



# Texas Municipal Retirement System

## Audit results

**For the year ended December 31, 2017**

June 28-29, 2018

# Introduction

## **To the Board of Trustees of Texas Municipal Retirement System**

We are pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements of Texas Municipal Retirement System (TMRS) as of and for the year ended December 31, 2017. Our audit was conducted in accordance with the terms established in the audit engagement letter dated September 12, 2017.

We are providing this document in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This document should be read in conjunction with our audit plan, presented on March 23, 2018. We will be pleased to elaborate on the matters covered in this document when we meet.

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# Our audit results

## **Auditors' report**

- Unmodified (clean) opinion

## **Uncorrected or corrected audit misstatements**

- None

## **Control deficiencies**

- Material weakness No

# Significant accounting policies

## Description of significant accounting policies

- Described in note 1 to the financial statements

## Audit findings

### Qualitative aspects

- No changes to existing accounting policies or newly implemented policies

# Significant accounting estimates

## Description of significant accounting estimates

- No significant estimates in the financial statements

# Significant financial statement disclosures

## Description of significant financial statement disclosures

- Deposits and Investments

## Audit findings

### Qualitative aspects

- Note 3 discloses the fair value of investments in accordance with GASB No. 72 – *Fair Value Measurement and Application*

# Internal control related matters

## **KPMG responsibilities**

- The purpose of our audit was to express an opinion on the financial statements.
  - Unmodified (clean) opinion was issued
- Our audit included consideration of internal control over financial reporting 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 internal control.
- We are not expressing an opinion on the effectiveness of internal control
- Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified.

## **Material weakness**

A deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable. Reasonably possible is defined as the chance of the future event or events occurring is more than remote but less than likely. Probable is defined as the future event or events are likely to occur.

During our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **Significant deficiency**

A deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

# Required communications and other matters

Type	Response
<b>Related parties</b>	No significant findings and issues arising during the audit in connection with the entity's related parties.
<b>Fraud</b>	No actual or suspected fraud involving management, employees with significant roles in internal control, or others when fraud results in a material misstatement in the financial statements were identified during the audit.
<b>Noncompliance with laws and regulations</b>	No matters to report.
<b>Subsequent events</b>	No matters to report.
<b>Other information</b>	No material inconsistencies were identified related to other information included in the CAFR (Introductory, Other Supplementary Information, Investment, Actuarial and Statistical sections of the CAFR)

Type	Response
<b>Significant difficulties, if any, encountered during the audit</b>	No matters to report.
<b>Disagreements with management, if any</b>	No matters to report.
<b>Significant findings or issues discussed, or the subject of correspondence, with management</b>	No matters to report.
<b>Management's consultation with other accountants</b>	No matters to report.
<b>Other findings or issues</b>	No matters to report.
<b>Written representations</b>	Provided as part of letter to the Board of Trustees





# Questions?

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