



COREY O'CONNOR

Allegheny County Controller

**INDEPENDENT AUDITOR'S REPORT
ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE
EQUITABLE SHARING FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

October 16, 2025

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COUNTY OF ALLEGHENY

OFFICE OF THE CONTROLLER

104 COURTHOUSE • 436 GRANT STREET
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October 16, 2025

Honorable Kevin M. Kraus
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, 2023

Dear Sheriff Kraus:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Allegheny County Sheriff's Office (Sheriff's Office) U.S. Department of Justice Equitable Sharing Fund as of and for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sheriff's Office U.S. Department of Justice Equitable Sharing Fund as of December 31, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities

under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sheriff's Office and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Allegheny County Sheriff's Office's (Allegheny County's) ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sheriff's Office's internal control. Accordingly, no such opinion is expressed.

Sheriff Kraus
October 16, 2025

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sheriff's Office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2025 on our consideration of the Sheriff's Office 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 solely 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 effectiveness of the Sheriff's Office 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 Sheriff's Office internal control over financial reporting and compliance.

Kind regards,



Corey O'Connor
Controller



Lori A. Churilla
Assistant Deputy Controller, Auditing

cc: Honorable Patrick Catena, President, County Council
Honorable John Palmiere, Vice-President, County Council
Honorable Sara Innamorato, County Executive, Allegheny County
Mr. John Fournier, County Manager, Allegheny County
Mr. Grant Gittlen, Chief of Staff, Allegheny County
Mr. Tim Cox, Director, Budget and Finance
Mr. Kenneth J. Varhola, Chief of Staff, County Council
Ms. Sarah Roka, Budget Manager, County Council
Ms. Kristen Pivarnik, Accounting and Budget Manager, Sheriff's Office

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ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
BALANCE SHEET
DECEMBER 31, 2023

ASSETS

Cash	\$ 1,326,405
Due from Other Funds	5,261
Due from Other Governments	<u>1,158</u>
Total Assets	<u>\$ 1,332,824</u>

LIABILITIES AND FUND BALANCE

Accounts Payable and Accrued Liabilities	<u>\$ 9,274</u>
Total Liabilities	<u>9,274</u>
Restricted Fund Balance (to be used for Law Enforcement Activities)	<u>1,323,550</u>
Total Fund Balance	<u>1,323,550</u>
Total Liabilities and Fund Balance	<u>\$ 1,332,824</u>

See accompanying notes to financial statements.

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ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

REVENUES

Interest Income	\$ 57,013
Shared Revenue	<u>39,210</u>
Total Revenues	<u>96,223</u>

EXPENDITURES

Telephone	53,636
Overtime	27,640
Law Enforcement Operations and Investigations	11,200
Leases	7,615
Fringe Benefits & Payroll Taxes (for overtime)	<u>4,976</u>
Total Expenditures	<u>105,067</u>

Change in Fund Balance **(8,844)**

Fund Balance - Beginning of Year 1,332,394

Fund Balance - End of Year **\$ 1,323,550**

See accompanying notes to financial statements.

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ALLEGHENY COUNTY SHERIFF'S OFFICE
U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, and to conducting Sheriff's sales.

The Allegheny County 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 forfeiture may request an equitable share of the net proceeds of the forfeiture. The federal investigative agency, the United States Attorney, or the Department of Justice Criminal Division determines the appropriate equitable share for each asset and requesting agency. The authority to share federally forfeited property with participating state and local law enforcement agencies is established via Title 21, U.S. Code Section 881 (e) (1) (A).

A provision of the U.S Department of Justice's Equitable Sharing Program requires that a separate account or accounting code be utilized to account for revenues and expenditures from the program. The 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 changes in fund balance of the Fund and not those of Allegheny County taken as a whole.

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 accordance 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.

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U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investments. The statutes also allow pooling of governmental funds for investment purposes, and the cash in the U.S. Department of Justice Equitable Sharing Fund is pooled with Allegheny County's (County) cash for investment purposes. 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 January 2019. The primary objectives, in priority order, of the Board's investment activities are safety of principal, liquidity, and return on investment.

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

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.

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U.S. DEPARTMENT OF JUSTICE EQUITABLE SHARING FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

The County's investment policy limits collateral to U.S. Treasury Obligations and U.S. Government Agency investments. The policy requires a collateralization level of 102% of the market value of principal and accrued interest and that collateralization 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 investments are subject to credit risk, custodial credit risk, concentration of credit risk and interest rate risk. The County's investment policy minimizes 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 over concentration in a sector and minimize the opportunity for risky investments. With the exception of U.S. Treasury securities, no more than 55% of the County's total investment portfolio will be invested in a single security type or with a single financial institution. To minimize interest rate risk, the County's investment policy limits investment maturities to a maximum of 13 months from the date of purchase. An exception to this rule is repurchase agreements which should be collateralized with maturities up to 20 years. Reserve funds may be invested in securities exceeding five years if the maturity of such investments reasonably coincides with the expected use of the funds.

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 \$5,000 or more and At-Risk Assets with a purchase price between \$500 and \$5,000 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 **DUE FROM OTHER FUNDS**

The amount due from other funds at December 31, 2023, \$5,824, represents the Sheriff's Office U.S. Department of Justice Equitable Sharing Fund's share of 2023 County investment pool earnings that were not credited to the Fund as of December 31, 2023.

NOTE 5 **RESTRICTED FUND BALANCE**

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

NOTE 6 **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 participation in the U.S. Department of Justice's Equitable Sharing Program.