

Judicial Department of Pennsylvania

Statements of Judicial Operations

Year Ended June 30, 2023
with Independent Auditor's Report

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

**Members of the Judicial Auditing Agency
Judicial Department of Pennsylvania**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Judicial Department of Pennsylvania (Judiciary) Statements of Judicial Operations (the financial statements), for the year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Judiciary operating activity for the years ended June 30, 2023, in accordance with the budgetary basis of accounting as described in Note 1 and to the extent as described in Note 2.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Judiciary, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared on the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As described in Note 2, the financial statements do not purport to show all transactions of the Judiciary. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the budgetary basis of accounting described in the Notes of the financial statements, and for determining that the budgetary basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Judiciary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Judiciary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Judiciary's June 30, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mahe Duessel

Harrisburg, Pennsylvania
September 21, 2023

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Supreme Court	Supreme Court Justices Expenses	Rules Committees	PA Board of Law Examiners	Judicial Council	Interbranch Commission
Beginning balances (Note 3)	\$ 1,124,541	\$ -	\$ 239,829	\$ 55,223	\$ 2,975	\$ 103,559
Funding sources (Note 4)						
State appropriations of the Commonwealth of Pennsylvania	17,493,000	118,000	1,595,000	-	141,000	350,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees	457,743	-	8,410	2,641,215	-	-
Restricted revenues						
Act 119 revenues (Note 8)	-	-	-	-	-	-
Act 49 (2009) revenues (Note 7)	-	-	-	-	-	-
Act 59/112 revenues (Note 7)	-	-	-	-	-	-
ATJ - Act 49 and 122 revenues	-	-	-	-	-	-
Act 64 revenues	-	-	-	-	-	-
Total funding sources	<u>17,950,743</u>	<u>118,000</u>	<u>1,603,410</u>	<u>2,641,215</u>	<u>141,000</u>	<u>350,000</u>
Transfers in (out) (Note 5)						
Act 49	4,729,631	-	-	-	-	-
Fiscal code	296,004	(43,644)	(252,360)	-	-	-
Fund JCS appropriation	-	-	-	-	-	-
To Commonwealth general fund	-	-	-	-	-	-
Total Transfers	<u>5,025,635</u>	<u>(43,644)</u>	<u>(252,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funding sources and transfers	<u>22,976,378</u>	<u>74,356</u>	<u>1,351,050</u>	<u>2,641,215</u>	<u>141,000</u>	<u>350,000</u>
Disbursements						
Salary and benefits	19,752,336	-	1,364,169	1,723,448	-	323,766
Operating expenses	2,871,596	70,987	172,524	951,772	2,975	86,989
Capital expenses	1,105,249	-	-	-	-	-
Grant payments	-	-	-	-	-	-
Total disbursements	<u>23,729,181</u>	<u>70,987</u>	<u>1,536,693</u>	<u>2,675,220</u>	<u>2,975</u>	<u>410,755</u>
Other uses						
Report of lapse (federal appropriations)	-	-	-	-	-	-
Ending balances (note 3)	<u>\$ 371,738</u>	<u>\$ 3,369</u>	<u>\$ 54,186</u>	<u>\$ 21,218</u>	<u>\$ 141,000</u>	<u>\$ 42,804</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

	Superior Court	Superior Court Judges Expenses	Commonwealth Court	Commonwealth Court Judges Expenses	Court Administrator	Office of Elder Justice
Beginning balances (Note 3)	\$ 3,520,587	\$ 980	\$ 4,422,047	\$ -	\$ 919,959	\$ 154,128
Funding sources (Note 4)						
State appropriations of the Commonwealth of Pennsylvania	33,025,000	183,000	21,616,000	132,000	11,809,000	496,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees	310,995	-	208,724	-	1,054,875	-
Restricted revenues	-	-	-	-	-	-
Act 119 revenues (Note 8)	-	-	-	-	-	-
Act 49 (2009) revenues (Note 7)	-	-	-	-	-	-
Act 59/112 revenues (Note 7)	-	-	-	-	-	-
ATJ - Act 49 and 122 revenues	-	-	-	-	-	-
Act 64 revenues	-	-	-	-	-	-
Total funding sources	<u>33,335,995</u>	<u>183,000</u>	<u>21,824,724</u>	<u>132,000</u>	<u>12,863,875</u>	<u>496,000</u>
Transfers in (out) (Note 5)						
Act 49	4,740,354	-	-	-	3,749,579	-
Fiscal code	80,000	(80,000)	-	-	-	-
Fund JCS appropriation	-	-	-	-	-	-
To Commonwealth general fund	-	-	-	-	-	-
Total Transfers	<u>4,820,354</u>	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>3,749,579</u>	<u>-</u>
Total funding sources and transfers	<u>38,156,349</u>	<u>103,000</u>	<u>21,824,724</u>	<u>132,000</u>	<u>16,613,454</u>	<u>496,000</u>
Disbursements						
Salary and benefits	35,578,898	-	20,863,337	-	15,430,133	419,006
Operating expenses	5,408,448	79,258	2,418,261	99,384	1,818,002	127,403
Capital expenses	-	-	178,712	-	43,130	-
Grant payments	-	-	-	-	-	-
Total disbursements	<u>40,987,346</u>	<u>79,258</u>	<u>23,460,310</u>	<u>99,384</u>	<u>17,291,265</u>	<u>546,409</u>
Other uses						
Report of lapse (federal appropriations)	-	-	-	-	-	-
Ending balances (note 3)	<u>\$ 689,590</u>	<u>\$ 24,722</u>	<u>\$ 2,786,461</u>	<u>\$ 32,616</u>	<u>\$ 242,148</u>	<u>\$ 103,719</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

	Judicial Center Operations	District Court Administrators	Court Management Education	UJS Security	Statewide Judicial Computer System (JCS)	Integrated Criminal Justice System
Beginning balances (Note 3)	\$ 470,983	\$ 1,459,596	\$ 3,247	\$ 4,132,840	\$ 8,879,622	\$ 713,292
Funding sources (Note 4)						
State appropriations of the Commonwealth of Pennsylvania	830,000	20,050,000	73,000	2,002,000	-	2,372,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees	345,031	179,300	-	-	4,455,140	-
Restricted revenues						
Act 119 revenues (Note 8)	-	-	-	-	-	-
Act 49 (2009) revenues (Note 7)	-	-	-	-	-	-
Act 59/112 revenues (Note 7)	-	-	-	-	-	-
ATJ - Act 49 and 122 revenues	-	-	-	-	-	-
Act 64 revenues	-	-	-	-	-	-
Total funding sources	<u>1,175,031</u>	<u>20,229,300</u>	<u>73,000</u>	<u>2,002,000</u>	<u>4,455,140</u>	<u>2,372,000</u>
Transfers in (out) (Note 5)						
Act 49	760,374	10,037,033	-	-	-	-
Fiscal code	-	-	-	-	-	-
Fund JCS appropriation	-	-	-	-	43,827,174	-
To Commonwealth general fund	-	-	-	-	-	-
Total Transfers	<u>760,374</u>	<u>10,037,033</u>	<u>-</u>	<u>-</u>	<u>43,827,174</u>	<u>-</u>
Total funding sources and transfers	<u>1,935,405</u>	<u>30,266,333</u>	<u>73,000</u>	<u>2,002,000</u>	<u>48,282,314</u>	<u>2,372,000</u>
Disbursements						
Salary and benefits	1,306,458	31,567,159	-	647,567	26,230,589	593,958
Operating expenses	974,071	17,862	65,699	112,718	22,858,739	1,570,722
Capital expenses	6,214	-	-	-	347,114	-
Grant payments	-	-	-	1,694,045	-	-
Total disbursements	<u>2,286,743</u>	<u>31,585,021</u>	<u>65,699</u>	<u>2,454,330</u>	<u>49,436,442</u>	<u>2,164,680</u>
Other uses						
Report of lapse (federal appropriations)	-	-	-	-	-	-
Ending balances (note 3)	<u>\$ 119,645</u>	<u>\$ 140,908</u>	<u>\$ 10,548</u>	<u>\$ 3,680,510</u>	<u>\$ 7,725,494</u>	<u>\$ 920,612</u>

The accompanying notes are an integral part of these financial statements.

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JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

	Court of Common Pleas	Common Pleas Senior Judges	Judicial Education	Ethics Committee	Problem Solving Courts	Magisterial District Judges
Beginning balances (Note 3)	\$ 1,616,142	\$ 435,860	\$ 356,506	\$ 14,427	\$ 972,218	\$ 498,824
Funding sources (Note 4)						
State appropriations of the Commonwealth of Pennsylvania	120,094,000	4,084,000	1,272,000	-	1,103,000	84,458,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees	562,945	-	174	-	-	696,084
Restricted revenues						
Act 119 revenues (Note 8)	-	-	-	-	-	-
Act 49 (2009) revenues (Note 7)	-	-	-	-	-	-
Act 59/112 revenues (Note 7)	-	-	-	-	-	-
ATJ - Act 49 and 122 revenues	-	-	-	-	-	-
Act 64 revenues	-	-	-	-	-	-
Total funding sources	<u>120,656,945</u>	<u>4,084,000</u>	<u>1,272,174</u>	<u>-</u>	<u>1,103,000</u>	<u>85,154,084</u>
Transfers in (out) (Note 5)						
Act 49	34,430,950	-	239,000	-	-	16,505,740
Fiscal code	714,593	(90,000)	-	-	-	-
Fund JCS appropriation	-	-	-	-	-	-
To Commonwealth general fund	-	-	-	-	-	-
Total Transfers	<u>35,145,543</u>	<u>(90,000)</u>	<u>239,000</u>	<u>-</u>	<u>-</u>	<u>16,505,740</u>
Total funding sources and transfers	<u>155,802,488</u>	<u>3,994,000</u>	<u>1,511,174</u>	<u>-</u>	<u>1,103,000</u>	<u>101,659,824</u>
Disbursements						
Salary and benefits	156,086,856	3,922,135	764,876	-	271,522	101,265,033
Operating expenses	49,658	96,595	1,078,679	14,427	553,763	113,267
Capital expenses	-	-	-	-	-	-
Grant payments	-	-	-	-	462,168	128,000
Total disbursements	<u>156,136,514</u>	<u>4,018,730</u>	<u>1,843,555</u>	<u>14,427</u>	<u>1,287,453</u>	<u>101,506,300</u>
Other uses						
Report of lapse (federal appropriations)	-	-	-	-	-	-
Ending balances (note 3)	<u>\$ 1,282,116</u>	<u>\$ 411,130</u>	<u>\$ 24,125</u>	<u>\$ -</u>	<u>\$ 787,765</u>	<u>\$ 652,348</u>

The accompanying notes are an integral part of these financial statements.

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JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

	Magisterial District Judge Education	Philadelphia Municipal Court	County Court Reimbursement (Note 9)	Juror Cost Reimbursement (Note 10)	Senior Judge Reimbursement (Note 11)	Court interpreter County Grant (Note 12)
Beginning balances (Note 3)	\$ 170,425	\$ 108,575	\$ -	\$ -	\$ -	\$ -
Funding sources (Note 4)						
State appropriations of the Commonwealth of Pennsylvania	759,000	7,950,000	23,136,000	1,118,000	1,375,000	1,500,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees	15,076	42,444	-	-	-	-
Restricted revenues						
Act 119 revenues (Note 8)	-	-	-	-	-	-
Act 49 (2009) revenues (Note 7)	-	-	-	-	-	-
Act 59/112 revenues (Note 7)	-	-	-	-	-	-
ATJ - Act 49 and 122 revenues	-	-	-	-	-	-
Act 64 revenues	-	-	-	-	-	-
Total funding sources	<u>774,076</u>	<u>7,992,444</u>	<u>23,136,000</u>	<u>1,118,000</u>	<u>1,375,000</u>	<u>1,500,000</u>
Transfers in (out) (Note 5)						
Act 49	-	2,839,601	-	-	-	-
Fiscal code	-	-	-	(503,483)	(121,110)	-
Fund JCS appropriation	-	-	-	-	-	-
To Commonwealth general fund	-	-	-	-	-	-
Total Transfers	<u>-</u>	<u>2,839,601</u>	<u>-</u>	<u>(503,483)</u>	<u>(121,110)</u>	<u>-</u>
Total funding sources and transfers	<u>774,076</u>	<u>10,832,045</u>	<u>23,136,000</u>	<u>614,517</u>	<u>1,253,890</u>	<u>1,500,000</u>
Disbursements						
Salary and benefits	346,705	10,824,107	-	-	-	-
Operating expenses	575,658	28,803	-	-	-	-
Capital expenses	-	-	-	-	-	-
Grant payments	-	-	23,136,000	614,517	1,253,890	1,500,000
Total disbursements	<u>922,363</u>	<u>10,852,910</u>	<u>23,136,000</u>	<u>614,517</u>	<u>1,253,890</u>	<u>1,500,000</u>
Other uses						
Report of lapse (federal appropriations)	-	-	-	-	-	-
Ending balances (note 3)	<u>\$ 22,138</u>	<u>\$ 87,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

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JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

	Federal Court Improvement Program Grant (Note 13)	Federal Adult Drug Court Grant	Federal Elder Justice Innovation Grant (Note 14)	Federal Stop Violence Against Women Grant (Note 15)	Federal Veterans Treatment Court Grant (Note 16)	Judicial Conduct Board
Beginning balances (Note 3)	\$ 570,146	\$ 175,000	\$ -	\$ 190,867	\$ 192,163	\$ 905,657
Funding sources (Note 4)						
State appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	2,555,000
Federal appropriations of the Commonwealth of Pennsylvania	1,130,000	-	1,000,000	237,000	196,000	-
Augmentations and fees	288	-	-	-	-	12,770
Restricted revenues						
Act 119 revenues (Note 8)	-	-	-	-	-	-
Act 49 (2009) revenues (Note 7)	-	-	-	-	-	-
Act 59/112 revenues (Note 7)	-	-	-	-	-	-
ATJ - Act 49 and 122 revenues	-	-	-	-	-	-
Act 64 revenues	-	-	-	-	-	-
Total funding sources	<u>1,130,288</u>	<u>-</u>	<u>1,000,000</u>	<u>237,000</u>	<u>196,000</u>	<u>2,567,770</u>
Transfers in (out) (Note 5)						
Act 49	-	-	-	-	-	-
Fiscal code	-	-	-	-	-	-
Fund JCS appropriation	-	-	-	-	-	-
To Commonwealth general fund	-	-	-	-	-	-
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funding sources and transfers	<u>1,130,288</u>	<u>-</u>	<u>1,000,000</u>	<u>237,000</u>	<u>196,000</u>	<u>2,567,770</u>
Disbursements						
Salary and benefits	741,650	-	183,616	-	-	2,189,129
Operating expenses	334,339	-	7,248	138,151	40,883	263,862
Capital expenses	-	-	-	-	-	-
Grant payments	-	-	-	-	-	-
Total disbursements	<u>1,075,989</u>	<u>-</u>	<u>190,864</u>	<u>138,151</u>	<u>40,883</u>	<u>2,452,991</u>
Other uses						
Report of lapse (federal appropriations)	<u>42,153</u>	<u>175,000</u>	<u>-</u>	<u>86,657</u>	<u>347,280</u>	<u>-</u>
Ending balances (note 3)	<u>\$ 582,292</u>	<u>\$ -</u>	<u>\$ 809,136</u>	<u>\$ 203,059</u>	<u>\$ -</u>	<u>\$ 1,020,436</u>

The accompanying notes are an integral part of these financial statements.

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JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

	Court of Judicial Discipline	Judicial Ethics Advisory Board	Access to Justice (ATJ) (Note 7)	Jen & Dave (Note 8)	JCS Augmentation Account (Note 7)	Act 49 Augmentation Account (Note 7)
Beginning balances (Note 3)	\$ 232,095	\$ -	\$ -	\$ 50,000	\$ 40,375,890	\$ 64,558,970
Funding sources (Note 4)						
State appropriations of the Commonwealth of Pennsylvania	618,000	62,000	-	-	-	-
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees	2,403	-	33,968	-	-	-
Restricted revenues						
Act 119 revenues (Note 8)	-	-	-	128,054	-	-
Act 49 (2009) revenues (Note 7)	-	-	-	-	-	48,593,512
Act 59/112 revenues (Note 7)	-	-	-	-	22,077,392	-
ATJ - Act 49 and 122 revenues	-	-	14,901,976	-	-	-
Act 64 revenues	-	-	-	-	9,064,287	-
Total funding sources	<u>620,403</u>	<u>62,000</u>	<u>14,935,944</u>	<u>128,054</u>	<u>31,141,679</u>	<u>48,593,512</u>
Transfers in (out) (Note 5)						
Act 49	-	414,000	-	-	-	(78,446,262)
Fiscal code	-	-	-	-	-	-
Fund JCS appropriation	-	-	-	(99,174)	(43,728,000)	-
To Commonwealth general fund	-	-	-	(28,880)	-	-
Total Transfers	<u>-</u>	<u>414,000</u>	<u>-</u>	<u>(128,054)</u>	<u>(43,728,000)</u>	<u>(78,446,262)</u>
Total funding sources and transfers	<u>620,403</u>	<u>476,000</u>	<u>14,935,944</u>	<u>-</u>	<u>(12,586,321)</u>	<u>(29,852,750)</u>
Disbursements						
Salary and benefits	414,524	422,997	-	-	-	-
Operating expenses	37,641	16,860	-	-	-	-
Capital expenses	-	-	-	-	-	-
Grant payments	-	-	14,935,944	-	-	-
Total disbursements	<u>452,165</u>	<u>439,857</u>	<u>14,935,944</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other uses						
Report of lapse (federal appropriations)	-	-	-	-	-	-
Ending balances (note 3)	<u>\$ 400,333</u>	<u>\$ 36,143</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 27,789,569</u>	<u>\$ 34,706,220</u>

The accompanying notes are an integral part of these financial statements.

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JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

(Continued)

	2023 Total	2022 Total	% Change
Beginning balances (Note 3)	\$ 137,627,173	\$ 140,798,079	-2.25%
Funding sources (Note 4)			
State appropriations of the Commonwealth of Pennsylvania	362,369,000	355,964,000	1.80%
Federal appropriations of the Commonwealth of Pennsylvania	2,563,000	1,742,000	47.13%
Augmentations and fees	11,027,585	9,785,569	12.69%
Restricted revenues			
Act 119 revenues (Note 8)	128,054	130,847	-2.13%
Act 49 (2009) revenues (Note 7)	48,593,512	61,008,906	-20.35%
Act 59/112 revenues (Note 7)	22,077,392	26,486,225	-16.65%
ATJ - Act 49 and 122 revenues	14,901,976	18,281,781	-18.49%
Act 64 revenues	9,064,287	15,793,315	-42.61%
Total funding sources	470,724,806	489,192,643	-3.78%
Transfers in (out) (Note 5)			
Act 49	-	-	0.00%
Fiscal code	-	-	0.00%
Fund JCS appropriation	-	-	0.00%
To Commonwealth general fund	(28,880)	(16,447)	75.59%
Total Transfers	(28,880)	(16,447)	75.59%
Total funding sources and transfers	470,695,926	489,176,196	0.00%
Disbursements			
Salary and benefits	433,233,974	406,021,882	6.70%
Operating expenses	43,057,244	38,445,436	12.00%
Capital expenses	1,680,419	1,733,059	-3.04%
Grant payments	43,724,564	45,614,383	-4.14%
Total disbursements	521,696,201	491,814,760	6.08%
Other uses			
Report of lapse (federal appropriations)	651,090	532,342	22.31%
Ending balances (note 3)	\$ 85,975,808	\$ 137,627,173	-37.53%

The accompanying notes are an integral part of these financial statements.

(Concluded)

JUDICIAL DEPARTMENT OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

1. Basis of Presentation

The Judicial Department of Pennsylvania, commonly referred to as the Unified Judicial System (UJS) or Judiciary, prepares its financial statements on the Commonwealth's budgetary basis of accounting, which is essentially a cash receipts and disbursements basis modified for appropriations. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

2. Scope of Financial Statements

The accompanying financial statements do not purport to show all transactions of the Judiciary. Specifically, the statements omit transactions relating to goods, services, and chambers staff statutorily provided to the Courts of Common Pleas and Magisterial District Judges by the counties of Pennsylvania. The statements do not include transactions for Supreme Court boards that do not receive appropriated funding.

The Judiciary in Pennsylvania is comprised of a court system consisting of the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas, Philadelphia Municipal Court, Pittsburgh Municipal Court, and Magisterial District Courts, with the core governmental function of the delivery of fair, timely, and accessible justice to the Commonwealth's citizens. The financial activity presented in the Statements of Judicial Operations is also included within the Commonwealth of Pennsylvania's Annual Comprehensive Financial Report for the years ended June 30, 2023, and 2022, prepared in accordance with accounting principles generally accepted in the United States of America applicable to governments.

Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year's presentation.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total not by department/appropriation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Accordingly, such information should be read in conjunction with UJS's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

3. Beginning and Ending Balances

All Judiciary revenues and expenditures are ultimately processed through the Pennsylvania Treasury. Beginning and ending balances included in this financial statement represent Judiciary spending authority, by appropriation, available at the Pennsylvania Treasury. Ending balances at fiscal year-end are used to pay outstanding commitments and obligations made prior to June 30th. If applicable, spending authority available at the Pennsylvania Treasury is subject to lapse after all eligible expenditures have been made from the appropriation.

4. Funding Sources

The Judiciary is primary funded, except for certain judiciary appropriations described below, through annual state appropriations provided by the Commonwealth of Pennsylvania through the General Appropriations Act.

Federal Appropriations

The Judiciary receives federal grant funding to support specific Judiciary programs and initiatives. Grant funds are primary received from the U.S. Department of Health & Human Services, the U.S. Department of Justice, and the State Justice Institute.

Augmentations and fees

Augmentations and fees are revenues that fund certain judiciary appropriations that do not receive state appropriation funding (e.g., Board of Law Examiners through exam fees,) or are collected during normal Judiciary operations for services to supplement state funded appropriations (e.g., filing fees at the appellate courts, state grants or program fees to support court programs, fees charged to non-state funded entities occupying the PJC, etc.).

JUDICIAL DEPARTMENT OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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5. Transfers

The Judiciary uses internal transfers among appropriations, where possible according to statute, to assist with cash flow needs of the various appropriations.

Transfers mainly consist of Act 49 (2009) surcharge fees (Note 7), Fiscal Code transfers authorized by 72 P.S. Section 1793-E and transfers from the JCS augmentation account to fund the JCS appropriation (Note 7).

6. Health Care Contributions

Judges and staff in active service who receive employer-paid benefits contribute 1% of gross salary and retirees contribute 1% of gross monthly pension toward the cost of health care benefits. During the fiscal years ended June 30, 2023, and 2022, total health care contributions were \$3,090,679 and \$2,895,843, respectively. These contributions were used to reduce current-year benefit costs.

7. Restricted Revenues

The Judiciary receives funding each year from dedicated restricted revenues for specific purposes. These revenue streams result from filing fees and surcharges collected by the courts (shown below) on court activities and from filings in recorder of deeds offices. Magisterial district court costs and fines provided by Act 64 of 1987 supplement the filing fees directed to JCS.

<u>Filing Fees</u>	<u>ATJ⁽¹⁾</u>	<u>JCS</u>	<u>Judiciary Operations</u>	<u>CJEA/ OAG (3)</u>	<u>Total</u>
Act 59/122 fees	\$2.00	\$8.00	N/A	N/A	\$10.00
Act 49 surcharge	4.00	N/A	\$21.25 ⁽²⁾	\$5.00	30.25
Total	<u>\$6.00</u>	<u>\$8.00</u>	<u>\$21.25</u>	<u>\$5.00</u>	<u>\$40.25</u>

(1) AOPC distributes the funds monthly to the Interest on Lawyers' Trust Accounts (IOLTA) Board.

(2) A \$11.25 temporary surcharge was created by Act 49 (2009). An additional \$10 temporary surcharge was imposed by Act 126 of 2014 (subsequently Act 44 of 2017 applied this \$10.00 surcharge to traffic citations).

(3) Criminal Justice Enhancement Account (CJEA) and Office of Attorney General (OAG) are not included in the financial statements.

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NOTES TO FINANCIAL STATEMENTS

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The JCS Augmentation Account is a non-lapsing restricted revenue account held in the Pennsylvania Treasury. The annual Appropriation Act establishes the maximum amount that may be transferred from the account to fund the JCS appropriation. Sufficient funds must be available in the account on June 30 to fund the subsequent fiscal year JCS appropriation expenditures.

Act 49 (2009) surcharge revenues are placed in a non-lapsing restricted account at the Pennsylvania Treasury and are automatically appropriated to the Supreme Court to transfer as needed to supplement Judiciary operations. Unused Act 49 funds may be transferred back to the restricted account from appropriations after all expenditures have been processed for the fiscal year.

8. Jen and Dave

Restricted revenues for the Jen and Dave program are derived from fees established by Act 119 of 1996. These fees are transferred annually to the Judicial Computer System (JCS) to cover the costs associated with providing criminal charge information to individuals involved in custody matters.

Act 119 requires the Judiciary transfer to the Commonwealth General Fund any balance in the restricted account that exceeds \$50,000 at fiscal year-end.

9. County Court Reimbursement

The reimbursement for costs incurred by counties in the administration and operation of the Courts of Common Pleas is based upon a statutory reimbursement rate and the number of authorized Common Pleas Court judge positions, whether filled or vacant, within a judicial district (with modifications based on population for two-county judicial districts).

Although the statutory (72 P.S. Section 1791-E) reimbursement rate per authorized judge is \$70,000 (with a higher rate paid to Philadelphia), Act 37 of 2007 (42 Pa.C.S. Section 915) provides that in the event of insufficient funding to reimburse at this rate, each county's grant is to be proportionately reduced, including the flat rate amount paid to Philadelphia.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

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10. Juror Cost Reimbursement

Juror cost reimbursements to counties (42 Pa.C.S. Section 4561(b), et seq.) are based on 80% of certain juror costs. Only costs related to juror participation in a trial or grand jury proceeding after the first three days are reimbursed by the Commonwealth. Costs for multi-county grand juries are paid by the Attorney General's Office.

11. Senior Judge Reimbursement

The reimbursement for senior judge support costs (42 Pa.C.S. Section 1906.1 and 71 P.S. 720.101) assists in defraying county expenses to provide suitable facilities and adequate staff to senior judges who are regularly or periodically assigned in that district and for visiting senior judges.

Reimbursement is paid at statutory rates based upon actual support provided by the county. Statute also provides that no county receives an amount greater than 20% of the total amount appropriated and that the total amount reimbursed to all counties may not exceed the total funds appropriated. In the event of insufficient funding to reimburse the actual amounts requested, each county's grant is proportionately reduced to bring the total within the amount appropriated.

Statutory authority for the grant was made permanent in 2017 by Acts 40 (Administrative Code) and 49 (Judicial Code).

12. Court Interpreter County Grant

The Pennsylvania Interpreter Act (Act 172 of 2006, 42 Pa.C.S. Section 4404, et seq.), and the related regulations require that interpreters be provided for deaf and limited English proficient court users; counties bear most of these costs. The grant's purpose is to defray the expense incurred by the counties in complying with the language access requirements of Title VI of the federal Civil Rights Act and the Pennsylvania Interpreter Act and regulations.

The grant reimburses counties for costs paid for eligible interpretation services in the prior calendar year (e.g., the fiscal year 2022-23 grant reimbursed 2022 costs); no county is paid

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more than 30% of the total appropriation, and all grants paid are proportionately reduced to not exceed the appropriated funding.

13. Federal Court Improvement Program Grant

The Judiciary's Court Improvement Program (CIP) is financed primarily by federal grant funds from the U.S. Department of Health and Human Services. These federal grant funds are provided to state court systems to conduct assessments of their foster care, adoption laws, and judicial processes, and to develop and implement a plan for system improvement.

A summary of these federal grant funds with a state spending match requirement follows:

<u>Grant term</u>	<u>Federal funds</u>	<u>State match</u>
October 1, 2019 through September 30, 2021	\$ 827,110	\$ 275,703
October 1, 2020 through September 30, 2022	828,478	276,159
October 1, 2021 through September 30, 2023	827,383	275,794
October 1, 2022 through September 30, 2024	832,272	277,424

The Judiciary received an additional \$266,250 of COVID-19 supplemental funding for the period October 1, 2020 through September 30, 2022. The funds were used to address needs stemming from the COVID-19 public health emergency to ensure the safety, permanence, and well-being needs of children are met in a timely and complete manner.

14. Federal Elder Justice Innovation Grant

The federal office of Administration for Community Living (ACL) awarded a three-year grant for Elder Justice Innovation effective September 1, 2022 to assess and implement improvements in the handling of adult guardianship cases. The grant award amount for the first year was \$843,331.

15. Federal Stop Violence Against Women Grant

The Pennsylvania Commission on Crime and Delinquency (PCCD) in recent years has been awarding the Judiciary subgrants of U.S. Department of Justice "STOP Violence Against

JUDICIAL DEPARTMENT OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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Women” funds. Congress mandates that 5% of these funds are to be spent by or on behalf of courts, and changes in federal law now require the funds to be granted directly by PCCD to the Judiciary on a calendar-year basis. Grant awards were \$218,985 and \$239,441 for calendar year 2023 and 2022, respectively.

16. Federal Veterans Treatment Court Grant

During the year ended June 30, 2020, the Center for Court Innovation (the Center) awarded the Judiciary a subgrant of the U.S. Department of Justice under the terms of the Center’s Statewide Drug Court Technical Assistance Program. The goal of the subgrant is to develop and implement a statewide strategic plan for veterans’ treatment courts. The \$200,000 project grant was effective October 1, 2019, through September 30, 2022.

17. County Court Employees Transferred to State Service

As a result of Act 12 of 1999, certain county court staff were transferred to state service effective January 1, 2000, and the Commonwealth assumed responsibility for the payment of ongoing salaries and benefits. The counties paid the Commonwealth \$2,766,717 for the accrued leave balances associated with these former county employees as required by Act 12.

The payments received from the counties were placed in a special fund created in the Pennsylvania Treasury known as the Unified Judicial System Transferred County-Level Administrator Leave Fund. The money in this fund, including the investment income it earns, is applied toward the cost of leave payments for transferred employees upon termination. As of June 30, 2023 only seven employee’s leave payouts remain to be paid from this fund.

A summary of this financial activity follows:

	Year Ended June 30	
	2023	2022
Beginning fair value	\$ 521,730	\$ 896,008
Interest earned	15,704	865
Payouts to transferred County Court Staff	(83,729)	(375,143)
Ending fair value	<u>\$ 453,705</u>	<u>\$ 521,730</u>

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The above financial activity is not reflected in the accompanying financial statements. The funds, which are invested in the Pennsylvania Treasury's liquid pool consisting of fixed income and cash equivalents, returned 3.84 % and 0.22% in fiscal years ended June 30, 2023, and 2022, respectively.

Act 12 provides that if money in the fund does not adequately provide for full payment of the counties' share of leave payments, the amount necessary to fully fund the counties' share of leave payments shall become an obligation of the Judiciary. If a fund surplus results after all required leave payments for transferred administrators are made, Act 12 requires that the surplus be transferred to the Commonwealth's General Fund.

18. Pension

The Judiciary contributes to the Pennsylvania State Employees' Retirement System (SERS), which the Commonwealth established in 1923 under the provisions of Public Law 858, No. 331. SERS is the administrator of mandatory-participation retirement plans to provide retirement benefits for employees of state government and certain independent agencies. Employee's eligibility for the various retirement plans administered by SERS is dependent upon when employees first began state employment. Information on the various retirement plans along with the associated eligibility criteria and contribution rates is available online at www.sers.pa.gov. SERS, a component unit of the Commonwealth, is included in the Commonwealth's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. In addition, as a pension trust fund, SERS issues a ACFR that includes financial statements and required supplementary information.

The total employer pension contribution costs for the Judiciary for the fiscal years ended June 30, 2023, and 2022 amounted to \$93,264,949 and \$86,089,608, respectively.

19. Other Postemployment Benefits

Other postemployment benefits (OPEB) consist of medical, prescription drug, dental, vision, and long-term care insurance provided to qualifying annuitants. The Judiciary funds OPEB, under a single employer plan, on a pay-as-you-go basis. The total OPEB expenses for the fiscal years ended June 30, 2023 and 2022 amounted to \$27,544,097 and \$26,268,388, respectively.

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20. Continuation of Operations

Since the enactment of Act 49 in 2009, the Judiciary's reliance on Act 49 surcharge revenues to supplement state funding for general court operations has increased significantly. The statutory authority to collect fee surcharges under this legislation expired on July 31, 2023. Until the Act 49 surcharge revenues are reauthorized, \$1 million in revenues to support general court operations will be lost each week. Although reauthorization is expected to occur, revenue collections are projected at significantly lower rates than fiscal year 2021-22 collections due to recent increases in interest rates and decreased court case filings. As a result, the Judiciary will likely require supplemental state appropriation funding for the year ending June 30, 2024, to sustain existing operations.

The JCS does not receive state appropriation funding. Operations of the statewide case management systems are funded exclusively by augmentations and restricted revenues collected under Act 59/122 and Act 64 as detailed in Note 7.

Act 42 of 2018 nearly eliminates Act 64 as a source of JCS funding by redirecting \$15 million from the annual Act 64 deposit beginning June 2019 and each year thereafter, to the School Safety and Security Fund. To-date, Act 42's revenue diversion from JCS to this Fund has taken place in three years (June 2019 through June 2021). Through statutory suspensions, Act 42 did not divert Act 64 revenues from JCS in June 2022 and 2023. Due to the Act 42 provisions and continued declining revenues, JCS will not be able to sustain existing operations without permanent and full restoration of the Act 64 funding and additional funding sources.

The Judiciary has taken significant steps to keep its expenditures in line with declining revenues. However, as noted in previous financial statements, the financial impact of the coronavirus (COVID-19) on the funding of the Judiciary, in particular the fee revenues, was uncertain. The economy and other metrics signal that fee revenues are not likely to rebound to pre-pandemic levels.