



## JUDICIAL COUNCIL OF CALIFORNIA

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# REPORT TO THE JUDICIAL COUNCIL

For business meeting on January 15, 2019

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Title

Trial Court Budget: Fiscal Year 2017–18  
Final One-Time Reduction for Fund Balances  
Above the 1 Percent Cap

Rules, Forms, Standards, or Statutes Affected  
None

Recommended by

Trial Court Budget Advisory Committee  
Hon. Jonathan B. Conklin, Chair

Agenda Item Type

Action Required

Effective Date

January 15, 2019

Date of Report

November 30, 2018

Contact

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### 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. Judicial Council staff recommend approving a final reduction allocation of \$1,737,127 related to the fund balance in fiscal year 2017–18 and prior-year excluded funds, as required by Government Code section 68502.5(c)(2)(A).

### Recommendation

Judicial Council staff recommend that the Judicial Council adjust the preliminary 1 percent fund balance cap reduction allocation of \$2,005,414 approved by the council on September 21, 2018, by a net \$268,287, for a final reduction allocation of \$1,737,127, to match the trial courts' final calculations of the amount above the 1 percent fund balance cap.

## Relevant Previous Council Action

At its business meeting on July 29, 2014, the council approved an annual process beginning in fiscal year 2015–16<sup>1</sup> for courts to provide preliminary and final computations of the portion of their ending fund balance that is subject to the 1 percent cap, in compliance with Government Code section 68502.5(c)(2)(A):

1. Each year courts will be required to submit the 1 percent computation form with preliminary year-end information by July 15. The information provided by courts will be used by the council to make the preliminary allocation of reductions as required by statute. Courts would not be required to provide the details related to encumbrances, prepayments, and restricted revenue when submitting the form for the preliminary allocation.
2. Each year, courts will be required to submit the 1 percent computation form with final year-end information by October 15.
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.

*(Trial Court Allocations: Funding for General Court Operations and Specific Costs in Fiscal Year 2014–2015, p. 13.)*

At its September 2018 business meeting, the Judicial Council approved a preliminary one-time allocation reduction of \$2,005,414 to courts that were projecting that the portion of their 2017–18 ending fund balance subject to the 1 percent fund balance cap would exceed the cap by that amount, as required by statute.

## Analysis/Rationale

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(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 2017–18, which have been reviewed by the Judicial Council’s Budget Services and Branch Accounting and Procurement staff:

- Column A displays the calculated cap amount for each court.

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<sup>1</sup> All year spans represent fiscal years, unless otherwise stated.

- Column F shows the courts' 2017–18 fund balance amounts subject to the cap, which excludes statutorily restricted funds per Government Code section 77203(b), encumbrances consistent with the state contracting process, and prepayments.
- Column G displays the courts' final computation of the amount above their 1 percent cap, totaling \$1.17 million.
- Column H provides 2017–18 adjustments to the courts' 2015–16 and 2016–17 excluded fund amounts that resulted in courts' exceeding their 2015–16 and 2016–17 fund balance caps, totaling \$559,683.
- Column I displays the courts' final total reduction computation.

Twelve courts have submitted requests totaling \$1.7 million (column J) under the Judicial Council–approved process for trial courts to request that Trial Court Trust Fund (TCTF)–reduced allocations related to the 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 rule 10.810 of the California Rules of Court, court efficiencies projects, and other court infrastructure projects that would not be possible as an unintended consequence of the 1 percent fund balance cap.

Attachment B provides detail on the final allocation adjustments for the 2017–18 1 percent cap adjustment and TCTF funds-held-on-behalf (FHOB) requests that will be distributed in the February 2018 TCTF distributions to the trial courts:

- Column A shows the preliminary 1 percent cap reductions taken in October 2018 that included 15 courts.
- Column B displays the final reductions, which included 20 courts.
- Column C shows the net adjustment of \$268,287 between the preliminary and final 1 percent cap calculations.
- Column D reflects the preliminary TCTF FHOB requests of \$896,779 returned in October 2018.
- Columns E and F reflect the final TCTF FHOB requests, totaling \$1.67 million. Of this amount, \$711,748 will be held in the TCTF fund balance for the courts that are saving funds for expenditures in future years.
- Column G displays the amounts that will be returned to courts in February 2018 for expenditure in 2018–19.

The amounts that will be returned to courts have been adjusted for those courts that have approved FHOB requests that exceed their reduction for the 1 percent fund balance cap. These courts will need to submit an amendment to their FHOB request that will bring their request totals to equal or less than their final 1 percent cap reductions. The final “Net Adjustment” column displays the total net allocation adjustment for both the 1 percent cap and the TCTF FHOB requests.

**Policy implications**

None.

**Comments**

This item was not circulated for comment. No comments were received for this item.

**Alternatives considered**

None.

**Fiscal and Operational Impacts**

None.

**Attachments and Links**

1. Attachment A: Final One-Time Allocation Reduction for Fund Balance Above the 1% Cap
2. Attachment B: Final Allocation Adjustments for 2017–18 1% Cap Adjustments and TCTF Funds Held on Behalf

Final One-Time Allocation Reduction for Fund Balance above the 1% Cap  
(as of November 1, 2018)

Court	Fund Balance Cap	2017-18 Ending Fund Balance	Encumbrance Reserves at June 30, 2018	Excluded Funds	Prepayments	Fund Balance Subject to Cap (B-C-D-E)	Current Year Reduction (F-A)	Prior Year Disencumbrance	Total FINAL Reduction (G+H)	Approved 2018-19 TCTF Funds Held on Behalf <sup>1</sup>	Net Reduction after Funds Held on Behalf (J - I)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L
ALAMEDA	979,229	10,764,153	7,576,896	1,239,274	0	1,379,800	400,264	307	400,571	400,000	(571)
ALPINE	8,117	50,133	29,931	12,670	0	7,532	-	-	-		-
AMADOR	29,744	99,785	51,221	26,200	0	22,364	-	-	-		-
BUTTE	136,149	882,333	87,670	396,170	139,020	200,776	64,627	-	64,627	46,316	(18,311)
CALAVERAS	27,463	336,970	0	151,513	183,578	1,878	-	-	-		-
COLUSA	22,386	447,148	14,059	243,351	0	189,738	167,352	-	167,352	170,000	-
CONTRA COSTA	564,402	3,183,024	583,443	2,086,831	0	512,750	-	689	689		(689)
DEL NORTE	32,530	559,199	29,581	441,427	858	87,333	54,803	-	54,803		(54,803)
EL DORADO	90,989	(420,273)	0	0	1,296	(421,569)	-	-	-		-
FRESNO	652,365	1,984,296	212,393	1,323,351	0	448,552	-	-	-		-
GLENN	30,444	191,355	79,069	61,117	0	22,169	-	-	-		-
HUMBOLDT	88,218	96,559	0	50,000	26,488	20,071	-	-	-		-
IMPERIAL	127,538	1,998,718	1,305,539	569,687	81,741	41,751	-	-	-		-
INYO	26,783	449,547	0	434,020	3,033	12,494	-	-	-		-
KERN	731,895	5,118,484	0	3,153,468	777,216	511,112	-	27,433	27,433		(27,433)
KINGS	101,093	1,076,940	824,824	202,191	15,000	34,925	-	-	-		-
LAKE	40,649	225,190	37,000	153,303	0	34,887	-	-	-		-
LASSEN	28,421	205,541	0	101,538	0	28,078	-	-	-		-
LOS ANGELES	7,411,933	57,856,044	31,803,441	19,998,834	50,443	5,098,599	-	-	-		-
MADERA	106,845	716,557	217,563	454,344	0	44,650	-	-	-		-
MARIN	141,634	1,038,451	109,577	794,875	5,000	128,999	-	-	-		-
MARIPOSA	16,565	46,114	7,131	23,827	0	15,156	-	-	-		-
MENDOCINO	71,749	628,834	429,483	195,224	0	4,127	-	-	-		-
MERCED	166,086	3,062,010	32,459	2,597,745	110,000	85,428	-	199	199		(199)
MODOC	11,647	39,820	0	28,296	0	11,524	-	-	-		-
MONO	21,980	271,571	35,340	37,776	16,264	182,191	160,211	-	160,211	160,210	(1)
MONTEREY	231,422	1,035,273	0	802,291	14,006	209,608	-	-	-		-
NAPA	103,297	693,542	12,140	571,984	7,258	16,479	-	500	500		(500)
NEVADA	70,098	241,329	0	239,454	0	1,875	-	-	-		-
ORANGE	1,931,120	10,575,918	1,374,177	5,830,747	1,008,041	1,897,719	-	8,311	8,311		(8,311)
PLACER	209,626	2,036,288	1,063,145	445,849	113,018	214,626	-	45,803	45,803	50,350	-
PLUMAS	13,179	47,307	0	47,154	0	153	-	-	-		-
RIVERSIDE	1,537,972	7,561,864	2,107,680	4,103,512	0	1,350,672	-	-	-		-
SACRAMENTO	923,061	5,724,985	1,378,378	1,762,575	19,478	924,583	1,518	4	1,522		(1,522)
SAN BENITO	30,887	223,301	149,070	6,625	36,753	30,853	-	-	-		-
SAN BERNARDINO	1,261,780	9,453,883	3,141,446	1,633,949	4,678,488	0	-	-	-		-
SAN DIEGO	1,745,335	11,925,326	291,970	10,743,491	636,420	253,445	-	-	-		-
SAN FRANCISCO	730,367	3,340,395	750,000	1,920,408	0	284,294	-	-	-		-
SAN JOAQUIN	417,261	2,402,351	162,199	1,891,852	231,728	116,572	-	-	-		-

1. The approved TCTF Funds Held on Behalf Requests include those requests pending before the Judicial Council at its January 14-15, 2019 meeting.

Final One-Time Allocation Reduction for Fund Balance above the 1% Cap  
(as of November 1, 2018)

Court	Fund Balance Cap	2017-18 Ending Fund Balance	Encumbrance Reserves at June 30, 2018	Excluded Funds	Prepayments	Fund Balance Subject to Cap (B-C-D-E)	Current Year Reduction (F-A)	Prior Year Disencumbrance	Total FINAL Reduction (G+H)	Approved 2018-19 TCTF Funds Held on Behalf <sup>1</sup>	Net Reduction after Funds Held on Behalf (J - I)
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G	Col. H	Col. I	Col. J	Col. K	Col. L
SAN LUIS OBISPO	166,074	2,089,112	183,189	1,740,161	0	165,762	-	-	-		-
SAN MATEO	439,436	2,397,032	658,183	1,160,605	308,915	269,329	-	208,123	<b>208,123</b>	250,000	-
SANTA BARBARA	301,264	3,326,276	589,495	2,733,873	0	2,908	-	-	-		-
SANTA CLARA	992,484	754,629	0	555,207	0	199,422	-	-	-		-
SANTA CRUZ	146,797	891,345	311,426	439,766	0	140,153	-	-	-		-
SHASTA	188,267	94,460	0	199,921	3,425	(108,886)	-	-	-		-
SIERRA	9,150	40,310	24,988	322	15,000	0	-	37,078	<b>37,078</b>	37,078	-
SISKIYOU	41,256	314,830	81,378	192,528	0	40,924	-	-	-		-
SOLANO	264,522	1,470,866	191,121	1,027,291	0	252,454	-	183,965	<b>183,965</b>	183,965	-
SONOMA	287,524	2,290,915	0	1,753,226	488,095	49,594	-	-	-		-
STANISLAUS	273,565	779,725	0	108,956	397,204	273,565	-	-	-		-
SUTTER	64,403	689,571	296,525	298,417	0	49,425	-	-	-	9,041	-
TEHAMA	46,517	904,341	354,700	177,503	0	372,138	325,621	-	<b>325,621</b>	326,538	-
TRINITY	22,033	116,381	50,337	40,077	5,736	20,231	-	-	-		-
TULARE	297,463	776,501	159,709	374,356	159,833	82,603	-	45,020	<b>45,020</b>	45,020	-
TUOLUNME	42,470	157,058	0	111,540	0	45,518	3,048	-	<b>3,048</b>		(3,048)
VENTURA	522,724	2,847,563	2,374,401	128,853	0	344,309	-	-	-		-
YOLO	135,798	877,363	327,712	518,000	0	31,651	-	842	<b>842</b>		(842)
YUBA	64,784	386,080	178,206	101,883	54,295	51,696	-	1,409	<b>1,409</b>	1,409	-
<b>TOTAL</b>	<b>25,178,789</b>	<b>167,374,623</b>	<b>59,678,195</b>	<b>76,439,408</b>	<b>9,587,630</b>	<b>16,288,990</b>	<b>1,177,444</b>	<b>559,683</b>	<b>1,737,127</b>	<b>1,679,927</b>	<b>(116,230)</b>

1. The approved TCTF Funds Held on Behalf Requests include those requests pending before the Judicial Council at its January 14-15, 2019 meeting.

Final Allocation Adjustments for 2017-18  
1% Cap Adjustment and TCTF Funds Held on Behalf

Court	1% Cap Adjustments			TCTF Funds Held on Behalf (FHOB)				Net Adjustment
	Preliminary Reduction for Fund Balance Above the 1% Cap  One-Time Oct #4 Dist	Final Reduction for Fund Balance Above the 1% Cap	Fund Balance Above the 1% Total Allocation Adjustments  One-Time Feb #7 Dist	Preliminary TCTF Funds Held on Behalf of the Trial Courts  One-Time Oct #4 Dist	Final TCTF Funds Held on Behalf of the Trial Courts to be Returned in 2018-19	TCTF Funds Held in Reserve in the TCTF for Future Years <sup>1</sup>	Total TCTF FHOB of the Trial Courts Total Allocation Adjustments for 2018-19  One-Time Feb #7 Dist	
Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G		
Alameda	(800,000)	(400,571)	399,429	800,000	400,000		(400,000)	(571)
Alpine	-	-	-				-	-
Amador	-	-	-				-	-
Butte	(1,721)	(64,627)	(62,906)		46,316		46,316	(16,590)
Calaveras	-	-	-				-	-
Colusa <sup>2</sup>	(150,587)	(167,352)	(16,765)			170,000	-	(16,765)
Contra Costa	-	(689)	(689)				-	(689)
Del Norte	(97,191)	(54,803)	42,388				-	42,388
El Dorado	-	-	-				-	-
Fresno	-	-	-				-	-
Glenn	-	-	-				-	-
Humboldt	-	-	-				-	-
Imperial	-	-	-				-	-
Inyo	-	-	-				-	-
Kern	(27,433)	(27,433)	-				-	-
Kings	-	-	-				-	-
Lake	-	-	-				-	-
Lassen	-	-	-				-	-
Los Angeles	-	-	-				-	-
Madera	-	-	-				-	-
Marin	-	-	-				-	-
Mariposa	-	-	-				-	-
Mendocino	-	-	-				-	-
Merced	(500)	(199)	301				-	301
Modoc	-	-	-				-	-
Mono	(202,590)	(160,211)	42,379		20,000	140,210	20,000	62,379
Monterey	-	-	-				-	-
Napa	(500)	(500)	-				-	-
Nevada	-	-	-				-	-
Orange	-	(8,311)	(8,311)				-	(8,311)
Placer <sup>2</sup>	(50,365)	(45,803)	4,562	50,350	45,803		(4,547)	15
Plumas	-	-	-				-	-
Riverside	-	-	-				-	-
Sacramento	4	(1,522)	(1,526)				-	(1,526)
San Benito	-	-	-				-	-
San Bernardino	-	-	-				-	-
San Diego	-	-	-				-	-
San Francisco	-	-	-				-	-
San Joaquin	-	-	-				-	-
San Luis Obispo	-	-	-				-	-
San Mateo <sup>2</sup>	(400,000)	(208,123)	191,877			250,000	-	191,877
Santa Barbara	-	-	-				-	-
Santa Clara	-	-	-				-	-
Santa Cruz	-	-	-				-	-
Shasta	-	-	-				-	-
Sierra	(43,295)	(37,078)	6,217		37,078		37,078	43,295
Siskiyou	-	-	-				-	-
Solano	(183,965)	(183,965)	-		183,965		183,965	183,965
Sonoma	-	-	-				-	-
Stanislaus	-	-	-				-	-
Sutter	-	-	-				-	-
Tehama <sup>2</sup>	-	(325,621)	(325,621)		175,000	151,538	175,000	(150,621)
Trinity	-	-	-				-	-
Tulare	(45,020)	(45,020)	-	45,020	45,020		-	-
Tuolumne	-	(3,048)	(3,048)				-	(3,048)
Ventura	-	-	-				-	-
Yolo	(842)	(842)	-				-	-
Yuba	(1,409)	(1,409)	-	1,409	1,409		-	-
<b>Total</b>	<b>(2,005,414)</b>	<b>(1,737,127)</b>	<b>268,287</b>	<b>896,779</b>	<b>954,591</b>	<b>711,748</b>	<b>57,812</b>	<b>326,099</b>

<sup>1</sup> Approved requests for TCTF funds held on behalf will be held in reserve in the TCTF account for courts that have indicated they will incur expenditures in future years

<sup>2</sup> Courts that have approved requests in excess of the final 1% fund balance cap reduction will need to submit an amended request that is equal to or less than their final 1% cap reduction.