



A Report on

The Audit of the Teacher Retirement System's Fiscal Year 2011 Financial Statements

John Keel, CPA
State Auditor

November 18, 2011

Members of the Legislative Audit Committee:

In our audit report dated November 10, 2011, we concluded that the Teacher Retirement System's (System) basic financial statements for fiscal year 2011 were materially correct and presented in accordance with accounting principles generally accepted in the United States of America. The System published our audit report as part of its basic financial statements, which it intends to post on its Web site at http://trs.state.tx.us/info.jsp?submenu=publications&page_id=/global/publications_info.

We also issued a report on internal control over financial reporting 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 or any noncompliance with laws or regulations that materially affected the financial statements. In addition, the major internal controls that we tested for the purpose of forming our opinions on the financial statements 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 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 a financial statement audit.

SAO Report No. 12-007



We appreciate the System's cooperation during this audit. If you have any questions, please contact Lisa Collier, Assistant State Auditor, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

cc: Members of the Teacher Retirement System Board of Trustees
Mr. R. David Kelly, Chairman
Ms. Charlotte Clifton, Vice Chair
Mr. Todd Barth
Ms. T. Karen Charleston
Mr. Joe Colonna
Mr. Eric C. McDonald
Mr. Christopher Moss
Ms. Anita Smith Palmer
Ms. Nanette Sissney
Mr. Brian Guthrie, Executive Director, Teacher Retirement System



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