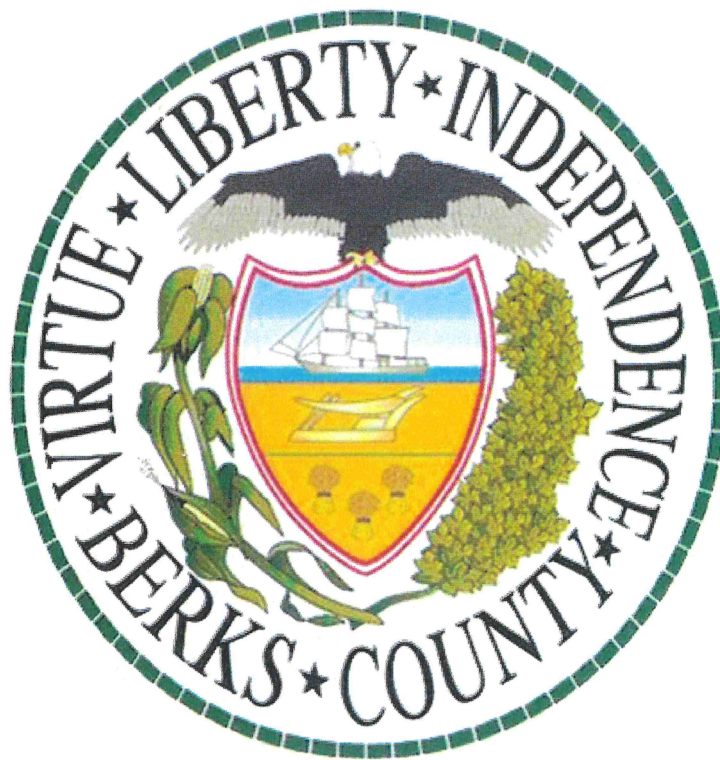


**Magisterial District Court 23-2-03
County of Berks, Pennsylvania**

Magisterial District Judge Sandra L. Fegley

Annual Financial Statement Audit

For the Year Ended December 31, 2025



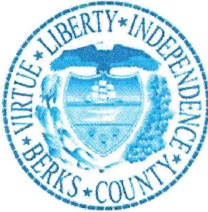
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Office of the Controller



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Eugene Orlando, Esq., Solicitor

INTERNAL AUDITOR'S REPORT

Magisterial District Judge Sandra L Fegley

Magisterial District Court 23-2-03

6112 Perkiomen Ave

Birdsboro, PA 19508

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 23-2-03 as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Magisterial District Court 23-2-03'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, 2025, 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 23-2-03 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 23-2-03'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 23-2-03'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 23-2-03'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 September 8, 2026, on our consideration of Magisterial District Court 23-2-03'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 23-2-03'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 23-2-03's internal control over financial reporting and compliance.



Joseph E. Rudderow III, Controller

September 8, 2026

**Magisterial District Court 23-2-03
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2025**

<u>Receipts</u>	<u>\$1,474,109</u>
<u>Disbursements</u>	
Commonwealth	929,655
County of Berks	214,119
Local Authorities	224,969
Restitution, Bail and Collateral	68,479
Constable Fees	14,856
Total Disbursements	<u>1,452,078</u>
Cash receipts in excess of disbursements	22,031
Cash, beginning of the year	<u>51,964</u>
Cash, end of the year	<u><u>\$ 73,995</u></u>

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

**Magisterial District Court 23-2-03
County of Berks, Pennsylvania
Notes to Financial Statement
For the Year Ended December 31, 2025**

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 office support staff 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 23-2-03 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 23-2-03
County of Berks, Pennsylvania
Notes to Financial Statement - Continued
December 31, 2025**

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:

Sandra L. Fegley was the Magisterial District Judge for the period January 1, 2025, to December 31, 2025.

Note 2: Cash

The following cash account is in the name of Magisterial District Court 23-2-03, 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>
Truist	Checking	\$91,103	\$73,995

The cash account for Magisterial District Court 23-2-03 is assigned its own tax identification number.

The account holds funds received by Magisterial District Court 23-2-03 primarily in a custodial capacity and use of these funds by Magisterial District Court 23-2-03 is restricted.

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

Note 3: Legal Matters

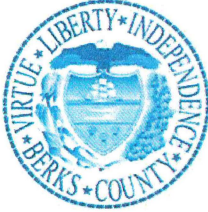
Our audit disclosed no pending litigation involving the Magisterial District Court or Magisterial District Judge (Sandra L. Fegley) that would affect the financial statement for the year ended December 31, 2025.

Note 4: Subsequent Events

Management has evaluated subsequent events through September 8, 2026, which is the date the financial statement was available to be issued.

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Eugene Orlando, Esq., Solicitor

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

Magisterial District Judge Sandra L. Fegley
Magisterial District Court 23-2-03
6112 Perkiomen Ave
Birdsboro, PA 19508

In planning and performing our audit of the financial statement of Magisterial District Court 23-2-03 for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Magisterial District Court 23-2-03'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 23-2-03's internal control. Accordingly, we do not express an opinion on the effectiveness of Magisterial District Court 23-2-03'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. We did identify certain deficiencies in internal control, described in the Schedule of Findings and Recommendations that we consider to be significant deficiencies.

- Untimely handling and disposition of Tickler Reports
- Return deposit items not processed and posted correctly in MDJS computer system

The management of Magisterial District Court 23-2-03's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The management of Magisterial District Court 23-2-03's response was not subjected to the auditing

procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the response.

As part of obtaining reasonable assurance about whether Magisterial District Court 23-2-03'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 23-2-03 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.



Joseph E. Rudderow III, Controller
September 8, 2026

Magisterial District Court 23-2-03
County of Berks, Pennsylvania
Schedule of Audit Findings and Recommendations

Finding #1: Significant Deficiency- Return deposit items not processed and posted correctly in MDJS computer system

There were fourteen return deposit items in 2025 that were processed as debit adjustments that should have been processed as deposit adjustments. As a result, there is no audit trail of the return deposit item in the case file in the MDJS system, which is the statewide computer system for the Magisterial District Courts. Additionally, although the debit was made to the MDJS system for the amounts, the case files did not correctly have the returned payment voided against the case. In addition, eleven of the fourteen items were not posted within one month of being returned.

Processing the returned deposit items as debits instead of deposit adjustments does not properly void the payment in the case file. This creates an incorrect record in the case file that still shows these payments as being processed successfully as they were not voided in the case itself.

As noted below, five of the returned items were subsequently recovered by Payliance for payment to the court.

- Bank charged on 2/4/2025 for \$409.91 posted to MDJS on 3/17/2025 (Payliance recovered payment 3/5/25)
- Bank charged on 2/5/2025 for \$236.75 posted to MDJS on 3/17/2025 (Payliance recovered payment 3/3/25)
- Bank charged on 2/7/2025 for \$134.25 posted to MDJS on 3/17/2025
- Bank charged on 2/7/2025 for \$173.75 posted to MDJS on 3/17/2025 (Payliance recovered payment 3/5/25)
- Bank charged on 2/7/2025 for \$184.75 posted to MDJS on 3/17/2025
- Bank charged on 2/7/2025 for \$188.25 posted to MDJS on 3/17/2025 (Payliance recovered payment 3/5/25)
- Bank charged on 2/21/2025 for \$50.00 posted to MDJS on 3/17/2025
- Bank charged on 3/21/2025 for \$159.25 posted to MDJS on 4/17/2025
- Bank charged on 5/22/2025 for \$898.07 posted to MDJS on 6/20/2025 (Payliance recovered payment 6/17/25)
- Bank charged on 8/20/2025 for \$235.75 posted to MDJS on 9/23/2025
- Bank charged on 10/1/2025 for \$50.00 posted to MDJS on 11/24/2025
- Bank charged on 10/2/2025 for \$248.75 posted to MDJS on 11/24/2025
- Bank charged on 10/16/2025 for \$179.91 posted to MDJS on 11/24/2025
- Bank charged on 11/10/2025 for \$173.75 posted to MDJS on 12/15/2025

Disposition: We recommend Magisterial District Court 23-2-03 process all return deposit items in the MDJS computer system as Deposit Adjustments not Debit Adjustments. We further recommend that the court follows established procedures to void the returned deposit item as NSF (Non-Sufficient Funds) in the case file and utilize the proper process to create a Deposit Adjustment. We also recommend that Magisterial District Court 23-2-03 process adjustments no later than one month from the bank account being charged with the return deposit items.

Management's Response: See attached Page A for Judge Fegley's response.

Finding #2: **Significant Deficiency- Untimely handling and disposition of Tickler Reports**

Untimely printing of warrants and pre-warrant notices-

There were 1,780 warrant summary and 608 pre-warrant summary notices noted on these reports with a tickler date aged beyond three months.

DL processing disposition-

There were 49 items on this report with no disposition which were not designated as PennDOT or referenced on the Warrant Summary report.

The untimely printing of warrants and pre-warrant notices, and the delayed disposition of DL processing cases, increases the risk that offenders may not be located and that fines may not be collected. There is also a greater opportunity for misappropriation of funds as non-posting of payments could go undetected.

Disposition: We recommend Magisterial District Court 23-2-03 staff print and issue the warrant and pre-warrant notices, and disposition DL processing cases, on a timely basis to reduce the risk of not locating offenders, non-collection of fines and misappropriation of funds.

Management's Response: See attached Page A for Judge Fegley's response

COMMONWEALTH OF PENNSYLVANIA



COUNTY OF BERKS

EXETER TOWNSHIP
ST LAWRENCE BOROUGH
MT. PENN BOROUGH
LOWER ALSACE TOWNSHIP

SANDRA L. FEGLEY

DISTRICT JUSTICE

Magisterial District 23-2-03
6112 Perkiomen Ave
Exeter Twp.
Birdsboro, PA 19606

OFFICE:
TEL 610-779-5137
FAX 610-779-4681

Significant Deficiency #1

14 deposit items were processed incorrectly. Up until the beginning of 2025, there was 1 staff that handled all the NSF returns, and no other staff had worked on that. That staff member left the office at the end of 2024, 2025 was when these items were not posted or processed correctly. The current staff in the office now are all trained on the correct process. Once this was brought to our attention through the Audit, we are working with Court Administration on the correct procedures to ensure this does not happen again in the future. We are also working with the AOPC to ensure the corrections are handled properly. We now have procedures in place to ensure all staff know how to process NSF in the proper and correct way.

Significant Deficiency #2

The caseload for District Court 23-2-03, has been increasing every year, the numbers have risen significantly. What started as a three person staff has now increased to a five person staff. Throughout the 2025 year, we have sent work to Court Administration to have extra staff help with the abundance of work, which has been a help, however in the office, we are having to continue to train new staff, to either fill vacant positions or fill the new positions. Training takes two people away from daily work, the trainee and the trainer, which ultimately puts a strain on the amount of work that is getting completed on a daily basis. This court is still in the process of training new employees. There are weeks, we are having difficulty just processing new work that is coming into the office daily or weekly. In the past my staff was given overtime to help alleviate backlogged work, however overtime has been eliminated for my staff. This deficiency has been an issue for the past two audits, and I welcome any suggestions to correct this problem, that take into account, the caseload, and number of staff that are completely efficient in doing the job at this point.