



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

**Audit Report  
For the Year Ended  
December 31, 2011**

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*Office of the Sheriff*  
Annual Financial Statement  
Audit

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Valentino F. DiGiorgio, III, Controller

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**ANNUAL FINANCIAL STATEMENT AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Carolyn B. Welsh, Sheriff**  
**201 West Market Street**  
**Suite 1201**  
**West Chester, PA 19380**

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**TABLE OF CONTENTS**

AUDITOR’S REPORT .....	1	
FINANCIAL STATEMENTS		
Statement of Assets and Liabilities .....	2	
Statements of Receipts, Disbursements, and Cash Balance .....	3	
Notes to Financial Statements .....	5	
AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS.....		6
SUMMARY OF EXIT CONFERENCE .....	8	



# COUNTY OF CHESTER OFFICE OF THE CONTROLLER

313 WEST MARKET STREET, SUITE 6302, PO BOX 2748, WEST CHESTER, PA 19380-0991  
TELEPHONE: (610) 344-6155 FAX: (610) 344-6750

VALENTINO F. DIGIORGIO, III  
Controller

September 24, 2012

Carolyn B. Welsh, Sheriff  
201 West Market Street  
Suite 1201  
West Chester, PA 19380

Internal Audit has audited the accounts of the *Office of the Sheriff (Sheriff)* as of December 31, 2011, and has compiled the attached Statement of Assets and Liabilities and the related Statements of Cash Receipts, Disbursements, and Cash Balances for the year then ended. It is Internal Audit's responsibility to audit annually the accounts of any office receiving money for use by the Commonwealth of Pennsylvania and to report the results of such audits to the Chester County Commissioners and the Chester County Court of Common Pleas. It is management's responsibility to maintain, update, and reconcile these accounts on a continuous basis.

Our audit was conducted in accordance with generally accepted auditing standards and the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit in a manner that will provide *reasonable assurance* that the accounts are free of material misstatement and that amounts are properly supported and approved.

As described in Note 1, the accompanying financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the statements referred to above are not intended to present the financial position and results of operations of the *Sheriff* in conformity with generally accepted accounting principles

In our opinion, the accounts of the *Sheriff* are stated fairly as of December 31, 2011. Consequently, the corresponding financial statements prepared by Internal Audit present fairly, in all material respects, the assets and liabilities of the *Sheriff* as of December 31, 2011, and the cash receipts, disbursements, and cash balances for the year then ended.

In accordance with *Government Auditing Standards*, Internal Audit has also issued a report dated September 24, 2012, on our evaluation of the *Sheriff'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.

Valentino F. DiGiorgio, III  
Controller

**COUNTY OF CHESTER**

**OFFICE OF THE SHERIFF**

**STATEMENT OF ASSETS AND LIABILITIES**

**DECEMBER 31, 2011**

**Assets**

Cash - Regular Account	\$ 1,605,805
Cash - Surcharge Account	40,812
Cash - Change Fund, Petty Cash, Imprest Fund	<u>5,350</u>
Total Assets	<u>\$ 1,651,967</u>

**Liabilities**

Undisbursed Funds:	
County – Fees	\$ 95,499
Settlement	1,508,785
PA Firearms Act Fee	1,521
PA Surcharge	40,812
Due to County – Change Fund, Petty Cash, Imprest Fund	<u>5,350</u>
Total Liabilities	<u>\$ 1,651,967</u>

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

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCE**  
**OPERATING ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Receipts	
County – Fees	\$ 1,162,056
PA Firearms Act Fee	22,254
Settlement	<u>7,542,118</u>
Total Receipts	<u>8,726,428</u>
Disbursements	
County – Fees	1,162,247
PA Firearms Act Fee	27,507
Settlement	<u>8,790,298</u>
Total Disbursements	<u>9,980,052</u>
Cash Decrease	(1,253,624)
Beginning Balance	<u>2,859,429</u>
Ending Balance	<u>\$ 1,605,805</u>

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

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE**  
**SURCHARGE ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Receipts	
Surcharge	\$ <u>180,470</u>
Total Receipts	<u>180,470</u>
Disbursements	
Surcharge	<u>189,603</u>
Total Disbursements	<u>189,603</u>
Cash Decrease	(9,133)
Beginning Balance	<u>49,945</u>
Ending Balance	<u><u>\$ 40,812</u></u>

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

**COUNTY OF CHESTER**

**OFFICE OF THE SHERIFF**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

***Note 1 - Summary of Significant Accounting Policies***

**Background and Reporting Entity**

The *Sheriff* acts as a conduit for the Commonwealth of Pennsylvania, the County of Chester, related political subdivisions, and the citizens it serves. Consequently, the *Sheriff's* cash balance at any point in time represents undisbursed funds to one (or all) of these parties. For financial statement purposes, these undisbursed funds are included as a liability of the *Sheriff*.

The actual operating expenses of the *Sheriff* are paid by the County of Chester. These costs include the salary and wages of office employees, 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 *Sheriff* 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 balances in accordance with generally accepted accounting principles.

***Note 2 – Legal Matters***

Our audit disclosed no new pending litigations involving the *Sheriff* and its Sheriff (Carolyn B. Welsh) for the year ended December 31, 2011.

***Note 3 – Uniform Firearms Act***

On May 9, 2006, provisions of Act 66, The Uniform Firearms Act went into effect. Section 6109(h) of the Act provide for the collection of an additional fee of \$5.00 to be remitted to the Firearms License to Carry Modernization Account and an additional fee of \$1.00 to be collected from each license applicant to be remitted to the Firearms License Validation System Account. In May 2011 the additional fee of \$5.00 to be remitted to the Firearms License to Carry Modernization Account was discontinued. Both accounts are special restricted receipt accounts within the General Fund of the State Treasury. The Pennsylvania Commission Crime and Delinquency and the Pennsylvania State Police are required to implement standards to make the license process more uniform within five (5) years. The moneys and income generated by the fees are to be awarded as grants to sheriffs to implement the system including grants to reimburse sheriffs for expenses incurred prior to the five (5) year period.



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VALENTINO F. DIGIORGIO, III  
Controller

September 24, 2012

Carolyn B. Welsh, Sheriff  
201 W. Market Street  
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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

In planning our audit of the financial statements of Office of the Sheriff (*Sheriff*) as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the *Sheriff'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 *Sheriff's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Sheriff'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 *Sheriff's* financial statements will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether the *Sheriff'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.

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

We noted certain matters that we reported to the *Sheriff* in a separate letter dated September 24, 2012. They included the following:

- Recording / recordkeeping with respect to cash receipts
- Compliance with respect to Imprest Fund disbursements

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



Valentino F. DiGiorgio III  
Controller

**COUNTY OF CHESTER**  
**OFFICE OF THE SHERIFF**  
**SUMMARY OF EXIT CONFERENCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Sheriff Carolyn Welsh indicated through a written confirmation that an exit conference would be waived this year. The Sheriff has accepted the report and management letter as they are now presented.