



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 23-018

For business meeting on January 20, 2023

Title

Trial Court Budget: 2021–22 Final
Adjustments for Year-end Fund Balances

Agenda Item Type

Action Required

Effective Date

January 20, 2023

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

December 20, 2022

Recommended by

Trial Court Budget Advisory Committee
Hon. Jonathan B. Conklin, Chair
Ms. Rebecca Fleming, Vice-Chair

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Executive Summary

Pursuant to 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 adjustment of \$13.9 million related to the fund balance cap in 2021–22 and prior-year excluded funds, as required by Government Code section 68502.5(c)(2)(A), which nets to \$1.5 million after adjusting for \$12.4 million in reductions in funds held on behalf of trial courts.

Recommendation

The Trial Court Budget Advisory Committee recommends that the Judicial Council, effective January 20, 2023, approve the final 2021–22 year-end adjustment of a 3 percent fund balance cap allocation reduction of \$13.9 million to match the trial courts' final calculations of the amount above the 3 percent fund balance cap, further reduced by \$12.4 million in approved funds held on behalf of the trial courts to \$1.5 million to be reverted to the Trial Court Trust Fund.

This recommendation was presented to the Judicial Branch Budget Committee on November 16, 2022, 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 on the portion of their ending fund balance that is subject to the 1 percent cap required by 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 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 1 percent computation form with final year-end information by October 15.
3. Before February, the director of the Judicial Council’s Budget Services office will report to the council the information provided by the courts for the final allocation reduction, if any.

Analysis/Rationale

Pursuant to Government Code section 77203(b), a trial court could carry over unexpended funds in an amount not to exceed 1 percent of the court’s operating budget from the prior fiscal year commencing June 30, 2014, and concluding June 30, 2019. Commencing 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.

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 the trial courts’ finalized and closed accounting records for 2021–22, which have been reviewed by the Judicial Council’s Budget Services and Branch Accounting and Procurement staff:

- Column A displays the calculated fund balance cap amount for each court;
- Column H shows the courts’ 2021–22 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) returned to courts;
- Column I displays the courts’ final computation of the amount above their 3 percent cap, totaling \$13.8 million;

- Column J displays FHOB returned to the Trial Court Trust Fund (TCTF), totaling \$4,000;
- Column K provides those 2021–22 adjustments to the courts’ 2019–20 and 2020–21 fund balance cap, totaling \$106,000; and
- Column L displays the courts’ final total reduction computation, totaling \$13.9 million.

A total of 20 courts have submitted requests totaling \$12.4 million (Column M) under the Judicial Council–approved process for trial courts to request that TCTF-reduced allocations related to the fund balance cap be retained in the TCTF as restricted fund balance for the benefit of those courts¹. 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 3 percent fund balance cap.

Attachment B provides details on the final allocation adjustments for the 3 percent cap adjustment for 2021–22 and TCTF FHOB requests that will be distributed in the February 2023 distribution to the trial courts:

- Column A displays the preliminary 3 percent cap reductions. Due to timing and when information would become available, the preliminary reduction amounts related to trial court reserves above the 3 percent cap were set at \$0 for the Judicial Council’s July 15, 2022, business meeting and deferred to be considered as the final allocation reductions for fund balances above the 3 percent cap prior to recommendation to the Judicial Council at its business meeting in January 2023;
- Column B displays the final reductions, affecting 30 courts;
- Column C shows the adjustment between the preliminary and final 3 percent cap calculations;
- Column D reflects the preliminary TCTF FHOB requests returned to the courts;
- Column E reflects the final TCTF FHOB requests totaling \$12.4 million. Of this amount, \$4.4 million will be allocated to trial courts for 2022–23 expenditures (Column F) and \$8.0 million will be held in the TCTF fund balance for the courts that are saving funds for expenditures in future years shown in Column G;
- Column H displays the February 2023 allocation adjustment for TCTF FHOB of the trial courts; and
- The Net Adjustment column displays the total net allocation adjustment for both the 3 percent cap and the TCTF FHOB returning to courts in 2022–23.

Policy implications

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

¹ As approved by the Fiscal Planning Subcommittee at its October 20, 2022 meeting and its December 8, 2022 action by email between meetings.

Comments

This recommendation did not circulate for comment and received no public comment.

Alternatives considered

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

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: 2021–22 Final Adjustments for Year-end Fund Balances
2. Attachment B: Final Allocation Adjustments for 2021–22 Fund Balance 3 Percent Cap Adjustments and TCTF Funds Held on Behalf

2021-22 Final Adjustments for Year-end Fund Balances

Court	Fund Balance Cap	2021-22 Ending Fund Balance	Encumbrance Reserves at June 30	Excluded Funds	Prepayments	Cannabis Conviction Resentencing	FHOB Returned to Court	Fund Balance Subject to Cap ¹	Current Year Reduction	FHOB Returned to TCTF	Prior Year Disencumbrance	Total Final Reduction	Approved 2021-22 FHOB ²	Net Reduction after FHOB
	A	B	C	D	E	F	G	H (B - C : G)	I	J	K	L (I + J + K)	M	N (L - M)
ALAMEDA	3,669,558	14,109,594	9,223,280	1,747,950	16,150	0	0	3,122,215	0	0	0	0	0	0
ALPINE	27,075	79,689	66,119	10,529	2,580	0	0	461	0	0	0	0	0	0
AMADOR	142,258	1,191,592	79,184	67,325	340	0	0	1,044,742	902,484	0	0	902,484	902,484	0
BUTTE	498,207	1,943,951	745,045	433,222	179,288	0	0	586,395	86,382	1,806	0	88,188	88,188	0
CALAVERAS	115,090	759,913	2,342	238,366	261,369	0	86,494	171,343	56,253	0	0	56,253	0	56,253
COLUSA	96,194	1,700,696	45,165	315,466	9,781	0	873,225	457,059	354,215	0	6,650	360,865	168,065	192,800
CONTRA COSTA	2,010,357	8,574,591	4,299,270	2,167,610	177,801	0	0	1,929,910	0	0	0	0	0	0
DEL NORTE	118,432	1,455,798	590,894	477,495	73,847	0	300,000	13,562	0	0	0	0	0	0
EL DORADO	314,316	1,286,820	410,218	31,253	20,475	0	0	824,874	510,558	0	0	510,558	504,978	5,580
FRESNO	2,246,502	2,722,941	112,255	1,239,565	0	0	0	1,371,121	0	0	0	0	0	0
GLENN	112,039	510,018	81,278	141,507	0	0	57,914	229,319	117,280	0	0	117,280	111,000	6,280
HUMBOLDT	292,162	495,860	189,804	95,823	26,870	0	0	183,363	0	0	0	0	0	0
IMPERIAL	439,726	3,124,751	1,347,853	707,459	261,229	0	475,680	332,530	0	0	4,406	4,406	0	4,406
INYO	87,599	625,949	0	335,715	281,094	0	0	9,140	0	0	0	0	0	0
KERN	2,676,461	16,739,005	6,540,259	3,502,693	2,626,809	0	1,829,124	2,240,120	0	0	0	0	0	0
KINGS	382,739	1,999,503	54,570	427,084	505,879	0	0	1,011,969	621,092	0	8,138	629,230	629,230	0
LAKE	153,631	1,019,584	71,062	255,420	28,532	0	0	664,571	439,842	0	71,098	510,940	510,940	0
LASSEN	137,663	584,674	229,324	189,726	16,228	0	75,925	73,471	0	0	0	0	0	0
LOS ANGELES	25,420,665	143,797,739	61,967,123	34,213,491	27,415,256	0	0	20,201,869	0	0	0	0	0	0
MADERA	394,299	809,693	55,468	396,363	1,525	0	0	356,337	0	0	1,265	1,265	0	1,265
MARIN	515,312	1,012,307	0	701,963	243,517	0	0	66,828	0	0	0	0	0	0
MARIPOSA	69,273	382,976	481	41,082	218,387	0	0	123,026	53,753	0	0	53,753	53,753	0
MENDOCINO	255,865	734,912	388,837	223,685	0	0	0	122,391	0	0	0	0	0	0
MERCED	576,470	3,473,595	98,516	2,815,635	24,243	0	0	535,202	0	0	0	0	0	0
MODOC	56,694	131,024	0	37,801	0	0	0	93,224	36,530	0	0	36,530	0	36,530
MONO	87,295	837,930	44,898	90,924	187,134	0	45,000	469,974	382,678	0	3	382,681	135,000	247,681
MONTEREY	850,366	2,832,430	107,164	1,238,931	0	0	83,015	1,403,320	551,974	0	979	552,953	552,953	0
NAPA	356,594	1,012,872	80,362	820,814	0	0	0	111,696	0	1,958	0	1,958	0	1,958
NEVADA	246,561	685,820	179,130	394,114	0	0	0	112,576	0	0	0	0	0	0
ORANGE	6,476,671	8,555,062	2,653,719	2,644,182	616,650	0	0	2,640,511	0	0	0	0	0	0
PLACER	761,509	3,066,050	368,121	653,658	29,445	0	648,810	1,366,016	604,507	0	0	604,507	575,000	29,507
PLUMAS	57,314	139,936	0	87,252	0	0	0	52,684	0	0	5,653	5,653	0	5,653
RIVERSIDE	5,554,651	16,627,743	6,545,570	4,832,391	0	0	0	5,249,782	0	0	0	0	0	0
SACRAMENTO	3,254,820	16,328,442	3,777,897	3,398,170	872,114	0	1,079,311	7,200,950	3,946,130	0	0	3,946,130	3,946,130	0
SAN BENITO	138,775	1,789,177	4,706	64,370	3,162	0	868,632	848,307	704,532	0	5,000	709,532	709,532	0
SAN BERNARDINO	4,678,544	4,801,758	462,091	838,517	1,593,445	0	0	1,907,705	0	0	0	0	0	0
SAN DIEGO	5,906,488	21,100,760	5,487,648	11,880,531	491,805	0	0	3,240,777	0	0	0	0	0	0
SAN FRANCISCO	2,405,990	4,615,083	2,222,748	2,193,530	0	0	0	198,805	0	0	0	0	0	0
SAN JOAQUIN	1,525,433	3,971,152	41,217	1,922,038	269,547	0	0	1,738,350	212,917	0	0	212,917	212,917	0
SAN LUIS OBISPO	600,929	3,254,293	0	2,048,563	133,061	0	0	1,072,669	471,740	0	0	471,740	471,740	0
SAN MATEO	1,622,251	4,515,730	628,439	931,719	360,267	0	0	2,595,305	973,054	0	0	973,054	973,054	0
SANTA BARBARA	1,041,909	4,953,798	870,549	3,261,368	83,338	0	0	738,543	0	0	0	0	0	0
SANTA CLARA	3,121,319	6,192,638	2,999,429	1,099,806	52,335	0	0	2,041,068	0	0	0	0	0	0
SANTA CRUZ	543,450	1,749,566	422,672	811,263	0	0	0	515,631	0	0	1,008	1,008	0	1,008
SHASTA	744,636	2,869,725	120,638	435,364	5,023	0	1,586,671	722,028	0	0	0	0	0	0
SIERRA	36,317	242,254	44,924	15,996	115,413	0	0	65,921	29,604	0	0	29,604	29,604	0
SISKIYOU	139,842	546,783	165,661	301,034	394	0	0	79,694	0	0	0	0	0	0
SOLANO	996,726	2,797,107	349,388	1,503,756	700	0	0	943,264	0	0	1,866	1,866	0	1,866
SONOMA	924,889	4,605,790	9,691	2,341,644	438,581	0	0	1,815,874	890,985	0	0	890,985	0	890,985
STANISLAUS	1,013,867	3,601,137	563,077	421,031	863,842	0	0	1,753,187	739,320	0	0	739,320	739,168	152
SUTTER	269,103	1,360,627	14,654	366,128	106,146	0	0	873,699	604,590	6	0	604,596	604,590	6
TEHAMA	208,733	1,336,843	5,398	311,910	9,668	0	305,438	704,429	495,697	0	0	495,697	495,697	0
TRINITY	87,813	167,443	0	75,805	55,426	0	0	36,212	0	0	0	0	0	0
TULARE	1,140,053	2,935,967	1,480,483	378,343	255,342	0	0	821,799	0	0	0	0	0	0
TUOLUNME	185,509	388,242	0	193,992	0	0	0	194,250	8,741	0	0	8,741	0	8,741
VENTURA	1,688,805	2,294,969	474,583	379,408	0	0	0	1,440,978	0	0	0	0	0	0
YOLO	569,548	1,185,033	117,538	503,430	124	0	0	563,941	0	0	0	0	0	0
YUBA	238,954	612,783	39,560	183,464	195,321	0	0	194,437	0	0	0	0	0	0
TOTAL	88,284,252	341,242,120	116,880,301	97,437,672	39,129,482	0	8,315,239	79,479,426	13,794,858	3,769	106,066	13,904,693	12,414,023	1,490,670

¹ Variance in total is due to rounding.² Approved TCTF FHOB requests include those requests pending before the Judicial Council at its January 20, 2023 business meeting.

**2021-22 Final Adjustments for Year-end Fund Balances
3 Percent Cap Adjustment and TCTF Funds Held on Behalf**

Court	3 Percent Cap Adjustments			TCTF FHOB					Net Adjustment (C + H)	
	Preliminary Reduction for Fund Balance Above the 3 Percent Cap	Final Reduction for Fund Balance Above the 3% Cap	Allocation Adjustment for Reduction for Fund Balance Above the 3 Percent Cap	Preliminary TCTF FHOB of the Trial Courts Returned to Courts	Total Final TCTF FHOB of the Trial Courts	TCTF FHOB of the Trial Courts to be Returned for 2022-23	TCTF Funds Held in Reserve in the TCTF for Future Years ¹	Allocation Adjustment for TCTF FHOB of the Trial Courts		
	One-Time		One-Time	One-Time		Feb #8 Dist.		Feb #8 Dist.		One-Time
			Feb #8 Dist.							
A	B	C (B - A)	D	E	F	G	H			
Alameda	-	-	-	-	-	-	-	-	-	
Alpine	-	-	-	-	-	-	-	-	-	
Amador	-	(902,484)	(902,484)	-	902,484	150,000	752,484	150,000	(752,484)	
Butte	-	(88,188)	(88,188)	-	88,188	88,188	-	88,188	0	
Calaveras	-	(56,253)	(56,253)	-	-	-	-	-	(56,253)	
Colusa	-	(360,865)	(360,865)	-	168,065	100,000	68,065	100,000	(260,865)	
Contra Costa	-	-	-	-	-	-	-	-	-	
Del Norte	-	-	-	-	-	-	-	-	-	
El Dorado	-	(510,558)	(510,558)	-	504,978	504,978	-	504,978	(5,580)	
Fresno	-	-	-	-	-	-	-	-	-	
Glenn	-	(117,280)	(117,280)	-	111,000	111,000	-	111,000	(6,280)	
Humboldt	-	-	-	-	-	-	-	-	-	
Imperial	-	(4,406)	(4,406)	-	-	-	-	-	(4,406)	
Inyo	-	-	-	-	-	-	-	-	-	
Kern	-	-	-	-	-	-	-	-	-	
Kings	-	(629,230)	(629,230)	-	629,230	-	629,230	-	(629,230)	
Lake	-	(510,940)	(510,940)	-	510,940	71,098	439,842	71,098	(439,842)	
Lassen	-	-	-	-	-	-	-	-	-	
Los Angeles	-	-	-	-	-	-	-	-	-	
Madera	-	(1,265)	(1,265)	-	-	-	-	-	(1,265)	
Marin	-	-	-	-	-	-	-	-	-	
Mariposa	-	(53,753)	(53,753)	-	53,753	26,876	26,877	26,876	(26,877)	
Mendocino	-	-	-	-	-	-	-	-	-	
Merced	-	-	-	-	-	-	-	-	-	
Modoc	-	(36,530)	(36,530)	-	-	-	-	-	(36,530)	
Mono	-	(382,681)	(382,681)	-	135,000	-	135,000	-	(382,681)	
Monterey	-	(552,953)	(552,953)	-	552,953	552,953	-	552,953	-	
Napa	-	(1,958)	(1,958)	-	-	-	-	-	(1,958)	
Nevada	-	-	-	-	-	-	-	-	-	
Orange	-	-	-	-	-	-	-	-	-	
Placer	-	(604,507)	(604,507)	-	575,000	575,000	-	575,000	(29,507)	
Plumas	-	(5,653)	(5,653)	-	-	-	-	-	(5,653)	
Riverside	-	-	-	-	-	-	-	-	-	
Sacramento	-	(3,946,130)	(3,946,130)	-	3,946,130	313,155	3,632,975	313,155	(3,632,975)	
San Benito	-	(709,532)	(709,532)	-	709,532	60,000	649,532	60,000	(649,532)	
San Bernardino	-	-	-	-	-	-	-	-	-	
San Diego	-	-	-	-	-	-	-	-	-	
San Francisco	-	-	-	-	-	-	-	-	-	
San Joaquin	-	(212,917)	(212,917)	-	212,917	212,917	-	212,917	-	
San Luis Obispo	-	(471,740)	(471,740)	-	471,740	225,145	246,595	225,145	(246,595)	
San Mateo	-	(973,054)	(973,054)	-	973,054	300,000	673,054	300,000	(673,054)	
Santa Barbara	-	-	-	-	-	-	-	-	-	
Santa Clara	-	-	-	-	-	-	-	-	-	
Santa Cruz	-	(1,008)	(1,008)	-	-	-	-	-	(1,008)	
Shasta	-	-	-	-	-	-	-	-	-	
Sierra	-	(29,604)	(29,604)	-	29,604	-	29,604	-	(29,604)	
Siskiyou	-	-	-	-	-	-	-	-	-	
Solano	-	(1,866)	(1,866)	-	-	-	-	-	(1,866)	
Sonoma	-	(890,985)	(890,985)	-	-	-	-	-	(890,985)	
Stanislaus	-	(739,320)	(739,320)	-	739,168	-	739,168	-	(739,320)	
Sutter	-	(604,596)	(604,596)	-	604,590	604,590	-	604,590	(6)	
Tehama	-	(495,697)	(495,697)	-	495,697	495,697	-	495,697	-	
Trinity	-	-	-	-	-	-	-	-	-	
Tulare	-	-	-	-	-	-	-	-	-	
Tuolumne	-	(8,741)	(8,741)	-	-	-	-	-	(8,741)	
Ventura	-	-	-	-	-	-	-	-	-	
Yolo	-	-	-	-	-	-	-	-	-	
Yuba	-	-	-	-	-	-	-	-	-	
Total	-	(13,904,693)	(13,904,693)	-	12,414,023	4,391,597	8,022,426	4,391,597	(9,513,096)	

¹ Approved requests for TCTF FHOB will be held in reserve in the TCTF account for courts that have indicated they will incur expenditures in future years.