

COUNCIL OF CHAIRS
FEBRUARY 17, 2023

Rhonda Bridges, Sections Accounting Manager



Agenda

1. Sections Updates
2. Financial Audit Reminders
3. Calendar Year End Reminder
4. Contracts
5. FY24 Budget Worksheets
6. Financial Policies
7. Gift Cards
8. Investment Options

Sections Updates

- December financials statements have been emailed. January statements are expected to be sent by end of day Friday, February 24th.
- Reimbursement forms have been updated with new travel rate of \$0.655 per mile for this calendar year.
- The FY2021-2022 financial audit resulted in the State Bar receiving an “unmodified opinion”. This is often referred to as a “clean” opinion and is the best financial audit opinion the State Bar can receive.
- During the Board’s January meeting, the State Bar Board approved a 5 year internal audit plan for FY 2023-2027. The Sections were not included in this preliminary plan because the Sections were audited two years ago.

Financial Audit Reminders

Collateralization:

- The State Bar is close to opening a collateralization account at Frost Bank, since 3 of our sections have chosen to bank there. We will be monitoring sections deposits and will notify the sections if their deposits may be getting close to the FDIC limits.

Timing of Expenses:

- Fiscal year-end cutoff and accruals; be sure to let Finance know about invoices that have yet to arrive as of May 31, when work has been completed prior to May 31. These invoices and resulting expenses must be recorded in the year in which the work was performed, regardless of when the invoice was received.

Calendar Year End Reminder

- 1099 Processing:
 - State Bar processes Form 1099s for all sections, as all sections are under the State Bar's Tax id number. Therefore, for those sections in which the State Bar does not maintain the checkbook and payables do not go through the State Bar, please collect W-9s prior to processing payment.
 - Recipients of payments totaling more than \$600 for the year may be subject to 1099 year-end reporting. Reportable payments include recipients of gifts, awards, internships, and payments for certain services. Scholarship recipients are not reported, but should have received a notice with their check explaining the IRS rules regarding scholarships.

Contracts. Please forward all contracts to the Sections Dept. to be reviewed by legal.

Budgets & Financial Policies

- State Bar will forward FY24 budget worksheets in March/April.
- Budgets are due to the State Bar on or before July 15th.
- It is a good idea to work on your budget for the next fiscal year with those that are interested in being treasurer during the new fiscal year.
- Also, now is the time to be reviewing your financial policies that to ensure that no changes are needed. With your budget packet submission, you will be attesting that you have no changes to your financial policy, or a revised policy will be due at the same time as your budget submission.

Gift Cards

Please keep gift card purchases to a minimum and under \$100 or consider other non-cash equivalent options to recognize an individual. Per IRS rules, gift cards are taxable to the recipient. If during the year, the total amount given to a recipient exceeds \$600, the State Bar is required to issue a 1099 non-employee compensation form to the recipient. It is difficult for the State Bar to track cash equivalent gift cards provided to individuals and maintain compliance with IRS rules.

Investments

Right now is a great time to invest in CDs. They are earning higher interest rates. PlainsCapital, Chase or Frost CDs are collateralized with the State Bar of Texas, so you can invest safely at those institutions. Terms of CDs should be 1 – 3 years. PFIA allows investments up to 5 years, but it is discouraged to invest in long term CDs since many sections may need access to those funds. Please contact me if you are interested in opening a CD and I can help you start earning a higher interest rate on some of your section's funds.

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