

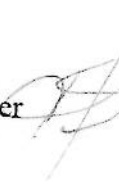


COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
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(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: October 29, 2010
RE: Audit of Magisterial District Court #31-1-07

We have completed a financial audit of Magisterial District Court #31-1-07, County of Lehigh, Pennsylvania for the period January 1, 2008 to December 31, 2009. Our audit report number 10-67 is attached.

The results of our audit are:

- The County of Lehigh received the proper amounts due from Magisterial District Court #31-1-07.
- The magisterial district judge is in general compliance with the applicable financial AOPC guidelines.

Attachment

MDJ/HALAL

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-07

Financial Audit
For The period January 1, 2008 to December 31, 2009

REPORT NO. 10-67

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-07

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Magisterial District Court #31-1-07's Response	No Response

*From Controller's Office report #08-33 issued June 11, 2008 covering the period January 1, 2006 to October 31, 2007 and report #08-34 issued June 11, 2008 covering the period November 1, 2007 to December 31, 2007.



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JOHN A. FALK
DEPUTY CONTROLLER

Magisterial District Judge Robert Halal
Magisterial District Court #31-1-07
3350 MacArthur Road
Whitehall, PA 18052

We have audited the accompanying Statement of Receipts and Disbursements and the Changes in Cash Balance of Magisterial District Court #31-1-07 for the period January 1, 2008 to December 31, 2009 as listed in the Table of Contents. The financial statements are the responsibility of Magisterial District Court #31-1-07'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.

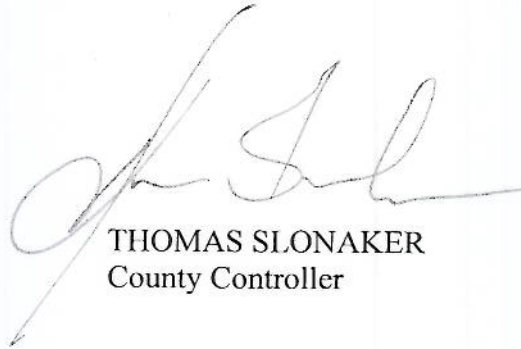
We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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 #31-1-07 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 December 31, 2009 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 #31-1-07 for the period January 1, 2008 to December 31, 2009, on basis of accounting described in Note 1. However, we noted control deficiencies or other management issues that are described in the accompanying "*Schedule of Prior Audit Findings and Recommendations*".

In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2010 on our consideration of Magisterial District Court #31-1-07'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

October 20, 2010
Allentown, Pennsylvania

Final Distribution:

Auditor General of Pennsylvania
Board of Commissioners
Borough of Coplay
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
Whitehall Township

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-07

*Statement of Receipts and Disbursements
and Changes in Cash Balance
For the period January 1, 2008 to December 31, 2009
(NOTE 1)*

	<u>2008</u>	<u>2009</u>
Receipts:		
Office Receipt Activity	\$ 831,807	\$ 760,316
Bank Account Interest	669	572
	-----	-----
Total Receipts	832,476	760,888
	-----	-----
Disbursements:		
Commonwealth of Pennsylvania - Costs and Fines	390,692	367,632
County of Lehigh – Costs and Fines	152,739	128,088
Other (NOTE 2)	142,619	114,470
Whitehall Township – Fines	138,641	145,983
Borough of Coplay – Fines	13,473	7,477
Commonwealth of Pennsylvania – Interest	669	572
	-----	-----
Total Disbursements	838,833	764,222
	-----	-----
Receipts Over (Under) Disbursements	(6,357)	(3,334)
Beginning Cash Balance, January 1	42,598	36,241
	-----	-----
Ending Cash Balance, December 31	\$ 36,241	\$ 32,907
	=====	=====

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

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-07

Notes to Financial Statement
For the period January 1, 2008 to December 31, 2009

1. **Summary of Significant Accounting Policy**

A. Reporting Entity

The Magisterial District Court #31-1-07'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

Robert C. Halal was the magisterial district judge for the period January 1, 2008 to December 31, 2009.

2. **Other Disbursements**

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



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Magisterial District Judge Robert Halal
Magisterial District Court #31-1-07
3350 MacArthur Road
Whitehall, PA 18052

We have audited the financial statements of Magisterial District Court #31-1-07 for the period January 1, 2008 to December 31, 2009 and have issued our report thereon dated October 20, 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 #31-1-07'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 #31-1-07's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Magisterial District Court #31-1-07's internal control over financial reporting.

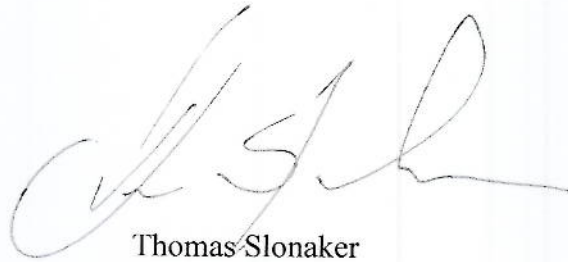
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, 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 #31-1-07'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', is written over the printed name.

Thomas Slonaker
County Controller

October 20, 2010
Allentown, Pennsylvania

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-07

Schedule of Prior Audit Findings and Recommendations

1. Void Receipts Not Always Approved by Magisterial District Court Management

Condition: Magisterial district court management did not always approve the void receipts. The current void receipt policy (April 2002) states: “*When it is necessary to void a receipt that was issued in the district court office, the office manager should initial the daily deposit listing that is printed at the end of each day that shows the voided item. If it is the office manager who issued the receipt that required the void, the district justice must be the individual who initials the daily deposit listing for that specific item.*” An unauthorized void receipt could result in the misappropriation of cash.

Recommendation: All void receipts listed on the “Daily Cash Balancing Report” known in the current void receipt policy, as the daily deposit listing should be initialed by the magisterial district court management. The void receipt (which includes an explanation for the void and the replacement receipt number) should be attached to the “Daily Cash Balancing Report”. An additional copy of the void receipt should be attached to the case papers.

2. Clerical Errors on the “Server 1099 Report”

Condition: The year-end “Server 1099 Report”, which summarizes all constable payment activity for the year, contained clerical errors. An example of a clerical error would be the magisterial district court staff combining constable serving fees and mileage fees as reported on the “Constable Payment Request” into one amount called serving fees. Combining two or more constable fees does not provide an accurate accounting of the constable’s yearly activity.

Recommendation: The magisterial district court management should instruct the entire staff on the correct way to enter the constable payment information per the AOPC Clerical Procedures Manual.

Response to both findings: We understand the findings of your audit and they have been corrected.

Tonya Stephens, office manager, started here on July 23, 2007 and I was appointed to the office on November 1, 2007.

As you know, there have been Senior Magisterial District Judges in this office during January 1, 2006 through October 31, 2007. They were Thomas Murphy, John Dugan, Ed Hartman and Richard Gatti. The elected Magisterial District Judge was Joan Snyder.

Therefore, I am not responsible for the findings of this audit but will be sure they are corrected.

Current status for both findings: Both findings have been corrected.