

**JUDICIAL COUNCIL OF CALIFORNIA  
ADMINISTRATIVE OFFICE OF THE COURTS**

455 Golden Gate Avenue  
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**Report**

TO: Members of the Judicial Council

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DATE: October 26, 2006

SUBJECT: Court Facilities Report From the Judicial Council to the Budget and Fiscal  
Committees of the Legislature: County Reporting on Local Courthouse  
Construction Funds for the Period of January 1, 1998, to December 31,  
2005 (Action Required)

Issue Statement

Government Code section 70403(d)<sup>1</sup> requires the Judicial Council to submit a report to the budget and fiscal committees of the Legislature regarding receipts and expenditures of local courthouse construction funds. The report is based on county reporting on local courthouse construction funds established under Government Code section 76100. The proposed report covers the period of January 1, 1998, to December 31, 2005.

The Trial Court Facilities Act of 2002 (Senate Bill 1732 [Escutia]; Stats. 2002, Ch. 1082), as amended by Assembly Bill 1435 ([Evans]; Stats. 2005, Ch. 410) established the provisions for reporting on local courthouse construction funds. This is the first report required by counties on the funds. Ongoing annual reporting from counties with outstanding debt service obligations is required by statute, as is subsequent annual reporting to the Legislature.

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<sup>1</sup> Government Code section 70403(d) states: "On or before January 1, 2007, and on or before each January 1, thereafter, the Judicial Council shall submit a report to the budget and fiscal committees of the Legislature based on the information received from counties pursuant to this section, including any amounts required to be repaid by counties."

## Recommendation

The Courthouse Construction Fund (CCF) Steering Committee and CCF Working Group jointly recommend that the Judicial Council approve the report to the Budget and Fiscal Committees of the Legislature titled County Reporting on Local Courthouse Construction Funds for the Period of January 1, 1998, to December 31, 2005, and its submission to the Legislature. The Interim Court Facilities Panel reviewed and unanimously approved this recommendation at their meeting on October 20, 2006.

## Rationale for Recommendation

The attached report is required by Government Code section 70403(d). To conduct a review of the reports submitted by the counties under Government Code section 70403(a),<sup>2</sup> the Administrative Office of the Courts (AOC) established a Courthouse Construction Fund Working Group comprised of staff from the AOC's Office of Court Construction and Management, the Finance Division's Internal Audit Services, and the Office of the General Counsel. A steering committee was established to provide guidance and policy direction to the working group on matters such as content of review, period of review, county communications, and legislative report format.<sup>3</sup>

The AOC is currently in the process of reviewing the county reports. The review includes a determination of whether the receipts and expenditures were made in accordance with the provisions of Government Code section 76100, including a verification of outstanding debt service. If it is found that a county made an expenditure not specified in statute, notification will be provided to the county and the state Department of Finance of the amount due for repayment to the state.

The report to the Legislature includes a list of the reporting counties, whether the report submitted is in compliance with statute,<sup>4</sup> the total amount of receipts and expenditures for the period, the status of the AOC's review of the report, and any repayments due to the state for deposit into the State Court Facilities Construction Fund as a result of an expenditure made from the fund for a purpose other than specified by statute.

The results of the report can be summarized as follows:

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<sup>2</sup> Government Code Section 70403(a) states: "Each county shall submit a report to the Administrative Director of the Courts and the Director of Finance accounting for all receipts and expenditures from the local courthouse construction fund established pursuant to Section 76100 for the period from January 1, 1998, to the date of transfer of the fund pursuant to subdivision (a) of Section 70402 or December 31, 2005, whichever is earlier."

<sup>3</sup> Members of the steering committee include the following AOC representatives: Director, Office of Court Construction and Management (chair); Director, Finance Division; Regional administrative directors (Bay Area/Northern Coastal, Northern/Central, and Southern); and General Counsel, Office of the General Counsel (*limited to legal advice and counsel*).

<sup>4</sup> Under Government Code section 70403(a), counties are to provide an accounting of receipts and expenditures for the period of January 1, 1998 to December 31, 2005.

- Fifty-seven of counties of 58 counties have reported (Modoc County's report has not been received);
- Forty-six county reports are in compliance;
- Thirty-three counties have reported debt service expenditures;
- Receipts reported total \$486,402,690;
- Expenditures reported total \$485,915,395;
- Three reviews have been completed by the AOC;
- Fifty-four reviews are in progress;
- No repayments are due per county reports reviewed to date.

As of October 26, 2006, no letters have been sent to counties acknowledging completion of review.

#### Alternative Actions Considered

No alternative actions were considered. Government Code section 70403(d) requires that this report be submitted.

#### Comments From Interested Parties

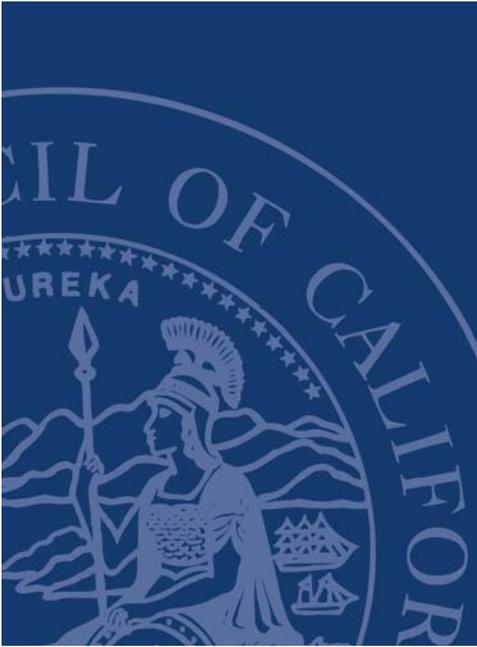
No comments were solicited.

#### Implementation Requirements and Costs

Once approved, the report will be submitted to the Legislature. There are no costs associated with this report.

#### Attachments

Report From the Judicial Council to the Budget and Fiscal Committees of the Legislature titled County Reporting on Local Courthouse Construction Funds for the Period of January 1, 1998, to December 31, 2005.



# County Reporting on Local Courthouse Construction Funds

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FOR THE PERIOD OF JANUARY 1, 1998,  
TO DECEMBER 31, 2005

REPORT FROM THE JUDICIAL  
COUNCIL TO THE BUDGET AND  
FISCAL COMMITTEES OF THE  
LEGISLATURE



JUDICIAL COUNCIL  
OF CALIFORNIA

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ADMINISTRATIVE OFFICE  
OF THE COURTS

**Report From the Judicial Council  
To the Budget and Fiscal Committees of the Legislature**

**County Reporting on  
Local Courthouse Construction Funds  
for the Period of  
January 1, 1998, to December 31, 2005**

**Under reporting requirements stated in  
*Government Code section 70403(d)***

**December 1, 2006**



**JUDICIAL COUNCIL  
OF CALIFORNIA**

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ADMINISTRATIVE OFFICE  
OF THE COURTS

Judicial Council of California  
Administrative Office of the Courts  
455 Golden Gate Avenue  
San Francisco, CA 94102-3688

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# **Report From the Judicial Council to the Budget and Fiscal Committees of the Legislature**

## **County Reporting on Local Courthouse Construction Funds for the Period of January 1, 1998, to December 31, 2005**

**December 1, 2006**

### Introduction

The Trial Court Facilities Act of 2002 (Senate Bill 1732 [Escutia]; Stats. 2002, Ch. 1082) requires county reporting of receipts and expenditures from local courthouse construction funds. Under Government Code section 70403(a), each county must submit a report to the Administrative Director of the Courts for all receipts and expenditures from the local courthouse construction fund during the period January 1, 1998, to December 31, 2005.<sup>1</sup>

Government Code section 70403(d) was added by amendment with the passage of Assembly Bill 1435 [Evans]; Stats. 2005, Ch. 410. This section requires the Judicial Council to submit a report to the Legislature based on information received from the counties on local courthouse construction funds.<sup>2</sup> The first report is due on or before January 1, 2007 (and a report will be due on or before January 1 in subsequent years). This is the first report from the Judicial Council to the Legislature in satisfaction of the requirements of section 70403(d).

### County Reporting Under Section 70403(a)

As of October 24, 2006, the Administrative Office of the Courts (AOC) has received reports on local courthouse construction funds from 57 of 58 counties. Modoc County is the only county that has not submitted a report to date.

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<sup>1</sup> Government Code Section 70403(a) states: "Each county shall submit a report to the Administrative Director of the Courts and the Director of Finance accounting for all receipts and expenditures from the local courthouse construction fund established pursuant to Section 76100 for the period from January 1, 1998, to the date of transfer of the fund pursuant to subdivision (a) of the Section 70402 or December 31, 2005, whichever is earlier."

<sup>2</sup> Government Code Section 70403(d) states: "On or before January 1, 2007, and on or before each January 1, thereafter, the Judicial Council shall submit a report to the budget and fiscal committees of the Legislature based on the information received from counties pursuant to this section, including any amounts required to be repaid by counties."

Of the reports received, 46 are in literal compliance with the requirements of section 70403(a). Literal compliance with Government Code section 70403(a) requires reporting of all receipts and expenditures from the local courthouse construction fund for the period of January 1, 1998, to December 31, 2005 (see footnote number 1 above). The reports received from 11 counties (Del Norte, El Dorado, Glenn, Inyo, Kern, Los Angeles, Mariposa, Monterey, Napa, Plumas, and San Francisco Counties) are not in literal compliance with statute, as the reports are missing data for a portion of the statutory reporting period.

The staff of the AOC are requesting additional information from these 11 counties. On receipt of an updated report from a county (with transactions for the entire reporting period from January 1, 1998, to December 31, 2005), the report of that county will also be deemed in literal reporting compliance with statute and the receipts and expenditures will be updated accordingly.

Modoc County has been contacted by both the staff of the AOC and the leadership of the California State Association of Counties about its failure to report on its local courthouse construction fund, as required by Government Code section 70403(a). Should Modoc County submit a report at a later date, this will be reflected in the next annual report to the Legislature.

#### Summary of Receipts and Expenditures From Local Courthouse Construction Funds

As reported by the 57 counties that have submitted reports, the receipts into the local courthouse construction funds total \$486,402,690 during the statutory reporting period (see Attachment 1). Three counties (Madera, San Diego, and Sierra Counties) report no receipts during this period.

The 57 counties report a total of \$485,915,395 in expenditures from local courthouse construction funds. Four counties (Del Norte, Madera, San Diego, and Sierra Counties) report no expenditures from the funds during this period.

#### Status of Reviews

The AOC staff has initiated reviews of the reports submitted by the 57 counties. Counties are requested to provide beginning and ending fund balances and an explanation of expenditures by project if not already included in the report submitted. The review will include a determination of whether the receipts and expenditures were made in accordance with the provisions of Government Code section 76100, including a verification of outstanding debt service. If it is found that a county made an expenditure not allowed by statute, notification will be provided to the county and the state Department of Finance of the amount due for repayment to the state.

As of October 10, 2006, AOC staff have completed a review of 3 county reports (Madera, San Diego, and Sierra Counties). The review of the remaining 54 counties is in progress at the present time (see Attachment 1).

Status of Determination of Repayment Amounts Required (If Any) Under Section 70403(d)

For the 3 county reviews that have been completed , no repayments are required. For the remaining 55 counties, the status of any potential repayments is to be determined. As reviews of the reports are completed for these counties, the repayment amounts, if any, to local courthouse construction funds will be finalized and reported in subsequent annual reports from the Judicial Council to the budget and fiscal committees of the Legislature.

**ATTACHMENT 1**  
**Overview of County Reporting on**  
**Local Courthouse Construction Funds Under Government Code Section 70403(d)**

County	Review Status (complete/in progress)	Revenues <sup>(1)</sup> as reported by County	Expenditures <sup>(1)</sup> as reported by County	Repayments Due	Debt Service indicated in report
Alameda	In Progress	\$ 19,867,137	\$ 18,942,669		
Alpine	In Progress	137,794	57,955		
Amador	In Progress	552,494	654,878		
Butte	In Progress	3,694,518	3,934,294		X
Calaveras	In Progress	1,406,258	915,924		
Colusa	In Progress	463,599	479,021		X
Contra Costa	In Progress	10,204,719	13,737,649		X
Del Norte <sup>2</sup>	In Progress	174,104	0		
El Dorado <sup>2</sup>	In Progress	1,733,502	536,967		
Fresno	In Progress	1,682,944	1,215,322		X
Glenn <sup>2</sup>	In Progress	1,018,137	932,282		
Humboldt	In Progress	16,620,537	17,066,091		X
Imperial	In Progress	1,628,169	2,137,635		X
Inyo <sup>2</sup>	In Progress	1,131,564	327,961		
Kern <sup>2</sup>	In Progress	492,650	527,625		
Kings	In Progress	457,396	430,658		X
Lake	In Progress	22,536	25,077		
Lassen	In Progress	1,460,944	2,341,543		
Los Angeles <sup>2</sup>	In Progress	166,439,345	167,466,227		X
Madera	Complete	0	0	0	
Marin	In Progress	281,926	203,456		X
Mariposa <sup>2</sup>	In Progress	285,399	77,956		
Mendocino	In Progress	115,867	351,454		
Merced	In Progress	8,822,580	5,695,060		X
Modoc	Report Not Received	Report Not Received	Report Not Received		
Mono	In Progress	508,604	507,543		
Monterey <sup>2</sup>	In Progress	5,064,990	8,743,508		X
Napa <sup>2</sup>	In Progress	3,469,716	4,371,586		X
Nevada	In Progress	1,689,021	1,941,150		X
Orange	In Progress	39,002,259	37,253,412		X
Placer	In Progress	3,161,234	3,082,339		X
Plumas <sup>2</sup>	In Progress	55,516	55,516		
Riverside	In Progress	26,049,765	24,854,033		X
Sacramento	In Progress	15,744,492	14,433,366		X
San Benito	In Progress	684,673	344,282		X
San Bernardino	In Progress	16,114,558	16,298,505		X
San Diego	Complete	0	0	0	
San Francisco <sup>2</sup>	In Progress	39,823,591	53,377,315		X
San Joaquin	In Progress	12,192,877	7,836,561		X
San Luis Obispo	In Progress	4,873,888	2,175,271		
San Mateo	In Progress	11,678,138	11,051,176		X
Santa Barbara	In Progress	9,701,438	9,988,837		X
Santa Clara	In Progress	16,761,142	16,831,245		X
Santa Cruz	In Progress	1,559,915	1,444,729		X
Shasta	In Progress	4,551,181	3,758,240		X
Sierra	Complete	0	0	0	
Siskiyou	In Progress	3,608,046	113,234		
Solano	In Progress	4,625,213	4,806,996		X
Sonoma	In Progress	6,116,854	9,587,957		X
Stanislaus	In Progress	4,224,471	3,411,085		X
Sutter	In Progress	592,087	288,836		
Tehama	In Progress	1,396	5,379		X
Trinity	In Progress	319,189	259,736		
Tulare	In Progress	1,977,414	2,014,300		X
Tuolumne	In Progress	1,020,500	1,784,183		
Ventura	In Progress	9,515,022	4,699,661		X
Yolo	In Progress	1,993,191	1,756,977		
Yuba	In Progress	1,028,190	780,733		X
<b>TOTALS</b>		<b>\$ 486,402,690</b>	<b>\$ 485,915,395</b>	<b>\$0</b>	<b>33</b>

**Notes:**

(1) For statutory reporting period from January 1, 1998, to December 31, 2005.

(2) Report is noncompliant with statutory reporting period from January 1, 1998, to December 31, 2005.