



# JUDICIAL COUNCIL OF CALIFORNIA

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HON. TANI G. CANTIL-SAKAUYE  
*Chief Justice of California*  
*Chair of the Judicial Council*

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*Chair, Executive and Planning Committee*

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*Chair, Litigation Management Committee*

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MR. MARTIN HOSHINO  
*Administrative Director,*  
*Judicial Council*

October 31, 2014

Hon. Mark Leno, Chair  
Senate Committee on Budget  
and Fiscal Review  
State Capitol, Room 5100  
Sacramento, California 95814

Hon. Nancy Skinner, Chair  
Assembly Committee on Budget  
State Capitol, Room 6026  
Sacramento, California 94249

Hon. Hannah-Beth Jackson, Chair  
Senate Committee on Judiciary  
State Capitol, Room 2032  
Sacramento, California 95814

Hon. Bob Wieckowski, Chair  
Assembly Committee on Judiciary  
State Capitol, Room 4016  
Sacramento, California 94249

*Re: Report of Allocations and Reimbursements to the Trial Courts for Fiscal Year 2013–2014*

Dear Senator Leno, Senator Jackson, Assembly Member Skinner, and Assembly Member Wieckowski:

The Judicial Council respectfully submits the attached report on allocations and reimbursements provided to the trial courts for fiscal year (FY) 2013–2014, and on the Judicial Council's policy governing trial court reserves, as required by Government Code section 77202.5(a).

The allocations and reimbursements from state funds include the FY 2013–2014 base allocations for court operations; reimbursement for specific trial court expenditure items including jury, self-help center, court interpreter, and court-appointed dependency counsel costs; fee revenue amounts that are distributed directly back to the related courts as directed in statute or by the Judicial Council; and funding awarded to individual trial courts from statewide programs, including state and federal grants. Monies were provided from the following funds:

- Trial Court Trust Fund;
- State Court Facilities Construction Fund, Immediate and Critical Needs Account;

Hon. Mark Leno  
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Hon. Nancy Skinner  
Hon. Bob Wieckowski  
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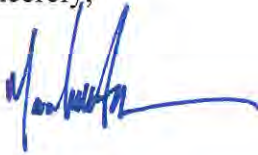
- State Trial Court Improvement and Modernization Fund; and
- General Fund.

The allocations and reimbursements reflect disbursements to courts through September 4, 2014, and any remaining encumbrances as of September 4, 2014.

The council's current policy on trial court fund balances, revised July 29, 2014, is provided in Attachment 3.

If you have any questions related to this report, please contact Zlatko Theodorovic, Director, Judicial Council of California Finance, at 415-865-7584.

Sincerely,



Martin Hoshino  
Administrative Director  
Judicial Council of California

MH/SC

Attachment 1: 2013–2014 Allocations and Reimbursements to Courts

Attachment 2: Statement of Intended Purpose for Each Allocation or Reimbursement

Attachment 3: Judicial Council Trial Court Fund Balance Policy

cc: Members, Joint Legislative Budget Committee  
Members of the Judicial Council  
Diane F. Boyer-Vine, Legislative Counsel  
Gregory P. Schmidt, Secretary of the Senate  
E. Dotson Wilson, Chief Clerk of the Assembly  
Margie Estrada, Policy Consultant, Office of Senate President pro Tempore Darrell Steinberg  
Fredericka McGee, Deputy Chief of Staff, Office of Assembly Speaker Toni G. Atkins  
Peggy Collins, Principal Consultant, Joint Legislative Budget Committee  
Benjamin Palmer, Chief Counsel, Senate Judiciary Committee  
Julie Salley-Gray, Consultant, Senate Budget and Fiscal Review Committee

Hon. Mark Leno  
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Jolie Onodera, Consultant, Senate Appropriations Committee  
Matt Osterli, Consultant, Senate Republican Fiscal Office  
Mike Petersen, Consultant, Senate Republican Policy Office  
Drew Liebert, Chief Counsel, Assembly Judiciary Committee  
Chuck Nicol, Principal Consultant, Assembly Appropriations Committee  
Marvin Deon II, Consultant, Assembly Budget Committee  
Allan Cooper, Consultant, Assembly Republican Fiscal Office  
Paul Dress, Consultant, Assembly Republican Policy Office  
Madelynn McClain, Program Budget Analyst, Department of Finance  
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Jody Patel, Chief of Staff, Judicial Council  
Curtis L. Child, Chief Operating Officer, Judicial Council  
Curt Soderlund, Chief Administrative Officer, Judicial Council  
Cory T. Jaspersen, Director, Governmental Affairs, Judicial Council  
Zlatko Theodorovic, Director, Finance, Judicial Council  
Peter Allen, Senior Manager, Communications, Judicial Council  
Steven Chang, Manager, Finance, Judicial Council  
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Andi Liebenbaum, Senior Governmental Affairs Analyst, Governmental Affairs, Judicial  
Council  
Yvette Casillas-Sarcos, Administrative Coordinator, Governmental Affairs, Judicial  
Council



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MR. MARTIN HOSHINO  
*Administrative Director,*  
*Judicial Council*

Report Title: *Report of Allocations and Reimbursements to the Trial Courts for Fiscal Year 2013–2014*

Statutory Citation: Stats. 2009, ch. 22, § 27  
Code Section: Gov. Code, § 77202.5(a)

Date of Report: September 29, 2014

The Judicial Council has submitted a report to the Legislature in accordance with Government Code section 77202.5(a), which requires the Judicial Council to report all approved allocations and reimbursements to the trial courts in each fiscal year.

The following summary of the report is provided per the requirements of Government Code section 9795.

The report provides fiscal year 2013–2014 allocations; reimbursement for specific trial court expenditure items including jury, self-help center, court interpreter, and court-appointed dependency counsel costs; fee revenue amounts that are distributed directly back to the related courts as directed in statute or by the Judicial Council; and funding awarded to individual trial courts from statewide programs, including state and federal grants. Monies were provided from the following funds:

- Trial Court Trust Fund (\$1.848 billion);
- State Court Facilities Construction Fund—Immediate and Critical Needs Account (\$50 million);
- State Trial Court Improvement and Modernization Fund (\$11 million); and
- General Fund (\$129 million).

The allocations and reimbursements reflect disbursements to courts through September 4, 2014, and any remaining encumbrances as of September 4, 2014.

The full report is available at <http://www.courts.ca.gov/7466.htm>. A printed copy of the report may be obtained by calling 415-865-7966.

## **JUDICIAL COUNCIL OF CALIFORNIA**

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*Chief Justice of California and  
Chair of the Judicial Council*

**Hon. Martin Hoshino**  
*Administrative Director  
Judicial Council of California*

**Curt Soderlund**  
*Chief Administrative Officer*

## **ADMINISTRATIVE DIVISION**

**FINANCE**  
**Zlatko Theodorovic**  
*Director*

**Steven Chang**  
*Primary Author of Report*

2013-2014 Allocation and Reimbursement to Trial Courts Report - Trial Court Trust Fund  
(Through September 4, 2014)

Table with columns: Superior Court, Base Budget, Self Help in Base, \$261 Million Reduction, Workload-Based Allocation and Funding Methodology Adjustment, 2% State-Level Reserve Contribution, 2012-13 Benefits Cost Changes, Criminal Justice Realignment, Reduction for Appointed Converted SJO Positions, Supplemental Funding, Case Management System, Backfill of Unfunded 2011-12 Benefits Cost Changes, Sargent Shriver Civil Counsel, Civil Assessment, 2012-13 Civil Assessment, Automated Record Keeping and Micrographics, Children's Waiting Room, Fee Revenues Returned to Courts, P.



2013-2014 Allocation and Reimbursement to Trial Courts Report - State Court Facilities Construction Fund - Immediate and Critical Needs Account  
(Through September 4, 2014)

	Base Budget		Total
	A	B	
Superior Court			
Alameda	2,437,921	2,437,921	
Alpine	18,191	18,191	
Amador	69,905	69,905	
Butte	266,413	266,413	
Calaveras	63,458	63,458	
Colusa	45,735	45,735	
Contra Costa	1,117,061	1,117,061	
Del Norte	75,472	75,472	
El Dorado	196,060	196,060	
Fresno	1,092,451	1,092,451	
Glenn	59,734	59,734	
Humboldt	177,299	177,299	
Imperial	224,942	224,942	
Inyo	62,564	62,564	
Kern	921,646	921,646	
Kings	181,565	181,565	
Lake	108,058	108,058	
Lassen	74,351	74,351	
Los Angeles	14,041,589	14,041,589	
Madera	201,458	201,458	
Marin	441,480	441,480	
Mariposa	31,795	31,795	
Mendocino	144,116	144,116	
Merced	287,296	287,296	
Modoc	31,810	31,810	
Mono	39,796	39,796	
Monterey	468,512	468,512	
Napa	216,997	216,997	
Nevada	149,148	149,148	
Orange	4,102,121	4,102,121	
Placer	386,607	386,607	
Plumas	49,024	49,024	
Riverside	2,070,555	2,070,555	
Sacramento	2,081,619	2,081,619	
San Benito	84,386	84,386	
San Bernardino	2,244,957	2,244,957	
San Diego	4,204,558	4,204,558	
San Francisco	1,746,012	1,746,012	
San Joaquin	785,246	785,246	
San Luis Obispo	382,883	382,883	
San Mateo	1,005,331	1,005,331	
Santa Barbara	633,520	633,520	
Santa Clara	2,507,539	2,507,539	
Santa Cruz	341,303	341,303	
Shasta	329,503	329,503	
Sierra	18,128	18,128	
Siskiyou	110,309	110,309	
Solano	547,704	547,704	
Sonoma	625,428	625,428	
Stanislaus	477,467	477,467	
Sutter	119,245	119,245	
Tehama	95,903	95,903	
Trinity	45,182	45,182	
Tulare	435,536	435,536	
Tuolumne	95,984	95,984	
Ventura	870,086	870,086	
Yolo	246,287	246,287	
Yuba	110,754	110,754	
<b>Total:</b>	<b>50,000,000</b>	<b>50,000,000</b>	



2013-2014 Allocation and Reimbursement to Trial Courts Report - State Trial Court Improvement and Modernization Fund  
(Through September 4, 2014)

	Trial Court Security		Adobe Live Cycle Reader Service Extension		Self-Help Centers		Complex Civil Litigation Program		California JusticeCorps		Jury Management System		Total	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Superior Court	59,782		203,150	510,800	122,000	60,000	955,732							
Alameda														
Alpine			5,130											5,130
Amador			29,216											29,216
Butte			6,148											6,148
Calaveras			2,894											2,894
Colusa			138,462	420,960										559,422
Contra Costa			3,928											3,928
Del Norte	26,997		23,702											50,702
El Dorado			120,994											120,994
Fresno			3,854											3,854
Glenn			17,826											17,826
Humboldt	39,800		22,407											62,207
Imperial			2,490											2,490
Inyo	6,804		104,900											111,704
Kern			19,870											19,870
Kings			8,622											8,622
Lake	51,234		4,768											56,002
Lassen	65,253		1,378,130	1,117,000	169,000									2,672,883
Los Angeles	8,759		19,422											28,181
Madera	2,430		34,076											36,506
Marin			2,450											2,450
Mariposa	5,979		12,166											18,145
Mendocino	602		33,190											33,792
Merced	32,561		1,324											33,885
Modoc			1,828											1,828
Mono	14,332		57,146											71,478
Monterey	11,307		18,084											29,391
Napa	26,374		13,460											39,834
Nevada			129,780	841,920										971,700
Orange			42,574											42,574
Placer			2,884											2,884
Plumas	110,424		262,742											373,166
Riverside			186,378											186,378
Sacramento			7,751											7,751
San Benito	964		267,920											268,884
San Bernardino			412,518											412,518
San Diego	56,303		107,430	645,960	40,000									811,018
San Francisco	57,628		89,888											147,516
San Joaquin			35,408											35,408
San Luis Obispo			97,400											97,400
San Mateo	29,724		56,712											86,436
Santa Barbara			238,520	464,370										702,890
Santa Clara			35,288											35,288
Santa Cruz			24,411											24,411
Shasta	59,414		470											60,184
Sierra	16,129		6,208											22,337
Siskiyou			56,878											56,878
Solano	70,149		64,556											134,705
Sonoma	38,877		69,188											108,065
Stanislaus	118,250		12,300											130,550
Sutter	621		8,276											8,897
Tehama			1,886											1,886
Trinity	8,571		56,578											65,149
Tulare			7,832											7,832
Tuolumne	18,348		109,941											128,289
Ventura			25,604											25,604
Yolo			9,392											9,392
Yuba			4,995,829	4,001,010	331,000	600,000	10,999,236							16,727,075
<b>Total</b>	<b>937,617</b>	<b>129,780</b>	<b>4,995,829</b>	<b>4,001,010</b>	<b>331,000</b>	<b>600,000</b>	<b>10,999,236</b>							

**2013-2014 Allocation and Reimbursement to Trial Courts Report - General Fund**  
(Through September 4, 2014)

	AB 1058	Collaborative Courts- Substance Abuse Programs	Access to Visitation	California Justice Corps	Service of Process	Homicide Trials	Prisoners' Hearings	California Adult Reentry Drug Court Project	Parolee Reentry Court Program CDCR	Employee Benefits	Total
	A	B	C	D	E	F	G	H	I	J	K
Superior Court	1,850,688	24,741		221,108	50,598			154,300	306,677	3,102,046	5,710,158
Alameda										20,340	20,340
Alpine	185,061	12,000			3,640	13,496	12,511			51,756	278,465
Amador	509,635	29,312	67,956		14,485					124,076	745,464
Butte	284,687	12,000			4,440					50,506	351,633
Calaveras	126,345				140					24,773	151,258
Colusa	1,357,041	20,170			5,389			108,333		1,396,191	2,887,124
Contra Costa	119,050	16,513			3,780					94,129	233,472
Del Norte	401,271		42,192		8,190	54,586				213,119	719,359
El Dorado	2,578,257	40,740			12,530		4,529			3,340,364	5,976,420
Fresno	245,121	29,312			1,680					54,665	330,778
Glenn	194,590	16,513			11,795					73,084	295,982
Humboldt	290,240				8,365		41,946			125,538	466,089
Imperial	146,116	12,000			1,120					75,586	234,822
Inyo	1,367,693	38,454			19,600		446,843			3,544,269	5,416,858
Kern	457,494	16,513			5,915		219,180			45,117	744,219
Kings	248,866	12,000			6,230					9,123	276,219
Lake	215,203	17,427			3,675		59,525			7,839	303,669
Lassen	8,803,264	30,249		456,680	496,195		3,299		99,954	18,887,969	28,777,610
Los Angeles	384,593	21,998			5,565		133,994			384,825	930,975
Madera	328,844	20,170			1,330		2,565			644,512	997,421
Marin	124,361				1,260					22,300	147,921
Mariposa	275,457	23,827	52,956		10,185					311,770	674,195
Mendocino	840,534	12,000			11,620					774,827	1,638,981
Merced	72,130	14,685			2,905					31,967	121,687
Modoc	93,407									85,641	179,048
Mono	643,324	41,197			5,390		84,035			277,496	1,051,441
Monterey	315,567	21,998	52,956		7,595		4,696			309,796	690,610
Napa	588,365	38,454	107,956		5,985					95,494	711,842
Nevada	3,132,251				72,660					6,929,920	10,281,241
Orange	531,076	14,685			3,640					634,796	1,169,512
Plumas	1,63,945				1,645					14,929	195,204
Riverside	2,100,645	31,141			75,530		19,785			923,657	3,150,757
Sacramento	1,855,257	21,998	39,956		59,780		169,579			3,560,591	5,707,161
San Benito	228,312				35					34,642	262,989
San Bernardino	3,886,838	29,312			62,370		29,828			1,264,732	5,273,080
San Diego	3,231,153	38,454		127,105	295,330		1,216	108,333	175,560	2,853,598	6,830,749
San Francisco	1,526,877	35,712	107,956		39,060					5,487,134	7,196,739
San Joaquin	1,008,811	40,283			24,255		56,209			1,245,356	2,374,914
San Luis Obispo	415,097	32,055			10,360		44,751			298,958	801,221
San Mateo	692,117	24,741			18,690					2,411,112	3,146,660
Santa Barbara	823,935	41,197			12,985					1,597,662	2,475,779
Santa Clara	2,606,208	31,141	91,180		45,850			108,333	295,000	2,309,467	5,487,179
Santa Cruz	332,686	34,798			10,605					203,557	581,646
Shasta	754,948	20,170			15,505					262,222	1,052,845
Sierra		12,000								9,615	21,615
Siskiyou	423,430	18,341			8,470					91,037	541,278
Solano	793,969	32,055			34,755		45,604			353,779	1,260,162
Sonoma	872,713	41,197			10,465					1,172,049	2,096,424
Stanislaus	1,198,064	14,685			28,660					1,305,230	2,546,639
Sutter	316,114				8,388					159,760	484,262
Tehama	149,751	21,998			315					108,184	280,248
Trinity	47,646				70					53,679	101,395
Tulare	1,035,945	14,685	67,956		16,730					33,744	1,169,060
Tuolumne	293,421	18,341			3,290		8,597			50,351	374,000
Ventura	1,067,772	29,312			28,560					968,752	2,094,396
Yolo	348,071	14,685			1,890					210,076	574,722
Yuba	359,070	24,741	37,529		5,845					90,867	518,052
<b>Total:</b>	<b>53,243,326</b>	<b>1,160,000</b>	<b>668,593</b>	<b>804,893</b>	<b>1,605,340</b>	<b>68,082</b>	<b>1,388,691</b>	<b>479,299</b>	<b>877,191</b>	<b>68,818,575</b>	<b>129,113,990</b>

## Statement of Intended Purpose for Each Allocation or Reimbursement

## Trial Court Trust Fund

Column	Allocation/Reimbursement	Purpose
A	Base Budget for Court Operations	This ongoing base allocation approved by the Judicial Council was provided for trial court operations. It reflects annual funding adjustments since the beginning of state trial court funding, including those related to the State Appropriations Limit and budget change proposals.
B	\$261 Million Reduction	This allocation was the implementation of cumulative General Fund reductions in prior years.
C	Workload-Based Allocation and Funding Methodology Adjustment	This allocation was net adjustment of reallocating 15 percent of courts' historical base allocation for court operations, reallocating \$60 million of courts' historical base allocation for court operations above and beyond the 15 percent to match new funding for general court operations, and allocating \$60 million in new funding for court operations using the WAFM.
D	2% State-Level Reserve Contribution	This allocation was for each court's net contribution to the state-level reserve in the Trial Court Trust Fund, excluding any reserve ("supplemental") funding allocated by the council from the reserve prior to March 15, 2014.
E	2012-2013 Benefits Cost Changes	This allocation was for unfunded benefit cost increases in 2012-2013.
F	Criminal Justice Realignment	This allocation was for costs associated with criminal justice realignment.
G	Reduction for Appointed Converted SJO Positions	This allocation reduction, prorated from the date that the judge takes the oath of office, was for the cost of salaries and average calculated benefits for subordinate judicial positions that were converted to judgeships. Monies reduced from the courts' allocation augment the Program 45.25 (Compensation of Superior Court Judges) appropriation.
H	Approved Supplemental Funding Request	This allocation was for approved requests for funding from the 2% state-level reserve in the Trial Court Trust Fund.
I	Case Management System	This allocation was for the deployment of a new case management system.
J	Backfill of Unfunded FY 2011-12 Benefits Cost Changes	This allocation was for the unfunded portion of FY 2011-2012 employee health and retirement and retiree benefit cost increases.
K	Sargent Shriver Civil Counsel	This allocation supports pilot programs, which are required by Government Code section 68651, that are partnerships of a legal services nonprofit corporation, the court, and other legal services providers in the community.
L	Civil Assessment	This allocation was for collected civil assessment revenues that exceeded the amount of the court's county civil assessment buyout.
M	2012-2013 Civil Assessment	This allocation was for collected civil assessment revenues that exceeded the amount of the court's county civil assessment buyout.
N	Automated Record Keeping and Micrographics	This allocation was for automation of record keeping and micrographics.
O	Children's Waiting Room	This allocation was for costs of operating a children's waiting room (except capital outlay).
P	Fee Revenues Returned to Courts	This allocation was to return to courts various local fees charged by courts based on the cost of providing a service or product.
Q	Replacement of 2% Automation Allocation Originally From the Improvement Fund	This allocation replaced funding previously provided from the 2% automation revenues deposited into the Trial Court Improvement Fund. The allocation amounts by court are specified in Government Code section 77207.5.
R	Telephonic Appearance	This allocation was to provide courts the amount they received in 2009-2010 from telephonic appearance revenue-sharing arrangements with vendors, as required by Government Code section 72011.

Column	Allocation/Reimbursement	Purpose
S	Court-Appointed Counsel	This allocation was for reimbursement of court-appointed dependency counsel expenditures.
T	Court-Appointed Counsel DRAFT	This allocation was for reimbursement of court-appointed dependency counsel expenditures for courts participating in the DRAFT program, in which the Judicial Council contracts with dependency counsel on behalf of specific courts.
U	Jury	This allocation was for reimbursement of eligible juror costs.
V	Juvenile Dependency Counsel Collections Program Reimbursement	This allocation was for reimbursement of court-appointed dependency counsel expenditures from monies collected through the Juvenile Dependency Counsel Collections Program.
W	Elder Abuse	This allocation was for reimbursement of costs related to protective orders involving elder or dependent adult abuse.
X	Self-Help Centers	This allocation was for reimbursement of expenses charged in accordance with each court's memorandum of understanding for self-help center funding.
Y	Replacement Screening Stations	This allocation was for reimbursement of entrance screening station replacement costs.
Z	Annual Salary Reimbursement for Judges Program	This allocation was to reimburse the courts/counties for the part of judges' salaries that were not paid by the State Controller's Office.
AA	Court Interpreters Program	This allocation was for reimbursement of eligible Program 45.45 expenditures, including compensation of staff and contract interpreters.
AB	Redevelopment Agency Writ Cases	This allocation, from a non-Budget-Act appropriation for the Trial Court Trust Fund, was to reimburse the Superior Court of Sacramento County for costs related to redevelopment agency writ cases.
AC	Civil Case Coordination	This allocation was for reimbursement of the cost of handling coordinated cases.
AD	Family Law Information Centers	This grant allocation reflected expenditures and encumbrances for costs related to projects in the Superior Courts of Los Angeles, Sutter, and Fresno Counties, which assist more than 45,000 low-income, self-represented litigants with forms, information, and resources in family law matters.
AE	Model Self-Help	This grant allocation reflected expenditures and encumbrances for pilot self-help centers that would provide to self-represented litigants various forms of assistance, such as basic legal and procedural information, help filling out forms, and referrals to other community resources.

### State Court Facilities Construction Fund – Immediate and Critical Needs Account

Column	Allocation/Reimbursement	Purpose
A	Base Budget for Court Operations	This ongoing base allocation approved by the Judicial Council was provided for trial court operations. It reflects annual funding adjustments since the beginning of state trial court funding, including those related to the State Appropriations Limit and budget change proposals.

### State Trial Court Improvement and Modernization Fund

Column	Allocation/Reimbursement	Purpose
A	Trial Court Security Grants	This allocation was for courts to complete various projects—such as installation of video surveillance and/or access systems, weapons-screening equipment, and security enhancements—and to develop and deliver the mechanism and training necessary for the courts to complete their own continuity of operations plans.
B	Adobe Live Cycle Reader Service Extension	This allocation was for a branch-wide license maintenance fee.
C	Self-Help Centers	This allocation was to establish or expand self-help assistance in family law, domestic violence, and other civil matters to every county in the state of California.

D	Complex Civil Litigation Program	This allocation was for the reimbursement of costs related to complex civil litigation departments.
E	California JusticeCorps	This allocation was to support the California JusticeCorps Program, in which members assisted court-based attorneys in serving the public in court-based legal-access self-help centers in Alameda (representing a four-court Bay Area consortium), Los Angeles, Sacramento, and San Diego Counties.
F	Jury Management System	This allocation is for court jury management systems and is funded from royalty revenue related to jury instructions.

### General Fund

Column	Allocation/Reimbursement	Purpose
A	AB 1058	This allocation was to provide funds for legislatively mandated child support commissioner and family law facilitator services in the courts.
B	Collaborative Courts-Substance Abuse Programs	This allocation was for grants that support drug and other collaborative justice court programs.
C	Access to Visitation	This allocation from the federal Office of Child Support Enforcement was to provide funding for programs that facilitate noncustodial parents' access to and visitation with their children. The specific services provided include supervised visitation and exchanges, parent education, and group counseling services.
D	California JusticeCorps	This allocation was to administer the JusticeCorps Program in partnership with the Superior Courts of Alameda, Los Angeles, and San Diego Counties where students serve as assistants in self-help legal-access centers.
E	Service of Process	This allocation was to reimburse courts for the cost of serving stalking and harassment restraining orders and injunctions for which the courts were billed by the sheriff's department per Gov. Code, § 6103.2(b)(4).
F	Homicide Trials	This allocation was to reimburse courts for extraordinary costs of homicide trials as specified in Gov. Code, § 15202.
G	Prisoners' Hearings	This allocation was to reimburse trial courts for necessary and reasonable costs connected with state prisons, Division of Juvenile Justice institutions, prisoners, and wards, including costs for the preparation of trials or pretrial hearings, and actual trials or hearings, consistent with Pen. Code, §§ 4750-4755 and 6005.
H	California Adult Reentry Drug Court Project	This allocation is for \$1.3 million in three-year grants from the Bureau of Justice Assistance to support four Adult Reentry Drug Courts under the Superior Courts of Alameda, Contra Costa, San Diego and Santa Clara Counties in order to enhance their capacity to reduce recidivism among California's high-risk, high-need nonviolent offenders with substance abuse issues.
I	Parolee Reentry Court Program CDCR Local Assistant	This allocation supports a two-year program, authorized by the Budget Act of 2013, which transferred \$3 million in funding from the California Department of Corrections and Rehabilitation to the Judicial Council for the purpose of expanding or enhancing existing parolee reentry courts in the Superior Courts of Alameda, Los Angeles, Santa Clara, and San Diego Counties with the goal of reducing recidivism among the parolee population.
J	Employee Benefits	This allocation was to reimburse for cost increases associated with employee health and retirement benefits and retiree health benefits for the period 2010-2011 through 2011-2012.

# FUND BALANCE POLICY

## BACKGROUND

In the Supplemental Report of the 2006 Budget Act, the Legislature specified that the Judicial Council report on court reserves and provide its policy governing trial court reserves. On October 20, 2006 and revised on April 23, 2009, the Judicial Council approved a fund balance policy for trial courts. Financial accounting and reporting standards and guidelines have been established by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). The Trial Court Financial Policy and Procedures Manual, in compliance with these standards and guidelines, specifies that the trial courts are responsible for the employment of “sound business, financial and accounting practices” to conduct their operations.

In addition, Government Code section 77203 specifies that the Judicial Council has the authority to authorize trial courts to carry over unexpended funds from one year to the next. Consistent with this provision, this policy provides courts with specific directions for identifying fund balance resources necessary to address statutory and contractual obligations on an accurate and consistent basis as well as maintaining a minimum level of operating and emergency funds. In addition, this policy provides the necessary structure to ensure funds are available to maintain service levels for various situations that confront the trial courts including a late state budget.

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is effective for financial statements for periods beginning after June 15, 2010, and will impact year-end closing statements for the fiscal year 2010–2011.

## PURPOSE

Governmental agencies/entities report the difference between their assets and obligations as fund balance. Under GASB Statement 54, fund balances for governmental funds must be reported in classifications that comprise a hierarchy. The statement distinguishes between nonspendable and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Under GASB 54, the number of classifications has been expanded from 2 to 5.

The purpose of this policy is to establish uniform standards, consistent with GASB 54, for the reporting of fund balance by trial courts and to maintain accountability over the public resources used to finance trial court operations.

## POLICY

As publicly funded entities, and in accordance with good public policy, trial courts must ensure that the funds allocated and received from the state and other sources are used efficiently and accounted for properly and consistently. The trial courts shall account for and report fund balance in accordance with established standards, utilizing approved classifications. Additionally, a fund balance can never be negative.

## Fund Balance Classifications

Beginning with the most binding constraints, fund balance amounts must be reported in the following classifications:

- Nonspendable Fund Balance
- Restricted Fund Balance
- Committed Fund Balance
- Assigned Fund Balance
- Unassigned Fund Balance (General Fund only)

When allocating fund balance to the classifications and categories, allocations must follow the following prioritization:

1. Nonspendable Fund Balance
2. Restricted Fund Balance
3. Contractual commitments to be paid in the next fiscal year
4. The minimum calculated operating and emergency fund balance
5. Other Judicial Council mandates to be paid in the next fiscal year
6. Contractual commitments to be paid in subsequent fiscal years
7. Assigned Fund Balance designations
8. Unassigned Fund Balance

If there is insufficient fund balance to cover any or all of the first five priorities, the shortfall should be explained in detail in attached footnotes. Also, there are additional reporting requirements when the amount allocated to the operating and emergency category is below the minimum required.

### **Nonspendable Fund Balance**

Nonspendable Fund Balance includes amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash) or (b) legally or contractually required to be maintained intact. Examples include:

- Inventories
- Prepaid amounts Long-Term Loans and Notes Receivable
- Principal of a permanent (e.g., endowment) fund

This represents the ‘newest’ classification in comparison to the descriptions used before the creation of GASB 54. To some extent, the remaining 4 classifications are somewhat mirrored in the prior definitions.

### **Restricted Fund Balance**

Restricted Fund Balance includes amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

- Externally imposed  
Imposed externally by grantors, creditors, contributors, or laws or regulations of other

governments ( i.e., monies received by a grantor that can only be used for that purpose defined by the grant).

- Imposed by Law (Statutory)

A restricted fund balance that consists of unspent, receipted revenues whose use is statutorily restricted (e.g., children’s waiting room and dispute resolution program funding).

### **Committed Fund Balance**

Committed Fund Balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Judicial Council. These committed amounts cannot be used for any other purpose unless the Judicial Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Committed Fund Balance must also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. While the requirement to include contractual commitments is a policy decision of the Judicial Council, the type, number and execution of contracts is within the express authority of presiding judges or their designee.

### **[The following struckthrough language is suspended through December 31, 2014]**

~~The Judicial Council has authorized a stabilization arrangement (Operating and Emergency fund category) to be set aside for use in emergency situations or when revenue shortages or budgetary imbalances might exist. The amount is subject to controls that dictate the circumstances under which the court would spend any of the minimum operating and emergency fund balance.~~

~~Each court must maintain a minimum operating and emergency fund balance at all times during a fiscal year as determined by the following calculation based upon the prior fiscal year’s ending total unrestricted general fund expenditures (excluding special revenue, debt service, permanent, proprietary, and fiduciary funds), less any material one-time expenditures (e.g., large one-time contracts):~~

- ~~\_\_\_\_\_ Annual General Fund Expenditures~~
- ~~\_\_\_\_\_ 5 percent of the first \$10,000,000~~
- ~~\_\_\_\_\_ 4 percent of the next \$40,000,000~~
- ~~\_\_\_\_\_ 3 percent of expenditures over \$50,000,000~~

~~If a court determines that it is unable to maintain the minimum operating and emergency fund balance level as identified above, the court must immediately notify the Administrative Director of the Courts, or designee, in writing and provide a plan with a specific timeframe to correct the situation.~~

### **Assigned Fund Balance**

This is a fund balance that is constrained by the Presiding Judge, or designee, with the intent that it be used for specific purposes or designations that are neither unspendable, restricted nor committed.



Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. Assigned amounts are based on estimates and explanations of the methodology used to compute or determine the designated amount must be provided.

Assigned fund balances include:

- All remaining amounts that are reported in governmental funds, other than general fund, that are not classified as nonspendable and are neither restricted nor committed and
- Amounts in the general fund that are intended to be used for a specific purpose in accordance with the provision identified by the Presiding Judge, or designee.

Courts will identify assigned fund balances according to the following categories:

1. **One-time facility – Tenant improvements** Examples include carpet and fixture replacements.
2. **One-time facility – Other Examples** include amounts paid by the AOC on behalf of the courts.
3. **Statewide Administrative Infrastructure Initiatives.** Statewide assessment in support of technology initiatives (e.g., California Case Management System and Phoenix) will be identified in this designation.
4. **Local Infrastructure (Technology and non-technology needs)** Examples include interim case management systems and non-security equipment.
5. **One-time employee compensation (Leave obligation, retirement, etc.)** Amounts included in this category are exclusive of employee compensation amounts already included in the court's operating budget and not in a designated fund balance category.
  - a. One-time leave payments at separation from employment. If amounts are not already accounted for in a court's operating budget, estimated one-time payouts for vacation or annual leave to employees planning to separate from employment within the next fiscal year should be in this designated fund balance sub-category. This amount could be computed as the average amount paid out with separations or other leave payments during the last three years. Any anticipated non-normal or unusually high payout for an individual or individuals should be added to at the average amount calculated.

In a footnote, the court should note the amount of its employees' currently earned leave balance that is more than the established designated fund balance. The amount would be determined by multiplying the hours of earned vacation or annual leave on the payroll records for each employee times his or her current salary rate minus the designated fund balance established.

- b. Unfunded pension obligation. If documented by an actuarial report, the amount of unfunded pension obligation should be included as a designated fund balance. Employer

retirement plan contributions for the current fiscal year must be accounted for in the court's operating budget.

In a footnote, the court should note the amount of the current unfunded pension obligation that is in excess of the established designated fund balance.

- c. Unfunded retiree health care obligation. If documented by an actuarial report, the amount of unfunded retiree health care obligation should be included as a designated fund balance.

The current year's unfunded retiree health care obligation contains: (i) the current year Annual Required Contribution (ARC) based on a 30-year amortization of retiree health costs as of last fiscal year-end **and** (ii) the prior year retiree health care obligation **less** (iii) the retiree health care employer contributions and any transfers made to an irrevocable trust set up for this purpose. The current year's unfunded retiree health care obligation is to be added to the prior year's obligation.

Note: The ARC amounts are located in each court's actuarial report, which is entitled "Postretirement Benefit Valuation Report".

In a footnote, the court should note the amount of the cumulative unfunded retiree health care obligation that is in excess of the established designated fund balance.

- d. Workers compensation (if managed locally). The amount estimated to be paid out in the next fiscal year.
  - e. Use of reserve funds for liquidation of outstanding leave balances for employees in a layoff situation, consistent with the requirements of GASB 45; other examples would include reserving funds for the implementation of "enhanced retirement" or "golden handshake" programs in the interest of eliminating salaries at the "high end" or "top step", and thereby generating salary savings or rehires at the low end of a pay scale for position(s), but realizing one-time costs in the interest of longer term savings for the court.
6. **Professional and consultant services.** Examples include human resources, information technology, and other consultants.
  7. **Security.** Examples include security equipment; and pending increases for security service contracts.
  8. **Bridge Funding.** A court may choose to identify specific short or intermediate term funding amounts needed to address future needs that are otherwise not reportable, nor fit the criteria, in either restricted nor committed classifications, that it believes are necessary to identify through specific designations. These designations must be listed with a description in sufficient detail to determine their purpose and requirements.

9. **Miscellaneous (required to provide detail).** Any other planned commitments that are not appropriately included in one of the above designated fund balance sub-categories should be listed here with a description in sufficient detail to determine its purpose and requirements.

**Unassigned Fund Balance – for General Fund Use Only**

Unassigned Fund Balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other fund balance and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The general fund is the only fund that shall report a positive unassigned fund balance amount.