



JUDICIAL COUNCIL OF CALIFORNIA

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

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

Item No.: 23-013

For business meeting on: January 20, 2023

Title

Report to the Legislature: Receipts and Expenditures From Local Courthouse Construction Funds for 2021–22

Agenda Item Type

Information Only

Date of Report

December 19, 2022

Submitted by

Judicial Council staff
Zlatko Theodorovic, Director
Budget Services

Contact

Becky Porter, 916-643-7035
Becky.Porter@jud.ca.gov

Executive Summary

Pursuant to Government Code section 70403(d), 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 state Department of Finance by January 1 of each year. On or before December 31, 2022, the Judicial Council’s Budget Services staff submitted the report on *Receipts and Expenditures From Local Courthouse Construction Funds for 2021–22*.

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, 2021 to June 30, 2022. Counties retaining funds to pay bonded indebtedness are required to submit annual updates of all receipts and expenditures within 90 days after the end of each fiscal year to the Judicial Council and the state Department of Finance.

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 state Department of Finance of the amount due for repayment to the state. No repayments have been identified for 2021–22, therefore no additional reporting is required under Government Code section 70403(d).

The attached annual report (Attachment A) reflects 24 counties that collected courthouse construction funds, with revenues totaling \$23.4 million and expenditures of \$35.1 million. Lassen County did not submit its revenue and expenditure data as required under Government Code section 70403(a) and has not submitted a report since 2019–20. The Judicial Council continues to work with the county to obtain the required information.

Below is a summary of the status of the 58 counties' courthouse construction funds as of June 30, 2022:

Thirty-three counties have closed out their local courthouse construction funds in accordance with statute.

- San Francisco ceased collection of courthouse construction funds by amending its Board of Supervisors' resolution and completing all close out activities in the reporting period. The county remitted a fund balance of \$1.4 million to the State Court Facilities Construction Fund after all project commitments were completed.

Twenty-five counties are statutorily required to continue to report their courthouse construction funds because they have bonded indebtedness, approved outstanding projects for which the funds are used, or they have not completed the required close out activities with their Board of Supervisors. Counties are required to submit annual reports on their courthouse construction fund revenues and expenditures until such time that their Board of Supervisors have passed revised resolutions and the remaining balance of their courthouse construction funds have been remitted to the State Court Facilities Construction Fund.

- Two counties (San Joaquin and Santa Barbara) concluded their bond indebtedness in this reporting period and are expected to close out their courthouse construction funds during the next reporting period.
- Four counties (Humboldt, Lassen, Napa, and Ventura) concluded their bond indebtedness in prior reporting periods and have not completed the close out of their courthouse construction funds. The Judicial Council continues to work with these counties to facilitate the required close out activities.

Fiscal Impact and Policy Implications

There is no fiscal or programmatic impact to the Judicial Council associated with this report.

Attachments and Links

1. Attachment A: County Reporting for the Period July 1, 2021 to June 30, 2022: Local Courthouse Construction Funds for 2021–22 Under Government Code Section 70403
2. Link A: Government Code section 70403,
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=70403&lawCode=GOV
3. Link B: Government Code section 76100,
https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV§ionNum=76100



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455 Golden Gate Avenue
San Francisco, CA 94102-3688
Tel 415-865-4200
TDD 415-865-4272
Fax 415-865-4205
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MR. MARTIN HOSHINO
Administrative Director
Judicial Council

December 31, 2022

Hon. Anthony J. Portantino
Chair, Senate Appropriations
Committee
1020 N Street, Room 412
Sacramento, California 95814

Hon. Nancy Skinner
Chair, Senate Committee on
Budget and Fiscal Review
1020 N Street, Room 502
Sacramento, California 95814

Hon. Chris R. Holden
Chair, Assembly Appropriations
Committee
1021 O Street, Suite 8220
Sacramento, California 95814

Hon. Philip Y. Ting
Chair, Assembly Committee
on Budget
1021 O Street, Suite 8230
Sacramento, California 95814

Re: Receipts and Expenditures From Local Courthouse Construction Funds for 2021–22, as required under Government Code section 70403

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

Pursuant to Government Code section 70403, the Judicial Council is submitting the report on *Receipts and Expenditures From Local Courthouse Construction Funds for 2021–22*.

The annual report reflects 24 counties that collected courthouse construction funds with total revenues of \$23.4 million and expenditures of \$35.1 million. Lassen County did not submit its revenue and expenditure data as required under Government Code section 70403(a) and has not submitted a report since 2019–20. The Judicial Council continues to work with the county to obtain the required information.

- Thirty-three counties have closed out their local courthouse construction funds in accordance with statute.

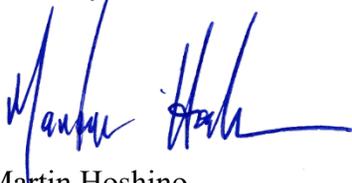
December 31, 2022

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- Twenty-five counties are statutorily required to continue to report their courthouse construction funds because they have bonded indebtedness, approved outstanding projects for which the funds are used, or they have not completed the required close out activities with their Board of Supervisors.

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

Sincerely,



Martin Hoshino
Administrative Director
Judicial Council

MH/BP

Enclosures

cc: Cara L. Jenkins, Legislative Counsel
Erika Contreras, Secretary of the Senate
Sue Parker, Chief Clerk of the Assembly
Eric Dang, Counsel, Office of Senate President pro Tempore Toni G. Atkins
Alf Brandt, General Counsel, Office of Assembly Speaker Anthony Rendon
Shaun Naidu, Policy Consultant, 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
Matthew Fleming, 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

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Kimberly Horiuchi, Principal Consultant, Assembly Appropriations Committee
Lyndsay Mitchell, Consultant, Assembly Republican Office of Policy & Budget
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
Zlatko Theodorovic, Director, Budget Services, Judicial Council
Fran Mueller, Deputy Director, Budget Services, Judicial Council
Angela Cowan, Manager, Budget Services, Judicial Council
Donna Newman, Supervisor, 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 for 2021–22*

Statutory citation: Government Code section 70403

Date of report: January 1, 2023

The Judicial Council has submitted the report to the Legislature for 2021–22 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; or (2) the date of the final payment of the bonded indebtedness for any court facility paid from that fund is retired.

Under Government Code section 70403, a county that has retained revenue sources under Government Code section 70325 is required 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 24 counties that collected courthouse construction funds, with total revenues of \$23.4 million and expenditures of \$35.1 million. Lassen County did not submit its revenue and expenditure data as required under Government Code section 70403(a) and has not submitted a report since 2019–20. The Judicial Council continues to work with the county to obtain the required information.

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.

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Hon. Tani G. Cantil-Sakauye
*Chief Justice of California and
Chair of the Judicial Council*

Martin Hoshino
*Administrative Director
Judicial Council*

ADMINISTRATIVE DIVISION

John Wordlaw
Chief Administrative Officer

BUDGET SERVICES

Zlatko Theodorovic
Director

Angela Cowan
Manager

Donna Newman
Supervisor

Becky Porter
*Senior Budget Analyst
Primary Author of Report*



Receipts and Expenditures From Local Courthouse Construction Funds

JANUARY 2023



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 state Department of Finance annual updates of all receipts and expenditures within 90 days after the end of each fiscal year. Government Code 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, 2021 to June 30, 2022.

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, 2022:

Thirty-three counties have closed out their local courthouse construction funds in accordance with statute.

- San Francisco ceased collection of courthouse construction funds by amending its Board of Supervisors' resolution and completing all close out activities in the reporting period. The county remitted a fund balance of \$1.4 million to the State Court Facilities Construction Fund after all project commitments were completed.

Twenty-five counties¹ are statutorily required to continue to report their courthouse construction funds because they have bonded indebtedness, approved outstanding projects for which the funds are used, or they have not completed the required close out activities with their Board of Supervisors. Counties are required to submit annual reports on their courthouse construction fund revenues and expenditures until such time that their Board of Supervisors have passed revised resolutions and the remaining balance of their

¹ The statewide totals in this report do not include Lassen County as the county did not submit its revenue and expenditure data for the reporting period.

courthouse construction funds have been remitted to the State Court Facilities Construction Fund.

- Two counties (San Joaquin and Santa Barbara) concluded their bond indebtedness in this reporting period and are expected to close out their courthouse construction funds during the next reporting period.
- Four counties (Humboldt, Lassen, Napa, and Ventura) concluded their bond indebtedness in prior reporting periods and have not completed the close out of their courthouse construction funds. The Judicial Council continues to work with these counties to facilitate the required close out activities.

County Reporting Under Government Code Section 70403(b) for July 1, 2021 through June 30, 2022

The Judicial Council received reports on the condition of local courthouse construction funds from 24 of the 25 counties that are required to report during the period from July 1, 2021 to June 30, 2022. The submitted reports were received as of October 1, 2022 and were analyzed for compliance with section 70403(b) (Attachment A).

As reported by the 24 counties, the local courthouse construction fund receipts totaled \$23.4 million and expenditures totaled \$35.1 million for 2021–22. Lassen County did not submit its revenue and expenditure data as required under Government Code section 70403(a) and has not submitted a report since 2019–20. The Judicial Council continues to work with the county to obtain the required information.

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 state 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 2021–22.

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 2014–15 unless warranted. Reports from previous fiscal years 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, 2021 to June 30, 2022: Local Courthouse Construction Funds Under Government Code Section 70403

**County Reporting for the Period
July 1, 2021 to June 30, 2022
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				
San Francisco			1,389,753	Concluded 2021
In Progress-Current Bond Indebtedness				
1 Alameda ¹	1,576,318	8,438,773		x
2 Amador ²	28,252	27,980		x
3 Contra Costa ²	673,311	230,665		x
4 Glenn ²	60,318	0		x
5 Los Angeles ²	7,727,000	15,533,000		x
6 Marin ²	239,850	242,936		x
7 Merced ²	382,694	343,249		x
8 Monterey ²	406,646	406,646		x
9 Placer ²	231,340	293,584		x
10 Riverside ²	4,846,917	4,502,763		x
11 Sacramento ²	654,034	545,847		x
12 San Diego ²	816,492	770,931		x
13 San Luis Obispo ²	318,938	306,415		x
14 San Mateo ²	1,714,222	1,162,932		x
15 Santa Clara ²	679,823	679,823		x
16 Santa Cruz ²	82,065	0		x
17 Shasta ²	432,476	432,385		x
18 Solano ²	265,305	285,334		x
19 Stanislaus ²	252,794	720,411		x
Concluded Bond Indebtedness				
20 Humboldt ³	98,188	0		Concluded 2017
21 Lassen ³				
22 Napa ³	211,538	5,428		Concluded 2014
23 San Joaquin ³	489,189	206,875		Concluded 2022
24 Santa Barbara ³	461,014	0		Concluded 2022
25 Ventura ³	738,267	0		Concluded 2019
TOTALS	\$ 23,386,991	\$ 35,135,977	\$ 1,389,753	

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 Courthouse Construction Fund balances to the State Court Facilities Construction Fund.