CITIZENS' REPORT

SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION




THE DEPARTMENT OF THE TREASURY

FY 2015

Issued February 16, 2016

Department of the Treasury Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad; strengthen national security by combating threats and protecting the integrity of the financial system; and manage the U.S. government's finances and resources effectively.

Treasury's Strategic Goals

1. Promote domestic economic growth and stability while continuing reforms of the financial system

2. Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth

3. Fairly and effectively reform and modernize federal financial management, accounting, and tax systems

4. Safeguard the financial system and use financial measures to counter national security threats

5. Create a 21st-century approach to government by improving efficiency, effectiveness, and customer interaction

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INTRODUCTION

This *Citizens' Report*, or *Summary of Performance and Financial Information*, complements the *Agency Financial Report (AFR) for Fiscal Year (FY) 2015* that was published in November 2015. It presents a summary of the Department of the Treasury's (Treasury or the Department) financial information relative to its vital mission and the stewardship of the resources entrusted to us. Like the AFR, it also highlights Treasury's priorities, accomplishments, and challenges in implementing programs to promote conditions that enable economic growth and stability at home and abroad, protect the integrity of the financial system, and effectively manage the U.S. Government's finances and resources.

Throughout its rich history, Treasury's core mission has not changed. Today, with approximately 100,000 employees in its ranks, Treasury remains the steward of the U.S. economy — taking in revenue, meeting financial obligations, and, when appropriate, borrowing and investing public funds. In recent years, Treasury's role expanded to include being a leader in safeguarding and growing the nation's economy.

For FY 2015, Treasury used the alternative approach identified in the Office of Management and Budget's (OMB) Circular A-136 to produce its Performance and Accountability Reports, which consists of three reports.

FY 2015 Performance Report Title	Delivery Date	Website Location
Agency Financial Report	November 16, 2015	http://www.treasury.gov/about/budget-performance/annual-performance-plan/Pages/default.aspx
Annual Performance Report *(submitted with the Department's congressional Budget Justification)*	February 10, 2016	http://www.treasury.gov/about/budget-performance/Pages/cj-index.aspx
Citizens' Report (Summary of Performance and Financial Information)	February 16, 2016	http://www.treasury.gov/about/budget-performance/annual-performance-plan/Pages/default.aspx

WHAT'S IN THIS REPORT?

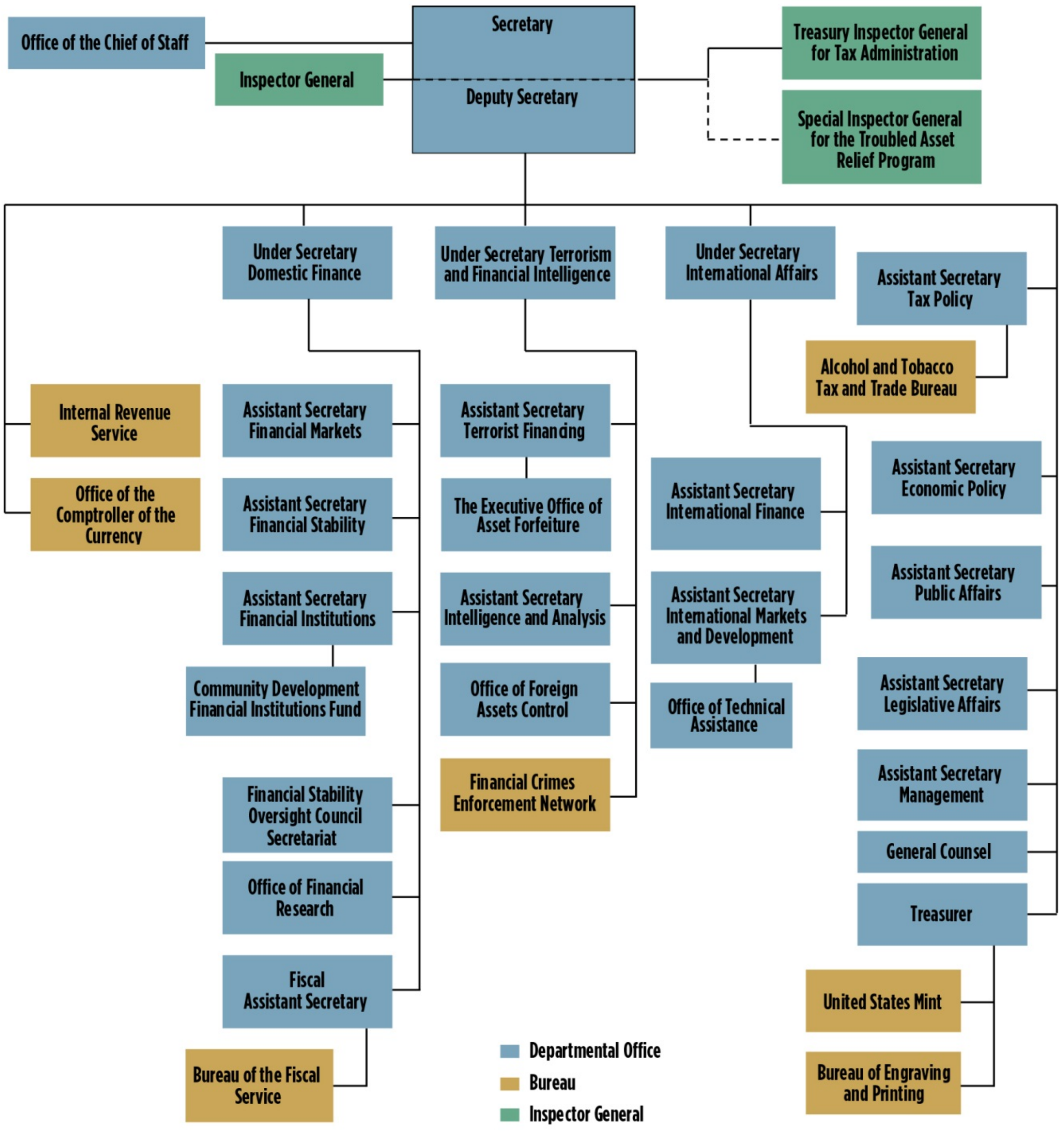
The *Citizen's Report* is designed to provide to the public a high-level overview of Treasury's performance, organized into the following sections:

- The *Organization* section describes how Treasury is structured, including descriptions of its bureaus and offices.
- The *Treasury Strategic Framework* section outlines Treasury's current strategic goals, objectives, agency priority goals (APGs), and organizational performance management practices.[1]
- The *Performance Overview* section summarizes FY 2015 performance for each strategic goal, including selected accomplishments and key data. Four-year trends are analyzed using colored arrows, with the arrow (up, down, or side-to-side) indicating the direction and the color (red, yellow, or green) indicating the desirability of the result.
- The *Summary of Management and Performance Challenges* highlights cross-cutting issues encountered.
- The *FY 2016 Outlook* section highlights planned next steps to advance Treasury's strategic priorities.
- The *Financial Highlights* section analyzes key financial data, including Treasury's balance sheet, net cost, budgetary resources, and revenue received.
- The *Condensed Financial Statements* section provides key financial figures included in the AFR in a summarized format.

[1] Access current and past strategic plans at http://www.treasury.gov/about/budget-performance/strategic-plan/Pages/index.aspx and APGs at http://www.performance.gov/agency/department-treasury?view=public#apg

ORGANIZATION

Treasury is organized into the Departmental Offices, seven bureaus, and three inspectors general. The Departmental Offices are primarily responsible for policy formulation, while the bureaus are the operating units of the organization.[2]



[2] In addition to the listed organizations, the Office of Risk Management, created in FY 2015, and the Office of Small and Disadvantaged Business Utilization report to the Deputy Secretary. Learn more about Treasury's bureaus and offices on the following pages and at http://www.treasury.gov/about/organizational-structure/Pages/default.aspx. For financial reporting purposes, the Departmental Offices includes the entities described in the following section, the various funds and programs managed by them (referenced in Part 2 of this report), and the Federal Financing Bank (FFB).

DEPARTMENTAL OFFICES

Domestic Finance works to preserve confidence in the U.S. Treasury securities market, effectively manage federal fiscal operations, strengthen financial institutions and markets, promote access to credit, and improve financial access and education in service of America's long-term economic strength and stability.

Terrorism and Financial Intelligence (TFI) marshals the Department's intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats.

International Affairs protects and supports U.S. economic prosperity and national security by working to foster the most favorable external environment for sustained employment and economic growth in the United States.

Tax Policy develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code, negotiates tax treaties, and provides economic and legal policy analysis for domestic and international tax policy decisions. Tax Policy also provides revenue estimates for the President's Budget.

Economic Policy reports on current and prospective economic developments and assists in the determination of appropriate economic policies. The office is responsible for the review and analysis of domestic economic issues and developments in the financial markets.

The Treasurer of the United States oversees the U.S. Mint and Bureau of Engraving and Printing, chairs the Advanced Counterfeit Deterrence Steering Committee, and is a key liaison with the Federal Reserve. In addition, the Treasurer serves as a senior advisor to the Secretary in the areas of community development and public engagement.

The Office of Management, including the Chief Financial Officer (CFO), manages the Department's financial resources and oversees Treasury-wide programs, including human capital, information technology, acquisition, and diversity and inclusion.

Other offices within Departmental Offices include General Counsel, Legislative Affairs, and Public Affairs.

Three Inspectors General – the Office of the Inspector General (OIG), the Treasury Inspector General for Tax Administration (TIGTA), and the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) – provide independent audits, investigations, and oversight of Treasury and its programs.

BUREAUS

The Alcohol and Tobacco Tax and Trade Bureau (TTB) collects federal excise taxes on alcohol, tobacco, firearms, and ammunition and is responsible for enforcing and administering laws covering the production, use, and distribution of alcohol products.

The Bureau of Engraving and Printing (BEP) develops and produces U.S. currency notes that are trusted worldwide.

The Financial Crimes Enforcement Network (FinCEN) safeguards the financial system from illicit use, combats money laundering, and promotes national security through the collection, analysis, and dissemination of financial intelligence and strategic use of financial authorities.

The Bureau of the Fiscal Service (Fiscal Service) provides central payment services to federal program agencies, operates the U.S. Government's collections and deposit systems, provides government-wide accounting and reporting services, manages the collection of delinquent debt owed to the U.S. Government, borrows the money needed to operate the U.S. Government through the sale of marketable, savings, and special-purpose U.S. Treasury securities (including the state and local government series), and accounts for and services the public debt.

The Internal Revenue Service (IRS) is the largest of the Department's bureaus and determines, assesses, and collects tax revenue in the United States.

The United States Mint (U.S. Mint) designs, mints, and issues U.S. circulating and bullion coins; prepares and distributes numismatic coins and other items; and strikes Congressional Gold Medals and other medals of national significance. The U.S. Mint maintains physical custody and protection of most of the nation's gold and all of its silver assets.

The Office of the Comptroller of the Currency (OCC) charters, regulates, and supervises national banks and federal savings associations (thrifts) to ensure that they operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations. The OCC also supervises federal branches and agencies of foreign banks and has rule-making authority for all savings associations.

Treasury Strategic Framework

The Government Performance and Results Act (GPRA) of 1993 and the *GPRA Modernization Act of 2010* establish the need for agencies to identify performance goals, report progress against targets, and conduct data-driven reviews. When done well, these practices serve two key purposes for stakeholders within and outside of the organization: to assess the organization's health and impact and to inform decision-making and strategy, including effective resource allocation. In this spirit, Treasury developed a strategic framework supported by best-in-class organizational performance practices to ultimately help achieve its strategic goals.

Treasury Organizational Performance Review Cycle

Treasury's organizational performance reviews provide a regular forum for open dialogue and coordination between Department and bureau and office leadership, bringing together different perspectives to set and align priorities, identify and solve problems, review agency performance goals, and drive results. The cycle integrates statutory requirements to conduct quarterly performance reviews of agency goals and a Strategic Objective Annual Review (SOAR), which analyzes cross-cutting performance and designates a set of strategic objectives as making "Noteworthy Progress" or as a "Focus Area for Improvement." In addition to these department-level reviews, bureaus and offices validate performance data each quarter and many run their own internal performance reviews.

	Fall	Winter	Spring	Summer
Focus	Bureau-level Performance	Department-level Performance (SOAR)	Bureau-level Performance	Performance-based Budget
Goals/ Outcomes	• Gain a shared understanding of previous year's progress at the bureau/office level • Identify and align priorities • Recognize successes	• Evaluate cross-agency progress toward strategic objectives • Identify issues to discuss with OMB	• Assess progress on priorities • Surface problems or assistance needed • Discuss solutions • Recognize successes	• Connect priorities to future funding • Understand performance impacts

FY 2014-2017 Strategic Framework

The strategic framework comprises the Department's FY 2014-2017 strategic goals and objectives and FY 2014-2015 Agency Priority Goals (APGs), which align to specific objectives. All bureaus and offices align their programs and performance within this framework.

	Strategic Goals	Strategic Objectives/APGs	Contributing Bureaus/ Offices
Economic	Goal 1: Promote domestic economic growth and stability while continuing reforms of the financial system	1.1: Promote savings and increased access to credit and affordable housing options 1.2: Wind down emergency financial crisis response programs 1.3: Complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability 1.4: Facilitate commerce by providing trusted and secure U. S. currency, products, and services for use by the public	Domestic Finance International Affairs Economic Policy BEP Fiscal Service OCC TTB U.S. Mint
Economic	Goal 2: Enhance U.S. competitiveness and job creation, and promote international financial stability and more balanced global growth	2.1: Promote free trade, open markets, and foreign investment opportunities 2.2: Protect global economic and financial stability and press for market-determined foreign exchange rates 2.3: Advance U.S. economic, financial, and national security goals by leveraging multilateral mechanisms 2.4: Provide technical assistance to developing countries working to improve public financial management and strengthen their financial systems	International Affairs TFI Economic Policy Tax Policy
Financial	Goal 3: Fairly and effectively reform and modernize federal financial management, accounting, and tax systems	3.1: Improve the efficiency and transparency of federal financial management and government-wide accounting 3.2: Improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. government 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code	Domestic Finance Tax Policy Fiscal Service IRS TTB
Security	Goal 4: Safeguard the financial system and use financial measures to counter national security threats	4.1: Identify priority threats to the financial system using intelligence analysis and outreach to the financial sector 4.2: Develop, implement, and enforce sanctions and other targeted financial measures 4.3: Improve the cybersecurity of our nation's financial sector 4.4: Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing standards *Aligned APG: Focus Enforcement on High-Priority Threats Using Proactive Analysis*	TFI Domestic Finance FinCEN OCC
Management	Goal 5: Create a 21st-century approach to government by improving efficiency, effectiveness and customer interaction	5.1: Increase workforce engagement, performance, and diversity by instilling excellence, innovation, and inclusion in Treasury's organizational culture and business practices 5.2: Support effective, data-driven decision-making and encourage transparency through intelligent gathering, analysis, sharing, use, and dissemination of information 5.3: Promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability 5.4: Create a culture of service through relentless pursuit of customer value *Aligned APG: Increasing IRS Self-Service Options for Taxpayers*	All Offices and Bureaus, led by the Office of Management

PERFORMANCE OVERVIEW

GOAL 1: PROMOTE DOMESTIC GROWTH AND STABILITY WHILE CONTINUING REFORMS OF THE FINANCIAL SYSTEM

Strategic Objective 1.1: Promote savings and increased access to credit and affordable housing options

Strategic Objective 1.2: Wind down emergency financial crisis response programs

Strategic Objective 1.3: Complete implementation of financial regulatory reform initiatives, continue monitoring capital markets, and address threats to stability

Strategic Objective 1.4: Facilitate commerce by providing trusted and secure U. S. currency, products, and services for use by the public

INCREASED ACCESS TO CREDIT AND SAVINGS

The Small Business Jobs Act of 2010 (Jobs Act), which celebrates its fifth anniversary this year, has produced impressive results. The law created the State Small Business Credit Initiative (SSBCI), which is charged with increasing the availability of credit for small businesses and generating jobs and other economic development benefits for states. Because of the program's success, Treasury seeks to reauthorize it through FY 2023. Since its passage, SSBCI has supported more than 12,400 private sector loans or investments to small businesses and helped create or retain more than 140,000 jobs, as reported by the small businesses who received the loans and investments.[3] As of June 30, 2015, approximately $1.26 billion of $1.46 billion total funds available for disbursement have been provided to the states.[4] As of December 2014, states had expended $864 million of these funds to leverage $6.4 billion in new lending or investing.

The Jobs Act also created the Community Development Financial Institutions (CDFI) Bond Guarantee Program, which is administered by the CDFI Fund. Bonds issued under the program support CDFI lending activity in underserved communities by providing a source of long-term capital. Under FY 2013 and 2014 authority, Treasury provided four bond guarantees, which supported eight bond loans totaling $525 million. On September 29, 2015, Treasury announced that an additional nine bond loans, totaling $327 million, were guaranteed in FY 2015.

Helping Americans save—for retirement and other goals—is a top priority for Treasury. Millions of workers in America either do not have access to an employer-sponsored retirement plan or lack options to save for retirement. In December 2014, Treasury began the initial pilot phase of *my*RA, or *my* Retirement Account, that makes saving for retirement simple, safe, and affordable. In addition, Treasury continued to lead the administration's efforts to help Americans have the financial information and skills they need to make sound choices in a complex financial system by chairing the interagency Financial Literacy and Education Commission and receiving important recommendations from the President's Advisory Council on Financial Capability for Young Americans. Additionally, Treasury worked closely with the Department of Education to improve the federal student loan system.

ECONOMIC RECOVERY AND STABILITY

FY 2015 also marked the fifth anniversary of the most far-reaching and comprehensive financial reforms since the Great Depression: the *2010 Dodd-Frank Wall Street Reform and Consumer Protection Act* (Dodd-Frank Act). During the darkest moments of the 2008 financial crisis, the U.S. economy was contracting at the fastest rate in 50 years. By early 2009, companies were shedding more than 800,000 jobs a month and, eventually, the unemployment rate reached 10

[3] SSBCI December 2014 Annual Report
[4] SSBCI June 2015 Quarterly Report

percent. The crisis demonstrated that excessive risk-taking, low levels of capital, unsafe lending practices, and inadequate oversight within the financial system can have a real impact on the lives of all Americans. By enacting the Dodd-Frank Act, the U.S. Government set out to reform Wall Street to be more stable, transparent, and focused on serving customers.

Five years later, with nearly all of the major rules written, the financial system is safer, stronger, and more resilient. The economy is growing and unemployment rate has dropped to 5.0 percent as of November 2015.[5] Regulators have modern, common-sense tools to protect taxpayers, and banks have more capital to cover potential losses. And since financial crises do not respect national borders, Treasury is working through the Group of 20 (G-20) and Financial Stability Board (FSB) to make sure that the Department's high standards are implemented globally. This year, the FSB will finalize a new international standard on total loss absorbing capacity (TLAC) for globally systemically important banks and standards for higher loss absorbing capacity for globally systemically important insurers.

Additionally, the emergency financial crisis response programs continue to wind down effectively. In December 2014, the Troubled Asset Relief Program (TARP) fully liquidated its investment in Ally Financial and realized cumulative receipts of $19.6 billion ($2.4 billion more than invested). The ultimate cost to taxpayers of TARP programs dropped from the FY 2009 estimate of $341.0 billion to $37.2 billion as of September 2015. TARP's foreclosure prevention programs provided more than 1.5 million homeowners with permanent mortgage modifications, which equates to approximately $38.7 billion in realized monthly mortgage payment savings for these homeowners.

Monitoring for new risks to the financial system and the broader economy remains a top priority for Treasury and other regulators. For example, on October 15, 2014, the U.S. Treasury market experienced significant volatility. To better understand the sources of that volatility, Treasury, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, the Securities and Exchange Commission, and the Commodity Futures Trading Commission conducted an analysis and issued a joint report in July 2015. The report analyzed a host of factors, including changes in global risk sentiment and investor positions, and those related to the evolution of Treasury market structure, in an effort to explain the events of that day. Treasury will continue to work with partners, including through the Financial Stability and Oversight Council (FSOC), to monitor the financial system and investigate any potential threats to financial stability.

The Future of Currency

During the summer of 2015, Secretary Lew announced that the $10 bill, the first in a new family of notes, will undergo a redesign and that a woman's portrait will be featured on U.S. paper currency for the first time in more than a century.[6] The newly designed note is also expected to incorporate a raised tactile feature that increases accessibility and usability for the blind and visually impaired community. As part of his announcement, the Secretary asked Americans to engage in the redesign process by weighing in on whose portrait should be featured and how currency can honor the country's rich history of democracy. Treasury received more than 1.5 million responses from the public to date through face to face meetings, roundtables, town halls, Twitter, Instagram, Facebook, emails, and handwritten letters.

The Department is also working to evaluate the future of coins. The U.S. Mint provided research to Congress on potential alternative metals for coins that could drive down metal costs.

[5] U.S. Bureau of Labor Statistics, November 6, 2015 release.
[6] Access https://www.thenew10.treasury.gov/ for more information.

Facilitation of Commerce

Treasury plays an important role in facilitating commerce for certain industries, such as the alcoholic beverage industry, that rely on Treasury's approval to enter the market. As these industries continue to expand, particularly in the small winery, brewery, and spirits areas, new businesses that are qualified to operate are waiting longer for permits. Further, increased demand for approvals of alcohol beverage labels and formulas, and declining resources to manage the approval processes, has required Treasury to work to fundamentally reshape these programs. Processing times for these approvals have also increased in recent years, which impede compliant commerce for industry members, and are particularly detrimental to small business. Recent efforts to reduce processing times—including an expanded list of label revisions allowable without new approval—have been outpaced by industry growth.

Key Performance Data Highlights

Measure (Responsible Bureau/Office)	FY 12	FY 13	FY 14	FY 15	4-yr Trend	FY 15 Target	Result vs Target
Percentage of CDFI Program loans & investments originated to eligible distressed communities or underserved populations by dollar amount (%) (Domestic Finance - CDFI Fund)	84.9	77.1	70.8	80.1		60.0	Exceeded
Manufacturing costs for currency – dollar costs per thousand notes produced (BEP)	43.3	50.5	42.0	43.62		55.0	Exceeded
Seigniorage per dollar issued (Mint)	.21	.24	.37	.49		.24	Exceeded
Percent of permit applications processed within service standards (TTB)	61	50	58	47		85	Not Met
Percent of label and formula applications processed within service standards (TTB)	83	49	67	75		85	Not Met

Explanation of Results

Percentage of CDFI Program loans & investments originated to eligible distressed communities or underserved populations by dollar amount (Domestic Finance - CDFI Fund)
This measure demonstrates the impact of CDFI awardees in serving eligible distressed communities and underserved populations by lending reported during the program year. By regulation, all certified CDFIs must originate 60 percent or more of their loans and investments in eligible distressed census tracts or to underserved populations. The target is a threshold that must be met or exceeded, recognizing the need for CDFIs to balance their mission to service distressed communities and underserved populations with safety and soundness considerations. The increase over the prior year was due to full adoption of the 2010 five-year American Community Survey (ACS) data to define eligible distressed census tracts (the prior year reporting allowed the use of either 2000 decennial data or the five-year ACS data).

Manufacturing costs for currency – dollar costs per thousand notes produced (BEP)
This measure calculates the actual manufacturing cost for currency notes, which includes direct labor costs, the cost of raw materials used, and related manufacturing overhead charges. The FY 2015 cost of manufacturing was lower than anticipated due to savings resulting from increased volume and decreased spoilage.

Seigniorage per dollar issued (Mint)
This measure calculates the difference between the face value and the cost of minting and issuing circulating coins. Seigniorage per dollar issued is the seigniorage generated from each dollar of circulating coinage face-value shipped to Federal Reserve Banks. FY 2015 results exceeded the target and prior year performance due to a 24 percent increase in circulating shipment volumes coupled with a 9 percent reduction in general and administrative costs.

Percent of permit applications processed within service standards (TTB)
This measure indicates how often TTB processes permit applications within the established customer service standards, which are reviewed annually for new businesses seeking to engage in alcohol or tobacco manufacturing or distribution to ensure timely market entry for qualified individuals. As the majority of permit applications are filed electronically, TTB implemented system enhancements in FY 2015 to reduce bottlenecks in the approval process. However, the volume of applications, particularly in the manufacturing segments of small wineries, breweries, and distilleries, offset gains and resulted in continued processing delays.

Percent of label and formula applications processed within service standards (TTB)
This measure indicates how often TTB processes alcohol beverage label and formula applications within the customer service standards established for the respective programs to improve consistency and reliability for the business community served. Service standards are annually reviewed and updated to account for various factors, including workload and resources. Though TTB achieved substantial improvement in performance in the last two years, performance remains below target as TTB efforts to manage the volume of submissions by reducing filing requirements associated with label and formula approval have been offset by increased applications due to industry growth.

GOAL 2: ENHANCE U.S. COMPETITIVENESS AND JOB CREATION, AND PROMOTE INTERNATIONAL FINANCIAL STABILITY AND MORE BALANCED GLOBAL GROWTH

Strategic Objective 2.1: Promote free trade, open markets, and foreign investment opportunities

Strategic Objective 2.2: Protect global economic and financial stability and press for market-determined foreign exchange rates

Strategic Objective 2.3: Advance U.S. economic, financial, and national security goals by leveraging multilateral mechanisms
Identified as a **Focus Area for Improvement** in FY 2015 due mainly to external factors slowing progress, specifically securing congressional approval of the International Monetary Fund (IMF) Reform package.

Strategic Objective 2.4: Provide technical assistance to developing countries working to improve public financial management and strengthen their financial systems
Identified as making **Noteworthy Progress** in FY 2015 due to the Office of Technical Assistance's (OTA) reputation in program management and the results of recently completed projects, particularly in Latin America where OTA helped to establish Latin America's first Tax Inspector General.

PROGRESS TOWARD BALANCED GROWTH

Leveraging multilateral mechanisms, Treasury made progress enhancing global economic growth prospects by securing commitments from the G-20 countries at the Brisbane Leaders' Summit in November 2014 to boost near-term demand through comprehensive growth strategies and to establish the Global Infrastructure Hub to increase global investment. The plan's emphasis on comprehensive growth strategies to boost demand over the near-term reflected an important U.S. policy priority. Additional commitments to boost growth have been secured through the G-20 process in 2015.

In addition, Treasury defined the policy framework for development finance for the next 15 years by successfully negotiating the adoption of the *Addis Ababa Action Agenda* at the Third International Conference on Financing for Development in July 2015. The conference provided a forum to promote a modern and updated approach to development finance, including a bold vision for achieving a prosperous, inclusive, and sustainable world free from extreme poverty. It also provided the financing framework for the *2030 Agenda for Sustainable Development* adopted by world leaders in September 2015. The 2030 agenda includes 17 development goals in the areas of domestic resource mobilization, private sector investment, combatting illicit finance, sustainable infrastructure, improved data, maternal and child health, and others.

With the United States Trade Representative (USTR), Treasury co-leads the negotiation of financial services chapters of free trade agreements. In June 2015, Congress passed Trade Promotion Authority (TPA), which granted the President the authority to negotiate trade deals that will then be considered by Congress under an expedited approval process. Notable progress was made promoting free trade and open markets by reaching agreement on the largest regional trade accord in history, the Trans-Pacific Partnership (TPP) agreement, and by advancing the Transatlantic Trade and Investment Partnership and the broader U.S. trade agenda.

Efforts to Promote Global Stability

Treasury protects and supports American economic prosperity by strengthening the external environment for U.S. growth, preventing and mitigating global financial instability, and managing key global challenges. New commitments secured from China at the June 2015 Strategic and Economic Dialogue (S&ED) will lead to implementation of economic reforms and pro-market policies that will create new opportunities and a more level playing field for U.S. workers and firms. They also included commitments from China on the negotiation of international export credit disciplines, exchange rate policy and transparency, market access for U.S. high-technology goods and services, and expanded participation in China's markets by U.S. financial services providers. Further commitments were secured during the September 2015 State Visit of China's president in the areas of development finance and foreign investment policy. These commitments will serve to protect global economic and financial stability.

Additionally, Treasury continued efforts with European counterparts to encourage institutional development in the euro area and remained engaged with the International Monetary Fund (IMF) to monitor progress toward economic stabilization in vulnerable countries like Ukraine and Greece. In May 2015, the U.S. Agency for International Development (USAID) and the Hashemite Kingdom of Jordan (Jordan) signed a third sovereign loan guarantee agreement that will help Jordan continue to provide critical services to its citizens and support specific economic reforms to promote economic stability and growth. These guarantees, which Treasury helped to design, have proven successful in supporting Jordan's reform efforts during a time of regional instability.

International Leadership and Assistance

Treasury continues to engage with G-20 members to leverage the FSB to collective advantage, supporting the FSB's objectives of greater financial stability, strong, sustainable, and balanced growth, and a level playing field for firms both in the United States and globally. Progress was made on the key objectives for global regulatory reform set out at the Pittsburgh Summit in 2009, including: building more resilient financial institutions with higher capital requirements and better quality capital; making the over-the-counter (OTC) derivatives markets safer and more transparent; addressing the risks posed by the largest, most complex financial institutions; and monitoring potential emerging threats to financial stability.

While Treasury made progress on several key international issues, evolving global geopolitical and financial crises and slowing economic growth in key regions and countries required Treasury to respond nimbly to immediate priorities, leaving less time for longer-term goals. Compounding these external challenges, Congress again failed, in FY 2015, to approve the 2010 IMF Quota and Governance Reforms and provide sufficient support for multilateral assistance priorities. This strains the ability of the United States to lead in these institutions and can adversely impact the willingness of other countries to engage in advancing U.S. priorities.

Despite these challenges, Treasury continues to provide critical technical assistance to finance ministries and central banks in developing countries. In FY 2015, Treasury's Office of Technical Assistance (OTA) successfully completed several projects in Latin America to provide regional models of excellence in public financial management. For example, Treasury's assistance enabled the establishment of the first tax inspector general within the Colombian government, now seen as a leader and model for surrounding countries. In FY2015, OTA also continued to provide technical assistance to the Ukrainian government as part of the U.S. Government's rapid response to stabilize the banking sector and strengthen government finances.

KEY PERFORMANCE DATA HIGHLIGHTS

Measure (Responsible Bureau/Office)	FY 12	FY 13	FY 14	FY 15	4-yr Trend	FY 15 Target	Result vs Target
Timely review of Committee for Foreign Investment in the U.S. (CFIUS) cases (%) (International Affairs)	N/A	100	100	100	↔	100	Met
Impact of Technical Assistance Programs - Changes that result from project engagement – 5 point scale (International Affairs)	3.1	3.0	2.9	2.9	↓	3.1	Not met
Traction of Technical Assistance Programs – scope and intensity of engagement – 5 point scale (International Affairs)	3.9	3.8	3.7	3.8	↔	3.6	Exceeded

Explanation of Results

Timely review of CFIUS cases (%) (International Affairs)
By statute and regulation, CFIUS must complete its consideration of a covered transaction within 75 days of acceptance of a notice regarding the transaction, except for transactions that the parties have voluntarily withdrawn. The 100 percent result for FY 2015 reflects that CFIUS timely reviewed all such notified transactions for national security concerns and concluded action transactions after determining there were no unresolved national security concerns.

Impact and Traction of Technical Assistance Programs (International Affairs)
Traction is the degree to which OTA's foreign counterparts are engaging proactively and constructively with OTA advisors, particularly at the working level. Traction was relatively high during the reporting period. Impact measures the extent to which a project is achieving the intermediate goals and ultimate outcomes described in the project's terms of reference and work plan during the fiscal year – such as passage of law or regulation, an increase in government revenues, an improvement in a government's credit rating, or a reduction in financial crimes. The impact measure is primarily a function of the extent to which OTA's foreign counterparts actually make use of OTA's technical advice and is dependent on a range of factors not within OTA's control, including the policy and political environment, the commitment of in-country actors to reform, overall economic conditions, and in some cases, the country's security environment. Taken together, these factors resulted in a lower average score during this reporting period. OTA is sometimes called upon to engage in countries where US foreign policy and national security interests are compelling but where the overall political economy and security environment is especially challenging and impact is hard to achieve. Sustaining traction in these difficult assistance projects is a mark of the program's strength. It should also be noted that relatively minor deviations from the baseline target are to be expected in assigning an aggregate numerical value to a program that consists of many individual projects – the traction and impact figures above are the average of more than 150 individual project ratings – implemented over multiple countries with different policy and political environments.

GOAL 3: FAIRLY AND EFFECTIVELY REFORM AND MODERNIZE FEDERAL FINANCIAL MANAGEMENT, ACCOUNTING, AND TAX SYSTEMS

Strategic Objective 3.1: Improve the efficiency and transparency of federal financial management and government-wide accounting
Identified as a **Focus Area for Improvement** in FY 2015 due to anticipated work that will be done in FY 2016 to implement the DATA Act and USAspending.gov improvements.

Strategic Objective 3.2: Improve the disbursement and collection of federal funds and reduce improper payments made by the U.S. Government

Strategic Objective 3.3: Pursue tax reform, implement the Patient Protection and Affordable Care Act and Foreign Account Tax Compliance Act, and improve the execution of the tax code

INNOVATIONS IN FEDERAL FINANCIAL MANAGEMENT

Treasury constantly seeks to lead the government in modernizing federal financial management. As a co-lead with OMB in implementing the *Digital Accountability and Transparency Act of 2014* (DATA Act), Treasury engaged with communities that create and use federal financial data to make it more transparent and available to the American people.[7] Once implemented, the DATA Act will make federal spending data more accessible, searchable, and reliable. In

[7] For more information on Treasury's efforts to implement the DATA Act, access https://www.usaspending.gov/Pages/Data-Act.aspx.

FY 2015, Treasury and OMB published new data standards based on public input that will help improve the quality of federal spending data and enable agencies to use common standards when reporting information. Treasury is also developing resources to support federal agencies in adopting the data standards and increasing spending transparency based on the DATA Act requirements. Treasury will continue to engage the public in the development of new online tools to support greater access to data and, by May 2017, further improve data accuracy on USAspending.gov.

The amount of college debt increased substantially in recent years, and the United States needs a world-class student lending system on par with its higher education system. To develop new solutions to this growing problem, the Department of Education partnered with Treasury to launch a pilot in February 2015 that allows Treasury to work directly with defaulted student loan borrowers. The pilot will yield valuable data and first-hand experience with the collections process, which should provide a better understanding of best practices and how to improve borrower outcomes.

Fiscal Responsibility

Treasury is entrusted with managing the nation's finances, collecting money and making payments on behalf of the United States. Treasury also determines and executes a borrowing strategy that meets the federal government's needs at the lowest cost over time. Furthermore, Treasury accounts for, and reports on, the U.S. Government's finances to the American people. Sound financial management enables the continual operation of essential government services.

In May 2015, Treasury changed its cash management policy to hold a higher level of cash to cover one week of average disbursements in the case of events that limit market access, such as cyberattacks or natural disasters. This change was based on a review of policies, recommendations from the Treasury Borrowing Advisory Committee, and an assessment of emerging threats.

Treasury also made strides in facilitating agencies' compliance with the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA). In FY 2015, Treasury enhanced its systems to allow for real-time matching of payments against death and vendor data. In addition, the incorporation of Privacy Act-restricted data improved vendor data matching and reduced false positives by 99.8 percent. Treasury also improved its analytics capabilities and developed agency-specific reports that provide a particular agency or program within the agency a high-level summary of statistical observations that may contribute to improper payments. These reports provide a means to inform agency management about these observations and to determine whether or not the observations call for a more in-depth analytical project in partnership with the agency, to assess the issue, determine root cause, and develop internal control methodologies to eliminate the issue in the future.

Despite this progress, challenges inhibiting eligibility verification remain, specifically in gaining access to additional data sources that will help prevent improper payments. To help mitigate some of these challenges, the *FY 2016 President's Budget* included a number of legislative proposals that would, if enacted by Congress, provide Treasury with additional tools to combat waste and fraud as well as greater authority to take actions that will prevent payment errors and improve compliance.

Tax Reform and Administration

Pursuing tax reform remains a top priority for Treasury, along with implementing tax provisions of the *Affordable Care Act* (ACA) and the *Foreign Account Tax Compliance Act* (FATCA) and administering the existing tax code fairly and effectively. In FY 2015, Treasury continued negotiating and signing FATCA agreements. At the end of FY 2015, there were 76 signed agreements, including 30 signed during the year, and an additional eight agreements in substance were reached. In July 2015, Treasury finalized the first-ever comprehensive tax treaty between the United States and Vietnam, which represents a significant step in expanding the U.S. tax treaty network (pending Senate approval).

To bring better transparency to the tax system and improve enforcement, Treasury successfully persuaded the Organization for Economic Cooperation and Development (OECD) to adopt the U.S. model to tighten the net on tax evaders. As part of the *FY 2016 President's Budget*, Treasury also introduced annual revenue proposals to Congress, including 27 new proposals. *The Administration's Fiscal Year 2016 Revenue Proposals* included an international tax reform section addressing inversions and 45 proposals for business tax reform. Finally in this area, TTB worked with the Department of Homeland Security's (DHS) Customs and Border Protection and other law enforcement partners to address illicit trafficking of products through customs bonded warehouses and foreign trade zones. TTB also plans to complete full integration into the International Trade Data System to improve excise tax enforcement efforts.

Despite these successes, effective tax administration grows more challenging every year due to the worsening IRS funding situation. In the past five years, IRS funding has been reduced by $1.2 billion, causing the IRS to implement severe controls on all expenditures. These controls, which include restrictions on staff replacement, led to a reduction of almost 15,500 full-time employees since FY 2010. The funding constraints also significantly affected the IRS's ability to modernize infrastructure and adequately staff systems. By prioritizing resources, the IRS delivered another successful filing season in 2015 in terms of return processing: opening on schedule and implementing new provisions of FATCA and ACA. The IRS also issued nine out of ten refunds in less than 21 days. The filing season was more challenging in terms of customer service, which is discussed further under Goal Five.

The IRS also dedicated significant resources to address tax fraud, resulting in the successful recovery of $813 million in 2015 and leading to a public-private partnership with software developers, banks, and other industries to identify and enact a series of steps to further protect taxpayers from tax-related identity theft in 2016. In 2015, through September, the IRS rejected or suspended the processing of 4.5 million suspicious returns and stopped 1.2 million confirmed identity theft returns, totaling $7.2 billion. Additionally, through September, the IRS stopped $2.3 billion worth of refunds in other types of fraud, totaling $9.5 billion defended against confirmed fraudulent returns.

KEY PERFORMANCE DATA HIGHLIGHTS

Measure (Responsible Bureau/Office)	FY 12	FY 13	FY 14	FY 15	4-yr Trend	FY 15 Target	Result vs Target
Percentage of Treasury payments and associated information made electronically (%) (Fiscal Service)	88.3	92.5	94.4	94.8	↑	94.9	Not Met
Percentage of total dollar amount of U.S. Government receipts collected electronically (%) (Fiscal Service)	97.0	97.0	98.0	98.0	↑	98.0	Met
Percentage of individual returns processed electronically (IRS)	80.5	82.5	84.1	85.3	↑	84.6	Exceeded
Taxpayer Self-Assistance Rate (IRS)	78.5	83.3	84.7	88.7	↑	85.0	Exceeded

Explanation of Results

Percentage of Treasury payments and associated information made electronically AND Percentage of total dollar amount of U.S. Government receipts collected electronically (Fiscal Service)
Fiscal Service has been promoting the Paperless Treasury initiative for several years in an effort to disburse payments, as well as receive and settle collections, through electronic means. Fiscal Service will expand the number of digital wallet providers and online bill payment agencies and will work with partner agencies to identify the best tools and strategies for transitioning more of their customers to electronic alternatives.

Percentage of individual returns processed electronically (IRS) The number of electronically filed individual tax returns divided by the total individual returns filed. The IRS exceeded its FY 2015 target and FY 2014 performance for individual returns processed electronically. This increase is attributed to taxpayers' increasing use of tax software and tax preparers to file their tax returns. The IRS will continue to process individual returns as efficiently as possible to meet future plans.
Taxpayer Self-Assistance Rate (IRS) The percentage of taxpayer assistance requests resolved using self-assisted automated services. In FY 2015, the Taxpayer Self-Assistance Rate was at an all-time high of 88.7 percent, which was 3.7 percent above target and 4.0 percent more than FY 2014. The increase was due to taxpayers' use of Web Services, particularly the "Where's My Refund" application. The IRS will continue to promote the web-first strategy to taxpayers, offering a more convenient, efficient, and effective way to meet their needs.

GOAL 4: SAFEGUARD THE FINANCIAL SYSTEM AND USE FINANCIAL MEASURES TO COUNTER NATIONAL SECURITY THREATS

Strategic Objective 4.1: Identify priority threats to the financial system using intelligence analysis and outreach to the financial sector

Identified as making **Noteworthy Progress** in FY 2015 due to the progress made in applying little-used authorities to share information and implementing the new business system and advanced algorithms to identify targets and pursue enforcement actions as a result of the intelligence.

Strategic Objective 4.2: Develop, implement, and enforce sanctions and other targeted financial measures

Identified as making **Noteworthy Progress** in FY 2015 due to the Joint Comprehensive Plan of Action signed in FY 2015 and the new regulations regarding Cuba sanctions

Strategic Objective 4.3: Improve the cybersecurity of our nation's financial sector

Identified in FY 2015 as making **Noteworthy Progress** due to the significant progress made in coordinating and engaging with industry and as a **Focus Area for Improvement** due to ever-evolving threats and complexities in sharing information.

Strategic Objective 4.4: Protect the integrity of the financial system by implementing, promoting, and enforcing anti-money laundering and counterterrorism financing standards

Aligned APG: Focus Enforcement on High-Priority Threats Using Proactive Analysis

IMPROVED PROTECTION OF THE FINANCIAL SYSTEM

Treasury works to protect the integrity of the financial system and advance key national security and foreign policy objectives through outreach, coordination, and collaboration with public and private sector partners; regulation, enforcement, financial intelligence analysis; and targeted financial activities and measures. One of Treasury's FY 2014-2015 Agency Priority Goals (APGs) was to use proactive analytics to focus enforcement on high-priority threats. By focusing on this APG, Treasury implemented advanced analytics capabilities and improved the use and sharing of information on threats to the financial system. In FY 2015, FinCEN initiated daily tactical reporting to law enforcement, foreign partners, and the intelligence community through the use of new information technology capabilities. By developing and employing business rules in a modernized system, FinCEN automatically screened Bank Secrecy Act (BSA) reports daily on topics of national security concern, including terrorist financing, cyber threats, and Ukraine kleptocracy. As a result of the efforts, FinCEN quadrupled the intelligence products provided and increased completed enforcement actions in FY 2015, compared to FY 2014.

FinCEN also moved the global community forward on anti-money laundering and counter-terrorism financing policies and coordinated multi-lateral efforts to support Ukraine's efforts to recover misappropriated assets. FinCEN issued the first civil enforcement action against a virtual currency exchanger, Ripple Labs, for willfully violating the BSA.

EFFECTIVENESS OF SANCTIONS PROGRAMS

Through a steady campaign to expose Iran's deceptive activities in the financial arena, Treasury isolated Iran's banks from the world's financial centers, wounding its trade and financial strength. Since 2010, these and other efforts led to the diplomatic process that produced the Joint Comprehensive Plan of Action in July 2015. This plan will ensure Iran's nuclear program remains exclusively peaceful and, in turn, will lift specified nuclear-related sanctions on Iran upon verification from the International Atomic Energy Agency that Iran has implemented key nuclear commitments. This success proves that smart, creative, persistent financial efforts, when backed by the superb support of the U.S. intelligence community, can change behavior.

In December 2014, the President announced a set of diplomatic and economic changes to chart a new course in U.S. relations with Cuba and further engage and empower the Cuban people. Treasury and the Department of Commerce published revised *Cuban Assets Control Regulations and Export Administration Regulations*, effective in January 2015, that will facilitate travel to Cuba for authorized purposes, approve processing of certain financial transactions, and allow other activities in the areas of telecommunications, financial services, trade, and shipping. In September 2015, Treasury and Commerce announced additional amendments to the Cuba sanctions regulations. These regulatory changes build upon the January amendments and will further facilitate the normalization process between Cuba and the United States.

Financial Sector Cyber Security

Cyber threats are vast and evolving—not just increasing in number, but also in types of incidents and means for intrusion. The prevalence of cyber risks creates a persistent and complex challenge for financial institutions spanning the sector. The financial costs of cyber-attacks are real and increasing; disruption of business, erosion of customers, loss of revenue, reputational damage and loss of confidence, and theft of intellectual property are just a few ways cyber-attacks hurt the financial system.

As the Sector Specific Agency for Financial Services, defined under Presidential Policy Directive 21, *Critical Infrastructure Security and Resilience*, Treasury participates in interagency and cross-sector initiatives and plays a key role in managing responses to disruptive events. While Treasury's sector-specific responsibilities include all hazards, whether natural or man-made, in recent years the Department has increasingly focused on promoting improvements in cybersecurity across the financial sector. In FY 2015, Treasury worked with industry to organize cybersecurity initiatives on a national level using the following themes: baseline protections, information sharing, and response and recovery.

In February 2015, the President signed an executive order encouraging and promoting the sharing of cybersecurity threat information within the private sector and between private and government entities. Treasury assisted DHS in promoting information sharing and analysis and worked this year to automate the information-sharing process.

To enable effective incident response, Treasury established and convened the first-ever meetings of the Financial and Banking Information Infrastructure Committee at the principal level and spearheaded the development of tabletop exercises to test cyber-incident response processes. In FY 2015, Treasury hosted three cyber-related exercises with more than 25 public and private sector organizations.

Protecting Treasury's infrastructure is critical to maintaining a secure financial infrastructure. Consequently, Treasury fully committed to OMB's government-wide cyber-sprint and created an internal cyber dashboard to monitor progress and potential threats. As of August 2015, Treasury met OMB's requirement for strong authentication of users with privileged access and was considered a top-performing federal agency for cybersecurity cross-agency priority goal.

KEY PERFORMANCE DATA HIGHLIGHTS

Measure (Responsible Bureau/Office)	FY 12	FY 13	FY 14	FY 15	4-yr Trend	FY 15 Target	Result vs Target
Percentage of users finding that the financial intelligence collected by FinCEN pursuant its regulations provides valuable information to safeguard the financial system, combat money laundering, and counter terrorist financing	90	80	81	83		82	Exceeded
Impact of TFI programs and activities – 10 point scale (TFI)	8.1	8.3	8.5	8.8		8.5	Exceeded

Explanation of Results

Percentage of users finding that the financial intelligence collected by FinCEN pursuant its regulations provides valuable information to safeguard the financial system, combat money laundering, and counter terrorist financing (FinCEN)
Survey data that looks at the value of FinCEN data, such as whether the data (1) provided unknown information, (2) supplemented or expanded known information, (3) verified information, (4) helped identify new leads, (5) opened a new investigation or examination, (6) supported an existing investigation or examination, or (7) provided information for an investigative or examination report. While the FY 2015 results remain lower than the FY 2012 level, FinCEN exceeded its target of 82 percent and the results have increased steadily for the past three years. FinCEN introduced a new query tool late in FY 2013 that changed how users access financial intelligence products. While this new tool provides enhanced search capabilities, it appears that limited training opportunities for users in FY 2013 caused a drop in results. As a result, since FY 2013, FinCEN has placed greater emphasis on both in-person and on-line training that will better assist users and continue to improve performance in this area.

Impact of TFI programs and activities (TFI)
There are several things that account for TFI's increase in program impact and activities to include the signed Joint Comprehensive Plan of Action in FY 2015 that implements sanctions relief to Iran in exchange for Iran taking steps to ensure a peaceful nuclear program, as well as the new regulations regarding Cuba sanctions. Additionally, TFI has advanced the rulemaking process for Beneficial Ownership, and TFI has continued funding Third Party Money Laundering cases and their operational needs.

GOAL 5: CREATE A 21ST CENTURY APPROACH TO GOVERNMENT BY IMPROVING EFFICIENCY, EFFECTIVENESS, AND CUSTOMER INTERACTION

Strategic Objective 5.1: Increase workforce engagement, performance, and diversity by instilling excellence, innovation, and inclusion in Treasury's organizational culture and business practices

Strategic Objective 5.2: Support effective, data-driven decision-making and encourage transparency through intelligent gathering, analysis, sharing, use, and dissemination of information

Strategic Objective 5.3: Promote efficient use of resources through shared services, strategic sourcing, streamlined business processes, and accountability
Designated as a **Focus Area for Improvement** in FY 2015 due to the challenges facing Treasury shared service providers and the anticipated efforts in the coming year to standardize products and services.

Strategic Objective 5.4: Create a culture of service through relentless pursuit of customer value
Aligned APG: Increasing IRS Self-Service Options for Taxpayers

PURSUIT OF BEST-IN-CLASS BUSINESS PRACTICES

Treasury's future success, both immediate and long term, depends on sustaining and developing the resources required to achieve the Department's mission. These critical resources include finances, physical assets, technology, and most importantly, people. In the FY 2014-2017 strategic plan, Treasury committed to capitalizing on 21st century advances in knowledge, methods, and technology to manage resources as effectively and efficiently as possible, creating the best value for all constituents.

During FY 2015, Treasury advanced several leading management practices. Treasury continued the workforce planning effort that began in FY 2014 and will focus next on the cybersecurity workforce. Treasury also established the Office of Risk Management, headed by the Chief Risk Officer, and Treasury's Deputy Secretary established the Treasury Risk Management Committee, which she co-chairs with the Chief Risk Officer, and introduced a more robust risk discussion in

Treasury's organizational performance reviews for leaders from different areas to surface potential risks and identify effective mitigation actions.

Employee Engagement

Recent events, including the cybersecurity breaches at the Office of Personnel Management (OPM) and sustained fiscal uncertainty, test employees' morale and ability to remain engaged. Fortunately, 94 percent of the Treasury responses to the Federal Employee Viewpoint Survey reflect that employees remain willing to put in extra effort to get a job done and 88 percent are constantly looking for ways to do their jobs better. In FY 2015, Treasury remained committed to fostering an environment where leaders and employees feel encouraged to focus on important principles of good government and empowered to take action. Treasury has institutionalized a focus on employee engagement by adopting an annual engagement program cycle of data-based action planning, program implementation, and periodic performance reviews. Additionally, the management offices responsible for individual and organizational performance management policy and implementation created the Performance Alignment Work Group to further improve alignment of individual actions to organizational results within Treasury.

Treasury also continued to foster an environment where every employee feels equally valued. In FY 2015, more than 200 supervisors and managers participated in a cultural transformation effort focused on diversity and inclusion principles. Human capital issues, including diversity and inclusion, were regular topics at the organizational performance reviews and remain a top priority for Treasury leadership.

Service to Customers

In Treasury's efforts to lead more efficient practices in government, Treasury expanded its customer base for shared administrative services this year to include the Department of Housing and Urban Development and DHS. While this is an indicator of the high quality of Treasury's products and services, customer feedback indicates that their needs and expectations vary greatly. Consequently, Treasury is working to improve communications and standardize services, products, and processes to sustain the cost efficiencies of the model and improve customer satisfaction.

Few government agencies have greater interaction with the American people than the IRS, and providing top quality service to taxpayers, including helping them understand and meet their tax obligations, remains a central focus for the IRS. That is why Treasury's second FY 2014-2015 APG focused on increasing self-service options for taxpayers, who increasingly expect on-demand web-based interactions. In FY 2015, the IRS continued to invest in and prioritize online services to meet taxpayer demand for anytime, anywhere, any-device access, delivering innovative digital interactions and enhanced support and communication with the tax community and government partners.

Online service options cost comparatively less and have a greater capacity to assist larger numbers of taxpayers than other service channels. At the same time, the IRS recognizes that telephone contact remains a critical and preferred mechanism for many taxpayers and, consequently, committed as many resources as possible in FY 2015 to maintaining telephone service at acceptable levels. As referenced earlier in this report, between FY 2010 and FY 2015, Congress cut the IRS budget by more than $1.2 billion, which represents a cut of nearly 10 percent in nominal dollars and more than 17 percent with inflation. This impacted the IRS's ability to serve taxpayers, contributing to the level of service falling to 38.1 percent in FY 2015. The IRS also experienced increased call volume in FY 2015 and issued 17.6 million disconnects, which are automatic call terminations by the IRS after a fixed waiting period. These "courtesy" disconnects are designed to limit excessive wait time and direct callers to alternative service channels.

Increasing the use of online services, however, results in additional challenges. In May 2015, the IRS determined that unauthorized third parties used taxpayers' personal information obtained from sources outside of the IRS to access its "Get Transcript" application by using stolen information to clear the application's multi-step user authentication process. The required prior personal knowledge about the taxpayer included social security number, date of birth, filing status, street address, and answers to several identity verification questions typically known only to the taxpayer. The IRS believes some of this information may be used to file fraudulent tax returns during the upcoming 2016 filing season. Immediately after this incident, the IRS suspended the "Get Transcript" application and contacted impacted taxpayers, directing them to identity theft protection tools available through the IRS and credit-monitoring services made available at the IRS's expense. The IRS also flagged impacted accounts in its core processing system to protect taxpayers moving forward. Securing systems and protecting taxpayers' personal information continues to be a top priority for Treasury.

Despite the threat of identity theft, taxpayers' demand for self-service and electronic service options continues to increase. The IRS plans to create a more secure online environment by focusing on developing and maintaining strong authentication and identity management capabilities. In addition, the IRS provides year-round assistance through outreach and education programs, tax forms and publications, and toll-free call centers, taxpayer assistance centers, volunteer income tax assistance sites, and tax counseling for the elderly sites.

Key Performance Data Highlights

Measure (Responsible Bureau/Office)	FY 12	FY 13	FY 14	FY 15	4-yr Trend	FY 15 Target	Result vs Target
Federal Employee Viewpoint Survey (FEVS) Engagement Index – 1 to 100 (%) (Management)	70	68	66	66		67	Not Met
Treasury-wide Footprint in Thousands of Sq. Ft. (Management)	37,998	37,320	36,411	35,439		36,031	Exceeded
Customer Service Representative Level of Service (%) (IRS)	67.6	60.5	64.4	38.1		38.0	Exceeded

Explanation of Results

Federal Employee Viewpoint Survey (FEVS) Engagement Index – 1 to 100 (%) (Management)
The FEVS Engagement Index denotes the extent to which employees are engaged in their work and motivated by their organization's leadership. Treasury's Engagement Index remained constant at 66 percent from 2014 to 2015. Eight out of eleven Treasury components increased their Engagement Index by 1 to 5 points from 2014 to 2015. Because of IRS's size, however, a decline of 1 point in its Engagement Index neutralized the effect of other bureau increases.

Treasury-wide Footprint in Thousands of Sq. Ft. (Management)
This measures the total square footage occupied by Treasury's owned and leased buildings. The Department's real property footprint was reduced by an estimated three percent (almost one million square feet) during FY 2015. The reduction was achieved through better use of existing office space, consolidations and co-locations, increased use of telework, and the implementation of new space design standards that use a reduced footprint to optimally right-size the portfolio consistent with Department mission and essential program needs. The Department projects that the footprint will be reduced by another 600,000 square feet in FY 2016.

Customer Service Representative Level of Service (%) (IRS)
This measure is defined as the number of toll free callers that either speak to a Customer Service Representative or receive information messages divided by the total number of attempted calls. In FY 2015, the Customer Service Representative Level of Service (LOS) target was lowered due to decreased resources and staffing and a projected increase in the number of ACA inquiries. During the filing season, the level of service was 37.4 percent; however, the overall fiscal year target was exceeded by 0.1 percent. FY 2015 Assistor Calls Answered decreased 21 percent and automatic disconnections based on wait times increased 11.6 percent when compared to FY 2014. Through extensive communication, the IRS encourages taxpayers to use the Web or automated tools and alternate channels to resolve their concerns.

Summary of Management and Performance Challenges

Several cross-cutting challenges were in identified and discussed in Treasury's FY 2015 organizational performance reviews that affect efforts to achieve its strategic priorities:

- **Changing international conditions and evolving threats:** As previously discussed, evolving and unpredictable global economic and geopolitical conditions affect Treasury's negotiations and program implementation. The nature of the threats that Treasury faces in the cybersecurity, anti-money laundering, and terrorist financing realms are also fast-growing and constantly changing. Additionally, while the economy has largely recovered, Treasury must remain vigilant to new threats to financial stability and economic growth.
- **Uncertain fiscal and legislative environments:** The pattern of continuing resolutions and the potential for a lapse in appropriations constrains Treasury's ability to plan strategically, impacts its ability to effectively manage the country's debt, and reduces the level of service to taxpayers. Additionally, reauthorization of certain programs and congressional approval of key reforms would enable Treasury to better achieve U.S. objectives but is difficult to predict and, consequently, to plan for its execution.
- **Increased expectations and demand:** Treasury has, in recent years, been asked to lead government-wide implementation of new laws and policies (such as ACA and DATA Act), including the launch of innovative new tools and pilots, while adjusting to reduced resources and staffing levels.
- **Effectiveness of the hiring process:** The federal hiring process poses challenges to Treasury organizations aiming to quickly recruit and hire top talent. Treasury seeks skills that are in high demand in the private sector, which has more flexibility in hiring practices and incentives.
- **Availability of data and analytic capability:** Reliance on third party or private sector analysis poses a risk to the quality of the analysis and recommendations that Treasury provides to senior government officials. Treasury faces challenges in its efforts to improve decision-making by reducing reliance on third-party analysis. Additionally, Treasury is structured and, in some cases, statutorily required, to protect data. Reshaping Treasury's ability to meet increasing calls in recent years to share data across organizations may require additional infrastructure and staff.

In addition to the performance challenges discussed above and in previous sections of this report, OIG and TIGTA have identified the most significant management and performance challenges facing the Department, in accordance with the Reports Consolidation Act of 2000.[8] These challenges do not necessarily indicate deficiencies in performance; some represent inherent risks that require continuous monitoring. Refer to *Section C* of *Part 3, Other Information*, for a detailed discussion of these challenges, including Treasury's progress toward addressing them.

OIG-Identified Treasury-Wide Management Challenges

- Cyber Threats
- Management of Treasury's Authorities Intended to Support and Improve the Economy
- Efforts to Promote Spending Transparency and to Prevent and Detect Improper Payments
- Anti-Money Laundering and Terrorist Financing/Bank Secrecy Act Enforcement
- Gulf Coast Restoration Trust Fund Administration

[8] SIGTARP does not provide an annual report to the Secretary because it provides oversight over a program that spans multiple agencies.

TIGTA-IDENTIFIED IRS MANAGEMENT CHALLENGES

- Security for Taxpayer Data and IRS Employees
- Implementing ACA and Other Tax Law Changes
- Tax Compliance Initiatives
- Fraudulent Claims and Improper Payments
- Achieving Program Efficiencies and Cost Savings
- Improving Tax Systems and Online Services
- Providing Quality Taxpayer Service Operations
- Globalization
- Taxpayer Protection and Rights
- Human Capital

FY 2016 OUTLOOK

In considering the challenges and risks to successful mission delivery facing the Department, Treasury identified several initiatives to pursue in FY 2016, including **two new agency priority goals (APGs) for FY 2016-2017**:

- Increase secure self-service options for taxpayers **(FY 2016-2017 APG led by the IRS)**.
- Develop and promote financial transparency policies and their adoption by leading, in collaboration with OMB, the government-wide implementation of the DATA Act **(FY 2016-2017 APG led by the Fiscal Assistant Secretary)**.
- Continue Treasury's efforts to expand access to credit and bring private capital back into the housing market by completing comprehensive housing finance reform; securing the reauthorization of the SSBCI and CDFI Bond Guarantee programs; and expanding access to long-term savings opportunities for more Americans by continuing to improve the *my*RA program and increase its enrollments.
- Secure congressional approval of the 2010 IMF quota and governance reform proposal and confirmations of nominations to ensure stable and effective U.S. representation at International Financial Institutions.
- Present to the President key findings and potential opportunities to improve the student loan collections process for defaulted borrowers.
- Secure the funding necessary for the IRS to maintain a balanced enforcement program and deliver the web-first service model.
- Increase coordination and information sharing efforts across government and private sectors to protect the stability of the financial system and the interests of American citizens.
- Partner with OMB and the General Services Administration to increase the flexibility with which agencies can acquire and share data sets and analytic capability.
- Transform the Departmental Offices' hiring process using Lean Six Sigma process improvement methodologies, providing best practices for other organizations and making Treasury more competitive as an employer.

FINANCIAL HIGHLIGHTS – FINANCIAL OVERVIEW

The financial highlights below are an analysis of the information included in the Department's consolidated financial statements that appear within Part 2, "Financial Section" of this report. The Department's principal financial statements have been prepared to report the agency's financial position and results of operations, pursuant to the requirements of 31 USC 3515(b). These consolidated financial statements have been prepared from the books and records of the Department in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed by OMB. The consolidated financial 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 financial statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

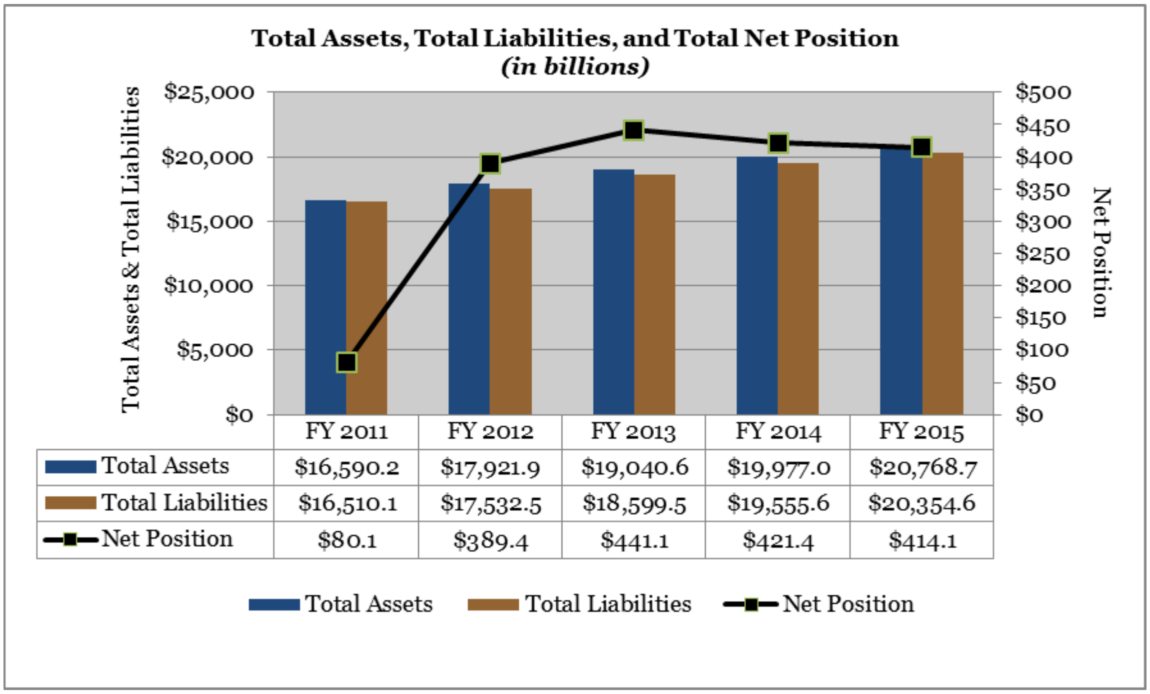
The chart below presents changes in key financial statement line items as of and for the fiscal year ended September 30, 2015 compared to September 30, 2014.

Summary Financial Information *(dollars in billions)*

	2015	2014	$ Change	% Change
Total Assets	$ **20,768.7**	$ 19,977.0	$ 791.7	4.0%
Total Liabilities	$ **20,354.6**	$ 19,555.6	$ 799.0	4.1%
Total Net Position	$ **414.1**	$ 421.4	$ (7.3)	(1.7)%
Total Net Cost of Treasury Operations	$ **23.5**	$ 23.9	$ (0.4)	(1.7)%
Net Federal Debt Interest Costs	$ **367.3**	$ 394.8	$ (27.5)	(7.0)%
GSEs Non-Entity Revenue, Net	$ **(30.8)**	$ (28.1)	$ (2.7)	9.6%
Total Net Cost of Treasury Operations and Non-Entity Costs	$ **374.9**	$ 404.0	$ (29.1)	(7.2)%
Total Budgetary Resources	$ **800.0**	$ 841.8	$ (41.8)	(5.0)%
Agency Outlays, Net	$ **370.2**	$ 337.7	$ 32.5	9.6%
Net Revenue Received (Custodial)	$ **3,024.0**	$ 2,816.2	$ 207.8	7.4%

Financial Overview. The Department's financial performance as of and for the fiscal year ended September 30, 2015, reflects several major trends. Most significantly, the outstanding federal debt, including interest, rose by $330.4 billion to $18.2 trillion. The Department also incurred a liability at September 30, 2015 totaling $350.7 billion in connection with extraordinary debt management measures undertaken by the Department during a delay in raising the statutory debt limit (referred hereinafter as "Delay"). Specifically, these measures included, among other things: *(i)* suspending investments in Treasury debt securities by the Government Securities Investment Fund of the Federal Employees' Retirement System Thrift Savings Plan (TSP), Civil Service Retirement and Disability Trust Fund (Civil Service Fund), and the Postal Service Retiree Health Benefits Fund (Postal Benefits Fund); and *(ii)* redeeming early a certain amount of Treasury debt securities held by the Civil Service Fund. The $350.7 billion liability reflects the Department's obligation by statute as of September 30, 2015, to restore to the funds the accumulated principal balance of Treasury debt securities bearing the same interest rates and maturity dates that would have been invested by these funds had the Delay not occurred (uninvested principal), as well as pay these funds the related lost interest on the uninvested principal.

Additionally, the Department's "Total Net Cost of Treasury Operations and Non-Entity Costs" for fiscal year 2015 declined by $29.1 billion in fiscal year 2015 primarily stemming from non-entity activity, including $27.5 billion of lower net federal debt interest costs and $2.7 billion of higher revenue from the Department's investments in two Government-Sponsored Enterprises (GSEs) – Fannie Mae and Freddie Mac – pursuant to the Department's Senior Preferred Stock Purchase Agreements (SPSPAs), as amended. This was partially offset by a $2.1 billion increase in the net cost reflecting an accrual for the restoration of forgone federal debt interest recorded in connection with the Delay. The Department's 2015 financial performance also reflects the ongoing wind-down of the TARP credit programs, principally through sales of securities and principal repayments of loans made under these programs. TARP's wind-down activity in fiscal year 2015 included, among other things, sales of equity investments in the Automotive Industry Financing Program and Capital Purchase Program. The continued wind-down of the TARP programs drove reductions in the subsidy costs associated with the remaining investments in these programs during fiscal year 2015 due to improved market conditions as reflected in the end-of-year reestimates. Subsidy costs recorded in connection with each credit program represent the difference between the projected costs of the program and the future cash flows anticipated to be generated by the program. Reestimates may occur due to changes in a program's estimated future cash flows caused by changes in market conditions and actual program performance, thereby resulting in an upward or downward reestimate in the credit program receivable to reflect an increase or decrease, respectively, in the estimated total cost of the program.



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Total Assets	$16,590.2	$17,921.9	$19,040.6	$19,977.0	$20,768.7
Total Liabilities	$16,510.1	$17,532.5	$18,599.5	$19,555.6	$20,354.6
Net Position	$80.1	$389.4	$441.1	$421.4	$414.1

Figure 1

Total Assets of $20.8 trillion at September 30, 2015 consist of a receivable due from the General Fund of the U.S. government of $18.6 trillion, intra-governmental loans and interest receivable of $1.3 trillion, and fund balance and various other assets which totaled $829.9 billion (Figure 2).

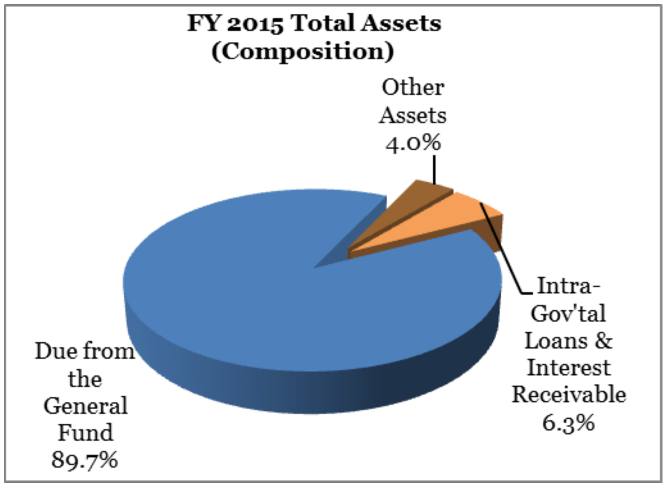


Figure 2

The $791.7 billion (or 4.0 percent) increase in total assets at the end of fiscal year 2015 over the prior year is primarily due to an increase in the "Due from the General Fund of the U.S. Government" account which corresponds to increases in the following liabilities: *(i)* a $330.4 billion increase in federal debt and related interest payable and (ii) a $350.7 billion additional liability for the restoration of federal debt principal and interest in connection with the Delay. The net addition to Treasury liabilities at September 30, 2015 caused a corresponding rise in the "Due from the General Fund of the U.S. Government" asset account which represents future funds required from the General Fund of the U.S. Government to pay borrowings from the public and other federal agencies.

Intra-governmental loans and interest receivable represent loans issued primarily by the Fiscal Service to other federal agencies for their own use or for the agencies to loan to private sector borrowers whose loans are guaranteed by the federal agencies. This receivable grew by $85.0 billion (or 7.0 percent) to $1.3 trillion at the end of fiscal year 2015 due to increased borrowings by various federal agencies – such as the Departments of Education and Agriculture – to fund their existing programs.

Other assets include, among other things, operating cash balances (held on behalf of the U.S. government), foreign currency investments and Special Drawing Rights (SDRs), as well as investments in, and credit program receivables due from, certain financial institutions for which the Department provides financial assistance in an effort to stabilize financial markets. Other assets increased by $24.4 billion primarily reflecting an increase in the U.S. government's operating cash balances. This increase was partially offset by a combination of: a reduction in investments, the ongoing wind-down of the TARP programs through sales of securities or principal repayments of loans made under these programs, and a reduction in the Department's reserve position in the International Monetary Fund due to loan repayments.

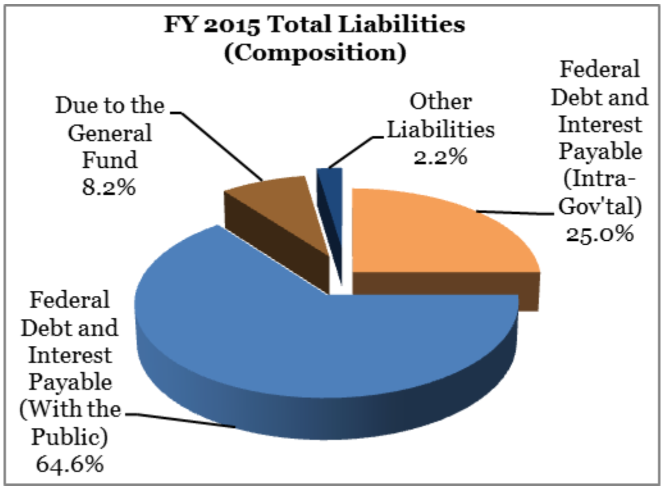
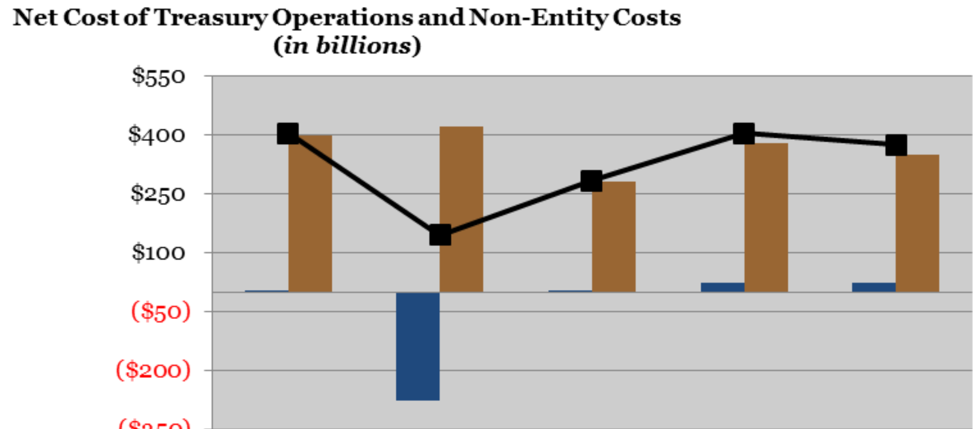


Figure 3

Total Liabilities of $20.4 trillion at September 30, 2015 principally consist of the federal debt held by the public (Figure 3), including interest, of $13.1 trillion, which were mainly issued as Treasury Notes and Bills. Liabilities also include intra-governmental liabilities totaling $6.9 trillion (of which $5.1 trillion represent principal and interest of federal debt in the form of Treasury securities held by federal agencies), and various other liabilities totaling $287.2 billion. The $799.0 billion (or 4.1 percent) increase in total liabilities at the end of fiscal year 2015 over the prior year is attributable to a $330.4 billion increase in federal debt, including interest, held by the public and federal agencies that was needed to finance the U.S. government's budget deficits. An additional $350.7 billion of the increase is attributable to a liability for restoration of federal debt principal and interest as of September 30, 2015. This liability relates to uninvested principal and interest owed to funds due to extraordinary measures taken by the Department during the Delay.

The increase in total liabilities is also attributable to a $124.0 billion increase in the "Due to the General Fund of the U.S. Government" account, primarily as a result of an increase in intra-governmental loans and interest receivable. The Department, through the Fiscal Service, accounts for and reports on the principal borrowings from and repayments to the General Fund, as well as the related interest due to the General Fund.

Total Net Position of $414.1 billion at September 30, 2015 represents the combined total of the Department's cumulative results of operations and unexpended appropriations at the end of the fiscal year. The $7.3 billion (1.7 percent) decrease in the net position at the end of fiscal year 2015 was principally attributable to $5.4 billion in unexpended appropriations primarily driven by a decrease in cancelation of expired funds associated with the TARP programs in fiscal year 2015 over the prior year.



	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Net Cost of Treasury Operations	$4.2	($275.2)	$3.3	$23.9	$23.5
Net Non-Entity Costs	$400.0	$420.4	$280.3	$380.1	$351.4
Total Net Cost	$404.2	$145.2	$283.6	$404.0	$374.9

Figure 4

Total Net Cost of Treasury Operations and Non-Entity Costs, as presented on the Department's Consolidated Statements of Net Cost, consists of the Net Cost of Treasury Operations and Net Non-Entity Costs (Figure 4). Net Cost of Treasury Operations represents the gross costs, net of earned revenues, incurred by the Department related to its own entity activities comprising both its operating bureaus and DO that are consolidated with the Department. Net Non-Entity Costs represent the gross costs, net of earned revenues, incurred by the Department on behalf of the U.S. government (or General Fund), and primarily include federal debt interest costs, net of GSE non-entity revenues. Total Net Cost of Treasury Operations and Non-Entity Costs totaled $374.9 billion and $404.0 billion for fiscal years 2015 and 2014, respectively, a decrease of $29.1 billion (or 7.2 percent) over the prior year. Net Cost of Treasury Operations and Net Non-Entity Costs contributed $0.4 billion and $28.7 billion, respectively to the year-over-year decrease in net costs.

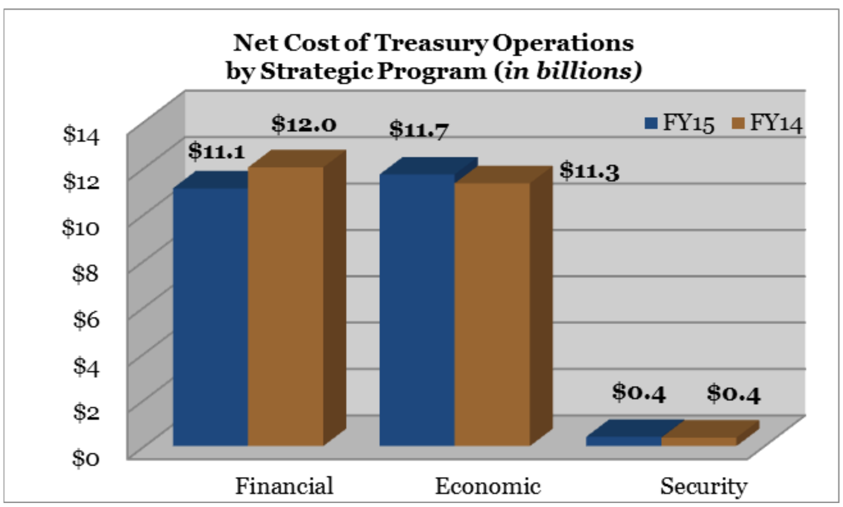


Figure 5

Net Cost of Treasury Operations is presented on the Department's Consolidated Statements of Net Cost by strategic program. There are three main categories of strategic programs presented – financial, economic, and security – as well as a management strategic program which is combined with the financial program due to the immateriality of the management program (Figure 5). The Department's Net Cost of Treasury Operations totaled $23.5 billion for 2015 compared to $23.9 billion for 2014. Treasury's net costs were relatively unchanged year over year, reflecting a slight decrease of $0.4 billion from the prior year.

Net Federal Debt Interest Costs primarily reflect interest expense on the federal debt. Federal interest costs decreased by $24.6 billion (or 5.7 percent) in fiscal year 2015 primarily attributable to reduced interest rates on Treasury Inflation-Protected Securities (TIPS) driven by declines in the Consumer Price Index. This cost for fiscal year 2015 excludes the $2.1 billion accrual for the restoration of forgone federal debt interest recorded in connection with the Delay and reported separately from Federal debt interest costs.

GSEs Non-Entity Revenue, Net totaled $30.8 billion for 2015 compared to $28.1 billion for 2014. The $2.7 billion increase in this net revenue in 2015 was primarily driven by growth in non-entity revenue from the Department's two GSE investments. This revenue growth is attributable to a $10.5 billion increase at the end of fiscal year 2015 in the fair value of the GSE investments, when compared to a $44.4 billion decline in fair value at the end of fiscal year 2014, primarily reflecting higher forecasted GSE earnings derived from guarantee fees, lower volatility and risk in the mortgage lending industry, and lower forecasted mortgage loan losses due to reduced credit risk assumed by the GSEs. Offsetting this revenue growth was a $52.1 billion year-over year decrease in senior preferred stock dividends received from the two GSEs attributable to lower earnings, coupled with a one-time benefit recognized in one of the GSE's historical earnings in fiscal year 2014 that did not recur in 2015.

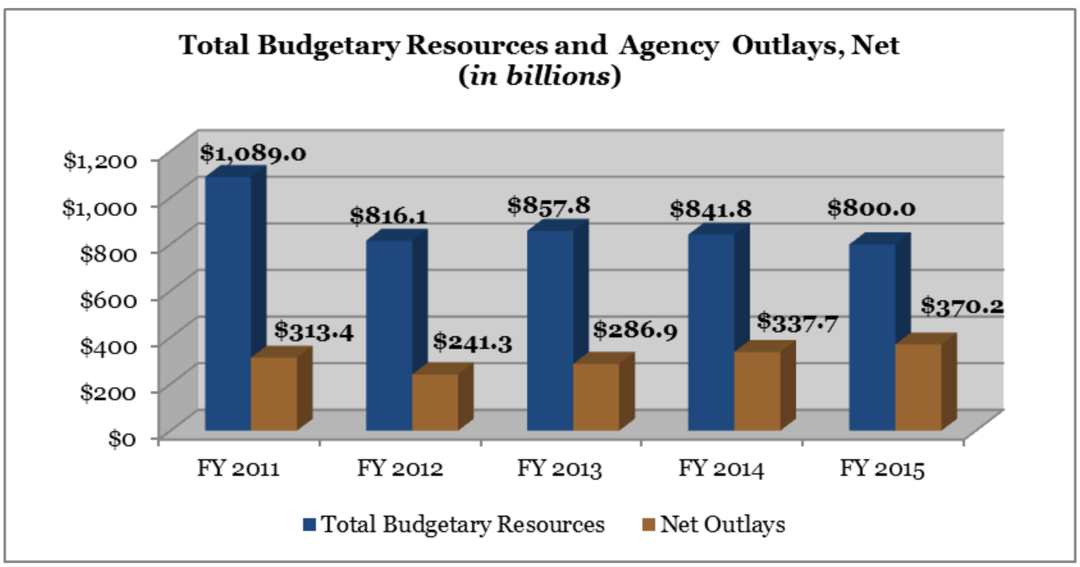


Figure 6

Total Budgetary Resources of $800.0 billion were lower in fiscal year 2015 (Figure 6) by $41.8 billion (or 5.0 percent) primarily due to a $37.0 billion decrease in appropriations and net unobligated balance from prior year budget authority, and a $4.5 billion decrease in spending authority from offsetting collections. These decreases are attributable to the wind-down of the TARP programs and budget reductions associated with other of the Department's programs.

Agency Outlays, Net of $370.2 billion were higher in fiscal year 2015 (Figure 7) by $32.5 billion (or 9.6 percent) primarily due to fewer collections in fiscal year 2015 from the wind-down of the TARP programs, coupled with reduced receipts of preferred stock dividends pursuant to the GSEs' SPSPA program. These receipts offset gross outlays for purposes of reporting net outlays and, thus, a reduction in these receipts in 2015 increased the amount of Agency Outlays, Net.

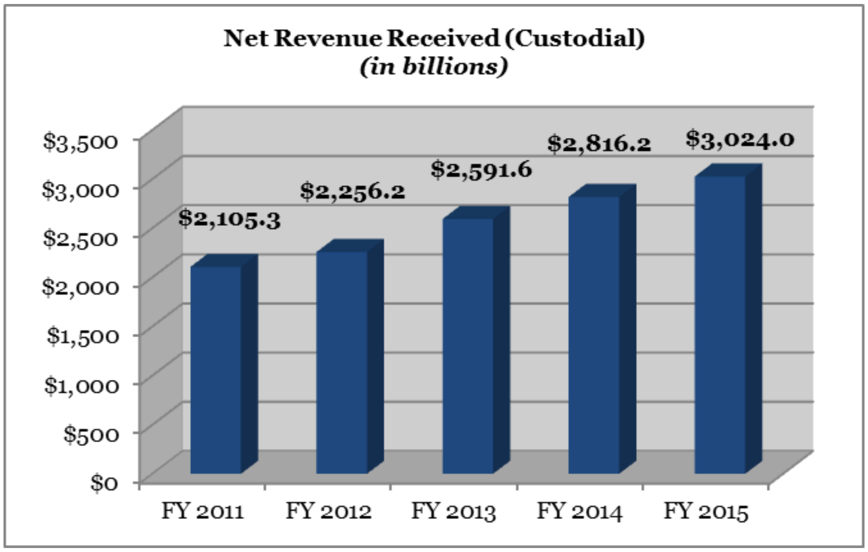


Figure 7

Net Revenue Received (Custodial), representing net revenue collected by Treasury on behalf of the U.S. government, includes various taxes, primarily income taxes, as well as user fees, fines and penalties, and other revenue. Over 90 percent of these revenues are related to income and social security taxes. Net revenue received was $3.0 trillion for fiscal year 2015, an increase of $207.8 billion (or 7.4 percent) over the prior fiscal year. This increase is attributable mainly to an overall improvement in individual and corporate income tax collections.

CONDENSED FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets (in millions):		2015		2014
ASSETS				
Due From the General Fund	$	18,632,253	$	17,949,849
Other Intra-governmental Assets		1,672,415		1,595,919
Cash, Foreign Currency, and Other Monetary Assets		253,136		211,868
Gold and Silver Reserves		11,062		11,062
Reserve Position in the International Monetary Fund		8,168		12,834
Taxes, Interest and Other Receivables, Net		42,034		42,509
Credit Program Receivables, Net		15,145		19,102
Investments in Government Sponsored Enterprises (GSE)		106,270		95,810
Investments in International Financial Institutions and Other Investments		19,056		24,812
Other Assets		9,196		13,197
Total Assets	**$**	**20,768,735**	$	**19,976,962**
LIABILITIES				
Federal Debt and Interest Payable – Intra-governmental	$	5,096,265	$	5,104,620
Liability for Restoration of Federal Debt Principal and Interest – Intra-governmental		146,066		-
Due to the General Fund and Other Intra-governmental Liabilities		1,676,860		1,554,249
Federal Debt and Interest Payable - Held by the Public		13,148,200		12,809,423
Liability for Restoration of Federal Debt Principal and Interest		204,591		-
Other Liabilities		82,639		87,283
Total Liabilities		**20,354,621**		**19,555,575**
NET POSITION				
Unexpended Appropriations		343,223		348,612
Cumulative Results of Operations		70,891		72,775
Total Net Position		**414,114**		**421,387**
Total Liabilities and Net Position	**$**	**20,768,735**	**$**	**19,976,962**

Condensed Consolidated Statements of Changes in Net Position (in millions):		2015		2014
CUMULATIVE RESULTS OF OPERATIONS				
Beginning Balance	$	72,775	$	79,848
Budgetary Financing Sources		435,244		462,025
Other Financing Sources		(62,216)		(65,138)
Total Financing Sources		**373,028**		**396,887**
Net Cost of Treasury Operations and Non-Entity Costs		(374,912)		(403,960)
Net Change		(1,884)		(7,073)
Cumulative Results of Operations		**70,891**		**72,775**
UNEXPENDED APPROPRIATIONS				
Beginning Balance		348,612		361,295
Appropriations Received		437,085		470,461
Appropriations Used		(430,756)		(460,593)
Other		(11,718)		(22,551)
Total Budgetary Financing Sources		(5,389)		(12,683)
Total Unexpended Appropriations		**343,223**		**348,612**
Net Position - Year End	**$**	**414,114**	**$**	**421,387**

Condensed Consolidated Statements of Net Cost (in millions):	2015	2014
Net Financial Program Cost	$ 11,114	$ 12,016
Net Economic Program Cost	11,711	11,329
Net Security Program Cost	400	367
Total Net Program Cost before Changes in Actuarial Assumptions	**23,225**	**23,712**
Loss on Pension, ORB, or OPEB Assumption Changes	299	170
Total Net Cost of Treasury Operations	**23,524**	**23,882**
Total Net Non-Entity Costs (primarily Federal Debt Interest)	**351,388**	**380,078**
Total Net Cost of Treasury Operations and Non-Entity Costs	**$ 374,912**	**$ 403,960**

Condensed Combined Statements of Budgetary Resources (in millions):	2015	2014
BUDGETARY RESOURCES		
Unobligated Balance Brought Forward, October 1	$ 350,142	$ 370,350
Recoveries of Prior Year Unpaid Obligations & Other Changes	(4,142)	(15,307)
Budget Authority (Appropriations, Borrowings, and Spending)	454,036	486,750
Total Budgetary Resources	**$ 800,036**	**$ 841,793**
STATUS OF BUDGETARY RESOURCES		
Obligations Incurred	$ 468,044	$ 491,651
Unobligated Balance, End of Year	331,992	350,142
Total Status of Budgetary Resources	**$ 800,036**	**$ 841,793**
CHANGE IN UNOBLIGATED BALANCE		
Unpaid Obligations, Brought Forward, October 1	$ 226,331	$ 234,412
Obligations Incurred	468,044	491,651
Outlays (Gross)	(453,859)	(490,495)
Recoveries of Prior Year Unpaid Obligations	(12,574)	(9,237)
Uncollected Payments, Federal Sources, Brought Forward, October 1	(739)	(975)
Change in Uncollected Payments, Federal Sources	136	236
Obligated Balance, End of Year	**$ 227,339**	**$ 225,592**
Agency Outlays, Net (Discretionary and Mandatory)	**$ 370,199**	**$ 337,668**

Condensed Statements of Custodial Activity (in millions):	2015	2014
SOURCES OF CUSTODIAL REVENUE		
Individual and FICA Taxes	$ 2,799,081	$ 2,605,049
Corporate Income Taxes	389,889	353,141
Other Taxes	142,126	128,126
Deposits of Earnings – Federal Reserve System and Other Revenue	96,468	103,747
Total Revenue Received	**3,427,564**	**3,190,063**
Less Refunds and Other Payments	(403,607)	(373,863)
Net Revenue Received	**3,023,957**	**2,816,200**
Non-Cash Accrual Adjustment and Other	1,380	1,967
Total Custodial Revenue	**3,025,337**	**2,818,167**
DISPOSITION OF CUSTODIAL REVENUE		
Amounts Provided to Fund Non-Federal Entities	350	312
Amounts Provided to Fund the Federal Government	3,023,607	2,815,888
Non-Cash Accrual Adjustment and Other	1,380	1,967
Total Disposition of Custodial Revenue	**3,025,337**	**2,818,167**
Net Custodial Revenue	**$ -**	**$ -**