





# INTEROFFICE MEMO

*Ryan Mindell, Executive Director*

*LaDonna Castañuela, Charitable Bingo Operations Director*

**To:** Robert Rivera, Chairman  
Cindy Fields, Commissioner  
Mark A. Franz, Commissioner  
Clark E. Smith, Commissioner  
Jamey Steen, Commissioner

**From:** Sergio Rey, Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Sergio Rey".

**Date:** January 23, 2025

**Re:** Fiscal Year 2024 Financial Reports and Independent Audit

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The Texas Lottery Commission completed its submission of financial reports for Fiscal Year ended August 31, 2024.

The audited annual financial report was issued on December 15, 2024. The audited annual financial report is posted on the agency's website at: [FY 24 Annual Audited Financial Report.pdf](#)

Attached is a copy of the Governance Letter issued by Weaver on December 15, 2024. The report will be presented to the Commissioners by Mr. Kevin Sanford, engagement partner from Weaver and Tidwell, LLP.

The Annual Report of Nonfinancial Data was submitted to our oversight agencies on December 13, 2024. This report is statutorily due to our oversight agencies by December 30. The report is also posted on the agency's website at: [FY 24 Annual Non-Financial Data FINAL.pdf](#)

Please feel free to contact me at 512-344-5426 if you need additional information or have any questions.



December 11, 2024

To the Board of Commissioners of the  
Texas Lottery Commission

We have audited the financial statements of the Texas Lottery Commission (the Commission) as of and for the year ended August 31, 2024 and have issued our report thereon dated December 10, 2024. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated October 8, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have no findings regarding significant control deficiencies over financial reporting and material noncompliance, or other matters noted during our audit.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we communicated in our engagement letter. Significant risks identified and considered in our risk assessment process include risks of management override of controls and misappropriation of cash.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

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**CPAs AND ADVISORS | [WEAVER.COM](https://www.weaver.com)**

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### Significant 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. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the fair value of investments is based on the fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. We evaluated the key factors and assumptions used to develop the fair value of investments and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the net pension liability and net other post-employment benefits liability and related deferred inflows and outflows is based upon information received from ERS of Texas. We evaluated the key factors and assumptions used to develop these amounts and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### Financial Statement Disclosures

The Commission's financial statement disclosures are neutral, consistent, and clear.

## **Identified or Suspected Fraud**

We have not identified or obtained information that indicates that fraud may have occurred.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material, corrected misstatements identified as a result of our audit procedures.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the letter dated December 10, 2024.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

This report is intended solely for the information and use of the Board of Commissioners and management of the Texas Lottery Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas