County of Chester
Prison Inmate Fund

Independent Auditor’s Report

For the Years Ended
December 31, 2021 and 2020

Margaret Reif, Controller
County of Chester

Prison Inmate Fund

Annual Financial Statement Audit

As of December 31, 2021 and 2020

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

Prison Inmate Fund

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 Inmate Fund ("Inmate Fund") 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 Inmate Fund 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 Inmate Fund 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 Inmate Fund 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 Inmate Fund 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 Inmate Fund’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 Inmate Fund’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 Inmate Fund’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 Inmate Fund’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 December 7, 2022 on our consideration of the Inmate Fund’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 Inmate Fund’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 Inmate Fund’s internal control over financial reporting and compliance.

Margaret Reif
Controller

December 7, 2022
County of Chester

Prison Inmate Fund

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>
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<td></td>
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<tr>
<td>Cash - Checking Account</td>
<td>$201,886</td>
<td>$217,792</td>
</tr>
<tr>
<td>Due from County - Accrued Payroll</td>
<td>3,531</td>
<td>4,418</td>
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<tr>
<td>Petty Cash - Change Fund</td>
<td>400</td>
<td>400</td>
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<tr>
<td>Petty Cash - Inmate Fund</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$205,917</td>
<td>$223,110</td>
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<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Inmates</td>
<td>$165,088</td>
<td>$220,719</td>
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<tr>
<td>Due to GTL - Tablet Purchases</td>
<td>25,859</td>
<td>-</td>
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<tr>
<td>Due to Keefe - Commissary</td>
<td>13,880</td>
<td>-</td>
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<tr>
<td>Due to Prison - Inmate Fund</td>
<td>515</td>
<td>70</td>
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<tr>
<td>Due to County - Petty Cash - Change Fund</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Due to Commonwealth of Pennsylvania - Escheat</td>
<td>114</td>
<td>1,860</td>
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<tr>
<td>Due to Canteen Fund</td>
<td>61</td>
<td>61</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>$205,917</td>
<td>$223,110</td>
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</table>

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

Prison Inmate Fund

Statements of Receipts, Disbursements
And Cash Balances - Cash Basis

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>
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<td></td>
</tr>
<tr>
<td>Kiosk/Online Deposits</td>
<td>$ 815,065</td>
<td>-</td>
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<tr>
<td>Collected Inmate Payroll</td>
<td>245,301</td>
<td>205,377</td>
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<tr>
<td>Mail</td>
<td>152,472</td>
<td>469,918</td>
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<tr>
<td>Visits</td>
<td>129,781</td>
<td>494,892</td>
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<tr>
<td>Inmate Processing</td>
<td>62,519</td>
<td>179,262</td>
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<tr>
<td>Miscellaneous Chores</td>
<td>1,025</td>
<td>3,288</td>
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<tr>
<td>Other</td>
<td>20,925</td>
<td>13,900</td>
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<tr>
<td><strong>Total Receipts</strong></td>
<td>1,426,876</td>
<td>1,366,637</td>
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<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>Canteen Sales</td>
<td>878,263</td>
<td>841,022</td>
</tr>
<tr>
<td>Discharged Inmates</td>
<td>268,113</td>
<td>182,652</td>
</tr>
<tr>
<td>Disbursements on Behalf of Inmates</td>
<td>180,797</td>
<td>165,745</td>
</tr>
<tr>
<td>Tablet Purchases</td>
<td>89,146</td>
<td>-</td>
</tr>
<tr>
<td>Unclaimed Property</td>
<td>14,122</td>
<td>7,278</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>11,151</td>
<td>2,609</td>
</tr>
<tr>
<td>Inmate Financial Responsibility Payments</td>
<td>1,190</td>
<td>8,215</td>
</tr>
<tr>
<td>Booking Fee</td>
<td>-</td>
<td>60,625</td>
</tr>
<tr>
<td><strong>Total Disbursements</strong></td>
<td>1,442,782</td>
<td>1,268,146</td>
</tr>
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<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Increase (Decrease)</strong></td>
<td>(15,906)</td>
<td>98,491</td>
</tr>
<tr>
<td><strong>Cash, Beginning of Year</strong></td>
<td>217,792</td>
<td>119,301</td>
</tr>
<tr>
<td><strong>Cash, End of Year</strong></td>
<td>$ 201,886</td>
<td>$ 217,792</td>
</tr>
</tbody>
</table>

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

Prison Inmate Fund

For the Years Ended December 31, 2021 and 2020

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Principles

Background and Reporting Entity

The audited financial statements of the Inmate Fund include those transactions dealing with funds that belong to the inmates. Each inmate has an account set up for when money is received in his/her name. Receipts stem from money removed from the inmates’ possession at the time of commitment (inmate processing), from family and friends during visits and through the mail, from the County of Chester Prison Canteen Fund (for returns, reimbursement, etc.), and the Correctional Center in the form of payroll for jobs and miscellaneous chores performed by the inmates.

Disbursements include payments to the Prison Canteen Fund for inmate purchases from the prison’s in-house store (the canteen which is administered by third party vendor (Keefe)), payment of account balances to discharged inmates, payment of the booking fee at inmate processing (see Note 2) and payments on behalf of inmates to individuals designated by the inmates. Disbursements on behalf of inmates include checks to family and/or friends, postage, telephone, notary fees, restitution payments, and medical co-pays. Consequently, the cash balance is always representative of the liabilities ultimately due to the inmates upon their discharge.

The actual operating expenses of the Prison are paid for by the County of Chester. These costs include salaries and wages of prison employees, related 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 Balance.

Basis of Accounting

The books and records of the Inmate Fund 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 balance in accordance with generally accepted accounting principles.

Reclassification

The statement of Assets and Liabilities – Cash Basis as of December 31, 2020 reflects a reclassification of an amount to be consistent with the presentation followed for 2021.

Note 2 – Booking Fee Program, Inmate Financial Responsibility Program and Global Pandemic

Effective January 1, 2013, all inmates who are committed on or after this date are charged a Booking/Processing Fee. This fee is assessed to an inmate’s account upon initial commitment and is recorded into the financial statements upon collection. There are no additional Booking/Processing Fee assessed for an inmate after initial commitment with an existing ID number.
County of Chester
Prison Inmate Fund
For the Years Ended December 31, 2021 and 2020

Notes to Financial Statements

Note 2 – Booking Fee Program, Inmate Financial Responsibility Program and Global Pandemic (contin.)

However, if an inmate is officially discharged from the Prison and is subsequently recommitted thereby reactivating his or her inmate ID number, a new Booking/Processing Fee will be assessed.

As of December 31, 2021, $924,397.46 in Booking Fee debt is owed to the Chester County Prison and subsequently to the County of Chester. The Booking Fee debt owed is excluded from the Statement of Assets and Liabilities because the prison does not have enforcement powers to collect the debt from released prisoners.

The Inmate Financial Responsibility (IFR) Program was adopted by the Chester County Commissioners and made effective in January 1997. It consisted of a $7.00 per day surcharge that was chargeable to the inmates’ personal accounts as compensation for room and board. Effective August 1, 2014, no new fees are assessed under this program, however previous debt owed by Inmates is still collected and paid to the County of Chester.

The IFR program also includes provisions to hold the inmates personally responsible for any damages they have done to prison property or incidental costs incurred by the prison for the inmates. These receipts are retained by the prison. IFR fees are assessed at the time of discharge (the full sentence has been served) and are only assessed on the inmates who have been sentenced and committed for a period of two years or less. IFR fees are not assessed on those being held at the prison for trial. In the Statement of Cash Receipts, Disbursements, and Cash Balance for the years ended December 31, 2021 and 2020, IFR fees received represent those actual payments to the Chester County Prison, while IFR payments disbursed represent funds disbursed to the County.

As of December 31, 2021, $9,169,469.28 in IFR debt is owed to the Chester County Prison and subsequently to the County of Chester. The IFR debt owed is excluded from the Statement of Assets and Liabilities because the prison does not have enforcement powers to collect the debt from released prisoners.

In March 2020, a global pandemic due to the spread of COVID-19 coronavirus caused the United States government to declare a national emergency. As a result, the Prison Board suspended the inmate booking fee in March 2020 and reinstated the fee in February 2022 at a lower rate. The result of the suspension of the booking fee led to an overall decrease in receipts in the Inmate Processing category and a decrease in Booking Fee for disbursements in 2021.

Note 3 – Additional Information

As a result of COVID-19 and to improve efficiency, the Prison implemented kiosk and online deposit capabilities in March 2021 which allowed inmates to receive deposits to their accounts via electronic payment sources instead of through the mail or during visitation. This change led to a substantial increase in electronic deposits and a corresponding substantial decrease in receipts through Mail, Visits, and Inmate Processing.
Note 3 — Additional Information (Contin.)

Separately, in August 2021, the Prison began allowing inmates to purchase time on electronic communication devices (tablets) provided by third party vendor (GTL). This process allowed the inmates to visit online with individuals instead of a direct onsite visit. As a result, a new liability (Due to GTL – Tablet Purchases) and disbursement category (Tablet Purchases) are presented in the financial statements. This new liability, along with the liability ‘Due to Keefe – Commissary’, are first paid to the Canteen Fund which subsequently pays the vendor directly.
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

December 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 Inmate Fund and have issued our report thereon dated December 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Inmate Fund’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 Inmate Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Inmate Fund’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 Inmate Fund’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 Inmate Fund’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.

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 Inmate Fund. This report is, however, a matter of public record, and its distribution is not limited.

Margaret Reif
Controller
County of Chester

Prison Inmate Fund

For the Years Ended December 31, 2021 and 2020

Summary of Exit Conference

An exit conference was not warranted for the audit of the Prison Inmate Fund. Warden Ronald M. Phillips accepted the audit report as presented.