

COUNTY OF BERKS, PENNSYLVANIA

Office of the Controller



Services Center, 12th Floor
633 Court Street
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

November 30, 2011

Mrs. Diane L. Edwards
Interim Director
Berks County Youth Center
County of Berks, Pennsylvania

Re: Internal Auditor's Report

Dear Mrs. Edwards:

We have completed our compilation of the financial statements of the Berks County Youth Center Resident Account 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 Youth Center's 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 the attached report, I would be glad to discuss them with you.

Yours truly,

Sandra M. Graffius

**Berks County Youth Center Resident Account
County of Berks, Pennsylvania**

Diane L. Edwards, Interim Director

Annual Financial Report

As of December 31, 2010

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Report Distribution List

1. Diane Edwards, Interim Director
2. Joe Cirulli, Deputy Director
3. Mark C. Scott, County Commissioner Chair
4. Kevin S. Barnhardt, County Commissioner
5. Christian Y. Leinbach, County Commissioner
6. Jack Wagner, Pennsylvania Auditor General
7. MaherDuessel, Certified Public Accountants
8. Audit File

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Internal Auditor's Report

Mrs. Diane L. Edwards
Interim Director
Berks County Youth Center
County of Berks, Pennsylvania

We have compiled the accompanying statement of assets, liabilities and fund balance – cash basis as of December 31, 2010 for the Berks County Youth Center Resident Account, 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 Youth Center's 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 Youth Center 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 Youth Center Resident Account 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
November 3, 2011

Berks County Youth Center
Resident Account
County of Berks, Pennsylvania
Statement of Assets, Liabilities and Fund Balance – Cash Basis
As of December 31, 2010

| Assets | |
|------------------------------------|-----------------|
| Cash in bank | \$ 125 |
| Cash on hand | <u>1,000</u> |
| Total assets | <u>\$ 1,125</u> |
| Liabilities and Fund Balance | |
| Liabilities | |
| Due to residents | \$ 125 |
| Resident work program income | <u>0</u> |
| Total liabilities | <u>125</u> |
| Fund balance | <u>1,000</u> |
| Total liabilities and fund balance | <u>\$ 1,125</u> |

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

Berks County Youth Center
Resident Account
County of Berks, Pennsylvania
Statement of Receipts, Disbursements and Changes in Cash Balance – Cash Basis
For the Years Ended December 31, 2010

Receipts

| | | |
|--------------------|----|----------------|
| Detention receipts | \$ | 338 |
| ICE receipts | | <u>110,192</u> |
| Total receipts | | <u>110,530</u> |

Disbursements

| | | |
|---------------------|--|----------------|
| Detention payments | | 684 |
| ICE payments | | <u>111,370</u> |
| Total disbursements | | <u>112,054</u> |

| | | |
|--|----|-------------------|
| Cash disbursements in excess of receipts | | (1,524) |
| Cash account balance as of January 1 | | <u>1,649</u> |
| Cash account balance as of December 31 | \$ | <u><u>125</u></u> |

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

**Berks County Youth Center
Resident Account
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:

The primary function of the Berks County Youth Center is to provide care, custody and control of incarcerated residents awaiting further court action. The purpose of the resident account is to escrow funds belonging to the residents for the duration of their stay.

Basis of Accounting:

The books and records of the Berks County Youth Center Resident Account 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 Youth Center office considers cash and equivalents to be cash on hand, cash on deposit, and investments with a maturity of three months or less when purchased.

Trust and agency accounts:

The financial statement prepared for the Berks County Youth Center Resident Accounts by the Office of the Controller reflect only the trust and agency account activity. These accounts are maintained and reconciled by the Berks County Youth Center. Administrative costs and expenses incurred by the Berks County Youth Center are reflected on the books and records of the County of Berks and not on these financial statements.

**Berks County Youth Center
Resident Account
County of Berks, Pennsylvania
Notes to Financial Statements - Continued
December 31, 2010**

Note 2: Cash and Equivalents

The following cash accounts are in the name of the Berks County Youth Center and are reflected in the County of Berks financial statements:

| Bank | Account Type | Bank Balance | Carrying Value |
|------|--------------|-----------------|-------------------|
| Vist | Checking | \$ 4,095 | \$ (278) |

The account holds funds received by the Berks County Youth Center in a trust and agency capacity and use of the funds is restricted.

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

Note 3: Trustee funds not yet earned

The County of Berks supplied money to the Berks County Youth Center to distribute to residents for work performed at the Center. The balance in this account represents money available for future payments.

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Internal Auditor's Report on Compliance and Internal Controls

Mrs. Diane L. Edwards
Interim Director
Berks County Youth Center
County of Berks, Pennsylvania

In completing our internal audit of the Office of the Berks County Youth Center Resident Account 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 Youth Center's 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 Youth Center's 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 Youth Center's management. However, this report is a matter of public record and its distribution is not limited.

Sandra M. Graffius, Controller
November 3, 2011

**Berks County Youth Center
Resident Account
County of Berks, Pennsylvania
Report on Internal Controls as of November 3, 2011
Status of Prior Year Results**

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