



JUDICIAL COUNCIL OF CALIFORNIA

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

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CIRCULATING ORDER MEMORANDUM TO THE JUDICIAL COUNCIL

Circulating Order Number: CO-15-06

Title

Trial Court Allocations: Final Reduction
Related to Statutory 1 Percent Cap on FY
2014–2015 Fund Balance Carryover

Action Requested

VOTING MEMBERS ONLY: Vote and
return by fax. Additionally, return original
signature page.

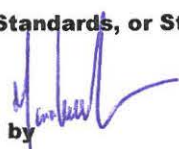
Rules, Forms, Standards, or Statutes Affected

None

Please Respond By

January 22, 2016

Recommended by


Martin Hoshino
Administrative Director
Judicial Council of California

Date of Report

January 8, 2016

Zlatko Theodorovic, Director and Chief
Financial Officer
Judicial Council Finance

Contact

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colin.simpson@jud.ca.gov

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. The Judicial Council staff recommends approving a final reduction allocation of \$392,853 related to the fund balance in fiscal year (FY) 2014–2015 and prior-year excluded funds, as required by Government Code section 68502.5(c)(2)(A).

Recommendation

The Judicial Council staff recommends that the Judicial Council adjust the preliminary 1 percent fund balance cap reduction allocation of \$392,881 approved by the council in July 2015 by a net

\$29, for a final reduction allocation of \$392,853, to match the trial courts' final calculations of the amount above the 1 percent fund balance cap.

Previous Council Action

At its July 29, 2014, business meeting, to assist the Judicial Council in complying with Government Code section 68502.5(c)(2)(A), the council approved an annual process, starting in FY 2015–2016, for trial courts to provide preliminary and final computations of the portion of their ending fund balances that is subject to the 1 percent cap:

1. By July 15 of each year, courts must submit a 1 percent computation form with *preliminary* year-end information. The information provided by courts is used by the council to make the preliminary allocation of reductions as required by statute. Courts are not required to provide the details related to encumbrances, prepayments, and restricted revenue when submitting the form for the preliminary allocation.
2. By October 15 of each year, courts must again submit the 1 percent computation form, this time with *final* year-end information.
3. Before February, the Judicial Council Chief Financial Officer will report to the council the information provided by the courts for the final allocation reduction, if any.

At its July 2015 meeting, the Judicial Council approved a preliminary one-time allocation reduction of \$392,881 to courts that were projecting that the portion of their 2014–2015 ending fund balance—subject to the 1 percent fund balance cap—would exceed the cap by that amount, as required by statute.

Rationale for Recommendation

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 68502.5(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 1 reflect courts’ finalized and closed accounting records for fiscal year 2014–2015. The figures have been reviewed by the Judicial Council’s Finance and Trial Court Administrative Services staff. Column A displays the calculated cap amount for each court, and Column F shows the courts’ 2014–2015 fund balance amounts subject to the cap, excluding statutorily restricted funds per Government Code section 77203(b), encumbrances consistent with the state contracting process, and prepayments. Column G displays courts’ final computation of the amount above their 1 percent cap, totaling \$270,838, and column H provides

those 2014–2015 adjustments to courts’ 2013–2014 excluded fund amounts that resulted in the courts’ exceeding their 2013–2014 1 percent fund balance cap, totaling \$122,015. Column I displays the courts’ preliminary reduction computation. Column J displays the recommended allocation adjustment for each court, totaling a net \$29. The preliminary reductions included 9 courts. The final reductions include 13 courts. Two courts eliminated their reduction. Two of the remaining 7 courts increased their reduction. Three courts reduced their reduction. Two courts’ reduction did not change after closing. Six courts had a final reduction that had no preliminary reduction.

Comments, Alternatives Considered, and Policy Implications

Because this recommendation is required by statute, this item was not circulated for public comment, no comments concerning the Judicial Council staff recommendation were received, and the Judicial Council staff did not consider any alternatives to this recommendation.

Implementation Requirements, Costs, and Operational Impacts

The allocation adjustments will be included in the February 2016 distributions to trial courts.

Attachments

1. Attachment 1: Final Allocation Reduction for 2014–2015 Fund Balance Above the 1% Cap

Final Allocation Reduction for 2014-2015 Fund Balance Above the 1% Cap

	Cap	FY 2014-15 Ending Fund Balance	Less: Encum- brances	Less: Restricted	Less: Prepayments	Fund Balance Subject to 1% Cap	2014-15 Final Reduction	2013-14 Excluded Funds Reduction Adjustment	2014-15 Preliminary Reduction	2015-16 Final Reduction Allocation Adjustment
Court	A (1% * 2014-15 Expenses)	B	C	D	E	F (B - C - D - E)	G (if F > A, F - A)	H	I	J (G + H - I)
Alameda	1,230,524	7,867,039	4,895,313	1,787,431	249,176	935,119	-	(8,935)	(8,935)	-
Alpine	6,319	284,631	76,965	5,969	0	201,697	(195,378)	-	(102,954)	(92,424)
Amador	25,270	87,793	69,793	0	0	18,000	-	-	-	-
Butte	120,402	1,344,546	861,244	329,866	33,034	120,402	-	-	-	-
Calaveras	26,944	185,753	63,883	121,870	0	0	-	-	-	-
Colusa	21,158	213,393	0	192,235	0	21,158	-	-	(21,343)	21,343
Contra Costa	576,631	5,977,566	2,828,576	2,631,752	0	517,238	-	-	-	-
Del Norte	33,227	719,821	189,008	439,176	0	91,637	(58,410)	-	(133,139)	74,730
El Dorado	88,163	498,277	127,178	259,491	25,167	86,441	-	-	-	-
Fresno	588,668	2,402,837	580,466	1,261,290	141,860	419,221	-	-	-	-
Glenn	30,277	165,156	90,000	57,372	0	17,784	-	-	-	-
Humboldt	80,704	407,731	24,213	240,213	83,244	60,062	-	-	-	-
Imperial	121,090	2,685,226	1,801,110	770,421	99,451	14,244	-	-	-	-
Inyo	29,370	445,165	76,362	355,518	182	13,103	-	-	-	-
Kern	628,742	5,000,298	1,821,667	2,365,267	222,879	590,485	-	-	-	-
Kings	92,013	199,275	84,745	23,131	0	91,399	-	-	-	-
Lake	37,463	331,630	200,570	106,231	0	24,829	-	-	-	-
Lassen	29,876	587,714	461,510	68,279	28,150	29,775	-	(16,217)	(16,217)	-
Los Angeles	6,793,793	60,056,070	44,226,000	10,321,554	925	5,507,591	-	-	-	-
Madera	90,582	1,284,443	305,124	918,968	0	60,351	-	(3,221)	(3,222)	1
Marin	151,702	583,794	36,574	385,345	19,240	142,634	-	-	-	-
Mariposa	15,179	24,863	0	11,708	3,183	9,972	-	-	-	-
Mendocino	60,299	308,012	178,348	71,287	0	58,376	-	-	-	-
Merced	149,409	4,550,086	1,564,627	2,843,344	0	142,115	-	-	-	-
Modoc	11,799	60,393	29,349	19,473	0	11,570	-	-	-	-
Mono	18,295	0	0	0	0	0	-	-	-	-
Monterey	204,637	1,524,949	593,013	594,097	153,788	184,050	-	-	-	-
Napa	91,940	956,174	415,076	452,486	535	88,076	-	-	-	-
Nevada	68,311	136,892	0	58,325	70,776	7,791	-	-	-	-
Orange	1,919,934	8,941,150	2,053,921	4,185,696	1,031,734	1,669,799	-	(39,278)	(90,637)	51,359
Placer	171,353	886,475	347,506	339,776	26,248	172,945	(1,592)	-	-	(1,592)
Plumas	16,116	95,894	57,796	26,924	0	11,175	-	-	-	-
Riverside	1,391,332	7,442,472	3,890,954	2,491,223	0	1,060,295	-	(26,138)	(15)	(26,123)
Sacramento	889,132	7,321,292	5,216,956	880,774	358,514	865,048	-	(17,050)	-	(17,050)
San Benito	30,970	257,685	159,925	45,761	24,102	27,897	-	-	-	-
San Bernardino	1,050,428	13,879,209	9,647,703	2,057,021	2,174,485	0	-	-	-	-
San Diego	1,682,135	15,843,764	3,563,026	10,864,490	1,066,627	349,621	-	-	-	-
San Francisco	792,281	10,740,695	9,125,455	899,490	4 0	715,750	-	-	-	-

Final Allocation Reduction for 2014-2015 Fund Balance Above the 1% Cap

	Cap	FY 2014-15 Ending Fund Balance	Less: Encum- brances	Less: Restricted	Less: Prepayments	Fund Balance Subject to 1% Cap	2014-15 Final Reduction	2013-14 Excluded Funds Reduction Adjustment	2014-15 Preliminary Reduction	2015-16 Final Reduction Allocation Adjustment
Court	A (1% * 2014-15 Expenses)	B	C	D	E	F (B - C - D - E)	G (if F > A, F - A)	H	I	J (G + H - I)
San Joaquin	359,532	2,933,122	1,433,593	1,096,575	185,044	217,911	-	-	-	-
San Luis Obispo	166,261	2,038,423	546,211	1,399,549	16,030	76,633	-	-	-	-
San Mateo	409,757	4,041,169	2,385,694	1,298,508	0	356,967	-	-	-	-
Santa Barbara	278,865	3,714,636	883,670	2,535,914	1,020	294,032	(15,167)	-	-	(15,167)
Santa Clara	1,007,691	6,641,056	2,179,800	3,657,224	0	804,032	-	-	-	-
Santa Cruz	138,730	691,843	242,356	448,165	1,322	(0)	-	-	-	-
Shasta	164,144	379,844	346,992	32,228	0	624	-	-	-	-
Sierra	8,247	21,448	8,000	5,373	0	8,075	-	-	(16,419)	16,419
Siskiyou	44,542	346,943	234,545	67,917	0	44,481	-	-	-	-
Solano	231,727	1,227,515	95,970	911,072	0	220,473	-	-	-	-
Sonoma	281,072	2,898,610	1,259,683	1,352,105	21,222	265,600	-	-	-	-
Stanislaus	240,754	2,018,006	587,195	1,181,280	218,611	30,920	-	(1,550)	-	(1,550)
Sutter	60,096	1,311,960	862,592	344,052	44,929	60,387	(291)	-	-	(291)
Tehama	47,532	739,655	608,326	82,237	24,000	25,092	-	-	-	-
Trinity	18,040	77,452	20,752	39,205	0	17,495	-	-	-	-
Tulare	247,224	1,600,449	749,830	605,121	17,311	228,187	-	(9,627)	-	(9,627)
Tuolumne	37,462	100,084	0	62,675	0	37,409	-	-	-	-
Ventura	451,237	1,322,178	919,029	121,316	0	281,833	-	-	-	-
Yolo	121,256	790,160	258,797	425,527	0	105,836	-	-	-	-
Yuba	51,125	408,076	173,647	190,251	44,178	(0)	-	-	-	-
Total	23,731,764	197,600,790	109,460,638	64,339,548	6,386,967	17,413,636	(270,838)	(122,015)	(392,881)	29

Instructions for Review and Action by Circulating Order

Voting members

- Please indicate your **vote, sign, and return by 5pm, January 22, 2016**, if possible by one of these methods:
 1. Fax the signature pages to the attention of Judicial Council Support, Leadership Services Division at 415-865-4391
 2. Reply to the e-mail message with “I approve,” “I disapprove,” or “I abstain.”
- If you are unable to reply by **January 22, 2016**, please do so as soon as possible thereafter.
- Additionally, **return the original** signature page to Judicial Council Support, Judicial Council of California, 455 Golden Gate Avenue, San Francisco, California, 94102-3688. **Please keep a copy for your records.**

Advisory members

The circulating order is being faxed to you for your information only. There is no need to sign or return any documents.

CIRCULATING ORDER
Judicial Council of California
Voting and Signature Pages

Effective immediately, the Judicial Council approves adjusting the preliminary 1 percent fund balance cap reduction allocation of \$392,881 approved by the council in July 2015 by a net \$29, for a final reduction allocation of \$392,853, to match the trial courts' final calculations of the amount above the 1 percent fund balance cap.

My vote is as follows:

☒ Approve

☐ Disapprove

☐ Abstain

Tani G. Cantil-Sakauye, Chair

/s/
Marla O. Anderson

/s/
Brian John Back

Richard Bloom

/s/
Mark G. Bonino

/s/
Daniel J. Buckley

Ming W. Chin

Emilie H. Elias

/s/
Samuel K. Feng

/s/
Harry E. Hull, Jr.

/s/
James M. Humes

/s/
Hannah-Beth Jackson

/s/
Patrick M. Kelly

Donna D'Angelo Melby

My vote is as follows:

☒ Approve

☐ Disapprove

☐ Abstain

 /s/
Douglas P. Miller

 /s/
Gary Nadler

 /s/
Debra Elaine Pole

 /s/
David M. Rubin

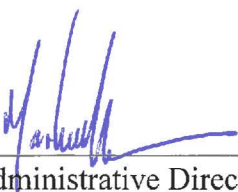
 /s/
Marsha G. Slough

 /s/
Dean T. Stout

 /s/
Martin J. Tangeman

Date: January 26, 2016

Attest:



Administrative Director and
Secretary of the Judicial Council