




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

TO: Final Report Distribution
FROM: Thomas Slonaker, County Controller 
DATE: June 2, 2008
RE: Audit of Magisterial District Court #31-1-05

We have completed a financial audit of Magisterial District Court #31-1-05, County of Lehigh, Pennsylvania for the years ended December 31, 2006 and 2007. Our audit report number 08-27 is attached.

The results of our audit are:

- The County of Lehigh received the proper amounts due from Magisterial District Court #31-1-05.
- The magisterial district judge is in general compliance with the applicable financial AOPC guidelines.
- Periodic follow-up is needed for undisbursed funds being held by the office.
- Outstanding checks listed on the December 31, 2007 bank reconciliation for more than six months.

Attachment

MDJ/BALLIET

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-05

Financial Audit
For Years Ended December 31, 2006 and 2007

REPORT NO. 08-27

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-05

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Magisterial District Judge Carl L. Balliet
Magisterial District Court #31-1-05
828 North Fenwick Street
Allentown, PA 18109

We have audited the accompanying Statement of Receipts and Disbursements and the Changes in Cash Balance for the years ended December 31, 2006 and 2007 of Magisterial District Court #31-1-05 as listed in the Table of Contents. The financial statements are the responsibility of Magisterial District Court #31-1-05'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 #31-1-05 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 years ended December 31, 2006 and 2007 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 #31-1-05 for the years ended December 31, 2006 and 2007, 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 May 14, 2008 on our consideration of Magisterial District Court #31-1-05'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

May 14, 2008
Allentown, Pennsylvania

Final Distribution:

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

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-05

*Statement of Receipts and Disbursements
and Changes in Cash Balance
for the Years Ended December 31, 2006 and 2007
(NOTE 1)*

	<u>2006</u>	<u>2007</u>
Receipts:		
Office Receipt Activity	\$ 717,322	\$ 699,292
Bank Account Interest	118	102
	-----	-----
Total Receipts	717,440	699,394
	-----	-----
Disbursements:		
Commonwealth of Pennsylvania - Costs and Fines	377,914	371,575
Other (NOTE 2)	132,976	135,534
County of Lehigh – Costs and Fines	119,240	118,504
City of Allentown – Fines	40,205	37,481
Borough of Catasauqua - Fines	27,712	23,268
Allentown Parking Authority – Fines	8,918	11,341
Hanover Township – Fines	4,833	3,799
Commonwealth of Pennsylvania – Interest	118	102
	-----	-----
Total Disbursements	711,916	701,604
	-----	-----
Receipts Over (Under) Disbursements	5,524	(2,210)
Cash Balance, January 1	22,038	27,562
	-----	-----
Cash Balance, December 31	\$ 27,562	\$ 25,352
	=====	=====

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

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-05

Notes to Financial Statement
For the Years Ended December 31, 2006 and 2007

1. **Summary of Significant Accounting Policy**

A. Reporting Entity

The Magisterial District Court #31-1-05'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

Carl L. Balliet was the magisterial district judge for the period January 1, 2006 to December 31, 2007.

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 Carl L. Balliet
Magisterial District Court #31-1-05
828 North Fenwick Street
Allentown, PA 18109

We have audited the financial statements of Magisterial District Court #31-1-05 for the years ended December 31, 2006 and 2007 and have issued our report thereon dated May 14, 2008. 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 #31-1-05'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 #31-1-05's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Magisterial District Court #31-1-05's internal control over financial reporting.

A control deficiency 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 control deficiency, or combination of control deficiencies, that adversely affects the Magisterial District Court #31-1-05's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Magisterial District Court #31-1-05's financial statements that is more than inconsequential will not be prevented or detected by the Magisterial District Court #31-1-05's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Magisterial District Court #31-1-05's internal control.

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 #31-1-05'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 #31-1-05 in a separate section titled "*Schedule of Audit Findings and Recommendations*".

Magisterial District Court #31-1-05's response to the findings identified in our audit are included in this report. We did not audit Magisterial District Court #31-1-05'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.



Thomas Slonaker
County Controller

May 14, 2008
Allentown, Pennsylvania

COUNTY OF LEHIGH, PENNSYLVANIA
MAGISTERIAL DISTRICT COURT #31-1-05

Schedule of Audit Findings and Recommendations

1. Checks Listed as Outstanding for More Than Six Months at 12/31/07

Condition: The magisterial district court bank reconciliation at December 31, 2007 had 17 checks totaling \$194.00 in old outstanding checks. Current magisterial district court office practice established by the County of Lehigh's Magisterial District Judge Administrator, declare checks stale after six months from the date of issuance.

This condition was noted in our previous audit report #06-40 issued October 5, 2006.

Recommendation: Magisterial district court checks that remain uncashed after six months should be turned over to the county office of fiscal affairs.

2. 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 nine cases listed on the December 2007 Undisbursed Funds Report where funds were received from October 2004 through June 2007 and have not been disbursed.

Recommendation: The magisterial district judge should promptly adjudicate the nine 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.

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF LEHIGH

CARL L. BALLIET

MAGISTERIAL DISTRICT JUDGE

Magisterial District 31-1-05
828 N. Fenwick Street
Allentown, PA 18109

ALLENTOWN CITY WARDS 14 & 15
CATASAUQUA BOROUGH
HANOVER TOWNSHIP, LEHIGH CO.

OFFICE:
TEL 610-439-0661
FAX 610-439-1257

TO: Thomas Slonaker, County Controller
FROM: Carl L. Balliet, District Court 31-1-05
DATE: May 14, 2008
RE: Comments on Audit Report Draft

Upon receiving and reviewing our audit report. We have several comments.

Problem 1. Checks Listed as Outstanding for More Than Six Months at 12-31-07

All District Court checks which remained uncased for six months were marked stale and turned over to the county fiscal office. The office manager and staff will check this on a monthly bases when doing the monthly reports.

Problem 2. Undisbursed Funds

The District Court staff and Office manager reviews this report at least once a month during the time of the monthly reports in order to close all cases in a timely manner. Please find a sample letter which was sent to the Court Adminstrator to take care of this matter.

District Judge

Carl L. Balliet

files

A handwritten signature in cursive script, appearing to read "Carl Balliet".

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF LEHIGH

CARL L. BALLIET

MAGISTERIAL DISTRICT JUDGE

Magisterial District 31-1-05
828 N. Fenwick Street
Allentown, PA 18109

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CATASAUQUA BOROUGH
HANOVER TOWNSHIP, LEHIGH CO.

OFFICE:
TEL 610-439-0661
FAX 610-439-1257

20 September 2006

H. Gordon Roberts
MDJ Administrator
LCCH
455 W. Hamilton St.
Allentown, PA 18101

Re: Request for payment for money missing on cases

Dear Mr. Roberts:

Below are a list of cases currently being carried on our monthly Undisbursed Funds Report marked as "money is missing for the case" for constable fees paid out and the defendants payment was voided for reasons listed below. I am requesting a total of \$112.80 to replace the missing money and bring this report to a ZERO balance. If the money would ever be collected from the defendant, the county would be reimbursed the money paid.

NT-181-04 Antoinette Helfrich \$2.07 NSF check warrant issued 1-26-05

NT-475-05 Andrick Pestano \$21.55 NSF check warrant 11-3-05

Pd → NT-1467-05 Aubrie Fenicle \$26.40 pd. out 1-3-06; case appealed 2-23-06 \$ sent to collections

TR-11-06 Janet Trapp Alcon \$26.40 NSF check warrant issued 3-27-06

Pd → TR-590-06 Deborah Edelman \$26.40 NSF check Pre-warrant sent 6-14-06

Pd → TR-0003348-04 Kyle Gary SCOTT \$5.00 NSF check Pre-warrant sent 8-29-06

Pd → NT-943-05 Kristin J. Weaver \$4.98 Rest pd. out 1-3-06; Payment moved 1-13-06
Payment due 9-15-06

If you have any questions, please feel free to call my office.

Sincerely,

Carl L. Balliet
MDJ

CLB/kam
cc: files