



Judicial Council of California

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 24-172

For business meeting on November 15, 2024

Title

Trial Court Budget: 2023–24 Final
Adjustments for Year-End Fund Balances

Report Type

Action Required

Effective Date

November 15, 2024

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

October 22, 2024

Recommended by

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

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 3 percent of the court's operating budget from the prior fiscal year. The Trial Court Budget Advisory Committee recommends a final one-time allocation reduction of \$25.5 million related to the fund balance cap in 2023–24 and prior year excluded funds, which nets to \$1.5 million after adjusting for \$24 million in reductions in applicable requests for the Trial Court Trust Fund funds held on behalf of the trial courts.

Recommendation

The Trial Court Budget Advisory Committee recommends that the Judicial Council, effective November 15, 2024, approve the final 2023–24 year-end adjustment of a 3 percent fund balance cap allocation reduction of \$25.5 million, which nets to \$1.5 million after adjusting for \$24 million in applicable funds held on behalf of the trial courts' requests to be retained in the Trial Court Trust Fund for the benefit of those courts.

This recommendation was presented to the Judicial Branch Budget Committee on October 11, 2024, and approved for consideration by the Judicial Council.

Relevant Previous Council Action

At its July 29, 2014, business meeting, the Judicial Council approved an annual process beginning in 2015–16 for courts to provide preliminary and final computations of the portion of their ending fund balance that is subject to the statutory cap:

1. Each year, courts will be required to submit the computation form with preliminary year-end information by July 15. The information provided by courts will be used by the Judicial Council to make a preliminary allocation of reductions as required by statute. Courts will 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 computation form with final year-end information.
3. Before February, the Judicial Council’s chief financial officer will report to the council the information provided by the courts for the final allocation reduction, if any.

Analysis/Rationale

Government Code section 68502.5(c)(2)(A) requires the Judicial Council to make a preliminary allocation reduction in July of each fiscal year and to finalize allocations by January, which are then offset by the amount of fund balance (or reserves) in excess of the fund balance cap authorized in statute.

Beginning June 30, 2014, Government Code section 77203(b) limited the amount of funds to be carried over from one year to the next. Effective June 30, 2014, and concluding June 30, 2019, a trial court could carry over unexpended funds in an amount not to exceed 1 percent of the court’s operating budget (defined as actual expenditures including accruals and encumbrances) from the prior fiscal year. Effective June 30, 2020, a trial court may carry over unexpended funds in an amount not to exceed 3 percent of the court’s operating budget from the prior fiscal year.

The figures in Attachment A reflect trial courts’ final accounting records for fiscal year 2023–24. This information was reviewed by the Judicial Council’s Budget Services and Branch Accounting and Procurement staff and is summarized below:

- Column A displays the calculated fund balance cap amount for each court;
- Column J shows court’s 2023–24 fund balance amounts subject to the cap, excluding statutorily restricted funds per Government Code section 77203(b), encumbrances consistent with the state contracting process, prepayments, and approved funds held on behalf (FHOB) requests which are held in the Trial Court Trust Fund (TCTF);
- Column K displays courts’ final computation of the amount above the 3 percent cap totaling \$24.4 million;
- Column M provides the 2023–24 adjustments to courts’ 2021–22 and 2022–23 fund balance cap, totaling \$1.1 million;
- Column N displays the courts’ final total reduction computation totaling \$25.5 million, which affects 40 courts;

- Column O reflects the final TCTF FHOB requests totaling \$24 million (assumes council approval of the TCTF FHOB item); and
- Column P displays the net reduction for the fund balance above the 3 percent cap after accounting for the TCTF FHOB requests. The reduction will be allocated to the trial courts in December 2024 distribution #6.

At its March 15, 2024, business meeting, the Judicial Council adopted revisions to the *Process, Criteria, and Required Information for Trial Court Trust Fund Fund Balance Held on Behalf of the Courts* policy.¹ The revisions include implementation of a reimbursement model to distribute funding to the participating trial courts based on actual expenditures for approved projects.

Consistent with the new policy, Judicial Council’s Budget Services staff reduced the monthly trial court distribution for each court that received funding—that had not been expended—for approved FHOB projects in June, July, and August 2024 distributions. Once the funds are returned to be held in the TCTF, courts are reimbursed for actual expenditures related to open FHOB projects. These expenditures are reimbursed to the court in the following month via the monthly distribution process.

A total of 27 courts have submitted FHOB requests totaling \$24 million for 2023–24 (Column O) under the Judicial Council’s approved process for trial courts to request an adjustment to their TCTF allocation reduction related to the fund balance above the cap. The \$24 million will be retained in the TCTF as restricted fund balance for the benefit of those courts. This process 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 efficiency projects, and other court infrastructure projects that would not be possible as an unintended consequence of the 3 percent fund balance cap.

Policy implications

The recommendations are consistent with the statutory requirement that the council make a final allocation for the trial courts by January of each fiscal year.

Comments

This proposal was not circulated for public comment. However, the recommendations were considered at meetings that were open to the public, and no public comments were received.

Alternatives considered

The recommendations are consistent with current law and approved council policies. No other alternatives were considered.

¹ Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Update to the Funds Held on Behalf of the Trial Courts Policy* (Feb. 22, 2024), <https://jcc.legistar.com/View.ashx?M=F&ID=12700382&GUID=9C3189C0-C9AA-4818-BB78-3807018030F0>.

Fiscal and Operational Impacts

Maintaining an allowable fund balance consistent with statutory requirements and utilization of the FHOB process for approved projects enables the trial courts to prudently manage available funding to support court operations.

Attachments and Links

1. Attachment A: 2023–24 Final Adjustments for Year-end Fund Balances

2023-24 Final Adjustments for Year-end Fund Balances

Court	Fund Balance Cap	FY 2023-24 Ending Fund Balance	Encumbrance Reserves at June 30	Excluded Funds per GG 77203	Prepayments	Prepaid Expenses for CFR related to FHOB FY 2022-23 and prior	Cannabis Conviction Resentencing	FHOB Returned to Court for FY 2022-23 and prior	FHOB Related to CFR FY 2022-23 and prior	Fund Balance Subject to Cap ¹	Current Year Reduction	FHOB Returned to TCTF	Prior Year Disencumbrance	Total Final Reduction	Approved 2023-24 FHOB ²	Net Reduction after FHOB (December 2024 Dist. #6)
	A	B	C	D	E	F	G	H	I	J (B-C-D-E+F+G-H-I)	K	L	M	N (K+L+M)	O	P (N-O)
ALAMEDA	3,685,188	12,549,761	6,481,880	2,769,270	0	0	0	0	0	3,298,611	0	0	0	0	0	0
ALPINE	32,862	119,375	0	15,734	103,640	0	0	0	0	0	0	0	0	0	0	0
AMADOR	153,885	1,807,741	83,308	106,853	205,815	205,815	0	0	205,815	1,411,765	1,257,880	0	0	1,257,880	1,257,880	0
BUTTE	568,050	4,475,042	3,214,117	489,627	162,330	0	0	0	0	608,968	0	0	57,031	57,031	0	57,031
CALAVERAS	119,792	1,209,200	166,955	284,970	272,657	0	0	0	0	484,618	364,825	0	0	364,825	241,938	122,887
COLUSA	109,506	1,537,227	351,548	375,999	217,970	168,065	0	0	168,065	591,710	482,204	0	0	482,204	482,200	4
CONTRA COSTA	2,098,832	9,619,636	5,443,042	2,294,461	25,022	0	0	0	0	1,857,110	0	0	125,049	125,049	0	125,049
DEL NORTE	163,187	909,202	1,101	375,508	58,805	0	0	0	0	473,788	310,602	0	0	310,602	310,602	0
EL DORADO	373,452	509,073	0	250,732	191,441	0	0	0	0	66,900	0	0	45,000	45,000	0	45,000
FRESNO	2,495,444	6,672,578	4,006,062	857,548	0	0	0	0	0	1,808,968	0	0	0	0	0	0
GLENN	138,522	647,609	109,867	142,879	0	0	0	0	0	394,864	241,328	0	15,015	256,343	241,295	15,048
HUMBOLDT	305,982	627,123	190,971	205,213	49,384	0	0	0	0	181,554	0	0	0	0	0	0
IMPERIAL	456,991	2,743,422	1,013,942	830,631	226,637	0	0	0	0	672,212	152,001	0	63,219	215,221	152,001	63,220
INYO	124,087	523,522	15,892	353,632	0	0	0	0	0	153,997	29,910	0	0	29,910	0	29,910
KERN	3,098,530	10,350,630	2,339,781	4,574,266	452,128	0	0	0	0	2,984,455	0	0	2,001	2,001	0	2,001
KINGS	438,170	1,973,648	18,597	238,097	211,460	8,725	0	0	8,725	1,505,495	1,067,325	0	0	1,067,325	1,067,325	0
LAKE	179,607	1,050,557	187,318	330,017	0	0	0	0	0	533,222	353,614	0	0	353,614	353,614	0
LASSEN	129,414	216,710	0	121,792	0	0	0	0	0	94,918	0	0	0	0	0	0
LOS ANGELES	33,455,845	223,662,441	134,164,781	43,269,615	23,611,821	0	0	0	0	22,616,225	0	0	0	0	0	0
MADERA	498,013	1,253,663	74,019	500,717	0	0	0	0	0	678,927	148,721	0	32,192	180,914	0	180,914
MARIN	493,070	2,287,882	2,076	904,675	13,227	0	0	0	0	1,367,904	872,526	0	2,309	874,835	874,835	0
MARIPOSA	86,248	525,777	90,348	54,418	192,929	0	0	0	0	188,082	101,827	0	6	101,833	101,833	0
MENDOCINO	317,566	980,168	424,407	319,190	7,773	0	0	0	0	228,797	0	0	0	0	0	0
MERCED	697,239	4,344,698	556,240	3,110,869	0	0	0	0	0	677,589	0	0	0	0	0	0
MODOC	56,647	158,761	0	53,816	0	0	0	0	0	104,945	48,297	0	0	48,297	0	48,297
MONO	81,038	497,211	13,187	125,652	114,919	0	0	0	0	243,453	162,412	0	3	162,415	162,415	0
MONTEREY	1,004,739	5,015,348	1,721,959	1,750,124	20,000	20,000	0	0	20,000	1,523,265	505,826	0	12,700	518,526	518,526	0
NAPA	370,274	1,086,053	110,040	836,344	3,697	0	0	0	0	135,972	0	0	0	0	0	0
NEVADA ³	282,993	770,526	33,764	537,252	6,405	0	0	0	0	193,105	0	0	3,927	3,927	0	3,927
ORANGE	7,741,953	22,996,492	8,444,787	4,818,231	324,269	0	0	0	0	9,409,205	1,617,530	0	49,722	1,667,252	1,617,630	49,622
PLACER	922,143	6,338,717	1,810,203	881,406	2,159,178	0	0	0	0	1,487,930	559,673	0	6,114	565,787	409,672	156,115
PLUMAS	53,468	722,206	29,873	114,320	0	0	0	0	0	578,012	524,545	0	0	524,545	0	524,545
RIVERSIDE	6,600,811	14,909,911	1,948,411	6,330,774	0	0	0	0	0	6,630,725	29,690	0	224	29,914	29,914	0
SACRAMENTO	4,039,271	12,070,522	4,046,668	4,152,529	0	0	0	0	0	3,871,325	0	0	177,889	177,889	177,888	1
SAN BENITO	200,108	770,182	215,245	106,129	94,639	89,624	0	0	89,624	354,169	154,061	0	0	154,061	154,061	0
SAN BERNARDINO	5,552,120	26,662,838	5,680,936	1,704,662	8,503,510	0	0	0	0	10,773,729	4,816,904	0	404,705	5,221,609	5,221,609	0
SAN DIEGO	6,697,489	24,211,960	5,337,148	12,898,271	280,281	0	0	0	0	5,696,259	0	0	0	0	0	0
SAN FRANCISCO	2,713,648	4,725,976	741,240	2,987,130	0	0	0	0	0	997,606	0	0	0	0	0	0
SAN JOAQUIN	1,653,645	14,164,256	677,445	2,613,960	844,817	176,224	0	0	176,224	10,028,033	8,374,389	0	0	8,374,389	8,374,389	0
SAN LUIS OBISPO	732,939	3,105,687	19,661	2,190,895	8,857	0	0	0	0	886,274	153,334	0	0	153,334	153,334	0
SAN MATEO	1,800,546	3,257,775	88,213	828,596	749,704	0	0	0	0	1,591,262	0	0	65,083	65,083	65,083	0
SANTA BARBARA	1,223,278	1,865,859	257,209	1,443,188	110,988	0	0	0	0	54,474	0	0	0	0	0	0
SANTA CLARA	3,989,616	13,432,761	7,487,206	1,422,345	556,861	0	0	0	0	3,966,349	0	0	4,679	4,679	0	4,679
SANTA CRUZ	659,281	1,551,842	34,611	933,481	0	0	0	0	0	583,750	0	0	0	0	0	0
SHASTA	785,566	1,690,559	300,923	589,479	19,911	0	0	0	0	780,246	0	0	0	0	0	0
SIERRA	44,637	430,256	10,670	10,303	350,676	0	0	0	0	58,608	13,971	0	0	13,971	13,971	0
SISKIYOU	180,860	592,358	0	412,611	0	0	0	0	0	179,747	0	0	0	0	0	0
SOLANO	1,097,866	4,090,887	1,211,878	1,913,074	12,044	0	0	0	0	953,890	0	0	0	0	0	0
SONOMA	1,116,311	4,958,460	1,525,207	1,849,663	675,284	0	0	0	0	908,306	0	0	0	0	0	0
STANISLAUS	1,135,694	4,260,202	100,573	628,920	1,113,120	0	0	0	0	2,417,588	1,272,100	0	9,795	1,281,895	1,272,100	9,795
SUTTER	331,975	1,823,215	408,789	355,116	320,666	189,113	0	0	189,113	738,644	406,669	0	0	406,669	406,669	0
TEHAMA	245,152	1,103,367	124,750	409,379	0	0	0	0	0	569,238	322,916	0	1,171	324,087	324,087	0
TRINITY	91,412	307,976	27,006	45,720	62,262	0	0	0	0	172,987	81,575	0	0	81,575	0	81,575
TULARE	1,320,491	4,538,201	2,503,733	592,394	298,927	0	0	0	0	1,143,148	0	0	5,087	5,087	0	5,087
TUOLUNME	206,272	364,724	0	198,438	0	0	0	0	0	166,287	0	0	0	0	0	0
VENTURA	1,860,446	2,517,001	271,124	796,188	0	0	0	0	0	1,449,689	0	0	6,312	6,312	6,312	0
YOLO	669,842	1,420,867	176,658	590,496	0	0	0	0	0	653,713	0	0	4,375	4,375	0	4,375
YUBA	240,922	547,955	0	251,725	52,908	0	0	0	0	243,322	2,400	0	0	2,400	0	2,400
TOTAL	105,922,934	477,557,595	204,295,371	118,149,325	42,686,963	857,566	0	0	857,566	112,425,937	24,429,055	-	1,093,609	25,522,665	23,991,183	1,531,482

¹ Variance in total is due to rounding.

² Approved TCTF FHOB requests include those requests pending before the Judicial Council at its November 15, 2024 business meeting.

³ Nevada Court submitted FHOB requests that resulted in a net zero adjustment.