



**County of Chester
Office of the Controller
Internal Audit Department**

**Audit Report
For the Years Ended
December 31, 2017 and 2016**

*County of Chester
Prison Correctional Center*

Annual Financial Statement
Audit

Margaret Reif, Controller

COUNTY OF CHESTER
CORRECTION CENTER
ANNUAL FINANCIAL STATEMENT AUDIT
AS OF DECEMBER 31, 2017 and 2016

Timothy Mulrooney, Manager
Chester County Prison Correction Center
503 S. Wawaset Road
West Chester, PA 19382

COUNTY OF CHESTER
PRISON CORRECTION CENTER
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016
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Independent Auditor's Report

Timothy Mulrooney, Manager
Chester County Prison Correctional Center
503 S. Wawaset Road
West Chester, PA 19382

Report on the Financial Statements

We have audited the accompanying financial statements of Prison Correction Center (*Center*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2017 and 2016, and the related statements of cash receipts, disbursements and cash balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; 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 financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to annually audit the accounts of the *Center* and to report the results of such audits to the Chester County Commissioners and the Chester County Prison Board.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

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, 2017 and 2016, 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 of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

Other Matter

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated March 12, 2018, on our evaluation of the *Center's* internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of an audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of our audit.



Margaret Reif
Controller

March 12, 2018

COUNTY OF CHESTER

PRISON CORRECTIONAL CENTER

STATEMENTS OF ASSETS AND LIABILITIES – CASH BASIS

DECEMBER 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash - Inmate Welfare Fund	\$ 12,342	\$ 15,232
Cash - Operating	6,844	8,273
Due from County of Chester	1,457	1,543
Due from Inmate Welfare Fund	-	357
Due from Inhouse Residents	-	316
Due from Discharged Residents	-	231
	<hr/>	<hr/>
Total Assets	\$ 20,643	\$ 25,952
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities</u>		
Due to County of Chester	\$ 4,378	\$ 6,176
Due to Inhouse Residents	2,074	2,723
Due to Chester County Prison	425	420
Due to Other	276	-
Due to Inmate Welfare Fund	118	160
Due to Discharged Residents	-	376
Restricted Funds - Inmate Welfare Fund	13,372	16,097
	<hr/>	<hr/>
Total Liabilities	\$ 20,643	\$ 25,952
	<hr/> <hr/>	<hr/> <hr/>

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Receipts</u>		
Inmate Receipts	\$ 111,980	\$ 127,631
Other Receipts	846	-
Interest Income	8	4
	<hr/>	<hr/>
Total Receipts	112,834	127,635
<u>Disbursements</u>		
County of Chester	57,760	64,335
Inmate Allowances	48,698	54,929
Discharged Payouts	3,094	4,104
GPS Monitoring	2,166	978
Inmate Welfare Fund	1,380	1,680
Other	1,165	128
	<hr/>	<hr/>
Total Disbursements	114,263	126,154
Cash Increase (Decrease)	(1,429)	1,481
Cash, Beginning of Year	<hr/>	<hr/>
	8,273	6,792
	<hr/>	<hr/>
Cash, End of Year	<u>\$ 6,844</u>	<u>\$ 8,273</u>

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Receipts</u>		
Payroll Reimbursements	\$ 31,096	\$ 34,616
Vending Machine Commission	5,724	6,336
Inmate Activity Fee	1,380	1,660
Other Receipts	750	30
Picture Money	283	429
Interest Income	25	12
	<hr/>	<hr/>
Total Receipts	39,258	43,083
<u>Disbursements</u>		
Inmate Wages	31,264	32,904
Barber & Hair Supplies	5,256	6,446
Other	3,232	1,474
Appliances & Repairs	2,259	1,354
Electronics	137	-
	<hr/>	<hr/>
Total Disbursements	42,148	42,178
Cash Increase (Decrease)	(2,890)	905
Cash, Beginning of Year	15,232	14,327
	<hr/>	<hr/>
Cash, End of Year	<u>\$ 12,342</u>	<u>\$ 15,232</u>

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

COUNTY OF CHESTER

PRISON CORRECTION CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

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 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 the residents, disbursed to the families of the residents to maintain household expenditures, 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*.

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 earned, and disbursements are recognized when paid rather than when incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and undisbursed funds in accordance with generally accepted accounting principles (GAAP).

Note 2 –Legal Matters

After consultation with legal counsel, Manager Timothy Mulrooney is not aware of any matters that would have a material adverse effect on the *Center's* financial position or result of operations.



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March 12, 2018

Timothy Mulrooney, Manager
Chester County Prison Correctional Center
503 S. Wawaset Road
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of Prison Correction Center (*Center*) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the *Center's* internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Center's* internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all significant deficiencies or material weaknesses have been identified.

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.

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 and regulations, noncompliance with which could have a direct and material effect on 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*.

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

We noted certain matters that we reported to management of the *Center* in a separate letter dated March 12, 2018, regarding cash disbursements and voided disbursements.

This report is intended for the information of the Chester County Commissioners and the Chester County Prison Board. This report is, however, a matter of public record, and its distribution is not limited.

Margaret Reif

Margaret Reif
Controller

COUNTY OF CHESTER
PRISON CORRECTIONAL CENTER
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2017

An exit conference was not warranted for the audit of the Prison Correctional Center. Manager, Timothy Mulrooney has accepted the report as presented.