Lehigh County
Pennsylvania

OFFICE OF THE CONTROLLER
Mark Pinsley, MBA — COUNTY CONTROLLER
Nanton John, CFE — DEPUTY CONTROLLER

TO: Final Report Distribution

FROM: Mark Pinsley, County Controller

DATE: April 15, 2025

RE: Audit of Magisterial District Court #31-1-04

We have completed a financial audit of Magisterial District Court #31-1-04, County of Lehigh, Pennsylvania for the period January 1, 2022 to December 31, 2023. Our audit report number 25-11 is attached.

The results of our audit are:

- The County of Lehigh received the proper amounts due from Magisterial District Court #31-1-04.
- The Magisterial District Court is in general compliance with the applicable financial AOPC guidelines.

Attachment

Lehigh County Government Center. 17 South Seventh Street. Allentown. PA 18101-2400
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COUNTY OF LEHIGH, PENNSYLVANIA

MAGISTERIAL DISTRICT COURT #31-1-04

Financial Audit
For the Period January 1, 2022 to December 31, 2023

REPORT NO. 25-11

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-04

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Magisterial District Court #31-1-04's Response	No Response

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INDEPENDENT AUDITOR'S REPORT

Magisterial District Judge David M. Howells, Jr.
Magisterial District Court #31-1-04
1501 Lehigh Street, Suite 104
Allentown, PA 18103

Report on the Audit of the Financial Statement

Opinion
We have audited the accompanying Statement of Receipts and Disbursements and Changes in Cash Balance of Magisterial District Court #31-1-04 for the period January 1, 2022 to December 31, 2023 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial activity arising from cash transactions of the Magisterial District Court #31-1-04 for the period January 1, 2022 to December 31, 2023, in accordance with the cash receipts and disbursements basis of accounting described in Note 1.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Magisterial District Court #31-1-04 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.

Emphasis of Matter – Basis of Accounting
We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements were prepared on the basis of cash receipts and disbursements, 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.

Also, as discussed in Note 1, the financial statements present only the Magisterial District Court #31-1-04's 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, 2022 to December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 1; this includes determining that the cash receipts and disbursements 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 Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is 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 GAAS and GAS 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, mis-representations, or the override of certain 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 statement.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 (auditee'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Magisterial District Court #31-1-04'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated April 14, 2025, on our consideration of Magisterial District Court #31-1-04's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements 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* in considering management's internal control over financial reporting and compliance.

MARK PINSLEY
County Controller

Date: April 14, 2025
Allentown, Pennsylvania

Audited by: Daniel Aquilino, Brian O'Donnell & Jessika Popowitz

Final Distribution:
Administrative Office of Pennsylvania Courts
Allentown Parking Authority
Allentown School District
City of Allentown
Auditor General of Pennsylvania
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Board of Commissioners
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The Honorable David M. Howells, Jr., Magisterial District Judge
Edward Hozza, Director of Administration
The Honorable J. Brian Johnson, President Judge
Carolynn Perry, MDJ Administrator
Timothy Reeves, Chief Fiscal Officer
John Sikora, Deputy Court Administrator
Kerry Turtzo, Court Administrator
Reina Zabala, Executive Aide

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-04

Statement of Receipts and Disbursements
and Changes in Cash Balance
for the Period January 1, 2022 to December 31, 2023
(NOTE 1)

	2022	2023
Receipts:		
Office Receipt Activity	664,721	674,350
Bank Account Interest	415	1,607
Total Receipts	665,136	675,957
Disbursements:		
Commonwealth of Pennsylvania - Costs and Fines	250,083	262,101
County of Lehigh – Costs and Fines	142,624	158,912
Allentown Parking Authority – Costs and Fines	77,775	91,757
Server Fees (NOTE 2)	98,623	123,891
Refunds	74,518	20,297
Allentown City – Costs and Fines	19,276	14,955
Restitution	4,708	2,941
Allentown School District – Costs and Fines	399	166
Commonwealth of Pennsylvania – Interest	415	1,607
Total Disbursements	668,420	676,629
Receipts Over (Under) Disbursements	(3,284)	(671)
Cash Balance, January 1	42,683	39,399
Cash Balance, December 31	39,399	38,727

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

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-04

Notes to Financial Statement
For the Period January 1, 2022 to December 31, 2023

1. Summary of Significant Accounting Policy

A. Reporting Entity

A portion of the Magisterial District Court #31-1-04'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

David M. Howells, Jr. was the Magisterial District Judge for the period January 1, 2022 to December 31, 2023.

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.

Lehigh County
Pennsylvania

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Nanton John, CFE — DEPUTY CONTROLLER

Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards

Magisterial District Judge David M. Howells, Jr.
Magisterial District Court #31-1-04
1501 Lehigh Street, Suite 104
Allentown, PA 18103

We have audited, in accordance with the auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller of the United States; the accompanying Statement of Receipts and Disbursements and Changes in Cash Balance of Magisterial District Court #31-1-04 for the period January 1, 2022 to December 31, 2023 (hereinafter referred to as the Schedules) and have issued our report thereon dated April 14, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Magisterial District Court #31-1-04's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of management's internal control. Accordingly, we do not express an opinion on the effectiveness of the Magisterial District Court #31-1-04's internal control.

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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Magisterial District Court #31-1-04'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.*

Our audit also included sufficient and appropriate tests for fraud, waste and abuse and we included in our report any material (either quantitatively or qualitatively) instances we noted however, our audit procedures would not necessarily identify all instances of fraud, waste and abuse that may be reportable.

Management's Response to the Audit
If provided, the Magisterial District Court #31-1-04's response to our audit is included in this report. We did not audit Magisterial District Court #31-1-04's response and, accordingly, we do not express an opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Magisterial District Judge, the Court, others within the entity, 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.

MARK PINSLEY
County Controller

Date: April 14, 2025
Allentown, PA