

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations and
Supplemental Schedules
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors**

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations
and Supplemental Schedules
Years Ended June 30, 2012 and 2011

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REPORT OF INDEPENDENT AUDITORS

The Members of the Judicial Auditing Agency
Commonwealth of Pennsylvania

We have audited the Judicial Department of Pennsylvania (Judicial Department) statements of judicial operations (financial statements) for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of the Judicial Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

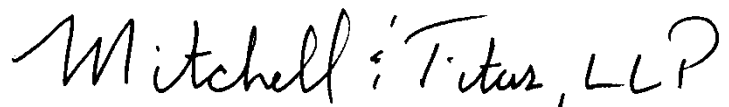
We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Judicial Department's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Judicial Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements were prepared on the budgetary basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

As described in Note 2, the financial statements do not purport to show all transactions of the Judicial Department.

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, 2012 and 2011, on the basis of accounting described in Note 1 and to the extent described in Note 2.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules of Services, Supplies, and Other Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedules of Services, Supplies, and Other Expenses have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Mitchell & Titus, LLP".

September 28, 2012

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations Years Ended June 30, 2012 and 2011

	Supreme Court (Note 5)	Rules Committees (Note 10)	PA Board of Law Examiners	Judicial Council	Interbranch Commission
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania	\$ 13,539,000	\$ 1,448,000	\$ -	\$ 137,000	\$ 349,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	486,560	3,953	2,341,712	-	-
Total appropriations and augmentations	14,025,560	1,451,953	2,341,712	137,000	349,000
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	1,921,469	-	-	-	-
Staff personnel	11,817,794	1,094,208	1,098,019	81,424	216,170
Total salaries and benefits	13,739,263	1,094,208	1,098,019	81,424	216,170
Other					
Rental of equipment and office space	1,234,857	5,831	7,880	9,504	24,186
Capital expenses	17,645	-	-	-	-
Services, supplies, and other expenses	1,442,770	164,070	955,953	38	63,959
Expenses of Justices/Judges of appellate courts (Note 5)	94,025	-	-	-	-
Grant payments	-	-	-	-	-
Total other	2,789,297	169,901	963,833	9,542	88,145
Total disbursements	16,528,560	1,264,109	2,061,852	90,966	304,315
Amounts encumbered (Note 6)	86,025	87,844	6,025	-	35,685
Amounts payable or subject to potential lapse (Note 7)	11,975	-	273,835	34	-
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	16,626,560	1,351,953	2,341,712	91,000	340,000
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(2,601,000)	100,000	-	46,000	9,000
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	2,446,000	-	-	-	-
Court-authorized transfers in of JCS funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	164,000	-	-	-	-
Court-authorized transfers out of appropriated funds	(9,000)	(100,000)	-	(46,000)	(9,000)
Total court-authorized transfers, net	2,601,000	(100,000)	-	(46,000)	(9,000)
Total appropriations, augmentations, and court-authorized transfers	\$ 16,626,560	\$ 1,351,953	\$ 2,341,712	\$ 91,000	\$ 340,000
Total prior year	\$ 16,196,177	\$ 1,400,868	\$ 3,388,723	\$ 88,000	\$ 349,000
% change	2.66%	(3.49)%	(30.90)%	3.41%	(2.58)%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2012 and 2011

	Superior Court (Note 5)	Commonwealth Court (Note 5)	Court Administrator	Judicial Center Operations	District Court Administrators
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania	\$ 26,415,000	\$ 16,054,000	\$ 9,663,000	\$ 655,000	\$ 16,773,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	275,097	223,579	64,945	399,085	60,382
Total appropriations and augmentations	<u>26,690,097</u>	<u>16,277,579</u>	<u>9,727,945</u>	<u>1,054,085</u>	<u>16,833,382</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	4,282,041	2,456,714	-	-	-
Staff personnel	20,772,544	11,931,771	9,197,022	715,753	20,245,117
Total salaries and benefits	<u>25,054,585</u>	<u>14,388,485</u>	<u>9,197,022</u>	<u>715,753</u>	<u>20,245,117</u>
Other					
Rental of equipment and office space	2,927,344	1,040,639	579,770	6,458	-
Capital expenses	21,086	9,500	69,280	34,006	-
Services, supplies, and other expenses	1,548,787	1,406,785	742,100	501,620	13,988
Expenses of Justices/Judges of appellate courts (Note 5)	126,636	88,000	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>4,623,853</u>	<u>2,544,924</u>	<u>1,391,150</u>	<u>542,084</u>	<u>13,988</u>
Total disbursements	<u>29,678,438</u>	<u>16,933,409</u>	<u>10,588,172</u>	<u>1,257,837</u>	<u>20,259,105</u>
Amounts encumbered (Note 6)	559,058	334,451	86,712	71,809	65,091
Amounts payable or subject to potential lapse (Note 7)	331,601	63,719	23,061	3,439	10,186
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>30,569,097</u>	<u>17,331,579</u>	<u>10,697,945</u>	<u>1,333,085</u>	<u>20,334,382</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)					
	(3,879,000)	(1,054,000)	(970,000)	(279,000)	(3,501,000)
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	3,879,000	1,054,000	905,000	279,000	3,501,000
Court-authorized transfers in of JCS funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	44,000	40,000	65,000	-	-
Court-authorized transfers out of appropriated funds	(44,000)	(40,000)	-	-	-
Total court-authorized transfers, net	<u>3,879,000</u>	<u>1,054,000</u>	<u>970,000</u>	<u>279,000</u>	<u>3,501,000</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 30,569,097</u>	<u>\$ 17,331,579</u>	<u>\$ 10,697,945</u>	<u>\$ 1,333,085</u>	<u>\$ 20,334,382</u>
Total prior year	<u>\$ 29,925,399</u>	<u>\$ 17,037,235</u>	<u>\$ 10,138,320</u>	<u>\$ 1,081,309</u>	<u>\$ 19,577,780</u>
% change	<u>2.15%</u>	<u>1.73%</u>	<u>5.52%</u>	<u>23.28%</u>	<u>3.86%</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, 2012 and 2011

	Court Management Education	UJS Security (Note 11)	Access to Justice (Note 12)	Statewide Judicial Computer System (Note 12)	Integrated Criminal Justice System (Note 13)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania	\$ 71,000	\$ 1,994,000	\$ -	\$ -	\$ 2,303,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	-	-	10,353,082	58,079,515	-
Total appropriations and augmentations	<u>71,000</u>	<u>1,994,000</u>	<u>10,353,082</u>	<u>58,079,515</u>	<u>2,303,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	-	334,976	-	25,048,677	283,710
Total salaries and benefits	<u>-</u>	<u>334,976</u>	<u>-</u>	<u>25,048,677</u>	<u>283,710</u>
Other					
Rental of equipment and office space	-	728	-	1,808,704	-
Capital expenses	-	2,712	-	6,150,615	-
Services, supplies, and other expenses	4,366	27,242	-	9,549,410	1,659,595
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	9,405,041	-	-
Total other	<u>4,366</u>	<u>30,682</u>	<u>9,405,041</u>	<u>17,508,729</u>	<u>1,659,595</u>
Total disbursements	<u>4,366</u>	<u>365,658</u>	<u>9,405,041</u>	<u>42,557,406</u>	<u>1,943,305</u>
Amounts encumbered (Note 6)	1,634	456	-	15,433,530	359,500
Amounts payable or subject to potential lapse (Note 7)	-	1,627,886	948,041	88,579	195
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>6,000</u>	<u>1,994,000</u>	<u>10,353,082</u>	<u>58,079,515</u>	<u>2,303,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	65,000	-	-	-	-
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	-	-	-	-	-
Court-authorized transfers in of JCS funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	(65,000)	-	-	-	-
Total court-authorized transfers, net	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 6,000</u>	<u>\$ 1,994,000</u>	<u>\$ 10,353,082</u>	<u>\$ 58,079,515</u>	<u>\$ 2,303,000</u>
Total prior year	<u>\$ 14,000</u>	<u>\$ 1,994,000</u>	<u>\$ 10,733,455</u>	<u>\$ 57,478,045</u>	<u>\$ 2,303,000</u>
% change	<u>(57.14)%</u>	<u>0.00%</u>	<u>(3.54)%</u>	<u>1.05%</u>	<u>0.00%</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, 2012 and 2011

	Courts of Common Pleas	Common Pleas Senior Judges	Common Pleas Education	Ethics Committee	Magisterial District Judges
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania	\$ 92,083,000	\$ 3,607,000	\$ 1,105,000	\$ 55,000	\$ 68,039,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	370,097	-	740	-	508,663
Total appropriations and augmentations	<u>92,453,097</u>	<u>3,607,000</u>	<u>1,105,740</u>	<u>55,000</u>	<u>68,547,663</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	98,735,876	3,914,646	-	-	72,913,042
Staff personnel	-	-	323,858	-	-
Total salaries and benefits	<u>98,735,876</u>	<u>3,914,646</u>	<u>323,858</u>	<u>-</u>	<u>72,913,042</u>
Other					
Rental of equipment and office space	-	1,216	834	-	-
Capital expenses	-	-	6,364	-	-
Services, supplies, and other expenses	72,500	119,010	874,886	20,995	88,699
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	137,000
Total other	<u>72,500</u>	<u>120,226</u>	<u>882,084</u>	<u>20,995</u>	<u>225,699</u>
Total disbursements	<u>98,808,376</u>	<u>4,034,872</u>	<u>1,205,942</u>	<u>20,995</u>	<u>73,138,741</u>
Amounts encumbered (Note 6)	253	78,474	15,000	34,005	127,691
Amounts payable or subject to potential lapse (Note 7)	84,468	369,654	2,798	-	49,231
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>98,893,097</u>	<u>4,483,000</u>	<u>1,223,740</u>	<u>55,000</u>	<u>73,315,663</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(6,440,000)	(876,000)	(118,000)	-	(4,768,000)
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	6,240,000	876,000	118,000	-	4,768,000
Court-authorized transfers in of JCS funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	200,000	-	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	-	-
Total court-authorized transfers, net	<u>6,440,000</u>	<u>876,000</u>	<u>118,000</u>	<u>-</u>	<u>4,768,000</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 98,893,097</u>	<u>\$ 4,483,000</u>	<u>\$ 1,223,740</u>	<u>\$ 55,000</u>	<u>\$ 73,315,663</u>
Total prior year	<u>\$ 92,959,403</u>	<u>\$ 4,706,000</u>	<u>\$ 914,977</u>	<u>\$ 55,000</u>	<u>\$ 69,905,312</u>
% change	<u>6.38%</u>	<u>(4.74)%</u>	<u>33.75%</u>	<u>0.00%</u>	<u>4.88%</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, 2012 and 2011

	Magisterial District Judge Education	Philadelphia Traffic Court	Philadelphia Municipal Court	County Court Reimbursements (Note 14)	Federal Court Improvement Project (Note 15)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania	\$ 651,000	\$ 912,000	\$ 5,546,000	\$ 35,825,000	\$ -
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	1,420,000
Augmentations and fees (Note 3)	23,081	10,512	25,542	-	40,693
Total appropriations and augmentations	674,081	922,512	5,571,542	35,825,000	1,460,693
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	861,491	5,391,051	-	-
Staff personnel	254,299	-	774,903	-	715,194
Total salaries and benefits	254,299	861,491	6,165,954	-	715,194
Other					
Rental of equipment and office space	-	-	-	-	5,578
Capital expenses	4,243	-	-	-	58,507
Services, supplies, and other expenses	542,690	669	48,235	-	654,108
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	35,619,200	-
Total other	546,933	669	48,235	35,619,200	718,193
Total disbursements	801,232	862,160	6,214,189	35,619,200	1,433,387
Amounts encumbered (Note 6)	105	1,476	2,000	-	4,970
Amounts payable or subject to potential lapse (Note 7)	744	3,876	7,353	5,800	22,336
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	802,081	867,512	6,223,542	35,625,000	1,460,693
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(128,000)	55,000	(652,000)	200,000	-
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	128,000	-	597,000	-	-
Court-authorized transfers in of JCS funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	-	-	55,000	-	-
Court-authorized transfers out of appropriated funds	-	(55,000)	-	(200,000)	-
Total court-authorized transfers, net	128,000	(55,000)	652,000	(200,000)	-
Total appropriations, augmentations and court-authorized transfers	\$ 802,081	\$ 867,512	\$ 6,223,542	\$ 35,625,000	\$ 1,460,693
Total prior year	\$ 803,160	\$ 958,016	\$ 6,268,138	\$ 35,759,000	\$ 1,721,027
% change	(0.13)%	(9.45)%	(0.71)%	(0.37)%	(15.13)%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2012 and 2011

	Federal Drug Court Training Grant (Note 16)	Federal Drug Court MIS Grant (Note 17)	Federal STOP Violence Against Women Grant (Note 18)	Federal Specialty Courts IT Project Grant (Note 19)	Judicial Conduct Board
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania	\$ -	\$ -	\$ -	\$ -	\$ 1,182,000
Federal appropriation of the Commonwealth of Pennsylvania	18,000	-	198,000	450,000	-
Augmentations and fees (Note 3)	-	-	-	-	3,953
Total appropriations and augmentations	<u>18,000</u>	<u>-</u>	<u>198,000</u>	<u>450,000</u>	<u>1,185,953</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	-	-	-	-	1,221,790
Total salaries and benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,221,790</u>
Other					
Rental of equipment and office space	-	-	-	-	31,067
Capital expenses	-	-	-	-	61,964
Services, supplies, and other expenses	17,842	-	38,537	-	68,524
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>17,842</u>	<u>-</u>	<u>38,537</u>	<u>-</u>	<u>161,555</u>
Total disbursements	<u>17,842</u>	<u>-</u>	<u>38,537</u>	<u>-</u>	<u>1,383,345</u>
Amounts encumbered (Note 6)	-	-	-	-	1,826
Amounts payable or subject to potential lapse (Note 7)	158	-	159,463	450,000	9,782
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>18,000</u>	<u>-</u>	<u>198,000</u>	<u>450,000</u>	<u>1,394,953</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	-	-	-	-	(209,000)
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	-	-	-	-	209,000
Court-authorized transfers in of JCS funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	-	-
Total court-authorized transfers, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,000</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 18,000</u>	<u>\$ -</u>	<u>\$ 198,000</u>	<u>\$ 450,000</u>	<u>\$ 1,394,953</u>
Total prior year	<u>\$ 40,000</u>	<u>\$ 200,000</u>	<u>\$ 198,000</u>	<u>\$ -</u>	<u>\$ 1,245,867</u>
% change	<u>(55.00)%</u>	<u>(100.00)%</u>	<u>0.00%</u>	<u>100.00%</u>	<u>11.97%</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, 2012 and 2011

	Court of Judicial Discipline	2012 Total	2011 Total (Note 21)	% Change
Appropriations and augmentations				
State appropriation of the Commonwealth of Pennsylvania	\$ 454,000	\$ 298,860,000	\$ 276,860,000	7.95 %
Federal appropriation of the Commonwealth of Pennsylvania	-	2,086,000	2,143,000	(2.66)%
Augmentations and fees (Note 3)	-	73,271,191	74,364,211	(1.47)%
Total appropriations and augmentations	<u>454,000</u>	<u>374,217,191</u>	<u>353,367,211</u>	<u>5.90 %</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse				
Salaries and benefits (Note 4)				
Justices/Judges	-	190,476,330	181,418,075	4.99 %
Staff personnel	419,507	106,546,736	99,436,071	7.15 %
Total salaries and benefits	<u>419,507</u>	<u>297,023,066</u>	<u>280,854,146</u>	<u>5.76 %</u>
Other				
Rental of equipment and office space	-	7,684,596	7,854,173	(2.16)%
Capital expenses	-	6,435,922	2,655,406	142.37 %
Services, supplies, and other expenses	18,318	20,645,696	21,690,974	(4.82)%
Expenses of Justices/Judges of appellate courts (Note 5)	-	308,661	292,327	5.59 %
Grant payments	-	45,161,241	45,168,014	(0.01)%
Total other	<u>18,318</u>	<u>80,236,116</u>	<u>77,660,894</u>	<u>3.32 %</u>
Total disbursements	<u>437,825</u>	<u>377,259,182</u>	<u>358,515,040</u>	<u>5.23 %</u>
Amounts encumbered (Note 6)	16,000	17,409,620	22,829,401	(23.74)%
Amounts payable or subject to potential lapse (Note 7)	175	4,548,389	6,548,770	(30.55)%
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>454,000</u>	<u>399,217,191</u>	<u>387,893,211</u>	<u>2.92 %</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)				
	-	(25,000,000)	(34,526,000)	(27.59)%
Court-authorized transfers in (out) (Note 9)				
Court-authorized transfers in of Act 49 funds	-	25,000,000	25,579,000	(2.26)%
Court-authorized transfers in of JCS funds	-	-	8,947,000	(100.00)%
Court-authorized transfers in of appropriated funds	-	568,000	681,000	(16.59)%
Court-authorized transfers out of appropriated funds	-	(568,000)	(681,000)	(16.59)%
Total court-authorized transfers, net	<u>-</u>	<u>25,000,000</u>	<u>34,526,000</u>	<u>(27.59)%</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 454,000</u>	<u>\$ 399,217,191</u>	<u>\$ 387,893,211</u>	<u>2.92 %</u>
Total prior year	<u>\$ 454,000</u>			
% change	<u>0.00%</u>			

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 1 BASIS OF PRESENTATION

The Judicial Department of Pennsylvania 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.

NOTE 2 SCOPE OF FINANCIAL STATEMENTS

The accompanying financial statements do not purport to show all transactions of the Judicial Department. The statements omit certain cash receipt and disbursement 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, juror reimbursement costs, and transactions from prior-year appropriations.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 3 AUGMENTATIONS AND FEES

Augmentations and fees consist of Statewide Judicial Computer System (JCS) augmentations drawn from the JCS Augmentation Account; fees charged by the Prothonotaries of the appellate courts; Act 119 of 1996 (Jen and Dave's Law) fees transferred to the JCS to support the program to disseminate criminal charge information as required by that act; PA Board of Law Examiners' fees charged to sit for the law exam for admittance to the bar in Pennsylvania and remitted to the PA Treasury; Access to Justice (ATJ) funds drawn from the ATJ account; administrative fees associated with COBRA payments by former Judiciary employees to continue medical benefits and charges for certain dependents and survivors for coverage; public access charges collected from individuals and organizations for information from the JCS and the Administrative Office of Pennsylvania Courts (AOPC); tuition fees charged by the Minor Judiciary Education Board for attendance at continuing education courses by non-attorneys seeking to become Magisterial District Judges; continuing legal education (CLE) fees paid by attorneys who attend the Minor Judiciary Education Board's classes; fees associated with the Court Interpreter Program; course fees charged for optional court management training courses; Pennsylvania Judicial Center assessments for centralized costs (e.g., mail room, facility support) and reimbursements for expenses incurred (e.g., postage, telephone); proceeds from sale of miscellaneous unused assets; Medicare Part D prescription subsidies; E-Commerce fees; Early Retiree Reinsurance Program reimbursements; and program income directly generated by the federal grant programs. These amounts supplement the appropriation of the legislature and are reported as augmentations and fees in the accompanying financial statements.

NOTE 4 HEALTH PLAN CREDITS AND HEALTH CARE CONTRIBUTIONS

Health Plan Credits

Certain Judicial Department 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. Differences resulting in this calculation will result in an additional amount due to or due from the Judiciary. During the fiscal year ended June 30, 2011, the Judiciary received health plan credits of \$436,640, resulting from the prior contract year reconciliations (settlements). The credits result from the Judiciary's medical claims experience being better (lower) than expected over the past year, and were used to reduce current-year benefit costs as reported on the salaries and benefits line of this financial statement.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 4 HEALTH PLAN CREDITS AND HEALTH CARE CONTRIBUTIONS
(continued)

Health Care Contribution

Beginning July 1, 2011, active judges began contributing 1% of gross salary towards the cost of health care benefits. Beginning January 1, 2012, active staff began contributing 1% of gross salary towards the cost of health care benefits and retirees began contributing 1% of gross monthly pension toward the cost of health care benefits. During the fiscal year ended June 30, 2012, total health care contributions were \$1,787,788. These contributions were used to reduce the current-year benefit costs as reported on the salaries and benefits line of this financial statement.

NOTE 5 EXPENSES OF JUSTICES/JUDGES OF APPELLATE COURTS

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

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

NOTE 6 AMOUNTS ENCUMBERED

Encumbrances, under which purchase orders, contracts, and other commitments (both actual and expected) for disbursements are recorded in order to reserve that portion of the applicable appropriation, are used as an extension of formal budgetary integration in the accounting system. Encumbrances are not included in the reported disbursements.

NOTE 7 AMOUNTS PAYABLE OR SUBJECT TO POTENTIAL LAPSE

For financial statement purposes, the excess of appropriations and augmentations over disbursements and encumbrances to date is considered the "amounts 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 7 AMOUNTS PAYABLE OR SUBJECT TO POTENTIAL LAPSE *(continued)*

Funds not expended by the State Board of Law Examiners are not subject to lapse, but are rolled forward into the next fiscal year. Additionally, \$1,628,342 of fiscal year 2011-2012 funds are associated with the UJS Security appropriation whose spending authorization extends beyond June 30, 2012. These amounts are reported on the amounts encumbered and amounts payable or subject to potential lapse lines of this financial statement.

NOTE 8 FUNDING DEFICITS

The General Appropriation Act for fiscal year 2011-2012 did not provide adequate funding for salaries and benefits of judges and specific expenditures as detailed in the summary of all court-authorized transfers in Note 9. Faced with a Judiciary-wide \$25,000,000 deficit in fiscal year 2011-2012, \$25,000,000 was transferred to various appropriations from Act 49 funds to supplement UJS funding.

The General Appropriation Act for fiscal year 2010-2011 did not provide adequate funding for salaries and benefits of judges and specific expenditures as detailed in the summary of all Court-Authorized Transfers in Note 9. Faced with a Judiciary-wide \$34,526,000 deficit in fiscal year 2010-2011, \$8,947,000 was transferred to various appropriations from the JCS Augmentation Account in accordance with the Fiscal Code (72 P.S. Section 1793-E) and \$25,579,000 was transferred to various appropriations from Act 49 funds to supplement UJS funding.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 9 COURT-AUTHORIZED TRANSFERS

The Legislature enacted Act 49 of 2009 to impose a surcharge on the \$10 Act 122 fees primarily for the purpose of generating revenues to supplement inadequate state funding of the constitutionally mandated functions of the Judicial Department. The Act 49 surcharge, which became effective December 8, 2009, consists of a 25-month temporary and a permanent surcharge imposed on the same fee base as Act 122, except for summary traffic violations. There are three components of the \$13.50 surcharge: \$10.25 to help fund the operations of the UJS; \$1.00 to supplement the Interest on Lawyers Trust Account Board's funding via the Access to Justice (ATJ) account; and a permanent \$2.25 fee to supplement funding to subsidize salaries of full-time district attorneys. The revenues from the permanent \$2.25 fee are deposited in the Criminal Justice Enhancement Account and do not appear in these financial statements. Effective July 7, 2011, the Legislature enacted Act 30 of 2011 to extend the Act 49 sunset date from January 7, 2012 to December 31, 2014.

The revenues from the \$10.25 surcharge are deposited into a separate sub-account within the JCS Augmentation Account. Act 49 appropriates these funds to the Supreme Court to help fund the operation of the courts. The funds drawn for this purpose are reflected in these financial statements as Court-authorized transfers of Act 49 funds.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

NOTE 9 COURT-AUTHORIZED TRANSFERS *(continued)*

Court-Authorized Transfers of Act 49 Funds

A summary of court-authorized transfers of Act 49 funds follows:

	Year Ended June 30	
	2012	2011
	<hr/>	<hr/>
<i>Court-authorized transfers of Act 49 funds during the year</i>		
Supreme Court	\$ 2,446,000	\$ 1,544,000
Criminal Procedural Rules Committee (Note 10)	-	52,000
Minor Court Rules Committee (Note 10)	-	23,000
Juvenile Court Rules Committee (Note 10)	-	45,000
Domestic Relations Committee (Note 10)	-	25,000
Superior Court	3,879,000	2,083,000
Commonwealth Court	1,054,000	-
Court Administrator	905,000	-
Judicial Center Operations	279,000	-
District Court Administrators	3,501,000	2,193,000
Courts of Common Pleas	6,240,000	10,096,000
Common Pleas Senior Judges	876,000	673,000
Common Pleas Education	118,000	-
Magisterial District Judges	4,768,000	8,423,000
Magisterial District Judge Education	128,000	73,000
Philadelphia Traffic Court	-	12,000
Philadelphia Municipal Court	597,000	277,000
Judicial Conduct Board	209,000	60,000
Total	<hr/> \$ 25,000,000 <hr/>	<hr/> \$ 25,579,000 <hr/>

During fiscal year 2011-2012, the \$10.25 surcharge generated \$25,398,190. A total of \$25,000,000 was used during the fiscal year to supplement UJS funding. During fiscal year 2010-2011, the \$10.25 surcharge generated \$26,113,179, of which \$25,579,000 was used during the fiscal year to supplement UJS funding. The funds remaining in the account at fiscal year-end do not lapse, and may be drawn upon in subsequent fiscal years.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 9 **COURT-AUTHORIZED TRANSFERS** *(continued)*

The Fiscal Code (72 P.S. Section 1793-E) authorizes the Supreme Court to transfer funds among the various UJS appropriations, to transfer funds during the year from the JCS Augmentation Account to avoid deficits, and to transfer funds from these appropriations to the JCS Augmentation Account during June.

The JCS Augmentation Account is not reflected in these financial statements. Funds in the Augmentation Account are subject to appropriation and may be drawn—up to the appropriation limit—for JCS’s use; the appropriated funds are reflected in these financial statements. As noted above, transfers from the Augmentation Account may be made during the year to eliminate deficits among various Judiciary line appropriations; such transfers also are reflected in these financial statements as Court-authorized transfers of JCS funds.

Court-Authorized Transfers of JCS Funds

A summary of court-authorized transfers of JCS funds from the JCS Augmentation Account follows:

	Year Ended June 30	
	2012	2011
<i>Court-authorized transfers of JCS funds from the JCS Augmentation Account during the year</i>		
Supreme Court	\$ -	\$ 633,000
Superior Court	-	1,144,000
Commonwealth Court	-	700,000
Court Administrator	-	391,000
District Court Administrator	-	522,000
Courts of Common Pleas	-	2,718,000
Common Pleas Senior Judges	-	426,000
Magisterial District Judges	-	1,919,000
Magisterial District Judge Education	-	49,000
Philadelphia Traffic Court	-	25,000
Philadelphia Municipal Court	-	420,000
Total	\$ -	\$ 8,947,000

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 9 COURT-AUTHORIZED TRANSFERS *(continued)*

Court-Authorized Transfers of Appropriated Funds

A summary of court-authorized transfers of appropriated funds follows:

	Year Ended June 30	
	2012	2011
	<hr/>	<hr/>
<i>Court-authorized transfers in of appropriated funds</i>		
Supreme Court ⁽¹⁾	\$ 164,000	\$ 17,000
Superior Court ⁽¹⁾	44,000	60,000
Commonwealth Court ⁽¹⁾	40,000	45,000
Court Administrator	65,000	-
Courts of Common Pleas	200,000	559,000
Philadelphia Municipal Court	55,000	-
Total	<hr/> 568,000	<hr/> 681,000
 <i>Court-authorized transfers out of appropriated funds</i>		
Supreme Court Justices' Expenses ⁽¹⁾	9,000	17,000
Rules Committees (Note 10)	100,000	
Civil Procedural Rules Committee (Note 10)	-	90,000
Rules of Evidence Committee (Note 10)	-	99,000
Appellate Court/Orphans' Court Rules Committees (Note 10)	-	7,000
Judicial Council	46,000	49,000
Interbranch Commission	9,000	-
Superior Court Judges' Expenses ⁽¹⁾	44,000	60,000
Commonwealth Court Judges' Expenses ⁽¹⁾	40,000	45,000
Court Management Education	65,000	57,000
Common Pleas Education	-	191,000
Philadelphia Traffic Court	55,000	-
County Court Reimbursements (Note 14) ⁽²⁾	200,000	66,000
Total	<hr/> 568,000	<hr/> 681,000
Total court-authorized transfers of appropriated funds, net	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -

⁽¹⁾ The General Appropriation and Justices'/Judges' Expenses Appropriation are combined for financial statement reporting purposes.

⁽²⁾ These transfers were from the Juror Cost Reimbursement appropriation.

In the fiscal years ended June 30, 2012 and 2011, in addition to the above JCS Augmentation Account transfers, \$568,000 and \$681,000, respectively, were transferred among various appropriations as needed to cover deficits as detailed in the summary of court-authorized transfers of appropriated funds.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 10 RULES COMMITTEES

Beginning in fiscal year 2011-2012 as requested by the Judiciary, the Civil Procedural Rules Committee Appropriation, the Criminal Procedural Rules Committee Appropriation, the Minor Court Rules Committee Appropriation, the Rules of Evidence Committee Appropriation, the Appellate/Orphans' Court Rules Committee Appropriation, the Juvenile Court Rules Committee Appropriation, and the Domestic Relations Committee Appropriation were combined into one appropriation designated as the Rules Committees Appropriation.

NOTE 11 UJS SECURITY

The General Appropriation Act of 2004 (Act 7A of 2004) established the Court Security Appropriation to address the Judiciary's system-wide security needs. Act 1-A of 2005 converted the unspent portion of this appropriation into a continuing appropriation effective June 30, 2005. Each subsequent appropriation has been in the form of a continuing appropriation.

NOTE 12 JCS FEE ADJUSTMENTS/ACCESS TO JUSTICE ACCOUNT

JCS is funded primarily from a dedicated funding stream consisting of restricted revenues established by law (Act 64 of 1987, and Act 59 of 1990 as amended by Act 122 of 2002 and Act 49 of 2009). Other funding is provided by periodic end-of-fiscal-year transfers of unspent funds in various UJS appropriations as permitted by the Fiscal Code (72 Pa.C.S.A. Sec. 1791-E), augmentations derived from public access fees, and "Jen and Dave's Law" fees (Act 119-1996). The JCS restricted revenues are deposited along with the end-of-year transferred funds into the JCS Augmentation Account, which 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.

Act 64 of 1987 established the existing funding framework based on restricted revenues. It provides that a stated proportion of the revenues collected each fiscal year from specified court costs and fines be accumulated during the fiscal year in earmarked accounts. At the end of each fiscal year, the amounts in each account that exceed the revenues collected from such sources during fiscal year 1986-1987 are deposited into the JCS Augmentation Account.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 12 **JCS FEE ADJUSTMENTS/ACCESS TO JUSTICE ACCOUNT** *(continued)*

Act 59 of 1990 provided an additional funding source from filing fees, \$1.50 at the minor judiciary level and \$5.00 at the common pleas and appellate court level, in order to provide JCS with the necessary funds to complete the initial judicial automation system – the MDJS. While a reliable revenue generator, Act 59 revenues experienced little growth over time and efforts were begun to increase funding, resulting in Act 122.

Act 122 of 2002 was signed on October 2, 2002 by the Governor and took effect on November 1, 2002. This act amended Act 59 of 1990 to increase the Act 59 filing fees to a uniform \$10, and also expanded them to apply to filings of deeds, mortgages, and property transfers. As it relates to JCS funding, Act 49 of 2009 amended Act 122 to extend the Act 122 fee to Accelerated Rehabilitative Dispositions.

Act 122 also created a new “Access to Justice” restricted revenue account (ATJ). The act specifies that a portion of the funds generated by the new \$10.00 fee is to be deposited in the ATJ account for the purpose of funding indigent civil legal services in the Commonwealth; the remainder is allocated to the JCS Augmentation Account for judicial automation. Beginning in fiscal year 2005-2006 and ending October 31, 2017, \$2.00 of the \$10.00 fee is allocated for deposit into the ATJ account for indigent civil legal services. The remaining \$8.00 from the \$10.00 fee is deposited into the JCS Augmentation Account.

Deposits into the JCS Augmentation Account during fiscal year 2011-2012 from both Act 64 and Act 122 totaled \$53,306,943. The amount included in these financial statements is \$57,048,000 transferred to the JCS appropriation.

Act 64/Act 122 deposits into the JCS Augmentation Account during fiscal year 2010-2011 totaled \$54,984,558. The amounts included in these financial statements are \$57,048,000 transferred to the JCS appropriation, and \$8,947,000 transferred as authorized by 72 P.S. Section 1793-E to fund deficits in various appropriations as discussed in Note 9.

Also noted in Note 9, separate from JCS funding, the Legislature enacted Act 49 of 2009 to impose a \$13.50 surcharge on the \$10.00 Act 122 fees, excluding summary traffic violations. Revenues from two components of the surcharge totaling \$11.25 are made available to the Judiciary as follows: \$10.25 to supplement inadequate state funding of the constitutionally mandated functions of the Judicial Department and \$1.00 to supplement Access to Justice funding. The \$10.25 is deposited into a separate account within the JCS Augmentation Account to help fund the operations of the UJS, and \$1.00 is deposited into the ATJ account. These funds are not available to JCS for its use.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 12 JCS FEE ADJUSTMENTS/ACCESS TO JUSTICE ACCOUNT *(continued)*

During fiscal year 2011-2012, the \$10.25 surcharge generated \$25,398,190. A total of \$25,000,000 was transferred from the account during the fiscal year to supplement UJS funding. This amount is reflected in these statements. During fiscal year 2010-2011, the \$10.25 surcharge generated \$26,113,179, of which \$25,579,000 was used during the fiscal year to supplement UJS funding; the funds drawn are reflected in these statements as detailed in the summary of all court-authorized transfers in Note 9. The funds remaining in the account at fiscal year-end do not lapse, and may be drawn in subsequent fiscal years.

Money deposited into the ATJ account is paid to the Interest on Lawyers Trust Account (IOLTA) Board to supplement the funds derived from the interest on lawyers trust accounts and distributed for indigent civil legal services. The funds in the ATJ account are distributed upon requisition of the Court Administrator of Pennsylvania to the IOLTA Board. Funds deposited into the ATJ account in one month are available for appropriation and distributed to IOLTA in the subsequent month.

Deposits into the ATJ account during fiscal year 2011-2012 from Act 122 and the Act 49 surcharge totaled \$10,353,082, including interest of \$1,875. The AOPC paid \$9,405,041 of these funds to IOLTA for use during fiscal year 2011-2012. This amount is reflected in the accompanying financial statements. The remaining funds totaling \$948,041 were paid to IOLTA in July 2012 and are reflected as amounts payable or subject to lapse in the accompanying financial statements.

Deposits into the ATJ account during fiscal year 2010-2011 totaled \$10,733,455, including interest of \$2,401. The AOPC paid these funds totaling \$9,920,715 to IOLTA for use during fiscal year 2010-2011. This amount is reflected in the accompanying financial statements. The remaining funds totaling \$812,740 were paid to IOLTA in July 2011.

NOTE 13 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 14 COUNTY COURT REIMBURSEMENTS

County governments in Pennsylvania are required to provide certain court services to the general public. The AOPC disburses funds to partially reimburse the counties in accordance with the terms of the applicable legislation. The reimbursements are for costs incurred by counties in the administration and operation of the Courts of Common Pleas, senior judge support costs and juror costs.

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 the number of authorized Common Pleas Court judge positions, whether filled or vacant, within a judicial district (with modifications based on population for multi-county judicial districts). To benefit a greater number of counties and allow grants to be paid at a rate closer to the statutory rate, the Philadelphia Municipal Law Clerks Appropriation, the Domestic Violence Service Appropriation, the Court Accounts Appropriation, and the Gun Courts Appropriation were combined into the County Courts Reimbursement Appropriation in fiscal year 2011-2012.

Although the statutory (72 P.S. Section 1791-E) reimbursement rate per authorized judge is \$70,000, Act 37 of 2007 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. Because of underfunding, the grant was paid at a reimbursement rate of \$66,685 per authorized judge for fiscal year 2011-2012 and \$61,713 per authorized judge for fiscal year 2010-2011. The total payments made to the counties for the fiscal years ended June 30, 2012 and 2011 were \$33,405,000 and \$30,235,000, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 14 COUNTY COURT REIMBURSEMENTS *(continued)*

Senior Judge Support Cost Reimbursement

The reimbursement for senior judge support costs 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.

Each county's grant is based on actual support provided by the county. Reimbursement is paid at statutory rates in accordance with Act 37 of 2007. That act 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. In fiscal years 2011-2012 and 2010-2011, one county's grant was reduced in compliance with the 20% cap. In fiscal years 2011-2012 and 2010-2011, the grant payments to each county were proportionately reduced by approximately 12.2%, to bring the total amounts reimbursed to all counties within the total amounts appropriated. The total payments made to the counties for each of the fiscal years ended June 30, 2012 and 2011 were \$1,335,000. The original statutory authority for the grant, Act 88 of 2001, expired June 30, 2007; Act 37 of 2007 reauthorized the grant to June 30, 2012 and Act 79 of 2012 reauthorized the grant to June 30, 2017.

Juror Cost Reimbursement

Juror cost reimbursements 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, 2012 and 2011 were \$879,200 and \$1,018,193, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

NOTE 15 FEDERAL COURT IMPROVEMENT PROJECT

The State Court Improvement Program (CIP) is financed 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 Child and Family Services Improvement and Innovation Act (P.L. 112-34) reauthorizes the program through federal fiscal year 2016.

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>
July 1, 2008 through September 30, 2010	\$ 989,181	\$ 329,727
October 1, 2008 through September 30, 2011	979,241	326,414
October 1, 2009 through September 30, 2011	993,634	331,211
October 1, 2010 through September 30, 2012	980,634	326,878
October 1, 2011 through September 30, 2013	941,902	313,968

For fiscal year 2010-2011, an appropriation in the amount of \$1,705,000 was provided by the General Assembly for these funds, and \$1,065,888 was spent as of June 30, 2011. For fiscal year 2011-2012, an appropriation in the amount of \$1,420,000 was provided by the General Assembly for these funds supplemented by \$40,693 in augmentations, and \$1,433,387 was spent as of June 30, 2012.

NOTE 16 FEDERAL DRUG COURT TRAINING GRANT

During the second half of fiscal year 2006-2007, the Pennsylvania Commission on Crime and Delinquency (PCCD) provided a \$200,000 subgrant of federal Justice Assistance Grants (JAG) to AOPC for a drug court training initiative. No funds were spent that year, and the grant funds were made available in fiscal year 2007-2008, with annual extensions of the unspent balances thereafter. AOPC is using these funds to provide interdisciplinary training to existing and emerging drug treatment courts in the Commonwealth. The training programs are designed to assist the courts in developing and implementing improved program practices to increase program effectiveness and participant success. The total disbursements for fiscal years ended June 30, 2012 and 2011 were \$17,842 and \$22,089, respectively. This grant expired December 31, 2011. Therefore, the remaining funds totaling \$158 will be lapsed.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

NOTE 17 FEDERAL DRUG COURT MIS GRANT

Although a fiscal year 2010-2011 Federal Drug Court MIS grant appropriation of \$200,000 was provided, there were no federal grant funds from the U.S. Department of Justice available to support the appropriation.

NOTE 18 FEDERAL STOP VIOLENCE AGAINST WOMEN GRANT

During the first half of fiscal year 2010-2011, the PCCD provided a \$198,000 U.S. Department of Justice “STOP Violence Against Women” subgrant to the AOPC. These funds are to be used for programs that support communities in their efforts to develop and strengthen effective law enforcement and prosecution strategies to combat violent crimes against women and to develop and strengthen victim services in cases involving violent crimes against women. AOPC is using these funds to translate documents for domestic violence victims from English into targeted languages, so that each form is bilingual. The grant funds made available in fiscal year 2010-2011 carried an expiration date of April 30, 2011. Because these funds were not spent by that date, the PCCD extended the grant through June 30, 2012. No funds were spent during fiscal year 2010-2011 and the grant funds were made available for spending during fiscal year 2011-2012. The total disbursements for fiscal year 2011-2012 were \$38,537. The remaining grant balance of \$159,463 was not spent.

NOTE 19 FEDERAL SPECIALTY COURTS IT PROJECT GRANT

During the second half of fiscal year 2011-2012, the PCCD provided a \$450,000 subgrant of federal American Recovery and Reinvestment Act of 2009 Justice Assistance Grants to AOPC. The funds will be used to implement a state-wide management information system to allow counties to better manage their problem-solving court cases and allow for the uniform collection of data supporting these programs at the county and state level. The grant funds made available in fiscal year 2011-2012 carry an expiration date of December 31, 2013. No funds were spent during fiscal year 2011-2012, and the grant funds were made available for spending in fiscal year 2012-2013.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 20 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. With this transfer the Commonwealth assumed responsibility for the payment of ongoing salaries and benefits. The accrued leave balances associated with these former county employees were also transferred from the counties to the Commonwealth.

Act 12 required the counties to make payment to the Commonwealth for the accrued annual and sick leave balances calculated on an actuarial basis. The amount calculated and collected from the counties for the accrued leave was \$2,766,717. The counties have no further financial liability and full payment became the obligation of the Judicial Department.

In accordance with Act 12, the payments received from the counties were placed in a special fund created in the State 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	
	2012	2011
Beginning fair value	\$ 3,026,232	\$ 2,939,367
Interest earned on Treasury investment of funds	7,515	70,339
Realized gain	-	307,970
Unrealized loss	-	(96,825)
Payouts to transferred County Court Staff	(222,471)	(194,619)
Ending fair value	<u>\$ 2,811,276</u>	<u>\$ 3,026,232</u>

The above financial activity is not reflected in the accompanying financial statements. The funds, which are invested in the PA Treasury's liquid and intermediate-term pool returned 0.26% and 9.44% in fiscal years ended June 30, 2012 and 2011, respectively. In December 2010, all funds were moved from the intermediate-term pool including equities, fixed income, and cash equivalents to the liquid pool including fixed income and cash equivalents.

In accordance with Act 12, 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, the surplus shall be transferred to the Commonwealth's General Fund.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2012 and 2011

NOTE 21 RECLASSIFICATIONS OF PRIOR-YEAR AMOUNTS

Disbursements

The prior-year amounts being reported on these financial statements for comparative purposes have been reclassified to reflect software licenses and maintenance of \$2,015,288 in the services, supplies, and other expenses. This amount was previously reported as a rental of equipment and office space. The resulting financial statement effect for the year ended June 30, 2011 is an increase of \$2,015,288 to services, supplies, and other expenses and a decrease to rental of equipment and office space of the same amount.

SUPPLEMENTAL SCHEDULES

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Schedules of Services, Supplies, and Other Expenses

	Year Ended June 30	
	2012	2011⁽⁷⁾
Telecommunications – UJSNET ⁽¹⁾	\$ 4,497,114	\$ 3,701,696
EDP software licenses and maintenance ⁽²⁾	3,004,927	2,015,288
Travel, lodging and meals ⁽³⁾	2,714,960	2,440,322
Maintenance services and supplies – furniture and equipment ⁽⁴⁾	1,725,266	1,367,900
Reference material and subscriptions ⁽⁵⁾	1,354,347	1,469,333
Contract personnel ⁽⁶⁾	902,062	2,685,156
Supplies	837,745	616,848
Maintenance services and supplies – building	767,078	369,370
Other services ⁽⁶⁾	729,867	2,289,079
Training expenses	639,760	123,159
Bank fees	618,811	287,609
Telecommunications	612,082	762,087
Professional services ⁽⁶⁾	547,132	1,352,569
Postage/freight	414,050	556,423
Utilities	317,518	397,948
Miscellaneous expenses	258,247	535,658
Printing	244,783	252,374
Insurance, surety and fidelity bond	151,630	144,224
Membership dues	105,580	78,292
Vehicle supplies and repairs	79,873	70,305
Relocation expenses	62,281	92,740
Attorney fees	52,571	60,545
Advertising	8,012	22,049
	\$ 20,645,696	\$ 21,690,974

⁽¹⁾ Major expenditures include the networking costs for the Common Pleas Criminal Court Case Management System (CPCMS), the Magisterial District Judge System (MDJS), and the Pennsylvania Appellate Court Case Management System (PACMS) including Judiciary Wide Area Network (UJSNET).

⁽²⁾ Major expenditures include annual licensing and software support related to the CPCMS, MDJS, PACMS, and Storage Area Network (SAN) for the case management systems and annual licensing costs for Microsoft software assurance.

⁽³⁾ Appropriations with major expenditures include the Judicial Computer System, Court Improvement Project, Magisterial District Judge Education, Common Pleas Senior Judges and Common Pleas Education.

⁽⁴⁾ Major expenditures include contract maintenance services for the case management systems, SAN, and UJSNET equipment as well as the Appellate Courts and Judicial Center operations.

⁽⁵⁾ Appropriations with major expenditures include the Appellate Courts.

⁽⁶⁾ Contract personnel, other services, and professional services decreased in the year ended June 30, 2012 primarily due to the use of prior fiscal year miscellaneous encumbrances for JCS. Transactions from prior year appropriations are not reflected in these financial statements.

⁽⁷⁾ The prior-year amounts reported have been reclassified for comparative purposes.