



DISTRICT COURT 33-3-03

ARMSTRONG COUNTY

EXAMINATION REPORT

FOR THE PERIOD

JANUARY 1, 2006 TO DECEMBER 31, 2008

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Independent Auditor's Report

Mr. C. Daniel Hassell
Acting Secretary
Pennsylvania Department of Revenue
Harrisburg, PA 17128

We have examined the accompanying statement of receipts and disbursements (Statement) of District Court 33-3-03, Armstrong County, Pennsylvania (District Court), for the period January 1, 2006 to December 31, 2008, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, 72 P.S. § 401(c). This Statement is the responsibility of the District Court's management. Our responsibility is to express an opinion on this Statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 401(c) of *The Fiscal Code* to audit the accounts of each district court to determine whether all moneys collected on behalf of the Commonwealth have been correctly assessed, reported and promptly remitted. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 401(c) of *The Fiscal Code*.

Independent Auditor's Report (Continued)

In our opinion, the Statement referred to above presents, in all material respects, the operations of the District Court as it pertains to receipts made on behalf of the Commonwealth for the period ended December 31, 2008, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Statement and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Statement is presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Statement or on compliance and other matters; accordingly, we express no such opinions.

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 District Court's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the District Court's Statement that is more than inconsequential will not be prevented or detected by the District Court'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 Statement will not be prevented or detected by the District Court's internal control.

Our consideration of internal control over reporting on the Statement 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 significant deficiencies or material weaknesses, as defined above, in internal control over reporting on the Statement.

Independent Auditor's Report (Continued)

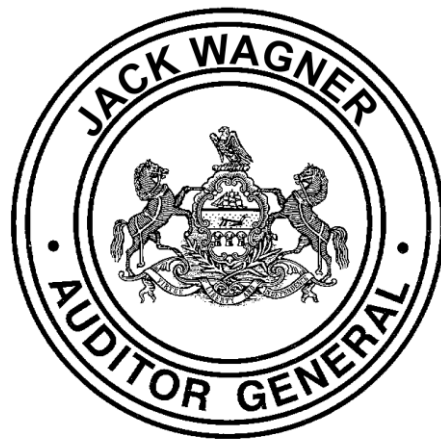
The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we did note an other matter that, while not required to be included in this report by *Government Auditing Standards*, has been included in the finding below:

- Inadequate Magisterial District Judge Bond Coverage.

This report is intended solely for the information and use of the Pennsylvania Department of Revenue, the Administrative Office of Pennsylvania Courts, and the District Court and is not intended to be and should not be used by anyone other than these specified parties.

June 26, 2009

JACK WAGNER
Auditor General



DISTRICT COURT 33-3-03
 ARMSTRONG COUNTY
 STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2006 TO DECEMBER 31, 2008

Receipts:

Department of Transportation		
Title 75 Fines	█	\$132,648
Littering Law Fines	█	1,492
Child Restraint Fines	█	450
Department of Revenue Court Costs	█	107,601
Crime Victims' Compensation Bureau Costs	█	28,189
Crime Commission Costs/Victim Witness Services Costs	█	20,163
Department of Public Welfare		
Domestic Violence Costs	█	8,066
Attend Care Fines	█	190
Department of Conservation and Natural Resources Fines	█	149
Department of Agriculture Fines	█	3,745
Fish and Boat Commission Fines	█	3,656
Game Commission Fines	█	23,524
Emergency Medical Service Fines	█	46,126
CAT/MCARE Fund Surcharges	█	140,486
Judicial Computer System Fees	█	58,297
Access to Justice Fees	█	14,515
Constable Service Surcharges	█	8,242
Department of Labor and Industry Fines	█	57
Firearm Education and Training Costs	█	6
State Police Crime Lab Fees	█	210
Miscellaneous State Fines	█	792
		<hr/>
Total receipts (Note 2)		\$598,604
Disbursements to Commonwealth (Note 3)	█	<u>(598,604)</u>
Balance due Commonwealth (District Court) per settled reports (Note 4)		-
Examination adjustments		<hr/> -
Adjusted balance due Commonwealth (District Court) for the period January 1, 2006 to December 31, 2008	█	<u><u>\$ -</u></u>

Notes to the Statement of Receipts and Disbursements are an integral part of this report.

DISTRICT COURT 33-3-03
 ARMSTRONG COUNTY
 NOTES TO THE STATEMENT OF RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD
 JANUARY 1, 2006 TO DECEMBER 31, 2008

1. Criteria

The Statement of Receipts and Disbursements provides a summary of receipts and disbursements by category. The categories and the amounts of fines, costs, fees, and surcharges assessed are based on Pennsylvania laws and regulations.

The Statement was prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Revenue. Under this method, only the Commonwealth portion of cash receipts and disbursements are presented, revenues are recognized when received, and expenditures are recognized when paid.

2. Receipts

Receipts are comprised of fines, costs, fees, and surcharges collected on behalf of the Commonwealth. These fines, costs, fees, and surcharges represent collections made on traffic, non-traffic, civil, and criminal cases filed with the District Court.

3. Disbursements

Total disbursements are comprised as follows:

District Court checks issued to:	
Department of Revenue	\$ 598,604

4. Balance Due Commonwealth (District Court) For The Period January 1, 2006 To December 31, 2008

This balance reflects the summary of monthly transmittal reports as settled by the Department of Revenue.

5. Magisterial District Judge Serving During Examination Period

Michael L. Gerheim served at District Court 33-3-03 for the period January 1, 2006 to December 31, 2008.

DISTRICT COURT 33-3-03
ARMSTRONG COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2008

Finding - Inadequate Magisterial District Judge Bond Coverage

During the course of our examination, we noted that the Magisterial District Judge bond coverage was not sufficient to comply with Rule 110 of the Pennsylvania Rules of Conduct, Office Standards and Civil Procedure for Magisterial District Judges. We noted that the Magisterial District Judge is currently bonded for \$10,000 and the minimum amount prescribed by Rule 110 is \$25,000.

Rule 110 of the Pennsylvania Rules of Conduct, Office Standards and Civil Procedure for Magisterial District Judges provides in part:

. . . The bond shall be lodged with the prothonotary of the court of common pleas, be conditioned on the faithful application of all moneys that come into the hands of the magisterial district judge as an officer, and be for the benefit of the Commonwealth and its political subdivisions and all persons who may sustain injury from the magisterial district judge in his or her official capacity.

Furthermore, Rule 110 sets forth only the minimum bond amount for each Magisterial District Judge. The amount of money collected by the district courts varies greatly however, and the president judge is free to require higher bond amounts for some or all of the courts in the judicial district.

Good business practice requires that Magisterial District Judges be bonded for an amount to adequately safeguard their assets. Without this safeguard, a permanent loss of funds could result if money is lost or misappropriated.

Recommendation

We recommend that the Magisterial District Judge increase the surety bond coverage to adequately protect the Magisterial District Judge in compliance with Rule 110 of the Pennsylvania Rules of Conduct, Office Standards and Civil Procedure for Magisterial District Judges.

Management's Response

No formal response was offered at this time.

DISTRICT COURT 33-3-03
ARMSTRONG COUNTY
OBSERVATION
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2008

Observation - Improper Assessment of Costs

Our examination of Armstrong County District Courts revealed that the courts were assessing a \$15 fee to cover the additional administrative costs related to establishing installment payment plans in summary conviction cases, pursuant to the provisions of 42 Pa.C.S.A. § 1725.1(c)(5), relating to unclassified costs. Armstrong County District Courts were authorized to assess this cost on all summary cases when the defendant in the summary case requests and is permitted to make installment payments as provided in Pa.R.Crim.P. 454 (F) (1), Trial in Summary Cases.

The Armstrong County Courts interpret such language for the purpose of their Administrative Orders, to mean they are authorized to charge a \$15 fee for defendants paying costs and fines through installment payment plans. However, the subchapter in question, 42 Pa.C.S.A. § 1725.1(c)(5) titled “Specific Powers of the Governing Authority of the System,” provides for fees to be charged by the courts for various actions relating to issuing documents, such as court orders and warrants, in civil cases, custody cases, and criminal cases, not for establishing a payment schedule for defendants.

Recommendations

We recommend that district court discontinue assessing the above-cited fee. We further recommend that Armstrong County Courts assess fees and costs as intended by the appropriate state statutes.

Management’s Response

No formal response was offered at this time.

DISTRICT COURT 33-3-03
ARMSTRONG COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2006 TO DECEMBER 31, 2008

This report was initially distributed to:

Mr. C. Daniel Hassell
Acting Secretary
Pennsylvania Department of Revenue

The Honorable Zygmunt Pines
Court Administrator of Pennsylvania
Administrative Office of Pennsylvania Courts

The Honorable Michael L. Gerheim	Magisterial District Judge
The Honorable Myra Miller	Controller
The Honorable Patricia L. Kirkpatrick	Chairperson of the Board of Commissioners
Ms. Martha J. Davidson	District Court Administrator

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. To view this report online or to contact the Department of the Auditor General, please access our web site at www.auditorgen.state.pa.us.