



A Report on

The Audit of the Employees Retirement System's Fiscal Year 2013 Financial Statements

John Keel, CPA
State Auditor

November 19, 2013

Members of the Legislative Audit Committee:

In our audit report dated November 15, 2013, we concluded that the Employees Retirement System's (System) basic financial statements for fiscal year 2013 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 has posted on its Web site at <http://www.ers.state.tx.us>.

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.

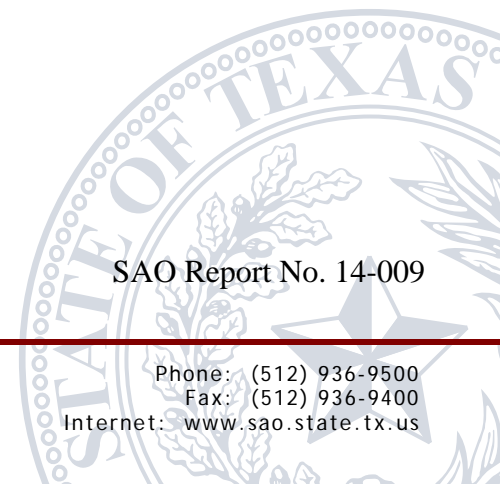
As required by auditing standards, we will also communicate to the System's Board of Trustees certain matters related to the conduct of a financial statement audit.

We appreciate the System's cooperation during this audit. If you have any questions, please contact Verma Elliott, Audit Manager, or me at (512) 936-9500.

Sincerely,

John Keel, CPA
State Auditor

SAO Report No. 14-009



cc: Members of the Employees Retirement System Board of Trustees
Mr. Brian D. Ragland, Chair
Mr. Frederick E. Rowe, Jr., Vice-Chair
Ms. Cydney Donnell
Ms. Yolanda Griego
Mr. I. Craig Hester
Ms. Cheryl MacBride
Ms. Ann Bishop, Executive Director, Employees Retirement System



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