

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations
Years Ended June 30, 2018 and 2017
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations
Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

The Members of the Judicial Auditing Agency
Commonwealth of Pennsylvania

Report on the Financial Statement

We have audited the accompanying Judicial Department of Pennsylvania statement of judicial operations (the financial statement) for the year ended June 30, 2018, and the related notes.

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 statement based on our audit. We conducted our audit 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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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 statement referred to above presents fairly, in all material respects, the Judicial Department of Pennsylvania operating activity for the year ended June 30, 2018 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 statement, which describes the basis of accounting. The financial statement is 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 statement does not purport to show all transactions of the Judicial Department of Pennsylvania. Additionally, in fiscal year ended June 30, 2018, the scope of the financial statement reporting changed to include activity from current-year appropriations and disbursements from amounts payable or encumbered in prior fiscal years.

Other Matter

Audit of Prior-Year Financial Statement

As described in Note 19, the Judicial Department of Pennsylvania began including certain current-year activity relating to prior-year appropriations within its financial statements, and the 2017 financial statement was restated to conform with the 2018 presentation. Accordingly, since all of the activity within the 2017 financial statement was not subject to audit, we do not express an opinion or provide any assurance on the 2017 financial statement, including 2017 amounts disclosed in the notes to the financial statement.

Mitchell Titus, LLP

November 1, 2018

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations
Years Ended June 30, 2018 and 2017

	Supreme Court (Note 8)	Rules Committees	PA Board of Law Examiners	Judicial Council	Interbranch Commission
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 17,268,000	\$ 1,595,000	\$ -	\$ 141,000	\$ 350,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	438,268	5,580	2,333,267	-	212
Total appropriations and augmentations	<u>17,706,268</u>	<u>1,600,580</u>	<u>2,333,267</u>	<u>141,000</u>	<u>350,212</u>
Other funding sources (Note 4)					
Prior-year funds	443,928	137,908	32,106	11,019	11,143
Act 49 (2009) surcharge revenues	3,175,000	-	-	-	-
Transfers in (out)	181,000	(122,000)	-	(59,000)	-
Total other funding sources	<u>3,799,928</u>	<u>15,908</u>	<u>32,106</u>	<u>(47,981)</u>	<u>11,143</u>
Total appropriations, augmentations, and other funding sources	<u>21,506,196</u>	<u>1,616,488</u>	<u>2,365,373</u>	<u>93,019</u>	<u>361,355</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	2,572,288	-	-	-	-
Staff personnel	14,733,954	1,233,391	1,363,439	68,867	299,509
Total salaries and benefits	<u>17,306,242</u>	<u>1,233,391</u>	<u>1,363,439</u>	<u>68,867</u>	<u>299,509</u>
Other:					
Services, supplies, and other expenses	1,949,721	219,969	750,641	23,744	14,037
Rentals of equipment and office space	1,100,504	7,852	5,012	408	23,334
Capital expenses	165,423	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>3,215,648</u>	<u>227,821</u>	<u>755,653</u>	<u>24,152</u>	<u>37,371</u>
Total disbursements	<u>20,521,890</u>	<u>1,461,212</u>	<u>2,119,092</u>	<u>93,019</u>	<u>336,880</u>
Other uses					
Amounts encumbered (Note 6)	938,993	154,695	20,104	-	24,475
Amounts lapsed (Note 7)	-	-	-	-	-
Amounts payable or subject to potential lapse (Note 7)	45,313	581	226,177	-	-
Total amounts encumbered, lapsed, and payable or subject to potential lapse	<u>984,306</u>	<u>155,276</u>	<u>246,281</u>	<u>-</u>	<u>24,475</u>
Total disbursements and other uses	<u>\$ 21,506,196</u>	<u>\$ 1,616,488</u>	<u>\$ 2,365,373</u>	<u>\$ 93,019</u>	<u>\$ 361,355</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, 2018 and 2017

	<u>Superior Court (Note 8)</u>	<u>Commonwealth Court (Note 8)</u>	<u>Court Administrator</u>	<u>Office of Elder Justice</u>	<u>Judicial Center Operations</u>
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 32,560,000	\$ 21,324,000	\$ 11,577,000	\$ 496,000	\$ 814,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees <i>(Note 3)</i>	304,900	234,718	202,516	-	466,610
Total appropriations and augmentations	<u>32,864,900</u>	<u>21,558,718</u>	<u>11,779,516</u>	<u>496,000</u>	<u>1,280,610</u>
Other funding sources <i>(Note 4)</i>					
Prior-year funds	1,125,765	974,641	106,289	38,484	89,748
Act 49 (2009) surcharge revenues	5,413,000	1,646,000	2,601,000	-	429,000
Transfers in (out)	-	-	-	(20,000)	198,000
Total other funding sources	<u>6,538,765</u>	<u>2,620,641</u>	<u>2,707,289</u>	<u>18,484</u>	<u>716,748</u>
Total appropriations, augmentations, and other funding sources	<u>39,403,665</u>	<u>24,179,359</u>	<u>14,486,805</u>	<u>514,484</u>	<u>1,997,358</u>
Disbursements and other uses					
Salary and benefits <i>(Note 5)</i>					
Justices/Judges	4,606,234	2,870,335	-	-	-
Staff personnel	27,259,812	14,829,159	12,170,716	328,425	907,497
Total salaries and benefits	<u>31,866,046</u>	<u>17,699,494</u>	<u>12,170,716</u>	<u>328,425</u>	<u>907,497</u>
Other:					
Services, supplies, and other expenses	2,465,477	1,958,955	1,007,570	74,029	582,857
Rentals of equipment and office space	2,778,694	840,455	557,972	401	7,056
Capital expenses	12,208	226,032	58,465	-	-
Grant payments	-	-	-	-	-
Total other	<u>5,256,379</u>	<u>3,025,442</u>	<u>1,624,007</u>	<u>74,430</u>	<u>589,913</u>
Total disbursements	<u>37,122,425</u>	<u>20,724,936</u>	<u>13,794,723</u>	<u>402,855</u>	<u>1,497,410</u>
Other uses					
Amounts encumbered <i>(Note 6)</i>	1,234,455	2,396,808	685,535	111,629	499,072
Amounts lapsed <i>(Note 7)</i>	-	-	-	-	-
Amounts payable or subject to potential lapse <i>(Note 7)</i>	1,046,785	1,057,615	6,547	-	876
Total amounts encumbered, lapsed, and payable or subject to potential lapse	<u>2,281,240</u>	<u>3,454,423</u>	<u>692,082</u>	<u>111,629</u>	<u>499,948</u>
Total disbursements and other uses	<u>\$ 39,403,665</u>	<u>\$ 24,179,359</u>	<u>\$ 14,486,805</u>	<u>\$ 514,484</u>	<u>\$ 1,997,358</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, 2018 and 2017

	District Court Administrators	Court Management Education	UJS Security	Access to Justice (Note 9)	Statewide Judicial Computer System (Note 9)
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 19,657,000	\$ 73,000	\$ 2,002,000	\$ -	\$ -
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees <i>(Note 3)</i>	<u>110,613</u>	<u>-</u>	<u>-</u>	<u>14,124,906</u>	<u>61,322,471</u>
Total appropriations and augmentations	19,767,613	73,000	2,002,000	14,124,906	61,322,471
Other funding sources <i>(Note 4)</i>					
Prior-year funds	377,731	1,928	1,050,953	1,143,751	4,278,526
Act 49 (2009) surcharge revenues	6,716,000	-	-	-	-
Transfers in (out)	<u>-</u>	<u>(28,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other funding sources	7,093,731	(26,072)	1,050,953	1,143,751	4,278,526
Total appropriations, augmentations, and other funding sources	<u>26,861,344</u>	<u>46,928</u>	<u>3,052,953</u>	<u>15,268,657</u>	<u>65,600,997</u>
Disbursements and other uses					
Salary and benefits <i>(Note 5)</i>					
Justices/Judges	-	-	-	-	-
Staff personnel	<u>25,480,184</u>	<u>-</u>	<u>465,300</u>	<u>-</u>	<u>28,825,944</u>
Total salaries and benefits	25,480,184	-	465,300	-	28,825,944
Other:					
Services, supplies, and other expenses	31,530	33,366	107,540	-	19,891,633
Rentals of equipment and office space	-	-	432	-	1,898,662
Capital expenses	-	-	-	-	460,345
Grant payments	<u>-</u>	<u>-</u>	<u>1,036,406</u>	<u>13,475,087</u>	<u>-</u>
Total other	31,530	33,366	1,144,378	13,475,087	22,250,640
Total disbursements	<u>25,511,714</u>	<u>33,366</u>	<u>1,609,678</u>	<u>13,475,087</u>	<u>51,076,584</u>
Other uses					
Amounts encumbered <i>(Note 6)</i>	385,345	13,000	37,047	-	14,369,814
Amounts lapsed <i>(Note 7)</i>	-	-	-	-	-
Amounts payable or subject to potential lapse <i>(Note 7)</i>	<u>964,285</u>	<u>562</u>	<u>1,406,228</u>	<u>1,793,570</u>	<u>154,599</u>
Total amounts encumbered, lapsed, and payable or subject to potential lapse	1,349,630	13,562	1,443,275	1,793,570	14,524,413
Total disbursements and other uses	<u>\$ 26,861,344</u>	<u>\$ 46,928</u>	<u>\$ 3,052,953</u>	<u>\$ 15,268,657</u>	<u>\$ 65,600,997</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, 2018 and 2017

	Integrated Criminal Justice System (Note 10)	Court of Common Pleas	Common Pleas Senior Judges	Common Pleas Education	Ethics Committee
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 2,372,000	\$ 117,739,000	\$ 4,004,000	\$ 1,247,000	\$ 62,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees (Note 3)	-	434,992	-	1,725	-
Total appropriations and augmentations	<u>2,372,000</u>	<u>118,173,992</u>	<u>4,004,000</u>	<u>1,248,725</u>	<u>62,000</u>
Other funding sources (Note 4)					
Prior-year funds	379,394	46,474	407,576	461,436	17,232
Act 49 (2009) surcharge revenues	-	17,357,000	2,216,000	-	-
Transfers in (out)	-	-	-	220,000	-
Total other funding sources	<u>379,394</u>	<u>17,403,474</u>	<u>2,623,576</u>	<u>681,436</u>	<u>17,232</u>
Total appropriations, augmentations, and other funding sources	<u>2,751,394</u>	<u>135,577,466</u>	<u>6,627,576</u>	<u>1,930,161</u>	<u>79,232</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	-	132,646,529	5,584,577	-	-
Staff personnel	605,013	-	-	505,925	-
Total salaries and benefits	<u>605,013</u>	<u>132,646,529</u>	<u>5,584,577</u>	<u>505,925</u>	<u>-</u>
Other:					
Services, supplies, and other expenses	1,843,151	91,009	104,669	1,172,852	51,430
Rentals of equipment and office space	-	-	-	715	-
Capital expenses	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>1,843,151</u>	<u>91,009</u>	<u>104,669</u>	<u>1,173,567</u>	<u>51,430</u>
Total disbursements	<u>2,448,164</u>	<u>132,737,538</u>	<u>5,689,246</u>	<u>1,679,492</u>	<u>51,430</u>
Other uses					
Amounts encumbered (Note 6)	302,736	38,000	-	250,669	27,802
Amounts lapsed (Note 7)	-	-	-	-	-
Amounts payable or subject to potential lapse (Note 7)	494	2,801,928	938,330	-	-
Total amounts encumbered, lapsed, and payable or subject to potential lapse	<u>303,230</u>	<u>2,839,928</u>	<u>938,330</u>	<u>250,669</u>	<u>27,802</u>
Total disbursements and other uses	<u>\$ 2,751,394</u>	<u>\$ 135,577,466</u>	<u>\$ 6,627,576</u>	<u>\$ 1,930,161</u>	<u>\$ 79,232</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, 2018 and 2017

	<u>Problem Solving Courts</u>	<u>Magisterial District Judges</u>	<u>Magisterial District Judge Education</u>	<u>Philadelphia Municipal Court</u>	<u>County Court Reimbursement (Note 11)</u>
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 1,103,000	\$ 82,802,000	\$ 744,000	\$ 7,794,000	\$ 27,129,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-
Augmentations and fees <i>(Note 3)</i>	-	570,642	27,136	34,849	-
Total appropriations and augmentations	<u>1,103,000</u>	<u>83,372,642</u>	<u>771,136</u>	<u>7,828,849</u>	<u>27,129,000</u>
Other funding sources <i>(Note 4)</i>					
Prior-year funds	350,786	183,669	34,174	62,105	14,291
Act 49 (2009) surcharge revenues	-	8,352,000	293,000	2,050,000	-
Transfers in (out)	-	-	-	-	(370,000)
Total other funding sources	<u>350,786</u>	<u>8,535,669</u>	<u>327,174</u>	<u>2,112,105</u>	<u>(355,709)</u>
Total appropriations, augmentations, and other funding sources	<u>1,453,786</u>	<u>91,908,311</u>	<u>1,098,310</u>	<u>9,940,954</u>	<u>26,773,291</u>
Disbursements and other uses					
Salary and benefits <i>(Note 5)</i>					
Justices/Judges	-	88,716,962	-	7,700,040	-
Staff personnel	11,206	1,268,553	330,979	1,728,373	-
Total salaries and benefits	<u>11,206</u>	<u>89,985,515</u>	<u>330,979</u>	<u>9,428,413</u>	<u>-</u>
Other:					
Services, supplies, and other expenses	397,726	209,689	675,131	61,110	-
Rentals of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Grant payments	204,843	130,200	-	-	26,763,866
Total other	<u>602,569</u>	<u>339,889</u>	<u>675,131</u>	<u>61,110</u>	<u>26,763,866</u>
Total disbursements	<u>613,775</u>	<u>90,325,404</u>	<u>1,006,110</u>	<u>9,489,523</u>	<u>26,763,866</u>
Other uses					
Amounts encumbered <i>(Note 6)</i>	840,011	113,000	91,914	65,593	-
Amounts lapsed <i>(Note 7)</i>	-	-	-	-	-
Amounts payable or subject to potential lapse <i>(Note 7)</i>	-	1,469,907	286	385,838	9,425
Total amounts encumbered, lapsed, and payable or subject to potential lapse	<u>840,011</u>	<u>1,582,907</u>	<u>92,200</u>	<u>451,431</u>	<u>9,425</u>
Total disbursements and other uses	<u>\$ 1,453,786</u>	<u>\$ 91,908,311</u>	<u>\$ 1,098,310</u>	<u>\$ 9,940,954</u>	<u>\$ 26,773,291</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, 2018 and 2017

	Federal Court Improvement Project (Note 12)	Federal State Justice Institute Weighted Case Load Project Grant (Note 13)	Adult Drug Court Grant (Note 14)	Federal STOP Violence Against Women Grant (Note 15)	Judicial Conduct Board
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ -	\$ -	\$ -	\$ -	\$ 2,182,000
Federal appropriations of the Commonwealth of Pennsylvania	1,130,000	17,000	300,000	337,000	-
Augmentations and fees <i>(Note 3)</i>	125	-	-	-	4,120
Total appropriations and augmentations	<u>1,130,125</u>	<u>17,000</u>	<u>300,000</u>	<u>337,000</u>	<u>2,186,120</u>
Other funding sources <i>(Note 4)</i>					
Prior-year funds	39,807	16,110	35,000	42,136	196,612
Act 49 (2009) surcharge revenues	-	-	-	-	-
Transfers in (out)	-	-	-	-	-
Total other funding sources	<u>39,807</u>	<u>16,110</u>	<u>35,000</u>	<u>42,136</u>	<u>196,612</u>
Total appropriations, augmentations, and other funding sources	<u>1,169,932</u>	<u>33,110</u>	<u>335,000</u>	<u>379,136</u>	<u>2,382,732</u>
Disbursements and other uses					
Salary and benefits <i>(Note 5)</i>					
Justices/Judges	-	-	-	-	-
Staff personnel	740,203	-	-	24,381	1,933,473
Total salaries and benefits	<u>740,203</u>	<u>-</u>	<u>-</u>	<u>24,381</u>	<u>1,933,473</u>
Other:					
Services, supplies, and other expenses	41,193	16,110	75,000	17,607	197,356
Rentals of equipment and office space	766	-	-	-	16,437
Capital expenses	-	-	-	-	-
Grant payments	-	-	-	203,952	-
Total other	<u>41,959</u>	<u>16,110</u>	<u>75,000</u>	<u>221,559</u>	<u>213,793</u>
Total disbursements	<u>782,162</u>	<u>16,110</u>	<u>75,000</u>	<u>245,940</u>	<u>2,147,266</u>
Other uses					
Amounts encumbered <i>(Note 6)</i>	14,718	-	-	-	221,087
Amounts lapsed <i>(Note 7)</i>	-	-	-	-	-
Amounts payable or subject to potential lapse <i>(Note 7)</i>	373,052	17,000	260,000	133,196	14,379
Total amounts encumbered, lapsed, and payable or subject to potential lapse	<u>387,770</u>	<u>17,000</u>	<u>260,000</u>	<u>133,196</u>	<u>235,466</u>
Total disbursements and other uses	<u>\$ 1,169,932</u>	<u>\$ 33,110</u>	<u>\$ 335,000</u>	<u>\$ 379,136</u>	<u>\$ 2,382,732</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, 2018 and 2017

	<u>Court of Judicial Discipline</u>	<u>2018 Total</u>	<u>2017 Total (as restated) Unaudited</u>	<u>% Change</u>
Appropriations and augmentations				
State appropriations of the Commonwealth of Pennsylvania	\$ 468,000	\$ 355,503,000	\$ 355,503,000	0.00%
Federal appropriations of the Commonwealth of Pennsylvania	-	1,784,000	2,137,000	-16.52%
Augmentations and fees <i>(Note 3)</i>	1,131	80,618,781	69,804,046	15.49%
Total appropriations and augmentations	<u>469,131</u>	<u>437,905,781</u>	<u>427,444,046</u>	2.45%
Other funding sources <i>(Note 4)</i>				
Prior-year funds	25,537	12,136,259	11,121,215	9.13%
Act 49 (2009) surcharge revenues	-	50,248,000	29,088,000	72.74%
Transfers in (out)	-	-	-	-
Total other funding sources	<u>25,537</u>	<u>62,384,259</u>	<u>40,209,215</u>	55.15%
Total appropriations, augmentations, and other funding sources	<u>494,668</u>	<u>500,290,040</u>	<u>467,653,261</u>	6.98%
Disbursements and other uses				
Salary and benefits <i>(Note 5)</i>				
Justices/Judges	-	244,696,965	231,381,788	5.75%
Staff personnel	414,649	135,528,952	138,522,450	-2.16%
Total salaries and benefits	<u>414,649</u>	<u>380,225,917</u>	<u>369,904,238</u>	2.79%
Other:				
Services, supplies, and other expenses	56,774	34,121,876	32,185,304	6.02%
Rentals of equipment and office space	-	7,238,700	7,185,158	0.75%
Capital expenses	-	922,473	1,539,992	-40.10%
Grant payments	-	41,814,354	41,660,316	0.37%
Total other	<u>56,774</u>	<u>84,097,403</u>	<u>82,570,770</u>	1.85%
Total disbursements	<u>471,423</u>	<u>464,323,320</u>	<u>452,475,008</u>	2.62%
Other uses				
Amounts encumbered <i>(Note 6)</i>	23,203	22,859,705	10,401,233	119.78%
Amounts lapsed <i>(Note 7)</i>	-	-	320,000	-100.00%
Amounts payable or subject to potential lapse <i>(Note 7)</i>	42	13,107,015	4,457,020	194.08%
Total amounts encumbered, lapsed, and payable or subject to potential lapse	<u>23,245</u>	<u>35,966,720</u>	<u>15,178,253</u>	136.96%
Total disbursements and other uses	<u>\$ 494,668</u>	<u>\$ 500,290,040</u>	<u>\$ 467,653,261</u>	6.98%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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. Specifically, the statements omit 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. The statements do not include transactions for Supreme Court boards that do not receive appropriated funding.

The June 30, 2018 financial statements include activity from current-year appropriations and disbursements from amounts payable or encumbered in prior fiscal years.

The June 30, 2017 financial statements include activity from current year appropriations and disbursements from amounts payable or encumbered in prior fiscal years. Activity from July 1, 2016 through June 30, 2017 disbursed from prior years' appropriations is unaudited.

The Judiciary in Pennsylvania 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, with the core governmental function of the delivery of fair, timely and accessible justice to the Commonwealth's citizens. The financial activity presented in the Statements of Judicial Operations is also included within the Commonwealth of Pennsylvania's Comprehensive Annual Financial Report for the years ended June 30, 2018 and 2017, prepared in accordance with accounting principles generally accepted in the United States of America applicable to governments.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 3 AUGMENTATIONS AND FEES

Augmentations and fees are revenues that fund certain judiciary appropriations (e.g., Judicial Computer System, Board of Law Examiners, Access to Justice) or supplement the General Appropriation Act, such as those earned or collected during the course of normal Judiciary operations. They include, but are not limited to:

- Augmentations appropriated and drawn from the JCS Augmentation Account to fund the Judicial Computer System (JCS);
- 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;
- 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 for the Court Improvement Project; and
- Medicare Part D prescription subsidies.

NOTE 4 OTHER FUNDING SOURCES

Prior-year Funds

Prior-year funds included in the Other Funding Sources section of the financial statements consist of amounts that were encumbered, payable, or subject to potential lapse in a prior fiscal year that were disbursed during the current fiscal year. The financial statements omit prior-year funds that were unspent as of June 30, 2018.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 4 OTHER FUNDING SOURCES *(continued)*

Act 49 Surcharge Revenues

The General Assembly in 2009 established an additional funding source consisting of restricted revenues generated through fee surcharges to supplement state funding to support general Judiciary operations. Imposed originally by Act 49 (2009) on the same base as the \$10 Act 122 fee *excluding summary traffic violations*, the surcharge has been amended by subsequent acts to total \$21.25 with an expiration date of December 31, 2020, as extended (see Note 9). The legislation appropriates these funds to the Supreme Court, and the financial statement reflects the funds drawn as court-authorized use of Act 49 funds to supplement the General Appropriation Act.

During the year ended June 30, 2018, revenue of \$51,740,776 was received and \$50,248,000 was drawn to supplement UJS funding.

During the year ended June 30, 2017, revenue of \$52,173,649 was received and \$29,088,000 was drawn to supplement UJS funding. After the close of the fiscal year, \$861,160 of overdrawn funds were returned to the Act 49 account.

Transfers

The Fiscal Code (72 P.S. Section 1793-E) authorizes Supreme Court transfers during the year among the various Judiciary appropriations. The Judiciary uses internal transfers among appropriations where possible to assist with funding requirements.

NOTE 5 HEALTH PLAN CREDITS AND HEALTH CARE CONTRIBUTIONS

Health Plan Credits

Certain 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, 2018 and 2017, the Judiciary received health plan credits of \$4,951,350 and \$2,527,468, respectively, resulting from the prior contract year reconciliations (settlements). The credits resulted from the Judiciary's medical claims experience being better (lower) than expected, and were used to reduce benefit costs.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 5 HEALTH PLAN CREDITS AND HEALTH CARE CONTRIBUTIONS
(continued)

Health Care Contributions

Judges and staff in active service who receive employer-paid benefits contribute 1% of gross salary toward 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, 2018 and 2017, total health care contributions were \$2,640,293 and \$2,600,441, respectively. These contributions were used to reduce current-year benefit costs.

NOTE 6 AMOUNTS ENCUMBERED

Encumbrances, which include purchase orders, contracts, and other commitments (both actual and expected) for disbursements, are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are used as an extension of formal budgetary integration in the accounting system.

NOTE 7 AMOUNTS LAPSED, AND AMOUNTS PAYABLE OR SUBJECT TO POTENTIAL LAPSE

For financial statement purposes, the excess of appropriations and augmentations over disbursements, encumbrances and lapses 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.

Amounts shown on this line include appropriated funds whose spending authority extends beyond the close of the fiscal year, either June 30, 2018 or June 30, 2017. Unspent funds of the PA Board of Law Examiners are not subject to lapse, but are rolled forward into the next fiscal year.

NOTE 8 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. These payments have been recorded as disbursements in the accompanying financial statements.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 9 ACCESS TO JUSTICE ACCOUNT/STATEWIDE JUDICIAL COMPUTER SYSTEM

As indicated in Note 3, the Judiciary receives substantial funding each year from dedicated restricted revenues which are earmarked for particular purposes. These revenue streams result from filing fees and surcharges (shown below) on court activities collected by the courts, and from filings in recorder of deeds offices. 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>JCS</u>	<u>UJS Operations</u>	<u>CJEA/ OAG ⁽³⁾</u>	<u>Total</u>
Act 59/122 fees	\$2.00	\$8.00	N/A	N/A	\$10.00
Act 49 surcharge	\$4.00 ⁽¹⁾	N/A	\$21.25 ⁽²⁾	\$5.00	\$30.25
Total	<u>\$6.00</u>	<u>\$8.00</u>	<u>\$21.25</u>	<u>\$5.00</u>	<u>\$40.25</u>

- (1) *Includes the additional \$2.00 temporary surcharge imposed by Act 44 of 2017 on the base, including traffic violations.*
- (2) *The temporary surcharges that supplement state funding for UJS operations are \$21.25 and sunset December 31, 2020. Act 44 of 2017 applied \$10.00 of the surcharge to traffic citations (i.e., the same base as Act 122).*
- (3) *Criminal Justice Enhancement Account (CJEA) and Office of Attorney General (OAG) are not included in the financial statements.*

Access to Justice (ATJ) Account

AOPC distributes the funds monthly upon requisition by the Interest on Lawyers' Trust Accounts (IOLTA) Board. Funds deposited into the ATJ account in one month are available for distribution to IOLTA in the following month. Unlike the fee revenues which are received monthly, the Act 70 funds were deposited and distributed once annually. The ATJ Account, and the funds it contains, had been scheduled to sunset November 1, 2017. Act 40 of 2017, however, provided permanent statutory authorization for the ATJ Account, avoiding the sunset and loss of funding.

Deposits into the ATJ account during fiscal year ended June 30, 2018 totaled \$14,124,906, consisting of \$14,109,290 of Act 122 and Act 49 surcharge funds, and related interest of \$15,616. IOLTA received \$13,475,087 during the fiscal year, including \$1,143,751 deposited in June 2017, and the remaining \$1,793,570 in August 2018. Funds received in August 2018 are reflected as amounts payable or subject to lapse in the accompanying financial statement.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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

Access to Justice (ATJ) Account *(continued)*

Deposits into the ATJ account during fiscal year ended June 30, 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 related to the Homeowner Assistance Settlement. IOLTA received \$12,204,668 during the fiscal year, including \$751,635 deposited in June 2016, and the payment of \$337,000. IOLTA received the remaining \$1,143,751 in July 2017. Funds received in July 2017 are reflected as amounts payable or subject to lapse in the accompanying financial statement.

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 42 of 2018 will nearly eliminate Act 64 as a source of JCS funding by redirecting \$15 million, more than three-quarters, from the annual Act 64 deposit beginning in June 2019 and each year thereafter, to the new School Safety and Security Fund. The loss of the Act 64 funds will reduce JCS' total funding by nearly one-third.

Act 59 of 1990 supplemented the Act 64 revenue stream by establishing court filing fees of \$1.50 at the minor judiciary level and \$5.00 at the common pleas and appellate court level. Act 122 of 2002 increased these fees to a uniform \$10, and expanded them to apply to filings of deeds, mortgages, and property transfers. As it relates to JCS funding, Act 49 of 2009 amended Act 122 to extend the Act 122 fee to Accelerated Rehabilitative Dispositions.

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). The funds drawn from the Treasury account and augmenting revenues are included in this statement.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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

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

Deposits into the JCS Augmentation Account during the year ended June 30, 2018 totaled \$46,915,366, and provided the funding for JCS in fiscal year 2018-2019. Deposits during the year ended June 30, 2017 totaled \$40,895,947, and provided the funding for JCS in fiscal year 2017-2018. The amount of \$57,048,000 was drawn to fund the fiscal year 2017-2018 appropriation.

Deposits into the JCS Augmentation Account during the year ended June 30, 2016 from both Act 64 and Act 122 totaled \$56,058,164, and provided the funding for JCS in fiscal year 2016-2017. \$48,000,000 was drawn to fund the fiscal year 2016-2017 appropriation.

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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

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

	Year Ended June 30	
	2018	2017
County Court Cost Reimbursement	\$ 23,136,000	\$ 23,136,000
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	752,866	808,000
Total appropriations – net of transfer	<u>\$ 26,763,866</u>	<u>\$ 26,819,000</u>

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. 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 continued underfunding, the grant was paid at a reimbursement rate of \$46,094 per authorized judge for fiscal year 2017-2018. The total of these reimbursement grants paid to the counties during each of the fiscal years ended June 30, 2018 and 2017 amounted to \$23,136,000.

Court Interpreter County Grant

The Pennsylvania Interpreter Act (Act 172 of 2006, 42 Pa.C.S. Section 4404, et seq.), and its related Unified Judicial System regulations require that interpreters be provided for deaf and limited English proficient court users, counties bear most of these costs. 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

Court Interpreter County Grant *(continued)*

The grant reimburses counties for costs paid for eligible interpretation services in the prior calendar year (*e.g.*, the fiscal year 2017-18 grant reimbursed 2017 costs); no county is paid more than 30% of the total appropriation, and all grants paid are proportionately reduced to not exceed the appropriated funding. The total requested reimbursements by the counties for the years ended June 30, 2018 and 2017 were \$3,855,578 and \$3,681,540, respectively. Total payments made to the counties amounted to \$1,500,000 for each of the years ended June 30, 2018 and 2017.

Senior Judge Support Cost Reimbursement

The reimbursement for senior judge support costs (42 Pa.C.S. Section 1906.1) 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 (presently contained in 42 Pa.C.S. Section 1906.1 and 71 P.S. 720.101). Statute 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.

During the years ended June 30, 2018 and 2017, the counties requested reimbursements of \$2,151,452 and \$2,075,206, respectively. In fiscal year 2017-18 one county grant was reduced in compliance with the 20% cap and in fiscal year 2016-17 two counties' grants were reduced. Additionally in fiscal year 2017-2018, the county grant payments were proportionately reduced by approximately 32% to bring the total amounts reimbursed within the amount appropriated. In fiscal year 2016-2017, the grant payments to each county were proportionately reduced by approximately 30% to bring the total amounts reimbursed within the amount appropriated, which was \$1,375,000 for each year. Statutory authority for the grant was renewed and made permanent in 2017 by Acts 40 (Administrative Code) and 49 (Judicial Code).

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

Juror Cost Reimbursement

Juror cost reimbursements (42 Pa.C.S. 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, 2018 and 2017 were \$752,866 and \$802,840, respectively. As authorized by the Fiscal Code (72 P.S. Section 1793-E), transfers to operations amounted to \$370,000 and \$310,000 during the years ended June 30, 2018 and 2017, respectively.

NOTE 12 FEDERAL COURT IMPROVEMENT PROJECT

The UJS 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 2018.

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, 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
October 1, 2017 through September 30, 2019	\$ 834,247	\$ 278,082

For fiscal year 2017-2018, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these federal funds supplemented by \$125 in augmentations, and \$782,162 was spent as of June 30, 2018. For fiscal year 2016-2017, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these federal funds supplemented by \$16,875 in augmentations, and \$868,743 was spent as of June 30, 2017.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

NOTE 13 FEDERAL STATE JUSTICE INSTITUTE WEIGHTED CASE LOAD PROJECT GRANT

During the year ended June 30, 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 National Center for State Courts (NCSC), developed data to determine the appropriate statewide common pleas resource requirement. Originally scheduled to expire on September 17, 2014, the grant was extended to September 30, 2017. The SJI grant was used to help fund the \$150,535 NCSC contract. Although a state fiscal year 2017-2018 appropriation was provided for these federal funds, no funds were available. Disbursements of \$16,110 during the fiscal year ended June 30, 2018 were funded from the prior-year appropriation.

NOTE 14 ADULT DRUG COURT GRANT

During the year ended June 30, 2018, the federal Office of Justice Programs (OJP) provided a \$300,000 federal project grant, effective October 1, 2016, for a three-year statewide outcome and cost evaluation of Pennsylvania's problem solving courts. The grant funds carry an expiration date of September 30, 2019. During the fiscal year ended June 30, 2018, disbursements under this grant amounted to \$75,000. No disbursements were made under this grant during the fiscal year ended June 30, 2017.

NOTE 15 FEDERAL STOP VIOLENCE AGAINST WOMEN GRANT

The Pennsylvania Commission on Crime and Delinquency (PCCD) in recent years has been awarding the Judiciary subgrants of U.S. Department of Justice "STOP Violence Against Women" funds. Congress mandates that 5% of these funds are to be spent by or on behalf of courts, and changes in federal law now require the funds to be granted directly by PCCD to the Judiciary. Accordingly, the AOPC is responsible for management of these grant funds. The grants are provided on a calendar-year basis so that each grant straddles and is spent during two fiscal years. In calendar 2018 and 2017, the grants awarded were \$231,927 and \$247,976, respectively. The AOPC provided sub-grants to the Pennsylvania Coalition Against Rape and the Pennsylvania Coalition Against Domestic Violence.

The total disbursements under the Stop Violence Against Woman grants for fiscal years ended June 30, 2018 and 2017 amounted to \$245,940 and \$352,561, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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	
	2018	2017
Beginning fair value	\$ 1,420,587	\$ 1,595,924
Interest earned on Treasury investment of funds	18,968	11,512
Payouts to transferred County Court Staff	<u>(241,553)</u>	<u>(186,849)</u>
Ending fair value	<u>\$ 1,198,002</u>	<u>\$ 1,420,587</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 consisting of fixed income and cash equivalents, returned 1.55% and 0.81% in fiscal years ended June 30, 2018 and 2017, respectively.

Act 12 provides that 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, Act 12 requires that the surplus be transferred to the Commonwealth's General Fund.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2018 and 2017

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, a component unit of the Commonwealth, 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 online at www.sers.state.pa.gov.

The total employer pension contribution costs for the UJS for the fiscal years ended June 30, 2018 and 2017 amounted to \$80,252,183 and \$69,905,154, respectively.

The SERS pension contribution rates by class applicable to the UJS for the fiscal years 2017-2018 and 2016-2017 were as follows:

<u>Pension Rates</u>	<u>FY 2017-2018</u>	<u>FY 2016-2017</u>
<i>Employer Rates:</i>		
Staff - Class A	27.55%	23.96%
Staff - Class AA	34.44%	29.95%
Staff - Class A3/A4	23.80%	20.70%
Judges - Class E	43.65%	37.97%
Judges - Class A	27.55%	23.96%
<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, 2018 and 2017

NOTE 18 OTHER POST EMPLOYMENT BENEFITS

Other post-employment benefits (OPEB) consist of medical, prescription drug, dental, vision and long-term care insurance provided to qualifying annuitants. The UJS funds OPEB on a pay-as-you basis. The total OPEB expenses for the fiscal years ended June 30, 2018 and 2017 amounted to \$23,593,192 and \$23,946,312, respectively.

NOTE 19 RESTATEMENT

The June 30, 2018 financial statement includes activity from current year appropriations and disbursements from amounts payable or encumbered in prior fiscal years. In order to provide comparative statements, the June 30, 2017 amounts shown in this financial statement were restated to include disbursements from amounts payable or encumbered in prior years. The 2017 restatement increased both total funding sources and total disbursements by \$11,121,215, or 2.5%. The additional funds included in this restatement are unaudited.

