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Treasury Forfeiture Fund

ACCOUNTABILITY REPORT

Fiscal Year 2015

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

Member of the American Institute of Certified Public Accountants

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Message from the Director

I am pleased to present the fiscal year (FY) 2015 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 2015 was another challenging year with a rescission of $944 million as part of the Consolidated Appropriations Act of 2015 (P.L. 113-235). Additionally, $399 million was sequestered as part of the government-wide sequestration order. In terms of overall revenue, FY 2015 was the highest revenue year since the inception of the Fund with income over $4.6 billion from forfeitures and recoveries, as compared to $807 million in FY 2014. Among those forfeitures, one major case accounted for more than $3.8 billion in gross revenues, with the remaining $800 million coming from direct forfeitures, recoveries, interest, and equitable sharing received from the Department of Justice.

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 2015, our member bureaus exceeded the target with a performance level of 98 percent.

In FY 2015, the Fund continued prioritizing the support of law enforcement efforts targeting Third Party Money Laundering Networks (3PML). This is a critically important investigative area aimed at dismantling the financial infrastructure of Transnational Criminal Organizations. The Fund has continued to review the progress of identified 3PML cases being investigated by the Fund's Treasury and Homeland Security member law enforcement agencies. The Fund continues to provide funding resources to enhance their analytical and operational needs. In union with this initiative, the Fund conducted a seminar on 3PML issues in Los Angeles, CA. The discussion included trade-based money laundering, black market peso exchange, virtual currency, and specific case studies illustrating investigative and prosecutorial best practices. The seminar also addressed resources available to support member agencies' efforts targeting 3PML networks.

Contributing to this year's revenue levels were several investigations of note. An investigation of BNP Paribas (BNPP), a global financial institution headquartered in Paris, resulted in $3.8 billion being forfeited to the Fund. From at least 2004 to 2012, BNPP knowingly and intentionally violated laws by moving more than $8.8 billion through the U.S. financial system on behalf of Sudanese, Iranian, and Cuban entities subject to economic sanctions. DaVita Healthcare Partners, Inc., one of the leading providers of dialysis services in the U.S., agreed to pay $39 million to resolve claims that it violated the False Claims Act by paying kickbacks to induce referrals of patients to its dialysis clinics. United Medical Diagnostics was used by its proprietor to defraud Medicare and Medicaid for over $30 million in services that were not performed. The investigative agency was able to recover $6.7 million from the scheme which will go towards restitution.

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 2016.

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

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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 the Fund 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 26 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 2015 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.

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

BNP Paribas Forfeits More Than $8.8 Billion

Information included in the following article is attributed to US Attorney's June 30, 2014 press release titled, *BNP Paribas Pleads Guilty in Manhattan Federal Court to Conspiring to Violate U.S. Economic Sanctions*; TEOAF records; and from the IRS-CI liaison to TEOAF.

BNP Paribas S.A. (BNPP), a global financial institution headquartered in Paris, agreed to forfeit a total of $8.83 billion and pay a criminal fine of $140 million. The bank conspired to violate the International Emergency Economic Powers Act (IEEPA) and the Trading with the Enemy Act (TWEA). BNPP knowingly and willfully moved more than $8.8 billion through the U.S. financial system on behalf of Sudanese, Iranian, and Cuban entities subject to U.S. economic sanctions from 2004 through 2012.

BNPP admitted that the majority of illegal payments made on behalf of sanctioned entities in Sudan were based on the Sudanese government's role in facilitating terrorism and committing human rights abuses. One way in which BNPP processed illegal transactions on behalf of Sudanese sanctioned entities was through a sophisticated system of "satellite banks" set up to disguise both BNPP's and the sanctioned entities' roles in the payments to and from financial institutions in the United States. Similarly, BNPP provided Cuban sanctioned entities with access to the U.S. financial system by hiding the Cuban sanctioned entities' involvement in payment messages. Wire messages for payments were stripped of references to Cuban entities and resubmitted as a lump sum in order to conceal from U.S. regulators the bank's longstanding, and illicit, Cuban business. The illicit Iranian transactions were done on behalf of BNPP clients, including a petroleum company based in Dubai that was effectively a front for an Iranian petroleum company and an Iranian oil company.

The $8.8 billion forfeiture was broken into four primary segments:

- $3,838,800,000 was forfeited to the Treasury Forfeiture Fund
- $508,000,000 was paid to the Federal Reserve
- $2,243,400,000 was paid to the New York Department of Financial Services
- $2,243,400,000 was paid to the New York County District Attorney

Owner of Smoke Shops Forfeits Over $6 Million

Information included in the following article is attributed to US Attorney's May 15, 2014 press release titled, *Owner Of Smoke Shops In Bakersfield, Fresno And Visalia Pleads Guilty To Fraud Relating To The Sale Of Synthetic Drugs*; and TEOAF records.

Victor Anthony Nottoli pleaded guilty to one count of conspiracy to defraud the United States by interfering with the lawful governmental regulatory and enforcement functions of FDA and DEA and one count of causing misbranded smokable synthetic cannabinoids (SSC) to be introduced into interstate commerce. Nottoli agreed to forfeit $6,487,984, as well as a truck and a high-end RV.

According to court documents, between April 1, 2011 and June 26, 2013, Nottoli generated more than $20 million by distributing SSC products commonly known as K2 or spice in retail outlets throughout the United States and from his six smoke shops. Nottoli and his co-conspirators manufactured and distributed SSC products containing hallucinogenic chemical compounds. They referred to the SSC products as herbal incense, spice, botanicals and potpourri and labeled, "Not for Human Consumption." Between August 1, 2012, and June 26, 2013, twenty-four tons of misbranded drugs intended for human consumption were packaged and sold without the labeling required by law and necessary to protect the user.

DaVita Forfeits $39 Million as part of Settlement Agreement

Information included in the following article is attributed to US Attorney's October 22, 2014 press release titled, *DaVita to Pay $350 Million to Resolve Allegations of Illegal Kickbacks*.

DaVita Healthcare Partners, Inc., one of the leading providers of dialysis services in the United States, agreed to pay $350 million to resolve claims that it violated the False Claims Act by paying kickbacks to induce the referral of patients to its dialysis clinics. As part of the settlement agreement, DaVita also agreed to a civil forfeiture in the amount of $39 million, which was deposited in the Treasury Forfeiture Fund.

According to court documents, between March 1, 2005 and February 1, 2014, DaVita identified physicians or physician groups that had significant patient populations suffering renal disease and offered them lucrative opportunities to partner with DaVita by acquiring and/or selling an interest in dialysis clinics to which their patients would be referred for dialysis treatment.

DaVita further ensured referrals of these patients to the clinics through a series of secondary agreements with the physicians, including entering into agreements in which the physician agreed not to compete with the DaVita clinic and non-disparagement agreements that would have prevented the physicians from referring their patients to other dialysis providers.

Immigration and Customs Enforcement (ICE)
Department of Homeland Security

San Diego Agents Break Open International Narcotics Money Laundering Ring

Information included in the following forfeiture article is attributed to: Information provided by the HSI Liaison to TEOAF.

In April of 2013, Immigration and Customs Enforcement (ICE) Homeland Security Investigations' (HSI) agents began investigating a series of money laundering targets based in Culiacan and Tijuana, Mexico.

The investigation led to a money laundering and logistics network with direct ties to the family and lieutenants of Ismael "`El Mayo" Zambado, one of the heads of the Sinaloa Cartel.

The logistics network operated a sprawling multi-national cocaine acquisition, transportation and importation organization across Colombia, Panama, Guatemala, Costa Rica, Mexico, and the United States. In addition, the investigation revealed the targets oversaw a multi-ton methamphetamine and heroin precursor acquisition organization, some of which were seized in Guatemala.

HSI agents worked with agents from the Drug Enforcement Agency (DEA) to target and investigate the leaders of the organization using a wide array of investigative methods, including warranted communication intercepts. The information gleaned by the investigation resulted in 42 interdictions around the country, totaling nearly $4 million of seized currency, 88 pounds of cocaine, 200 pounds of methamphetamine, 20 pounds of heroin, 700 pounds of marijuana. One such interdiction occurred on a courier attempting to smuggle bulk narcotics proceeds from Los Angeles, CA across the Mexican border to Tijuana. HSI agents had information this delivery was going to occur, stopped the car, and seized and eventually forfeited the $308,900 of narcotics proceeds hidden in the vehicle.

Through the course of the investigation, agents arrested 30 individuals across the United States. The Southern District of California has indicted 21 additional operatives, most of whom are believed to be in Mexico, Colombia, and other foreign locations.

United States Secret Service (USSS)
Department of Homeland Security

Three Plead Guilty of Gambling and Money Laundering; Forfeit $20 Million

Information included in the following forfeiture article was provided by the USSS Liaison to TEOAF, and by the Department of Justice Press Release dated December 2, 2014, titled, "*Three Plead Guilty in Gambling Case and Forfeit $20 Million*."

In August of 2012, the Secret Service opened a joint case with IRS-CI and local law enforcement agencies. The joint investigation revealed that Frontier Software Systems, LLC, was operating an illegal gambling business based out of Piedmont, South Carolina. The company distributed video gambling machines to businesses throughout South Carolina and shared a percentage of the machines' winnings with business proprietors.

In October 2013, federal search and seizure warrants were executed and agents seized several hundred gambling machines and other evidence. The investigation revealed 93 bank accounts and 75 shell companies as being used by the operation to aid in the laundering of illegal proceeds.

Figure 1: Gambling machines which were distributed and operated illegally.

On December 1, 2014, Bobby Mosley, Sr., and Michael Caldwell pleaded guilty for their roles in the gambling operation. As part of their plea agreement, they, along with Frontier Software Systems, forfeited $20 million to the Treasury Forfeiture Fund. Of that sum, $12 million was forfeited to the Secret Service, and $8 million to IRS-CI.

Secret Service Stops Medicare Fraud Scheme, Seizes $6.7 Million

Information included in the following forfeiture article was provided by the USSS Liaison to TEOAF, and by the Department of Justice Press Release dated August 30, 2012, titled, "*Individual Charged with Defrauding Medicare and Medicaid of More than $30 Million*."

Secret Service agents, in conjunction with the Health and Human Services Office of the Inspector General (HHS-OIG) were able to stop a massive Medicare fraud scheme. Tian Huan "Warren" Tai had fraudulently billed Medicare and Medicaid for over $30 million of services which had never been performed.

Tai operated United Medical Diagnostics, a practice that specialized in radiology. Agents discovered Tai had been using the provider number for a doctor who had left the practice, and was unaware of the fraudulent use of his identity.

A Civil Complaint was filed on March 7, 2014 against all assets seized, which resulted in a default judgment and decree of forfeiture on September 24, 2014. In total, Secret Service seized and forfeited $6,777,527.23 of ill-gotten gains from the scheme. The funds were deposited into the Treasury Forfeiture Fund on October 27th, 2014.

The forfeited funds are expected to go towards restitution.

Customs and Border Protection (CBP)
Department of Homeland Security

CBP Rescues 36 Undocumented Aliens, Seizes $72,500

Information included in the following forfeiture article is attributed to: Information provided by the CBP Liaison to TEOAF; CBP news release, dated April 24, 2015, entitled: "*Border Patrol Rescues 49 People in 24 Hours.*"

On April 24, 2014, CBP agents at a checkpoint on highway 281 in South Texas were able to rescue 38 undocumented immigrants locked in a refrigerated tractor trailer. While at the checkpoint, a canine alerted to the vehicle, and the driver was referred to secondary inspection.

After the driver was referred, agents discovered the immigrants trapped in unsafe conditions. The driver, who was a United States citizen, was arrested on alien smuggling charges, and $72,500 hidden in the vehicle was seized and forfeited.

CBP Takes Posession of 2,513 pounds of Cocaine in Puerto Rico

Information included in the following forfeiture article is attributed to: Customs and Border Protection (CBP) news release, dated March 18, 2015, entitled: "*Operation Stonegarden Partnership Nets a $32 Million Cocaine Seizure.*"

In conjunction with Puerto Rican law enforcement, Customs and Border Protection (CBP) officials seized 2,513 pounds of cocaine on board a wooden vessel off the coast of Puerto Rico. The cocaine was valued at an estimated $32 million.

Operation Stonegarden is a program that provides enhanced border security coordination amongst partners at the local, tribal, state, and federal level. The program also provides grants to fund key law enforcement units at high risk locations, such as the Puerto Rico Police Department's Joint Forces for Rapid Action, which made the initial seizure on the vessel.

CBP agents provided the intelligence that led the Puerto Rican units to conduct their surveillance mission, which led to the seizure of the narcotics, as well as the arrest of 14 undocumented nationals of the Dominican Republic. CBP agents took custody of the suspects, as well as the narcotics.

Coast Guard
Department of Homeland Security

Coast Guard Cutter Seizes $180 Million Worth of Cocaine During Deployment

Information included in the following forfeiture article is attributed to: United States Coast Guard (USCG) news release, dated June 30, 2015, entitled: "*Seattle-Based Cutter Returns After Seizing Nearly Six Tons of Cocaine.*"

On July 2, 2015, the Seattle-based Coast Guard Cutter *Midgett* returned to Seattle following a 71-day deployment off the coast of Central America. During that time, the *Midgett* seized over six tons of cocaine from seven different vessels, and apprehended 22 suspected drug smugglers. The cocaine's street value was estimated at $180 million.

"This is the most successful counter-drug patrol I've experienced in more than 26 years of service," said Capt. Brendan C. McPherson, *Midgett*'s commanding officer. "Our success is a testament to our resolve to help defeat the illicit networks that fuel instability within the region and threaten our neighbors. I couldn't be more proud of the extraordinary professionalism and tactical prowess demonstrated by the *Midgett* crew."

Figure 2: Coast Guard Cutter *Midgett* small boat crew returns to the cutter with 1,628 pounds of cocaine jettisoned by fleeing smugglers during a night-time pursuit in the Eastern Pacific Ocean near Central America May 26, 2015.

Coast Guardsmen aboard the *Midgett* worked closely with various U.S. Navy, Customs and Border Protection and Coast Guard maritime patrol aircraft to locate and seize the drug shipments.

"By interdicting these illegal drug loads far offshore, before it can get into the pipeline within Central America, we not only protect our own U.S. border but also the maritime borders of our Western Hemisphere neighbors," McPherson said.

On one interdiction, a patrol aircraft located a suspected drug smuggling vessel travelling quickly. The *Midgett* launched an armed helicopter along with two boats to intercept the vessel. The vessel's crew threw bales of narcotics into the water and attempted to flee, until the helicopter used disabling fire to the outboard engines. The vessel was boarded and Coast Guard personnel recovered 1,628 pounds of cocaine and apprehended 3 smugglers. During this same time, a second vessel was spotted and intercepted, with the suspects similarly jettisoning bales of contraband. Three more suspected smugglers were apprehended, along with 264 more pounds of cocaine.

Figure 3: The deck of Coast Guard *Midgett* lined with stacks of interdicted contraband.

Coast Guard Cutter Seizes $180 Million Worth of Cocaine During Deployment

Information included in the following forfeiture article is attributed to: United States Coast Guard (USCG) news release, dated April 2, 2015, entitled: "*U.S. and Canadian navies, U.S. Coast Guard join forces to stop tons of cocaine in Eastern Pacific.*"

U.S. Coast Guard, along with ships from the U.S. Navy and the Canadian Royal Navy, intercepted a smuggling vessel off the coast of Costa Rica carrying over 11,000 pounds of cocaine. U.S. officials declared it the largest such cocaine seizure in the Eastern Pacific Ocean since 2009.

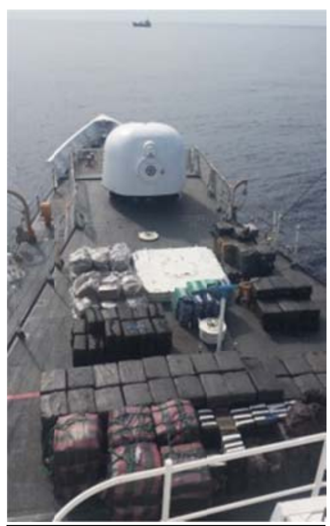

Figure 4: More than five-and-a-half tons of narcotics lie stacked on the deck of the Coast Guard Cutter Boutwell.

The small freighter was initially approached by the *U.S.S. Gary*, which caused the smugglers to dump the entirety of their contraband into the ocean. U.S. Coast Guard personnel who were onboard the *Gary* boarded the smuggling vessel.

Soon, the U.S. Coast Guard Cutter *Boutwell* and the Canadian naval vessel *HMCS Whitehorse* joined in the operation to search the vessel and transfer the suspects to shore.

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 2015, the Fund expensed just over 21.1 million in SEF authority as compared to $16.3 million in FY 2014, an increase of $4.8 million.

Super Surplus

Super Surplus represents the remaining unobligated balance after an amount is reserved for Fund operations in the next fiscal year. Super Surplus can be used for any federal law enforcement purpose. In FY 2015, there was no available Super Surplus funding, and after returns from prior years, the Fund 'transferred in' $0.5 million, as compared to expensing (transferring out) $155.0 million in FY 2014, a decrease of approximately 100 percent. The allocation of Super Surplus resources to bureaus was restricted in FY 2015 by the need to meet enacted budget rescissions and sequestration.

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 2015 was a banner revenue year by our member bureaus, highlighted by a spike in revenue due to a forfeiture on one case exceeding $3.8 billion. FY 2015 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 $18.8 million in FY 2015 as compared to $47.7 million in FY 2014. 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 $163.3 million for state and local and foreign equitable sharing expenses in FY 2015 as compared to $68.8 million in FY 2014. 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 2015, representing the interests of law enforcement components of the Departments of the Treasury and Homeland Security. FY 2015 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. In the midst of 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 2015 was a much higher than anticipated year, with regular revenue of $4.6 billion from all sources, as compared with FY 2014 revenue of $807 million. As we enter fiscal year 2016, 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 2015, 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 2015 is as follows:

Performance Measure	FY 2014 Actual	FY 2015 Target	FY 2015 Actual
Percent of forfeited cash proceeds resulting from high-impact cases	87%	80%	98%

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 2015 was 98 percent, exceeding the new target set in 2011. This compares with our FY 2013 and FY 2014 performance of 95 percent and 87 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, 2015.

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 2015 and 2014.

Net Position – End of Year. For FY 2015, 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 $6.1 billion versus $1.9 billion at the end of FY 2014. Both years closed with a strong and viable net position with which to commence the next fiscal year's operations. It should be noted that the strong net position at the end of FY 2015 was aided by a $3.8 billion forfeiture, of which 100% is expected to be returned to victims.

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 2015, the Fund closed with $4.6 billion in Gross Non-Exchange Revenues and a total of $806.6 million for FY 2014, 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 2015, Treasury Forfeiture Fund bureaus earned a total of $18.8 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 $47.7 million during FY 2014. 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 2014 and FY 2015 was restricted by the need to meet enacted budget rescissions, sequestrations, and permanent reductions.

Net Cost of Operations. For FY 2015, the Net Cost of Operations totaled $204.7 million, up from $188.0 million in FY 2014.

Investment Interest Income. The Fund is authorized to invest cash balances in Treasury securities. As of September 30, 2015, investments totaled $7.0 billion, the same amount invested as of September 30, 2014. Given the almost identical investment balance, and with continued negligible interest rates on Treasury securities during FY 2015, investment income totaled $955 thousand in FY 2015, as compared to $806 thousand in FY 2014.

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 2015, the Fund shared a total of $181.3 million with other federal, state and local law enforcement agencies, and another $4.6 million with foreign countries. This compares with $68.5 million shared with other federal, state and local law enforcement agencies during FY 2014, and $921 thousand with foreign countries.

Victim Restitution. During FY 2015, the Fund paid $47.6 million in restitution to victims as compared to $93.9 million in FY 2014.

Summary of Statements of Changes in Net Position. The Fund closed with a strong net position in FY 2015. Management will continue to emphasize high-impact cases by participating law enforcement bureaus. The FY 2015 performance with forfeiture revenue earnings of $4.6 billion 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 $204.7 million in FY 2015, up from $188.0 million in FY 2014.

Intra-governmental. This cost category totaled $134.2 million in FY 2015, up from $128.2 million in FY 2014. 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 2015, general property was maintained by URS. Real property was maintained by the CWS Asset Management & Sales Group, both contracts of the Department of the Treasury. In FY 2015, expenses of these contracts, which comprised over 99% of the total expenses for this line, including other contracts, totaled $57.1 million, up from $45.7 million expensed in FY 2014.

Balance Sheet

Assets, Liabilities and Net Position

Total assets of the Fund increased in FY 2015 to $7.9 billion, up from $7.5 billion in FY 2014, an increase in asset value of slightly over 5 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 $6.3 billion in FY 2015, up from $2.2 billion in FY 2014. During FY 2015, total liabilities of the Fund decreased to $1.8 billion, down from $5.6 billion in FY 2014. 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 decreases to $273.1 million in FY 2015, down from $295.5 million in FY 2014.

With increasing asset amounts and increasing costs, the Cumulative Results of Operations, i.e., retained earnings, increased at the end of FY 2015 to a total of $6.1 billion, up from $1.9 billion at the end of FY 2014.

Financial and Program Performance - What is needed and planned. 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 2015 Audit. The Fund’s independent auditors have given the FY 2015 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. 15-02, *Audit Requirements for Federal Financial Statements*. There was one management letter finding for FY 2015.

Summary of Financial Statement Highlights

Net Position. To summarize, Fund management concluded a highly productive FY 2015 “in the black,” with the necessary resources to commence the business of the asset forfeiture program for FY 2016. Due to the rescission of $944 million and the sequestration of $399 million, Fund management was not able to declare a Super Surplus from FY 2015 operations.

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.

Improper Payments Elimination and Recovery Act (IPERA) and Improper Payments Elimination and Recovery Improvement Act (IPERIA) Reporting Detail

The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires agencies to review their programs and activities increasing efforts to recapture improper payments by intensifying and expanding payment recapture audits. All agencies are required to develop a method of reviewing all programs to identify those that are susceptible to significant erroneous payments. "Significant" means that an estimated error rate and a dollar amount exceed the threshold of 2.5 percent of program outlays and $10 million of total program or activity payments made during the fiscal year reported or $100 million regardless of the improper payment percentage of total program outlays.

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 recapture audits are not necessary and will not be implementing them at this time.

The Improper Payments Elimination and Recovery Improvement Act of 2012 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 2015 and 2014, the Fund reviewed 17,404 and 19,622 payments totaling $537.4 million and $886.2 million respectively, and reports no IPERA or DNP 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.

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SECTION II

INDEPENDENT AUDITOR’S REPORTS

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Independent Auditor's Report on Financial Statements

Inspector General
Department of the Treasury
Washington, D.C.

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, 2015 and 2014, 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 accounting principles generally accepted in the United States of America; 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. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 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.

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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

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, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America 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*

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 29, 2016, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

/s/

Washington, DC
January 29, 2016

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Independent Auditor's Report on Internal Control over Financial Reporting

Inspector General
Department of the Treasury
Washington, D.C.

We have audited, 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. 15-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the Department of the Treasury Forfeiture Fund (the Fund), which comprise the balance sheets as of September 30, 2015 and 2014, 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, and have issued our report thereon dated January 29, 2016.

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2015, we considered the Fund's internal control over financial reporting (internal control) to determine 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.

Our consideration of internal control was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses.

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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.

Purpose of this Report

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

/s/

Washington, DC
January 29, 2016

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Independent Auditor's Report on Compliance and Other Matters

Inspector General
Department of the Treasury
Washington, D.C.

We have audited, 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. 15-02, *Audit Requirements for Federal Financial Statements*, the financial statements of the Department of the Treasury Forfeiture Fund (the Fund), which comprise the balance sheets as of September 30, 2015 and 2014, 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, and have issued our report thereon dated January 29, 2016.

As part of obtaining reasonable assurance about whether the Fund's financial statements 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, and certain provisions of other laws and regulations specified in OMB Bulletin No. 15-02. 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. 15-02.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the result of that testing, and not to provide an opinion on the Fund's compliance.

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This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's compliance. Accordingly, this communication is not suitable for any other purpose.

/s/
Washington, DC
January 29, 2016

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SECTION III

FINANCIAL STATEMENTS AND NOTES

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Department of the Treasury Forfeiture Fund
BALANCE SHEETS
As of September 30, 2015 and 2014
(Dollars in thousands)

	2015	**2014**
Assets:		
Intragovernmental:		
Fund balance with Treasury	$ 27,618	$ 28,721
Investments and related interest receivable (Note 3)	7,000,074	7,021,883
Advances	2	1
Total Intragovernmental	7,027,694	7,050,605
Cash and other monetary assets (Note 5)	790,970	426,746
Accounts Receivable	1,254	1,926
	792,224	428,672
Forfeited property (Note 6)		
Held for sale, net of mortgages, liens and claims	84,008	67,687
To be shared with federal, state or local, or foreign governments	492	1,423
Total forfeited property, net of mortgages, liens and claims	84,500	69,110
Total Assets	$7,904,418	$7,548,387
Liabilities:		
Intragovernmental:		
Accounts payable	$ 98,135	$ 155,536
Total Intragovernmental	98,135	155,536
Seized currency and other monetary instruments (Note 8)	1,563,506	5,349,315
Distributions payable (Note 10)		
State and local agencies and foreign governments	77,666	65,477
Accounts payable	12,758	5,327
Deferred revenue from forfeited assets	84,500	69,110
Total Liabilities	1,836,565	5,644,765
Commitments and contingencies (Note 15)	-	-
Net Position:		
Cumulative results of operations (Note 11)	6,067,853	1,903,622
Total Liabilities and Net Position	$7,904,418	$7,548,387

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, 2015 and 2014
(Dollars in thousands)

	2015	2014
Program:		
ENFORCEMENT		
Intragovernmental:		
Seizure investigative costs and asset management	$ 98,543	$ 89,378
Other asset related contract services	8,953	10,037
Data systems, training and others	26,721	28,749
Total Intragovernmental	134,217	128,164
With the Public:		
National contract services seized property and other	57,127	45,688
Joint operations	13,389	14,154
Total with the Public	70,516	59,842
Net Cost of Operations	$ 204,733	$ 188,006

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, 2015 and 2014
(Dollars in thousands)

	2015	2014
Net Position – Beginning of Year	$ 1,903,622	$ 2,486,628
Financing Sources (Non-Exchange Revenues):		
Intragovernmental		
Investment interest income	955	806
Public		
Forfeited currency and monetary instruments	4,540,079	664,625
Sales of forfeited property net of mortgages and claims	55,654	71,906
Proceeds from participating with other federal agencies	18,801	47,722
Value of property transferred in equitable sharing	1,694	1,375
Payments in lieu of forfeiture, net of refunds (Note 19)	4,450	7,208
Reimbursed costs	2,942	3,453
Other	(1,470)	9,463
Total Gross Non-Exchange Revenues	4,623,105	806,558
Less: Equitable Sharing		
Intragovernmental		
Federal	(22,569)	(609)
Public		
State and local agencies	(158,754)	(67,859)
Foreign countries	(4,570)	(921)
Victim restitution	(47,634)	(93,867)
	(210,958)	(162,647)
Total Equitable Sharing	(233,527)	(163,256)
Total Non-Exchange Revenues, Net	4,389,578	643,302
Transfers –Out		
Intragovernmental		
Super surplus (Note 13)	496	(155,041)
Secretary's enforcement fund (Note 14)	(21,110)	(16,261)
Transfer to the general fund (Note 9)	-	(867,000)
Total Transfers Out	(20,614)	(1,038,302)
Total Financing Sources - Net	4,368,964	(395,000)
Net Cost of Operations	(204,733)	(188,006)
Net Results of Operations	4,164,231	(583,006)
Net Position – End of Year	$ 6,067,853	$ 1,903,622

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, 2015 and 2014
(Dollars in thousands)

	2015	2014
Budgetary Resources:		
Unobligated balances- beginning of year	$ 144,147	$ 888,109
Recoveries of prior year unpaid obligations	25,567	49,309
Unobligated balance from prior year budget authority, net	169,714	937,418
Budget authority	4,251,378	(5,422)
Total Budgetary Resources	$ 4,421,092	$ 931,996
Status of Budgetary Resources:		
Obligations incurred	$ 765,340	$ 787,849
Unobligated balances – apportioned	$ 3,655,752	$ 69,874
Unobligated balances – unapportioned	-	74,273
Unobligated balances – end of year	3,655,752	$ 144,147
Total Status of Budgetary Resources	$ 4,421,092	$ 931,996
Change in Obligated Balance:		
Obligated balance, net-beginning of year	$ 982,686	$ 924,445
Obligations incurred	765,340	787,849
Less: Gross outlays	(502,428)	(680,299)
Less: Recoveries of prior year unpaid obligations, actual	(25,567)	(49,309)
Obligated balance, net – end of year	$ 1,220,031	$ 982,686
Budget Authority and Outlays		
Budget authority, net	$ 4,251,378	$ (5,422)
Net outlays	$ 502,428	$ 680,299

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 recent years, significant amounts of Super Surplus funds have been 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 consistent with 31 USC 9705, as amended. A portion of these expenses, referred to as discretionary expenses, are subject to annual appropriation limitations. Others, referred to as non-discretionary (mandatory) expenses, are limited only by the availability of resources in the Fund. Both expense categories are limited in total by the amount of revenue 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 agency 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.

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.

- **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, 2015 and 2014.

- **Advances –** This primarily represents cash transfers to Treasury or law enforcement bureaus participating in the Fund for orders to be delivered.

- **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 2016. 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, 2015 and 2014, respectively (dollars in thousands):

Entity Assets

Description	Cost	Unamortized Discount	Investment, Net
September 30, 2015			
Treasury Forfeiture Fund -			
35 days 0.0000% U.S. Treasury Bills	$2,042,987	($0)	$2,042,987
Interest Receivable			0
Total Investment, Net, and Interest Receivable			$2,042,987
Fair Market Value			$2,042,987
September 30, 2014			
Treasury Forfeiture Fund -			
35 days 0.0000% U.S. Treasury Bills	$2,059,035	($0)	$2,059,035
Interest Receivable			0
Total Investment, Net, and Interest Receivable			$2,059,035
Fair Market Value			$2,059,002

Description	Cost	Unamortized Discount	Investment, Net
September 30, 2015			
Treasury Forfeiture Fund -			
28 days 0.0000% U.S. Treasury Bills	$4,148,469	($0)	$4,148,469
Interest Receivable			0
Total Investment, Net, and Interest Receivable			$4,148,469
Fair Market Value			$4,148,469

This account did not exist as at September 30, 2014.

Non-entity Assets

Description	**Cost**	**Unamortized Discount**	**Investment, Net**
September 30, 2015			
Treasury Forfeiture Fund – Seized Currency Suspense Account			
35 days 0.0000% U.S. Treasury Bills	$808,618	$0	$808,618
Fair Market Value			$808,618
September 30, 2014			
Treasury Forfeiture Fund – Seized Currency Suspense Account			
35 days 0.0000% U.S. Treasury Bills	$4,962,848	$0	$ 4,962,848
Fair Market Value			$ 4,962,776

Note 4: Analysis of Non-Entity Assets

The following schedule presents the non-entity assets as of September 30, 2015 and 2014, respectively, (dollars in thousands):

	2015	2014
Seized currency:		
Intragovernmental Investments (Note 3)	$ 808,618	$ 4,962,848
Cash and other monetary assets (Note 5)	754,888	386,467
Total Non-Entity Assets	1,563,506	5,349,315
Total Entity Assets	6,340,912	2,199,072
Total Assets	$ 7,904,418	$ 7,548,387

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 $36.1 million and $40.3 million as of September 30, 2015 and 2014, 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 $754.9 million and $386.4 million as of September 30, 2015 and 2014, respectively.

Note 6: Forfeited Property/Deferred Revenue

The following summarizes the components of forfeited property (net), as of September 30, 2015 and 2014, respectively, (dollars in thousands):

	2015	2014
Held for sale	$ 88,427	$ 71,621
To be shared with federal, State or local, or foreign government	492	1,423
Total forfeited property (Note 7)	88,919	73,044
Less: Allowance for liens and claims	(4,419)	(3,934)
Total forfeited property, net	$ 84,500	$ 69,110

Note 7: FY 2015 Analysis of Changes in Forfeited Property and Currency

The following schedule presents the changes in the forfeited property and currency balances from October 1, 2014 to September 30, 2015. (Dollar value is in thousands.)

	10/1/14 Financial Statement Balance		Adjustments		10/1/14 Carrying Value		Forfeitures		Deposits/Sales		Disposals/Transfers			
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.		
Currency	$26,263	-	$-	-	$26,263	-	$4,520,028	-	$(4,540,760)	-	$ -	-		
Other Monetary Instruments	14,016	-	-	-	14,016	-	546	-	(500)	-	(3,490)	-		
Subtotal	**40,279**	**-**	**-**	**-**	**40,279**	**-**	**4,520,574**	**-**	**(4,541,260)**	**-**	**(3,490)**	**-**		
Real Property	46,941	246	21,535	-	68,476	246	26,307	137	(32,359)	(124)	(1,221)	(6)		
General Property	13,330	17,091	34,873	-	48,203	17,091	52,679	27,090	(24,694)	(3,342)	(1,498)	(1,201)		
Vessels	960	133	694	-	1,654	133	2,206	133	(1,817)	(99)	-	-		
Aircraft	1,203	6	711	-	1,914	6	448	5	(2,066)	(7)	-	-		
Vehicles	10,610	2,451	6,488	-	17,098	2,451	34,938	7,736	(30,866)	(7,144)	(6,160)	(1,077)		
Subtotal	**73,044**	**19,927**	**64,301**	**-**	**137,345**	**19,927**	**116,578**	**35,101**	**(91,802)**	**(10,716)**	**(8,879)**	**(2,284)**		
Grand Total	**$113,323**	**19,927**	**$64,301**	**-**	**$177,624**	**19,927**	**$4,637,152**	**35,101**	**$(4,633,062)**	**(10,716)**	**$(12,369)**	**(2,284)**		

	Victim Restitution		Destroyed		Other Adjustments		Value Change		2015 Carrying Value		Fair Market Value Adjustment		9/30/15 Financial Statement Balance	
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$-	-	$-	-	$20,077	-	$(615)	-	$24,993	-	$-	-	$24,993	-
Other Monetary Instruments	-	-		-	520	-	(2)	-	11,090	-	-	-	11,090	-
Subtotal	**-**	**-**	**-**	**-**	**20,597**	**-**	**(617)**	**-**	**36,083**	**-**	**-**	**-**	**36,083**	**-**
Real Property	-	-	-	-	4,707	46	(145)	-	65,765	299	(10,391)	-	55,374	299
General Property	-	-	(232)	(18,317)	2,728	(284)	(6,067)	-	71,119	21,037	(47,371)	-	23,748	21,037
Vessels	-	-	(3)	(65)	(24)	(1)	(76)	-	1,940	101	(971)	-	969	101
Aircraft	-	-	-	(2)	21	1	-	-	317	3	(102)	-	215	3
Vehicles	-	-	(6)	(177)	732	231	(372)	-	15,364	2,020	(6,751)	-	8,613	2,020
Subtotal	**-**	**-**	**(241)**	**(18,561)**	**8,164**	**(7)**	**(6,660)**	**-**	**154,505**	**23,460**	**(65,586)**	**-**	**88,919**	**23,460**
Grand Total	**$-**	**-**	**$(241)**	**(18,561)**	**$28,761**	**(7)**	**$(7,277)**	**-**	**$190,588**	**23,460**	**$(65,586)**	**-**	**$125,002**	**23,460**

Note 7: FY 2014 Analysis of Changes in Forfeited Property and Currency

The following schedule presents the changes in the forfeited property and currency balances from October 1, 2013 to September 30, 2014. (Dollar value is in thousands.)

	10/1/13 Financial Statement Balance		Adjustments		10/1/13 Carrying Value		Forfeitures		Deposits/Sales		Disposals/Transfers	
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$11,536	-	$-	-	$11,536	-	$622,658	-	$(650,437)	-	$ -	-
Other Monetary Instruments	5,610	-	-	-	5,610	-	8,570	-		-	(5)	-
Subtotal	**17,146**	**-**	**-**	**-**	**17,146**	**-**	**631,228**	**-**	**(650,437)**	**-**	**(5)**	**-**
Real Property	44,818	253	18,384	-	63,202	253	22,438	86	(49,807)	(139)	(1,208)	(5)
General Property	12,571	13,996	31,013	-	43,584	13,996	22,394	26,476	(19,404)	(2,742)	(3,351)	(2,403)
Vessels	1,245	84	1,052	-	2,297	84	2,021	169	(1,052)	(68)	(1,194)	(9)
Aircraft	1,324	9	763	-	2,087	9	1,778	6	(3,255)	(7)	-	-
Vehicles	8,490	1,969	5,617	-	14,107	1,969	36,210	8,704	(28,734)	(7,194)	(6,944)	(1,060)
Subtotal	**68,448**	**16,311**	**56,829**	**-**	**125,277**	**16,311**	**84,841**	**35,441**	**(102,252)**	**(10,150)**	**(12,697)**	**(3,477)**
Grand Total	**$85,594**	**16,311**	**$56,829**	**-**	**$142,423**	**16,311**	**$716,069**	**35,441**	**$(752,689)**	**(10,150)**	**$(12,702)**	**(3,477)**

	Victim Restitution		Destroyed		Other Adjustments		Value Change		2014 Carrying Value		Fair Market Value Adjustment		9/30/14 Financial Statement Balance	
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$-	-	$-	-	$42,522	-	$(16)	-	$26,263	-	$-	-	$26,263	-
Other Monetary Instruments	-	-		-	(159)	-	-	-	14,016	-	-	-	14,016	-
Subtotal	**-**	**-**	**-**	**-**	**42,363**	**-**	**(16)**	**-**	**40,279**	**-**	**-**	**-**	**40,279**	**-**
Real Property	-	-	-	-	34,168	51	(317)	-	68,476	246	(21,535)	-	46,941	246
General Property	-	-	(181)	(19,197)	7,338	961	(2,177)	-	48,203	17,091	(34,873)	-	13,330	17,091
Vessels	-	-	-	(47)	(360)	4	(58)	-	1,654	133	(694)	-	960	133
Aircraft	-	-	-	-	1,328	(2)	(24)	-	1,914	6	(711)	-	1,203	6
Vehicles	-	-	(54)	(196)	2,625	228	(112)	-	17,098	2,451	(6,488)	-	10,610	2,451
Subtotal	**-**	**-**	**(235)**	**(19,440)**	**45,099**	**1,242**	**(2,688)**	**-**	**137,345**	**19,927**	**(64,301)**	**-**	**73,044**	**19,927**
Grand Total	**$-**	**-**	**$(235)**	**(19,440)**	**$87,462**	**1,242**	**$(2,704)**	**-**	**$177,624**	**19,927**	**$(64,301)**	**-**	**$113,323**	**19,927**

Note 8: FY 2015 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. (Dollar value is in thousands.)

	9/30/14 Financial Statement Balance		Seizures		Remissions		Forfeitures		Adjustments		Value Changes		9/30/15 Financial Statement Balance	
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$5,341,935	-	$888,930	-	$(150,108)	-	$(4,520,028)	-	$(1,799)	-	$-	-	$1,558,930	-
Other Monetary Instruments	7,380	-	12	-	(155)	-	(546)	-	(2,115)	-	-	-	4,576	-
Subtotal	**5,349,315**	**-**	**888,942**	**-**	**(150,263)**	**-**	**(4,520,574)**	**-**	**(3,914)**	**-**	**-**	**-**	**1,563,506**	**-**
Real Property	189,444	675	63,222	188	(33,712)	(104)	(26,307)	(137)	13,286	19	(182)	-	205,751	641
General Property	333,232	31,825	87,189	33,276	(48,561)	(4,003)	(52,679)	(27,090)	(18,317)	(5,739)	7,566	-	308,430	28,269
Vessels	5,199	135	4,415	165	(1,233)	(24)	(2,206)	(133)	(806)	(15)	(122)	-	5,247	128
Aircraft	11,646	24	7,938	30	(1,975)	(7)	(448)	(5)	(3,382)	(3)	(169)	-	13,610	39
Vehicles	68,452	4,941	88,836	12,458	(59,812)	(4,403)	(34,938)	(7,736)	(7,350)	(577)	(1,003)	-	54,185	4,683
Subtotal	**607,973**	**37,600**	**251,600**	**46,117**	**(145,293)**	**(8,541)**	**(116,578)**	**(35,101)**	**(16,569)**	**(6,315)**	**6,090**	**-**	**587,223**	**33,760**
Grand Total	**$5,957,288**	**37,600**	**$1,140,542**	**46,117**	**$(295,556)**	**(8,541)**	**$(4,637,152)**	**(35,101)**	**$(20,483)**	**(6,315)**	**6,090**	**-**	**$2,150,729**	**33,760**

Note 8: FY 2014 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. (Dollar value is in thousands.)

	9/30/13 Financial Statement Balance		Seizures		Remissions		Forfeitures		Adjustments		Value Changes		9/30/14 Financial Statement Balance	
	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.
Currency	$1,432,731	-	$4,845,738	-	$(331,022)	-	$(622,658)	-	$13,226	-	$3,920	-	$5,341,935	-
Other Monetary Instruments	18,133	-	3,146	-	(45)	-	(8,570)	-	(6,783)	-	1,499	-	7,380	-
Subtotal	**1,450,864**	**-**	**4,848,884**	**-**	**(331,067)**	**-**	**(631,228)**	**-**	**6,443**	**-**	**5,419**	**-**	**5,349,315**	**-**
Real Property	219,491	609	74,106	292	(44,398)	(121)	(22,438)	(86)	(37,315)	(19)	(2)	-	189,444	675
General Property	341,854	28,535	80,308	37,841	(46,228)	(4,427)	(22,394)	(26,476)	(16,334)	(3,648)	(3,974)	-	333,232	31,825
Vessels	5,648	162	2,612	172	(194)	(20)	(2,021)	(169)	(725)	(10)	(121)	-	5,199	135
Aircraft	8,160	15	9,614	20	(1,267)	(4)	(1,778)	(6)	(2,500)	(1)	(583)	-	11,646	24
Vehicles	70,681	5,238	96,132	13,246	(56,290)	(4,446)	(36,210)	(8,704)	(5,429)	(393)	(432)	-	68,452	4,941
Subtotal	**645,834**	**34,559**	**262,772**	**51,571**	**(148,377)**	**(9,018)**	**(84,841)**	**(35,441)**	**(62,303)**	**(4,071)**	**(5,112)**	**-**	**607,973**	**37,600**
Grand Total	**$2,096,698**	**34,559**	**$5,111,656**	**51,571**	**$(479,444)**	**(9,018)**	**$(716,069)**	**(35,441)**	**$(55,860)**	**(4,071)**	**$307**	**-**	**$5,957,288**	**37,600**

Note 9: Permanent Reduction/Transfer to the General Fund

The unobligated balance in the Fund at the end of FY 2013 was approximately $888.1 million. This balance is usually available to cover costs related to seizures and forfeitures and certain other law enforcement activities. The Bipartisan Budget Act of 2013 permanently cancelled $867.0 million of this balance. This permanent reduction or cancellation means that the amount will never be used for its intended purposes.

The cancelled funds were transferred to Receipt Account 020 3231 on April 15, 2014, but remained on the TFF's books throughout the remainder of the FY 2014. On September 30, 2014, Treasury 'swept' the cash out of the Receipt Account and into the General Fund, effectively zeroing out the account.

Note 10: Distributions Payable (state and local agencies and foreign governments)

Distributions Payable (state and local agencies and foreign governments) amounted to $77.7 million and $65.5 million as of September 30, 2015 and 2014, 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, 2015 and 2014, 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 and for the years ended September 30, 2015 and 2014, respectively, (dollars in thousands):

	2015	2014
Retained Capital	$ 871,901	$ 1,730,212
Unliquidated Obligations	1,031,721	756,416
Net Results of Operations	4,164,231	(583,006)
	$ 6,067,853	$ 1,903,622

Unliquidated Obligations

The following summarizes the components of unliquidated obligations as of September 30, 2015 and 2014 respectively, (dollars in thousands):

	2015	2014
Equitable Sharing	$ 400,408	$ 342,616
Mandatory	631,313	413,800
	$1,031,721	$ 756,416

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: Super Surplus

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 “Super Surplus” balance may be used for law enforcement activities of any federal agency.

Amounts distributed to other federal agencies for law enforcement activities under “Super Surplus” requirements amounts to ($0.5) million and $155.0 million in fiscal years 2015 and 2014, respectively.

The following summarizes Super Surplus payments, net of Transfers-In as of September 30, 2015 and 2014, respectively, (dollars in thousands):

	2015	2014
Transfers - Out	$ (1,069)	$ (155,164)
Transfers - In	1,565	123
Total	$ 496	$(155,041)

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 $21.1 million and $16.3 million in fiscal years 2015 and 2014, respectively.

The following summarizes Secretary’s Enforcement Fund payments, net of Transfers-In as of September 30, 2015 and 2014, respectively, (dollars in thousands):

	2015	2014
Transfers - Out	$ (21,725)	$ (17,788)
Transfers - In	615	1,527
Total	$ 21,110	$ 16,261

Note 15: Commitments and Contingencies

COMMITMENTS
A portion of the equitable sharing requests that were in final stages of approval are recognized as liabilities as of September 30 (See also Note 10, Distributions Payable).

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

CONTINGENCIES
In the opinion of the Fund's management and legal counsel, there are no pending or threatened litigation claims for which the amount of potential loss, individually, or in aggregate, will have a material adverse effect on the Fund's financial statements.

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:

	2015	2014
Gross Costs	$ 204,733	$ 188,006
Earned Revenues	-	-
Net Costs	$ 204,733	$ 188,006

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 net amount of budgetary resources obligated at the end of fiscal years 2015 and 2014 were $4,778.6 million and $982.7 million, respectively. This amount is 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 2015 and 2014 consist of the following (in thousands):

	2015	2014
Recoveries of Prior Year Unpaid Obligations	$ 25,567	$ 49,309

Recoveries of prior year obligations are the difference between amounts that Fund management obligated (including equitable sharing) and amounts subsequently approved for payment against those obligations.

See pages 53 and 54 ((Section V, Other Accompanying Information, Other, 2(C)) for additional disclosures.

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 as of September 30, 2015 and 2014, respectively, (dollars in thousands):

	2015	2014
Payments in Lieu of Forfeiture	$ 9,404	$ 7,952
Refunds	(4,954)	(744)
Total	$ 4,450	$ 7,208

Note 20: Reconciliation of Net Cost of Operations (Proprietary) to Budget

The reconciliation of Net Cost of Operations to Budget demonstrates the relationship between the Fund's proprietary (net cost of operations) and budgetary accounting (net obligations) information (in thousands).

	2015	2014
Resources Used to Finance Activities:		
Budgetary resources obligated		
Obligations incurred	$ 765,340	$ 787,849
Less: Spending authority from offsetting		
Collections and recoveries	(25,567)	(49,309)
Net Obligations	739,773	738,540
Other resources		
Transfers – out	(20,614)	(1,038,302)
Total Resources Used to Finance Activities	719,159	(299,762)
Resources Used to Finance Items not Part of the Net Cost of Operations		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided	(273,266)	653,902
Other resources or adjustments to net obligated resources that do not affect net cost of operations		
Mortgages and claims	(2,679)	(2,215)
Refunds	(4,954)	(744)
Equitable Sharing (federal, state/local and foreign)	(185,893)	(69,389)
Victim restitution	(47,634)	(93,867)
Total Resources Used to Finance Items not Part of the Net Cost of Operations	(514,426)	487,687
Components not Requiring or Generating Resources-Depreciation	-	81
Total Resources Used to Finance the Net Cost of Operations	204,733	188,006
Net Cost of Operations	$ 204,733	$ 188,006

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SECTION IV

REQUIRED SUPPLEMENTAL INFORMATION

(UNAUDITED)

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Intragovernmental Amounts – Assets (Dollars in thousands)

Partner Agency	2015 Fund Balance with Treasury	2015 Accounts Receivable/ Advances	2015 Investments	2014 Fund Balance with Treasury	2014 Accounts Receivable/ Advances	2014 Investments
Treasury	$ 27,618	$ -	$ -	$ 28,721	$ -	$ -
Departmental Offices	-	2	-	-	1	-
Bureau of the Fiscal Service	-	-	7,000,074	-	-	7,021,883
Totals	$ 27,618	$ 2	$ 7,000,074	$ 28,721	$ 1	$ 7,021,883

Intragovernmental Amounts – Liabilities (Dollars in thousands)

Partner Agency	2015 Accounts Payable	2014 Accounts Payable
Department of Justice	$ 4,493	$ 12,767
Department of Homeland Security	71,291	109,348
Central Intelligence Agency	-	1,250
Departmental Offices	10,397	2,227
FinCen	90	637
Tax and Trade	171	983
Internal Revenue Service	11,693	28,324
Totals	$ 98,135	155,536

Intragovernmental Amounts – Revenues and Costs (Dollars in thousands)

Budget Functions	2015 Cost to Generate Exchange Intragovernmental Revenue	2015 Costs to Generate Non-Exchange Intragovernmental Revenue	2014 Cost to Generate Exchange Intragovernmental Revenue	2014 Costs to Generate Non-Exchange Intragovernmental Revenue
Administration of Justice	$ -	$ 134,217	$ -	$ 128,164

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

Partner Agency	2015 Transfers In	2015 Transfers Out	2015 Net Transfers In (Out)	2014 Transfers In	2014 Transfers Out	2014 Net Transfers In (Out)
Department of Justice	$ 43	$ -	$ 43	$ -	($ 4,458)	($ 4,458)
Department of Homeland Security	965	(12,378)	(11,413)	1,650	(137,781)	(136,131)
Central Intelligence Agency	-	-	-	-	(1,250)	(1,250)
Department of Treasury	-	-	-	-	(4)	(4)
Internal Revenue Service	1,122	(10,314)	(9,192)	-	(28,009)	(28,009)
Financial Crimes Enforcement Network	49	-	49	-	-	-
Tax and Trade	-	-	-	-	(950)	(950)
General Fund	-	-	-	-	(867,000)	(867,000)
Department of Defense	-	(101)	(101)	-	-	-
Department of Commerce	-	-	-	-	(500)	(500)
	$ 2,179	($ 22,793)	($ 20,614)	$ 1,650	($ 1,039,952)	($ 1,038,302)

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, 2015
(Dollars in Thousands)
(Unaudited)

State/U.S. Territories	Currency Value	Property Value
Alabama	$ 1,876	$ -
Alaska	-	-
Arizona	1,729	109
Arkansas	136	14
California	13,480	368
Colorado	1,491	255
Connecticut	460	-
D.C. Washington	2	-
Delaware	94	7
Florida	11,198	421
Georgia	2,832	91
Guam	-	-
Hawaii	24	-
Idaho	42	25
Illinois	3,762	10
Indiana	971	-
Iowa	86	-
Kansas	139	11
Kentucky	1,335	-
Louisiana	115	-
Maine	12	-
Maryland	2,579	8
Massachusetts	1,760	256
Michigan	1,303	4
Minnesota	260	30
Mississippi	329	-
Missouri	558	-
Montana	42	-
Nebraska	3,235	3
Nevada	1,108	20
New Jersey	2,817	138
New Hampshire	7	-
New Mexico	515	122
New York	46,308	1,525
North Carolina	3,445	206
North Dakota	8	-
Ohio	4,177	33
Oklahoma	385	88
Oregon	1,368	94
Pennsylvania	3,419	22
Puerto Rico	443	1
Rhode Island	36	-
South Carolina	1,341	72
South Dakota	229	-
Tennessee	368	238
Texas	16,721	1,018
Utah	71	2
Subtotal carried forward	$ 132,616	$5,191

TREASURY FORFEITURE FUND
Equitable Sharing Summarized by State and U.S. Territories
For the Year Ended September 30, 2015
(Dollars in Thousands)
(Unaudited)

State/U.S. Territories	Currency Value	Property Value
Subtotal brought forward	$132,616	$5,191
Vermont	82	28
Virgin Islands	-	-
Virginia	6,554	-
Washington	1,337	1
West Virginia	527	-
Wisconsin	206	1
Wyoming	-	-
Totals	$141,322	$5,221

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, 2015
(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 42 administrative seizures over $100 thousand over 120 days old totaling $13,294 that had not been transferred from the Seized Currency Suspense Account to the Treasury Forfeiture Fund as of the end of FY 2015.

TREASURY FORFEITURE FUND
Analysis of Revenue and Expenses and Distributions
For the Year Ended September 30, 2015
(Dollars in Thousands)

Revenue, Expenses and Distributions by Asset Category:

	Revenue	Expenses and Distributions
Vehicles	$ 12,458	$ 646,688
Vessels	3,460	823,948
Aircraft	3,460	265,445
General Property	11,074	2,615,256
Real Property	38,757	102,437
Currency and monetary instruments	4,561,529	176,964
	4,630,738	4,630,738
Less:		
Mortgages and claims	(2,679)	(2,679)
Refunds	(4,954)	(4,954)
Add:		
Excess of net revenues and financing sources over total program expenses	-	-
Total	$ 4,623,105	$ 4,623,105

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

	Revenue	Expenses and Distributions
Sales of property and forfeited currency and monetary instruments	$ 4,394,269	$ 879,841
Reimbursed storage costs	2,942	463,074
Assets shared with state and local agencies	158,754	158,754
Assets shared with other federal agencies	22,569	22,569
Assets shared with foreign countries	4,570	4,570
Victim Restitution	47,634	47,634
Destructions	-	555,689
Pending disposition	-	2,498,607
	4,630,738	4,630,738
Less:		
Mortgages and claims	(2,679)	(2,679)
Refunds	(4,954)	(4,954)
Add:		
Excess of net revenues and financing sources over total program expenses	-	-
Total	$ 4,623,105	$ 4,623,105

The revenue amount of $4,623,105 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
Schedule of Spending
For the Years Ended September 30, 2015 and 2014
(Dollars in Thousands)

	2015	2014
What Money is Available to Spend?		
Total resources	$ 862,524	$ 931,996
Less amount not agreed to be spent	(97,184)	(69,874)
Less amount not available to be spent	-	(74,273)
Total Amounts Agreed to be Spent	$ 765,340	$ 787,849
How was the Money Spent?		
Other contractual services	$ 195,562	$ 196,860
Supplies and materials	17	13
Grants, subsidies and contributions	177,270	151,824
Interest and dividends	1	5
Refunds	370,527	298,062
Others (i.e. unvouchered, undistributed)	21,963	141,085
Total Amounts Agreed to be Spent	$ 765,340	$ 787,849
Who did the Money go to?		
Federal	$ 164,212	$ 279,922
Non-Federal :		
State/Local/Tribal/Foreign Governments	177,274	151,824
Business and Organizations	56,034	60,260
Individuals	367,820	295,843
Total Amounts Agreed to be Spent	$ 765,340	$ 787,849

TREASURY FORFEITURE FUND
Information Required by 31 U.S.C. 9705(f)
For the Year Ended September 30, 2015
(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, 2015, the Fund had forfeited property held for sale of $88,427. 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, 2015, there was $36,083 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 $141,322 and total property transferred was $5,221 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, 2014 which became the beginning balance for the Fund on October 1, 2014, as reported in the audited financial statements is $1,903,622.

(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 $2,679. 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	**$158,754**
Foreign countries	**4,570**
Other federal agencies	**22,569**
Victim restitution	**47,634**

(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 $204,733.

The amount of seized currency not on deposit in the Fund's suspense account at September 30, 2015, was $754,888. This amount includes some funds in the process of being deposited at year-end, cash seized in August or September 2015 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 $97,184 for fiscal year 2015. This excluded $1,343,291 in FY 2015 rescinded authority that was classified as "temporary". If these figures are added to the unobligated balances at the end of FY 2015, the figure became $1,440,475.

The Consolidated Appropriations Act, 2016 (dated December 16, 2015 and enacted on December 18, 2015), SEC. 405. BUDGETARY PROVISIONS, among other things stipulated that $3,800,000, from funds paid to the United States Government by BNP Paribas S.A. as part of, or related to, a plea agreement dated June 27, 2014, entered into between the Department of Justice and BNP Paribas S.A., and subject to a consent order entered by the United States District Court for the Southern District of New York on May 1, 2015, in United States v. BNPP, No. 14 Cr. 460 (S.D.N.Y.), shall be deobligated, if necessary, and shall be permanently rescinded.

(Dollars in Thousands)

The Fund subsequently made a resulting re-classification of $3,558,568 ($3,800,000 less sequestration amount) from the obligated balance to the unobligated balance on the Statement of Budgetary Resources. Consequently, the unobligated balance reported on the Statement of Budgetary Resources changed from $97,184 to approximately $3,655,752. This excluded $1,343,291 in FY 2015 rescinded authority that was classified as "temporary". If these figures are added to the unobligated balances at the end of FY 2015 as reported on the Statement of Budgetary Resources, the figure becomes $4,999,043.

(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	$ 277,242	63 seizures
IRS	858,198	139 seizures
U.S. Secret Service	12,727	8 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 $13,294. This is also documented on page 49.

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

The total net position of the Fund at September 30, 2015, as reported in the audited financial statements is $6,067,853.

(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 2015 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 50.