Judicial Council of California

Trial Court Budget Advisory Committee

Trial Court Budget Advisory Committee
Funding Methodology Subcommittee

Materials September 10, 2026
Virtual Meeting

Meeting Contents

Judicial Council *of* California

TRIAL COURT BUDGET ADVISORY COMMITTEE
FUNDING METHODOLOGY SUBCOMMITTEE
NOTICE AND AGENDA OF OPEN ELECTRONIC MEETING

September 10, 2026

12:00 p.m. – 1:00 p.m.

Public Access: https://jcc.granicus.com/player/event/5059

Open to the public (Cal. Rules of Court, rule 10.75(c) and (e)(1)).

Meeting materials for open portions of the meeting will be posted on the Trial Court Budget Advisory Committee webpage on the California Courts website at least three business days before the meeting.

Request for ADA accommodations should be made at least three business days before the meeting and directed to: JCCAccessCoordinator@jud.ca.gov.

Members of the public seeking to make an audio recording of the open meeting portion of the meeting must submit a written request at least two business days before the meeting. Requests can be emailed to tcbac@jud.ca.gov.

Agenda items are numbered for identification purposes only and will not necessarily be considered in the indicated order.

I. OPEN MEETING (CAL. RULES OF COURT, RULE 10.75(C)(1))

Call to Order and Roll Call

Approval of Minutes
Approve minutes of the July 22, 2026, Funding Methodology Subcommittee meeting.

II. PUBLIC COMMENT (CAL. RULES OF COURT, RULE 10.75(K))

This meeting will be conducted by electronic means. As such, the public may make comments in writing or remotely.

Written Comment
In accordance with California Rules of Court, rule 10.75(k)(1), written comments pertaining to any agenda item of a regularly noticed open meeting can be submitted up to one complete business day before the meeting. For this specific meeting, comments should be emailed to tcbac@jud.ca.gov. Only written comments received by 12:00 p.m. September 9, 2026, will be provided to advisory body members prior to the start of the meeting.

Remote Public Comment

Members of the public requesting to speak during the public comment portion of the meeting must provide the speaker's name, the name of the organization that the speaker represents if any, and the agenda item that the public comment will address. Requests to make a remote public comment must be received by 12:00 p.m. September 9, 2026, via email to tcbac@jud.ca.gov. The chair will establish speaking limits at the beginning of the public comment session. While the advisory body welcomes and encourages public comment, time may not permit all persons requesting to speak to be heard at this meeting.

III. Discussion and Possible Action Items (Items 1–3)

Item 1

San Francisco Workload Formula Adjustment Requests (Action Required)

Consideration of Workload Formula adjustment requests for 2026 from the Superior Court of San Francisco County.

Presenter: Hon. Jonathan B. Conklin, Cochair, Funding Methodology Subcommittee

Item 2

Funding Methodology Subcommittee Annual Work Plan (Action Required)

Consideration of strategies to implement projects included in the Funding Methodology Subcommittee's fiscal year 2026–27 work plan.

Presenter: Hon. Jonathan B. Conklin, Cochair, Funding Methodology Subcommittee

Item 3

Trial Court Minimum Operating and Emergency Fund Balance Policy Updates (Action Required)

Consideration of updates to the Judicial Council's trial court minimum operating and emergency fund balance policy.

Presenter: Ms. Bianca Stoyanowski, Associate Fiscal Analyst, Judicial Council Budget Services

IV. Information Only Item (No Action Required)

Item 1

New Judgeship Funding Allocations for Fiscal Year 2026–27 Update

Update on status of the $1.3 million for operational costs to support the judgeships included in the Budget Act of 2026.

Presenter: Hon. Jonathan B. Conklin, Cochair, Funding Methodology Subcommittee

V. Adjournment

Adjourn

Judicial Council *of* California

TRIAL COURT BUDGET ADVISORY COMMITTEE
FUNDING METHODOLOGY SUBCOMMITTEE
DRAFT MINUTES OF OPEN MEETING

July 22, 2026

12:00 p.m. – 2:00 p.m.

https://jcc.granicus.com/player/event/5529

Members Present: Judges: Hon. Jonathan B. Conklin (Cochair), Hon. Judith C. Clark, Hon. Samantha P. Jessner, Hon. David C. Kalemkarian, Hon. Patricia L. Kelly, and Hon. Lawrence Brown (Liaison)

Executive Officers: Mr. Chad Finke (Cochair), Ms. Stephanie Cameron, Mr. Jake Chatters, Mr. David W. Slayton, Ms. Kim Turner, and Mr. David H. Yamasaki

Members Absent: Ms. Rebecca Fleming

Others Present: Hon. Judith K. Dulcich, Mr. Zlatko Theodorovic, Ms. Fran Mueller, Mr. Michael Corriere, Ms. Randie Chance, Ms. Megan Ellis, and Ms. Oksana Tuk

OPEN MEETING

Call to Order and Roll Call

The chair called the meeting to order at 12:00 p.m. and took roll call.

Approval of Minutes

The advisory body approved the minutes of the December 18, 2025, Funding Methodology Subcommittee (FMS) meeting.

DISCUSSION AND ACTION ITEMS (ITEMS 1–5)

Item 1

Involuntary Medication Orders (Senate Bill 820) Allocations for Fiscal Year 2026–27 (Action Required)

Consideration of allocations to implement the new hearing process for involuntary medication orders established by Senate Bill 820 for fiscal year (FY) 2026–27.

Action: *The FMS unanimously voted to approve option 3 in the materials with a modification that the methodology be based on 60 percent incompetent to stand trial (IST) filings and 40 percent nontraffic misdemeanor filings with a funding floor of $1,200. This methodology will be monitored and reevaluated in two years to assess the percentage split between IST and nontraffic misdemeanor filings. This* *recommendation will be considered by the Trial Court Budget Advisory Committee, the Judicial Branch Budget Committee, and then the Judicial Council at its business meeting on October 16, 2026.*

Item 2

Workload Formula Policy Adjustment Requests for 2026 (Action Required)

Presentation of Workload Formula adjustment requests for 2026 from the Superior Court of San Francisco County.

Action: *No action taken.*

Item 3

Workload Formula Adjustment Request Process Update (Action Required)

Consideration of updates to Judicial Council instructions for submitting annual Workload Formula policy adjustment requests.

Action: *The FMS unanimously voted to approve the proposed updates to the Workload Formula Adjustment Request Process Instructions as shown in Attachment 3A. The instructions may be further updated in the future after review and collaboration with the Data Analytics Advisory Committee. This recommendation will be considered by the Trial Court Budget Advisory Committee, the Judicial Branch Budget Committee, and then the Judicial Council at its business meeting on October 16, 2026.*

Item 4

Workload Formula Policy Base Funding Floor Adjustment Process (Action Required)

Consideration of potential changes to the Workload Formula base funding floor policy.

Action: *The FMS unanimously voted to approve option 2 in the materials to treat the base funding floor amount as a minimum floor, which will allow the floor court to retain its full Workload Formula allocation if it is higher than the established base funding floor amount without any downward adjustment. This recommendation will be considered by the Trial Court Budget Advisory Committee, the Judicial Branch Budget Committee, and then the Judicial Council at its business meeting on October 16, 2026.*

Item 5

Funding Methodology Subcommittee Annual Work Plan (Action Required)

Consideration of updates to the Funding Methodology Subcommittee work plan for fiscal year 2026–27.

Action: *The FMS unanimously voted to approve the proposed updates to the FMS annual work plan for FY 2026–27. The recommendations will be considered by the Trial Court Budget Advisory Committee and presented to the Judicial Branch Budget Committee as an informational item.*

INFORMATION ONLY ITEMS (ITEM 1) (NO ACTION REQUIRED)

Item 1

Court-Appointed Juvenile Dependency Counsel Allocation Methodology Working Group Update

Update on the working group's progress and upcoming activities.

Action: *No action taken.*

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:47 p.m.

Approved by the advisory body on enter date.

Funding Methodology Subcommittee
Fiscal Year 2026–27 Work Plan
Approved as of August 27, 2026

The Funding Methodology Subcommittee (FMS) is responsible for (1) the ongoing review and refinement of the Workload Formula policy and (2) the development of allocation methodologies for funding augmentations and reductions for the trial courts as necessary. The subcommittee will continue its ongoing work to evaluate existing allocation methodologies and consider alternative allocation approaches based on the Workload Formula's core principles to advance the goal of funding equity, stability, and predictability to support trial court operations.

Ongoing Through FY 2026–27

1. Reevaluate the court cluster system, which is determined by the number of authorized judicial positions, and the impact of trial courts' cluster placement in the Resource Assessment Study (RAS).

2. Consider updates to the Trial Court Minimum Operating and Emergency Fund Balance Policy to reflect current conditions regarding trial court operations and reserve needs.

3. Evaluate the Workload Formula equity-based reallocation policy including technical refinements and clarification of the application of the existing methodology.

4. Evaluate the Bureau of Labor Statistics factor on the Workload Formula calculation.

5. Consider a revised allocation methodology for court-appointed juvenile dependency counsel funding.

Ongoing Annual Updates

6. Review the Workload Formula policy to address adjustments as needed to ensure that it stays current to advance the goal of funding equity, stability, and predictability to support trial court operations.

7. Review the base funding floor amounts annually, if requested by the applicable courts, for consideration by the Trial Court Budget Advisory Committee (TCBAC) no later than December of each year, to determine whether an inflationary adjustment is needed.

8. Review the Workload Formula adjustment request process submissions as referred by the TCBAC chair.

The following proposals were received in response to the 2026 Workload Formula adjustment request process.

1. Superior Court of Sacramento County – proposed that the current methodology does not capture workload for required post-conviction activities, including sealing arrests not resulting in conviction and sealing dismissed convictions. Since the request involves workload measurement for specific case activities and potential new data elements for RAS, TCBAC is forwarding it to the Data Analytics Advisory Committee for analysis.

2. Superior Court of San Francisco – proposed a revision for distributing civil assessment backfill that was added to courts' base funding in fiscal year (FY) 2023–24. Since the request involves formula adjustments for specific court activities, TCBAC is forwarding it to FMS for analysis.

3. Superior Court of San Francisco – proposed a locality adjustment to operating expenditures and equipment in the Workload Formula to account for significant regional variations in the costs of goods and services. Since the request involves formula adjustments for specific court activities, TCBAC is forwarding it to FMS for analysis.

JUDICIAL COUNCIL OF CALIFORNIA
BUDGET SERVICES

Report to the Funding Methodology Subcommittee

(Action Item)

Title: Trial Court Minimum Operating and Emergency Fund Balance Policy Updates

Date: 8/27/2026

Contact: Bianca Stoyanowski, Associate Fiscal Analyst, Judicial Council Budget Services | 916-643-8055 | bianca.stoyanowski@jud.ca.gov

---

Issue

Consideration of updates to the Judicial Council's trial court minimum operating and emergency fund balance policy to better align the policy with the current financial realities and reserve needs of the trial courts. The policy has been continuously suspended since fiscal year (FY) 2012–13 due to statutory changes and the availability of alternative emergency funding options. The most recent suspension extends through June 30, 2027.

Background

The Judicial Council's minimum operating and emergency fund balance policy requires the trial courts to maintain a reserve of approximately 3 to 5 percent of their prior year General Fund expenditures (Attachment 3A). The policy was originally established in FY 2006–07 to ensure that courts had dedicated funding available to address emergencies, revenue shortfalls, or unexpected budget imbalances. The policy remained in effect through FY 2011–12.

Subsequent statutory changes—including the establishment of a statewide 2 percent reserve in the Trial Court Trust Fund (TCTF) and the imposition of a 1 percent fund balance cap—rendered the policy increasingly outdated and impractical. Additional statewide emergency funding mechanisms further reduced the need for courts to maintain their own minimum emergency reserves. As a result, the Judicial Council began suspending the policy in FY 2012–13 and has continued renewing the suspension through FY 2026–27.

In December 2025,[1] the Funding Methodology Subcommittee considered repealing the policy because of its extended suspension. The subcommittee ultimately decided to recommend updating the policy, recognizing that maintaining some level of operating and emergency fund is a prudent best practice for the courts, where possible.

History of Policy Suspension

The Budget Act of 2012 authorized the creation of a state-level reserve equal to 2 percent of the statewide allocation to the trial courts to be held in the TCTF. Local reserves were

[1] Funding Methodology Subcommittee Meeting Materials (December 18, 2025), *Trial Court Minimum Operating and Emergency Fund Balance Policy*.

simultaneously reduced to 1 percent of each court's operating budget effective June 30, 2014, as required under Government Code section 68502.5. The courts were provided a two-year transition period to implement these reserve changes. The Judicial Council received authority to allocate funds from this statewide reserve to individual courts as needed to address emergencies and unavoidable budget shortfalls.

Additionally, Government Code section 77203 established a 1 percent cap on the amount of unexpended operating funds a court could carry forward from one fiscal year to the next beginning June 30, 2014 (Attachment 3B). Previously, trial courts could carry over all unexpended operating funds from the previous fiscal year.

In response to these statutory changes—both the new reserve requirements and fund balance cap—the Judicial Council suspended the minimum operating and emergency fund balance policy for two years beginning August 31, 2012[2], allowing time to evaluate the financial impact of these statewide requirements on trial court operations.

On October 28, 2014, the council extended the suspension of the policy for two additional years until June 30, 2016.[3] On January 19, 2017,[4] and again on May 24, 2018,[5] the council approved additional two-year suspensions of the policy until June 30, 2020. These actions were taken in recognition of the 2 percent statewide reserve in the TCTF and continued advocacy efforts by the judicial branch to eliminate or increase the 1 percent fund balance cap.

In FY 2019–20, Government Code section 77203 was amended to increase the fund balance cap from 1 percent to 3 percent. This allowed the trial courts to carry over unexpended funds up to 3 percent of their operating budgets from the prior fiscal year beginning June 30, 2020.

On July 24, 2020,[6] May 11, 2022, [7] and May 17, 2024,[8] the council approved additional two-year suspensions of the policy.

Most recently, in April 2026,[9] the council approved a one-year suspension until June 30, 2027. This final one-year extension was intended to provide time to revise the policy so that it better aligns with current financial conditions and reserve needs of the courts. The council also directed

[2] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Trust Fund Allocations: Statewide Programs* (Aug. 24, 2012).
[3] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: 2 Percent State-Level Reserve Process and Minimum Operating and Emergency Fund Balance Policy* (Oct. 20, 2014).
[4] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy* (Dec. 29, 2016).
[5] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy* (May 11, 2018).
[6] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy* (July 2, 2020).
[7] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy* (May 10, 2022).
[8] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy* (May 6, 2024).
[9] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Minimum Operating and Emergency Fund Balance Policy* (April 2, 2026).

that updating the policy be added to the Funding Methodology Subcommittee's annual work plan.

Fund Balance Cap

The fund balance cap for the trial courts was increased from 1 percent to 3 percent in FY 2019–20. Since that change, the Judicial Council has continued discussions with the administration to raise the cap further, recognizing that trial courts have limited resources and must sustain essential programs and services.

This resulted in a proposal in the FY 2024–25 Governor's Budget to increase the fund balance cap from 3 percent to 5 percent, or $100,000, whichever is greater, effective June 30, 2024. The proposal sought to provide courts with a stronger reserve position to support operational needs and address emergency expenditures. However, the proposal was not included in the enacted budget, and the fund balance cap remains at 3 percent.

Funds Held on Behalf of the Trial Courts

Government Code section 68502.5(c)(2)(A) requires the Judicial Council to approve preliminary funding allocations for the trial courts each July and finalize those allocations each January. When the final allocation is calculated, any court with reserves above the 3 percent cap must have the excess amount deducted unless the court submits a request through the Funds Held on Behalf of the Trial Courts program.

This program, established in FY 2015–16 in consultation with the Department of Finance and approved by the Judicial Council, allows courts to preserve and use funds that exceed the statutory cap for approved projects or expenditures.[10] The program was created in recognition of the limited resources available to trial courts and the reality that some needs—such as technology upgrades, facility improvements, or other multiyear initiatives—cannot be funded within a single year's budget. Through this process, courts may request that the Judicial Council hold excess funds on their behalf and authorize their use for allowable purposes, ensuring that important projects can move forward without violating the reserve cap.

Allowable projects include technology improvements or infrastructure (case management systems); court efficiency efforts (online or smart forms for court users); facilities maintenance or repair allowed under California Rules of Court, rule 10.810; and one-time expenditures such as vehicle, equipment, or furniture replacement.

Funds approved through this process are held in the TCTF, and courts are reimbursed for actual expenses related to specific projects. This process is an important fiscal tool that allows the courts to meet operational and contractual obligations, maximize available resources, and provides critical flexibility given the 3 percent fund balance cap and ongoing fiscal constraints.

[10] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Allocations: Trial Court Reserves Held in the Trial Court Trust Fund* (April 15, 2016).

Other Emergency Funding Options

There are several options available to the trial courts to assist with funding shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs or operations. These options provide flexibility to the trial courts while the minimum operating and emergency fund balance policy has been suspended. These funding options include:

State-Level Reserve: Government Code section 68502.5(c)(2)(B) authorized a one-time General Fund reserve of $10 million in the TCTF. This reserve replaced the 2 percent reserve requirement that was in place since FY 2012–13. This reserve funding has only been used one time in FY 2018–19 by the Superior Court of Humboldt County. Assembly Bill 170 (Stats. 2024, ch. 51) reduced the emergency reserve in the TCTF from $10 million to $5 million as a budget solution and because of the reserve's limited use by the courts.[11]

The Judicial Council established a process for the trial courts to apply for this emergency funding[12]. If funding is used from the reserve, it must be replenished the following fiscal year by all trial courts contributing from their base allocations.

Cash Advance: Government Code section 68502.5 (c)(2)(B) and Judicial Council policy[13] also authorized a process by which trial courts experiencing cash flow issues can request a cash advance. Whenever possible, the cash advance will be distributed from a court's remaining TCTF allocation. The cash advance must be repaid by the borrowing court based on the repayment schedule included in the court's approved cash advance application.

Use of Statutorily Restricted Funds: Although statutorily restricted funds are to be used for the purpose specified in statute, there are urgent or emergency circumstances when these funds may be used by the courts. Use of these funds are also authorized under Government Code section 68502.5 (c)(2)(B) and Judicial Council policy. This option requires repayment within the same month the funds are borrowed.

Options for Updating the Policy

The proposed revisions to the trial court minimum operating and emergency fund balance policy modernize the policy to reflect current fiscal conditions and provide courts with greater operational flexibility (Attachment 3C). The changes would:

- Remove the requirement that courts must maintain a specific reserve amount. Courts would no longer be obligated to hold a fixed level of operating and emergency funds;
- Remove the requirement to notify the Administrative Director, or designee, when the reserve cannot be maintained, including removal of the corrective action plan requirement; and

[11] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: Allocations from the Trial Court Trust Fund and Trial Court Allocations for Fiscal Year 2024–25* (Jun. 17, 2024).
[12] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: $10 Million State-Level Reserve Process* (Oct. 13, 2016).
[13] Judicial Council of Cal., Advisory Com. Rep., *Trial Court Budget: $10 Million State-Level Reserve Policy* (Dec. 16, 2019).

- Affirm an operating and emergency fund as a financial best practice, encouraging courts to endeavor to budget for a minimum of 1 percent of their fund balance for emergency or unforeseen needs where possible.

Recommendation

Consider the proposed revisions to the trial court minimum operating and emergency fund balance policy, as shown in Attachment 3C, to ensure the policy (1) aligns with contemporary fiscal realities, (2) supports greater flexibility for courts with limited financial resources, and (3) maintains prudent financial guidance without imposing outdated or burdensome requirements.

Attachments

1. **Attachment 3A:** Trial Court Financial Policies & Procedures Fund Balance Policy
2. **Attachment 3B:** State of California Government Code Section 77203
3. **Attachment 3C:** Trial Court Financial Policies & Procedures Fund Balance Policy – Proposed September 10, 2026

Trial Court Financial Policies & Procedures
Fund Balance Policy
June 2020

Fund Balance

1. 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.

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

   a. Nonspendable Fund Balance
   b. Restricted Fund Balance
   c. Committed Fund Balance
   d. Assigned Fund Balance
   e. Unassigned Fund Balance (General Fund only)

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

   a. Nonspendable Fund Balance
   b. Restricted Fund Balance
   c. Contractual commitments to be paid in the next fiscal year
   d. The minimum calculated operating and emergency fund balance
   e. Other Judicial Council mandates to be paid in the next fiscal year
   f. Contractual commitments to be paid in subsequent fiscal years
   g. Assigned Fund Balance designations
   h. Unassigned Fund Balance

4. 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, and Principal of a Permanent (e.g., endowment) Fund.

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

a. 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).

b. Imposed by Law (Statutory)—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).

6. 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.

7. **[NOTE: The minimum operating and emergency fund requirement discussed here is temporarily suspended until the Judicial Council lifts the suspension.]** 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, or designee, in writing and provide a plan with a specific time frame to correct the situation.

8. Assigned Fund Balance 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:

a. All remaining amounts that are reported in governmental funds, other than general funds, that are not classified as nonspendable and are neither restricted nor committed; and

b. 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.

Assigned Fund Balances will be identified according to the following categories:

a. One-time Facility–Tenant Improvements. Examples include carpet and fixture replacements.

b. One-time Facility–Other Examples include amounts paid by the Judicial Council on behalf of the courts.

c. Statewide Administrative Infrastructure Initiatives. Statewide assessment in support of technology initiatives (e.g., Phoenix) will be identified in this designation.

d. Local Infrastructure (technology and nontechnology needs). Examples include interim case management systems and nonsecurity equipment.

e. 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.

    i. 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 subcategory. 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.

ii. 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.

iii. 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.

iv. Workers' compensation (if managed locally). The amount estimated to be paid out in the next fiscal year.

v. 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.

f. Professional and Consultant Services. Examples include human resources, information technology, and other consultants.

g. Security. Examples include security equipment and pending increases for security service contracts.

h. 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.

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

9. Unassigned Fund Balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to any other fund balance classification. The general fund is the only fund that shall report a positive unassigned fund balance amount.

State of California

GOVERNMENT CODE

Section 77203

77203. (a) Prior to June 30, 2014, a trial court may carry over all unexpended funds from the courts operating budget from the prior fiscal year.

(b) Commencing June 30, 2014, and concluding June 30, 2019, 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. Commencing June 30, 2020, a trial court may carry over unexpended funds in an amount not to exceed 3 percent of the court's operating budget from the prior fiscal year. The calculation of the percentage authorized to be carried over from the previous fiscal year shall not include funds received by the court pursuant to the following:

(1) Section 470.5 of the Business and Professions Code.

(2) Section 116.230 of the Code of Civil Procedure, except for those funds transmitted to the Controller for deposit in the Trial Court Trust Fund pursuant to subdivision (h) of that section.

(3) Subdivision (f) of Section 13963, Sections 26731, 66006, 68090.8, 70640, 70678, and 76223, subdivision (b) of Section 77207.5, and subdivision (h) of Section 77209.

(4) The portion of filing fees collected for conversion to micrographics pursuant to former Section 26863, as that section read immediately before its repeal, and Section 27361.4.

(5) Sections 1027 and 1463.007, subdivision (a) of Section 1463.22, and Sections 4750 and 6005, of the Penal Code.

(6) Sections 11205.2 and 40508.6 of the Vehicle Code.

(Amended by Stats. 2019, Ch. 36, Sec. 2. (SB 95) Effective June 27, 2019. Section conditionally inoperative as provided in Section 77400.)

Trial Court Financial Policies & Procedures

Fund Balance Policy – Proposed September 10, 2026

~~June 2020~~ September 2026

Fund Balance

1. 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.

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

   a. Nonspendable Fund Balance
   b. Restricted Fund Balance
   c. Committed Fund Balance
   d. Assigned Fund Balance
   e. Unassigned Fund Balance (General Fund only)

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

   a. Nonspendable Fund Balance
   b. Restricted Fund Balance
   c. Contractual commitments to be paid in the next fiscal year
   d. The minimum calculated operating and emergency fund balance
   e. Other Judicial Council mandates to be paid in the next fiscal year
   f. Contractual commitments to be paid in subsequent fiscal years
   g. Assigned Fund Balance designations
   h. Unassigned Fund Balance

4. 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, and Principal of a Permanent (e.g., endowment) Fund.

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

   a. 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).

b. Imposed by Law (Statutory)—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).

6. 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.

7. ~~**[NOTE: The minimum operating and emergency fund requirement discussed here is temporarily suspended until the Judicial Council lifts the suspension.]**~~
The Judicial Council authorized trial courts to maintain an operating and emergency fund to ensure financial stability during emergencies, revenue shortages, or budgetary imbalances. Maintaining an emergency reserve is recognized as a financial management best practice, and courts should maintain a minimum of 1 percent of their fund balance to remain available for emergencies or unforeseen needs where possible.

~~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.~~ ~~As a best practice, each court must should maintain a minimum operating and emergency fund balance at all times during a fiscal year, budgeting for a minimum of 1 percent of the fund balance. 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, or designee, in writing and provide a plan with a specific time frame to correct the situation.~~

8. Assigned Fund Balance 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:

   a. All remaining amounts that are reported in governmental funds, other than general funds, that are not classified as nonspendable and are neither restricted nor committed; and

   b. 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.

   Assigned Fund Balances will be identified according to the following categories:

   a. One-time Facility–Tenant Improvements. Examples include carpet and fixture replacements.

   b. One-time Facility–Other Examples include amounts paid by the Judicial Council on behalf of the courts.

   c. Statewide Administrative Infrastructure Initiatives. Statewide assessment in support of technology initiatives (e.g., Phoenix) will be identified in this designation.

   d. Local Infrastructure (technology and nontechnology needs). Examples include interim case management systems and nonsecurity equipment.

   e. 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.

      i. 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 subcategory. 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.

ii. 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.

iii. 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.

iv. Workers' compensation (if managed locally). The amount estimated to be paid out in the next fiscal year.

v. 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.

f. Professional and Consultant Services. Examples include human resources, information technology, and other consultants.

g. Security. Examples include security equipment and pending increases for security service contracts.

h. 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.

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

9. Unassigned Fund Balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to any other fund balance classification. The general fund is the only fund that shall report a positive unassigned fund balance amount.