

**Berks County Jail System
Inmate Accounts
County of Berks, Pennsylvania**

Jeffrey R. Smith, Warden

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 Cash Balance - Cash Basis	4
Notes to Financial Statement	5
Internal Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	7

Report Distribution List

1. Jeffrey R. Smith, Warden
2. Christian Y. Leinbach, Berks County Jail System Board Vice President and County Commissioner Chair
3. Kevin S. Barnhardt, Berks County Jail System Board President and County Commissioner
4. Michael S. Rivera, Berks County Jail System Board Member and County Commissioner
5. Sandra M. Graffius, Berks County Jail System Board Secretary and Controller
6. Eric Weaknecht, Berks County Jail System Board Member and Sheriff
7. John Adams, Berks County Jail System Board Member and District Attorney
8. Scott Lash, Berks County Jail System Board Member and Judge
9. Christine Sadler, Berks County Jail System Board Solicitor
10. Ronald Seaman, Chief Administrative Officer
11. Timothy L. DeFoor, Pennsylvania Auditor General
12. Reinsel, Kuntz, Leshner LLP, Certified Public Accountants
13. 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

Jeffrey R. Smith, Warden
Berks County Jail System
County of Berks, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Change in Cash Balance of Berks County Jail System - Inmate Accounts as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Berks County Jail System - Inmate Accounts' 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 Berks County Jail System - Inmate Account 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 Berks County Jail System - Inmate Accounts' 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 Berks County Jail System - Inmate Accounts' 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 Berks County Jail System - Inmate Accounts' 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

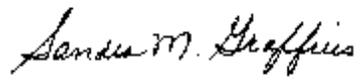
We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not 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 20, 2022, on our consideration of Berks County Jail System - Inmate Accounts' 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 Berks County Jail System - Inmate Accounts' 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 Berks County Jail System - Inmate Accounts' internal control over financial reporting and compliance.

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
September 20, 2022

Berks County Jail System Inmate Accounts
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2021
Berks County Jail System Inmate Accounts

Receipts

Commitment Cash & Funds From Family	1,496,247.35
Work Release Program	(3,000.00)
Inmate Pay Program	34,305.00
Interest Income	43.86
Miscellaneous Other	<u>7,929.53</u>
Total Receipts	1,535,525.74

Disbursements

Inmate Welfare Fund - Commissary Purchases	800,332.76
Inmate Welfare Fund - Telephone Services	330,275.41
Refunds to Inmates	189,144.11
Processing Fee	86,353.62
Unpaid Processing Fee	41,906.13
Release of Funds	27,007.55
Newspaper	18,044.06
Escheatables	13,370.39
Welfare Bags	9,228.93
Postage	7,627.52
County Restitution	3,175.24
Haircare	2,545.12
Miscellaneous Other	2,173.16
Medical	1,255.90
County of Berks - Room & Board	419.97
*Reconciling Discrepancies	<u>15.00</u>
Total Disbursements	1,532,874.87

Cash receipts in excess of disbursements	2,650.87
Cash account balance as of January 1	86,154.30
Cash account balance as of December 31	88,805.17

The accompanying notes are an integral part of these financial statements.

**Berks County Jail System Inmate Accounts
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:

Berks County Jail System is a County Correctional Institution that holds pre-trial and County sentenced inmates governed by a board dictated by the Commonwealth to be composed of a Judge of the Court of Common Pleas, the District Attorney, the Sheriff, the Controller, and the Commissioners. The Board is responsible for the safe-keeping, discipline, and employment of the prisoners, and the government and management of the institution.

The Berks County Jail System Inmate Accounts are primarily operating accounts that receive monies from the inmate accounts for purchases from the commissary and for phone calls made by inmates. Inmate welfare funds are disbursed to various vendors. Commissions on commissary purchases and telephone sales are used for various inmate activities such as recreation and education. The purpose of the Welfare Fund Accounts is to use its funds exclusively for the betterment of the inmates.

Administrative costs and expenses incurred by the Berks County Jail System Inmate Accounts are reflected on the books and records of the County of Berks and not on the financial statement.

Basis of accounting:

The books and records of the Berks County Jail System Inmate Accounts are maintained on the cash basis of accounting; therefore, the financial statement presented herein does not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

Cash accounts:

The financial statement compiled for the Berks County Jail System Inmate Accounts reflect primarily trust and agency account activity. These accounts are maintained and reconciled by the Berks County Jail System. Administrative costs and expenses incurred by the Berks County Jail System are reflected on the books and records of the County of Berks and not on the financial statement.

**Berks County Jail System Inmate Accounts
County of Berks, Pennsylvania
Notes to Financial Statement - Continued
For the Year Ended December 31, 2021**

Note 2: Cash

The following cash accounts are in the name of Berks County Jail System Inmate Accounts and are reflected in the County of Berks financial statements:

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Vist	Checking	142,304	123,694
Vist	Savings	5,000	5,000
		147,304	128,694

These accounts hold funds received by the Berks County Jail System in a trust and agency capacity and use of these funds, by the Berks County Jail System, is restricted.

Amounts on deposit in excess of FDIC limits are collateralized by the financial institution with securities held by that entity.

Note 3: Legal Matters

Our audit disclosed no pending litigation involving the Berks County Jail System Inmate Accounts or Jeffrey Smith, Warden that would affect the financial statement for the year ended December 31, 2021.

Note 4: Subsequent Events

Management has evaluated subsequent events through September 20, 2022, 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

Christian Y. Leinbach, Chair
Kevin S. Barnhardt, Commissioner
Mark C. Scott, Esq., Commissioner

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

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

Jeffrey R. Smith, Warden
Berks County Jail System
County of Berks, Pennsylvania

In planning and performing our audit of the financial statement of Berks County Jail System Inmate Accounts for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Berks County Jail System Inmate Accounts' 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 Berks County Jail System Inmate Accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of Berks County Jail System Inmate Accounts' internal control.

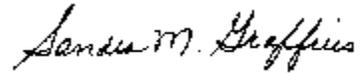
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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 Berks County Jail System Inmate Accounts' 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.

We noted certain matters that we reported to the management of Berks County Jail System Inmate Accounts in a separate letter dated September 20, 2022.

This report is intended solely for the information and use by the management of Berks County Jail System Inmate Accounts 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
September 20, 2022