[MS-0398.039.008.017]
MPM

GRAY DAVIS

Controller of the State of California

April 12, 1990

Honorable Leon Williams
County Supervisor
San Diego County
1600 Pacific Highway
San Diego, CA 92101

Dear Mr. Williams:

SUBJECT: TRIAL COURT FUNDING - FINAL REGULATIONS

The regulations for the Trial Court Funding Program have been approved and adopted by the Office of Administrative Law and filed with the Secretary of State. I have enclosed a copy of the approval notice from the Office of Administrative Law and a copy of the final regulations to assist you in further implementing the Trial Court Funding Program.

If you have any questions concerning this matter, please contact John Korach, Chief, Bureau of Accounting and Budgeting Procedures at (916) 327-0757.

Cordially,

GRAY DAVIS, STATE CONTROLLER

By Earl L. Lucas
Earl L. Lucas
Assistant Deputy State Controller

ELL/mi

Enclosures

cc: Auditor-Controllers
Presiding Judges
County Administrative Officers
Court Administrators
Court Clerks

CALIFORNIA OFFICE OF ADMINISTRATIVE LAW
SACRAMENTO, CALIFORNIA

NOTICE OF APPROVAL OF
REGULATORY ACTION
(Gov. Code, Sec. 11349.3)

OAL File No. 90-0216-07 S

In re:

Controller

REGULATORY ACTION:
Adopt sections 1190-1190.9 of Title 02 of the California Code of Regulations.

SUMMARY OF REGULATORY ACTION

On February 16, 1990, the Office of the State Controllers (Controllers) submitted the above-referenced regulatory action to the Office of Administrative Law (OAL) for filing with the Secretary of State. This action is to comply with the Brown-Presley Trial Court Funding Act.

OFFICE OF ADMINISTRATIVE LAW DECISION

OAL approves the above-referenced regulatory action.

REASON FOR DECISION

All legal requirements applicable to the proposed regulatory action were met.

DATE: 03/19/90

Kaaren Morris
KAAREN MORRIS
Legal Assistant

for: LINDA STOCKDALE BREWER
Director

Original: Gray Davis, Controller
cc: John Korach
app.ltr

TITLE 2, CALIFORNIA ADMINISTRATIVE CODE
CHAPTER 2, STATE CONTROLLER
SUBCHAPTER 9. RULES AND REGULATIONS
RELATING TO TRIAL COURT RECORDKEEPING, ACCOUNTING
AND REPORTING

ARTICLE 1 DEFINITIONS

1190 - SPECIFIC TERMS

Court Operations: The term "court operations" is defined in Government Code Section 77003 and the California Rule of Court 810 as adopted by the Judicial Council of California. For purposes of these regulations "court operations" will have the same definition.

Appropriations: A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

For purposes of the Brown-Presley Trial Court Funding Act, appropriations represent year-end adjusted appropriations which are supported by actual expenditures and encumbrances.

Encumbrances: Commitments related to unperformed (executory) contracts for goods and services. Used in budgeting, encumbrances are not expenditures or liabilities according to Generally Accepted Accounting Principles, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

ARTICLE 2 ACCOUNTING

1190.1 - SPECIFIC PROCEDURES

The use of a Special Revenue Fund to account for the receipt of Trial Court Block Grants and the expenditures relating to court operations is recommended by the State Controller's Office. Counties may utilize alternative procedures as outlined in Section 8.39 of the "Accounting Standards and Procedures for Counties Manual" published by the Office of State Controller. Option counties shall establish a new account within the Intergovernmental Revenue classification entitled "State-Trial Courts" with four sub-accounts entitled "Block Grant", "Salary Grant", "Super Block Grant", and "Trial Court Improvement Fund."

Trial Court Improvement Fund expenditures must be clearly identified in order to satisfy grant requirements prescribed by the Administrative Office of the Courts.

Interest earned from Trial Court Improvement Fund grants made pursuant to Government Code Section 77207 shall be accounted for under guidelines established by the Administrative Office of the Courts. Interest earned from all other trial court funding grants made pursuant to Government Code Sections 68206 and 77200 must be calculated and allocated only if the total of such grants plus interest will exceed the total cost of court operations for a fiscal year. In such case, the excess must be expended on court operations in the subsequent year. The calculation of interest shall be consistent with the method used in allocating interest to other county funds.

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code

ARTICLE 3 CHART OF ACCOUNTS

The following chart of accounts is recommended for use by option counties in reporting court revenues and expenditures to the Controller. This new chart of accounts correlates directly with the report formats prescribed by the Controller. It contains the same object accounts presented in Chapters 6 and 7 of the Controller's "Accounting Standards and Procedures for Counties Manual" and allowable "court operation" expenditures listed in Judicial Council's California Rule of Court 810. Option counties may continue to use their existing chart of accounts to record activities relating to the Trial Court Funding Program, however, it must be expanded to include the revenue accounts and sub-accounts specified in Article 2, Section 1190.1.

1190.2 - REVENUES

INTERGOVERNMENTAL REVENUES

State-Trial Courts:
- Block grant
- Salary grant
- Super block grant
- Trial court improvement fund

State-Other:
- Court reimbursements
- Other

Revenue From Use of Property and Money
- Interest

INTERGOVERNMENTAL REVENUES-cont.

Other Financing Sources:
- Fees and Fines
- Sale of fixed assets
- Operating transfers-in
- Other

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

1190.3 -BLOCK GRANT EXPENDITURES

SALARIES AND EMPLOYEE BENEFITS

- Salaries and Wages
- Retirement
- Employees Group Insurance
- Worker's Compensation Insurance
- Other Benefits

SERVICES AND SUPPLIES

- Communications
- Jury and Witness Expense:
  - Court-appointed expert witness fees
  - Jury expenses
- Maintenance-Equipment:
  - Maintenance of office equipment
- Maintenance-Facilities:
  - *Minor remodeling costs of courthouse and supporting facilities
  - Security and maintenance of court facilities including janitorial service
- Memberships:
  - Memberships and subscriptions
  - Statutory multi-district judges' association expense
- Office Expense:
  - Office supplies
  - Postage
  - Printing
  - Professional dues
- Other:
  - Collective bargaining costs under the Meyers-Milias-Brown Act
  - Expenses of assigned judges
  - Micrographics
  - Research, planning, and program coordination expenses
  - Small claims advisor program costs

* - Up to the amount established by the county auditor-controller, but not exceeding $50,000.

SERVICES AND SUPPLIES-cont.

Professional and Specialized Services:

All verbatim reporting services including contract reporters and courtroom monitors, transcription services and transcripts ordered for use of the court

- Collections
- Contract service operations
- Court-appointed counsel (juvenile dependency)
- Court information services
- Court legal expenses
- Court ordered forensic evaluations
- Data processing operations, computer programs and systems
- Family court service program
- Interpreters and translators
- Other professional services

Publications and Legal Notices:

- Books, publications, and training materials
- Publications and legal notices, by the court

Rents and Leases-Equipment:

- Equipment and furnishing-leased or rented

Special Departmental Expense:

- Center for judicial education and research
- National judicial college
- National center for state courts
- Judicial and non-judicial training
- Other

Travel and Transportation:

- Vehicle use

EQUIPMENT

Equipment and Furnishing-Purchased

INDIRECT COSTS

Accounting:

- Auditor-Controller charges
- Disbursements
- Payroll
- Other accounting duties related to court operations

Administrative:

- Budget preparation/execution
- Grant coordination

Auxiliary Services:

- Equipment use
- *Minor remodeling costs of courthouse and supporting facilities
- Purchasing

* - Up to the amount established by the county auditor-controller, but not exceeding $50,000.

INDIRECT COSTS-cont.

Auxiliary Services-cont.
- Record retention and destruction
- Security
- Stores
- Treasury service
- Utilities
- Others

Collections

Communications:
- Messenger service

Data Processing

Financial:
- Financial hearing officer

Insurance:
- Facility insurance
- Liability and bonding insurance

Maintenance:
- Maintenance of court facilities, including janitorial services
- Parking lot maintenance

Personnel Services:
- Personnel related costs
- Recruiting
- Training

ADDITIONAL ALLOWABLE COSTS FOR COUNTIES HAVING POPULATION OF 350,000 OR LESS AND WHOSE BLOCK GRANT EXCEEDS THE ADJUSTED 1987-88 FUNDING LEVEL FOR TRIAL COURTS

**Probation Department-Costs attributable to probation and pretrial release services:
- Salaries and Employee Benefits
- Services and Supplies
- Indirect Costs

**Indigent Criminal Defense-Costs attributable from public defender and others:
- Salaries and Employee Benefits
- Services and Supplies
- Indirect Costs

**Pretrial Release Services-Costs attributable from Sheriff Department and others:
- Salaries and Employee Benefits
- Services and Supplies
- Indirect Costs

**- Use the same object and sub-object accounts listed under "block grant" expenditures.

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

1190.4 - TRIAL COURT IMPROVEMENT FUND EXPENDITURES
(FOR BUILDING CONSTRUCTION ONLY)

**SALARIES AND EMPLOYEE BENEFITS
**SERVICES AND SUPPLIES
OTHER CHARGES
FIXED ASSETS
OTHER FINANCING USES

INDIRECT COSTS

- Accounting
- Administrative:
  - Bid/estimate
- Auxiliary Services:
  - Advertising
  - Equipment Use
  - Purchasing/Procurement
  - Security
  - Utilities
- Communications
- Data Processing
- Financial
- Insurance:
  - Facility insurance
  - Liability and bonding insurance
- Maintenance-Equipment
- Other Project Expenses:
  - Mobilization, Assembly, Move-Out Costs
  - Spoilage, loss, and theft
  - Trailer
  - Warehouse costs
  - Yarding and Hauling
  - Other Costs
- Personnel Services
- Professional and Specialized Services:
  - Legal Costs
  - Labor- Salaries and Benefits
  - Management Expenses

**- Use the same object and sub-object accounts listed under "block grant expenditures".

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

ARTICLE 4 MAINTENANCE OF EFFORT

Government Code Section 77204 requires option counties to maintain levels of effort in support (maintenance of effort) of court operations. Beginning with the 1989-90 fiscal year, for maintenance of effort purposes, the first full fiscal year of county participation in the Trial Court Funding Program will be considered the base year. Appropriations for the base year will be the basis for future appropriations for court operations. Each county must also provide at least the same proportionate level of indirect services to the court as was provided in the 1986-87 fiscal year. Option counties are required to maintain a maintenance of effort level on a county wide basis reflecting total appropriations for the entire trial court system.

For maintenance of effort purposes, option counties with a population of 350,000 or less will include appropriations for probation services, indigent criminal defense and pretrial release services to the extent the block grant for a given fiscal year exceeds the 1987-88 funding level for the trial courts in that county, as adjusted by the current consumer price index.

1190.5 - BASE YEAR REQUIREMENTS

a. Beginning with the 1989-90 fiscal year, an option county shall appropriate and authorize for expenditure each fiscal year an amount not less than the amount appropriated for court operations in the first full fiscal year in which a county became an option county, as adjusted by the percentage provided in Government Code Section 77201.

b. The county shall provide the trial courts with at least the same proportionate level of indirect services as was provided in the 1986-87 fiscal year. The OMB Circular A-87 (County Cost Plan) may be utilized in determining the indirect services level for the 1986-87 fiscal year.

c. The county shall fulfill its shared financial and other obligation pursuant to Government Code Section 68073.

d. The county shall provide for judicial arbitration and court mediation and conciliation services at a level at least proportionate to the number of cases filed subject to such programs in the 1986-87 fiscal year.

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

ARTICLE 5 REPORTING

1190.6 - ANNUAL REPORTING

Each option county shall submit to the Controller for each full fiscal year that the county participates in the Trial Court Funding Program, a report of all revenues including fees, fines and forfeitures, and all expenditures in the form and manner prescribed by the State Controller. The report prepared by the appropriate county department/officer shall be certified by the county auditor of the option county. This report must be submitted to the Controller on or before the October 1 following the fiscal year being reported.

This annual report shall contain detailed data for individual court districts and may include supplementary schedules as deemed necessary by the Controller. This detailed data will be combined to reflect total revenues and expenditures for the county trial court system.

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

1190.7 - SUPER BLOCK GRANT

A "super block grant" may be paid to option counties based upon the number of new judgeships, in excess of 10, a county is authorized by Chapter 1211 of the Statutes of 1987. In addition, option counties receiving new judgeships authorized on or after January 1, 1990 are also eligible to receive a super block grant. The super block grant is based upon year-end adjusted appropriations for court operations and should result in a grant payment greater than the standard annual grant of $212,000. The eligible county will receive the super block grant progressively reduced over four years as provided under Government Code Section 77200.

Option counties receiving judgeships in excess of 10 new judgeships authorized by Chapter 1211 of the Statutes of 1987, shall provide the Controller with a report of the counties' average quarterly appropriation for court operations for the 1987-88 fiscal year. This report shall be used by the Controller in determining the "super block grant" for affected judgeships.

For each new judgeship authorized by statutes taking effect after January 1, 1990, option counties shall submit a report of average quarterly appropriations for the fiscal year prior to the effective date of the statute authorizing the new judgeships. The Controller shall use this report to determine the "super block grant" for the newly authorized judgeships.

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

1190.8 - NO AND LOW PROPERTY TAX CITIES

Some option counties participating in the Trial Court Funding Program will be required to shift a portion of the county's share of property taxes to certain qualifying cities. Section 97.35 of the Revenue and Taxation Code provides that most qualifying cities will receive 7% of the property tax revenues generated within their boundaries, phased in over a 7 year period. The shift begins in the 1989-90 fiscal year. Option counties will be required to submit to the State Controller a report of "eligible cities" as defined under Revenue and Taxation Code Section 11005(b)(1)(B)(iv).

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.

ARTICLE 6 RECORDKEEPING

1190.9 - REQUIREMENTS

All accounting records, source documents and resolutions relating to the Brown-Presley Trial Court Funding Act are required to be maintained for audit purposes by the option county for at least three fiscal years following the first fiscal year of participation. This section shall not supersede other statutory provisions requiring a longer retention period. Agreements between a county and a city for the issuing or processing of citations as allowed under Penal Code Section 1463(a)(3) are required to be maintained by the county for at least three years after the expiration of any such agreement and a copy must be filed with the State Controller.

NOTE: Authority cited Section 77205, Government Code.
Reference Section 77205, Government Code.