COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER
LEHIGH COUNTY GOVERNMENT CENTER
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ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 871-2897

GLENN ECKHART
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Report Distribution

FROM: Glenn Eckhart, County Controller G.E.

DATE: August 18, 2016

RE: Audit of Magisterial District Court #31-2-01

We have completed a financial audit of Magisterial District Court #31-2-01, County of Lehigh, Pennsylvania for the period January 1, 2014 to December 31, 2015. Our audit report number 16-19 is attached.

The results of our audit are:

- The County of Lehigh received the proper amounts due from Magisterial District Court #31-2-01.
- The Magisterial District Judge is in general compliance with the applicable financial AOPC guidelines.

Attachment

MDJ/DEVINE

COUNTY OF LEHIGH, PENNSYLVANIA

MAGISTERIAL DISTRICT COURT #31-2-01

Financial Audit
For the Period January 1, 2014 to December 31, 2015

AUDIT REPORT #16-19

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-2-01

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COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

Magisterial District Judge Karen C. Devine
Magisterial District Court #31-2-01
501 Hamilton Street, Basement
Allentown, PA 18101

We have audited the accompanying Statement of Receipts and Disbursements and the Changes in Cash Balance of Magisterial District Court #31-2-01 for the period January 1, 2014 to December 31, 2015 as listed in the Table of Contents. The financial statements are the responsibility of Magisterial District Court #31-2-01's management. Our responsibility is to express an opinion on the Statement of Receipts and Disbursements and the Changes in Cash Balance based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Also, as discussed in Note 1, the financial statements present only the Magisterial District Court #31-2-01 financial activity and does not purport to, and does not, present fairly the assets, liabilities, and results of operations of the County of Lehigh for the period January 1, 2014 to December 31, 2015 in conformity with the cash receipts and disbursements basis of accounting.

In our opinion, the Statement of Receipts and Disbursements and Changes in Cash Balance referred to above presents fairly, in all material respects, the financial activity arising from cash transactions of the Magisterial District Court #31-2-01 for the period January 1, 2014 to December 31, 2015, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 15, 2014 on our consideration of Magisterial District Court #31-2-01's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

GLENN ECKHART
County Controller

August 15, 2016
Allentown, Pennsylvania

Performed by: Thomas Schweyer and Daniel Aquilino

Final Distribution:
Allentown Parking Authority
Allentown School District
Auditor General of Pennsylvania
Board of Commissioners
City of Allentown
Thomas Muller, County Executive
Timothy Reeves, Fiscal Officer
The Honorable Edward Reibman, President Judge
H. Gordon Roberts, Magisterial District Judge Administrator
Andrew Simpson, AOPC

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-2-01

Statement of Receipts and Disbursements
and Changes in Cash Balance
for the Period January 1, 2014 to December 31, 2015
(NOTE 1)

	2014	2015
Receipts:		
Office Receipt Activity	$ 625,718	$ 635,303
Bank Account Interest	67	65
Total Receipts	625,785	635,368
Disbursements:		
Commonwealth of Pennsylvania - Costs & Fines	278,605	285,382
County of Lehigh – Costs and Fines	110,142	118,706
Server Fees (NOTE 2)	81,850	81,286
Allentown Parking Authority – Costs and Fines	76,300	78,675
Allentown City – Costs and Fines	38,665	36,344
Restitution	22,483	21,154
Refunds	21,275	11,325
Allentown School District - Costs and Fines	4,094	4,972
Commonwealth of Pennsylvania – Interest	67	65
Total Disbursements	633,481	637,909
Receipts Over (Under) Disbursements	(7,696)	(2,541)
Cash Balance, January 1	35,048	27,352
Cash Balance, December 31	$ 27,352	$ 24,811

The accompanying notes to financial statement are an integral part of this statement.

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-2-01

Notes to Financial Statement
For the Period January 1, 2014 to December 31, 2015

1. Summary of Significant Accounting Policy

A. Reporting Entity

A portion of the Magisterial District Court #31-2-01's financial activity is a part of the County of Lehigh's reporting entity, included in the general fund and is subject to annual financial audit by external auditors. The remaining financial activity is part of other governmental entities. This report is only for internal audit purposes.

B. Basis of Accounting

The accounting records of the County of Lehigh and the Statement of Receipts and Disbursements and Changes in Cash Balance are maintained on the cash receipts and disbursements basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

C. Administrative Guidelines

An automated *Clerical Procedures Manual* is published by the Administrative Office of Pennsylvania Courts (AOPC). Each magisterial district court is required to follow the procedures mandated under the authority of Rule 505 of the Pennsylvania Rules of Judicial Administration.

D. Magisterial District Judge During the Audit Period

Karen C. Devine was the Magisterial District Judge for the period January 1, 2014 to December 31, 2015.

2. Server Fees

Constables receive payment for services rendered from two sources. The magisterial district judge pays the constable for services rendered and recovers the cost from the defendant when the case is paid-in-full. However, when the defendant is found not guilty, sentenced to confinement, or cannot pay the assessments, the County of Lehigh pays the constable. As such, the costs represented in the financial statements are not inclusive of server costs incurred and paid for by the County of Lehigh.

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501 Hamilton Street, Basement
Allentown, PA 18101

We have audited the financial statements of Magisterial District Court #31-2-01 for the period January 1, 2014 to December 31, 2015 and have issued our report thereon dated August 15, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the generally accepted government auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In planning and performing our audit, we considered Magisterial District Court #31-2-01's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement of Receipts and Disbursements and the Changes in Cash Balance but not for the purpose of expressing an opinion on the effectiveness of the Magisterial District Court #31-2-01's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Magisterial District Court #31-2-01's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such as there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

As part of obtaining reasonable assurance about whether the Magisterial District Court #31-2-01's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management and other affected county offices and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

GLENN ECKHART
County Controller

August 15, 2016
Allentown, Pennsylvania