



# County of Allegheny

## Office of the Controller

INDEPENDENT AUDITORS' REPORT  
ALLEGHENY COUNTY SHERIFF'S OFFICE  
U.S. DEPARTMENT OF THE TREASURY  
EQUITABLE SHARING FUND  
FOR THE YEAR ENDED  
DECEMBER 31, 2009

July 19, 2010

**County of Allegheny**  
**Office of the Controller**  
**Mark Patrick Flaherty**  
**Controller**

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**MARK PATRICK FLAHERTY**  
CONTROLLER

# COUNTY OF ALLEGHENY

## OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET  
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PHONE (412) 350-4660 • FAX (412) 350-3006

**GUY A. TUMOLO**  
DEPUTY CONTROLLER

June 29, 2010

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

SUBJECT:

**Independent Auditors' Report  
Allegheny County Sheriff's Office  
U.S. Department of the Treasury Equitable Sharing Fund  
For the Year Ended December 31, 2009**

Dear Sheriff Mullen:

We have audited the accompanying balance sheet of the Allegheny County Sheriff's Office ("Sheriff's Office") U.S. Department of the Treasury Equitable Sharing Fund as of December 31, 2009 and the related statement of revenues, expenditures, and changes in fund balance for the year then ended. These financial statements are the responsibility of management of the Allegheny County Sheriff's Office. 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.

Sheriff Mullen  
June 29, 2010

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 the Treasury Equitable Sharing Fund as of December 31, 2009 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 29, 2010 on our consideration of the Allegheny County 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 the internal controls 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.

Very truly yours,



Lori A. Churilla  
Assistant Deputy Controller, Auditing



MARK PATRICK FLAHERTY  
Controller

cc: Honorable Rich Fitzgerald, President, County Council  
Honorable William Russell Robinson, County Council  
Honorable Dan Onorato, Chief Executive, Allegheny County  
Mr. James M. Flynn Jr., County Manager, Allegheny County  
Ms. Amy Griser, Budget Director, Allegheny County  
Mr. Joe Catanese, Director of Constituent Services, County Council  
Ms. Jennifer Liptak, Budget Director, County Council  
Mr. Joseph Rizzo, Chief Deputy, Sheriff's Office  
Mr. Guy A. Tumolo, Deputy Controller, Controller's Office  
Mr. Robert J. Lentz, Assistant Deputy, Accounting, Controller's Office  
Ms. Pamela Goldsmith, Communications Director, Controller's Office

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**ALLEGHENY COUNTY SHERIFF'S OFFICE**  
**U.S. DEPARTMENT OF THE TREASURY EQUITABLE SHARING FUND**  
**BALANCE SHEET**  
**DECEMBER 31, 2009**

ASSETS

Cash	\$ 64,308
Accrued interest receivable	31
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<b>Total Assets</b>	<b>\$ 64,339</b>
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LIABILITIES AND FUND BALANCE

Accounts payable	\$ 7,454
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<b>Total Liabilities</b>	<b>7,454</b>
Restricted fund balance (to be utilized for law enforcement activities)	56,885
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<b>Total Liabilities and Fund Balance</b>	<b>\$ 64,339</b>
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See accompanying notes to financial statements.

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**ALLEGHENY COUNTY SHERIFF'S OFFICE**  
**U.S. DEPARTMENT OF THE TREASURY EQUITABLE SHARING FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**REVENUES**

Interest income	\$ 1,440
<b>Total Revenues</b>	<b><u>1,440</u></b>

**EXPENDITURES**

Materials	14,282
Machinery/equipment/furniture (Note 4)	6,421
Repairs and maintenance	5,521
Supplies	5,355
Miscellaneous services	1,892
Training and education	975
Travel	670
Car and fleet rental	<u>430</u>
<b>Total Expenditures</b>	<b><u>35,546</u></b>

<b>Change in Fund Balance</b>	<b>(34,106)</b>
Fund Balance - January 1, 2009	<u>90,991</u>
<b>Fund Balance - December 31, 2009</b>	<b><u>\$ 56,885</u></b>

See accompanying notes to financial statements.

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**ALLEGHENY COUNTY SHERIFF'S OFFICE**  
**U.S. DEPARTMENT OF THE TREASURY EQUITABLE SHARING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**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 Allegheny County Sheriff's Office participates in the U.S. Department of the Treasury'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 or the Director of the Executive Office for Asset Forfeiture 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 Secretary of the Treasury to share federally forfeited property with participating federal, state and local law enforcement agencies is established by federal law 18 U.S.C. Section 981(e), 19 U.S.C. Section 1616a(c) and 31 U.S.C. Sections 9703.1 (a)(1)(G) and 9703.1 (h).

A provision of the U.S. Department of the Treasury'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 the Treasury Equitable Sharing Fund (the "Fund") is a special revenue fund that was established for that purpose.

The accompanying financial statements are intended to present only the assets, liabilities, fund balance, revenues and expenditures of the Allegheny County Sheriff's Office U.S. Department of the Treasury Equitable Sharing Fund and not Allegheny County taken as a whole.

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**ALLEGHENY COUNTY SHERIFF'S OFFICE**  
**U.S. DEPARTMENT OF THE TREASURY EQUITABLE SHARING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**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 U.S. generally accepted accounting principles. 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      ACCOUNTING CHANGE**

In previous years, management chose to prepare the Fund's financial statements on the cash basis of accounting because it was perceived to be easier to understand than the modified accrual basis. Management has elected to prepare the Fund's 2009 financial statements and the financial statements of future years on the modified accrual basis, as accounting for special revenue fund transactions using the modified accrual basis conforms with U.S. generally accepted accounting principles.

The change in the Fund's beginning fund balance to effect the change to the modified accrual basis of accounting was a decrease of \$760.

**NOTE 3      DEPOSITS**

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



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**U.S. DEPARTMENT OF THE TREASURY EQUITABLE SHARING FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 3**      **DEPOSITS (CONTINUED)**

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 Allegheny County Sheriff's Office U.S. Department of the Treasury Equitable Sharing Fund's cash is included in the County's pooled interest-bearing cash account. The bank balance of the Fund's deposits at December 31, 2009 was approximately \$64,308. Approximately \$583 of the Fund's deposits at that date was insured by the Federal Deposit Insurance Corporation ("FDIC"). The remainder, approximately \$63,725, was uninsured, exposed to custodial credit risk, and collateralized in accordance with Act 72.

**NOTE 4**      **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. The Sheriff's Office also maintains a listing of the fixed assets purchased using the Fund's resources.

The cost of the fixed assets purchased using Fund resources from the inception of the Fund through December 31, 2009 was \$56,054.

**NOTE 5**      **FUND BALANCE RESTRICTION**

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