



JUDICIAL COUNCIL OF CALIFORNIA

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REPORT TO THE JUDICIAL COUNCIL

For business meeting on January 12, 2018

Title

Trial Court Allocations: Final Reduction
Related to Statutory 1 Percent Cap on
2016–17 Fund Balance Carryover

Agenda Item Type

Action Required

Effective Date

January 12, 2018

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

December 19, 2017

Recommended by

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Judicial Council Budget Services

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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 1 percent of the court's operating budget from the prior fiscal year. Judicial Council staff recommend approving a final reduction allocation of \$7,392,571 related to the fund balance in 2016–17 and prior-year excluded funds, as required by Government Code section 68502.5(c)(2)(A).

Recommendation

Judicial Council staff recommend that the Judicial Council adjust the preliminary 1 percent fund balance cap reduction allocation of \$7,773,282 approved by the council in July 2017 by a net \$380,710, for a final reduction allocation of \$7,392,571, to match the trial courts' final calculations of the amount above the 1 percent fund balance cap.

Previous Council Action

At its July 2014 business meeting, the council approved an annual process starting in 2015–16 to assist the Judicial Council in complying with Government Code section 68502.5(c)(2)(A). The

process provides for trial courts to submit preliminary and final computations of the portion of their ending fund balances that are subject to the 1 percent cap, as follows:

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 Director of Budget Services will report to the council the information provided by the courts for the final allocation reduction, if any.

At its July 2017 meeting, the Judicial Council approved a preliminary one-time allocation reduction of \$7,773,282 to courts that were projecting that the portion of their 2016–17 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 A reflect courts’ finalized and closed accounting records for fiscal year 2016–17. The figures have been reviewed by the Judicial Council’s Budget Services and Branch Accounting and Procurement staff. Column A displays the calculated cap amount for each court, and column G shows the courts’ 2016–17 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 H displays the courts’ final computation of the amount above their 1 percent cap, totaling \$1.4 million, and column I provides those 2016–17 adjustments to the courts’ 2014–15 and 2015–16 excluded fund amounts that resulted in the courts exceeding their 2014–15 and 2015–16 fund balance cap, totaling \$6 million. Column J displays the courts’ final total reduction computation.

Thirteen courts have submitted requests totaling \$6.9 million (column K) under the Judicial Council–approved process for trial courts to request that Trial Court Trust Fund (TCTF)–reduced allocations related to the fund balance cap be retained in the TCTF as restricted fund balance for

the benefit of those courts. 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 1 percent fund balance cap.

Attachment B provides detail on the final allocation adjustments for the 2016–17 1 percent cap adjustment and TCTF “funds held on behalf” (FHOB) requests that will be distributed in the January 2018 TCTF distributions to the trial courts. Column A shows the preliminary 1 percent cap reductions taken in August 2017 that included 16 courts. The final reductions (column B) include 19 courts. One court eliminated its reduction. Five of the remaining 15 courts increased their reductions. Seven courts reduced their reductions. Three courts’ reductions did not change after closing. Four courts had a final reduction that had no preliminary reduction. The net adjustment of \$380,710 between the preliminary and final 1 percent cap calculations is shown in column C.

The preliminary TCTF FHOB requests of \$6 million that were returned in August 2017 are shown in column D while column E reflects the final TCTF FHOB requests totaling \$6.9 million. Of this amount, \$243,279 will be held in the TCTF fund balance for the two courts that are saving for technology improvements (column F), leaving a net adjustment of \$621,705 that will be distributed in January 2018. Column H displays the total net allocation adjustments for both the 1 percent cap and the TCTF FHOB requests.

Comments, Alternatives Considered, and Policy Implications

This proposal was not circulated for public comment because the allocation adjustments are statutorily required. Judicial Council staff did not consider any alternatives to this proposal.

Implementation Requirements, Costs, and Operational Impacts

The allocation adjustments will be included in the January 2018 distributions to trial courts.

Attachments

1. Attachment A: Final One-Time Allocation Reduction for Fund Balance Above the 1% Cap (2016–17)
2. Attachment B: Final Allocation Adjustment for the 1% Cap Adjustment and TCTF Funds Held on Behalf Requests (2016–17)

Final One-Time Allocation Reduction for Fund Balance above the 1% Cap
(as of December 1, 2017)

Court	Cap	FY 2016-17 Fund Balance	Encumbrances	Restricted	Prepayments	Balance of Approved 2016-2017 TCTF Funds Held on Behalf	Fund Balance Subject to Cap	2016-17 Current Year Reduction	Prior Year Disencumbrance	2016-17 Total Final Reduction	Approved 2017-2018 TCTF Funds Held on Behalf ¹	Net Reduction after Funds held on Behalf
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G (B - C - D - E - F)	Col. H (G - A)	Col. I	Col. J (H + I)	Col. K	Col. L (J + K)
ALAMEDA	1,029,959	7,112,839	4,866,361	956,958	583	859,203	429,734	-	-	-	-	0
ALPINE	6,103	199,011	-	10,311	8,051	-	180,649	(174,546)	-	(174,546)	-	(174,546)
AMADOR	30,601	200,967	167,026	4,682	841	-	28,418	-	-	-	-	0
BUTTE	131,366	715,246	9,117	319,820	81,792	-	304,517	(173,151)	-	(173,151)	173,151	0
CALAVERAS	26,946	287,724	-	127,927	159,798	-	0	-	-	-	-	0
COLUSA	22,809	408,527	12,280	223,438	-	-	172,809	(150,000)	-	(150,000)	150,000	0
CONTRA COSTA	572,824	3,546,021	661,592	2,170,174	-	-	714,255	(141,431)	(117,559)	(258,990)	-	(258,990)
DEL NORTE	33,859	598,815	40,298	481,682	-	-	76,835	(42,976)	(0)	(42,976)	-	(42,976)
EL DORADO	87,292	29,709	-	-	21,147	-	8,562	-	-	-	-	0
FRESNO	638,857	2,574,953	36,218	2,104,105	-	-	434,630	-	-	-	-	0
GLENN	31,508	243,891	143,092	41,043	-	29,000	30,756	-	-	-	-	0
HUMBOLDT	85,051	317,080	35,014	174,500	59,620	-	47,946	-	-	-	-	0
IMPERIAL	124,273	2,525,950	1,292,510	921,366	207,777	-	104,297	-	-	-	-	0
INYO	26,675	459,594	10,558	428,040	645	-	20,351	-	-	-	-	0
KERN	760,868	6,838,334	1,696,717	2,836,060	791,497	676,688	837,372	(76,504)	(6,286)	(82,790)	77,325	(5,465)
KINGS	92,787	434,903	224,624	149,273	-	-	61,006	-	-	-	-	0
LAKE	40,450	261,146	79,581	147,298	-	-	34,267	-	-	-	-	0
LASSEN	29,940	246,116	40,000	109,149	157	75,925	20,885	-	(5,045)	(5,045)	-	(5,045)
LOS ANGELES	7,345,296	84,530,845	58,370,672	16,407,893	3,062,138	-	6,690,142	-	(4,253,419)	(4,253,419)	4,253,419	0
MADERA	104,798	1,341,417	699,738	607,934	-	-	33,745	-	-	-	-	0
MARIN	143,055	1,110,663	346,381	655,166	10,000	-	99,116	-	-	-	-	0
MARIPOSA	15,844	28,506	5,417	19,648	-	-	3,442	-	-	-	-	0
MENDOCINO	69,654	457,247	238,146	155,567	3,989	-	59,545	-	-	-	-	0
MERCED	169,336	3,731,228	581,312	2,774,800	159,919	215,197	0	-	(107,734)	(107,734)	107,734	0
MODOC	12,908	106,883	85,626	20,570	-	-	687	-	-	-	-	0
MONO	20,590	187,329	40,513	25,025	7,472	-	114,319	(93,729)	-	(93,729)	93,279	(450)
MONTEREY	227,767	1,370,880	308,732	805,915	45,849	51,914	158,470	-	-	-	-	0
NAPA	98,144	1,368,980	51,771	588,831	426	212,862	515,090	(416,946)	(2,488)	(419,434)	418,000	(1,434)
NEVADA	69,335	197,414	-	197,414	-	-	0	-	-	-	-	0
ORANGE	1,949,447	9,205,925	439,962	5,684,137	1,017,978	642,384	1,421,464	-	-	-	-	0
PLACER	210,956	1,780,733	1,059,045	428,629	56,516	211,350	25,193	-	(2,000)	(2,000)	-	(2,000)
PLUMAS	15,973	186,916	125,714	46,447	5,303	-	9,453	-	-	-	-	0
RIVERSIDE	1,467,248	4,892,395	324,860	3,200,950	-	-	1,366,584	-	-	-	-	0
SACRAMENTO	932,290	7,324,280	2,755,956	1,743,454	216,950	1,639,586	968,334	(36,044)	(365,020)	(401,064)	381,483	(19,581)
SAN BENITO	30,405	211,596	107,896	53,921	20,744	-	29,035	-	-	-	-	0
SAN BERNARDINO	1,214,980	13,433,724	7,208,004	2,084,932	4,140,789	-	(0)	-	(712,518)	(712,518)	712,518	(0)
SAN DIEGO	1,742,438	16,037,699	2,833,347	12,203,673	764,467	-	236,212	-	-	-	-	0
SAN FRANCISCO	779,375	5,659,704	3,272,137	1,620,542	-	-	767,025	-	(385,693)	(385,693)	385,693	0
SAN JOAQUIN	414,428	2,694,165	850,531	1,628,211	170,720	-	44,703	-	-	-	-	0
SAN LUIS OBISPO	166,964	2,104,666	461,303	1,524,996	-	-	118,368	-	-	-	-	0
SAN MATEO	430,860	3,059,763	1,688,183	1,080,719	-	-	290,860	-	-	-	-	0
SANTA BARBARA	308,036	3,116,780	189,833	2,685,937	116,738	-	124,272	-	-	-	-	0
SANTA CLARA	1,020,386	2,767,330	1,115,424	1,347,171	-	-	304,735	-	-	-	-	0
SANTA CRUZ	151,633	797,579	164,233	516,818	-	-	116,528	-	-	-	-	0

Final One-Time Allocation Reduction for Fund Balance above the 1% Cap
(as of December 1, 2017)

Court	Cap	FY 2016-17 Fund Balance	Encumbrances	Restricted	Prepayments	Balance of Approved 2016-2017 TCTF Funds Held on Behalf	Fund Balance Subject to Cap	2016-17 Current Year Reduction	Prior Year Disencumbrance	2016-17 Total Final Reduction	Approved 2017-2018 TCTF Funds Held on Behalf ¹	Net Reduction after Funds held on Behalf
	Col. A	Col. B	Col. C	Col. D	Col. E	Col. F	Col. G (B - C - D - E - F)	Col. H (G - A)	Col. I	Col. J (H + I)	Col. K	Col. L (J + K)
SHASTA	182,899	561,236	32,975	336,364	-	-	191,898	(8,999)	(1,896)	(10,895)	10,895	(0)
SIERRA	8,382	231,251	190,397	9,274	31,097	-	483	-	-	-	-	0
SISKIYOU	44,294	282,806	48,248	150,548	-	-	84,010	(39,716)	-	(39,716)	39,716	0
SOLANO	256,427	1,574,913	413,366	905,842	-	-	255,705	-	-	-	-	0
SONOMA	294,322	2,615,887	19,615	1,598,042	477,093	452,298	68,839	-	-	-	-	0
STANISLAUS	271,520	1,064,495	90,322	197,477	506,078	-	270,618	-	-	-	-	0
SUTTER	65,897	779,042	486,074	259,002	9,763	-	24,203	-	(76,707)	(76,707)	60,839	(15,868)
TEHAMA	50,687	951,659	758,183	144,897	8,550	-	40,029	-	-	-	-	0
TRINITY	21,032	51,287	-	28,402	4,722	-	18,163	-	-	-	-	0
TULARE	284,199	1,674,396	1,138,625	212,448	130,035	-	193,288	-	-	-	-	0
TUOLUNME	40,925	133,538	-	90,450	-	-	43,088	(2,163)	-	(2,163)	-	(2,163)
VENTURA	515,476	3,876,515	3,550,613	123,326	-	-	202,576	-	-	-	-	0
YOLO	135,621	1,010,264	386,356	481,103	50,315	-	92,490	-	-	-	-	0
YUBA	62,549	717,411	548,728	79,511	47,473	-	41,699	-	-	-	-	0
TOTAL	25,118,546	210,230,174	100,303,225	73,931,812	12,397,031	5,066,407	18,531,700	(1,356,205)	(6,036,366)	(7,392,571)	6,864,052	(528,519)

1. The approved TCTF Funds Held on Behalf Requests include those requests pending before the Judicial Council at its January 12, 2018 meeting

Court	1% Cap Adjustments			TCTF Funds held on behalf (FHOB)				Net Adjustment
	Preliminary Reduction for Fund Balance Above the 1% Cap	Final Reduction for Fund Balance Above the 1% Cap	Fund Balance above the 1% Total Allocation Adjustments	Preliminary TCTF FHOB of the Trial Courts	Final TCTF FHOB of the Trial Courts	TCTF Funds Held in Reserve in the TCTF ¹	Total TCTF FHOB of the Trial Courts Total Allocation Adjustments	
	One-Time	One-Time	One-Time	One-Time	One-Time			
	Aug #2 Dist		Jan #7 Dist	Aug #2 Dist			Jan #7 Dist	
Col. A	Col. B	Col. C (B-A)	Col. D	Col. E	Col. F	Col. G (E-D-F)	Col. H (C+G)	
Alameda	(604,310)	-	604,310				-	604,310
Alpine	(124,881)	(174,546)	(49,665)				-	(49,665)
Amador		-	-				-	-
Butte	(173,561)	(173,151)	410		173,151		173,151	173,561
Calaveras		-	-				-	-
Colusa	(150,000)	(150,000)	-	150,000	150,000	150,000	(150,000)	(150,000)
Contra Costa	(132,189)	(258,990)	(126,801)				-	(126,801)
Del Norte	(127,676)	(42,976)	84,700				-	84,700
El Dorado		-	-				-	-
Fresno		-	-				-	-
Glenn		-	-				-	-
Humboldt		-	-				-	-
Imperial		-	-				-	-
Inyo		-	-				-	-
Kern	(74,550)	(82,790)	(8,240)		77,325		77,325	69,085
Kings		-	-				-	-
Lake		-	-				-	-
Lassen	(5,987)	(5,045)	942				-	942
Los Angeles	(4,351,972)	(4,253,419)	98,553	4,351,972	4,253,419		(98,553)	-
Madera		-	-				-	-
Marin		-	-				-	-
Mariposa		-	-				-	-
Mendocino		-	-				-	-
Merced	(107,734)	(107,734)	-		107,734		107,734	107,734
Modoc		-	-				-	-
Mono ¹		(93,729)	(93,729)		93,279	93,279	-	(93,729)
Monterey		-	-				-	-
Napa	(317,287)	(419,434)	(102,147)		418,000		418,000	315,853
Nevada		-	-				-	-
Orange		-	-				-	-
Placer	(3,993)	(2,000)	1,993				-	1,993
Plumas		-	-				-	-
Riverside		-	-				-	-
Sacramento	(428,762)	(401,064)	27,698	333,133	381,483		48,350	76,048
San Benito		-	-				-	-
San Bernardino	(697,433)	(712,518)	(15,085)	697,433	712,518		15,085	(0)
San Diego		-	-				-	-
San Francisco	(385,693)	(385,693)	0	385,693	385,693		-	0
San Joaquin		-	-				-	-
San Luis Obispo		-	-				-	-
San Mateo		-	-				-	-
Santa Barbara		-	-				-	-
Santa Clara		-	-				-	-
Santa Cruz		-	-				-	-
Shasta		(10,895)	(10,895)		10,895		10,895	(0)
Sierra		-	-				-	-
Siskiyou		(39,716)	(39,716)		39,716		39,716	-

	1% Cap Adjustments			TCTF Funds held on behalf (FHOB)				Net Adjustment
	Preliminary Reduction for Fund Balance Above the 1% Cap	Final Reduction for Fund Balance Above the 1% Cap	Fund Balance above the 1% Total Allocation Adjustments	Preliminary TCTF FHOB of the Trial Courts	Final TCTF FHOB of the Trial Courts	TCTF Funds Held in Reserve in the TCTF ¹	Total TCTF FHOB of the Trial Courts Total Allocation Adjustments	
	One-Time	One-Time	One-Time	One-Time	One-Time			
	Aug #2 Dist		Jan #7 Dist	Aug #2 Dist			Jan #7 Dist	
Court	Col. A	Col. B	Col. C (B-A)	Col. D	Col. E	Col. F	Col. G (E-D-F)	Col. H (C+G)
Solano		-	-				-	-
Sonoma		-	-				-	-
Stanislaus		-	-				-	-
Sutter	(87,253)	(76,707)	10,546	80,837	60,839		(19,998)	(9,452)
Tehama		-	-				-	-
Trinity		-	-				-	-
Tulare		-	-				-	-
Tuolumne		(2,163)	(2,163)				-	(2,163)
Ventura		-	-				-	-
Yolo		-	-				-	-
Yuba		-	-				-	-
Total	(7,773,282)	(7,392,571)	380,710	5,999,068	6,864,052	243,279	621,705	1,002,415

1. Approved TCTF funds held on behalf requests will be held in reserve in the TCTF account for Colusa and Mono, as these courts are saving for new case management systems.