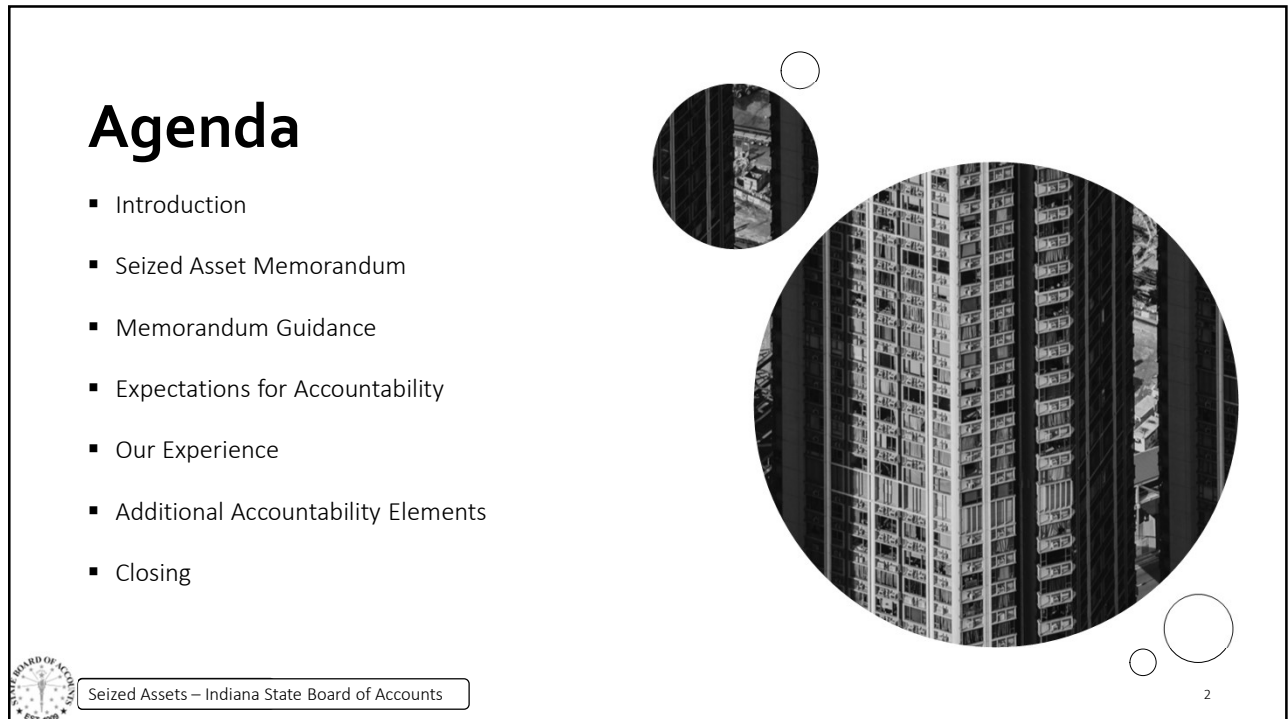


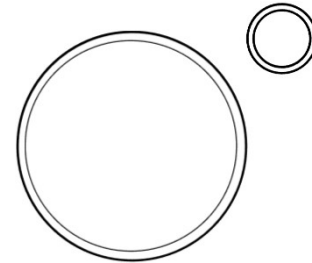
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# Learning Objectives:

- To understand the seizure and forfeiture provisions of IC 34-24-1 so that the amount of financial assets seized and held by law enforcement may be considered in the application of GASB 84 and compilation of GAAP financial statements for the primary government.
- Recommended for 1 CPE – Accounting (Governmental)



# Introduction

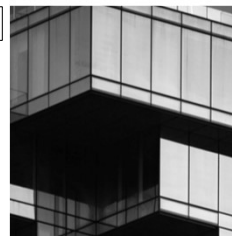
Code Word 1

SEIZED

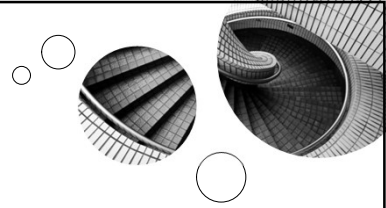
Handling of Seized Assets pending Judgment was brought to our attention in relation to GAAP financial statements.

Upon examination it was determined these assets should be reported as a fiduciary activity per GASB 84 paragraph 11.

After inquiring with multiple units, it was discovered that the handling of seized assets was not consistent and may need clarification and guidance.



# Memorandum Review



## Indiana Code 34-24-1

- Prosecuting attorney for the County in which the seizure occurred may cause an action for forfeiture by filing complaint in the proper court.
- After filing a forfeiture action, the prosecuting attorney shall report the details of when the property was seized; the nature of the property; and whether filing was in state court or through federal adoptive seizure with the Indiana Prosecuting Attorneys Council
- Requesting to review the County prosecuting attorney's copy of these reports at year end when judgment has not been entered may be helpful to make sure GAAP financial statements include financial assets in the fiduciary funds that are being held awaiting distribution at year end.

## GASB Implementation Guide 2020-1 Q&A

- **Q:** A county sheriff seizes cash and financial assets from an individual suspected of committing a crime. The cash is deposited into a separate bank account in the county's name. The seized assets are held by the sheriff until the court issues a verdict. If the court concludes that the assets were used in the commission of the crime, the cash and other financial assets are forfeited. If the court concludes the assets were not used in the commission of the crime, the seized assets are returned to the defendant. Should the county report the holding of the seized cash and other financial assets as a fiduciary activity until a judgment is rendered?
- **A:** Yes. The seized cash and other financial assets are held by the county; therefore, the control criterion as discussed in paragraph 12 of Statement No. 84, *Fiduciary Activities* is met. As a result, the activity (financial assets and related net position) should be reported as a fiduciary activity until a judgment is rendered.



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## What This Requires

- Fiscal officers, compilers and the auditors will need to determine if law enforcement agencies of the local government are holding cash and other financial assets seized that have not been returned to the owner or forfeited by court order at year-end.
- These assets would need to be accounted for in fiduciary funds for GAAP reporting purposes unless it can be shown that GASB 84, paragraph 11 does not apply, or the dollar amount identified is not material.

Let's dive in



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# Expectations for Accountability

Code Word 2

## CUSTODY



### Place Under Seal

- Ex: Seized assets are held within an evidence locker or vault/safe.



### Remove to Place Designated by Court

- Ex: Seized funds are remitted to Clerk for deposit into a separate bank account to ensure any interest is accounted for accordingly.



### Require Another Agency to Take Custody

- Ex: Federal forfeiture where the federal government would account for those assets.



### Further Guidance

- *The County Bulletin and Uniform Compliance Guidelines, Vol. No. 416, Sept 2019*
- *Cities and Towns Bulletin and Uniform Compliance Guidelines, Sept 2022*



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# What We Found

## Finding 1

- Seized funds held with Sheriff in a safe until Judgment.
- Funds transferred to Treasurer.
- Funds "paid" by Treasurer per court order.

## Finding 2

- Seized funds held with Sheriff in separate bank account until Judgment.
- Funds transferred to Clerk.
- Funds "paid" by Clerk per court order.

## Finding 3

- Funds seized by Police Chief.
- Funds transferred to City on weekly basis.
- Funds maintained by City in separate fund until court order is received noting payment.

## Finding 4

- Seized funds held with Sheriff for two weeks.
- Funds converted to cashier's check and transferred to Auditor.
- Auditor receipts into General Fund as "Other Receipts".



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## Accounting for Seized Assets

Follow procedures outlined in [IC 34-24-1-2](#)

### Develop, implement, and document internal controls

- How will seized cash and/or property be handled
- Securely kept in department, cash deposited in bank account, etc.

### Log, track, and identify seized item(s) - cash, personal property, real property

- Name, Case #, Amount (Value), Date, Location, Released Date, Person item released to
- Real or Personal Property Value – only needed at 12/31
- Procedures for reconciling

## Reporting to Fiscal Officer

### Cash

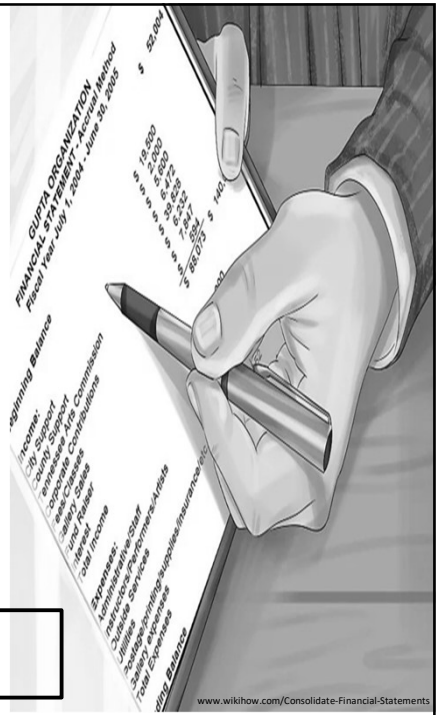
- Cash physically on hand or contained in a bank account is to be reported

### Real or Personal Property

- County Sheriffs and City Police Departments will need to report any real or personal property values to the unit's fiscal officer
- Fiscal officers should design and implement procedures and controls to ensure law enforcement agencies report amounts.

Code Word 3


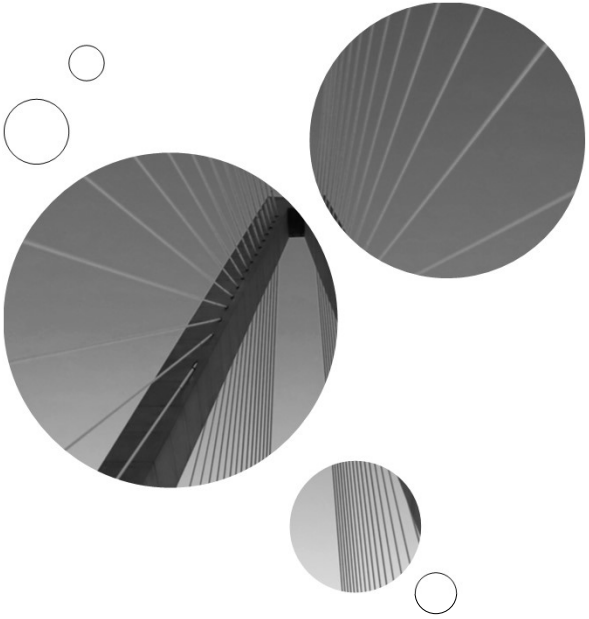
**ACCOUNT**



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Thank you for your continued commitment to excellent financial reporting.

We look forward to assisting you in working through this change.




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**Questions  
Or  
Concerns?**



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