



County of Allegheny

Office of the Controller

INDEPENDENT AUDITOR'S REPORT
ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE
EQUITABLE SHARING FUND
FOR THE YEAR ENDED
DECEMBER 31, 2011

AUGUST 9, 2012

Chelsa Wagner
Controller

104 County Courthouse
436 Grant Street
Pittsburgh, PA 15219
Phone: (412) 350-4660
Fax: (412) 350-4770

E-mail: Controller@alleghenycounty.us

Contents

| | |
|---|---|
| Independent Auditor's Report | 1 |
| Balance Sheet | 3 |
| Statement of Revenues, Expenditures, and Change in Fund Balance | 4 |
| Notes to the Financial Statements | 5 |



CHELSEA WAGNER
CONTROLLER

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET
PITTSBURGH, PA 15219-2498
PHONE (412) 350-4660 • FAX (412) 350-3006

August 8, 2012

Honorable William P. Mullen
Allegheny County Sheriff
111 County Courthouse
436 Grant Street
Pittsburgh, PA 15219

Independent Auditor's Report
Allegheny County Sheriff's Office
U.S. Department of Justice Equitable Sharing Fund
For the Year Ended December 31, 2011

Dear Sheriff Mullen:

We have audited the accompanying balance sheet of the Allegheny County Sheriff's Office (Sheriff's Office) U.S. Department of Justice Equitable Sharing Fund as of December 31, 2011, and the related statement of revenues, expenditures, and change in fund balance for the year then ended. These financial statements are the responsibility of the Sheriff's Office management. Our responsibility is to express an opinion on these financial statements based on our audit.

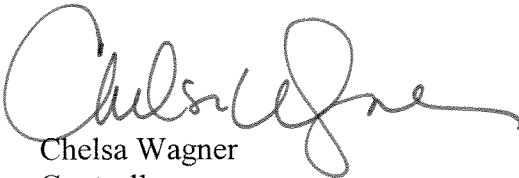
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Allegheny County Sheriff's Office U.S. Department of Justice Equitable Sharing Fund as of December 31, 2011 and the change in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sheriff Mullen
August 8, 2012
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report, dated August 8, 2012 on our consideration of the Sheriff's Office's 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Kind regards,



Chelsa Wagner
Controller



Lori Churilla
Assistant Deputy Controller, Auditing

CW/1c

cc: Honorable Charles Martoni, President, County Council
Honorable Nicholas Futules, Vice President, County Council
Honorable Rich Fitzgerald, Allegheny County Executive
Mr. William McKain, County Manager, Allegheny County
Ms. Jennifer Liptak, Chief of Staff, County Executive
Mr. Warren Finkel, Budget Director, Allegheny County
Mr. Joseph Catanese, Director of Constituent Services, County Council
Mr. Walter Szymanski, Budget Director, County Council
Mr. Joseph Rizzo, Chief Deputy, Sheriff's Office

CHELSEA WAGNER
 CONTROLLER, COUNTY OF ALLEGHENY
 104 COURTHOUSE
 PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
BALANCE SHEET
DECEMBER 31, 2011

ASSETS

| | | |
|----------------------|--|--------------------------|
| Cash | | \$ 220,221 |
| Due from Other Funds | | <u>81</u> |
| Total Assets | | <u>\$ 220,302</u> |

LIABILITIES AND FUND BALANCE

| | | |
|---|--|--------------------------|
| Accounts Payable | | \$ 28,603 |
| Accrued Liabilities | | <u>891</u> |
| Total Liabilities | | 29,494 |
| Restricted Fund Balance | | <u>190,808</u> |
| Total Liabilities and Fund Balance | | <u>\$ 220,302</u> |

See accompanying notes to financial statements.

CHELSEA WAGNER
 CONTROLLER, COUNTY OF ALLEGHENY
 104 COURTHOUSE
 PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

REVENUES

| | | |
|-----------------------|----|---------|
| Shared Revenue | \$ | 139,640 |
| Interest Income | | 366 |
| Total Revenues | | 140,006 |

EXPENDITURES

| | | |
|-----------------------------------|--|--------|
| Salaries | | 23,101 |
| Repairs and Maintenance | | 16,528 |
| Supplies | | 14,995 |
| Machinery / Equipment / Furniture | | 14,019 |
| Telephone | | 7,777 |
| Professional Services | | 7,427 |
| Employee Expense | | 3,980 |
| Fringe Benefits | | 3,354 |
| Materials | | 1,377 |
| Total Expenditures | | 92,558 |

| | | |
|---------------------------------------|----|---------|
| Change in Fund Balance | | 47,448 |
| Fund Balance – Beginning of the Year | | 143,360 |
| Fund Balance – End of the Year | \$ | 190,808 |

See accompanying notes to financial statements.

CHELSEA WAGNER
CONTROLLER, COUNTY OF ALLEGHENY
104 COURTHOUSE
PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Allegheny County Sheriff's Office (Sheriff's Office) performs a variety of functions ranging from serving writs, to apprehending criminals, to conducting Sheriff's sales.

The Sheriff's Office participates in the U.S. Department of Justice's Equitable Sharing Program. Under the program, any state or local law enforcement agency that directly participates in an investigation or prosecution that results in a federal recovery of forfeited property may request an equitable share of the proceeds of the forfeited property. The federal investigative agency, the U.S. Attorney, or the Deputy Attorney General may approve that an equitable share of the forfeited property be remitted to the agency based on its participation in the case. The authority of the U.S. Department of Justice to share federally forfeited property with participating state and local law enforcement agencies is established pursuant to 21 U.S.C. Section 881 (e) (3).

A provision of the U.S. Department of Justice's Equitable Sharing Program requires that a separate special revenue fund be utilized to account for deposits of funds received under the program, as well as disbursements of those funds. The Allegheny County Sheriff's Office U.S. Department of Justice Equitable Sharing Fund (the Fund) is a special revenue fund that was established for that purpose.

The accompanying Fund financial statements are intended to present only the assets, liabilities, fund balance, revenues, expenditures, and change in fund balance of the Fund and not those of Allegheny County taken as a whole.

CHELSEA WAGNER
CONTROLLER, COUNTY OF ALLEGHENY
104 COURTHOUSE
PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The Fund's accounting records are maintained and the accompanying financial statements have been prepared on the modified accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America. Under the modified accrual basis of accounting, revenues are recognized in the period in which they become measurable and available. For revenue recognition purposes, amounts collected within 60 days of the financial statement date are deemed to be available. Expenditures are recorded when a liability is incurred.

NOTE 2 DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investments. The statutes also permit pooling of governmental funds for investment purposes. Allegheny County (the County) pools its funds for investment purposes, and the cash and cash equivalents in the Fund represent a portion of those pooled funds. The County Investment Board has adopted an investment policy that adheres to state statutes and further limits permitted investment types and procedures. This policy was last revised June 23, 2011. The primary objectives of the Board's investment activities are safety of principal, liquidity, and return on investment, in that order.

The County Treasurer is authorized by the County Investment Board to invest the County's pooled funds in U.S. Treasury Obligations, securities issued directly by U.S. Federal Agencies, repurchase agreements, deposit accounts, Commonwealth of Pennsylvania obligations, shares of investment companies (mutual funds), certificates of deposit, commercial paper, the Pennsylvania Local Government Investment Trust (PLGIT), and Invest. Invest is a governmental investment pool established by the State Treasurer exclusively for use by Pennsylvania municipalities.

CHELSEA WAGNER
CONTROLLER, COUNTY OF ALLEGHENY
104 COURTHOUSE
PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

The County's cash deposits are subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. The County's investment policy mitigates custodial credit risk by requiring collateralization of uninsured balances of certain investments, including certificates of deposit, savings accounts, time deposits, checking with interest accounts, and repurchase agreements. The County's investment policy limits collateral to U.S. Treasury Obligations and U.S. Government Agency investments. The policy requires a collateral level of 102% of the market value of principal and accrued interest and that collateral be pledged in accordance with Act 72 of the Pennsylvania State Legislature, Section 3836-1 through Section 3836-6. Act 72 requires a financial institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

The County's short-term investments are subject to credit risk, custodial credit risk, concentrations of credit risk and interest rate risk. The County's investment policy attempts to minimize credit risk by permitting only certain types of investments and establishing minimum quality levels for riskier investments. With respect to custodial credit risk, the County's safekeeping and custody policy minimally requires that all security transactions be conducted within the confines of Act 72. Direct security transactions must be on a delivery versus payment basis. All securities are to be held in the Treasurer's name. If a counterparty is used, the counterparty must send written confirmation of the transaction to the Treasurer. According to the County's investment policy, diversification will prevent concentrations of credit risk. With the exception of U.S. Treasury securities, no more than 75% of the County's total investment portfolio will be invested in a single security type or with a single financial institution. The County's investment policy attempts to minimize interest rate risk by limiting investment maturities to a maximum of 13 months from the purchase date, with limited exceptions.

CHELSEA WAGNER
CONTROLLER, COUNTY OF ALLEGHENY
104 COURTHOUSE
PITTSBURGH, PENNSYLVANIA 15219

ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 3 **FIXED ASSETS**

Forfeited funds may be used to purchase vehicles and equipment necessary for law enforcement purposes. Fixed assets are recorded as expenditures at the time of purchase. Fixed assets with a purchase price of \$1,000 or more are recorded at cost on the County's fixed asset listing.

NOTE 4 **FUND BALANCE RESTRICTION**

The fund balance of the U.S. Department of Justice Equitable Sharing Fund is restricted for conducting law enforcement activities as stipulated in the U.S. Department of Justice's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*.

NOTE 5 **SHARED REVENUE**

Amounts reported under the caption 'shared revenue' represent amounts received from the U.S. Department of Justice attributable to the Sheriff's Office's participation in the U.S. Department of Justice Equitable Sharing Program.

