



The State Bar of California

# 2024 Midyear Budget Variance Report, Quarter Two Financial Statements Report and Projection

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Finance Committee, September 19, 2024

# 2024 Q2 Financial Statement Revenue Results

## Revenue Highlights

- General Fund – higher than budget due to late CTAAP compliance fees, Law Corp Renewals, and MCLE Provider fees
  - Mandatory fees projected to fall short of annual budget
- Equal Access Fund – lower than budget due to prior year returned grant funds
- Legal Services Trust Fund – higher than budget due to higher interest rates
- Admissions Fund – above budget due to more registered applicants for exams
- Other Funds – higher revenues in the Justice Gap fund from settlement donations

### YTD ACTUAL REVENUE COMPARED TO BUDGET BY FUND

Financial Statement Category	Jun 30, 2024 Actual (in \$M)	Jun 30, 2024 Budget (in \$M)	Changes (in \$M)	Changes (in %)
<b>Operating Revenue</b>	<b>\$283.9</b>	<b>\$254.9</b>	<b>\$29.0</b>	<b>11%</b>
General Fund	92.3	90.0	2.3	3%
Equal Access Fund	20.4	21.1	(0.7)	-3%
Grants Fund	42.7	42.4	0.3	1%
Legal Services Trust Fund	93.3	67.8	25.5	38%
Admissions Fund	22.8	22.0	0.8	4%
Client Security Fund	8.3	8.3	0.0	0%
Other Funds	4.1	3.3	0.8	24%



# 2024 Q2 Financial Statement Expense Results

## YTD ACTUAL EXPENSES COMPARED TO BUDGET BY FUND

Financial Statement Category	Jun 30, 2024 Actual (in \$M)	Jun 30, 2024 Budget (in \$M)	Changes (in \$M)	Changes (in %)
<b>Operating Expenses</b>	<b>\$183.7</b>	<b>\$191.3</b>	<b>(\$7.6)</b>	<b>-4%</b>
General Fund	49.9	53.2	(3.3)	-6%
Equal Access Fund	20.9	21.8	(0.9)	-4%
Grants Fund	42.8	41.9	0.9	2%
Legal Services Trust Fund	50.1	50.4	(0.3)	-1%
Admissions Fund	13.7	14.5	(0.8)	-6%
Client Security Fund	2.2	2.9	(0.7)	-24%
Other Funds	4.1	6.6	(2.5)	-38%

## Expense Highlights

- General Fund – below budget due to savings in personnel , professional services, and hardware purchases
- Equal Access Fund – lower than budget due to prior year returned grants, timing of invoices, and staff vacancies
- Grants Fund – above budget due to distribution of returned 2023 funds
- Admissions Fund – below budget due to timing of graders/test accommodations/psychometric consultant invoices; exam savings due to use of SB facilities
- Client Security Fund – lower payouts than budget due to fewer eligible claims in the first half of the year
- Other Funds – lower than budget due to a budgeting error in Bank Settlement Fund



# 2024 Midyear Financial Projections

In \$000s	Reserves Balance 12/31/23	2024 Annual Projected Revenues	2024 Annual Projected Expenses	2024 Projected Surplus/ (Deficit)	Projected Reserves 12/31/24	Reserve Level (%)
<b>General Fund</b>	<b>\$33,711</b>	<b>\$100,712</b>	<b>(\$115,731)</b>	<b>(\$15,019)</b>	<b>\$18,692</b>	<b>16.2%</b>
<b>Restricted Funds</b>						
Admissions	7,019	28,232	(30,282)	(2,050)	4,970	16.4%
Elimination of Bias	(2)	342	(428)	(86)	(88)	-20.5%
Lawyer Assistance Program	996	2,247	(2,864)	(617)	379	13.2%
Legislative Activities	243	49	(247)	(198)	45	18.3%
Bank Settlement	4,848	123	(2,302)	(2,179)	2,669	N/A
Client Security	8,849	9,094	(7,569)	1,526	10,375	N/A
Equal Access	2,721	37,243	(37,543)	(301)	2,420	N/A
Grants	6,050	64,276	(63,000)	1,276	7,326	N/A
Justice Gap	4,917	1,974	(1,008)	966	5,883	N/A
Legal Services Trust	188,424	217,142	(99,772)	117,370	305,794	N/A
<b>Restricted Funds Total</b>	<b>\$224,065</b>	<b>\$360,722</b>	<b>(\$245,014)</b>	<b>\$115,708</b>	<b>\$339,773</b>	
<b>Grand Total</b>	<b>\$257,776</b>	<b>\$461,433</b>	<b>(\$360,744)</b>	<b>\$100,689</b>	<b>\$358,465</b>	



# 2024 Midyear Financial Projection Highlights

- **General Fund**

- Projected deficit of \$15M decreased from the adopted budget deficit of \$22.1M
  - Projected revenues increased from budget mostly due to late CTAPP compliance fees and investment income
  - Projected expenses decreased from budget due to delayed LA elevator project, savings from the digitalization project, and reduced CalPERS unfunded actuarial liability contribution

- **Client Security Fund**

- Projected surplus of \$1.5M increased from the adopted budgeted surplus of \$0.5M
  - Projected revenues above budget due to investment income and discipline sanction fees
  - Projected expense savings compared to budget due to reduced payouts than anticipated

- **Equal Access Fund**

- Projected deficit of \$0.3M decreased from the adopted budgeted deficit of \$0.8M
  - Projected revenues are higher than budget due to more interest income earned
  - Projected expenses savings compared to budget are from personnel and grant expenses
  - Revenues and expenses are mostly pass-through to grantees

- **Legal Services Trust Fund**

- Projected surplus of \$117.4M increased from the adopted budget surplus of \$58.5M; ending reserve of \$305.8M
  - Projected revenue significantly higher than budget due to increased amounts deposited in IOLTA accounts; revenue projections are approved by the LSTF Commission
  - Revenues and expenses are mostly pass-through to grantees



# Midyear Budget to Variance Analysis Report

- The budget-to-variance report summarizes significant budget variances (favorable and unfavorable) by comparing actual operating results to budgeted amounts for revenues and expenses for the six months ended June 30, 2024
- Budget variances at the cost center line-item greater/less than \$100,000 (per Board Book)
- Variances are detailed in Attachment D



# Proposed Budget Amendments/Transfers

- Prepared based on actual financial data through June 30, 2024
- Purpose is to correct inaccuracies and unanticipated changes in the adopted budget
- Amendments and transfers are detailed in Attachment E
  - Budget transfer are mostly between cost centers in the consolidated General Fund
  - Proposed amendments are all for grant-related revenues and expenses



# QUESTIONS?

