

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

**James P. Troutman, Clerk of Courts**

**Annual Financial Statement Audit**

**For the Year Ended December 31, 2016**



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## **Report Distribution List**

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4. Mark C. Scott, County Commissioner
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10. Audit File

# COUNTY OF BERKS, PENNSYLVANIA

## Office of the Controller



Services Center, 12th Floor  
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Christian Y. Leinbach, Chair  
Kevin S. Barnhardt, Commissioner  
Mark C. Scott, Esq., Commissioner

Sandra M. Graffius, Controller  
Tony Distasio, Esq., Solicitor

### Internal Auditor's Report

Clerk of Courts, Mr. James P. Troutman  
Office of the Clerk of Courts  
Berks County Courthouse, 4<sup>th</sup> Floor  
633 Court Street  
Reading, PA 19601

#### *Report on the Financial Statement*

We have audited the accompanying Statement of Receipts, Disbursements and Changes in Cash Balance of the Office of the Clerk of Courts for the year ending December 31, 2016.

#### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatements, whether due to fraud or error.

#### *Internal Auditor's Responsibility*

Our responsibility is to annually audit the accounts of Row offices within the County and to report the results of such audits to the Berks County Commissioners, the Berks County Solicitor, and the Auditor General of Pennsylvania.

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 statement is free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

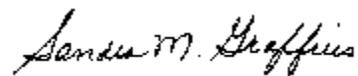
In our opinion, the financial statement referred to above present fairly, in all material respects, the cash receipts, disbursements and cash balance for the year ending December 31, 2016 in accordance with the cash basis of accounting described in Note 1.

### *Basis of Accounting*

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated October 25, 2018 on our evaluation of the Office of the Clerk of Court's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of the audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of the audit.



Sandra M. Graffius, Controller  
October 25, 2018

**Office of the Clerk of Courts  
County of Berks, Pennsylvania  
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis  
For the Year Ended December 31, 2016**

<b><u>Receipts</u></b>	<u>\$7,631,477</u>
<b><u>Disbursements</u></b>	
State fines, costs and restitution	1,980,785
County of Berks fines, costs and restitution	1,602,746
Restitution and refunds - all	1,112,512
Adult probation supervision fees	838,817
Alcohol Safe Driving program	520,566
Sheriff Central Processing and Video Taping	462,576
Adult probation fees	283,270
Local fines	237,314
Collection agency fees	184,010
Prothonotary fees	70,947
Treatment Access Service Center	69,844
Automation fees	19,846
Other program fees	<u>10,490</u>
<b>Total Disbursements</b>	<u>7,393,723</u>
<b>Cash receipts in excess of disbursements</b>	237,754
Cash, beginning of year	<u>1,828,494</u>
<b>Cash, end of year</b>	<u><u>\$2,066,248</u></u>

The accompanying notes are an integral part of the financial statement.

**Office of the Clerk of Courts  
County of Berks, Pennsylvania  
Notes to Financial Statement  
For the Year Ended December 31, 2016**

**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 another 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.

**Office of the Clerk of Courts  
County of Berks, Pennsylvania  
Notes to Financial Statement – Continued  
For the Year Ended December 31, 2016**

**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>
BB&T	Government Banking	\$ 1,565,092	\$ 1,498,021
BB&T	Government Banking	298,029	298,030
BB&T	Government Banking	270,197	270,197
		<u>\$ 2,133,318</u>	<u>\$ 2,066,248</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: Legal Matters**

Our audit disclosed no pending litigation involving the Office of the Clerk of Courts or Mr. James P. Troutman that would affect the financial statement for the year ended December 31, 2016.

**Note 4: Subsequent Events**

Management has evaluated subsequent events through October 25, 2018, which is the date the financial statement was available to be issued.

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### Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Clerk of Courts, Mr. James P. Troutman  
Office of the Clerk of Courts  
Berks County Courthouse, 4<sup>th</sup> Floor  
633 Court Street  
Reading, PA 19601

In planning and performing our audit of the financial statement of the Office of the Clerk of Courts for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Office of the Clerk of Court's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of the Clerk of Court's internal control.

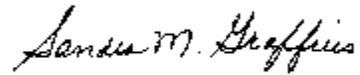
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether the Office of the Clerk of Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect in 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 by the management of the Office of the Clerk of Courts 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 that reads "Sandra M. Graffius". The signature is written in a cursive style with a large initial 'S'.

Sandra M. Graffius, Controller  
October 25, 2018