



# County of Allegheny

## Office of the Controller

INDEPENDENT AUDITOR'S REPORT  
ALLEGHENY COUNTY POLICE DEPARTMENT  
CONFIDENTIAL FUND  
FOR THE YEAR ENDED  
DECEMBER 31, 2012

JUNE 17, 2013

**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](mailto:Controller@alleghenycounty.us)

---

## **Contents**

---

Independent Auditor's Report	1
------------------------------	---

---

Statement of Assets, Liabilities and Fund Balance – Modified Cash Basis	4
---	---

---

Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Modified Cash Basis	5
---	---

---

Notes to the Financial Statements	6
-----------------------------------	---

---



**CHELSA 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

June 5, 2013

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 YEAR ENDED DECEMBER 31, 2012**

Dear Superintendent Moffatt:

We have audited the accompanying Confidential Fund financial statements of the Allegheny County Police Department as of and for the year ended December 31, 2012.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 error or fraud.

Superintendent Moffatt  
June 5, 2013

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position—modified cash basis of the Confidential Fund financial statements of the Allegheny County Police Department as of December 31, 2012, and the changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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 that matter.

Superintendent Moffatt  
June 5, 2013

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2013 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 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 the Allegheny County Police Department's internal control over financial reporting and compliance.

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, County Executive  
Ms. Jennifer Liptak, Chief of Staff, County Executive  
Mr. William McKain, County Manager, Allegheny County  
Mr. Warren Finkel, Budget Director, Allegheny County  
Mr. Joseph Catanese, Director of Constituent Services, County Council  
Mr. Walter Szymanski, Budget Director, County Council  
Lt. William Palmer, Fund Custodian, Allegheny County Police Department

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

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

**ALLEGHENY COUNTY POLICE DEPARTMENT**  
**CONFIDENTIAL FUND**  
**STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - MODIFIED CASH BASIS**  
**DECEMBER 31, 2012**

**ASSETS**

Cash on Deposit	\$ 12,157
Cash on Hand	2,162
Operating Advances to Officers	<u>5,500</u>
<b>Total Assets</b>	<b><u><u>\$ 19,819</u></u></b>

**LIABILITIES AND FUND BALANCE**

Accounts Payable / Accrued Liabilities	<u>\$ -</u>
<b>Total Liabilities</b>	<b>-</b>
Assigned Fund Balance	<u>19,819</u>
<b>Total Liabilities and Fund Balance</b>	<b><u><u>\$ 19,819</u></u></b>

See accompanying notes to financial statements.

COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

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

**ALLEGHENY COUNTY POLICE DEPARTMENT**  
**CONFIDENTIAL FUND**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN**  
**FUND BALANCE - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**CASH RECEIPTS**

Transfers in from the General Fund	\$ 7,500
Restitution Payments	3,707
Interest Income	<u>17</u>
<b>Total Cash Receipts</b>	<b><u>11,224</u></b>

**CASH DISBURSEMENTS**

Drug Buys	6,017
Confidential Informant Payments	2,950
Other Investigative Expenses	<u>195</u>
<b>Total Cash Disbursements</b>	<b><u>9,162</u></b>

<b>Change in Fund Balance</b>	<b>2,062</b>
Fund Balance - Beginning of Year	<u>17,757</u>
<b>Fund Balance - End of Year</b>	<b><u><u>\$ 19,819</u></u></b>

See accompanying notes to financial statements.

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

**ALLEGHENY COUNTY POLICE DEPARTMENT**  
**CONFIDENTIAL FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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.



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

**ALLEGHENY COUNTY POLICE DEPARTMENT**  
**CONFIDENTIAL FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**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, 2012 was \$12,157. The cash on deposit did not exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit as of those dates or at any time during 2012, and consequently, the cash on deposit was not subject to custodial credit risk.