

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations
Years Ended June 30, 2019 and 2018
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations
Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

The Members of the Judicial Auditing Agency
Commonwealth of Pennsylvania

Report on the Financial Statement

We have audited the accompanying Judicial Department of Pennsylvania statements of judicial operations (the financial statements) for the years ended June 30, 2019 and 2018, and the related notes.

Management's Responsibility 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 Note 1; this includes 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Judicial Department of Pennsylvania operating activity for the years ended June 30, 2019 and 2018, in accordance with the budgetary basis of accounting described in Note 1, and to the extent as described in Note 2.

Basis of Accounting and Scope

We draw attention to Note 1 to the financial statements, which describes 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 Judicial Department of Pennsylvania.

Mitchell Titus, LLP

November 1, 2019

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations
Years Ended June 30, 2019 and 2018

	<u>Supreme Court (Note 7)</u>	<u>Rules Committees</u>	<u>PA Board of Law Examiners</u>	<u>Judicial Council</u>	<u>Interbranch Commission</u>
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 17,268,000	\$ 1,595,000	\$ -	\$ 141,000	\$ 350,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	401,686	3,841	2,517,597	-	-
Total appropriations and augmentations	<u>17,669,686</u>	<u>1,598,841</u>	<u>2,517,597</u>	<u>141,000</u>	<u>350,000</u>
Other funding sources (Note 4)					
Prior-year funds	905,517	138,982	31,502	799	18,491
Act 49 (2009) surcharge revenues	3,461,000	-	-	-	-
Transfers in (out)	235,000	(150,000)	-	(50,000)	(35,000)
Total other funding sources	<u>4,601,517</u>	<u>(11,018)</u>	<u>31,502</u>	<u>(49,201)</u>	<u>(16,509)</u>
Total appropriations, augmentations, and other funding sources	<u>22,271,203</u>	<u>1,587,823</u>	<u>2,549,099</u>	<u>91,799</u>	<u>333,491</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	2,579,083	-	-	-	-
Staff personnel	15,291,827	1,245,928	1,459,841	78,210	277,048
Total salaries and benefits	<u>17,870,910</u>	<u>1,245,928</u>	<u>1,459,841</u>	<u>78,210</u>	<u>277,048</u>
Other:					
Services, supplies, and other expenses	1,748,835	196,362	764,959	9,480	22,097
Rentals of equipment and office space	978,994	7,289	5,299	-	19,440
Capital expenses	252,841	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>2,980,670</u>	<u>203,651</u>	<u>770,258</u>	<u>9,480</u>	<u>41,537</u>
Total disbursements	<u>20,851,580</u>	<u>1,449,579</u>	<u>2,230,099</u>	<u>87,690</u>	<u>318,585</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	1,419,623	138,244	319,000	4,109	14,906
Total disbursements and other uses	<u>\$ 22,271,203</u>	<u>\$ 1,587,823</u>	<u>\$ 2,549,099</u>	<u>\$ 91,799</u>	<u>\$ 333,491</u>

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2019 and 2018

	<u>Superior Court (Note 7)</u>	<u>Commonwealth Court (Note 7)</u>	<u>Court Administrator</u>	<u>Office of Elder Justice</u>	<u>Judicial Center Operations</u>
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 32,560,000	\$ 21,324,000	\$ 11,577,000	\$ 496,000	\$ 814,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (<i>Note 3</i>)	266,000	212,646	537,181	-	357,407
Total appropriations and augmentations	<u>32,826,000</u>	<u>21,536,646</u>	<u>12,114,181</u>	<u>496,000</u>	<u>1,171,407</u>
Other funding sources (<i>Note 4</i>)					
Prior-year funds	976,080	1,055,521	734,715	88,013	339,094
Act 49 (2009) surcharge revenues	7,530,000	-	2,466,000	-	347,000
Transfers in (out)	-	(856,000)	102,000	(185,000)	856,000
Total other funding sources	<u>8,506,080</u>	<u>199,521</u>	<u>3,302,715</u>	<u>(96,987)</u>	<u>1,542,094</u>
Total appropriations, augmentations, and other funding sources	<u>41,332,080</u>	<u>21,736,167</u>	<u>15,416,896</u>	<u>399,013</u>	<u>2,713,501</u>
Disbursements and other uses					
Salary and benefits (<i>Note 5</i>)					
Justices/Judges	5,255,219	3,122,657	-	-	-
Staff personnel	28,166,623	14,946,778	12,567,349	268,412	946,163
Total salaries and benefits	<u>33,421,842</u>	<u>18,069,435</u>	<u>12,567,349</u>	<u>268,412</u>	<u>946,163</u>
Other:					
Services, supplies, and other expenses	2,016,863	1,735,036	1,193,819	119,259	483,183
Rentals of equipment and office space	3,028,974	842,953	497,939	148	6,859
Capital expenses	318,844	476,822	16,075	-	57,264
Grant payments	-	-	121,506	-	-
Total other	<u>5,364,681</u>	<u>3,054,811</u>	<u>1,829,339</u>	<u>119,407</u>	<u>547,306</u>
Total disbursements	<u>38,786,523</u>	<u>21,124,246</u>	<u>14,396,688</u>	<u>387,819</u>	<u>1,493,469</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (<i>Note 6</i>)	<u>2,545,557</u>	<u>611,921</u>	<u>1,020,208</u>	<u>11,194</u>	<u>1,220,032</u>
Total disbursements and other uses	<u>\$ 41,332,080</u>	<u>\$ 21,736,167</u>	<u>\$ 15,416,896</u>	<u>\$ 399,013</u>	<u>\$ 2,713,501</u>

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations (continued)
Years Ended June 30, 2019 and 2018

	District Court Administrators	Court Management Education	UJS Security	Access to Justice (Note 8)	Statewide Judicial Computer System (Note 8)
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 19,657,000	\$ 73,000	\$ 2,002,000	\$ -	\$ -
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	84,486	-	-	17,359,306	35,988,665
Total appropriations and augmentations	<u>19,741,486</u>	<u>73,000</u>	<u>2,002,000</u>	<u>17,359,306</u>	<u>35,988,665</u>
Other funding sources (Note 4)					
Prior-year funds	404,381	13,562	2,361,816	1,793,570	16,686,286
Act 49 (2009) surcharge revenues	7,577,000	-	-	-	-
Transfers in (out)	-	5,000	-	-	-
Total other funding sources	<u>7,981,381</u>	<u>18,562</u>	<u>2,361,816</u>	<u>1,793,570</u>	<u>16,686,286</u>
Total appropriations, augmentations, and other funding sources	<u>27,722,867</u>	<u>91,562</u>	<u>4,363,816</u>	<u>19,152,876</u>	<u>52,674,951</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	-	-	-	-	-
Staff personnel	26,833,616	-	494,898	-	26,644,153
Total salaries and benefits	<u>26,833,616</u>	<u>-</u>	<u>494,898</u>	<u>-</u>	<u>26,644,153</u>
Other:					
Services, supplies, and other expenses	33,978	88,674	13,135	-	21,199,666
Rentals of equipment and office space	-	533	311	-	1,492,302
Capital expenses	-	-	-	-	626,555
Grant payments	-	-	2,353,480	17,277,006	-
Total other	<u>33,978</u>	<u>89,207</u>	<u>2,366,926</u>	<u>17,277,006</u>	<u>23,318,523</u>
Total disbursements	<u>26,867,594</u>	<u>89,207</u>	<u>2,861,824</u>	<u>17,277,006</u>	<u>49,962,676</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	855,273	2,355	1,501,992	1,875,870	2,712,275
Total disbursements and other uses	<u>\$ 27,722,867</u>	<u>\$ 91,562</u>	<u>\$ 4,363,816</u>	<u>\$ 19,152,876</u>	<u>\$ 52,674,951</u>

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations (continued)
Years Ended June 30, 2019 and 2018

	Integrated Criminal Justice System (Note 9)	Grand Jury Courtroom Capital Funds (Note 10)	Court of Common Pleas	Common Pleas Senior Judges	Judicial Education
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 2,372,000	\$ -	\$ 117,739,000	\$ 4,004,000	\$ 1,247,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	-	825,000	331,472	-	1,395
Total appropriations and augmentations	<u>2,372,000</u>	<u>825,000</u>	<u>118,070,472</u>	<u>4,004,000</u>	<u>1,248,395</u>
Other funding sources (Note 4)					
Prior-year funds	272,191	-	-	632,463	398,547
Act 49 (2009) surcharge revenues	-	-	18,598,000	2,272,000	-
Transfers in (out)	-	-	-	-	458,000
Total other funding sources	<u>272,191</u>	<u>-</u>	<u>18,598,000</u>	<u>2,904,463</u>	<u>856,547</u>
Total appropriations, augmentations, and other funding sources	<u>2,644,191</u>	<u>825,000</u>	<u>136,668,472</u>	<u>6,908,463</u>	<u>2,104,942</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	-	-	131,376,724	4,995,945	-
Staff personnel	635,024	-	-	-	611,383
Total salaries and benefits	<u>635,024</u>	<u>-</u>	<u>131,376,724</u>	<u>4,995,945</u>	<u>611,383</u>
Other:					
Services, supplies, and other expenses	1,589,682	505	84,777	78,005	1,041,412
Rentals of equipment and office space	-	-	-	-	593
Capital expenses	-	256,459	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>1,589,682</u>	<u>256,964</u>	<u>84,777</u>	<u>78,005</u>	<u>1,042,005</u>
Total disbursements	<u>2,224,706</u>	<u>256,964</u>	<u>131,461,501</u>	<u>5,073,950</u>	<u>1,653,388</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	419,485	568,036	5,206,971	1,834,513	451,554
Total disbursements and other uses	<u>\$ 2,644,191</u>	<u>\$ 825,000</u>	<u>\$ 136,668,472</u>	<u>\$ 6,908,463</u>	<u>\$ 2,104,942</u>

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2019 and 2018

	<u>Ethics Committee</u>	<u>Problem Solving Courts</u>	<u>Magisterial District Judges</u>	<u>Magisterial District Judge Education</u>	<u>Philadelphia Municipal Court</u>
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 62,000	\$ 1,103,000	\$ 82,802,000	\$ 744,000	\$ 7,794,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (<i>Note 3</i>)	-	40,038	439,216	29,985	25,352
Total appropriations and augmentations	<u>62,000</u>	<u>1,143,038</u>	<u>83,241,216</u>	<u>773,985</u>	<u>7,819,352</u>
Other funding sources (<i>Note 4</i>)					
Prior-year funds	27,802	681,795	228,407	92,201	64,877
Act 49 (2009) surcharge revenues	-	-	11,506,000	250,000	2,185,000
Transfers in (out)	-	-	-	-	-
Total other funding sources	<u>27,802</u>	<u>681,795</u>	<u>11,734,407</u>	<u>342,201</u>	<u>2,249,877</u>
Total appropriations, augmentations, and other funding sources	<u>89,802</u>	<u>1,824,833</u>	<u>94,975,623</u>	<u>1,116,186</u>	<u>10,069,229</u>
Disbursements and other uses					
Salary and benefits (<i>Note 5</i>)					
Justices/Judges	-	26,541	92,353,606	-	8,148,487
Staff personnel	-	-	-	370,811	1,696,569
Total salaries and benefits	<u>-</u>	<u>26,541</u>	<u>92,353,606</u>	<u>370,811</u>	<u>9,845,056</u>
Other:					
Services, supplies, and other expenses	60,552	562,304	242,191	636,740	55,113
Rentals of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Grant payments	-	317,957	129,800	-	-
Total other	<u>60,552</u>	<u>880,261</u>	<u>371,991</u>	<u>636,740</u>	<u>55,113</u>
Total disbursements	<u>60,552</u>	<u>906,802</u>	<u>92,725,597</u>	<u>1,007,551</u>	<u>9,900,169</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (<i>Note 6</i>)	<u>29,250</u>	<u>918,031</u>	<u>2,250,026</u>	<u>108,635</u>	<u>169,060</u>
Total disbursements and other uses	<u>\$ 89,802</u>	<u>\$ 1,824,833</u>	<u>\$ 94,975,623</u>	<u>\$ 1,116,186</u>	<u>\$ 10,069,229</u>

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations (continued)
Years Ended June 30, 2019 and 2018

	County Court Reimbursements (Note 11)	Federal Court Improvement Project (Note 12)	Adult Drug Court Grant (Note 13)	Federal STOP Violence Against Women Grant (Note 14)	Federal National Criminal History Improvement Grant (Note 15)
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 27,129,000	\$ -	\$ -	\$ -	\$ -
Federal appropriations of the Commonwealth of Pennsylvania	-	1,130,000	225,000	232,000	118,000
Augmentations and fees (Note 3)	-	14,775	-	-	-
Total appropriations and augmentations	<u>27,129,000</u>	<u>1,144,775</u>	<u>225,000</u>	<u>232,000</u>	<u>118,000</u>
Other funding sources (Note 4)					
Prior-year funds	9,425	2,647	-	16,077	-
Act 49 (2009) surcharge revenues	-	-	-	-	-
Transfers in (out)	(380,000)	-	-	-	-
Total other funding sources	<u>(370,575)</u>	<u>2,647</u>	<u>-</u>	<u>16,077</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources	<u>26,758,425</u>	<u>1,147,422</u>	<u>225,000</u>	<u>248,077</u>	<u>118,000</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	-	-	-	-	-
Staff personnel	-	676,086	-	-	-
Total salaries and benefits	<u>-</u>	<u>676,086</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:					
Services, supplies, and other expenses	-	131,300	-	102,546	46,455
Rentals of equipment and office space	-	2,086	-	845	-
Capital expenses	-	-	-	-	-
Grant payments	26,751,792	-	-	67,130	-
Total other	<u>26,751,792</u>	<u>133,386</u>	<u>-</u>	<u>170,521</u>	<u>46,455</u>
Total disbursements	<u>26,751,792</u>	<u>809,472</u>	<u>-</u>	<u>170,521</u>	<u>46,455</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	6,633	337,950	225,000	77,556	71,545
Total disbursements and other uses	<u>\$ 26,758,425</u>	<u>\$ 1,147,422</u>	<u>\$ 225,000</u>	<u>\$ 248,077</u>	<u>\$ 118,000</u>

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2019 and 2018

	<u>Judicial Conduct Board</u>	<u>Court of Judicial Discipline</u>	<u>2019 Total</u>	<u>2018 Total</u>	<u>% Change</u>
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 2,182,000	\$ 468,000	\$ 355,503,000	\$ 355,503,000	0.00%
Federal appropriations of the Commonwealth of Pennsylvania	-	-	1,705,000	1,784,000	(4.43%)
Augmentations and fees (<i>Note 3</i>)	3,707	768	59,440,523	80,618,781	(26.27%)
Total appropriations and augmentations	<u>2,185,707</u>	<u>468,768</u>	<u>416,648,523</u>	<u>437,905,781</u>	<u>(4.85%)</u>
Other funding sources (<i>Note 4</i>)					
Prior-year funds	200,739	30,928	28,206,428	12,136,259	132.41%
Act 49 (2009) surcharge revenues	-	-	56,192,000	50,248,000	11.83%
Transfers in (out)	-	-	-	-	-
Total other funding sources	<u>200,739</u>	<u>30,928</u>	<u>84,398,428</u>	<u>62,384,259</u>	<u>35.29%</u>
Total appropriations, augmentations, and other funding sources	<u>2,386,446</u>	<u>499,696</u>	<u>501,046,951</u>	<u>500,290,040</u>	<u>0.15%</u>
Disbursements and other uses					
Salary and benefits (<i>Note 5</i>)					
Justices/Judges	-	-	247,858,262	244,696,965	1.29%
Staff personnel	2,103,216	438,493	135,752,428	135,528,952	0.16%
Total salaries and benefits	<u>2,103,216</u>	<u>438,493</u>	<u>383,610,690</u>	<u>380,225,917</u>	<u>0.89%</u>
Other:					
Services, supplies, and other expenses	186,452	37,862	34,481,242	34,121,876	1.05%
Rentals of equipment and office space	20,502	-	6,905,067	7,238,700	(4.61%)
Capital expenses	-	-	2,004,860	922,473	117.34%
Grant payments	-	-	47,018,671	41,814,354	12.45%
Total other	<u>206,954</u>	<u>37,862</u>	<u>90,409,840</u>	<u>84,097,403</u>	<u>7.51%</u>
Total disbursements	<u>2,310,170</u>	<u>476,355</u>	<u>474,020,530</u>	<u>464,323,320</u>	<u>2.09%</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (<i>Note 6</i>)	<u>76,276</u>	<u>23,341</u>	<u>27,026,421</u>	<u>35,966,720</u>	<u>(24.86%)</u>
Total disbursements and other uses	<u>\$ 2,386,446</u>	<u>\$ 499,696</u>	<u>\$ 501,046,951</u>	<u>\$ 500,290,040</u>	<u>0.15%</u>

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 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 and encumbrances. 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.

NOTE 2 SCOPE OF FINANCIAL STATEMENTS

The accompanying financial statements do not purport to show all transactions of the Judicial Department. 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 financial statements include activity from current-year appropriations and disbursements from amounts payable or encumbered in prior fiscal years.

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 Comprehensive Annual Financial Report for the years ended June 30, 2019 and 2018, prepared in accordance with accounting principles generally accepted in the United States of America applicable to governments.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 3 AUGMENTATIONS AND FEES

Augmentations and fees are revenues that fund certain judiciary appropriations (e.g., Judicial Computer System, Board of Law Examiners, Access to Justice) or supplement the General Appropriation Act, such as those earned or collected during the course of normal Judiciary operations. They include, but are not limited to:

- Augmentations appropriated and drawn from the JCS Augmentation Account to fund the Judicial Computer System (JCS);
- Access to Justice (ATJ) funds generated to support indigent civil legal services;
- E-Commerce fees;
- Law exam fees charged by the PA Board of Law Examiners;
- Medicare Part D prescription subsidies;
- Capital budget funds for the construction of a statewide grand jury courtroom;
- Fees charged by the Prothonotaries of the appellate courts;
- Act 119 of 1996 (Jen and Dave's Law) fees transferred to JCS to support the program to disseminate criminal charge information;
- Pennsylvania Judicial Center assessments to non-state funded entities for centralized costs and charges for expenses incurred;
- Act 5 fees for expungement and limited access orders;
- State and other grant reimbursements for the Court Improvement Project;
- Public access charges collected from individuals and organizations for information from JCS and Administrative Office of Pennsylvania Courts (AOPC);

NOTE 4 OTHER FUNDING SOURCES

Prior-year Funds

Prior-year funds consist of amounts that were encumbered, payable, or subject to potential lapse in a prior fiscal year that were disbursed during the current fiscal year. The financial statements omit prior-year funds that remain unspent as of June 30, 2019.

Act 49 Surcharge Revenues

The General Assembly in 2009 established an additional funding source consisting of restricted revenues generated through fee surcharges to supplement state funding to support general Judiciary operations. Imposed originally by Act 49 (2009) on the same base as the \$10 Act 122 fee *excluding summary traffic violations*, the surcharge has been amended by subsequent acts to total \$21.25 with an expiration date of December 31, 2020, as extended. The legislation appropriates these funds to the Supreme Court, and the financial statements reflect the funds drawn as court-authorized use of Act 49 funds to supplement the General Appropriation Act.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 4 OTHER FUNDING SOURCES *(continued)*

Act 49 Surcharge Revenues *(continued)*

During the year ended June 30, 2019, revenue of \$56,448,106 was received and \$56,192,000 was drawn to supplement UJS funding.

During the year ended June 30, 2018, revenue of \$51,740,776 was received and \$50,248,000 was drawn to supplement UJS funding.

Transfers

The Fiscal Code (72 P.S. Section 1793-E) authorizes Supreme Court transfers during the year among the various Judiciary appropriations. The Judiciary uses internal transfers among appropriations where possible to assist with funding requirements.

NOTE 5 HEALTH PLAN CREDITS AND HEALTH CARE CONTRIBUTIONS

Health Plan Credits

Certain health plan costs are based on actual benefits paid plus an administrative fee over the plan's contract year. During the contract year, monthly premiums are paid to the contract administrator, and then reconciled to the actual benefits paid and administrative fees due at the end of the plan's contract year. Any differences in this calculation will result in an additional amount due *to* or due *from* the Judiciary. During the fiscal years ended June 30, 2019 and 2018, the Judiciary received health plan credits of \$3,109,837 and \$4,951,350, respectively, resulting from the prior contract year reconciliations (settlements). The credits resulted from the Judiciary's medical claims experience being better (lower) than expected, and were used to reduce benefit costs.

Health Care Contributions

Judges and staff in active service who receive employer-paid benefits contribute 1% of gross salary toward the cost of health care benefits, and retirees contribute 1% of gross monthly pension toward the cost of health care benefits. During the fiscal years ended June 30, 2019 and 2018, total health care contributions were \$2,683,118 and \$2,640,293, respectively. These contributions were used to reduce current-year benefit costs.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 6 AMOUNTS ENCUMBERED, PAYABLE, OR SUBJECT TO POTENTIAL LAPSE

Encumbrances, which include purchase orders, contracts, and other commitments (both actual and expected) for disbursements, are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are used as an extension of formal budgetary integration in the accounting system.

For financial statement purposes, the excess of appropriations and augmentations over disbursements, encumbrances and lapses is considered the “amounts encumbered, payable, or subject to potential lapse.” The actual lapse amount will be determined after all disbursements properly chargeable to the appropriations are determined and a formal lapse document (created by an administrative procedure) is issued.

Amounts shown on this line include appropriated funds whose spending authority extends beyond the close of the fiscal year, either June 30, 2019 or June 30, 2018. Unspent funds of the PA Board of Law Examiners are not subject to lapse, but are rolled forward into the next fiscal year.

Reclassifications

Certain prior-year amounts have been reclassified to conform with the current year presentation.

NOTE 7 EXPENSES OF JUSTICES/JUDGES OF APPELLATE COURTS

The appellate courts’ General Appropriations and Justices’/Judges’ Expenses Appropriations are combined for financial statement reporting purposes.

The justices/judges of the appellate courts receive reimbursement for business expenses in accordance with the Judiciary’s vouchered court-related business expense policies and procedures. These payments have been recorded as disbursements in the accompanying financial statements.

NOTE 8 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM

The Judiciary receives substantial funding each year from dedicated restricted revenues which are earmarked for particular 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 8 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM (continued)

<u>Filing Fees</u>	<u>ATJ</u>	<u>JCS</u>	<u>UJS 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 ⁽¹⁾	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) Includes the additional \$2.00 surcharge imposed by Act 44 of 2017 on the base, including traffic violations.
- (2) The temporary surcharges that supplement state funding for UJS operations are \$21.25 and sunset December 31, 2020. Act 44 of 2017 applied \$10.00 of the surcharge to traffic citations (i.e., the same base as Act 122).
- (3) Criminal Justice Enhancement Account (CJEA) and Office of Attorney General (OAG) are not included in the financial statements.

Access to Justice (ATJ) Account

AOPC distributes the funds monthly upon requisition by the Interest on Lawyers' Trust Accounts (IOLTA) Board. Funds deposited into the ATJ account in one month are available for distribution to IOLTA in the following month. Unlike the fee revenues which are received monthly, the Act 70 funds were deposited and distributed once annually. Act 40 of 2017 provided permanent statutory authorization for the ATJ Account, avoiding sunset and loss of funding.

Deposits into the ATJ account during fiscal year ended June 30, 2019 totaled \$17,359,306, consisting of \$17,322,663 of Act 122 and Act 49 surcharge funds, and related interest of \$36,643. IOLTA received \$17,277,005 during the fiscal year, including \$1,793,570 deposited in June 2018, and the remaining \$1,875,870 in July 2019. Funds received in July 2019 are reflected as amounts payable or subject to lapse in the accompanying financial statement.

Deposits into the ATJ account during fiscal year ended June 30, 2018 totaled \$14,124,906, consisting of \$14,109,290 of Act 122 and Act 49 surcharge funds, and related interest of \$15,616. IOLTA received \$13,475,087 during the fiscal year, including \$1,143,751 deposited in June 2017, and the remaining \$1,793,570 in August 2018. Funds received in August 2018 are reflected as amounts payable or subject to lapse in the accompanying financial statement.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 8 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM *(continued)*

Statewide Judicial Computer System (JCS)

JCS is funded primarily from restricted revenues established by law (Act 64 of 1987 as amended by Act 42 of 2018, and Act 59 of 1990 as amended by Act 122 of 2002 and Act 49 of 2009) which are deposited into, and appropriated from, the JCS Augmentation Act.

Act 64 of 1987 established the existing funding framework based on restricted revenues. It provides for the annual year-end transfer to the JCS Augmentation Account of amounts collected during the year from specified court costs and fines that exceed the amounts collected from these sources in fiscal year 1986-1987. 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 with the amount accrued as of June 28, 2019 and each year thereafter, to the new School Safety and Security Fund. The first \$15 million diversion occurred June 28, 2019, and reduced JCS' Act 64 funding by more than two thirds.

Act 59 of 1990 supplemented the Act 64 revenue stream by establishing court filing fees of \$1.50 at the minor judiciary level and \$5.00 at the common pleas and appellate court level. Act 122 of 2002 increased these fees to a uniform \$10, and expanded them to apply to filings of deeds, mortgages, and property transfers.

The JCS Augmentation Account is a non-lapsing restricted revenue account held in the PA Treasury. These funds are held in the Treasury account until drawn by the Judiciary under the annual Appropriation Act or as permitted by the fiscal code to fund deficits in other Judiciary appropriations. The annual Appropriation Act establishes the amount that may be drawn from the account to fund JCS. The appropriation is augmented by public access fees, convenience fees on the electronic payment of fines and other court assessments, and "Jen and Dave's Law" fees (Act 119-1996). The funds drawn from the Treasury account and augmenting revenues are included in this statement.

During the year ended June 30, 2019, \$31,266,000 was drawn to fund the fiscal year 2018-2019 appropriation.

During the year ended June 30, 2018, \$57,048,000 was drawn to fund the fiscal year 2017-2018 appropriation.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 9 INTEGRATED CRIMINAL JUSTICE SYSTEM (JNET)

The AOPC shares important criminal case information in electronic form with JNET agencies from its systems, including the automated Magisterial District Judges System (MDJS) and the Common Pleas Criminal Court Case Management System (CPCMS), in real time. This appropriation helps support the Judiciary's activities to continue the flow of information from its automated case management systems to JNET.

NOTE 10 GRAND JURY COURTROOM CAPITAL FUNDS

The Capital Budget Itemization Act of 2017-18 (Act 52 of 2017) appropriates capital funds for the project to construct a statewide grand jury courtroom within the Pennsylvania Judicial Center (PJC). Specifically, it appropriates \$825,000 for the construction, and \$50,000 for furniture and equipment. Act 52 requires the Department of General Services (DGS) to delegate the design and construction of the project to the Administrative Office of Pennsylvania Courts. Accordingly, DGS released the appropriated construction funding to the AOPC. As of June 30, 2019 the \$50,000 for furniture and equipment has not been received. These funds reside in a restricted revenue and will remain available until the project is complete or the funds are spent, whichever comes first.

NOTE 11 COUNTY COURT REIMBURSEMENTS

County governments in Pennsylvania are required to provide certain court services to the general public. The AOPC disburses state-appropriated pass-through grants to partially reimburse the counties in accordance with the terms of the applicable legislation, and limited grants for specified purposes. The reimbursements are for costs incurred by counties in the administration and operation of the local courts, court interpreter services, senior judge support costs and juror costs.

A summary of the county court reimbursement appropriations net of any transfers follows:

	Year Ended June 30	
	2019	2018
County Court Cost Reimbursement	\$ 23,136,000	\$ 23,136,000
Court Interpreter County Grant	1,500,000	1,500,000
Senior Judge Support Reimbursement	1,375,000	1,375,000
Juror Cost Reimbursement – net of transfer	740,792	752,866
Total appropriations – net of transfer	<u>\$ 26,751,792</u>	<u>\$ 26,763,866</u>

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

County Court Cost 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. Due to continued underfunding, the grant was paid at a reimbursement rate of \$45,549 per authorized judge for fiscal year 2018-2019, and at a reimbursement rate of \$46,094 per authorized judge for fiscal year 2017-2018. The total of these reimbursement grants paid to the counties during each of the fiscal years ended June 30, 2019 and 2018 amounted to \$23,136,000.

Court Interpreter County Grant

The Pennsylvania Interpreter Act (Act 172 of 2006, 42 Pa.C.S. Section 4404, et seq.), and the related UJS 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 2018-19 grant reimbursed 2018 costs); no county is paid more than 30% of the total appropriation, and all grants paid are proportionately reduced to not exceed the appropriated funding. The total requested reimbursements by the counties for the years ended June 30, 2019 and 2018 were \$4,820,468 and \$3,855,578, respectively. Total payments made to the counties amounted to \$1,500,000 for each of the years ended June 30, 2019 and 2018.

Senior Judge Support Cost Reimbursement

The reimbursement for senior judge support costs (42 Pa.C.S. Section 1906.1) assists in defraying county expenses to provide reasonable minimal administrative support in conformance with Pennsylvania Rule of Judicial Administration 701. Such expenses are incurred to provide suitable facilities and adequate staff to senior judges who are regularly or periodically assigned in that district and for visiting senior judges.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 11 **COUNTY COURT REIMBURSEMENTS** *(continued)*

Senior Judge Support Cost Reimbursement *(continued)*

Each county's grant is based on actual support provided by the county. Reimbursement is paid at statutory rates (presently contained in 42 Pa.C.S. Section 1906.1 and 71 P.S. 720.101). Statute also provides that no county receives an amount greater than 20% of the total amount appropriated, while the total amount reimbursed to all counties may not exceed the total funds appropriated. In the event that the total qualifying reimbursement requested by the counties exceeds the funds appropriated, each county's grant is to be proportionately reduced to bring the total within the amount appropriated.

During the years ended June 30, 2019 and 2018, the counties requested reimbursements of \$1,999,681 and \$2,151,452, respectively. Total payments made to counties amounted to \$1,375,000 for each of the years ended June 30, 2019 and 2018. Statutory authority for the grant was renewed and made permanent in 2017 by Acts 40 (Administrative Code) and 49 (Judicial Code).

Juror Cost Reimbursement

Juror cost reimbursements (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. The total payments made to the counties for the fiscal years ended June 30, 2019 and 2018 were \$740,792 and \$752,866, respectively. As authorized by the Fiscal Code (72 P.S. Section 1793-E), transfers to operations amounted to \$380,000 and \$370,000 during the years ended June 30, 2019 and 2018, respectively.

NOTE 12 **FEDERAL COURT IMPROVEMENT PROJECT**

The UJS 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. The Family First Prevention Services Act (FFPSA) reauthorizes the program through federal fiscal year 2021.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 12 FEDERAL COURT IMPROVEMENT PROJECT *(continued)*

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, 2015 through September 30, 2017	\$ 837,542	\$ 279,181
October 1, 2016 through September 30, 2018	\$ 834,339	\$ 278,113
October 1, 2017 through September 30, 2019	\$ 834,247	\$ 278,082
October 1, 2018 through September 30, 2020	\$ 825,205	\$ 275,068

For fiscal year 2018-2019, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these federal funds supplemented by \$14,775 in augmentations, and \$809,472 was spent as of June 30, 2019. For fiscal year 2017-2018, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these federal funds supplemented by \$125 in augmentations, and \$782,162 was spent as of June 30, 2018.

NOTE 13 ADULT DRUG COURT GRANT

Effective October 1, 2016, the federal Office of Justice Programs provided a three year \$300,000 federal project grant for a statewide outcome and cost evaluation of Pennsylvania's problem solving courts. The grant funds had an original expiration date of September 30, 2019 and have been extended through September 30, 2020. No disbursements were made under this grant during the fiscal year ended June 30, 2019. During the fiscal year ended June 30, 2018, disbursements under this grant amounted to \$75,000.

NOTE 14 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 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. Accordingly, the AOPC is responsible for management of these grant funds. In calendar years 2019 and 2018, the grants awarded were \$236,960 and \$231,927, respectively. The total disbursements under the Stop Violence Against Woman grants for fiscal years ended June 30, 2019 and 2018 amounted to \$170,521 and \$245,940, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 15 FEDERAL NATIONAL CRIMINAL HISTORY IMPROVEMENT GRANT

During the year ended June 30, 2019, The Pennsylvania Commission on Crime and Delinquency (PCCD) awarded the Judiciary a subgrant of the U.S. Department of Justice “National Criminal History Improvement” funds to develop an e-filing system for criminal records and upgrade the OTN allocation interface. The AOPC will work collectively with JNET and the Pennsylvania Chiefs of Police Association (PCPA) on the project. The \$245,050 project grant mandates a 10% in-kind match and is effective January 1, 2019 through December 31, 2020. During the fiscal year ended June 30, 2019, disbursements under this grant amounted to \$46,455.

NOTE 16 COUNTY COURT EMPLOYEES TRANSFERRED TO STATE SERVICE

As a result of the passage 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 PA 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.

A summary of this financial activity follows:

	Year Ended June 30	
	2019	2018
Beginning fair value	\$ 1,198,002	\$ 1,420,587
Interest earned on Treasury investment of funds	28,600	18,968
Payouts to transferred County Court Staff	(74,029)	(241,553)
Ending fair value	<u>\$ 1,152,573</u>	<u>\$ 1,198,002</u>

The above financial activity is not reflected in the accompanying financial statements. The funds, which are invested in the PA Treasury’s liquid pool consisting of fixed income and cash equivalents, returned 2.42% and 1.55% in fiscal years ended June 30, 2019 and 2018, 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 Unified Judicial System. 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 17 PENSION

The UJS contributes to the Commonwealth of 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 two mandatory-participation retirement plans to provide retirement benefits for employees of state government and certain independent agencies. The Defined Benefit Plan (traditional pension) is a cost-sharing multiple employer plan, for which the assets are held in the State Employees' Retirement Fund. The Defined Contribution Plan, established by Act 2017-5, established a hybrid defined benefit/defined contribution option and a new defined contribution only option. Assets in the Defined Contribution Plan are held in individual member investment accounts. Employees who first enter SERS membership on or after January 1, 2019 are required to participate in one of the new Defined Contribution Plan options that were established under Act 2017-5 and became effective on this date. SERS, a component unit of the Commonwealth, is included in the Commonwealth's Comprehensive Annual Financial Report (CAFR) as a pension trust fund. In addition, as a pension trust fund, SERS issues a CAFR that includes financial statements and required supplementary information. The SERS CAFR is available online at www.sers.pa.gov.

The total employer pension contribution costs for the UJS for the fiscal years ended June 30, 2019 and 2018 amounted to \$81,081,467 and \$80,252,183, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2019 and 2018

NOTE 17 PENSION *(continued)*

The SERS pension contribution rates by class applicable to the UJS for the fiscal years 2018-2019 and 2017-2018 were as follows:

<u>Pension Rates</u>	<u>FY 2018-2019</u>	<u>FY 2017-2018</u>
<i>Employer Rates:</i>		
Staff - Class A	27.71%	27.55%
Staff - Class AA	34.63%	34.44%
Staff - Class A3/A4	23.94%	23.80%
Staff – Class A5	18.42%	N/A
Staff – Class A6	18.42%	N/A
Staff – Straight 401 (a)	18.39%	N/A
Judges - Class E	43.90%	43.65%
Judges - Class A	27.71%	27.55%
<i>Employee Rates:</i>		
Staff - Class A	5.00%	5.00%
Staff - Class AA	6.25%	6.25%
Staff - Class A3/A4*	6.25%/9.30%	6.25%/9.30%
Staff – Class A5	8.25%	N/A
Staff – Class A6	7.50%	N/A
Staff – Straight 401 (a)	7.50%	N/A
Judges - Class E1**	10.00%/7.50%	10.00%/7.50%
Judges - Class E2	7.50%	7.50%
Judges - Class A	5.00%	5.00%

* 9.3% employee contribution rate applies to Class A3 employees who elect a higher Class 4 service multiplier rate of 1.25 within their first 45 days of service.

**10% for 1st 10 years of judicial service, 7.5% thereafter.

NOTE 18 OTHER POSTEMPLOYMENT BENEFITS

Other postemployment benefits (OPEB) consist of medical, prescription drug, dental, vision and long-term care insurance provided to qualifying annuitants. The UJS funds OPEB on a pay-as-you-go basis. The total OPEB expenses for the fiscal years ended June 30, 2019 and 2018 amounted to \$22,980,569 and \$23,593,192, respectively.

