



County of Allegheny

Office of the Controller

INDEPENDENT AUDITOR'S REPORT
ALLEGHENY COUNTY POLICE DEPARTMENT
CONFIDENTIAL FUND
FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

JULY 17, 2012

Chelsa Wagner
Controller

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CHELSA WAGNER
CONTROLLER

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

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PHONE (412) 350-4660 • FAX (412) 350-3006

July 2, 2012

Mr. Charles W. Moffatt
Superintendent
Allegheny County Police
400 North Lexington Street
Pittsburgh, PA 15208

SUBJECT:

INDEPENDENT AUDITOR'S REPORT
ALLEGHENY COUNTY POLICE DEPARTMENT
CONFIDENTIAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Dear Superintendent Moffatt:

We have audited the accompanying Statements of Assets, Liabilities and Fund Balance (Modified Cash Basis) of the Allegheny County Police Department Confidential Fund as of December 31, 2011 and 2010 and the related Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Balance (Modified Cash Basis) for the years then ended. These financial statements are the responsibility of the management of the Allegheny County Police Department. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinions.

As discussed in Note 1, the Allegheny County Police Department prepares its Confidential Fund financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Chelsa Wagner, Controller

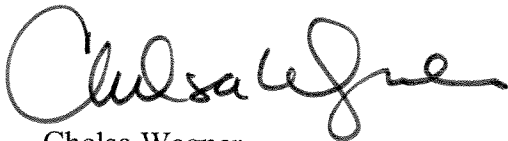
OFFICE OF ALLEGHENY COUNTY CONTROLLER

Superintendent Moffatt
July 2, 2012

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-modified cash basis of the Allegheny County Police Department Confidential Fund as of December 31, 2011 and 2010, and the changes in financial position-modified cash basis thereof for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2012 on our consideration of the Allegheny County Police Department'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 audits.

Kind regards,



Chelsa Wagner
Controller



Lori Churilla
Assistant Deputy Controller, Auditing

CW/lc

cc: Honorable Charles Martoni, President, County Council
Honorable Nicholas Futules, Vice President, County Council
Honorable Rich Fitzgerald, Allegheny County Executive
Ms. Jennifer Liptak, Acting County Manager
Mr. Warren Finkel, Budget Director, County Council
Mr. Joseph Catanese, Director of Constituent Services, County Council
Mr. Walter Szymanski, Budget Director, County Council
Lt. Harold Cline, Fund Custodian, Allegheny County Police Department
Ms. Amy Griser, Deputy Controller
Mr. Seth Hufford, Chief of Staff, Controller's Office
Mr. Robert J. Lentz, Assistant Deputy, Accounting, Controller's Office
Mr. Nick Hays, Communications Director, Controller's Office

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

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

ALLEGHENY COUNTY POLICE DEPARTMENT
CONFIDENTIAL FUND
STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE - MODIFIED CASH BASIS

	<u>DECEMBER 31,</u>	
	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash on Deposit	\$ 7,942	\$ 10,250
Cash on Hand	3,815	3,208
Operating Advances to Officers	6,000	7,000
Total Assets	<u>\$ 17,757</u>	<u>\$ 20,458</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Accounts Payable / Accrued Liabilities	\$ -	\$ -
Total Liabilities	-	-
Assigned Fund Balance	17,757	20,458
Total Liabilities and Fund Balance	<u>\$ 17,757</u>	<u>\$ 20,458</u>

See accompanying notes to financial statements.

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

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ALLEGHENY COUNTY POLICE DEPARTMENT
CONFIDENTIAL FUND
STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS

	<u>FOR THE YEAR ENDED</u> <u>DECEMBER 31,</u>	
	<u>2011</u>	<u>2010</u>
<u>CASH RECEIPTS</u>		
Transfers in from the General Fund	\$ 7,500	\$ 7,500
Restitution Payments	4,180	1,988
Interest Income	12	16
Total Cash Receipts	<u>11,692</u>	<u>9,504</u>
<u>CASH DISBURSEMENTS</u>		
Confidential Informant Payments	4,890	7,675
Drug Buys	9,323	2,955
Other Investigative Expenses	180	191
Transfers out to the General Fund	-	16
Total Cash Disbursements	<u>14,393</u>	<u>10,837</u>
Change in Fund Balance	(2,701)	(1,333)
Fund Balance - Beginning of Year	<u>20,458</u>	<u>21,791</u>
Fund Balance - End of Year	<u>\$ 17,757</u>	<u>\$ 20,458</u>

See accompanying notes to financial statements.

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ALLEGHENY COUNTY POLICE DEPARTMENT
CONFIDENTIAL FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity:

The Allegheny County Police Department's Confidential Fund (the "Fund") is a special revenue fund that was established to facilitate the investigation of narcotics, vice, and related offenses in Allegheny County. The Detective Division of the Narcotics Unit of the Allegheny County Police Department maintains the accounting records for the Fund due to the confidential nature of some of the expenditures.

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

Basis of Accounting:

Accounting principles generally accepted in the United States of America require governmental fund financial statements to be prepared on the modified accrual basis of accounting. The Fund's accounting records are maintained and the Fund's financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis of accounting differs from the modified accrual basis in that revenues are not recognized when measurable and available and expenditures are not recognized when a liability is incurred. Under the modified cash basis, cash receipts and disbursements are recorded when they occur.

NOTE 2 **NATURE OF ACTIVITIES**

When cash for operations is needed, it is typically transferred into the Fund from the Allegheny County general fund. In addition, when offenders are convicted as a result of arrest-related expenditures incurred by the Fund, the restitution payments the offenders issue to the Court of Common Pleas are routed to Allegheny County Police Department for deposit into the Fund.

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ALLEGHENY COUNTY POLICE DEPARTMENT
CONFIDENTIAL FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 **NATURE OF ACTIVITIES (CONTINUED)**

Interest received on cash on deposit with a financial institution is transferred out to the general fund on an annual basis.

Cash on hand is maintained and operating cash advances to detectives are made to facilitate cash transactions including payments to confidential informants for information, purchases of narcotics, and other investigative expenses. Cash on hand that has not been advanced to detectives is maintained by the Fund's custodian in a locked safe. Detectives are advanced \$1,000 or lesser amounts as needed.

NOTE 3 **DEPOSITS**

Cash on deposit with a financial institution (the bank balance) as of December 31, 2011 and 2010 was \$7,942 and \$10,250, respectively. The cash on deposit did not exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit as of those dates or at any time during 2011 or 2010, and consequently, the cash on deposit was not subject to custodial credit risk.