

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



Services Center, 12th Floor
633 Court Street
Reading, PA 19601-4311

Phone: 610.478.6150
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Mark C. Scott, Commissioner Chair
Christian Y. Leinbach, Commissioner
Kevin S. Barnhardt, Commissioner

Sandra M. Graffius, Controller
Jack A. Linton, Esq., Solicitor

February 21, 2013

Mr. James Troutman
Clerk of Courts
Office of the Clerk of Courts
County of Berks, Pennsylvania

Re: Independent Internal Auditor's Report

Dear Mr. Troutman:

We have completed our compilation of the financial statements of the Office of the Clerk of Courts for the year ended December 31, 2011 and have attached the report for your review and consideration.

Since there were no significant findings or instances of non-compliance noted, no response is required and the attached report is the final report.

This report is intended for the use of the Office of the Clerk of Courts management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine during the course of our audit. If you have any questions concerning our audit or the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

**Office of the Clerk of Courts
County of Berks, Pennsylvania**

James Troutman, Clerk of Courts

Annual Financial Report

As of December 31, 2011

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Report Distribution List

1. James Troutman, Clerk of Courts
2. Christian Y. Leinbach, County Commissioner Chair
3. Kevin S. Barnhardt, County Commissioner
4. Mark C. Scott, County Commissioner
5. Carl Geffken, Chief Operations Officer
6. Daryl F. Moyer, Solicitor
7. Eugene A. DePasquale, Pennsylvania Auditor General
8. Reinsel, Kuntz, Leshner LLP, Certified Public Accountants
9. Audit File

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Independent Internal Auditor's Report

Mr. James Troutman
Clerk of Courts
Office of the Clerk of Courts
County of Berks, Pennsylvania

We have compiled the accompanying statement of assets, liabilities and fund balance – cash basis as of December 31, 2011 for the Office of the Clerk of Courts, a unit of the County of Berks, Pennsylvania, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accounts. These financial statements are the responsibility of the Office of the Clerk of Courts management.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 1, the accounts of the Office of the Clerk of Courts are maintained, and the accompanying financial statements are prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have included a report on our consideration of the Office of the Clerk of Courts internal control structure and on its compliance with laws and regulations. We have reviewed compliance and internal control matters in accordance with the Commonwealth of Pennsylvania Third Class County Code and County of Berks ordinances and resolutions and have included applicable comments related thereto in the respective report.

Sandra M. Graffius, Controller
January 28, 2013

**Office of the Clerk of Courts
County of Berks, Pennsylvania
Statement of Assets, Liabilities and Fund Balance – Cash Basis
As of December 31, 2011**

Assets	
Cash in bank FCR	\$ 1,073,214
Cash in bank Bail	531,968
Cash on hand	<u>50</u>
Total assets	<u><u>\$ 1,605,232</u></u>
Liabilities and fund balance	
Liabilities	
Bail Escrow	\$ 524,214
Escrow – escheats, fines, costs and restitution	568,462
Due to County of Berks	261,724
Due to Commonwealth of PA	120,810
Individual and joint restitution due	98,842
Fines due to local authorities	12,826
Fees due to collection agency	7,063
Fees due to Treatment Access Service Center	6,143
Fees due to Prothonotary	3,767
Due to automation fund	<u>1,331</u>
Total liabilities	<u>1,605,182</u>
Fund balance	<u>50</u>
Total liabilities and fund balance	<u><u>\$ 1,605,232</u></u>

The accompanying notes are an integral part of these financial statements.

**Office of the Clerk of Courts
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and
Changes in Cash and Investment Balances – Cash Basis
For the Year Ended December 31, 2011**

Receipts	
State fines, costs and restitution	\$ 1,722,902
County of Berks fines, costs and restitution	1,336,187
Restitution and refunds – all	1,134,674
Adult probation supervision fees	812,057
Alcohol Safe Driving program	523,949
Sheriff Central Processing & Video Taping	449,503
Local fines	240,265
Bail escrow	147,760
Collection agency fees	123,422
Adult probation fees	119,004
Treatment Access Service Center	90,196
Other program fees	61,794
Prothonotary fees	49,790
Automation fees	19,168
Interest earned	<u>3,552</u>
Total receipts	<u>6,834,223</u>
Disbursements	
State fines, costs, restitution and interest	1,730,880
County of Berks fines, costs and restitution	1,430,842
Restitution and refunds - all	977,989
Adult probation supervision fees	815,144
Alcohol Safe Driving program	530,704
Sheriff Central Processing & Video Taping	448,892
Local fines	242,457
Collection agency fees	127,320
Bail forfeitures and fees	119,625
Adult probation fees	120,275
Treatment Access Service Center	91,404
Refunds	92,958
Other program fees	57,855
Prothonotary fees	49,064
Automation fund	19,481
Bank fees	12,723
Interest remitted to County of Berks	<u>2,522</u>
Total disbursements	<u>6,870,135</u>
Cash disbursements in excess of receipts	(35,912)
Cash and investment balances as of January 1	<u>1,641,094</u>
Cash and investment balances as of December 31	<u>\$ 1,605,182</u>

The accompanying notes are an integral part of these financial statements.

**Office of the Clerk of Courts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2011**

Note 1: Nature of the Office and Significant Accounting Policies

Nature of the Office:

The Office of the Clerk of Courts prepares and maintains the records for the Criminal Division of the Court of Common Pleas. The Clerk signs and affixes the Seal of the Courts to all writs and processes, administers oaths and affirmations, and assumes custody of the seal and records of the Court. The Clerk certifies and distributes orders of the Court. The Clerk also certifies and prepares bills of costs for the defendants and utilizes the computerized financial management system to disburse fines, costs and restitution.

Basis of accounting:

The books and records of the Office of the Clerk of Courts are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is an other comprehensive basis of accounting.

Cash and cash equivalents:

The Office of the Clerk of Courts considers cash and equivalents to be cash on hand, cash on deposit, and investments with a maturity of three months or less when purchased.

Cash accounts:

The financial statements compiled for the Office of the Clerk of Courts reflect primarily trust and agency account activity. These accounts are maintained and reconciled by the Office of the Clerk of Courts. Administrative costs and expenses incurred by the Office of the Clerk of Courts are reflected on the books and records of the County of Berks and not on these financial statements.

Note 2: Cash and equivalents

The following cash accounts are in the name of the County of Berks, Office of the Clerk of Courts, and are reflected in the County of Berks financial statements:

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Sovereign	Government banking	\$ 27,669	\$ 25,723
Sovereign	government banking	117,422	115,135
National Penn	government banking	1,016,249	932,356

**Office of the Clerk of Courts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2011**

Note 2: Cash and equivalents, continued

Bank	Account Type	Bank Balance	Carrying Value
Sovereign	government banking	9,760	9,760
National Penn	government banking	256,165	256,152
National Penn	government banking	266,056	266,056
		<u>\$ 1,693,321</u>	<u>\$ 1,605,182</u>

These accounts hold funds received by the Office of the Clerk of Courts in a trust and agency capacity and use of these funds, by the Office of the Clerk of Courts, is restricted. Each account earns interest. Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

Note 3: Bail escrow

These are bail amounts, set forth by the courts, that are paid to the Office of the Clerk of Courts by various defendants or paid on their behalf by others.

Note 4: Escrow – escheats, fines, costs and restitution

Amounts shown in this category are escrowed pending resolution of some matter. Examples include, but are not limited to, lack of a current address of a party to whom restitution is owed, lack of related case number for payments received, or monies being considered for escheatment.

Note 5: Due to County of Berks

The amount due to the County of Berks is for collections related to the following:

Fines, costs, fees	\$ 94,846
Interest earned - Net of bank fees	24,941
Adult probation supervision fees	57,692
Alcohol Safe Driving program	35,680
Sheriff's Central Processing	24,695
Act 198 costs	8,302
Central booking / video taping	7,147
DUI adult probation officer fee	4,203
APO community service fees	2,813
ASDP Missed Class	1,326
2 nd /3 rd Time Offender Program	79
Total	<u>\$ 261,724</u>

**Office of the Clerk of Courts
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
December 31, 2011**

Note 6: Due to Commonwealth of PA

The amount due to the Commonwealth of PA is for collections related to the following:

Fines, costs, restitution		\$	120,810
Amounts subject to escheat			<u>0</u>
Total	ok	\$	<u>120,810</u>

Note 7: Fines due to local authorities

Certain fines collected by the Office of the Clerk of Courts are shared with local jurisdictions and are related to violations of law that occurred within those local jurisdictions.

Note 8: Individual and joint restitution due

These are amounts collected by the Office of the Clerk of Courts to be paid to various victims of criminal activity, such as theft or vandalism. The injured parties are individuals, businesses, or other entities.

Note 9: Fees due to collection agency

The Office of the Clerk of Courts has entered into a contract for professional debt collection services with Accounts Recovery Bureau, Inc. (ARB) located in Wyomissing, Pennsylvania. These amounts are collection commissions owed to ARB.

Note 10: Fees due to Treatment Access Service Center

These court ordered amounts, collected by the Clerk of Courts, are associated with DUI cases and are included on sentence orders. The per case fee is \$85 and represents the evaluation cost to determine if further DUI treatment is needed.

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Independent Internal Auditor's Report on Internal Controls and Compliance

Mr. James Troutman
Clerk of Courts
Office of the Clerk of Courts
County of Berks, Pennsylvania

In completing our internal audit of the Office of the Clerk of Courts for the year ended December 31, 2011, we performed tests for compliance with certain financial provisions of laws, regulations, contracts, grants, and applicable policies. Noncompliance is considered a significant finding when it could have a direct and material effect on related financial information. The results of our tests disclosed no instances of noncompliance.

We also performed tests of the Office of the Clerk of Courts' internal control over financial information and noted no significant findings in internal controls. Significant findings involve matters coming to our attention relating to deficiencies in the design or operation of the internal control over financial information that, in our judgment, could adversely affect the Office of the Clerk of Courts' ability to adequately and properly record, process, summarize and report financial data.

This report is intended for the information and use of the County of Berks Board of Commissioners and the Office of the Clerk of Courts' management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
January 28, 2013

**Office of the Clerk of Courts
County of Berks, Pennsylvania
Report on Internal Controls as of January 28, 2013
Status of Prior Year Audit Results**

<u>Description of Condition</u>	<u>Corrective Action Implemented</u>
Lack of procedure to reconcile deposit account balances with undisbursed receipts	yes
Lack of timely compliance with County escheat policy	yes
Lack of remittance to County of some net interest as of 12-31-10	yes
Lack of adequate backup for the Chief Deputy Position	yes

Note:

The prior Audit, 2006 through 2010, was not completed until May 22, 2012. Therefore, the above corrective action was not implemented by December 31, 2011. However, Internal Audit reviewed during the 2011 Audit that the Clerk of Courts implemented corrective action to all the above conditions by December 31, 2012.