



**County Controller**

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Lamont G. McClure, Jr.

**County Council**

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Margaret L. Ferraro  
Kevin Lott  
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Robert F. Werner  
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Financial Audit Report

**MAGISTERIAL  
DISTRICT JUDGE  
ANTONIA GRIFO, ESQ.  
COURT #03-2-05**

Years Ended December 31, 2017  
and December 31, 2018

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

COUNTY OF NORTHAMPTON, PENNSYLVANIA  
Magisterial District Court 03-2-05  
Magisterial District Judge Antonia Grifo, Esq.

Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report	1-2
Statement of Changes in Assets and Liabilities - Cash Basis For the Year Ended December 31, 2017	3
Statement of Changes in Assets and Liabilities - Cash Basis For the Year Ended December 31, 2018	4
Notes to Financial Statements	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	6-7



**RICHARD J. SZULBORSKI**

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying Statements of Changes in Assets and Liabilities - Cash Basis of Magisterial District Court (MDC) 03-2-05 of the County of Northampton, Pennsylvania, as of and for the years ended December 31, 2017 and December 31, 2018, and the related notes to the financial statements, as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements 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 statements in the circumstances. Management is also responsible for 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 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, the financial statements referred to above present fairly, in all material respects, the Statements of Changes in Assets and Liabilities of MDC 03-2-05 as of December 31, 2017 and December 31, 2018 in accordance with the cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

**Emphasis of Matter**

As discussed in Note 1, the accompanying financial statements are intended to present only the MDC 03-2-05 financial activity and are not intended to present fairly 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 December 31, 2017 and December 31, 2018, in accordance with accounting principles generally accepted in the United States of America. Our tests did not include an examination of the State computer system/software. Our opinion is not modified with respect to these matters.

**Restriction on Use**

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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019, 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* in considering the MDC's internal control over financial reporting and compliance.

Very truly yours,



Richard J. Szulborski  
County of Northampton Controller  
Easton, Pennsylvania  
December 3, 2019



Stacy L. Duke  
Staff Auditor

COUNTY OF NORTHAMPTON, PENNSYLVANIA  
Magisterial District Court 03-2-05  
Statement of Changes in Assets and Liabilities - Cash Basis  
For the Year Ended December 31, 2017

	<u>Balance</u> <u>1/1/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2017</u>
<u>Assets</u>				
Cash	\$ 10,302	\$ 238,500	\$ 241,196	\$ 7,606
Total Assets	<u>\$ 10,302</u>	<u>\$ 238,500</u>	<u>\$ 241,196</u>	<u>\$ 7,606</u>
<u>Liabilities</u>				
State costs and fines	\$ -	\$ 133,035	\$ 133,035	\$ -
County costs and fines	3,576	45,965	45,755	3,786
Local fines:				
Easton City	3,279	35,845	37,236	1,888
Easton Area School District	-	25	25	-
Wilson Borough	58	-	58	-
Escrow	3,391	23,630	25,087	1,934
Miscellaneous	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
Total Liabilities	<u>\$ 10,302</u>	<u>\$ 238,500</u>	<u>\$ 241,196</u>	<u>\$ 7,606</u>

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

COUNTY OF NORTHAMPTON, PENNSYLVANIA  
Magisterial District Court 03-2-05  
Statement of Changes in Assets and Liabilities - Cash Basis  
For the Year Ended December 31, 2018

	<u>Balance</u> <u>1/1/2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2018</u>
<u>Assets</u>				
Cash	\$ 7,606	\$ 263,276	\$ 257,019	\$ 13,863
Total Assets	<u>\$ 7,606</u>	<u>\$ 263,276</u>	<u>\$ 257,019</u>	<u>\$ 13,863</u>
 <u>Liabilities</u>				
State costs and fines	\$ -	\$ 153,759	\$ 153,759	\$ -
County costs and fines	3,786	48,102	47,777	4,111
Local fines:				
Easton City	1,888	31,994	31,389	2,493
Easton Area School District	-	15	15	-
Escrow	1,934	29,406	24,079	7,261
Miscellaneous	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
Total Liabilities	<u>\$ 7,606</u>	<u>\$ 263,276</u>	<u>\$ 257,019</u>	<u>\$ 13,863</u>

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

COUNTY OF NORTHAMPTON, PENNSYLVANIA  
Magisterial District Court 03-2-05  
Notes to Financial Statements

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.



**RICHARD J. SZULBORSKI**

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**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 Auditor's Report**

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

We have audited, in accordance with the 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 Statements of Changes in Asset and Liabilities – Cash Basis of the Magisterial District Court (MDC) 03-2-05 of the County of Northampton, Pennsylvania, as of and for the years ended December 31, 2017 and December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the MDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the MDC'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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 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*.

## 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 of Northampton Controller  
Easton, Pennsylvania  
December 3, 2019



Stacy L. Duke  
Staff Auditor