



COUNTY OF LEHIGH  
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER  
17 SOUTH SEVENTH STREET  
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 25, 2014  
**RE:** Audit of Magisterial District Court #31-1-08

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We have completed a financial audit of Magisterial District Court #31-1-08, County of Lehigh, Pennsylvania for the period January 1, 2012 to December 31, 2013. Our audit report number 14-17 is attached.

The results of our audit are:

- The County of Lehigh received the proper amounts due from Magisterial District Court #31-1-08.
- The magisterial district judge is in general compliance with the applicable financial AOPC guidelines.
- Checks outstanding for over six months should be escheated, per Court Administration policy

Attachment

MDJ/POCHRON

**COUNTY OF LEHIGH, PENNSYLVANIA**  
**MAGISTERIAL DISTRICT COURT #31-1-08**

*Financial Audit*  
*For the Period January 1, 2012 to December 31, 2013*

REPORT NO. 14-17

COUNTY OF LEHIGH, PENNSYLVANIA  
MAGISTERIAL DISTRICT COURT #31-1-08

*Table of Contents*

	<b>Page(s)</b>
OPINION OF GLENN ECKHART LEHIGH COUNTY CONTROLLER .....	1-2
Statement of Receipts and Disbursements and Changes in Cash Balance for the Period January 1, 2012 to December 31, 2013 .....	3
Notes to Financial Statement .....	4
Comments on Compliance/Internal Control .....	5-6
Schedule of Audit Findings and Recommendations .....	7
Schedule of Prior Audit Findings and Recommendations .....	8
Magisterial District Court #31-1-08's Response .....	9-10
Magisterial District Judge Administrator's Response .....	11



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JOHN A. FALK  
DEPUTY CONTROLLER

Magisterial District Judge Michael J. Pochron  
Magisterial District Court #31-1-08  
3000 South Pike Avenue  
Allentown, PA 18103

We have audited the accompanying Statement of Receipts and Disbursements and the Changes in Cash Balance of Magisterial District Court #31-1-08 for the period January 1, 2012 to December 31, 2013 as listed in the Table of Contents. The financial statements are the responsibility of Magisterial District Court #31-1-08'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 #31-1-08 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, 2012 to December 31, 2013 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 #31-1-08 for the period January 1, 2012 to December 31, 2013, on the basis of accounting described in Note 1. However, we noted control deficiencies or other management issues that are described in the accompanying "*Schedule of Audit Findings and Recommendations*".

In accordance with *Government Auditing Standards*, we have also issued a report dated August 14, 2014 on our consideration of Magisterial District Court #31-1-08'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 14, 2014  
Allentown, Pennsylvania

Final Distribution:

Allentown Parking Authority  
Auditor General of Pennsylvania  
Bethlehem Area School District  
Board of Commissioners  
Borough of Fountain Hill  
City of Allentown  
Daniel McCarthy, Director of Administration  
The Honorable Carol K. McGinley, President Judge  
Thomas Muller, County Executive  
Timothy Reeves, Fiscal Officer  
H. Gordon Roberts, Magisterial District Judge Administrator  
Salisbury Township  
Salisbury School District  
Andrew Simpson, AOPC

COUNTY OF LEHIGH, PENNSYLVANIA  
MAGISTERIAL DISTRICT COURT #31-1-08

*Statement of Receipts and Disbursements  
and Changes in Cash Balance  
for the Period January 1, 2012 to December 31, 2013  
(NOTE 1)*

	<u>2012</u>	<u>2013</u>
Receipts:		
Office Receipt Activity	\$ 850,371	\$ 733,867
Bank Account Interest	78	84
	-----	-----
Total Receipts .....	850,449	733,951
	-----	-----
Disbursements:		
Pennsylvania Department of Revenue - Costs & Fines	470,873	423,496
Lehigh County Fiscal Office – Costs and Fines	136,064	130,071
Fountain Hill Borough – Costs and Fines	65,825	40,476
Restitution	50,289	37,570
Refunds	47,315	31,300
Server (NOTE 2)	35,761	24,937
Salisbury Township – Costs and Fines	32,134	46,080
Salisbury School District – Costs and Fines	361	953
Bethlehem Area School District – Costs and Fines	105	645
Pennsylvania Department of Revenue - Interest	78	84
Allentown City – Costs and Fines	0	1,667
Allentown Parking Authority – Costs and Fines	0	1,989
	-----	-----
Total Disbursements .....	838,805	739,268
	-----	-----
Receipts Over (Under) Disbursements .....	11,644	(5,317)
Cash Balance, January 1 .....	35,251	46,895
	-----	-----
Cash Balance, December 31 .....	\$ 46,895	\$ 41,578
	=====	=====

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

COUNTY OF LEHIGH, PENNSYLVANIA  
MAGISTERIAL DISTRICT COURT #31-1-08

*Notes to Financial Statement*  
*For the Period January 1, 2012 to December 31, 2013*

**1. Summary of Significant Accounting Policy**

**A. Reporting Entity**

A portion of the Magisterial District Court #31-1-08'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**

Michael Pochron was the Magisterial District Judge for the period January 1, 2012 to December 31, 2013.

**2. Server Costs**

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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JOHN A. FALK  
DEPUTY CONTROLLER

Magisterial District Judge Michael J. Pochron  
Magisterial District Court #31-1-08  
3000 South Pike Avenue  
Allentown, PA 18103

We have audited the financial statements of Magisterial District Court #31-1-08 for the period January 1, 2012 to December 31, 2013 and have issued our report thereon dated August 14, 2014. 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 #31-1-08'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 #31-1-08's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Magisterial District Court #31-1-08'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 #31-1-08'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*.

We noted certain matters that we reported to management of Magisterial District Court #31-1-08 in a separate section titled "*Schedule of Audit Findings and Recommendations*".

Magisterial District Court #31-1-08's and the Magisterial District Judge Administrator's response to our audit is included in this report. We did not audit Magisterial District Court #31-1-08's and the Magisterial District Judge Administrator's response and, accordingly, we do not express an opinion on it.

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.

A handwritten signature in black ink, appearing to read 'Glenn Eckhart', with a long horizontal flourish extending to the right.

GLENN ECKHART  
County Controller

August 14, 2014  
Allentown, Pennsylvania

COUNTY OF LEHIGH, PENNSYLVANIA  
MAGISTERIAL DISTRICT COURT #31-1-08

*Schedule of Audit Findings and Recommendations*

1. Outstanding Checks Not Marked As Stale In A Timely Manner

**Condition:** There were eight checks totaling \$336.96 that were outstanding for more than six months issued between January 1, 2012 and December 31, 2013. Current Magisterial Court office practices, established by the County of Lehigh's Magisterial District Judge Administrator is to declare checks as stale after six months from the date of issue.

**Recommendation:** All checks issued by the Magisterial District Courts of the 31<sup>st</sup> Judicial District that remain outstanding (not cashed) after six months should be escheated.

COUNTY OF LEHIGH, PENNSYLVANIA  
MAGISTERIAL DISTRICT COURT #31-1-08

*Schedule of Prior Audit Findings and Recommendations*

1. Some payments are not deposited timely

**Condition:** When an unidentified payment is received, via US mail, and the citation from the issuing authority has not yet arrived at the magisterial district court, the payment is kept in a locked cabinet and not deposited. If citations have not arrived within a week, the payments are returned to the sender. As a result, checks could be lost or misappropriated without detection.

**Recommendation:** The magisterial district court should follow the Administrative Office of Pennsylvania Courts procedures regarding processing payments without corresponding citations. Mail payments received without corresponding citations should be deposited the same business day and immediately applied as an unidentified remittance. In addition, a file of mail payments received without citations should be maintained by the office to facilitate the proper application of unidentified remittances upon delivery of the missing citations. The use of a tracking file will facilitate the efficient applications of unidentified remittances to the corresponding client cases in which the citations relate to.

**Management's Response:** This rare occurrence occurs when payments are received in the District Court prior to an officer submitting the citations to the District Court for processing. The Pennsylvania Rules of Court allow the officer up to five (5) days to file a citation that has been issued, however, on rare occasion payment may be received in advance of the filing by the officer. A discussion with the office manager concerning this issue has occurred and review points have been established in 2013 to review compliance with the AOPC rule that all deposits are made timely.

**Current Status:** Management has adequately addressed the condition.

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF LEHIGH

SALISBURY TOWNSHIP & CITY  
ALLENTOWN WARD 16

**MICHAEL J. POCHRON**  
**MAGISTERIAL DISTRICT JUDGE**

Magisterial District 31-1-08  
3000 S PIKE AVE, Suite A  
Allentown PA 18103

OFFICE:  
TEL 610-797-8724  
FAX 610-791-1401

August 14, 2014

County of Lehigh  
Office of the Controller  
Lehigh County Government Center  
17 South Seventh Street  
Allentown, PA 18101-2400

To Whom It May Concern,

This letter is in response to the Audit Report Draft conducted and written with regards to our District Court for the years of 2012 and 2013. Within the report, there was only one minor finding that has been officially reported by the Controller's office that, at this time, our office would like to respond to and address.

According to page seven of the reports entitled "Schedule of Audit Findings and Recommendations", there were a total of eight checks that were stale dated beyond what is considered timely at six months. According the report and all rules that the courts follow, all checks that are issued by the MDJ offices that remain outstanding after 6 months should be escheated back to the County of Lehigh.

In response to this, our office would like to make it known that during the period of January 14<sup>th</sup>, 2013 through the middle of 2014 year, new management had taken over this office and it was during this period that many things were being corrected within the office in accordance with many recommendations by the county controller's office, court administration, and the aforementioned management. When management was made aware that checks older than six months that remained undispersed must be escheated in accordance with audit recommendations and findings, this issue was corrected immediately and has, since then, not been an issue.

This court would lastly like to make mention of the fact that due to the diligence and hard work of this office's current staff, many issues that have been addressed in prior audits have been corrected and/or improved. In addition, we are proud to have received a personal compliment and congratulations by the Controller's office referencing their personnel being expressly impressed with the orderliness of the records provided by this office.

Should there be any further issues that need to be addressed, or any further information needed in relation to this recent audit, please feel free to contact our office, or myself, personally, as to ensure proper response. Thank you for the opportunity to respond.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Pochron" followed by a stylized flourish.

Magisterial District Judge  
Michael J. Pochron

MJP/mja

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF LEHIGH

H. GORDON ROBERTS

MAGISTERIAL DISTRICT JUDGE ADMINISTRATOR  
LEHIGH COUNTY COURTHOUSE  
455 W HAMILTON STREET  
ALLENTOWN PA 18101-1614

OFFICE:  
TEL 610-782-3229  
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MEMORANDUM

To: Glenn Eckhart – County Controller

Fr: H. Gordon Roberts – MDJ Administrator 

Re: Response to Audit Draft Report for District Court 31-1-08

Date: August 13, 2014

This is intended as the management response to the single audit finding of the audit of District Court 31-1-08 for the period January 1, 2012 through December 31, 2013. In that audit a finding was noted of:

Checks Listed as Outstanding for more than Six Months at Year's End

A review of the follow-up information showed a total of eight (8) checks, valued at \$336.96 had not been escheated timely to the County. The time period for these checks was varied throughout the audit period with one occurring in September, October and November of 2012, two in December 2012, one in April, 2013 and two in August, 2013. Although this process was discussed at several meetings of the office managers, the review showed a failure to follow through on this procedure by the office management. The District Courts have initiated a program to conduct procedural audits of the district courts and this is one of the areas of review, however, because this program is new the procedural audit of DC 31-1-08 had not yet been conducted.