June 5, 2017

Members of the Legislative Audit Committee:

In our audit report dated May 31, 2017, we concluded that the Schedule of Employer’s Proportionate Shares (Allocations) and the total for all entities of the columns titled net pension liability, total deferred outflow of resources, total deferred inflow of resources, and total pension expense (specified column totals) included in the accompanying Schedule of Pension Amounts by Employer and the related notes as of August 31, 2016, for the Teacher Retirement System (System) were materially correct and presented in accordance with accounting principles generally accepted in the United States of America. The System intends to post the schedules and our audit report on its Web site at http://www.trs.texas.gov/.

We also issued a report on internal control over financial reporting of the schedules and on compliance and other matters as required by auditing standards. Our procedures did not identify any material weaknesses in internal control over financial reporting of the schedules or any noncompliance with laws or regulations that materially affected the schedules. In addition, the major internal controls that we tested for the purpose of forming our opinion on the schedules were operating effectively.

Our procedures were not intended to provide an opinion on internal control over financial reporting of the schedules or to provide an opinion on compliance with laws and regulations. Accordingly, we do not express an opinion on the effectiveness of the System’s internal control over financial reporting of the schedules or on compliance with laws and regulations.

Auditors communicated certain issues that were not material or significant to the audit objectives in writing to the System’s management.

As required by auditing standards, we will also communicate to the System’s Board of Trustees certain matters related to the conduct of this audit.

SAO Report No. 17-037
We appreciate the System’s cooperation during this audit. If you have any questions, please contact Michael Clayton, Audit Manager, or me at (512) 936-9500.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA
First Assistant State Auditor

cc: The Honorable Greg Abbott, Governor
    Members of the Teacher Retirement System Board of Trustees
    Mr. R. David Kelly, Chairman
    Ms. Dolores Ramirez, Vice Chair
    Ms. T. Karen Charleston
    Mr. Joe Colonnetta
    Mr. David Corpus
    Mr. John Elliott
    Dr. Greg Gibson
    Mr. Christopher Moss
    Mr. Brian Guthrie, Executive Director, Teacher Retirement System