



JUDICIAL COUNCIL OF CALIFORNIA

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

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

Item No.: 22-012

For business meeting on January 21, 2022

Title

Report to the Legislature: *Receipts and Expenditures From Local Courthouse Construction Funds*

Agenda Item Type

Information Only

Date of Report

December 17, 2021

Submitted by

Judicial Council staff
Zlatko Theodorovic, Deputy Director
Budget Services

Contact

Donna Newman, 916-263-7498
Donna.Newman@jud.ca.gov

Executive Summary

Pursuant to Government Code section 70403, the Judicial Council is required to submit a report accounting for all receipts and expenditures from local courthouse construction funds to the Legislature and the Department of Finance by January 1 of each year. On or before December 31, 2021, the Judicial Council's Budget Services staff submitted the *Receipts and Expenditures From Local Courthouse Construction Funds* report.

Relevant Previous Council Action

This report is submitted to the Legislature annually. Reports from previous fiscal years are available on the California Courts website, "Legislative Reports" webpage, at www.courts.ca.gov/7466.htm.

Analysis/Rationale

The annual submission of this report is required under Government Code section 70403(d), covering the period from July 1, 2020, to June 30, 2021.

The code section further requires counties retaining funds to pay bonded indebtedness to submit to the Judicial Council and the Director of Finance annual updates of all receipts and expenditures within 90 days after the end of each fiscal year.

When a county submits its annual report on the condition of its local courthouse construction fund, Judicial Council staff review the report to determine compliance, including the beginning and ending fund balances and an explanation of expenditures by project. Each review includes a determination of whether the receipts and expenditures were made in accordance with the provisions of Government Code section 76100, including verifying that outstanding debt service still exists. If the Judicial Council concludes, based on the information provided, that a county made an expenditure not permitted by statute, the Judicial Council will notify the county and the Department of Finance of the amount due for repayment to the state. Under Government Code section 70403(d), no repayments have been identified for fiscal year 2020–21.

The attached annual report reflects 26 counties collecting courthouse construction funds with revenues totaling \$21.8 million and expenditures of \$36.2 million. One county, Lassen, did not submit their revenue and expenditure data. The Judicial Council is working with the county to obtain the required information for the next reporting period.

Below is a summary of the status of the 58 counties' courthouse construction funds as of June 30, 2021:

- Thirty-two counties have closed out their local courthouse construction funds in accordance with statute.
 - During this reporting period - El Dorado, ceased collection of courthouse construction funds by amending its board of supervisors' resolutions in the reporting year. The county remitted a fund balance of \$298,000 to the State Court Facilities Construction Fund after all its project commitments were completed.
- Twenty-six counties continue to report their courthouse construction funds as statutorily permitted because they have bonded indebtedness or approved outstanding projects for which the funds are used.
 - Five of the 26 counties have concluded their bonded indebtedness. Four of the five (Humboldt, Lassen, Napa, and Ventura) had concluded in prior reporting periods and are working with Judicial Council staff to remit their balances to the State Court Facilities Construction Fund. During this reporting period San Francisco county concluded their bonded indebtedness.

Fiscal Impact and Policy Implications

No costs to the Judicial Council are associated with this report.

Attachments and Links

1. Attachment A: *County Reporting for the Period July 1, 2020, to June 30, 2021: Local Courthouse Construction Funds Under Government Code Section 70403*

2. Link A: Gov. Code, § 70403,

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=70403&lawCode=GOV



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Chief Justice of California
Chair of the Judicial Council

HON. MARSHA G. SLOUGH
Chair, Executive and Planning Committee

HON. DAVID M. RUBIN
Chair, Judicial Branch Budget Committee
Chair, Litigation Management Committee

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Chair, Legislation Committee

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MR. MARTIN HOSHINO
Administrative Director
Judicial Council

December 17, 2021

Hon. Anthony J. Portantino
Chair, Senate Appropriations
Committee
1020 N Street, Room 552
Sacramento, California 95814

Hon. Nancy Skinner
Chair, Senate Committee on
Budget and Fiscal Review
State Capitol, Room 5019
Sacramento, California 95814

Hon. Lorena Gonzalez
Chair, Assembly Appropriations
Committee
State Capitol, Room 2114
Sacramento, California 95814

Hon. Philip Y. Ting
Chair, Assembly Budget
Committee on Budget
State Capitol, Room 6026
Sacramento, California 95814

Re: *Receipts and Expenditures From Local Courthouse Construction Funds* report, as required under Government Code section 70403

Dear Senator Portantino, Senator Skinner, Assembly Member Gonzalez, and Assembly Member Ting:

Pursuant to Government Code section 70403, the Judicial Council is submitting the *Receipts and Expenditures From Local Courthouse Construction Funds* report.

Detailed information as reported by each county that submitted its annual report is highlighted in the spreadsheet *County Reporting for the Period July 1, 2020, to June 30, 2021: Local Courthouse Construction Funds Under Government Code Section 70403*.

The attached annual report reflects 26 counties collecting courthouse construction funds with revenues totaling \$21.8 million and expenditures of \$36.2 million. One county, Lassen, did not submit their revenue and expenditure data. No repayment or inappropriate use of funds were identified during this reporting period.

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The report is included as Attachment A and available on the California Courts website, “Legislative Reports” webpage, at www.courts.ca.gov/7466.htm.

If you have questions about this report, please contact Zlatko Theodorovic, Deputy Director of Budget Services, at 916-263-1397 or Zlatko.Theodorovic@jud.ca.gov.

Sincerely,

Martin Hoshino
Administrative Director
Judicial Council

MH/DN

Enclosures

cc: Cara L. Jenkins, Legislative Counsel

Erika Contreras, Secretary of the Senate

Sue Parker, Chief Clerk of the Assembly

Eric Dang, Policy Consultant, Office of Senate President pro Tempore Toni G. Atkins

Amy Alley, Policy Advisor, Office of Senate President pro Tempore Toni G. Atkins

Alf Brandt, Senior Counsel, Office of Assembly Speaker Anthony Rendon

Anita Lee, Principal Fiscal and Policy Analyst, Legislative Analyst’s Office

Gabriel Petek, Legislative Analyst, Legislative Analyst’s Office

Jessie Romine, Budget Analyst, Department of Finance

Margie Estrada, Chief Counsel, Senate Judiciary Committee

Mary Kennedy, Chief Counsel, Senate Public Safety Committee

Nora Brackbill, Consultant, Senate Budget and Fiscal Review Committee

Shaun Naidu, Consultant, Senate Appropriations Committee

Hans Hemann, Principal Consultant, Joint Legislative Budget Committee

Eric Csizmar, Consultant, Senate Republican Policy Office

Matt Osterli, Consultant, Senate Republican Fiscal Office

Morgan Branch, Consultant, Senate Republican Policy Office

Alison Merrilees, Chief Counsel, Assembly Judiciary Committee

Sandy Uribe, Chief Counsel, Assembly Public Safety Committee

Jennifer Kim, Consultant, Assembly Budget Committee

Jay Dickenson, Chief Consultant, Assembly Appropriations Committee

Kimberly Horiuchi, Principal Consultant, Assembly Appropriations Committee

Lyndsay Mitchell, Consultant, Assembly Republican Office of Policy & Budget

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Gary Olson, Consultant, Assembly Republican Office of Policy & Budget

Daryl Thomas, Consultant, Assembly Republican Office of Policy & Budget

Amy Leach, Minute Clerk, Office of Assembly Chief Clerk

Cory T. Jaspersen, Director, Governmental Affairs, Judicial Council

Fran Mueller, Deputy Director, Budget Services, Judicial Council

Zlatko Theodorovic, Deputy Director, Budget Services, Judicial Council

Jenniffer Herman, Administrative Coordinator, Governmental Affairs, Judicial Council



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MR. MARTIN HOSHINO
*Administrative Director
Judicial Council*

Report title: *Receipts and Expenditures From Local Courthouse
Construction Funds*

Statutory citation: Government Code section 70403

Date of report: January 1, 2022

The Judicial Council has submitted the report to the Legislature for fiscal year 2020–21 in accordance with Government Code section 70403.

The following summary of the report is provided under the requirements of Government Code section 9795.

Government Code section 70402(a) requires that any amount in a county’s local courthouse construction fund be transferred to the State Court Facilities Construction Fund at the later of the following dates: (1) the date of the last transfer of responsibility for court facilities from that county to the Judicial Council, or December 31, 2009, if there is no outstanding bonded indebtedness; (2) the date of the final payment of the bonded indebtedness for any court facility paid from that fund is retired.

The code section also requires a county that has retained these revenue sources under Government Code section 70325 to submit an annual report of revenues and expenditures, including any amounts to be repaid by counties, to the Judicial Council.

The attached annual report reflects 26 counties collecting courthouse construction funds with revenues totaling \$21.8 million and expenditures of \$36.2 million. One county, Lassen, did not submit their revenue and expenditure data. No repayments for inappropriate use of funds were identified during this reporting period.

The full report is available on the California Courts website, “Legislative Reports” webpage at www.courts.ca.gov/7466.htm.

A printed copy of the report may be obtained by calling 415-865-8777.

JUDICIAL COUNCIL OF CALIFORNIA

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*Supervisor
Primary Author of Report*



Receipts and Expenditures From Local Courthouse Construction Funds

JANUARY 2022



JUDICIAL COUNCIL
OF CALIFORNIA

ADMINISTRATIVE DIVISION
BUDGET SERVICES

County Reporting on Local Courthouse Construction Funds

The Trial Court Facilities Act of 2002 (Sen. Bill 1732 (Escutia); Stats. 2002, ch. 1082) requires counties to report receipts to and expenditures from local courthouse construction funds. Government Code section 70403 mandates that each county submit a report to the Judicial Council's Administrative Director of all local courthouse construction fund receipts and expenditures from January 1, 1998, to December 31, 2005.

Counties retaining funds to pay bonded indebtedness must submit to the Judicial Council and the Director of Finance annual updates of all receipts and expenditures within 90 days after the end of each fiscal year. Section 70403 further requires the Judicial Council to submit a report to the Legislature on the information received from the counties regarding the status of local courthouse construction funds. This report covers the period from July 1, 2020, to June 30, 2021.

Government Code section 70402(a) requires that any amount in a county's local courthouse construction fund be transferred to the State Court Facilities Construction Fund at the later of the following dates: (1) the date of the last transfer of responsibility for court facilities from that county to the Judicial Council, or December 31, 2009, if there is no outstanding bonded indebtedness; or (2) the date of the final payment of the bonded indebtedness for any court facility paid from that fund is retired.

Below is a summary of the status of the 58 counties' courthouse construction funds as of June 30, 2021:

- Thirty-two counties have closed out their local courthouse construction funds in accordance with statute.
 - During this reporting period - El Dorado, ceased collection of courthouse construction funds by amending its board of supervisors' resolutions in the reporting year. The county remitted a fund balance of \$298,000 to the State Court Facilities Construction Fund after all its project commitments were completed.
- Twenty-six counties continue to report their courthouse construction funds as statutorily permitted because they have bonded indebtedness or approved outstanding projects for which the funds are used.
 - Five of the 26 counties have concluded their bonded indebtedness. Four of the five (Humboldt, Lassen, Napa, and Ventura) had concluded in prior reporting periods and are working with the Judicial Council staff to remit their balances to the State Court Facilities Construction Fund. During this reporting period San Francisco county concluded their bonded indebtedness.

County Reporting Under Government Code Section 70403(b) for July 1, 2020, through June 30, 2021

As required by statute, the Judicial Council received reports on the condition of local courthouse construction funds from 25 counties that have outstanding bonded indebtedness for the reporting period from July 1, 2020, to June 30, 2021. All reports have been received as of October 1, 2021 and were analyzed for compliance with section 70403(b) (reference Attachment A).

As reported by the 26 counties, the local courthouse construction fund receipts totaled \$21.8 million and expenditures totaled \$36.2 million for fiscal year 2020–21. One county, Lassen, did not submit their revenue and expenditure data. The Judicial Council is working with the county to obtain the required information for the next reporting period.

Status of Reviews

When a county submits its annual report on the condition of its local courthouse construction fund, Judicial Council staff review the report to determine compliance, including the beginning and ending fund balances and an explanation of expenditures by project. Each review includes a determination of whether the receipts and expenditures were made in accordance with the provisions of Government Code section 76100, including verifying that outstanding debt service still exists. If the Judicial Council concludes, based on the information provided, that a county made an expenditure not permitted by statute, the Judicial Council will notify the county and the Department of Finance of the amount due for repayment to the state. Pursuant to Government Code section 70403(d), no repayments have been identified for fiscal year 2020–21.

County Reporting for All Prior Reporting Periods

Based on the reports received from the counties for these reporting periods, there is no update to the previously reported receipts and expenditures. All reports follow the requirements of the statute for the reporting period. No further detailed reviews will be conducted on reports beyond fiscal year 2014–15 unless warranted. All prior reports are available on the California Courts website, “Legislative Reports” webpage, at www.courts.ca.gov/7466.htm.

Attachments

1. Attachment A: *County Reporting for the Period July 1, 2020, to June 30, 2021: Local Courthouse Construction Funds Under Government Code Section 70403*

County Reporting for the Period
July 1, 2020, to June 30, 2021
Local Courthouse Construction Funds Under Government Code Section 70403
ATTACHMENT A

County	Revenues for Period <i>(as reported by county)</i>	Expenditures for Period <i>(as reported by county)</i>	Balances Remitted to State Court Facilities Construction Fund (SCFCF)	Bonded Indebtedness <i>(indicated in report)</i>
Complete-Ceased Collection				
1 El Dorado	1,203	0	297,924	Remitted March 2021
In Progress-Current Bond Indebtedness				
2 Alameda ¹	1,305,932	4,353,885		x
3 Amador ²	29,447	28,284		x
4 Contra Costa ²	554,015	231,844		x
5 Glenn ²	63,998	532,962		x
6 Los Angeles ²	6,666,000	17,465,000		x
7 Marin ²	217,286	379,108		x
8 Merced ²	342,514	353,293		x
9 Monterey ²	438,247	438,247		x
10 Placer ²	162,037	22,453		x
11 Riverside ²	4,310,579	276,068		x
12 Sacramento ²	737,358	4,849,876		x
13 San Diego ²	781,846	559,172		x
14 San Joaquin ²	543,572	224,893		x
15 San Luis Obispo ²	289,622	307,515		x
16 San Mateo ²	683,167	1,183,532		x
17 Santa Barbara ²	425,369	221,491		x
18 Santa Clara ²	504,817	504,817		x
19 Santa Cruz ²	40,056	40,055		x
20 Shasta ²	383,379	379,583		x
21 Solano ²	289,771	398,418		x
22 Stanislaus ²	258,698	764,436		x
Concluded Bond Indebtedness				
23 Humboldt ³	102,154	0		Concluded 2017
24 Lassen ³		0		
25 Napa ³	190,363	0		Concluded 2014
26 San Francisco ³	1,869,396	2,723,099		Concluded 2021
27 Ventura ³	652,407	0		Concluded 2019
TOTALS	\$ 21,843,233	\$ 36,238,031	\$ 297,924	

Notes:

1. Pending debt for new approved capital project.
2. Bonded indebtedness: approved project underway.
3. Bond indebtedness is complete; JCC staff is working with counties to remit their CCF balances to the State Court Facilities Construction Fund.