




COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 820-3335

THOMAS SLONAKER
COUNTY CONTROLLER

JOHN A. FALK
DEPUTY CONTROLLER

TO: Final Report Distribution
FROM: Thomas Slonaker, County Controller 
DATE: September 15, 2010
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, 2008 to January 27, 2010. Our audit report number 10-53 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 judge is in general compliance with the applicable financial AOPC guidelines.

Attachment

MDJ/LEH

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

Financial Audit
For The period January 1, 2008 to January 27, 2010

REPORT NO. 10-53

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

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H. Gordon Roberts for MDJ Leh's Office
Court Administration Office
Lehigh County Courthouse
455 West Hamilton Street
Allentown, PA 18101

We have audited the accompanying Statement of Receipts and Disbursements and the Changes in Cash Balance of Magisterial District Court #31-1-04 for the period January 1, 2008 to January 27, 2010 as listed in the Table of Contents. The financial statements are the responsibility of Magisterial District Court #31-1-04'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 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 #31-1-04 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, 2008 to January 27, 2010 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 #31-1-04 for the period January 1, 2008 to January 27, 2010, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 14, 2010 on our consideration of Magisterial District Court #31-1-04'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.



THOMAS SLONAKER
County Controller

September 14, 2010
Allentown, Pennsylvania

Final Distribution:

Allentown Parking Authority
City of Allentown
Auditor General of Pennsylvania
Board of Commissioners
Donald T. Cunningham, Jr., County Executive
Brian L. Kahler, Fiscal Officer
The Honorable William H. Platt, President Judge
H. Gordon Roberts, Magisterial District Judge Administrator
Andrew Simpson, AOPC

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, 2008 to January 27, 2010
(NOTE 1)*

	<u>2008</u>	<u>2009</u>	<u>1/1/10 to 1/27/10</u>
Receipts:			
Office Receipt Activity	\$ 614,258	\$ 663,081	\$ 48,676
Bank Account Interest	49	95	7
	-----	-----	-----
Total Receipts	614,307	663,176	48,683
	-----	-----	-----
Disbursements:			
Commonwealth of Pennsylvania - Costs and Fines	210,314	245,234	12,589
Other (NOTE 2)	187,559	193,269	19,491
County of Lehigh – Costs and Fines	123,612	139,862	13,391
City of Allentown – Fines	52,999	54,416	4,026
Allentown Parking Authority – Fines	30,828	28,654	1,889
Commonwealth of Pennsylvania – Interest	49	95	7
	-----	-----	-----
Total Disbursements	605,361	661,530	51,393
	-----	-----	-----
Receipts Over (Under) Disbursements	8,946	1,646	(2,710)
Beginning Cash Balance, January 1	32,561	41,507	43,153
	-----	-----	-----
Ending Cash Balance, December 31	\$ 41,507	\$ 43,153	\$ 40,443
	=====	=====	=====

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, 2008 to January 27, 2010

1. **Summary of Significant Accounting Policy**

A. Reporting Entity

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. 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 A. Leh was the magisterial district judge for the period January 1, 2008 to January 27, 2010.

2. **Other Disbursements**

Other disbursements include refund of overpayments, restitution, refund of bail security, serving costs, and other miscellaneous disbursements.



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We have audited the financial statements of Magisterial District Court #31-1-04 for the period January 1, 2008 to January 27, 2010 and have issued our report thereon dated September 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 #31-1-04'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 #31-1-04's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Magisterial District Court #31-1-04's internal control over financial reporting.

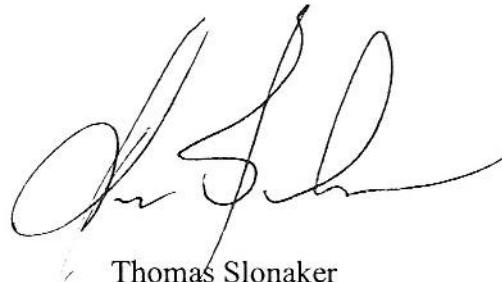
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, 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 #31-1-04'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*.

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 'T. Slonaker', written in a cursive style.

Thomas Slonaker
County Controller

September 14, 2010
Allentown, Pennsylvania

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

Schedule of Prior Audit Findings and Recommendations

1. Undisbursed Funds

Condition: The magisterial district court routinely holds funds (i.e., constable serving fees, bail, hearing collateral or restitution payments) for specific cases being heard within its jurisdiction. The undisbursed funds are usually disbursed within six months of the date received. There are eight cases listed on the December 2007 Undisbursed Funds Report where funds were received from October 2002 through June 2007 and had not been disbursed.

This condition was noted in our previous audit report #06-47 issued October 30, 2006.

Recommendation: The magisterial district judge should promptly adjudicate the eight cases mentioned above. The magisterial district judge should periodically review all open cases on the monthly Undisbursed Funds Report and follow-up, as necessary, in order to close all cases in a timely manner.

Response: As a result of the audit a finding of the District Court was the undisbursed list. The 8 cases that came up as being beyond the 6 month period were reviewed, as of this date 5 cases were resolved and funds were disbursed. 1 case is being reviewed by AOPC with a problem number of 84707, and the remaining 2 cases are being sent by notification of mail to the plaintiff so they to maybe closed. When processing the monthly report District Court 31-1-04 will now give District Judge David G. Leh a copy of the undisbursed report for reference and review.

Current Status: There are no undisbursed funds listed on the December 2009 undisbursed funds report that should have been disbursed.