

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations and
Supplementary Schedules
Years Ended June 30, 2017 and 2016
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, 2017 and 2016

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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, 2017 and 2016, 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.

1818 Market Street
Philadelphia, PA 19103
T +1 215 561 7300
F +1 215 569 8709
mitchelltitus.com



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, 2017 and 2016, 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 27, 2017

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations
Years Ended June 30, 2017 and 2016

	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)	\$ 17,268,000	\$ 1,595,000	\$ -	\$ 141,000	\$ 350,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	447,912	6,298	2,476,929	-	-
Total appropriations and augmentations	<u>17,715,912</u>	<u>1,601,298</u>	<u>2,476,929</u>	<u>141,000</u>	<u>350,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	2,437,580	-	-	-	-
Staff personnel	13,811,153	1,267,957	1,316,279	46,406	321,736
Total salaries and benefits	<u>16,248,733</u>	<u>1,267,957</u>	<u>1,316,279</u>	<u>46,406</u>	<u>321,736</u>
Other					
Rental of equipment and office space	1,032,343	6,690	4,652	4,855	25,788
Capital expenses	288,177	920	9,227	-	-
Services, supplies, and other expenses	1,542,940	176,518	781,727	40	18,179
Expenses of Justices/Judges of appellate courts (Note 5)	87,610	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>2,951,070</u>	<u>184,128</u>	<u>795,606</u>	<u>4,895</u>	<u>43,967</u>
Total disbursements	<u>19,199,803</u>	<u>1,452,085</u>	<u>2,111,885</u>	<u>51,301</u>	<u>365,703</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	362,719	149,213	19,774	697	8,297
Amounts payable or subject to potential lapse (Note 6)	7,390	-	345,270	2	-
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>19,569,912</u>	<u>1,601,298</u>	<u>2,476,929</u>	<u>52,000</u>	<u>374,000</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)	(1,854,000)	-	-	89,000	(24,000)
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	1,765,000	-	-	-	24,000
Court-authorized transfers in of appropriated funds	112,000	-	-	-	-
Court-authorized transfers out of appropriated funds	(23,000)	-	-	(89,000)	-
Total other funding sources (uses)	<u>1,854,000</u>	<u>-</u>	<u>-</u>	<u>(89,000)</u>	<u>24,000</u>
Total appropriations, augmentations, and other funding sources (uses)	\$ 19,569,912	\$ 1,601,298	\$ 2,476,929	\$ 52,000	\$ 374,000
Total prior year	\$ 18,067,423	\$ 1,441,754	\$ 2,408,365	\$ 71,000	\$ 350,000
% change	8.32%	11.07%	2.85%	-26.76%	6.86%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations (continued)
Years Ended June 30, 2017 and 2016

	Superior Court (Note 5)	Commonwealth Court (Note 5)	Court Administrator	Office of Elder Justice	Judicial Center Operations
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 32,560,000	\$ 21,324,000	\$ 11,577,000	\$ 496,000	\$ 814,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	340,130	241,204	107,996	-	398,394
Total appropriations and augmentations	32,900,130	21,565,204	11,684,996	496,000	1,212,394
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	4,891,321	3,068,807	-	-	-
Staff personnel	25,068,424	14,031,690	11,558,980	234,343	916,410
Total salaries and benefits	29,959,745	17,100,497	11,558,980	234,343	916,410
Other					
Rental of equipment and office space	2,676,186	862,762	546,413	78	5,834
Capital expenses	432,649	542,796	26,582	1,613	19,578
Services, supplies, and other expenses	1,686,991	1,196,825	1,287,565	31,790	431,550
Expenses of Justices/Judges of appellate courts (Note 5)	88,948	87,000	-	-	-
Grant payments	-	-	-	-	-
Total other	4,884,774	2,689,383	1,860,560	33,481	456,962
Total disbursements	34,844,519	19,789,880	13,419,540	267,824	1,373,372
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	1,130,660	1,761,638	291,818	176,176	87,595
Amounts payable or subject to potential lapse (Note 6)	4,951	13,686	75,638	-	131,427
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	35,980,130	21,565,204	13,786,996	444,000	1,592,394
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)	(3,080,000)	-	(2,102,000)	52,000	(380,000)
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	3,080,000	-	2,050,000	-	380,000
Court-authorized transfers in of appropriated funds	90,000	45,000	52,000	-	-
Court-authorized transfers out of appropriated funds	(90,000)	(45,000)	-	(52,000)	-
Total other funding sources (uses)	3,080,000	-	2,102,000	(52,000)	380,000
Total appropriations, augmentations, and other funding sources (uses)	\$ 35,980,130	\$ 21,565,204	\$ 13,786,996	\$ 444,000	\$ 1,592,394
Total prior year	\$ 34,336,057	\$ 19,065,482	\$ 13,848,982	\$ -	\$ 1,530,124
% change	4.79%	13.11%	-0.45%	100.00%	4.07%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations (continued)
Years Ended June 30, 2017 and 2016

	District Court Administrators	Court Management Education	UJS Security	Access to Justice (Note 9)	Statewide Judicial Computer System (Note 9)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 19,657,000	\$ 73,000	\$ 2,002,000	\$ -	\$ -
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	135,231	-	-	12,596,784	51,740,787
Total appropriations and augmentations	19,792,231	73,000	2,002,000	12,596,784	51,740,787
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	24,250,279	-	440,963	-	29,819,201
Total salaries and benefits	24,250,279	-	440,963	-	29,819,201
Other					
Rental of equipment and office space	-	-	630	-	1,917,231
Capital expenses	-	-	-	-	744,195
Services, supplies, and other expenses	27,532	45,894	209,720	-	14,764,188
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	13,756	11,453,033	-
Total other	27,532	45,894	224,106	11,453,033	17,425,614
Total disbursements	24,277,811	45,894	665,069	11,453,033	47,244,815
Amounts lapsed (Note 6)					
Amounts encumbered (Note 7)	389,360	1,106	6,931	-	4,400,475
Amounts payable or subject to potential lapse (Note 6)	9,060	-	1,330,000	1,143,751	95,497
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	24,676,231	47,000	2,002,000	12,596,784	51,740,787
Excess (deficiency) of appropriations and augmentations over (under) total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse (Note 8)					
	(4,884,000)	26,000	-	-	-
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	4,858,000	-	-	-	-
Court-authorized transfers in of appropriated funds	26,000	-	-	-	-
Court-authorized transfers out of appropriated funds	-	(26,000)	-	-	-
Total other funding sources (uses)	4,884,000	(26,000)	-	-	-
Total appropriations, augmentations, and other funding sources (uses)	\$ 24,676,231	\$ 47,000	\$ 2,002,000	\$ 12,596,784	\$ 51,740,787
Total prior year	\$ 24,834,556	\$ 8,000	\$ 2,002,000	\$ 11,307,628	\$ 53,263,579
% change	-0.64%	487.50%	0.00%	11.40%	-2.86%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations (*continued*)

Years Ended June 30, 2017 and 2016

	Integrated Criminal Justice System (Note 10)	Courts of Common Pleas	Common Pleas Senior Judges	Common Pleas Education	Ethics Committee
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 2,372,000	\$ 117,739,000	\$ 4,004,000	\$ 1,247,000	\$ 62,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	-	529,877	-	1,160	-
Total appropriations and augmentations	<u>2,372,000</u>	<u>118,268,877</u>	<u>4,004,000</u>	<u>1,248,160</u>	<u>62,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	128,817,981	5,549,197	-	-
Staff personnel	563,686	-	-	410,302	-
Total salaries and benefits	<u>563,686</u>	<u>128,817,981</u>	<u>5,549,197</u>	<u>410,302</u>	<u>-</u>
Other					
Rental of equipment and office space	-	-	-	447	-
Capital expenses	-	-	-	10,162	-
Services, supplies, and other expenses	1,456,783	86,423	124,227	728,196	44,768
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>1,456,783</u>	<u>86,423</u>	<u>124,227</u>	<u>738,805</u>	<u>44,768</u>
Total disbursements	<u>2,020,469</u>	<u>128,904,404</u>	<u>5,673,424</u>	<u>1,149,107</u>	<u>44,768</u>
Amounts lapsed (Note 6)	-	-	-	-	-
Amounts encumbered (Note 7)	350,858	-	-	97,924	17,232
Amounts payable or subject to potential lapse (Note 6)	673	46,473	407,576	1,129	-
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>2,372,000</u>	<u>128,950,877</u>	<u>6,081,000</u>	<u>1,248,160</u>	<u>62,000</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)	-	(10,682,000)	(2,077,000)	-	-
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	-	10,029,000	2,077,000	-	-
Court-authorized transfers in of appropriated funds	-	653,000	-	-	-
Court-authorized transfers out of appropriated funds	-	-	-	-	-
Total other funding sources (uses)	<u>-</u>	<u>10,682,000</u>	<u>2,077,000</u>	<u>-</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 2,372,000</u>	<u>\$ 128,950,877</u>	<u>\$ 6,081,000</u>	<u>\$ 1,248,160</u>	<u>\$ 62,000</u>
Total prior year	<u>\$ 2,372,000</u>	<u>\$ 122,621,717</u>	<u>\$ 6,204,000</u>	<u>\$ 1,247,408</u>	<u>\$ 62,000</u>
% change	<u>0.00%</u>	<u>5.16%</u>	<u>-1.98%</u>	<u>0.06%</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, 2017 and 2016

	Problem Solving Courts	Magisterial District Judges	Magisterial District Judge Education	Philadelphia Municipal Court	County Court Reimbursements (Note 11)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 1,103,000	\$ 82,802,000	\$ 744,000	\$ 7,794,000	\$ 27,129,000
Federal appropriation of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	-	681,806	31,574	44,790	-
Total appropriations and augmentations	<u>1,103,000</u>	<u>83,483,806</u>	<u>775,574</u>	<u>7,838,790</u>	<u>27,129,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	86,473,756	-	7,433,957	-
Staff personnel	-	-	314,818	1,526,590	-
Total salaries and benefits	<u>-</u>	<u>86,473,756</u>	<u>314,818</u>	<u>8,960,547</u>	<u>-</u>
Other					
Rental of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Services, supplies, and other expenses	68,879	193,181	541,550	16,865	-
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	24,226	133,200	-	-	26,804,709
Total other	<u>93,105</u>	<u>326,381</u>	<u>541,550</u>	<u>16,865</u>	<u>26,804,709</u>
Total disbursements	<u>93,105</u>	<u>86,800,137</u>	<u>856,368</u>	<u>8,977,412</u>	<u>26,804,709</u>
Amounts lapsed (Note 6)					
Amounts encumbered (Note 7)	666,895	5,000	32,522	61,378	-
Amounts payable or subject to potential lapse (Note 6)	-	178,669	11,684	-	14,291
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>760,000</u>	<u>86,983,806</u>	<u>900,574</u>	<u>9,038,790</u>	<u>26,819,000</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)	343,000	(3,500,000)	(125,000)	(1,200,000)	310,000
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	-	3,500,000	125,000	1,200,000	-
Court-authorized transfers in of appropriated funds	-	-	-	-	-
Court-authorized transfers out of appropriated funds	(343,000)	-	-	-	(310,000)
Total other funding sources (uses)	<u>(343,000)</u>	<u>3,500,000</u>	<u>125,000</u>	<u>1,200,000</u>	<u>(310,000)</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 760,000</u>	<u>\$ 86,983,806</u>	<u>\$ 900,574</u>	<u>\$ 9,038,790</u>	<u>\$ 26,819,000</u>
Total prior year	<u>\$ 103,000</u>	<u>\$ 87,082,410</u>	<u>\$ 938,531</u>	<u>\$ 9,179,027</u>	<u>\$ 38,783,000</u>
% change	<u>637.86%</u>	<u>-0.11%</u>	<u>-4.04%</u>	<u>-1.53%</u>	<u>-30.85%</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, 2017 and 2016

	Federal Court Improvement Project (Note 12)	Federal State Justice Institute Weighted Case Load Project Grant (Note 13)	Federal Smart Defense Initiative	Adult Drug Court Grant (Note 15)	Federal STOP Violence Against Women Grant (Note 14)
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ -	\$ -	\$ -	\$ -	\$ -
Federal appropriation of the Commonwealth of Pennsylvania	1,130,000	17,000	320,000	300,000	370,000
Augmentations and fees (Note 3)	16,875	-	-	-	-
Total appropriations and augmentations	<u>1,146,875</u>	<u>17,000</u>	<u>320,000</u>	<u>300,000</u>	<u>370,000</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	-	-	-
Staff personnel	790,541	-	-	-	12,219
Total salaries and benefits	<u>790,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,219</u>
Other					
Rental of equipment and office space	789	-	-	-	-
Capital expenses	21,588	-	-	-	-
Services, supplies, and other expenses	44,634	-	-	-	47,485
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	-	-	-
Grant payments	-	-	-	-	251,094
Total other	<u>67,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,579</u>
Total disbursements	<u>857,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,798</u>
Amounts lapsed (Note 6)	-	-	320,000	-	-
Amounts encumbered (Note 7)	14,384	-	-	15,000	-
Amounts payable or subject to potential lapse (Note 6)	274,939	17,000	-	285,000	59,202
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>1,146,875</u>	<u>17,000</u>	<u>320,000</u>	<u>300,000</u>	<u>370,000</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)					
	-	-	-	-	-
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>\$ 1,146,875</u>	<u>\$ 17,000</u>	<u>\$ 320,000</u>	<u>\$ 300,000</u>	<u>\$ 370,000</u>
Total prior year	<u>\$ 1,132,183</u>	<u>\$ 17,000</u>	<u>\$ 320,000</u>	<u>\$ -</u>	<u>\$ 266,000</u>
% change	<u>1.30%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>100.00%</u>	<u>39.10%</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, 2017 and 2016

	Judicial Conduct Board	Court of Judicial Discipline	2017 Total	2016 Total	% Change
Appropriations and augmentations					
State appropriation of the Commonwealth of Pennsylvania (Note 2)	\$ 2,182,000	\$ 468,000	\$ 355,503,000	\$ 342,432,000	3.82%
Federal appropriation of the Commonwealth of Pennsylvania	-	-	2,137,000	1,733,000	23.31%
Augmentations and fees (Note 3)	5,039	1,260	69,804,046	69,449,980	0.51%
Total appropriations and augmentations	<u>2,187,039</u>	<u>469,260</u>	<u>427,444,046</u>	<u>413,614,980</u>	<u>3.34%</u>
Disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse					
Salaries and benefits (Note 4)					
Justices/Judges	-	-	238,672,599	231,367,531	3.16%
Staff personnel	1,783,167	396,444	128,881,588	127,466,375	1.11%
Total salaries and benefits	<u>1,783,167</u>	<u>396,444</u>	<u>367,554,187</u>	<u>358,833,906</u>	<u>2.43%</u>
Other					
Rental of equipment and office space	141	-	7,084,839	7,096,608	-0.17%
Capital expenses	137	-	2,097,624	4,183,782	-49.86%
Services, supplies, and other expenses	90,324	28,793	25,673,567	23,243,274	10.46%
Expenses of Justices/Judges of appellate courts (Note 5)	-	-	263,558	259,278	1.65%
Grant payments	-	-	38,680,018	49,572,206	-21.97%
Total other	<u>90,602</u>	<u>28,793</u>	<u>73,799,606</u>	<u>84,355,148</u>	<u>-12.51%</u>
Total disbursements	<u>1,873,769</u>	<u>425,237</u>	<u>441,353,793</u>	<u>443,189,054</u>	<u>-0.41%</u>
Amounts lapsed (Note 6)	-	-	320,000	320,673	-0.21%
Amounts encumbered (Note 7)	310,881	42,700	10,401,233	7,494,082	38.79%
Amounts payable or subject to potential lapse (Note 6)	<u>2,389</u>	<u>1,323</u>	<u>4,457,020</u>	<u>4,287,171</u>	<u>3.96%</u>
Total disbursements, amounts lapsed, amounts encumbered, and amounts payable or subject to potential lapse	<u>2,187,039</u>	<u>469,260</u>	<u>456,532,046</u>	<u>455,290,980</u>	<u>0.27%</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)	-	-	(29,088,000)	(41,676,000)	-30.20%
Other funding sources (uses) (Note 8)					
Court-authorized use of Act 49 funds	-	-	29,088,000	41,676,000	-30.20%
Court-authorized transfers in of appropriated funds	-	-	978,000	764,000	28.01%
Court-authorized transfers out of appropriated funds	-	-	(978,000)	(764,000)	28.01%
Total other funding sources (uses)	<u>-</u>	<u>-</u>	<u>29,088,000</u>	<u>41,676,000</u>	<u>-30.20%</u>
Total appropriations, augmentations, and other funding sources (uses)	<u>\$ 2,187,039</u>	<u>\$ 469,260</u>	<u>\$ 456,532,046</u>	<u>\$ 455,290,980</u>	<u>0.27%</u>
Total prior year	<u>\$ 1,959,003</u>	<u>\$ 468,751</u>			
% change	<u>11.64%</u>	<u>0.11%</u>			

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016

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, 2017 and 2016, the Judiciary received health plan credits of \$2,527,468 and \$1,383,530, 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

Judges and staff in active service 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, 2017 and June 30, 2016, total health care contributions

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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

Health Care Contributions *(continued)*

were \$2,600,441 and \$2,523,236, 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, lapses 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, 2017, the \$320,000 appropriation provided in anticipation of receiving the Federal Smart Defense Initiative grant was lapsed because the grant was not awarded.

Unspent funds of the State Board of Law Examiners are not subject to lapse, but are rolled forward into the next fiscal year. Additionally, \$1,336,931 of fiscal year 2016-2017 funds are associated with the UJS Security appropriation whose spending authorization extends beyond June 30, 2017. 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, 2017 and 2016

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 Supreme Court transfers during the year among the various Judiciary appropriations; and transfers from the JCS Augmentation Account to avoid deficits. It also authorizes transfers from these appropriations to the JCS Augmentation Account during June.

The General Assembly in 2009 also established an additional funding source consisting of restricted revenues generated through fee surcharges to supplement state funding to support general Judiciary operations (see also Note 9). Imposed originally by Act 49 (2009) on the same base as the \$10 Act 122 fee excluding summary traffic citations, the surcharge has been amended by subsequent acts to total \$21.25 with an expiration date of December 31, 2017. The Acts appropriate these funds to the Supreme Court, and these financial statements reflect the funds drawn as court-authorized use of Act 49 funds to supplement the General Appropriation Act.

The Judiciary uses internal transfers among appropriations where possible, supplemented by Act 49 funds to meet funding requirements. Although authorized, funds have not been drawn from the JCS Augmentation Account to supplement state appropriations since FY 2010-11. 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, 2017 and 2016

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	
	2017	2016
<i>Court-authorized use of Act 49 funds during the year</i>		
Supreme Court	\$ 1,765,000	\$ 3,275,000
Interbranch Commission	24,000	-
Superior Court	3,080,000	4,150,000
Commonwealth Court	-	550,000
Court Administrator	2,050,000	2,794,000
Judicial Center Operations	380,000	230,000
District Court Administrators	4,858,000	5,555,000
Courts of Common Pleas	10,029,000	13,910,000
Common Pleas Senior Judges	2,077,000	2,200,000
Magisterial District Judges	3,500,000	6,982,000
Magisterial District Judge Education	125,000	200,000
Philadelphia Municipal Court	1,200,000	1,830,000
Total	\$ 29,088,000	\$ 41,676,000

After the close of that fiscal year, it became apparent that more funds were drawn than needed to supplement fiscal year 2015-2016 funding, and a total of \$983,826 was returned to the Act 49 account.

The need for Act 49 funding declined in FY 2016-17 in comparison with the prior year due to a 3.8% increase in state funding, the legislative re-direction of \$12 million from the County Court Reimbursement Grant to other appropriations, and significant savings in health insurance costs (primarily for prescription drugs) from amounts budgeted.

During fiscal year 2016-2017, revenue of \$52,173,649 was generated and \$29,088,000 was used during the fiscal year to supplement UJS funding. During fiscal year 2015-2016, revenue of \$42,931,956 was generated and \$41,676,000 was used during the fiscal year to supplement UJS funding.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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	
	2017	2016
<i>Court-authorized transfers in of appropriated funds</i>		
Supreme Court ⁽¹⁾	\$ 112,000	\$ 237,000
Superior Court ⁽¹⁾	90,000	68,000
Commonwealth Court ⁽¹⁾	45,000	48,000
Courts of Common Pleas	653,000	346,000
District Court Administrators	26,000	65,000
Court Administrators	52,000	-
Total	978,000	764,000
<i>Court-authorized transfers out of appropriated funds</i>		
Supreme Court Justices' Expenses ⁽¹⁾	\$ 23,000	34,000
Rules Committees	-	133,000
Judicial Council	89,000	70,000
Superior Court Judges' Expenses ⁽¹⁾	90,000	68,000
Commonwealth Court Judges' Expenses ⁽¹⁾	45,000	48,000
Court Management Education	26,000	65,000
County Court Reimbursements (Note 11) ⁽²⁾	310,000	346,000
Office of Elder Justice	52,000	-
Problem-Solving Courts	343,000	-
Total	978,000	764,000
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 2016-2017 and in fiscal year 2015-2016.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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

(1) Includes the additional \$10 surcharge enacted in the Fiscal Code by Act 126-2014 to supplement the Act 49 \$11.25 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 that supplements state funding for UJS operations 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 (CJEA) 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, 2017 and 2016

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

Access to Justice (ATJ) Account *(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 through fiscal year 2016-2017, with ATJ receiving 5% of the total annual allocation. During fiscal years 2016-2017 and 2015-2016, the ATJ account received \$337,000 and \$600,000 respectively.

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 would be deposited beginning November 1 into the Commonwealth's General Fund and become available for other purposes.

Deposits into the ATJ account during fiscal year 2016-2017 totaled \$12,596,784, consisting of \$12,252,716 of Act 122 and Act 49 surcharge funds, related interest of \$7,068, and \$337,000 of Act 70 funds. The AOPC paid \$11,453,033 to IOLTA during fiscal year 2016-2017, including the one-time payment of \$337,000 under Act 70. These amounts are reflected in the accompanying financial statements. The remaining funds totaling \$1,143,751 were paid to IOLTA in July 2017 and are reflected as amounts payable or subject to lapse in the accompanying financial statements.

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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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) which are deposited into, and appropriated from, the JCS Augmentation Act.

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

Act 122 of 2002 amended Act 59 to increase the Act 59 filing fees of \$1.50 at the minor judiciary level and \$5.00 at the common pleas and appellate court level 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.

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

Deposits into the JCS Augmentation Account during fiscal year 2016-2017 from both Act 64 and Act 122 totaled \$40,895,947, and provide the funding for JCS in fiscal year 2017-2018. Deposits into the JCS Augmentation Account during fiscal year 2015-2016 from both Act 64 and Act 122 totaled \$56,058,164, and provided the funding for JCS in fiscal year 2016-2017. Only the \$48,000,000 drawn against the \$57,048,000 2016-2017 JCS appropriation is included in the augmentations and fees line of these financial statements. The amounts shown each year on that line in the 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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

Statewide Judicial Computer System (JCS) *(continued)*

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 \$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.

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, and limited grants for specified purposes. The reimbursements are for costs incurred by counties in the administration and operation of the local courts, court interpreter services, senior judge support costs and juror costs.

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

	Year Ended June 30	
	2017	2016
County Court Cost Reimbursement	\$23,136,000	\$35,136,000
Court Interpreter County Grant	1,500,000	1,500,000
Senior Judge Support Reimbursement	1,375,000	1,375,000
Juror Cost Reimbursement – net of transfer	808,000	772,000
Total appropriations – net of transfer	<u>\$26,819,000</u>	<u>\$38,783,000</u>

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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 \$46,094 per authorized judge for fiscal year 2016-2017. The total payments made to the counties during each of the fiscal years ended June 30, 2017 and 2016 were \$23,136,000 and \$35,135,327, respectively.

Court Interpreter County 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, with most of these costs being born by the counties. The grant's purpose is to defray the expense incurred by the counties in complying with the language access requirements of Title VI of the federal Civil Rights Act and the Pennsylvania Interpreter Act and regulations. Initial funding for the grant was provided by Act 10-A of 2015, the Commonwealth's general appropriation act for FY 2015-2016.

Counties were reimbursed costs for eligible interpretation services they paid in the prior calendar year (2016); no county was paid more than 30% of the total appropriation, and all grants paid were proportionately reduced to not exceed the appropriated funding. The total requested reimbursements by the counties for each of the fiscal years ended June 30, 2017 and 2016 were \$3,681,540 and \$3,195,146, respectively. The total payments made to the counties for the fiscal years ended June 30, 2017 and 2016 were \$1,500,000 each year.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

Senior Judge Support Cost Reimbursement

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

Each county's grant is based on actual support provided by the county. Reimbursement is paid at statutory rates in accordance with Act 37 of 2007 (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 2016-2017 and 2015-2016, the counties requested reimbursements of \$2,075,206 and \$2,147,602, respectively. In fiscal year 2016-17 two counties' grants were reduced in compliance with the 20% cap and in fiscal year 2015-16 one county's grant was reduced. Additionally in fiscal year 2016-2017, the grant payments to each county were proportionately reduced by approximately 30% to bring the total amounts reimbursed to all counties within the total amount appropriated. 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. The total payments made to the counties for each of the fiscal years ended June 30, 2017 and 2016 were \$1,375,000. The statutory authority for the grant expired 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, 2017 and 2016 were \$793,709 and \$762,868, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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.

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, 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
October 1, 2016 through September 30, 2018	\$ 834,339	\$ 278,113

For fiscal year 2016-2017, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these funds supplemented by \$16,875 in augmentations, and \$857,552 was spent as of June 30, 2017. 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.

NOTE 13 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 to support a judicial needs assessment of the Courts of Common Pleas. The assessment project, assisted by the NCSC, developed necessary information to determine the appropriate statewide common pleas resource requirement. The SJI grant was used to help fund the \$150,535 NCSC contract. Although the grant was scheduled to expire on September 17, 2014, it was extended to September 30, 2017. No disbursements were made under this grant during the fiscal year ended 2015-2016, and remaining funds were spent during fiscal year 2016-17, and paid out after the end of the fiscal year.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

NOTE 14 FEDERAL STOP VIOLENCE AGAINST WOMEN GRANT

During the second half of fiscal year 2016-2017, the Pennsylvania commission on Crime and Delinquency (PCCD) awarded a \$247,976 calendar year 2017 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 is being used to fund training and technical assistance provided by two sub-recipients: the Pennsylvania Coalition Against Rape and the Pennsylvania Coalition Against Domestic Violence. The AOPC committed \$33,000 from the grant to create and distribute a brochure and tear-off poster for elder abuse, provide a training to certified interpreters and update the Language Access Data Collection tool to provide specific data on interpreter usage for PFA hearings. The grant funds made available during fiscal 2016-2017 carry an expiration date of December 31, 2017. The remaining grant funds will be available for use in fiscal year 2017-2018 until the grant’s expiration date.

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 were 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 2016 grant funds made available during fiscal 2015-2016 carried an expiration date of December 31, 2016, but because total disbursements for fiscal year 2015-2016 were only \$31,610, the remaining funds were made available for use in fiscal year 2016-2017 until the grant’s extended expiration date of March 31, 2017.

The total disbursements under both grants for fiscal year 2016-2017 were \$310,798.

NOTE 15 ADULT DRUG COURT GRANT

During fiscal year 2016-2017 the federal Office of Justice Programs (OJP) provided a \$300,000 federal project grant, effective October 1, 2016, for the evaluation of Pennsylvania’s problem solving courts. The grant funds carry an expiration date of September 30, 2019. No disbursements were made under this grant during the fiscal year ending June 30, 2017.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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	
	2017	2016
Beginning fair value	\$ 1,595,924	\$ 1,948,846
Interest earned on Treasury investment of funds	11,512	5,956
Payouts to transferred County Court Staff	<u>(186,849)</u>	<u>(358,878)</u>
Ending fair value	<u>\$ 1,420,587</u>	<u>\$ 1,595,924</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 0.81% and 0.35% in fiscal years ended June 30, 2017 and 2016, 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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 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 employer pension contribution costs for the UJS for the fiscal years 2016-2017 and 2015-2016 were \$69,585,067 and \$56,892,385, respectively.

The SERS pension contribution rates by class applicable to the UJS for the fiscal years 2016-2017 and 2015-2016 were as follows:

<u>Pension Rates</u>	<u>FY 2016-2017</u>	<u>FY 2015-2016</u>
<i>Employer Rates:</i>		
Staff - Class A	23.96%	19.89%
Staff - Class AA	29.95%	24.86%
Staff - Class A3/A4	20.70%	17.18%
Judges - Class E	37.97%	31.51%
Judges - Class A	23.96%	19.89%
<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%

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

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2017 and 2016

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 2016-2017 and 2015-2016 were \$23,946,312 and \$20,989,189, respectively.

SUPPLEMENTARY SCHEDULES

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

	Year Ended June 30	
	2017	2016
Telecommunications – UJSNet (1)	\$ 5,585,367	\$ 4,225,446
EDP software licenses and maintenance (2)	5,080,278	3,559,758
Maintenance services and supplies – furniture and equipment (3)	2,318,195	4,515,839
Travel, lodging and meals (4)	2,264,083	2,263,288
Reference material and subscriptions	1,825,156	1,608,973
Bank fees	1,728,729	1,527,894
Contract personnel (5)	1,342,865	111,126
Professional services (6)	1,097,127	750,958
Maintenance services and supplies – building	825,960	795,329
Supplies	562,690	555,208
Other services	539,439	636,562
Training expenses	506,704	504,458
Telecommunications	394,420	416,155
Miscellaneous expenses	362,696	181,225
Utilities	273,596	281,787
Postage/freight	239,464	310,944
Attorney fees	169,295	490,599
Insurance, surety and fidelity bond	167,852	160,941
Printing	149,188	128,127
Membership dues	136,946	102,852
Relocation expenses	66,032	66,485
Vehicle supplies and repairs	32,097	35,545
Advertising	5,388	13,775
	<u>\$ 25,673,567</u>	<u>\$ 23,243,274</u>

- (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). The large difference between the current and prior fiscal years is due to significant circuit costs being funded by prior-year appropriations during the year ending June 30, 2016.
- (2) Major expenditures include annual software support for Sybase database licensing and annual licensing costs for Microsoft software assurance. The large difference between the current and prior fiscal years is due to significant software expenses being funded by prior year appropriations during the year ending June 30, 2016.
- (3) Major expenditures include annual checkpoint network security equipment maintenance. The large difference between the current and prior fiscal years is due to the three year maintenance contract for the Storage Area Network (SAN) being paid during the year ending June 30, 2016.
- (4) Appropriations with major expenditures include the Common Pleas Education, Judicial Computer System, Magisterial District Judge Education, and Court Administrator.
- (5) Significant difference between fiscal years due to Contract Personnel expenditures being funded by prior-year appropriations during the year ending June 30, 2016.
- (6) Significant difference between fiscal years due to consulting expenditures being funded by prior-year appropriations during the year ending June 30, 2016.

