

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



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

Phone: 610.478.6150
Fax: 610.478.6890

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

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

December 29, 2014

Magisterial District Judge Michael G. Hartman
Magisterial District Court 23-3-02
100 Schaeffer Street, Suite 2
Boyertown, PA 19512

Re: Internal Auditor's Report

Dear Magisterial District Judge Hartman:

We have completed our compilation of the financial statements for Magisterial District Court 23-3-02 for the year ended December 31, 2013, and have attached the report for your review and consideration.

Since there was no significant finding or instance of non-compliance noted during the audit no response is required and the attached report is the final report.

This report is intended for the use of Magisterial District Court 23-3-02's 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

**Magisterial District Court 23-3-02
County of Berks, Pennsylvania**

Magisterial District Judge Michael G. Hartman

Annual Financial Report

As of December 31, 2013

Contents

Report Distribution List	1
Internal Auditor's Report	2
Statement of Assets, Liabilities and Fund Balance – Cash Basis	4
Statement of Receipts, Disbursements and Changes in Cash Balance - Cash Basis	5
Notes to Financial Statements	6
Internal Auditor's Report on Compliance and Internal Controls	9
Status of Prior Year Audit Results	10

Report Distribution List

1. Michael G. Hartman, Magisterial District Judge
2. Christian Y. Leinbach, County Commissioner Chair
3. Kevin S. Barnhardt, County Commissioner
4. Mark C. Scott, County Commissioner
5. Carl E. Geffken, Chief Operations Officer
6. Paul M. Yatron, President Judge
7. Steve Weber, District Court Administrator
8. Faith I. Phillips, Special Courts Administrator
9. Eugene A. DePasquale, Pennsylvania Auditor General
10. Andrew Simpson, Judicial Programs Department
11. Reinsel, Kuntz Leshner LLP, Certified Public Accountants
12. Andrea L. Delo, Secretary/Treasurer, Borough of Bally
13. Valerie A. Moll, Secretary/Treasurer, Borough of Bechtelsville
14. Patricia A. Loder, Secretary, Borough of Boyertown
15. Cindy Conrad, Secretary, Township of Colebrookdale
16. Toni Hermerka, Secretary/Treasurer, Township of Douglass
17. Michele Hummel, Secretary/Treasurer, Township of Earl
18. Norann Warmkessel, Secretary/Treasurer, Township of Hereford
19. Jason Ganster, Secretary, Township of Washington
20. David A. Szablowski, Business Manager, Boyertown Area School District
21. Sandra M. Kassel, Business Administrator, Upper Perkiomen School District
22. Audit File

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



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

Phone: 610.478.6150
Fax: 610.478.6890

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

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

Internal Auditor's Report

Magisterial District Judge Michael G. Hartman
Magisterial District Court 23-3-02
100 Schaeffer Street, Suite 2
Boyertown, PA 19512

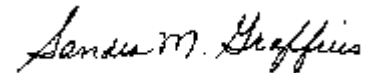
We have compiled the accompanying statement of assets, liabilities and fund balance – cash basis as of December 31, 2013 for Magisterial District Court 23-3-02, and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As described in Note 1, the accounts of Magisterial District Court 23-3-02 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 Magisterial District Court 23-3-02's 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.

A handwritten signature in cursive script that reads "Sandra M. Graffius".

Sandra M. Graffius, Controller
August 26, 2014

Magisterial District Court 23-3-02
County of Berks, Pennsylvania
Statement of Assets, Liabilities and Fund Balance – Cash Basis
As of December 31, 2013

Assets	
Cash in bank	\$ 20,452
Cash on hand	<u>150</u>
Total assets	<u><u>\$ 20,602</u></u>
Liabilities and Fund Balance	
Liabilities	
Due to the County of Berks	\$ 7,553
Due to Commonwealth of PA	4,290
Due to local authorities	4,579
Funds held in escrow	<u>4,030</u>
Total liabilities	<u>20,452</u>
Fund balance	<u>150</u>
Total liabilities and fund balance	<u><u>\$ 20,602</u></u>

The accompanying notes are an integral part of these financial statements.
See accountant's compilation report.

**Magisterial District Court 23-3-02
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2013**

Receipts	\$ 562,637
Disbursements	
County of Berks	126,681
Commonwealth	318,766
Local authorities	81,069
Constable fees	14,261
Restitution, bail and collateral	<u>30,366</u>
Total disbursements	<u>571,143</u>
Cash disbursements in excess of receipts	(8,506)
Cash account balance as of January 1	<u>28,958</u>
Cash account balance as of December 31	<u><u>\$ 20,452</u></u>

The accompanying notes are an integral part of these financial statements.
See accountant's compilation report.

Magisterial District Court 23-3-02
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2013

Note 1: Nature of the office and significant accounting policies

Nature of the office:

Magisterial district courts have jurisdiction over the preliminary stages of all criminal cases. They have jurisdiction over all traffic and non-traffic summary cases and jurisdiction in civil cases where the amount in controversy is \$12,000 or less. They do not have jurisdiction over matters pertaining to real estate, except landlord and tenant matters. Magisterial district courts collect fines, costs, restitution, and bail from defendants. The funds are then distributed to the Commonwealth, the County of Berks, local authorities, constables, and victims of illegal activities. Magisterial district courts are component units of Pennsylvania's Unified Judicial System.

Magisterial district courts are presided over by magisterial district judges. Appeals from magisterial district judge judgments are taken to the Court of Common Pleas.

Magisterial district judges are employees of the Commonwealth and the court secretaries are employees of the County of Berks.

Basis of accounting:

The books and records of Magisterial District Court 23-3-02 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:

Magisterial District Court 23-3-02 considers cash and equivalents to be cash on hand, on deposit and investments with a maturity of three months or less when purchased.

Cash accounts:

The financial statements compiled for Magisterial District Court 23-3-02 by the Office of the Controller reflect only cash account activity. The cash account is primarily a trust and agency account maintained and reconciled by Magisterial District Court 23-3-02. Administrative costs and expenses incurred by Magisterial District Court 23-3-02 are reflected on the books and records of the County of Berks and not on these financial statements.

**Magisterial District Court 23-3-02
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
December 31, 2013**

Note 2: Cash and equivalents

The following cash accounts are in the name of Magisterial District Court 23-3-02, County of Berks, and are not reflected in the County of Berks financial statements:

Bank	Account Type	Bank Balance	Carrying Value
National Penn Cash	Checking cash on hand	\$ 18,783	\$ 20,452
		150	150
		\$ 18,933	\$ 20,602

Magisterial District Court 23-3-02 is a component unit of Pennsylvania's Unified Judicial System. The cash account for Magisterial District Court 23-3-02 is assigned its own tax identification number.

The account holds funds received by Magisterial District Court 23-3-02 primarily in a trust and agency capacity and use of these funds by Magisterial District Court 23-3-02 is restricted.

Amounts on deposit do not exceed \$250,000 and therefore are fully covered by FDIC insurance.

Note 3: Due to County of Berks

The amount due to the County of Berks is for collection of certain fines and costs related to violations of law within the County.

Note 4: Due to Commonwealth of Pennsylvania

The amount due to the Commonwealth is for collection of certain fines and costs that are either shared with or remitted in full to the Commonwealth. The amount is related to violations of law that occurred within the County.

Note 5: Due to local authorities

The amount due to local authorities is for collection of certain fines and costs shared with local jurisdictions. The amount is related to violations of law that occurred within the local jurisdictions.

**Magisterial District Court 23-3-02
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
December 31, 2013**

Note 6: Escrow accounts

Escrow accounts are comprised of the following:

Collateral	\$ 2,638
Restitution	264
Server fees	<u>1,128</u>
	\$ 4,030

Collateral includes amounts paid by defendants that will be applied against fines, costs, bail and restitution when the amounts are determined by the court. Restitution is to be paid to victims of criminal activity, such as theft or vandalism. Injured parties include individuals, businesses, and other entities. Server fees are to be paid to constables for serving complaints, summons or notices, executing warrants, attendance at arraignments or hearings, providing courtroom security, and other services.

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



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

Phone: 610.478.6150
Fax: 610.478.6890

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

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

Internal Auditor's Report on Compliance and Internal Controls

Magisterial District Judge Michael G. Hartman
Magisterial District Court 23-3-02
100 Schaeffer Street, Suite 2
Boyertown, PA 19512

In completing our internal audit of for Magisterial District Court 23-3-02 for the year ended December 31, 2013, 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 Magisterial District Court 23-3-02's 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 Magisterial District Court 23-3-02's 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 Magisterial District Court 23-3-02's management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
August 26, 2014

**Magisterial District Court 23-3-02
County of Berks, Pennsylvania
Report on Internal Controls as of August 26, 2014
Status of Prior Year Results**

<u>Description of Condition</u>	<u>Corrective Action Implemented</u>
No prior year audit findings	N/A