

PENNSYLVANIA TREASURY DEPARTMENT
Response to
General Budget Questions for Agencies

1. Program Performance

The Pennsylvania Treasury is responsible for managing the Commonwealth's financial assets. Today, we are the custodian of approximately \$100.6 billion, and we are the sole fiduciary for \$16.6 billion in investments.

From a market perspective, 2016 was a challenging year. However, Treasury still gained approximately \$400 million in its managed funds. Treasury reduced its manager fees by approximately \$500,000 over 2015 levels.

Despite turbulent financial market performance and a low interest rate environment, the Commonwealth continued to experience growth in its investments across the four primary "pools" managed at Treasury: Pools 198 and 99, the Tuition Account Program, and Other-Post Employment Benefits. Over the past five years, those funds have gained more than \$3.09 billion.

Treasury's key performance indicators are determined by the quality of the staff and the services that are provided. The staff performs core Treasury functions and statutorily mandated services to other agencies and the public.

The following programs achieved their performance indicators:

Treasury Management

A Chief Investment Officer and staff properly manage the \$100 billion of Commonwealth funds for which the Treasurer serves as custodian. Best practices have been implemented.

Fiscal Review

Fiscal Review's pre-audit activity is one of several components of Treasury's payment processing function. Treasury's desired service level is to make 95% of all payments on (or before) the requested payment date when given notice ten or more business days prior to the requested date.

For its pre-audit component, Fiscal Review's objective is to process (that is, receive, review and approve (or question/reject), and release for payment) payment requests selected for audit within six calendar days of receipt. During fiscal year 2015-16, Fiscal Review averaged less than six days processing time for every month except March 2016. The average for that month was slightly greater than six days. March 2016, however, was an anomalous period due to extraordinarily high processing volumes associated with post-budget impasse payment activities.

Last year each Fiscal Review employee generated, on average, slightly more than \$1.1 million in savings based upon rejection of improper payments. Given the increasing complexity of many Commonwealth programs, and in particular the increasing complexity of medical and pharmaceutical contracts and rate schedules, it is likely that the inability to fill positions in Fiscal Review may increase the risk that errors resulting in substantial incorrect payments may not be identified.

Fiscal Review has a separate service objective for its processing of state personal income tax refunds. That service level, which is to process all tax return refunds received from the Department of Revenue by May 15 of any given year by June 30 of that year, was met in fiscal year 2015-16.

Bureau of Unemployment Compensation Disbursements

The Bureau of Unemployment Compensation Disbursements' key performance standard is to process and transmit 100% of daily payment files on the same day they are received so that electronic benefits payments are available in individuals' accounts no more than two business days later, and paper benefits checks can be mailed by the following business day.

For the most recently completed fiscal year the Bureau met this standard without exception. Furthermore, the Bureau has met this standard on every day during the current fiscal year.

Bureau of Unclaimed Property

The Bureau of Unclaimed Property has contributed more than \$1.5 billion in net revenue to the General Fund since January 2009. This very popular program benefits the Commonwealth's citizens and employers. Treasury has returned approximately \$961 million to its rightful owners since 2009, including families, businesses and community nonprofits. Additionally, the Bureau collected over \$400 million for the General Fund in fiscal year 2015-2106 while returning approximately \$160 million to the rightful owners.

It's important to note, however, that the unclaimed property program relies upon a legacy IT system which negatively impacts operational efficiency. In the near future the program will require an information technology upgrade investment in order to maintain the success of this popular consumer protection program.

PA 529 College Savings Program (Tuition Account Program)

Treasury helped families contribute over \$490.2 million into their Pennsylvania 529 College Savings Program accounts and opened over 20,000 new accounts.

Importantly, the actuarial status of the Guaranteed Savings Plan improved again in the past year and as of December 31, the plan is 118 percent fully funded with an actuarial reserve of \$276.7 million.

Overall, the program ended 2016 with \$3.9 billion in assets – the highest year-end amount in the program’s history. Of this total, \$1.8 billion was in the Guaranteed Savings Plan and \$2.1 billion was in the Investment Plan. This continues the impressive turnaround from where the Fund was seven years ago when it was only 70 percent funded and had an actuarial deficit of approximately \$400 million.

Board of Finance and Revenue

The Board of Finance and Revenue is a state tax appeal board for which Treasury is administratively responsible. The Board receives approximately 5,000 appeals annually. The Board is also responsible for Liquid Fuels Tax Refunds and processes over 6,000 claims worth over \$23 million. A new case management system was developed with increased internal efficiencies. The Board has approved over 700 compromises, reducing the need for litigation, saving thousands of dollars for taxpayers and the Commonwealth. The Board is statutorily required to decide all appeals within 6 months after they were filed with the Board. Failure to do so results in an automatic denial of the taxpayer’s appeal.

Cost Drivers

There are two primary cost drivers for Treasury’s budget: personnel costs and operating expenses – the most expensive of which is our technology expenses including licensing fees for various software programs, specifically PeopleSoft.

2. New Program

The Pennsylvania Achieving a Better Life Experience Program (ABLE) is a program that was created by statute in 2016. ABLE has not been officially launched *yet*. Treasury created a website for the program and plans on accepting applications in April. In FY 2016, Treasury was given a \$1.13 million appropriation and in FY 2017 Treasury requested another \$1.5 million.

To date, Treasury has start-up costs in the form of outside counsel fees, specifically tax and securities counsel, for which Treasury has not been fully invoiced. We also anticipate start-up costs in the form of an aggressive marketing campaign and personnel costs, although it is difficult to determine what the ultimate cost will be at this point.

Treasury continues to work with various stakeholder groups and is now providing information on ABLE to targeted audiences. The new program will give individuals with an eligible disability a tax-free approach to save for disability-related expenses.

3. Agency Line Item Review

- a. Listed below is an overview of Treasury’s line items.
- b. Listed below are the details and cost drivers.

c. Listed below are the recommendations.

Fund Name	Appropriation Number	Appropriation Name	Increase	Reason	Recommendations
General	10537	Board of Finan & Rev	\$ 252,000.00	The Board of Finance and Revenue requires a full Complement of 21 in order to meet its statutory requirements.	N/A as statutory obligations must be met.
General	10533	Intergov Orgs	\$ 15,000.00	The Commonwealth's intergovernmental organization costs such as the National Conference of State Legislatures increased by approximately 1%.	N/A it is normal for organizations to increase membership costs.
General	11112	Transfer To ABLE Fund	\$ 1,500,000.00	Represents the first transfer from the general fund to establish the Achieving Better Life Experience Fund	N/A This is required to establish a legislated program
Motor License Fund	10548	General Obligation Debt Service	\$ 847,000.00	Represents an increase in Motor License Fund principle and interest payments.	N/A
Tuition Acct Guaranteed Saving Program Fun	10542	Tuition Acct Prog Bur	\$ 32,000.00	The increase was necessary to ensure employee benefit increases could be met for the upcoming year.	N/A employee benefit increases are beyond Treasury's scope
Achieving a Better Life Exp Fund Total	11111	General Operations	\$ 1,500,000.00	This is the establishment of the ABLE program and represents start up costs to establish the program.	N/A This is required to establish a legislated program

d. Listed below are the line items for the past 2 fiscal years.

Year End	Fund	Approp Name	FY	Approp	YTD Expenditures		
					April 15	May 15	June 15
6/30/2015	001	Board of Finan & Rev	2014	10537	\$ 1,862,148.13	\$ 2,158,800.20	\$ 2,165,849.71
		Cash Management Loan Interest	2014	20402	\$ 1,950,847.22	\$ 1,950,847.22	\$ 1,950,847.22
		Claim Pay-Unclaim Pr	0000	40064	\$ 94,739,618.64	\$ 105,428,092.92	\$ 120,222,858.33
		Divestiture Reimburs	2014	11030	\$ -	\$ -	\$ -
		Gen Govt Operations	2014	10544	\$ 32,279,973.87	\$ 36,215,798.26	\$ 40,081,207.59
		Gen Obligat Debt Ser	2014	10543	\$ 937,850,887.89	\$ 1,028,638,000.85	\$ 1,096,500,000.00
		Info Tech Modernizat	2014	10978	\$ 1,471,399.55	\$ 1,878,631.70	\$ 1,877,797.26
		Intervow Orgs	2014	10553	\$ 1,017,684.00	\$ 1,017,684.00	\$ 1,017,684.00
		Law E & Em R P D B	2014	10540	\$ 741,587.34	\$ 1,023,871.91	\$ 1,400,670.78
		Loan & Trf Agents	2014	10530	\$ 9,500.00	\$ 10,000.00	\$ 12,000.00
		Payroll Deduction	0000	40069	\$ 6,428,594.04	\$ 7,044,280.29	\$ 7,974,454.20
		Publish Monthly Stat	2014	10538	\$ -	\$ -	\$ -
		Pur of Sav Bnds Ser	0000	40072	\$ -	\$ -	\$ -
		Unclaimed Property	0000	40359	\$ 553,756.31	\$ 553,756.31	\$ 553,756.31
		US Sav Bond Deduct	0000	40066	\$ -	\$ -	\$ -
	008	Debt Srvc Grwg Grnr	2014	20330	\$ 33,143,337.46	\$ 39,950,640.58	\$ 40,200,137.65
	010	Adm Ref Liq Fuel Tax	2014	10545	\$ 238,770.23	\$ 272,025.39	\$ 456,685.93
		Cap Bridge Debt Ser	2014	26132	\$ 42,542,741.25	\$ 45,057,388.75	\$ 52,753,038.75
		Cap Debt Trans Proj	2014	10549	\$ -	\$ -	\$ -
		General Obligation Debt Serv	2014	10548	\$ 16,936,000.00	\$ 16,936,000.00	\$ 16,936,000.00
		Loan & Trf Agents	2014	10550	\$ -	\$ -	\$ -
		Ref Liq Fuel Tx Ag	2014	20354	\$ 3,098,385.43	\$ 3,098,786.23	\$ 3,098,786.23
		Ref Liq Fuel Tx BF	2014	20358	\$ -	\$ -	\$ -
		Ref Liq Fuel Tx PS	2014	20355	\$ 1,884,177.14	\$ 2,922,437.78	\$ 2,943,032.83
		Ref Liq Fuel Tx St	2014	20350	\$ 292,791.91	\$ 305,528.13	\$ 1,245,008.77
		Ref Liq Fuel Tx VS	2014	20356	\$ 379,192.26	\$ 379,323.17	\$ 379,323.17
		Refunding Liquid Fuels Tax-Snwmb	2014	20357	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
	027	Ref Liq Fu Tax Boat	2014	20141	\$ -	\$ -	\$ -
	043	Replace Checks - Deferred Comp	0000	40227	\$ 21,792.57	\$ 22,692.57	\$ 22,692.57
	061	ReplacemntChecksSERS	0000	40221	\$ 50,890.38	\$ 142,719.57	\$ 166,483.50
	062	ReplacemntChecksPSERS	0000	40222	\$ 193,060.16	\$ 205,497.29	\$ 212,828.69
	078	Replacement Checks - PMRS	0000	40223	\$ 2,116.07	\$ 2,116.07	\$ 2,116.07
	091	Refndg Gen Obligatns	0000	40168	\$ -	\$ -	\$ -
		Refunding G O bonds	0000	40353	\$ -	\$ -	\$ -
		Refunding GO Bonds	0000	40149	\$ -	\$ -	\$ -
		Refndg Gen Obligatns Bd	0000	40172	\$ -	\$ -	\$ -
		Ring 1st Series 2013	0000	40200	\$ -	\$ -	\$ -
		Ring 2nd Series 2002	0000	40135	\$ -	\$ -	\$ -
		Ring 2nd Series 2009	0000	40177	\$ 93,093,243.75	\$ 94,393,368.75	\$ 94,393,368.75
	143	Tuition Act Prog Bur	2014	10542	\$ 2,579,741.41	\$ 2,760,064.83	\$ 2,883,111.68
	188	NghbrhdImprvmntLocal	0000	40206	\$ 2,299,310.90	\$ 2,299,310.90	\$ 2,299,310.90
		NghbrhdImprvmntZnState	0000	40205	\$ 55,904,407.63	\$ 55,904,407.63	\$ 55,904,407.63
	189	REHP Trust Account	0000	40463	\$ -	\$ -	\$ -
		RPSPP Trust Account	0000	40464	\$ -	\$ -	\$ -
	196	EnergyAudtFeeRmbrsmnt	0000	40165	\$ -	\$ -	\$ -
		Geothermal Loan Loss Reserve	0000	40193	\$ -	\$ -	\$ -
		Loan Loss Reserve	0000	40175	\$ -	\$ -	\$ -
	213	Dist to Phil School District	0000	40236	\$ 34,815,681.65	\$ 39,328,276.41	\$ 44,948,790.52

Year End	Fund	Approp Name	FY	Approp	YTD Expenditures	YTD Expenditures	YTD Expenditures
6/30/2016	001	Board of Finan & Rev	2014	10537	\$ 93,870.80	\$ 93,870.80	\$ 93,870.80
			2015	10537	\$ 2,054,665.12	\$ 2,257,783.17	\$ 2,547,962.20
		Cash Management Loan Interest	2014	20402	\$ -	\$ -	\$ -
			2015	20402	\$ 1,316,666.67	\$ 1,316,666.67	\$ 1,316,666.67
		Claim Pay-Unclaim Pr	0	40064	\$ 128,460,965.87	\$ 141,514,699.37	\$ 160,328,960.12
		Divestiture Reimburs	2014	11030	\$ 228,585.26	\$ 228,585.26	\$ 228,585.26
			2015	11030	\$ -	\$ -	\$ -
		Gen Govt Operations	2014	10544	\$ 4,640,573.11	\$ 4,640,573.11	\$ 4,640,573.11
			2015	10544	\$ 34,547,331.46	\$ 39,595,154.07	\$ 44,160,745.20
		Gen Oligat Debt Ser	2015	10543	\$ 997,942,183.26	\$ 1,077,288,577.39	\$ 1,127,500,000.00
		Info Tech Modernizat	2014	10978	\$ 1,670,216.65	\$ 2,114,203.97	\$ 2,114,203.97
			2015	10978	\$ 1,163,026.48	\$ 893,807.22	\$ 1,254,008.05
		Intergov Orgs	2014	10553	\$ -	\$ -	\$ -
			2015	10553	\$ 1,022,471.00	\$ 1,022,471.00	\$ 1,022,471.00
		Law E & Em R P D B	2014	10540	\$ 101,145.65	\$ 101,145.65	\$ 101,145.65
			2015	10540	\$ 425,385.73	\$ 1,187,240.00	\$ 1,209,051.25
		Loan & Trf Agents	2014	10539	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
			2015	10539	\$ 7,500.00	\$ 9,000.00	\$ 9,500.00
		Payroll Deduction	0	40069	\$ 7,500,883.43	\$ 8,494,424.34	\$ 9,156,650.53
		Publish Monthly Stat	2014	10538	\$ -	\$ -	\$ -
			2015	10538	\$ -	\$ -	\$ -
		Pur of Sav Bnds-Ser	0	40072	\$ -	\$ -	\$ -
		Unclaimed Property	0	40359	\$ 842,890.36	\$ 842,890.36	\$ 842,890.36
		US Sav Bond Deduct	0	40066	\$ -	\$ -	\$ -
	008	Debt Svc Grwg Grnr	2015	20330	\$ 29,460,430.79	\$ 36,179,733.91	\$ 37,598,033.91
	010	Adm Ref Liq Fuel Tax	2014	10545	\$ 10,229.43	\$ 10,229.43	\$ 10,229.43
			2015	10545	\$ 202,127.91	\$ 220,067.08	\$ 275,198.98
		Cap Bridge Debt Ser	2014	26132	\$ -	\$ -	\$ -
			2015	26132	\$ 23,092,875.00	\$ 25,607,522.50	\$ 51,771,595.00
		Cap Debt-Trans Proj	2015	10549	\$ 4,222,967.35	\$ 4,222,967.35	\$ 4,222,967.35
		General Obligation Debt Servic	2015	10548	\$ -	\$ -	\$ 16,968,000.00
		Loan & Trf Agents	2014	10550	\$ -	\$ -	\$ -
			2015	10550	\$ -	\$ -	\$ -
		Ref Liq Fuel Tx-Ag	2014	20354	\$ -	\$ -	\$ -
			2015	20354	\$ 3,775,378.04	\$ 3,874,603.38	\$ 3,874,603.38
		Ref Liq Fuel Tx-BF	2014	20358	\$ 5,578,578.54	\$ 5,578,578.54	\$ 5,578,578.54
			2015	20358	\$ -	\$ -	\$ -
		Ref Liq Fuel Tx-PS	2014	20355	\$ -	\$ -	\$ -
			2015	20355	\$ -	\$ 595,653.92	\$ 3,490,896.68
		Ref Liq Fuel Tx-St	2014	20350	\$ 454,827.29	\$ 454,827.29	\$ 454,827.29
			2015	20350	\$ 1,478,142.04	\$ 1,653,112.66	\$ 3,662,099.57
		Ref Liq Fuel Tx-VS	2014	20356	\$ 4,428.46	\$ 4,428.46	\$ 4,428.46
			2015	20356	\$ 449,812.13	\$ 463,003.76	\$ 463,003.76
		Refndng Liquid Fuels Tx-Snwmb	2015	20357	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
	027	Ref Liq Fu Tax-Boat	2014	20141	\$ 68,779.45	\$ 68,779.45	\$ 68,779.45
			2015	20141	\$ -	\$ -	\$ -
	043	Replace Checks - Deferred Comp	0	40227	\$ 37,416.82	\$ 47,201.42	\$ 47,201.42
	061	ReplacmntChecksSERS	0	40221	\$ 159,894.46	\$ 162,836.41	\$ 162,836.41
	062	ReplacmntChecksPSERS	0	40222	\$ 70,773.78	\$ 93,907.91	\$ 93,907.91
	078	Replacement Checks - PMRS	0	40223	\$ 402.12	\$ 402.12	\$ 402.12
	091	Refunding GO Bonds	0	40219	\$ -	\$ -	\$ -
		Rfng 2nd Series 2009	0	40177	\$ 221,051,750.00	\$ 222,351,875.00	\$ 222,351,875.00
	143	Tuition Act Prog Bur	2014	10542	\$ 874,970.17	\$ 874,970.17	\$ 874,970.17
			2015	10542	\$ 1,883,806.85	\$ 2,652,083.04	\$ 3,178,450.06
	188	NghbrhdImprvmZnLocal	0	40206	\$ 2,668,417.24	\$ 2,668,417.24	\$ 2,668,417.24
		NghbrhdImprvmZnState	0	40205	\$ 61,776,662.50	\$ 61,776,662.50	\$ 61,776,662.50
	189	REHP Trust Account	0	40463	\$ -	\$ -	\$ -
		RPSPP Trust Account	0	40464	\$ -	\$ -	\$ -
	196	EnergyAudtFeeRmbrsmt	0	40165	\$ -	\$ -	\$ -
		Geothermal Loan Loss Reserve	0	40193	\$ -	\$ -	\$ -
		Loan Loss Reserve	0	40175	\$ -	\$ -	\$ -
	212	CRIZ - Bethlehem	0	40234	\$ 18,949.45	\$ 18,949.45	\$ 18,949.45
		CRIZ - Lancaster	0	40235	\$ 2,869.66	\$ 2,869.66	\$ 2,869.66
		CRIZ - Local Share Bethlehem	0	40239	\$ 1,154.00	\$ 1,154.00	\$ 1,154.00
		CRIZ - Local Share Lancaster	0	40240	\$ 126,987.39	\$ 126,987.39	\$ 126,987.39
	213	Dist to Phil School District	0	40236	\$ 49,143,295.68	\$ 53,491,444.21	\$ 58,957,857.00

e. Overview of the past 2 fiscal years on historical levels as of June 30.

Year End	Fund	Approp Name	FY	Sum of Appropriation Amount	Sum of Augmentation	Sum of Payments
6/30/2015	001	Board of Finan & Rev	2014	\$ 2,505,000.00	\$ -	\$ 2,165,849.71
		Cash Management Loan Interest	2014	\$ 1,951,000.00	\$ -	\$ 1,950,847.22
		Claim Pay-Unclaim Pr	0000	\$ 114,104.10	\$ 125,108,755.28	\$ 120,222,858.33
		Divestiture Reimburs	2014	\$ 229,000.00	\$ -	\$ -
		Gen Govt Operations	2014	\$ 36,028,000.00	\$ 10,611,821.53	\$ 40,081,207.59
		Gen Oligat Debt Ser	2014	\$ 1,096,500,000.00	\$ -	\$ 1,096,500,000.00
		Info Tech Modernizat	2014	\$ 4,000,000.00	\$ -	\$ 1,877,797.36
		Intergov Orgs	2014	\$ 1,036,000.00	\$ -	\$ 1,017,684.00
		Law E & Em R P D B	2014	\$ 2,163,000.00	\$ -	\$ 1,400,670.78
		Loan & Trf Agents	2014	\$ 60,000.00	\$ -	\$ 12,000.00
		Payroll Deduction	0000	\$ 793,626.64	\$ 8,589,375.48	\$ 7,974,454.20
		Publish Monthly Stat	2014	\$ 15,000.00	\$ -	\$ -
		Pur of Sav Bnds-Ser	0000	\$ 950.00	\$ -	\$ -
		Unclaimed Property	0000	\$ 662,309.31	\$ 842,890.36	\$ 553,756.31
		US Sav Bond Deduct	0000	\$ 1,480.00	\$ -	\$ -
	008	Debt Srvc Grwg Grnr	2014	\$ 42,136,000.00	\$ -	\$ 40,200,137.65
	010	Adm Ref Liq Fuel Tax	2014	\$ 533,000.00	\$ -	\$ 456,685.93
		Cap Debt-Trans Proj	2014	\$ 2,376,000.00	\$ -	\$ -
		General Obligation Debt Servic	2014	\$ 16,936,000.00	\$ -	\$ 16,936,000.00
		Loan & Trf Agents	2014	\$ 50,000.00	\$ -	\$ -
		Ref Liq Fuel Tx-Ag	2014	\$ 4,100,000.00	\$ -	\$ 3,098,786.23
		Ref Liq Fuel Tx-BF	2014	\$ 6,100,000.00	\$ -	\$ -
		Ref Liq Fuel Tx-PS	2014	\$ 3,400,000.00	\$ -	\$ 2,943,032.83
		Ref Liq Fuel Tx-St	2014	\$ 1,700,000.00	\$ -	\$ 1,245,008.77
		Ref Liq Fuel Tx-VS	2014	\$ 500,000.00	\$ -	\$ 379,323.17
		Refndng Liquid Fuels Tx-Snwmb	2014	\$ 1,000,000.00	\$ -	\$ 1,000,000.00
	027	Ref Liq Fu Tax-Boat	2014	\$ 100,000.00	\$ -	\$ -
	043	Replace Checks - Deferred Comp	0000	\$ 14,746.85	\$ 120,367.55	\$ 22,692.57
	061	ReplacmntChecksSERS	0000	\$ 1,718,667.49	\$ -	\$ 166,483.50
	062	ReplacmntChecksPSERS	0000	\$ 3,495,032.69	\$ -	\$ 212,828.69
	078	Replacement Checks - PMRS	0000	\$ 10,931.02	\$ -	\$ 2,116.07
	091	Refndg Gen Obligatns	0000	\$ 10.00	\$ (10.00)	\$ -
		Refunding G O bonds	0000	\$ 99.94	\$ (99.94)	\$ -
		Refunding GO Bonds	0000	\$ 44,302,840.37	\$ (15,405.39)	\$ 44,287,425.00
		Rfndg Gen Oblgtns Bd	0000	\$ 10.00	\$ (10.00)	\$ -
		Rfng-1st Series 2011	0000	\$ 10.00	\$ (10.00)	\$ -
		Rfng-2nd Series 2002	0000	\$ 9.97	\$ (9.97)	\$ -
		Rfng-2nd Series 2009	0000	\$ 75,451,700.92	\$ 90,983,178.79	\$ 94,393,368.75
	143	Tuition Act Prog Bur	2014	\$ 3,188,000.00	\$ 1,330,932.49	\$ 2,883,111.68
	188	NghbrhdImprvmZnLocal	0000	\$ -	\$ 2,299,310.90	\$ 2,299,310.90
		NghbrhdImprvmZnState	0000	\$ 698.03	\$ 55,912,139.68	\$ 55,904,407.63
	189	REHP Trust Account	0000	\$ 60,000,000.00	\$ 50,000,000.00	\$ -
		RPSPP Trust Account	0000	\$ 50,800,000.00	\$ -	\$ -
	196	EnergyAudtFeeRmbrsmt	0000	\$ 686,990.07	\$ -	\$ -
		Geothermal Loan Loss Reserve	0000	\$ 177,350.14	\$ -	\$ -
		Loan Loss Reserve	0000	\$ 3,093,316.60	\$ -	\$ -
	213	Dist to Phil School District	0000	\$ -	\$ 50,245,020.49	\$ 44,948,799.52

Year End	Fund	Approp Name	FY	Sum of Appropriation Amount	Sum of Augmentation	Sum of Payments
6/30/2016	001	Board of Finan & Rev	2014	\$ 339,150.29	\$ -	\$ 93,870.80
			2015	\$ 2,715,000.00	\$ -	\$ 2,547,962.20
		Cash Management Loan Interest	2014	\$ 152.78	\$ -	\$ -
			2015	\$ 1,316,666.67	\$ -	\$ 1,316,666.67
		Claim Pay-Unclaim Pr	0000	\$ 5,000,001.05	\$ 157,000,000.00	\$ 160,328,960.12
		Divestiture Reimburs	2014	\$ 229,000.00	\$ -	\$ 228,585.26
			2015	\$ 68,000.00	\$ -	\$ -
		Gen Govt Operations	2014	\$ 6,558,613.94	\$ -	\$ 4,640,573.11
			2015	\$ 36,992,000.00	\$ 13,782,575.51	\$ 44,160,745.20
		Gen Oligat Debt Ser	2015	\$ 1,127,500,000.00	\$ -	\$ 1,127,500,000.00
		Info Tech Modernizat	2014	\$ 2,122,202.64	\$ -	\$ 2,114,203.97
			2015	\$ 3,000,000.00	\$ -	\$ 1,254,008.05
		Intergov Orgs	2014	\$ 18,316.00	\$ -	\$ -
			2015	\$ 1,025,000.00	\$ -	\$ 1,022,471.00
		Law E & Em R P D B	2014	\$ 762,329.22	\$ -	\$ 101,145.65
			2015	\$ 4,590,000.00	\$ -	\$ 1,209,051.25
		Loan & Trf Agents	2014	\$ 48,000.00	\$ -	\$ 1,000.00
			2015	\$ 50,000.00	\$ -	\$ 9,500.00
		Payroll Deduction	0000	\$ 1,408,547.92	\$ 9,050,469.78	\$ 9,156,650.53
		Publish Monthly Stat	2014	\$ 15,000.00	\$ -	\$ -
			2015	\$ 15,000.00	\$ -	\$ -
		Pur of Sav Bnds-Ser	0000	\$ 950.00	\$ -	\$ -
		Unclaimed Property	0000	\$ 951,443.36	\$ 417,658.66	\$ 842,890.36
		US Sav Bond Deduct	0000	\$ 1,480.00	\$ -	\$ -
	008	Debt Srvs Grwg Grnr	2015	\$ 40,830,000.00	\$ -	\$ 37,598,033.91
	010	Adm Ref Liq Fuel Tax	2014	\$ 76,314.07	\$ -	\$ 10,229.43
			2015	\$ 533,000.00	\$ -	\$ 275,198.98
		Cap Debt-Trans Proj	2015	\$ 4,223,000.00	\$ -	\$ 4,222,967.35
		General Obligation Debt Servic	2015	\$ 16,968,000.00	\$ -	\$ 16,968,000.00
		Loan & Trf Agents	2014	\$ 50,000.00	\$ -	\$ -
			2015	\$ 50,000.00	\$ -	\$ -
		Ref Liq Fuel Tx-Ag	2014	\$ 1,001,213.77	\$ -	\$ -
			2015	\$ 4,600,000.00	\$ -	\$ 3,874,603.38
		Ref Liq Fuel Tx-BF	2014	\$ 6,100,000.00	\$ -	\$ 5,578,578.54
			2015	\$ 10,470,000.00	\$ -	\$ -
		Ref Liq Fuel Tx-PS	2014	\$ 456,967.17	\$ -	\$ -
			2015	\$ 3,800,000.00	\$ -	\$ 3,490,896.68
		Ref Liq Fuel Tx-St	2014	\$ 454,991.23	\$ -	\$ 454,827.29
			2015	\$ 3,900,000.00	\$ -	\$ 3,662,099.57
		Ref Liq Fuel Tx-VS	2014	\$ 120,676.83	\$ -	\$ 4,428.46
			2015	\$ 600,000.00	\$ -	\$ 463,003.76
		Refndng Liquid Fuels Tx-Snwmb	2015	\$ 1,000,000.00	\$ -	\$ 1,000,000.00
	027	Ref Liq Fu Tax-Boat	2014	\$ 100,000.00	\$ -	\$ 68,779.45
			2015	\$ 100,000.00	\$ -	\$ -
	043	Replace Checks - Deferred Comp	0000	\$ 112,421.83	\$ -	\$ 47,201.42
	061	ReplacmntChecksSERS	0000	\$ 1,552,183.99	\$ -	\$ 162,836.41
	062	ReplacmntChecksPSERS	0000	\$ 3,282,204.00	\$ -	\$ 93,907.91
	078	Replacement Checks - PMRS	0000	\$ 8,814.95	\$ -	\$ 402.12
	091	Refunding GO Bonds	0000	\$ 9.98	\$ -	\$ -
		Rfng-2nd Series 2009	0000	\$ 72,041,510.96	\$ 152,629,374.65	\$ 222,351,875.00
	143	Tuition Act Prog Bur	2014	\$ 1,635,820.81	\$ -	\$ 874,970.17
			2015	\$ 3,188,000.00	\$ 1,492,479.40	\$ 3,178,450.06
	188	NghbrhdImprvmZnLocal	0000	\$ -	\$ 2,668,417.24	\$ 2,668,417.24
		NghbrhdImprvmZnState	0000	\$ 8,430.08	\$ 61,768,232.42	\$ 61,776,662.50
	189	REHP Trust Account	0000	\$ 110,000,000.00	\$ 50,000,000.00	\$ -
		RSPSP Trust Account	0000	\$ 50,800,000.00	\$ -	\$ -
	196	EnergyAudtFeeRmbrsmt	0000	\$ 686,990.07	\$ -	\$ -
		Geothermal Loan Loss Reserve	0000	\$ 177,350.14	\$ -	\$ -
		Loan Loss Reserve	0000	\$ 3,093,316.60	\$ -	\$ -
	212	CRIZ - Bethlehem	0000	\$ -	\$ 18,949.45	\$ 18,949.45
		CRIZ - Lancaster	0000	\$ -	\$ 2,869.66	\$ 2,869.66
		CRIZ - Local Share Bethlehem	0000	\$ -	\$ 1,154.00	\$ 1,154.00
		CRIZ - Local Share Lancaster	0000	\$ -	\$ 126,987.39	\$ 126,987.39
	213	Dist to Phil School District	0000	\$ 5,296,220.97	\$ 58,766,316.26	\$ 58,957,857.00

- f. Reconciliation of appropriations from 2015-2017. Treasury reconciles these balances to outstanding commitments or potential lapses to be completed prior to June 30, 2017.

Fund	Fund Name	Dept ID	Dept Name	Approp	Approp Name	FY	Ledger	Appropriation Amount	Augmentation	Payments	Lapses	Balance
001	General	073	Treasury	10537	Board of Finan & Rev	2015	10	167,037.80	0.00	136,969.97	0.00	30,067.83
001	General	073	Treasury	10537	Board of Finan & Rev	2016	10	2,967,000.00	0.00	1,523,252.90	0.00	1,443,747.10
001	General	073	Treasury	10538	Publish Monthly Stat	2015	10	15,000.00	0.00	0.00	0.00	15,000.00
001	General	073	Treasury	10538	Publish Monthly Stat	2016	10	15,000.00	0.00	0.00	0.00	15,000.00
001	General	073	Treasury	10539	Loan & Trf Agents	2015	10	40,500.00	0.00	0.00	0.00	40,500.00
001	General	073	Treasury	10539	Loan & Trf Agents	2016	10	50,000.00	0.00	6,500.00	0.00	43,500.00
001	General	073	Treasury	10540	Law E & Em R P D B	2015	10	3,380,948.75	0.00	0.00	0.00	3,380,948.75
001	General	073	Treasury	10540	Law E & Em R P D B	2016	10	2,500,000.00	0.00	1,060,257.81	0.00	1,439,742.19
001	General	073	Treasury	10543	Gen Oligat Debt Ser	2016	10	1,111,385,000.00	0.00	783,889,186.70	0.00	327,495,813.30
001	General	073	Treasury	10544	Gen Govt Operations	2015	10	6,613,830.31	0.00	3,114,970.35	0.00	3,498,859.96
001	General	073	Treasury	10544	Gen Govt Operations	2016	10	36,757,000.00	7,870,602.45	24,661,541.07	0.00	19,966,061.38
001	General	073	Treasury	10553	Intergov Orgs	2015	10	2,529.00	0.00	0.00	0.00	2,529.00
001	General	073	Treasury	10553	Intergov Orgs	2016	10	1,040,000.00	0.00	1,026,498.00	0.00	13,502.00
001	General	073	Treasury	10978	Info Tech Moderniz	2014	10	7,998.67	0.00	0.00	0.00	7,998.67
001	General	073	Treasury	10978	Info Tech Moderniz	2015	10	1,745,991.95	0.00	475,812.10	0.00	1,270,179.85
001	General	073	Treasury	10978	Info Tech Moderniz	2016	10	3,000,000.00	0.00	542,428.55	0.00	2,457,571.45
001	General	073	Treasury	11030	Divestiture Reimburs	2015	11	68,000.00	0.00	0.00	0.00	68,000.00
001	General	073	Treasury	11030	Divestiture Reimburs	2016	11	2,551,000.00	0.00	0.00	0.00	2,551,000.00
001	General	073	Treasury	11112	Transfer To ABLE Fund	2016	11	1,500,000.00	0.00	1,500,000.00	0.00	0.00
001	General	073	Treasury	40064	Claim Pay-Unclaim Pr	0000	40	1,671,040.93	150,000,000.00	146,381,696.22	0.00	5,289,344.71
001	General	073	Treasury	40066	US Sav Bond Deduct	0000	40	1,480.00	0.00	0.00	0.00	1,480.00
001	General	073	Treasury	40069	Payroll Deduction	0000	40	1,302,367.17	5,602,699.84	5,674,859.18	0.00	1,230,207.83
001	General	073	Treasury	40072	Pur of Sav Bnds-Ser	0000	40	950.00	0.00	0.00	0.00	950.00
001	General	073	Treasury	40359	Unclaimed Property	0000	40	526,211.66	312,082.33	417,658.66	0.00	420,635.33

- g. Listing of ledger 5/non-budgeted line items.

Fund	Appropriation	Use	Reconciliation
General	50213	Budget Stop GAP Appropriation Utilized in accordance with FLSA to make payments for personnel costs during a budget impasse.	All Balances 0 as of end of fiscal year and charged to appropriate Fiscal Year.
Motor	50273	Budget Stop GAP Appropriation Utilized in accordance with FLSA to make payments for personnel costs during a budget impasse.	All Balances 0 as of end of fiscal year and charged to appropriate Fiscal Year.
Tuition Payment Fund	50277	Budget Stop GAP Appropriation Utilized in accordance with FLSA to make payments for personnel costs during a budget impasse.	All Balances 0 as of end of fiscal year and charged to appropriate Fiscal Year.
General	50137	Utilized to make state constitutionally required General Obligation Debt Service Payments in absence of a budget.	All Balances 0 as of end of fiscal year and charged to appropriate Fiscal Year.
Growing Greener Fund	50283	Utilized to make required Debt Service Payments in absence of a budget.	All Balances 0 as of end of fiscal year and charged to appropriate Fiscal Year.
Motor	50284	Utilized to make required Debt Service Payments in absence of a budget.	All Balances 0 as of end of fiscal year and charged to appropriate Fiscal Year.
Allegh. Reg. Asset Tax	50044	Utilized to make payments for taxes collected under the Allegheny Sale and Use Tax provision.	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Allegh. Reg. Asset Tax	50045	Utilized to make payments for taxes collected under the Allegheny Sale and Use Tax provision.	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Allegh. Reg. Asset Tax	50046	Utilized to make payments for taxes collected under the Allegheny Sale and Use Tax provision.	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Capital Funds	50302	Bond Issuance Expenses - SA102	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Capital Funds	50304	Bond Issuance Expenses - SA104	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Capital Funds	50307	Bond Issuance Expenses - SA107	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Capital Funds	50314	Bond Issuance Expenses - SA114	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Growing Greener Bond Sinking Fund	50146	Principal & Interest	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Local Sales and Use Tax Fund	50043	Utilized to make payments for taxes collected under the Philadelphia Sale and Use Tax provision.	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Tuition Payment Fund	50050	Tuition Payments to TAP account holders classified as Tuition Pay-Nonpart	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Tuition Payment Fund	50049	Tuition Payments to TAP account holders classified as Tuition Pay-Part Ins	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Tuition Payment Fund	50055	Tuition Payments to TAP account holders classified as Tuition Shortfall-NP	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Tuition Payment Fund	50052	Tuition Payments to TAP account holders classified as Tuition Shortfall-Pa	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.
Tuition Payment Fund	50051	Tuition Payments to TAP account holders classified as Tuition Units Refund	Payments made directly from specific fund. Allows for the proper recording of expenses. These are not stop gap related.

- h. Treasury's cash flows for appropriations are evenly distributed through the fiscal year. Debt Service payments are the largest dollar payments processed and accounted for by Treasury and are already accounted for and planned for cash flow needs for the General Fund. Treasury monitors cash flow for the General Fund as a whole. The recently updated Treasury website provides cash flow trends of the General Fund for the past 2 years.
- i. Current year operating appropriations for Treasury are expected to have the sufficient balance to pay for the accrual of applicable payroll expenses, executed contracts awaiting receipt of goods and invoicing on 6/30/2017. Debt Service, Act 101, Divestiture Reimbursement, and Intergovernmental Organization appropriations are anticipated to have a \$0 balance on 6/30/2017. Restricted Receipt accounts will maintain a carryover balance to meet upcoming obligations for the restricted funds at 6/30/2017.
- j. Listed below are the purchases of services or goods Treasury made for the past 3 months of the past 2 fiscal years. These payments were made in order to maintain operations for the appropriations listed.

Fund	Appropriation Number	Vendor	April-15	May-15	June-15
General	10537	ACBA		\$ 500.00	
General	10537	AEROTEK PROFESSIONAL SERVICES	\$ 2,960.00		
General	10537	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 14,098.72	\$ 14,098.72	
General	10537	LEXIS-NEXIS	\$ 388.72	\$ 388.72	\$ 388.72
General	10537	SP PLUS CORPORATION	\$ 145.00	\$ 145.00	
General	10537	STAPLES ADVANTAGE			\$ 209.77
General	10537	UNITED PARCEL SERVICE	\$ 3.26		
General	10537	VERIZON	\$ 1,669.94	\$ 1,699.66	\$ 1,673.37
General	10537	VERIZON WIRELESS	\$ 53.53	\$ 53.56	\$ 53.99
General	10537	WEST GROUP PAYMENT CENTER	\$ 1,797.66		\$ 2,022.36
General	10544	321 DEVELOPMENT LP	\$ 5,771.35	\$ 5,771.35	
General	10544	ACCUITY, INC		\$ 196.00	
General	10544	AEROTEK PROFESSIONAL SERVICES	\$ 4,010.05	\$ 40,100.85	\$ 26,825.74
General	10544	ALLEN & GERRITSEN	\$ 7,000.00	\$ 7,000.00	\$ 14,000.00
General	10544	AMERICAN EXPRESS	\$ 4,108.02	\$ 7,123.60	\$ 10,824.81
General	10544	AMERICAN MARKING SYSTEMS	\$ 51.20	\$ 692.44	
General	10544	ASL SERVICES		\$ 1,118.25	
General	10544	AT & T	\$ 262.72	\$ 7,304.38	\$ 6,596.19
General	10544	AT&T TELECONFERENCE SERVICES		\$ 141.38	\$ 97.93
General	10544	AXWAY		\$ 132.30	
General	10544	BELL CONTAINERS		\$ 745.00	
General	10544	BK OFFICE INSTALLATIONS			\$ 910.00
General	10544	BLACK BOX NETWORK SERVICES INC			\$ 432.50
General	10544	BNY MELLON	\$ 12,106.43	\$ 31,828.85	\$ 9,965.34
General	10544	BOWE BELL & HOWELL	\$ 8,730.92	\$ 8,730.92	\$ 8,730.92
General	10544	BUCHANAN INGERSOLL			\$ 5,408.12
General	10544	CAPITOL COPY SERVICE	\$ 53.10		
General	10544	CARDELLO ASSOCIATES	\$ 3,274.50	\$ 3,274.50	
General	10544	CDW-G	\$ 2,063.68		
General	10544	CENVEO	\$ 19,108.70	\$ 183.60	\$ 7,157.86
General	10544	CERES INC	\$ 3,000.00		
General	10544	COMMONWEALTH REPORTING CO INC		\$ 88.77	\$ 83.11
General	10544	CRYSTAL SPRINGS WATER CO	\$ 1,357.01	\$ 1,399.24	\$ 1,207.87
General	10544	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 15,719.05	\$ 15,719.05	
General	10544	DELL MARKETING LP			\$ 15,787.17
General	10544	DIEBOLD INCORPORATED		\$ 4,589.00	
General	10544	DLT SOLUTIONS			\$ 46,667.54
General	10544	DUANE MORRIS LLP		\$ 1,040.00	
General	10544	DUNBAR ARMORED INC.			\$ 334.56

Fund	Appropriation Number	Vendor	April-15	May-15	June-15
General	10544	EC AMERICA		\$ 767.20	
General	10544	ECKERT SEAMANS CHERIN AND MELLOTT LLC		\$ 4,121.06	\$ 1,341.50
General	10544	EDWARD S. FINKELSTEIN, ESQUIRE	\$ 700.00	\$ 955.00	\$ 1,345.00
General	10544	EDWIN & GREEN, LLC	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
General	10544	EGAN VISUAL INTERNATIONAL		\$ 552.00	\$ 990.00
General	10544	EPLUS TECHNOLOGY		\$ 1,217.10	\$ 22,494.05
General	10544	FOX LEDGE SPRING WATER	\$ 36.00	\$ 36.00	\$ 40.00
General	10544	GRAINGER		\$ 129.00	
General	10544	GREATLAND		\$ 325.50	
General	10544	GUERNSEY OFFICE PRODUCTS			\$ 187.28
General	10544	HARMEIN MEDIA			\$ 40,294.63
General	10544	HARRISBURG NEWS COMPANY		\$ 1,560.60	
General	10544	HAWORTH INC			\$ 7,250.40
General	10544	HEINTZELMAN JANITORIAL SERVICES		\$ 3,145.00	
General	10544	INTERACTIVE DATA	\$ 2,831.30	\$ 2,831.30	\$ 2,831.30
General	10544	INTERPACK SYSTEMS INC		\$ 438.84	
General	10544	IWCO DIRECT	\$ 5,173.50		
General	10544	JOHNS CLEANING SERVICE	\$ 136.00	\$ 136.00	\$ 136.00
General	10544	KELMAR ASSOCIATES LLC		\$ 83,260.39	\$ 35,221.28
General	10544	KINDERMANS AUTO REPAIR	\$ 691.30	\$ 204.00	
General	10544	LAMB MCERLANE PC	\$ 1,820.00		
General	10544	LEVEL 3 COMMUNICATIONS LLC	\$ 1,343.93	\$ 1,343.93	\$ 1,343.92
General	10544	LEXIS-NEXIS	\$ 4,520.16	\$ 4,520.16	\$ 21,409.20
General	10544	LINDENMEYR MUNROE		\$ 2,908.61	
General	10544	LOWEES GROUP TOURS LLC		\$ 1,040.00	
General	10544	MID-ATLANTIC NEWSPAPER SERVICES INC			\$ 231,062.88
General	10544	MORPHY AUCTIONS LLC			\$ 803.88
General	10544	MUTUAL PRESS CLIPPING SERVICE		\$ 236.95	\$ 164.27
General	10544	NATIONAL ASSOCIATION OF STATE TREASURERS			\$ 600.00
General	10544	NEOPOST USA INC			\$ 153.38
General	10544	NOTTINGHAM	\$ 26,807.28	\$ 24,956.91	\$ 26,457.06
General	10544	OFFICEMAX CONTRACT INC		\$ 190.74	
General	10544	PA EXECUTIVE OFFICES PURCHASING FUND	\$ 3,078.40		
General	10544	PA UC FUND		\$ 7,882.00	
General	10544	PACER SERVICE CENTER	\$ 42.00		
General	10544	PENNSYLVANIA CABLE NETWORK (PCN)	\$ 174.00		
General	10544	PENNSYLVANIA STATE POLICE	\$ 40.00	\$ 30.00	\$ 40.00
General	10544	PENNSYLVANIA TURNPIKE COMMISSION	\$ 288.01	\$ 387.86	\$ 291.93
General	10544	PHILADELPHIA TRIBUNE		\$ 130.00	
General	10544	PITNEY BOWES GLOBAL FINANCIAL SERVICES L			\$ 4,448.00
General	10544	PNC BANK	\$ 35,735.97	\$ 15,445.15	
General	10544	POSTMASTER		\$ 250,000.00	\$ 251,726.00
General	10544	PRESSTEK INC		\$ 67.76	
General	10544	PRESTIGE BINDING MACHINE CO		\$ 162.50	
General	10544	QUICK CHANGE INC			\$ 44.95
General	10544	READING PARKING AUTHORITY	\$ 82.00	\$ 82.00	\$ 82.00
General	10544	RICOH USA INC	\$ 1,109.11	\$ 1,097.19	\$ 2,004.88
General	10544	SATORI SOFTWARE		\$ 8,465.00	
General	10544	SNYDERS PAINT STORE		\$ 405.00	
General	10544	SP PLUS CORPORATION	\$ 10,150.00	\$ 10,150.00	
General	10544	STAPLES ADVANTAGE	\$ 1,011.30	\$ 3,278.01	\$ 185.41
General	10544	SUPPLY SAVER	\$ 3,998.00	\$ 3,808.05	
General	10544	SUSTAINALYTICS US INC		\$ 8,500.00	
General	10544	TALLEY PETROLEUM ENTERPRISES, INC.		\$ 76.13	
General	10544	TRANSAMERICAN OFFICE FURNITURE INC			\$ 2,100.00
General	10544	TRAVELERS PROPERTY AND CASUALTY CORP		\$ 1,427.00	\$ 29,517.00
General	10544	TREASURY SERVICES GROUP	\$ 4,140.93	\$ 23,106.03	\$ 38,623.62
General	10544	ULINE	\$ 450.65	\$ 189.25	
General	10544	UNIFY INC	\$ 280.00		

Fund	Appropriation Number	Vendor	April-15	May-15	June-15
General	10544	UNITED PARCEL SERVICE	\$ 117.31	\$ 286.18	\$ 113.10
General	10544	UNITED POSTAL SERVICES	\$ 250,000.00		
General	10544	VERIZON	\$ 22,251.44	\$ 22,458.47	\$ 22,107.80
General	10544	VERIZON BUSINESS		\$ 3,311.52	\$ 3,311.52
General	10544	VERIZON ONLINE	\$ 91.99	\$ 91.99	\$ 91.99
General	10544	VERIZON WIRELESS	\$ 1,403.37	\$ 1,269.76	\$ 1,341.43
General	10544	VERUS FINANCIAL LLC	\$ 2,710,691.57	\$ 279,816.90	\$ 22,457.19
General	10544	WAGERS & ASSOCIATES INC	\$ 9,014.25	\$ 9,014.25	\$ 9,014.25
General	10544	WARREN GROUP	\$ 2,370.00		
General	10544	WEBSense			\$ 9,187.50
General	10544	WELLS FARGO BANKS	\$ 717.17	\$ 1,006.66	\$ 1,524.04
General	10544	WEST GROUP PAYMENT CENTER	\$ 1,589.74	\$ 1,869.74	\$ 1,589.74
General	10544	WEX BANK	\$ 1,361.85	\$ 1,226.89	\$ 1,175.40
General	10544	WPS INC	\$ 98.17		
General	10544	XEROX CORPORATION	\$ 15,364.94	\$ 14,207.44	\$ 17,547.71
General	10544	XPEDX	\$ 11,550.30	\$ 6,158.00	\$ 1,141.20
General	10978	ACL SERVICES LTD	\$ 18,000.00		
General	10978	APPALACHIA TECHNOLOGIES LLC	\$ 472.50	\$ 270.00	\$ 810.00
General	10978	BERKSHIRE SYSTEMS GROUP INC		\$ 8,948.00	\$ 9,268.00
General	10978	CDW-G		\$ 141,642.98	\$ 10,608.68
General	10978	CHERRY ROAD TECHNOLOGIES INC		\$ 282,437.50	\$ 38,967.50
General	10978	COMPUTER AID, INC		\$ 167,855.28	\$ 179,744.66
General	10978	CORL COMMUNICATIONS, INC	\$ 100,000.00		\$ 17,486.00
General	10978	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 857.00		
General	10978	DELL MARKETING LP		\$ 923.18	
General	10978	EPLUS TECHNOLOGY	\$ 10,400.00		
General	10978	GRAYBAR		\$ 416.00	
General	10978	HAWORTH INC			\$ 360.28
General	10978	HEWLETT PACKARD COMPANY		\$ 260,014.00	
General	10978	NEW HORIZONS COMPUTER LEARNING OF CENTRA	\$ 24,000.00		
Motor Fund	10545	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 3,524.68	\$ 3,524.68	
Motor Fund	10545	MAILFINANCE	\$ 604.61	\$ 604.61	\$ 604.61
Tuition Account Program	10542	AT & T	\$ 46.39	\$ 46.39	\$ 46.39
Tuition Account Program	10542	AT&T TELECONFERENCE SERVICES		\$ 13.45	\$ 15.34
Tuition Account Program	10542	BNY MELLON	\$ 7,169.48		
Tuition Account Program	10542	BRAVO GROUP	\$ 420.00		
Tuition Account Program	10542	BUSINESS WOMENS FORUM		\$ 300.00	
Tuition Account Program	10542	COMMONWEALTH REPORTING CO INC			\$ 190.00
Tuition Account Program	10542	MURPHY & MCGONIGLE			\$ 118.00
Tuition Account Program	10542	PA STATE COUNCIL OF SHRM		\$ 500.00	
Tuition Account Program	10542	PENNSYLVANIA TURNPIKE COMMISSION	\$ 48.53	\$ 36.56	\$ 91.96
Tuition Account Program	10542	POSTMASTER	\$ 250,000.00		\$ 310.00
Tuition Account Program	10542	SP PLUS CORPORATION	\$ 2,320.00	\$ 2,320.00	
Tuition Account Program	10542	STAPLES ADVANTAGE		\$ 9.60	
Tuition Account Program	10542	UNITED PARCEL SERVICE	\$ 5.34	\$ 142.72	
Tuition Account Program	10542	VERIZON	\$ 477.12	\$ 485.62	\$ 478.11
Tuition Account Program	10542	WEX BANK	\$ 92.40	\$ 95.79	\$ 176.71

Fund	Appropriation Number	Vendor	April-16	May-16	June-16
General	10537	ACBA	\$ 250.00	\$ 250.00	\$ 250.00
General	10537	AEROTEK PROFESSIONAL SERVICES	\$ 6,841.80	\$ 9,060.00	\$ 9,131.60
General	10537	AMERICAN EXPRESS	\$ 24.05		
General	10537	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 14,130.48	\$ 14,098.72	
General	10537	LEXIS-NEXIS		\$ 777.44	
General	10537	PENNSYLVANIA NEWSMEDIA ASSOCIATION		\$ 30.00	
General	10537	SP PLUS CORPORATION	\$ 180.00	\$ 180.00	
General	10537	STAPLES ADVANTAGE	\$ 186.00		
General	10537	VERIZON	\$ 1,788.93	\$ 1,731.42	\$ 1,730.06
General	10537	WEST GROUP PAYMENT CENTER	\$ 707.80	\$ 707.80	\$ 707.80
General	10544	321 DEVELOPMENT LP	\$ 5,761.85	\$ 5,761.85	
General	10544	AEROTEK PROFESSIONAL SERVICES	\$ 5,880.00	\$ 4,843.40	\$ 4,440.00
General	10544	AMERICAN EXPRESS	\$ 2,926.12	\$ 10,107.79	\$ 16,118.88
General	10544	AMERICAN MARKING SYSTEMS	\$ 306.84	\$ 476.20	
General	10544	ARCHIVE REPORTING AND CAPTIONING SERVICE		\$ 95.00	
General	10544	AT & T	\$ 22,128.49		\$ 8,918.27
General	10544	AT&T TELECONFERENCE SERVICES	\$ 135.54	\$ 574.83	\$ 197.46
General	10544	BALTIMORE OFFICE SUPPLY CO INC			\$ 922.00
General	10544	BELL CONTAINERS	\$ 584.00		
General	10544	BERKSHIRE SYSTEMS GROUP INC		\$ 206.00	\$ 578.00
General	10544	BLACK BOX NETWORK SERVICES INC	\$ 2,586.58	\$ 340.00	\$ 170.00
General	10544	BNY MELLON	\$ 11,375.00	\$ 40,370.29	
General	10544	BNY MELLON/THE PITNEY BOWES BANK INC			\$ 250,000.00
General	10544	BOWE BELL & HOWELL	\$ 8,818.20	\$ 8,818.20	\$ 8,818.20
General	10544	BUCHANAN INGERSOLL	\$ 20,878.50	\$ 8,800.00	\$ 78,360.00
General	10544	CAPITAL TRISTATE	\$ 3,200.00		
General	10544	CAPITOL COPY SERVICE	\$ 109.55		
General	10544	CARDELLO ASSOCIATES	\$ 3,274.50	\$ 3,274.50	
General	10544	CAREWORKS ABSENCE MANAGEMENT		\$ 1,276.80	\$ 684.00
General	10544	CDW-G			\$ 2,693.98
General	10544	CENVEDO	\$ 9,507.70	\$ 1,390.26	
General	10544	CONCENTRA INC			\$ 96.00
General	10544	CRYSTAL SPRINGS WATER CO	\$ 1,322.39	\$ 1,404.39	\$ 1,206.70
General	10544	DAUPHIN ASSOCIATES	\$ 247.11	\$ 666.06	\$ 161.24
General	10544	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 15,754.45	\$ 15,719.05	
General	10544	DELL MARKETING LP	\$ 1,606.47	\$ 250,572.42	\$ 360.91
General	10544	DISCOUNT VACUUM AND SEWING CENTER			\$ 2,585.10
General	10544	DIVERSIFIED BUSINESS COMMUNICATIONS		\$ 890.00	
General	10544	DLT SOLUTIONS	\$ 816.00	\$ 1,160,743.30	
General	10544	DRINKER BIDDLE & REATH LLP	\$ 405.00		
General	10544	DUANE MORRIS LLP		\$ 520.00	
General	10544	ECKERT SEAMANS CHERIN AND MELLOTT LLC	\$ 79.00	\$ 14,705.22	\$ 54,788.50
General	10544	EDWARD S. FINKELSTEIN, ESQUIRE	\$ 1,705.00	\$ 530.00	\$ 940.00
General	10544	EDWIN & GREEN, LLC	\$ 11,024.00	\$ 5,530.00	\$ 5,500.00
General	10544	ELIZABETH M SMITH			\$ 200.00
General	10544	FINANCIAL INFORMATION SYSTEMS LLC	\$ 500.00		
General	10544	FORCEPOINT			\$ 10,106.25
General	10544	FOX LEDGE SPRING WATER	\$ 47.95	\$ 47.02	
General	10544	GRAINGER	\$ 2,954.67	\$ 3,876.66	
General	10544	GREATLAND		\$ 325.50	
General	10544	GUERNSEY OFFICE PRODUCTS	\$ 94.98	\$ 95.03	\$ 153.00
General	10544	HAWORTH INC		\$ 129,040.59	\$ 25,277.45
General	10544	HEINTZELMAN JANITORIAL SERVICES		\$ 3,245.00	
General	10544	HUDSON NEWS DISTRIBUTORS LLC		\$ 1,083.60	
General	10544	INTERACTIVE DATA	\$ 2,831.30	\$ 2,831.30	\$ 2,831.30
General	10544	IWCO DIRECT	\$ 7,106.92		

Fund	Appropriation Number	Vendor	April-16	May-16	June-16
General	10544	JOHNS CLEANING SERVICE	\$ 136.00	\$ 136.00	\$ 136.00
General	10544	KAREN GURZENDA		\$ 260.00	
General	10544	KEATING MARA AND ASSOCIATES, LLC		\$ 3,080.00	
General	10544	KELMAR ASSOCIATES LLC	\$ 20,306.20	\$ 93,155.04	\$ 212,820.07
General	10544	KINDERMANS AUTO REPAIR		\$ 587.05	
General	10544	KLEINBARD LLC		\$ 22,591.51	\$ 15,611.00
General	10544	LEVEL 3 COMMUNICATIONS LLC	\$ 1,343.92	\$ 1,343.92	\$ 1,351.97
General	10544	LEXIS-NEXIS	\$ 4,520.16	\$ 4,520.16	\$ 4,520.16
General	10544	LINDENMEYR MUNROE		\$ 170.40	
General	10544	MICROSOFT CORPORATION			\$ 98,300.00
General	10544	MID-ATLANTIC NEWSPAPER SERVICES INC	\$ 153,681.45	\$ 473,963.27	\$ 621,703.91
General	10544	MURPHY & MCGONIGLE			\$ 1,032.50
General	10544	MUTUAL PRESS CLIPPING SERVICE	\$ 162.35	\$ 197.10	\$ 346.10
General	10544	NATIONAL ASSOCIATION OF STATE TREASURERS	\$ 600.00		
General	10544	NEOPOST USA INC		\$ 165.44	
General	10544	NOTTINGHAM	\$ 22,949.19	\$ 22,797.22	\$ 24,388.39
General	10544	OFFICEMAX CONTRACT INC	\$ 1,019.20	\$ 4,142.52	\$ 15.52
General	10544	PACER SERVICE CENTER	\$ 50.30		
General	10544	PENNSYLVANIA STATE POLICE	\$ 40.00	\$ 24.00	\$ 32.00
General	10544	PENNSYLVANIA TURNPIKE COMMISSION	\$ 369.67	\$ 406.06	\$ 395.65
General	10544	PITNEY BOWES GLOBAL FINANCIAL SERVICES L			\$ 7,172.00
General	10544	PNC BANK	\$ 16,152.28	\$ 14,701.89	\$ 14,774.54
General	10544	POSTMASTER	\$ 500,000.00	\$ 250,000.00	\$ 1,688.00
General	10544	POWER PRODUCTS UNLIMITED INC		\$ 534.00	
General	10544	QUICK CHANGE INC	\$ 63.45	\$ 62.98	
General	10544	READING PARKING AUTHORITY	\$ 82.00		
General	10544	RICOH USA INC	\$ 1,796.18	\$ 791.23	\$ 150.00
General	10544	S AND P GLOBAL RATINGS		\$ 40,000.00	
General	10544	SATORI SOFTWARE		\$ 16,540.00	
General	10544	SP PLUS CORPORATION	\$ 12,600.00	\$ 12,600.00	
General	10544	STAPLES ADVANTAGE	\$ 1,852.12	\$ 1,235.33	\$ 5,029.20
General	10544	SUPPLY SAVER		\$ 8,516.40	
General	10544	SUSTAINALYTICS US INC			\$ 21,802.50
General	10544	SWN COMMUNICATIONS INC		\$ 4,037.50	
General	10544	TALLEY PETROLEUM ENTERPRISES, INC.		\$ 35.68	
General	10544	TREASURY SERVICES GROUP			\$ 42,105.01
General	10544	TYCO INTEGRATED SECURITY LLC	\$ 1,050.00		
General	10544	ULINE			\$ 305.30
General	10544	UNIFY INC	\$ 490.00		
General	10544	UNIQUE SOURCE	\$ 15,326.50		
General	10544	UNITED PARCEL SERVICE	\$ 179.64	\$ 186.43	\$ 91.70
General	10544	UNITED POSTAL SERVICES	\$ 250,000.00		
General	10544	VEHICLE REPAIRS, TIRES, ETC - DGS			\$ 725.79
General	10544	VERITIV OPERATING COMPANY	\$ 273.50	\$ 14,620.20	\$ 5,863.31
General	10544	VERIZON	\$ 23,598.04	\$ 22,927.47	\$ 22,844.20
General	10544	VERIZON BUSINESS		\$ 182,583.65	\$ 17,486.32
General	10544	VERIZON ONLINE	\$ 96.99	\$ 96.99	\$ 96.99
General	10544	VERIZON WIRELESS	\$ 1,473.16	\$ 1,793.98	\$ 1,300.86
General	10544	VERUS FINANCIAL LLC	\$ 191,414.12	\$ 43,242.15	\$ 18,260.21
General	10544	WAGERS & ASSOCIATES INC	\$ 9,014.25	\$ 9,014.25	
General	10544	WELLS FARGO BANKS	\$ 876.78	\$ 711.77	\$ 686.17
General	10544	WEST GROUP PAYMENT CENTER	\$ 1,809.23	\$ 2,096.23	\$ 1,669.23
General	10544	WEX BANK	\$ 888.49	\$ 1,054.24	\$ 1,372.53
General	10544	XEROX CORPORATION	\$ 10,000.88	\$ 15,257.62	\$ 11,109.59
General	10978	CDW-G	\$ 44.00		
General	10978	DELL MARKETING LP		\$ 932.14	
General	10978	DLT SOLUTIONS			\$ 2,284.96
General	10978	EPLUS TECHNOLOGY			\$ 221,018.47
General	10978	KOKIOSOFT LLC		\$ 46,920.00	\$ 35,220.00
General	10978	OST INC	\$ 140,421.07	\$ 123,390.92	\$ 105,577.40
General	10978				
Motor Fund	10545	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 3,532.60	\$ 3,524.68	
Motor Fund	10545	MAILFINANCE	\$ 474.37	\$ 474.37	
Tuition Account Program	10542	AMERICAN EXPRESS	\$ 747.00		\$ 1,899.00
Tuition Account Program	10542	AT & T	\$ 47.06	\$ 47.43	\$ 47.43
Tuition Account Program	10542	AT&T TELECONFERENCE SERVICES	\$ 81.71		\$ 92.03
Tuition Account Program	10542	BNY MELLON			\$ 10,403.77
Tuition Account Program	10542	HARMELIN MEDIA	\$ 29,926.64	\$ 128,882.93	\$ 4,962.54
Tuition Account Program	10542	MURPHY & MCGONIGLE	\$ 118.00		
Tuition Account Program	10542	PENNSYLVANIA ASSISTIVE TECHNOLOGY FOUNDA		\$ 216.00	
Tuition Account Program	10542	PENNSYLVANIA NEWSMEDIA ASSOCIATION		\$ 30.00	
Tuition Account Program	10542	PENNSYLVANIA STATE UNIVERSITY		\$ 280.00	
Tuition Account Program	10542	PENNSYLVANIA TURNPIKE COMMISSION	\$ 37.33	\$ 56.67	\$ 57.92
Tuition Account Program	10542	PHRA	\$ 999.00		
Tuition Account Program	10542	POSTMASTER	\$ 250,885.00	\$ 500,000.00	\$ 298.00
Tuition Account Program	10542	SP PLUS CORPORATION	\$ 2,880.00	\$ 2,880.00	
Tuition Account Program	10542	UNITED PARCEL SERVICE	\$ 11.59	\$ 19.65	\$ 50.82
Tuition Account Program	10542	VERIZON	\$ 511.12	\$ 494.69	\$ 494.30
Tuition Account Program	10542	WEX BANK	\$ 46.14	\$ 71.56	\$ 56.18

4. Go Time/Lean Government

Treasury has continued to work more efficiently. During the last fiscal year, Treasury processed 21.1 million payments worth nearly \$92.2 billion. Importantly, Treasury's pre-audit review prevented nearly \$74.2 million of erroneous payments.

Treasury's Bureau of Unemployment Compensation Disbursements processed an additional 8.2 million payments totaling over \$2.45 billion. These payments included \$2.1 billion in unemployment payments, \$97 million in Supplemental Social Security and \$237 million in State Workers' Insurance Fund payments, helping hundreds of thousands of families.

The number of total payments continues to decrease even though the number of transactions and value of payments continues to rise – this is due in part to the enhanced system functionality of Treasury's IT transformation program, which allows Treasury to roll up multiple transactions into a single payment.

Treasury reorganized work responsibilities in peak times and began the use of new Human Resource software to streamline operations.

Investment management of three funds – the State Workers' Insurance Fund, the Workers Compensation Security Fund and the Underground Storage Tank Indemnification Fund – has been shifted from private management to Treasury. Consolidation of the management of these funds is expected to save about \$5.6 million annually.

In 2017, Treasury has already reduced its costs through the reduction of its automotive fleet and better efficiency in advertising unclaimed property.

5. The question relating to federal funds is not applicable to Treasury.

6. Contracts and Contract Amendments

Please see the attached Treasury contract list document.

Treasury did enter into new investment contracts on behalf of the Commonwealth Funds, which are not paid out from Treasury's budget. Those contracts are displayed by manager name, manager type and fees:

- Parella Weinberg – Investment Advisor – 50/40/30 basis points based on net asset value
- Ariel Investments, LLC – Global Equity – 75/70/65/60/50 basis points based on net asset value
- Brown Capital Management, LLC – Global Equity – 75/65/55/50/45 basis points based on net asset value

- Kabouter International Opportunities Fund II, LLC – Alternative – 100 basis points based on net asset value
- Neumeier Poma – Equity – 80/65 basis points based on net asset value
- Oakbrook Investments, LLC – Equity – 25 basis points based on net asset value
- RBC Global Asset Management (U.S.) Inc. – 35/25/22.5/17.5
- Redwood Investments, LLC – Equity – 45/40 basis points based on net asset value
- Rhumblin Advisers Limited Partnership – Global Equity – 7.5 basis points and Equity – 3 basis points¹
- Stepstone PA TAP Fund, I – 50/40/30 basis points based on the asset value
- Global Beta Advisors (formerly VTL Associates) – Investment Advisor – \$50,000 a month
- Farol Fund II LP – Alternative – 100 basis points

7. Lapsed Funds

Treasury does not anticipate any Act 146 request waivers at this time. Treasury would request a waiver to lapse funds, if it is in the best interest of the Commonwealth. Treasury would evaluate the need for expenditures and the timing of the payments to ensure utilizing a waiver to lapse funds is fiscally responsible.

Treasury was granted a waiver for the following **Fiscal Year 2014-15** funds:

<u>APPROPRIATION</u>	<u>SYMBOL</u>
State Treasurer’s Office	Fund 001- 1054414
Information Technology Modernization	Fund 001- 1097814

Treasury was granted the following waiver for **Fiscal Year 2015-16** funds:

<u>APPROPRIATION</u>	<u>SYMBOL</u>
State Treasurer’s Office	Fund 001- 1054415
Information Technology Modernization	Fund 001- 1097815

¹ Rhumblin has two strategies, which are against two different benchmarks, but 1 overall contract.

State Treasurer's Office, Bureau of Unclaimed Property

The Bureau of Unclaimed Property experienced an increase in the amount of work related to a legislative change in the dormancy period of escheated property. In fiscal year 2014-15 Treasury processed in excess of \$650,000,000 of revenue representing 3.4 million properties.

The unclaimed property cycle consists of three distinct phases: recording the property, advertising, and claims. The high volume of escheated property is followed by a higher number of names that must be advertised in newspapers and legal journals. Lastly, with a shorter dormancy period, property owners are easier to locate resulting in higher claims in both years two and three.

Treasury worked diligently to conserve resources in the current year, but desperately needed the funds for the next fiscal year to mitigate the growing advertising costs associated with more than 3 million properties.

The extension of the appropriated funds for the Bureau of Unclaimed Property dramatically enhanced the department's ability to meet the statutory responsibilities of escheated property, ensuring the services provided will be reliable, timely and of value to Pennsylvanians.

Information Technology Modernization

Treasury's internal and external evaluations confirmed the need for a fundamental information technology (IT) modernization and upgrade in order to implement state-of-the-art network and enterprise systems that realized substantial efficiencies in processing activities, allowing Treasury to provide more efficient and responsive financial services to agencies, citizens, and businesses.

Treasury had purchased enterprise resource software and retained an implementer to assist with the monumental task of converting a mainframe process to a modern payment processing system. Treasury held back final payments to vendors until all specifications were acceptable to Treasury. Treasury used the \$1,275,000 to finalize payments to vendors and to continue execution of the comprehensive plan to implement this system over the next 12 months.

The extension of the appropriated funds set forth above ensured final delivery of goods and services was acceptable and increased the State Treasurer's ability to meet his mandated responsibilities and, more importantly, to ensure the services this department provides will bring the best reliability and value to Pennsylvanians.

PA ABLE

The PA ABLE Act was passed in April 2016. This act required the State Treasury to establish an ABLE Savings Program for families with children with disabilities. Treasury never received any funding for this program and is utilizing resources from the State Treasurer's Operating Appropriation to plan and implement this program.

Treasury utilized the remaining funding from the appropriation to begin the planning and establishment phases of the program efficiently and timely.

- a. Treasury will encumber funds for goods ordered and services rendered prior to 6/30/2017, but not invoiced and paid until the following fiscal year. The vendors are anticipated to be:

Fund	Appropriation	Vendor	Amount	Reason
General	10537	LEXIS-NEXIS	\$ 800.00	services are billed monthly after service is provided
General	10537	THOMSON REUTERS WEST PUBLISHING CORP	\$ 800.00	services are billed monthly after service is provided
General	10537	VERIZON	\$ 1,800.00	services are billed monthly after service is provided
Tuition Account Program	10542	AT&T TELECONFERENCE SERVICES	\$ 40.00	services are billed monthly after service is provided
Tuition Account Program	10542	BNY MELLON	\$ 1,500.00	services are billed monthly after service is provided
Tuition Account Program	10542	VERIZON	\$ 500.00	services are billed monthly after service is provided
Tuition Account Program	10542	WEX BANK	\$ 100.00	services are billed monthly after service is provided
General	10544	AT & T	\$ 5,000.00	services are billed monthly after service is provided
General	10544	AT&T TELECONFERENCE SERVICES	\$ 200.00	services are billed monthly after service is provided
General	10544	BELL & HOWELL LLC	\$ 9,000.00	services are billed monthly after service is provided
General	10544	BERKSHIRE SYSTEMS GROUP INC	\$ 4,000.00	services are billed monthly after service is provided
General	10544	BNY MELLON	\$ 45,000.00	Services are billed quarterly after service is provided
General	10544	CRYSTAL SPRINGS WATER CO	\$ 1,300.00	services are billed monthly after service is provided
General	10544	DAUPHIN ASSOCIATES	\$ 800.00	services are billed monthly after service is provided
General	10544	DAUPHIN COUNTY GENERAL AUTHORITY	\$ 150.00	services are billed monthly after service is provided
General	10544	EPLUS TECHNOLOGY	\$ 9,000.00	services are billed monthly after service is provided
General	10544	FOX LEDGE SPRING WATER	\$ 100.00	services are billed monthly after service is provided
General	10544	INTERACTIVE DATA	\$ 3,000.00	services are billed monthly after service is provided
General	10544	LEXIS-NEXIS	\$ 5,000.00	services are billed monthly after service is provided
General	10544	MUTUAL PRESS CLIPPING SERVICE	\$ 300.00	services are billed monthly after service is provided
General	10544	NOTTINGHAM	\$ 25,000.00	Services are billed quarterly after service is provided
General	10544	PNC BANK	\$ 15,000.00	Services are billed quarterly after service is provided
General	10544	THOMSON REUTERS WEST PUBLISHING CORP	\$ 2,000.00	services are billed monthly after service is provided
General	10544	VERIZON	\$ 23,000.00	services are billed monthly after service is provided
General	10544	VERIZON BUSINESS	\$ 7,000.00	services are billed monthly after service is provided
General	10544	VERIZON ONLINE	\$ 200.00	services are billed monthly after service is provided
General	10544	VERIZON WIRELESS	\$ 1,700.00	services are billed monthly after service is provided
General	10544	WAGERS & ASSOCIATES INC	\$ 6,000.00	services are billed monthly after service is provided
General	10544	WELLS FARGO BANKS	\$ 800.00	services are billed monthly after service is provided
General	10544	WEX BANK	\$ 500.00	services are billed monthly after service is provided
General	10544	XEROX CORPORATION	\$ 13,000.00	services are billed monthly after service is provided

Treasury will encumber funds for payroll expenditures that are accrued from the prior fiscal year and paid in the 2017-18 fiscal year. They are anticipated to be:

General Fund	10537	\$60,000
General Fund	10544	\$800,000
Motor Fund	10978	\$8,000
Tuition Account Program Fund	10542	\$45,000

Treasury does not anticipate exceeding any funds in the current fiscal year.

The following is a listing of line item accounts as of 6/30/2106. It lists accounts that had remaining balances as well as accounts that had \$0 balances. The accounts that had balances have obligations remaining to be paid in the upcoming year. These obligations include accrued expenses for services and payroll realized in the prior fiscal year but which will be expensed in the next fiscal year. Any balances that had no remaining commitments were lapsed and the accounts were taken to a \$0 balance.

Fund	Dept ID	Approp	FY	Ledger	Appropriation	Appropriation Amount	Augmentation	Payments	Lapses	Balance
001	073	10537	2015	10	001-073-10537-2015-10	2,715,000.00	0.00	2,547,962.20	0.00	167,037.80
001	073	10537	2014	10	001-073-10537-2014-10	339,150.29	0.00	91,870.80	245,279.49	0.00
001	073	10538	2014	10	001-073-10538-2014-10	15,000.00	0.00	0.00	15,000.00	0.00
001	073	10538	2015	10	001-073-10538-2015-10	15,000.00	0.00	0.00	0.00	15,000.00
001	073	10539	2015	10	001-073-10539-2015-10	50,000.00	0.00	9,500.00	0.00	40,500.00
001	073	10539	2014	10	001-073-10539-2014-10	48,000.00	0.00	1,000.00	47,000.00	0.00
001	073	10540	2014	10	001-073-10540-2014-10	762,329.22	0.00	101,143.65	661,185.57	0.00
001	073	10540	2015	10	001-073-10540-2015-10	4,590,000.00	0.00	1,209,051.25	0.00	3,380,948.75
001	073	10541	2015	10	001-073-10541-2015-10	1,127,500,000.00	0.00	1,127,500,000.00	0.00	0.00
001	073	10544	2015	10	001-073-10544-2015-10	36,992,000.00	13,782,575.51	44,160,745.28	0.00	6,613,830.23
001	073	10544	2014	10	001-073-10544-2014-10	6,558,613.94	0.00	4,640,573.11	1,918,040.83	0.00
001	073	10553	2014	10	001-073-10553-2014-10	18,316.00	0.00	0.00	18,316.00	0.00
001	073	10553	2015	10	001-073-10553-2015-10	1,025,000.00	0.00	1,022,471.00	0.00	2,529.00
001	073	10978	2015	10	001-073-10978-2015-10	3,000,000.00	0.00	1,254,000.05	0.00	1,745,999.95
001	073	10978	2014	10	001-073-10978-2014-10	2,122,202.64	0.00	2,114,203.97	0.00	7,998.67
001	073	10978	2013	10	001-073-10978-2013-10	561,435.70	0.00	339,173.23	222,262.47	0.00
010	073	10545	2015	10	010-073-10545-2015-10	533,000.00	0.00	275,198.98	0.00	257,801.02
010	073	10545	2014	10	010-073-10545-2014-10	76,314.07	0.00	10,229.43	66,084.64	0.00
010	073	10548	2015	10	010-073-10548-2015-10	16,968,000.00	0.00	16,968,000.00	0.00	0.00
010	073	10549	2015	10	010-073-10549-2015-10	4,221,000.00	0.00	4,222,967.35	0.00	32.65
010	073	10550	2014	10	010-073-10550-2014-10	50,000.00	0.00	0.00	50,000.00	0.00
010	073	10550	2015	10	010-073-10550-2015-10	50,000.00	0.00	0.00	0.00	50,000.00
143	073	10542	2014	10	143-073-10542-2014-10	1,615,820.81	0.00	874,970.17	760,850.64	0.00
143	073	10542	2015	10	143-073-10542-2015-10	3,188,000.00	1,492,479.40	3,178,450.06	0.00	1,502,029.34
001	073	11030	2014	11	001-073-11030-2014-11	229,000.00	0.00	228,585.26	414.74	0.00
001	073	11030	2015	11	001-073-11030-2015-11	68,000.00	0.00	0.00	0.00	68,000.00

8. Regulations

In 2016, the Treasury Department was able to promulgate and implement comprehensive regulations to supplement the first substantive statutory changes to the Board of Finance and Revenue since 1939, contained in Act 52 of 2013 (P.L. 270, No. 52). These regulations repealed 61 Pa. Code § 701 and replaced them with 61 Pa. Code §§ 702 and 703 *et seq.* thus creating regulations that were consistent with the changes that reorganized the Board of Finance and Revenue – a tax appeal board – and instituted new procedures for practicing before the Board. There were two chapters implemented: *General Provisions* and *Tax and Other Appeal Proceedings*. The regulations included an extensive definition section; filing procedures and deadlines; rules for representation before the Board, *ex parte* communications, and compromise settlement procedures; procedures for the hearing and reconsideration. There was no associated cost. The regulations were meant to clarify the requirements for filing a petition and practicing before the Board, and we believe they achieved their intended purpose.

9. Augmentations

- a. Below is a detailed listing of Treasury's augmenting revenue:

Revenue Number	Revenue Name	Description	Use
4435017	Administrative Fees Invest	Fees collected from Invest program participants to administer the program	Proceeds are utilized to pay for the salary and operating costs to administer the program
4435018	Administrative Fees Invest HES specific	Fees collected from Invest program HES to administer the program	Proceeds are utilized to pay for the salary and operating costs to administer the program
4436127	SAP Postage Reimbursements	Treasury mails the majority of Commonwealth checks to payees. This optimizes bulk mailing rates and provides stronger internal controls. Agencies reimburse Treasury for the cost to mail.	Proceeds are utilized to supplement the cost of salaries and operating costs associated with mailing.
4435269	General Govt Receipts from Admin Fund	Fees collected for the operational services provided for the distribution of U.C. disbursements.	Proceeds are utilized to supplement the cost of salaries and operating costs associated with this process.
4436384	SSP Administrative Fees	Fees collected operational services for the distribution SSP disbursements	Proceeds are utilized to supplement the cost of salaries and operating costs associated with this process.
4436385	OPEB Investment Administration	Fees collected for investment services provided for OPEB	Proceeds are utilized supplement the cost of salaries and operating costs associated with this process.
4455221	Audit Service Fee Revenue	Fees collected for recovering Unclaimed Property to the General Fund	Proceeds of revenue received for Unclaimed Property are used to pay for the fees associated with conducting audits.

Treasury does not expect any additional augmenting revenue in this fiscal year at this time.

10. Fines/Settlements/Litigation

During the past two years Treasury did not receive a settlement nor collect any money because of a fine imposed.

11. Information Technology (IT) Modernization/Contracts

Overview of the program

For more than 30 years the Pennsylvania Treasury was using mainframe computer systems and processes. Despite extensive technological advances since then, chronic underinvestment forced Treasury to rely on a patchwork system developed in the 1970s and powered by COBOL – a computer language that is no longer utilized. In fact, most smartphones have more computing power than the systems Treasury was using to carry out its mission-critical IT functions and management of \$15 billion in state investments.

Treasury processes payments to vulnerable citizens, veterans, retirees, state employees, schools, hospitals, and businesses. Its near-obsolete system jeopardized its ability to process these payments without immediate attention and upgrades. In 2008, a mainframe failure made Treasury declare a disaster, and the Treasury team travelled to the disaster recovery site in Texas to recover data. (One of the mainframe parts was not available for more than a week.)

Although the mainframe's stability was the core issue, the scarcity of COBOL programmers to update the system to meet changing business needs and an aging workforce made replacing the mainframe a necessity. Treasury embarked on a Transformation and Modernization program with the support of the General Assembly and the Office of the Budget.

Like any modernization project, the Treasury project was very complex, with many diverse stakeholders, including all three branches of government, all statewide-elected offices, three major pension systems (State Employees, School Employees, and Municipal Retirement Systems), the Pennsylvania Higher Education Assistance Agency (a quasi-governmental agency) and the Pennsylvania Liquor Control Board (PLCB) – an independent government agency – and many more.

The transformation and modernization program consists of many projects, which include but are not limited to networking upgrades, security, data center infrastructure, and legacy systems replacement. The strategic objectives of the project were to replace Treasury's mainframe and 25 internal systems, establish a common General Ledger account code structure across the Commonwealth, establish standard XML/Web service interfaces with all agencies, eliminate supporting paper documents for fiscal review, and provide the ability to audit 100% of all payment records and more efficient cash management.

Cost of the program

The original estimated budget for the Treasury IT Modernization program was \$42 million. To date Treasury has been appropriated \$37.29 million. Treasury spent \$27 million on the implementation of the flagship PeopleSoft ERP system that began on July 1, 2014. Additional funds were utilized for the supplemental Treasury systems to effectively utilize the PeopleSoft ERP. Among the many systems implemented, Treasury converted to the PeopleSoft Human Resource and Payroll systems. This allowed Treasury to leverage the security features and cost savings of utilizing a single ERP system. The remaining funds were invested in cyber security and networking infrastructure upgrades.

Cisco Voice over IP project will replace the old unsupported call center and telephone systems. Our Unclaimed Property and Tuition Account Program call centers use an old system that can no longer be supported. The new program will better assist the citizens of the Commonwealth who utilize these programs. The program should be operational more than 95% of the time with unavailability of less than 3%. The project should be completed on schedule.

Additional modernization will include cyber security enhancements and consulting services.

All major business functions of Treasury depend on information technology. Cyber security is a major concern for everyone, especially for financial institutions. In 2016 alone, major breaches compromised systems in the White House, the NSA, and many private organizations like Yahoo. As the primary financial institution for the Commonwealth, Treasury is at a very high risk of cyber-attacks. It is estimated that we resist or deal with close to 10 million attempted intrusions at the periphery of our network each month. Further, Treasury receives more than 500,000 spam emails every month. It is an extremely complex process to keep all Treasury IT systems patched and maintained at the latest patch levels, and it requires a robust security infrastructure and team.

Further, Treasury needs to continually update its policies and educate its end users on a regular basis. As cyber threats evolve, technology needs continuous modernization to keep Commonwealth citizens' information assets safe.

All major Treasury IT projects are fixed price projects. With proper planning, cost/schedule overruns will be avoided.

On our major PeopleSoft project, our planning and governance helped to deliver the project on schedule and under budget.

The Pennsylvania Treasury Department, headed by an independently-elected State Treasurer, is not part of the Executive branch's IT consolidation program.