June 12, 2019

Members of the Legislative Audit Committee:

We have issued two audit reports dated June 5, 2019, related to the Teacher Retirement System’s (System) pension and other post-employment benefits (OPEB) liability schedules for fiscal year 2018.

Pension Liability Schedules

We concluded that the System’s Schedule of Employer’s Proportionate Shares (Allocations) and the total for all entities of the columns titled net pension liability end of year, total deferred outflow of resources, total deferred inflow of resources, and total pension expense (specified column totals) included in the Schedule of Pension Amounts by Employer and the related notes as of August 31, 2018, were materially correct and presented in accordance with accounting principles generally accepted in the United States of America (see text box for pension liability reporting requirements).

OPEB Liability Schedules

We concluded that the System’s Schedule of Employer’s Proportionate Shares (Allocations) of the Collective Net Other Post-Employment Benefits (OPEB) Liability and the total for all entities of the columns titled net OPEB liability end of year, total deferred outflow of resources, total deferred inflow of resources, and total OPEB expense (specified column totals) included in the Schedule of OPEB Amounts by Employer and the related notes as of August 31, 2018, were materially correct and presented in accordance with accounting principles generally accepted in the United States of America (see text box for OPEB liability reporting requirements).

The System intends to post the Pension Liability Schedules and the OPEB Liability Schedules and our audit reports on its Web site at http://www.trs.texas.gov/.

We also issued a report on internal control over financial reporting of the schedule amounts and on compliance and other matters as required by auditing standards. Our procedures did not identify any

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material weaknesses in internal control over the reporting of the schedule amounts 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 opinions on the schedules were operating effectively.

Our procedures were not intended to provide an opinion on internal control over financial reporting 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 or on compliance with laws and regulations.

Auditors communicated an issue that was 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.

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
    Teacher Retirement System Board of Trustees
    Mr. Jarvis V. Hollingsworth, Chairman
    Ms. Dolores Ramirez, Vice Chair
    Mr. Joe Colonnetta
    Mr. David Corpus
    Mr. John Elliott
    Dr. Greg Gibson
    Mr. Christopher Moss
    Mr. James Dick Nance
    Ms. Nanette Sissney
    Mr. Brian Guthrie, Executive Director, Teacher Retirement System
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