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Independent Auditors' Report

**NORTHAMPTON
COUNTY OFFENDER
SUPERVISION FEE
PROGRAM**

Fiscal Year Ended June 30, 2017

**Office of the Controller
County of Northampton
Pennsylvania**

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
For the Fiscal Year Ended June 30, 2017

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Independent Auditors' Report

Members of the Northampton County Council
Lamont G. McClure, County Executive
Honorable Michael J. Koury, President Judge
County of Northampton, Pennsylvania

Report on the Financial Statements

We have audited the accompanying Statement of Revenues and Expenditures of the Offender Supervision Fee Program of the Adult Probation Department of the County of Northampton, Pennsylvania, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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

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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, based upon our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Northampton County Offender Supervision Fee Program for the fiscal year ended June 30, 2017 in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statement is intended to present only the financial activity of the Offender Supervision Fee Program in the Adult Probation department and is not intended to present the financial position and results of operations of the County of Northampton, Pennsylvania. They do not purport to, and do not, present fairly the financial position and results of operations of the County of Northampton, Pennsylvania, as of June 30, 2017, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Restriction on Use

This report is intended for the information and use of the management of the County of Northampton, Pennsylvania, the Court of Common Pleas, and the Pennsylvania Board of Probation and Parole and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2018, on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters for the Adult Probation Department and the Criminal Division. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the internal control over financial reporting and compliance for the Adult Probation Department and the Criminal Division.

Very truly yours,



Richard J. Szulborski
County Controller



Gary M. Krall, CMA
Staff Auditor

May 31, 2018

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Offender Supervision Fee Program
 Statement of Revenues and Expenditures
 For the Fiscal Year Ended June 30, 2017

Balance, July 1, 2016		\$	-0-
Collections:			
Amount Retained by County (Note 3)	326,193		
Amount Reimbursed by Commonwealth (Note 4)	<u>335,628</u>		
Total Collections			<u>661,821</u>
Total Available			661,821
Expenditures:			
Adult Probation: Salaries, Benefits and Operating Expenses	<u>661,821</u>		
Total Expenditures			<u>661,821</u>
Balance, June 30, 2017		\$	<u>-0-</u>

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

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Notes to Financial Statement
For the Fiscal Year Ended June 30, 2017

NOTE 1: Summary of Significant Accounting Policies

Basis of Accounting

The County of Northampton, Pennsylvania uses the modified accrual basis of accounting for its General Fund. Under a modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liabilities are incurred.

Basis of Presentation-Fund Accounting

The accounts of the County of Northampton, Pennsylvania are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. The General Fund is the general operating fund of the County. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

Financial Reporting Entity

Adult Probation represents one of many divisions accounted for by the County of Northampton, Pennsylvania in its General Fund. Their revenues and expenditures are accounted for within the fund through the use of specifically assigned cost centers.

NOTE 2: Administration of Program

Chapter 68 of the PA Code relates to the County Offender Supervision Fee Program (Program). Chapter 68.1 defines the Scope of the Program as:

- 1) Offenders placed on probation, parole, accelerated rehabilitative disposition, probation without verdict or intermediate punishment under the jurisdiction of a county within this Commonwealth.
- 2) Counties having jurisdiction over offenders.

Imposition of Condition

Chapter 68.21 states that "The sentencing judge of the court of common pleas shall impose upon an offender, as a condition of supervision, a monthly supervision fee unless the court of a supervising agency designated by the court determines that it should be reduced, waived or deferred" based upon criteria specified in the regulations.

Program Implementation

Chapter 68.22 states "The president judge of the court of common pleas shall appoint an appropriate person to implement the Program. The designated official shall develop policies and procedures which clearly communicate the importance of

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Offender Supervision Fee Program
Notes to Financial Statement
For the Fiscal Year Ended June 30, 2017

fee collection and monitoring of payments to managers, supervisors and probation officers.” The County’s Chief Adult Probation Officer was designated to run the Program in Northampton County.

Collecting Entity

Chapter 68.51 explains “The president judge of the court of common pleas and the board of county commissioners/county executive shall designate an appropriate county agency to be responsible for collection of supervision fees. The collecting agency shall deposit, at least monthly, 50% of the fees collected into the County Offender Supervision Fund. The remaining 50% shall be deposited with the county clerk of courts for transmittal to the Board through the Department of Revenue.” The County’s Criminal Division was designated to collect supervision fees and disburse them to the appropriate parties on a monthly basis.

Audit Requirement

Chapter 68.54 of the PA Code states that “Independent audits shall be conducted, by or on behalf of, county or state officials at least annually to determine the county’s compliance to statutes, court orders, policies and procedures.”

NOTE 3: Amount Retained by County

This amount represents the monthly portion of supervision fees that were retained by the County and credited as revenue to the Adult Probation Division.

NOTE 4: Amount Reimbursed by Commonwealth

This amount represents funds that were returned to the County from the Commonwealth in two six-month payments during the period under audit. These funds were collected in the Criminal Division from May 2016 to April 2017, and then sent to the State monthly.



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MICHAEL P. SHAY, ESQ.
Solicitor

**Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditors' Report

Members of the Northampton County Council
Lamont G. McClure, County Executive
Honorable Michael J. Koury, President Judge
County of Northampton, Pennsylvania

We have audited, 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, the Statement of Revenues and Expenditures of the Offender Supervision Fee Program of the Adult Probation Department of the County of Northampton, Pennsylvania, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated May 31, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Adult Probation Department's and Criminal Division's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Adult Probation's and the Criminal Division's internal control. Accordingly, we do not express an opinion on the effectiveness of their 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 statements 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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.

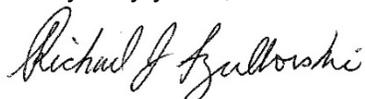
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Northampton's Offender Supervision Fee Program financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Richard J. Szulborski
County Controller



Gary M. Krall, CMA
Staff Auditor

May 31, 2018