



JUDICIAL COUNCIL OF CALIFORNIA

455 Golden Gate Avenue · San Francisco, California 94102-3688
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REPORT TO THE JUDICIAL COUNCIL

For business meeting on: January 17, 2020

Title

Trial Court Budget: 2018–19 Final One-Time
Reduction for Fund Balances Above the 1
Percent Cap

Agenda Item Type

Action Required

Effective Date

January 17, 2020

Rules, Forms, Standards, or Statutes Affected

None

Date of Report

December 19, 2019

Recommended by

Trial Court Budget Advisory Committee
Hon. Jonathan B. Conklin, Chair

Contact

Michele Allan, 916-263-1374
michele.allan@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 Trial Court Budget Advisory Committee recommends approving a final one-time reduction allocation of \$6,935,081 related to the fund balance in 2018–19 and prior-year excluded funds, as required by Government Code section 68502.5(c)(2)(A), which nets to \$796,545 after funds held on behalf of trial court reductions.

Recommendation

The Trial Court Budget Advisory Committee recommends that the Judicial Council, effective January 17, 2020, adjust the preliminary 1 percent fund balance cap reduction allocation of \$7,890,830 approved by the council on September 24, 2019, by a net \$955,749 for a final reduction allocation of \$6,935,081, to match the trial courts' final calculations of the amount above the 1 percent fund balance cap, further reduced by approved funds held on behalf of the trial courts to \$796,545 to be reverted to the Trial Court Trust Fund.

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 in compliance with 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 would 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 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 business meeting on September 24, 2019, the council approved a preliminary one-time allocation reduction of \$7,890,830 to courts that were projecting that the portion of their 2018–19 ending fund balance subject to the 1 percent fund balance cap would exceed the cap by that amount, as required by statute.

Analysis/Rationale

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(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.”

Government Code 77203 limited the amount of funds to be carried over from one year to the next, beginning June 30, 2014.

The figures in Attachment A reflect courts’ finalized and closed accounting records for 2018–19, which 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;
- Column G shows the court’s 2018–19 fund balance amounts subject to the cap, which excludes 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 H displays the courts' final computation of the amount above their 1 percent cap, totaling \$6.62 million;
- Column I provides 2018–19 adjustments to the courts' 2016–17 and 2017–18 excluded fund amounts that resulted in the courts exceeding their 2015–16 and 2016–17 fund balance cap, totaling \$315,028; and
- Column J displays the courts' final total reduction computation.

Ten courts have submitted requests totaling \$6.1 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 2018–19 1 percent cap adjustment and TCTF FHOB requests that will be distributed in the February 2020 TCTF distributions to the trial courts:

- Column A shows the preliminary 1 percent cap reductions taken in October 2019 that included 16 courts;
- Column B displays the final reductions that included 21 courts;
- Column C shows the net adjustment of \$955,749 between the preliminary and final 1 percent cap calculations;
- Column D reflects the preliminary TCTF FHOB requests of \$5.41 million returned in October 2019;
- Column E reflects the final TCTF FHOB requests totaling \$6.14 million. Of this amount, \$2.99 million will be allocated to trial courts for 2019–20 expenditures (Column F); and \$3.15 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; and
- Column H displays the February 2020 allocation adjustment between the preliminary and final FHOB.

The amounts that will be returned to courts have been adjusted for those courts that have approved FHOB requests that exceed their reduction for the 1 percent fund balance cap. The net adjustment column displays the total net allocation adjustment for both the 1 percent cap and the TCTF FHOB requests.

Policy implications

None.

Comments

This item was not circulated for comment.

Alternatives considered

None.

Fiscal and Operational Impacts

None.

Attachments and Links

1. Attachment A: Final One-Time Allocation Reduction for Fund Balances Above the 1% Cap
2. Attachment B: Final Allocation Adjustments for 2018–19 1% Cap Adjustments and TCTF Funds Held on Behalf

Final One-Time Allocation Reduction for Fund Balance Above the 1% Cap
(as of October 15, 2019)

Court	Fund Balance Cap	FY 2018-19 Ending Fund Balance	Encumbrance Reserves at June 30	Excluded Funds	Prepayments	Balance of Approved 2018-19 Funds Held on Behalf	Fund Balance Subject to Cap	Current Year Reduction	Prior Year Disencumbrance	Total Final Reduction	Approved 2019-20 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	Col. I	Col. J (H + I)	Col. K	Col. L
ALAMEDA ²	1,026,992	8,399,643	5,580,958	1,713,820	0	0	1,104,865	0	93,217	93,217		(93,217)
ALPINE	7,830	37,452	0	15,048	12,477	0	9,927	2,097	0	2,097		(2,097)
AMADOR	38,595	223,355	180,000	35,650	0	0	7,705	0	1,900	1,900		(1,900)
BUTTE	154,203	1,096,979	357,292	350,422	235,186	0	154,079	0	7,754	7,754		(7,754)
CALAVERAS	32,192	593,647	126,044	173,724	244,909	0	48,970	16,778	0	16,778		(16,778)
COLUSA	19,791	797,657	42,284	264,183	139,505	0	351,685	331,894	0	331,894	325,000	(6,894)
CONTRA COSTA	593,872	2,874,701	359,692	2,113,322	80,000	0	321,687	0	35,978	35,978		(35,978)
DEL NORTE	35,955	629,482	11,703	505,008	0	0	112,771	76,752	64	76,816		(76,816)
EL DORADO	92,279	27,723	0	0	2,270	0	25,453	0	0	0		0
FRESNO	669,876	4,822,806	2,702,674	1,610,593	1,143	0	508,396	0	0	0		0
GLENN	32,587	146,498	33,641	80,607	0	0	32,250	0	0	0		0
HUMBOLDT	91,784	198,122	455	101,896	15,659	0	80,112	0	0	0		0
IMPERIAL	125,215	2,366,123	1,595,407	659,233	76,867	0	34,616	0	0	0		0
INYO	30,222	428,520	0	399,485	2,015	0	27,020	0	0	0		0
KERN	837,133	5,001,862	0	3,508,063	167,760	676,688	649,351	0	0	0		0
KINGS	114,008	1,907,188	1,545,375	264,220	1,867	0	95,726	0	0	0		0
LAKE	47,037	466,473	255,463	180,882	0	0	30,128	0	0	0		0
LASSEN	32,312	475,212	250,000	124,268	2,451	75,925	22,568	0	0	0		0
LOS ANGELES	7,875,869	56,911,094	28,361,847	23,739,080	59,330	0	4,750,837	0	0	0		0
MADERA	111,499	871,929	315,205	542,102	0	0	14,622	0	0	0		0
MARIN	149,876	1,537,617	459,913	942,893	5,000	0	129,811	0	0	0		0
MARIPOSA	19,319	55,343	0	28,329	2,358	0	24,656	5,337	0	5,337		(5,337)
MENDOCINO	73,932	1,278,063	187,127	239,924	0	0	851,012	777,080	0	777,080	777,000	(80)
MERCED	181,504	3,217,774	338,456	2,625,421	223,066	8,914	21,917	0	0	0		0
MODOC	14,650	106,398	81,788	22,303	0	0	2,307	0	0	0		0
MONO	24,219	259,263	34,430	51,379	27,337	0	146,117	121,880	18	121,898	121,898	0
MONTEREY	259,645	1,381,095	373,814	679,695	186,333	9,368	131,885	0	0	0		0
NAPA	101,771	758,282	16,687	621,994	0	18,088	101,513	0	0	0		0
NEVADA	71,976	320,906	0	306,498	0	0	14,408	0	0	0		0
ORANGE	1,982,410	13,602,320	2,888,008	6,767,019	992,229	465,234	2,489,830	507,420	0	507,420	507,420	0
PLACER	236,557	1,112,553	103,464	484,877	125,688	45,453	353,071	111,796	4,718	116,514	110,000	(6,514)
PLUMAS	14,631	95,126	23,483	57,120	0	0	14,523	0	0	0		0
RIVERSIDE	1,678,599	10,643,419	4,364,227	4,658,147	200,000	0	1,421,045	0	0	0		0
SACRAMENTO	960,695	7,388,961	1,096,690	2,110,046	18,568	1,412,664	2,750,993	1,700,000	90,298	1,790,298	1,776,000	(14,298)
SAN BENITO	33,186	924,028	239,759	22,920	113,538	0	547,811	514,625	0	514,625	415,801	(98,824)
SAN BERNARDINO	1,409,682	9,719,801	3,764,347	2,353,826	3,601,628	0	0	0	0	0		0
SAN DIEGO	1,880,327	21,321,819	6,969,607	11,935,353	1,389,920	0	1,026,939	0	0	0		0
SAN FRANCISCO	746,466	1,796,044	0	1,045,565	0	385,693	364,786	0	0	0		0
SAN JOAQUIN	460,249	2,525,209	81,129	1,922,727	226,122	0	295,231	0	0	0		0
SAN LUIS OBISPO	180,612	3,062,298	665,982	2,003,348	0	0	392,968	207,723	4,633	212,356		(212,356)
SAN MATEO	480,978	5,271,692	2,246,511	631,725	239,611	0	2,153,845	1,597,589	75,278	1,672,867	1,660,000	(12,867)
SANTA BARBARA	317,859	4,951,402	1,676,822	2,891,532	360,885	0	22,163	0	0	0		0
SANTA CLARA	1,045,372	125,602	0	66,003	18,828	0	40,771	0	0	0		0
SANTA CRUZ	168,563	1,017,364	489,878	472,958	0	0	54,528	0	0	0		0

Final One-Time Allocation Reduction for Fund Balance Above the 1% Cap
(as of October 15, 2019)

Court	Fund Balance Cap	FY 2018-19 Ending Fund Balance	Encumbrance Reserves at June 30	Excluded Funds	Prepayments	Balance of Approved 2018-19 Funds Held on Behalf	Fund Balance Subject to Cap	Current Year Reduction	Prior Year Disencumbrance	Total Final Reduction	Approved 2019-20 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	Col. I	Col. J (H + I)	Col. K	Col. L
SHASTA	203,225	313,521	0	258,541	0	0	54,980	0	0	0		0
SIERRA	8,857	21,431	4,515	2,173	9,960	0	4,783	0	0	0		0
SISKIYOU	42,678	262,532	0	239,631	0	0	22,901	0	0	0		0
SOLANO	292,962	2,254,252	799,796	1,173,332	33,701	0	247,423	0	0	0		0
SONOMA	295,266	2,578,830	0	1,909,520	474,426	0	194,884	0	0	0		0
STANISLAUS	309,258	1,477,325	265,210	280,553	622,304	0	309,258	0	0	0		0
SUTTER	73,951	1,326,522	618,397	342,424	3,749	2,889	359,063	285,112	0	285,112	285,112	0
TEHAMA	56,334	630,823	127,629	212,705	0	73,850	216,639	159,135	1,170	160,305	160,305	0
TRINITY	24,195	77,536	9,396	52,863	11,090	0	4,187	0	0	0		0
TULARE	336,782	1,173,096	500,000	380,054	191,490	0	101,552	0	0	0		0
TUOLUNME	47,097	345,763	0	227,501	0	0	118,262	71,165	0	71,165		(71,165)
VENTURA	563,138	3,632,296	3,249,413	106,864	0	0	276,019	0	0	0		0
YOLO	160,135	1,626,309	1,040,994	572,728	0	0	12,587	0	0	0		0
YUBA	67,799	527,990	215,081	111,440	0	0	201,469	133,670	0	133,670		(133,670)
TOTAL	26,944,009	196,997,071	74,650,593	85,193,537	10,119,270	3,174,766	23,858,905	6,620,053	315,028	6,935,081	6,138,536	(796,545)

1. Approved TCTF Funds Held on Behalf Requests include those requests pending before the Judicial Council at its business meeting January 16-17, 2020.

2. Prior year liquidations applied against fund balance subject to cap brought court below the fund balance cap and resulted in no current year reduction.

Final Allocation Adjustments for 2018-19
1% Cap Adjustment and TCTF Funds Held on Behalf

Court	1% Cap Adjustments			TCTF Funds Held on Behalf (FHOB)					Net Adjustment
	Preliminary Reduction for Fund Balance Above the 1% Cap One-Time Oct #4 Dist	Final Reduction for Fund Balance Above the 1% Cap	Allocation Adjustment for Reduction for Fund Balance Above the 1% Cap One-Time Feb #8 Dist	Preliminary TCTF Funds Held on Behalf of the Trial Courts Returned to Courts One-Time Oct #4 Dist	Total Final TCTF Funds Held on Behalf of the Trial Courts	TCTF Funds Held on Behalf of the Trial Courts to be Returned for 2019-20 Feb #8 Dist	TCTF Funds Held in Reserve in the TCTF for Future Years ¹	Allocation Adjustment for TCTF FHOB of the Trial Courts One-Time Feb #8 Dist	
Alameda	(2,002,203)	(93,217)	1,908,986					-	1,908,986
Alpine	(5,782)	(2,097)	3,685					-	3,685
Amador	(1,900)	(1,900)	-					-	-
Butte	-	(7,754)	(7,754)					-	(7,754)
Calaveras	-	(16,778)	(16,778)					-	(16,778)
Colusa	(325,000)	(331,894)	(6,894)	325,000	325,000	80,000	245,000	(245,000)	(251,894)
Contra Costa	(35,978)	(35,978)	-					-	-
Del Norte	(46,244)	(76,816)	(30,572)					-	(30,572)
El Dorado	-	-	-					-	-
Fresno	-	-	-					-	-
Glenn	-	-	-					-	-
Humboldt	-	-	-					-	-
Imperial	-	-	-					-	-
Inyo	-	-	-					-	-
Kern	-	-	-					-	-
Kings	-	-	-					-	-
Lake	-	-	-					-	-
Lassen	-	-	-					-	-
Los Angeles	-	-	-					-	-
Madera	-	-	-					-	-
Marin	-	-	-					-	-
Mariposa	-	(5,337)	(5,337)					-	(5,337)
Mendocino	(777,001)	(777,080)	(79)	777,001	777,000	777,000		(1)	(80)
Merced	-	-	-					-	-
Modoc	-	-	-					-	-
Mono	(124,202)	(121,898)	2,304		121,898	-	121,898	-	2,304
Monterey	-	-	-					-	-
Napa	-	-	-					-	-
Nevada	-	-	-					-	-
Orange	-	(507,420)	(507,420)		507,420	507,420		507,420	-
Placer	(124,368)	(116,514)	7,854	124,368	110,000	110,000		(14,368)	(6,514)
Plumas	-	-	-					-	-
Riverside	-	-	-					-	-
Sacramento	(1,786,154)	(1,790,298)	(4,144)	1,776,000	1,776,000	1,106,278	669,722	(669,722)	(673,866)
San Benito	(514,625)	(514,625)	-	415,801	415,801	166,321	249,480	(249,480)	(249,480)
San Bernardino	-	-	-					-	-
San Diego	-	-	-					-	-
San Francisco	-	-	-					-	-
San Joaquin	-	-	-					-	-
San Luis Obispo	(4,633)	(212,356)	(207,723)					-	(207,723)
San Mateo ²	(1,814,532)	(1,672,867)	141,665	1,660,000	1,660,000	-	1,660,000	(1,660,000)	(1,518,335)
Santa Barbara	-	-	-					-	-
Santa Clara	-	-	-					-	-
Santa Cruz	-	-	-					-	-
Shasta	-	-	-					-	-
Sierra	-	-	-					-	-
Siskiyou	-	-	-					-	-
Solano	-	-	-					-	-
Sonoma	-	-	-					-	-
Stanislaus	-	-	-					-	-
Sutter	(214,812)	(285,112)	(70,300)	214,812	285,112	240,000	45,112	25,188	(45,112)
Tehama	(113,379)	(160,305)	(46,926)	113,379	160,305	-	160,305	(113,379)	(160,305)
Trinity	-	-	-					-	-
Tulare	-	-	-					-	-
Tuolumne	(17)	(71,165)	(71,148)					-	(71,148)
Ventura	-	-	-					-	-
Yolo	-	-	-					-	-
Yuba	-	(133,670)	(133,670)					-	(133,670)
Total	(7,890,830)	(6,935,081)	955,749	5,406,361	6,138,536	2,987,019	3,151,517	(2,419,342)	(1,463,593)

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