Audit Report

OIG-22-019

FINANCIAL MANAGEMENT

Audit of the Department of the Treasury Forfeiture Fund's Financial Statements for Fiscal Years 2021 and 2020

December 15, 2021

Office of Inspector General
Department of the Treasury

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DEPARTMENT OF THE TREASURY
WASHINGTON, D. C. 20220

OFFICE OF
INSPECTOR GENERAL

December 15, 2021

MEMORANDUM FOR JOHN FARLEY, DIRECTOR
TREASURY EXECUTIVE OFFICE FOR ASSET FORFEITURE

FROM: Ade Bankole /s/
Acting Director, Financial Statement Audits

SUBJECT: Audit of the Department of the Treasury Forfeiture Fund's Financial Statements for Fiscal Years 2021 and 2020

We hereby transmit the attached subject report. Under a contract monitored by our office, GKA, P.C. (GKA), a certified independent public accounting firm, audited the financial statements of the Department of the Treasury Forfeiture Fund (TFF) as of September 30, 2021 and 2020, and for the years then ended. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency, *Financial Audit Manual*.

In its audit of the TFF, GKA found

- the financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no deficiencies in internal control over financial reporting that are considered material weaknesses; and
- no instances of reportable noncompliance with laws, regulations, and contracts tested.

In connection with the contract, we reviewed GKA's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit performed in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on TFF's financial statements or conclusions about the effectiveness of internal control or compliance with laws and regulations. GKA is responsible for the attached auditors' report dated October 29, 2021, and the conclusions expressed therein. However, our review disclosed no instances where GKA did not comply, in all material respects, with U.S. generally accepted government auditing standards.

If you wish to discuss this report, please contact me at (202) 927-5329, or a member of your staff may contact Catherine Yi, Manager, Financial Statement Audits, at (202) 927-5591.

Attachment

Treasury Forfeiture Fund

ACCOUNTABILITY REPORT

Fiscal Year 2021

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

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Message from the Director

I am pleased to present the fiscal year (FY) 2021 Accountability Report for the Treasury Forfeiture Fund (the Fund). While highlighting the Fund's financial and operational performance over the past year, this report also focuses on some of the significant investigative achievements of our participating law enforcement agencies this year. FY 2021 was another challenging year with a permanent rescission of $75 million as part of the Consolidated Appropriations Act of 2021 (P.L. 116-260). Also, $44.8 million was sequestered as part of the government-wide sequestration order. In terms of overall revenue, FY 2021 was another highly successful year for the law enforcement bureaus participating in the Treasury Forfeiture Fund, with total gross non-exchange revenues of $808 million deposited to the Fund.

The continued high-impact performance of the Fund reflects the ongoing hard work of our law enforcement bureaus as well as Fund management's emphasis on major case initiatives, asset forfeiture program training, and a focused approach regarding our performance measure, which gauges revenue from high-impact cases. The mission of the Fund is to affirmatively influence the consistent and strategic use of asset forfeiture by our law enforcement bureaus to disrupt and dismantle criminal enterprises. It is our view that the greatest damage to criminal enterprises can be achieved through large forfeitures; hence we have set a target level of 80 percent of our forfeitures to be high impact, i.e., cash forfeitures equal to or greater than $100,000. This target level is up from 75 percent set for FY 2010 and prior years. For FY 2021, our member bureaus exceeded the target with a performance level of 90 percent.

In FY 2021, we continued prioritizing the strategic use of forfeited funds to enhance our participating agencies' infrastructure and capabilities while supporting high-impact financial investigations. These capabilities are particularly critical for highly complex Third-Party Money laundering (3PML) investigations aimed at dismantling the financial networks of major criminal enterprises. The Fund's 3PML initiative supports the particular needs of 3PML investigations related to new technologies, analytical tools, and professional services. It also promotes collaborative use of the Fund's resources by member agencies.

This fiscal year, the Fund continued to support our member agencies' efforts to combat criminal activities related to Covid-19. The agencies are facing a continued spike in investigative work dealing with massive Covid-19 related fraud schemes, the sales of Covid-19 related counterfeit goods and pharmaceuticals online and via Darknet marketplaces, and business email compromise and network intrusion. Due to the unanticipated nature of Covid-19 and the Delta variant, the agencies needed additional resources to support operational needs and procure necessary tools and services to mount a successful law enforcement response to Covid-19 related crimes.

The Treasury Forfeiture Fund continues in its capacity as a successful multi-Departmental Fund representing the interests of law enforcement components of the Departments of the Treasury and Homeland Security. Member bureaus include the Internal Revenue Service's Criminal Investigation (IRS-CI), the U.S. Secret Service (USSS), Immigration and Customs Enforcement (ICE), and Customs and Border Protection (CBP). The U.S. Coast Guard (USCG) continues its close working relationship with the legacy Customs bureaus. We look forward to another successful year in FY 2022.

September 30, 2021
John Farley, Director
Treasury Executive Office for Asset Forfeiture
U.S. Department of the Treasury

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Treasury Forfeiture Fund
FY 2021 Management Overview

Profile of the Treasury Forfeiture Fund

The Treasury Forfeiture Fund (the Fund) is the receipt account for the deposit of non-tax forfeitures made pursuant to laws enforced or administered by law enforcement bureaus that participate in the Treasury Forfeiture Fund. The Fund was established in October of 1992 as the successor to the Forfeiture Fund of the United States Customs Service. The Fund is a "special receipt account." This means the Fund can provide money to other federal entities toward the accomplishment of a specific objective for which the recipient bureaus are authorized to spend money and toward other authorized expenses. The use of Fund resources is governed by law, policy and precedent as interpreted and implemented by the Department of the Treasury, which manages the Fund. A key objective for management is the long-term viability of the Fund to ensure that there are ongoing resources to support member-bureau seizure and forfeiture activities well into the future. The emphasis of Fund management is on high impact cases that can do the most damage to criminal infrastructure.

The Treasury Forfeiture Fund continues in its capacity as a multi-Departmental Fund, representing the interests of law enforcement components of the Departments of Treasury and Homeland Security. Our member bureaus include the Internal Revenue Service's Criminal Investigation (IRS- CI), the U.S. Secret Service, Immigration and Customs Enforcement (ICE), and Customs and Border Protection (CBP). The U.S. Coast Guard continues its close working relationship with the legacy Customs bureaus and functions in a member-bureau capacity.

The Treasury Executive Office for Asset Forfeiture (TEOAF), which provides management oversight of the Fund, falls under the auspices of the Under Secretary for Terrorism and Financial Intelligence. TEOAF's organizational structure includes a Director, Deputy Director, Legal Counsel, and three Assistant Directors for: Financial Management, Policy & Administration, and Strategic Planning. Functional responsibilities are delegated to various team leaders. TEOAF is located in Washington, D.C., and currently has 27 authorized full time equivalent positions.

Strategic Mission

The mission of the Treasury Forfeiture Fund is to affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus that participate in the Treasury Forfeiture Fund to disrupt and dismantle criminal enterprises.

Strategic Vision

Fund management works to focus the asset forfeiture program on strategic cases and investigations that result in high-impact forfeitures. Management believes this approach incurs the greatest damage to criminal organizations while accomplishing the ultimate objective – to disrupt and dismantle criminal enterprises.

The following case highlights are intended to give the reader an idea of the types of investigative cases worked by the Fund's law enforcement bureaus during FY 2021 that resulted in the seizure and forfeiture of assets. Such cases as those profiled below are consistent with the Strategic Mission and Vision of the Treasury Forfeiture Program, which is to use high-impact asset forfeiture in investigative cases to disrupt and dismantle criminal enterprises.

Homeland Security Investigations (HSI), Department of Homeland Security

Joint case leads to a shutdown of an illegal Bitcoin ATM network that assisted in laundering millions of dollars in Bitcoin and Cash

Information included in the following forfeiture article is attributed to: DOJ news release dated July 22, 2020, entitled "O.C. Man Admits Operating Unlicensed ATM Network that Laundered Millions of Dollars of Bitcoin and Cash for Criminals' Benefit," a DOJ news release dated May 28, 2021, entitled "Yorba Linda Man Sentenced to 2 Years in Prison for Operating Illegal ATM Network that Laundered Bitcoin and Cash for Criminals," and from information provided by the HSI Liaison to TEOAF.

TEOAF has made substantial investments in tools and technology to aid our federal law enforcement partners in combating money laundering using cryptocurrencies like Bitcoin (BTC). BTC is a decentralized internet-based currency that can be used to buy goods and services. Bitcoins are stored in virtual digital wallets and can be transferred from person to person without going through a financial institution. BTC and other virtual currencies have risen in popularity in recent years because people can buy and sell BTC anonymously and they are not controlled by a government or bank.

Between December 2014 and November 2019, Kais Mohammad was the owner and operator of Herocoin, an illegal virtual-currency money service business. Mohammad, a former bank employee familiar with compliance matters, failed to register his money service business with the Treasury Department's Financial Crimes Enforcement Network (FinCEN). Herocoin was advertised online as a BTC cash exchange service in amounts up to $25,000. Mohammad would meet customers in and exchange currency for them. He did not conduct due diligence and inquire about the source of his customers funds and on many occasions, he knew that the source of the funds was proceeds of criminal activities. He later purchased a series of ATM style kiosks located in malls, convenience stores and gas stations throughout Los Angeles. Those kiosks allowed anyone to use cash to buy BTC or they could sell their BTC for cash minus the charging commission that would go to Mohammad.

Mohammad registered Herocoin in 2018 after being contacted by FinCEN. Even after registering, Mohammad failed to inquire about his customers source of funds, file suspicious activity and currency transaction reports, or develop an anti-money laundering program. As a money service business Mohammad was fully aware that he needed to develop and maintain an effective anti-money laundering program, file currency transaction reports for exchanges of currency over $10,000, and file suspicious activity reports for transactions over $2,000 when he had a reason to suspect that the funds came from criminal activity.

This case was investigated by Homeland Security Investigations (HSI), Internal Revenue Criminal Investigations (IRS-CI), and the Los Angeles County Sheriff's Department. Undercover agents met with Mohammad over the course of 6 months in 2019 and conducted multiple transactions in person to exchange cash for Bitcoin. The agent represented that the cash was proceeds from illegal activity, but Mohammad never filed a currency transaction or a suspicious activity report for those transactions. Agents also conducted several transactions at a Herocoin ATM kiosk that totaled over $10,000 and again Mohammad failed to file a currency transaction report. After Mohammad was arrested, he admitted that his business exchanged between $15 million to $25 million dollars. As part of a plea agreement, Mohammad agreed to forfeit cash, cryptocurrency, and the 17 BTC ATMs that he used for his business. On May 28, 2021, he was sentenced to 24 months imprisonment.

Figure 1: A Herocoin Bitcoin ATM kiosk located at a store.

Figure 2: Several seized Bitcoin ATM kiosks.

Internal Revenue Service, Criminal Investigation (IRS-CI), Department of the Treasury

Florida man buys mansion with COVID relief fraud

Information included in the following forfeiture article is attributed to: DOJ news release dated February 8, 2021, entitled "Seminole County Man Charged With COVID Relief Fraud"; Russon, Gabrielle. "Couple buys mansion in Seminole County with fraudulent $7.2 million PPP loan, Feds say." Orlando Sentinel, December 23, 2020. https://www.orlandosentinel.com/business/os-bz-ppp-fraud-house-seminole-20201223-cswwnoyx4jedhbcntbpamqleb4-story.html; Associated Press. "Florida man charged in $7 million coronavirus relief fraud arrested in Croatia," Tampa Bay Times, April 14, 2021. https://www.tampabay.com/news/health/2021/04/14/florida-man-charged-in-7-million-coronavirus-relief-fraud-arrested-in-croatia/, and from information provided by the IRS-CI liaison to TEOAF.

In response to the economic downturn from the Coronavirus, Congress passed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in March of 2020, which aided Americans suffering from the economic impact of the pandemic. The CARES Act authorized $350 billion in potentially forgivable loans to small business for job retention and certain other expenses. The loans were made through the Paycheck Protection Program (PPP) and were backed by the Small Business Administration (SBA). By April 2020, Congress authorized an additional $300 billion for businesses that were affected by COVID-19.

In May 2020, Don Cisternino applied for a PPP loan for his company MagnifiCo and received a total of $7.2 million. Cisternino's business, MagnifiCo, was a New York based business that claimed to offer a variety of professional services from software, marketing, consulting, and other services. Cisternino's PPP loan application falsely claimed to have 441 employees and monthly payroll expenses of $2.8 million. In reality, MagnifiCo had very few employees, no reported wages to the IRS, and MagnifiCo's public facing company website was inoperable.

As soon as Cisternino received the $7.2 million, he transferred the funds to his personal account that previously held a balance of $89.44. An investigation into Cisternino's loan application revealed several red flags that indicated a fraudulent filing. 108 of his employees were all paid $85,000 a year and had the same amount of taxes taken out. This information raised eyebrows because employees usually have different tax situations such as being married or single and claim dependents. In other instances, his application contained W-2s with wrong or incomplete social security numbers (SSN) and some of the SSNs he submitted belonged to people who were no longer living. Additionally, the profit and loss statements he submitted to the bank contained basic math errors. Investigators discovered that instead of using the PPP loan for the stated purposes of job retention, Cisternino used the $7.2 million on a spending spree of luxury items for himself and others. He brought a Mercedes Benz for $251,000, a Lincoln Navigator, and paid off the balance on a Maserati. He also spent $3.5 million on a 12-acre estate that has seven bedrooms, a movie theater, five-stall horse barn, and a four-car garage. In February 2021, Cisternino was charged with wire fraud, aggravated identity theft, and illegal monetary transactions.[1] He then fled to Europe and was arrested two months later on the border of Croatia and Slovenia. If convicted, Cisternino can face up to more than 70 years in prison. The real property was forfeited to the United States on June 30, 2021.

Figure 1: Aerial photo of the $3.5 million Florida estate.

[1] An indictment is merely a formal change that a defendant has committed one or more violations of federal criminal law, and every defendant is presumed innocent unless, and until, proven guilty.

Figure 2: The estate featured a resort style pool, British style pub, and movie theater.


Figure 3: Aerial photo of the back of the 12-arce estate showing the tennis court, the resort style pool and 5-stall barn.

Figure 4: Photo inside of the 5-stall horse barn.

United States Secret Service (USSS), Department of Homeland Security

Kidnapping suspects indicted; ransom money returned to the victim.
Information included in the following forfeiture article is attributed to: DOJ news release dated October 27, 2020, entitled "Federal Grand Jury Indicts Two Individuals for Kidnapping"; other media press reports[2], and from information provided by the USSS liaison to TEOAF.

This case highlights TEOAF's significant investments over the years to enhance the Secret Service's electronics tracking capabilities. Early one September morning, a seventy-five-year-old man, was awakened by two strangers and their two children in the house he was renting from a friend. The strangers were Matthew Burke and Tabatha Hodges and they told the victim that the house was theirs and that they had recently purchased it; but this was far from the truth. Burke and Hodges stayed in the home for several hours extorting the victim out of a truck, guns, several household items, and even took his Maserati sports car for a joy ride. During the time that Burke and Hodges were in the home, a sleep application on the victim's phone recorded about two hours of the altercation. The recordings revealed the victim's fear as he was being terrorized by Burke and Hodges. After several hours, they took him against his will back to their residence that was 45 minutes away. During the trip, the victim tried to escape, but was unsuccessful. Upon arriving at Burke and Hodges' residence, the victim was held for more than eight hours and was only released after he wired $250,000 to Hodges' bank account. As the victim was on the phone with the bank, Hodges could be heard in the background giving her account and routing number. After the money was deposited, the kidnappers returned the victim to the house, and threatened that his family would be killed if he called the police.

After being released by Burke and Hodges the victim went to a friend's house and called the police. Secret Service agents, along with the FBI, tracked down Burke and Hodges by using the GPS location information on the victim's phone. After arriving at the suspect's home, Hodges gave law enforcement consent to search the premises. Agents found the items that were taken from the victim's home and his Maserati key in one of the suspects' shoes. Additionally, Secret Service seized Hodges' bank account, and in June 2021 returned the $250,000 as well as the other stolen items back to the victim. Burke and Hodges were charged with kidnapping, wire and bank fraud, and several state charges.

[2] The press reports are not cited because they identify the victim by name. TEOAF does not reveal the names of victims in this report.

Customs and Border Patrol (CBP), Department of Homeland Security

Port Entry inspections prevent fraudulent COVID-19 test and counterfeit products from entering the US.

Information was provided by the CBP liaison to TEOAF.

CBP plays a vital role in the front-line enforcement of Food and Drug Administration (FDA) violations. The importation of unregulated merchandise can threaten the health and safety of the American people. On January 15, 2021, CPB officers working at the Seattle Port of Entry were conducting random examinations that arrived at the Custom Examination Station. Officers opened a box that was stated on the import manifest as “Doorbell”, but they discovered COVID-19 Rapid Test Kits. After further investigation, with the assistance of FDA Compliance Safety Officers, they determined that the entire shipment of 10 boxes containing 5002 retail test kits were non-FDA compliant and did not meet the provisions of the Emergency Use Authorization established by the FDA. With the rise in foreign trade, dishonest companies have made billions in profit shipping and selling unsafe goods in the US. The value of the test kits was $95,038 and officers were able to determine that the manufacturer listed the kits as “tests that should no longer be used”. Additionally, CBP is tasked to combat the illicit trade of counterfeit and pirated goods. The counterfeit market in the US is valued in the billions and can damage the U.S. economy. Based on information provided by the FDA, CBP officers examined a suspicious shipment at the El Paso Port of Entry. Upon inspection, they found 139 boxes of 3M masks that were manufactured in the Peru and shipped to the U.S. via Hong Kong. Working with HSI agents and CBP Import Specialists, CBP officers inspected the masks and determined that the masks were counterfeit. They removed the counterfeit masks and sent them to one of TEOAF’s warehouses. As of September 2021, TEOAF has over 13 million counterfeit masks in its warehouses. CBP plays a vital role in the front-line enforcement of intellectual property rights and violations.

Figure 1: Non-FDA compliant COVID 19 rapid test kits.

Figure 2: A box filled with the non-FDA compliant test kits.

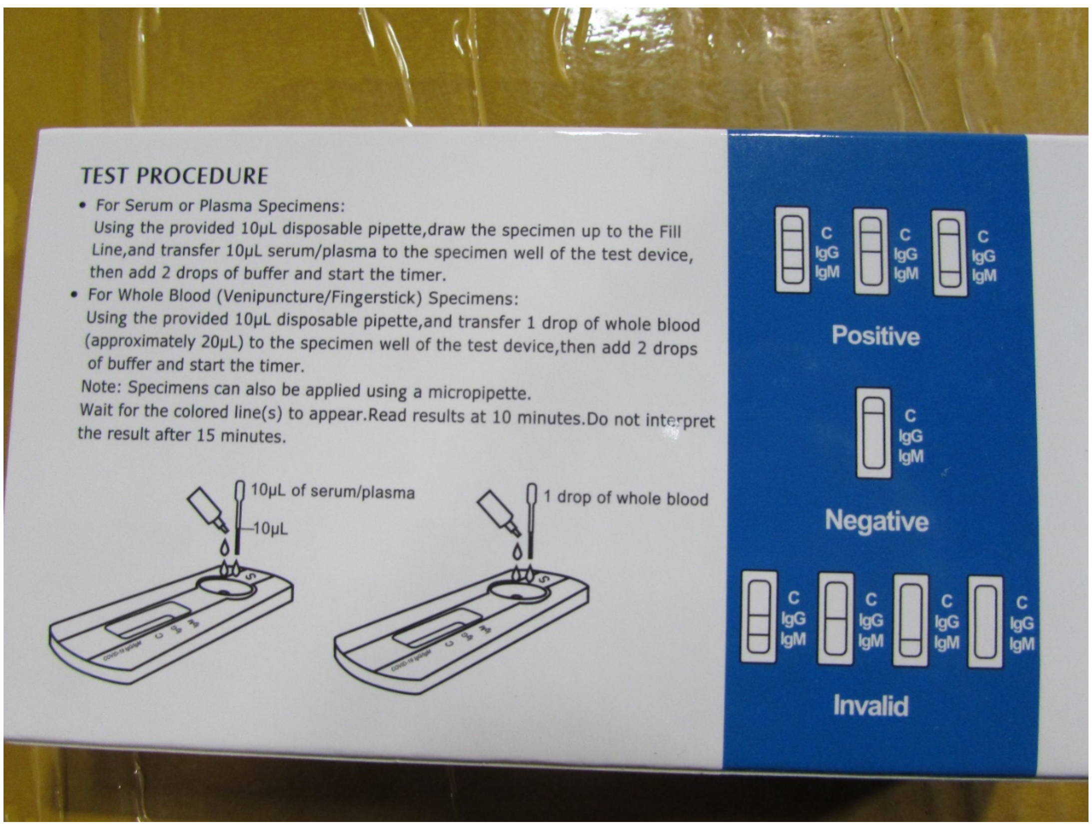

Figure 3: The back of the test kits showing the how to use instructions.

Figure 4: Counterfeit 3M masks at the EL Paso Port of Entry.

Figure 5: Several pallets of boxes of counterfeit 3M masks with an estimate value of $128,000.

United States Coast Guard (USCG), Department of Homeland Security

Joint U.S. Coast Guard operations leads to largest illegal narcotic offload in Coast Guard history. Information included in the following forfeiture article is attributed to: Martinez, Peter. "U.S. Coast Guard offloads record $1.4 billion worth of cocaine and marijuana at Florida port," CBS News, August 6, 2021. https://www.cbsnews.com/news/drug-bust-cocaine-marijuana-port-everglades-florida-coast-guard/ and from Coast Guard Multimedia release dated August 5, 2021 entitled "Coast Guard Cutter James conducts largest illegal narcotic offload in Coast Guard history worth more than $1.4 billion at Port Everglades," and information provided by the Coast Guard Liaison to TEOAF.

The Coast Guard Cutter James offloaded the largest amount of cocaine and marijuana in Coast Guard history at the Port Everglades in Fort Lauderdale, Florida. The record shattering amount was valued at more than $1.4 billion dollars and was the outcome of the Coast Guard's strong international partnership with Canada and the Netherlands. The illegal narcotics were seized in 27 interdictions of 10 vessels in international waters of the Eastern Pacific off the coasts of Mexico, Central and South America, and the Caribbean Sea. "Today's offload is a result of our combined efforts of our inter-agency partners and a dedicated international coalition," said Vice Adm. Steven Poulin, Commander Atlantic Area.

The fight against drug cartels in the Eastern Pacific Ocean requires unity of interagency effort in all phases from detection, monitoring and interdictions, to criminal prosecutions by U.S. Attorneys in districts across the nation. The Departments of Defense, Justice and Homeland Security assisted in this effort to combat transnational organized crime. The total amount of seized illegal drugs was approximately 59,700 pounds of cocaine and 1430 pounds of marijuana. "Every bale of cocaine on this flight deck that doesn't make it to our shores represents lives saved in New York City, Philadelphia, Chicago, Los Angeles or any town in the U.S. that's dealing with pandemic levels of drug overdoses this year," said Captain Todd Vance, the commanding officer on the Cutter James.

Figure 1: Approximately 61,130 pounds of illegal narcotics is staged to be offloaded on board Coast Guard Cutter James at Port Everglades, Florida.

Figure 2: The Coast Guard Cutter James and Canadian Royal Navy Shawinigan crews pose with approximately 59,700 pounds of cocaine and 1,430 pounds at Port Everglades, Florida.

Figure 3: Coast Guard Crewman shrink wrap a pallet of illegal narcotics in Port Everglades, Florida.

The Treasury Forfeiture Fund is a "special receipt account." Such accounts represent federal fund collections earmarked by law for a specific purpose. The enabling legislation for the Treasury Forfeiture Fund (31 U.S.C. § 9705, Public Law 114-22) defines those purposes for which Treasury forfeiture revenue may be used. Once property or cash is seized, there is a forfeiture process. Upon forfeiture, seized currency, initially deposited into a suspense account, or holding account, is transferred to the Fund as forfeited revenue. Once forfeited, physical properties are sold, and the proceeds are deposited into the Fund as forfeited revenue. It is this forfeiture revenue that comprises the budget authority for meeting expenses of running Treasury's forfeiture program.

Expenses of the Fund are set in a relative priority so that unavoidable or "mandatory" costs are met first as a matter of policy. Expenses may not exceed revenue in the Fund. The Fund has several different spending authorities. Each of them is described below.

Mandatory Authority

The mandatory authority items are generally used to meet "business expenses" of the Fund, including expenses of storing and maintaining seized and forfeited assets, valid liens and mortgages, investigative expenses incurred in pursuing a seizure, information and inventory systems, and certain costs of local police agencies incurred in joint law enforcement operations. Following forfeiture, equitable shares are paid to state and local law enforcement agencies that contributed to the seizure activity at a level proportionate to their involvement.

It is a strategic goal of the Fund to emphasize and monitor high impact forfeitures. To make significant forfeitures requires longer, more in-depth investigations. To this end, Fund management emphasizes the use of mandatory funding authorities that fuel large case initiatives. These authorities include the Purchase of Evidence and Information, expenses associated with Joint Operations, Investigative Expenses Leading to Seizure, and Asset Identification and Removal Groups. In recent years, funding provided to computer forensic investigative tools has yielded high impact results.

Secretary's Enforcement Fund

The Secretary's Enforcement Fund (SEF) is derived from equitable shares received from the Justice Department's Forfeiture Fund for work done by law enforcement bureaus participating in the Treasury Forfeiture Fund leading to Justice forfeitures. SEF revenue is available for federal law enforcement purposes of any Treasury law enforcement organization or law enforcement bureau that participates in the Treasury Forfeiture Fund. In FY 2021, the Fund expensed just under $13 million in SEF authority as compared to $21 million in FY 2020, a decrease of $8 million.

Strategic Support

Strategic Support represents the remaining unobligated balance after an amount is reserved for Fund operations in the next fiscal year. Strategic Support can be used for any federal law enforcement purpose. In FY 2021, the Fund expensed $360.5 million in Strategic Support authority, whereas no Strategic Support funds were expensed in FY 2020. It should be noted that $455.7million in Strategic Support funding was returned to the Fund in FY 2021 from CBP.

Program Performance

Strategic View

Fund management continues to focus on strategic cases and investigations that result in high-impact forfeitures. We believe this approach affects the greatest damage to criminal organizations while accomplishing the ultimate objective – to disrupt and dismantle criminal activity. Generally, significant forfeitures require longer, more in-depth investigations. To this end, Fund management emphasizes the use of mandatory funding authorities that fuel large case initiatives including Purchase of Evidence and Information, expenses associated with Joint Operations, Investigative Expenses Leading to Seizure, Asset Identification and Removal teams and state-of-the-art Computer Forensics capability.

FY 2021 was a successful revenue year by our member bureaus and was another successful year in equitable share deposits received from the Department of Justice (DOJ) forfeiture fund for forfeitures in which one or more of our member bureaus played a role. Equitable shares received totaled $15.9 million in FY 2021 as compared to $20.3 million in FY 2020. In addition, the Fund continues to support record levels of sharing of federal forfeitures with the state and local and foreign governments that contributed to the successful seizure and forfeiture activity of the Fund. The Fund expensed $104.9 million for state and local equitable sharing expenses in FY 2021; the Fund did not share with foreign governments in FY 2021. By comparison, the Fund expensed $110.4 million for state and local and foreign equitable sharing expenses in in FY 2020; The Fund also did not share with foreign governments in FY 2020. These are important resources afforded by policy of the Treasury Forfeiture Fund to protect and preserve the valuable working relationships between our federal law enforcement bureaus and the critically important state, local and foreign law enforcement agencies that work with them in an investigative capacity day-in and day-out.

Strategic Mission and Goal

The mission of the Treasury Forfeiture Fund is to affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus to disrupt and dismantle criminal enterprises. The goal of the Treasury Forfeiture Fund is to support the Department of the Treasury's national asset forfeiture program in a manner that results in federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to disrupt and dismantle criminal activity. To achieve our mission and goal, the program must be administered in a fiscally responsible manner that seeks to minimize the administrative costs incurred, thereby maximizing the benefits for law enforcement and the society it protects.

Multi-Departmental Fund

The Treasury Forfeiture Fund continued in its capacity as a multi-Departmental Fund in FY 2021, representing the interests of law enforcement components of the Departments of the Treasury and Homeland Security. FY 2021 posed continued management challenges including oversight of significant general property contract expenses associated with an increasingly complex forfeiture program. In addition, commensurate with the successful revenue year, there were significant expenses incurred by the bureaus to run their programs. During this period of growth and change, the Fund's family of law enforcement bureaus continued their hard work of federal law enforcement and the application of asset forfeiture as a sanction to bring criminals to justice.

FY 2021 was another robust year with regular revenue of $807.8 million from all sources, as compared with FY 2020 revenue of $529.9 million. As we enter FY 2022, the Fund remains focused on support for strategic investigative initiatives that will have the greatest impact on national and international criminal enterprise including valuable training and investigative expense funding which emphasizes high-impact cases.

Performance Measure

In FY 2021, the Fund measured performance through the use of the following performance measure: Percent of forfeited cash proceeds resulting from high-impact cases. This measures the percentage of forfeited cash proceeds resulting from high-impact cases (those with currency seizures in excess of $100,000). Focusing on strategic cases and investigations which result in high-impact seizures will affect the greatest damage to criminal organizations while accomplishing the ultimate objective – to disrupt and dismantle criminal activity.

Results

The Fund performance measure and result for FY 2021 is as follows:

Performance Measure	FY 2020 Actual	FY 2021 Target	FY 2021 Actual
Percent of forfeited cash proceeds resulting from high-impact cases	83%	80%	90%

A target of 75 percent high-impact cases was set for FY 2010 and prior years since inception of the performance measure in FY 2002. However, for FY 2011, the target was increased to 80 percent, reflecting member bureaus' prior success in meeting the previous target. This is a fixed target for the Fund designed to afford our law enforcement bureaus the opportunity to undertake smaller seizure activity that is important to the overall federal law enforcement mission. The final percentage for FY 2021 was 90 percent, exceeding the new target set in 2011. This compares with our FY 2019 and FY 2020 performance of 91 percent and 83 percent, respectively.

The performance of our member bureaus is excellent and reflects Fund management's longstanding emphasis on high-impact forfeiture strategies as well as the use of Fund authorities to assist member bureaus with larger cases that may take longer or require additional resources not otherwise available. This measure was put into effect beginning with FY 2002, and in all but 3 years, member bureaus met the target for high-impact forfeitures.

This measure is calculated by dividing the total amount of forfeited cash proceeds from cases greater than $100,000 by the total amount of forfeited cash proceeds for all cases.

The following provides a brief explanation for each major section of the audited financial statements accompanying this report for the fiscal year ended September 30, 2021.

These statements have been prepared to disclose the financial position of the Fund, its net costs, changes in net position, and budgetary resources, pursuant to the requirements of the *Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994 (GMRA).* While the financial statements have been prepared from the books and records of the Fund in accordance with the formats prescribed by the Office of Management and Budget, the statements are different from the financial reports used to monitor and control budgetary resources that are prepared from the same books and records and are subsequently presented in federal budget documents. Further, the notes to the financial statements and the independent auditor's opinion and reports on internal control over financial reporting, and compliance and other matters are also integral components to understanding fully the financial highlights of Fund operations described in this chapter.

Statements: Changes in Net Position

Follows are brief highlights from the Statements of Changes in Net Position for FY 2021 and 2020.

Net Position – End of Year. For FY 2021, the Net Position for the Fund at the end of the year, an indicator of the future capability to support ongoing operations of the Fund, totaled $1.4 billion versus $1.2 billion at the end of FY 2020. Both years closed with a strong and viable net position with which to commence the next fiscal year's operations.

Total Gross Non-Exchange Revenues. This line item on the *Statements of Changes in Net Position* is the best indicator of regular "business-type" income of the account on an annual basis. For FY 2021, the Fund closed with $807.8 million in Gross Non-Exchange Revenues and a total of $529.9 million for FY 2020, reflecting two, highly successful revenue years for the Treasury Forfeiture Fund.

Proceeds from Participating with other Federal Agencies. This line item on the *Statements of Changes in Net Position* indicates revenue earned from the participation of Treasury Forfeiture Fund law enforcement bureaus in the seizures leading to forfeiture of bureaus that participate in the Department of Justice Assets Forfeiture Fund or with the forfeiture fund of the U.S. Postal Service (Postal Service).

As of the close of FY 2021, Treasury Forfeiture Fund bureaus earned a total of $15.9 million in revenue from participation in the seizures leading to forfeiture of the Justice and Postal Service forfeiture funds as compared to a total of $20.3 million during FY 2020. Fund management continues to work with the Department of Justice to identify delays and/or explain downward adjustments to percentages associated with equitable sharing payments owed to the Treasury Forfeiture Fund. This revenue affords Treasury management significant funding flexibilities for our participating agencies as the authority is broad and not confined to funding program costs; it can be used for any law enforcement purpose of our participating bureaus. The allocation of this type of revenue for FY 2020 and FY 2021 was restricted by the need to meet enacted budget rescissions, sequestrations, and permanent reductions.

Net Cost of Operations. For FY 2021, the Net Cost of Operations totaled $279.9 million, up from $236.7 million in FY 2020.

Investment Interest Income. The Fund is authorized to invest cash balances in Treasury securities. As of September 30, 2021, investments totaled 4.7 billion as compared with $3 billion invested as of September 30, 2020. During FY 2021, investment income totaled $1.5 million, as compared to $18.2 million in FY 2020. This is because interest rates fell from a high of 1.7200% at the beginning of FY 2020 to a low of 0.0450% at the end of FY 2021.

Equitable Sharing with Federal, State and Local Governments, and Foreign Countries. Each year, the Fund pays tens of millions of dollars to state and local law enforcement agencies, and foreign governments, for their participation in seizures that lead to forfeitures of the Treasury Forfeiture Fund. State and local law enforcement agencies can use these resources to augment their law enforcement budgets to fight crime in their jurisdictions. Without these funds, budgets of the local municipalities would be taxed to provide these important resources, or the need would go unmet. During FY 2021, the Fund shared a total of $157.1 million with other federal, state and local law enforcement agencies, and $0 with foreign countries. This compares with $114.0 million shared with other federal, state and local law enforcement agencies during FY 2020 and $0 with foreign countries.

Victim Restitution. During FY 2021, the Fund paid $180.4 million in restitution to victims as compared to $67.7 million in FY 2020. This line item can fluctuate materially from one fiscal year to the next. In FY 2021, a large single refund amount of $83.5 million was approved by the Department of Justice to be returned to victims of a Ponzi scheme fraud perpetuated by Evolution Market Group, a Florida corporation.

Summary of Statements of Changes in Net Position. The Fund closed with a strong net position in FY 2021. Management will continue to emphasize high-impact cases by participating law enforcement bureaus. The FY 2021 performance with forfeiture revenue earnings of $807.8 million from all sources, while exceeding the new higher performance measure target rate of high-impact cases, is truly a credit to the dedicated law enforcement personnel of our participating law enforcement bureaus.

Statements: Net Cost

Costs of the Forfeiture Program – Intra-governmental. After revenue is applied toward policy mandates such as equitable sharing, shown in the Statements of Changes in Net Position as negative revenue or applied non-exchange revenue, the remaining financing supports the law enforcement activities of the Fund and pays for the storage of seized and forfeited property and sales associated with the disposition of forfeited property.

On the Statements of Net Cost, the Net Cost of Operations totaled $279.9 million in FY 2021, up from $236.7 million in FY 2020.

Intra-governmental. This cost category totaled $202.2 million in FY 2021, up from $166.8 million in FY 2020. The amounts represent costs incurred by participating bureaus in running their respective forfeiture programs.

National Seized Property Contracts and Other. One of the largest program costs of the Fund is the storage, maintenance and disposal of real and personal property. During FY 2021, general property was maintained by Amentum Services Inc. Real property was maintained by the CWS Asset Management & Sales Group, both contracts of the Department of the Treasury. In FY 2021, expenses of these contracts, which comprised over 64% of the total expenses for this line, including other contracts, totaled $64.1 million, up from $53.9 million expensed in FY 2020.

Statements: Budgetary Resources

As of the end of FY 2021, the Fund has estimated future expenditures and commitments of $590.7 million (reductions) which may need to be paid in future years. These reductions relate to remissions, victim restitution and equitable sharing. These future obligations will be funded from the unobligated balance of $877.3 million as reported on the SF-133" Report on Budget Execution" for FY 2021. The unobligated balance less reductions would result in $286.6 million remaining at the end of FY 2021.

Balance Sheet

Assets, Liabilities and Net Position

Total assets of the Fund increased in FY 2021 to $5.5 billion, up from $3.4 billion in FY 2020, an increase in asset value of 59 percent. If seized currency and other monetary assets, which are assets in the custody of the government but not yet owned by the government, are backed out of both figures, the adjusted total assets of the Fund increased to $2.1 billion in FY 2021, up from $1.4 billion in FY 2020. During FY 2021, total liabilities of the Fund were $4 billion, as compared to the $2.2 billion in FY 2020. If seized currency and other monetary assets, which are also shown as a liability because they are not yet owned by the government, are backed out of both figures, the adjusted total liabilities of the Fund increased to $672.3 million in FY 2021, compared to $205.6 million in FY 2020. In FY 2021, there was increased seizure and forfeiture activity involving major cases as compared to FY 2020.

With increasing asset amounts and increasing liabilities, the Cumulative Results of Operations, i.e., retained earnings, increased at the end of FY 2021 to a total of $1.4 billion, up from $1.2 billion at the end of FY 2020.

Financial and Program Performance - What is needed and planned. Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements,* requires that agencies include an explanation of what needs to be done and what is being planned to improve financial or program performance. In this regard, Fund management continues to work closely with member bureaus, through the financial planning process, to review revenue and expense projections during the operating year.

Auditor's Findings

FY 2021 Audit. The Fund's independent auditors have given the FY 2021 financial statements an Unmodified Opinion with no material weaknesses or significant deficiencies in internal control over financial reporting identified**.** The auditor's report on compliance and other matters disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*.

Summary of Financial Statement Highlights

Net Position. To summarize, Fund management concluded a highly productive FY 2021 "in the black," with the necessary resources to commence the business of the asset forfeiture program for FY 2022. Even though there was a rescission of $75 million and a sequestration of $44.8 million, Fund management was able to declare Strategic Support funding from FY 2021 operations and will work to recognize the work of our participating agencies in the allocation of these resources.

Fund management will continue to work with our large and diverse array of federal law enforcement bureaus as they undertake increasingly sophisticated methods and global efforts to secure the financial and commercial markets of the nation and the world given the interdependence of financial systems. Our bureaus support immigration enforcement that is designed to identify illegal smuggling to deter its impact on the nation's financial infrastructure and to ensure that human smugglers do not harm unsuspecting victims keen on seeking a new if illegal start in the United States. Investigative initiatives intended to interrupt the financial support for terrorism remains a critical part of the work of federal law enforcement. Emphasis will continue to be placed on ever-evolving state-of-the-art investigative techniques, high-impact major case initiatives, and training to support these areas of emphasis. This has and will continue to be the key to the growing success and law enforcement reach of the Treasury Forfeiture Fund.

Payment Integrity

Our FY 2021 Payment Integrity reporting includes information required by the *Payment Integrity Information Act* of 2019 (PIIA), Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in the Federal Government*; Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement*, and OMB Circular A-136. PIIA rescinded the *Improper Payments Information Act* of 2002 (IPIA), the *Improper Payments Elimination and Recovery Act* of 2010 (IPERA), and *Improper Payments Elimination and Recovery Improvement Act* of 2012 (IPERIA), however many of the requirements for reporting Payment Integrity information remain in place.

Currently the Fund conducts an internal review and analysis for its major contracts. The contract activity is high dollar value for each payment with limited volume. This activity has low risk, but based on the high dollar value requiring minimal resources, the Fund will continue to conduct these internal contract audits. Based on this analysis, the Fund has determined that performing recapture audit is not cost effective and will not be implementing them at this time. PIIA requires agencies to incorporate the Do Not Pay Initiative (DNP) to further reduce improper payments. The Fund uses the Death Master File and the System of Award Management as part of a continuous monitoring process and post payment review. During FY 2021 and 2020, the Fund reviewed 11,836 and 15,465 payments totaling $631 million and $501 million respectively, and reports less than 0.19% and 0.2% respectively, of reportable improper payments.

Limitations of the Financial Statements. As required by OMB Circular A-136, Fund management makes the following statements regarding the limitations of the financial statements:

- The financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 USC § 3515(b).

- While the statements have been prepared from the books and records of the entity in accordance with the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

- The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

SECTION II

INDEPENDENT AUDITOR’S REPORT

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Independent Auditor's Report

Deputy Inspector General
U.S. Department of the Treasury

Director
Treasury Executive Office for Asset Forfeiture

Report on the Financial Statements

We have audited the accompanying financial statements of the Department of the Treasury Forfeiture Fund (the Fund), which comprise the balance sheets as of September 30, 2021 and 2020, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 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 Fund'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 Fund'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 on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of the Treasury Forfeiture Fund as of September 30, 2021 and 2020, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in Section I: Overview, and Section IV: Required Supplemental Information be presented to supplement the basic financial statements referred to in the first paragraph of this report. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in the *Message from the Director*, and Section V: Other Accompanying Information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2021, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982.*

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements as of and for the year ended September 30, 2021 are free from material misstatement, we performed tests of the Fund's compliance with certain provisions of laws, regulations, and contracts, 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* or OMB Bulletin No. 21-04.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This section is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GKA, P.C.

Washington, DC
October 29, 2021

SECTION III

FINANCIAL STATEMENTS AND NOTES

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Department of the Treasury Forfeiture Fund
BALANCE SHEETS
As of September 30, 2021, and 2020
(Dollars in thousands)

	2021	**2020**
Assets:		
Intragovernmental:		
Fund balance with Treasury (Note 21)	$ -	$ 34,430
Investments and related interest receivable (Note 3)	4,707,570	2,990,759
Total Intragovernmental	4,707,570	3,025,189
Other than intragovernmental/Public:		
Cash and other monetary assets (Note 5)	592,460	327,747
Accounts Receivable	1,029	2,734
	593,489	330,481
Forfeited property (Note 6)		
Held for sale, net of mortgages, liens and claims	156,684	86,620
To be shared with federal, state or local, or foreign governments	438	327
Total forfeited property, net of mortgages, liens and claims	157,122	86,947
Total Assets	$5,458,181	$3,442,617
Liabilities:		
Intragovernmental:		
Accounts payable (Note 21)	$ 416,646	$ 81,333
Total Intragovernmental	416,646	81,333
Other than intragovernmental/Public:		
Seized currency and other monetary instruments (Note 8)	3,371,198	2,020,170
Distributions payable (Note 10)		
State and local agencies and foreign governments	91,793	32,601
Accounts payable	6,742	4,687
Deferred revenue from forfeited assets	157,122	86,947
Total Liabilities	4,043,501	2,225,738
Commitments and contingencies (Note 15)	-	-
Net Position:		
Cumulative results of operations (Note 11)	1,414,680	1,216,879
Total Liabilities and Net Position	$5,458,181	$3,442,617

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

Department of the Treasury Forfeiture Fund
STATEMENTS OF NET COST
For the years ended September 30, 2021 and 2020
(Dollars in thousands)

	2021	2020
Program:		
ENFORCEMENT		
Intragovernmental:		
Seizure investigative costs and asset management	$ 121,390	$ 91,592
Other asset related contract services	22,125	7,374
Data systems, training and others	58,653	67,789
Total Intragovernmental	202,168	166,755
With the Public:		
National contract services seized property and other	64,132	53,933
Joint operations	13,628	16,017
Total with the Public	77,760	69,950
Net Cost of Operations (Note 16)	$ 279,928	$ 236,705

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

Department of the Treasury Forfeiture Fund
STATEMENTS OF CHANGES IN NET POSITION
For the years ended September 30, 2021 and 2020
(Dollars in thousands)

	2021	2020
Net Position – Beginning of Year	$ 1,216,879	$ 1,126,138
Financing Sources (Non-Exchange Revenues):		
Intragovernmental		
Investment interest income	1,520	18,193
Public		
Forfeited currency and monetary instruments	607,733	409,893
Sales of forfeited property net of mortgages and claims	162,690	64,649
Proceeds from participating with other federal agencies	15,903	20,306
Value of property transferred in equitable sharing	2,294	1,498
Payments in lieu of forfeiture, net of refunds (Note 19)	8,720	10,731
Reimbursed costs	6,467	4,270
Other	2,509	358
Total Gross Non-Exchange Revenues	807,836	529,898
Less: Equitable Sharing		
Intragovernmental		
Federal	(52,160)	(3,573)
Public		
State and local agencies	(104,921)	(110,398)
Foreign countries	-	-
Victim restitution	(180,387)	(67,687)
	(285,308)	(178,085)
Total Equitable Sharing	(337,468)	(181,658)
Total Non-Exchange Revenues, Net	470,368	348,240
Transfers –In (Out)		
Intragovernmental		
Strategic support (Note 13)	95,181	667
Secretary's enforcement fund (Note 14)	(12,820)	(21,461)
Transfer to the general fund (Note 9)	(75,000)	-
Total Transfers-In (Out)	7,361	(20,794)
Total Financing Sources - Net	477,729	327,446
Net Cost of Operations	(279,928)	(236,705)
Net Results of Operations	197,801	90,741
Net Position – End of Year	$ 1,414,680	$ 1,216,879

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

Department of the Treasury Forfeiture Fund
STATEMENTS OF BUDGETARY RESOURCES
For the years ended September 30, 2021 and 2020
(Dollars in thousands)

	2021	2020
Budgetary Resources:		
Unobligated balance from prior year budget authority, net (Note 17)	$ 1,180,712	$ 641,990
Budget authority	696,035	537,504
Total Budgetary Resources	$ 1,876,747	$ 1,179,494
Status of Budgetary Resources:		
Obligations incurred	$ 999,476	$ 488,041
Unobligated balances – apportioned	$ 855,460	$ 674,095
Unobligated balances – unapportioned	21,811	17,358
Unobligated balances – end of year (Note 17)	$ 877,271	$ 691,453
Total Budgetary Resources	$ 1,876,747	$ 1,179,494
Outlays, net		
Net Outlays	$ 177,106	$ 437,049

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

Note 1: Reporting Entity

The Department of the Treasury Forfeiture Fund (Treasury Forfeiture Fund or the Fund) was established by the Treasury Forfeiture Fund Act of 1992, Public Law 102-393 (the TFF Act), and is codified at 31 USC 9705. The Fund was created to consolidate all Treasury law enforcement bureaus under a single forfeiture fund program administered by the Department of the Treasury (Treasury). Treasury law enforcement bureaus fully participating in the Fund upon enactment of this legislation were the U.S. Customs Service (Customs); the Internal Revenue Service – Criminal Investigation (IRS-CI); the United States Secret Service (Secret Service); the Bureau of Alcohol, Tobacco and Firearms (ATF); the Financial Crimes Enforcement Network (FinCEN); and the Federal Law Enforcement Training Center (FLETC). FinCEN and FLETC contribute no revenue to the Fund, however in FY 2016, significant amounts of Strategic Support funds were allocated to FinCEN towards Bank Secrecy Act (BSA) Information Technology (IT) modernization, a tool used in the fight against money laundering and other criminal activity. The U.S. Coast Guard, formerly part of the Department of Transportation, now part of the Department of Homeland Security (DHS), also participates in the Fund. However, all Coast Guard seizures are treated as Customs seizures because the Coast Guard lacks forfeiture authority.

With enactment of the Homeland Security Act of 2002 (Homeland Security Act), law enforcement bureaus currently participating in the Fund are: the Internal Revenue Service - Criminal Investigation (IRS-CI) of Treasury, Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE) and the U.S. Secret Service (USSS) of DHS. The U.S. Coast Guard of DHS joins these bureaus. The Fund continues in its capacity as a multi-departmental fund, representing the interests of law enforcement components of the Departments of Treasury and Homeland Security.

The Fund is a special fund that is accounted for under Treasury symbol number 20X5697. From this no-year account, expenses may be incurred as authorized by Title 31 USC 9705, as amended. Expenses are limited only by the availability of resources in the Fund. The Fund is managed by Treasury's Executive Office for Asset Forfeiture (TEOAF).

The mission of the Treasury Forfeiture Fund is to affirmatively influence the consistent and strategic use of asset forfeiture by law enforcement bureaus to disrupt and dismantle criminal enterprises. The goal of the Treasury Forfeiture Fund is to support the Treasury's national asset forfeiture program in a manner that results in federal law enforcement's continued and effective use of asset forfeiture as a high-impact law enforcement sanction to disrupt and dismantle criminal activity. Under a Memorandum of Understanding (MOU) with Treasury, CBP acts as the executive agent for certain operations of the Fund. Pursuant to that executive agent role, CBP's National Finance Center (NFC) is responsible for accounting and financial reporting for the Fund, including timely and accurate reporting and compliance with Treasury, the Comptroller General and the Office of Management and Budget (OMB) regulations and reporting requirements.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Fund began preparing audited financial statements in Fiscal Year 1993 as required by the Fund's enabling legislation, 31 USC 9705(f)(2)(H), and the Chief Financial Officers Act of 1990. Beginning with the Fiscal Year 1996 report, the Government Management Reform Act of 1994 (GMRA) requires executive agencies, including the Treasury, to produce audited consolidated accountability reports and related footnotes for all activities and funds.

The financial statements have been prepared from the accounting records of the Fund in conformity with accounting principles generally accepted in the United States of America (GAAP) and specified by OMB in OMB Circular A-136, *Financial Reporting Requirements (OMB Circular A-136)*. GAAP for federal entities is prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is designated the official accounting standards setting body of the Federal Government by the American Institute of Certified Public Accountants.

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

Certain fiscal year 2020 balances may have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Allowable Fund Expenses

The majority of the revenue recorded by the Fund is utilized for operating expenses or distributed to state and local law enforcement agencies, other federal agencies, and foreign governments, in accordance with the various laws and policies governing the operations and activities of the Fund. Under the TFF Act, the Fund is authorized to pay certain expenses using discretionary or mandatory funding authorities of the Fund.

Discretionary authorities include but may not be limited to: the payment of expenses for the purchase of awards for information or assistance leading to a civil or criminal forfeiture involving any law enforcement bureau participating in the Fund; purchase of evidence or information that meet the criteria set out in 31 USC 9705(a)(2)(B); payment for equipment for vessels, vehicles, or aircraft available for official use as described by 31 USC 9705(a)(2)(D) and (F); reimbursement of private persons for expenses incurred while cooperating with a Treasury law enforcement organization in investigations; publication of the availability of certain awards; and payment for training foreign law enforcement personnel with respect to seizure or forfeiture activities of the Fund. Discretionary expenses are subject to an annual, definite Congressional appropriation from revenue in the Fund.

Expenses from the mandatory authorities of the Fund include but are not limited to: all proper expenses of the seizure, including investigative costs and purchases of evidence and information leading to seizure, holding costs, security costs, etc., awards of compensation to informers under section 619 of the Tariff Act (19 USC 1619); satisfaction of liens against the forfeited property, and claims of parties with interest in forfeited property; expenses incurred by state and local law enforcement agencies in joint law enforcement operations with law enforcement agencies participating in the Fund; and equitable sharing payments made to state and local law enforcement agencies in recognition of their efforts in a Fund seizure leading to forfeiture. These mandatory expenses are paid pursuant to the permanent indefinite authorities of the Fund; are only limited by revenue in the Fund each year and do not require additional Congressional action for expenditure.

The Fund's expenses are either paid on a reimbursement basis or paid directly on behalf of a participating bureau. Reimbursable expenses are incurred by the respective bureaus participating in the Fund against their appropriation and then submitted to the Fund for reimbursement. The bureaus are reimbursed through Inter-Agency Transfers (SF-1081) or Intra-governmental Payments and Collection (IPAC) System. Certain expenses such as equitable sharing, liens, claims and state and local joint operations costs are paid directly from the Fund.

Further, the Fund is a component unit of the Treasury with participating bureaus in the DHS. As such, employees of both Departments may perform certain operational and administrative tasks related to the Fund. Payroll costs of employees directly involved in the security and maintenance of forfeited property are also recorded as expenses in the financial statements of the Fund (included in the line item “seizure investigative costs and asset management” in the statement of net cost.)

Revenue and Expense Recognition

Revenue from the forfeiture of property is deferred until the property is sold or transferred to a state, local or federal agency. Revenue is not recorded if the forfeited property is ultimately destroyed or cannot be legally sold.

Revenue from currency is recognized upon forfeiture. Payments in lieu of forfeiture (mitigated seizures) are recognized as revenue when the payment is received. Revenue received from participating with certain other federal agencies is recognized when the payment is received. Operating costs are recorded as expenses and related liabilities when goods are received, or services are performed. Certain probable equitable sharing liabilities existing at year end are accrued based on estimates.

As provided for in the TFF Act, the Fund invests seized and forfeited currency that is not needed for current operations. Treasury’s Bureau of Fiscal Service invests the funds in obligations of, or guaranteed by, the United States Government. Interest is reported to the Fund and recorded monthly as revenue in the general ledger.

Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the Government’s general revenues. In accordance with SFFAS 43, *Funds from Dedicated Collections,* all of the TFF’s revenue meets these criteria and constitutes funds from dedicated collections.

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash collected from funds from dedicated collections is deposited in the U.S. Treasury, which uses the cash for general government purposes. Treasury securities are issued to the TFF as evidence of its receipts. Treasury securities are an asset to the TFF and a liability to the U.S. Treasury. Because the TFF and U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Government-wide financial statements. Treasury securities provide the TFF with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the TFF requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt or by curtailing other expenditures. This is the same way that the government finances all other expenditures.

Equitable Sharing (Assets Distributed)

Forfeited property, currency, or proceeds from the sales of forfeited property may be shared with federal, state and local law enforcement agencies or foreign governments, which provided direct or indirect assistance in the related seizure. In addition, the Fund may transfer forfeited property to other federal agencies, which would benefit from the use of the item. A class of asset distribution was established for victim restitution in 1995. These distributions include property and cash returned to victims of fraud and other illegal activity. Upon approval by Fund management to share or transfer the assets, both revenue from distributed forfeited assets and distributions are recognized for the net realizable value of the asset to be shared or transferred, thereby resulting in no gain or loss recognized. Revenue and /or expenses are recognized for property and currency, which are distributed to or shared with non-federal agencies, per SFFAS No. 7, *Accounting for Revenue and Other Financing Sources*.

Entity Assets

Entity assets are used to conduct the operations and activities of the Fund. Entity assets comprise intragovernmental and non-intragovernmental assets. Intragovernmental balances arise from transactions among federal agencies. These assets are claims of a federal entity against another federal entity. Entity assets consist of cash or other assets, which could be converted into cash to meet the Fund's current or future operational needs. Such other assets include investments of forfeited balances, accrued interest on seized balances, receivables, and forfeited property, which are held for sale or to be distributed.

- **Fund Balance with Treasury –** This represents amounts on deposit with Treasury.

- **Investments and Related Interest Receivable –** This includes forfeited cash held by the Fund and seized currency held in the Customs Suspense Account that had been invested in short term U.S. Government Securities.

- **Accounts Receivables –** The values reported for other receivables are primarily funds due from the national seized property contractor for properties sold; the proceeds of which have not yet been deposited into the Fund. No allowance has been made for uncollectible amounts as the accounts recorded as a receivable at year end were considered to be fully collectible as of September 30, 2021 and 2020.

- **Cash and Other Monetary Assets –** This includes forfeited currency on hand not yet deposited and forfeited currency held as evidence.

- **Forfeited Property and Currency –** Forfeited property and currency is recorded in the respective seized property and forfeited asset tracking systems at the estimated fair value at the time of seizure. However, based on historical sales experiences for the year, properties are adjusted to reflect the market value at the end of the fiscal year for financial statement reporting purposes. Direct and indirect holding costs are not capitalized for individual forfeited assets. Forfeited currency not deposited into the Fund is included as part of Entity Assets - Cash and Other Monetary Assets.

Further, mortgages and claims on forfeited assets are recognized as a valuation allowance and a reduction of deferred revenue from forfeited assets when the asset is forfeited. The allowance includes mortgages and claims on forfeited property held for sale and a minimal amount of claims on forfeited property previously sold. Mortgages and claims expenses are recognized when the related asset is sold and is reflected as a reduction of sales of forfeited property.

Additionally, SFFAS No. 3, *Accounting for Inventory and Related Property*, requires certain additional disclosures in the notes to the financial statements, including an analysis of changes in seized and forfeited property and currency, for both carrying value and quantities, from that on hand at the beginning of the year to that on hand at the end of the year. These analyses are disclosed in Notes 7 and 8.

Non-entity Assets

Non-entity assets held by the Fund are not available for use by the Fund. Non-entity assets comprise intragovernmental and other assets. Intragovernmental balances arise from transactions among federal agencies. These assets are claims of a federal entity against another federal entity. Non-entity assets are not considered as financing sources (revenue) available to offset operating expenses, therefore, a corresponding liability is recorded and presented as governmental liabilities in the balance sheet to reflect the custodial/fiduciary nature of these activities.

- **Seized Currency and Property –** Seized Currency is defined as cash or monetary instruments that are readily convertible to cash on a dollar-for-dollar basis. SFFAS No. 3 requires that seized monetary instruments (cash and cash equivalents) be recognized as an asset in the financial statements and a liability be established in an amount equal to the seized asset value due to: (i) the fungible nature of monetary instruments, (ii) the high level of control that is necessary over these assets; and (iii) the possibility that these monies may be returned to their owner in lieu of forfeiture.

  Seized property is recorded at its appraised value at the time of seizure. The value is determined by the seizing entity and is usually based on a market analysis such as a third-party appraisal, standard property value publications or bank statements. Seized property is not recognized as an asset in the financial statements, as transfer of ownership to the government has not occurred as of September 30. Accordingly, seized property other than monetary instruments is disclosed in the footnotes in accordance with SFFAS No. 3.

- **Investments and Related Interest Receivable –** This balance includes seized cash on deposit in the Fund's suspense account held by Treasury, which has been invested in short term U.S. Government Securities.

- **Cash and Other Monetary Assets –** This balance represents the aggregate amount of the Fund's seized currency on deposit in the Fund's suspense account held by Treasury, seized cash on deposit held with other financial institutions and, cash on hand in vaults held at field office locations.

Liabilities Covered by Budgetary Resources

Liabilities covered by budgetary resources represent liabilities incurred, which are covered by available budgetary resources. The components of such liabilities for the Fund are as follows:

- **Distributions Payable –** Distributions payable to federal and non-federal agencies is primarily related to equitable sharing payments and payments to be made by the Fund to the victims of fraud.

- **Accounts Payable –** Amounts reported in this category include accrued expenses authorized by the TFF Act (See "Allowable Fund Expenses") for which payment was pending at year end.

- **Seized Currency –** Amounts reported in this category represent the value of seized currency that is held by the Fund which equals the amount of seized currency reported as an asset.

- **Deferred Revenue from Forfeited Assets –** At year end, the Fund held forfeited assets, which had not yet been converted into cash through a sale. The amount reported here represents the value of these assets, net of mortgages and claims.

Liabilities Not Covered by Budgetary Resources

The Fund does not currently have liabilities not covered by available budgetary resources.

Net Position

The components of net position are classified as follows:

- **Retained Capital –** There is no cap on amounts that the Fund can carry forward into Fiscal Year 2022. The cap was removed by the Fiscal Year 1997 Omnibus Appropriations Act (PL 104-208).

- **Unliquidated Obligations –** This category represents the amount of undelivered purchase orders, contracts and equitable sharing requests which have been obligated with current budget resources or delivered purchase orders and contracts that have not been invoiced. An expense and liability are recognized, and the corresponding obligations are reduced as goods are received or services are performed. A portion of the equitable sharing requests that were in final stages of approval are recognized as liabilities at year end. Prior experience with the nature of this account indicated that a substantial portion of these requests were certain liabilities at year end. (See also Distributions Payable at Note 10).

- **Net Results of Operations –** This category represents the net difference, for the activity during the year, between: (i) financing sources including transfers, and revenues; and (ii) expenses.

Note 3: Investments and Related Interest Receivable

All investments are intragovernmental short-term (35 days or less) non-marketable par value federal debt securities issued by, and purchased through Treasury's Bureau of the Fiscal Service, Federal Investments Branch. Investments are always purchased at a discount and are reported at acquisition cost, net of discount. The discount is amortized into interest income over the term of the investment. The investments are always held to maturity. They are made from cash in the Fund and from seized currency held in the Customs Suspense Account. The Customs Suspense Account became the depository for seized cash for the Fund following enactment of the TFF Act.

The following schedule presents the investments on hand as of September 30, 2021 and 2020, respectively (dollars in thousands):

Entity Assets

Description	Cost	Unamortized Discount	Investment, Net
September 30, 2021			
Treasury Forfeiture Fund -			
28 days 0.045% U.S. Treasury Bills	$1,824,822	($64)	$1,824,758
Interest Receivable			-
Total Investment, Net, and Interest Receivable			$1,824,758
Fair Market Value			$1,824,726
September 30, 2020			
Treasury Forfeiture Fund -			
35 days 0.075% U.S. Treasury Bills	$1,218,277	($89)	$1,218,188
Interest Receivable			37
Total Investment, Net, and Interest Receivable			$1,218,225
Fair Market Value			$1,218,192

Non-entity Assets

Description	Cost	Unamortized Discount	Investment, Net
September 30, 2021			
Treasury Forfeiture Fund – Seized Currency Suspense Account			
28 days 0.045% U.S. Treasury Bills	$2,882,913	($101)	$2,882,812
Fair Market Value			$2,882,762
September 30, 2020			
Treasury Forfeiture Fund – Seized Currency Suspense Account			
35 days 0.075% U.S. Treasury Bills	$1,772,663	($129)	$ 1,772,534
Fair Market Value			$ 1,772,539

Note 4: Analysis of Non-Entity Assets

The following schedule presents the non-entity assets as of September 30, 2021 and 2020, respectively (dollars in thousands):

	2021	2020
Seized currency:		
Intragovernmental Investments (Note 3)	$ 2,882,812	$ 1,772,534
Cash and other monetary assets (Note 5)	488,386	247,636
Total Non-Entity Assets	3,371,198	2,020,170
Total Entity Assets	2,086,983	1,422,447
Total Assets	$ 5,458,181	$ 3,442,617

Note 5: Cash and Other Monetary Assets

Entity Assets

Cash and Other Monetary Assets held on hand included forfeited currency not yet deposited, as well as forfeited currency held as evidence, amounting to $104.1 million and $80.1 million as of September 30, 2021 and 2020, respectively.

Non-Entity Assets

Cash and Other Monetary Assets included seized currency not yet deposited, as well as deposited seized currency, which is not invested in order to pay remissions, amounted to $488.4 million and $247.6 million as of September 30, 2021 and 2020, respectively.

Note 6: Forfeited Property/Deferred Revenue

The following summarizes the components of forfeited property (net), as of September 30, 2021 and 2020, respectively (dollars in thousands):

	2021	2020
Held for sale	$ 183,207	$ 91,203
To be shared with federal, State or local, or foreign government	438	327
Total forfeited property (Note 7)	183,645	91,530
Less: Allowance for liens and claims	(26,523)	(4,583)
Total forfeited property, net	$ 157,122	$ 86,947

Note 7: FY 2021 Analysis of Changes in Forfeited Property and Currency

The following schedule presents the changes in the forfeited property and currency balances from October 1, 2020 to September 30, 2021.
(Dollar value is in thousands)

	10/1/20 Financial Statement Balance		Adjustments		10/1/20 Carrying Value		Forfeitures		Deposits/Sales		Disposals/Transfers			
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.		
Currency	$77,568	-	$-	-	$77,568	-	$440,292	-	$(589,738)	-	$ (34)	-		
Other Monetary Instruments	2,543	-	-	-	2,543	-	1,706	-	(114)	-	-	-		
Subtotal	**80,111**	**-**	**-**	**-**	**80,111**	**-**	**441,998**	**-**	**(589,852)**	**-**	**(34)**	**-**		
Real Property	43,421	142	(7,483)	-	50,904	142	25,661	57	(37,077)	(99)	(499)	(2)		
General Property	27,836	18,112	(33,431)	-	61,267	18,112	57,501	16,141	(18,667)	(3,023)	(6,264)	(907)		
Vessels	4,075	193	(530)	-	4,605	193	3,423	253	(2,408)	(59)	(62)	(1)		
Aircraft	3,690	18	(65)	-	3,755	18	2,544	14	(2,176)	(11)	(657)	(3)		
Vehicles	12,508	3,142	(11,051)	-	23,559	3,142	52,759	10,613	(25,445)	(6,370)	(2,893)	(294)		
Subtotal	**91,530**	**21,607**	**(52,560)**	**-**	**144,090**	**21,607**	**141,888**	**27,078**	**(85,773)**	**(9,562)**	**(10,375)**	**(1,207)**		
Grand Total	**$171,641**	**21,607**	**$(52,560)**	**-**	**$224,201**	**21,607**	**$583,886**	**27,078**	**$(675,625)**	**(9,562)**	**$(10,409)**	**(1,207)**		

	Victim Restitution		Destroyed		Other Adjustments		Value Change		2021 Carrying Value		Fair Market Value Adjustment		9/30/21 Financial Statement Balance	
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$-	-	$-	-	$188,146	-	$(16,236)	-	$99,998	-	$-	-	$99,998	-
Other Monetary Instruments	-	-		-	(59)	-	-	-	4,076	-	-	-	4,076	-
Subtotal	**-**	**-**	**-**	**-**	**188,087**	**-**	**(16,236)**	**-**	**104,074**	**-**	**-**	**-**	**104,074**	**-**
Real Property	-	-	-	-	1,790	2	(125)	-	40,654	100	(1,413)	-	39,241	100
General Property	-	-	(24,805)	(12,118)	91,170	(711)	(2,003)	-	158,199	17,494	(43,244)	-	114,955	17,494
Vessels	-	-	(244)	(164)	(12)	(5)	(201)	-	5,101	217	(1,283)	-	3,818	217
Aircraft	-	-			(172)	(1)	(217)	-	3,077	17	(277)	-	2,800	17
Vehicles	-	-	(4,455)	(1,701)	(10,423)	(1,134)	(463)	-	32,639	4,256	(9,808)	-	22,831	4,256
Subtotal	**-**	**-**	**(29,504)**	**(13,983)**	**82,353**	**(1,849)**	**(3,009)**	**-**	**239,670**	**22,084**	**(56,025)**	**-**	**183,645**	**22,084**
Grand Total	**$-**	**-**	**$(29,504)**	**(13,983)**	**$270,440**	**(1,849)**	**$(19,245)**	**-**	**$343,744**	**22,084**	**$(56,025)**	**-**	**$287,719**	**22,084**

Note 7: FY 2020 Analysis of Changes in Forfeited Property and Currency

The following schedule presents the changes in the forfeited property and currency balances from October 1, 2019 to September 30, 2020.
(Dollar value is in thousands)

	10/1/19 Financial Statement Balance		Adjustments		10/1/19 Carrying Value		Forfeitures		Deposits/Sales		Disposals/Transfers			
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.		
Currency	$61,393	-	$-	-	$61,393	-	$397,807	-	$(394,056)	-	$ (105)	-		
Other Monetary Instruments	2,565	-	-	-	2,565	-	3	-	-	-	-	-		
Subtotal	**63,958**	**-**	**-**	**-**	**63,958**	**-**	**397,810**	**-**	**(394,056)**	**-**	**(105)**	**-**		
Real Property	62,477	173	12,101	-	74,578	173	18,908	48	(34,474)	(78)	(1,384)	(2)		
General Property	21,407	11,914	25,915	-	47,322	11,914	44,361	20,874	(9,894)	(1,568)	(2,532)	(903)		
Vessels	2,066	98	764	-	2,830	98	2,566	234	(733)	(30)	(25)	(1)		
Aircraft	414	8	290	-	704	8	6,295	18	(104)	(3)	-	-		
Vehicles	11,479	2,332	10,437	-	21,916	2,332	41,571	9,161	(24,067)	(5,712)	(2,041)	(177)		
Subtotal	**97,843**	**14,525**	**49,507**	**-**	**147,350**	**14,525**	**113,701**	**30,335**	**(69,272)**	**(7,391)**	**(5,982)**	**(1,083)**		
Grand Total	**$161,801**	**14,525**	**$49,507**	**-**	**$211,308**	**14,525**	**$511,511**	**30,335**	**$(463,328)**	**(7,391)**	**$(6,087)**	**(1,083)**		

	Victim Restitution		Destroyed		Other Adjustments		Value Change		2020 Carrying Value		Fair Market Value Adjustment		9/30/20 Financial Statement Balance	
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$-	-	$-	-	$12,868	-	$(339)	-	$77,568	-	$-	-	$77,568	-
Other Monetary Instruments	-	-		-	(25)	-	-	-	2,543	-	-	-	2,543	-
Subtotal	**-**	**-**	**-**	**-**	**12,843**	**-**	**(339)**	**-**	**80,111**	**-**	**-**	**-**	**80,111**	**-**
Real Property	-	-	-	-	(7,494)	1	770	-	50,904	142	(7,483)	-	43,421	142
General Property	-	-	(20,678)	(10,998)	8,279	(1,207)	(5,591)	-	61,267	18,112	(33,431)	-	27,836	18,112
Vessels	-	-	(129)	(94)	102	(14)	(6)	-	4,605	193	(530)	-	4,075	193
Aircraft	-	-	(3,140)	(5)	-	-	-	-	3,755	18	(65)	-	3,690	18
Vehicles	-	-	(3,512)	(1,479)	(9,786)	(983)	(522)	-	23,559	3,142	(11,051)	-	12,508	3,142
Subtotal	**-**	**-**	**(27,459)**	**(12,576)**	**(8,899)**	**(2,203)**	**(5,349)**	**-**	**144,090**	**21,607**	**(52,560)**	**-**	**91,530**	**21,607**
Grand Total	**$-**	**-**	**$(27,459)**	**(12,576)**	**$3,944**	**(2,203)**	**$(5,688)**	**-**	**$224,201**	**21,607**	**$(52,560)**	**-**	**$171,641**	**21,607**

Note 8: FY 2021 Analysis of Changes in Seized Property and Currency

Seized property and currency result primarily from enforcement activities. Seized property is not legally owned by the Fund until judicially or administratively forfeited. Because of the fungible nature of currency and the high level of control necessary over these assets and the possibility that these monies may be returned to their owners in lieu of forfeiture, seized currency is reported as a custodial asset upon seizure. Seized property other than currency is reported as a custodial asset upon forfeiture. The following schedule presents the changes in the seized property and currency balances from October 1, 2020 to September 30, 2021. (Dollar value is in thousands)

	10/1/20 Financial Statement Balance		Seizures		Remissions		Forfeitures		Adjustments		Value Changes		9/30/21 Financial Statement Balance	
	Value	No.	Value		Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$2,003,390	-	$2,139,776	-	$(118,442)	-	$(440,292)	-	$(242,462)	-	$381	-	$3,342,351	-
Other Monetary Instruments	16,780	-	3,539	-	(72)	-	(1,706)	-	10,306	-	-	-	28,847	-
Subtotal	**2,020,170**	**-**	**2,143,315**	**-**	**(118,514)**	**-**	**(441,998)**	**-**	**(232,156)**	**-**	**381**	**-**	**3,371,198**	**-**
Real Property	363,977	377	84,187	208	(14,679)	(36)	(25,661)	(57)	(21,354)	(71)	(92,165)	-	294,305	421
General Property	611,234	32,231	1,534,344	23,360	(188,430)	(4,104)	(57,501)	(16,141)	24,278	(3,231)	4,901	-	1,928,826	32,115
Vessels	95,759	147	8,748	354	(2,032)	(15)	(3,423)	(253)	(488)	(21)	(1,201)	-	97,363	212
Aircraft	21,300	36	7,372	34	(7,617)	(17)	(2,544)	(14)	27	-	(2,354)	-	16,184	39
Vehicles	63,515	6,116	193,414	20,396	(100,633)	(7,279)	(52,759)	(10,613)	(22,444)	(1,325)	2,185	-	83,278	7,295
Subtotal	**1,155,785**	**38,907**	**1,828,065**	**44,352**	**(313,391)**	**(11,451)**	**(141,888)**	**(27,078)**	**(19,981)**	**(4,648)**	**(88,634)**	**-**	**2,419,956**	**40,082**
Grand Total	**$3,175,955**	**38,907**	**$3,971,380**	**44,352**	**$(431,905)**	**(11,451)**	**$(583,886)**	**(27,078)**	**$(252,137)**	**(4,648)**	**$(88,253)**	**-**	**$5,791,154**	**40,082**

Note 8: FY 2020 Analysis of Changes in Seized Property and Currency

Seized property and currency result primarily from enforcement activities. Seized property is not legally owned by the Fund until judicially or administratively forfeited. Because of the fungible nature of currency and the high level of control necessary over these assets and the possibility that these monies may be returned to their owners in lieu of forfeiture, seized currency is reported as a custodial asset upon seizure. Seized property other than currency is reported as a custodial asset upon forfeiture. The following schedule presents the changes in the seized property and currency balances from October 1, 2019 to September 30, 2020. (Dollar value is in thousands)

	10/1/19 Financial Statement Balance		Seizures		Remissions		Forfeitures		Adjustments		Value Changes		9/30/20 Financial Statement Balance	
	Value	No.	Value		Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$1,639,822	-	$1,329,437	-	$(79,202)	-	$(397,807)	-	$(487,487)	-	$(1,373)	-	$2,003,390	-
Other Monetary Instruments	12,754	-	13,436	-	-	-	(3)	-	(9,407)	-	-	-	16,780	-
Subtotal	**1,652,576**	**-**	**1,342,873**	**-**	**(79,202)**	**-**	**(397,810)**	**-**	**(496,894)**	**-**	**(1,373)**	**-**	**2,020,170**	**-**
Real Property	202,835	380	195,516	109	(18,836)	(30)	(18,908)	(48)	11,357	(34)	(7,987)	-	363,977	377
General Property	385,432	31,854	299,733	27,827	(31,651)	(4,621)	(44,361)	(20,874)	(9,091)	(1,955)	11,172	-	611,234	32,231
Vessels	94,197	152	6,247	255	(956)	(14)	(2,566)	(234)	(489)	(12)	(674)	-	95,759	147
Aircraft	20,753	44	8,866	26	(1,859)	(6)	(6,295)	(18)	(120)	(10)	(45)	-	21,300	36
Vehicles	56,533	6,491	131,779	15,074	(63,125)	(4,644)	(41,571)	(9,161)	(19,842)	(1,644)	(259)	-	63,515	6,116
Subtotal	**759,750**	**38,921**	**642,141**	**43,291**	**(116,427)**	**(9,315)**	**(113,701)**	**(30,335)**	**(18,185)**	**(3,655)**	**2,207**	**-**	**1,155,785**	**38,907**
Grand Total	**$2,412,326**	**38,921**	**$1,985,014**	**43,291**	**$(195,629)**	**(9,315)**	**$(511,511)**	**(30,335)**	**$(515,079)**	**(3,655)**	**834**	**-**	**$3,175,955**	**38,907**

Note 9: Permanent Reduction/Transfer to the General Fund

The unobligated balance is usually available to cover costs related to seizures and forfeitures and certain other law enforcement activities. The Consolidated Appropriations Act of 2021 permanently cancelled $75 million. This permanent reduction or cancellation means that the amount will never be used for its intended purposes. In fiscal year 2020, there was not a permanent reduction or cancellation. The cancelled funds for fiscal year 2021 were transferred to the General Fund on September 30, 2021.

Note 10: Distributions Payable

Distributions Payable (state and local agencies and foreign governments) amounted to $91.8 million and $32.6 million as of September 30, 2021 and 2020, respectively. Fund management recognizes as a liability a portion (based on the average of historical pay-out percentage) of the equitable sharing requests, that were approved or in final stages of approval on September 30, 2021 and 2020, respectively. Prior experience with the nature of this account indicated that a substantial portion of these requests were certain to be paid out by the Fund during the following fiscal year.

Note 11: Net Position

Cumulative Results of Operations

The following summarizes components of cumulative results of operations as of September 30, 2021 and 2020, respectively (dollars in thousands):

	2021	2020
Retained Capital	$ 829,348	$ 713,889
Unliquidated Obligations	387,531	412,249
Net Results of Operations	197,801	90,741
	$ 1,414,680	$ 1,216,879

Unliquidated Obligations

The following summarizes the components of unliquidated obligations as of September 30, 2021 and 2020 respectively (dollars in thousands):

	2021	2020
Equitable Sharing	$ 266,582	$ 216,863
Mandatory	120,949	195,386
	$ 387,531	$ 412,249

Note 12: Related Party Transactions

The Fund reimbursed agencies for the purchase of certain capital assets. These assets are reported by the participating agencies in their financial statements.

Note 13: Strategic Support

31 USC 9705 (g)(4)(B) allows for the expenditure, without fiscal year limitation, after the reservation of amounts needed to continue operations of the Fund. This "Strategic Support" balance may be used for law enforcement activities of any federal agency.

Amounts distributed to other federal agencies for law enforcement activities under "Strategic Support" requirements amounted to $361 million in fiscal year 2021, while no amount was distributed in fiscal year 2020.

The following summarizes Strategic Support payments, net of Transfers-In for the years ended September 30, 2021 and 2020, respectively, (dollars in thousands):

	2021	2020
Transfers - Out	$ (360,531)	$ -
Transfers - In	455,712	667
Total	$ 95,181	$ 667

Note 14: Secretary's Enforcement Fund

31 USC 9705(b)(5) is another category of permanent indefinite authority. These funds are available to the Secretary, without further action by Congress and without fiscal year limitation, for federal law enforcement purposes of Treasury law enforcement organizations. The source of Section 9705(b)(5) funds is equitable sharing payments received from the Department of Justice and the U.S. Postal Service (USPS) representing Treasury's share of forfeiture proceeds from Justice and USPS cases.

Amounts distributed for federal law enforcement purposes of Treasury law enforcement organizations amounted to $12.8 million and $21.5 million in fiscal years 2021 and 2020, respectively.

The following summarizes Secretary's Enforcement Fund payments, net of Transfers-In for the years ended September 30, 2021 and 2020, respectively, (dollars in thousands):

	2021	2020
Transfers - Out	$ (14,677)	$ (22,830)
Transfers - In	1,857	1,369
Total	$ (12,820)	$ (21,461)

Note 15: Commitments and Contingencies

COMMITMENTS

The Fund is subject to equitable sharing claims from participating state and local law enforcement agencies. A portion of these claims that were in final stages of approval have been recognized as liabilities as of September 30 (See Note 10).

In addition to the amounts estimated above, there are other amounts, which may ultimately be shared, that are not identified at this time.

CONTINGENCIES

As of September 30, 2021, the Fund had future expenditures of $590.7 million (see Note 17) for refunds and equitable sharing matters, which are reasonably estimable. The future expenditures are based upon the best estimate of costs to be incurred for refunds in light of the progress made by seizing agencies and the relevant United States Attorney's Offices in achieving a resolution to forfeitures. Additionally, part of the amount will soon be equitably shared with the Department of Justice pursuant to a long-standing memorandum of agreement.

The Fund has two litigation items to report concerning the Fund for U.S. Victims of State Sponsored Terrorism (USVSST Fund) that could have a future material impact. The civil lawsuits were filed on September 16, 2020 and May 24, 2021 against the Departments of Justice and Treasury, and against the USVSST Fund. Both lawsuits seek, among other things, to have the court determine that legislation Congress passed on November 21, 2019 ('The Clarification Act'), is retroactive to December 2015. The 'Clarification Act' increased the mandatory percentage of deposits into the USVSST Fund from eligible civil forfeitures, fines, and penalties from 50% to 75%. The additional 25% translates into approximately $228 million in previously forfeited funds which likely have been spent in accordance with Title 31 U.S.C. 9705. The lawsuits also seek other remedies based on claims pertaining to DOJ's management of the USVSST Fund and distributions from it. In one matter, the government prevailed at the district court level and the case is now under appeal. In the latter-filed suit, the case is still in the motion to dismiss stage in district court. The government is vigorously contesting the lawsuits. The likelihood of loss is reasonably possible and ranges from $0 to $228 million.

Note 16: Disclosures Related to the Statements of Net Cost

Gross costs and earned revenue related to Law Enforcement Programs administered by the Fund are presented in Treasury's budget functional classification (in thousands) as set out below:

	2021	2020
Gross Costs	$ 279,928	$ 236,705
Earned Revenues	-	-
Net Costs	$ 279,928	$ 236,705

The Fund falls under the Treasury's budget functional classification related to Administration of Justice.

Note 17: Disclosures Related to the Statements of Budgetary Resources

The Fund's budgetary obligations are fully covered by cash on hand in the Fund and Entity Investments. The Fund does not have borrowing or contract authority and, therefore, has no repayment requirements, financing sources for repayment, or other terms of borrowing authority. There are no legal arrangements, outside of normal government wide restrictions, specifically affecting the Fund's use of unobligated balances of budget authority.

Adjustments to budgetary resources available at the beginning of fiscal years 2021 and 2020 consist of the following (in thousands):

	2021	2020
Recoveries of Prior Year Unpaid Obligations	$ 33,811	$ 32,358
Other Changes in Unobligated Balance	455,448	-
Total	$ 489,259	$ 32,358

The Fund was required to change its methodology for recognizing remissions and equitable sharing obligations beginning in FY 2016. Under the newly adopted method, an obligation for refunds or remissions will be created only upon receipt of a Ruling Letter from the Department of Justice for judicial forfeiture cases or from Fund member agencies for administrative forfeitures. Additionally, obligations related to equitable sharing will be recognized upon TEOAF's approval of Fund member agencies' request for transfers and related distribution percentages and amounts on the Decision Form. Consequently, the Fund has future expenditures and commitments from remissions and equitable sharing that will be funded from the September 30, 2021 unobligated balance.

The following shows anticipated reductions to the unobligated balances of budget authority resulting from these future expenditures and commitments for fiscal years 2021 and 2020.

	2021	2020
Unobligated balance	$ 877,271	$ 691,453
Future expenditures (Note 15):		
Refund and remissions	(421,329)	(386,604)
Equitable sharing	(169,385)	(126,161)
Total future expenditures	(590,714)	(512,765)
Commitments (Note 15)	-	-
Total reductions to unobligated balance	(590,714)	(512,765)
Unobligated balance net of future expenditures, and commitments	$ 286,557	$ 178,688

Note 18: Dedicated Collections

The Fund is classified as a special fund. All its activities are reported as dedicated collections held for later use.

Note 19: Payments in Lieu of Forfeiture, Net of Refunds

The following summarizes Payments in Lieu of Forfeiture, Net of Refunds for the years ended September 30, 2021 and 2020, respectively (dollars in thousands):

	2021	2020
Payments in Lieu of Forfeiture	$ 9,430	$ 11,713
Refunds	(710)	(982)
Total	$ 8,720	$ 10,731

Note 20: Reconciliation of Net Cost of Operations to Net Budgetary Outlays

The reconciliation of Net Cost of Operations to Net Budgetary Outlays demonstrates the relationship between the Fund's proprietary (net cost of operations) and budgetary accounting (net outlays) information (in thousands):

September 30, 2021

	Federal	Non-Federal	Total
Net Cost	$202,168	$77,760	$279,928
Increase/(decrease) in assets:			
Investments and interest receivables	1,716,811	-	1,716,811
Cash, foreign currency, and other monetary assets	-	263,180	263,180
Taxes, interest, and other receivables, net	-	(1,704)	(1,704)
Other assets	-	71,707	71,707
(Increase)/decrease in liabilities:			
Other liabilities	(296,582)	(1,482,449)	(1,779,031)
Total components of Net Cost not part of Net Outlays	1,420,229	(1,149,266)	270,963
Other financing sources			
Public debt investments	(1,716,811)	-	(1,716,811)
Transfers out (in) without reimbursement	(82,361)	339,660	257,299
Total components of Net Outlays that are not part of Net Costs	(1,799,172)	339,660	(1,459,512)
Other Reconciling Items	-	1,085,727	1,085,727
Net Outlays	$(176,775)	$353,881	$177,106

September 30, 2020

	Intra-Governmental	Intra-Departmental	With the Public	Total
Net Cost	$110,221	$56,534	$69,950	$236,705
(Increase)/decrease in assets:				
Investments	-	(371)	-	(371)
(Increase)/decrease in liabilities:				
Accounts payable	(2,443)	(5,232)	(6,335)	(14,010)
Other liabilities	10,981	298	-	11,279
Other financing sources				
Transfers out (in) without reimbursement	14,589	6,205	-	20,794
Total components of Net Cost not part of Net Outlays	23,127	900	(6,335)	17,692
Components of Net Outlays that are not part of Net Cost:				
Other	-	372	182,280	182,652
Total components of Net Outlays that are not part of Net Costs	-	372	182,280	182,652
Net Outlays	$133,348	$57,806	$245,895	$437,049

Note 21: Fund Balance with Treasury

An over investment of funds on September 30, 2021, resulted in a negative fund balance with Treasury. Consequently, an adjustment in the amount of $38,731 million was made to the Fund balance with Treasury and Intragovernmental Accounts payable line items.

SECTION IV

REQUIRED SUPPLEMENTAL INFORMATION

(UNAUDITED)

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Intragovernmental Amounts – Assets (Dollars in thousands)

Partner Agency	2021 Fund Balance with Treasury	2021 Investments	2020 Fund Balance with Treasury	2020 Investments
Treasury	- -	$ -	$ 34,430	$ -
Bureau of the Fiscal Service	-	4,707,570	-	2,990,759
Totals	$ -	$ 4,707,570	$ 34,430	$ 2,990,759

Intragovernmental Amounts – Liabilities (Dollars in thousands)

Partner Agency	2021 Accounts Payable	2020 Accounts Payable
Treasury Bureau of the Fiscal Service (Fund Balance with Treasury)	$ 38,731	$ -
Department of Justice	-	16,389
Department of Homeland Security	345,290	47,815
Departmental Offices	850	614
Treasury Office of the Inspector General	137	134
Tax and Trade	1,022	870
Financial Crimes Enforcement Network	6,728	-
Internal Revenue Service	23,888	15,511
Totals	$ 416,646	$ 81,333

Intragovernmental Amounts – Revenues and Costs (Dollars in thousands)

Budget Functions	2021 Cost to Generate Exchange Intragovernmental Revenue	2021 Costs to Generate Non-Exchange Intragovernmental Revenue	2020 Cost to Generate Exchange Intragovernmental Revenue	2020 Costs to Generate Non-Exchange Intragovernmental Revenue
Administration of Justice	$ -	$ 202,168	$ -	$ 166,755

Intragovernmental Amounts – Non-exchange Revenue (Dollars in thousands):

Partner Agency	2021 Transfers In	2021 Transfers Out	2021 Net Transfers In (Out)	2020 Transfers In	2020 Transfers Out	2020 Net Transfers In (Out)
Department of Homeland Security	$ 457,319	$ (345,788)	$ 111,531	$ 1,163	$ (15,751)	$ (14,588)
Internal Revenue Service	250	(21,605)	(21,355)	872	(6,728)	(5,856)
Tax and Trade	-	(1,087)	(1,087)	-	(350)	(350)
Financial Crimes Enforcement Network	-	(6,728)	(6,728)	-	-	-
Department of Justice	-	-	-	-	-	-
General Fund	-	(75,000)	(75,000)	-	-	-
	$ 457,569	$ (450,208)	$ 7,361	$ 2,035	$(22,829)	$ (20,794)

SECTION V

OTHER ACCOMPANYING INFORMATION

(UNAUDITED)

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TREASURY FORFEITURE FUND
Equitable Sharing Summarized by State and U.S. Territories
For the Year Ended September 30, 2021
(Dollars in Thousands)
(Unaudited)

State/U.S. Territories	Currency Value	Property Value
Alabama	$ 326	$ 48
Alaska	-	-
Arizona	1,318	523
Arkansas	1,326	403
California	7,706	84
Colorado	711	-
Connecticut	246	-
D.C. Washington	3	-
Delaware	143	-
Florida	1,321	210
Georgia	287	149
Guam	-	-
Hawaii	219	-
Idaho	9	-
Illinois	6,119	82
Indiana	1,800	28
Iowa	42	-
Kansas	-	6
Kentucky	302	24
Louisiana	1,116	34
Maine	18	-
Maryland	404	-
Massachusetts	553	99
Michigan	1,184	307
Minnesota	577	-
Mississippi	1,069	-
Missouri	1,477	35
Montana	-	-
Nebraska	3,427	42
Nevada	244	234
New Hampshire	378	-
New Jersey	553	165
New Mexico	-22	-
New York	2,051	161
North Carolina	6,774	7
North Dakota	115	8
Northern Marianas	-	-
Ohio	908	-
Oklahoma	506	13
Oregon	1,274	9
Pennsylvania	690	373
Puerto Rico	1,291	54
Rhode Island	57	-
South Carolina	1,471	38
South Dakota	26	-
Tennessee	1,150	149
Texas	7,419	1,490
Subtotal carried forward	$56,588	$4,775

TREASURY FORFEITURE FUND
Equitable Sharing Summarized by State and U.S. Territories
For the Year Ended September 30, 2021
(Dollars in Thousands)
(Unaudited)

State/U.S. Territories	Currency Value	Property Value
Subtotal brought forward	56,588	4,775
Utah	106	57
Vermont	9	-
Virgin Islands	876	-
Virginia	142	-
Washington	113	45
West Virginia	3	5
Wisconsin	4	4
Wyoming	16	-
Totals	$57,857	$ 4,886

Summarized above are the currency and property values of assets forfeited and shared with state and local agencies and U.S. Territories participating in the seizure. This supplemental schedule is not a required part of the financial statement of the Department of the Treasury Forfeiture Fund. Information presented on this schedule represents assets physically transferred during the year and, therefore, does not agree with total assets shared with state and local agencies in the financial statements. In addition, the above numbers do not include the adjustment to present property distributed at net realizable value.

TREASURY FORFEITURE FUND
Uncontested Seizures of Currency and Monetary Instruments Valued Over $100 Thousand Taking More Than 120 Days from Seizure to Deposit in Fund
For the Year Ended September 30, 2021
(Dollars in Thousands)

31 U.S.C. 9705(f)(2)(E) requires the Secretary of the Treasury to report annually to Congress uncontested seizures of currency or proceeds of monetary instruments over $100 thousand which were not deposited in the Department of the Treasury Forfeiture Fund within 120 days of the seizure date. There were 96 administrative seizures over $100 thousand over 120 days old totaling $25,271 that had not been transferred from the Seized Currency Suspense Account to the Treasury Forfeiture Fund as of the end of FY 2021.

TREASURY FORFEITURE FUND
Analysis of Revenue and Expenses and Distributions
For the Year Ended September 30, 2021
(Dollars in Thousands)

Revenue, Expenses and Distributions by Asset Category:

	Revenue	Expenses and Distributions
Vehicles	$ 32,864	$ 96,862
Vessels	9,129	123,412
Aircraft	9,129	39,759
General Property	29,213	391,716
Real Property	102,243	15,342
Currency and monetary instruments	627,450	142,937
	810,028	810,028
Less:		
Mortgages and claims	(1,482)	(1,482)
Refunds	(710)	(710)
Add:		
Excess of net revenues and financing sources over total program expenses	-	-
Total	$807,836	$ 807,836

Revenue, Transfers, Expenses and Distributions by Type of Disposition:

	Revenue	Expenses and Distributions
Sales of property and forfeited currency and monetary instruments	$ 466,093	$ 153,904
Reimbursed storage costs	6,467	81,003
Assets shared with state and local agencies	104,921	104,921
Assets shared with other federal agencies	52,160	52,160
Assets shared with foreign countries	-	-
Victim Restitution	180,387	180,387
Destructions	-	97,204
Pending disposition	-	140,449
	810,028	810,028
Less:		
Mortgages and claims	(1,482)	(1,482)
Refunds	(710)	(710)
Add:		
Excess of net revenues and financing sources over total program expenses	-	-
Grand Total	$ 807,836	$ 807,836

The revenue amount of $807,836 is from the Statement of Changes in Net Position. This supplemental schedule “Analysis of Revenues, Expenses and Distributions” is required under the Treasury Forfeiture Fund Act of 1992.

TREASURY FORFEITURE FUND
Information Required by 31 U.S.C. 9705(f)
For the Year Ended September 30, 2021
(Dollars in Thousands)

The Treasury Forfeiture Fund Act of 1992, 31 U.S.C. 9705(f), requires the Secretary of the Treasury to transmit to Congress, no later than February 1, of each year, certain information. The following summarizes the required information.

(1) A report on:

(A) The estimated total value of property forfeited with respect to which funds were not deposited in the Department of the Treasury Forfeiture Fund during the preceding fiscal year under any law enforced or administered by the Department of the Treasury law enforcement organizations or the United States Coast Guard, in the case of fiscal years beginning after 1993.

As reported in the audited financial statements, at September 30, 2021, the Fund had forfeited property held for sale of $183,207. The realized proceeds will be deposited in the Fund when the property is sold.

Upon seizure, currency and other monetary instruments not needed for evidence in judicial proceedings are deposited in a Customs and Border Protection (CBP) suspense account. Upon forfeiture, it is transferred to the Treasury Forfeiture Fund. At September 30, 2021, there was $104,074 of forfeited currency and other monetary instruments that had not yet been transferred to the Fund. This is reported as a part of "Cash and Other Monetary Assets" in the audited financial statements.

(B) The estimated total value of all such property transferred to any state or local law enforcement agency.

The estimated total value of all such property transferred to any state or local law enforcement bureau is summarized by state and U.S. territories. Total currency transferred was $57,857 and total property transferred was $4,886 at appraised value.

(2) A report on:

(A) The balance of the Fund at the beginning of the preceding fiscal year.

The total net position of the Treasury Forfeiture Fund on September 30, 2020 which became the beginning balance for the Fund on October 1, 2020, as reported in the audited financial statements is $1,216,879.

(Dollars in Thousands)

(B) Liens and mortgages paid and the amount of money shared with federal, state, local and foreign law enforcement bureaus during the preceding fiscal year.

Mortgages and claims expense, as reported in the audited financial statements, was $1,482. The amount actually paid on a cash basis was not materially different.

The amount of forfeited currency and property shared with federal, and distributed to state, local and foreign law enforcement bureaus as reported in the audited financial statements was as follows:

	Amount
State and local	**$104,921**
Foreign countries	**-**
Other federal agencies	**52,160**
Victim restitution	**180,387**

(C) The net amount realized from the operations of the Fund during the preceding fiscal year, the amount of seized cash being held as evidence, and the amount of money that has been carried over into the current fiscal year.

The net cost of operations of the Fund as shown in the audited financial statements is $279,928.

The amount of seized currency not on deposit in the Fund's suspense account at September 30, 2021, was $488,386. This amount includes some funds in the process of being deposited at year-end, cash seized in August or September 2021 that is pending determination of its evidentiary value from the U.S. Attorney, and the currency seized for forfeiture being held as evidence.

On a budgetary basis, unobligated balances as originally reported on the Office of Management and Budget Reports, SF-133, "Report on Budget Execution" was approximately $877,271 for fiscal year 2021. A permanent rescission of $75 million was declared for FY 2021.

TREASURY FORFEITURE FUND
Information Required by 31 U.S.C. 9705(f)
For the Year Ended September 30, 2021
(Dollars in Thousands)

(D) Any defendant's property not forfeited at the end of the preceding fiscal year, if the equity in such property is valued at $1 million or more.

The total approximate value of such property for the Treasury Forfeiture Fund, at estimated values determined by bureau and contractor's officials, and the number of seizures is as follows:

Bureau	**Amount**	**Number**
CBP	**$ 232,640**	**54 seizures**
IRS	**1,180,126**	**44 seizures**
U.S. Secret Service	**254,093**	**30 seizures**

(E) The total dollar value of uncontested seizures of monetary instruments having a value of over $100 thousand which, or the proceeds of which, have not been deposited into the Fund within 120 days after the seizure, as of the end of the preceding fiscal year.

The total dollar value of such seizures is $25,271. This is also documented on page 53.

(F) The balance of the Fund at the end of the current fiscal year.

The total net position of the Fund at September 30, 2021, as reported in the audited financial statements is $1,414,680.

(G) The net amount, if any, of the excess unobligated amounts remaining in the Fund at the end of the preceding fiscal year and available to the Secretary for Federal law enforcement related purposes.

There is no cap on amounts that can be carried forward into Fiscal Year 2022 per the fiscal year 1997 Omnibus Appropriations Act (PL 104-208).

(H) A complete set of audited financial statements prepared in a manner consistent with the requirements of the Chief Financial Officers Act of 1990.

The audited financial statements, including the Independent Auditor's Report, are found in Sections II and III.

(I) An analysis of income and expense showing revenue received or lost: (i) by property category (such as general property, vehicles, vessels, aircraft, cash, and real property); and (ii) by type of disposition (such as sale, remission, cancellation, placement into official use, sharing with state and local agencies, and destruction).

A separate schedule is presented on page 54.

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