



The State Bar *of California*

# 2023 Midyear Budget Variance Report, Quarter Two Financial Statements Report and Projection

Aracely Montoya-Chico, Chief Financial Officer

Finance Committee, September 21, 2023

# 2023 Q2 Financial Statement Revenue Results

## Revenue Highlights

- General Fund – higher than budget due to mandatory fees, other fees and passthrough insurance commissions
- Equal Access Fund– less than budget due to delay in receipt of grant revenue
- Admissions Fund – higher than budget due to more applicants taking exams
- Other Funds – higher revenues in the Justice Gap fund from settlements donations

### YTD ACTUAL REVENUE COMPARED TO BUDGET BY FUND

Financial Statement Category	Jun 30, 2023 Actual (in \$M)	Jun 30, 2023 Budget (in \$M)	Changes (in \$M)	Changes (in %)
<b>Operating Revenue</b>	<b>\$277.0</b>	<b>\$278.1</b>	<b>(\$1.1)</b>	<b>0%</b>
General Fund	88.7	85.5	3.2	4%
Equal Access Fund	19.1	26.3	(7.2)	-27%
Grants Fund	58.0	57.7	0.3	1%
Legal Services Trust Fund	80.3	80.2	0.1	0%
Admissions Fund	16.6	15.0	1.6	11%
Client Security Fund	8.2	8.1	0.1	1%
Other Funds	6.1	5.4	0.7	13%



# 2023 Q2 Financial Statement Expense Results

## YTD ACTUAL EXPENSES COMPARED TO BUDGET BY FUND

Financial Statement Category	Jun 30, 2023 Actual (in \$M)	Jun 30, 2023 Budget (in \$M)	\$M Changes	% Changes
<b>Operating Expenses</b>	<b>\$169.7</b>	<b>\$165.9</b>	<b>\$3.8</b>	<b>2%</b>
General Fund	49.5	46.4	3.1	7%
Equal Access Fund	19.5	17.7	1.8	10%
Grants Fund	57.9	57.8	0.1	0%
Legal Services Trust Fund	27.1	26.5	0.6	2%
Admissions Fund	10.9	11.8	(0.9)	-8%
Client Security Fund	2.3	3.1	(0.8)	-26%
Other Funds	2.4	2.6	(0.2)	-8%

## Expense Highlights

- General Fund – above budget due to personnel and equipment expenditures
- Equal Access Fund – higher than budget due to grant disbursement made ahead of schedule in Q2
- Admissions Fund – less than budget due to lower-than-expected professional services and exam costs
- Client Security Fund – lower payouts than budget due to high level of claims in case inventory deemed ineligible for payment



# 2023 Projections

In \$000s	Reserve Bal 12/31/22	2023 Annual Projected Revenue	2023 Annual Projected Expenses	2023 Budgeted Surplus/ (Deficit)	Projected Reserves 12/31/23	Reserv e Level (%)
<b>General Fund</b>	<b>\$12,400</b>	<b>\$95,071</b>	<b>\$(107,030)</b>	<b>\$(11,960)</b>	<b>\$440</b>	<b>0.4%</b>
<b>Restricted Funds</b>						
Admissions	11037	19,505	(24,250)	(4,746)	6,292	25.9%
Elimination of Bias	(8)	367	(346)	21	13	3.8%
Lawyer Assistance Program	1,477	2,256	(2,584)	(328)	1,149	44.4%
Legal Specialization	0	2,227	(1,837)	390	390	21.2%
Legislative Activities	492	62	(256)	(194)	298	116.4%
Bank Settlement	4,718	597	(106)	491	5,208	N/A
Client Security	7,592	8,412	(7203)	1,209	8,801	N/A
Grants	530	63,752	(63,886)	(114)	416	N/A
Justice Gap	3,892	2,235	(1,010)	1,225	5,118	N/A
Legal Services Trust	56,313	125,370	(53,964)	71,406	127,719	N/A
<b>Restricted Funds Total</b>	<b>\$89,094</b>	<b>\$259,996</b>	<b>\$(190,931)</b>	<b>\$69,066</b>	<b>\$158,159</b>	
<b>Grand Total</b>	<b>\$101,494</b>	<b>\$355,067</b>	<b>\$(297,961)</b>	<b>\$57,106</b>	<b>\$158,600</b>	



# 2023 Midyear Projections Highlights

- **General Fund**

- projected deficit of \$12M and ending reserve of \$0.4M
- projected revenues above adopted budget due to investment income, mandatory fees, and other fees
- projected expenses above adopted budget from amendments approved
  - account for actual personnel spending, 6 months of buildings operations, increase is professional services expenses unknown at time of budget adoption

- **Admissions Fund**

- projected deficit of \$4.7M below budgeted deficit of \$7M; ending reserve of \$6.2M vs budget of \$4M
- projected revenues above adopted budget due to higher exam fees
- projected expenses savings in line with budget

- **Lawyer Assistance Program Fund**

- projected to be above reserve target policy at 44.4%
- designated to support the General Fund by transferring \$0.5M of reserves

- **Client Security Fund**

- projected surplus of \$1.2M and ending reserve of \$8.8M
- designated to support the General Fund by transferring \$8.2M of reserves



# 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, 2023
- Budget variances at the cost center line-item greater/less than \$100,000 (per Board Book)
- Variances are detailed in Attachment D



# QUESTIONS?

