

**Magisterial District Court 23-3-02  
County of Berks, Pennsylvania**

**Senior Magisterial District Judge Gloria Stitzel**

**Annual Financial Statement Audit**

**For the Year Ended December 31, 2021**



## **Contents**

|   |   |
|---|---|
| Report Distribution List  | 1 |
| Internal Auditor's Report   | 2 |
| Financial Statement   |   |
| Statement of Receipts, Disbursements and Changes in<br>Cash Balance - Cash Basis                              | 5 |
| Notes to Financial Statement  | 6 |
| Internal Auditor's Report on Internal Control Over Financial Reporting and on<br>Compliance and Other Matters | 8 |

## **Report Distribution List**

1. Gloria Stitzel, Senior Magisterial District Judge
2. Christian Y. Leinbach, County Commissioner Chair
3. Michael S. Rivera, County Commissioner
4. Christine Sadler, County Solicitor
5. Cody Kauffman, Asst. County Solicitor
6. Kevin S. Barnhardt, Chief Operations Officer
7. Ronald Seaman, Chief Operations Officer
8. M. Theresa Johnson, President Judge
9. Julia Bagnoni, District Court Administrator
10. Faith I. Phillips, Special Courts Administrator
11. Timothy L. DeFoor, Pennsylvania Auditor General
12. Michael Passiment, Judicial Programs Department
13. Reinsel, Kuntz, Leshner LLP, Certified Public Accountants
14. Boyertown Borough
15. Colebrookdale Township
16. Bally Borough
17. Bechtelsville Borough
18. Boyertown Area School District
19. Douglass Township
20. Hereford Township
21. Washington Township
22. Audit File

# COUNTY OF BERKS, PENNSYLVANIA

## Office of the Controller



Services Center, 12th Floor  
633 Court Street  
Reading, PA 19601-4311

Phone: 610.478.6150  
Fax: 610.478.6890

---

Sandra M. Graffius, Controller  
Tony Distasio, Esq., Solicitor

### INTERNAL AUDITOR'S REPORT

Senior Magisterial District Judge Gloria Stitzel

Magisterial District Court 23-3-02

100 Schaeffer St., Suite 2

Boyertown, PA 19512

#### Report on the Audit of the Financial Statements

##### ***Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Change in Cash Balance of Magisterial District Court 23-3-02 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Magisterial District Court 23-3-02's basic financial statements as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, its cash receipts, disbursements and cash balance for the year ending December 31, 2021 in accordance with the cash basis of accounting described in Note 1.

##### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Magisterial District Court 23-3-02 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Magisterial District Court 23-3-02's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Internal Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to annually audit the accounts of every magistrate or district judge within the County and to report the results of such audits to the Berks County Commissioners, the Berks County President Judge, the Auditor General of Pennsylvania, and to the governing body of each political subdivision which is entitled to receive funds collected on its behalf by the District Court.

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 Magisterial District Court 23-3-02's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Magisterial District Court 23-3-02's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

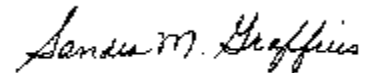
### ***Basis of Accounting***

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The 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 this matter.

Management has omitted the management's discussion and analysis. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023, on our consideration of Magisterial District Court 23-3-02'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 solely 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 effectiveness of the Magisterial District Court 23-3-02's 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 Magisterial District Court 23-3-02's internal control over financial reporting and compliance.



Sandra M. Graffius, Controller  
January 11, 2023

**Magisterial District Court 23-3-02  
County of Berks, Pennsylvania  
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis  
For the Year Ended December 31, 2021**

|   |  |                  |
|---|--|------------------|
| <b><u>Receipts</u></b>                          |  | \$ 580,063       |
| <b><u>Disbursements</u></b>                     |  |                  |
| Commonwealth                                    |  | 352,725          |
| County of Berks                                 |  | 94,678           |
| Local authorities                               |  | 84,716           |
| Restitution, bail and collateral                |  | 37,467           |
| Constable fees                                  |  | 6,765            |
| <b>Total Disbursements</b>                      |  | <b>576,351</b>   |
| <b>Cash receipts in excess of disbursements</b> |  | 3,712            |
| Cash, beginning of year                         |  | 18,070           |
| <b>Cash, end of year</b>                        |  | <b>\$ 21,782</b> |

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

**Magisterial District Court 23-3-02  
County of Berks, Pennsylvania  
Notes to Financial Statement  
For the Year Ended December 31, 2021**

**Note 1: Nature of the office and significant accounting policies**

**Nature of the office:**

Magisterial district courts have jurisdiction over the preliminary stages of all criminal cases. They have jurisdiction over all traffic and non-traffic summary cases and jurisdiction in civil cases where the amount in controversy is \$12,000 or less. They do not have jurisdiction over matters pertaining to real estate, except landlord and tenant matters. Magisterial district courts collect fines, costs, restitution, and bail from defendants. The funds are then distributed to the Commonwealth, the County of Berks, local authorities, constables, and victims of illegal activities.

Magisterial district courts are presided over by magisterial district judges. Appeals from magisterial district judge judgments are taken to the Court of Common Pleas.

Magisterial district judges are employees of the Commonwealth and the court secretaries are employees of the County of Berks.

**Reporting Entity:**

The financial statement of the Magisterial District Court includes only those transactions handled directly by the Magisterial District Court. These transactions include the collection of costs, fines, bail, and restitution, as well as the subsequent disbursement of these funds to the Commonwealth of Pennsylvania, to related political subdivisions, and to the citizens served by the Magisterial District Court. As such, the Magisterial District Court acts as a conduit for the Commonwealth, local municipalities, and constituents it serves. Consequently, the Magisterial District Court's cash balance at any point in time represents undisbursed funds to one (or all) of these parties. This report is only for internal auditing purposes.

The actual operating expenses of the Magisterial District Court are paid by the County of Berks, except for the Magisterial District Judge's salary which is paid by the Commonwealth. These costs include the salaries and wages of district court employees, fringe benefits, office rent, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

**Basis of accounting:**

The Financial Statement of Magisterial District Court 23-3-02 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 (GAAP). The cash-basis of accounting differs from GAAP primarily because revenues are recognized when received rather than when earned and expenses are recorded when paid rather than incurred. The financial statement presents only cash and changes therein in the form of cash receipts and disbursements.



**Magisterial District Court 23-3-02  
County of Berks, Pennsylvania  
Notes to Financial Statement - Continued  
December 31, 2021**

**Administrative Guidelines:**

An automated *Clerical Procedures Manual* is published by the Administrative Office of Pennsylvania Courts (AOPC). Each magisterial district court is required to follow the procedures mandated under the authority of Rule 505 of the Pennsylvania Rules of Judicial Administration.

**Administrative Guidelines, presiding Judge during audit period:**

Michael G. Hartman was the Magisterial District Judge for the period under audit-January 1, 2021, to December 31, 2021.

**Note 2: Cash**

The following cash account is in the name of Magisterial District Court 23-3-02, County of Berks, and is not reflected in the County of Berks financial statements:

| <u>Bank</u> | <u>Account Type</u> | <u>Bank Balance</u> | <u>Carrying Value</u> |
|-------------|---------------------|---------------------|-----------------------|
| BB&T        | Checking            | \$25,842            | \$21,782              |

The cash account for Magisterial District Court 23-3-02 is assigned its own tax identification number.

The account holds funds received by Magisterial District Court 23-3-02 primarily in a custodial capacity and use of these funds by Magisterial District Court 23-3-02 is restricted.

Amounts on deposit do not exceed \$250,000 and therefore are fully covered by FDIC insurance.

**Note 3: Legal Matters**

Our audit disclosed no pending litigation involving the Magisterial District Court or Senior Magisterial District Judge (Gloria Stitzel) that would affect the financial statement for the year ended December 31, 2021.

**Note 4: Subsequent Events**

Magisterial District Judge Michael Hartman was the presiding judge over District Court 23-3-02 until April 30, 2022. Senior Judge Thomas Gauby was the presiding judge from May 10, 2022 to September 1, 2022. Senior Judge Gloria Stitzel has been the presiding judge starting September 20, 2022, and is currently the presiding judge of District Court 23-3-02. Management has evaluated subsequent events through January 11, 2023, which is the date the financial statement was available to be issued.

# COUNTY OF BERKS, PENNSYLVANIA

## Office of the Controller



Services Center, 12th Floor  
633 Court Street  
Reading, PA 19601-4311

Phone: 610.478.6150  
Fax: 610.478.6890

---

Sandra M. Graffius, Controller  
Tony Distasio, Esq., Solicitor

### **Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Senior Magisterial District Judge Gloria Stitzel  
Magisterial District Court 23-3-02  
100 Schaeffer Street, Suite 2  
Boyertown, PA 19512

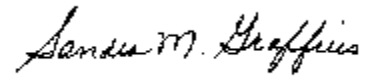
In planning and performing our audit of the financial statement of Magisterial District Court 23-3-02 for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Magisterial District Court 23-3-02's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Magisterial District Court 23-3-02's internal control. Accordingly, we do not express an opinion on the effectiveness of Magisterial District Court 23-3-02'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 statement 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 and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. 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.

As part of obtaining reasonable assurance about whether Magisterial District Court 23-3-02'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 in 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 by the management of Magisterial District Court 23-3-02 and other affected county offices, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Sandra M. Graffius". The signature is written in a cursive style with a large initial 'S'.

Sandra M. Graffius, Controller  
January 11, 2023