



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY
NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

FRANK S. KEDL, CIA
Audit Manager

PHONE (610) 829-6615
FAX (610) 559-3137

TIMOTHY P. BRENNAN, ESQ.
Solicitor

INDEPENDENT AUDITORS' REPORT

Members of the Northampton County Council
John A. Brown, County Executive
Honorable Stephen G. Baratta, President Judge
County of Northampton, Pennsylvania

We have audited the Statements of Changes in Assets and Liabilities - Cash Basis of Magisterial District Court (MDC) 03-2-11 of the County of Northampton, Pennsylvania, as of and for the years ended December 31, 2014 and December 31, 2015. These statements are the responsibility of MDC 03-2-11. Our responsibility is to express an opinion on these 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our tests did not include an examination of the State computer system/software. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 1, the accompanying Statements of Changes in Assets and Liabilities - Cash Basis of MDC 03-2-11 of the County of Northampton, Pennsylvania, for the years ended December 31, 2014 and December 31, 2015 were prepared on the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

These financial statements present only the MDC 03-2-11 financial activity and are not intended to present fairly the financial position and results of operations of the County of Northampton, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the financial position of MDC 03-2-11 of the County of Northampton, Pennsylvania, as of December 31, 2014 and December 31, 2015, on the basis of accounting described in Note 1.

Members of the Northampton County Council
John A. Brown, County Executive
Honorable Stephen G. Baratta, President Judge
County of Northampton, Pennsylvania
--Page Two--

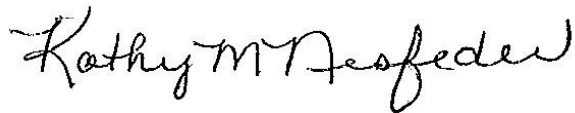
In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016, on our consideration of the MDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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* and should be considered in assessing the results of our audit.

This report is intended for the information and use of the management of the County of Northampton, Pennsylvania, the Administrative Office of Pennsylvania Courts and the PA Auditor General. However, this report is a matter of public record and its distribution is not limited.

Very truly yours,

A handwritten signature in black ink, appearing to read "Stephen J. Barron, Jr.", with a stylized flourish at the end.

Stephen J. Barron, Jr., CFE
County Controller

A handwritten signature in black ink, appearing to read "Kathy M. Nesfeder", written in a cursive style.

Kathy M. Nesfeder, CFE, CRMA
Staff Auditor

October 28, 2016

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Magisterial District Court 03-2-11
Magisterial District Judge Patricia A. Romig-Passaro

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report	Cover
Statement of Changes in Assets and Liabilities - Cash Basis For the Year Ended December 31, 2014	1
Statement of Changes in Assets and Liabilities - Cash Basis For the Year Ended December 31, 2015	2
Notes to Financial Statement	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	4-5

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Magisterial District Court 03-2-11
 Statement of Changes in Assets and Liabilities - Cash Basis
 For the Year Ended December 31, 2014

	<u>Balance</u> <u>1/1/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2014</u>
<u>Assets</u>				
Cash	\$ 24,285	\$ 472,710	\$ 473,373	\$ 23,622
Total Assets	<u>\$ 24,285</u>	<u>\$ 472,710</u>	<u>\$ 473,373</u>	<u>\$ 23,622</u>
<u>Liabilities</u>				
State costs and fines	\$ -	\$ 216,416	\$ 213,098	\$ 3,318
County costs and fines	5,599	79,124	79,779	4,944
Local fines:				
Bethlehem Area School District	-	604	537	67
Bethlehem City	8,886	111,936	113,363	7,459
Hellertown Borough	-	27	16	11
Lower Saucon Township	-	200	200	-
Escrow	9,800	64,403	66,380	7,823
Total Liabilities	<u>\$ 24,285</u>	<u>\$ 472,710</u>	<u>\$ 473,373</u>	<u>\$ 23,622</u>

The notes to the financial statement are an integral part of this statement.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
 Magisterial District Court 03-2-11
 Statement of Changes in Assets and Liabilities - Cash Basis
 For the Year Ended December 31, 2015

	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2015</u>
<u>Assets</u>				
Cash	\$ 23,622	\$ 471,483	\$ 475,693	\$ 19,412
Total Assets	<u>\$ 23,622</u>	<u>\$ 471,483</u>	<u>\$ 475,693</u>	<u>\$ 19,412</u>
<u>Liabilities</u>				
State costs and fines	\$ 3,318	\$ 238,657	\$ 239,423	\$ 2,552
County costs and fines	4,944	77,350	77,731	4,563
Local fines:				
Bethlehem Area School District	67	1,971	1,933	105
Bethlehem City	7,459	106,370	107,775	6,054
Hellertown Borough	11	110	221	(100)
Lower Saucon Township	-	62	57	5
Escrow	<u>7,823</u>	<u>46,963</u>	<u>48,553</u>	<u>6,233</u>
Total Liabilities	<u>\$ 23,622</u>	<u>\$ 471,483</u>	<u>\$ 475,693</u>	<u>\$ 19,412</u>

The notes to the financial statement are an integral part of this statement.

COUNTY OF NORTHAMPTON, PENNSYLVANIA
Magisterial District Court 03-2-11
Notes to Financial Statement

NOTE 1: Summary of Significant Accounting Policies

Basis of Presentation - Fund Accounting

The accounts of a governmental entity are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. An agency fund is used to account for assets held by the MDC as an agent for individuals, private organizations or other governmental units. Since agency funds are custodial in nature, they do not involve measurement of operations.

Basis of Accounting

The financial statements are prepared on the cash basis of accounting. Under this basis, only cash transactions are recognized. Since the Commonwealth of Pennsylvania does not require the reporting of accounts receivable balances or accounts payable balances, they are not presented.



STEPHEN J. BARRON, JR., CFE

CONTROLLER OF NORTHAMPTON COUNTY
NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

FRANK S. KEDL, CIA
Audit Manager

PHONE (610) 829-6615
FAX (610) 559-3137

TIMOTHY P. BRENNAN, 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**

Members of the Northampton County Council
John A. Brown, County Executive
Honorable Stephen G. Baratta, President Judge
County of Northampton, Pennsylvania

We have audited the Statements of Changes in Assets and Liabilities - Cash Basis of Magisterial District Court (MDC) 03-2-11 of the County of Northampton, Pennsylvania, as of and for the years ended December 31, 2014 and December 31, 2015, and have issued our report thereon dated October 28, 2016. 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.

Internal Control over Financial Reporting

Management of the MDC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the MDC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statements of Changes in Assets and Liabilities - Cash Basis, but not for the purpose of expressing an opinion on the effectiveness of the MDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MDC's internal control over financial reporting.

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.

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

Members of the Northampton County Council
John A. Brown, County Executive
Honorable Stephen G. Baratta, President Judge
County of Northampton, Pennsylvania
--Page Two--

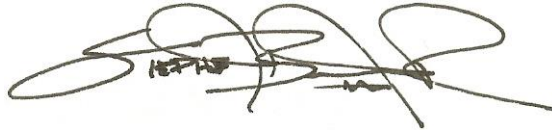
in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

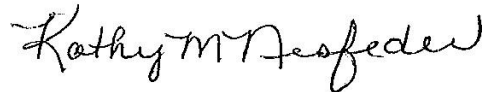
As part of obtaining reasonable assurance about whether the MDC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

This report is intended solely for the information and use of the management of the County of Northampton, Pennsylvania, the Administrative Office of Pennsylvania Courts and the PA Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Stephen J. Barron, Jr., CFE
County Controller



Kathy M. Nesfeder, CFE, CRMA
Staff Auditor

October 28, 2016