

<p style="text-align: center;">Form 5500</p> <p style="font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="font-size: small;">Department of Labor Employee Benefits Security Administration</p> <hr/> <p style="font-size: x-small;">Pension Benefit Guaranty Corporation</p>	<p>Annual Return/Report of Employee Benefit Plan</p> <p style="font-size: x-small;">This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).</p> <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	<p style="font-size: x-small;">OMB Nos. 1210-0110 1210-0089</p> <hr/> <p style="font-size: large; text-align: center;">2024</p> <hr/> <p style="text-align: center;">This Form is Open to Public Inspection</p>
---	---	---

Part I Annual Report Identification Information
 For calendar plan year 2024 or fiscal plan year beginning 06/01/2024 and ending 05/31/2025

A This return/report is for: a multiemployer plan a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.)

a single-employer plan a DFE (specify) _____

B This return/report is: the first return/report the final return/report

an amended return/report a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here.

D Check box if filing under: Form 5558 automatic extension the DFVC program

special extension (enter description)

E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.

Part II Basic Plan Information—enter all requested information

<p>1a Name of plan <u>STATE BAR MEMBERS INSURANCE PROGRAM</u></p>	<p>1b Three-digit plan number (PN) ▶ <u>502</u></p>
<p>2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>STATE BAR OF TEXAS INSURANCE TRUST</u></p> <p><u>CORY SQUIRES</u> <u>1414 COLORADO STREET</u> <u>3RD FLOOR</u> <u>AUSTIN, TX 78701</u></p>	<p>1c Effective date of plan <u>01/01/1974</u></p> <p>2b Employer Identification Number (EIN) <u>74-2168815</u></p> <p>2c Plan Sponsor's telephone number <u>512-479-0941</u></p> <p>2d Business code (see instructions) <u>524290</u></p>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	03/13/2026	NICKLAUS A TREFRY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address <input checked="" type="checkbox"/> Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:		4b EIN	
a Sponsor's name			
c Plan Name		4d PN	
5 Total number of participants at the beginning of the plan year		5	7066
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year		6a(1)	7066
a(2) Total number of active participants at the end of the plan year		6a(2)	7442
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	0
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	7442
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	
f Total. Add lines 6d and 6e		6f	
g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item)		6g(1)	
g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g(2)	
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		6h	
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:
 4B 4H 4F

9a Plan funding arrangement (check all that apply)		9b Plan benefit arrangement (check all that apply)	
(1) <input checked="" type="checkbox"/> Insurance	(1) <input checked="" type="checkbox"/> Insurance	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts	(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts
(3) <input checked="" type="checkbox"/> Trust	(3) <input type="checkbox"/> Trust	(4) <input type="checkbox"/> General assets of the sponsor	(4) <input type="checkbox"/> General assets of the sponsor
(4) <input type="checkbox"/> General assets of the sponsor			

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules		b General Schedules	
(1) <input type="checkbox"/> R (Retirement Plan Information)	(1) <input checked="" type="checkbox"/> H (Financial Information)	(2) <input type="checkbox"/> I (Financial Information – Small Plan)	(2) <input type="checkbox"/> I (Financial Information – Small Plan)
(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary	(3) <input checked="" type="checkbox"/> A (Insurance Information) – Number Attached <u>3</u>	(3) <input checked="" type="checkbox"/> C (Service Provider Information)	(3) <input checked="" type="checkbox"/> A (Insurance Information) – Number Attached <u>3</u>
(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	(4) <input type="checkbox"/> D (DFE/Participating Plan Information)	(4) <input type="checkbox"/> G (Financial Transaction Schedules)	(4) <input type="checkbox"/> C (Service Provider Information)
(4) <input type="checkbox"/> DCG (Individual Plan Information) – Number Attached _____			(5) <input type="checkbox"/> D (DFE/Participating Plan Information)
(5) <input type="checkbox"/> MEP (Multiple-Employer Retirement Plan Information)			(6) <input type="checkbox"/> G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) Yes No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) Yes No

11c Enter the Receipt Confirmation Code for the 2024 Form M-1 annual report. If the plan was not required to file the 2024 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<p style="text-align: center;">SCHEDULE A (Form 5500)</p> <p style="font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="font-size: x-small;">Department of Labor Employee Benefits Security Administration</p> <hr/> <p style="font-size: x-small;">Pension Benefit Guaranty Corporation</p>	<p>Insurance Information</p> <p>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p>▶ File as an attachment to Form 5500.</p> <p>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</p>	<p>OMB No. 1210-0110</p> <hr/> <p style="font-size: large;">2024</p> <hr/> <p>This Form is Open to Public Inspection</p>
---	--	--

For calendar plan year 2024 or fiscal plan year beginning **06/01/2024** and ending **05/31/2025**

<p>A Name of plan STATE BAR MEMBERS INSURANCE PROGRAM</p>	<p>B Three-digit plan number (PN) ▶</p>	<p>502</p>
<p>C Plan sponsor's name as shown on line 2a of Form 5500 STATE BAR OF TEXAS INSURANCE TRUST</p>	<p>D Employer Identification Number (EIN) 74-2168815</p>	

Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL INSURANCE COMPANY OF AMERICA

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
22-1211670	68241	47080-1	6541	06/01/2024	05/31/2025

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

<p>(a) Total amount of commissions paid</p> <p style="text-align: center;">0</p>	<p>(b) Total amount of fees paid</p> <p style="text-align: center;">1491208</p>
---	--

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
MEMBER BENEFITS, INC. **919 CONGRESS AVENUE, SUITE 720**
AUSTIN, TX 78701

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
	1491208	THIRD PARTY ADMINISTRATION FEES	5

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information
 Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	
5 Current value of plan's interest under this contract in separate accounts at year end.....	5	

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b Premiums paid to carrier **6b**

c Premiums due but unpaid at the end of the year **6c**

d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**
 Specify nature of costs ▶

e Type of contract: (1) individual policies (2) group deferred annuity
 (3) other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) deposit administration (2) immediate participation guarantee
 (3) guaranteed investment (4) other ▶

b Balance at the end of the previous year	7b	0
c Additions: (1) Contributions deposited during the year	7c(1)	
	7c(2)	
	7c(3)	
	7c(4)	
	7c(5)	
(6) Total additions	7c(6)	0
d Total of balance and additions (add lines 7b and 7c(6))	7d	0
e Deductions: (1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
	7e(2)	
	7e(3)	
	7e(4)	
	(5) Total deductions	
f Balance at the end of the current year (subtract line 7e(5) from line 7d).....	7f	0

Part III Welfare Benefit Contract Information
 If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** Health (other than dental or vision)
 b Dental
 c Vision
 d Life insurance
e Temporary disability (accident and sickness)
 f Long-term disability
 g Supplemental unemployment
 h Prescription drug
i Stop loss (large deductible)
 j HMO contract
 k PPO contract
 l Indemnity contract
m Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received		9a(1)	5169022
(2) Increase (decrease) in amount due but unpaid		9a(2)	0
(3) Increase (decrease) in unearned premium reserve		9a(3)	0
(4) Earned ((1) + (2) - (3))		9a(4)	5169022
b Benefit charges (1) Claims paid		9b(1)	4149564
(2) Increase (decrease) in claim reserves		9b(2)	38329
(3) Incurred claims (add (1) and (2))		9b(3)	4187893
(4) Claims charged		9b(4)	4458385
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)	0	
(B) Administrative service or other fees	9c(1)(B)	0	
(C) Other specific acquisition costs	9c(1)(C)	0	
(D) Other expenses	9c(1)(D)	453286	
(E) Taxes	9c(1)(E)	168116	
(F) Charges for risks or other contingencies	9c(1)(F)	89235	
(G) Other retention charges	9c(1)(G)		
(H) Total retention	9c(1)(H)	710637	
(2) Dividends or retroactive rate refunds. (These amounts were <input type="checkbox"/> paid in cash, or <input type="checkbox"/> credited.)		9c(2)	0
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	0
(2) Claim reserves		9d(2)	2344287
(3) Other reserves		9d(3)	0
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	0

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	0
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? Yes No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

<p>SCHEDULE A (Form 5500)</p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p>	<p>Insurance Information</p> <p>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p>▶ File as an attachment to Form 5500.</p> <p>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</p>	<p>OMB No. 1210-0110</p> <hr/> <p>2024</p> <hr/> <p>This Form is Open to Public Inspection</p>
---	--	--

For calendar plan year 2024 or fiscal plan year beginning **06/01/2024** and ending **05/31/2025**

A Name of plan STATE BAR MEMBERS INSURANCE PROGRAM	B Three-digit plan number (PN) ▶	502
C Plan sponsor's name as shown on line 2a of Form 5500 STATE BAR OF TEXAS INSURANCE TRUST	D Employer Identification Number (EIN) 74-2168815	

Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL INSURANCE COMPANY OF AMERICA

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
22-1211670	68241	47080-3	901	06/01/2024	05/31/2025

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid 0	(b) Total amount of fees paid 294746
---	---

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
MEMBER BENEFITS, INC. 919 CONGRESS AVENUE, SUITE 720 AUSTIN, TX 78701

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
	294746	THIRD PARTY ADMINISTRATION FEES	5

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information
 Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	
5 Current value of plan's interest under this contract in separate accounts at year end.....	5	

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b Premiums paid to carrier **6b**

c Premiums due but unpaid at the end of the year **6c**

d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**
 Specify nature of costs ▶

e Type of contract: (1) individual policies (2) group deferred annuity
 (3) other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) deposit administration (2) immediate participation guarantee
 (3) guaranteed investment (4) other ▶

b Balance at the end of the previous year	7b	0	
c Additions: (1) Contributions deposited during the year	7c(1)		
	7c(2)		
	7c(3)		
	7c(4)		
	7c(5)		
(6) Total additions	7c(6)	0	
d Total of balance and additions (add lines 7b and 7c(6))	7d	0	
e Deductions:			
	(1) Disbursed from fund to pay benefits or purchase annuities during year		7e(1)
	(2) Administration charge made by carrier		7e(2)
	(3) Transferred to separate account		7e(3)
	(4) Other (specify below)		7e(4)
(5) Total deductions	7e(5)	0	
f Balance at the end of the current year (subtract line 7e(5) from line 7d).....	7f	0	

Part III Welfare Benefit Contract Information
 If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** Health (other than dental or vision)
 b Dental
 c Vision
 d Life insurance
e Temporary disability (accident and sickness)
 f Long-term disability
 g Supplemental unemployment
 h Prescription drug
i Stop loss (large deductible)
 j HMO contract
 k PPO contract
 l Indemnity contract
m Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received		9a(1)	986759
(2) Increase (decrease) in amount due but unpaid		9a(2)	0
(3) Increase (decrease) in unearned premium reserve		9a(3)	0
(4) Earned ((1) + (2) - (3))		9a(4)	986759
b Benefit charges (1) Claims paid		9b(1)	769730
(2) Increase (decrease) in claim reserves		9b(2)	277000
(3) Incurred claims (add (1) and (2))		9b(3)	1046730
(4) Claims charged		9b(4)	1046730
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)	0	
(B) Administrative service or other fees	9c(1)(B)	0	
(C) Other specific acquisition costs	9c(1)(C)	0	
(D) Other expenses	9c(1)(D)	-134242	
(E) Taxes	9c(1)(E)	23157	
(F) Charges for risks or other contingencies	9c(1)(F)	51114	
(G) Other retention charges	9c(1)(G)		
(H) Total retention	9c(1)(H)	-59971	
(2) Dividends or retroactive rate refunds. (These amounts were <input type="checkbox"/> paid in cash, or <input type="checkbox"/> credited.)		9c(2)	0
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	0
(2) Claim reserves		9d(2)	5798047
(3) Other reserves		9d(3)	0
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	0

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	0
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b	

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? Yes No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

<p>SCHEDULE A (Form 5500)</p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p>	<p>Insurance Information</p> <p>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p>▶ File as an attachment to Form 5500.</p> <p>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</p>	<p>OMB No. 1210-0110</p> <hr/> <p>2024</p> <hr/> <p>This Form is Open to Public Inspection</p>
---	--	--

For calendar plan year 2024 or fiscal plan year beginning **06/01/2024** and ending **05/31/2025**

A Name of plan STATE BAR MEMBERS INSURANCE PROGRAM	B Three-digit plan number (PN) ▶	502
C Plan sponsor's name as shown on line 2a of Form 5500 STATE BAR OF TEXAS INSURANCE TRUST	D Employer Identification Number (EIN) 74-2168815	

Part I Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL INSURANCE COMPANY OF AMERICA

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
22-1211670	68241	47080-2	8399	06/01/2024	05/31/2025

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid 0	(b) Total amount of fees paid 106327
---	---

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
MEMBER BENEFITS, INC. **919 CONGRESS AVENUE, SUITE 720**
AUSTIN, TX 78701

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
	106327	THIRD PARTY ADMINISTRATION FEES	5

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information
 Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	
5 Current value of plan's interest under this contract in separate accounts at year end.....	5	

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶

b Premiums paid to carrier **6b**

c Premiums due but unpaid at the end of the year **6c**

d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**
 Specify nature of costs ▶

e Type of contract: (1) individual policies (2) group deferred annuity
 (3) other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) deposit administration (2) immediate participation guarantee
 (3) guaranteed investment (4) other ▶

b Balance at the end of the previous year	7b	0
c Additions: (1) Contributions deposited during the year	7c(1)	
	7c(2)	
	7c(3)	
	7c(4)	
	7c(5)	
(6) Total additions	7c(6)	0
d Total of balance and additions (add lines 7b and 7c(6))	7d	0
e Deductions: (1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
	7e(2)	
	7e(3)	
	7e(4)	
	(5) Total deductions	
f Balance at the end of the current year (subtract line 7e(5) from line 7d).....	7f	0

Part III Welfare Benefit Contract Information
 If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** Health (other than dental or vision)
- b** Dental
- c** Vision
- d** Life insurance
- e** Temporary disability (accident and sickness)
- f** Long-term disability
- g** Supplemental unemployment
- h** Prescription drug
- i** Stop loss (large deductible)
- j** HMO contract
- k** PPO contract
- l** Indemnity contract
- m** Other (specify) ▶ **PERSONAL ACCIDENT**

9 Experience-rated contracts:

a	Premiums: (1) Amount received	9a(1)		
	(2) Increase (decrease) in amount due but unpaid	9a(2)		
	(3) Increase (decrease) in unearned premium reserve	9a(3)		
	(4) Earned ((1) + (2) - (3))		9a(4)	0
b	Benefit charges (1) Claims paid	9b(1)		
	(2) Increase (decrease) in claim reserves	9b(2)		
	(3) Incurred claims (add (1) and (2))		9b(3)	0
	(4) Claims charged		9b(4)	
c	Remainder of premium: (1) Retention charges (on an accrual basis) --			
	(A) Commissions	9c(1)(A)		
	(B) Administrative service or other fees	9c(1)(B)		
	(C) Other specific acquisition costs	9c(1)(C)		
	(D) Other expenses	9c(1)(D)		
	(E) Taxes	9c(1)(E)		
	(F) Charges for risks or other contingencies	9c(1)(F)		
	(G) Other retention charges	9c(1)(G)		
	(H) Total retention		9c(1)(H)	0
	(2) Dividends or retroactive rate refunds. (These amounts were <input type="checkbox"/> paid in cash, or <input type="checkbox"/> credited.)		9c(2)	
d	Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
	(2) Claim reserves		9d(2)	
	(3) Other reserves		9d(3)	
e	Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a	Total premiums or subscription charges paid to carrier	10a		398926
b	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.	10b		

Specify nature of costs.

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? Yes No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection.
--	--	---

For calendar plan year 2024 or fiscal plan year beginning **06/01/2024** and ending **05/31/2025**

A Name of plan STATE BAR MEMBERS INSURANCE PROGRAM	B Three-digit plan number (PN) ▶	502
C Plan sponsor's name as shown on line 2a of Form 5500 STATE BAR OF TEXAS INSURANCE TRUST	D Employer Identification Number (EIN) 74-2168815	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)... Yes No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MEMBER BENEFITS

59-2442511

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
23	NONE	21695	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2024 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2024 or fiscal plan year beginning 06/01/2024 and ending 05/31/2025	
A Name of plan STATE BAR MEMBERS INSURANCE PROGRAM	B Three-digit plan number (PN) ▶ 502
C Plan sponsor's name as shown on line 2a of Form 5500 STATE BAR OF TEXAS INSURANCE TRUST	D Employer Identification Number (EIN) 74-2168815

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	789642	636407
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other	1b(3)	7500	7500
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)		
(2) Employer real property.....	1d(2)		
e Buildings and other property used in plan operation.....	1e		
f Total assets (add all amounts in lines 1a through 1e).....	1f	797142	643907
Liabilities			
g Benefit claims payable.....	1g	0	0
h Operating payables.....	1h	0	0
i Acquisition indebtedness.....	1i	0	0
j Other liabilities.....	1j	72874	1283
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	72874	1283
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	724268	642624

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers.....	2a(1)(A)	8227310	
(B) Participants.....	2a(1)(B)	0	
(C) Others (including rollovers).....	2a(1)(C)	0	
(2) Noncash contributions.....	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		8227310
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(B) U.S. Government securities.....	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans.....	2b(1)(E)		
(F) Other.....	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends:			
(A) Preferred stock.....	2b(2)(A)		
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets:			
(A) Aggregate proceeds.....	2b(4)(A)		
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result.....	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

	(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)	
(7) Net investment gain (loss) from pooled separate accounts	2b(7)	
(8) Net investment gain (loss) from master trust investment accounts	2b(8)	
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)	
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)	
c Other income	2c	98834
d Total income. Add all income amounts in column (b) and enter total.....	2d	8326144

Expenses

e Benefit payment and payments to provide benefits:		
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	
(2) To insurance carriers for the provision of benefits	2e(2)	8227310
(3) Other.....	2e(3)	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)	8227310
f Corrective distributions (see instructions)	2f	
g Certain deemed distributions of participant loans (see instructions).....	2g	
h Interest expense.....	2h	
i Administrative expenses:		
(1) Salaries and allowances	2i(1)	
(2) Contract administrator fees	2i(2)	21695
(3) Recordkeeping fees	2i(3)	
(4) IQPA audit fees	2i(4)	8783
(5) Investment advisory and investment management fees	2i(5)	
(6) Bank or trust company trustee/custodial fees	2i(6)	
(7) Actuarial fees	2i(7)	
(8) Legal fees	2i(8)	
(9) Valuation/appraisal fees	2i(9)	
(10) Other trustee fees and expenses	2i(10)	
(11) Other expenses.....	2i(11)	150000
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)	180478
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j	8407788

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k	-81644
l Transfers of assets:		
(1) To this plan.....	2l(1)	
(2) From this plan	2l(2)	

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) Unmodified (2) Qualified (3) Disclaimer (4) Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) DOL Regulation 2520.103-8 (2) DOL Regulation 2520.103-12(d) (3) neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **WEAVER AND TIDWELL, LLP**

(2) EIN: **75-0786316**

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) This form is filed for a CCT, PSA, DCG or MTIA. (2) It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?		X	
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? Yes No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) Yes No Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

State Bar of Texas

Financial Report

May 31, 2025



This Page Intentionally Left Blank

CONTENTS

Page

Independent Auditor's Report.....	4
Management's Discussion and Analysis (Unaudited)	8

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Position.....	21
Statement of Activities.....	23
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	24
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in the Fund Balance of Governmental Funds to the Statement of Activities	27
Statement of Net Position – Proprietary Fund	28
Statement of Revenues, Expenses and Changes In Net Position – Proprietary Fund	29
Statement of Cash Flows – Proprietary Fund	30
Statement of Net Position – Fiduciary Funds	31
Statement of Changes In Net Position – Fiduciary Funds	32
Notes to the Financial Statements.....	34

Required Supplemental Information (Unaudited)

Statement of Revenues, Expenditures and Changes In Fund Balance – Budget (GAAP Basis) and Actual – General Fund.....	67
Note to Statement of Revenues, Expenditures and Changes In Fund Balance – Budget (GAAP Basis) And Actual – General Fund	70
Schedule of Changes in State Bar's Proportionate Share of Net Pension Liability and Related Ratios	71
Schedule of Employer Contributions – Net Pension Liability	72
Notes to Net Pension Liability	74
Schedule of Changes in State Bar's Proportionate Share of Total OPEB Liability and Related Ratios	75
Schedule of Employer Contributions – Net OPEB Liability	76
Notes to OPEB Liability	78

Other Supplemental Information

Combining Balance Sheet – Nonmajor Governmental Funds.....	85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	87

This Page Intentionally Left Blank

Financial Section

This Page Intentionally Left Blank

Independent Auditor's Report

To the Board of Directors
State Bar of Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State Bar of Texas (the State Bar), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the State Bar's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State Bar, as of May 31, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Bar and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended May 31, 2025, the State Bar implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State Bar's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 the State Bar's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State Bar's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State Bar's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
December 10, 2025

This Page Intentionally Left Blank

Management's Discussion and Analysis (Unaudited)

This Management's Discussion and Analysis is provided by the management of the State Bar of Texas (State Bar) to offer readers an overview and analysis of the financial activities of the State Bar for the fiscal year ended May 31, 2025. This section is only an introduction and should be read in conjunction with the State Bar's financial statements, which immediately follow this section.

Financial Highlights

- The State Bar remains in a strong financial position with no debt carried on the balance sheet, consistent revenues and controlled expenses. The State Bar General Fund's activities for the year ended May 31, 2025 increased the fund balance by \$433,801 after paying the board commitments and transfers.
- As of the close of the current fiscal year, the State Bar's governmental funds reported combined ending fund balances of \$65,037,758, an increase of \$4,437,643 in comparison with the prior year. Of this amount, \$40,389,500 is committed for specified purposes such as the special revenue funds, capital projects funds, or other purposes, and \$7,985,361 is assigned to fund a projected budgetary deficit. The unassigned funds balance is \$16,051,453 which includes minimum reserves and unassigned funds earned from operations during fiscal year 2025. See note 1 for additional details.
- At the end of the current fiscal year, the fund balance for the General Fund was \$29,098,830 or 64 percent of the total General Fund expenditures for the year ended May 31, 2025. Of this amount, \$16,051,453 is classified as unassigned. This is comprised of \$13,480,619 held in minimum reserves, \$2,495,533 amount available for board designation, and \$75,301 in unrealized changes in fair market value.
- The assets of the State Bar were above its liabilities for the fiscal year ended May 31, 2025, by \$8,791,119. This amount includes all State Bar-related assets, including the reserves, all capital assets, all assets related to TexasBarBooks, the Sections and Divisions and all special revenue funds and capital project funds. The State Bar reports its proportionate share of the pension and retiree's health insurance plans on its financial statements. Even with these liabilities, the State Bar shows a positive net position.
- The State Bar's total net position increased by \$17,996,178 from the end of fiscal year 2024 to the end of fiscal year 2025. The increase in fund balance is primarily due to the reduction in the deferred inflows of resources of pension-related amounts, which is a liability. The liability estimate received from ERS dropped from \$13,110,053 in fiscal year 2024 to \$3,306,121 for fiscal year 2025. The change was due to better than projected investment returns on the pension assets.

The State Bar complies with the Governmental Accounting Standards Board's (GASB) pronouncements, and has implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during fiscal year 2019. In fiscal year 2016, the State Bar implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the State Bar's Government-wide financial statements disclose a net pension liability of (\$20,194,100) and a liability for Other Post-Employment Benefits (OPEB) of (\$37,233,394) on its balance sheet for the fiscal year ended May 31, 2025. The total net position of the State Bar is \$8,791,119 with these liabilities recorded. The amount of liability for both plans represents the State Bar's proportionate share of the total State of Texas plan's net liability based on the State Bar's total contributions made for its current and former employees. The amount of unfunded liability is not controlled or established by the State Bar of Texas. The plan is administered by the Employees' Retirement System of Texas (ERS). The liability does not affect the governmental funds or the budget of the State Bar, unless ERS requires a higher premium payment per employee. Historically, the premiums for employees and retirees have increased gradually and the State Bar does not anticipate significant changes to the operating budget of the State Bar because of this GASB requirement.

Management's Discussion and Analysis (Unaudited)

Overview of the Financial Statements

The State Bar's basic financial statements are comprised of the following components: (1) the government-wide financial statements, (2) the fund financial statements and (3) notes to the basic financial statements. This report also contains the required supplementary information in addition to the basic financial statements themselves. Each one is described below.

Government-wide statements: The government-wide financial statements are designed to provide readers with a broad overview of the State Bar's finances, in a manner similar to a private-sector business. The statements include all assets and liabilities using the accrual basis of accounting. The government-wide financial statements are made up of the statement of net position and the statement of activities. The government-wide financial statements can be found on pages 21 through 23 of this report.

The statement of net position presents information on all the State Bar's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the State Bar is improving or deteriorating.

The statement of activities presents information showing how the State Bar's net position changed during the most recent fiscal year. The statement of activities is presented on full accrual basis. This means that all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., earned, but unused vacation leave).

Both government-wide financial statements distinguish functions of the State Bar that are principally supported by dues and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the State Bar include general government, public services, member services and public protection. The business-type activities of the State Bar include the Texas Bar Books fund.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State Bar, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements are made up of a balance sheet and a statement of revenues, expenditures and changes in fund balances. The basic governmental fund financial statements can be found on pages 24 through 32 of this report. All the funds of the State Bar can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Management's Discussion and Analysis (Unaudited)

The State Bar has three types of funds:

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The State Bar maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Sections and Divisions, which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. These nine funds are: Texas Board of Legal Specialization Fund, Texas Bar College, Annual Meeting, Client Security, Building Fund, Technology Fund, Project Grants Fund, Hatton W. Sumners Grants Fund, and Law Focused Education. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the other supplemental section of this report.

The State Bar adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 24 through 27 of this report.

Proprietary funds—The Texas Bar Books fund is the State Bar's only proprietary fund due to the long-term nature of its book projects. It is an enterprise fund. An enterprise fund is used to report an entity's business-type activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 28 through 30 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State Bar's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary funds the State Bar has is a custodial fund used to hold monies for donations received for access to justice and the State Bar of Texas Insurance Trust, included as a blended component unit. The basic fiduciary fund financial statement can be found on pages 31 through 32 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 through 64 of this report.

Management's Discussion and Analysis (Unaudited)

Required supplemental information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. The State Bar adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. In addition, this report includes required supplemental information regarding the State Bar's changes in their proportionate share of net pension liability and related ratios and schedules of employer's contributions. Required supplemental information can be found on pages 66 through 83 of this report.

Other supplemental information: In addition to the basic financial statements, accompanying notes and required supplemental information this report also presents certain other supplemental information. The combining balance sheet—non-major governmental funds, combining statement of revenues, expenditures and changes in fund balances—non-major governmental funds are provided to give additional information for each non-major fund. The combining statement of revenues, expenditures and changes in fund balances—governmental funds is provided to give additional information by expenditure type. Other supplemental information is provided on pages 84 through 87.

Government-Wide Financial Analysis

Net position. The following table presents a summary of the State Bar's net position for the year ended May 31, 2025, with comparison totals as of May 31, 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 87,309,524	\$ 80,239,319	\$ 2,077,232	\$ 1,907,354	\$ 89,386,756	\$ 82,146,673
Capital assets, net	12,974,708	12,551,119	101,547	147,739	13,076,255	12,698,858
Total assets	100,284,232	92,790,438	2,178,779	2,055,093	102,463,011	94,845,531
Deferred outflows of resources	6,672,378	5,757,543	425,896	367,503	7,098,274	6,125,046
Current liabilities	26,060,007	22,605,788	398,771	414,786	26,458,778	23,020,574
Noncurrent liabilities	59,524,252	57,324,711	3,422,026	3,366,166	62,946,278	60,690,877
Total liabilities	85,584,259	79,930,499	3,820,797	3,780,952	89,405,056	83,711,451
Deferred inflows of resources	10,683,204	23,186,613	681,906	1,479,996	11,365,110	24,666,609
Net position						
Net investment in capital assets	8,168,903	8,228,893	101,547	147,739	8,270,450	8,376,632
Unrestricted (deficit)	2,520,244	(12,798,024)	(1,999,575)	(2,986,091)	520,669	(15,784,115)
Total net position	\$ 10,689,147	\$ (4,569,131)	\$ (1,898,028)	\$ (2,838,352)	\$ 8,791,119	\$ (7,407,483)

The State Bar's net position invested in capital assets, net of accumulated depreciation (e.g., land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding reflects \$8,270,450 of total net position. The State Bar uses these capital assets to provide services to members; consequently, these assets are not available for future spending. Although the State Bar's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

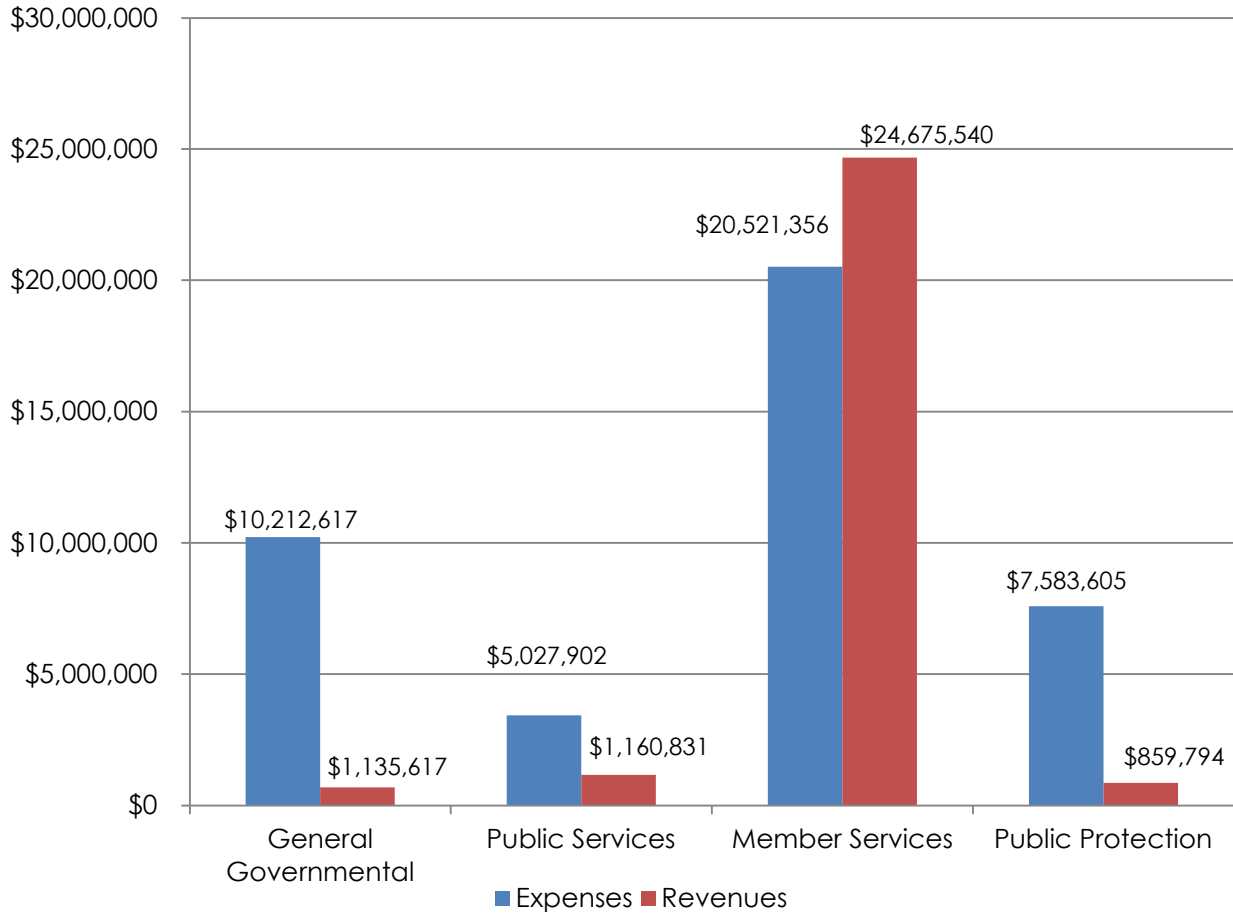
Management's Discussion and Analysis (Unaudited)

Changes in net position. The following schedule shows the changes in net position for the year ended May 31, 2025 with comparison totals for the year ended May 31, 2024. The difference between revenues and expenditures represents the change in net position:

	Governmental Activities		Business-Type Activities		Total	
	2025	#NAME?	2025	#NAME?	2025	#NAME?
Revenues						
Program revenues:						
Charges for services	\$ 24,723,934	\$ 24,882,481	\$ 2,211,529	\$ 2,082,918	\$ 26,935,463	\$ 26,965,399
Operating grants and contributions	2,657,308	2,716,895	-	-	2,657,308	2,716,895
General revenues:						
Membership dues	26,866,650	26,657,621	-	-	26,866,650	26,657,621
Investment income	3,393,776	2,821,441	64,635	52,132	3,458,411	2,873,573
Royalty revenue	976,673	1,025,848	1,517,943	1,479,067	2,494,616	2,504,915
Other income	280,654	230,357	-	-	280,654	230,357
Total revenues	58,898,995	58,334,643	3,794,107	3,614,117	62,693,102	61,948,760
Expenses						
General government	10,212,617	9,023,590	-	-	10,212,617	9,023,590
Public services	3,432,631	2,788,292	-	-	3,432,631	2,788,292
Member services	20,521,356	16,095,037	-	-	20,521,356	16,095,037
Public protection	7,583,605	3,525,351	-	-	7,583,605	3,525,351
Interest on long-term liabilities	144,566	126,292	-	-	144,566	126,292
Books	-	-	2,802,149	2,206,155	2,802,149	2,206,155
Total expenses	41,894,775	31,558,562	2,802,149	2,206,155	44,696,924	33,764,717
Increase (decrease) in net position	17,004,220	26,776,081	991,958	1,407,962	17,996,178	28,184,043
Net Position -						
beginning of year, as previously reported	(4,569,131)	(31,345,212)	(2,838,352)	(4,246,314)	(7,407,483)	(35,591,526)
Restatement for adoption of GASB 101	(1,745,942)	-	(51,634)	-	(1,797,576)	-
beginning of year, as restated	<u>(6,315,073)</u>	<u>(31,345,212)</u>	<u>(2,889,986)</u>	<u>(4,246,314)</u>	<u>(9,205,059)</u>	<u>(35,591,526)</u>
Net position at end of year	\$ 10,689,147	\$ (4,569,131)	\$ (1,898,028)	\$ (2,838,352)	\$ 8,791,119	\$ (7,407,483)

Management's Discussion and Analysis (Unaudited)

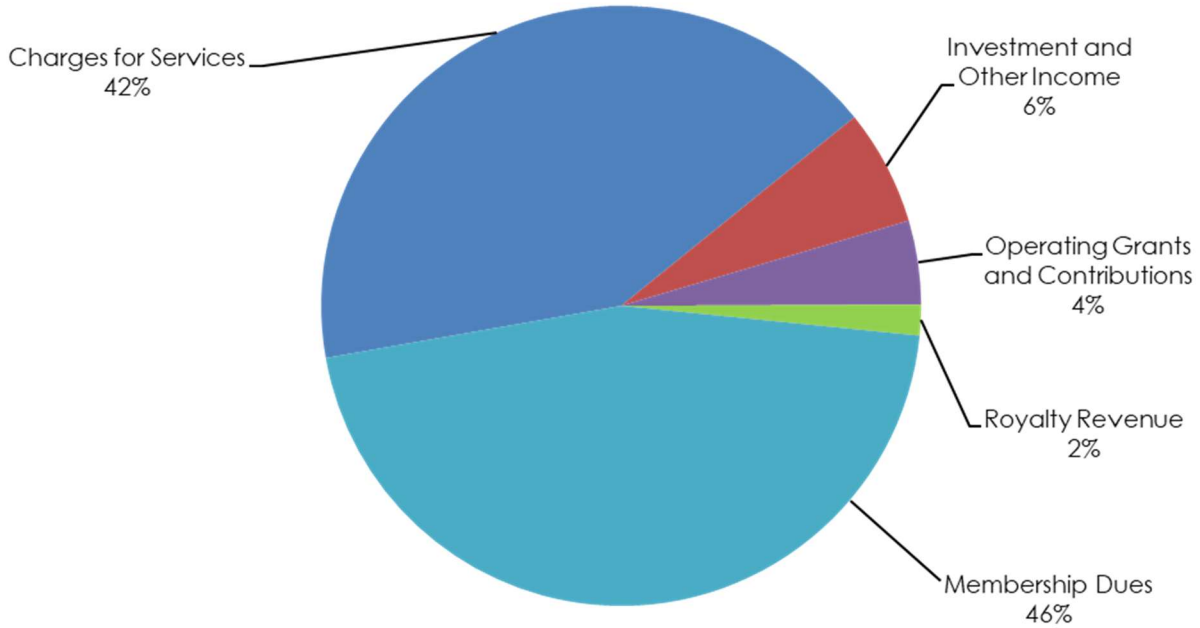
Expense and Program Revenues—Governmental Activities



This chart depicts the program revenues and expenses as presented in the statement of activities on page 21 of the financial statements. These represent the revenues and related expenses for these programs. The State Bar also collects membership dues, investment income, royalty revenue and other income that totaled \$33,100,331 for the year ended May 31, 2025.

Management's Discussion and Analysis (Unaudited)

Revenues by Source—Governmental Activities



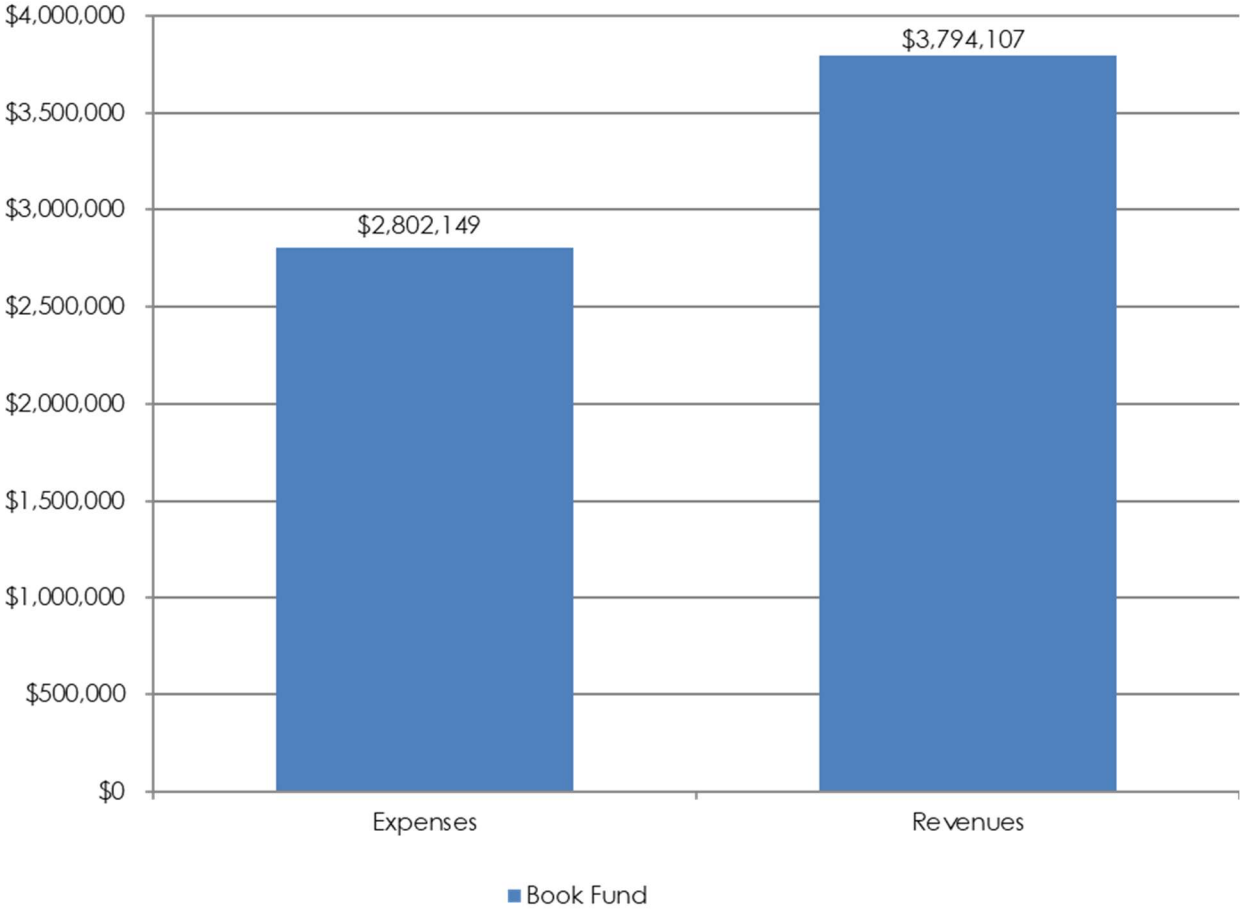
Membership dues continues to be the primary source of revenue for the State Bar. Total membership dues collections, including sections dues, for fiscal year 2025 were \$26,866,650 compared to \$26,657,621 in the prior fiscal year. Membership dues include regular dues, section dues, and TBLs dues payments. The State Bar anticipates a growth in the revenue from dues because of the approved ten percent increase in membership fees effective June 1, 2025.

TexasBarCLE and other professional development charges for services were at \$15,843,831 for fiscal year 2025 compared to \$15,957,145 in revenue from fiscal year 2024. The continuing legal education offered by TexasBarCLE provides a stable income for the Bar to supplement other strategic goals that may not generate revenue, and it provides a valuable service to lawyers and the public by improving the quality of legal services. Other charges for services include Minimum Continuing Legal Education (MCLE) fees, Member Benefit fees, and Bar Journal fees.

Management’s Discussion and Analysis (Unaudited)

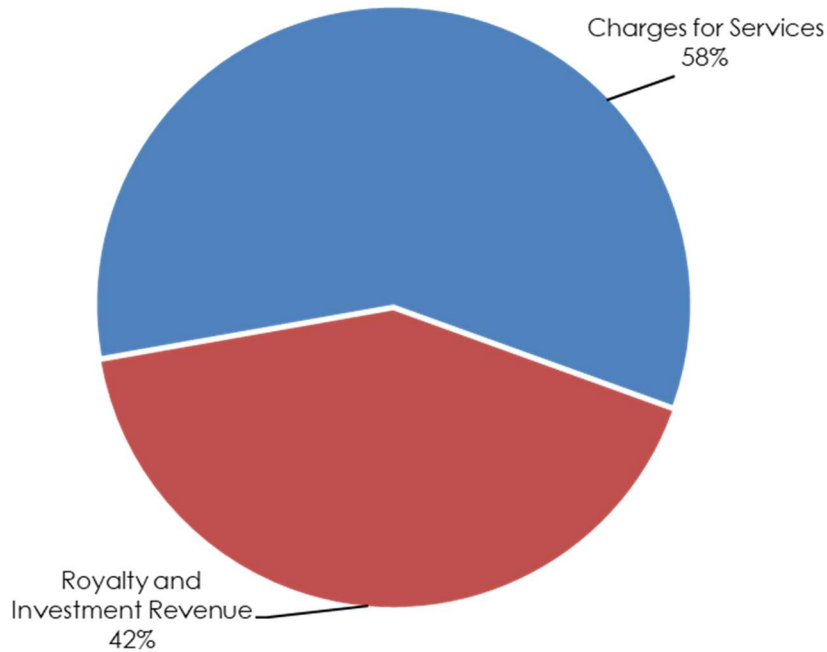
Business-type activities: Business-type activities increased the State Bar’s net position by \$991,958 with revenues from book sales and royalty revenue. The TexasBarBooks Fund, shows steady income and expenses. The revenue and expenses will fluctuate from year to year based on the number of projects that are completed during the year. A breakdown of expenses and program revenues and revenues by source type follows:

Expenses and Program Revenues—Business-Type Activities



Management's Discussion and Analysis (Unaudited)

Revenues by Source—Business Activities



The types of revenue for the State Bar's business activities continues to be charges for the sale of Texas Bar books, both online subscriptions and hard copies of practice manuals. Additionally, TexasBarBooks receives royalties from Thompson Reuters on the sale of Texas Bar books. These revenues are anticipated to remain stable.

Financial Analysis of the Government's Funds

As noted earlier, the State Bar uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the State Bar's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the State Bar's financing requirements. Undesignated fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the State Bar's governmental funds reported combined ending fund balances of \$65,037,758 an increase of \$4,437,643 in comparison with the prior year. Of this amount, \$611,444 is non-spendable for inventories and prepaid items and \$40,383,500 is committed for specific uses by the Board.

The General Fund is the chief operating fund of the State Bar. At the end of the current fiscal year, the total fund balance of the General Fund was \$29,098,830, which is 55 percent unassigned. As a measure of the General Fund's liquidity, it is useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 34 percent of total General Fund expenditures. During the current fiscal year, the fund balance of the State Bar's General Fund increased by \$433,801 after paying the board commitments and transfers.

Management's Discussion and Analysis (Unaudited)

Proprietary funds: The State Bar's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the current fiscal year, net position of TexasBarBooks totaled (\$1,898,028). The total increase in net position was \$991,958.

Capital asset administration:

Capital assets: The State Bar's investment in capital assets for its governmental activities and business-type activities as of May 31, 2025, amounts to \$13,076,255 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and systems, and furniture, equipment, digital publication, and other assets. The State Bar recorded a right of use asset and a corresponding liability with the implementation of GASB 87 and GASB 96 for the leases and subscription based IT arrangements it held as of May 31, 2025.

	Governmental Activities		Business-Type Activities		Total	
	2025	#NAME?	2025	#NAME?	2025	#NAME?
Land	\$ 1,413,874	\$ 1,413,874	\$ -	\$ -	\$ 1,413,874	\$ 1,413,874
Construction in progress	1,782,543	985,964	-	-	1,782,543	985,964
Building and systems, net	2,487,885	2,558,908	-	-	2,487,885	2,558,908
Furniture, equipment, digital publication and other, net	2,572,534	3,310,429	101,547	147,739	2,674,081	3,458,168
Right-of-use asset - leases, net	3,203,192	1,804,781	-	-	3,203,192	1,804,781
Right-of-use asset - subscriptions, net	1,514,680	2,477,163	-	-	1,514,680	2,477,163
Net capital assets	\$ 12,974,708	\$ 12,551,119	\$ 101,547	\$ 147,739	\$ 13,076,255	\$ 12,698,858

Additional information on the State Bar's capital assets can be found in Note 2 on page 46 of this report.

Long-term liabilities: At the end of the current fiscal year, the State Bar had long-term liabilities of \$3,369,823 related to leases, \$1,435,982 related to subscription liability and accrued compensated absences of \$4,669,937. The current portion of liabilities, or liabilities that are due within one year include lease payments, subscription payments and estimated payouts of vacation leave to employees. The following table presents a summary of the State Bar's long-term liabilities for the year ended May 31, 2025, with comparative information as of May 31, 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	#NAME?	2025	#NAME?	2025	#NAME?
Lease liability	\$ 3,369,823	\$ 2,590,171	\$ -	\$ -	\$ 3,369,823	\$ 2,590,171
Subscription liability	1,435,982	1,732,055	-	-	1,435,982	1,732,055
Accrued compensated absences	4,524,844	2,342,534	145,093	78,318	4,669,937	2,420,852
Net pension liability	18,982,454	21,810,826	1,211,646	1,392,180	20,194,100	23,203,006
Total OPEB Liability	34,999,390	31,815,709	2,234,004	2,030,790	37,233,394	33,846,499
Total liabilities	63,312,493	60,291,295	3,590,743	3,501,288	66,903,236	63,792,583
Less current portion	(2,663,222)	(1,746,242)	(127,145)	(96,957)	(2,790,367)	(1,843,199)
Total noncurrent liabilities	\$ 60,649,271	\$ 58,545,053	\$ 3,463,598	\$ 3,404,331	\$ 64,112,869	\$ 61,949,384

Additional information on the State Bar's noncurrent liabilities can be found in Note 5 on page 50 of this report.

Management's Discussion and Analysis (Unaudited)

Economic Factors and Next Year's Budget

For the General Fund, estimated revenues for fiscal year 2026 are \$50,285,800 and estimated expenditures and other uses are \$50,275,281. If these estimates are realized, the State Bar's budgetary General Fund balance is expected to increase by \$10,519.

Contacting the State Bar's Financial Management

This financial report is designed to provide a general overview of the State Bar's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, State Bar of Texas, and P.O. Box 12487, Austin, Texas 78711.

This Page Intentionally Left Blank

Basic Financial Statements

State Bar of Texas

Statement of Net Position

May 31, 2025

ASSETS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents – cash in bank	\$ 26,958,644	\$ -	\$ 26,958,644
Investments	55,582,895	-	55,582,895
Receivables			
Sales, net of an allowance for uncollectibles of \$3,790 and \$21,950, respectively	72,042	137,684	209,726
Interest receivable	358,378	-	358,378
Other accounts receivable	667,619	-	667,619
Internal balances	(1,655,069)	1,655,069	-
Due from fiduciary fund	1,283	-	1,283
Due from custodial fund	4,712,288	-	4,712,288
Inventories, net of obsolescence	16,671	282,199	298,870
Prepaid expenses	594,773	2,280	597,053
	<u>87,309,524</u>	<u>2,077,232</u>	<u>89,386,756</u>
Total current assets			
NONCURRENT ASSETS			
Capital assets			
Land	1,413,874	-	1,413,874
Construction in progress	1,782,543	-	1,782,543
Buildings, net	2,487,885	-	2,487,885
Furniture, fixtures, computer equipment, software and other equipment, net	2,572,534	101,547	2,674,081
Right of use asset - leases, net	3,203,192	-	3,203,192
Right of use asset - subscriptions, net	1,514,680	-	1,514,680
	<u>12,974,708</u>	<u>101,547</u>	<u>13,076,255</u>
Total noncurrent assets			
Total assets	<u>100,284,232</u>	<u>2,178,779</u>	<u>102,463,011</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related amounts	3,692,525	235,693	3,928,218
Pension related amounts	2,979,853	190,203	3,170,056
	<u>6,672,378</u>	<u>425,896</u>	<u>7,098,274</u>
Total deferred outflows of resources			

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Statement of Net Position – Continued

May 31, 2025

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 3,276,500	\$ -	\$ 3,276,500
Accrued liabilities	555,259	50,592	605,851
Due to custodial funds	1,185,281	-	1,185,281
Unearned revenue	17,254,726	179,462	17,434,188
Current portion lease liability	425,290	-	425,290
Current portion subscription liability	900,848	-	900,848
Current portion OPEB liability	993,497	63,415	1,056,912
Current portion compensated absences	1,468,606	105,302	1,573,908
	<hr/>	<hr/>	<hr/>
Total current liabilities	26,060,007	398,771	26,458,778
NONCURRENT LIABILITIES			
Lease liability	2,944,533	-	2,944,533
Subscription liability	535,134	-	535,134
OPEB liability	34,005,893	2,170,589	36,176,482
Compensated absences	3,056,238	39,791	3,096,029
Net pension liability	18,982,454	1,211,646	20,194,100
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	59,524,252	3,422,026	62,946,278
	<hr/>	<hr/>	<hr/>
Total liabilities	85,584,259	3,820,797	89,405,056
DEFERRED INFLOWS OF RESOURCES			
OPEB related amounts	7,575,450	483,539	8,058,989
Pension related amounts	3,107,754	198,367	3,306,121
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	10,683,204	681,906	11,365,110
NET POSITION (DEFICIT)			
Net investment in capital assets	8,168,903	101,547	8,270,450
Unrestricted (deficit)	2,520,244	(1,999,575)	520,669
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION (DEFICIT)	\$ 10,689,147	\$ (1,898,028)	\$ 8,791,119

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas
Statement of Activities
Year Ended May 31, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT						
Governmental activities:						
General government	\$ 10,212,617	\$ 685,077	\$ -	\$ (9,527,540)	\$ -	\$ (9,527,540)
Public services	3,432,631	715,457	445,374	(2,271,800)	-	(2,271,800)
Member services	20,521,356	22,747,716	1,927,824	4,154,184	-	4,154,184
Public protection	7,583,605	575,684	284,110	(6,723,811)	-	(6,723,811)
Interest on long-term liabilities	144,566	-	-	(144,566)	-	(144,566)
Total governmental activities	41,894,775	24,723,934	2,657,308	(14,513,533)	-	(14,513,533)
Business type activities						
Books	2,802,149	2,211,529	-	-	(590,620)	(590,620)
Total business-type activities	2,802,149	2,211,529	-	-	(590,620)	(590,620)
TOTAL PRIMARY GOVERNMENT ACTIVITIES	\$ 44,696,924	\$ 26,935,463	\$ 2,657,308	(14,513,533)	(590,620)	(15,104,153)
General revenues:						
Membership dues				26,866,650	-	26,866,650
Investment income				3,393,776	64,635	3,458,411
Royalty revenue				976,673	1,517,943	2,494,616
Other income				280,654	-	280,654
Total general revenues				31,517,753	1,582,578	33,100,331
Change in net position				17,004,220	991,958	17,996,178
Net position (deficit), beginning of year, as previously reported				(4,569,131)	(2,838,352)	(7,407,483)
Restatement for adoption of GASB 101				(1,745,942)	(51,634)	(1,797,576)
Net position (deficit), beginning of year, as restated				(6,315,073)	(2,889,986)	(9,205,059)
NET POSITION (DEFICIT), end of year				\$ 10,689,147	\$ (1,898,028)	\$ 8,791,119

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Balance Sheet – Governmental Funds

May 31, 2025

	<u>General Fund</u>	<u>Sections and Divisions</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents, cash in bank	\$ 11,809,630	\$ 10,012,646	\$ 5,136,368	\$ 26,958,644
Investments	34,637,805	4,796,300	16,148,790	55,582,895
Receivables				
Sales to members and other, net of an allowance for uncollectibles of \$3,790	72,042	-	-	72,042
Interest receivable	226,716	6,902	124,760	358,378
Other accounts receivable	567,150	83,316	17,153	667,619
Due from other governmental funds	1,707,442	1,333,240	2,824,243	5,864,925
Due from fiduciary fund	1,283	-	-	1,283
Due from custodial fund	4,712,288	-	-	4,712,288
Inventories	16,671	-	-	16,671
Prepaid items	443,262	37,005	114,506	594,773
TOTAL ASSETS	\$ 54,194,289	\$ 16,269,409	\$ 24,365,820	\$ 94,829,518
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Accounts payable	\$ 3,081,124	\$ 195,376	\$ -	\$ 3,276,500
Accrued liabilities	554,527	-	732	555,259
Due to other governmental funds	4,157,483	921,922	785,520	5,864,925
Due to enterprise fund	1,655,069	-	-	1,655,069
Due to custodial fund	1,185,281	-	-	1,185,281
Unearned revenue	14,461,975	1,632,971	1,159,780	17,254,726
Total current liabilities	25,095,459	2,750,269	1,946,032	29,791,760
Fund balances:				
Nonspendable	459,933	37,005	114,506	611,444
Committed	4,602,083	13,482,135	22,305,282	40,389,500
Assigned	7,985,361	-	-	7,985,361
Unassigned	16,051,453	-	-	16,051,453
Total fund balances	29,098,830	13,519,140	22,419,788	65,037,758
TOTAL LIABILITIES AND FUND BALANCES	\$ 54,194,289	\$ 16,269,409	\$ 24,365,820	\$ 94,829,518

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
May 31, 2025

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 65,037,758
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, including accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,974,708
Employee benefit related liabilities, and related accounts, are not due and payable in the current period and are not included in the fund financial statements, but are reported in the governmental activities in the statement of net positions. These items include:	
Net pension liability	(18,982,454)
OPEB liability	(34,999,390)
Deferred outflows related to net OPEB liability	3,692,525
Deferred inflows related to net OPEB liability	(7,575,450)
Deferred outflows related to net pension liability	2,979,853
Deferred inflows related to net pension liability	(3,107,754)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These items include:	
Lease liability	(3,369,823)
Subscription liability	(1,435,982)
Compensated Absences	(4,524,844)
NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 10,689,147</u>

State Bar of Texas

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds Year Ended May 31, 2025

	General Fund	Sections and Divisions	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Membership dues	\$ 21,994,224	\$ 2,606,341	\$ 2,324,655	\$ 26,925,220
Accounting and management fees	598,215	-	-	598,215
Texas Bar Journal	889,031	-	-	889,031
MCLE fees	4,465,559	-	-	4,465,559
Professional development	14,790,694	1,093,914	-	15,884,608
Career development	413,054	-	-	413,054
Investment income	1,993,250	554,270	846,256	3,393,776
Grant revenue	-	-	568,504	568,504
Member benefits	1,133,053	-	-	1,133,053
Website	680,922	-	-	680,922
Advertising review	295,500	-	-	295,500
CDC disciplinary fees	575,684	-	-	575,684
Other income	1,530,794	847,727	832,604	3,211,125
	<u>49,359,980</u>	<u>5,102,252</u>	<u>4,572,019</u>	<u>59,034,251</u>
EXPENDITURES				
Executive	3,443,868	-	-	3,443,868
Member and public service	2,603,646	-	-	2,603,646
Professional development	9,492,820	-	-	9,492,820
Legal and attorney services	1,726,723	-	-	1,726,723
Access to justice commission	610,821	-	-	610,821
Law practice and management division	342,916	-	-	342,916
Attorney compliance	2,222,671	-	-	2,222,671
Operations and security division	3,065,476	-	320,249	3,385,725
Finance and information technology	5,090,572	-	89,322	5,179,894
Communications	3,582,564	-	-	3,582,564
Public protection	11,265,989	-	646,847	11,912,836
Special services	-	4,394,055	2,815,764	7,209,819
Expenditures related to Board commitments	486,729	-	-	486,729
Capital outlay	1,957,981	-	776,608	2,734,589
Debt service				
Principal	1,341,163	-	107,482	1,448,645
Interest	140,706	-	3,210	143,916
	<u>47,374,645</u>	<u>4,394,055</u>	<u>4,759,482</u>	<u>56,528,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,985,335</u>	<u>708,197</u>	<u>(187,463)</u>	<u>2,506,069</u>
OTHER FINANCING SOURCES (USES)				
Leases	1,373,777	-	-	1,373,777
Subscriptions	557,797	-	-	557,797
Transfers in	-	-	3,483,108	3,483,108
Transfers out	(3,483,108)	-	-	(3,483,108)
	<u>(1,551,534)</u>	<u>-</u>	<u>3,483,108</u>	<u>1,931,574</u>
Net change in fund balances	433,801	708,197	3,295,645	4,437,643
FUND BALANCES, beginning of year	<u>28,665,029</u>	<u>12,810,943</u>	<u>19,124,143</u>	<u>60,600,115</u>
FUND BALANCES, end of year	<u>\$ 29,098,830</u>	<u>\$ 13,519,140</u>	<u>\$ 22,419,788</u>	<u>\$ 65,037,758</u>

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
Year Ended May 31, 2025

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 4,437,643

Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense:

Capital outlay	2,763,560
Depreciation and amortization expense	(2,339,971)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in pension liability and related deferred inflows and outflows	11,934,655
Change in OPEB liability and related deferred inflows and outflows	1,128,280
Change in lease liability	(779,652)
Change in subscription liability	296,073
Change in compensated absences	(436,368)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 17,004,220

State Bar of Texas

Statement of Net Position – Proprietary Fund

May 31, 2025

	Texas Bar Books
ASSETS	
CURRENT ASSETS	
Accounts receivable, net of allowance for uncollectibles of \$70,230	\$ 137,684
Due from other funds	1,655,069
Inventories, net of obsolescence	282,199
Prepaid expenses	2,280
Total current assets	<u>2,077,232</u>
NONCURRENT ASSETS	
Capital assets, net of accumulated depreciation/amortization of \$543,586	<u>101,547</u>
TOTAL ASSETS	<u>2,178,779</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related amounts	235,693
Pension related amounts	<u>190,203</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 425,896</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued liabilities	\$ 50,592
Unearned revenue	179,462
OPEB Liability	63,415
Accrued compensated absences	<u>105,302</u>
Total current liabilities	<u>398,771</u>
NONCURRENT LIABILITIES	
OPEB Liability	2,170,589
Net pension liability	<u>1,211,646</u>
Total noncurrent liabilities	<u>3,422,026</u>
TOTAL LIABILITIES	<u>3,820,797</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related amounts	483,539
Pension related amounts	<u>198,367</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>681,906</u>
NET POSITION (DEFICIT)	
Investment in capital assets	101,547
Unrestricted (deficit)	<u>(1,999,575)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (1,898,028)</u>

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund Year Ended May 31, 2025

	Texas Bar Books
OPERATING REVENUES	
Charges for sale and services	
Book sales	\$ 2,211,529
Total operating revenues	<u>2,211,529</u>
OPERATING EXPENSES	
Costs of good sold	387,044
Salaries and benefits	1,247,206
Professional services	76,244
Administrative fee	493,212
Office, equipment, storage rentals	151,578
Postage and freight	78,689
Other administrative expenses	<u>368,176</u>
Total operating expenses	<u>2,802,149</u>
Operating income	<u>(590,620)</u>
NONOPERATING REVENUES	
Investment income	64,635
Royalty revenue	<u>1,517,943</u>
Total nonoperating revenues	<u>1,582,578</u>
Change in net position	991,958
NET POSITION (DEFICIT), beginning of year, as previously reported	(2,838,352)
Restatement for adoption of GASB 101	(51,634)
NET POSITION (DEFICIT), beginning of year, as restated	<u>(2,889,986)</u>
NET POSITION (DEFICIT), end of year	<u>\$ (1,898,028)</u>

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Statement of Cash Flows –
Proprietary Fund
Year Ended May 31, 2025

	Texas Bar Books
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,381,001
Payments to suppliers for goods and services	(1,472,118)
Payments to employees	(2,065,868)
Net cash used in operating activities	<u>(1,156,985)</u>
CASH FLOWS FROM NONCAPITAL FINANCING	
Interfund transactions	<u>(415,140)</u>
Net cash used in noncapital financing	<u>(415,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	64,635
Royalties received	1,517,943
Net cash provided by investing activities	<u>1,582,578</u>
Net change in cash and cash equivalents	-
CASH AND CASH EQUIVALENTS, beginning of year	<u>-</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (590,620)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	56,645
Changes in assets and liabilities	
Accounts receivable	169,472
Inventories, net of obsolescence	40,244
Accrued liabilities	(63,506)
Unearned revenue	13,896
Accrued compensated absences	15,141
OPEB liability	(72,017)
Net pension liability	(761,786)
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (1,156,985)</u></u>

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Statement of Net Position –
Fiduciary Funds
May 31, 2025

	Custodial Funds	State Bar of Texas Insurance Trust Private-Purpose Trust Fund
ASSETS		
Cash in bank	\$ 5,637,941	\$ 636,407
Accounts receivable	-	7,500
Due from general fund	1,185,281	-
	<hr/>	<hr/>
TOTAL ASSETS	6,823,222	643,907
	<hr/>	<hr/>
LIABILITIES		
Due to general fund	4,712,288	1,283
Due to other organizations	873,470	-
	<hr/>	<hr/>
TOTAL LIABILITIES	5,585,758	1,283
	<hr/>	<hr/>
NET POSITION		
Restricted for:		
Access to Justice	1,237,464	-
Held in Trust for member group insurance benefits	-	642,624
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 1,237,464	\$ 642,624
	<hr/> <hr/>	<hr/> <hr/>

The Notes to the Financial Statement are an integral part of this statement.

State Bar of Texas

Statement of Changes in Net Position –
Fiduciary Funds
Year Ended May 31, 2025

	Custodial Funds	State Bar of Texas Insurance Trust Private-Purpose Trust Fund
ADDITIONS		
Contributions of subscribers	\$ -	\$ 8,227,310
Contributions	4,364,016	-
Royalties	-	90,000
Investment Income	-	8,835
Total additions	<u>4,364,016</u>	<u>8,326,145</u>
DEDUCTIONS		
Payments to Other Entities	4,225,976	-
Premiums to insurance carrier	-	8,227,310
Accounting fees	-	8,783
Insurance	-	21,695
Service agreement fee	-	150,000
Total deductions	<u>4,225,976</u>	<u>8,407,788</u>
Change in net position	138,040	(81,643)
NET POSITION, beginning of year	<u>1,099,424</u>	<u>724,267</u>
NET POSITION, end of year	<u>\$ 1,237,464</u>	<u>\$ 642,624</u>

The Notes to the Financial Statement are an integral part of this statement.

This Page Intentionally Left Blank

State Bar of Texas

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

The State Bar of Texas' (the State Bar) enabling legislation, Texas Rev. Civ. Stat. Ann. Art. 320a-1 (Vernon Supp. 1986), provides the authority for operations of the State Bar. In 1939, the State Bar was created by the State of Texas legislature. Located in the judicial branch of the State government, its primary responsibility is to cooperate in the regulation of the practice of law in the State of Texas. The State Bar is an administrative branch or department of the Supreme Court of Texas. This report includes the funds and account groups required to account for those activities, organizations and functions which are related to the State Bar and are controlled by the State Bar. The State Bar is included in the financial statements of the State of Texas as a component unit.

The State Bar of Texas follows the standards established by the Governmental Accounting Standards Board (GASB), which set the accounting principles and reporting requirements for its Annual Financial Report. The State Bar's major activities or functions include the collection and monitoring of membership dues, discipline of attorneys, development and accreditation of professional development courses, publishing and printing of legal text for sale to members, preparation and distribution of the Bar Journal and providing access to a database of legal information for member use. These activities are included in the accompanying financial statements.

Component Units

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Component units can also be other organizations for which the nature and significance of their relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In addition, component units can be organizations that raise and hold economic resources for the direct benefit of a government unit. Because of the closeness of their relationships with the primary government, some component units are blended as though they are part of the primary government.

The State Bar appoints a majority of members to the Texas Bar Foundation's (the Foundation) and the Texas Center for Legal Ethics' (the Center) governing body; however, because the State Bar is not in a position to impose its will on or significantly influence the programs, projects, activities or level of service performed by the Foundation or the Center, and because no financial burden or benefit exists between the State Bar and the Foundation or the Center, they are not considered a component unit of the State Bar.

Blended Component Units

The relationship among the following component units and the State Bar is such that it meets the criteria, as set forth in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, for inclusion in the reporting entity and are such that the financial statements are blended with those of the State Bar.

The Texas Bar College (the College) is an honor society designed to recognize attorneys who accumulate at least twice as many continuing legal education credit hours each year than the minimum required. The College was created in 1981 by order of the Texas Supreme Court. The College is governed by an 18-member board of directors, of which, 12 members are appointed by the State Bar's President, and six members are appointed by the State Bar's President based on nominations submitted by the College's board. The College is a section 501(c)(3) corporation and is funded through membership dues, investment income and merchandise sales. The College is reported as a Special Revenue Fund because the services it provides, exclusively benefits the State Bar.

State Bar of Texas

Notes to the Financial Statements

Law Focused Education, Inc. was created in 1975 as a section 501(c)(3) corporation to plan, promote and support law-related education programs aimed at preparing elementary, middle and high school students for effective, responsible citizenship and who are committed to liberty, justice and the Rule of Law. Law Focused Education, Inc. is governed by a 16-member board of directors, all of which are appointed by the State Bar's President. Law Focused Education, Inc. is made up of two funds: Hatton W. Sumners Grants Fund and Law Focused Education, both of which are reported as Special Revenue Funds because the services it provides, exclusively benefits the State Bar. Contact the Finance Division of the State Bar to obtain financial statements of the blended component units.

The State Bar of Texas Insurance Trust and Affiliate consists of the State Bar of Texas Insurance Trust (the Trust) and the SBIT Insurance Agency, LLC (the Agency). The State Bar of Texas Insurance Trust and Affiliate is custodial in nature and is reported with the fiduciary fund financial statements as a private purpose trust fund.

The State Bar evaluated GASB No. 61 and determined the Trust meets the criteria for inclusion in the reporting entity as a blended component unit.

The Trust was formed in 1973 to provide group insurance benefits to members of the State Bar, including their employees, employees of the State Bar and the Trust and families of all eligible participants.

Premiums for the group policies are collected by the Trust and are remitted to the insurance company, Prudential Insurance Company of America (Prudential), who underwrites the State Bar of Texas Insurance Program (the Program). Prudential is responsible for all claims.

The Agency was formed on January 11, 2005, as a general lines insurance agency. The Agency was formed to assist employees of the State Bar, the Trust and the families of eligible participants in acquiring insurance from companies other than those currently provided by the Trust. The Trust owns 100% of the membership interest of the Agency and is, therefore, consolidated in its financial statements. All intercompany balances and transactions have been eliminated.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the State Bar and are reported on a full accrual basis of accounting, using the economic resource measurement focus, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in process of consolidation. Governmental activities, which are supported by dues, fees, grants and other revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the State Bar's nonfiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. All capital asset depreciation is reported as a direct expense of the financial program that benefits from the use of the capital assets. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Membership dues and other items not required to be included among program revenues are reported instead as general revenues.

State Bar of Texas

Notes to the Financial Statements

Membership dues are reported as general revenues as they are the primary revenue source of the State Bar and attorneys are required to pay this membership dues in order to practice law in the State of Texas.

Fund Financial Statements

The fund financial statements provide information about the State Bar's funds, including its fiduciary funds and blended component units. Separate financial statements for each fund category – governmental, proprietary and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Fund Accounting

The accounts of the State Bar are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows/outflows, fund balance/net position, revenues and expenditures or expenses, as appropriate.

Fund Structure

Governmental Fund Types

The State Bar reports the following major governmental funds:

General Fund: The General Fund is the State Bar's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds: The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Sections and Divisions are a special revenue fund reported as a major governmental fund. The Sections and Divisions are created by the State Bar's Board and serve the individual members of the State Bar in certain legal specialization areas. The Sections and Divisions' officers are elected by the members of the individual sections and divisions and are responsible for maintaining and administering their operations. Although the Sections and Divisions collect a portion of their revenues and pay expenditures for administration and operations individually, the State Bar administers the collection of dues for the Sections and Divisions. The State Bar believes it is unlikely that it will be required to use its assets to satisfy future claims of the Sections and Divisions; however, the State Bar is liable for any claims should they occur.

Proprietary Fund: Proprietary fund types are used to account for the State Bar's ongoing activities, which are operated similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Fund: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the State Bar has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accounting.

The State Bar reports its Book Enterprise Fund, known as Texas Bar Books, as a major proprietary fund. The Book Enterprise Fund accounts for the activities relating to the sales of books. The principal operating revenues of the State Bar's Book Enterprise Fund are charges for the sales of books and royalty income. Operating expenses include the cost of sales and services, and administrative expenses.

State Bar of Texas

Notes to the Financial Statements

Additionally, the State Bar reports the following nonmajor fund types:

Special Revenue Funds: The special revenue funds include: Texas Board of Legal Specialization Fund, Texas Bar College, Annual Meeting, Client Security Fund, Project Grants Fund, Hatton W. Sumners Grants Fund, Law Focused Education and Department of Public Service.

Capital Projects Funds: The capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The capital projects funds include the Building and the Technology Fund.

Fiduciary Funds: Fiduciary funds account for assets held by the State Bar in a trustee or custodial capacity for the benefit of others and cannot be used to support the State Bar's activities. The State Bar has the following fiduciary fund types:

Custodial Fund – The custodial fund used to account for reporting voluntary access to justice contributions and funds held on behalf of other entities.

Private-Purpose Trust Fund: Component Unit – Additional information about the blended presented component unit, the State Bar of Texas Insurance Trust and Affiliate, a private purpose trust fund, can be found on pages 31-32.

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The custodial funds do not have a measurement focus, but are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Internal activity between funds is eliminated in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This measurement focus means that only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present resources (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues earned are recognized as soon as they are both measurable and available. For this purpose, State Bar considers revenues to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State Bar considers revenues to be available if they are collected within 60 days after year-end.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, other postemployment benefits, pension-related amounts and claims and judgments are recognized as expenditures only when the liability has matured and payment is due. Capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital financing and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State Bar's proprietary funds are charges for services. Operating expenses for proprietary funds include the costs of sales, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

State Bar of Texas

Notes to the Financial Statements

Budget and Budgetary Accounting

The State Bar's budget is prepared annually by the Executive Director for the General Fund and is reviewed by the budget committee of the Board and adopted by the Board. The budget passes several stages of review, including a public hearing, adoption by the Board and approval by the Supreme Court of Texas. The budget may be amended at any meeting of the Board, but the amendments made are subject to the approval of the Supreme Court of Texas. Variances from budgeted revenues and expenditures are analyzed by management, the audit and finance committee, the executive committee and the Board. Regulations do not prohibit the State Bar from having unfavorable variances.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balances/ Net Position

Cash and Cash Equivalents: The State Bar's cash and cash equivalents are considered to be demand deposits, petty cash and money market accounts. Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments: Investments consist primarily of United States treasury securities, government agency securities, commercial paper and money market mutual funds, which are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Investments are reported at fair value based upon quoted market prices, or when quoted market prices are not readily determinable, estimated fair values using observable inputs including quoted prices for similar securities, interest rates, net asset values (NAV) of underlying securities and a fixed income pricing model which uses available market rates. Investments in nonnegotiable certificates of deposit are reported at amortized costs.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Chapter 2256 of the Texas Governmental Code (Public Funds Investment Act) authorizes the State Bar to invest in funds under a written investment policy. The State Bar's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the State Bar's investment strategy, in order of priority, are preservation and safety of principal, liquidity and return on investment.

Receivables

Receivables represents amounts due from sales to members and others. All receivables are shown net of an allowance for uncollectibles, if applicable. The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to net position. Losses are charged against the allowance when management believes the uncollectibility of a receivable is probable. The allowance for doubtful accounts is evaluated on a regular basis on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to revision as more information becomes available. At May 31, 2025, the State Bar governmental activities and business-type activities reported an allowance of \$3,790 and \$21,450 respectively.

State Bar of Texas

Notes to the Financial Statements

Inventories

Inventories consist of merchandise such as books and other publications held for sale by the State Bar, which are valued at the lower of cost or market. Cost is determined for inventories on the first-in, first-out method. Merchandise inventories reported in the General Fund are offset in the fund level financial statements by a nonspendable fund balance to indicate they do not represent available spendable resources.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, consisting of land, buildings, furniture and fixtures, computer equipment, software and other equipment, are reported in the governmental activities and business-type activities columns of the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the State Bar as assets with an initial cost of at least \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets lives are not capitalized.

Land and construction in progress are not depreciated. The other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Asset Life
Buildings	30 years
Furniture and fixtures	10 to 20 years
Computer equipment	3 to 5 years
Software	3 to 5 years
Other equipment	5 to 10 years

Accounts Payable

Accounts payable represent the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Unearned Revenue

The State Bar collects certain dues, fees and subscription revenue in advance for future events or for license, fees and memberships with periods beginning subsequent to year-end.

These receipts are accounted for as unearned revenue, which will be earned and recognized in the subsequent fiscal year, as the events occur and the licenses and memberships commence.

State Bar of Texas

Notes to the Financial Statements

Leases

State Bar is a lessee for a non-cancelable lease of office equipment and facilities. State Bar recognizes a lease liability and an intangible right-of-use lease asset in the government-wide financial statements. At the commencement of the lease, State Bar initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amounts of the lease liability, adjusted for least payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the State Bar determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, (3) lease payments.

- State Bar uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, State Bar generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price the State Bar is reasonably certain to exercise.

State Bar monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the government-wide financial statements.

Subscription-Based Information Technology Arrangements (SBITAs)

The State Bar has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The State Bar recognizes a subscription liability, reported with long-term debt, and a right-of-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The State Bar recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a SBITA, the State Bar initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

State Bar of Texas

Notes to the Financial Statements

Key estimates and judgments related to SBITAs include how the State Bar determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The State Bar uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the State Bar generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the State Bar is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The State Bar monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Compensated Absences

The State Bar grants paid annual leave to its employees. The amount of annual leave that employees accrue depends on the length of State of Texas service as of the employee's anniversary date and accrued days and allowable carryover hours increases with the length of service. Subject to certain limitations and requirements, employees' accrued annual leave may be used while employed, through the transfer to another State of Texas agency, at the termination of employment, at death or retirement.

Full-time employees accrue paid sick leave at the rate of eight hours per month credited on the first day of each month with the unused amount carried forward to the next fiscal year. There is no limitation on the amount that may be accrued and carried forward to succeeding fiscal years. Accrued sick leave will not be compensated upon termination. However, employees who retire are entitled to service credit in the retirement system for the employee's sick leave that has accrued and is unused on the last day of employment.

The current and long-term liabilities for compensated absence are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds upon the occurrence of relevant events such as resignations, retirements and other uses of leave balances by covered employees. These obligations are normally paid from the same funding source from which each employee's salary or wage compensation was paid. Accrued annual leave of \$4,524,844 and \$145,093 was recorded as accrued compensated absences for governmental activities and business-type activities, respectively, for the year ended May 31, 2025.

Pensions

The fiduciary net position of the Employees Retirement System of Texas Plan (ERS) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the State Bar's net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense and information about assets, liabilities and additions and deductions from ERS's fiduciary net position.

Benefit payments by ERS (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments of ERS are reported at fair value.

State Bar of Texas

Notes to the Financial Statements

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditures) until then.

Deferred outflows of resources consists of items not yet charged to pension and OPEB expense and contributions from the State Bar after the measurement date but before the end of the State Bar's reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of items including difference between expected and actual experience, changes in assumptions and the change in proportion and contribution differences for pension and OPEB amounts.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the government-wide financial statements and proprietary fund financial statements. Net position consists of the following:

Net Investment in Capital Assets

Consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding capital lease obligations attributed to the acquisition of those assets.

Restricted Net Position

Net position is reported as restricted when there are external limitations imposed on its use by creditors, grantors, contributors and the like or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Represents the remaining portion of net position.

Fund Balance

Fund balance is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources on the governmental fund financial statements. Fund balances for governmental funds are classified as nonspendable, restricted, committed, assigned or unassigned in the fund statements.

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, such as inventories and prepaid items, or amounts that are legally or contractually required to be maintained intact. The nonspendable form criterion includes items that are not expected to be converted to cash.

State Bar of Texas

Notes to the Financial Statements

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. Legal enforceability means that the State Bar can be compelled by an external party, such as citizens, public interest groups or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to a fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. The committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the State Bar for specific purposes, but do not meet the criteria to be classified as restricted or committed. In Governmental Funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board and assigned to a future budget year.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other Governmental Funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance/net position are available, the State Bar considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned/unrestricted funds, as needed, unless the Board or its delegated official has provided otherwise in its commitment or assignment actions.

State Bar of Texas

Notes to the Financial Statements

The following table details fund balances between the various categories as of May 31, 2025:

	General Fund	Sections and Divisions	Nonmajor Governmental Funds	Total
Fund balances				
Nonspendable				
Inventories	\$ 16,671	\$ -	\$ -	\$ 16,671
Prepaid items	443,262	37,005	114,506	594,773
Total nonspendable	<u>459,933</u>	<u>37,005</u>	<u>114,506</u>	<u>611,444</u>
Committed to				
Building Fund	-	-	8,756,929	8,756,929
Legal Reserve account	608,983	-	-	608,983
New Program Reserve	300,000	-	-	300,000
Access to Justice (ATJ) student loan repayment program	307,500	-	-	307,500
Presidential initiatives	190,451	-	-	190,451
Legal Access Division Programs	52,975	-	-	52,975
Communications Projects	28,023	-	4,893,170	4,921,193
Technology Fund	1,000,000	-	-	1,000,000
Texas Opportunity and Justice Incubator Program	126,071	-	-	126,071
Referendum Reserve	200,000	-	-	200,000
Archives Digitization Project	38,080	-	-	38,080
Run-off Election Reserve	70,000	-	-	70,000
Sections	-	13,482,135	-	13,482,135
Information Technology	-	-	2,891,870	2,891,870
Special Revenue Funds	-	-	5,763,313	5,763,313
Building Fund	1,500,000	-	-	1,500,000
HR Compensation Study	180,000	-	-	180,000
Total committed	<u>4,602,083</u>	<u>13,482,135</u>	<u>22,305,282</u>	<u>40,389,500</u>
Assigned to				
FY25 - FY28 Operations Reserves	7,985,361	-	-	7,985,361
Total assigned	<u>7,985,361</u>	<u>-</u>	<u>-</u>	<u>7,985,361</u>
Unassigned	16,051,453	-	-	16,051,453
Total fund balances	<u>\$ 29,098,830</u>	<u>\$ 13,519,140</u>	<u>\$ 22,419,788</u>	<u>\$ 65,037,758</u>

State Bar of Texas

Notes to the Financial Statements

Transfers

Legally required transfers that are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund. Interfund transfers are reported as other financing sources/uses in the governmental funds and after nonoperating revenues/expenses in the proprietary funds.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are shown in the financial statements as, due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances. These balances will be repaid within the next year and, therefore, are classified as current.

Interfund Sales and Purchases

Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

The composition of the State Bar's interfund activities and balances are presented in Note 12.

Significant Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the State Bar's 2025 financial statements with a restatement of \$1,745,942 (governmental activities) and \$51,634 (business-type activities and enterprise fund) to net position as of June 1, 2024 in order to conform to the new standard.

State Bar of Texas
Notes to the Financial Statements

Note 2. Capital Assets

Capital asset activity for the year ended May 31, 2025, was as follows:

	Beginning Balance	Additions	Deletions	CIP Transfers and Adjustments	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,413,874	\$ -	\$ -	\$ -	\$ 1,413,874
Construction in progress	985,964	796,579	-	-	1,782,543
Total capital assets not being depreciated	2,399,838	796,579	-	-	3,196,417
Capital assets being depreciated and amortized:					
Buildings	8,498,637	-	-	-	8,498,637
Furniture, fixtures, computer equipment, software and other equipment	15,529,110	21,863	(107,733)	-	15,443,240
Right of use asset - leases	3,945,470	1,387,320	(350,351)	-	4,982,439
Right of use asset - subscriptions	2,477,465	557,797	-	-	3,035,262
Total capital assets being depreciated and amortized	30,450,682	1,966,980	(458,084)	-	31,959,578
Less accumulated depreciation and amortization for:					
Buildings	(5,939,728)	(71,023)	-	-	(6,010,751)
Furniture, fixtures, computer equipment, software and other equipment	(12,218,681)	(759,759)	107,733	-	(12,870,707)
Right of use asset - leases	(1,468,307)	(661,291)	350,351	-	(1,779,247)
Right of use asset - subscriptions	(672,684)	(847,898)	-	-	(1,520,582)
Total accumulated depreciation and amortization	(20,299,400)	(2,339,971)	458,084	-	(22,181,287)
Total capital assets being depreciated and amortized, net	10,151,282	(372,991)	-	-	9,778,291
Governmental activities capital assets, net	\$ 12,551,120	\$ 423,588	\$ -	\$ -	\$ 12,974,708
Business-type activities:					
Capital assets being depreciated and amortized:					
Furniture, fixtures, computer equipment, software and other equipment	\$ 634,680	\$ -	\$ -	\$ -	\$ 634,680
Intangible Assets	-	10,453	-	-	10,453
Total capital assets being depreciated and amortized	634,680	10,453	-	-	645,133
Less accumulated depreciation and amortization for:					
Accumulated amortization - Intangible Assets	-	(436)	-	-	(436)
Accumulated depreciation	(486,942)	(56,208)	-	-	(543,150)
Total accumulated depreciation and amortization	(486,942)	(56,644)	-	-	(543,586)
Business-type activities capital assets, net	\$ 147,738	\$ (46,191)	\$ -	\$ -	\$ 101,547

Depreciation and amortization expense for the year ended May 31, 2025, was allocated in the following manner:

Governmental Activities	
General government	\$ 1,667,014
Public Protection	352,498
Member services	320,459
Total depreciation and amortization expense - governmental activities	\$ 2,339,971

State Bar of Texas

Notes to the Financial Statements

Depreciation and amortization expense of \$56,644 was allocated to the bar books function for the year ended May 31, 2025.

Note 3. Deposits, Investments and Repurchase Agreements

Deposits of Cash in Bank

As of May 31, 2025, the carrying amount of deposits totaled \$33,232,992 as presented below:

	Carrying Amount	Bank Balance
Governmental, business-type and fiduciary activities:		
Cash in bank - carrying amount	\$ 24,562,554	\$ 23,266,245
Money market mutual funds - carrying amount at net asset value	8,670,438	8,659,626
Total cash in bank	\$ 33,232,992	\$ 31,925,871

These amounts are included on the statement of net position and statement of net position – fiduciary funds as cash and cash equivalents.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the State Bar will not be able to recover deposits or collateral securities that are in the possession of an outside party. The State Bar has a deposit policy for custodial credit risk, which requires bank deposit accounts to be collateralized with pledged securities. As of May 31, 2025, the State Bar’s bank balances were approximately \$31.9 million, and no amount was exposed to custodial credit risk as all balances were fully insured and collateralized.

Investments

The State Bar uses various methods to measure the fair value of investments on a recurring basis. GASB Statement No. 72, *Fair Value Measurement and Application*, established a hierarchy that prioritizes inputs to valuation methods. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets and liabilities that the State Bar has the ability to access at the measurement date.

Level 2 inputs are observable inputs, other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 inputs are unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the State Bar’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

State Bar of Texas

Notes to the Financial Statements

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments measured at fair value using NAV per share (or equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy.

As of May 31, 2025, the fair value of investments were as follows:

Governmental Activities

	Carrying Value	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed income securities:					
US Treasury securities	\$ 48,005,573	\$ 48,005,573	\$ -	\$ -	\$ -
US government agency obligations	3,032,450	-	3,032,450	-	-
GNMA Pool	24,579	-	-	-	24,579
Certificates of deposit	4,520,293	-	-	-	4,520,293
Total investments at fair value	\$ 55,582,895	\$ 48,005,573	\$ 3,032,450	\$ -	\$ 4,544,872

U.S. Treasury securities are valued using closing bid quoted market prices as of the last business day of the month (Level 1 inputs). U.S. government agency obligations and commercial paper are valued using a yield-based matrix pricing model (Level 2 inputs). Certificates of deposits are valued at amortized cost.

Custodial Credit Risk - Investments

In the case of investments, there is a risk that in the event of the failure of a counterparty, the State Bar will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The State Bar's investment policy requires that all deposits are fully insured or collateralized, as required by the Public Funds Collateral Act, 2257, of the Texas Government Code. The State Bar had no exposure to investment custodial credit risk at May 31, 2025, because all certificates of deposit were fully covered by Federal Deposit Insurance Corporation and all other investments are held in the State Bar's name.

State Bar of Texas

Notes to the Financial Statements

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State Bar’s investment policy allows for various types of investments including: United States government agency obligations, United States Treasury securities, certificates of deposit, Banker’s acceptances, repurchase agreements, money market mutual funds and commercial paper. Investments in United States government agency obligations are not guaranteed by the United States government, but are government-sponsored enterprises. As of May 31, 2025, State Bar’s credit quality distribution for securities was as follows:

Investment Type	Standard and Poor's Ratings		Total
	AAA	AA+	
US Treasury securities	\$ -	\$ 48,005,573	\$ 48,005,573
US government agency obligations	-	3,032,450	3,032,450
Money market mutual funds	8,670,438	-	8,670,438
	<u>\$ 8,670,438</u>	<u>\$ 51,038,023</u>	<u>59,708,461</u>
GNMA Pool - not applicable			24,579
Certificates of deposit - not rated			4,520,293
Less: cash and cash equivalents (money market mutual funds)			<u>(8,670,438)</u>
			<u>\$ 55,582,895</u>

Concentration of credit risk: Concentration of credit risk is the risk of loss attributable to the magnitude of investment in a single issuer. The State Bar is authorized to invest funds in accordance with its investment policy and the Texas Public Funds Investment Act. Authorized investments include, but are not limited to:

1. U.S. Treasury and federal agency securities – up to 100% of the investment portfolio (IP)
2. Mortgage-backed securities – guaranteed by U.S. government–sponsored agencies up to 30% of the IP
3. Certificates of deposit – up to 30% of the IP, but no more than 5% with any single issuer
4. Banker’s acceptance – up to 15% of the IP, but no more than 5% with any single issuer
5. Repurchase agreements – up to 30% of the IP, but no more than 10% with any single issuer
6. Money market mutual funds – up to 100% of the IP
7. Commercial paper – up to 30% of the IP, but no more than 5% with any single issuer

State Bar of Texas

Notes to the Financial Statements

As of May 31, 2025, the State Bar's investments consist of the following:

Issuer	Fair Value	Percentage
US Treasury securities	\$ 48,005,573	86%
Fannie Mae	3,032,450	5%
GNMA Pool	24,579	1%
Certificates of deposit	4,520,293	8%
Total investments	\$ 55,582,895	100%

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the State Bar manages its exposure to declines in fair values by limiting the types of investment it allows and by limiting the average maturity to five years.

As of May 31, 2025, the State Bar's investments exposure to interest rate risk was as follows:

Description	Fair Value	Weighted-Average Maturity (In Days)
US Treasury securities	\$ 48,005,573	833
US government agency obligations	3,032,450	368
GNMA Pool	24,579	4533
Certificates of deposit	4,520,293	201
Total investments	\$ 55,582,895	

Note 4. Short-Term Debt

The State Bar has no short-term debt to report for the fiscal year ended May 31, 2025.

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities during the year ended May 31, 2025, is shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year	Amounts Due Thereafter
Governmental activities:						
Lease liability	\$ 2,590,171	\$ 1,373,777	\$ (594,125)	\$ 3,369,823	\$ 425,290	\$ 2,944,533
Subscription liability	1,732,055	557,797	(853,870)	1,435,982	900,848	535,134
Accrued compensated absences	4,088,476	2,118,413	(1,682,045)	4,524,844	1,468,606	3,056,238
Total OPEB liability	31,815,709	4,555,059	(1,371,378)	34,999,390	993,497	34,005,893
Net pension liability	21,810,826	7,143,424	(9,971,796)	18,982,454	-	18,982,454
Total governmental activities	\$ 62,037,237	\$ 15,748,470	\$ (14,473,214)	\$ 63,312,493	\$ 3,788,241	\$ 59,524,252
Business-type activities:						
Accrued compensated absences	\$ 129,952	\$ 146,497	\$ (131,356)	\$ 145,093	\$ 105,302	\$ 39,791
Total OPEB liability	2,030,790	293,875	(90,661)	2,234,004	63,415	2,170,589
Net pension liability	1,392,180	455,963	(636,497)	1,211,646	-	1,211,646
Total business-type activities	\$ 3,552,922	\$ 896,335	\$ (858,514)	\$ 3,590,743	\$ 168,717	\$ 3,422,026

State Bar of Texas

Notes to the Financial Statements

The liabilities for pension-related and OPEB debt and compensated absences are liquidated by the General Fund and the Texas Bar Books fund.

Note 6. Bonded Indebtedness

The State Bar has no bonded indebtedness to report for the fiscal year ended May 31, 2025.

Note 7. Derivatives

The State Bar has no derivatives to report for the fiscal year ended May 31, 2025.

Note 8. Leases and Subscriptions

Leases

The State Bar entered into long-term leases for various facilities and office equipment as a lessee. The leases allow the right to use the facilities and equipment over the term of the lease. The State Bar is required to make periodic payments at its incremental borrowing rate or interest rate stated or implied within the leases. The value of the right-to-use assets as of the end of the current fiscal year was \$4,982,439 and had accumulated amortization of \$1,779,247. The lease rate, term, and ending lease liability are as follows:

Governmental Activities	Interest Rate	Lease term (years)	Balance at year-end
Office space	1.68% - 4.45%	1-11	\$ 3,313,127
Equipment	1.68% - 4.43%	2-5	56,696
Total Governmental Activities			\$ 3,369,823

Principal and interest requirements to maturity for the lease liabilities as of May 31, 2025 are as follows:

Year ending May 31:	Principal	Interest	Total Future Minimum Lease Payments
2026	\$ 425,290	\$ 142,898	\$ 568,188
2027	323,213	119,243	442,456
2028	323,533	100,174	423,707
2029	312,068	87,606	399,674
2030	132,455	43,607	176,062
Thereafter	1,853,264	197,244	2,050,508
Total	\$ 3,369,823	\$ 690,772	\$ 4,060,595

State Bar of Texas

Notes to the Financial Statements

Subscriptions

The State Bar has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The State Bar is required to make periodic payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The value of the right-to-use assets as of the end of the current fiscal year was \$3,035,262 and had accumulated amortization of \$1,520,582. The SBITA rate, term and ending subscription liability are as follows:

Governmental Activities	Interest Rate	Subscription term (years)	Balance at year-end
Operational Software	3.95% - 4.34%	1-3	\$ 1,435,982
Total Governmental Activities			\$ 1,435,982

Principal and interest requirements to maturity for the subscription liabilities as of May 31, 2025 are as follows:

Year ending May 31:	Principal	Interest	Total Future Minimum Lease Payments
2026	\$ 900,848	\$ 50,326	\$ 951,174
2027	461,663	35,320	496,983
2028	73,471	1,028	74,499
Total	\$ 1,435,982	\$ 86,674	\$ 1,522,656

Note 9. Defined Benefit Pension Plans

Plan Description

The State Bar contributes to Employees Retirement System of Texas (ERS), a public employee retirement system. It is a single employer defined benefit pension plan, since the plan is for all state employees. For financial reporting purposes, ERS is treated as a cost-sharing plan, since each participating employer has an obligation to contribute. ERS provides service retirement, death and disability benefits to plan members and beneficiaries. ERS operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle B, Employees Retirement System of Texas, which is subject to amendment by the Texas Legislature. The ERS' annual financial report and other required disclosure information are available by writing the Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas, 78711-3207 or by calling (512) 476-6431.

State Bar of Texas

Notes to the Financial Statements

Plan Benefits

ERS plan covers members in employee and elected classes. The State Bar participates in the employee class. The benefit and contribution provisions of the ERS plan are authorized by state law and may be amended by the Legislature. The monthly benefit may vary by membership class:

- The monthly standard annuity of the employee class is determined by a statutory percentage of 2.3 percent of a member's average monthly compensation multiplied by number of years of service credit. The average monthly compensation of the employee class may vary depending on the hire date. For members hired on or before Aug. 31, 2009, the average monthly compensation is the average of the highest 36 months of compensation. For members hired on or after September 1, 2009 and before September 1, 2013, the average monthly compensation is the average of the highest 48 months of compensation. For members hired on or after September 1, 2013, the average monthly compensation is the average of highest 60 months of compensation.
- The monthly standard annuity of the elected class equals the statutory percentage of 2.3 percent of the current state salary of a district judge multiplied by the number of years of service credit. Retirement benefits are automatically adjusted as state judicial salaries change.

Contributions: The contribution rates for the state and the members for the ERS plan for the measurement date of August 31, 2024, are presented in the table below:

Required Contribution Rates - ERS Plan					
Employer			Members		
Employee Class	Elected Class - Legislators	Elected Class - Other	Employee Class	Elected Class - Legislators	Elected Class - Other
10.00%	10.00%	10.00%	8.80%	8.80%	8.80%

The amount of State Bar's contributions recognized by the ERS plan during the 2024 measurement period was \$2,339,717.

Net Pension Liability

The State Bar's net pension liability was measured as of August 31, 2024, and the total pension liability is used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The assumptions and methods applied in this actuarial valuation were adopted by the Board of Trustees and were based on the experience investigation that covered the period ending August 31, 2023

State Bar of Texas

Notes to the Financial Statements

The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2024:

Actuarial Methods and Assumptions

Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.00%
Investment rate of return	7.00%
Inflation	2.30%
Salary increase	0.0 to 8.8%
Mortality Rate:	2020 State Retirees of Texas (SRT) mortality table. Generational mortality improvements in accordance with the ultimate rates from the scales most recently published by the Retirement Plans Experience Committee of the Society of Actuaries ("Ultimate MP") and projected from the year 2020. Rates for male LECO members are set forward one year. Rates of judges are setback two years.

Long-Term Expected Rate of Return on Assets

The long-term expected rate of return on plan investments was developed using a building-block method with assumptions including asset class of investment portfolio, target allocation, real rate of return on investments and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for the plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Public Equity	35.00%	1.54%
Private Equity	16.00%	1.14%
Public Credit	9.00%	0.51%
Private Credit	3.00%	0.18%
Public Real Estate	3.00%	0.12%
Private Real Estate	9.00%	0.33%
Private Infrastructure	5.00%	0.20%
Rates	12.00%	0.33%
Cash & Equivalents	2.00%	0.02%
Hedge Funds	6.00%	0.20%
Special Situations	0.00%	0.00%
Total	100.00%	4.57%
Inflation		2.60%
Expected arithmetic nominal rate of return		7.17%

State Bar of Texas

Notes to the Financial Statements

Discount Rate

A single discount rate of 7.0% was applied to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments, and a municipal bond rate, if applicable. In March 2024, the Board of Trustees continued the long-term rate of return assumption of 7.0% after considering 1) the long-term expected return from the building block method; 2) an analysis of long-term expected return performed by the investment consultant; and 3) analyses and recommendations of the pension actuary.

The projected cash flow from the employer are based on contributions for the most recent five year period, modified for consideration of subsequent events. The legislature passed Senate Bill No. 321 in the 87th legislative session during fiscal year 2021 requiring a legacy payment beginning in Fiscal Year 2022 to pay off the current unfunded actuarial liability by 2054. The legacy payment is an actuarially determined amount each biennium. The passage of this bill indicates that the legislature is committed to funding the state pension obligations. Projected employer contributions are based on fiscal year 2024 funding levels.

Sensitivity Analysis

The following presents the net pension liability of the State Bar, calculated using the discount rate of 7.00%, as well as what the State Bar's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease</u>	<u>Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
State Bar's proportionate share of net pension liability	<u>\$ 30,248,382</u>	<u>\$ 20,194,100</u>	<u>\$ 11,835,671</u>

Pension Plan Fiduciary Net Position

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by ERS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments of the pension trust fund are reported at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at available current exchange rates. However, corporate bonds in general are valued based on currently available yields of comparable securities by issuers with similar credit ratings. ERS issues stand-alone audited Annual Comprehensive Financial Report (AFR).

More detailed information on the plan's investment valuation, investment policy, assets and fiduciary net position may be obtained from ERS' fiscal 2024 ACFR:

Employees Retirement System of Texas
P.O. Box 13207
Austin, Texas 78711-3207
www.ers.texas.gov

State Bar of Texas

Notes to the Financial Statements

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related To Pension

At May 31, 2025, the State Bar reported a liability of \$20,194,100 for its proportionate share of the net pension liability. The net pension liability was measured as of August 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State Bar's proportion of the net pension liability was based on a projection of the State Bar's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined.

There have been no changes to the benefit terms of the plan since the prior measurement date. The State Bar's proportion of the entire ERS plan was 0.16432714% in fiscal year 2025, as compared to the 0.16641663% in the prior fiscal year.

For the fiscal year ended May 31, 2025, the State Bar recognized pension income of \$843,444. At May 31, 2025, State Bar reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 1,227,648	\$ -
Changes of assumptions	-	(330,506)
Net difference between projected and actual investment return	-	(1,980,452)
Change in proportion and contribution differences	132,210	(995,163)
Contributions subsequent to the measurement date	1,810,198	-
Total	<u>\$ 3,170,056</u>	<u>\$ (3,306,121)</u>

Contributions made subsequent to the measurement date are eligible employer contributions made from September 1, 2024 through May 31, 2025, totaling \$1,810,198, which is reported as deferred outflows of resources and will be recognized as a reduction in the net pension liability for the plan year ending August 31, 2025.

Amounts currently reported as deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense in the following years:

Years Ending May 31,	
<u> </u>	
2026	\$ (1,279,405)
2027	518,355
2028	(566,072)
2029	(619,141)
	<u>\$ (1,946,263)</u>

State Bar of Texas

Notes to the Financial Statements

Note 10. Deferred Compensation

The State Bar has no deferred compensation to report for the fiscal year ended May 31, 2025.

Note 11. Postemployment Benefits Other Than Pensions

In addition to the pension benefits described in Note 9, ERS provides postemployment health care, life and dental insurance benefits through the Group Benefits Program in accordance with Chapter 1551, Texas Insurance Code. This program is governed by the same Board of Trustees who are also responsible for the defined benefit pension plans.

The State Bar employees participate in the State Retiree Health Plan (SRHP) administered by ERS. SRHP is a cost-sharing multiple-employer postemployment health care plan with a special funding situation. This plan covers retired employees of the State and other entities as specified by the State legislature. Benefit and contribution provisions of SRHP are authorized by state law and may be amended by the Texas Legislature. Retirees must meet certain age and service requirements and have at least ten years of service at retirement to participate in the plan. The principal participating employer is the State of Texas. State agencies and universities employ 191,253, or 80.7%, of the employees covered by the SRHP. Participating entities are as follows:

State agencies	117
Universities	26
Junior and community colleges	50
Other entities	8
Total participating entities	201

The maximum monthly employer contributions toward eligible retirees' health and basic life premium are summarized as follows:

Retiree only	625
Retiree and spouse	1,341
Retiree and children	1,104
Retiree and family	1,820

Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity, the State of Texas pays part of the premiums for the junior and community college.

For the measurement period ending August 31, 2024, the amount of the State Bar's contributions recognized by SHRP was \$1,335,000. Fiscal year 2025 contributions were \$1,406,897.

The total OPEB liability is determined by an actuarial valuation. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

State Bar of Texas

Notes to the Financial Statements

The table below presents the actuarial methods and assumptions used to measure the total OPEB liability as of the August 31, 2024:

Actuarial Methods and Assumptions	
ERS Plan	
Actuarial valuation date	August 31, 2024
Actuarial cost method	Entry age
Actuarial assumptions:	
Discount rate	3.87%
Inflation	2.30%
Salary increase	2.30% to 8.95%, including inflation
Annual health care trend rate	5.60% for FY2026, 5.60% for FY2027, 5.25% for FY2028, 5.00% for FY2029, 4.75% for FY2030, 4.50% for FY2031 decreasing 10 basis points per year to an ultimate rate of 4.3% for FY2033 and later years
Retirement age	Experience based tables of rates that are specific to employee class
Mortality Rate:	
State Agency Members	2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members and Ultimate MP Projection Scale projected from the year 2020.
Service Retirees, Survivors and other Inactive Members	
Disability Retirees	2020 State Retirees of Texas Mortality table with a 2 year setback. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2020.
Active Members	Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP Projection Scale are projected from the year 2010.

Calculations are based on the benefit provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of cost between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The discount rate that was used to measure the total OPEB liability was the municipal bond rate of 3.87% for the measurement date ending August 31, 2024, as compared to a discount rate of 3.81% as of the beginning of the measurement period. The source of the municipal bond rate is the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. In describing their index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA. Projected cash flows into the plan are equal to projected benefit payments out of the plan. As the plan operates on a pay-as-you-go basis and is not intended to accumulate assets, there is no long-term expected rate of return.

State Bar of Texas

Notes to the Financial Statements

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of State Bar's net OPEB liability. The result of the analysis is presented in the table below:

	1% Decrease <u>2.87%</u>	Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
State Bar's proportionate share of the net OPEB liability	<u>\$ 43,321,268</u>	<u>\$ 37,233,394</u>	<u>\$ 32,347,807</u>

The initial healthcare trend rate is 5.6% and the ultimate rate is 4.3%. The sensitivity of the net OPEB liability to changes in the discount rate and health care trend rate is summarized below:

	1% Decrease (4.6%, Decreasing to 3.3%)	Current Health Care Cost Trend Rates Decreasing to 4.3%)	1% Increase (6.6%, Decreasing to 5.3%)
State Bar's proportionate share of the net OPEB liability	<u>\$ 31,948,124</u>	<u>\$ 37,233,394</u>	<u>\$ 43,970,688</u>

More detailed information on SHRP may be obtained from ERS' fiscal 2024 ACFR:

Employees Retirement System of Texas
P.O. Box 13207
Austin, Texas 78711-3207
www.ers.texas.gov

At May 31, 2025, the State Bar's recognized a total OPEB liability of \$37,233,394 for its proportionate share of the collective total OPEB liability. The State Bar's proportionate share of the total OPEB liability was 0.12705219% in fiscal year 2025, as compared to the 0.12668274% in the prior fiscal year, and was based on contributions to the OPEB plan relative to the contributions of all employers and the non-employer contributing entity for the period.

At August 31, 2024, the State Bar's reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (614,307)
Changes of assumptions	2,038,511	(7,417,174)
Net difference between projected and actual investment return	-	(1,423)
Change in proportionate share and contribution difference	829,894	(26,085)
Contributions subsequent to the measurement date	1,059,813	-
Total	<u>\$ 3,928,218</u>	<u>\$ (8,058,989)</u>

State Bar of Texas

Notes to the Financial Statements

Contributions made subsequent to the measurement date are eligible employer contributions made from September 1, 2024 through May 31, 2025, totaling \$1,059,813, which is reported as deferred outflows of resources and will be recognized as a reduction in the total OPEB liability for the plan year ending August 31, 2025.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense in the following years:

Years Ended May 31,	
2026	\$ (2,236,970)
2027	(1,984,947)
2028	(1,287,034)
2029	102,831
2030	215,536
	<u>\$ (5,190,584)</u>

Note 12. Interfund Balances/Activities

During the course of operations, numerous transactions occurred between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds. The composition of interfund balances as of May 31, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 784,520
General Fund	Sections and Divisions	921,922
Sections and Divisions	General Fund	1,333,240
Nonmajor governmental funds	General Fund	2,824,243
Texas Bar Books	General Fund	1,655,069
Total		<u>\$ 7,518,994</u>

During the year, the General Fund transferred \$3,483,108 to nonmajor governmental funds to supplement operations, and to fund claims, technology projects, and future renovations to buildings.

Note 13. Continuance Subject to Review

The State Bar is subject to the Texas Sunset Act (Chapter 325). Subsequent to May 31, 2016, the revised State Bar Act was approved (Texas Gov. Code section 81.001 et. seq.), which recreated the State Bar until September 1, 2029, and thereafter, contingent upon the State of Texas legislature and the Supreme Court of Texas.

State Bar of Texas

Notes to the Financial Statements

Note 14. Adjustment to Net Position

The State Bar has no adjustments to net position to report for the fiscal year ended May 31, 2025, except for those noted for implementation of GASB 101.

Note 15. Contingencies and Commitments

The State Bar has no contingencies or commitments to report for the fiscal year ended May 31, 2025.

Note 16. Subsequent Events

Management evaluated the need for disclosures and/or adjustments resulting from subsequent events through December 10, 2025, the date the financial statements were available to be issued. There are no subsequent events that necessitate disclosure and/or adjustments.

Note 17. Risk Management

The State Bar is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The State Bar purchases commercial insurance to cover risks associated with potential claims. For the fiscal year ended May 31, 2025, there were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage.

Health, Life and Dental

Insurance coverage is provided to active state employees and their dependents by one of three health plan administrators. State Bar employees are included in the Texas Employees Group Benefits Program (GBP) administered by the ERS, whose risk of loss is retained with self-insured plans or transferred to the insurance carrier with health maintenance organization (HMO) plans.

Texas Employees Group Benefits Program

Claims for health, life, accidental death and dismemberment, disability and dental insurance coverages are established under the GBP. These coverages are provided through a combination of insurance contracts, a self-funded health plan, a self-funded dental indemnity plan, HMO contracts and dental health maintenance organizations contracts.

Note 18. Management's Discussion and Analysis (MD&A)

See pages 8-18 for MD&A.

Note 19. The Financial Reporting Entity

See pages 34-45.

Note 20. Stewardship, Compliance and Accountability

The State Bar had none to report.

Note 21. Placeholder Note

Note 22. Donor-Restricted Endowments

The State Bar has no donor-restricted endowments to report for the fiscal year ended May 31, 2025.

State Bar of Texas

Notes to the Financial Statements

Note 23. Extraordinary and Special Items

The State Bar has no extraordinary or special items to report for the fiscal year ended May 31, 2025.

Note 24. Disaggregation of Receivable Balances

The State Bar had other accounts receivable at May 31, 2025, which consisted of the following:

General Fund:	
Clerk of the Supreme Court	\$ 60,681
Texas Center for Legal Ethics	118,237
Texas Supreme Court Historical Society	29,649
Texas Bar Foundation	192
Other	358,391
	<hr/>
	567,150
	<hr/>
Sections and Divisions:	
Family Law Royalties	33,375
Renewable Energy Law Registration	28,600
Other	21,341
	<hr/>
	83,316
	<hr/>
Nonmajor governmental funds:	
Refundable deposits	6,943
Grants	10,210
	<hr/>
	17,153
	<hr/>
Total	\$ 667,619
	<hr/> <hr/>

Note 25. Termination Benefits

The State Bar has no termination benefits to report for the fiscal year ended May 31, 2025.

Note 26. Component Unit – State Bar of Texas Insurance Trust and Affiliate Agreement between Primary Government and Component Unit

The Trust entered into a professional services agreement on April 14, 2016. Under this agreement, the State Bar established and maintains a private insurance exchange through which qualified insurance companies can market and sell their products to members of the State Bar. The Trust offers insurance coverage to members of the State Bar and have been allowed to participate in the State Bar private insurance exchange since inception in October 2013. This agreement provides for the payment of an initial fee of \$687,000 and an annual fee of \$250,000 thereafter, paid quarterly beginning June 1, 2016, by the Trust to the State Bar in exchange for the State Bar's professional services.

Contributions of Subscribers and Premiums to Insurance Carrier

Contributions of subscribers, as required by the Program, are credited to net position. In turn, premiums for insurance coverage are charged against net position and are payable to the insurance carrier, in accordance with applicable policy provisions, in amounts based on rates established by the carrier.

State Bar of Texas

Notes to the Financial Statements

Royalties

Royalties are received from an administration agreement between the Trust and Business Planning Concepts, Inc. (dba Member Benefits), whereby Member Benefits provides administrative duties pertaining to the insurance program offered by the Trust. Royalty income is recognized when Member Benefits collect the premiums.

Commissions

Effective January 2, 2014, the Trust entered into a purchase and sales agreement with Member Benefits. Under this agreement, the Trust agreed to sell its book of medical insurance business and its Affiliate agreed to sell its book of individual and small group medical insurance business to Member Benefits for a purchase price equal to 15% of revenues received in connection with the books of business. Monthly payments related to this agreement began on February 15, 2014. The agreement was amended on January 1, 2020 extending monthly payments for a total of 120 months. Commission revenue is recognized when Member Benefits receive the commissions related to the sold insurance policies.

Rental income

Rental income is recognized on a straight-line basis over the term of each lease.

Service Agreement Revenue

The Trust recognizes service revenue when expenses are incurred that require a withdrawal from the premium stabilization fund.

Income Taxes

The Trust and Agency are subject to the Texas gross margin tax. The Trust files a United States federal income tax return.

Description of the Program

The Trust Program is a plan sponsor for association group insurance which provides for group term life, long-term disability, office overhead and personal accident benefits. The Trust Program, including all benefit charges are fully insured through contracts with Prudential. The Trust Program has no benefit obligations outstanding as of May 31, 2025.

Program Terminations

In the event the Program terminates, the net position of the Program will be allocated, as prescribed by the Trust Agreement, to provide the following benefits in the order indicated:

1. To liquidate all obligations of the Program;
2. To continue insurance on all those insured to the extent possible; and
3. To be applied to either the benefit of those insured or paid directly to the insured.

Contributions

At the option of each subscriber, contributions from insured employees may be required to defray the cost of providing insurance under a policy.

State Bar of Texas

Notes to the Financial Statements

Reserve for Premium Stabilization

The underwriter of the Program, Prudential, maintains a premium stabilization reserve on behalf of the Trust. The reserve's purpose is to equalize the net premium cost to the Trust and, thus, minimize fluctuations in premium cost from year-to-year by reason of variation in claim experience. Together, these funds comprise the reserve for premium stabilization.

The premium stabilization fund represents the accumulation of (a) premiums paid in excess of claims and other charges and (b) interest credited to the funds. This fund is used under the terms of each contract for the payment of claims, expenses and other charges under the contract in any policy year in which such claims, expenses and other charges exceed the amount of premiums paid by the Trust. Interest is earned on the reserve at rates determined annually by the underwriters.

The Program year under the contract with Prudential is June 1 through May 31. The stabilization fund totaled \$0.

In the event of termination of the insurance contract, balances, if any, remaining in the reserve after final adjustments, payment of claims, expenses, and other contractual changes would be paid to the Trust as return of premiums. The Trust is not liable for any deficit in the premium stabilization reserve.

Note 27. Service Concession Arrangements

The State Bar has no service concession arrangements to report for the fiscal year ended May 31, 2025.

Note 28. Deferred Outflows of Resources and Deferred Inflows of Resources

See page 56 and 59.

Note 29. Troubled Debt Restructuring

The State Bar has no troubled debt restructurings to report for the fiscal year ended May 31, 2025.

Note 30. Nonexchange Financial Guarantees

The State Bar has no nonexchange financial guarantees to report for the fiscal year ended May 31, 2025.

Note 31. Tax Abatements

The State Bar has no tax abatements to report for the fiscal year ended May 31, 2025.

Note 32. Governmental Fund Balances

See pages 42-44.

This Page Intentionally Left Blank

**Required Supplemental Information
(Unaudited)**

State Bar of Texas

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund Year Ended May 31, 2025

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Membership dues	\$ 21,954,117	\$ 21,954,117	\$ 21,994,224	\$ 40,107
Accounting and management fees	601,015	601,015	598,215	(2,800)
Texas bar journal	612,250	612,250	889,031	276,781
MCLE fees	4,370,651	4,370,651	4,465,559	94,908
Professional development	14,351,618	14,351,618	14,790,694	439,076
Career development	417,500	417,500	413,054	(4,446)
Investment income	702,594	702,594	1,993,250	1,290,656
Member benefits	1,000,500	1,000,500	1,133,053	132,553
Website	685,000	685,000	680,922	(4,078)
Advertising review	260,000	260,000	295,500	35,500
CDC disciplinary fees	587,914	587,914	575,684	(12,230)
Other income	1,298,307	1,298,307	1,530,794	232,487
Total revenues	46,841,466	46,841,466	49,359,980	2,518,514
EXPENDITURES				
Executive				
Office of executive director	723,626	723,626	724,683	(1,057)
Associate executive director/legal counsel	830,274	830,274	732,505	97,769
Deputy executive director	263,611	263,611	175,043	88,568
Deputy Executive Director/External affairs	299,312	299,312	287,883	11,429
Officers and directors	1,308,503	1,308,503	1,109,264	199,239
Human resources	433,434	433,434	380,897	52,537
Training/Tuition	62,133	62,133	33,593	28,540
Total executive	3,920,893	3,920,893	3,443,868	477,025
Member and Public Services				
Center for legal history	179,666	179,666	180,222	(556)
Law related education	561,057	561,057	554,639	6,418
Governmental relations	348,930	348,930	332,431	16,499
Texas young lawyers association	1,164,051	1,164,051	1,056,603	107,448
LeadershipSBOT	108,672	108,672	120,353	(11,681)
Sections	351,323	351,323	352,329	(1,006)
Law student department	20,266	20,266	7,069	13,197
Total member and public services	2,733,965	2,733,965	2,603,646	130,319
Legal and Attorney Services				
Texas lawyers assistance program	786,126	786,126	779,620	6,506
Legal access division	1,486,816	1,486,816	947,103	539,713
Total legal and attorney services	2,272,942	2,272,942	1,726,723	546,219
Access to justice commission				
	697,454	697,454	610,821	86,633
Total Access to Justice Commission	\$ 697,454	\$ 697,454	\$ 610,821	\$ 86,633

State Bar of Texas

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund – Continued Year Ended May 31, 2025

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Law Practice and Management Division	\$ 360,644	\$ 360,644	\$ 342,916	\$ 17,728
Total Law Practice and Management Division	360,644	360,644	342,916	17,728
Professional development				
TexasBarCLE	9,757,298	9,757,298	8,852,257	905,041
Career development	634,578	634,578	653,427	(18,849)
Total professional development	10,391,876	10,391,876	9,505,684	886,192
Attorney compliance				
Office of attorney compliance director	212,870	212,870	208,534	4,336
Advertising review	167,143	167,143	163,092	4,051
Client attorney assistance program	669,305	669,305	655,721	13,584
Lawyer referral	485,958	485,958	501,817	(15,859)
MCLE	701,156	701,156	693,507	7,649
Total attorney compliance	2,236,432	2,236,432	2,222,671	13,761
Operations and security division				
Purchasing and facilities	1,439,769	1,439,769	1,345,515	94,254
Membership	1,286,024	1,286,024	1,253,217	32,807
Research and analysis	209,956	209,956	195,225	14,731
Insurance Member Benefits	43,094	43,094	20,282	22,812
SBOT volunteer committees	335,334	335,334	251,237	84,097
Capital Outlay	-	-	557,797	(557,797)
Total operations and security division	3,314,177	3,314,177	3,623,273	(309,096)
Finance				
Accounting	1,216,575	1,216,575	1,250,022	(33,447)
Other administrative	2,557,605	2,557,605	1,715,667	841,938
Total finance	3,774,180	3,774,180	2,965,689	808,491
Information technology				
Information technology	1,742,541	1,742,541	1,699,682	42,859
Customer Service	418,706	418,706	425,201	(6,495)
Total information technology	2,161,247	2,161,247	2,124,883	36,364
Communications				
Office of communications director	366,523	366,523	390,313	(23,790)
Texas bar journal	1,714,158	1,714,158	1,780,588	(66,430)
Public information	196,773	196,773	174,522	22,251
Printing and Graphics	247,404	247,404	259,069	(11,665)
Website	329,119	329,119	310,488	18,631
Local Bars	588,111	588,111	507,396	80,715
Special Events	95,104	95,104	111,647	(16,543)
Member Benefits	86,031	86,031	48,541	37,490
Total communications	\$ 3,623,223	\$ 3,623,223	\$ 3,582,564	\$ 40,659

State Bar of Texas

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund – Continued Year Ended May 31, 2025

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Public protection				
Chief disciplinary counsel	\$ 11,065,132	\$ 11,065,132	\$ 10,394,972	\$ 670,160
Ombudsman	117,804	117,804	117,803	1
Committee on disciplinary rules and referendum	13,092	13,092	11,027	2,065
Grievance oversight committee	48,800	48,800	24,101	24,699
Unauthorized practice of law	170,000	170,000	136,662	33,338
Professional ethics commission	13,326	13,326	11,747	1,579
Board of disciplinary appeals	637,431	637,431	569,677	67,754
Capital Outlay	-	-	1,387,320	(1,387,320)
Total public protection	12,065,585	12,065,585	12,653,309	(587,724)
Expenditures related to Board commitments	58,832	58,832	486,729	(427,897)
Total expenditures related to Board commitments	58,832	58,832	486,729	(427,897)
Debt service				
Principal	-	-	1,341,163	(1,341,163)
Interest and other charges	-	-	140,706	(140,706)
Total debt service	-	-	1,481,869	(1,481,869)
Total expenditures	47,611,450	47,611,450	47,374,645	236,805
Excess (deficiency) of revenues over (under) expenditures	(769,984)	(769,984)	1,985,335	2,755,319
Other financing sources (uses)				
Leases	-	-	1,373,777	(1,373,777)
Subscriptions	-	-	557,797	(557,797)
Transfers in (out) to:				
Building & Equipment Fund	(1,983,108)	(1,983,108)	(1,983,108)	-
Technology Fund	(1,000,000)	(1,000,000)	(1,000,000)	-
Client Security Fund	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	(3,483,108)	(3,483,108)	(1,551,534)	(1,931,574)
Net change in fund balances	(4,253,092)	(4,253,092)	433,801	4,686,893
FUND BALANCE, beginning of year	28,665,029	28,665,029	28,665,029	-
FUND BALANCE, end of year	\$ 24,411,937	\$ 24,411,937	\$ 29,098,830	\$ 4,686,893

State Bar of Texas

Note to Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – General Fund
Year Ended May 31, 2025

Note 1. Basis of Presentation

The State Bar adopts an annual appropriated budget for its General Fund. The State Bar's budget is prepared annually by the Executive Director and is reviewed by the budget committee of the Board. The budget passes several stages of review, including a public hearing, adoption by the Board and approval by the Supreme Court of Texas. The budget may be amended at any meeting of the Board, but the amendments made are subject to the approval of the Supreme Court of Texas. Variances from budgeted revenues and expenditures are analyzed by management, the finance committee, the executive committee and the Board. Regulations do not prohibit the State Bar from having unfavorable variances.

The State Bar is not legally required to adopt a budget for Sections and Divisions, which is listed as a major Special Revenue Fund and, therefore, a budget compared to actual is not included.

The State Bar's budget for the General Fund is prepared using the GAAP basis of accounting.

State Bar of Texas

Schedule of Changes in State Bar's Proportionate Share of Net Pension Liability and Related Ratios

	August 31,				
	2025	2024	2023	2022	2021
Measurement date	August 31, 2024	August 31, 2023	August 31, 2022	August 31, 2021	August 31, 2020
State Bar's proportionate share of the net pension liability	0.1643271%	0.1664166%	0.1644562%	0.2742777%	0.2763890%
State Bar's proportionate share of the net pension liability balance at August 31	\$ 20,194,100	\$ 23,203,006	\$ 22,820,589	\$ 29,006,084	\$ 105,002,026
State Bar's covered payroll*	\$ 14,369,435	\$ 13,074,359	\$ 11,850,068	\$ 19,716,091	\$ 19,785,126
State Bar's proportionate share of the net pension liability as a percentage of covered payroll	140.54%	177.47%	192.58%	147.12%	530.71%
Plan fiduciary net position as a percentage of total pension liability	75.31%	70.95%	69.74%	76.06%	42.38%

	August 31,				
	2020	2019	2018	2017	2016
Measurement date	August 31, 2019	August 31, 2018	August 31, 2017	August 31, 2016	August 31, 2015
State Bar's proportionate share of the net pension liability	0.2911198%	0.28934813%	0.27637361%	0.27324143%	0.29402350%
State Bar's proportionate share of the net pension liability balance at August 31	\$ 87,292,720	\$ 58,442,218	\$ 60,427,988	\$ 53,984,064	\$ 39,006,462
State Bar's covered payroll*	\$ 20,225,911	\$ 22,361,932	\$ 20,632,468	\$ 19,977,021	\$ 19,590,734
State Bar's proportionate share of the net pension liability as a percentage of covered payroll	431.59%	261.35%	292.88%	270.23%	199.11%
Plan fiduciary net position as a percentage of total pension liability	47.70%	54.67%	55.32%	64.40%	63.40%

* The covered payroll is the payroll of employees that are provided with pension through the pension plan for each plan year, the measurement period.

State Bar of Texas

Schedule of Employer Contributions – Net Pension Liability

Fiscal Years Ended May 31,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 2,419,881	\$ 2,419,881	\$ -	\$ 24,558,371	9.85%
2024	2,266,731	2,266,731	-	22,919,797	9.89%
2023	2,117,216	2,117,216	-	21,205,501	9.98%
2022	2,032,801	2,032,801	-	20,537,736	9.90%
2021	2,015,232	2,015,232	-	20,309,262	9.92%
2020	2,040,744	2,040,744	-	20,727,003	9.65%
2019	2,027,891	2,027,891	-	21,023,817	12.03%
2018	2,482,803	2,482,803	-	20,638,696	11.98%
2017	2,371,089	2,371,089	-	19,794,416	11.76%
2016	2,293,610	2,293,610	-	19,507,265	9.50%
2015	1,845,751	1,845,751	-	19,427,203	8.75%

This Page Intentionally Left Blank

State Bar of Texas

Notes to Net Pension Liability

Note 1. Changes of Benefit Terms – Pension Plan

For the year ended August 31, 2015, during the most recent legislative session, the Texas Legislature enacted House Bill 9 (HB-9). HB-9 increased the member contribution rate for ERF members to 9.5% of member's compensation for service after August 31, 2015. HB-9 also eliminated the 90-day waiting period to become a member of ERF and LECOSRF. In conjunction with HB-9, the State's contribution appropriation to ERF also increased to 9.5% of pay.

For the year ended August 31, 2014, and the years ended August 31, 2016 through 2024, there were no changes to the plan provisions.

Note 2. Changes of Assumptions – Pension Plan

For the year ended August 31, 2024, all actuarial methods and assumptions are the same for both funding and financial reporting purposes.

For the year ended August 31, 2023, all actuarial methods and assumptions are the same for both funding and financial reporting purposes.

For the year ended August 31, 2022, all actuarial methods and assumptions are the same for both funding and financial reporting purposes.

For the year ended August 31, 2021, other than the difference in the discount rate increased to 7.00%, all other actuarial methods and assumptions are the same for both funding and financial reporting purposes.

For the year ended August 31, 2020, other than the difference in the discount rate decrease to 3.62%, all other actuarial methods and assumptions are the same for both funding and financial reporting purposes.

For the year ended August 31, 2019, other than the difference in the discount rate decrease to 4.42%, all other actuarial methods and assumptions are the same for both funding and financial reporting purposes.

For the year ended August 31, 2018, other than the difference in the discount rate increase to 5.69%, all other actuarial methods and assumptions are the same for both funding and financial reporting purposes.

For the year ended August 31, 2017, the following assumptions have been changed since the previous pension valuation:

- Decrease the investment return assumption from 8.0% to 7.5%
- Decrease the inflation assumption from 3.5% to 2.5%
- Establish a general wage inflation assumption of 0.5% above inflation, or 3.0%
- Mortality assumptions updated from 1994 Group Annuity Mortality table to most recently published national tables, RP-2014 Mortality tables for employees and disability retirees
- Modified the application of Entry Age Normal (EAN) actuarial cost method from Ultimate EAN, the normal cost rate based on the benefits payable to a new member and the entry age characteristics of the current active membership, to individual EAN which bases the normal cost rate on benefits payable to each individual active member

For the years ended August 31, 2014, 2015, and 2016, other than the difference in the discount rate (6.07% for 2014, 6.86% for 2015 and 5.73% in 2016), all other actuarial methods and assumptions are the same for both funding and financial reporting purposes.

State Bar of Texas

Schedule of Changes in State Bar's Proportionate Share of Net OPEB Liability and Related Ratios

	August 31,					
	2024	2024	2023	2022	2021	2020
Measurement date	August 31, 2024	August 31, 2023	August 31, 2022	August 31, 2021	August 31, 2020	August 31, 2019
State Bar's proportionate share of the OPEB liability	0.12705219%	0.12668274%	0.12713253%	0.12600504%	0.12614735%	0.12489197%
State Bar's proportionate share of the net OPEB liability balance at August 31	\$ 37,233,394	\$ 33,846,499	\$ 36,216,200	\$ 45,204,947	\$ 41,684,927	\$ 43,166,005
State Bar's covered payroll*	\$ 19,510,717	\$ 17,438,071	\$ 16,189,222	\$ 15,859,486	\$ 15,964,258	\$ 15,386,726
State Bar's proportionate share of the net OPEB liability as a percentage of its covered payroll	190.84%	194.10%	223.71%	285.03%	261.11%	280.54%
Plan fiduciary net position as a percentage of total OPEB liability	0.47%	0.63%	0.57%	0.38%	0.32%	0.17%

*The covered payroll is the payroll of employees that are provided with OEPB through the OPEB plan for each plan year, the measurement period.

The schedule of changes in State Bar's proportionate share of net OPEB liability and related ratio disclosure is required for ten years. The schedule noted above is only for the years for which the new GASB statements have been implemented.

State Bar of Texas

Schedule of Employer Contributions – Net OPEB Liability

Fiscal Years Ended May 31,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,406,897	\$ 1,406,897	\$ -	\$ 24,558,371	5.73%
2024	1,334,116	1,334,116	-	22,919,797	5.82%
2023	1,317,624	1,317,624	-	21,205,501	6.21%
2022	1,267,355	1,267,355	-	20,537,736	6.17%
2021	1,193,125	1,193,125	-	20,309,262	5.87%
2020	1,065,054	1,065,054	-	20,727,003	4.83%
2019	1,016,477	1,016,477	-	21,023,817	4.73%
2018	976,371	976,371	-	20,638,696	4.52%
2017	895,157	895,157	-	19,794,416	3.91%

The information disclosed for each fiscal year is reported as of the fiscal year-end date.

The information for all periods for the ten year schedules that are required to be presented as required supplementary information is not available. During this transition period, the information will be presented for as many years as are available.

This Page Intentionally Left Blank

State Bar of Texas

Notes to OPEB Liability

Note 1. Changes of Benefit Terms – OPEB Plan

For the years ended August 31, 2021 through August 31, 2024, there were no changes to the benefit terms.

For the year ended August 31, 2020, minor benefit revisions have been adopted since the prior valuation. These changes, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

For the year ended August 31, 2019, there were no changes to the benefit terms.

For the year ended August 31, 2018, the following benefit revisions have been adopted since the prior valuation for retirees and dependents for whom Medicare is not primary is an increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect plans.

For the year ended August 31, 2017, the following benefit revisions have been adopted since the prior valuation: (a) an increase in the out-of-pocket cost applicable to services obtained at a free-standing emergency facility, (b) an elimination of the copayment for virtual visits, (c) a copay reduction for Airrosti and for out-of-state participants and (d) elimination of the deductible for in-network services and application of a copayment rather than coinsurance to certain services like primary care and specialist visits. These minor benefit changes have been reflected in the fiscal year 2018 Assumed Per Capita Health Benefit Costs.

For the year ended August 31, 2016, the following benefit revisions have been adopted since the prior valuation: (a) an increase in the overall annual out-of-pocket maximum in accordance with the requirements of the Affordable Care Act (ACA) (effective January 1, 2017) and (b) implementation of (i) a program under which HealthSelect participants can consult with a licensed physician from their mobile device and (ii) an online weight-loss program available to eligible HealthSelect participants not enrolled in Medicare Part B. These minor benefit changes have been reflected in the fiscal year 2017 Assumed Per Capita Health Benefit Costs. These changes became effective September 1, 2016 (except as noted) and are incorporated into this valuation in accordance with Question Number 49 of the Guide to Implementation of GASB Statements No. 43 and No. 45 on Other Postemployment Benefits.

For the year ended August 31, 2015, the following benefit revisions have been adopted since the prior valuation: (a) an increase to the total network annual out-of-pocket maximum, (b) an elimination of the requirement for referrals in order to see ophthalmologists and optometrists, (c) a copay reduction for a mental health office visit and (d) effective January 1, 2016, the inclusion of medical and pharmacy deductibles, coinsurance and copays in the total network out-of-pocket maximum. These changes became effective September 1, 2015 (unless otherwise noted) and are incorporated into this valuation in accordance with Question Number 49 of the Guide to Implementation of GASB Statements No. 43 and No. 45 on Other Postemployment Benefits. These minor benefit changes have been reflected in the fiscal year 2016 Assumed Per Capita Health Benefit Costs.

For the year ended August 31, 2014, the following benefit revisions have been adopted since the prior valuation: (a) implementation of an overall annual out-of-pocket maximum in accordance with the requirements of the ACA, (b) mental health benefit changes; (c) benefit enhancements for hearing aids and breast pumps and (d) copay reductions for generic prescription drugs. These changes became effective September 1, 2014 (except for the out-of-pocket maximum, which becomes effective January 1, 2015) and are incorporated into this valuation in accordance with Question Number 49 of the Guide to Implementation of GASB Statements No. 43 and No. 45 on Other Postemployment Benefits. The new benefit provisions are expected to have no impact on the employer's cost.

State Bar of Texas

Notes to OPEB Liability

Note 2. Changes of Assumptions – OPEB Plan

For the year ended August 31, 2024 changes in assumptions and other inputs include (a) demographic assumptions (including rates of retirement, termination, disability and mortality for select classes of State Agency members), (b) discount rate increased from 3.81% to 3.87%, (c) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) proportion of future retirees assumed to be married and electing coverage for their spouse , (e) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee and (f) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.

For the year ended August 31, 2023 changes in assumptions and other inputs include (a) discount rate increased from 3.59% to 3.81%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) proportion of future retirees assumed to cover dependent children , (e) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee and (f) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends. Changes in benefit terms for FY2023 represent the elimination of liability attributable to members from Stephen F. Austin State University.

For the year ended August 31, 2022, changes in assumptions and other inputs include (a) discount rate increased from 2.14% to 3.59%, (b) percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (c) proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement, (d) demographic assumptions (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members, (e) proportion of future retirees assumed to cover dependent children , (f) the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and (g) assumptions for Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends.

For the year ended August 31, 2021, the following assumptions have been changed since the previous OPEB valuation:

- Demographic Assumptions, assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumed rates of termination and retirement for certain CPO/CO members and assumed salary and aggregate payroll increases have been updated to reflect assumptions adopted by the ERS Trustees since the last valuation date. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- I. Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- II. Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- III. Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.

State Bar of Texas

Notes to OPEB Liability

- IV. Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- Economic Assumptions, assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
 - Annual rate of increase in the Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
 - Assumed expense directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.
 - The discount rate was changed from 2.20% to 2.14% as a result of requirements by GASB No. 75 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

For the year ended August 31, 2020, the following assumptions have been changed since the previous OPEB valuation:

- Demographic Assumptions, assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumed rates of termination and retirement for certain CPO/CO members and assumed salary and aggregate payroll increases have been updated to reflect assumptions adopted by the ERS Trustees since the last valuation date. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- V. Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- VI. Proportion of future female retirees assumed to be married and electing coverage for their spouse.
- VII. Proportion of future retirees assumed to cover dependent children.
- Economic Assumptions, assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
 - The Patient-Centered Outcome Research Institute (PCORI) fees payable under the ACA have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.
 - Assumed inflation has been updated to reflect an assumption adopted by the ERS Trustees since the last valuation date. This new assumption was adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
 - Other Inputs, the discount rate was changed from 2.97% to 2.20% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
 - The change in the discount rate was made to comport with the requirements of GASB No. 74.

State Bar of Texas

Notes to OPEB Liability

For the year ended August 31, 2019, the following assumptions have been changed since the previous OPEB valuation:

- The discount rate assumption was decreased from 3.96% to 2.97% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.
- Assumed Expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and Expense trends have been updated to reflect recent experience and its effects on short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, the percentage of future retirees assumed to be married and electing coverage for their spouse, and the percentage of future retirees and future retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends.

For the year ended August 31, 2018, the following assumptions have been changed since the previous OPEB valuation:

- Demographic assumptions (including rates of retirement, disability, termination, mortality and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from TRS.
- Assumed Expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost, Retiree Contribution and Expense trends have been updated to reflect recent experience and its effects on short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence and the percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was increased from 3.51% to 3.96% as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

State Bar of Texas

Notes to OPEB Liability

For the year ended August 31, 2017, the following assumptions have been changed since the previous OPEB valuation:

- Additional demographic assumptions (aggregate payroll increases and rate of general inflation) to reflect an experience study.
- The percentage of current and future retirees and retirees spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan who will elect to participate at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends.
- Assumptions for administrative expenses, assumed per Capita Health Benefit Costs, Health Benefit Cost and Retiree Contribution trends to reflect recent health plan experience.
- Effects in short-term expectations and revised assumed rate of general inflation.
- For the year ended August 31, 2016, the following assumptions have been changed since the previous OPEB valuation:
 - Assumed Expenses, assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution Trends have been updated to reflect recent experience and its effects on our short-term expectations.
 - The percentage of future retirees electing to participate in the HealthSelect Medicare Advantage program at the earliest date at which coverage can commence.
 - The proportion of future retirees covering dependent children and the percentage of future retirees and retiree spouses assumed to use tobacco have been updated to reflect recent plan experience and expected trends.

For the year ended August 31, 2015, the following assumptions have been changed since the previous OPEB valuation:

- The Assumed Per Capita Health Benefit Costs and Assumed Expenses for retirees and dependents have been updated to reflect recent health plan experience.
- The percentage of future retirees electing to participate in the HealthSelect Medicare Advantage program at the earliest date at which coverage can commence has been updated to reflect recent plan experience and expected trends.
- Assumed salary increases and rates of mortality, termination, disability and retirement for Higher Education members were updated to remain consistent with the assumptions, which were adopted by the TRS board earlier this year for use by the TRS retirement plan actuary; and the Health Benefit Cost and Retiree Contribution Trends have been updated to reflect changes in short-term expectations due to recent health plan experience. The following benefit revisions have been adopted since the prior valuation: (a) an increase to the total network annual out-of-pocket maximum, an elimination of the requirement for referrals in order to see ophthalmologists and optometrists, a copay reduction for a mental health office visit and (d) effective January 1, 2016, the inclusion of medical and pharmacy deductibles, coinsurance and copays in the total network out-of-pocket maximum. These changes became effective September 1, 2015 (unless otherwise noted) and are incorporated into this valuation in accordance with Question Number 49 of the Guide to Implementation of GASB Statements No. 43 and No. 45 on Other Postemployment Benefits. These minor benefit changes have been reflected in the fiscal year 2016 Assumed Per Capita Health Benefit Costs.

State Bar of Texas

Notes to OPEB Liability

For the year ended August 31, 2014, the following assumptions have been changed since the previous OPEB valuation:

- The Assumed Per Capita Health Benefit Costs and Assumed Expenses for retirees and dependents have been updated to reflect recent health plan experience.
- The percentage of future retirees electing coverage for their spouses, the percentage of future retirees electing to participate in the HealthSelect Medicare Advantage program at the earliest date at which coverage can commence and the percentage of future retirees assumed to use tobacco have been updated to reflect recent plan experience and expected trends.
- Assumed rates of retirements for Higher Education members who are not grandfathered under current TRS Care eligibility provisions as of August 31, 2014, were updated to remain consistent with the assumptions used by the TRS retirement plan actuary.
- The Health Benefit Cost and Retiree Contribution Trends have been updated to reflect changes in short-term expectations due to recent health plan experience.

Other Supplemental Information

State Bar of Texas

Combining Balance Sheet – Nonmajor Governmental Funds

May 31, 2025

	Texas Board of Legal Specialization Fund	Texas Bar College	Annual Meeting	Client Security Fund	Building Fund	Technology Fund	Project Grants Fund	Hatton W. Summers Grants Fund	Law Focused Education	Total Nonmajor Governmental Funds
ASSETS										
Current assets										
Cash and cash equivalents	\$ 2,442,703	\$ 682,287	\$ 412,368	\$ 702,610	\$ 318,884	\$ -	\$ -	\$ 564,182	\$ 13,334	\$ 5,136,368
Investments	2,555,703	450,000	-	4,746,399	8,396,688	-	-	-	-	16,148,790
Receivables										
Interest receivable	12,723	-	-	56,066	55,971	-	-	-	-	124,760
Other accounts receivable	6,943	-	-	-	-	-	-	-	10,210	17,153
Due from other governmental funds	-	-	3,943	-	-	2,814,300	6,000	-	-	2,824,243
Prepaid items	-	580	36,356	-	-	77,570	-	-	-	114,506
TOTAL ASSETS	\$ 5,018,072	\$ 1,132,867	\$ 452,667	\$ 5,505,075	\$ 8,771,543	\$ 2,891,870	\$ 6,000	\$ 564,182	\$ 23,544	\$ 24,365,820
LIABILITIES AND FUND BALANCES										
Current liabilities										
Accrued liabilities	\$ -	\$ 6	\$ 726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 732
Due to other governmental funds	88,010	25,450	-	611,905	14,613	-	-	24,401	21,141	785,520
Unearned revenue	-	215,886	395,710	-	-	-	6,000	539,781	2,403	1,159,780
Total liabilities	88,010	241,342	396,436	611,905	14,613	-	6,000	564,182	23,544	1,946,032
Fund balances										
Nonspendable	-	580	36,356	-	-	77,570	-	-	-	114,506
Committed	4,930,062	890,945	19,875	4,893,170	8,756,930	2,814,300	-	-	-	22,305,282
Total fund balances	4,930,062	891,525	56,231	4,893,170	8,756,930	2,891,870	-	-	-	22,419,788
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,018,072	\$ 1,132,867	\$ 452,667	\$ 5,505,075	\$ 8,771,543	\$ 2,891,870	\$ 6,000	\$ 564,182	\$ 23,544	\$ 24,365,820

State Bar of Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds Year Ended May 31, 2025

	Texas Board of Legal Specialization Fund	Texas Bar College	Annual Meeting	Client Security Fund	Building Fund	Technology Fund	Project Grants Fund	Hatton W. Summers Grants Fund	Law Focused Education	Total Nonmajor Governmental Funds
REVENUES										
Membership dues	\$ 1,937,385	\$ 387,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,324,655
Investment income	146,644	27,335	1,086	236,456	413,908	-	-	20,827	-	846,256
Grant revenue	-	-	-	-	-	-	40,000	445,380	83,130	568,510
Professional Development	-	-	-	-	-	-	-	-	-	-
Other income	10,680	49,992	487,823	284,113	-	-	-	-	-	832,608
Total revenues	<u>2,094,709</u>	<u>464,597</u>	<u>488,909</u>	<u>520,569</u>	<u>413,908</u>	<u>-</u>	<u>40,000</u>	<u>466,207</u>	<u>83,130</u>	<u>4,572,029</u>
EXPENDITURES										
Special services	1,313,556	353,137	559,734	-	-	-	40,000	466,207	83,130	2,815,764
Operations and security division	-	-	-	-	320,251	-	-	-	-	320,251
Finance and information technology	-	-	-	-	-	89,330	-	-	-	89,330
Public Protection	-	-	-	646,847	-	-	-	-	-	646,847
Capital Outlay	-	-	-	-	694,108	82,500	-	-	-	776,608
Debt Service										
Principal	62,702	-	-	-	-	44,780	-	-	-	107,482
Interest	3,210	-	-	-	-	-	-	-	-	3,210
Total expenditures	<u>1,379,468</u>	<u>353,137</u>	<u>559,734</u>	<u>646,847</u>	<u>1,014,359</u>	<u>216,610</u>	<u>40,000</u>	<u>466,207</u>	<u>83,130</u>	<u>4,759,492</u>
Excess (deficiency) of revenues over (under) expenditures	<u>715,241</u>	<u>111,460</u>	<u>(70,825)</u>	<u>(126,278)</u>	<u>(600,451)</u>	<u>(216,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(187,463)</u>
OTHER FINANCING SOURCES										
Transfers in	-	-	-	500,000	1,983,108	1,000,000	-	-	-	3,483,108
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>1,983,108</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,483,108</u>
Net change in fund balances	715,241	111,460	(70,825)	373,722	1,382,657	783,390	-	-	-	3,295,645
FUND BALANCES, beginning of year	<u>4,214,821</u>	<u>780,065</u>	<u>127,056</u>	<u>4,519,448</u>	<u>7,374,273</u>	<u>2,108,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,124,143</u>
FUND BALANCES, end of year	\$ 4,930,062	\$ 891,525	\$ 56,231	\$ 4,893,170	\$ 8,756,930	\$ 2,891,870	\$ -	\$ -	\$ -	\$ 22,419,788

State Bar of Texas

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds Year Ended May 31, 2025

	General Fund	Sections and Divisions	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Membership dues	\$ 21,994,224	\$ 2,606,341	\$ 2,324,655	\$ 26,925,220
Accounting and management fees	598,215	-	-	598,215
Texas Bar Journal	889,031	-	-	889,031
MCLE fees	4,465,559	-	-	4,465,559
Professional development	14,790,694	1,093,914	-	15,884,608
Career development	413,054	-	-	413,054
Investment income	1,993,250	554,270	846,256	3,393,776
Grant revenue	-	-	568,504	568,504
Member benefits	1,133,053	-	-	1,133,053
Website	680,922	-	-	680,922
Advertising review	295,500	-	-	295,500
CDC disciplinary fees	575,684	-	-	575,684
Other income	1,530,794	847,727	832,604	3,211,125
Total revenues	<u>49,359,980</u>	<u>5,102,252</u>	<u>4,572,019</u>	<u>59,034,251</u>
EXPENDITURES				
Salaries	20,995,942	-	649,151	21,645,093
Benefits	7,098,805	-	216,281	7,315,086
Travel	1,580,927	505,089	288,617	2,374,633
Meetings and conferences	3,753,579	1,914,383	620,655	6,288,617
Professional services	3,954,025	735,644	628,933	5,318,602
Court fees	71,755	-	-	71,755
Publicity and advertising	368,353	18,990	109,742	497,085
Dues, subscriptions and licenses	433,643	2,479	58,992	495,114
Education and training	113,745	45,790	245	159,780
Supplies, awards, gifts and specialty items	357,528	61,511	123,950	542,989
Rentals - office, equipment and storage	1,059,275	2,618	79,467	1,141,360
Maintenance and repairs	458,381	-	39,201	497,582
Utilities	256,712	-	95,745	352,457
Postage and freight	1,002,450	53,503	27,744	1,083,697
Telephone	374,143	74,275	9,620	458,038
Insurance	777,967	732	95	778,794
Claims and adjustments	-	-	646,847	646,847
Administrative	(88,202)	620,692	152,507	684,997
Printing and copying	1,124,944	329,378	81,609	1,535,931
Capital outlay	1,957,981	28,971	776,608	2,763,560
Software as a Service	240,823	-	42,781	283,604
Debt service:				
Principal	1,341,163	-	107,482	1,448,645
Interest	140,706	-	3,210	143,916
Total expenditures	<u>47,374,645</u>	<u>4,394,055</u>	<u>4,759,482</u>	<u>56,528,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,985,335</u>	<u>708,197</u>	<u>(187,463)</u>	<u>2,506,069</u>
OTHER FINANCING SOURCES (USES)				
Leases	1,373,777	-	-	1,373,777
Subscriptions	557,797	-	-	557,797
Transfers in	-	-	3,483,108	3,483,108
Transfers out	(3,483,108)	-	-	(3,483,108)
Other financing sources (uses)	<u>(1,551,534)</u>	<u>-</u>	<u>3,483,108</u>	<u>1,931,574</u>
Net change in fund balances	<u>433,801</u>	<u>708,197</u>	<u>3,295,645</u>	<u>4,437,643</u>
FUND BALANCE, beginning of year	<u>28,665,029</u>	<u>12,810,943</u>	<u>19,124,143</u>	<u>60,600,115</u>
FUND BALANCE, end of year	<u>\$ 29,098,830</u>	<u>\$ 13,519,140</u>	<u>\$ 22,419,788</u>	<u>\$ 65,037,758</u>

Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2024

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2024 or fiscal plan year beginning 06/01/2024 and ending 05/31/2025


- A** This return/report is for: a multiemployer plan a multiple-employer plan (Filers checking this box must provide participating employer information in accordance with the form instructions.)
- a single-employer plan a DFE (specify) _____
- B** This return/report is: the first return/report the final return/report
- an amended return/report a short plan year return/report (less than 12 months)
- C** If the plan is a collectively-bargained plan, check here. ▶
- D** Check box if filing under: Form 5558 automatic extension the DFVC program
- special extension (enter description)
- E** If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶

Part II Basic Plan Information—enter all requested information

1a Name of plan STATE BAR MEMBERS INSURANCE PROGRAM	1b Three-digit plan number (PN) ▶ 502 1c Effective date of plan 01/01/1974
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) STATE BAR OF TEXAS INSURANCE TRUST <u>TRACY JARRATT CORY SQUIRES</u> 1414 COLORADO STREET 3RD FLOOR AUSTIN TX 78701	2b Employer Identification Number (EIN) 74-2168815 2c Plan Sponsor's telephone number 512-479-0941 2d Business code (see instructions) 524290

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE		<u>3/13/26</u>	NICKLAUS A TREFRY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2024)
v. 240311