

COUNTY OF CHESTER
DISTRICT COURT 15-1-02
FINANCIAL STATEMENT - CASH BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

COUNTY OF CHESTER
DISTRICT COURT 15-1-02
YEARS ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

Magisterial District Justice
West Chester, Pennsylvania

We have audited the accompanying statements of cash receipts and disbursements (the "Statements") of the COUNTY OF CHESTER, DISTRICT COURT 15-1-02 (the "Court") for the year ended December 31, 2017, and the related notes to the financial statement. The Statements of the Court as of December 31, 2016 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated April 24, 2017.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement 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 statement.

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 Statements referred to in the first paragraph presents fairly, in all material respects, the cash receipts and disbursements of the COUNTY OF CHESTER, DISTRICT COURT 15-1-02 for the year ended December 31, 2017, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is 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 that matter.



Emphasis of Matter

As discussed in Note 1, the statements of cash receipts and disbursements presents only the Court and does not purport to, and does not, present fairly the financial position or results of operations of the COUNTY OF CHESTER, for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

The Schedules of County of Chester Revenues and Direct Expenditures has not been subjected to the auditing procedures applied in the audit of the Statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2018 on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 Court's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the Board of Commissioners and Controller of the COUNTY OF CHESTER and management of the Court and is not intended to be and should not be used by anyone other than these specified parties.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
November 13, 2018

COUNTY OF CHESTER
DISTRICT COURT 15-1-02
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Cash Receipts | | |
| Fines and Costs | \$ 594,846 | \$ 598,920 |
| Bail, Restitution and Collateral | <u>93,650</u> | <u>214,078</u> |
| Total Cash Receipts | <u>688,496</u> | <u>812,998</u> |
| Cash Disbursements | | |
| Commonwealth of Pennsylvania | 384,356 | 373,917 |
| County of Chester | 121,266 | 125,482 |
| Bail, Restitution, and Collateral | 96,499 | 208,530 |
| East Goshen Township | 22,580 | 20,810 |
| Easttown Township | 17,769 | 19,634 |
| Malvern Borough | 16,736 | 10,576 |
| Tredyffrin Township | 15,434 | 19,349 |
| Willistown Township | 14,502 | 15,199 |
| East Whiteland Township | 4,881 | 9,747 |
| West Chester Borough | 300 | 600 |
| Tredyffrin-Easttown Area School District | 25 | - |
| West Bradford Township | <u>-</u> | <u>168</u> |
| Total Cash Disbursements | <u>694,348</u> | <u>804,012</u> |
| Increase (Decrease) in Cash | (5,852) | 8,986 |
| Cash - Beginning of Year | <u>37,733</u> | <u>28,747</u> |
| Cash - End of Year | <u>\$ 31,881</u> | <u>\$ 37,733</u> |

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

COUNTY OF CHESTER
DISTRICT COURT 15-1-02
NOTES TO FINANCIAL STATEMENT - CASH BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: NATURE OF ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

District Court 15-1-02 (the "Court"), collects cash from individuals and private organizations as payment for fines and costs assessed in accordance with applicable state and local statutes as determined by the District Justice, an elected official. Cash collected from individuals and private organizations is subsequently disbursed to various governmental entities, individuals, and private organizations. A summary of the Court's significant accounting policies applied in the preparation of the accompanying financial statement is as follows:

A) Reporting Entity

The Court employees are County of Chester ("County") employees and the Court is fiscally dependent on the County to fund the operations of the Court. The Court operations are reflected in the County's Financial Statements as a part of the General Fund.

B) Basis of Presentation

The accompanying financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, cash receipts are recognized when received, and cash disbursements are recognized when paid rather than when incurred.

NOTE 2: CASH

Custodial Credit Risk. The Court's policy for minimizing credit risk for bank balances exceeding Federal Deposit Insurance Corporation's insured limits relies upon Act 72. The Act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name. For deposits, custodial credit risk is the risk that in the event of bank failure, the Court's deposits may not be recovered. As of December 31, 2017 and 2016, the Court's cash balances was \$31,881 and \$37,733, respectively and entirely covered by the Federal Deposit Insurance Corporation.

COUNTY OF CHESTER
DISTRICT COURT 15-1-02
NOTES TO FINANCIAL STATEMENT - CASH BASIS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2: CASH (CONTINUED)

The cash amount consists of the following funds held in escrow by the Court at December 31:

| | <u>2017</u> | <u>2016</u> |
|--|------------------|------------------|
| Individuals and Private Organizations | \$ 15,791 | \$ 18,716 |
| County of Chester | 7,528 | 9,259 |
| Commonwealth of Pennsylvania | 3,079 | 3,800 |
| East Goshen Township | 1,485 | 1,117 |
| Tredyffrin Township | 1,046 | 778 |
| Easttown Township | 924 | 875 |
| Malvern Borough | 798 | 1,375 |
| Willistown Township | 699 | 1,400 |
| East Whiteland Township | 431 | 413 |
| West Chester Borough | 100 | - |
| | <u>100</u> | <u>-</u> |
| Total Bail, Restitution and Collateral | <u>\$ 31,881</u> | <u>\$ 37,733</u> |

SUPPLEMENTAL INFORMATION

COUNTY OF CHESTER
DISTRICT COURT 15-1-02
SCHEDULES OF COUNTY OF CHESTER REVENUES AND DIRECT EXPENDITURES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)

| | <u>2017</u> | <u>2016</u> |
|------------------------------|-------------------|-------------------|
| Revenues | | |
| County Fines and Costs | <u>\$ 119,086</u> | <u>\$ 124,460</u> |
| Direct Expenditures | | |
| Salaries, Wages and Benefits | \$ 244,109 | \$ 236,935 |
| Facilities Rentals | 111,544 | 104,847 |
| Postage | 9,635 | 8,687 |
| Electric | 9,519 | 7,886 |
| Office Supplies | 2,927 | 4,892 |
| Telephone and Data Lines | 1,374 | 1,501 |
| Equipment Rentals | 624 | - |
| Employee Travel and Mileage | - | 100 |
| Total Direct Expenditures | <u>\$ 379,732</u> | <u>\$ 364,848</u> |

Note to the Schedule: The revenue amount per the County of \$119,086 differs from the amount disbursed to the County by the District Court of \$121,226. This results from the use of the cash basis of accounting by the District Court and the modified accrual basis of accounting by the County. The District Court recognizes the disbursement as of the check date, while the County recognizes the revenue in the year the fines and costs are collected by the District Court.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Magisterial District Justice
Chester County

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 financial statements of Chester County District Court 15-1-02 (the "Court"), which comprise the Statements of Cash Receipts and Disbursements (the "Statements") as of December 31, 2017, and the related notes to the Statements and have issued our report thereon dated November 13, 2018.

Internal Control Over Financial Reporting

In planning our audit of the Statements of Court, we considered the Court's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the Statements, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Court'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 a 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court's Statements are 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 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.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD, LLC

Harrisburg, Pennsylvania
November 13, 2018