

Judicial Department of Pennsylvania

Statements of Judicial Operations

Years Ended June 30, 2022 and 2021
with Independent Auditor's Report

MaherDuessel

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENTS OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2022 AND 2021

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Independent Auditor's Report

**Members of the Judicial Auditing Agency
Judicial Department of Pennsylvania**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Judicial Department of Pennsylvania (Judiciary) Statements of Judicial Operations (the financial statements), for the years ended June 30, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the Judiciary operating activity for the years ended June 30, 2022, in accordance with the budgetary basis of accounting as described in Note 1 and to the extent as described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Judiciary, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

As described in Note 2, the financial statements do not purport to show all transactions of the Judiciary. Our opinion is not modified with respect to these matters.

Prior Period Financial Statements

The financial statements of the Judiciary as of June 30, 2021, were audited by other auditors whose report dated October 22, 2021 expressed an unmodified opinion on those financial statements.

Responsibilities of Management 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 the Notes of the financial statements, and for 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Judiciary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Judiciary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mahe Duessel

Harrisburg, Pennsylvania
October 17, 2022

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENT OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2022 AND 2021

	Supreme Court (Note 7)	Rules Committees	PA Board of Law Examiners	Judicial Council	Interbranch Commission	Superior Court (Note 7)
Appropriations and augmentations						
State appropriations of the Commonwealth of Pennsylvania	\$ 17,268,000	\$ 1,595,000	\$ -	\$ 141,000	\$ 350,000	\$ 32,560,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees (Note 3)	383,204	5,065	2,300,167	-	-	256,268
Total appropriations and augmentations	17,651,204	1,600,065	2,300,167	141,000	350,000	32,816,268
Other funding sources (Note 4)						
Prior-year funds	687,964	107,969	40,284	953	38,673	956,298
Act 49 (2009) surcharge revenues	4,140,000	-	-	-	-	8,993,000
Transfers in (out)	281,974	(225,000)	-	-	-	-
Total other funding sources	5,109,938	(117,031)	40,284	953	38,673	9,949,298
Total appropriations, augmentations, and other funding sources	22,761,142	1,483,034	2,340,451	141,953	388,673	42,765,566
Disbursements and other uses						
Salary and benefits (Note 5)						
Justices/Judges	2,743,368	-	-	-	-	5,387,240
Staff personnel	16,338,681	1,311,412	1,615,182	-	288,853	28,904,438
Total salaries and benefits	19,082,049	1,311,412	1,615,182	-	288,853	34,291,678
Other:						
Services, supplies, and other expenses	1,647,483	116,570	667,190	138,979	45,141	1,977,235
Rental of equipment and office space	1,005,563	7,005	2,856	-	19,860	2,975,087
Capital expenses	54,800	-	-	-	-	-
Grant payments	-	-	-	-	-	-
Total other	2,707,846	123,575	670,046	138,979	65,001	4,952,322
Total disbursements	21,789,895	1,434,987	2,285,228	138,979	353,854	39,244,000
Other uses						
Amounts encumbered, payable, or subject to potential lapse (Note 6)	971,247	48,047	55,223	2,974	34,819	3,521,566
Total disbursements and other uses	\$ 22,761,142	\$ 1,483,034	\$ 2,340,451	\$ 141,953	\$ 388,673	\$ 42,765,566

(Continued)

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENT OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2022 AND 2021

(Continued)

	Commonwealth Court (Note 7)	Court Administrator (Note 8)	Office of Elder Justice	Judicial Center Operation	District Court Administrators	Court Management Education
Appropriations and augmentations						
State appropriations of the Commonwealth of Pennsylvania	\$ 21,324,000	\$ 11,577,000	\$ 496,000	\$ 814,000	\$ 19,657,000	\$ 73,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees (Note 3)	170,982	426,783	-	358,269	99,574	-
Total appropriations and augmentations	21,494,982	12,003,783	496,000	1,172,269	19,756,574	73,000
Other funding sources (Note 4)						
Prior-year funds	862,395	392,242	21,484	109,196	695,890	1,900
Act 49 (2009) surcharge revenues	-	4,652,000	-	746,000	10,103,000	-
Transfers in (out)	-	-	(50,000)	-	-	(27,000)
Total other funding sources	862,395	5,044,242	(28,516)	855,196	10,798,890	(25,100)
Total appropriations, augmentations, and other funding sources	22,357,377	17,048,025	467,484	2,027,465	30,555,464	47,900
Disbursements and other uses						
Salary and benefits (Note 5)						
Justices/Judges	3,187,002	-	2,178	-	-	-
Staff personnel	16,549,072	14,343,999	344,149	1,201,212	29,080,214	-
Total salaries and benefits	19,736,074	14,343,999	346,327	1,201,212	29,080,214	-
Other:						
Services, supplies, and other expenses	1,329,399	1,251,516	39,567	554,536	15,654	44,653
Rental of equipment and office space	729,086	532,551	-	-	-	-
Capital expenses	33,966	-	-	3,500	-	-
Grant payments	-	-	-	-	-	-
Total other	2,092,451	1,784,067	39,567	558,036	15,654	44,653
Total disbursements	21,828,525	16,128,066	385,894	1,759,248	29,095,868	44,653
Other uses						
Amounts encumbered, payable, or subject to potential lapse (Note 6)	528,852	919,959	81,590	268,217	1,459,596	3,247
Total disbursements and other uses	\$ 22,357,377	\$ 17,048,025	\$ 467,484	\$ 2,027,465	\$ 30,555,464	\$ 47,900

(Continued)

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENT OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2022 AND 2021

(Continued)

	UJS Security	Access to Justice (Note 9)	Statewide Judicial Computer System (Note 9)	Integrated Criminal Justice System	Court of Common Pleas	Common Pleas Senior Judges
Appropriations and augmentations						
State appropriations of the Commonwealth of Pennsylvania	\$ 2,002,000	\$ -	\$ -	\$ 2,372,000	\$ 117,739,000	\$ 4,004,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees (Note 3)	478	18,283,034	44,922,482	-	327,315	306
Total appropriations and augmentations	2,002,478	18,283,034	44,922,482	2,372,000	118,066,315	4,004,306
Other funding sources (Note 4)						
Prior-year funds	777,767	-	6,075,318	591,525	12,728	157,970
Act 49 (2009) surcharge revenues	-	-	-	-	27,136,000	-
Transfers in (out)	-	-	-	-	1,414,986	(243,000)
Total other funding sources	777,767	-	6,075,318	591,525	28,563,714	(85,030)
Total appropriations, augmentations, and other funding sources	2,780,245	18,283,034	50,997,800	2,963,525	146,630,029	3,919,276
Disbursements and other uses						
Salary and benefits (Note 5)						
Justices/Judges	-	-	-	-	144,972,844	3,383,223
Staff personnel	589,017	-	25,399,922	692,757	-	-
Total salaries and benefits	589,017	-	25,399,922	692,757	144,972,844	3,383,223
Other:						
Services, supplies, and other expenses	33,604	-	17,911,910	1,557,476	41,043	100,193
Rental of equipment and office space	-	-	1,408,192	-	-	-
Capital expenses	-	-	1,150,562	-	-	-
Grant payments	765,184	18,283,034	-	-	-	-
Total other	798,788	18,283,034	20,470,664	1,557,476	41,043	100,193
Total disbursements	1,387,805	18,283,034	45,870,586	2,250,233	145,013,887	3,483,416
Other uses						
Amounts encumbered, payable, or subject to potential lapse (Note 6)	1,392,440	-	5,127,214	713,292	1,616,142	435,860
Total disbursements and other uses	\$ 2,780,245	\$ 18,283,034	\$ 50,997,800	\$ 2,963,525	\$ 146,630,029	\$ 3,919,276

(Continued)

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENT OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2022 AND 2021

(Continued)

	Judicial Education	Ethics Committee	Problem Solving Courts	Magisterial District Judges	Magisterial District Judge Education	Philadelphia Municipal Court
Appropriations and augmentations						
State appropriations of the Commonwealth of Pennsylvania	\$ 1,247,000	\$ 62,000	\$ 1,103,000	\$ 82,802,000	\$ 744,000	\$ 7,794,000
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	-	-	-
Augmentations and fees (Note 3)	2,529	-	-	411,936	38,966	25,834
Total appropriations and augmentations	<u>1,249,529</u>	<u>62,000</u>	<u>1,103,000</u>	<u>83,213,936</u>	<u>782,966</u>	<u>7,819,834</u>
Other funding sources (Note 4)						
Prior-year funds	588,651	42,900	907,394	227,130	311,295	56,159
Act 49 (2009) surcharge revenues	212,000	-	-	12,293,000	-	2,376,000
Transfers in (out)	-	(56,974)	-	-	-	-
Total other funding sources	<u>800,651</u>	<u>(14,074)</u>	<u>907,394</u>	<u>12,520,130</u>	<u>311,295</u>	<u>2,432,159</u>
Total appropriations, augmentations, and other funding sources	<u>2,050,180</u>	<u>47,926</u>	<u>2,010,394</u>	<u>95,734,066</u>	<u>1,094,261</u>	<u>10,251,993</u>
Disbursements and other uses						
Salary and benefits (Note 5)						
Justices/Judges	-	-	160,277	94,982,715	-	8,397,651
Staff personnel	661,375	-	-	-	353,598	1,743,082
Total salaries and benefits	<u>661,375</u>	<u>-</u>	<u>160,277</u>	<u>94,982,715</u>	<u>353,598</u>	<u>10,140,733</u>
Other:						
Services, supplies, and other expenses	1,032,299	47,926	860,395	128,727	570,238	2,685
Rental of equipment and office space	-	-	-	-	-	-
Capital expenses	-	-	-	-	-	-
Grant payments	-	-	408,351	123,800	-	-
Total other	<u>1,032,299</u>	<u>47,926</u>	<u>1,268,746</u>	<u>252,527</u>	<u>570,238</u>	<u>2,685</u>
Total disbursements	<u>1,693,674</u>	<u>47,926</u>	<u>1,429,023</u>	<u>95,235,242</u>	<u>923,836</u>	<u>10,143,418</u>
Other uses						
Amounts encumbered, payable, or subject to potential lapse (Note 6)	356,506	-	581,371	498,824	170,425	108,575
Total disbursements and other uses	<u>\$ 2,050,180</u>	<u>\$ 47,926</u>	<u>\$ 2,010,394</u>	<u>\$ 95,734,066</u>	<u>\$ 1,094,261</u>	<u>\$ 10,251,993</u>

(Continued)

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENT OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2022 AND 2021

(Continued)

	County Court Reimbursements (Note 10)	Federal Court Improvement Project (Note 11)	Adult Drug Court Grant (Note 12)	Federal STOP Violence Against Women Grant (Note 13)	Federal Veterans Treatment Court Grant (Note 14)
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ 27,129,000	\$ -	\$ -	\$ -	\$ -
Federal appropriations of the Commonwealth of Pennsylvania	-	1,130,000	175,000	237,000	200,000
Augmentations and fees (Note 3)	-	9,316	-	-	-
Total appropriations and augmentations	27,129,000	1,139,316	175,000	237,000	200,000
Other funding sources (Note 4)					
Prior-year funds	-	458,272	175,000	194,361	-
Act 49 (2009) surcharge revenues	-	-	-	-	-
Transfers in (out)	(1,094,986)	-	-	-	-
Total other funding sources	(1,094,986)	458,272	175,000	194,361	-
Total appropriations, augmentations, and other funding sources	26,034,014	1,597,588	350,000	431,361	200,000
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	-	-	-	-	-
Staff personnel	-	805,284	-	-	-
Total salaries and benefits	-	805,284	-	-	-
Other:					
Services, supplies, and other expenses	-	221,504	175,000	240,494	7,837
Rental of equipment and office space	-	654	-	-	-
Capital expenses	-	-	-	-	-
Grant payments	26,034,014	-	-	-	-
Total other	26,034,014	222,158	175,000	240,494	7,837
Total disbursements	26,034,014	1,027,442	175,000	240,494	7,837
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	-	570,146	175,000	190,867	192,163
Total disbursements and other uses	\$ 26,034,014	\$ 1,597,588	\$ 350,000	\$ 431,361	\$ 200,000

(Continued)

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

STATEMENT OF JUDICIAL OPERATIONS

YEARS ENDED JUNE 30, 2022 AND 2021

(Continued)

	COVID Supplemental Funding (Note 15)	Judicial Conduct Board	Court of Judicial Discipline	2022 Total	2021 Total	% Change
Appropriations and augmentations						
State appropriations of the Commonwealth of Pennsylvania	\$ -	\$ 2,505,000	\$ 606,000	\$ 355,964,000	\$ 355,839,000	0.04%
Federal appropriations of the Commonwealth of Pennsylvania	-	-	-	1,742,000	3,678,899	-52.65%
Augmentations and fees (Note 3)	-	7,155	1,295	68,030,958	72,446,051	-6.09%
Total appropriations and augmentations	-	2,512,155	607,295	425,736,958	431,963,950	-1.44%
Other funding sources (Note 4)						
Prior-year funds	1,279,518	200,449	36,578	16,008,263	18,493,371	-13.44%
Act 49 (2009) surcharge revenues	-	-	-	70,651,000	76,237,000	-7.33%
Transfers in (out)	-	-	-	-	-	0.00%
Total other funding sources	1,279,518	200,449	36,578	86,659,263	94,730,371	-8.52%
Total appropriations, augmentations, and other funding sources	1,279,518	2,712,604	643,873	512,396,221	526,694,321	-2.71%
Disbursements and other uses						
Salary and benefits (Note 5)						
Justices/Judges	-	-	-	263,216,498	257,903,641	2.06%
Staff personnel	-	2,151,314	431,823	142,805,384	141,218,411	1.12%
Total salaries and benefits	-	2,151,314	431,823	406,021,882	399,122,052	1.73%
Other:						
Services, supplies, and other expenses	789,287	160,570	31,013	31,740,124	27,070,357	17.25%
Rental of equipment and office space	-	24,458	-	6,705,312	6,679,675	0.38%
Capital expenses	490,231	-	-	1,733,059	1,160,572	49.33%
Grant payments	-	-	-	45,614,383	45,028,885	1.30%
Total other	1,279,518	185,028	31,013	85,792,878	79,939,489	7.32%
Total disbursements	1,279,518	2,336,342	462,836	491,814,760	479,061,541	2.66%
Other uses						
Amounts encumbered, payable, or subject to potential lapse (Note 6)	-	376,262	181,037	20,581,461	47,632,780	-56.79%
Total disbursements and other uses	\$ 1,279,518	\$ 2,712,604	\$ 643,873	\$ 512,396,221	\$ 526,694,321	-2.71%

(Concluded)

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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.

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

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 Annual Comprehensive Financial Report for the years ended June 30, 2022 and 2021, prepared in accordance with accounting principles generally accepted in the United States of America applicable to governments

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:

JUDICIAL DEPARTMENT OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

- Augmentations appropriated and drawn from the JCS Augmentation Account to fund the Judicial Computer System (JCS);
- Access to Justice (ATJ) funds generated to support indigent civil legal services;
- E-Commerce fees;
- Law exam fees charged by the PA Board of Law Examiners;
- Medicare Part D prescription subsidies;
- 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;
- Pennsylvania Judicial Center and JCS assessments to non-state funded entities for centralized costs;
- Act 5 fees for expungement and limited access orders;
- State grants for the Court Improvement Project;
- Federal grants from the U.S. Department of Health & Human Services, the U.S. Department of Justice, and the State Justice Institute;
- Public access charges collected from individuals and organizations for information from JCS and Administrative Office of Pennsylvania Courts (AOPC)

4. Other Funding Sources

Prior-year Funds

Prior-year funds 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 remain unspent as of June 30, 2022.

Act 49 (2009) Surcharge Revenues

The General Assembly in 2009 established a funding source consisting of restricted revenues generated through fee surcharges to supplement state funding of the Judicial Department operations. Imposed originally by Act 49 (2009), the surcharge has been amended by subsequent acts to total \$21.25. The legislation appropriates these funds to the Supreme Court, and the financial statements reflect the funds drawn as court-authorized use of Act 49 funds to supplement the General Appropriation Act. These revenues will expire on July 31, 2023 unless extended by the legislature.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

During the year ended June 30, 2022, revenue of \$61,008,906 was received and \$70,651,000 was drawn to supplement UJS funding.

During the year ended June 30, 2021, revenue of \$58,735,862 was received and \$76,237,000 was drawn to supplement UJS funding.

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.

5. 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, 2022 and 2021, total health care contributions were \$2,895,843 and \$2,815,518, respectively. These contributions were used to reduce current-year benefit costs.

6. Amounts Encumbered, Payable, or Subject to Potential Lapse

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.

For financial statement purposes, the excess of appropriations and augmentations over disbursements, encumbrances, and lapses is considered the “amounts encumbered, payable, or subject to potential lapse.” The actual lapse amount will be determined after all disbursements properly chargeable to the appropriations are determined. Unused Act 49 (2009) surcharge revenues may be returned to the Act 49 account, which is a non-lapsing restricted revenue account held in the Pennsylvania Treasury, after all expenditures have been processed for the fiscal year in which the funds were drawn.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

Amounts shown on this line include appropriated funds whose spending authority extends beyond the close of the fiscal year, either June 30, 2022 or June 30, 2021. Unspent funds of the Pennsylvania Board of Law Examiners are not subject to lapse but are rolled forward into the next fiscal year.

7. 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 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.

8. Congressional Appropriation Pass-Through Grants

The State Justice Institute (SJI) was established by federal law in 1984 to award grants to improve the quality of justice in state courts, and foster innovative, efficient solutions to common issues faced by all courts.

SJI awarded a \$40,000 grant to fund the Translation Implementation Project to apply the principles and processes set forth in the Unified Judicial System of Pennsylvania Translation Policy and Procedures Manual to initiate translation of the most critical statewide court forms. The funding is an 18-month period commencing January 1, 2021. During the fiscal years ended June 30, 2022 and 2021, disbursements amounted to \$22,390 and \$17,610, respectively, included in the financial statements as services, supplies, and other expenses in the Court Administrator appropriation.

SJI awarded a \$60,000 grant to fund the Pennsylvania National Open Data Standards (NODS) Civil and Family Data Pilot. The grant will be used to continue the implementation of the NODS project initiated in 2018 to develop standard business definitions in plain English for case management data (logical standards) and programming descriptions that computers can understand and manipulate (technical standards). The funding is for a three-year period commencing April 5, 2021. During the fiscal years ended June 30, 2022 and 2021, disbursements amounted to \$28,950 and \$0, respectively, included in the financial

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statements as services, supplies, and other expenses in the Court Administrator appropriation.

9. Access to Justice Account/Statewide Judicial Computer System

The Judiciary receives funding each year from dedicated restricted revenues which are earmarked for particular purposes. These revenue streams result from filing fees and surcharges collected by the courts (shown below) on court activities 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 surcharge imposed by Act 44 of 2017 on the base, including traffic violations, which was made permanent by Act 20 of 2019. Act 40 made the \$2 surcharge imposed under Act 49 permanent.*
- (2) *Temporary surcharges that supplement state funding which are scheduled to sunset July 31, 2023. A \$11.25 surcharge was created by Act 49 (2009). An additional \$10 surcharge was imposed by Act 126 of 2014 (subsequently Act 44 of 2017 applied this \$10.00 surcharge to traffic citations).*
- (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 to 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.

Deposits into the ATJ account during fiscal year ended June 30, 2022 totaled \$18,283,034, consisting of \$18,281,781 of Act 122 and Act 49 surcharge funds, and related interest of \$1,253. IOLTA received \$18,283,034 during the fiscal year.

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Deposits into the ATJ account during fiscal year ended June 30, 2021 totaled \$17,541,283, consisting of \$17,539,815 of Act 122 and Act 49 surcharge funds, and related interest of \$1,468. IOLTA received \$17,541,283 during the fiscal year.

Statewide Judicial Computer System (JCS)

JCS is funded primarily from restricted revenues established by law (Act 64 of 1987 as amended by Act 42 of 2018 and Act 24 of 2021, 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 Account.

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 nearly eliminates Act 64 as a source of JCS funding by redirecting \$15 million from the annual Act 64 deposit beginning with the amount accrued as of June 28, 2019 and each year thereafter, to the new School Safety and Security Fund. The first \$15 million diversion occurred on June 28, 2019; as a result, no funds were received by JCS from Act 64 for the fiscal year ended June 30, 2021. Act 24 of 2021 provides a one-year pause in the annual diversion for the fiscal year ending June 30, 2022 and \$15,793,315 was received by JCS from Act 64 for the fiscal year ending June 30, 2022. Act 54 of 2022 provides for an additional one year pause in the annual diversion; however, without permanent restoration of this funding, JCS will not be able to sustain existing operations.

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 \$10.00, and expanded them to apply to filings of deeds, mortgages, and property transfers.

In addition to the annual diversion of Act 64 revenues, Act 114 of 2020 authorized the transfer of \$30,000,000 from the JCS Augmentation Account into the General Fund. These funds were transferred on June 25, 2021.

The JCS Augmentation Account is a non-lapsing restricted revenue account held in the Pennsylvania 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

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amount that may be drawn from the account to fund JCS. The funds drawn from the Treasury account and augmenting revenues from various fees are included in this statement.

During the year ended June 30, 2022, JCS revenue collections, including Act 64, totaled \$42,279,540, and \$39,932,000 was drawn to fund the fiscal year 2021-2022 appropriation.

During the year ended June 30, 2021, JCS revenue collections totaled \$28,386,448, and \$45,626,000 was drawn to fund the fiscal year 2020-2021 appropriation.

10. 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 amounts paid to counties under the county court reimbursement appropriations is as follows:

	Year Ended June 30	
	<u>2022</u>	<u>2021</u>
County Court Cost Reimbursement	\$ 23,136,000	\$ 23,136,000
Court Interpreter County Grant	1,500,000	1,500,000
Senior Judge Support Reimbursement	1,073,516	932,376
Juror Cost Reimbursement	324,498	194,447
Total appropriations	<u>\$ 26,034,014</u>	<u>\$ 25,762,823</u>

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).

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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 \$45,460 and \$45,549 per authorized judge for fiscal years 2021-2022 and 2020-2021, respectively. The total of these reimbursement grants paid to the counties during each of the fiscal years ended June 30, 2022 and 2021 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 the related UJS 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.

The grant reimburses counties for costs paid for eligible interpretation services in the prior calendar year (e.g., the fiscal year 2021-22 grant reimbursed 2021 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, 2022 and 2021 were \$4,370,610 and \$3,677,784, respectively. Total payments made to the counties amounted to \$1,500,000 for each of the years ended June 30, 2022 and 2021.

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

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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.

Total payments made to counties for the fiscal years ended June 30, 2022 and 2021 were \$1,073,516 and \$932,376, respectively. Statutory authority for the grant was renewed and made permanent in 2017 by Acts 40 (Administrative Code) and 49 (Judicial Code). As authorized by the Fiscal Code (72 P.S. Section 1793-E), transfers to operations amounted to \$301,484 and \$442,624 during the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021 were \$324,498 and \$194,447, respectively. As authorized by the Fiscal Code (72 P.S. Section 1793-E), transfers to operations amounted to \$793,502 and \$923,553 during the years ended June 30, 2022 and 2021, respectively.

11. 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.

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, 2018 through September 30, 2020	\$ 825,205	\$ 275,068
October 1, 2019 through September 30, 2021	827,110	275,703
October 1, 2020 through September 30, 2022	828,478	276,159
October 1, 2021 through September 30, 2023	820,948	273,649

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For fiscal year 2021-2022, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these federal funds supplemented by \$9,316 in augmentations, and \$1,002,062 was spent as of June 30, 2022. For fiscal year 2020-2021, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these federal funds supplemented by \$135 in augmentations, and \$693,538 was spent as of June 30, 2021.

The Judiciary received \$266,250 of COVID-19 supplemental funding for the Court Improvement Program (CIP) passed through the Department of Health and Human Services (DHHS) following the passing of The Consolidated Appropriations Act, 2021, enacted December 27, 2020. The funds are to be used to address needs stemming from the COVID-19 public health emergency to ensure the safety, permanence, and well-being needs of children are met in a timely and complete manner. The grant period runs October 1, 2020 to September 30, 2022. During the fiscal years ended June 30, 2022 and 2021, \$25,380 and \$0, respectively, was spent.

12. Adult Drug Court Grant

Effective October 1, 2016, the federal Office of Justice Programs provided a three-year \$300,000 federal project grant for a statewide outcome and cost evaluation of Pennsylvania's problem-solving courts. The grant had an original expiration date of September 30, 2019 and was extended through September 30, 2021. During the fiscal years ended June 30, 2022 and 2021, a total of \$175,000 and \$0, respectively, was disbursed under this grant.

13. 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 on a calendar-year basis. In calendar year 2022, a \$239,441 grant was awarded. In calendar year 2020, PCCD combined the calendar year 2020 and 2021 grants for a total grant amount of \$497,495 to be spent by December 31, 2021. The total disbursements under the Stop Violence Against Woman grants for fiscal years ended June 30, 2022 and 2021 amounted to \$240,494 and \$129,926, respectively.

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14. Federal Veterans Treatment Court Grant

During the year ended June 30, 2020, the Center for Court Innovation (the Center) awarded the Judiciary a subgrant of the U.S. Department of Justice under the terms of the Center's Statewide Drug Court Technical Assistance Program. The goal of the subgrant is to develop and implement a statewide strategic plan for veterans' treatment courts. The \$200,000 project grant was originally effective October 1, 2019 through September 30, 2020, but has been extended to September 30, 2022. During the fiscal years ended June 30, 2022 and 2021, total disbursements of \$7,837 and \$0, respectively, were made under this grant.

15. COVID Supplemental Funding

The Judiciary was eligible to receive up to \$1,903,922 of federal Coronavirus Emergency Supplemental Funding (CESF) passed through the Pennsylvania Commission on Crime and Delinquency (PCCD) from the U.S. Department of Justice over a 24-month period beginning February 24, 2020. The funding had to be used to support efforts to prevent, prepare for and respond to the coronavirus.

During the fiscal years ended June 30, 2022 and 2021, disbursements under this grant amounted to \$1,279,518 and \$420,317, respectively.

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 Pennsylvania 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.

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A summary of this financial activity follows:

	Year Ended June 30	
	2022	2021
Beginning fair value	\$ 896,008	\$ 1,079,607
Interest earned on Treasury investment of funds	865	1,949
Payouts to transferred County Court Staff	<u>(375,143)</u>	<u>(185,548)</u>
Ending fair value	<u>\$ 521,730</u>	<u>\$ 896,008</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 0.22% and 0.16% in fiscal years ended June 30, 2022 and 2021, 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.

17. Pension

The UJS contributes to the 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 two mandatory-participation retirement plans to provide retirement benefits for employees of state government and certain independent agencies. The Defined Benefit Plan (traditional pension) is a cost-sharing multiple employer plan, for which the assets are held in the State Employees' Retirement Fund. The Defined Contribution Plan, established by Act 2017-5, established a hybrid defined benefit/defined contribution option and a new defined contribution only option. Assets in the Defined Contribution Plan are held in individual member investment accounts. Employees who first enter SERS membership on or after January 1, 2019 are required to participate in one of the new Defined Contribution Plan options that were established under Act 2017-5 and became effective on this date. SERS, a component unit of the Commonwealth, is included in the Commonwealth's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. In

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addition, as a pension trust fund, SERS issues a ACFR that includes financial statements and required supplementary information. The SERS ACFR is available online at www.sers.pa.gov.

The total employer pension contribution costs for the UJS for the fiscal years ended June 30, 2022 and 2021 amounted to \$86,089,608 and \$85,606,000, respectively.

The SERS pension contribution rates by class applicable to the UJS for the fiscal years 2021-2022 and 2020-2021 were as follows:

Pension Rates			
Employer Rates:		FY 2021-2022	FY 2020-2021
Staff – Class A		29.98%	29.48%
Staff – Class AA		37.46%	36.84%
Staff – Class A3/A4		25.90%	25.47%
Staff – Class A5		19.93%	19.59%
Staff – Class A6		19.93%	19.59%
Staff – Straight 401 (a)		19.88%	19.56%
Judges – Class E1 and E2		47.48%	46.70%
Judges – Class A		29.98%	29.48%
Employee Rates:		FY 2021-2022	FY 2020-2021
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%
Staff – Class A5		8.25%	8.25%
Staff – Class A6		7.50%	7.50%
Staff – Straight 401 (a)		7.50%	7.50%
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 1 st year of judicial service, 7.50% thereafter.			

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18. Other Postemployment Benefits

Other postemployment benefits (OPEB) consist of medical, prescription drug, dental, vision, and long-term care insurance provided to qualifying annuitants. The UJS funds OPEB, under a single employer plan, on a pay-as-you-go basis. The total OPEB expenses for the fiscal years ended June 30, 2022 and 2021 amounted to \$26,268,388 and \$24,287,854, respectively.