



JUDICIAL COUNCIL OF CALIFORNIA

455 Golden Gate Avenue · San Francisco, California 94102-3688

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on December 16, 2016

Title	Agenda Item Type
Trial Court Allocations: Final Reduction Related to Statutory 1 Percent Cap on FY 2015–2016 Fund Balance Carryover	Action Required
Rules, Forms, Standards, or Statutes Affected	Effective Date
None	December 16, 2016
Recommended by	Date of Report
Zlatko Theodorovic, Director Judicial Council Budget Services	December 1, 2016
	Contact
	Colin Simpson, 415-865-4566 colin.simpson@jud.ca.gov

Executive Summary

Under Government Code section 77203(b), a trial court may carry over unexpended funds in an amount not to exceed 1 percent of the court's operating budget from the prior fiscal year. The Judicial Council staff recommends approving a final reduction allocation of \$8,781,656 related to the fund balance in fiscal year 2015–2016 and prior-year excluded funds, as required by Government Code section 68502.5(c)(2)(A).

Recommendation

The Judicial Council staff recommends that the Judicial Council adjust the preliminary 1 percent fund balance cap reduction allocation of \$9,438,587 approved by the council in July 2016 by a net \$657,281, for a final reduction allocation of \$8,781,306, to match the trial courts' final calculations of the amount above the 1 percent fund balance cap.

Previous Council Action

At its July 29, 2014, business meeting, to assist the Judicial Council in complying with Government Code section 68502.5(c)(2)(A), the council approved an annual process, starting in

FY 2015–2016, for trial courts to provide preliminary and final computations of the portion of their ending fund balances that are subject to the 1 percent cap:

1. By July 15 of each year, courts must submit a 1 percent computation form with *preliminary* year-end information. The information provided by courts is used by the council to make the preliminary allocation of reductions as required by statute. Courts are not required to provide the details related to encumbrances, prepayments, and restricted revenue when submitting the form for the preliminary allocation.
2. By October 15 of each year, courts must again submit the 1 percent computation form, this time with *final* year-end information.
3. Before February, the Judicial Council Director of Budget Services will report to the council the information provided by the courts for the final allocation reduction, if any.

At its July 2015 meeting, the Judicial Council approved a preliminary one-time allocation reduction of \$9,438,587 to courts that were projecting that the portion of their 2015–2016 ending fund balance—subject to the 1 percent fund balance cap—would exceed the cap by that amount, as required by statute.

Rationale for Recommendation

Government Code section 77203(b) limits the amount of fund balance a court can carry over from one fiscal year to the next, beginning June 30, 2014, to “an amount not to exceed 1 percent of the court’s operating budget from the prior fiscal year.” Government Code section 68502.5(c)(2)(A) requires that “[i]n January of each fiscal year, after review of available trial court reserves as of June 30 of the prior fiscal year, the Judicial Council shall finalize allocations to trial courts and each court’s finalized allocation shall be offset by the amount of reserves in excess of the amount authorized to be carried over pursuant to subdivision (b) of Section 77203.”

The figures in Attachment A reflect courts’ finalized and closed accounting records for fiscal year 2015–2016. The figures have been reviewed by the Judicial Council’s Budget Services and Trial Court Administrative Services staff. Column A displays the calculated cap amount for each court, and Column F shows the courts’ 2015–2016 fund balance amounts subject to the cap, excluding statutorily restricted funds per Government Code section 77203(b), encumbrances consistent with the state contracting process, and prepayments.

Column G displays courts’ final computation of the amount above their 1 percent cap, totaling \$2.1 million, and column H provides those 2015–2016 adjustments to courts’ 2013–2014 and 2014–2015 excluded fund amounts that resulted in the courts’ exceeding their 2013–2014 and 2014–2015 1 percent fund balance cap, totaling \$6.6 million. Column J displays the courts’ preliminary reduction computation. Column K displays the recommended allocation adjustment for each court, totaling a net \$657,281. The preliminary reductions included 20 courts. The final reductions include 23 courts. One court eliminated its reduction. Five of the remaining 19 courts

increased their reduction. Six courts reduced their reduction. Eight courts' reductions did not change after closing. Four courts had a final reduction that had no preliminary reduction.

Fourteen courts have submitted requests totaling \$8.3 million under the Judicial Council–approved process for trial courts to request that Trial Court Trust Fund–reduced allocations—related to the 1 percent fund balance cap—be retained in the TCTF as restricted fund balance for the benefit of those courts. This retention allows the courts to prudently plan for and fund necessary court infrastructure projects such as technology or infrastructure improvements; facilities maintenance and repair allowed under California Rules of Court, rule 10.810; court efficiencies projects; and other court infrastructure projects that would not be possible as an unintended consequence of the 1 percent fund balance cap.

Comments, Alternatives Considered, and Policy Implications

Because this recommendation is required by statute, this item was not circulated for public comment, no comments concerning the Judicial Council staff recommendation were received, and the Judicial Council staff did not consider any alternatives to this recommendation.

Implementation Requirements, Costs, and Operational Impacts

The allocation adjustments will be included in the January 2017 distributions to trial courts.

Attachments

1. Attachment A: Final Allocation Reduction for 2015–2016 Fund Balance Above the 1% Cap

Final Allocation Reduction for 2015–2016 Fund Balance Above the 1% Cap

Court	Cap	FY 2015-16 Fund Balance	Less: Encumbrances	Less: Restricted	Less: Prepayments	Fund Balance Subject to Cap	2015-16 Current Year Reduction	Prior Year Excluded Funds Reduction Adjustment	2015-16 Final Reduction	Less: 2015-16 Preliminary Reduction	2015-16 Final Reduction Allocation Adjustment
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F (B - C - D - E)	Col. G (If F > A, F - A)	Col. H	Col. I (G + H)	Col. J	Col. K (I - J)
Alameda	1,047,822	3,712,683	1,819,400	817,034	19,074	1,057,175	(9,354)	(1,228,100)	(1,237,454)	(2,015,955)	778,500
Alpine	5,580	250,486	3,365	8,039	-	239,082	(233,502)	-	(233,502)	(201,656)	(31,846)
Amador	27,541	28,770	11,318	750	788	15,914	-	-	-	-	-
Butte	128,586	495,673	26,275	318,852	22,052	128,494	-	(11,112)	(11,112)	(11,112)	0
Calaveras	28,058	163,368	36,117	123,309	-	3,942	-	-	-	-	-
Colusa	23,092	233,085	-	209,994	-	23,091	-	-	-	-	-
Contra Costa	606,487	4,138,513	811,037	2,808,433	-	519,043	-	-	-	-	-
Del Norte	32,185	525,329	40,298	387,508	-	97,522	(65,337)	-	(65,337)	(100,344)	35,006
El Dorado	87,570	269,760	8,648	252,388	-	8,725	-	(1,593)	(1,593)	(1,593)	-
Fresno	636,956	3,133,979	594,808	1,735,773	314,540	488,858	-	-	-	-	-
Glenn	33,512	206,421	154,023	19,678	-	32,720	-	(90,000)	(90,000)	(90,000)	-
Humboldt	87,498	368,334	97,454	144,975	85,691	40,216	-	-	-	-	-
Imperial	129,741	2,297,697	1,332,087	834,137	89,277	42,195	-	-	-	-	-
Inyo	27,008	488,772	71,458	390,463	176	26,675	-	-	-	-	-
Kern	685,776	7,702,562	3,061,593	2,573,471	575,909	1,491,589	(805,813)	(830,528)	(1,636,341)	(1,630,121)	(6,220)
Kings	89,780	176,646	34,646	85,104	-	56,897	-	-	-	-	-
Lake	38,762	320,040	162,053	127,424	-	30,563	-	(50,431)	(50,431)	(84,266)	33,835
Lassen	30,881	455,922	339,021	88,266	2,419	26,217	-	(132,420)	(132,420)	(132,148)	(272)
Los Angeles	7,235,907	81,871,282	63,041,091	13,067,781	971	5,761,439	-	-	-	-	-
Madera	98,908	1,349,807	542,029	807,778	-	0	-	(0)	(0)	(0)	-
Marin	144,221	943,910	285,054	511,354	10,000	137,501	-	-	-	-	-
Mariposa	15,888	30,696	-	15,655	-	15,041	-	-	-	-	-
Mendocino	66,420	194,150	41,653	120,930	157	31,411	-	(23,699)	(23,699)	(23,699)	-
Merced	161,350	3,553,229	710,134	2,686,947	-	156,148	-	(298,878)	(298,878)	(298,878)	-
Modoc	13,503	134,145	101,535	20,023	-	12,587	-	-	-	-	-
Mono	20,939	43,934	12,960	12,462	192	18,320	-	-	-	-	-
Monterey	219,657	1,402,215	474,739	693,126	129,005	105,345	-	(51,915)	(51,915)	(51,915)	-
Napa	94,594	1,170,754	316,082	514,832	-	339,840	(245,246)	(126,164)	(371,410)	(126,164)	(245,246)
Nevada	69,389	137,748	-	137,748	-	0	-	-	-	-	-
Orange	1,976,415	11,919,476	4,699,036	4,927,434	771,998	1,521,008	-	(857,268)	(857,268)	(857,269)	1
Placer	187,733	1,229,724	610,241	433,187	5,874	180,421	-	(217,178)	(217,178)	(217,178)	-
Plumas	15,820	146,707	95,984	36,228	-	14,495	-	-	-	-	-
Riverside	1,463,156	3,810,681	731,424	2,779,625	-	299,631	-	-	-	-	-
Sacramento	951,962	7,147,444	4,698,337	1,492,751	34,577	921,779	-	(1,872,855)	(1,872,855)	(1,872,855)	-
San Benito	30,120	233,547	122,375	62,036	21,412	27,724	-	-	-	-	-
San Bernardino	1,133,898	12,500,584	7,352,172	2,302,028	2,846,384	0	-	-	-	-	-
San Diego	1,767,497	20,697,274	6,005,528	11,429,839	2,647,730	614,177	-	-	-	-	-
San Francisco	800,735	8,901,758	7,587,640	1,265,528	14,249	34,341	-	(177)	(177)	-	(177)
San Joaquin	387,035	2,537,398	912,825	1,305,109	186,806	132,658	-	-	-	-	-

Final Allocation Reduction for 2015–2016 Fund Balance Above the 1% Cap

Court	Cap	FY 2015-16 Fund Balance	Less: Encum- brances	Less: Restricted	Less: Prepayments	Fund Balance Subject to Cap Col. F (B - C - D - E)	2015-16 Current Year Reduction Col. G (If F > A, F - A)	Prior Year Excluded Funds Reduction Adjustment Col. H	2015-16 Final Reduction Col. I (G + H)	Less: 2015-16 Preliminary Reduction Col. J	2015-16 Final Reduction Allocation Adjustment Col. K (I - J)
	Col. A	Col. B	Col. C	Col. D	Col. E						
San Luis Obispo	172,437	2,314,937	551,081	1,612,919	-	150,936	-	-	-	-	-
San Mateo	427,028	2,090,714	640,745	1,189,862	-	260,107	-	-	-	-	-
Santa Barbara	283,322	3,837,945	-	2,692,989	128,653	1,016,303	(732,981)	-	(732,981)	(522,282)	(210,699)
Santa Clara	989,019	4,930,683	2,222,591	2,472,042	-	236,051	-	-	-	-	-
Santa Cruz	148,259	353,694	-	348,902	-	4,792	-	-	-	-	-
Shasta	175,005	565,899	200,774	193,374	-	171,751	-	-	-	-	-
Sierra	8,010	140,775	85,000	7,234	7,234	41,306	(33,296)	-	(33,296)	-	(33,296)
Siskiyou	46,079	187,048	29,481	111,491	-	46,077	-	(29,481)	(29,481)	(29,552)	71
Solano	245,646	1,305,866	68,526	1,002,005	-	235,335	-	-	-	-	-
Sonoma	297,344	2,666,222	891,283	1,469,132	227,772	78,035	-	(824,106)	(824,106)	(824,106)	-
Stanislaus	265,122	1,921,577	491,445	1,172,272	240,200	17,660	-	-	-	-	-
Sutter	64,781	1,447,118	1,002,853	377,674	10,000	56,591	-	-	-	(347,495)	347,495
Tehama	53,086	1,045,073	878,556	110,772	24,000	31,745	-	-	-	-	-
Trinity	20,005	32,023	-	27,734	3,762	527	-	-	-	-	-
Tulare	271,817	2,114,319	1,337,103	433,574	85,396	258,246	-	-	-	-	-
Tuolumne	40,445	108,060	-	67,594	-	40,466	(21)	-	(21)	-	(21)
Ventura	477,716	2,165,835	1,694,299	127,605	-	343,930	-	-	-	-	-
Yolo	125,087	632,514	32,024	447,629	17,923	134,938	(9,852)	-	(9,852)	-	(9,852)
Yuba	58,338	164,101	35,515	58,868	42,972	26,747	-	-	-	-	-
Total	24,770,528	212,948,907	117,105,715	69,471,669	8,567,193	17,804,330	(2,135,402)	(6,645,904)	(8,781,306)	(9,438,587)	657,281