



OFFICE OF THE STATE AUDITOR

TWO COMMODORE PLAZA  
206 EAST NINTH STREET, SUITE 1900  
AUSTIN, TEXAS 78701

LAWRENCE F. ALWIN, CPA  
State Auditor

March 30, 1998

Members of the Legislative Audit Committee:

The Teacher Retirement System's (System) fiscal year 1997 general purpose financial statements are accurately presented in all material respects, in accordance with generally accepted accounting principles. We identified no current reportable conditions. However, the System has not completely addressed prior audit recommendations related to (1) controls to ensure the accuracy of actuarial information and (2) controls for automated anticipation of international dividends. The System plans to resolve these recommendations with the final implementation of two new computer systems: the investment accounting and benefit accounting systems. Complete implementation of the two computer systems is scheduled during fiscal years 1998 and 1999, respectively.

Additional details covering the results of this year's audit were communicated to the System's Board of Trustees in a management letter.

Our examination of the System's general purpose financial statements was performed in coordination with our examination of the State's *Comprehensive Annual Financial Report* for the year ended August 31, 1997.

We appreciate the cooperation of the System's management and staff during this audit.

Sincerely,

Lawrence F. Alwin, CPA  
State Auditor

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