



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

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Board of Trustees
Virginia Retirement System
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INDEPENDENT AUDITOR'S REPORT

Report on the Schedules

We have audited the accompanying schedule of employer allocations and schedule of employer allocation of special revenue of the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2015, and the related notes. We have also audited the total for all teacher employers of the columns titled net pension liability, total pension expense, total deferred outflows of resources, and total deferred inflows of resources (specified column totals) included in the accompanying schedule of net pension liability and total pension expense and the schedule of deferred outflows and inflows of resources by employer of the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2015, 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 schedule of employer allocation of special revenue and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and inflows of resources by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require

that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and the schedule of employer allocation of special revenue and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and inflows of resources by employer 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, the schedule of employer allocation of special revenue, and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and inflows of resources by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and the schedule of employer allocation of special revenue and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and inflows of resources by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations, the schedule of employer allocation of special revenue, and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and inflows of resources by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations, the schedule of employer allocation of special revenue, and the specified column totals included in the schedule of net pension liability and total pension expense and the schedule of deferred outflows and inflows of resources by employer.

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

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations, employer allocation of special revenue, and net pension liability, total pension expense, total deferred outflows of resources, and total deferred inflows of resources, for the total of all of the participating teacher employers for the Virginia Retirement System Teacher Retirement Plan as of and for the year ended June 30, 2015, 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, 2015, and our report thereon, dated December 15, 2015, 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

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