARD	2,567,608	0.30675%
40178	RAPPAHANNOCK CO SCHOOL BOARD	652,003	0.07789%
40179	RICHMOND COUNTY SCHOOL BOARD	714,805	0.08540%
40180	ROANOKE COUNTY SCHOOL BOARD	8,422,244	1.00621%
40181	ROCKBRIDGE CO SCHOOL BD	1,807,378	0.21593%
40182	ROCKINGHAM CO SCHOOL BD	6,811,097	0.81372%
40183	RUSSELL COUNTY SCHOOL BOARD	2,038,125	0.24350%
40184	SCOTT COUNTY SCHOOL BOARD	2,169,715	0.25922%
40185	SHENANDOAH COUNTY SCHOOL BOARD	3,662,797	0.43760%
40186	SMYTH COUNTY SCHOOL BOARD	2,763,234	0.33012%
40187	SOUTHAMPTON CO SCHOOL BD	1,444,170	0.17254%
40188	SPOTSYLVANIA CO SCHOOL BD	14,053,884	1.67902%
40189	STAFFORD COUNTY SCHOOL BOARD	16,310,716	1.94865%
40190	SURRY COUNTY SCHOOLS	941,561	0.11249%
40191	SUSSEX COUNTY SCHOOL BOARD	906,212	0.10827%
40192	TAZEWELL COUNTY SCHOOLS	3,116,295	0.37230%
40193	WARREN COUNTY SCHOOL BOARD	3,186,615	0.38071%
40195	WASHINGTON COUNTY SCHOOL BOARD	4,144,426	0.49514%
40196	WESTMORELAND CO SCHOOL BD	1,007,908	0.12042%
40197	WISE COUNTY SCHOOL BOARD	3,295,787	0.39375%
40198	WYTHE COUNTY SCHOOL BOARD	2,371,802	0.28336%
40199	YORK COUNTY SCHOOL BOARD	6,907,467	0.82524%
40200	ALEXANDRIA CITY SCHOOL BOARD	15,252,252	1.82219%

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 4 Of 5  
For the Fiscal Year Ended June 30, 2013**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40201	BRISTOL CITY SCHOOL BD	1,429,365	0.17077%
40202	BUENA VISTA CITY SCHOOLS	571,759	0.06831%
40203	CHARLOTTESVILLE PUBLIC SCHOOLS	4,027,893	0.48121%
40205	DANVILLE CITY SCHOOLS	4,021,706	0.48047%
40206	FREDERICKSBURG CITY SCHOOLS	2,246,518	0.26839%
40207	HAMPTON CITY SCHOOLS	12,406,905	1.48226%
40208	HARRISONBURG CITY SCHOOL BD	3,735,755	0.44631%
40209	HOPEWELL CITY SCHOOL BOARD	2,683,966	0.32065%
40210	LYNCHBURG PUBLIC SCHOOLS	5,738,804	0.68562%
40211	NEWPORT NEWS PUBLIC SCHOOLS	17,631,302	2.10642%
40212	NORFOLK PUBLIC SCHOOLS	24,212,567	2.89268%
40213	PETERSBURG CITY SCHOOLS	2,588,785	0.30928%
40214	PORTSMOUTH SCHOOL BOARD	9,215,672	1.10100%
40215	RADFORD CITY SCHOOL BOARD	950,043	0.11350%
40216	RICHMOND PUBLIC SCHOOLS	17,081,229	2.04070%
40217	ROANOKE CITY SCHOOL BOARD	8,128,824	0.97115%
40219	STAUNTON CITY SCHOOLS	1,894,535	0.22634%
40220	SUFFOLK CITY SCHOOL BOARD	8,142,025	0.97273%
40222	WINCHESTER PUBLIC SCHOOLS	3,047,306	0.36406%
40223	MARTINSVILLE CITY SCHOOLS	1,310,419	0.15656%
40224	FALLS CHURCH PUBLIC SCHOOLS	2,279,770	0.27236%
40225	COLONIAL HEIGHTS CITY SCHOOLS	2,173,522	0.25967%
40230	COVINGTON CITY SCHOOL BOARD	593,048	0.07085%
40231	FAIRFAX CITY SCHOOL BOARD	9,589	0.00115%
40232	FRANKLIN CITY PUBLIC SCHOOLS	868,616	0.10377%
40233	CHESAPEAKE PUBLIC SCHOOLS	24,631,101	2.94268%
40234	VA BEACH CITY SCHOOL BOARD	44,229,249	5.28408%
40236	MANASSAS PARK CITY SCHOOLS	1,952,237	0.23323%
40306	TOWN OF WEST POINT SCHOOL BD	530,524	0.06338%
40307	LEXINGTON CITY SCHOOL BOARD	298,489	0.03566%
40308	WAYNESBORO PUBLIC SCHOOLS	1,982,698	0.23687%



**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Employer Allocations – Page 5 Of 5  
For the Fiscal Year Ended June 30, 2013**

<b>Employer Code</b>	<b>Employer</b>	<b>Employer Contributions</b>	<b>Employer Allocation Percentage</b>
40309	TOWN OF COLONIAL BEACH SCHOOLS	372,780	0.04454%
40313	GALAX CITY SCHOOLS	762,537	0.09110%
40314	NORTON CITY SCHOOLS	425,305	0.05081%
40332	MANASSAS CITY SCHOOLS	5,740,047	0.68577%
40335	CITY OF SALEM SCHOOLS	2,566,334	0.30660%
40402	WILLIAMSBURG-JAMES CITY CO SCH	7,243,371	0.86537%
40403	POQUOSON CITY PUBLIC SCHOOLS	1,239,379	0.14807%
40410	VALLEY VO-TECH CENTER	212,896	0.02543%
40412	CHVILLE/ALBEMARLE VO-TECH CTR	143,792	0.01718%
40413	THE PRUDEN CENTER FOR INDUSTRY AND TECHNOLOGY	158,234	0.01890%
40414	JACKSON RIVER TECHNICAL CTR	105,441	0.01260%
40415	NEW HORIZONS TECHNICAL CTR	873,196	0.10432%
40416	NORTHERN NECK REG VOC CTR	106,644	0.01274%
40417	ROWANTY VO-TECH CENTER	79,773	0.00953%
40418	AMELIA-NOTTOWAY TECHNICAL CENTER	24,627	0.00294%
40421	NORTHERN NECK REGIONAL SPECIAL EDUCATION PROGRAM	114,292	0.01365%
40423	MAGGIE WALKER GOVERNOR'S SCH FOR GOVT/INT'L STUDY	463,467	0.05537%
40424	APPOMATTOX REGION GOVERNOR'S SCHOOL	180,876	0.02161%
40425	BRIDGING COMMUNITIES REGIONAL CAREER AND TECH CNTR	18,062	0.00216%
Total for all Teacher Employers		<u>\$ 837,028,195</u>	<u>100.00000%</u>

The accompanying notes are an integral part of the Schedule of Employer Allocations.

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Net Pension Liability – Page 1 Of 5  
As of June 30, 2013**

(Dollars in Thousands)

		<b>Net Pension Liability</b>
<b>Employer Code</b>	<b>Employer</b>	<b>June 30, 2013</b>
40100	ACCOMACK COUNTY SCHOOL BOARD	\$ 48,249
40101	ALBEMARLE COUNTY SCHOOLS	151,218
40102	ALLEGHANY COUNTY SCHOOL BOARD	25,210
40103	AMELIA COUNTY SCHOOL BOARD	14,631
40104	AMHERST COUNTY SCHOOL BOARD	43,581
40105	APPOMATTOX COUNTY SCHOOL BOARD	19,649
40106	ARLINGTON PUBLIC SCHOOLS	467,733
40107	AUGUSTA COUNTY SCHOOL BOARD	101,665
40108	BATH COUNTY SCHOOL BOARD	7,953
40109	BEDFORD COUNTY SCHOOL BOARD	88,237
40110	BLAND COUNTY SCHOOL BOARD	7,803
40111	BOTETOURT COUNTY SCHOOLS	48,431
40112	BRUNSWICK COUNTY PUBLIC SCHOOLS	19,846
40113	BUCHANAN COUNTY SCHOOL BOARD	30,822
40114	BUCKINGHAM COUNTY SCHOOL BOARD	18,520
40115	CAMPBELL COUNTY SCHOOL BOARD	69,990
40116	CAROLINE COUNTY SCHOOL BOARD	35,824
40117	CARROLL COUNTY SCHOOL BOARD	37,681
40118	CHARLES CITY CO SCHOOL BD	8,544
40119	CHARLOTTE COUNTY SCHOOL BOARD	22,336
40120	CHESTERFIELD CO SCHOOL BD	497,641
40121	CLARKE COUNTY SCHOOL BOARD	21,431
40122	CRAIG COUNTY SCHOOL BOARD	6,863
40123	CULPEPER COUNTY SCHOOL BOARD	75,568
40124	CUMBERLAND COUNTY SCHOOL BOARD	13,473
40125	DICKENSON COUNTY SCHOOL BOARD	19,379
40126	DINWIDDIE COUNTY SCHOOL BOARD	38,783
40128	ESSEX COUNTY PUBLIC SCHOOLS	15,309
40129	FAIRFAX COUNTY PUBLIC SCHOOLS	2,450,880
40130	FAUQUIER COUNTY SCHOOL BOARD	133,630
40131	FLOYD COUNTY SCHOOL BOARD	17,728
40132	FLUVANNA COUNTY PUBLIC SCHOOLS	44,407

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Net Pension Liability – Page 2 Of 5  
As of June 30, 2013**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>Net Pension Liability June 30, 2013</b>
40133	FRANKLIN COUNTY PUBLIC SCHOOLS	70,223
40134	FREDERICK COUNTY SCHOOL BOARD	141,915
40135	GILES COUNTY SCHOOLS	20,975
40136	GLOUCESTER COUNTY SCHOOL BOARD	54,036
40137	GOOCHLAND COUNTY SCHOOL BOARD	24,346
40138	GRAYSON COUNTY SCHOOL BOARD	17,637
40139	GREENE COUNTY PUBLIC SCHOOLS	28,896
40140	GREENSVILLE CO SCHOOL BOARD	23,160
40141	HALIFAX COUNTY SCHOOL BOARD	53,061
40142	HANOVER COUNTY PUBLIC SCHOOLS	181,940
40143	HENRICO CO SCHOOL BOARD	461,627
40144	HENRY COUNTY PUBLIC SCHOOLS	66,067
40145	HIGHLAND COUNTY PUBLIC SCHOOLS	3,334
40146	ISLE OF WIGHT COUNTY SCHOOLS	57,783
40148	KING GEORGE CO SCHOOL BOARD	35,401
40149	KING AND QUEEN COUNTY SCHOOL BOARD	9,070
40150	KING WILLIAM CO SCHOOL BOARD	19,935
40151	LANCASTER COUNTY PUBLIC SCHOOLS	13,700
40152	LEE COUNTY SCHOOL BOARD	34,539
40153	LOUDOUN COUNTY SCHOOL BOARD	821,845
40154	LOUISA COUNTY PUBLIC SCHOOLS	46,295
40155	LUNENBURG COUNTY SCHOOL BOARD	15,041
40156	MADISON COUNTY SCHOOL BOARD	18,498
40157	MATHEWS COUNTY SCHOOL BOARD	11,704
40158	MECKLENBURG CO SCHOOL BOARD	43,761
40159	MIDDLESEX COUNTY SCHOOL BOARD	13,550
40160	MONTGOMERY COUNTY SCHOOL BOARD	84,423
40162	NELSON COUNTY PUBLIC SCHOOLS	20,437
40163	NEW KENT COUNTY SCHOOL BOARD	26,860
40165	NORTHAMPTON COUNTY SCHOOLS	17,428
40166	NORTHUMBERLAND CO SCHOOL BD	12,942
40167	NOTTOWAY COUNTY SCHOOL BOARD	20,858

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Net Pension Liability – Page 3 Of 5  
As of June 30, 2013**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>Net Pension Liability June 30, 2013</b>
40168	ORANGE COUNTY PUBLIC SCHOOLS	46,608
40169	PAGE COUNTY PUBLIC SCHOOLS	33,706
40170	PATRICK COUNTY SCHOOL BOARD	23,743
40171	PITTSYLVANIA CO SCHOOL BD	71,080
40172	POWHATAN COUNTY SCHOOL BOARD	42,375
40173	PRINCE EDWARD CO SCHOOL BD	24,410
40174	PRINCE GEORGE CO SCHOOL BD	57,266
40176	PRINCE WILLIAM CO SCHOOL BD	872,601
40177	PULASKI COUNTY SCHOOL BOARD	42,258
40178	RAPPAHANNOCK CO SCHOOL BOARD	10,730
40179	RICHMOND COUNTY SCHOOL BOARD	11,765
40180	ROANOKE COUNTY SCHOOL BOARD	138,615
40181	ROCKBRIDGE CO SCHOOL BD	29,746
40182	ROCKINGHAM CO SCHOOL BD	112,097
40183	RUSSELL COUNTY SCHOOL BOARD	33,544
40184	SCOTT COUNTY SCHOOL BOARD	35,710
40185	SHENANDOAH COUNTY SCHOOL BOARD	60,283
40186	SMYTH COUNTY SCHOOL BOARD	45,477
40187	SOUTHAMPTON CO SCHOOL BD	23,769
40188	SPOTSYLVANIA CO SCHOOL BD	231,300
40189	STAFFORD COUNTY SCHOOL BOARD	268,444
40190	SURRY COUNTY SCHOOLS	15,497
40191	SUSSEX COUNTY SCHOOL BOARD	14,915
40192	TAZEWELL COUNTY SCHOOLS	51,288
40193	WARREN COUNTY SCHOOL BOARD	52,446
40195	WASHINGTON COUNTY SCHOOL BOARD	68,210
40196	WESTMORELAND CO SCHOOL BD	16,589
40197	WISE COUNTY SCHOOL BOARD	54,243
40198	WYTHE COUNTY SCHOOL BOARD	39,035
40199	YORK COUNTY SCHOOL BOARD	113,684
40200	ALEXANDRIA CITY SCHOOL BOARD	251,023
40201	BRISTOL CITY SCHOOL BD	23,525

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Net Pension Liability – Page 4 Of 5  
As of June 30, 2013**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>Net Pension Liability June 30, 2013</b>
40202	BUENA VISTA CITY SCHOOLS	9,410
40203	CHARLOTTESVILLE PUBLIC SCHOOLS	66,291
40205	DANVILLE CITY SCHOOLS	66,189
40206	FREDERICKSBURG CITY SCHOOLS	36,973
40207	HAMPTON CITY SCHOOLS	204,195
40208	HARRISONBURG CITY SCHOOL BD	61,483
40209	HOPEWELL CITY SCHOOL BOARD	44,172
40210	LYNCHBURG PUBLIC SCHOOLS	94,450
40211	NEWPORT NEWS PUBLIC SCHOOLS	290,179
40212	NORFOLK PUBLIC SCHOOLS	398,493
40213	PETERSBURG CITY SCHOOLS	42,606
40214	PORTSMOUTH SCHOOL BOARD	151,673
40215	RADFORD CITY SCHOOL BOARD	15,636
40216	RICHMOND PUBLIC SCHOOLS	281,125
40217	ROANOKE CITY SCHOOL BOARD	133,785
40219	STAUNTON CITY SCHOOLS	31,180
40220	SUFFOLK CITY SCHOOL BOARD	134,002
40222	WINCHESTER PUBLIC SCHOOLS	50,153
40223	MARTINSVILLE CITY SCHOOLS	21,568
40224	FALLS CHURCH PUBLIC SCHOOLS	37,520
40225	COLONIAL HEIGHTS CITY SCHOOLS	35,772
40230	COVINGTON CITY SCHOOL BOARD	9,760
40231	FAIRFAX CITY SCHOOL BOARD	158
40232	FRANKLIN CITY PUBLIC SCHOOLS	14,295
40233	CHESAPEAKE PUBLIC SCHOOLS	405,381
40234	VA BEACH CITY SCHOOL BOARD	727,930
40236	MANASSAS PARK CITY SCHOOLS	32,130
40306	TOWN OF WEST POINT SCHOOL BD	8,731
40307	LEXINGTON CITY SCHOOL BOARD	4,912
40308	WAYNESBORO PUBLIC SCHOOLS	32,631
40309	TOWN OF COLONIAL BEACH SCHOOLS	6,136
40313	GALAX CITY SCHOOLS	12,550

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Schedule of Net Pension Liability – Page 5 of 5  
As of June 30, 2013**

(Dollars in Thousands)

<b>Employer Code</b>	<b>Employer</b>	<b>Net Pension Liability June 30, 2013</b>
40314	NORTON CITY SCHOOLS	7,000
40332	MANASSAS CITY SCHOOLS	94,471
40335	CITY OF SALEM SCHOOLS	42,237
40402	WILLIAMSBURG-JAMES CITY CO SCH	119,213
40403	POQUOSON CITY PUBLIC SCHOOLS	20,398
40410	VALLEY VO-TECH CENTER	3,503
40412	CHVILLE/ALBEMARLE VO-TECH CTR	2,367
40413	THE PRUDEN CENTER FOR INDUSTRY AND TECHNOLOGY	2,604
40414	JACKSON RIVER TECHNICAL CTR	1,736
40415	NEW HORIZONS TECHNICAL CTR	14,371
40416	NORTHERN NECK REG VOC CTR	1,755
40417	ROWANTY VO-TECH CENTER	1,313
40418	AMELIA-NOTTOWAY TECHNICAL CENTER	405
40421	NORTHERN NECK REGIONAL SPECIAL EDUCATION PROGRAM	1,880
40423	MAGGIE WALKER GOVERNOR'S SCH FOR GOVT/INT'L STUDY	7,628
40424	APPOMATTOX REGION GOVERNOR'S SCHOOL	2,977
40425	BRIDGING COMMUNITIES REGIONAL CAREER AND TECH CNTR	298
Total for all Teacher Employers		<u><u>\$ 13,775,909</u></u>

The accompanying notes are an integral part of the Schedule of Net Pension Liability.

**Virginia Retirement System  
VRS Teacher Retirement Plan  
Notes to GASB No. 68 Schedules  
For The Fiscal Year Ended June 30, 2013**

**Note 1. Summary of Significant Accounting Policies**

***Description of the Entity***

The Virginia Retirement System (the System) is an independent agency of the Commonwealth of Virginia. The System administers four separate pension trust funds – the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS), and the Judicial Retirement System (JRS). The VRS Teacher Retirement Plan is part of the VRS Trust Fund.

***Administration and Management***

The Board of Trustees (the Board) is responsible for the general administration and operation of the defined benefit pension plans and the other employee benefit plans. The Board has full power to invest and reinvest the trust funds of the System through the adoption of investment policies and guidelines that fulfill the Board's investment objective to maximize long-term investment returns while targeting and acceptable level of risk.

The Board consists nine members. Five members are appointed by the Governor and four members are appointed by the Joint Rules Committee of the General Assembly subject to confirmation by the General Assembly. The Board appoints a director to serve as the chief administrative officer of the System and a chief investment officer to direct, manage, and administer the investment of the System's funds.

The System issues a Comprehensive Annual Financial Report (CAFR) containing the financial statements and required supplementary information for all of the System's pension and other employee benefit trust funds. The CAFR is publically available through the About VRS link on the VRS website at [www.varetire.org](http://www.varetire.org), or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, PO Box 2500, Richmond, VA 23218-2500. The pension and other employee benefit trust funds administered by the VRS are classified as fiduciary funds and are included in the basic financial statements of the Commonwealth of Virginia.

***Pensions***

For purposes of measuring the net pension liability, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Note 2. General Information about the Pension Plan**

### **Plan Description**

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The VRS Teacher Retirement Plan is a multiple-employer cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

During the fiscal year, the System administered two different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1 and Plan 2. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

<b>RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</b>	
<b>PLAN 1</b>	<b>PLAN 2</b>
<b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
<b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	<b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution	<b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution



<p>account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>account through a pre-tax salary reduction. Some school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>
<p><b>Creditable Service</b>  Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b>  Same as Plan 1.</p>
<p><b>Vesting</b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>  Same as Plan 1.</p>
<p><b>Calculating the Benefit</b>  The Basic Benefit is calculated based on a formula using the member's average final compensation,</p>	<p><b>Calculating the Benefit</b>  See definition under Plan 1.</p>

<p>a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	
<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>
<p><b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.7%.</p>	<p><b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p>
<p><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>

<p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p><b><u>Eligibility:</u></b> Same as Plan 1</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1</p>
<p><b>Disability Coverage</b> N/A</p>	<p><b>Disability Coverage</b> N/A</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>

to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	
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### ***Actuarial Assumptions and Methods***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions:

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95 percent
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement

- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

### **Note 3. Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2013, NPL amounts for the VRS Teacher Retirement Plan are as follows (amounts expressed in thousands):

Total Pension Liability	\$ 39,852,334
Plan Fiduciary Net Position	<u>26,076,425</u>
Employers' Net Pension Liability (Asset)	<u>\$ 13,775,909</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.43%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

### **Note 4. Employer Contributions**

Employers' proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS Teacher Retirement Plan that are not representative of future contribution effort are excluded in the determination of employers'

proportionate shares. Examples of employer contributions not representative of future contribution effort are contributions toward the purchase of employee service, contributions for adjustments for prior periods, and supplemental employer contributions from certain employers.

The following table provides a reconciliation of the employer contributions in the VRS Teacher Retirement Plan's Statement of Changes in Fiduciary Net Position (per the System's separately issued financial statements) to the employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedule of Employer Allocations.

Employer Contributions Reported in the VRS Teacher Retirement Plan's Statement of Changes In Net Position for the fiscal year ended June 30, 2013	\$ 837,388,000
Deduct: Employer Contributions Not Representative Of Future Contribution Effort	<u>(359,805)</u>
Employer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts – June 30, 2013	<u>\$ 837,028,195</u>

**Note 5. Additional Financial and Actuarial Information**

Information contained in the VRS Teacher Retirement Plan Notes to the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (Schedules) was extracted from the audited financial statement of the Virginia Retirement System for the fiscal year ended June 30, 2013. Additional financial information supporting the preparation of the VRS Teacher Retirement Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2013 Comprehensive Annual Financial Report (CAFR). A copy of the 2013 VRS CAFR is publicly available through the About VRS link on the VRS website at [www.varetire.org](http://www.varetire.org), or a copy may be obtained by submitting a request to the VRS Chief Financial Officer, PO Box 2500, Richmond, VA 23218-2500.