

AGENDA ITEM

March 141
2009 Budget Revisions –
Proposed Approval

DATE: March 5, 2009

TO: Members of the Planning, Program Development and Budget Committee
Members of the Board of Governors

FROM: The Office of Finance

SUBJECT: 2009 Budget Revisions – Proposed Approval

BACKGROUND:

The 2009 Budget was adopted by the Board in July 2008. Since the adoption of the budget, a number of changes have occurred that require amendments to the budget.

Creation of New Funds

Staff requests approval for the creation of three new funds. These are:

- **Building Assessment Fund:** a restricted fund to account for the proceeds of the special assessment authorized by the legislature for future space needs. Creation of this fund will allow the State Bar to segregate this restricted fee.
- **Benefits Reserve Fund:** a fund to account for resources dedicated to financing post-employment benefits other than pensions. In November 2008, the Board authorized the creation of an executive staff post retirement health benefit trust. This new fund will account for the costs of this benefit program.
- **OPEB Trust Fund:** a fiduciary fund to account for resources held by a duly authorized trust administered by the Bar and dedicated to financing post-employment benefits other than pensions. Under the rules of the Governmental Accounting Standards Board, the Bar must establish a fiduciary fund to account for the assets set aside to fund this benefit.

Amendment to Budget

Staff also requests that the 2009 budget be amended to provide additional budget authority to pay for the costs of the biennial State Audit. We received notice from the Bureau of State Audits in February that their fee for the 2009 audit will be in an amount not to exceed \$275,000. The amount in the 2009 budget for this audit is \$150,000. The budgeted amount was based on the cost of the last audit performed in 2007 of \$136,000. In order to enter into a contract with the Bureau of State Audits, the 2009 budget must be amended in the amount of \$125,000 to cover the unanticipated increase.

FISCAL AND PERSONNEL IMPACT:

Approval of this agenda item will increase the budget in the Administration and Support Fund in the amount of \$125,000 to cover the increased costs of the biennial State Audit.

BOARD BOOK IMPACT:

Approval of this agenda item will establish three new funds for the State Bar that will become part of the Board Book. These funds are:

- Building Assessment Fund: a restricted fund to account for the proceeds of the special assessment authorized by the legislature for future space needs.
- Benefits Reserve Fund: a fund to account for resources dedicated to financing post-employment benefits other than pensions
- OPEB Trust Fund: a fiduciary fund to account for resources held by a duly authorized trust administered by the Bar

RULE AMENDMENT IMPACT:

None

PROPOSED BOARD COMMITTEE RECOMMENDATION:

If the Board Planning, Program Development and Budget Committee agrees with staff's recommendation, the following resolution would be in order:

RESOLVED, that the Planning, Program Development, and Budget Committee approves and recommends to the Board of Governors that the 2009 budget be amended in the amount of \$125,000 to cover the increased costs of the 2009 biennial State Audit. The Committee further resolved that three new funds are established in the budget to account for the \$10 Building Reserve Special Fee and the Bar's executive post retirement health benefit program.

PROPOSED BOARD RECOMMENDATION:

RESOLVED, upon recommendation of the Board Planning, Program Development, and Budget Committee, that the Board of Governors hereby approves an amendment to the 2009 adopted budget to provide increased funding to cover the costs of the 2009 State Audit. Further resolved that three new funds be established in the budget to account for the \$10 Building Reserve Special Fee and the Bar's executive post retirement health benefit program.