

Jahr, Steven

From: Jahr, Steven
Sent: Wednesday, July 02, 2014 4:06 PM
To: Miller, Douglas P.; So, Kenneth; Hull, Harry; Herman, James E.; O'Malley, Mary Ann
Cc: Patel, Jody; Child, Curtis; Soderlund, Curt; Theodorovic, Zlatko
Subject: Internal Chairs Meeting - Thursday, July 3, 4 p.m. -Subject: IMF Shortfall Issue

You have asked the Executive Office to examine cross-divisional reductions to programs supported by IMF in light of our initial projections that FY14-15 expenditures in comparison with projected FY 14-15 revenues will produce a shortfall of \$8.3 million.

As an initial step, we analyzed the extent to which surplus funds exist in the IMF from the FY 13-14 year now concluded, which would reduce the projected shortfall. We have identified approximately \$7.6 million, comprised of unspent funds from FY 13-14 and funds encumbered in earlier years for budgeted projects that were not exhausted in the completion of those projects and are now no longer encumbered as of FY 14-15. We are also suggesting an additional \$600,000 in program cuts which will solve the imbalance for FY 14-15.

In the management of IMF and other funds, historically there have been healthy fund balances carried over from year to year; so monitoring annual savings of the kind noted above has been conducted at a higher level than now is required as fund balances near exhaustion.

Consequently, and consistent with the recommendations of a fiscal consultant our office engaged this past year, beginning July 1 this year, budgeting for our entire staff operation is being centralized in FSO. With this change, Zlatko and his staff will better be able to maintain a running assessment of potential surpluses, rather than having to wait until year end to identify them.

The upshot of the exercise just conducted, as will be explained in greater detail by Curt Soderlund at tomorrow's meeting and which will be accompanied by supporting fiscal displays, is that for FY 14-15, all but one IMF supported programs will not sustain cuts. For the following FY 15-16 budget year, however, we will still have to address structural shortfalls, but we have a number of months to prepare, and will be aided by virtue of the new centralized accounting process now in place. Over the next few months, we will be able to work with the internal chairs to develop recommended priorities for the council and TCBAC in order to mitigate that shortfall.

Improvement and Modernization Fund - Fund Condition Statement

Line No.	Description	FY 2013-14	FY 2014-15	
		Judicial Council Approved Allocation	Judicial Council Approved Allocation (On 4/24/2014)	Continuing \$20M Transfer from the IMF to the TCTF
		A	B	C
1	Beginning Balance	44,827,741	26,142,165	26,142,165
2	FY 2011-12 Disencumbrance	3,077,650		
3	FY 2012-13 Disencumbrance	218,987		
4	<i>Prior-Year Adjustments</i>	3,296,637		
5	Adjusted Beginning Balance	48,124,378	26,142,165	26,142,165
6	<i>Revenues</i>			
7	50/50 Excess Fines Split Revenue	27,946,000	25,324,600	25,324,600
8	2% Automation Fund Revenue	15,242,700	14,845,200	14,845,200
9	Jury Instructions Royalties	445,400	445,400	445,400
10	Interest from SMIF	135,000	135,000	135,000
11	Other Revenues/SCO Adjustments	-	-	3,062
12	<i>Transfers</i>			
13	From State General Fund	38,709,000	38,709,000	38,709,000
14	To Trial Court Trust Fund	(20,000,000)	-	(20,000,000)
15	To TCTF (GC 77209(k))	(13,397,000)	(13,397,000)	(13,397,000)
16	To TCTF (Improvement Fund AOC staff savings)	(594,000)	(594,000)	(594,000)
17	Net Revenue/Transfers	48,487,100	65,468,200	45,471,262
18	Total Resources	96,611,478	91,610,365	71,613,427
19	<i>Expenditures/Encumbrances/Allocation</i>			
20	Program and Project Expenditure/Encumbrance/Allocation	74,681,480	78,372,200	72,066,600
21	Program and Project Savings	(4,375,061)		
22	Less: V2 & V3 Costs Staying in TCTF	-		
23	Less: Pro Rata	162,894	162,894	162,894
24	Total Expenditures/Encumbrances/Allocation	70,469,313	78,535,094	72,229,494
25	Fund Balance	26,142,165	13,075,271	(616,067)
26	Fund Balance (as % of total allocation)	37.1%	16.6%	-0.9%
25	Net Revenue/Transfers Over/(Under) Expenditure	(21,982,213)	(13,066,894)	(26,758,232)