

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations and
Supplementary Schedules
Years Ended June 30, 2016 and 2015
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations
and Supplementary Schedules
Years Ended June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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, 2016 and 2015, 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Judicial Department of Pennsylvania operating activity for the years ended June 30, 2016 and 2015, in accordance with the budgetary basis of accounting described in Note 1, and to the extent as described in Note 2.

Basis of Accounting and Scope

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

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

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 of America. 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

October 28, 2016

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations Years Ended June 30, 2016 and 2015

	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)	\$ 14,138,000	\$ 1,571,000	\$ -	\$ 141,000	\$ 350,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	451,423	3,754	2,408,365	-	-
Total appropriations and augmentations	14,589,423	1,574,754	2,408,365	141,000	350,000
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	1,983,122	-	-	-	-
Staff personnel	12,618,547	1,188,415	1,293,808	45,477	253,865
Total salaries and benefits	14,601,669	1,188,415	1,293,808	45,477	253,865
Other					
Rental of equipment and office space	943,215	1,252	7,340	4,795	25,758
Capital expenses	227,468	-	15,946	-	-
Services, supplies, and other expenses	1,531,146	178,313	884,780	14,839	36,478
Expenses of Justices/Judges of appellate courts (Note 5)	71,364	-	-	-	-
Grant payments	-	-	-	-	-
Total other	2,773,193	179,565	908,066	19,634	62,236
Total disbursements	17,374,862	1,367,980	2,201,874	65,111	316,101
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	411,623	73,774	16,799	5,889	33,899
Amounts payable or subject to potential lapse (Note 6)	280,938	-	189,692	-	-
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	18,067,423	1,441,754	2,408,365	71,000	350,000
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(3,478,000)	133,000	-	70,000	-
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	3,275,000	-	-	-	-
Court-authorized transfers in of appropriated funds	237,000	-	-	-	-
Court-authorized transfers out of appropriated funds	(34,000)	(133,000)	-	(70,000)	-
Total other funding sources (uses)	3,478,000	(133,000)	-	(70,000)	-
Total appropriations, augmentations, and other funding sources (uses)	\$ 18,067,423	\$ 1,441,754	\$ 2,408,365	\$ 71,000	\$ 350,000
Total prior year	\$ 17,034,270	\$ 1,494,340	\$ 2,320,509	\$ 144,018	\$ 308,000
% change	6.07%	(3.52)%	3.79%	(50.70)%	13.64%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2016 and 2015

	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)	\$ 29,913,000	\$ 18,315,000	\$ 10,915,000	\$ 851,000	\$ 19,140,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	273,057	200,482	139,982	449,124	74,556
Total appropriations and augmentations	30,186,057	18,515,482	11,054,982	1,300,124	19,214,556
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	4,646,618	2,720,897	-	-	-
Staff personnel	24,176,048	13,570,845	12,036,869	916,686	24,503,140
Total salaries and benefits	28,822,666	16,291,742	12,036,869	916,686	24,503,140
Other					
Rental of equipment and office space	2,693,491	943,392	530,590	6,511	-
Capital expenses	202,150	48,286	375	41,398	-
Services, supplies, and other expenses	1,620,513	1,288,084	990,705	431,769	19,061
Expenses of Justices/Judges of appellate courts (Note 5)	103,914	84,000	-	-	-
Grant payments	-	-	-	-	-
Total other	4,620,068	2,363,762	1,521,670	479,678	19,061
Total disbursements	33,442,734	18,655,504	13,558,539	1,396,364	24,522,201
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	881,208	259,195	227,220	107,331	292,968
Amounts payable or subject to potential lapse (Note 6)	12,115	150,783	63,223	26,429	19,387
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	34,336,057	19,065,482	13,848,982	1,530,124	24,834,556
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(4,150,000)	(550,000)	(2,794,000)	(230,000)	(5,620,000)
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	4,150,000	550,000	2,794,000	230,000	5,555,000
Court-authorized transfers in of appropriated funds	68,000	48,000	-	-	65,000
Court-authorized transfers out of appropriated funds	(68,000)	(48,000)	-	-	-
Total other funding sources (uses)	4,150,000	550,000	2,794,000	230,000	5,620,000
Total appropriations, augmentations, and other funding sources (uses)	\$ 34,336,057	\$ 19,065,482	\$ 13,848,982	\$ 1,530,124	\$ 24,834,556
Total prior year	\$ 32,749,567	\$ 18,265,290	\$ 12,607,497	\$ 1,373,295	\$ 23,268,925
% change	4.84%	4.38%	9.85%	11.42%	6.73%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2016 and 2015

	Court Management Education	UJS Security	Access to Justice (Note 9)	Statewide Judicial Computer System (Note 9)	Integrated Criminal Justice System (Note 10)
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)	-	-	11,307,628	53,263,579	-
Total appropriations and augmentations	<u>73,000</u>	<u>2,002,000</u>	<u>11,307,628</u>	<u>53,263,579</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	-	430,554	-	31,184,283	425,848
Total salaries and benefits	<u>-</u>	<u>430,554</u>	<u>-</u>	<u>31,184,283</u>	<u>425,848</u>
Other					
Rental of equipment and office space	-	729	-	1,937,663	-
Capital expenses	-	-	-	3,639,085	-
Services, supplies, and other expenses	7,178	199,423	-	12,405,351	1,344,095
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	10,555,993	-	-
Total other	<u>7,178</u>	<u>200,152</u>	<u>10,555,993</u>	<u>17,982,099</u>	<u>1,344,095</u>
Total disbursements	<u>7,178</u>	<u>630,706</u>	<u>10,555,993</u>	<u>49,166,382</u>	<u>1,769,943</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	822	64,845	-	3,929,893	601,654
Amounts payable or subject to potential lapse (Note 6)	-	1,306,449	751,635	167,304	403
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>8,000</u>	<u>2,002,000</u>	<u>11,307,628</u>	<u>53,263,579</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)	65,000	-	-	-	-
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	-	-	-	-	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	(65,000)	-	-	-	-
Total other funding sources (uses)	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 8,000</u>	<u>\$ 2,002,000</u>	<u>\$ 11,307,628</u>	<u>\$ 53,263,579</u>	<u>\$ 2,372,000</u>
Total prior year	<u>\$ 8,000</u>	<u>\$ 2,002,000</u>	<u>\$ 11,182,678</u>	<u>\$ 54,456,273</u>	<u>\$ 2,372,000</u>
% change	<u>0.00%</u>	<u>0.00%</u>	<u>1.12%</u>	<u>(2.19)%</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, 2016 and 2015

	Courts of Common Pleas	Common Pleas Senior Judges	Common Pleas Education	Ethics Committee	Problem Solving Courts
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 107,948,000	\$ 4,004,000	\$ 1,247,000	\$ 62,000	\$ 103,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	417,717	-	408	-	-
Total appropriations and augmentations	<u>108,365,717</u>	<u>4,004,000</u>	<u>1,247,408</u>	<u>62,000</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	122,353,044	5,719,539	-	-	-
Staff personnel	-	-	382,475	-	-
Total salaries and benefits	<u>122,353,044</u>	<u>5,719,539</u>	<u>382,475</u>	<u>-</u>	<u>-</u>
Other					
Rental of equipment and office space	-	-	488	-	-
Capital expenses	-	-	-	-	-
Services, supplies, and other expenses	85,423	174,817	817,157	48,851	40,149
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>85,423</u>	<u>174,817</u>	<u>817,645</u>	<u>48,851</u>	<u>40,149</u>
Total disbursements	<u>122,438,467</u>	<u>5,894,356</u>	<u>1,200,120</u>	<u>48,851</u>	<u>40,149</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	37,000	-	41,705	13,149	62,851
Amounts payable or subject to potential lapse (Note 6)	146,250	309,644	5,583	-	-
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>122,621,717</u>	<u>6,204,000</u>	<u>1,247,408</u>	<u>62,000</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)	(14,256,000)	(2,200,000)	-	-	-
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	13,910,000	2,200,000	-	-	-
Court-authorized transfers in of appropriated funds	346,000	-	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	-	-
Total other funding sources (uses)	<u>14,256,000</u>	<u>2,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 122,621,717</u>	<u>\$ 6,204,000</u>	<u>\$ 1,247,408</u>	<u>\$ 62,000</u>	<u>\$ 103,000</u>
Total prior year	<u>\$ 116,240,883</u>	<u>\$ 5,287,000</u>	<u>\$ 1,138,236</u>	<u>\$ 57,000</u>	<u>\$ 103,000</u>
% change	<u>5.49%</u>	<u>17.34%</u>	<u>9.59%</u>	<u>8.77%</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, 2016 and 2015

	Magisterial District Judges	Magisterial District Judge Education	Philadelphia Municipal Court	County Court Reimbursements (Note 11)	Federal Court Improvement Project (Note 12)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 79,697,000	\$ 715,000	\$ 7,322,000	\$ 39,129,000	\$ -
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	1,130,000
Augmentations and fees (Note 3)	403,410	23,531	27,027	-	2,183
Total appropriations and augmentations	<u>80,100,410</u>	<u>738,531</u>	<u>7,349,027</u>	<u>39,129,000</u>	<u>1,132,183</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	86,310,560	-	7,633,751	-	-
Staff personnel	-	310,857	1,457,295	-	691,631
Total salaries and benefits	<u>86,310,560</u>	<u>310,857</u>	<u>9,091,046</u>	<u>-</u>	<u>691,631</u>
Other					
Rental of equipment and office space	-	-	-	-	1,322
Capital expenses	-	-	-	-	-
Services, supplies, and other expenses	335,015	583,382	7,642	-	41,369
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	135,000	-	-	38,773,195	-
Total other	<u>470,015</u>	<u>583,382</u>	<u>7,642</u>	<u>38,773,195</u>	<u>42,691</u>
Total disbursements	<u>86,780,575</u>	<u>894,239</u>	<u>9,098,688</u>	<u>38,773,195</u>	<u>734,322</u>
Amounts lapsed (Note 6)	-	-	-	673	-
Amounts encumbered (Note 7)	30,000	44,292	79,559	-	11,554
Amounts payable or subject to potential lapse (Note 6)	271,835	-	780	9,132	386,307
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>87,082,410</u>	<u>938,531</u>	<u>9,179,027</u>	<u>38,783,000</u>	<u>1,132,183</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)					
	(6,982,000)	(200,000)	(1,830,000)	346,000	-
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	6,982,000	200,000	1,830,000	-	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	(346,000)	-
Total other funding sources (uses)	<u>6,982,000</u>	<u>200,000</u>	<u>1,830,000</u>	<u>(346,000)</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 87,082,410</u>	<u>\$ 938,531</u>	<u>\$ 9,179,027</u>	<u>\$ 38,783,000</u>	<u>\$ 1,132,183</u>
Total prior year	<u>\$ 82,142,473</u>	<u>\$ 860,853</u>	<u>\$ 8,966,696</u>	<u>\$ 36,677,000</u>	<u>\$ 1,150,518</u>
% change	6.01%	9.02%	2.37%	5.74%	(1.59)%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2016 and 2015

	Federal Veterans Court Process Evaluation Grant (Note 13)	Federal State Justice Institute Weighted Case Load Project Grant (Note 14)	Federal Smart Defense Initiative	Federal STOP Violence Against Women Grant (Note 15)	Judicial Conduct Board
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ -	\$ -	\$ -	\$ -	\$ 1,956,000
Federal appropriation of the Commonwealth of Pennsylvania	-	17,000	320,000	266,000	-
Augmentations and fees (Note 3)	-	-	-	-	3,003
Total appropriations and augmentations	<u>-</u>	<u>17,000</u>	<u>320,000</u>	<u>266,000</u>	<u>1,959,003</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	-	-	-	-	1,589,425
Total salaries and benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,589,425</u>
Other					
Rental of equipment and office space	-	-	-	-	62
Capital expenses	-	-	-	-	9,074
Services, supplies, and other expenses	-	-	-	-	116,185
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	108,018	-
Total other	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,018</u>	<u>125,321</u>
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,018</u>	<u>1,714,746</u>
Amounts lapsed (Note 6)	-	-	320,000	-	-
Amounts encumbered (Note 7)	-	-	-	-	231,742
Amounts payable or subject to potential lapse (Note 6)	-	17,000	-	157,982	12,515
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>-</u>	<u>17,000</u>	<u>320,000</u>	<u>266,000</u>	<u>1,959,003</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other funding sources (uses) (Note 8)					
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>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 320,000</u>	<u>\$ 266,000</u>	<u>\$ 1,959,003</u>
Total prior year	<u>\$ 197,000</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 222,000</u>	<u>\$ 1,580,481</u>
% change	<u>-</u>	<u>(78.75)%</u>	<u>-</u>	<u>19.82%</u>	<u>23.95%</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, 2016 and 2015

	Court of Judicial Discipline	2016 Total	2015 Total	% Change
Appropriations and augmentations				
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 468,000	\$ 342,432,000	\$ 317,432,000	7.88%
Federal appropriation of the Commonwealth of Pennsylvania	-	1,733,000	1,629,000	6.38%
Augmentations and fees (Note 3)	751	69,449,980	70,344,594	(1.27)%
Total appropriations and augmentations	<u>468,751</u>	<u>413,614,980</u>	<u>389,405,594</u>	<u>6.22%</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse				
Salaries and benefits (Note 4)				
Justices/Judges	-	231,367,531	219,243,796	5.53%
Staff personnel	390,307	127,466,375	120,340,303	5.92%
Total salaries and benefits	<u>390,307</u>	<u>358,833,906</u>	<u>339,584,099</u>	<u>5.67%</u>
Other				
Rental of equipment and office space	-	7,096,608	7,461,598	(4.89)%
Capital expenses	-	4,183,782	2,125,013	96.88%
Services, supplies, and other expenses	41,549	23,243,274	20,926,056	11.07%
Expenses of Justices/Judges of appellate courts (Note 5)	-	259,278	300,049	(13.59)%
Grant payments	-	49,572,206	47,035,234	5.39%
Total other	<u>41,549</u>	<u>84,355,148</u>	<u>77,847,950</u>	<u>8.36%</u>
Total disbursements	<u>431,856</u>	<u>443,189,054</u>	<u>417,432,049</u>	<u>6.17%</u>
Amounts lapsed (Note 6)	-	320,673	-	NA
Amounts encumbered (Note 7)	35,110	7,494,082	13,460,497	(44.33)%
Amounts payable or subject to potential lapse (Note 6)	1,785	4,287,171	3,866,048	10.89%
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>468,751</u>	<u>455,290,980</u>	<u>434,758,594</u>	<u>4.72%</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)				
	-	(41,676,000)	(45,353,000)	(8.11)%
Other funding sources (uses) (Note 8)				
Court-authorized use of Act 49 funds	-	41,676,000	45,353,000	(8.11)%
Court-authorized transfers in of appropriated funds	-	764,000	409,000	86.80%
Court-authorized transfers out of appropriated funds	-	(764,000)	(409,000)	86.80%
Total other funding sources (uses)	<u>-</u>	<u>41,676,000</u>	<u>45,353,000</u>	<u>(8.11)%</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 468,751</u>	<u>\$ 455,290,980</u>	<u>\$ 434,758,594</u>	<u>4.72%</u>
Total prior year	<u>\$ 468,792</u>			
% change	<u>(0.01)%</u>			

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 SCOPE OF FINANCIAL STATEMENTS

The accompanying financial statements do not purport to show all transactions of the Judicial Department. 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, and transactions from prior-year appropriations.

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, 2016 and 2015, prepared in accordance with accounting principles generally accepted in the United States of America applicable to governments.

NOTE 3 AUGMENTATIONS AND FEES

Augmentations and fees are additional revenues that supplement the General Appropriation Act and are earned or collected during the course of normal Judiciary operations. They include but are not limited to:

- 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 JCS to support the program to disseminate criminal charge information;

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 3 AUGMENTATIONS AND FEES *(continued)*

- Public access charges collected from individuals and organizations for information from JCS and Administrative Office of Pennsylvania Courts (AOPC);
- Access to Justice (ATJ) funds generated to support indigent civil legal services;
- Law exam fees charged by the PA Board of Law Examiners;
- Tuition and continuing legal education fees paid to the Minor Judiciary Education Board;
- Court Interpreter Program fees;
- Pennsylvania Judicial Center assessments to non-state funded entities for centralized costs and charges for expenses incurred;
- E-Commerce fees;
- State and other grant reimbursements;
- Medicare Part D prescription subsidies
- Nonrecurring restitution

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, 2016 and 2015, the Judiciary received health plan credits of \$1,383,530 and \$4,780,004, 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.

Health Care Contributions

Active judges and active staff who receive employer paid benefits 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, 2016 and June 30, 2015, total health care contributions

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

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

were \$2,523,236 and \$2,494,621, 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 appellate courts' General Appropriations and Justices'/Judges' Expenses Appropriations are combined for financial statement reporting purposes.

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

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 accordance with Act 117 of 1976, a state appropriation must be provided before a state agency may spend federal funds. In the Fiscal Year ended June 30, 2016, the \$320,000 appropriation provided in anticipation of receiving the Federal Smart Defense Initiative grant was lapsed because the grant was not awarded. In addition, the \$673 unspent balance for the County Court Reimbursements grants was lapsed. More information pertaining to these grants can be found in Note 11.

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, \$1,371,294 of fiscal year 2015-2016 funds are associated with the UJS Security appropriation whose spending authorization extends beyond June 30, 2016. 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, 2016 and 2015

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 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 97-month surcharge beginning December 8, 2009 and ending December 31, 2017 levied on the same base as the \$10 Act 122 fees, excluding traffic citations, to supplement state funding of the Judiciary. 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.

Two statutory changes enacted in July 2014 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. Both acts were implemented by August 8, 2014, resulting in a \$21.25 surcharge to help fund Judiciary operations.

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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 8 OTHER FUNDING SOURCES (USES) (continued)

Court-Authorized Use of Act 49 Funds

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

	Year Ended June 30	
	2016	2015
<i>Court-authorized use of Act 49 funds during the year</i>		
Supreme Court	\$ 3,275,000	\$ 2,830,000
Superior Court	4,150,000	5,268,000
Commonwealth Court	550,000	1,535,000
Court Administrator	2,794,000	2,494,000
Judicial Center Operations	230,000	283,000
District Court Administrators	5,555,000	5,855,000
Courts of Common Pleas	13,910,000	15,068,000
Common Pleas Senior Judges	2,200,000	1,572,000
Magisterial District Judges	6,982,000	8,201,000
Magisterial District Judge Education	200,000	163,000
Philadelphia Municipal Court	1,830,000	2,081,000
Judicial Council	-	3,000
Total	<u>\$ 41,676,000</u>	<u>\$ 45,353,000</u>

After the close of that fiscal year, it became apparent that more funds were drawn than needed to supplement fiscal year 2014-2015 funding, and in June 2016, \$266,000 was returned to the Act 49 account.

The need for Act 49 funding declined in FY 2015-16 in comparison with the prior year due to a 7.9% increase in state funding (no state funding increase was provided in the prior year), no cost of living adjustments, the elimination of six additional magisterial districts between January 2015 and 2016, and judicial vacancies.

During fiscal year 2015-2016, revenue was generated in the amount of \$42,931,956, and \$41,676,000 was used during the fiscal year to supplement UJS funding. During fiscal year 2014-2015, revenue was generated in the amount of \$39,735,781, and \$45,353,000 was used during the fiscal year to supplement UJS funding. Prior year Act 49 funding was needed in fiscal year 2014-2015 to cover UJS operating costs.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 8 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	
	2016	2015
<i>Court-authorized transfers in of appropriated funds</i>		
Supreme Court ⁽¹⁾	\$ 237,000	\$ 26,000
Superior Court ⁽¹⁾	68,000	55,000
Commonwealth Court ⁽¹⁾	48,000	40,000
Courts of Common Pleas	346,000	223,000
District Court Administrators	65,000	65,000
Total	764,000	409,000
<i>Court-authorized transfers out of appropriated funds</i>		
Supreme Court Justices' Expenses ⁽¹⁾	34,000	26,000
Rules Committees	133,000	-
Judicial Council	70,000	-
Superior Court Judges' Expenses ⁽¹⁾	68,000	55,000
Commonwealth Court Judges' Expenses ⁽¹⁾	48,000	40,000
Court Management Education	65,000	65,000
County Court Reimbursements (Note 12) ⁽²⁾	346,000	223,000
Total	764,000	409,000
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 appropriation in fiscal year 2015-2016 and in fiscal year 2014-2015.

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 have been made from the JCS Augmentation Account since fiscal year 2010-2011.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

NOTE 9 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⁽¹⁾</u>	<u>ATJ</u>	<u>CJEA</u>	<u>JCS</u>	<u>UJS Operations</u>	<u>Total</u>
Act 59/122	\$2.00	N/A	\$8.00	N/A	\$10.00
Act 49 ⁽²⁾	\$2.00	\$2.25	N/A	\$21.25	\$25.50
Total	<u>\$4.00</u>	<u>\$2.25</u>	<u>\$8.00</u>	<u>\$21.25</u>	<u>\$35.50</u>

(1) As of August 8, 2014.

(2) Includes the additional \$10 surcharge enacted in the Fiscal Code by Act 126-2014 effective July 10, 2014 to supplement the Act 49 surcharge to fund UJS operations.

Access to Justice (ATJ) Account

Act 122 of 2002 amended Act 59 of 1990 to create a uniform \$10.00 filing fee, and earmarked a portion of the fee 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, \$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 surcharge implemented by Act 49 of 2009, as amended, includes a permanent \$2.00 surcharge to supplement Access to Justice funding which is deposited into the Access to Justice Account. [Note: the temporary portion of the surcharge imposed by Act 49 is \$21.25.] Act 49 also created a non-Judiciary related permanent \$2.25 surcharge 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 9 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM *(continued)*

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 2015-2016 and 2014-2015, the ATJ account received \$600,000, per year.

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 distribution to IOLTA in the subsequent month, except for Act 70 funds, which are deposited and distributed once annually.

Statutory authorization for the ATJ Account expires effective November 1, 2017. If not extended prior to that date, revenues from the \$2.00 earmark of the Act 122 fee and \$2.00 of the Act 49 surcharge beginning November 1 would be deposited into the Commonwealth's General Fund and become available for other purposes.

Deposits into the ATJ account during fiscal year 2015-2016 totaled \$11,307,628, consisting of \$10,704,449 of Act 122 and Act 49 surcharge funds, related interest of \$3,179, and \$600,000 of Act 70 funds. The AOPC paid \$10,555,993 to IOLTA during fiscal year 2015-2016, including the one-time payment of \$600,000 under Act 70. These amounts are reflected in the accompanying financial statements. The remaining funds totaling \$751,635 were paid to IOLTA in July 2016 and are reflected as amounts payable or subject to lapse in the accompanying financial statements.

Deposits into the ATJ account during fiscal year 2014-2015 totaled \$11,182,678, consisting of \$10,580,988 of Act 122 and Act 49 surcharge funds, related interest of \$1,690, and \$600,000 of Act 70 funds. The AOPC paid \$10,245,140 to IOLTA during fiscal year 2014-2015, including the one-time payment of \$600,000 under Act 70. These amounts are reflected in the accompanying financial statements. The remaining funds totaling \$937,538 were paid to IOLTA in July 2015 and are reflected as amounts payable or subject to lapse in the accompanying financial statements.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 9 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM *(continued)*

Statewide Judicial Computer System (JCS)

JCS is funded primarily from restricted revenues established by law (Act 64 of 1987, 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.

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 2015-2016 from both Act 64 and Act 122 totaled \$56,058,164, and provide the funding for JCS in fiscal year 2016-2017. Only the \$50,348,000 drawn against the \$57,048,000 2015-2016 JCS appropriation is included in the augmentations and fees line of these financial statements. The amounts shown each year on that line in the

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 9 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM *(continued)*

financial statements for JCS consist of restricted revenues drawn from the JCS account and augmentations (e.g., public access fees, online convenience fees) that supplement the appropriation.

Deposits into the JCS Augmentation Account during fiscal year 2014-2015 from both Act 64 and Act 122 totaled \$50,347,867, and provided the funding for JCS in fiscal year 2015-2016. Only the \$52,063,000 drawn against the \$57,048,000 2014-2015 JCS appropriation is included in these financial statements.

NOTE 10 INTEGRATED CRIMINAL JUSTICE SYSTEM (JNET)

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

NOTE 11 COUNTY COURT REIMBURSEMENTS

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

A summary of the County Court reimbursement appropriations net of any transfers follows:

	Year Ended June 30	
	2016	2015
County Court Cost Reimbursement	\$35,136,000	\$34,407,000
Court Interpreter Services Grant	1,500,000	-
Senior Judge Support Reimbursement	1,375,000	1,375,000
Juror Cost Reimbursement – net of transfer	772,000	895,000
Total appropriations – net of transfer	<u>\$38,783,000</u>	<u>\$36,677,000</u>

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

County Court Cost Reimbursement

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

Although the statutory (72 P.S. Section 1791-E) reimbursement rate per authorized judge is \$70,000 (with a higher rate paid to Philadelphia), Act 37 of 2007 (42 Pa.C.S.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. Due to underfunding, the grant was paid at a reimbursement rate of \$68,686 per authorized judge for fiscal year 2014-2015. The total payments made to the counties during each of the fiscal years ended June 30, 2016 and 2015 were \$35,135,327 and \$34,407,000, respectively.

Court Interpreter Services Grant

The Pennsylvania Interpreter Act (Act 172 of 2006, 42 Pa.C.S.A. Section 4404, et seq.), and its related Unified Judicial System regulations require that interpreters be provided for deaf and limited English proficient court users. The grant's purpose is to defray some of the expense incurred by the Judiciary in complying with the language access requirements of Title VI of the federal Civil Rights Act and the Pennsylvania Interpreter Act and regulations. Initial funding for the grant was provided by Act 10-A of 2015, the Commonwealth's general appropriation act for FY 2015-2016. The total payments made to the counties for the fiscal year ended June 30, 2016 were \$1,500,000. Counties were reimbursed costs for eligible interpretation services they paid in the prior calendar year (2015); no county was paid more than 30% of the total appropriation, and all grants paid were proportionately reduced to not exceed the appropriated funding.

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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

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 2015-2016 and 2014-2015, one county's grant was reduced in compliance with the 20% cap. Additionally in fiscal year 2015-2016, the grant payments to each county were proportionately reduced by approximately 31% to bring the total amounts reimbursed to all counties within the total amount appropriated. In fiscal year 2014-2015, 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, 2016 and 2015 were \$1,375,000. 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, 2016 and 2015 were \$762,868 and \$854,796, respectively.

NOTE 12 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

NOTE 12 **FEDERAL COURT IMPROVEMENT PROJECT** *(continued)*

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

<u>Grant term</u>	<u>Federal funds</u>	<u>State match</u>
October 1, 2012 through September 30, 2014	\$ 869,583	\$ 289,861
October 1, 2013 through September 30, 2015	\$ 842,713	\$ 280,904
October 1, 2014 through September 30, 2016	\$ 835,419	\$ 278,473
October 1, 2015 through September 30, 2017	\$ 837,542	\$ 279,181

For fiscal year 2015-2016, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these funds supplemented by \$2,183 in augmentations, and \$734,322 was spent as of June 30, 2016. For fiscal year 2014-2015, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these funds supplemented by \$20,518 in augmentations, and \$938,532 was spent as of June 30, 2015.

NOTE 13 **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 extended over the term of September 1, 2012 through August 31, 2015 and funded up to 75% of total cost of the project; the grant required a 25% state match, a portion of which was in cash and the remainder was in-kind. The grant funded a contract with the National Center of State Courts (NCSC) to conduct a process evaluation of Veterans Courts, since no standards or certification requirements existed. The project was completed by the end of fiscal year 2014-2015, and the full amount of the grant was disbursed by August 2015.

NOTE 14 **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, assisted by the NCSC, is developing necessary information to ensure that the Judiciary has adequate resources for managing and resolving court business effectively. Although, the original NCSC contract has been completed, further analysis is anticipated to address findings of the study. The SJI grant was used to help fund the \$118,314 NCSC contract. The

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 14 FEDERAL STATE JUSTICE INSTITUTE WEIGHTED CASE LOAD PROJECT GRANT *(continued)*

grant was scheduled to expire on September 17, 2014, but was extended to September 30, 2015. Most recently, after the close of the fiscal year, SJI extended the grant to December 31, 2016. The total disbursements made under this grant during the fiscal year ended 2015-2016 and 2014-2015 were \$0 and \$63,890, respectively.

NOTE 15 FEDERAL STOP VIOLENCE AGAINST WOMEN GRANT

During the second half of fiscal year 2015-2016, the PCCD awarded a \$274,298 calendar year 2016 subgrant of U.S. Department of Justice “STOP Violence Against Women” funds to the AOPC to provide training and technical assistance to Pennsylvania’s major and minor judiciary on topics relating to crimes of violence against women and translate court related forms into additional languages. The grant funds for training and technical assistance are paid to two sub-recipients: the Pennsylvania Coalition Against Rape and the Pennsylvania Coalition Against Domestic Violence. The AOPC committed \$60,000 from the grant to hire a consultant to translate various court documents into 11 languages. The grant funds made available during fiscal 2015-2016 carry an expiration date of December 31, 2016. The total disbursements for fiscal year 2015-2016 were \$31,610. The remaining grant funds will be available for use in fiscal year 2016-2017 until the grant’s expiration date.

During the second half of fiscal year 2014-2015, the Pennsylvania Commission on Crime and Delinquency (PCCD) awarded a \$221,577 calendar year 2015 subgrant of U.S. Department of Justice “STOP Violence Against Women” funds to the AOPC to provide training and technical assistance to Pennsylvania’s major and minor judiciary on topics relating to crimes of violence against women. The grant funds for training and technical assistance were paid to two sub-recipients: the Pennsylvania Coalition Against Rape and the Pennsylvania Coalition Against Domestic Violence. Although the calendar 2015 grant funds carried an expiration date of December 31, 2015, the unspent portion of the grant was extended through December 31, 2016. The total disbursements for fiscal years ended 2015-2016 and 2014-2015 were \$76,408 and \$17,098, respectively.

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Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 16 COUNTY COURT EMPLOYEES TRANSFERRED TO STATE SERVICE

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

A summary of this financial activity follows:

	Year Ended June 30	
	2016	2015
Beginning fair value	\$ 1,948,846	\$ 2,151,709
Interest earned on Treasury investment of funds	5,956	3,846
Payouts to transferred County Court Staff	<u>(358,878)</u>	<u>(206,709)</u>
Ending fair value	<u>\$ 1,595,924</u>	<u>\$ 1,948,846</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 0.35% and 0.19% in fiscal years ended June 30, 2016 and 2015, 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.

NOTE 17 PENSION

The UJS contributes to the Commonwealth of Pennsylvania State Employees' Retirement System ("SERS"), which the Commonwealth established in 1923 under the provisions of Public Law 858, No. 331. SERS is the administrator of a cost-sharing multiple-employer defined benefit retirement plan to provide pension benefits for employees of state government and certain independent agencies. SERS is a component unit of the Commonwealth and is included in the

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 17 PENSION *(continued)*

Commonwealth's comprehensive annual financial report (CAFR) as a pension trust fund. In addition, as a pension trust fund, SERS issues a CAFR that includes financial statements and required supplementary information. The SERS CAFR is available on-line at www.sers.state.pa.gov. Written requests for the SERS CAFR should be directed to the following address: State Employees' Retirement System, 30 North Third Street, Suite 150, Harrisburg, Pennsylvania 17101-1716.

The total pension expenses for the UJS for the fiscal years 2015-2016 and 2014-2015 were \$56,892,385 and \$46,107,711, respectively.

The SERS pension rates by class applicable to the UJS for the fiscal years 2015-2016 and 2014-2015 were as follows:

<u>Pension Rates</u>	<u>FY 2015-2016</u>	<u>FY 2014-2015</u>
<i>Employer Rates:</i>		
Staff - Class A	19.89%	15.94%
Staff - Class AA	24.86%	19.92%
Staff - Class A3/A4	17.18%	13.77%
Judges - Class E	31.51%	25.24%
Judges - Class A	19.89%	15.94%
<i>Employee Rates:</i>		
Staff - Class A	5.00%	5.00%
Staff - Class AA	6.25%	6.25%
Staff - Class A3/A4	6.25%/9.30%	6.25%/9.30%
Judges - Class E1*	10.00%/7.50%	10.00%/7.50%
Judges - Class E2	7.50%	7.50%
Judges - Class A	5.00%	5.00%

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

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Notes to Financial Statements
Years Ended June 30, 2016 and 2015

NOTE 18 OTHER POST EMPLOYMENT BENEFITS

Other post-employment benefits (OPEB) include medical, dental, vision, life, long-term disability and long-term care insurance provided to retirees, their spouses and survivors. The UJS funds OPEB on a pay-as-you basis. The total OPEB expenses for the fiscal years 2015-2016 and 2014-2015 were \$20,989,189 and \$23,922,605, respectively.

SUPPLEMENTARY SCHEDULES

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

	Year Ended June 30	
	2016	2015
Maintenance services and supplies – furniture and equipment ⁽¹⁾	\$ 4,515,839	\$ 2,032,173
Telecommunications – UJSNet ⁽²⁾	4,225,446	4,418,681
EDP software licenses and maintenance ⁽³⁾	3,559,758	1,938,205
Travel, lodging and meals ⁽⁴⁾	2,263,288	2,333,254
Reference material and subscriptions	1,608,973	1,515,636
Bank fees	1,527,894	1,307,347
Maintenance services and supplies – building	795,329	818,836
Professional services	750,958	966,179
Other services	636,562	636,263
Supplies	555,208	551,581
Training expenses	504,458	551,643
Attorney fees	490,599	299,513
Telecommunications	416,155	452,917
Postage/freight	310,944	354,083
Utilities	281,787	300,254
Miscellaneous expenses	181,225	221,005
Insurance, surety and fidelity bond	160,941	150,187
Printing	128,127	147,809
Contract personnel ⁽⁵⁾	111,126	1,708,242
Membership dues	102,852	107,636
Relocation expenses	66,485	57,768
Vehicle supplies and repairs	35,545	46,054
Advertising	13,775	10,790
	<u>\$ 23,243,274</u>	<u>\$ 20,926,056</u>

- (1) 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.
- (2) 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).
- (3) 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.
- (4) Appropriations with major expenditures include the Common Pleas Education, Judicial Computer System, Magisterial District Judge Education, and Court Administrator.
- (5) Significant decrease due to Contract Personnel expenditures being funded by prior year appropriations.

