

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations and
Supplementary Schedules
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors**

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations
and Supplementary Schedules
Years Ended June 30, 2014 and 2013

TABLE OF CONTENTS

	<u>Page(s)</u>
REPORT OF INDEPENDENT AUDITORS	1-2
Statements of Judicial Operations	3-9
Notes to Financial Statements	10-23
SUPPLEMENTARY SCHEDULES	
Schedules of Services, Supplies, and Other Expenses	24

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, 2014 and 2013, 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, 2014 and 2013, in accordance with the budgetary basis of accounting described in Note 1, and to the extent as described in Note 2.

Basis of Accounting and Scope

We draw attention to Note 1 to the financial statements, which 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 29, 2014

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations

Years Ended June 30, 2014 and 2013

	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)	\$ 13,754,000	\$ 1,491,000	\$ -	\$ 141,000	\$ 308,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	459,926	3,138	2,200,213	-	-
Total appropriations and augmentations	<u>14,213,926</u>	<u>1,494,138</u>	<u>2,200,213</u>	<u>141,000</u>	<u>308,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	2,053,433	-	-	-	-
Staff personnel	12,377,442	1,126,047	1,089,398	87,120	233,044
Total salaries and benefits	<u>14,430,875</u>	<u>1,126,047</u>	<u>1,089,398</u>	<u>87,120</u>	<u>233,044</u>
Other					
Rental of equipment and office space	1,342,403	299	5,107	10,615	25,753
Capital expenses	156,569	-	8,114	940	-
Services, supplies, and other expenses	1,175,142	123,132	982,980	4,473	36,053
Expenses of Justices/Judges of appellate courts (Note 5)	103,995	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>2,778,109</u>	<u>123,431</u>	<u>996,201</u>	<u>16,028</u>	<u>61,806</u>
Total disbursements	<u>17,208,984</u>	<u>1,249,478</u>	<u>2,085,599</u>	<u>103,148</u>	<u>294,850</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	79,737	82,398	659	-	-
Amounts payable or subject to potential lapse (Note 6)	111,205	12,262	113,955	2,852	13,150
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>17,399,926</u>	<u>1,344,138</u>	<u>2,200,213</u>	<u>106,000</u>	<u>308,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)					
	(3,186,000)	150,000	-	35,000	-
Other funding sources (uses) (Note 9)					
Court-authorized use of Act 49 funds	3,001,000	-	-	-	-
Court-authorized transfers in of appropriated funds	192,000	-	-	-	-
Court-authorized transfers out of appropriated funds	(7,000)	(150,000)	-	(35,000)	-
Total other funding sources (uses)	<u>3,186,000</u>	<u>(150,000)</u>	<u>-</u>	<u>(35,000)</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 17,399,926</u>	<u>\$ 1,344,138</u>	<u>\$ 2,200,213</u>	<u>\$ 106,000</u>	<u>\$ 308,000</u>
Total prior year	<u>\$ 15,108,830</u>	<u>\$ 1,264,179</u>	<u>\$ 2,243,199</u>	<u>\$ 98,000</u>	<u>\$ 299,000</u>
% change	15.16%	6.32%	(1.92)%	8.16%	3.01%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations *(continued)*

Years Ended June 30, 2014 and 2013

	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)	\$ 27,207,000	\$ 16,536,000	\$ 9,953,000	\$ 675,000	\$ 17,276,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	260,158	201,327	157,512	463,362	67,764
Total appropriations and augmentations	<u>27,467,158</u>	<u>16,737,327</u>	<u>10,110,512</u>	<u>1,138,362</u>	<u>17,343,764</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	4,382,553	2,631,657	-	-	-
Staff personnel	21,065,326	12,400,740	10,037,324	813,243	20,714,171
Total salaries and benefits	<u>25,447,879</u>	<u>15,032,397</u>	<u>10,037,324</u>	<u>813,243</u>	<u>20,714,171</u>
Other					
Rental of equipment and office space	2,322,737	973,559	511,011	7,254	-
Capital expenses	11,244	4,691	9,167	8,136	-
Services, supplies, and other expenses	1,340,490	1,071,412	671,444	427,210	31,824
Expenses of Justices/Judges of appellate courts (Note 5)	112,685	92,000	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>3,787,156</u>	<u>2,141,662</u>	<u>1,191,622</u>	<u>442,600</u>	<u>31,824</u>
Total disbursements	<u>29,235,035</u>	<u>17,174,059</u>	<u>11,228,946</u>	<u>1,255,843</u>	<u>20,745,995</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	170,103	62,247	303,547	48,502	7,413
Amounts payable or subject to potential lapse (Note 6)	110,020	121,021	32,019	3,017	70,356
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>29,515,158</u>	<u>17,357,327</u>	<u>11,564,512</u>	<u>1,307,362</u>	<u>20,823,764</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(2,048,000)	(620,000)	(1,454,000)	(169,000)	(3,480,000)
Other funding sources (uses) (Note 9)					
Court-authorized use of Act 49 funds	2,048,000	620,000	1,403,000	169,000	3,480,000
Court-authorized transfers in of appropriated funds	45,000	40,000	51,000	-	-
Court-authorized transfers out of appropriated funds	(45,000)	(40,000)	-	-	-
Total other funding sources (uses)	<u>2,048,000</u>	<u>620,000</u>	<u>1,454,000</u>	<u>169,000</u>	<u>3,480,000</u>
Total appropriations, augmentations, and other funding sources (uses)	\$ 29,515,158	\$ 17,357,327	\$ 11,564,512	\$ 1,307,362	\$ 20,823,764
Total prior year	\$ 28,574,512	\$ 16,274,061	\$ 10,752,135	\$ 1,097,765	\$ 20,116,642
% change	<u>3.29%</u>	<u>6.66%</u>	<u>7.56%</u>	<u>19.09%</u>	<u>3.52%</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, 2014 and 2013

	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)	\$ 73,000	\$ 2,002,000	\$ -	\$ -	\$ 2,372,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	-	-	10,441,115	59,033,653	-
Total appropriations and augmentations	<u>73,000</u>	<u>2,002,000</u>	<u>10,441,115</u>	<u>59,033,653</u>	<u>2,372,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	-	361,831	-	27,081,973	371,672
Total salaries and benefits	<u>-</u>	<u>361,831</u>	<u>-</u>	<u>27,081,973</u>	<u>371,672</u>
Other					
Rental of equipment and office space	84	631	-	1,878,918	-
Capital expenses	-	-	-	3,554,213	-
Services, supplies, and other expenses	21,121	29,807	-	10,970,802	1,581,419
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	9,535,424	89,609	-
Total other	<u>21,205</u>	<u>30,438</u>	<u>9,535,424</u>	<u>16,493,542</u>	<u>1,581,419</u>
Total disbursements	<u>21,205</u>	<u>392,269</u>	<u>9,535,424</u>	<u>43,575,515</u>	<u>1,953,091</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	795	1,141	-	15,316,628	416,875
Amounts payable or subject to potential lapse (Note 6)	-	1,608,590	905,691	141,510	2,034
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>22,000</u>	<u>2,002,000</u>	<u>10,441,115</u>	<u>59,033,653</u>	<u>2,372,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	51,000	-	-	-	-
Other funding sources (uses) (Note 9)					
Court-authorized use of Act 49 funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	(51,000)	-	-	-	-
Total other funding sources (uses)	<u>(51,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 22,000</u>	<u>\$ 2,002,000</u>	<u>\$ 10,441,115</u>	<u>\$ 59,033,653</u>	<u>\$ 2,372,000</u>
Total prior year	<u>\$ 12,000</u>	<u>\$ 1,944,000</u>	<u>\$ 11,469,797</u>	<u>\$ 55,080,795</u>	<u>\$ 2,303,000</u>
% change	<u>83.33%</u>	<u>2.98%</u>	<u>(8.97)%</u>	<u>7.18%</u>	<u>3.00%</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, 2014 and 2013

	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)	\$ 100,636,000	\$ 3,715,000	\$ 1,138,000	\$ 57,000	\$ 103,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	305,965	-	23	-	-
Total appropriations and augmentations	<u>100,941,965</u>	<u>3,715,000</u>	<u>1,138,023</u>	<u>57,000</u>	<u>103,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	108,155,652	4,366,586	-	-	-
Staff personnel	-	-	368,217	-	-
Total salaries and benefits	<u>108,155,652</u>	<u>4,366,586</u>	<u>368,217</u>	<u>-</u>	<u>-</u>
Other					
Rental of equipment and office space	-	-	329	-	-
Capital expenses	-	-	13,143	-	-
Services, supplies, and other expenses	88,577	123,777	735,916	43,817	53,082
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>88,577</u>	<u>123,777</u>	<u>749,388</u>	<u>43,817</u>	<u>53,082</u>
Total disbursements	<u>108,244,229</u>	<u>4,490,363</u>	<u>1,117,605</u>	<u>43,817</u>	<u>53,082</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	28,143	84,442	2,213	13,183	49,918
Amounts payable or subject to potential lapse (Note 6)	26,593	241,195	18,205	-	-
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>108,298,965</u>	<u>4,816,000</u>	<u>1,138,023</u>	<u>57,000</u>	<u>103,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	<u>(7,357,000)</u>	<u>(1,101,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other funding sources (uses) (Note 9)					
Court-authorized use of Act 49 funds	7,197,000	1,101,000	-	-	-
Court-authorized transfers in of appropriated funds	160,000	-	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	-	-
Total other funding sources (uses)	<u>7,357,000</u>	<u>1,101,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 108,298,965</u>	<u>\$ 4,816,000</u>	<u>\$ 1,138,023</u>	<u>\$ 57,000</u>	<u>\$ 103,000</u>
Total prior year	<u>\$ 103,720,010</u>	<u>\$ 4,479,000</u>	<u>\$ 1,105,554</u>	<u>\$ 55,000</u>	<u>\$ 20,000</u>
% change	<u>4.41%</u>	<u>7.52%</u>	<u>2.94%</u>	<u>3.64%</u>	<u>415.00%</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, 2014 and 2013

	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)	\$ 73,522,000	\$ 671,000	\$ 939,000	\$ 5,918,000	\$ 36,900,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	414,456	23,503	-	29,646	-
Total appropriations and augmentations	<u>73,936,456</u>	<u>694,503</u>	<u>939,000</u>	<u>5,947,646</u>	<u>36,900,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	77,531,334	-	-	6,769,799	-
Staff personnel	-	268,023	-	974,667	-
Total salaries and benefits	<u>77,531,334</u>	<u>268,023</u>	<u>-</u>	<u>7,744,466</u>	<u>-</u>
Other					
Rental of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Services, supplies, and other expenses	99,817	510,621	-	35,611	-
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	137,000	-	-	-	36,736,591
Total other	<u>236,817</u>	<u>510,621</u>	<u>-</u>	<u>35,611</u>	<u>36,736,591</u>
Total disbursements	<u>77,768,151</u>	<u>778,644</u>	<u>-</u>	<u>7,780,077</u>	<u>36,736,591</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	53,121	14,559	-	23,878	-
Amounts payable or subject to potential lapse (Note 6)	103,184	9,300	-	47,691	3,409
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>77,924,456</u>	<u>802,503</u>	<u>-</u>	<u>7,851,646</u>	<u>36,740,000</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)					
	(3,988,000)	(108,000)	939,000	(1,904,000)	160,000
Other funding sources (uses) (Note 9)					
Court-authorized use of Act 49 funds	3,988,000	108,000	-	965,000	-
Court-authorized transfers in of appropriated funds	-	-	-	939,000	-
Court-authorized transfers out of appropriated funds	-	-	(939,000)	-	(160,000)
Total other funding sources (uses)	<u>3,988,000</u>	<u>108,000</u>	<u>(939,000)</u>	<u>1,904,000</u>	<u>(160,000)</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 77,924,456</u>	<u>\$ 802,503</u>	<u>\$ -</u>	<u>\$ 7,851,646</u>	<u>\$ 36,740,000</u>
Total prior year	<u>\$ 74,271,484</u>	<u>\$ 675,573</u>	<u>\$ 654,007</u>	<u>\$ 6,676,128</u>	<u>\$ 35,578,000</u>
% change	<u>4.92%</u>	<u>18.79%</u>	<u>(100.00)%</u>	<u>17.61%</u>	<u>3.27%</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, 2014 and 2013

	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)	Judicial Conduct Board
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ -	\$ -	\$ -	\$ -	\$ 1,577,000
Federal appropriation of the Commonwealth of Pennsylvania	1,100,000	200,000	80,000	279,000	-
Augmentations and fees (Note 3)	4,823	-	-	-	3,923
Total appropriations and augmentations	<u>1,104,823</u>	<u>200,000</u>	<u>80,000</u>	<u>279,000</u>	<u>1,580,923</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	781,963	-	-	-	1,285,312
Total salaries and benefits	<u>781,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,285,312</u>
Other					
Rental of equipment and office space	1,621	-	-	-	2,497
Capital expenses	-	-	-	75,000	-
Services, supplies, and other expenses	139,346	94,158	-	61,136	110,300
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>140,967</u>	<u>94,158</u>	<u>-</u>	<u>136,136</u>	<u>112,797</u>
Total disbursements	<u>922,930</u>	<u>94,158</u>	<u>-</u>	<u>136,136</u>	<u>1,398,109</u>
Amounts lapsed (Note 6)	-	-	-	142,864	-
Amounts encumbered (Note 7)	6,139	105,052	59,157	-	173,927
Amounts payable or subject to potential lapse (Note 6)	<u>175,754</u>	<u>790</u>	<u>20,843</u>	<u>-</u>	<u>8,887</u>
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>1,104,823</u>	<u>200,000</u>	<u>80,000</u>	<u>279,000</u>	<u>1,580,923</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	-	-	-	-	-
Other funding sources (uses) (Note 9)					
Court-authorized use of Act 49 funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	-	-
Total other funding sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 1,104,823</u>	<u>\$ 200,000</u>	<u>\$ 80,000</u>	<u>\$ 279,000</u>	<u>\$ 1,580,923</u>
Total prior year	<u>\$ 1,448,658</u>	<u>\$ 200,000</u>	<u>\$ 80,000</u>	<u>\$ 450,000</u>	<u>\$ 1,535,614</u>
% change	<u>(23.73)%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>(38.00)%</u>	<u>2.95%</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, 2014 and 2013

	Court of Judicial Discipline	2014 Total	2013 Total	% Change
Appropriations and augmentations				
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 468,000	\$ 317,432,000	\$ 308,188,000	3.00%
Federal appropriation of the Commonwealth of Pennsylvania	-	1,659,000	2,150,000	(22.84)%
Augmentations and fees (Note 3)	353	74,070,860	71,416,943	3.72%
Total appropriations and augmentations	<u>468,353</u>	<u>393,161,860</u>	<u>381,754,943</u>	<u>2.99%</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse				
Salaries and benefits (Note 4)				
Justices/Judges	-	205,891,014	196,548,772	4.75%
Staff personnel	446,597	111,884,110	106,588,673	4.97%
Total salaries and benefits	<u>446,597</u>	<u>317,775,124</u>	<u>303,137,445</u>	<u>4.83%</u>
Other				
Rental of equipment and office space	-	7,082,818	7,245,898	(2.25)%
Capital expenses	1,800	3,843,017	2,779,791	38.25%
Services, supplies, and other expenses	35,198	20,598,665	16,997,155	21.19%
Expenses of Justices/Judges of appellate courts (Note 5)	-	308,680	293,844	5.05%
Grant payments	-	46,498,624	46,262,047	0.51%
Total other	<u>36,998</u>	<u>78,331,804</u>	<u>73,578,735</u>	<u>6.46%</u>
Total disbursements	<u>483,595</u>	<u>396,106,928</u>	<u>376,716,180</u>	<u>5.15%</u>
Amounts lapsed (Note 6)	-	142,864	-	100.00%
Amounts encumbered (Note 7)	500	17,104,277	16,985,600	0.70%
Amounts payable or subject to potential lapse (Note 6)	1,258	3,904,791	4,361,163	(10.46)%
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>485,353</u>	<u>417,258,860</u>	<u>398,062,943</u>	<u>4.82%</u>
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)				
	(17,000)	(24,097,000)	(16,308,000)	47.76%
Other funding sources (uses) (Note 9)				
Court-authorized use of Act 49 funds	17,000	24,097,000	16,308,000	47.76%
Court-authorized transfers in of appropriated funds	-	1,427,000	991,000	44.00%
Court-authorized transfers out of appropriated funds	-	(1,427,000)	(991,000)	44.00%
Total other funding sources (uses)	<u>17,000</u>	<u>24,097,000</u>	<u>16,308,000</u>	<u>47.76%</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 485,353</u>	<u>\$ 417,258,860</u>	<u>\$ 398,062,943</u>	<u>4.82%</u>
Total prior year	<u>\$ 476,000</u>			
% change	<u>1.96%</u>			

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

NOTE 1 BASIS OF PRESENTATION

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

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. There was no state appropriation provided for this grant in fiscal year 2013-2014.

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, and Magisterial District Courts. The judicial branch 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, 2014 and 2013, 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, 2014 and 2013

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; state and other grant 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 years ended June 30, 2014 and 2013, the Judiciary received health plan credits of \$6,640,260 and \$5,941,133, respectively, resulting from the prior contract year reconciliations (settlements). The credits result from the Judiciary's medical claims experience being better (lower) than expected, and were used to reduce 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, 2014 and 2013

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

Health Care Contributions

Active judges and active staff contribute 1% of gross salary towards the cost of health care benefits and retirees contribute 1% of gross monthly pension toward the cost of health care benefits. During the fiscal years ended June 30, 2014 and June 30, 2013, total health care contributions were \$2,420,041 and \$2,370,710, 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 LAPSED, AND 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.

In the Fiscal Year ended June 30, 2014, amounts lapsed for the Federal American Recovery and Reinvestment Act of 2009 (ARRA) – Specialty Courts IT Project Grant was \$142,864. More information pertaining to this grant can be found in Note 18.

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, \$1,609,731 of fiscal year 2013-2014 funds are associated with the UJS Security appropriation whose spending authorization extends beyond June 30, 2014. These amounts are reported on the amounts encumbered and amounts payable or subject to potential lapse lines of this financial statement.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

NOTE 7 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 8 FUNDING TO SUPPLEMENT THE GENERAL APPROPRIATION ACT

The General Appropriation Act for fiscal year 2013-2014 did not provide adequate funding for salaries and benefits of judges and specific expenditures. The total Judiciary-wide shortfall of \$24,097,000 in fiscal year 2013-2014 was closed through supplemental funding provided by Act 49 of 2009 as detailed in the summary of court-authorized use of Act 49 funds in Note 9.

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 supplemental funding provided by Act 49 of 2009 as detailed in the summary of court-authorized use of Act 49 funds in Note 9. After the close of that fiscal year, it became apparent that more funds were drawn than needed to supplement fiscal year 2012-2013 funding and in March 2014, \$11,000 was returned to the Act 49 account.

NOTE 9 OTHER FUNDING SOURCES (USES)

The Fiscal Code (72 P.S. Section 1793-E) authorizes the Supreme Court to transfer funds among the various Judiciary 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 (42 Pa.C.S.A. Section 3733.1) 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 use of Act 49 funds to supplement the General Appropriation Act.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

NOTE 9 OTHER FUNDING SOURCES (USES) (continued)

Two statutory changes enacted in July 2014 will affect revenue collections beginning in FY 2014-15. Act 113, signed by the Governor July 9, 2014, amended 42 Pa.C.S.A. Section 3733.1 to increase the \$10.25 surcharge for Judiciary operations by \$1 and extend the sunset date by three years to December 31, 2017. Act 126, signed by the Governor July 10, 2014, enacted 72 P.S. Section 1795.1-E to create an additional \$10 surcharge for Judiciary operations with an expiration date of December 31, 2017.

The Judiciary funds shortfalls beginning with internal transfers among appropriations where possible, and then supplements with 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 Use of Act 49 Funds

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

	Year Ended June 30	
	2014	2013
<i>Court-authorized use of Act 49 funds during the year</i>		
Supreme Court	\$ 3,001,000	\$ 1,054,000
Superior Court	2,048,000	1,872,000
Commonwealth Court	620,000	-
Court Administrator	1,403,000	884,000
Judicial Center Operations	169,000	-
District Court Administrators	3,480,000	3,265,000
Courts of Common Pleas	7,197,000	5,369,000
Common Pleas Senior Judges	1,101,000	872,000
Magisterial District Judges	3,988,000	2,337,000
Magisterial District Judge Education	108,000	-
Philadelphia Municipal Court	965,000	633,000
Court of Judicial Discipline	17,000	22,000
Total	\$ 24,097,000	\$ 16,308,000

During fiscal year 2013-2014, the \$10.25 surcharge generated \$24,425,344. A total of \$24,097,000 was used during the fiscal year to supplement UJS funding. During fiscal year 2012-2013, the \$10.25 surcharge generated \$26,705,902, of which \$16,308,000 was used during the fiscal year to supplement UJS funding. 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, 2014 and 2013

NOTE 9 OTHER FUNDING SOURCES (USES) (continued)

Court-Authorized Transfers of Appropriated Funds

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

	Year Ended June 30	
	2014	2013
<i>Court-authorized transfers in of appropriated funds</i>		
Supreme Court ⁽¹⁾	\$ 192,000	\$ 250,000
Superior Court ⁽¹⁾	45,000	50,000
Commonwealth Court ⁽¹⁾	40,000	35,000
Court Administrator	51,000	139,000
Courts of Common Pleas	160,000	247,000
Philadelphia Municipal Court (Note 13)	939,000	270,000
Total	1,427,000	991,000
<i>Court-authorized transfers out of appropriated funds</i>		
Supreme Court Justices' Expenses ⁽¹⁾	7,000	23,000
Rules Committees	150,000	188,000
Judicial Council	35,000	39,000
Superior Court Judges' Expenses ⁽¹⁾	45,000	50,000
Commonwealth Court Judges' Expenses ⁽¹⁾	40,000	35,000
Court Management Education	51,000	59,000
Philadelphia Traffic Court (Note 13)	939,000	270,000
County Court Reimbursements (Note 14) ⁽²⁾	160,000	247,000
Problem Solving Courts (Note 12)	-	80,000
Total	1,427,000	991,000
Total court-authorized transfers of appropriated funds, net	\$ -	\$ -

⁽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 (\$160,000) appropriation in Fiscal Year 2013-2014 and the Senior Judge Support Reimbursement Grant (\$48,000) and Juror Cost Reimbursement (\$199,000) appropriations in Fiscal Year 2012-2013

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 2013-2014 or 2012-2013.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

NOTE 10 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM

The Judiciary receives substantial funding each year from dedicated restricted revenues, which are earmarked for particular purposes. These revenue streams result from court activities (including filing fees) and are collected by the courts, and from filings in recorder of deeds offices. The Access To Justice (ATJ) account and the Statewide Judicial Computer System (JCS) are both funded by filing fees as shown in the chart below. Magisterial district court costs and fines provided by Act 64 of 1987 supplement the filing fees directed to JCS.

<u>Filing Fees</u>	<u>UJS</u>				<u>Total</u>
	<u>ATJ</u>	<u>CJEA</u>	<u>JCS</u>	<u>Operations</u>	
Act 59/122	\$2.00	N/A	\$8.00	N/A	\$10.00
Act 49	\$1.00	\$2.25	N/A	\$10.25	\$13.50
Total	\$3.00	\$2.25	\$8.00	\$10.25	\$23.50

Access to Justice (ATJ) Account

Act 122 of 2002 amended Act 59 of 1990 to create a uniform \$10.00 filing fee, a portion of which is earmarked for deposit into the ATJ restricted revenue account, also created by the act. As indicated in the chart above, 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 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 which is 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 years 2013-2014 and 2012-2013, the ATJ account received \$600,000 and \$900,000, respectively. In all subsequent years, the ATJ account will receive up to \$600,000 annually under Act 70.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

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

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.

Deposits into the ATJ account during fiscal year 2013-2014 totaled \$10,441,115, consisting of \$9,839,685 of Act 122 and Act 49 surcharge funds, related interest of \$1,430, and \$600,000 of Act 70 funds. The AOPC paid \$9,535,424 to IOLTA during fiscal year 2013-2014, including the one-time payment of \$600,000 under Act 70. These amounts are reflected in the accompanying financial statements. The remaining funds totaling \$905,691 were paid to IOLTA in July 2014 and are reflected as amounts payable or subject to lapse in the accompanying financial statements.

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.

Statewide Judicial Computer System (JCS)

JCS is funded primarily from 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).

Act 64 of 1987 established the existing funding framework based on restricted revenues. It provides for the transfer to the JCS Augmentation Account at the end of each fiscal year of amounts collected during the year from specified court costs and fines that exceed the amounts collected from these sources in fiscal year 1986-1987.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

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.

Other funding may be 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. 1793-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, convenience fees on the electronic payment of fines and other court assessments, and “Jen and Dave’s Law” fees (Act 119-1996).

Deposits into the JCS Augmentation Account during fiscal year 2013-2014 from both Act 64 and Act 122 totaled \$52,063,611. The \$57,048,000 drawn against the 2013-2014 JCS appropriation is included in these financial statements.

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.

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, 2014 and 2013

NOTE 12 PROBLEM SOLVING COURTS

For fiscal year 2012-2013, an 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 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.

For fiscal year 2013-2014, the total disbursements and amounts encumbered of \$103,000 relate to training in support of the Veterans Court Process Evaluation Grant discussed in Note 16 and the ARRA Specialty Courts IT Project discussed in Note 18.

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. As a result of Act 17 of 2013, all costs for Philadelphia Traffic Court were reassigned to Philadelphia Municipal Court - Traffic Division. Accordingly, the fiscal year 2013-2014 Philadelphia Traffic Court state appropriation of \$939,000 was transferred to Philadelphia Municipal Court to provide funding for the reclassified costs as detailed in the summary of court-authorized transfers in Note 9.

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, 2014 and 2013

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 \$68,686 per authorized judge for fiscal year 2013-2014 and \$66,819 per authorized judge for fiscal year 2012-2013. The total payments made to the counties during the fiscal years ended June 30, 2014 and 2013 were \$34,407,000 and \$33,405,000, respectively.

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 2013-2014 and 2012-2013, one county's grant was reduced in compliance with the 20% cap. Additionally in fiscal year 2013-2014, the grant payments to each county were proportionately reduced by approximately 17%, 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, 2014 and 2013 were \$1,375,000 and \$1,286,444, 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, 2014 and 2013 were \$954,591 and \$885,662, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

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, 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
October 1, 2013 through September 30, 2015	842,713	280,904

For fiscal year 2013-2014, an appropriation in the amount of \$1,100,000 was provided by the General Assembly for these funds supplemented by \$4,823 in augmentations, and \$922,930 was spent as of June 30, 2014. 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.

NOTE 16 FEDERAL VETERANS COURT PROCESS EVALUATION GRANT

The federal Drug Court Discretionary 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. Although no funds were spent during fiscal year 2012-2013, the grant funds remained available during fiscal year 2013-2014. The total disbursements during fiscal year 2013-2014 were \$94,158. The remaining grant funds are available during fiscal year 2014-2015.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2014 and 2013

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 assessment project being assisted by the NCSC will develop 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 November 2014. The SJI grant will be used to help fund 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 years 2012-2013 and 2013-2014, and the funds are available for use in fiscal year 2014-2015.

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 ARRA Edward Byrne Memorial Justice Assistance Grants to AOPC to help implement a state-wide case management information system for the Problem Solving Courts. This system now operational allows counties to better manage their problem-solving court cases and collect uniform data supporting these programs at the county and state level. In May 2013, the available grant funding was reduced by PCCD from \$450,000 to \$313,789. Although no funds were spent during fiscal year 2011-2012, the grant funds remained available during fiscal years 2012-2013 and 2013-2014. The total disbursements during fiscal years 2013-2014 and 2012-2013 were \$136,136 and \$142,000, respectively. There were additional disbursements for fiscal year 2012-2013 of \$35,653 that were paid during July 2013. The grant expired December 31, 2013.

NOTE 19 COUNTY COURT EMPLOYEES TRANSFERRED TO STATE SERVICE

As a result of the passage of Act 12 of 1999, certain county court staff were transferred to state service effective January 1, 2000 and the Commonwealth assumed responsibility for the payment of ongoing salaries and benefits. The counties paid the Commonwealth \$2,766,717 for the accrued leave balances associated with these former county employees as required by Act 12. The payments received from the counties were placed in a special fund created in the PA Treasury known as the Unified Judicial System Transferred County-Level Administrator Leave Fund. The money in this fund, including the investment income it earns, is applied toward the cost of leave payments for transferred employees upon termination.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

NOTE 19 COUNTY COURT EMPLOYEES TRANSFERRED TO STATE SERVICE
(continued)

A summary of this financial activity follows:

	Year Ended June 30	
	2014	2013
Beginning fair value	\$ 2,367,044	\$ 2,811,276
Interest earned on Treasury investment of funds	5,883	5,845
Payouts to transferred County Court Staff	(221,218)	(450,077)
Ending fair value	<u>\$ 2,151,709</u>	<u>\$ 2,367,044</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 0.17% and 0.21% in fiscal years ended June 30, 2014 and 2013, 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	
	2014	2013
Telecommunications – UJSNET ⁽¹⁾	\$ 5,259,930	\$ 4,516,930
EDP software licenses and maintenance ⁽²⁾	2,570,625	1,833,684
Travel, lodging and meals ⁽³⁾	2,244,438	2,089,776
Maintenance services and supplies – furniture, equipment, and software ⁽⁴⁾	1,713,663	1,947,209
Professional services ⁽⁵⁾	1,615,873	564,937
Reference material and subscriptions	1,173,730	819,145
Contract personnel	1,168,603	898,564
Bank fees	1,058,454	853,687
Maintenance services and supplies – building	616,435	441,343
Supplies	528,415	383,668
Training expenses	516,878	519,547
Telecommunications	485,866	468,193
Other services	454,666	401,350
Utilities	284,125	237,653
Postage/freight	274,228	205,755
Miscellaneous expenses	166,352	187,302
Insurance, surety and fidelity bond	163,455	165,301
Membership dues	102,527	105,908
Printing	58,382	118,108
Vehicle supplies and repairs	49,990	59,064
Attorney fees	46,299	149,905
Relocation expenses	25,161	7,404
Advertising	20,570	22,549
Contract Maintenance Service – Equipment	-	173
	\$ 20,598,665	\$ 16,997,155

⁽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 Common Pleas Education, Judicial Computer System, Magisterial District Judge Education, and Court Administrator.

⁽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⁾Major expenditures include design and support services for the UJS Website, medical benefits consultants, graders for the semi-annual law exam, and other consulting and support services for the Judicial Computer System.