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December 15, 2025

Honorable Kelly Hancock
Acting Comptroller of Public Accounts of the State of Texas
Texas Treasury Safekeeping Trust Company
Austin, Texas

Attention: Mr. Hancock, Acting Comptroller of Texas

This letter is to inform Comptroller of Public Accounts of the State of Texas of the Texas Treasury Safekeeping Trust Company (Texas Trust) about significant matters related to the conduct of our audit as of and for the year ended August 31, 2025, so that you can appropriately discharge your oversight responsibility, and we comply with our professional responsibilities.

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities

We described our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States to you in our engagement letter dated July 2, 2025. Our audit of the financial statements does not relieve management or you of your responsibilities, which are also described in that letter.

Planned Scope and Timing of the Audit

We have previously issued a separate communication dated October 8, 2025, regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the Texas Trust's significant accounting practices, including significant accounting policies, significant unusual transactions, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Investment Fair Value: Investments within the Texas Trust are reported at fair value based upon quoted market prices, or when quoted market prices are not readily determinable, other observable

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significant inputs including, but not limited to, quoted prices for similar securities, interest rates, net asset values of underlying securities and fixed income pricing models.

- Pension Expense and Net Pension Asset/Liability: The Texas Trust participates in the Employee Retirement System of Texas (ERS), a statewide cost sharing multiple employer retirement system. The Texas Trust's agent measures its pension expense and net pension asset/liability based on approved demographic and economic assumptions approved by the ERS Pension Plan. The measurement is used to record the pension expense, net pension asset/liability and related disclosures in its financial statements.
- Other Post Employment Benefit Expenses and Net OPEB Expense Asset/Liability: The Texas Trust participates in the ERS, a statewide cost sharing multiple employer other postemployment healthcare, life and dental insurance plan (OPEB). The Texas Trust's agent measures its OPEB expense and net OPEB asset/liability based on approved demographic and economic assumptions approved by the ERS OPEB Plan. The measurement is used to record the OPEB expense, net OPEB asset/liability and related disclosures in its financial statements.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For RSM to fulfill its professional responsibility to maintain and monitor independence, the Comptroller of Public Accounts of the State of Texas, management of the Texas Trust, the State Auditor of Texas, and RSM each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. RSM is to ensure that the AICPA and GAO's General Requirements for performing nonattest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

The Organization's Responsibilities

- Timely inform RSM, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - Changes in the organizational structure or the reporting entity impacting affiliates, related entities, investments, joint ventures, component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Texas Trust and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with RSM.
- Not entering into arrangements of nonaudit services resulting in RSM being involved in making management decisions on behalf of the Texas Trust.
- Not entering into relationships resulting in close family members of RSM covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the Trust.

Management Representations

Attached is a copy of the management representation letter.

Departure from Auditor's Standard Report

Expected Other-Matter Paragraph

Other Matter paragraphs were included in the report related to required supplemental information, other supplemental information and other reporting required by *Government Auditing Standards*. In light of these matters, we will include other-matter paragraphs in the auditor's report. Below are the paragraphs to be included in the auditor's report:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Proportionate Share of the Net Pension Liability, Schedule of Contributions—Net Pension Liability, Schedule of Changes in Proportionate Share of the Net OPEB Liability, Schedule of Contributions—Net OPEB Liability and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Texas Trust's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the Texas Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Texas Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Texas Trust's internal control over financial reporting and compliance.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Texas Trust.

This report is intended solely for the information and use of the Comptroller of Public Accounts of the State of Texas, management of the Texas Trust and the State Auditor of Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP



December 15, 2025

RSM US LLP
300 Colorado Street, Suite #1700
Austin TX, 78701

This representation letter is provided in connection with your audit of the financial statements of Texas Treasury Safekeeping Trust Company (Texas Trust), a component unit of the State of Texas, as of and for the year ended August 31, 2025 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of December 15, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 30, 2025, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. The methods, assumptions and data used to value investments and the pension and other post-employment liabilities are as follows, and result in an estimate that is appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimate:

Investments: Investments within Texas Trust are reported at fair value based upon quoted market prices, or when quoted market prices are not readily determinable, other observable significant inputs

including, but not limited to, quoted prices for similar securities, interest rates, net asset values (NAVs) of underlying securities and fixed-income pricing models.

Pension expense and net pension asset/liability: Texas Trust participates in the Employees Retirement System of Texas (ERS or the Plan), a statewide cost sharing multiple-employer retirement system. The measurement of the pension expense and net pension asset/liability is based on approved demographic and economic assumptions approved by the Plan. The measurement is used to record the pension expense and net pension asset/liability in its financial statements and discloses the pension expense and net pension asset/liability in its financial statements.

OPEB expense and net OPEB asset/liability: Texas Trust participates in the ERS, a statewide cost sharing multiple-employer retirement postemployment health care, life and dental insurance. The measurement of the other post employee benefit (OPEB or OPEB Plan) expense and net OPEB asset/liability is based on approved demographic and economic assumptions approved by the OPEB Plan. The measurement is used to record the OPEB expense and net OPEB asset/liability in its financial statements and discloses the OPEB expense and net OPEB asset/liability in its financial statements.

Depreciable useful life of capital assets: Useful lives for depreciation of capital assets is based upon prior experience and industry guidelines.

GASB 101 Compensated Absences implementation: : Implementation of GASB 101 by the Texas Trust requires recording of an estimate for compensated Absences. This estimate uses assumptions for the percentage of employees who will not vest regarding accrued sick time, and the assumption that sick days used by employees are on the last in first out basis.

Significant judgments made in making the estimate have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the estimate. The assumptions listed above properly reflect our intent and ability to carry out the specific courses of actions previously communicated to you on behalf of Texas Trust. All disclosures related to the estimate, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimate and related disclosures included in the financial statements.

6. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by Texas Trust include:
 - a. The Texas Trust has entered into a services agreement with the Comptroller of Public Accounts (CPA). The agreement provides for specified rates based on hours of utilization. For the fiscal year ended August 31, 2025, the Texas Trust paid CPA \$71,698 for services provided. At August 31, 2025, the Texas Trust had accrued \$17,267 for services provided by CPA and this amount is included in accounts payable.
 - b. The Texas Trust utilizes the CPA Payroll Department to service its payroll. Prior to the end of each month, the approximate amount of the Texas Trust's monthly payroll is transferred from the Texas Trust to the Comptroller's Office. At August 31, 2025, the Comptroller held \$1,305,012 to pay for the Texas Trust's September 1, 2025, payroll.
7. All funds that meet the quantitative criteria in Government Accounting Standards Board (GASB) Statement No. 34; *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an*

amendment of GASB Statements No. 21 and No. 34, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

8. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
12. Risk disclosures associated with deposit and investment securities and derivative instruments are presented in accordance with GASB requirements.
13. Provisions for uncollectible receivables have been properly identified and recorded.
14. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
15. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
16. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
18. Texas Trust's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
19. Leases have been properly identified, recorded and disclosed in accordance with GASB Statement No. 87, *Leases*.
20. Subscription-based information technology arrangements (SBITAs) have been properly identified, recorded and disclosed in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
21. There are no concentrations or constraints requiring disclosure in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.
22. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

23. The government has no conduit debt obligations and/or certain arrangements associated with conduit debt obligations that are required to be disclosed in accordance with GASB Statement No. 91, *Conduit Debt Obligations*.
24. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
25. We have reviewed the GASB Statements effective for the fiscal year ending August 31, 2025, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 101, *Compensated Absences*
 - b. GASB Statement No. 102 *Certain Risk Disclosures*.
26. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

27. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the directors and committees of directors,, or summaries of actions of recent meetings for which minutes have not yet been prepared.
28. All transactions have been recorded in the accounting records and are reflected in the financial statements.
29. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
30. We have no knowledge of allegations of fraud or suspected fraud affecting the Texas Trust's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.

31. We have no knowledge of any allegations of fraud or suspected fraud affecting Texas Trust's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
32. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
33. We are not aware of any pending or threatened litigation, claims or assessments; unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, Claims and Judgments; other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements.
34. We have disclosed to you the identity of all of the Texas Trust's related parties and all the related-party relationships and transactions of which we are aware.
35. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Texas Trust's ability to record, process, summarize and report financial data.
36. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
37. It is our responsibility to inform you of all current and potential affiliates of Texas Trust as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of Texas Trust may create threats to independence. We have:
 - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
 - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to Texas Trust's financial statements as a whole, (ii) the level of influence Texas Trust has over an entity's financial reporting process or (iii) the level of control or influence the Texas Trust or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the Texas Trust and RSM US LLP to identify and eliminate potential impermissible services and relationships between RSM US LLP or its associated entities and those potential affiliates, prior to the effective dates.
 - c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that Texas Trust or any of our affiliates has engaged RSM US LLP or any of its associated entities to perform.
38. We agree with the findings of the specialists in evaluating net pension liability and net other post employment liability, related pension expense, OPEB expense, deferred outflows, deferred inflows and related disclosures and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
39. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or

amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.

40. We believe that the information obtained from the audited financial statements of and other participant information provided by Employees Retirement System of Texas is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.
41. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

42. With respect to supplementary information presented in relation to the basic financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
43. With respect to Management's Discussion and Analysis, the Schedule of Changes in Proportionate Share of the Net Pension Liability, the Schedule of Contributions-Net Pension Liability, Schedule of Changes in Proportionate Share of the Net OPEB Liability, and Schedule of Contributions-Net OPEB Liability presented as required by GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. The following are underlying significant assumptions or interpretations regarding the measurement or presentation of such information:

The underlying significant assumptions or interpretations regarding the measurement or presentation of such information include the actuarial assumptions for the pension plan and OPEB plan.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

44. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
45. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
46. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
47. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
48. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
49. Has a process to track the status of audit findings and recommendations.
50. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
51. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
52. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

Texas Treasury Safekeeping Trust Company

DocuSigned by:



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Mike Reissig,
Chief Executive Officer

DocuSigned by:



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Genoveva Minjares,
Chief Financial Officer