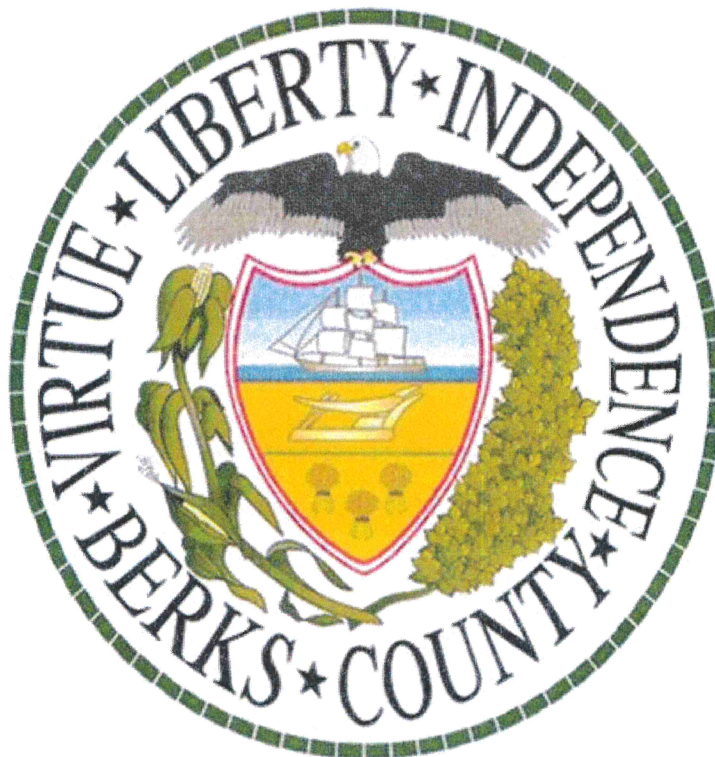


**Berks County Jail System  
Inmate Welfare Fund Accounts  
County of Berks, Pennsylvania**

**Jeffrey R. Smith, Warden**

**Annual Financial Statement Audit**

**For the Year Ended December 31, 2023**



COUNTY OF BERKS  
OFFICE OF THE CONTROLLER  
JOSEPH E. RUDDEROW III, CONTROLLER

REPORT 24-08

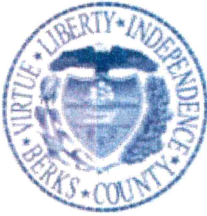
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## **Report Distribution List**

1. Jeffrey R. Smith, Warden
2. Christian Y. Leinbach, Berks County Jail System Board Member and County Commissioner Chair
3. Dante Santoni, Jr., Berks County Jail System Board Member and County Commissioner
4. Michael Rivera, Berks County Jail System Board Vice Chairman and County Commissioner
5. Mandy Miller, Berks County Jail System Board Member and Sheriff
6. John Adams, Berks County Jail System Board Member and District Attorney
7. Scott Lash, Berks County Jail System Board Chairman and Judge
8. Joseph E. Rudderow III, Berks County Jail System Secretary and Controller
9. Christine Sadler, Berks County Jail System Board Solicitor and County Solicitor
10. Cody Kauffman, Berks County Assistant County Solicitor
11. Kevin S. Barnhardt, Chief Operations Officer
12. Lawrence Medaglia, Jr., Deputy Chief Operations Officer
13. Timothy L. DeFoor, Pennsylvania Auditor General
14. Z & A, Certified Public Accountants
15. Audit File

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Eugene Orlando Jr., Esq., Solicitor

**Internal Auditor's Report**

Jeffrey R. Smith, Warden  
Berks County Jail System  
County of Berks, Pennsylvania

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying Statement of Receipts, Disbursements, and Change in Cash Balance of Berks County Jail System - Inmate Welfare Fund Accounts as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Berks County Jail System - Inmate Welfare Fund Accounts' basic financial statements as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, its cash receipts, disbursements and cash balance for the year ending December 31, 2023 in accordance with the cash basis of accounting described in Note 1.

***Basis for Opinions***

We conducted our audit in accordance with 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. 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 Berks County Jail System - Inmate Welfare Fund Accounts 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 opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement. 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 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 Berks County Jail System - Inmate Welfare Fund Accounts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Internal Auditor's Responsibilities for the Audit of the Financial Statements***

Our responsibility is to annually audit the accounts of the Berks County Jail System, including the Berks County Jail System- Inmate Welfare Accounts, and to report the results of such audits to the Berks County Commissioners and the Berks County Prison Board.

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Berks County Jail System - Inmate Welfare Fund Accounts' 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 Berks County Jail System - Inmate Welfare Fund Accounts' 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.

### ***Basis of Accounting***

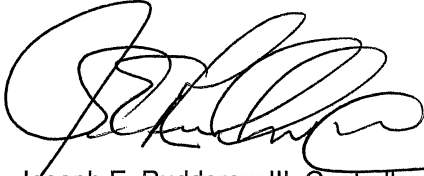
We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Management has omitted the management's discussion and analysis. Such missing information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of Berks County Jail System - Inmate Welfare Fund Accounts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Berks County Jail System - Inmate Welfare Fund Accounts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Berks County Jail System - Inmate Welfare Fund Accounts' internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'J. Rudderow III', with a large, stylized initial 'J' and 'R'.

Joseph E. Rudderow III, Controller  
December 4, 2024

**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, 2023**

**Receipts**

Commissary Sales	793,692
ITI Debit Charges	475,872
Commissions from Telephone Service	225,203
Tablet Commission	178,691
Interest Income	37,788
Newspaper Sales	13,447
Commissary Restitution	11,838
Hair Care	6,297
Welfare Bag Sales	5,296
Postage	3,111
Quarterly Interest Transfer IA	1,920
COB General Fund Reimbursement	1,000
Transportation	280
BOJE reimbursement	130
Forfeit of Funds	91
Postal Packs	88
Refunds	40
<b>Total Receipts</b>	<b><u>1,754,785</u></b>

**Disbursements**

Commissary Purchases	499,204
Telephone Calls	473,776
Special Ops Program	70,000
Indigent Kits + Paper Packs	69,899
Miscellaneous Other	50,764
Washers & Dryers	47,858
Education Supplies and Services	35,170
Treatment Supplies and Services	24,523
Law Library	23,856
Hygiene Supplies	20,323
Commitment Kits	15,684
Newspaper Purchases	14,318
Postage, Including Equipment Lease	13,242
Transportation - Inmates	11,502
Hair Care Purchases	8,320
Recreational Supplies and Services	7,256
<b>Total Disbursements</b>	<b><u>1,385,695</u></b>

Cash receipts in excess of disbursements	369,090
Cash account balance as of January 1	1,836,489
Cash account balance as of December 31	2,205,579

The accompanying notes are an integral part of the financial statement.

**Berks County Jail System Inmate Welfare Fund Accounts**  
**County of Berks, Pennsylvania**  
**Notes to Financial Statement**  
**For the Year Ended December 31, 2023**

**Note 1: Nature of the office and significant accounting policies**

**Nature of the office:**

Berks County Jail System is a County Correctional Institution that holds pre-trial and County sentenced inmates 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. The purpose of the Welfare Fund Accounts is to use its funds exclusively for the betterment of the inmates.

Administrative costs and expenses incurred by the Berks County Jail System Inmate Welfare Fund Accounts are reflected on the books and records of the County of Berks and not on the financial statement.

**Basis of accounting:**

The books and records of the Berks County Jail System Inmate Welfare Fund Accounts are maintained on the cash basis of accounting; therefore, the financial statement presented herein does not purport to present the account balances and results of operations in conformity with generally accepted accounting principles. Under this basis of accounting, revenue is recognized when cash is received and expenditures are recognized when paid. This differs from Generally Accepted Accounting Principles (GAAP) which requires the accrual basis of accounting.

**Note 2: Cash**

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:

<u>Bank</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
Vist	Checking	1,548,647	1,541,271
Vist	Savings	664,308	664,308
		<u>2,212,955</u>	<u>2,205,579</u>

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



**Berks County Jail System Inmate Welfare Fund Accounts**  
**County of Berks, Pennsylvania**  
**Notes to Financial Statement - Continued**  
**December 31, 2023**

**Note 3: Legal Matters**

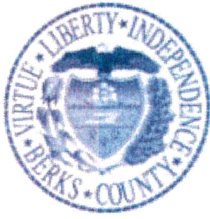
Our audit disclosed no pending litigation involving the Berks County Jail System Inmate Welfare Fund Accounts or Warden Jeffery Smith that would affect the financial statement for the year ended December 31, 2023.

**Note 4: Subsequent Events**

Management has evaluated subsequent events through December 4, 2024, which is the date the financial statement was available to be issued.

# COUNTY OF BERKS, PENNSYLVANIA

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Eugene Orlando Jr., Esq., Solicitor

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

Jeffrey R. Smith, Warden  
Berks County Jail System  
County of Berks, Pennsylvania

In planning and performing our audit of the financial statement of Berks County Jail System Inmate Welfare Fund Accounts for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Berks County Jail System Inmate Welfare Fund Accounts' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Berks County Jail System Inmate Welfare Fund Accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of Berks County Jail System Inmate Welfare Fund Accounts' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 and was not designed to identify all deficiencies in internal control that might be deficiencies, 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 material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether Berks County Jail System Inmate Welfare Fund Accounts' financial statement is 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 in 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.

This report is intended solely for the information and use by the management of Berks County Jail System Inmate Welfare Fund Accounts and other affected county offices, and is not intended to be, and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'Joe Rudderow III', with a long horizontal line extending to the right.

Joseph E. Rudderow III, Controller  
December 4, 2024