

Governance Best Practices Financial Statements and Budgeting



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Treasurer Best Practices

Present financial reports and financial position to Section Council

Review financial reports and monitor variances from budget

Review and submit all Section expenses

Manage access to bank accounts and update signors

Submit the new approved budget by July 15th

Review Section Financial Policies

Statement of Revenues and Expenditures

Purpose:

- Summarizes revenues & expenditures for a defined period.
- Evaluates financial performance (surplus or deficit)

Value for Decision Makers:

- Indicates fiscal sustainability
- Informs:
 - Budget planning
 - Variance analysis (actual vs. budgeted)
 - Resource allocation decisions

State Bar of Texas Section Example Statement of Revenue & Expenditures For the Ten Months Ending March 31st, 2025

	Current Month Actual	Y-T-D Actual	Annual Budget	Variance Fav/Unfav)	Prior Year Actuals
Revenues					
Dues Revenue		\$10,875	\$10,000	\$875	\$10,725
Interest Income	320	3,358	3,000	358	3,697
Annual Institute Fees	3,415	5,005		5,005	
Annual Institute Sponsorships	31,400	72,400	80,000	(7,600)	51,600
Other Revenue			9,000	(9,000)	
Total Revenues	35,135	91,638	102,000	(10,362)	66,022
Expenditures					
Meeting Expenses:					
Meetings/Conferences - Other	4,000	23,941	85,000	61,059	53,192
Total Travel/Meeting Expenses	4,000	23,941	85,000	61,059	53,192
Professional Services					
Expenses: Photography			1,000	1,000	
Website		416	300	(116)	300
Total Professional Services Expenses		416	1,300	884	300
Administrative Expenses					
WePay/Credit Card Fees	117	171		(171)	
Miscellaneous Expense					
Grants/Awards			2,000	2,000	60
Contributions/Scholarships			2,000	2,000	1,000
Total Administrative Expenses	117	171	4,000	3,829	1,060
Printing/Copying Expenses					517
Total Expenditures	4,117	24,528	90,300	65,772	55,069
Excess (Deficit) of Revenues Over Expenditures	31,018	67,110	11,700	55,410	10,953

Statement of Revenues and Expenditures - Summary

How can I use this?

- Account for Seasonality
- Detect Anomalies or Irregularities
- Support Strategic Planning & Forecasting

State Bar of Texas
Section Example
Statement of Revenue & Expenditures Summary
For the Ten Months Ending March 31st, 2025

	CURRENT YEAR MONTH-TO-DATE ACTUALS March	PRIOR YEAR MONTH-T0- DATE ACTUALS March	TOTAL DIFFERENCE	PERCENTAGE DIFFERENCE
Revenues:	\$10,875	\$10,725	\$150	1.38%
Dues	5,005		5,005	100.00%
Fees	3,358	3,697	(339)	(10.10%)
Investments	72,400	51,600	20,800	28.73%
Contributions	91,638	66,022	25,616	27.95%
Total Revenues				
Expenditures:				
Meetings & Conferences	23,941	53,192	(29,251)	(122.18%)
Professional Services	186		186	100.00%
Telephone	416	300	116	27.88%
Administrative		1,060	(1,060)	0.00%
Printing and Copying		517	(517)	0.00%
Total Expenditures	24,543	55,069	(30,526)	(124.38%)
Total Expenditures & Operating	24,543	55,069	(30,526)	(124.38%)
Transfers	67,095	10,953	56,142	83.68%
Total Revenues less Expenditures				

Balance Sheet

What the business owns versus owes.

Main Components:

Assets – What the business owns

Liabilities – What the business owes

Equity – Net worth or Retained Earnings

Why its crucial?

- It guides for strategic decisions-capital investments, budgeting.
- Promotes accountability and adherence to reporting standards
- Financial Transparency & Compliance

State Bar of Texas
Section Example
Balance Sheet as of March 31st, 2025

	<u>YTD</u>	<u>Prior YTD</u>
Assets		
Cash and Cash Equivalents	\$111,233	\$99,002
Accounts Receivable:		
Other		825
Total Assets	<u>\$111,233</u>	<u>\$99,827</u>
Liabilities and Fund Equity		
Liabilities:		
Due To (From) General Fund	<u>3,000</u>	<u>19,892</u>
Total Liabilities	3,000	19,892
Fund Equity:		
Beginning Fund Equity	41,138	68,981
Current Year Operations	<u>67,095</u>	<u>10,953</u>
Fund Balance	<u>108,233</u>	<u>79,934</u>
Total Liabilities and Fund Equity	<u>\$111,233</u>	<u>\$99,827</u>

Bank and Investment Reconciliations

- It is a process of matching internal cash records with the bank
- **Why it matters?**
 - Ensures accurate financial records
 - Detects errors and helps prevent fraud
 - Strengthens financial controls and improves cash flow management
 - Highlights timing differences between internal and bank records
 - Enables better decision making

Budgeting

- Budgets are used to determine project coding and track project spending
- Review budget variances (actual vs. budget) monthly
- Budget worksheets for fiscal year 2026-2027 will be provided in April 2026. It is best if the outgoing Treasurer makes the first draft.
- New/revised budgets can be adopted at any council meeting

Investments and Banking Information

- Must comply with PFIA
- Most PlainsCapital accounts are money market with high rates
- CD purchases also an option
- Auditors will confirm bank balances at year-end annually

Audits

Financial Statement and Internal Control Audits are performed annually at the State Bar

Sections are always included in annual financial report audits

Every 5 - 10 years, Sections will be a primary focus of the internal audit

Copies of the financial policy and internal controls guidance are included in the Treasurer's Guide

Questions?

Thank you!

