

DISTRICT COURT 39-3-04

FRANKLIN COUNTY

AUDIT REPORT

FOR THE PERIOD

JANUARY 1, 2002 TO DECEMBER 31, 2004

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statement:	
Statement Of Receipts And Disbursements – Cash Basis	3
Notes To The Financial Statement	4
Report On Compliance And On Internal Control Over Financial Reporting	7
Finding And Recommendation:	
Finding - Certification Of Disposition Section On Non-Traffic and Certain Traffic Citations Was Not Always Completed	9
Report Distribution	11

Independent Auditor's Report

The Honorable Gregory C. Fajt
Secretary
Department of Revenue
Harrisburg, PA 17128

We have audited the accompanying statement of receipts and disbursements – cash basis of District Court 39-3-04, Franklin County, Pennsylvania (District Court), for the period January 1, 2002 to December 31, 2004, pursuant to the requirements of Section 401(c) of *The Fiscal Code*, Act of April 9, 1929, P.L. 343. This financial statement is the responsibility of the District Court's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 described more fully in Note 1, the accompanying financial statement was prepared using accounting practices prescribed by the Pennsylvania Department of Revenue, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The financial statement presents only the Commonwealth portion of cash receipts and disbursements and is not intended to present fairly the financial position and results of operations of the District Court, in conformity with accounting principles generally accepted in the United States.

Independent Auditor's Report (Continued)

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District Court, as of December 31, 2004, the changes in its financial position, or where applicable, its cash flows for the period then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the operations of the District Court as it pertains to receipts made on behalf of the Department of Revenue and other state agencies for the period January 1, 2002 to December 31, 2004, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2006, on our consideration of the District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

May 15, 2006

JACK WAGNER
Auditor General

DISTRICT COURT 39-3-04
FRANKLIN COUNTY
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

Receipts:

Department of Transportation		
Title 75 Fines	\$	281,327
Motor Carrier Road Tax Fines		300
Overweight Fines		4,465
Commercial Driver Fines		642
Littering Law Fines		738
Child Restraint Fines		135
Department of Revenue Court Costs		99,686
Crime Victims' Compensation Bureau Costs		29,412
Crime Commission Costs/Victim Witness Services Costs		27,543
Department of Public Welfare		
Domestic Violence Costs		10,261
Attend Care Fines		238
Department of Conservation and Natural Resources Fines		9,383
Department of Agriculture Fines		10,125
Fish and Boat Commission Fines		2,029
Game Commission Fines		13,621
Department of State Fines		1,531
Emergency Medical Service Fines		46,741
CAT/MCARE Fund Surcharges		155,857
Judicial Computer System Fees		45,498
Access to Justice Fees		6,314
Constable Service Surcharges		5,865
Department of Labor and Industry Fines		1,300
Miscellaneous State Fines		225
		<hr/>
Total receipts (Note 2)	\$	753,236
Disbursements to Department of Revenue (Note 3)		<hr/> (753,236)
Balance due Department of Revenue (District Court) per settled reports (Note 4)		-
Audit adjustments		<hr/> -
Adjusted balance due Department of Revenue (District Court) for the period January 1, 2002 to December 31, 2004	\$	<hr/> <hr/> -

Notes to the financial statement are an integral part of this report.

DISTRICT COURT 39-3-04
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

1. Summary Of Significant Accounting Policies

Basis Of Presentation

The financial statement was prepared in accordance with the requirements of the Pennsylvania Department of Revenue. This financial statement is not intended to present either financial results of operations or financial position in conformity with generally accepted accounting principles.

Basis Of Accounting

The financial statement was prepared on the cash basis of accounting. Under this method, revenues were recognized when received and expenditures were recognized when paid.

Audit Requirement

The financial presentation has been prepared in accordance with Title 72 P.S. Section 401 (c) of *The Fiscal Code*, which requires the Department of the Auditor General to determine whether all money collected on behalf of the Commonwealth has been remitted properly and to provide the Department of Revenue with a report to enable them to settle an account covering any delinquency. A statement of assets and liabilities was not a required part of the financial presentation because of the limited reporting scope by the District Court. Therefore, a statement of assets and liabilities was not audited and is not a part of this report.

2. Receipts

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

3. Disbursements

Total disbursements are comprised as follows:

Checks issued to the Department of Revenue	<u>\$ 753,236</u>
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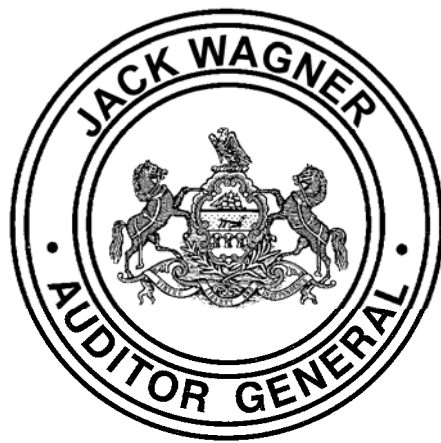
DISTRICT COURT 39-3-04
FRANKLIN COUNTY
NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

4. Balance Due Department Of Revenue (District Court) For The Period January 1, 2002 To December 31, 2004

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

5. Magisterial District Judge Serving During Audit Period

Larry R. Meminger served at District Court 39-3-04 for the period January 1, 2002 to December 31, 2004.



Report On Compliance And On
Internal Control Over Financial Reporting

The Honorable Gregory C. Fajt
Secretary
Department of Revenue
Harrisburg, PA 17128

We have audited the statement of receipts and disbursements – cash basis of District Court 39-3-04, Franklin County, Pennsylvania (District Court), for the period January 1, 2002 to December 31, 2004, and have issued our report thereon dated May 15, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether the District 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 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable

Report On Compliance And On
Internal Control Over Financial Reporting (Continued)

conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. The reportable condition described in the finding is as follows:

- Certification Of Disposition Section On Non-Traffic And Certain Traffic Citations Was Not Always Completed.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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.

May 15, 2006

JACK WAGNER
Auditor General

DISTRICT COURT 39-3-04
FRANKLIN COUNTY
FINDING AND RECOMMENDATION
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

Finding - Certification Of Disposition Section On Non-Traffic And Certain Traffic Citations
Was Not Always Completed

During our examination of the district court's case files, we noted the following:

- Of 20 non-traffic citations tested in which the certification of disposition section was required to be signed, 4 were not signed by the Magisterial District Judge. Additionally, on 10 citations the staff of the district court signed the Magisterial District Judge's name plus their own initials.
- On traffic citations, we tested cases that were disposed by hearings. We also tested citations that were dismissed, discharged, or withdrawn. Of 29 traffic citations tested in which the certification of disposition section was required to be signed, 8 were not signed by the Magisterial District Judge. Additionally, on 6 citations the staff of the district court signed the Magisterial District Judge's name plus their own initials.

The *Magisterial District Judge Automated Office Clerical Procedures Manual* (Manual) establishes the uniform written internal control policies and procedures for all district courts.

The Manual requires that the Magisterial District Judge sign and seal the Certification of Disposition on non-traffic and traffic citations. The exception is on traffic citations where the defendant pleads guilty and is accompanied by a full payment. The Magisterial District Judge does not have to sign the certification of disposition on traffic citations where the defendant pleads guilty and payment is made in full.

The failure to perform these procedures results in a lack of evidence that the disposition was reviewed and authorized by the Magisterial District Judge.

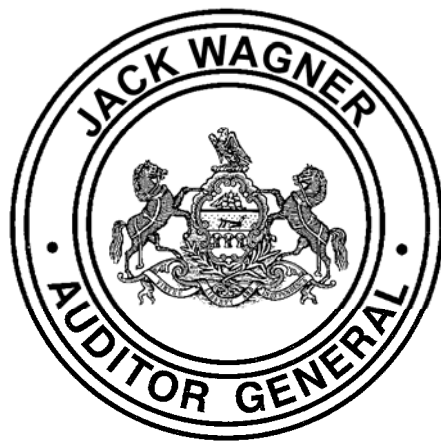
Adherence to the uniform internal control policies and procedures, as set forth in the Manual, would have ensured an adequate internal control over citations.

Recommendation

We recommend that the Magisterial District Judge sign and seal the non-traffic and traffic citation certification of disposition section in accordance with the Manual.

Auditee Response

No formal response was offered at this time.



DISTRICT COURT 39-3-04
FRANKLIN COUNTY
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2002 TO DECEMBER 31, 2004

This report was initially distributed to:

The Honorable Gregory C. Fajt
Secretary
Department of Revenue

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

District Court 39-3-04
Franklin County
1157 Garver Lane
Scotland, PA 17254

Mr. William A. Sheaffer	Court Administrator
The Honorable Larry R. Meminger	Magisterial District Judge
The Honorable Carol Fix Diller	Controller

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. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.