January 24, 2020

Members of the Teachers Retirement Association Board of Trustees:

We are providing this letter in connection with our audit of the financial statements of the Teachers Retirement Association (TRA) for the year ended June 30, 2019. Generally accepted auditing standards require us to communicate certain matters to you that may assist you in overseeing the financial reporting process for which management is responsible.

Audit Objectives and Scope

The purpose of our audit was to express an opinion as to whether TRA’s financial statements, including note disclosures, present fairly, in all material respects, the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Other Information Contained in the Teachers Retirement Association’s Comprehensive Annual Financial Report

TRA’s Comprehensive Annual Financial Report contains other documents and information that are not a required part of the financial statements. Our responsibility is to express an opinion on the basic financial statements, notes to the financial statements, and supporting schedules within the financial section of TRA’s 2019 Comprehensive Annual Financial Report. Management’s Discussion and Analysis and other supplementary information are required by generally accepted accounting principles. We have applied certain limited procedures to the supplementary information. However, we did not audit the information and express no opinion on it.

The Introductory and Statistical sections of the Comprehensive Annual Financial Report present various demographic and historical information about TRA. This supplemental information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. We did not audit this information and, accordingly, we express no opinion on it.

Auditor’s Responsibilities Under Generally Accepted Auditing Standards

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The auditing standards require that we conduct the audit to provide reasonable, but not absolute, assurance about the fair presentation of TRA’s financial statements. We are also responsible for planning our audit to provide reasonable, rather than absolute, assurance of detecting fraudulent financial reporting or misappropriation of assets that would be considered material to TRA’s financial statements.
Audit Reports and Conclusions

We issued an unqualified audit opinion on TRA’s financial statements for the year ended June 30, 2019. An unqualified audit opinion means the financial statements were fairly presented, in all material respects, in accordance with generally accepted accounting principles. Our audit opinion on the financial statements, dated December 19, 2019, was included in TRA’s 2019 Comprehensive Annual Financial Report.

We have enclosed with this letter a copy of our report on internal control over financial reporting and compliance for the year ended June 30, 2019. Government Auditing Standards require that we issue a report that describes our consideration of TRA’s internal control over financial reporting and our tests of certain provisions of laws, regulations, and contracts. The report does not contain any findings related to internal control and compliance. We emphasize that our responsibilities for internal control and compliance do not constitute the same level of assurance as an audit opinion.

Significant Accounting Policies, Management Judgments, and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events.

Difficulties Encountered in Performing the Audit

We received the full cooperation of TRA’s management and staff in performing this audit. We had no disagreements with management over the application of accounting principles, the scope of the audit, disclosures to be included in TRA’s financial statements, or the wording of the auditor’s report. We did not encounter any difficulties in dealing with management relating to the performance of the audit.

Sincerely,

Tracy Gebhard, CPA
Audit Director

Enclosure

Cc: J. Michael Stoffel, Executive Director
    John Wicklund, Chief Financial Officer
Independent Auditor’s Report

Members of the Teachers Retirement Association of Minnesota Board of Trustees

Mr. J. Michael Stoffel, Executive Director
Teachers Retirement Association of Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the Teachers Retirement Association of Minnesota (TRA), which included the Statement of Fiduciary Net Position as of June 30, 2019, the related Statement of Changes in Fiduciary Net Position, and notes to the financial statements, as listed in the Financial Section of the Table of Contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to TRA’s preparation and fair presentation of the financial statements 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 TRA’s internal controls. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRA as of June 30, 2019, and the changes in financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis and the other required supplementary information, as listed in the Financial Section of the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to Management’s Discussion and Analysis and the other required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included with the Financial Statements

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise TRA’s basic financial statements. The supporting schedules in the Financial Section and the Introductory, Investment, Actuarial, and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules, as listed in the Financial Section of the Table of Contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The supporting schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory, Investment, Actuarial, and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we will also issue a report on our consideration of TRA's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope and results of our testing of internal controls over financial reporting and compliance and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Christopher Buse, CPA
Deputy Legislative Auditor

Tracy Gebhard, CPA
Audit Director

December 19, 2019
Saint Paul, Minnesota
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

Members of the Teachers Retirement Association of Minnesota Board of Trustees

Mr. J. Michael Stoffel, Executive Director
Teachers Retirement Association of Minnesota

We have audited the basic financial statements of the Teachers Retirement Association of Minnesota (TRA), as of and for the year ended June 30, 2019, and have issued our report thereon dated December 19, 2019. TRA’s basic financial statements consist of its Statements of Fiduciary Net Position and Changes in Fiduciary Net Position, and the related notes to the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TRA’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TRA’s internal control. Accordingly, we do not express an opinion on the effectiveness of TRA’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.
Members of the Teachers Retirement Association of Minnesota Board of Trustees
Mr. J. Michael Stoffel, Executive Director, Teachers Retirement Association of Minnesota
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Compliance and Other Matters

As part of reasonably assuring whether TRA's financial statements are free of material
misstatements, we performed tests of its compliance with certain provisions of laws, regulations,
contracts, and grant agreements, noncompliance with which could have a direct and material
effect on the determination of financial statement amounts. However, providing an opinion on
compliance with those provisions was not an objective of our audit and, accordingly, we do not
express an opinion. The results of our tests disclosed no instances of noncompliance or other
matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and
compliance and the results of that testing, and not to provide an opinion on the effectiveness of
TRA's internal control or on compliance. This report is an integral part of an audit performed
under Government Auditing Standards in considering TRA's internal control over financial
reporting and compliance. Accordingly, this report is not suitable for any other purpose.

Tracy Gebhard, CPA
Audit Director

December 19, 2019
Saint Paul, Minnesota