

JUDICIAL DEPARTMENT OF PENNSYLVANIA

**Statements of Judicial Operations
Years Ended June 30, 2021 and 2020
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

JUDICIAL DEPARTMENT OF PENNSYLVANIA
Statements of Judicial Operations
Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

The Members of the Judicial Auditing Agency
Commonwealth of Pennsylvania

Report on the Financial Statements

We have audited the accompanying Judicial Department of Pennsylvania statements of judicial operations (the financial statements) for the years ended June 30, 2021 and 2020, 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 statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the Judicial Department of Pennsylvania operating activity for the years ended June 30, 2021 and 2020, in accordance with the budgetary basis of accounting described in Note 1, and to the extent as described in Note 2.

Basis of Accounting and Scope

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

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

Mitchell Titus, LLP

October 22, 2021

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations
Years Ended June 30, 2021 and 2020

	<u>Supreme Court (Note 7)</u>	<u>Rules Committees</u>	<u>PA Board of Law Examiners</u>	<u>Judicial Council</u>	<u>Interbranch Commission</u>
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)	407,869	5,255	2,341,796	-	-
Total appropriations and augmentations	<u>17,675,869</u>	<u>1,600,255</u>	<u>2,341,796</u>	<u>141,000</u>	<u>350,000</u>
Other funding sources (Note 4)					
Prior-year funds	3,069,567	63,707	39,062	2,013	32,507
Act 49 (2009) surcharge revenues	4,081,000	-	-	-	-
Transfers in (out)	291,000	(150,000)	-	(141,000)	-
Total other funding sources	<u>7,441,567</u>	<u>(86,293)</u>	<u>39,062</u>	<u>(138,987)</u>	<u>32,507</u>
Total appropriations, augmentations, and other funding sources	<u>25,117,436</u>	<u>1,513,962</u>	<u>2,380,858</u>	<u>2,013</u>	<u>382,507</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	2,670,154	-	-	-	-
Staff personnel	16,077,200	1,337,094	1,534,519	2,013	280,712
Total salaries and benefits	<u>18,747,354</u>	<u>1,337,094</u>	<u>1,534,519</u>	<u>2,013</u>	<u>280,712</u>
Other:					
Services, supplies, and other expenses	1,589,951	38,491	498,148	-	30,527
Rentals of equipment and office space	986,628	7,580	-	-	19,860
Capital expenses	41,147	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>2,617,726</u>	<u>46,071</u>	<u>498,148</u>	<u>-</u>	<u>50,387</u>
Total disbursements	<u>21,365,080</u>	<u>1,383,165</u>	<u>2,032,667</u>	<u>2,013</u>	<u>331,099</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	3,752,356	130,797	348,191	-	51,408
Total disbursements and other uses	<u>\$ 25,117,436</u>	<u>\$ 1,513,962</u>	<u>\$ 2,380,858</u>	<u>\$ 2,013</u>	<u>\$ 382,507</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, 2021 and 2020

	<u>Superior Court (Note 7)</u>	<u>Commonwealth Court (Note 7)</u>	<u>Court Administrator (Note 8)</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>	264,094	170,052	283,694	-	352,312
Total appropriations and augmentations	<u>32,824,094</u>	<u>21,494,052</u>	<u>11,860,694</u>	<u>496,000</u>	<u>1,166,312</u>
Other funding sources <i>(Note 4)</i>					
Prior-year funds	2,231,063	644,869	1,995,585	27,478	348,029
Act 49 (2009) surcharge revenues	10,662,000	-	4,875,000	-	1,159,000
Transfers in (out)	-	(874,000)	-	(155,000)	-
Total other funding sources	<u>12,893,063</u>	<u>(229,131)</u>	<u>6,870,585</u>	<u>(127,522)</u>	<u>1,507,029</u>
Total appropriations, augmentations, and other funding sources	<u>45,717,157</u>	<u>21,264,921</u>	<u>18,731,279</u>	<u>368,478</u>	<u>2,673,341</u>
Disbursements and other uses					
Salary and benefits <i>(Note 5)</i>					
Justices/Judges	5,482,283	3,220,702	-	3,111	-
Staff personnel	29,543,751	15,760,169	13,253,956	323,432	1,179,195
Total salaries and benefits	<u>35,026,034</u>	<u>18,980,871</u>	<u>13,253,956</u>	<u>326,543</u>	<u>1,179,195</u>
Other:					
Services, supplies, and other expenses	1,672,829	1,034,221	858,025	33,451	577,026
Rentals of equipment and office space	3,015,720	727,488	486,103	-	1,124
Capital expenses	(49,754)	-	-	-	-
Grant payments	-	-	41,394	-	-
Total other	<u>4,638,795</u>	<u>1,761,709</u>	<u>1,385,522</u>	<u>33,451</u>	<u>578,150</u>
Total disbursements	<u>39,664,829</u>	<u>20,742,580</u>	<u>14,639,478</u>	<u>359,994</u>	<u>1,757,345</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse <i>(Note 6)</i>	<u>6,052,328</u>	<u>522,341</u>	<u>4,091,801</u>	<u>8,484</u>	<u>915,996</u>
Total disbursements and other uses	<u>\$ 45,717,157</u>	<u>\$ 21,264,921</u>	<u>\$ 18,731,279</u>	<u>\$ 368,478</u>	<u>\$ 2,673,341</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, 2021 and 2020

	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 (Note 3)	106,449	-	832	17,541,283	50,092,556
Total appropriations and augmentations	<u>19,763,449</u>	<u>73,000</u>	<u>2,002,832</u>	<u>17,541,283</u>	<u>50,092,556</u>
Other funding sources (Note 4)					
Prior-year funds	698,797	-	978,792	-	5,679,175
Act 49 (2009) surcharge revenues	9,363,000	-	-	-	-
Transfers in (out)	-	(72,784)	-	-	-
Total other funding sources	<u>10,061,797</u>	<u>(72,784)</u>	<u>978,792</u>	<u>-</u>	<u>5,679,175</u>
Total appropriations, augmentations, and other funding sources	<u>29,825,246</u>	<u>216</u>	<u>2,981,624</u>	<u>17,541,283</u>	<u>55,771,731</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	-	-	-	-	-
Staff personnel	28,220,599	-	493,948	-	26,760,462
Total salaries and benefits	<u>28,220,599</u>	<u>-</u>	<u>493,948</u>	<u>-</u>	<u>26,760,462</u>
Other:					
Services, supplies, and other expenses	23,252	216	51,778	-	17,152,683
Rentals of equipment and office space	-	-	-	-	1,413,849
Capital expenses	-	-	-	-	1,169,179
Grant payments	-	-	962,696	17,541,283	-
Total other	<u>23,252</u>	<u>216</u>	<u>1,014,474</u>	<u>17,541,283</u>	<u>19,735,711</u>
Total disbursements	<u>28,243,851</u>	<u>216</u>	<u>1,508,422</u>	<u>17,541,283</u>	<u>46,496,173</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	1,581,395	-	1,473,202	-	9,275,558
Total disbursements and other uses	<u>\$ 29,825,246</u>	<u>\$ 216</u>	<u>\$ 2,981,624</u>	<u>\$ 17,541,283</u>	<u>\$ 55,771,731</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, 2021 and 2020

	Integrated Criminal Justice System (Note 10)	Court of Common Pleas	Common Pleas Senior Judges	Judicial 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 <i>(Note 3)</i>	-	365,045	260	-	-
Total appropriations and augmentations	<u>2,372,000</u>	<u>118,104,045</u>	<u>4,004,260</u>	<u>1,247,000</u>	<u>62,000</u>
Other funding sources <i>(Note 4)</i>					
Prior-year funds	441,007	21,257	345,883	171,968	32,101
Act 49 (2009) surcharge revenues	-	28,236,000	-	1,000,000	-
Transfers in (out)	-	3,970,961	(1,503,000)	-	-
Total other funding sources	<u>441,007</u>	<u>32,228,218</u>	<u>(1,157,117)</u>	<u>1,171,968</u>	<u>32,101</u>
Total appropriations, augmentations, and other funding sources	<u>2,813,007</u>	<u>150,332,263</u>	<u>2,847,143</u>	<u>2,418,968</u>	<u>94,101</u>
Disbursements and other uses					
Salary and benefits <i>(Note 5)</i>					
Justices/Judges	-	142,172,544	2,610,165	-	-
Staff personnel	669,259	-	-	642,062	-
Total salaries and benefits	<u>669,259</u>	<u>142,172,544</u>	<u>2,610,165</u>	<u>642,062</u>	<u>-</u>
Other:					
Services, supplies, and other expenses	1,552,223	40,810	79,008	188,255	36,774
Rentals of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>1,552,223</u>	<u>40,810</u>	<u>79,008</u>	<u>188,255</u>	<u>36,774</u>
Total disbursements	<u>2,221,482</u>	<u>142,213,354</u>	<u>2,689,173</u>	<u>830,317</u>	<u>36,774</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse <i>(Note 6)</i>	591,525	8,118,909	157,970	1,588,651	57,327
Total disbursements and other uses	<u>\$ 2,813,007</u>	<u>\$ 150,332,263</u>	<u>\$ 2,847,143</u>	<u>\$ 2,418,968</u>	<u>\$ 94,101</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, 2021 and 2020

	<u>Problem Solving Courts</u>	<u>Magisterial District Judges</u>	<u>Magisterial District Judge Education</u>	<u>Philadelphia Municipal Court</u>	<u>County Court Reimbursements (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>	-	463,589	14,957	28,376	-
Total appropriations and augmentations	<u>1,103,000</u>	<u>83,265,589</u>	<u>758,957</u>	<u>7,822,376</u>	<u>27,129,000</u>
Other funding sources <i>(Note 4)</i>					
Prior-year funds	848,169	134,471	6,771	30,750	-
Act 49 (2009) surcharge revenues	-	13,853,000	-	3,008,000	-
Transfers in (out)	-	-	-	-	(1,366,177)
Total other funding sources	<u>848,169</u>	<u>13,987,471</u>	<u>6,771</u>	<u>3,038,750</u>	<u>(1,366,177)</u>
Total appropriations, augmentations, and other funding sources	<u>1,951,169</u>	<u>97,253,060</u>	<u>765,728</u>	<u>10,861,126</u>	<u>25,762,823</u>
Disbursements and other uses					
Salary and benefits <i>(Note 5)</i>					
Justices/Judges	171,874	93,326,655	-	8,246,153	-
Staff personnel	-	-	350,081	1,598,573	-
Total salaries and benefits	<u>171,874</u>	<u>93,326,655</u>	<u>350,081</u>	<u>9,844,726</u>	<u>-</u>
Other:					
Services, supplies, and other expenses	290,928	156,920	104,352	2,250	-
Rentals of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Grant payments	593,689	127,000	-	-	25,762,823
Total other	<u>884,617</u>	<u>283,920</u>	<u>104,352</u>	<u>2,250</u>	<u>25,762,823</u>
Total disbursements	<u>1,056,491</u>	<u>93,610,575</u>	<u>454,433</u>	<u>9,846,976</u>	<u>25,762,823</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse <i>(Note 6)</i>	<u>894,678</u>	<u>3,642,485</u>	<u>311,295</u>	<u>1,014,150</u>	<u>-</u>
Total disbursements and other uses	<u>\$ 1,951,169</u>	<u>\$ 97,253,060</u>	<u>\$ 765,728</u>	<u>\$ 10,861,126</u>	<u>\$ 25,762,823</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, 2021 and 2020

	Federal Court Improvement Project (Note 12)	Adult Drug Court Grant (Note 13)	Federal STOP Violence Against Women Grant (Note 14)	Federal National Criminal History Improvement Grant (Note 15)	Federal Veterans Treatment Court Grant (Note 16)
Appropriations and augmentations					
State appropriations of the Commonwealth of Pennsylvania	\$ -	\$ -	\$ -	\$ -	\$ -
Federal appropriations of the Commonwealth of Pennsylvania	1,130,000	225,000	268,000	51,977	100,000
Augmentations and fees (Note 3)	135	-	-	-	-
Total appropriations and augmentations	<u>1,130,135</u>	<u>225,000</u>	<u>268,000</u>	<u>51,977</u>	<u>100,000</u>
Other funding sources (Note 4)					
Prior-year funds	326,097	-	129,926	3,260	-
Act 49 (2009) surcharge revenues	-	-	-	-	-
Transfers in (out)	-	-	-	-	-
Total other funding sources	<u>326,097</u>	<u>-</u>	<u>129,926</u>	<u>3,260</u>	<u>-</u>
Total appropriations, augmentations, and other funding sources	<u>1,456,232</u>	<u>225,000</u>	<u>397,926</u>	<u>55,237</u>	<u>100,000</u>
Disbursements and other uses					
Salary and benefits (Note 5)					
Justices/Judges	-	-	-	-	-
Staff personnel	601,704	-	-	-	-
Total salaries and benefits	<u>601,704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:					
Services, supplies, and other expenses	91,834	-	129,926	55,237	-
Rentals of equipment and office space	-	-	-	-	-
Capital expenses	-	-	-	-	-
Grant payments	-	-	-	-	-
Total other	<u>91,834</u>	<u>-</u>	<u>129,926</u>	<u>55,237</u>	<u>-</u>
Total disbursements	<u>693,538</u>	<u>-</u>	<u>129,926</u>	<u>55,237</u>	<u>-</u>
Other uses					
Amounts encumbered, payable, or subject to potential lapse (Note 6)	762,694	225,000	268,000	-	100,000
Total disbursements and other uses	<u>\$ 1,456,232</u>	<u>\$ 225,000</u>	<u>\$ 397,926</u>	<u>\$ 55,237</u>	<u>\$ 100,000</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, 2021 and 2020

	COVID Supplemental Funding (Note 17)	Judicial Conduct Board	Court of Judicial Discipline
Appropriations and augmentations			
State appropriations of the Commonwealth of Pennsylvania	\$ -	\$ 2,468,000	\$ 518,000
Federal appropriations of the Commonwealth of Pennsylvania	1,903,922	-	-
Augmentations and fees (Note 3)	-	6,658	839
Total appropriations and augmentations	1,903,922	2,474,658	518,839
Other funding sources (Note 4)			
Prior-year funds	-	176,543	14,524
Act 49 (2009) surcharge revenues	-	-	-
Transfers in (out)	-	-	-
Total other funding sources	-	176,543	14,524
Total appropriations, augmentations, and other funding sources	1,903,922	2,651,201	533,363
Disbursements and other uses			
Salary and benefits (Note 5)			
Justices/Judges	-	-	-
Staff personnel	-	2,103,176	486,506
Total salaries and benefits	-	2,103,176	486,506
Other:			
Services, supplies, and other expenses	624,404	147,114	9,724
Rentals of equipment and office space	-	21,323	-
Capital expenses	-	-	-
Grant payments	-	-	-
Total other	624,404	168,437	9,724
Total disbursements	624,404	2,271,613	496,230
Other uses			
Amounts encumbered, payable, or subject to potential lapse (Note 6)	1,279,518	379,588	37,133
Total disbursements and other uses	\$ 1,903,922	\$ 2,651,201	\$ 533,363

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Statements of Judicial Operations *(continued)*

Years Ended June 30, 2021 and 2020

	<u>2021 Total</u>	<u>2020 Total</u>	<u>% Change</u>
Appropriations and augmentations			
State appropriations of the Commonwealth of Pennsylvania	\$ 355,839,000	\$ 355,789,000	0.01%
Federal appropriations of the Commonwealth of Pennsylvania	3,678,899	1,864,000	97.37%
Augmentations and fees <i>(Note 3)</i>	<u>72,446,051</u>	<u>67,751,762</u>	6.93%
Total appropriations and augmentations	431,963,950	425,404,762	1.54%
Other funding sources <i>(Note 4)</i>			
Prior-year funds	18,493,371	16,557,512	11.69%
Act 49 (2009) surcharge revenues	76,237,000	64,390,000	18.40%
Transfers in (out)	<u>-</u>	<u>-</u>	0.00%
Total other funding sources	94,730,371	80,947,512	17.03%
Total appropriations, augmentations, and other funding sources	<u>526,694,321</u>	<u>506,352,274</u>	4.02%
Disbursements and other uses			
Salary and benefits <i>(Note 5)</i>			
Justices/Judges	257,903,641	254,263,818	1.43%
Staff personnel	<u>141,218,411</u>	<u>138,972,119</u>	1.62%
Total salaries and benefits	399,122,052	393,235,937	1.50%
Other:			
Services, supplies, and other expenses	27,070,357	32,096,361	-15.66%
Rentals of equipment and office space	6,679,675	6,865,754	-2.71%
Capital expenses	1,160,572	1,252,273	-7.32%
Grant payments	<u>45,028,885</u>	<u>47,093,048</u>	-4.38%
Total other	79,939,489	87,307,436	-8.44%
Total disbursements	<u>479,061,541</u>	<u>480,543,373</u>	-0.31%
Other uses			
Amounts encumbered, payable, or subject to potential lapse <i>(Note 6)</i>	<u>47,632,780</u>	<u>25,808,901</u>	84.56%
Total disbursements and other uses	<u>\$ 526,694,321</u>	<u>\$ 506,352,274</u>	4.02%

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

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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 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, 2021 and 2020, 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, 2021 and 2020

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);
- 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 and charges for expenses incurred;
- 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)

NOTE 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, 2021.

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 December 31, 2021 unless extended by the legislature.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 4 OTHER FUNDING SOURCES *(continued)*

Act 49 (2009) Surcharge Revenues *(continued)*

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

During the year ended June 30, 2020, revenue of \$54,271,359 was received and \$64,390,000 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.

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, 2021 and 2020, the Judiciary received health plan credits of \$3,443,285 and \$4,230,590, 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.

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, 2021 and 2020, total health care contributions were \$2,815,518 and \$2,761,649, respectively. These contributions were used to reduce current-year benefit costs.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 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 and a formal lapse document (created by an administrative procedure) is issued. 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 PA Treasury, after all expenditures have been processed for the fiscal year in which the funds were drawn.

Amounts shown on this line include appropriated funds whose spending authority extends beyond the close of the fiscal year, either June 30, 2021 or June 30, 2020. Unspent funds of the PA Board of Law Examiners are not subject to lapse, but are rolled forward into the next fiscal year.

NOTE 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.

NOTE 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 8 CONGRESSIONAL APPROPRIATION PASS-THROUGH GRANTS
(continued)

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 a 12-month period commencing January 1, 2021. During the fiscal year ended June 30, 2021, disbursements amounted to \$17,610 included in the financial statements as services, supplies, and other expenses.

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 a 3-year period commencing April 5, 2021. During the fiscal year ended June 30, 2021, no disbursements were made under this grant.

NOTE 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 December 31, 2021. 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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

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, 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.

Deposits into the ATJ account during fiscal year ended June 30, 2020 totaled \$16,608,383, consisting of \$16,581,532 of Act 122 and Act 49 surcharge funds, and related interest of \$26,851. IOLTA received \$18,484,253 during the fiscal year, including \$1,875,870 deposited in June 2019.

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. No funds were received by JCS from Act 64 for the fiscal year ended June 30, 2021, and only \$1,070,771 for the fiscal year ended June 30, 2020. Act 24 of 2021 provides a one year pause in the annual \$15 million diversion for the fiscal year ending June 30, 2022. Without full 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, and expanded them to apply to filings of deeds, mortgages, and property transfers.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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

In addition to the annual diversion of Act 64 revenues, Act 114 of 2020 authorized the transfer of \$30,000,000 from the Judicial Computer System Augmentation Account into the General Fund. These funds were transferred on June 25, 2021, reducing the balance in the account as of June 30, 2021 to \$38,028,349, nearly \$7.6 million less than fiscal year 2021-2022 appropriation.

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 funds drawn from the Treasury account and augmenting revenues from various fees are included in this statement.

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.

During the year ended June 30, 2020, JCS revenue collections totaled \$29,934,484 and \$40,861,000 was drawn to fund the fiscal year 2019-2020 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, 2021 and 2020

NOTE 11 COUNTY COURT REIMBURSEMENTS *(continued)*

A summary of the amounts paid to counties under the county court reimbursement appropriations is as follows:

	Year Ended June 30	
	2021	2020
County Court Cost Reimbursement	\$ 23,136,000	\$ 23,136,000
Court Interpreter County Grant	1,500,000	1,500,000
Senior Judge Support Reimbursement	932,376	1,375,000
Juror Cost Reimbursement	194,447	671,230
Total appropriations	<u>\$ 25,762,823</u>	<u>\$ 26,682,230</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 \$45,549 per authorized judge for fiscal years 2020-2021 and 2019-2020. The total of these reimbursement grants paid to the counties during each of the fiscal years ended June 30, 2021 and 2020 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.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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 2020-21 grant reimbursed 2020 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, 2021 and 2020 were \$3,677,784 and \$5,382,036, respectively. Total payments made to the counties amounted to \$1,500,000 for each of the years ended June 30, 2021 and 2020.

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, 2021 and 2020, the counties requested reimbursements of \$932,376 and \$1,521,992, respectively. Total payments made to counties amounted to \$932,376 and \$1,375,000, respectively, for each of the years ended June 30, 2021 and 2020. 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 \$442,624 and \$0 during the years ended June 30, 2021 and 2020, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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, 2021 and 2020 were \$194,447 and \$671,230, respectively. As authorized by the Fiscal Code (72 P.S. Section 1793-E), transfers to operations amounted to \$923,553 and \$453,403 during the years ended June 30, 2021 and 2020, 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.

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

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. For fiscal year 2019-2020, an appropriation in the amount of \$1,130,000 was provided by the General Assembly for these federal funds supplemented by \$3,021 in augmentations, and \$824,438 was spent as of June 30, 2020.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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

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 year ended June 30, 2021, no disbursements were made under this grant.

NOTE 13 **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 funds had an original expiration date of September 30, 2019 and have been extended through September 30, 2021. During the fiscal year ended June 30, 2021, no disbursements were made under this grant. Total disbursements under the Adult Drug Court Grant for fiscal year June 30, 2020 amounted to \$50,000.

NOTE 14 **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 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, 2021 and 2020 amounted to \$129,926 and \$105,026, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 15 FEDERAL NATIONAL CRIMINAL HISTORY IMPROVEMENT GRANT

During the year ended June 30, 2019, the Pennsylvania Commission on Crime and Delinquency (PCCD) awarded the Judiciary a subgrant of the U.S. Department of Justice “National Criminal History Improvement” funds to develop an e-filing system for criminal records and upgrade the OTN allocation interface. The AOPC worked collectively with JNET and the Pennsylvania Chiefs of Police Association (PCPA) on the project. The \$245,050 project grant mandated a 10% in-kind match and is effective January 1, 2019 through December 31, 2020. During the fiscal year ended June 30, 2021 and 2020, disbursements under this grant amounted to \$55,237 and \$143,359, respectively.

NOTE 16 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, 2021. Although the subgrant was for up to \$200,000 over a two year period, a state appropriation of \$100,000 was received during the fiscal year ended June 30, 2021. During the fiscal years ended June 30, 2021 and 2020, no disbursements were made under this grant.

NOTE 17 COVID SUPPLEMENTAL FUNDING

The Judiciary is 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 must be used to support efforts to prevent, prepare for and respond to the coronavirus.

For fiscal year ended June 30, 2020, \$204,087 of disbursements eligible for reimbursement under this grant were included in the financial statement as services, supplies, and other expenses in the appropriation in which the expense was incurred. During the year fiscal year ended June 30, 2021, the \$204,087 of expenditures were reclassified from the appropriation in which the expense was originally incurred to the 2020-21 federal grant appropriation created by the Governor’s Executive Authorization.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 17 COVID SUPPLEMENTAL FUNDING (continued)

During the fiscal year ended June 30, 2021, disbursements under this grant amounted to \$420,317. Total disbursements of \$624,404 shown on the financial statement for the COVID Supplemental funding include fiscal year end June 30, 2021 and 2020 expenditures since the appropriation was not created by the Governor’s Budget Office until fiscal year 2020-21.

NOTE 18 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	
	2021	2020
Beginning fair value	\$ 1,079,607	\$ 1,152,573
Interest earned on Treasury investment of funds	1,949	20,067
Payouts to transferred County Court Staff	(185,548)	(93,033)
Ending fair value	<u>\$ 896,008</u>	<u>\$ 1,079,607</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 0.16% and 1.62% in fiscal years ended June 30, 2021 and 2020, 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, 2021 and 2020

NOTE 19 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 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, 2021 and 2020 amounted to \$85,606,000 and \$85,502,419, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 19 PENSION *(continued)*

The SERS pension contribution rates by class applicable to the UJS for the fiscal years 2020-2021 and 2019-2020 were as follows:

<u>Pension Rates</u>	<u>FY 2020-2021</u>	<u>FY 2019-2020</u>
<i>Employer Rates:</i>		
Staff - Class A	29.48%	28.84%
Staff - Class AA	36.84%	36.04%
Staff - Class A3/A4	25.47%	24.92%
Staff – Class A5	19.59%	19.18%
Staff – Class A6	19.59%	19.18%
Staff – Straight 401 (a)	19.56%	19.12%
Judges - Class E	46.70%	45.67%
Judges - Class A	29.48%	28.84%
<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%
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 1st 10 years of judicial service, 7.5% thereafter.

NOTE 20 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 on a pay-as-you-go basis. The total OPEB expenses for the fiscal years ended June 30, 2021 and 2020 amounted to \$24,287,854 and \$22,541,448, respectively.

JUDICIAL DEPARTMENT OF PENNSYLVANIA

Notes to Financial Statements
Years Ended June 30, 2021 and 2020

NOTE 21 CONTINUATION OF OPERATIONS

Annual funding through the Commonwealth's statewide General Fund budget (annual appropriation act) has provided the Judiciary essentially the same level of funding for the last five fiscal years.

The Judiciary relies on Act 49 (2009) surcharge revenues to supplement the annual funding received from the Commonwealth as part of the statewide General Fund budget. These Act 49 surcharge revenues are scheduled to sunset December 31, 2021. Without reauthorization of these revenues on or before December 31, 2021, it is unlikely that the Judiciary will have the adequate funds to continue existing operations much beyond December 31, 2022, and a substantial increase in state funds will be required in order to sustain current operations.

As discussed in Note 9, the JCS Augmentation Account is held by the PA Treasury and used to fund the JCS appropriation on the first day of the fiscal year upon passage of the General Appropriation Act. Annual revenue collections during the past two fiscal years have been significantly less than the annual appropriation. See Note 9 for additional information.

Additionally, the legislature has authorized \$75.0 million in diversions and transfers from the JCS Augmentation Account over the last three fiscal years. The balance in the augmentation account as of June 30, 2021 was \$38,028,349, nearly \$7.6 million less than fiscal year 2021-2022 appropriation.

The Judiciary has taken significant steps to keep JCS annual expenditures in line with declining revenues. However, without Legislative action to restore the Act 64 revenues, JCS will be unable to continue existing operations beyond June 30, 2023.

The financial impact of the coronavirus (COVID-19) pandemic on future state appropriation funding of the Judiciary, as well as fee revenues, is unknown at this time.

