County of Chester
Prison Correctional Center

Independent Auditor’s Report

Margaret Reif, Controller
County of Chester

Prison Correctional Center

Annual Financial Statement Audit

As of December 31, 2021 and 2020
County of Chester

Prison Correctional Center

For the Years Ended December 31, 2021 and 2020

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Independent Auditor’s Report

Chester County Prison Board
Ronald M. Phillips, Warden
Chester County Prison
501 South Wawaset Road
West Chester, PA 19382-6776

Report on the Financial Statements

Opinion

We have audited the accompanying cash basis financial statements of the Prison Correctional Center ("Center") as of and for the years ended December 31, 2021 and 2020, which comprise the statements of assets and liabilities arising from cash transactions and the related statements of receipts, disbursements and cash balances (the "financial statements") and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Center as of December 31, 2021 and 2020, and its cash receipts, disbursements and cash balances for the years then ended, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the Government Auditing Standards issued by the Comptroller General of the United States (GAS). 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 the Center 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 opinion.

Emphasis of Matters - Basis of Accounting and Not Full County of Chester Financial Statements

We draw attention to the basis of accounting described under Management’s Responsibility for the Financial Statement section. The financial statements were prepared by the Center 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.

As discussed in Note 1, the financial statements present only the activity of the Center and do not purport to, and do not, present fairly the financial position or results of operations of the County of Chester, for the years ended December 31, 2021 and 2020 in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.
Responsibilities of Management for the Financial Statements

The Center’s management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by GAS, this includes determining that the 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 the 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 the Center’s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 GAAS and GAS 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 GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 the Center’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 the Center’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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated November 7, 2022 on our consideration of the Center’s internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, 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 Center’s internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center’s internal control over financial reporting and compliance.

Margaret Reif
Controller

November 7, 2022
County of Chester

Prison Correctional Center

Statements of Assets and Liabilities - Cash Basis

December 31, 2021 and 2020

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash - Inmate Welfare Fund</td>
<td>$14,171</td>
<td>$12,953</td>
</tr>
<tr>
<td>Cash - Operating</td>
<td>1,014</td>
<td>1,011</td>
</tr>
<tr>
<td>Due from County of Chester</td>
<td>151</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$15,336</td>
<td>$13,964</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Other</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Restricted Funds - Inmate Welfare Fund</td>
<td>14,336</td>
<td>12,964</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$15,336</td>
<td>$13,964</td>
</tr>
</tbody>
</table>

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

**Prison Correctional Center**

**Statements of Receipts, Disbursements**  
**And Cash Balances - Cash Basis**  
**Inmate Welfare Fund**

For the Years Ended December 31, 2021 and 2020

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vending Machine Commission</td>
<td>$1,712</td>
<td>$2,386</td>
</tr>
<tr>
<td>Inmate Activity Fee</td>
<td>-</td>
<td>260</td>
</tr>
<tr>
<td>Interest Income</td>
<td>40</td>
<td>98</td>
</tr>
<tr>
<td>Picture Money</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>1,752</td>
<td>2,755</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disbursements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barber &amp; Hair Supplies</td>
<td>-</td>
<td>1,326</td>
</tr>
<tr>
<td>Supplies and Other</td>
<td>534</td>
<td>488</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>534</td>
<td>1,814</td>
</tr>
</tbody>
</table>

**Cash Increase (Decrease)**  
1,218  
941

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Beginning of Year</td>
<td>12,953</td>
<td>12,012</td>
</tr>
</tbody>
</table>

**Cash, End of Year**  
$14,171  
$12,953

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

Prison Correctional Center

Statements of Receipts, Disbursements
And Cash Balances - Cash Basis
Operating Account

For the Years Ended December 31, 2021 and 2020

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inmate Receipts</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Interest Income</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>3</td>
<td>16,863</td>
</tr>
<tr>
<td><strong>Disbursements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>County of Chester</td>
<td>-</td>
<td>12,518</td>
</tr>
<tr>
<td>Inmate Allowances</td>
<td>-</td>
<td>4,383</td>
</tr>
<tr>
<td>GPS Monitoring</td>
<td>-</td>
<td>3,408</td>
</tr>
<tr>
<td>Discharged Payouts</td>
<td>-</td>
<td>2,257</td>
</tr>
<tr>
<td>Inmate Welfare Fund</td>
<td>-</td>
<td>310</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>-</td>
<td>22,876</td>
</tr>
<tr>
<td><strong>Cash Increase (Decrease)</strong></td>
<td>3</td>
<td>(6,013)</td>
</tr>
<tr>
<td>Cash, Beginning of Year</td>
<td>1,011</td>
<td>7,024</td>
</tr>
<tr>
<td>Cash, End of Year</td>
<td>$ 1,014</td>
<td>$ 1,011</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Note 1 - Summary of Significant Accounting Principles

Background and Reporting Entity

The Center’s checking account serves as an escrow account for all inmates (residents) on work release assignment. As monies are earned, the monies are deposited into individual sub-accounts, which in aggregate comprise the overall checking account balance. Each week administrative fees (i.e., activity fees, room and board fees, fines and costs, urinalysis fees, job fees) are deducted from each of the resident’s account and at month-end these administrative fees are disbursed to the County of Chester, Adult Probation, and/or the Inmate Welfare Fund. Remaining funds may be disbursed to a Global Positioning System (GPS) monitoring service when invoiced or may remain in escrow. Consequently, any undisbursed funds held in escrow represent a liability of the Center.

The actual operating expenses of the Center are paid by the County of Chester. These costs include the salaries and wages of office employees, fringe benefits, postage, telephone, office supplies, computer/LAN use, and furniture and equipment. These costs are not included in the audited Statements of Cash Receipts, Disbursements, and Cash Balances.

Basis of Accounting

The books and records of the Center are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when assessed or otherwise due and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and cash balances in accordance with generally accepted accounting principles.

Certain amounts on the 2020 Statement of Receipts, Disbursements, and Cash Balances have been reclassified as Supplies and Other to be consistent with the classification used for 2021.

Note 2 – Global Pandemic

Since the start of the global pandemic due to the spread of the COVID-19 coronavirus, the resident work release program activities and the administrative fees charged to the residents were suspended and the Center continued to experience reduction in the resident population. This resulted in a corresponding decline in the level of cash receipts and disbursements as reflected in the Statement of Cash Receipts, Disbursements and Cash Balances.
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 7, 2022

Chester County Prison Board
Ronald M. Phillips, Warden
Chester County Prison
501 South Wawaset Road
West Chester, PA 19382-6776

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 statement of assets and liabilities arising from cash transactions as of December 31, 2021, and the related statement of cash receipts, disbursements and cash balances for the year then ended and the related notes to the financial statements of the Center and have issued our report thereon dated November 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center’s internal control over financial reporting (internal control) as a basis for designing our 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 Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’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 Center’s financial statements 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 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 a material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center’s financial statements are free of 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.

We noted certain matters that we reported to management of the Center in a separate letter dated November 7, 2022, regarding segregation of duties and insufficient recordkeeping system.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Chester County Commissioners, the Chester County Prison Board, the Auditor General of Pennsylvania, and all other political affiliates served by the Center. This report is, however, a matter of public record, and its distribution is not limited.

Margaret Reif
Controller
An exit conference was not warranted for the audit of the Prison Correctional Center. Warden Ronald M. Phillips accepted the audit report and management letter as presented.