

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



Services Center, 12th Floor
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Reading, PA 19601-4311

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

Sandra M. Graffius, Controller
Jack A. Linton, Esq., Solicitor

September 26, 2011

Mr. George Wagner
Warden
Berks County Jail System
County of Berks, Pennsylvania

Re: Internal Auditor's Report

Dear Mr. Wagner:

We have completed our compilation of the financial statements of the Berks County Jail System inmate welfare fund accounts for the year ended December 31, 2010, and have attached the report for your review and consideration.

Since there was no significant finding or instance of non-compliance noted, no response is required and the attached report is the final report.

This report is intended for the use of the Berks County Jail System inmate welfare fund accounts' management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

I would like to thank you for your cooperation and for the courtesies extended by your staff to mine. If you have any questions concerning our audit or the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

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

George Wagner, Warden

Annual Financial Report

As of December 31, 2010

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Report Distribution List

1. George Wagner, Warden
2. Mark C. Scott, Berks County Jail System Board Member and County Commissioner Chair
3. Kevin S. Barnhardt, Berks County Jail System Board President and County Commissioner
4. Christian Leinbach, Berks County Jail System Board Vice President 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. Jack Wagner, Pennsylvania Auditor General
11. MaherDuessel, Certified Public Accountants
12. Audit File

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Internal Auditor's Report

Mr. George Wagner
Warden
Berks County Jail System
County of Berks, Pennsylvania

We have compiled the accompanying statement of assets and liabilities – cash basis as of December 31, 2010 for the Berks County Jail System inmate welfare fund accounts and the related statement of receipts, disbursements and changes in cash balance – cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements are the responsibility of the Berks County Jail System management.

A compilation is limited to presenting in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 1, the accounts of the Berks County Jail System inmate welfare fund accounts are maintained, and the accompanying financial statements are prepared, on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

We have included a report on our consideration of the Berks County Jail System inmate welfare fund accounts' internal control structure and on its compliance with laws and regulations. We have reviewed compliance and internal control matters in accordance with the Commonwealth of Pennsylvania Third Class County Code and County of Berks ordinances and resolutions and have included applicable comments related thereto in the respective report.

Sandra M. Graffius, Controller
July 26, 2011

**Berks County Jail System
 Inmate Welfare Fund Accounts
 County of Berks, Pennsylvania
 Statement of Assets and Liabilities – Cash Basis
 As of December 31, 2010**

Assets

Cash in bank	\$ 226,488
Loan to work release account	5,000
Loan to inmate pay account	<u>3,500</u>
Total assets	<u>\$ 234,988</u>

Liabilities

Reserve monies for inmates' betterment	\$ 137,582
Due to Oasis Management Systems, Inc.	47,767
Due to Inmate Telephone, Inc.	30,591
Due to Cardmember Service	7,495
Due to Inmate Financial Services LLC	3,523
Due to Reading Conference of Churches	1,969
Due to American Council on Education	1,548
Due to LexisNexis	1,520
Due to Reading Eagle	1,466
Due to Grab-A-Cab	1,262
Due to Office Depot	247
Due to Carl R. Bieber	<u>\$ 18</u>
Total Liabilities	<u>\$ 234,988</u>

The accompanying notes are an integral part of these financial statements.
 See accountant's compilation report.

**Berks County Jail System
Inmate Welfare Fund Accounts
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Year Ended December 31, 2010**

Receipts	
Commissary sales	\$ 549,552
Inmate telephone services	411,534
Commissions from telephone services	197,004
Kiosk services	46,602
Newspaper sales	18,250
Postage reimbursements	10,308
Welfare bag sales	8,285
Haircut sales	5,099
Miscellaneous other	4,727
Interest income	<u>1,956</u>
Total receipts	<u>\$ 1,253,317</u>
Disbursements	
Commissary purchases	444,952
Inmate telephone services	416,941
Special Operations Program	57,331
Indigent kits	50,014
Kiosk expenses	40,250
Commitment supplies	38,115
Education supplies and services	26,183
Recreational supplies and services	21,974
Law library, including copier lease	20,995
Miscellaneous other	19,685
Newspaper purchases	19,083
Hygiene supplies	18,449
Postage, including equipment lease	15,315
Treatment supplies and services	10,193
Equipment purchases	9,157
Cab fare	8,420
Barber services	7,248
CCC supplies	<u>3,333</u>
Total disbursements	<u>1,227,638</u>
Cash receipts in excess of disbursements	25,679
Cash account balance as of January 1	<u>200,809</u>
Cash account balance as of December 31	<u>\$ 226,488</u>

The accompanying notes are an integral part of these financial statements.
See accountant's compilation report.

**Berks County Jail System
Inmate Welfare Fund Accounts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2010**

Note 1: Nature of the Office and Significant Accounting Policies

Nature of the office:

Berks County Jail System is a minimum security institution 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 welfare fund 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.

Administrative costs and expenses incurred by the Berks County Jail System inmate welfare fund are reflected on the books and records of the County of Berks and not on these financial statements.

Basis of accounting:

The books and records of the Berks County Jail System inmate welfare accounts are maintained on the cash basis of accounting and, therefore, the financial statements presented herein do not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. The cash basis of accounting is an other comprehensive basis of accounting.

Cash and cash equivalents:

The Berks County Jail System considers cash and equivalents to be cash on hand, cash on deposit, and investments with a maturity of three months or less when purchased.

Note 2: Cash and equivalents

The following cash accounts are in the name of Berks County Jail System inmate welfare fund accounts, and are reflected in the County of Berks financial statements:

**Berks County Jail System
Inmate Welfare Fund Accounts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2010**

Note 2: Cash and equivalents, continued

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
VIST	Checking	\$ 166,641	\$ 124,416
VIST	Savings	<u>102,072</u>	<u>102,072</u>
		<u>\$ 268,713</u>	<u>\$ 226,488</u>

These funds are considered cash equivalents for financial statement purposes.

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

Note 3: Loans to Work Release and Inmate Pay accounts

These are long-term non-interest bearing loans to the Work Release and Inmate Pay accounts to provide an account balance to compensate for delays in cash deposits, which could result in over-drafts to the accounts.

Note 4: Reserve monies for inmates' betterment

These are monies that can be spent for the benefit of the inmate population. The source is an accumulation of commissions on commissary and telephone sales.

Note 5: Due to Oasis Management Systems, Inc.

Oasis Management Systems, Inc., a Georgia corporation, provides inmate commissary services under a contract with an original expiration date of August of 2004. This contract continues to renew on an annual basis unless terminated by either party. Oasis also provides indigent and admission packages. The Berks County Jail System inmate welfare fund receives a commission of 22% of net sales.

Note 6: Due to Inmate Telephone, Inc.

Inmate Telephone, Inc. (ITI), a division of Digital Solutions, Inc. (DSI), is located in Altoona, Pennsylvania. DSI is a criminal justice and public safety automation provider. ITI provides inmate phone services under a contract with an expiration date of December 31, 2011. The Berks County Jail System inmate welfare fund receives a commission of 36% of gross billed revenue.

**Berks County Jail System
Inmate Welfare Fund Accounts
County of Berks, Pennsylvania
Notes to Financial Statements
December 31, 2010**

Note 7: Due to Cardmember Service

This liability represents credit card purchases of various items for the Berks County Jail System.

Note 8: Due to Inmate Financial Services LLC

This liability represents expenses associated with the Berks County Jail System's kiosks.

Note 9: Due to Reading Conference of Churches

The Inmate Welfare Fund matches donations made by parishioners to the Reading Conference of Churches. The Reading Conference of Churches then uses the funds to purchase supplies and materials for the jail.

Note 10: Due to American Council on Education

This liability is for general education test scoring services.

Note 11: Due to LexisNexis

LexisNexis provides legal publications and electronic online law library services.

Note 12: Due to Reading Eagle

This liability represents the purchase of newspapers by inmates.

Note 13: Due to Grab-A-Cab

This liability represents transportation by cab fare.

Note 14: Due to Office Depot

Office Depot provides office supplies.

Note 15: Due to Carl R. Bieber

This liability represents transportation by bus fare.

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Internal Auditor's Report on Compliance and Internal Controls

Mr. George Wagner
Warden
Berks County Jail System
County of Berks, Pennsylvania

In completing our internal audit of the Berks County Jail System inmate welfare fund accounts for the year ended December 31, 2010, we performed tests for compliance with certain financial provisions of laws, regulations, contracts, grants, and applicable policies. Noncompliance is considered a significant finding when it could have a direct and material effect on related financial information. The results of our tests disclosed no instances of noncompliance.

We also performed tests of the Berks County Jail System inmate welfare fund accounts' internal control over financial information and noted no significant findings in internal controls. Significant findings involve matters coming to our attention relating to deficiencies in the design or operation of the internal control over financial information that, in our judgment, could adversely affect the Berks County Jail System welfare fund inmate accounts' ability to adequately and properly record, process, summarize and report financial data.

This report is intended for the information and use of the County of Berks Board of Commissioners and the Berks County Jail System inmate welfare fund accounts' management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
July 26, 2011

**Berks County Jail System
Inmate Welfare Fund Accounts
County of Berks, Pennsylvania
Report on Internal Controls as of July 26, 2011
Status of Prior Year Results**

<u>Description of Condition</u>	<u>Corrective Action Implemented</u>
No prior year audit findings	N/A