



December 3, 2020

To the Board of Directors
State Bar of Texas
1414 Colorado Street, 3rd Floor
Austin, TX 78701

We have audited the financial statements of the State Bar of Texas (the State Bar) as of and for the year ended May 31, 2020, and have issued our report thereon dated November 20, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 21, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our findings regarding a material weakness over financial reporting and other control deficiencies noted during our audit in a separate letter to you dated December 3, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the State Bar is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most significant accounting estimates affecting the State Bar's financial statements are management's estimate of the net pension liability, other post-employment benefits (OPEB) liability, depreciable lives of capital assets, allowance for doubtful accounts, and the fair value of investments. The net pension liability is obtained from Employees Retirement System of Texas (ERS) through a report prepared for the State Bar by ERS's consulting actuary in compliance with GASB Statement No. 68. Information regarding the State Bar's OPEB liability is obtained through a similar report prepared for the State Bar by ERS' consulting actuary in compliance with GASB Statement No. 75. Management's estimate of the depreciable lives of capital assets is based on management's assumptions and historical knowledge of capital assets with similar lives. Management's estimate of allowance for doubtful accounts is based on management's historical knowledge of customer balances. Investment fair values are provided by a third party asset management company. We evaluated the inputs and results of each of these estimates, and determined them to be appropriate in relation to the financial statements as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Identified or Suspected Fraud

We did not identify or obtain information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods as determined by management are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule summarizes the misstatements identified by us as a result of our audit procedures and corrected by management that were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated November 20, 2020, which is available upon request.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the State Bar's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, with respect to the supplementary information accompanying the financial statements, we made certain inquiries with management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying records used to prepare the financial statements or to the financial statement themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors and management of the State Bar and is not intended to be, and should not be, used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Schedule of Corrected Misstatements

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1006			
to record BTA prior period adjustment for Deferred Outflows - OPEB contributions			
WT4-0000-17000-	Deferred Outflows Related to OPEB (BTA)	159,796	
WT4-0000-30005-	Net Position		159,796
Total		159,796	159,796
Adjusting Journal Entries JE # 1007			
to correct beginning net position / fund balance for FY2019 adjustments previously passed on			
01-0000-30005-	Fund Balance - Undesignated	90,127.00	
03-0000-30005-	Fund Balance - Undesignated	6,732.00	
F0-9330-40500-	Interest Income	6,553.00	
01-1240-50160-	Group Insurance		54,625.00
01-3500-40100-	Dues Revenue		35,502.00
03-6265-40400-	Book sales		6,732.00
F0-0000-30005-	Fund Balance - Undesignated		6,553.00
Total		103,412.00	103,412.00
GASB Journal Entries			
GASB Entry JE # 0007			
to record GTA prior period adjustment for Deferred Outflows - OPEB contributions			
WT3-0000-17000-	Deferred Outflows related to OPEB (GTA)	2,503,470	
WT3-0000-30005-	Net Position		2,503,470
Total		2,503,470	2,503,470
GASB Entry JE # 0008			
to adjust beginning net position for Deferred Rent Balance as of 5/31/2019.			
WT2-0000-35005-	Net Position	155,940	
WT2-1220-50700-	Rent Expense		25,358
WT2-1240-50700-	Rent Expense		68,558
WT2-1250-50700-	Rent Expense		40,073
WT2-4091-50700-	Rent Expense		21,951
Total		155,940	155,940
GASB Entry JE # 0009			
to adjust beginning net position for capital leases incorrectly omitted for FY2019.			
WT2-0000-35005-	Net Position	93,100	
WT2-4300-51020-	Capital Lease Payments		93,100
Total		93,100	93,100

Schedule of Uncorrected Misstatements

Account	Description	Debit	Credit
Proposed Journal Entries JE # 3001			
To write off amounts accrued under previous TFLF contract			
F0-0000-20010-	Accounts Payable - Other	72,500	
F0-9330-50365-F019	TFLF Contract		72,500
Total		<u>72,500</u>	<u>72,500</u>
Proposed Journal Entries JE # 3002			
to record additional monthly fees for FY2020			
19-0000-13010-	Accounts Receivable - Other	9,550	
19-4400-40232-	Monthly Fee		9,550
Total		<u>9,550</u>	<u>9,550</u>
Proposed Journal Entries JE # 3003			
to reclassify payments on capital leases from prepaids to debt service expenditure			
11-4300-51022-	Monthly Lease Payments	57,847.00	
11-0000-15020-	Prepaid Other		57,847.00
Total		<u>57,847.00</u>	<u>57,847.00</u>
Proposed Journal Entries JE # 3006			
to true up investment balance to match December 31, 2020 statement			
TAPS-10015	Certificates of Deposit (CD)	16,317.00	
TAPS-41000	Interest-Certificates of Deposit		16,317.00
Total		<u>16,317.00</u>	<u>16,317.00</u>
	Total Proposed Journal Entries	<u>156,214.00</u>	<u>156,214.00</u>