

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations and
Supplementary Schedules
Years Ended June 30, 2013 and 2012
With Report of Independent Auditors**

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations
and Supplementary Schedules
Years Ended June 30, 2013 and 2012

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REPORT OF INDEPENDENT AUDITORS

The Members of the Judicial Auditing Agency
Commonwealth of Pennsylvania

Report on the Financial Statements

We have audited the accompanying Judicial Department of Pennsylvania statements of judicial operations for the years ended June 30, 2013 and 2012, and the related notes (the financial statements).

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.

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, 2013 and 2012, in accordance with the budgetary basis of accounting described in Note 1, and to the extent as described in Note 2.

Basis of Accounting

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements 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. The supplementary information included in the Schedules of Services, Supplies, and Other Expenses 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. Such information has 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 supplementary information included in the Schedules of Services, Supplies, and Other Expenses is fairly stated in all material respects, in relation to the financial statements as a whole.

Mitchell & Titus, LLP

September 26, 2013

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations

Years Ended June 30, 2013 and 2012

	Supreme Court (Note 5)	Rules Committees	PA Board of Law Examiners	Judicial Council	Interbranch Commission
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 13,354,000	\$ 1,448,000	\$ -	\$ 137,000	\$ 299,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	473,830	4,179	2,243,199	-	-
Total appropriations and augmentations	<u>13,827,830</u>	<u>1,452,179</u>	<u>2,243,199</u>	<u>137,000</u>	<u>299,000</u>
Disbursements, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	1,754,254	-	-	-	-
Staff personnel	11,212,031	989,577	1,102,514	82,531	221,806
Total salaries and benefits	<u>12,966,285</u>	<u>989,577</u>	<u>1,102,514</u>	<u>82,531</u>	<u>221,806</u>
Other					
Rental of equipment and office space	1,226,426	299	7,026	11,115	25,359
Capital expenses	13,198	-	19,277	-	-
Services, supplies, and other expenses	752,782	128,203	973,046	2,893	47,320
Expenses of Justices/Judges of appellate courts (Note 5)	78,807	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>2,071,213</u>	<u>128,502</u>	<u>999,349</u>	<u>14,008</u>	<u>72,679</u>
Total disbursements	<u>15,037,498</u>	<u>1,118,079</u>	<u>2,101,863</u>	<u>96,539</u>	<u>294,485</u>
Amounts encumbered (Note 6)	43,897	139,587	203	1,461	4,515
Amounts payable or subject to potential lapse (Note 7)	27,435	6,513	141,133	-	-
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>15,108,830</u>	<u>1,264,179</u>	<u>2,243,199</u>	<u>98,000</u>	<u>299,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(1,281,000)	188,000	-	39,000	-
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	1,054,000	-	-	-	-
Court-authorized transfers in of appropriated funds	250,000	-	-	-	-
Court-authorized transfers out of appropriated funds	(23,000)	(188,000)	-	(39,000)	-
Total court-authorized transfers, net	<u>1,281,000</u>	<u>(188,000)</u>	<u>-</u>	<u>(39,000)</u>	<u>-</u>
Total appropriations, augmentations, and court-authorized transfers	<u>\$ 15,108,830</u>	<u>\$ 1,264,179</u>	<u>\$ 2,243,199</u>	<u>\$ 98,000</u>	<u>\$ 299,000</u>
Total prior year	<u>\$ 16,626,560</u>	<u>\$ 1,351,953</u>	<u>\$ 2,341,712</u>	<u>\$ 91,000</u>	<u>\$ 340,000</u>
% change	<u>(9.13)%</u>	<u>(6.49)%</u>	<u>(4.21)%</u>	<u>7.69%</u>	<u>(12.06)%</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, 2013 and 2012

	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 (Note 2)	\$ 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)	287,512	220,061	66,135	442,765	78,642
Total appropriations and augmentations	<u>26,702,512</u>	<u>16,274,061</u>	<u>9,729,135</u>	<u>1,097,765</u>	<u>16,851,642</u>
Disbursements, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	4,309,240	2,447,653	-	-	-
Staff personnel	20,510,255	11,841,947	9,547,871	745,168	20,082,126
Total salaries and benefits	<u>24,819,495</u>	<u>14,289,600</u>	<u>9,547,871</u>	<u>745,168</u>	<u>20,082,126</u>
Other					
Rental of equipment and office space	2,625,326	910,572	578,083	6,625	-
Capital expenses	19,993	-	34,037	4,875	-
Services, supplies, and other expenses	754,913	814,835	400,699	125,773	29,523
Expenses of Justices/Judges of appellate courts (Note 5)	122,037	93,000	-	-	-
Grant payments	-	-	5,000	-	-
Total other	<u>3,522,269</u>	<u>1,818,407</u>	<u>1,017,819</u>	<u>137,273</u>	<u>29,523</u>
Total disbursements	<u>28,341,764</u>	<u>16,108,007</u>	<u>10,565,690</u>	<u>882,441</u>	<u>20,111,649</u>
Amounts encumbered (Note 6)	96,808	129,902	150,043	201,297	1,189
Amounts payable or subject to potential lapse (Note 7)	135,940	36,152	36,402	14,027	3,804
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>28,574,512</u>	<u>16,274,061</u>	<u>10,752,135</u>	<u>1,097,765</u>	<u>20,116,642</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)					
	(1,872,000)	-	(1,023,000)	-	(3,265,000)
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	1,872,000	-	884,000	-	3,265,000
Court-authorized transfers in of appropriated funds	50,000	35,000	139,000	-	-
Court-authorized transfers out of appropriated funds	(50,000)	(35,000)	-	-	-
Total court-authorized transfers, net	<u>1,872,000</u>	<u>-</u>	<u>1,023,000</u>	<u>-</u>	<u>3,265,000</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 28,574,512</u>	<u>\$ 16,274,061</u>	<u>\$ 10,752,135</u>	<u>\$ 1,097,765</u>	<u>\$ 20,116,642</u>
Total prior year	<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>
% change	<u>(6.52)%</u>	<u>(6.10)%</u>	<u>0.51%</u>	<u>(17.65)%</u>	<u>(1.07)%</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, 2013 and 2012

	Court Management Education	UJS Security	Access to Justice (Note 10)	Statewide Judicial Computer System (Note 10)	Integrated Criminal Justice System (Note 11)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 71,000	\$ 1,944,000	\$ -	\$ -	\$ 2,303,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	-	-	11,469,797	55,080,795	-
Total appropriations and augmentations	<u>71,000</u>	<u>1,944,000</u>	<u>11,469,797</u>	<u>55,080,795</u>	<u>2,303,000</u>
Disbursements, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	-	343,475	-	25,692,689	352,120
Total salaries and benefits	<u>-</u>	<u>343,475</u>	<u>-</u>	<u>25,692,689</u>	<u>352,120</u>
Other					
Rental of equipment and office space	-	1,510	-	1,823,623	-
Capital expenses	-	-	-	2,551,403	-
Services, supplies, and other expenses	11,907	26,086	-	9,413,738	1,535,030
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	10,540,541	-	-
Total other	<u>11,907</u>	<u>27,596</u>	<u>10,540,541</u>	<u>13,788,764</u>	<u>1,535,030</u>
Total disbursements	<u>11,907</u>	<u>371,071</u>	<u>10,540,541</u>	<u>39,481,453</u>	<u>1,887,150</u>
Amounts encumbered (Note 6)	93	1,141	-	15,326,664	415,799
Amounts payable or subject to potential lapse (Note 7)	-	1,571,788	929,256	272,678	51
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>12,000</u>	<u>1,944,000</u>	<u>11,469,797</u>	<u>55,080,795</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)	59,000	-	-	-	-
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	(59,000)	-	-	-	-
Total court-authorized transfers, net	<u>(59,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 12,000</u>	<u>\$ 1,944,000</u>	<u>\$ 11,469,797</u>	<u>\$ 55,080,795</u>	<u>\$ 2,303,000</u>
Total prior year	<u>\$ 6,000</u>	<u>\$ 1,994,000</u>	<u>\$ 10,353,082</u>	<u>\$ 58,079,515</u>	<u>\$ 2,303,000</u>
% change	<u>100.00%</u>	<u>(2.51)%</u>	<u>10.79%</u>	<u>(5.16)%</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, 2013 and 2012

	Courts of Common Pleas	Common Pleas Senior Judges	Common Pleas Education	Ethics Committee	Problem Solving Courts (Note 12)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 97,705,000	\$ 3,607,000	\$ 1,105,000	\$ 55,000	\$ 100,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	399,010	-	554	-	-
Total appropriations and augmentations	<u>98,104,010</u>	<u>3,607,000</u>	<u>1,105,554</u>	<u>55,000</u>	<u>100,000</u>
Disbursements, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	103,580,400	4,028,816	-	-	-
Staff personnel	-	-	347,390	-	-
Total salaries and benefits	<u>103,580,400</u>	<u>4,028,816</u>	<u>347,390</u>	<u>-</u>	<u>-</u>
Other					
Rental of equipment and office space	-	852	539	-	-
Capital expenses	-	-	-	-	-
Services, supplies, and other expenses	72,724	102,746	682,308	35,011	15,144
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>72,724</u>	<u>103,598</u>	<u>682,847</u>	<u>35,011</u>	<u>15,144</u>
Total disbursements	<u>103,653,124</u>	<u>4,132,414</u>	<u>1,030,237</u>	<u>35,011</u>	<u>15,144</u>
Amounts encumbered (Note 6)	44,819	70,770	55,101	19,989	4,856
Amounts payable or subject to potential lapse (Note 7)	22,067	275,816	20,216	-	-
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>103,720,010</u>	<u>4,479,000</u>	<u>1,105,554</u>	<u>55,000</u>	<u>20,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(5,616,000)	(872,000)	-	-	80,000
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	5,369,000	872,000	-	-	-
Court-authorized transfers in of appropriated funds	247,000	-	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	-	(80,000)
Total court-authorized transfers, net	<u>5,616,000</u>	<u>872,000</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>
Total appropriations, augmentations and court-authorized transfers	\$ 103,720,010	\$ 4,479,000	\$ 1,105,554	\$ 55,000	\$ 20,000
Total prior year	\$ 98,893,097	\$ 4,483,000	\$ 1,223,740	\$ 55,000	\$ -
% change	4.88%	(0.09)%	(9.66)%	0.00%	100.00%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA
 Statements of Judicial Operations *(continued)*
 Years Ended June 30, 2013 and 2012

	Magisterial District Judges	Magisterial District Judge Education	Philadelphia Traffic Court (Note 13)	Philadelphia Municipal Court (Note 13)	County Court Reimbursements (Note 14)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 71,381,000	\$ 651,000	\$ 912,000	\$ 5,746,000	\$ 35,825,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	553,484	24,573	12,007	27,128	-
Total appropriations and augmentations	<u>71,934,484</u>	<u>675,573</u>	<u>924,007</u>	<u>5,773,128</u>	<u>35,825,000</u>
Disbursements, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	73,947,925	-	628,446	5,852,038	-
Staff personnel	-	254,320	-	793,538	-
Total salaries and benefits	<u>73,947,925</u>	<u>254,320</u>	<u>628,446</u>	<u>6,645,576</u>	<u>-</u>
Other					
Rental of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Services, supplies, and other expenses	64,174	387,343	978	13,008	-
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	139,400	-	-	-	35,577,106
Total other	<u>203,574</u>	<u>387,343</u>	<u>978</u>	<u>13,008</u>	<u>35,577,106</u>
Total disbursements	<u>74,151,499</u>	<u>641,663</u>	<u>629,424</u>	<u>6,658,584</u>	<u>35,577,106</u>
Amounts encumbered (Note 6)	92,130	25,102	22,548	13,000	-
Amounts payable or subject to potential lapse (Note 7)	27,855	8,808	2,035	4,544	894
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>74,271,484</u>	<u>675,573</u>	<u>654,007</u>	<u>6,676,128</u>	<u>35,578,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)					
	(2,337,000)	-	270,000	(903,000)	247,000
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 funds	2,337,000	-	-	633,000	-
Court-authorized transfers in of appropriated funds	-	-	-	270,000	-
Court-authorized transfers out of appropriated funds	-	-	(270,000)	-	(247,000)
Total court-authorized transfers, net	<u>2,337,000</u>	<u>-</u>	<u>(270,000)</u>	<u>903,000</u>	<u>(247,000)</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 74,271,484</u>	<u>\$ 675,573</u>	<u>\$ 654,007</u>	<u>\$ 6,676,128</u>	<u>\$ 35,578,000</u>
Total prior year	<u>\$ 73,315,663</u>	<u>\$ 802,081</u>	<u>\$ 867,512</u>	<u>\$ 6,223,542</u>	<u>\$ 35,625,000</u>
% change	<u>1.30%</u>	<u>(15.77)%</u>	<u>(24.61)%</u>	<u>7.27%</u>	<u>(0.13)%</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, 2013 and 2012

	Federal Court Improvement Project (Note 15)	Federal Veterans Court Process Evaluation Grant (Note 16)	Federal State Justice Institute Weighted Case Load Project Grant (Note 17)	Federal ARRA-Specialty Courts IT Project Grant (Note 18)	Federal Drug Court Training Grant (Note 19)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ -	\$ -	\$ -	\$ -	\$ -
Federal appropriation of the Commonwealth of Pennsylvania	1,420,000	200,000	80,000	450,000	-
Augmentations and fees (Note 3)	28,658	-	-	-	-
Total appropriations and augmentations	<u>1,448,658</u>	<u>200,000</u>	<u>80,000</u>	<u>450,000</u>	<u>-</u>
Disbursements, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	775,530	-	-	-	-
Total salaries and benefits	<u>775,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other					
Rental of equipment and office space	3,838	-	-	-	-
Capital expenses	-	-	-	110,000	-
Services, supplies, and other expenses	380,025	-	-	32,000	-
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>383,863</u>	<u>-</u>	<u>-</u>	<u>142,000</u>	<u>-</u>
Total disbursements	<u>1,159,393</u>	<u>-</u>	<u>-</u>	<u>142,000</u>	<u>-</u>
Amounts encumbered (Note 6)	22,652	-	-	32,000	-
Amounts payable or subject to potential lapse (Note 7)	266,613	200,000	80,000	276,000	-
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	<u>1,448,658</u>	<u>200,000</u>	<u>80,000</u>	<u>450,000</u>	<u>-</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	-	-	-	-	-
Court-authorized transfers in (out) (Note 9)					
Court-authorized transfers in of Act 49 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>-</u>
Total appropriations, augmentations and court-authorized transfers	<u>\$ 1,448,658</u>	<u>\$ 200,000</u>	<u>\$ 80,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>
Total prior year	<u>\$ 1,460,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 18,000</u>
% change	<u>(0.82)%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>(100.00)%</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, 2013 and 2012

	Federal STOP Violence Against Women Grant (Note 19)	Judicial Conduct Board	Court of Judicial Discipline	2013 Total	2012 Total	% Change
Appropriations and augmentations						
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ -	\$ 1,531,000	\$ 454,000	\$ 308,188,000	\$ 298,860,000	3.12%
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	2,150,000	2,086,000	3.07%
Augmentations and fees (Note 3)	-	4,614	-	71,416,943	73,271,191	(2.53)%
Total appropriations and augmentations	-	1,535,614	454,000	381,754,943	374,217,191	2.01%
Disbursements, amounts encumbered, and amounts payable or subject to potential lapse						
Salaries and benefits (Note 4)						
Justices/Judges	-	-	-	196,548,772	190,476,330	3.19%
Staff personnel	-	1,266,518	427,267	106,588,673	106,546,736	0.04%
Total salaries and benefits	-	1,266,518	427,267	303,137,445	297,023,066	2.06%
Other						
Rental of equipment and office space	-	24,705	-	7,245,898	7,684,596	(5.71)%
Capital expenses	-	15,976	11,032	2,779,791	6,435,922	(56.81)%
Services, supplies, and other expenses	-	157,245	37,701	16,997,155	20,645,696	(17.67)%
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	293,844	308,661	(4.80)%
Grant payments	-	-	-	46,262,047	45,161,241	2.44%
Total other	-	197,926	48,733	73,578,735	80,236,116	(8.30)%
Total disbursements	-	1,464,444	476,000	376,716,180	377,259,182	(0.14)%
Amounts encumbered (Note 6)	-	70,034	-	16,985,600	17,409,620	(2.44)%
Amounts payable or subject to potential lapse (Note 7)	-	1,136	-	4,361,163	4,548,389	(4.12)%
Total disbursements, amounts encumbered, and amounts payable or subject to potential lapse	-	1,535,614	476,000	398,062,943	399,217,191	(0.29)%
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)						
	-	-	(22,000)	(16,308,000)	(25,000,000)	(34.77)%
Court-authorized transfers in (out) (Note 9)						
Court-authorized transfers in of Act 49 funds	-	-	22,000	16,308,000	25,000,000	(34.77)%
Court-authorized transfers in of appropriated funds	-	-	-	991,000	568,000	74.47%
Court-authorized transfers out of appropriated funds	-	-	-	(991,000)	(568,000)	74.47%
Total court-authorized transfers, net	-	-	22,000	16,308,000	25,000,000	(34.77)%
Total appropriations, augmentations and court-authorized transfers	\$ -	\$ 1,535,614	\$ 476,000	\$ 398,062,943	\$ 399,217,191	(0.29)%
Total prior year	\$ 198,000	\$ 1,394,953	\$ 454,000			
% change	(100.00)%	10.08%	4.85%			

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

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.

Also omitted from the fiscal year 2012-2013 financial statements is the pass-through Court Consolidation Grant provided to Allegheny County in the amount of \$1,100,000. Although funding for this one-year grant was not requested by the Judicial Department, it was provided as a state appropriation by the Legislature during final budget negotiations. During fiscal year 2012-2013, \$576,410 was requested by and paid to Allegheny County. The remaining \$523,590 was paid in July 2013.

At the state level, the government of the Commonwealth of Pennsylvania consists of three separate coequal branches: the executive, the legislative, and the judicial branches. The judicial branch 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, Philadelphia Traffic Court, and Magisterial District Courts. The UJS has the core governmental function of the delivery of fair, timely and accessible justice to the Commonwealth's citizens. The financial activity presented in these Statements of Judicial Operations and Supplementary Schedules is also included within the Commonwealth of Pennsylvania's Comprehensive Annual Financial Report for the years ended June 30, 2013 and 2012, prepared in accordance with accounting principles generally accepted in the United States applicable to governments.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

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 fees paid by attorneys who attend the Minor Judiciary Education Board's classes; fees associated with the Court Interpreter Program; Pennsylvania Judicial Center assessments to non-state funded related entities 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 appropriations 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. Any differences in this calculation will result in an additional amount due to or due from the Judiciary. During the fiscal year ended June 30, 2013, the Judiciary received health plan credits of \$5,941,133, 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, 2013 and 2012

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

Health Care Contributions

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 years ended June 30, 2013 and June 30, 2012, total health care contributions were \$2,370,710 and \$1,787,788, respectively. 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, 2013 and 2012

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, \$1,572,929 of fiscal year 2012-2013 funds are associated with the UJS Security appropriation whose spending authorization extends beyond June 30, 2013. These amounts are reported on the amounts encumbered and amounts payable or subject to potential lapse lines of this financial statement.

NOTE 8 FUNDING SUPPLEMENTAL TO THE GENERAL APPROPRIATION ACT

The General Appropriation Act for fiscal year 2012-2013 and the supplemental funding of \$1,100,000 provided by Act 87 of 2012 (Fiscal Code) did not provide adequate funding for salaries and benefits of judges and specific expenditures. The total Judiciary-wide shortfall of \$16,308,000 in fiscal year 2012-2013 was closed through transfers to various appropriations of supplemental funding provided by Act 49 of 2009 as detailed in the summary of all court-authorized transfers in Note 9.

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. The total Judiciary-wide shortfall of \$25,000,000 in fiscal year 2011-2012 was closed through transfers to various appropriations of supplemental funding provided by Act 49. After the close of that fiscal year, it became apparent that more funds were transferred than needed to supplement fiscal year 2011-2012 funding and in January 2013, \$400,000 was returned to the Act 49 account.

NOTE 9 COURT-AUTHORIZED TRANSFERS

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.

Also, Act 49 of 2009 provides funds from a \$10.25 61-month surcharge beginning December 8, 2009 and ending December 31, 2014 levied on the same base as the \$10 Act 122 fees, excluding traffic citations, to supplement state funding of the Judiciary as discussed in Note 8. The Act appropriates these funds to the Supreme Court, and the funds drawn 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, 2013 and 2012

NOTE 9 COURT-AUTHORIZED TRANSFERS *(continued)*

The UJS typically follows a hierarchy of transfers to fund shortfalls beginning with internal transfers among appropriations where possible, and then transfers of Act 49 funds. Should funding needs remain unmet, funds may be drawn from the JCS Augmentation Account. The following charts are presented in the order shown on the financial statements.

Court-Authorized Transfers of Act 49 Funds

Details of court-authorized transfers of Act 49 funds follow:

	Year Ended June 30	
	2013	2012
<i>Court-authorized transfers of Act 49 funds during the year</i>		
Supreme Court	\$ 1,054,000	\$ 2,446,000
Superior Court	1,872,000	3,879,000
Commonwealth Court	-	1,054,000
Court Administrator	884,000	905,000
Judicial Center Operations	-	279,000
District Court Administrators	3,265,000	3,501,000
Courts of Common Pleas	5,369,000	6,240,000
Common Pleas Senior Judges	872,000	876,000
Common Pleas Education	-	118,000
Magisterial District Judges	2,337,000	4,768,000
Magisterial District Judge Education	-	128,000
Philadelphia Municipal Court	633,000	597,000
Judicial Conduct Board	-	209,000
Court of Judicial Discipline	22,000	-
Total	<u>\$ 16,308,000</u>	<u>\$ 25,000,000</u>

During fiscal year 2012-2013, the \$10.25 surcharge generated \$26,705,902. A total of \$16,308,000 was used during the fiscal year to supplement UJS funding. During fiscal year 2011-2012, the \$10.25 surcharge generated \$25,398,190, of which \$25,000,000 was used during the fiscal year to supplement UJS funding. After the close of that fiscal year, it became apparent that more funds were transferred than needed to supplement fiscal year 2011-2012 funding and in January 2013, \$400,000 was returned to the Act 49 account. The funds in the Act 49 account do not lapse, and may be drawn in subsequent fiscal years.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

NOTE 9 COURT-AUTHORIZED TRANSFERS *(continued)*

Court-Authorized Transfers of Appropriated Funds

A summary of court-authorized transfers of appropriated funds among various appropriations follows:

	Year Ended June 30	
	2013	2012
<i>Court-authorized transfers in of appropriated funds</i>		
Supreme Court ⁽¹⁾	\$ 250,000	\$ 164,000
Superior Court ⁽¹⁾	50,000	44,000
Commonwealth Court ⁽¹⁾	35,000	40,000
Court Administrator	139,000	65,000
Courts of Common Pleas	247,000	200,000
Philadelphia Municipal Court	270,000	55,000
Total	<u>991,000</u>	<u>568,000</u>
<i>Court-authorized transfers out of appropriated funds</i>		
Supreme Court Justices' Expenses ⁽¹⁾	23,000	9,000
Rules Committees	188,000	100,000
Judicial Council	39,000	46,000
Interbranch Commission	-	9,000
Superior Court Judges' Expenses ⁽¹⁾	50,000	44,000
Commonwealth Court Judges' Expenses ⁽¹⁾	35,000	40,000
Court Management Education	59,000	65,000
Philadelphia Traffic Court	270,000	55,000
County Court Reimbursements (Note 14) ⁽²⁾	247,000	200,000
Problem Solving Courts (Note 12)	80,000	-
Total	<u>991,000</u>	<u>568,000</u>
Total court-authorized transfers of appropriated funds, net	<u>\$ -</u>	<u>\$ -</u>

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

⁽²⁾ These transfers were from the Senior Judge Support Reimbursement Grant (\$48,000) and Juror Cost Reimbursement (\$199,000) appropriations in Fiscal Year 2012-2013 and the Juror Cost Reimbursement appropriation in Fiscal Year 2011-2012.

Court-Authorized Transfers of JCS Funds

As noted above, transfers from the JCS Augmentation Account may be made during the year to eliminate deficits among Judiciary appropriations and would be reflected in these financial statements as Court-authorized transfers of JCS funds. No such transfers were made from the JCS Augmentation Account during fiscal years 2012-2013 or 2011-2012.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

NOTE 10 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM

Access to Justice (ATJ) Account

Act 122 created a \$10.00 fee, a portion of which is earmarked for deposit into the ATJ restricted revenue account, also created by the act. 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. The remaining \$8.00 from the \$10.00 fee is deposited into the JCS Augmentation Account.

The temporary surcharge implemented by Act 49 of 2009 discussed in Note 9 also includes \$1.00 to supplement Access to Justice funding. These funds are deposited into the Access to Justice Account. [Note: the temporary surcharge imposed by Act 49 is \$11.25.] Act 49 also created a non-Judiciary related permanent \$2.25 surcharge (the total surcharge is \$13.50) to supplement funding to subsidize salaries of full-time district attorneys; the revenues from the \$2.25 surcharge are deposited into the Criminal Justice Enhancement Account held by the PA Treasury and do not appear in these financial statements.

Beginning in July 2012, the ATJ account receives an annual allocation of funds for civil legal assistance related to housing issues pursuant to the Homeowner Assistance Settlement Fund established under Act 70 of 2012. Under Act 70, payments received by the state under the Homeowner Assistance Settlement Agreement are allocated annually, with ATJ receiving 5% of the total annual allocation. During fiscal year 2012-2013, the ATJ account received \$900,000. In all subsequent years, the ATJ account will receive up to \$600,000 annually under Act 70.

All money deposited into the ATJ account, and any interest earned thereon, 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 in the Commonwealth. These funds are distributed upon requisition by the IOLTA Board to the Court Administrator of Pennsylvania. Funds deposited into the ATJ account in one month are available for appropriation and distributed to IOLTA in the subsequent month, except for Act 70 funds, which are deposited and distributed once annually.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

NOTE 10 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM *(continued)*

Deposits into the ATJ account during fiscal year 2012-2013 totaled \$11,469,797, consisting of \$10,567,914 of Act 122 and Act 49 surcharge funds, related interest of \$1,883, and \$900,000 of Act 70 funds. The AOPC paid \$10,540,541 to IOLTA during fiscal year 2012-2013, including the one-time payment of \$900,000 under Act 70. These amounts are reflected in the accompanying financial statements. The remaining funds totaling \$929,256 were paid to IOLTA in July 2013 and are reflected as amounts payable or subject to lapse in the accompanying financial statements.

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 included in the amount shown as payable or subject to lapse for that fiscal year in the accompanying financial statements.

Statewide Judicial Computer System (JCS)

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 to the JCS Augmentation Account of unspent funds in various UJS appropriations as permitted by the Fiscal Code (72 Pa.C.S.A. Sec. 1791-E). Revenues from these various sources are deposited 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. The appropriation is augmented by public access fees and “Jen and Dave’s Law” fees (Act 119-1996).

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, 2013 and 2012

NOTE 10 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM *(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 amended Act 59 to increase the Act 59 filing fees effective November 1, 2002 to a uniform \$10, and expand 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.

Deposits into the JCS Augmentation Account during fiscal year 2012-2013 from both Act 64 and Act 122 totaled \$52,720,968. Only the \$53,307,000 drawn against the \$57,048,000 JCS appropriation is included in these financial statements.

Act 64 and Act 122 deposits into the JCS Augmentation Account during fiscal year 2011-2012 totaled \$53,306,943. The \$57,048,000 drawn against the 2011-2012 JCS appropriation is included in these financial statements.

NOTE 11 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, 2013 and 2012

NOTE 12 PROBLEM SOLVING COURTS

For fiscal year 2012-2013 a new appropriation in the amount of \$100,000 was provided by the General Assembly to assist counties with the cost of training staff of local problem solving courts in best practices. The total disbursements and amounts encumbered of \$20,000 relate to training in support of the American Recovery and Reinvestment Act (ARRA) Specialty Courts IT Project discussed in Note 18. The remaining \$80,000 was transferred to the Court Administrator appropriation as discussed in Note 9.

**NOTE 13 PHILADELPHIA TRAFFIC COURT
PHILADELPHIA MUNICIPAL COURT**

Near the end of the fiscal year 2012-2013, Act 17 of 2013, effective June 19, 2013, resulted in the reassignment of the four judges and functions of Traffic Court to the newly-created Traffic Division of Philadelphia Municipal Court. This change does not impact these financial statements but will be reflected in fiscal year 2013-2014.

NOTE 14 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. 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 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 multi-county judicial districts).

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

NOTE 14 COUNTY COURT REIMBURSEMENTS *(continued)*

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.A. 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. Because of continued underfunding, the grant was paid at a reimbursement rate of \$66,819 per authorized judge for fiscal year 2012-2013 and \$66,685 per authorized judge for fiscal year 2011-2012. The total payments made to the counties during each of the fiscal years ended June 30, 2013 and 2012 were \$33,405,000.

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 (42 Pa.C.S.A. Section 1906). 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 2012-2013 and 2011-2012, one county's grant was reduced in compliance with the 20% cap. Additionally in fiscal year 2011-2012, the grant payments to each county were proportionately reduced by approximately 12%, to bring the total amounts reimbursed to all counties within the total amount appropriated. The total payments made to the counties for each of the fiscal years ended June 30, 2013 and 2012 were \$1,286,444 and \$1,335,000, respectively. The statutory authority for the grant is scheduled to expire on June 30, 2017.

Juror Cost Reimbursement

Juror cost reimbursements (42 Pa.C.S.A. 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, 2013 and 2012 were \$885,662 and \$879,200, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

NOTE 15 FEDERAL COURT IMPROVEMENT PROJECT

The State 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 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>
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
October 1, 2012 through September 30, 2014	869,583	289,861

For fiscal year 2012-2013, an appropriation in the amount of \$1,420,000 was provided by the General Assembly for these funds supplemented by \$28,658 in augmentations, and \$1,159,393 was spent as of June 30, 2013, including \$262,618 of non-federal disbursements to be reimbursed by the PA Department of Public Welfare under a memorandum of understanding and a non-profit entity. 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, including \$502 of non-federal disbursements.

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Notes to Financial Statements
Years Ended June 30, 2013 and 2012

NOTE 16 FEDERAL VETERANS COURT PROCESS EVALUATION GRANT

The federal Veterans Court Process Evaluation Grant in the amount of \$200,000 was awarded by the U.S. Department of Justice on August 29, 2012 to support planning and development of future Veterans Courts. This grant will extend over the term of September 1, 2012 through August 31, 2015 and fund up to 75% of total cost of the project; the grant requires a 25% state match, a portion of which must be in cash with the remainder being in-kind. The grant will fund a contract with the National Center of State Courts (NCSC) to conduct a process evaluation of Veterans Courts, since no standards or certification requirements currently exist. No expenditures were made under this grant during fiscal year 2012-2013 and the unspent federal funds will be available during subsequent fiscal years.

NOTE 17 FEDERAL STATE JUSTICE INSTITUTE WEIGHTED CASE LOAD PROJECT GRANT

During fiscal year 2012-2013 the State Justice Institute (SJI) provided an \$80,000 federal project grant in support of a judicial needs assessment of the Courts of Common Pleas. The one year assessment project, which will be completed by the NCSC, will provide necessary information to ensure that the Judiciary has adequate resources for managing and resolving court business effectively. The NCSC is expected to deliver its findings no later than June 2014. The SJI grant will fund up to 50% of the NCSC contract, presently estimated at \$118,314. The grant is scheduled to expire on September 17, 2014. No expenditures were made under this grant during fiscal year 2012-2013.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

NOTE 18 FEDERAL ARRA - 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 (ARRA) Justice Assistance Grants to AOPC to help implement a case management system for the Problem Solving Courts. 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. Although no funds were spent during fiscal year 2011-2012, the grant funds remained available during fiscal year 2012-2013. The total disbursements during fiscal year 2012-2013 were \$142,000. There is no state match associated with this grant. In May 2013, the available grant funding was reduced by PCCD from \$450,000 to \$313,789.

**NOTE 19 FEDERAL DRUG COURT TRAINING GRANT
FEDERAL STOP VIOLENCE AGAINST WOMEN GRANT**

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. AOPC used these funds to provide interdisciplinary training to existing and emerging drug treatment courts in the Commonwealth. This grant expired December 31, 2011.

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. AOPC used a total of \$38,537 of these funds during fiscal year 2011-2012 to translate documents for domestic violence victims from English into targeted languages, so that each form is bilingual. This grant expired June 30, 2012.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2013 and 2012

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 and as a result 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	
	2013	2012
Beginning fair value	\$ 2,811,276	\$ 3,026,232
Interest earned on Treasury investment of funds	5,845	7,515
Payouts to transferred County Court Staff	(450,077)	(222,471)
Ending fair value	<u>\$ 2,367,044</u>	<u>\$ 2,811,276</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, returned 0.21% and 0.26% in fiscal years ended June 30, 2013 and 2012, respectively. All funds are invested in a liquid pool, consisting of 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.

SUPPLEMENTARY SCHEDULES

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

	Year Ended June 30	
	2013	2012
Telecommunications – UJSNET ⁽¹⁾	\$ 4,516,930	\$ 4,497,114
Travel, lodging and meals ⁽²⁾	2,089,776	2,714,960
Maintenance services and supplies – furniture and equipment ⁽³⁾	1,947,209	1,725,266
EDP software licenses and maintenance ⁽⁴⁾	1,833,684	3,004,927
Contract personnel	898,564	902,062
Bank fees	853,687	618,811
Reference material and subscriptions	819,145	1,354,347
Professional services	564,937	547,132
Training expenses	519,547	639,760
Telecommunications	468,193	612,082
Maintenance services and supplies – building	441,343	767,078
Other services	401,350	729,867
Supplies	383,668	837,745
Utilities	237,653	317,518
Postage/freight	205,755	414,050
Miscellaneous expenses	187,302	258,247
Insurance, surety and fidelity bond	165,301	151,630
Attorney fees	149,905	52,571
Printing	118,108	244,783
Membership dues	105,908	105,580
Vehicle supplies and repairs	59,064	79,873
Advertising	22,549	8,012
Relocation expenses	7,404	62,281
Contract Maintenance Service – Equipment	173	-
	\$ 16,997,155	\$ 20,645,696

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

⁽³⁾ Major expenditures include contract maintenance services for the case management systems, Storage Area Network (SAN), and UJSNET equipment as well as the Appellate Courts and Judicial Center operations.

⁽⁴⁾ Major expenditures include annual licensing and software support related to the CPCMS, MDJS, PACMS, and SAN for the case management systems and annual licensing costs for Microsoft software assurance.