

***Westmoreland County
Controller***

AUDITING DEPARTMENT

Jeffrey Balzer

County Controller

Audit of

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05

Financial Statements – Modified Cash Basis
For the period January 1, 2020 to December 31, 2020

Prepared for

Westmoreland County
Board of Commissioners
and
Honorable Rita D Hathaway, President Judge

Audit of

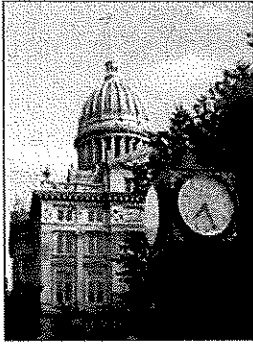
Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05

Presented by

Jeffrey Balzer
County Controller

And

Westmoreland County Auditing Department



Westmoreland County Controller's Office

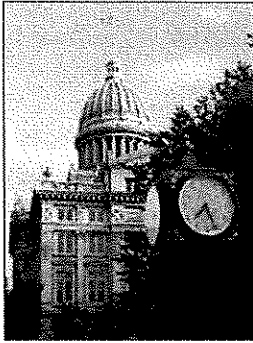
2 North Main St., Suite 111
Greensburg, PA 15601
Phone (724) 830-3115, Fax (724) 830-3134

Jeffrey Balzer, Controller

Email: controller@co.westmoreland.pa.us
On the web at.... www.co.westmoreland.pa.us

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
Audit Distribution List
For the period January 1, 2020 to December 31, 2020

1. Frank Pallone, Magisterial District Judge
2. Board of Commissioners
3. Honorable Rita D. Hathaway, President Judge
4. Amy DeMatt, Court Administrator
5. Christopher Haidze, Special Courts Administrator
6. Timothy DeFoor, Pennsylvania Auditor General
7. Mike Passiment, Judicial Programs Administrator
8. City of New Kensington, c/o Secretary
9. New Kensington-Arnold School District, c/o Secretary
10. City of Arnold, c/o Secretary



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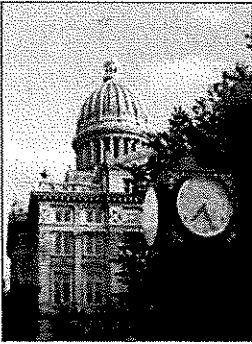
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Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
For the period January 1, 2020 to December 31, 2020

Table of Contents

| | |
|---|---|
| Transmittal Letter | 1 |
| Independent Auditor's Report | 2 |
| Financial Statements – Modified Cash Basis: | |
| Statement of Assets, Liabilities and Undisbursed Receipts as of December 31, 2020 | 4 |
| Statement of Cash Receipts, Disbursements and Balance for the Period January 1, 2020 to December 31, 2020 | 5 |
| Notes to the Financial Statements | 6 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 7 |



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November 16, 2021

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
1100 Fourth Avenue
New Kensington, PA 15068

Dear Judge Pallone:

Transmitted herewith for your information is a copy of the audit of the Magisterial District Court 10-2-01, the purpose of which is to express an opinion on the fairness of the presentation of the financial statements for the period January 1, 2020 to December 31, 2020.

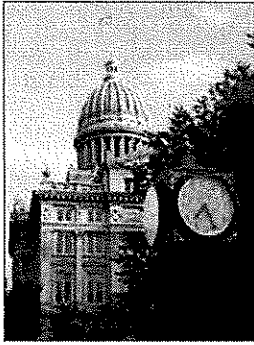
Normally, a formal post audit conference is held at the conclusion of the fieldwork to discuss the results with the auditee. Since there were no findings, a post audit conference is not necessary.

In line with the policy of this office under which all official audit reports are considered to be public information, a report will be released to the news media or general public upon request.

If there are any questions you may have or comments you desire to make concerning this report, please do not hesitate to contact this office.

Sincerely,

Jeffrey Balzer
County Controller



Westmoreland County Controller's Office

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Greensburg, PA 15601
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Jeffrey Balzer, Controller

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On the web at... www.co.westmoreland.pa.us

November 16, 2021

Independent Auditor's Report

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
1100 Fourth Avenue
New Kensington, PA 15068

Dear Judge Pallone:

We have audited the Statement of Assets, Liabilities and Undisbursed Receipts- Modified Cash Basis, of Magisterial District Court 10-1-05 as of December 31, 2020, and the related Statement of Cash Receipts, Disbursements and Balance-Modified Cash Basis for the year then ended, as listed in the Table of Contents, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified 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 from 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 Magisterial District Court 10-1-05'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 Magisterial District Court 10-1-05'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 Statement of Assets, Liabilities, and Undisbursed Receipts-Modified Cash Basis, of the Magisterial District Court 10-1-05, as of December 31, 2020 and its Cash Receipts, Disbursements, and Balance-Modified Cash Basis for the year then ended on the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. These financial statements are prepared on the modified 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.

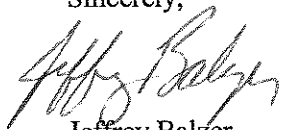
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of Magisterial District Court 10-1-05'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* and should be considered in assessing the results of our audit.

Other Matters

As discussed in Note 1, the financial statements present only the Magisterial District Court 10-1-05's agency fund activity for the year ended December 31, 2020, and is not intended to be a complete presentation of the Magisterial District Court 10-1-05's financial position or results of operation on the modified cash basis of accounting.

Sincerely,



Jeffrey Balzer
County Controller

Magisterial District Judge Frank Pallone
 Magisterial District Court 10-1-05
 Statement of Assets, Liabilities and Undisbursed Receipts-
 Modified Cash Basis
 As of December 31, 2020

Assets

| | | |
|------------|----|------------------|
| Petty Cash | \$ | 75.00 |
| Cash | | <u>13,437.27</u> |

| | | |
|--------------|--|-------------------------|
| Total Assets | | <u><u>13,512.27</u></u> |
|--------------|--|-------------------------|

Liabilities & Undisbursed Receipts

| | | |
|-------------------------------|--|--------------|
| Fund Balance | | 75.00 |
| Due to Individuals | | 6,802.50 |
| Due to Various Taxing Units | | 6,584.77 |
| Due to District Court 10-3-05 | | <u>50.00</u> |

| | | |
|--|----|-------------------------|
| Total Liabilities & Undisbursed Receipts | \$ | <u><u>13,512.27</u></u> |
|--|----|-------------------------|

Note: The accompanying notes are an integral part of the financial statements.

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
Statement of Cash Receipts, Disbursements and Balance-
Modified Cash Basis
For the Period January 1, 2020 to December 31, 2020

Cash Balance 12/31/2019 \$ 13,157.24

Receipts

| | | |
|-----------------|------------|------------|
| State | 122,132.70 | |
| County | 44,119.49 | |
| Local | 58,885.78 | |
| Escrow | 72,078.90 | |
| Interest Income | 106.97 | |
| Total Receipts | | 297,323.84 |

Disbursements

| | | |
|---------------------|------------|------------|
| State | 122,839.03 | |
| County | 44,731.16 | |
| Local | 58,672.09 | |
| Serving | 41,518.00 | |
| Restitution | 18,914.79 | |
| Refunds | 10,311.77 | |
| State Interest | 106.97 | |
| Total Disbursements | | 297,093.81 |

Results of Operations 230.03

Adjustments 50.00

Cash Balance 12/31/2020 13,437.27

Undisbursed Receipts 12/31/2020 13,437.27

Variance \$ (0.00)

Note: The accompanying notes are an integral part of the financial statements.

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
Notes to the Financial Statements
For the period January 1, 2020 to December 31, 2020

Note # 1: Nature of Entity and Summary of Significant Accounting Policies

The Reporting Entity-The financial statements present only the agency fund account of the Magisterial District Court office for the year ended December 31, 2020 on the modified cash basis of accounting, and is not intended to be a complete presentation of the Magisterial District Court's financial position or results of operation on the modified cash basis of accounting.

Basis of Accounting - The books and records of the Magisterial District Court are maintained on the modified cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the results of operations in conformity with accounting principles generally accepted in the United States of America.

Receipts, which include state fines and costs, County fines and costs, local fines, serving costs, restitution, etc., are recorded when monies are actually received. Disbursements, which include payments to the Pennsylvania Department of Revenue, Westmoreland County Treasurer, local municipalities, serving costs, restitution, etc., are recorded when paid, rather than incurred.

The Magisterial District Court recognizes undisbursed receipts held for future payment to individuals and taxing entities, when cash is received.

Note 2: Scope of the Examination:

The scope of our audit did not include a sufficient examination of the Comprehensive Statewide Automated Magisterial District Judge System, which was implemented by the Administrative Office of the Pennsylvania Courts in the Magisterial District Judge office in 1992, which was updated in 2010, to enable us to, and we do not, express an opinion on the Comprehensive Statewide Automated Magisterial District Judge System.

Note 3: Cash:

Deposits:

All of the PNC Bank deposits of the Magisterial District Court 10-1-05 are either insured or collateralized per Act 72 of the Commonwealth of Pennsylvania. Deposits collateralized per Act 72 of the Commonwealth of Pennsylvania, dated August 6, 1971 (Act 72) are secured by pooled collateral as permitted per the Act.

At December 31, 2020, the Magisterial District Court 10-1-05's PNC Bank deposits had a carrying value of \$13,437.27 and a bank balance of \$18,299.61. This balance was covered by federal depository insurance. At December 31, 2020, the Magisterial District Court 10-1-05's petty cash fund totaled \$75.00.

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
Independent Auditor's 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

November 16, 2021

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 financial statements of the Magisterial District Court 10-1-05, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Magisterial District Court 10-1-05's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Magisterial District Court 10-1-05's internal control. Accordingly, we do not express an opinion on the effectiveness of the Magisterial District Court 10-1-05'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement(s) 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.

Magisterial District Judge Frank Pallone
Magisterial District Court 10-1-05
Independent Auditor's 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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Magisterial District Court 10-1-05's financial statements are free from 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 financial statements. 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 Magisterial District Court'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 Magisterial District Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Jeffrey Balzer
County Controller