GPO

U.S. GOVERNMENT PUBLISHING OFFICE

2016 ANNUAL REPORT

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

DAVITA VANCE-COOKS
Agency Director

GPO

January 18, 2017

The Honorable Joseph R. Biden
The President of the Senate

The Honorable Paul D. Ryan
The Speaker of the House of Representatives

Sirs:

I have the honor to transmit herewith the Annual Report of the U.S. Government Publishing Office (GPO) for the fiscal year ending September 30, 2016. The report contains the results of an audit of GPO's financial statements conducted by an independent accounting firm.

Respectfully submitted,

DAVITA VANCE-COOKS
Director
U.S. Government Publishing Office

Fiscal year 2016 was our first full year of operations as the statutorily-designated Government *Publishing* Office. As such, I am pleased to report that it was a year that saw GPO deliver new, more efficient, and more effective technology solutions in support of three of the Federal Government's most prominent publishing operations:

- We rolled out **govinfo**, the third generation of the digital information access systems of Government publications that we are mandated to provide to the public free of charge. Using the latest in intuitive, user-friendly design, including optimization for mobile devices as well as a capability that links all related publications — both legislative and statutory — in a single search, **govinfo** today provides access to more than 1.6 million Federal titles from across the legislative, executive, and judicial branches. When the new system emerges from its beta stage with the planned discontinuance of our Federal Digital System (FDsys) in 2018, public utilization of **govinfo** is projected to exceed the 38 million downloads per month currently experienced by FDsys. The launch of the new system in January 2016 was met with widespread approval, including congratulatory notes from Speaker of the House of Representatives Paul Ryan and Joint Committee on Printing Chairman Gregg Harper.

- We readied the first phase of our new digital composition system to begin composing congressional bills in Extensible Markup Language (XML) commensurate with the opening of the 115th Congress. Working closely with the staff of the Secretary of the Senate and the Clerk of the House, the new system will replace GPO's aging proprietary Microcomp system with an open system, reduce composition costs, and speed the production of bills both for digital access and printing. It will be run initially in beta until its operational capabilities are fully integrated with the processes of the Senate and the House. Development of additional capabilities for our new composition system will continue, with congressional reports and hearings next on the agenda.

- Following five years of development and testing in collaboration with the Department of State, we are now poised to begin production of the new U.S. passport. GPO's contribution to this process has been to implement the technical processes that will be required to produce the new passport, an effort involving the investment of nearly $100 million in research and development, equipment acquisition, and facilities modifications. The new passport will feature significantly enhanced document security for American travelers abroad.

While these achievements headline our record of operations for FY 2016, they are not the only results of our work. During the year, we rolled out a redesign of our popular Ben's Guide website for children in grades K-12; the site subsequently was selected by the American Library Association as one of the "Great Websites for Kids." In addition to prepping for the composition of congressional bills in XML, we worked with the Legislative Branch Bulk Data Task Force and the Library of Congress's Congressional Research Service to begin offering both Senate and House bills, bill summaries, and bill status data for bulk data download in XML via our FDsys and **govinfo** sites, drawing commendations from the openness and transparency community.

GPO became the first Federal agency to join a project dedicated to releasing digital files of historic Federal technical documents during the year, and our efforts to expand public access to digital files of other Government information also achieved a number of milestones. In collaboration with the Library of Congress, we

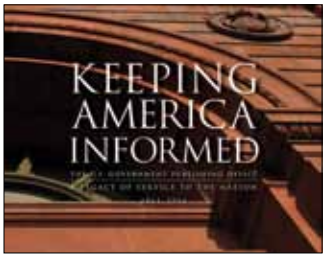
began offering full digital access to historic issues of the *Congressional Record*, releasing issues of the Record from the 1990s in September 2016 and issues from the 1980s in November 2016. A release of *Record* issues from the 1970s is targeted for February 2017. We made other historic files available, including the records of the Panama Canal Commission, and we continued preparations for the digital release of historic issues of the *Federal Register* in the coming year. We also drew closer to our goal of becoming the first Federal agency to achieve recognition as a trusted digital repository.

Independent recognitions of GPO came from a variety of other quarters during the year. Coincident with the issuance of the five-millionth Trusted Traveler Program secure credential card for the Department of Homeland Security, the Deputy Assistant Commissioner for Customs and Border Protection noted the value of GPO as their production source, stating that GPO's processes "are more secure and less susceptible to counterfeiting since no sensitive information is ever exchanged with a third party vendor, as previous official identification documents have been."

In another area, GPO's Creative Services design team garnered six awards for design excellence in Government publications from *Graphic Design USA* magazine. We earned new accreditation in meeting global standards of excellence in the production of the U.S. passport and other secure credentials by attaining ISO 9001:2015 certification. And I am personally pleased to note that GPO's employee satisfaction scores rose in the Office of Personnel Management's annual employee viewpoint survey. GPO received a score of 69% in the Global Satisfaction Index, a measure of employees' overall satisfaction with their work experience. That score is eight points higher than the Government-wide average of 61%.

As I write this message, I have just been informed that GPO has been chosen to receive the 2017 American Printing History Association's Institutional Award, in recognition of our "distinguished contribution to the study, recording, preservation, and dissemination of printing history." Owing to the work of GPO Historian George Barnum, we have made great strides forward in recent years in uncovering and documenting GPO's rich historical record, which we added to in 2016 with the issuance of an updated edition of our official history, *Keeping American Informed*, in observance of our 155th anniversary.

The book includes new findings about GPO's past, such as the agency's unusually close working relationship with President Abraham Lincoln, an unfulfilled plan to build a Government paper mill, the story behind the publication of the Watergate transcripts, and GPO's experience with official segregation that was imposed during the administration of President Woodrow Wilson. Early in 2017, we will also publish, for the



Librarian of Congress Dr. Carla Hayden visits GPO's history exhibit with Director Davita Vance-Cooks.

first time, a collection of GPO's historical photographs, many of which have never been seen before. And we are issuing the 2016 edition of GPO's *Style Manual*, the first such update to this popular style guide since 2008.

I am pleased to report that GPO's business-like operations posted a strong financial performance for FY 2016, as confirmed by a recently concluded independent audit of our finances. Revenue totaled $875.3 million, up from $773.4 million in FY 2015, the result of an increase in passport as well as plant production, along with an increase in print procurement activity for Federal agencies. Overhead expense grew just 1.6%, the result of the lowest staffing level in more than a century and continuing containment of other overhead spending. Excluding funds generated for capital investment in passport production and a decrease in long-term workers' compensation expense under the Federal Employees Compensation Act, GPO's net income from operations for the year was $46.1 million.

With our total appropriated funding continuing at a flat level and at the lowest level of any time in the past decade, the funds earned in FY 2016 will provide the majority of the resources for our 2017 spending plan as approved by the Joint Committee on Printing. That plan will continue to drive our ongoing transformation to a content-centric rather than a print-centric operation, and I deeply appreciate the Committee's ongoing endorsement of our strategic direction.

Indeed, that strategic direction has been the overarching goal of GPO's operations since I took on the leadership of the agency as Acting Public Printer in January 2012 and subsequently with my confirmation as Public Printer in 2013. Statutory designation of GPO as the Government *Publishing* Office in 2014 sealed that direction as our ongoing mission goal, and we have branded ourselves as the OFFICIAL, DIGITAL, SECURE provider of Government information moving forward.

Over the past five years we have adjusted the size and scope of our workforce to what is needed in this digital publishing era. We have expanded product offerings including digital features in our secure credential area. We have grown access to historic Government information files, and in 2017 we will issue a contract for digitization services to accelerate that effort. We are on track to become the first Federal agency certified as a trusted digital repository. Our publications format offerings now include mobile web apps, eBooks, and XML bulk data download along with online digital files in PDF and html as well as print, and we have inculcated into our operations an ability to address new format opportunities, such as United States Legislative Markup language (USLM), as the information requirements of both the Government and the public continue to evolve.

Our digital presence is now on GitHub, Facebook, Instagram, Twitter, and LinkedIn. We are about to release a major redesign of our website, **gpo.gov**, to improve digital interaction with our customers and the public. We were the first legislative branch agency to move our email to the cloud,

and we have invested significant time and funds into continuity-of-operations equipment and training. Along the way, we have modernized GPO's plant with new, efficient press and binding equipment that is reducing costs, and we have opened our buildings to occupation by other Federal entities in available space.

I want to point out that throughout this period of transformation, we have generated positive net income every year. It is also important to note that instead of fueling these changes with increases to our annual appropriations, we have reduced our overall annual funding requests to Congress. As a result, GPO's businesslike operations today are as financially sound as they are technologically proficient.

That proficiency was on public display in 2016 when GPO once again participated in the Biennial USA Science and Engineering Festival, held in April 2016, the largest science, technology, engineering, and mathematics (STEM) educational event of its kind in the United States. More than 5,000 people visited GPO's booth, whose theme was "More than Meets the Eye – The Science behind Publishing," featuring hands-on demonstrations illustrating the types of work GPO performs today in publishing Government documents.

These achievements, along with all the others I have noted in my annual reports to Congress since 2012, are significant, but what has been of special importance to me has been the critical role that the men and women of the GPO have played in support of our historic mission to *Keep America Informed*, a mission rooted in Article 1, section 5 of the Constitution itself. Not only have GPO's employees been responsible for carrying out GPO's transformation, but they have been the ones — with their expertise and dedication — who have been responsible for its many successes.

Through quarterly town hall meetings — more than 100 across all three shifts since 2012 — GPO's employees have participated in guiding our transformation. The effects of that participation are clear in our operational and financial performance, in our designation by the Partnership for Public Service as one of the Federal Government's Best Places to Work in 2013, and in the recent index of employee satisfaction with GPO as workplace.

Under the continued guidance of the Joint Committee on Printing as well as our legislative and appropriations committees in Congress, and with the support of our agency customers, our partners in the printing and technology industries and the library community, and the public we serve, I can say without hesitation that GPO and its employees are in a good place today. And with the proper management and direction, I predict they will be for years to come.

Davita Vance-Cooks

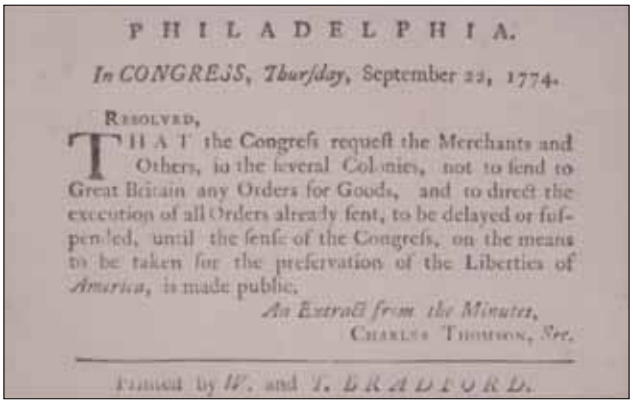
DAVITA VANCE-COOKS
Director
U.S. Government Publishing Office
January 2017

The U.S. Government Publishing Office (GPO) is the OFFICIAL, DIGITAL, SECURE resource for producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the Federal Government.

Under Title 44 of the U.S. Code, GPO is responsible for the production and distribution of information products for all three branches of the Government, including the official publications of Congress and the White House, U.S. passports for the Department of State, and the official publications of other Federal agencies and the courts. Once primarily a printing operation, we are now an integrated publishing operation and carry out our mission using an expanding range of digital as well as conventional formats. In 2014, Congress and the President recognized this change in P.L. 113-235, which contains a provision re-designating GPO's official name as the Government *Publishing* Office. We currently employ about 1,700 staff.

Along with sales of publications in digital and tangible formats to the public, we support openness and transparency in Government by providing permanent public access to Federal Government information at no charge through our Federal Digital System (FDsys, at **www.fdsys.gov**) and its newly introduced successor system **govinfo** (**www.govinfo.gov**). Today these systems make more than 1.6 million Federal titles available online from both GPO and links to servers in other agencies. In 2016 FDsys averaged 38 million retrievals per month. We also provide public access to Government information through partnerships with 1,148 Federal, academic, public, law, and other libraries nationwide participating in the Federal Depository Library Program (FDLP).

In addition to our website, **gpo.gov**, we communicate with the public routinely via Facebook **facebook.com/USGPO**, Twitter **twitter.com/USGPO**, YouTube **youtube.com/user/gpoprinter**, Instagram **instagram.com/usgpo**, LinkedIn **linkedin.com/company/u.s.-government-printing-office**, and Pinterest **pinterest.com/usgpo/**.



PHILADELPHIA.

In CONGRESS, Thursday, September 22, 1774.

RESOLVED,

THAT the Congress request the Merchants and Others, in the several Colonies, not to send to Great Britain any Orders for Goods, and to direct the execution of all Orders already sent, to be delayed or suspended, until the sense of the Congress, on the means to be taken for the preservation of the Liberties of *America*, is made public.

An Extract from the Minutes,
CHARLES THOMSON, *Sec.*

Printed by *W.* and *T. BRADFORD.*

The first official document produced by the government of what would become the United States of America is today known simply as "Government Document No. 1." Dated September 22, 1774, the document was a 6¾" by 4¼" broadside, or public notice, issued by the First Continental Congress and printed in Philadelphia, where the Congress was meeting. William and Thomas Bradford, who provided all printing for the Continental Congress from 1774 to 1776, printed it. Signed by Charles Thomson, Secretary, it called for the non-importation of British goods "until the sense of Congress, on the means to be taken for preservation of the Liberties of America, is made public."

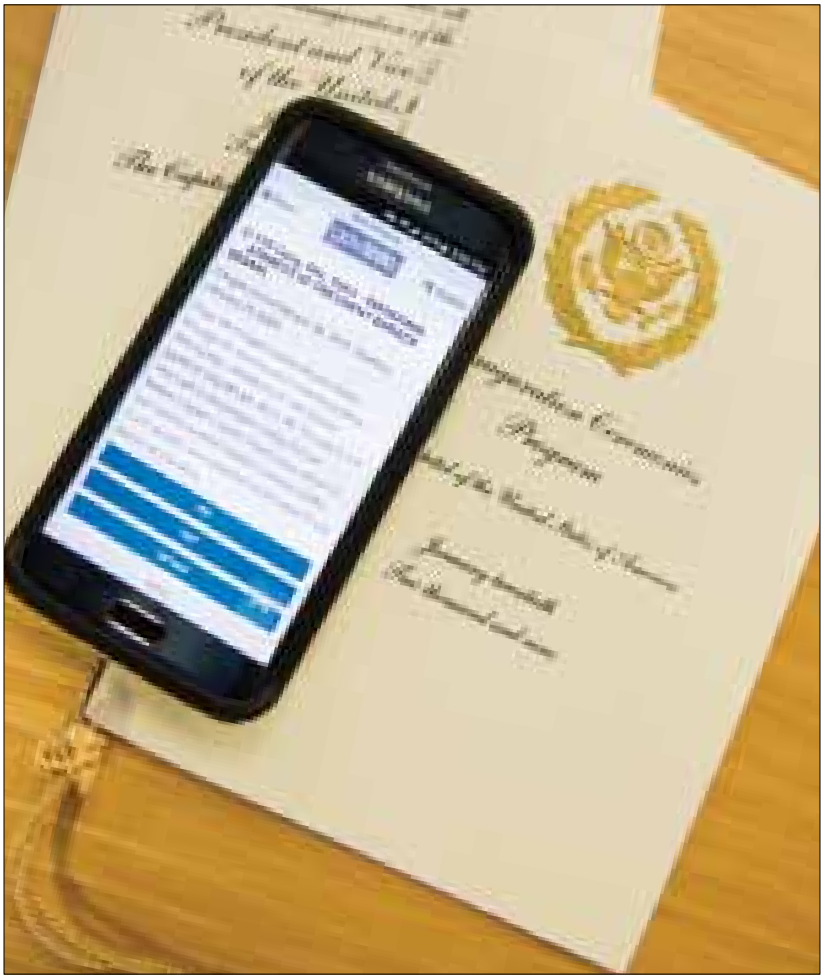
HISTORY From the Mayflower Compact to the Declaration of Independence and the papers leading to the creation and ratification of the Constitution, America is a nation based on documents, and our governmental tradition since then has reflected that fact. Article I, section

5 of the Constitution requires that "each House shall keep a journal of its proceedings and from time to time publish the same." After years of struggling with various systems of contracting for printed documents that were beset with scandal and corruption, in 1860 Congress created the Government Printing Office as its official printer. GPO first opened its doors for business on March 4, 1861, the same day Abraham Lincoln was inaugurated as the 16th President.

Since that time, GPO has produced and distributed the official version of every great American state paper and an uncounted number of other Government publications, documents, and forms. These documents include the Emancipation Proclamation, the legislative publications and acts of Congress, Social Security cards, Medicare and Medicaid information, census forms, tax forms, citizenship forms, passports, military histories ranging from the *Official Records of the War of the Rebellion* to the latest accounts of our forces in Afghanistan, the *9/11 Commission Report*, Presidential inaugural addresses, and Supreme Court opinions. This work goes on today, in both digital as well as print formats.

STRATEGIC VISION GPO is transforming from a print-centric to a content-centric publishing operation. Our implementation of a digital transformation is consistent with the recommendations submitted by the National Academy of Public Administration (*Rebooting the Government Printing Office: Keeping America Informed in the Digital Age*, January 2013) regarding our transition to a digital future.

GPO is developing an integrated, diversified product and services portfolio that focuses primarily on digital. At the same time, we recognize that some tangible print will continue to be required because of official use, archival purposes, authenticity, specific industry requirements, and segments of the population that either have limited or no access to digital formats, though its use will continue to decline.



STRATEGIC PLAN Our strategic plan, which is available for public review at **gpo.gov/about**, is built around four goals: satisfying our stakeholders, offering products and services, strengthening our organizational foundation, and engaging our workforce. The plan provides the blueprint for how GPO will continue to achieve its mission of *Keeping America Informed* with an emphasis on being OFFICIAL, DIGITAL, SECURE. GPO's senior managers convene at the beginning of each fiscal year to review the plan and approve it before it is issued.

Our customers are involved in the digital world and understand technological change. Accordingly, it is important that we foster an environment that embraces change and innovation, which leads to new ways of thinking, new work processes, and the development of new products and services for our customers. Tangible printing at GPO is being supplanted by an exponential growth in digital requirements by Congress and Federal agencies. Moreover, the public — including the library and Government information user communities — has

GPO by the numbers FY 2016

GPO staff	1,726
FY 2016 revenues	$875,265,000
FY 2016 appropriations	$117,068,000
Congressional Record pages produced	45,360,056
Federal Register pages produced	150,715,523
Revenues from procured printing	$357,852,000
Jobs procured nationwide	84,223
Contractors on GPO's master contractor list	9,256
Regional procurement offices nationwide	15
Passports produced	20,199,550
Secure credentials produced	3,767,904

Titles available on FDsys	1,600,000
Document retrievals from FDsys	499,000,000
Depository libraries nationwide	1,148
Tangible titles distributed to depository libraries	4,502
Tangible copies distributed to depository libraries	989,826
Titles cataloged	17,738
Publications sold	285,456
Subscriptions sold	205,590
Titles available	4,853
Titles in eBook format	355
Likes on Facebook	7,530
Followers on Twitter	7,053
Views of GPO Videos on YouTube	189,253
Posts on Instagram	930
Followers on LinkedIn	3,069

signaled its strong desire for increased access to Government information digitally.

In transforming the way we do business, we are focusing on managing content for customer and public use both today and tomorrow. GPO uses its extensive experience and expertise with digital systems to provide both permanent public access to Government information in a variety of formats and the most efficient and effective means for printing when required, all within a secure setting that is responsive to the customer's needs.

TECHNOLOGY TRANSFORMATION

GPO has continually transformed itself throughout its history by adapting to changing technologies. In the ink-on-paper era, this meant moving from hand-set to machine typesetting, from slower to high-speed presses, and from hand to automated bookbinding. These changes were significant for their time.

Yet those changes pale by comparison with the transformation that accompanied our incorporation of electronic information technologies, which began in 1962 when the Joint Committee on Printing directed the agency to implement a new system of computer-based composition. That order led to the development of GPO's first electronic photocomposition system, which by the early 1980's had completely supplanted machine-based hot metal typesetting. Following the enactment of the GPO Electronic Information Access Enhancement Act in 1993, the databases generated by our composition system were uploaded to the internet via GPO's first website, *GPO Access*, vastly expanding the agency's information dissemination capabilities. Those functions continue today with FDsys and the newly introduced **govinfo** on a more complex and comprehensive scale.

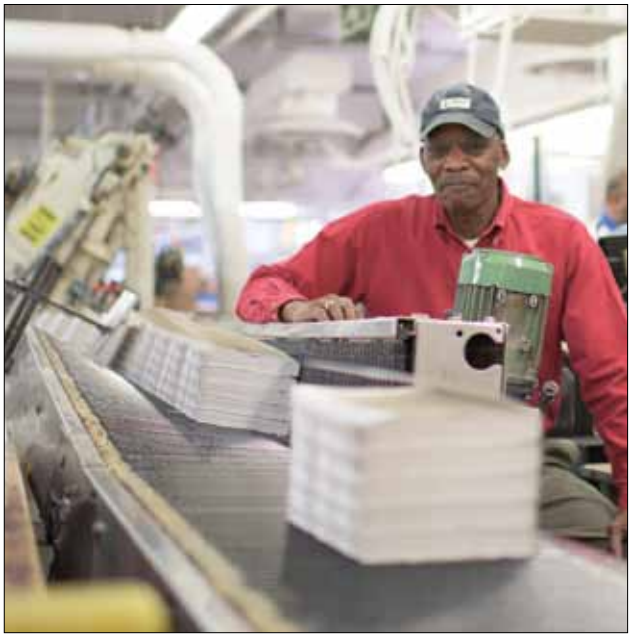
GPO held an Open House for Federal agencies in October showcasing the agency's publishing, printing, design, storage, and distribution services.

While transforming to an increasingly digital footing, we continue to provide an array of printing services to support the needs of Congress, Federal agencies, and the public, and we are retooling our print operations to take advantage of the efficiencies provided by modern equipment. In FY 2015 we put into operation our new zero make-ready (ZMR) press to support congressional and Federal agency publishing requirements. This new high-efficiency press is allowing us to phase out three outdated presses installed in 1979.

In FY 2016 we installed a new perfect binding line to increase the speed and reduce the cost of binding operations. In FY 2017, we will issue plans for the replacement of the large newspaper presses that have been used to produce the *Congressional Record* and the *Federal Register* with smaller, more flexible digital presses. We are continually reviewing product and equipment options to ensure that our publishing activities are conducted with the best technologies available.

During August, Program Planner Joann Sharp presented the prototype of the **gpo.gov** redesign to GPO employees from all three shifts.

As a result of these sweeping technology changes — digital products, equipment, and processes — GPO is now fundamentally different from what it was as recently as a generation ago. It is smaller, leaner, and equipped with digital production capabilities that are the foundation of the information systems relied upon daily by Congress, Federal agencies, and the public to ensure open and transparent Government in the digital era. As we prepare for the Government information environment and technology challenges of the future, our transformation is continuing with the development of new ways for delivering Government information.



For the Clerk of the House, the Secretary of the Senate, and the committees of the House and the Senate, GPO publishes the documents and publications required by the legislative and oversight processes of Congress in digital and tangible formats. This includes the daily *Congressional Record*, bills, reports, legislative calendars, hearings, committee prints, and documents, as well as stationery, franked envelopes, memorials and condolence books, programs and invitations, phone books, and the other products needed to conduct the business of Congress. We also detail expert staff to support the publishing requirements of House and Senate committees and congressional offices such as the House and Senate Offices of Legislative Counsel. We work with Congress to ensure the provision of these services under any circumstances.

Today the activities associated with creating congressional information databases comprise the majority of the work funded by our annual Congressional Publishing Appropriation. Our advanced digital authentication system, supported by public key infrastructure (PKI), is an essential component for assuring the digital security of congressional publications. The databases we build are made available for providing access to congressional publications in digital formats as well as their production in tangible formats.

GPO's congressional information databases also form the building blocks of other information systems supporting Congress. For example, they are provided directly to the Library of Congress to support its Congress.gov system as well as the legislative information systems the Library makes available to House and Senate offices. We work with the Library to prepare summaries and status information for House and Senate bills in XML bulk data format. We are also collaborating with the Library on the digitization of historic printed documents, such as the *Congressional Record*, to make them more broadly available to Congress and the public.

GPO CUTS THE COST OF CONGRESSIONAL WORK The use of electronic information technologies by GPO has been the principal contributor to lowering the cost, in real economic terms, of congressional information products. In FY 1980, as GPO replaced hot metal typesetting with electronic photocomposition, the appropriation for Congressional Publishing was $91.6 million, the equivalent in today's dollars of $268.3 million. By comparison, our approved funding for FY 2016 was $79.7 million, a reduction of more than 70% in constant dollar terms.

Since 2010, we have achieved a 23% reduction in the constant dollar value of the Congressional Publishing Appropriation, consistent with the continuing transformation of our technology profile, the control of costs, and collaboration with Congress in carrying out the most effective measures for meeting the information product needs of the Senate and House of Representatives. Appropriations for Congressional Publishing for FY 2014 – FY 2017 to date have been flat.

CONGRESSIONAL PUBLISHING APPROPRIATION FY 1980-2016

Fiscal Year	Appropriation	In Constant Dollars
1980	$ 91.6 million	$ 268.3 million
1985	$ 94.0 million	$ 210.9 million
1990	$ 74.1 million	$ 136.8 million
1995	$ 84.7 million	$ 134.1 million
2000	$ 73.3 million	$ 102.7 million
2005	$ 88.1 million	$ 108.9 million
2010	$ 93.8 million	$ 103.8 million
2016	$ 79.7 million	$ 79.7 million

Productivity increases resulting from technology have enabled us to make substantial reductions in our staffing requirements while continuing to improve services for Congress. In 1980, total GPO employment was 6,450. At the end of FY 2016, we had just 1,726 employees on board, representing a reduction of 4,724, or more than 73%, since 1980. Our workforce levels over the past two years remain the smallest of any time in the past century.

GPO EMPLOYMENT FY 1980 – FY 2016

Fiscal Year	Headcount
1980	6,450
1985	5,383
1990	4,977
1995	3,956
2000	3,139
2005	2,344
2010	2,284
2016	1,726

In June, GPO took part in the 2016 Legislative Data and Transparency Conference on Capitol Hill. Speaker of the House Paul Ryan addressed the conference. GPO staff Lisa LaPlant, Amanda Colvin, Matt Landgraf, and Jon Quant gave demos of **govinfo**.

JCCIC Chairman Roy Blunt and Director Vance-Cooks talk about the upcoming inauguration at the First Nail ceremony in September.

HIGHLIGHTS OF FY 2016 CONGRESSIONAL WORK A major project during the year was continued development of a new XML-based automated composition system to replace our aging proprietary Microcomp system, especially preparations to introduce a beta system for the composition of congressional bills coincident with the opening of the 115th Congress in January 2017. Known as the Composition System Replacement (CSR) project, work during the year included the development of code that prepares XML bills for printing, paragraph-level styles and page layouts, table functionality, and font development. The CSR team worked closely with House and Senate staff to ensure that CSR integrates seamlessly with specific authoring environments that are currently utilized for bills.

Another major project involved preparations for the 2017 Presidential Inauguration, in support of the Joint Congressional Committee on Inaugural Ceremonies. The process takes approximately one year for GPO's employees to design and produce an estimated 40 different products including tickets, invitations, stationery, program packet kits, parking passes, maps, signs, and secure access credentials. We use advanced security design and printing techniques to produce thousands of tickets and secure access credentials for the Inauguration.

In support of the Legislative Branch Bulk Data Task Force, GPO, the Library of Congress, and the offices of the Clerk of the House and the Secretary of the Senate made bill status information for both House and Senate bills in XML format available through our Bulk Data repository (available on both FDsys and **govinfo**) early in 2016. The announcement of this new information availability drew praise from various legislative openness and transparency advocates (see, for example, **congressionaldata.org/congress-poised-for-leap-to-open-up-legislative-data/; and fiercegovernmentit.com/story/bill-statuses-xml-coming-early-2016-says-congress/2015-12-17**).

Making Government information available in XML permits data to be reused and repurposed not only for print output but for conversion into eBooks, mobile web applications, and other forms of content delivery, including data mashups and other analytical tools by third party providers, which contributes to openness and transparency in Government. In addition to the files made available through our Bulk Data Repository, we ensure the authenticity of all information by making available digitally signed copies in PDF format, which is the official, authentic version that matches the printed document. Additionally, we are now a regular participant and presenter at the House Legislative Data and Transparency Conference, along with staff from other legislative branch agencies, data users, and transparency advocates.

During the year, GPO worked with the House of Representatives Committee on Rules, the House Parliamentarian, and the Clerk of the House to make *Jefferson's Manual and the Rules of the House of Representatives* available in XML format using the United States Legislative Markup (USLM) schema. USLM is an XML information model designed to represent the legislation of the United States Congress. It is designed to semantically and structurally describe legislative and legal documents in a machine-readable format. These files were released on our GitHub account for comment and subsequently released on FDsys and **govinfo**. Containing the Constitution, applicable provisions of Thomas Jefferson's original *Manual*, the rules of the House, provisions of law and resolutions having the force of rules of the House, and pertinent decisions of the Speakers and other presiding officers of the House and Committee of the Whole interpreting the rules and other procedural authority used in the House, *Jefferson's Manual and the Rules of the House of Representatives* is the first USLM document to be made available on our GitHub account and FDsys/**govinfo** sites.

Under the direction of the Joint Committee on Printing, we produced the official *Congressional Directory* for the 114th Congress in both digital and print formats during 2016. More than just a guide to Members, committees, and officials of the 114th Congress, the *Congressional Directory* is published in accordance with statute and is the only document issued by Congress that shows the overall organization of the two chambers and their committees, offices, and support organizations. The *Directory* includes historical statistics, information on the Capitol buildings and grounds, and a guide to the other agencies of the legislative branch. In addition, the *Directory* provides information on the departments and agencies of the executive branch, the U.S. courts, international organizations, foreign diplomatic offices in the United States, and members of the congressional press, radio, and television galleries.

In December 2016, we made *United States Policy and Supporting Positions*, popularly

known as the Plum Book, available in print, online, and as an app. The publication lists more than 9,000 Federal civil service leadership and support positions in the executive and legislative branches that may be subject to noncompetitive appointment. First introduced in 2012, GPO's Plum Book app allows users to view the publication in an easy-to-use mobile format and search the publication by agency, position title, location, appointment type, pay plan and level, tenure and term expiration, and vacancy. The Plum Book is published by the House Oversight and Government Reform Committee and the Senate Committee on Homeland Security and Governmental Affairs alternately after each Presidential election. It is used to identify Presidentially-appointed and other positions within the Federal Government. The list originated in 1952 at the beginning of the Eisenhower administration. The next edition did not appear until 1960 and has since been published every four years, just after the Presidential election. The past several issues have been printed with a plum-colored cover.

In September, we partnered with the Library of Congress to release the digital version of the permanent edition, or bound version, of the *Congressional Record* from 1991-1998 on FDsys and **govinfo**. That release covered the debates and proceedings of the 102nd thru 105th Congresses, including such highlights as the Persian Gulf War, Bill Clinton's Presidency, the enactment of the North American Free Trade Agreement (NAFTA) and the Family and Medical Leave Act, and the congressional agenda set by Republicans on gaining control of both the House and Senate for the first time since 1954.

In November, we released digital files for historic issues of the *Record* from 1981-1990. That release covered debates and proceedings of the 98th thru the 101st Congresses, including such highlights as Ronald Reagan's Presidency and the first two years of George H.W. Bush's Presidency, the Strategic Defense Initiative, the Space Shuttle program, the Iran-Contra Affair, the end of the Berlin Wall and the Cold War, and the passage of the Americans with Disabilities Act. GPO and the Library of Congress will continue to collaborate on this important project whose goal is to release digital versions of the bound *Congressional Record* back to the first issue published by GPO on March 5, 1873. The digital release of issues of the *Record* for the 1970s is targeted for February 2017.

Late in the year, we installed the first of two new adhesive binding lines, which will be used to bind printed copies of the *Congressional Record* and congressional hearings along with other non-congressional products such as the *Federal Register* and the *Code of Federal Regulations*. The new high efficiency Muller Martini "Bolero" equipment will replace three binding lines installed more than 30 years ago, reducing costs, increasing productivity, and freeing up plant production space for other uses. The second line will be installed by the spring of 2017. Planning also continued for the replacement of three large newspaper-style web presses used for the production of the *Congressional Record* and business calendars with smaller, more flexible digital presses, with specifications targeted for readiness by the summer of 2017.

Federal agencies are major generators of information in the United States, and GPO produces their information products for official use and public access. Federal agencies and the public also rely on a growing variety of secure credentials that we produce, including travelers holding U.S. passports, members of the public who cross our borders frequently, and other users. Our digital systems support key Federal agency publications, including the annual *Budget of the U.S. Government* and, most importantly, the *Federal Register* and associated products. As it does for congressional documents, our digital authentication system, supported by public key infrastructure (PKI), assures the digital security of agency documents.

HIGHLIGHTS OF FY 2016 AGENCY OPERATIONS Since 2012, we have made the annual *Budget of the U.S. Government* available as a mobile app. The FY 2017 *Budget* app, released in January 2016, provides users with access to the text and images of the *Budget*, including the Budget Message of the President, information on the President's priorities, and budget overviews organized by agency. The app provides links to FDsys and **govinfo** where summary tables and additional books of the *Budget*, including the *Analytical Perspectives*, *Appendix*, and *Historical Tables*, are available. The complete, authentic online version of the *Budget* is also regularly made available through a direct link on FDsys and **govinfo**.

One of GPO's major agency customers is the Office of the Federal Register (OFR), a unit of the National Archives and Records Administration (NARA), which produces the daily *Federal Register*. The *Federal Register* is the official daily publication for rules, proposed rules, and notices of Federal agencies and organizations, as well as executive orders and other presidential documents. It is updated daily by 6 a.m. and is published Monday through Friday, except Federal holidays. The OFR is also responsible for related publications such as the *Code of Federal Regulations*, and other key information products like the *Daily Compilation of Presidential Documents* and the *Public Papers of the President*. We produce these publications in both digital and print formats.

Early in the fiscal year, we partnered with the OFR to make every issue of the *Federal Register* dating back to its inception in 1936 digitally available to the public. A total of 14,587 individual issues, containing more than two million pages, will be digitized. The project is expected to be completed in 2017. Currently, digital versions dating from 1994 to the present are available on FDsys and **govinfo**. GPO produced the first issue of the *Federal Register* on March 16, 1936. An executive order by President Franklin D. Roosevelt was the first document to be published in the *Register*.

During the year, we also continued to work with NARA to prepare for the OFR to move into approximately 17,000 square feet of space on the seventh floor of GPO's Building A. Co-location of the OFR with GPO will reduce costs and streamline the publishing process for OFR publications. This project is targeted for completion in 2017. We are also partnering with NARA to provide space for the construction of facilities within our buildings that will house NARA's congressional documents archive.

In May, we awarded FedEx Office the re-competed contract for the GPO*Express* program. GPO*Express* is one of the many procurement

programs we offer to Federal agencies to help with their printing and digital needs. It has handled more than 145,000 orders since the partnership with FedEx Office began a decade ago. The program provides Federal agencies with discounted services to meet their small and short turnaround printing and binding needs. By enrolling in the program, Federal agency employees receive a GPO*Express* card that allows them to take advantage of pre-negotiated prices that are substantially below FedEx Office retail rates.

GPO*Express* currently has more than 3,000 Federal Government employees enrolled, including employees at the Department of Defense, the Department of Transportation, the Department of Interior, the National Aeronautics and Space Administration, and the Department of Homeland Security. The program utilizes the FedEx Office network of more than 1,800 locations nationwide to provide Federal agencies with convenient, low-cost professional services, including printing, binding, and finishing; banner and sign production; and direct mail services. The new contract provides cardholders with improved online print ordering and document management tools including a no-cost online catalog where documents can be accessed and printed on demand by authorized users.

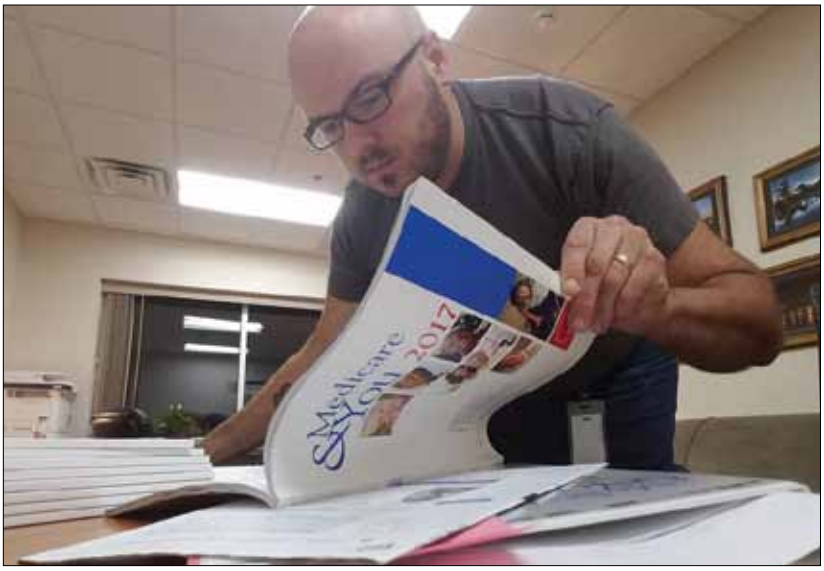
In October 2016, staff in our Creative Services unit won six 2016 American Graphic Design Awards from *Graphic Design USA* magazine. The unit offers Federal agencies a variety of design services including publication design, branding and identity, exhibit graphics, video, multimedia, photography, and security design. For more than fifty years, *Graphic Design USA* magazine has recognized the design work of professionals from design firms, ad agencies, Government agencies, corporations, non-profits and students. Nearly 10,000 entries were submitted for this year's awards. GPO's award-winning projects were for the Department of Veterans Affairs, the U.S. Commission on International Religious Freedom, the National Defense University, the Naval History and Heritage Command, and the National Park Service.

Among the significant products produced by GPO for Federal agencies in 2016 were the design and layout of the full range of materials for the 2017 Presidential Inauguration; production of a broad range of Consumer Information Notices in support of the Affordable Healthcare Act for the Department of Health and Human Services; design of a new website for the U.S. Senate; and production of the Department of State's annual *Trafficking in Persons* report. We also performed ongoing tests for the products and methodology that will be used to conduct the 2020 Decennial Census.

Director Vance-Cooks presents Secretary of State John Kerry his personalized copy of the 2016 *Trafficking in Persons* Report.

During the year, we became the preferred source for the Department of Veterans Affairs in supplying a managed solution for printing and duplicating devices nationwide, generating significant savings for the Department. Additionally, we procured nearly 1.6 million copies of the 2016 *Emergency Response Guidebook* in English, Spanish, and French for the Department of Transportation. The book is used by first responders during the initial phase of a Dangerous Goods/Hazardous Materials Transportation Incident. It was produced for use jointly by DOT, Transport Canada, and the Secretariat of Communications and Transportation in Mexico.

Surveys of our Federal agency customers in recent years have consistently reported high rates of satisfaction with our products, services, and programs, the cost-effectiveness of GPO's services,



In September, GPO's Customer Services business unit procured the Centers for Medicare and Medicaid Services' (CMS) *Medicare & You* handbook from numerous printers throughout the country.

and satisfaction with GPO's website and customer service. These results buttress the emphasis on a customer-centric approach throughout our procedures, policies, and activities. We conducted our bi-annual Federal Customer Survey in 2016 to measure the level of user satisfaction with our products and services. Scores continue to indicate high marks in the key areas of overall satisfaction, professionalism, technical expertise, and perceived cost-effectiveness of GPO products and services. As an element of our customer-centric approach, we utilize the survey results to identify opportunities to continually improve the level of service provided to GPO customers. In October 2016, we held a full-day "*GPO: Discover More*" open house featuring exhibits as well as live and online educational webinars designed to highlight the full range of our Federal publishing solutions available to agency representatives nationwide.

PARTNERSHIP WITH INDUSTRY Other than congressional and inherently governmental work such as the *Federal Register*, the *Budget*, and security and intelligent documents, we produce virtually all other Federal agency information products via contracts with the private sector printing and information product industry issued by our central office and regional GPO offices around the country. In 2016, this work was valued at approximately $360 million, an increase of 6.5% over the previous year. More than 9,000 individual firms are registered to do business with us, the vast majority of whom are small businesses averaging 20 employees per firm. Contracts are awarded on a purely competitive basis; there are no set-asides or preferences in contracting other than what is specified in law and regulation, including a requirement for Buy American.

This partnership provides significant economic opportunity for the private sector. We have long advocated that where Federal agency printing is required, this partnership is the most cost-effective way of producing it. In 2013, the Government Accountability Office conducted a study at the request of the Joint Committee on Printing that identified approximately 80 Federal printing plants still in operation government-wide. Additional savings for taxpayers could occur if the work these plants are producing is transferred instead to GPO's partnership with the private sector printing and information product industry.

SECURITY AND INTELLIGENT DOCUMENTS For nearly a century GPO has been responsible for producing the U.S. passport for the Department of State (DOS). At one time no more than a conventionally printed document, the U.S. passport since 2005 has incorporated a digital chip and antenna array capable of carrying biometric identification data. With other security printing features, this document — which we produce in Washington, DC, as well as a secure remote facility in Mississippi — is now the most secure identification credential obtainable. In 2016, GPO produced 20,199,550 passports, an increase of 32.9% from the year before. Over the past decade GPO has produced more than 140 million passports for DOS. Throughout 2016, we continued with facility changes and equipment installation and testing in support of the planned next generation passport.

Since 2008, we have also served as an integrator of secure identification smart cards to support the credentialing requirements of Federal agencies and other Government entities. We have been certified by the General Services

Administration (GSA) to graphically personalize Homeland Security Presidential Directive 12 (HSPD-12) cards for Federal agencies. GSA certified that we comply with Federal Information Processing Standard 201, which sets requirements to ensure that identification cards are secure and resistant to fraud.

To date, we have produced more than 12.9 million secure credential cards across 10 different product lines. Among them are the Trusted Traveler Program's (TTP) family of border crossing cards — NEXUS, SENTRI, FAST, and Global Entry — for the Department of Homeland Security (DHS), which are used by frequent travelers across U.S. borders. Another card produced for DHS is the Transportation Worker Identity Card (TWIC). We produce a Border Crossing Card (BCC) that is issued by the DOS for authorized travel across the Mexican border. We also produce secure law enforcement credentials for the U.S. Capitol Police that are used in Presidential inaugurations.

Early in the fiscal year, a milestone was achieved in the production of secure border credentials for DHS. GPO employees have produced more than 5 million TTP cards for the Department's U.S. Customs and Border Protection (CBP). The TTP provides expedited entry process for pre-approved, low-risk travelers upon arrival in the United States under the Western Hemisphere Travel Initiative. Since their introduction in 2008, GPO and CBP have successfully manufactured these secure credentials for members of the various TTP programs without a single compromise in security nor a fruitful counterfeit attempt. "CBP-TTP chose the GPO to manufacture their TTP program cards due to the GPO's experience and secure supply chain," said Deputy Assistant Commissioner John P. Wagner, Office of Field Operations, CBP. "The GPO is an in-house government cataloging, producing, and publishing agency, which means that their manufacturing processes are more secure and less susceptible to counterfeiting since no sensitive information is ever exchanged with a third party vendor, as previous official identification documents have been."

In June, Congressman Steve Palazzo, who represents Mississippi's 4th congressional district where GPO's Stennis Secure Production Facility is located, visited the facility and GPO employees. Facility manager Dave Spiers gave the Congressman and his staff a tour of the production process.

In another development, at the request of the House Committee on Oversight and Government Reform, in October 2015 GPO Director Davita Vance-Cooks appeared to discuss how we have been providing Federal agencies with a secure manufacturing source for the production of secure credentials.

In her remarks, Vance-Cooks emphasized how GPO has produced the U.S. passport since the 1920's, giving us extensive experience in the important field of secure credentials. Based on that experience, in 2007 the Joint Committee on Printing (JCP) approved our request to establish a capability to produce secure credentials, such as border crossing cards, for Federal agencies that were asking us for these solutions. In 2012, the JCP approved our request to establish a continuity-of-operations capability for secure credential production at our remote passport production facility. Director Vance-Cooks further noted that the work GPO does in this field is well-known among the Federal agencies that need these products, and has been thoroughly validated by the Government Accountability Office in a 2015 report to Congress **http://www.gao.gov/products/GAO-15-326R** and the National Academy of Public Administration's 2013 report on GPO. Her testimony is available at **https://oversight.house.gov/hearing/secure-credentials-issued-by-the-government-publishing-office/**.

Producing and distributing the official publications and information products of the Government fulfills an informing role originally envisioned by the Founders, as James Madison once said:

> "A popular Government without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy, or perhaps both. Knowledge will forever govern ignorance, and a people who mean to be their own Governors, must arm themselves with the power which knowledge gives."

GPO operates a variety of programs that provide the public with "the means of acquiring" Government information that Madison spoke of. These programs include the Federal Depository Library program (FDLP), FDsys and **govinfo**, Publications Information Sales, Reimbursable Distribution, and Social Media.

FEDERAL DEPOSITORY LIBRARY PROGRAM The FDLP has legislative antecedents that date to 1813, when Congress first authorized congressional documents to be deposited at the American Antiquarian Society in Worcester, MA, for the use of the public. Since then, Federal depository libraries have served as critical links between "We the People" and the information made available by the Federal Government. GPO provides the libraries with information products in digital and, in some cases, tangible formats, and the libraries in turn make them available to the public at no charge while providing additional assistance to depository library users.

The FDLP today serves millions of Americans through a network of 1,148 public, academic, law, and other libraries located across the Nation, averaging nearly three per congressional district. Once limited to the distribution of printed and microfiche products, the FDLP today is primarily digital, supported by FDsys and **govinfo** along with other digital resources. This overwhelming reliance on digital content allowed for the first digital-only Federal depository library designation in 2014. In FY 2016, one new Federal depository library was designated as digital-only, while three existing depository libraries converted to all-digital status.

Late in the year, GPO designated Alaska's Tuzzy Consortium Library as a new all-digital member of the FDLP. Tuzzy, which serves as the library for the town of Utqiagvik (formerly Barrow), AK, and the tribal institution of Ilisagvik College, became the northernmost library in the FDLP. Utqiaġvik is the northernmost point of the United States. The library today provides the local Inupiat community with no-cost, digital-only access to Federal information.

During the year, the FDLP launched an updated and redesigned version of *Ben's Guide to the U.S. Government*. This website, named after Benjamin Franklin and available at **bensguide.gpo.gov**, contains educational content on the workings of the U.S. Government and U.S. history for kids K-12. The updated site features new and enhanced content, a mobile device-friendly infrastructure, and a modernized look and feel that has been optimized for an intuitive learning experience. The FDLP partnered with the American Association of School Librarians (AASL), a division of the American Library Association (ALA), to ensure educational content in *Ben's Guide* is easy to comprehend and age appropriate. Subsequently, Ben's Guide was selected as one of the American Library Association's "Great Websites for Kids."

To support continued public access to key print documents in depository library collections nationwide, GPO established a Preservation Steward program in 2016. Preservation Stewards are part of a GPO initiative called the Federal Information Preservation Network (FIPNET). The purpose of FIPNET is to expand public access to Government information in depository library collections through collaboration with non-depository library institutions and resources that

also possess collections of Federal documents and publications. This effort ultimately will result in a National Collection of U.S. Government Information for the use of future generations, and will transform GPO's *Catalog of U.S. Government Publications* into an index of that comprehensive body of Federal information. GPO welcomes all Federal depository libraries that wish to participate as Preservation Stewards.

During the year, the Norlin Library of the University of Colorado at Boulder signed a Memorandum of Agreement with GPO to become the first Preservation Steward library. Under the agreement, the Norlin Library pledges to permanently preserve its print collections of congressional hearings, the *U.S. Congressional Serial Set*, and the bound edition of the *Congressional Record* in the digital era. Late in the year, the University of Kentucky Libraries signed a Memorandum of Agreement to become the second Preservation Steward library. Under this agreement, the libraries pledge to permanently preserve print collections of Works Progress/Work Projects Administration and Appalachian Regional Commission. The WPA collection contains more than 3,000 documents from the Great Depression relief program designed to provide work for Americans.

Following GPO's move of its email to the cloud in FY 2015, in 2016 we transitioned our Integrated Library System (ILS) public websites to the cloud using Amazon Cloud Services. This move supports the Federal Cloud First policy that encourages agencies to take advantage of cloud computing opportunities. The cloud improves performance of these sites during peak traffic times, giving the user faster search results and content downloads. The sites that were moved to the cloud include the Catalog of U.S. Government Publications (CGP) **http://catalog.gpo.gov**; the Federal Depository Library Directory **http://catalog.gpo.gov/fdlpdir/FDLPdir.jsp**; and MetaLib **http://metalib.gpo.gov/**.

Early in the fiscal year, GPO became the first Federal agency member of the Technical Report Archive and Image Library (TRAIL, at **crl.edu/grn/trail/about-trail**). TRAIL identifies, acquires, catalogs, digitizes, and provides unrestricted access to U.S. Government agency technical reports. TRAIL currently consists of over three dozen member institutions, many of which are Federal depository libraries. GPO and TRAIL have a shared goal of advancing free public access to U.S. Government information and will now work together to ensure the discoverability, ensuring permanent public access to, and the preservation of Government technical reports. As a member of TRAIL, GPO will offer expertise and guidance in cataloging and other areas.

Director Vance-Cooks welcomes members of the Depository Library Council to the 2016 Depository Library Conference.

FEDERAL DIGITAL SYSTEM (FDSYS)

We have been providing access to digital congressional and Federal agency documents since 1994 under the provisions of P.L. 103-40, beginning with a site known as *GPO Access*. Fifteen years later, *GPO Access* was retired and a significantly re-engineered site debuted as GPO's Federal Digital System. FDsys provides the majority of congressional and Federal agency content to the FDLP as well as other online users.

Online access to Federal documents made available by GPO has reduced the cost of providing public access to Government information significantly when compared with print, while expanding public access dramatically through the internet. In 2016, FDsys grew to make more than 1.6 million titles from the legislative, executive, and judicial branches available online from our

A letter of praise for the **govinfo** launch from the Speaker of the House was something to smile about.

servers and through links to other agencies and institutions. The system averaged 38 million retrievals per month.

We have continually added collections to FDsys to provide increased public access to Government information. In 2016, new collections added included the historic documents of the Panama Canal Commission and its predecessor agencies, as well as the digitized issues of the permanent edition of the *Congressional Record* for the 1980s and the 1990s. Further historic issues of the *Congressional Record* as well as the *Federal Register* will be added in 2017.

GOVINFO In early 2016, we unveiled the next generation of our public access system with the introduction of **govinfo**. Though in beta, **govinfo** improves upon FDsys with a modern, easy-to-use look and feel that syncs with the need of today's Government information users for quick and effective digital access across a variety of digital platforms. Following a period of testing and iteratively developing the system's features, **govinfo** will become GPO's primary public access system—the third such system since we inaugurated online access in 1994—and FDsys will be retired from service.

During the year, GPO continued with the process to seek certification as a Trustworthy Digital Repository in compliance with the International Organization for Standardization (ISO 16363). This certification will validate that GPO's content management system, its infrastructure, and its supporting organization are reliable and sustainable, in order to ensure the highest level of service now and into the future.

GPO has continued to invest in the IT infrastructure supporting GPO's digital information system. This includes bandwidth, storage, and servers needed for Production, COOP, Test, and Development environments.

GPO ACHIEVES SAVINGS IN INFORMATION DISSEMINATION In 1995, the first full year of our online operations, the cost of producing and distributing millions of copies of printed publications to Federal depository libraries nationwide was funded at $17.6 million, the equivalent today of $27.9 million in constant dollars. For FY 2016, we funded this function at $8.5 million, a reduction of more than 69% in constant dollar terms. Along with appropriations to GPO's Business Operations Revolving Fund, we have used the savings from reduced printing and distribution costs to pay for the establishment and operation of our digital information dissemination operations, achieving additional savings for the taxpayers and vastly expanding public access to Government information.

NUMBER OF TITLES AVAILABLE ONLINE THROUGH GPO

(includes titles on GPO servers and titles linked from GPO)

FY 2000 – FY 2016

Year	Number of Titles
FY 2000	193,000
FY 2005	301,600
FY 2010	441,700
FY 2016	1,600,000

PUBLICATION AND INFORMATION SALES PROGRAM Along with the FDLP and our online dissemination system, which are no-fee public access programs, GPO provides access to official Federal information through public sales featuring secure ordering through an online bookstore (**bookstore.gpo.gov**), a bookstore at GPO headquarters in Washington, DC, and partnerships with the private sector that offer Federal publications as eBooks. As a one-stop shop for eBook design, conversion, and dissemination, our presence in the eBook market continues to grow. We now have agreements with Apple iTunes, Google Play, Barnes & Noble, OverDrive, Zinio, EBSCO, ProQuest and other online vendors to make popular Government titles such as the *Public Papers of the President-Barack Obama*, *Unsettled: A Story of U.S. Immigration*, and *Workout to Go* available as eBooks. We also offer a print-on-demand service for sales titles through Amazon and others, which enables us to offer more titles and avoid the expense of additional warehousing.

REIMBURSABLE DISTRIBUTION PROGRAM We operate distribution programs for the information products of other Federal agencies on a reimbursable basis, including the General Services Administration (GSA) and the Federal Trade Commission (FTC), from our facilities in Pueblo, CO, and Laurel, MD. This program saves money for participating agencies by permitting them to take advantage of GPO's centralized capabilities and economies of scale. The program is now providing distribution services, bulk storage, and a web-based order module out of the Laurel facility for two Department of Agriculture publications, *Team Nutrition and Supplemental Nutrition Assistance Program*, distributing more than 3.1 million copies since the program began in August 2015. The Laurel facility is also now providing bulk storage and distribution services for Department of Justice publications. At our Pueblo facility, which observed its 45th year of service in 2016, we are now providing printing, distribution, bulk storage, and call center services for the Nevada National Guard.

GPO AND SOCIAL MEDIA We use Facebook, Twitter, YouTube, Instagram, LinkedIn, Pinterest, and a blog to share information about GPO news and events and to promote specific publications and products. By the end of 2016, we had 7,530 likes on Facebook, 7,053 followers on Twitter, and 189,253 views across 75 videos on YouTube. On Pinterest, we had 749 followers pinning on 17 boards of Federal Government information. We also had 569 followers with 930 posts on Instagram and 3,069 followers on LinkedIn. Our blog, *Government Book Talk*, focuses on increasing the awareness of new and classic Federal publications through reviews and discussions.

In 2016 GPO kicked off its **gpo.gov 2.0** project, which entails a major redesign of the agency's public-facing website that will improve digital interaction with our customers and the public. The new site will utilize modern user-centric design and navigation to more effectively communicate GPO's brand identity and service offerings. It will also be mobile friendly and search engine-optimized to increase user engagement in support of GPO's strategic goals of satisfying our stakeholders and offering new products and services. A public beta of the site is planned for release in 2017.

BUSINESS OPERATIONS REVOLVING FUND All GPO activities are financed through our Business Operations Revolving Fund, established by section 309 of Title 44, U.S.C. This business-like fund is used to pay all of our costs in performing congressional and agency publishing, information product procurement, and publications dissemination activities. It is reimbursed from payments from customer agencies, sales to the public, and transfers from our two annual appropriations: the Congressional Publishing Appropriation and the Public Information Programs of the Superintendent of Documents Appropriation.

The Business Operations Revolving Fund functions as GPO's checking account with the U.S. Treasury. We pay our expenses from this account either with electronic transfer or check. The fund is reimbursed when the Treasury Department transfers money from agency appropriations accounts to the fund when agencies pay our invoices. This procedure also applies to the payment of transfers from the Congressional Publishing and Public Information Programs appropriations, and to deposits of funds collected from sales to the public.

GPO maintains a cash balance in the Business Operations Revolving Fund that is used to pay all expenses. The cash balance fluctuates daily as payments are received from agency reimbursements, customer payments, and transfers from GPO appropriations.

RETAINED EARNINGS Under GPO's system of accrual accounting, annual earnings generated since the inception of the Business Operations Revolving Fund have been accumulated as retained earnings. Retained earnings make it possible for us to fund a significant amount of technology modernization. However, appropriations for essential investments in technology and plant upgrades are requested when necessary.

APPROPRIATED FUNDS GPO's Congressional Publishing Appropriation is used to reimburse the Business Operations Revolving Fund for the costs of publishing the documents required for the use of Congress in digital and tangible formats, as authorized by the provisions of chapters 7 and 9 of Title 44, U.S.C. The Public Information Programs of the Superintendent of Documents Appropriation is used to pay for the costs associated with providing online access to, and the distribution of, publications to Federal depository libraries, cataloging and indexing, statutory distribution, and international exchange distribution. The reimbursements from these appropriations are included in the Business Operations Revolving Fund as revenue for work performed.

Unlike most appropriations to other Federal agencies, these two appropriations are for work that GPO itself does not control. The Congressional Publishing Appropriation in effect is an appropriation by Congress to cover the costs of its publishing activities. The appropriation is made to GPO to relieve Congress of the burden of maintaining detailed accounting records for all publishing work ordered from GPO both by law and by other congressional requisitions, as well as the responsibility for estimating the anticipated volume of congressional publishing that is used as the basis for the appropriation.

Congress plays a major role in controlling the rate of spending of the Congressional Publishing Appropriation. GPO can transfer funds from the appropriation to the Business Operations Revolving Fund only when it performs congressional publishing work. The appropriation is not available for expenditure for any purposes other than this work. While GPO does its best to estimate the volume of congressional publishing in any given year, that volume can change due to circumstances beyond GPO's control. GPO affects the rate of spending under this appropriation by ensuring the efficiency of its operations.

If congressional requisitions fall short of GPO's estimate, there will be a balance remaining in the Congressional Publishing Appropriation at the end of the year. Under the language of GPO's appropriations legislation, such balances are eligible for transfer to the Business Operations Revolving Fund, where they can be used only for the purposes for which they were originally appropriated, with the approval of the House and

Senate appropriations committees. If Congress's requirements exceed GPO's estimate, GPO will continue to fulfill them, and Congress will in effect spend more than it appropriated. As a result, there will be a shortfall in the appropriation for which GPO would need additional funding in a subsequent year. The shortfall would be paid out of available money – retained earnings – in the Business Operations Revolving Fund that otherwise would be available for investment in new plant and equipment. When shortfalls occur, Congress subsequently repays GPO for the excess cost of its printing to restore money to the Business Operations Revolving Fund.

Like the Congressional Publishing Appropriation, the Public Information Programs Appropriation is available only for specific programs: online access and distribution to Federal depository libraries, cataloging and indexing, statutory distribution, and international exchange. The publishing activities of the Government determine the workload handled by these programs, not GPO. However, GPO affects the level of funding by ensuring the efficiency of its information dissemination operations. Like the Congressional Publishing Appropriation, any unobligated balances remaining in this account may be transferred to the Business Operations Revolving Fund, where they can be used only for the purposes for which they were originally appropriated, with the approval of the House and Senate appropriations committees.

GPO is accountable for its finances. Each year, GPO's finances and financial controls are audited by an independent outside audit firm working under contract with GPO's Office of Inspector General. For FY 2016, the audit concluded with GPO earning an unmodified, or clean, opinion on its finances, the 20th consecutive year GPO has earned such an audit result.

FY 2016 FINANCIAL RESULTS Revenue totaled $875.3 million while expenses charged against GPO's budget were $804.1 million, for an overall net income of $71.2 million from operations. Included in both GPO's revenue and net income is

approximately $24.7 million in funds set aside for passport-related capital investments, as agreed to by GPO and the Department of State, and $0.4 million in funds resulting from a downward adjustment to GPO's long-term workers' compensation liability under the Federal Employees Compensation Act (FECA). Apart from these funds, GPO's net operating income from FY 2016 was $46.1 million.

Funds appropriated directly by Congress provided nearly $118.8 million (including funds from the Congressional Publishing and Public Information Programs appropriations, along with appropriations to the Business Operations Revolving Fund), or about 14% of total revenue. All other GPO activities, including in-plant publishing (which includes the production of passports), procured work, sales of publications, agency distribution services, and all administrative support functions, were financed through the Business Operations Revolving Fund by revenues generated by payments from agencies and sales to the public.

The largest single component of GPO's annual expenses is publishing work procured from the private sector. In FY 2016, the cost of this work totaled $325.9 million, or about 41% of total expenses. The second largest component was personnel compensation and benefits. These totaled $206.7 million, or about 26% of all expenses.

The following summary tables are excerpts from the full audited consolidated financial statements and are not intended to substitute for the full audited financial statements presented at **http://www.gpo.gov/pdfs/congressional/archives/2016_AnnualReport.pdf**.

For FY 2016 (October 1, 2015 - September 30, 2016), GPO received an unmodified opinion (a clean audit opinion) on its consolidated financial statements.

GPO achieved positive financial results before other operating expenses and Passport Capital Projects Reserve. Net income was $71.2 million in FY 2016 compared with net income of $37.6 million in FY 2015.

GPO's FY 2016 operating income included $24.7 million in reserved funds for planned capital investments for increasing production capacity for the next generation U.S. passport, as agreed upon between the Department of State and GPO. Similar type funds totaled $15.3 million for FY 2015. In both years, this resulted in revenues without corresponding expenses in the income statements. The expenses associated with these revenues will be reflected in future financial statements as these capital projects are completed and put into use.

Other operating expenses in FY 2016 included a long-term adjustment of $365,000 to reflect a reduction to the GPO's future workers' compensation liability. This adjustment is required to accurately record the actuarially determined liability at September 30, 2016. After adjusting for these two unique transactions, in FY 2016 GPO had a net income after capital projects reserve and workers' compensation liability adjustment of $46.1 million compared with $17.6 million in FY 2015.

Summary of Net Income (in thousands)	2016	2015
Net Income	**$ 71,197**	**$ 37,584**
Less Passport Capital Projects Reserve	(24,700)	(15,340)
Decrease in Workers' Compensation Liability	(365)	(4,611)
Net Income After Capital Projects Reserve and Workers' Compensation Liability Adjustment	**$ 46,132**	**$ 17,633**

In FY 2016 both operating revenue and operating expenses increased from FY 2015. Operating revenue was up $101.9 million or 13.2 percent (to $875.3 million from $773.4 million), while operating expenses increased $63.9 million or 8.6 percent (to $804.4 million from $740.5 million). The increase in revenue was primarily attributable to an increase in Printing and Binding revenue resulting from increased activity in passport and plant production as well as print procurement. The increase in operating expenses was due primarily to an increase in printing and reproduction as well as supplies and materials expenses, partially offset by a decrease in travel, transportation, and postage expenses.

GPO's fund balance with Treasury increased by $59.3 million, from $494.6 million at the end of FY 2015 to $553.9 million at the end of FY 2016. Cash provided by operations increased by $99.3 million during the fiscal year, due primarily to positive operating results and increases in both accounts payable and deferred revenues. GPO invested $38.3 million for capital items in FY 2016 and $33.1 million in FY 2015.

Summary Statements of Cash Flows (in thousands)	2016	2015
Cash flows from Operating Activities		
Net Income	**$ 71,197**	**$ 37,584**
Provided by (used in) operating activities		
Depreciation and other	21,722	20,888
(Increase) decrease in assets	(7,823)	3,501
Increase (decrease) in liabilities	14,614	(18,799)
Increase (decrease) in workers' compensation liability	(365)	(4,611)
Total adjustments	28,148	979
Net cash provided by operating activities	**99,345**	**38,563**
Cash flows used in investing activities	**(38,286)**	**(33,062)**
Cash flows provided by financing activities	**(1,820)**	**13,401**
Net increase (decrease) in cash balance	**$ 59,239**	**$ 18,902**

GPO's Balance Sheet strengthened in FY 2016 as a result of the operating performance. Working capital increased by $52.4 million, to $458.8 million in FY 2016 from $406.4 million in FY 2015. Total current assets increased by $67.1 million, to $729.6 million in FY 2016 from $662.5 million in FY 2015.

Total assets grew by $83.6 million to $889.0 million in FY 2016 from $805.4 million in FY 2015. Fund balance with Treasury increased to $553.9 million in FY 2016 from $494.6 million in FY 2015 with the overall increase in agency orders being the key driver.

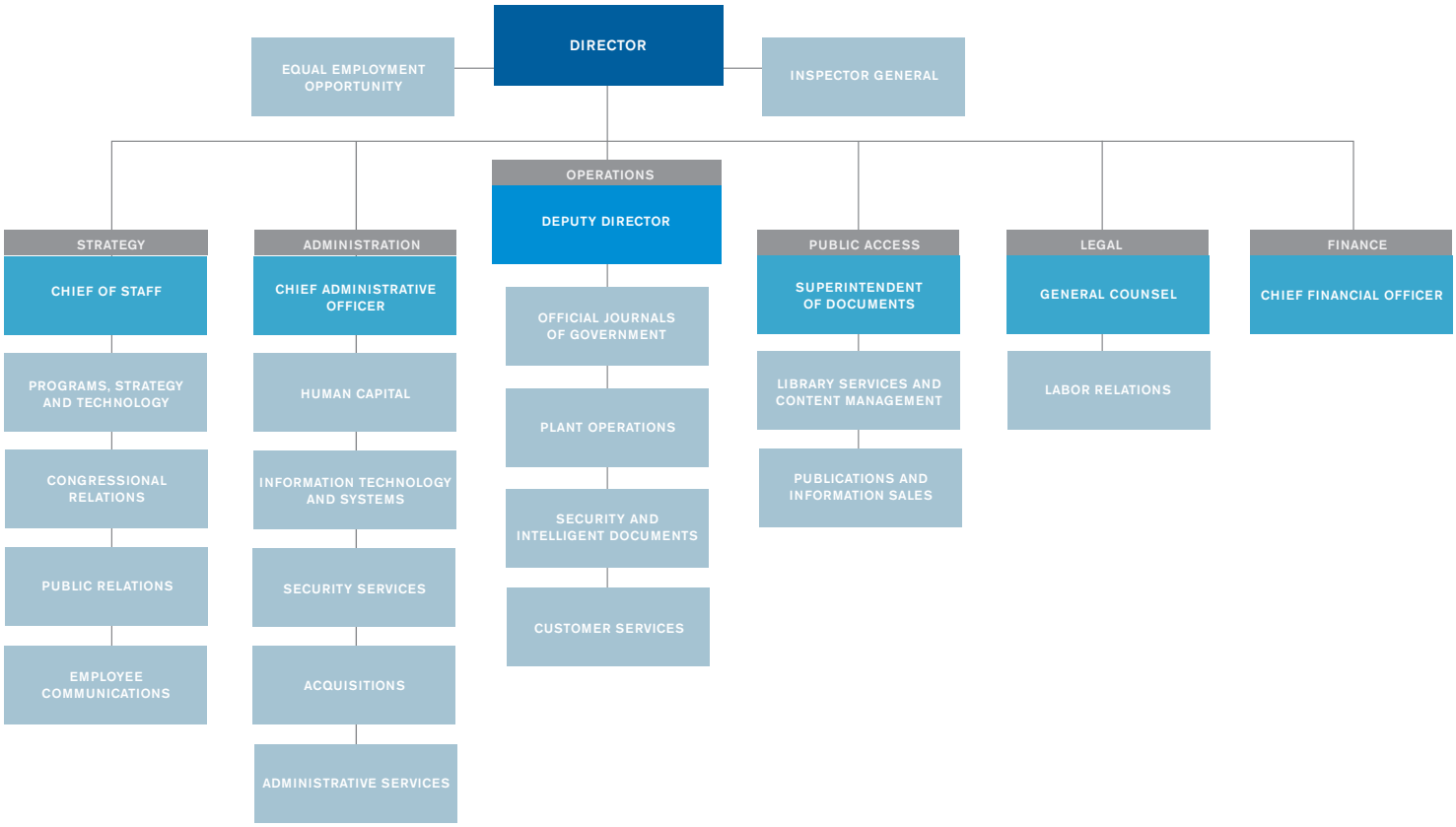
GPO ended FY 2016 with an increase in retained earnings of $71.2 million to $330.4 million, compared with $259.2 million at the end of fiscal FY 2015.

GPO ended fiscal 2015 with an increase in retained earnings of $37.6 million to $259.2 million, compared to $221.6 million at the end of fiscal 2014.

Summary Balance Sheets (in thousands)	2016	2015
Assets		
Current Assets		
Fund balance with Treasury	$ 553,885	$ 494,646
Accounts receivable, net	135,280	132,122
Inventory, net	40,347	35,417
Prepaid expenses	85	350
Total current assets	**729,595**	**662,535**
General property, plant and equipment, net	159,390	142,825
Total Assets	**$ 888,987**	**$ 805,360**
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 123,257	$ 114,564
Deferred revenues	139,058	133,156
Accrued annual leave	8,483	8,463
Total current liabilities	**270,798**	**256,183**
Noncurrent Liabilities		
Workers' compensation liability	62,007	62,372
Total Liabilities	**332,805**	**318,555**
Net position		
Cumulative results of operations		
Retained earnings	330,389	259,192
Invested capital	92,879	92,879
Unexpended appropriations	132,914	134,734
Total Net Position	**556,182**	**486,805**
Total Liabilities and Total Net Position	**$ 888,987**	**$ 805,360**

U.S. GOVERNMENT PUBLISHING OFFICE

Organizational Chart



GPO

U.S. GOVERNMENT PUBLISHING OFFICE
732 North Capitol Street, NW, Washington, DC 20401-0001

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GPO U.S. GOVERNMENT PUBLISHING OFFICE

Consolidated Financial Statements

For the Fiscal Years ended
September 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

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SECTION I

MANAGEMENT DISCUSSION AND ANALYSIS

(UNAUDITED)

U.S. Government Publishing Office

Management Discussion and Analysis (Unaudited)

As of September 30, 2016

Mission

The core mission of the U.S. Government Publishing Office (GPO or Agency) is *Keeping America Informed*, by producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the U.S. Government. To ensure Federal information is readily available to citizens, GPO makes information accessible in an array of communication mediums from secure digital documents, databases, and mobile web applications that are accessible through the Internet to traditional printed ink-on-paper products. GPO was created on June 23, 1860, with the enactment of Congressional Joint Resolution 25. GPO's first day of operations was March 4, 1861.

Basis of Financial Reporting

GPO's consolidated financial statements are prepared pursuant to the requirements of Title 31 *United States Code* (U.S.C.), *Money and Finance,* § 3515, Financial Statements of Agencies. The consolidated financial statements have been audited by an independent external auditor in accordance with Title 44 U.S.C., *Public Printing and Documents*, § 309, Business Operations Revolving Fund (herein referred to as the "Revolving Fund") for Operation and Maintenance of Government Publishing Office.

The consolidated financial statements are prepared from GPO's financial system on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Under the accrual basis, revenues are recognized (recorded) when earned, and expenses are recognized when incurred, without regard to the receipt or the payment of cash.

GPO's consolidated financial statements and accompanying notes provide information on the Agency's financial position, results of operations, changes in net position, and cash flows, and disclose significant financial and economic events that may impact GPO, in conformity with applicable laws, regulations, standards, and policies relevant to financial reporting. GPO is committed to maintaining strong financial systems and internal controls to ensure accountability, integrity, and reliability. GPO's internal controls are designed to provide reasonable assurance that obligations and costs comply with applicable laws and regulations and are within budgetary limits; that funds, property, and other assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and that transactions are properly recorded.

GPO Instruction 825.18A, *Internal Control Program*, establishes the internal control standards and assessment methodology employed by GPO to ensure adequate and effective systems of management control and compliance with applicable laws and regulations. Management monitors the internal control systems and regularly conducts vulnerability assessments and internal control reviews of GPO's programs, operations, and other activities.

GPO's Office of the Inspector General (OIG) monitors the Internal Control Program at GPO and

keeps the Agency Director informed of management's progress in addressing internal control deficiencies identified in audits, reviews, and investigations. The OIG and occasionally the Government Accountability Office (GAO) conduct audits of GPO's programs and operations, and as such, evaluate management controls. GPO's Internal Control Program, along with recommendations from audits, reviews, and investigations, has strengthened management controls and improved the economy, efficiency, and effectiveness of GPO's programs, operations, and other activities.

Programs and Operations

The programs and operations managed by GPO are based on various public laws codified in Title 44 U.S.C. GPO's statutory responsibilities include fulfilling the printing and information product needs of the Federal Government and distributing official Federal publications to the public.

Funding

GPO's programs and operations are funded through a business-type revolving fund, authorized by Title 44 U.S.C. and by annual and certain no-year and multi-year appropriations provided by the U.S. Congress. GPO's Revolving Fund is authorized to be self-sustaining, without fiscal year limitations applicable to most annual appropriations. The Revolving Fund pays for the cost of the Agency's programs and operations and is reimbursed at rates and prices that are intended to recover the full cost of goods and services delivered to customers. GPO's rates and prices for products and services are developed using estimates of direct labor and direct material expenses, overhead expenses, and anticipated volumes.

The major sources of reimbursement to GPO's Revolving Fund are:

- Payments from Federal customers for printing and binding, including U.S. Passports and other secure credential documents and cards, blank paper and paper products, and information products and design services;

- Sales of Government publications and information products to the general public, bookstores, bookdealers, and businesses; and

- Fund transfers from the Congressional Publishing Appropriation (CP) and the Public Information Programs of the Superintendent of Documents (Salaries and Expenses or S&E) Appropriation for work performed and authorized to be billed to these appropriations.

The CP and S&E appropriations reimburse the Revolving Fund for costs incurred to produce congressional work and fulfill statutory requirements to disseminate Federal Government information to the public, respectively. Reimbursements to the Revolving Fund from the CP and S&E appropriations are recorded as revenue when related liabilities are incurred. Unexpended CP and S&E appropriation balances may be authorized to be transferred to the Revolving Fund for these purposes with the approval of the House and Senate Appropriations

Committees. Otherwise, unexpended annual appropriations are returned to the Department of the Treasury after five years.
Congress has also made no-year and multi-year appropriations available to GPO's Revolving Fund for specific purposes. For example, appropriations have been made for building repairs and improvements, security enhancements, information systems, and workforce retraining.

Programs and Operations Overview

GPO is organized into separate business units to carry out the various programs and operations of the Agency. An overview of these business units follows.

Official Journals of Government – The Official Journals of Government business unit provides support services to the U.S. Senate and U.S. House of Representatives and their committees regarding the printing, binding, and provision of digital information products required to carry out the legislative schedule and daily operations. This support includes the production of the *Congressional Record*, *Congressional Record Index*, bills, reports, hearings, committee prints, and other authorized documents.

This business unit also works in close partnership with the Office of the Federal Register (OFR) to coordinate the timely production of the official documents of the OFR including the daily *Federal Register*, *Code of Federal Regulations*, *List of CFR Sections Affected (LSA)*, and the *Public Papers of the Presidents of the United States.*

Plant – The Plant business unit publishes, in print and online, the important official journals of the Federal Government, along with many other Federal Government documents that are available to the public. This business unit provides Congress with all legislative printing and binding services, including overnight production of the *Congressional Record*, and congressional bills, reports, hearings, and other documents. GPO also produces the daily *Federal Register* and the *Code of Federal Regulations* for the Executive Branch. Congressional and *Federal Register* documents created in digital formats are posted on GPO's Federal Digital System (FDsys) (www.fdsys.gov).

Security and Intelligent Documents – This business unit prints, manufactures, and distributes secure credentials and documents for other Federal agency customers. These security products and services incorporate advanced electronic technologies and integrated security features to prevent fraud and counterfeit activities. Security and Intelligent Documents (SID) products and services include the production of all U.S. Passports, Border Crossing cards (BCC), and the family of Diplomatic Security cards for the U.S. Department of State. Additionally, SID supports the U.S. Department of Homeland Security's Trusted Traveler border crossing smartcard program (TTP), the Transportation Worker Identification Credential program (TWIC), the U.S. Asian Pacific Economic Corporation (APEC) business travel card, as well as the Homeland Security Presidential Directive Personal Identity Verification (HSPD-12 PIV) card program used for access to Federal facilities and systems. SID also provides secure products and services for the U.S. Department of Health and Human Services, the U.S. Department of Defense, and the District of Columbia (DC) government.

SID operates within a certified International Organization for Standardization (ISO) 9001 production and quality control environment. SID protects the Personally Identifiable Information (PII) data of customers used in the personalization of credentials, and is certified by the General Services Administration (GSA) as the only Government entity capable of graphically personalizing the Nation's HSPD-12 PIV smart cards now used in all agencies for physical access to Federal Government facilities and logical access to Federal Government computer systems. SID accomplishes all this by leveraging GPO's long and successful security printing tradition with expertise in biometrics, advanced chip and antenna technologies, and state-of-the-art security features in inks, threads, holograms, paper, and plastic substrates.

Customer Services – The majority of the Federal Government's printing needs requisitioned through GPO are contracted out to the private sector using Customer Service's partnerships with commercial printers and the overall information industry. This business model enables the Federal Government to take full advantage of the vast resources, expertise, and specialization within the private sector, and ensures open market competition for publishing contracts among thousands of businesses, large and small.

The Customer Services business unit provides pre-procurement consulting, print procurement (including specification writing, bid and solicitation management, and contract awarding), as well as life cycle contract administration to Federal customers. Customer Service teams are assigned to service specific customer agencies, and are in continuous contact with customer agency printing officers and program managers to maintain high levels of satisfaction and to expand their expertise on each agency's specific mission, needs, and challenges. Customer Service's performance measures for on-time delivery and quality acceptance (see Performance Measures section) underscore the effectiveness of this partnership between industry and Government.

Creative and Digital Media Services – GPO's Creative and Digital Media Services provides graphic design solutions, multimedia and Web services to Congress, the White House, and Federal agencies and commissions. This business unit assists customer agencies by creating effective visual communications solutions for their projects using the latest technology. The team is comprised of graphic designers who specialize in art, graphic design, Web design/development, e-book design, illustration, photography, and multi-media. This business unit's work includes designs for Presidential Inauguration materials, a major branding effort for the Bureau of Alcohol, Tobacco, Firearms and Explosives, the U.S. Passport, and numerous other security design efforts. Examples of recent web design and development projects of agency clients include the U.S. Senate web site, the U.S. China Commission, and a variety of design efforts for the U.S. Department of Veteran's Affairs. This business unit also offers website content updates for existing Federal agency customers who are required to utilize within-government digital media services for information dissemination.

Publication and Information Sales – This business unit increases public access to U.S. Government information through the sale of Government information products, primarily through GPO's U.S. Government Bookstore website (http://bookstore.gpo.gov/). This site allows the public to purchase hard-copy and e-book copies of Federal Government publications and subscriptions. This business unit also works with commercial sales channels, including book

distributors nationwide, to enhance Federal Government information distribution. Publication and Information Sales also provides customer agencies with expert advice on how to make their publications more user-friendly and commercially viable.

Reimbursable Services – This business unit provides a variety of global order fulfillment, inventory, and list management services to Federal agencies through distribution centers in Pueblo, CO, and Laurel, MD. This business unit also supports the GSA's popular Federal Citizen Information Center in Pueblo.

Public Information Programs – This business unit supports and manages the Federal Depository Library Program (FDLP), the Cataloging and Indexing Program, the By-Law Program, and the distribution component of the International Exchange Service of the Library of Congress (LOC). The FDLP ensures equitable, secure, convenient, and permanent no-fee access to published U.S. Government information.

The FDLP includes approximately 1,148 designated Federal depository libraries throughout the United States and its territories and provides the American public free access to U.S. Government publications in tangible and electronic collections. Public Information Programs major operational functions include cataloging, acquiring new tangible and electronic publications for the FDLP, program planning, distributing publications to libraries, education and outreach, library technical services, and archival management. Working with other GPO units, this business unit also supports the enhancement and promotion of, and education about GPO's Federal Digital System (FDsys) (www.fdsys.gov), which provides direct online access to Federal Government publications. Other online services managed by this business unit include the *Catalog of U.S. Government Publications* (http://catalog.gpo.gov), the FDLP Desktop (www.fdlp.gov), and Ben's Guide to the U.S. Government (http://bensguide.gpo.gov).

Financial Position and Results for Fiscal Year 2016

The following is an overview of GPO's financial position and operating results for the fiscal year ended September 30, 2016. This information should be viewed in context with the Financial Statements and Notes contained therein. In addition the management discussion and analysis put forth is prepared to highlight what we believe are the more significant financial events, items or transactions for the benefit of the reader. The reader will please note that this information, as presented is not meant to be an inclusive compendium of all activity for GPO's fiscal year 2016.

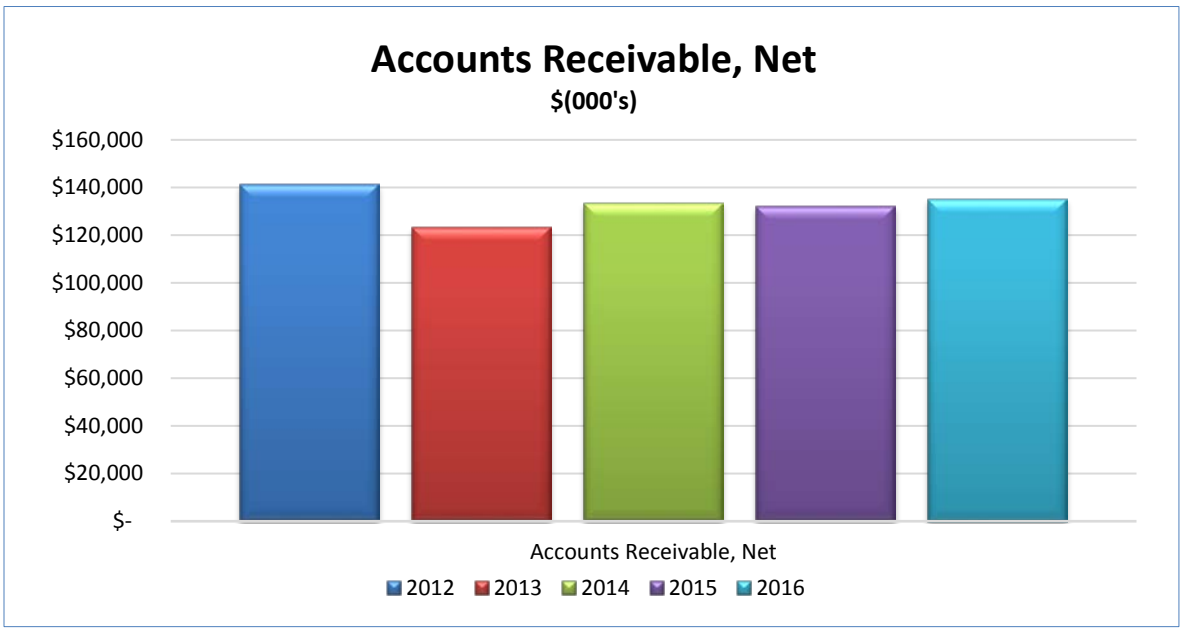
Cash

GPO's current cash requirements include program and operating expenses, as well as capital investment requirements. Cash (also referred to as "Fund Balance with Treasury" or "FBWT") increased by $59.3 million (12%) to $553.9 million as of September 30, 2016 from $494.6 million as of September 30, 2015.

The increase was primarily due to cash increases from operating activities of $99.3 million, offsetting investing outlays of $38.3 million, and decreases in unexpended appropriations of $1.8 million.

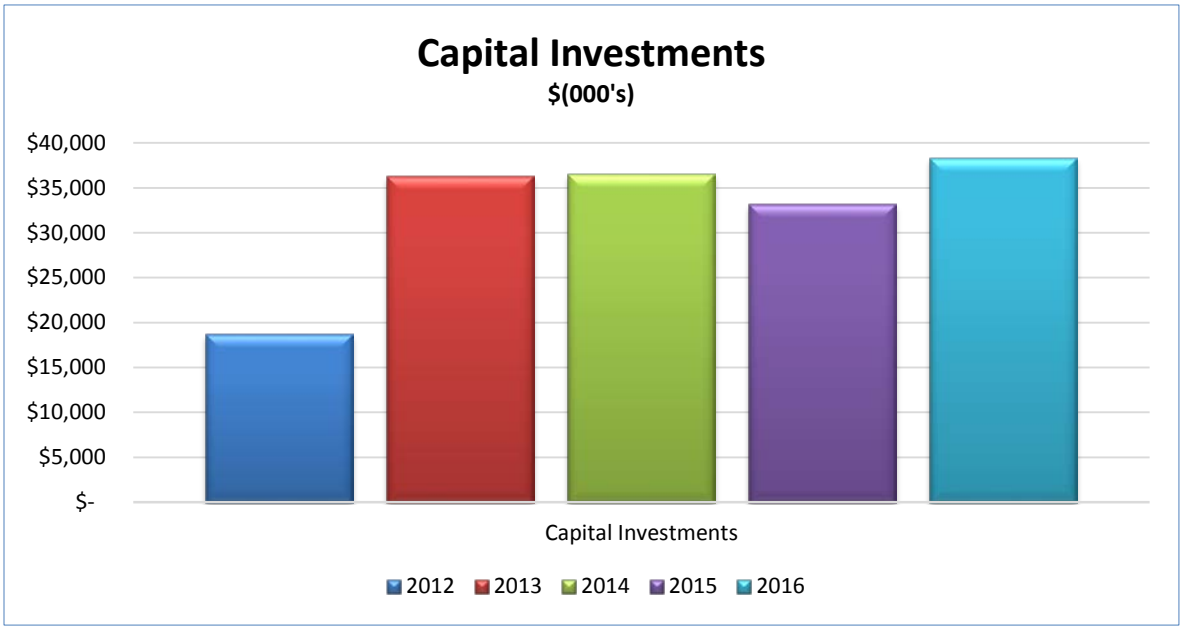
Accounts Receivable, Net

Net accounts receivable increased from $132.1 million as of September 30, 2015 to $135.3 million as of September 30, 2016 (2.4%).



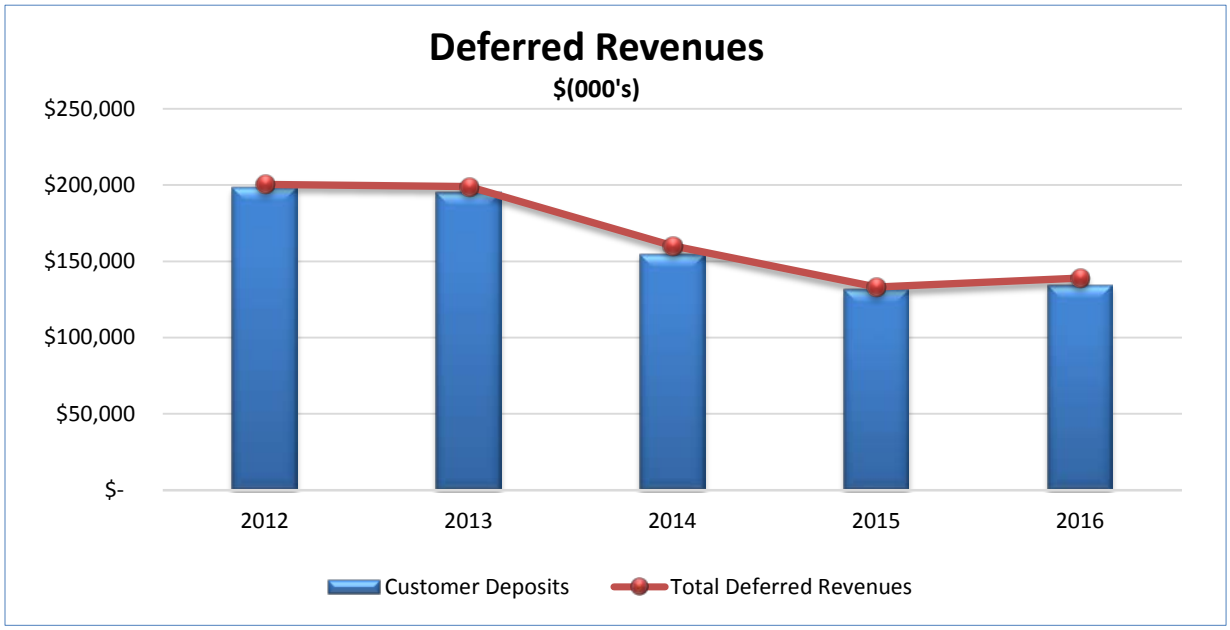
General Property Plant, and Equipment, Net

Net property and equipment increased by $16.6 million (11.6%) in 2016 to $159.4 million as of September 30, 2016. The capital additions of $38.3 million in 2016 were primarily centered on in-service placement of new secure credential products manufacturing equipment ($18 million), an HVAC ($4.6 million), roof replacement ($2 million), computers and computer software ($5 million) and capitalized software ($5 million). These additions were partially offset by $21.7 million in depreciation expense for fiscal 2016. The capital investment trend over the last 4 years is reflective of the investment in secure products and documents, and GPO's transformation to a digital platform.



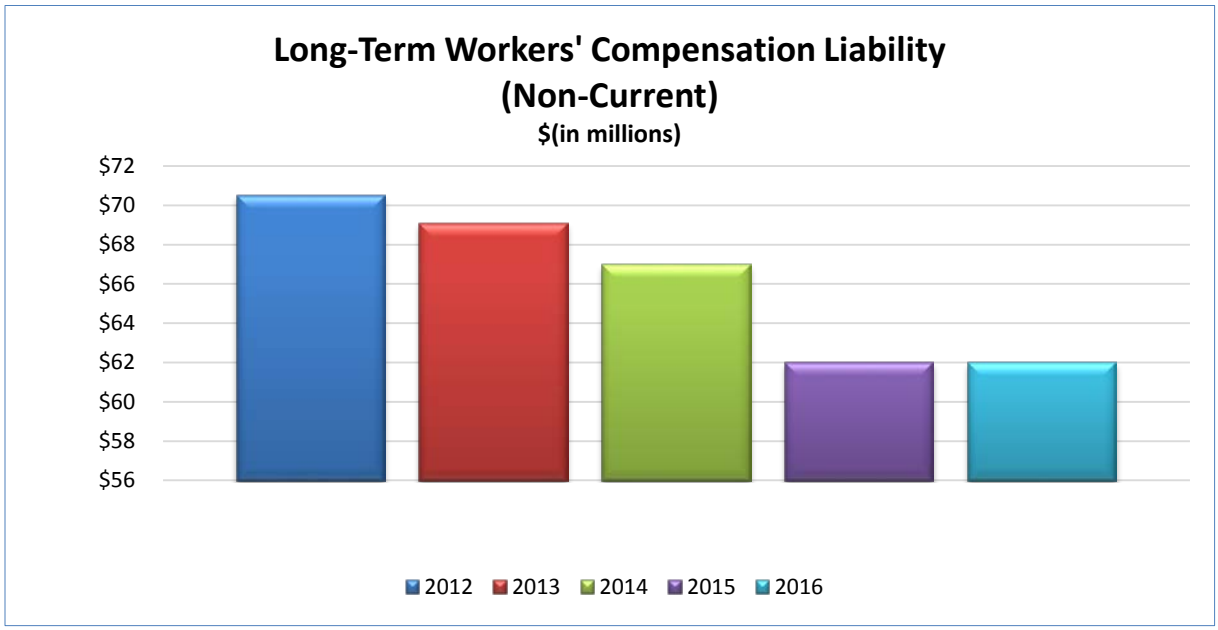
Deferred Revenue

Deferred Revenue is primarily comprised of customer deposits which are funds advanced from Federal agencies. The $5.9 million (4.4 %) increase in deferred revenues for fiscal 2016 from fiscal 2015 was primarily driven by a $2.7 million increase in deposit accounts and $3.5 million increase in advance billings, offset by minor decreases in pre-paid subscriptions and unfilled orders.



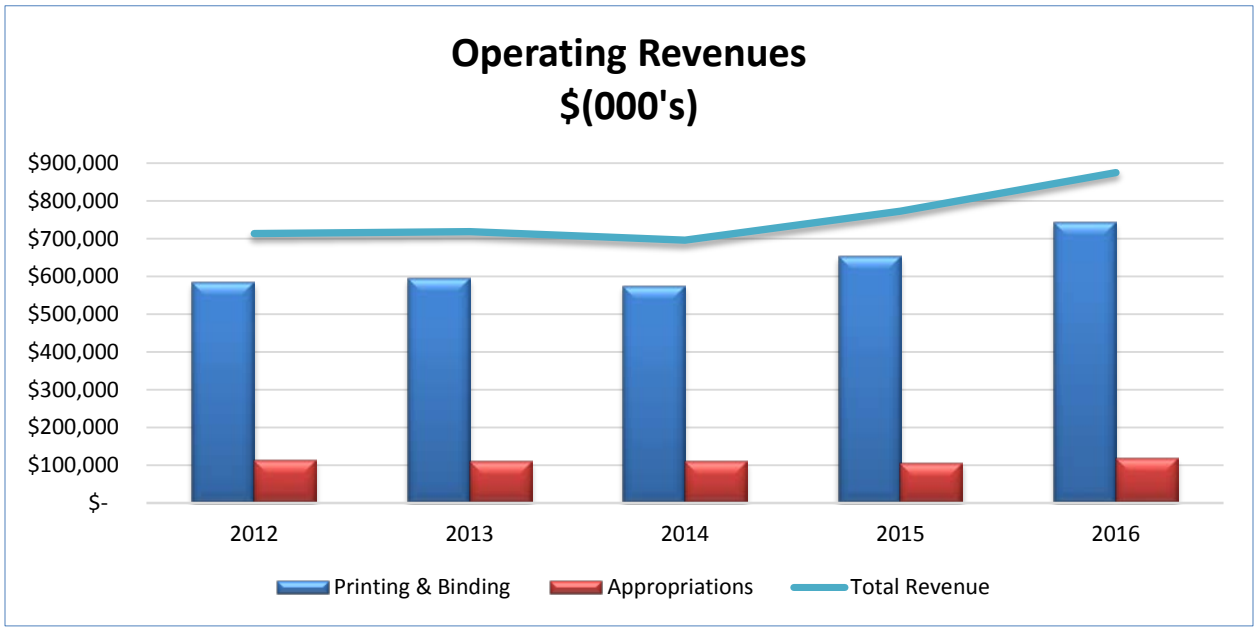
Long-Term Workers' Compensation Liability

The actuarial workers' compensation liability decreased $365,000 in 2016. The decrease in the actuarial liability primarily resulted from a reduced workforce, technological efficiencies, improved production methods, and an increased emphasis on workplace safety conditions.



Consolidated Revenues

GPO's consolidated revenues (net of eliminations) are primarily derived from Printing & Binding and Appropriations. Consolidated revenues were $875.3 million in fiscal 2016 and $773.4 million in fiscal 2015. The increase of $101.9 million (13.2 %) was attributable to increases in Printing and Binding and Appropriations revenues.



Operating Expenses

Operating costs increased by $63.9 million (8.6%) to $804.4 million in fiscal 2016, up from $740.5 million in fiscal 2015. The increase is primarily attributable to the cost of the printing and binding products sold to customer agencies. Passport manufacturing costs increased due to an increase in the number of passports ordered over last fiscal year. Operating expenses also increased due to a greater number of orders for publishing services.

Changes in Retained Earnings

GPO's retained earnings increased by $71.2 million (27.5%) to $330.4 million at the end of fiscal 2016, compared to $259.2 million at the end of fiscal 2015.

As presented on the table below, GPO's retained earnings include the planned uses of net income as authorized by responsible parties. The GPO and the Department of State annually agree to a price to be charged per passport, as well as an agreed-upon plan of capital investments to produce future U.S. Passports. As a result, a portion of the agreed-upon price includes funding for these capital investments.

Also included in consolidated net income is the net change in the long-term workers' compensation liability. This unfunded liability is required to be included in GPO's consolidated financial statements; however, GPO's rates and prices are established only to recover the current fiscal year actual cost of workers' compensation, and not the long-term liability estimate. Adjusting GPO financial results for these two items allows GPO's management to better gauge the actual results of GPO operations.

Summary of Net Income (in thousands)	2016	2015
Net Income	**$ 71,197**	**$ 37,584**
Less: Passport Capital Projects Reserve	(24,700)	(15,340)
Decrease in Workers' Compensation Liability	(365)	(4,611)
Net Income After Capital Projects Reserve and Workers' Compensation Liability Adjustment	**$ 46,132**	**$ 17,633**

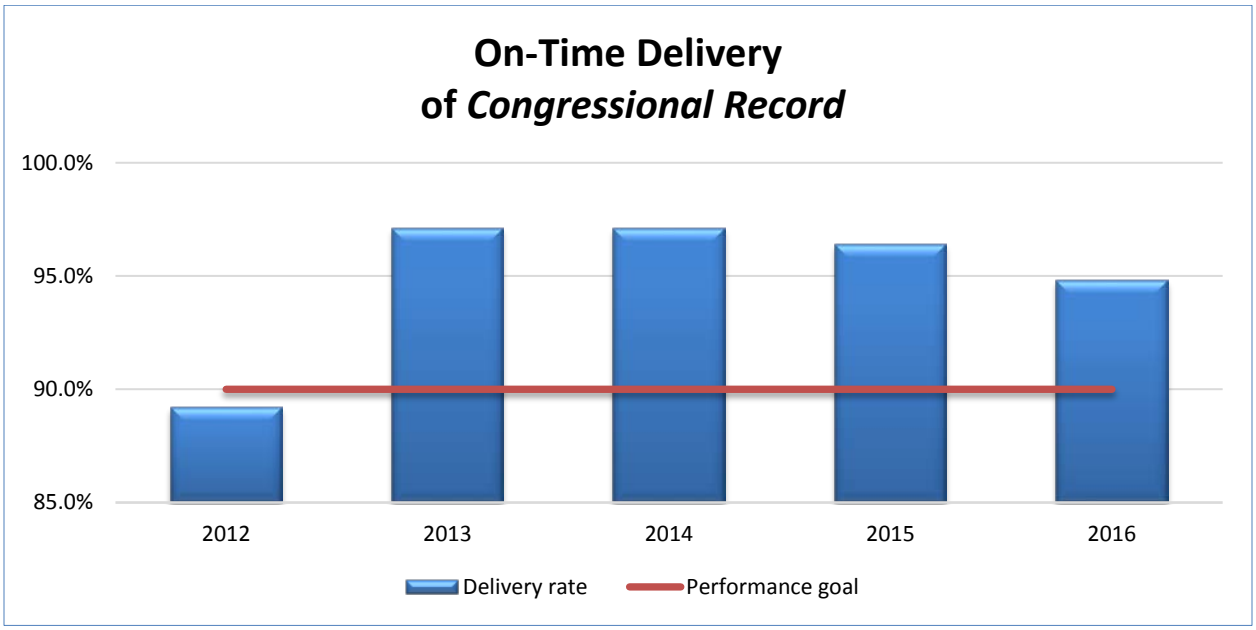
Excluding income planned to be invested in capital projects to support the production of U.S. Passports, and the adjustment to the long-term Workers' Compensation Liability, GPO had net income of approximately $46.1 million in fiscal 2016, compared to $17.6 million in 2015.

Operating Performance Measures

GPO gauges its overall efficiency and effectiveness using certain performance measures. Generally, these performance measures are based on established standards, goals, or objectives that are compared against actual performance or results for each fiscal year. The following sections discuss the major operating performance measures used by the Agency.

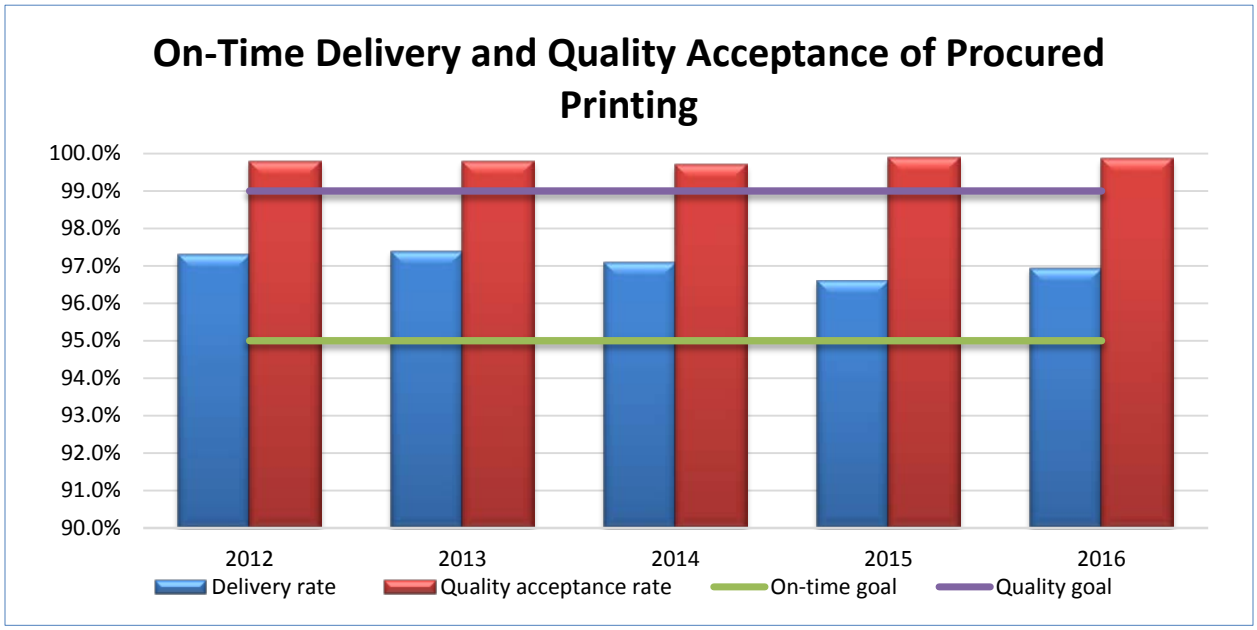
On-Time Delivery of *Congressional Record*

The *Congressional Record* is the official record of the proceedings and debates of the U.S. Congress. This important information product is published daily when Congress is in session. GPO uses a performance measure to evaluate the timeliness of the delivery of this core product to Congress. To measure GPO's success in delivering the *Congressional Record* to Congress on-time, GPO established a deadline of delivery to the House and Senate chambers before the start of the next day's session when 100 percent of copy is received by midnight.



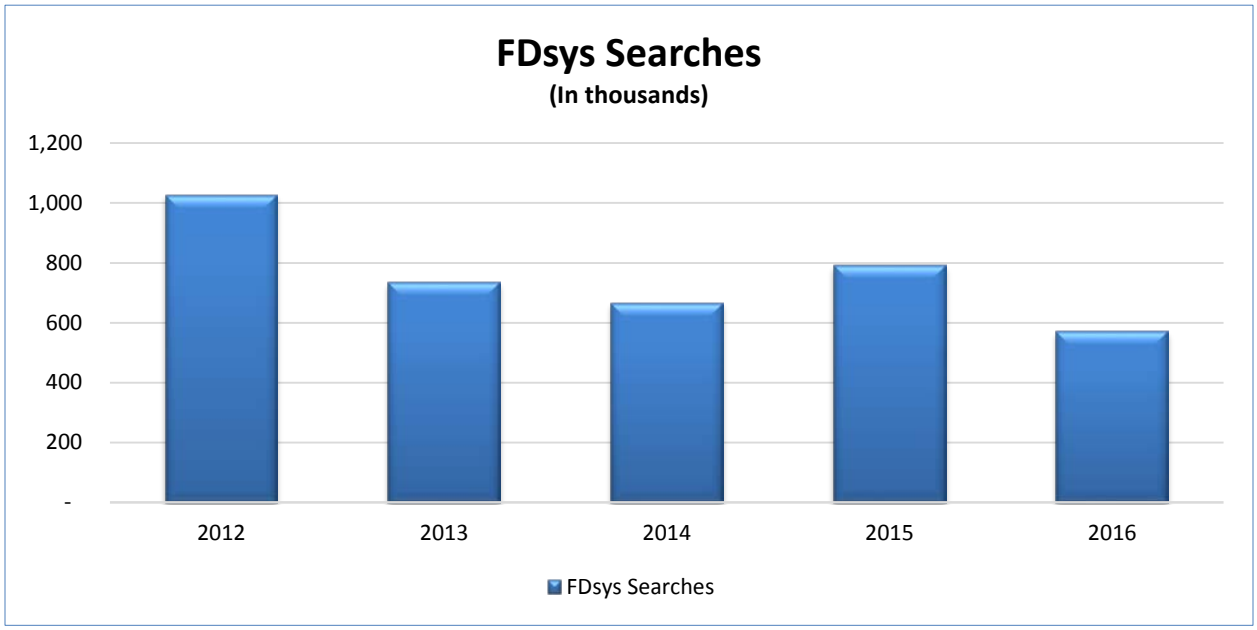
On-Time Delivery and Quality Acceptance of Procured Printing

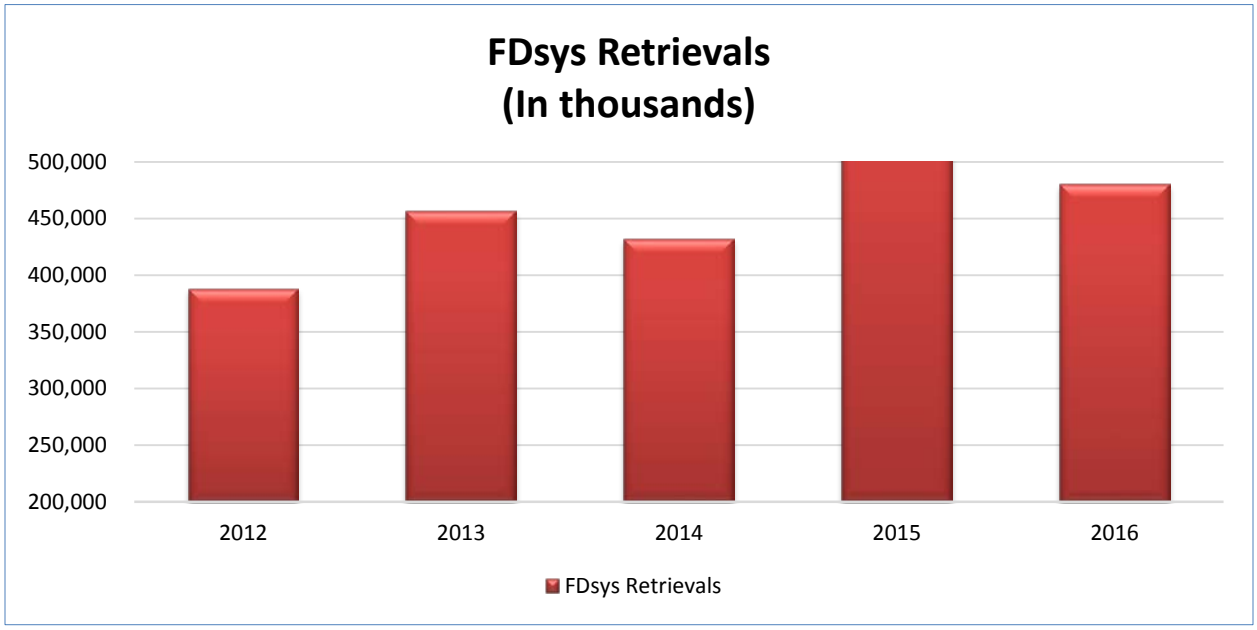
Customer Services contracted with commercial printing vendors to produce and ship orders for GPO customers, on-time and at a high standard of quality.



FDsys Search and Retrieval Metrics

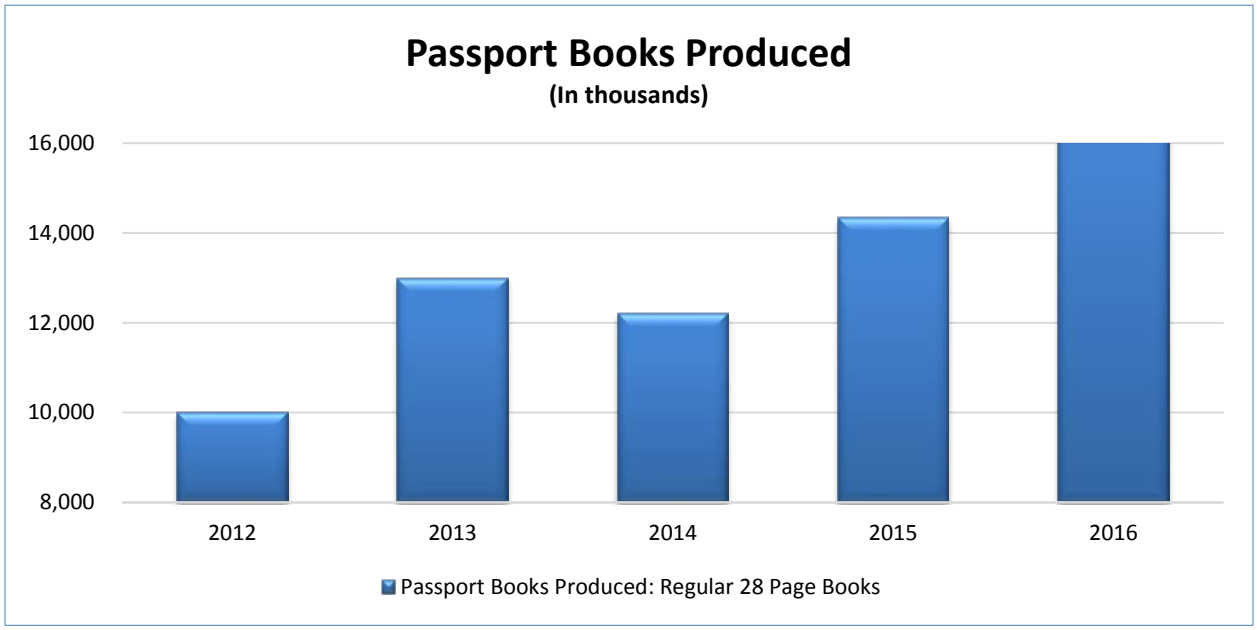
GPO's Federal Digital System (FDsys) provides free online access to official publications from all three branches of the Federal Government. FDsys provides advanced search capabilities and the ability to refine and narrow users' searches for quick access to the information they need. With FDsys, users can download a single file or download content and metadata packaged together in a compressed file.

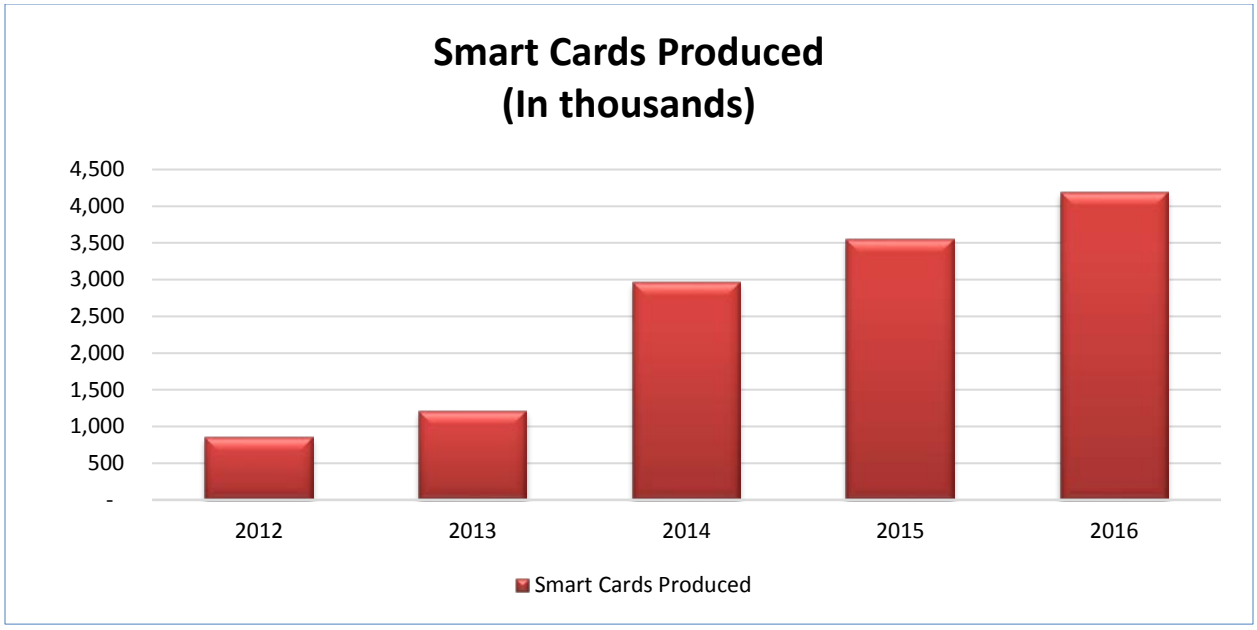




Passport and Smartcard Metrics

SID is meeting the challenges of new security issues and enabling the production of secure Federal Government documents for a wide variety of applications including U.S. Passports and smart cards.


Passport Books Produced
(In thousands)
16,000
14,000
12,000
10,000
8,000
2012
2013
2014
2015
2016
Passport Books Produced: Regular 28 Page Books


Smart Cards Produced
(In thousands)
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
2012
2013
2014
2015
2016
Smart Cards Produced

Fiscal Year 2017 Financial Projections

On July 1, 1953, the GPO Revolving Fund was established to finance GPO's operations on a self-sustaining basis. The Agency's overall long-term financial objective has been to earn revenues through a system of rates, prices, and surcharges used to bill customers for goods delivered and services performed that are sufficient to recover all Agency costs, including depreciation and overhead. In accordance with Section 309 of Title 44 U.S.C. the receipts and disbursements from the continuous cycle of business-type operations are recorded in the GPO Revolving Fund.

GPO's fiscal 2017 operating budget plans for the Agency to achieve at least break-even before the long-term Federal Employees' Compensation Act (FECA) adjustment from the Department of Labor, and after adjusting for income from capital investments related to passport production. These capital investments for the Department of State are mutually agreed to and allow GPO to invest in state-of-the-art passport manufacturing technology. The GPO operating budget also provides sufficient cash to allow continued capital investment to achieve more efficient operations and better meet customer needs.

The GPO's focus on satisfying customers, producing authentic and secure products vital to customers, and managing through change are essential to maintaining Agency operations on sound footing, both organizationally and financially. Achieving adequate financial results will help ensure that the GPO Revolving Fund remains financially self-sustaining, and that GPO can continue *Keeping America Informed*, as it has for 155 years.

SECTION II

INSPECTOR GENERAL'S REPORT

AUDIT REPORT
REPORT NUMBER 17-03

U.S. Government Publishing Office FY 2016 Independent Auditor's Report

December 16, 2016

Date

December 16, 2016

To

Director, U.S. Government Publishing Office

From

Inspector General

Subject:

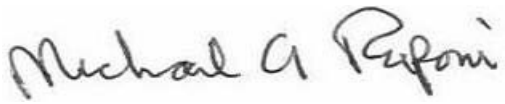
FY 2016 Independent Auditor's Report
Report Number 17-03

Attached is the Independent Auditor's Report on the U.S. Government Publishing Office's (GPO's) FY 2016 financial statements. We contracted with the independent certified public accounting firm of KPMG LLP (KPMG) to audit the financial statements of GPO as of and for the years ending September 30, 2016, and 2015. The contract required that the audit be conducted in accordance with generally accepted government auditing standards (GAGAS).

KPMG's opinion on GPO's financial statements was unmodified. KPMG's consideration of internal control, however, resulted in one significant deficiency related to controls over the certification and approval of employee timesheets. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. KPMG made recommendations to address this significant deficiency. GPO Management concurred with the recommendations and planned the necessary actions.

KPMG is responsible for the attached auditor's report and the conclusions expressed in the report. However, in connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review did not disclose any instances where KPMG did not comply, in all material respects, with GAGAS requirements.

We appreciate the courtesies extended to KPMG and to our audit staff. If you have any questions or comments about this report, please do not hesitate to contact Mr. Phillip M. Faller, Assistant Inspector General for Audits and Inspections at (202) 512-2009 or me at (202) 512-0039.



MICHAEL A. RAPONI

Inspector General

Attachment
cc:
Deputy Director, GPO
General Counsel
Chief of Staff
Chief Administrative Officer
Chief Financial Officer

SECTION III

INDEPENDENT AUDITORS' REPORT

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Director
United States Government Publishing Office

Office of the Inspector General
United States Government Publishing Office:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the United States Government Publishing Office (GPO), which comprise the consolidated balance sheets as of September 30, 2016 and 2015, and the related consolidated statements of revenues, expenses, and changes in retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion on the Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United States Government Publishing Office as of September 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The information in the Management's Discussion and Analysis section, including references to information on websites or other forms of interactive data, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2016, we considered GPO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of GPO's internal control. Accordingly, we do not express an opinion on the effectiveness of the GPO's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the GPO's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

GPO's Response to Finding

The GPO's response to the finding identified in our audit is described in the accompanying Exhibit I. The GPO's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

***Purpose of the Other Reporting Required by* Government Auditing Standards**

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

KPMG LLP

Washington, D.C.
December 15, 2016

Controls over Certification and Approval of Timesheets Should be Strengthened

During our test work over payroll, we noted that the operation of GPO's controls in place over the review and approval of employees' timesheets are not effective to ensure compliance with GPO's policies and procedures. Specifically we noted the following:

- For 2 out of 35 timesheets tested, the employee's Web Time and Attendance (WebTA) timesheet was not certified by a supervisor and was instead certified by an analyst who is not authorized to certify.

- For 2 out of 35 timesheets tested, the employee's timesheet included hours worked at the end of the pay period that were certified by the employees' supervisors before the employee worked the hours because the timesheets were certified prior to the end of the pay period.

The above issues occurred due to a lack of effective automated controls in WebTA that prevent non-supervisors from certifying timesheets or prevent supervisors from certifying timesheets before the end of the pay period.

Without proper review and approval of timesheets by appropriate supervisors and after all time is worked, there is an increased risk that hours reported in WebTA may not be accurate.

As a result of these audit findings and the overarching lack of automated controls, GPO management completed an independent review of all timesheets that were certified during fiscal year 2016. For those instances identified by GPO management during FY2016 where employees' timesheets were improperly certified by non-supervisors, GPO management required the appropriate supervisors to certify the employees' timesheets and confirm the accuracy of the hours worked and time off reported in the timesheets.

The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states, "Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

GPO Directive 440.12A, *Web Time and Attendance* states:

"Time and attendance data will be certified by the employee's supervisor and transmitted via webTA to National Finance Center (NFC) for pay processing.

The certifying official must be a supervisor. If the supervisor is unavailable, certification must be delegated to another supervisor either up or down the chain of command. In the rare instance where no supervisor is available, a Master Timekeeper in Payroll has the authority to certify. However, if Payroll does the certification, the usual certifying official on his/her return to work will notify Payroll by e-mail that he/she has reviewed the timesheets for the applicable pay period(s) and they are accurate."

Recommendations:

We recommend that GPO management implement effective automated controls in WebTA to prevent non-supervisors from certifying timesheets and prevent supervisors from certifying timesheets before the end of the pay period.

Until the above automated controls are implemented, we recommend that GPO management continue performing the periodic review of employees' timesheets to ensure they are reviewed and approved timely and in accordance with GPO's policies and procedures.

Management Response:

Management concurs with the recommendation. Finance will continue to review for improper certifications until an automated solution is in place.

SECTION IV

FINANCIAL STATEMENTS

U.S. Government Publishing Office
Consolidated Balance Sheets
As of September 30, 2016 and 2015
(Dollars in Thousands)

	2016	2015
ASSETS		
Current assets		
Fund balance with Treasury (Note 2)	**$ 553,885**	**$ 494,646**
Accounts receivable, net (Note 3)	**135,280**	**132,122**
Inventory, net (Note 4)	**40,347**	**35,417**
Prepaid expenses (Note 5)	**85**	**350**
Total current assets	729,597	662,535
General property, plant, and equipment, net (Note 6)	**159,390**	**142,825**
Total assets	$ 888,987	$ 805,360
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses (Note 7)	**$ 123,257**	**$ 114,564**
Deferred revenues (Note 8)	**139,058**	**133,156**
Accrued annual leave	**8,483**	**8,463**
Total current liabilities	270,798	256,183
Noncurrent liabilities		
Workers' compensation liability (Note 9)	**62,007**	**62,372**
Total liabilities	332,805	318,555
Commitments and contingencies (Notes 10 and 11)		
Net position (Note 12)		
Cumulative results of operations:		
Retained earnings	**330,389**	**259,192**
Invested capital	**92,879**	**92,879**
Unexpended appropriations	**132,914**	**134,734**
Total net position	556,182	486,805
Total liabilities and net position	$ 888,987	$ 805,360

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

U.S. Government Publishing Office
Consolidated Statements of Revenues, Expenses, and Changes in Retained Earnings
For the Fiscal Years Ended September 30, 2016 and 2015
(Dollars in Thousands)

	2016	2015
OPERATING REVENUES		
Printing and binding	**$ 742,821**	**$ 653,866**
Appropriations	**118,790**	**106,551**
Sales of publications	**5,623**	**6,326**
Agency distributions	**8,031**	**6,686**
Total operating revenues	875,265	773,429
OPERATING EXPENSES		
Printing and reproduction	**325,855**	**305,818**
Personnel compensation and benefits	**206,651**	**202,174**
Supplies and materials	**180,961**	**142,038**
Other services	**42,558**	**40,653**
Depreciation and amortization	**21,722**	**20,888**
Rents, communications, and utilities	**14,967**	**15,848**
Travel, transportation, and postage	**9,803**	**11,541**
Publications sold	**1,916**	**1,496**
Subtotal	804,433	740,456
Income before other expenses	70,832	32,973
OTHER EXPENSES		
Decrease in workers' compensation liability	**365**	**4,611**
Net Income	$ 71,197	$ 37,584
Retained Earnings, beginning of year	259,192	221,608
Retained Earnings, end of year	$ 330,389	$ 259,192

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

U.S. Government Publishing Office
Consolidated Statements of Cash Flows
For the Fiscal Years Ended September 30, 2016 and 2015
(Dollars in Thousands)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 71,197**	**$ 37,584**
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**21,722**	**20,888**
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	**(3,158)**	**1,385**
Inventory	**(4,930)**	**(1,038)**
Prepaid expenses	**265**	**3,154**
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses, and other	**8,692**	**9,486**
Deferred revenues	**5,902**	**(27,140)**
Accrued annual leave	**20**	**(1,145)**
Workers' compensation liabilities	**(365)**	**(4,611)**
Total adjustments	28,148	979
Net cash provided by (used in) operating activities	99,345	38,563
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital purchases	**(38,333)**	**(33,107)**
Proceeds from sale of general property, plant, and equipment	**47**	**45**
Net cash used in (provided by) investing activities	(38,286)	(33,062)
CASH FLOWS FROM FINANCING ACTIVITIES		
Appropriations received	**117,068**	**119,993**
Appropriations expended	**(118,888)**	**(106,592)**
Increase (decrease) in unexpended appropriations	**(1,820)**	**13,401**
Net cash provided by (used in) financing activities	(1,820)	13,401
Net increase (decrease) in fund balance with Treasury	59,239	18,902
Fund balance with Treasury, beginning of year	**494,646**	**475,744**
Fund balance with Treasury, end of year	$ 553,885	$ 494,646

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

U.S. Government Publishing Office
Notes to the Financial Statements
September 30, 2016 and 2015

1. Summary of Significant Accounting Policies

A. Reporting Entity

The U.S. Government Publishing Office (GPO or Agency) is a Legislative Branch agency of the Federal Government. The Agency's mission and authority are derived from various statutes codified in Title 44, *Public Printing and Documents*, of the *United States Code* (U.S.C.). Congress established GPO to provide the Federal Government with an efficient and effective means for the production, procurement, and dissemination of Federal Government information to the Nation in traditional and electronics formats.

The Director, appointed by the President with the advice and consent of the U.S. Senate, serves as the Agency head and oversees GPO's programs and operations. These programs and operations are funded through a business-type revolving fund, authorized by 44 U.S.C. Section 309, and annual and special appropriations provided by Congress. The GPO Business Operations Revolving Fund (Revolving Fund) maintains a system of accounts and records transactions to comply with the requirements of § 309 of Title 44 U.S.C.

The Joint Committee on Printing (JCP) has primary responsibility for congressional oversight of GPO's programs and operations. The JCP is composed of five members of the U.S. House of Representatives and five members of the U.S. Senate. Every two years the JCP chairmanship and vice-chairmanship rotate between the House and the Senate.

B. Accounting Environment

Basis of Accounting

GPO prepares its financial statements in conformity with U.S. generally accepted accounting principles (GAAP), based on accounting standards issued by the Financial Accounting Standards Board (FASB), the private-sector standards-setting body. Under such standards, the GPO prepares its financial statements using the full accrual basis of accounting under which revenues are recognized (recorded or accrued) when earned and expenses are recognized as incurred, regardless of when cash is exchanged.

The Federal Accounting Standards Advisory Board (FASAB) has been designated by the American Institute of Certified Public Accountants as the standards-setting body for financial statements of Federal Government entities, with respect to the establishment of GAAP. FASAB has indicated that financial statements prepared based upon accounting standards published by the FASB may also be regarded as in conformity with GAAP for those Federal agencies that have issued financial statements based upon FASB accounting standards in the past. Consistent with historical reporting, GPO's financial statements are presented in accordance with accounting standards published by FASB.

Basis of Presentation and Consolidation

GPO prepares annual financial statements that reflect the overall financial position and results of operations to meet the requirements of GAAP and 31 U.S.C. § 3515(b) as mandated by 44 U.S.C. § 309(e). The accompanying consolidated financial statements include all funds under GPO's control that have been established and maintained to account for the resources of the Agency. All significant intra-agency balances and transactions have been eliminated in the preparation of the consolidated financial statements. GPO's consolidated financial statements do not include the effects of centrally administered assets and liabilities of the Federal Government, as a whole, such as interest on the public debt, which may in part be attributable to GPO. Other Federal agencies make financial decisions and report certain financial matters on behalf of the entire Federal Government, including matters in which individual agencies may be an indirect party. Financial matters maintained or reported by other Federal agencies in which GPO is indirectly involved include employee benefit plans and certain legal settlements.

Funds

GPO maintains a revolving fund and a general fund to account for its various programs and operations. Each of these funds is a distinct fiscal and accounting entity that accounts for cash and other financial resources together with all related liabilities and equities.

Revolving Fund – The GPO Revolving Fund is an inter-governmental fund established by law on July 1, 1953. This business-type revolving fund is available without fiscal limitation for financing the operation and maintenance of GPO, except for those information dissemination programs of the Agency that are funded by annual appropriations.

The GPO Revolving Fund is a self-sustaining financial entity used primarily to finance and account for GPO's Publication Production Operations, and Publication and Information Sales Program. The two major sources of revenue to the Revolving Fund are reimbursements from the Congressional Publishing Appropriation and other Federal customers for providing printing, binding, and distribution services, including U.S. passport production, and publication and subscription sales to the public.

GPO's Publications Production Operations account for the revenues and expenses associated with services provided by in-plant printing and purchased printing. The costs of these services are recovered through a system of rates used to bill customers. These rates include direct costs, depreciation, overhead, and related expenses permitted under 44 U.S.C. § 309.

GPO's Publication and Information Sales Program sells Federal Government information products to the public. The prices of Federal Government publications and subscriptions sold through this program are established in accordance with 44 U.S.C. § 1708.

General Fund – The General Fund is financed by two annual congressional appropriations to the Agency. These appropriated funds finance the cost of GPO's support of the Congress, and the Government information dissemination services provided to the public without charge to the recipients.

The Congressional Publishing Appropriation is used to pay the cost of the printing and binding requirements of the Congress, and the printing, binding, and distribution of publications authorized by law to be distributed to others without charge to the recipient.

The Salaries and Expenses (S&E) Appropriation is used by the Library Services and Content Management, a GPO business unit, to fund four information dissemination programs: the Federal Depository Library Program (FDLP); the Cataloging and Indexing Program; the By-Law Distribution Program; and the International Exchange Program. The majority of this annual appropriation is used to finance the FDLP. Expenditures from these appropriations are used to reimburse the Revolving Fund for printing and binding, and other services and supplies furnished by GPO in accordance with Title 44 U.S.C.

C. Fund Balance with Treasury

Fund Balance with Treasury represents all balances in GPO accounts with the U.S. Department of the Treasury (Treasury). Treasury processes cash receipts and disbursements for GPO.

D. Accounts Receivable

Accounts receivable consist of intra-governmental amounts due to GPO as well as amounts due from the public. Accounts receivable are shown net of a provision for uncollectible accounts. The allowance for doubtful accounts is based on GPO's recent debt collection experience.

E. Inventories

Inventories of paper, supplies, and materials are shown net of a provision for obsolescence. Inventories of paper, supplies, and materials include the cost of production material (e.g., computer chips, ink, book cloth) as well as the cost of administrative-use supplies. These inventories are valued at the lower of cost, using the weighted moving average cost method, or market. The allowance for obsolescence is determined based on historical usage of paper, supplies, and materials.

Inventories of publications held for sale are valued at the lower of cost, using the weighted average cost method, or market. Publication inventories are shown net of a provision for excess inventory that may be disposed of by the Agency in the future. The allowance for surplus publications is based on life cycle studies of product sales that provide a historical basis for determining the percentage of potential excess inventory stock items held in inventory.

F. Property, Plant, and Equipment

Property, plant, and equipment purchases are generally valued at their acquisition cost. GPO capitalizes the cost of the property as an asset when the cost is $25,000 or more and the estimated useful life is two years or more. The costs of major alterations and renovations to the GPO facility are capitalized and depreciated while the costs of maintenance and repairs are expensed when incurred. The depreciation of property, plant, and equipment is

calculated on a straight-line basis over the estimated useful life of the asset. The depreciation of an asset commences the month after the asset is first placed in service.

The following table reflects the standard estimated useful life of each major depreciable asset category. Exceptions to these standard estimated asset lives are authorized when justified.

Asset Category	Estimated Useful Life (Years)
Building Improvements	20
Building Appurtenances	20
Other Structures and Facilities	20
Furniture and Fixtures	20
Leasehold Improvements	10
Plant Machinery and Equipment	10
Office Machinery and Equipment	5
Motor Vehicles	5
Computer Software	3

Land has an indefinite life and is not subject to depreciation as well as construction in progress and capitalized software in process. Leasehold improvements are generally depreciated over 10 years or the remaining duration of the lease for real property, whichever is shorter.

Printing equipment transferred to GPO from other Federal agencies under the provisions of 44 U.S.C. § 312 is valued in accordance with JCP Regulation Number 26, *Government Printing and Binding Regulations*. This valuation approximates fair market value at the time of the property transfer.

G. Deferred Revenues

Deferred revenues are funds received in advance from customers for the future delivery of goods and services. GPO records these advances as revenue when the goods are delivered or the services are performed.

H. Accrued Annual Leave

Annual leave is accrued as a liability when earned. The liability is reduced when leave is used. The annual leave liability is calculated using the current hourly salary or wage of employees multiplied by their total hours of unused annual leave. Employees will receive a lump-sum payment for any unused annual leave when they separate from Federal service or enter active military service.

Sick leave and other types of non-vested leave are expensed when used. Employees are not entitled to a lump-sum payment for their unused sick leave.

I. Workers' Compensation Liability

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for GPO employees under FECA are administered by the Department of Labor (DOL) and are ultimately paid by GPO.

The FECA liability consists of two components. The first component, the accrued FECA liability, is based on actual claims paid by DOL but not reimbursed by GPO. GPO reimburses DOL for the amount of actual claims. As a result, GPO recognizes a current liability for actual claims paid by DOL which have not yet been reimbursed. This liability is included in accounts payable and accrued expenses.

The second component, the actuarial FECA liability, is the estimated liability for future benefit payments. These future estimates were generated from an application of actuarial procedures developed to estimate the liability for future FECA benefits. The actuarial liability for future workers' compensation benefits includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases plus a component for incurred but not reported claims. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. These annual benefit payments have been discounted to present value using a composite rate from the Department of Treasury.

J. Commitments and Contingencies

FASB Accounting Standards Codification, Asset Retirement Obligations (ASC 410-20), requires a reporting entity to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can reasonably be estimated. Accordingly, GPO has estimated and recorded the asset retirement obligation in accounts payable. Liabilities from loss contingencies, including environmental remediation costs not within the scope of ASC 410-20, arising from claims, assessments, litigation, fines and penalties, and other sources, are recorded in accounts payable when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Loss contingencies that do not meet these criteria are not accrued.

K. Revenue Recognition

Printing and Binding – GPO must be reimbursed for the cost of printing and binding services furnished to customers at rates set by the Director in accordance with 44 U.S.C. § 309. Revenues from in-house printing and binding work are recognized on a value-added basis, as work is performed, while revenues from commercially procured printing and binding are recognized on the date the contract requirements are fulfilled, which is generally the date of shipment by the commercial printer to the customer agency. Revenues related to the manufacture of passports by GPO for the Department of the State are recognized at annually negotiated rates per passport at the time that the printing and binding process is

complete.

Appropriations – Appropriation revenues are recorded when a liability is incurred for purposes permitted by the appropriations act and program legislation. Unexpended appropriations are recorded as a component of net position. Unexpended appropriation balances are generally canceled after 5 years, unless authorized for transfer by appropriations committees.

Sales of Publications – Revenues from the sale of publications and subscriptions to customers are recognized when shipped by the Publication and Information Sales Program.

Agency Distributions – Revenues from the storage, packaging, and distribution of publications for other Federal agencies are recorded when services have been performed.

L. Expense Recognition

Printing and Reproduction – This expense includes the cost of printing, duplicating, and reproduction orders that are procured by GPO from the private sector to satisfy the needs of the Federal Government. The expense is generally recorded on the date of shipment by the contractor and is shown net of vendor prompt payment discounts earned by the Agency.

Personnel Compensation and Benefits – Personnel compensation consists of the wages and salaries, including overtime premium and night differential, paid to GPO employees on a biweekly cycle. Personnel benefits include the Agency's share of contributions towards Federal Employees Health Benefits, Federal Employees' Group Life Insurance, and two Federal Government civilian employee retirement programs. The two retirement programs are the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), which includes the related Thrift Savings Plan (TSP). Personnel benefits also include the current cost of workers' compensation expense, transit benefits provided by GPO to employees, and the cost of incentive and performance awards to employees. Personnel compensation and benefits are recorded as expenses when earned by employees.

Supplies and Materials – Computer chips required for passport production are the most significant cost component within the category of supplies and materials. Passport supplies and materials are recorded as an expense when used in production operations. The second most significant component is paper and paper products that are commercially procured to satisfy GPO's in-plant printing requirements and customer orders for blank paper. The expense is recorded when paper is drawn from inventory to fulfill an order or delivered to the customer, in the case of direct mill-to-customer shipments. This expense category also includes all other supplies and materials that are not capitalized as property, such as personal computers, furniture, and office supplies. The allowance for obsolete inventory is based on historical usage of supplies and materials.

Other Services – This expense category includes the costs of professional services by contractors and the expenses related to a provision for uncollectible accounts receivable. The

expenses for professional services are recognized when the contracted services have been performed. The expenses for uncollectible accounts receivable are recognized when receivables are deemed as potentially uncollectible, based on GPO's collection experience.

Depreciation and Amortization – GPO uses the straight-line method of depreciation and amortization to allocate a portion of the acquisition cost of property, plant, and equipment to each accounting period. The acquisition cost of each capitalized asset is depreciated, or amortized, over the asset's estimated useful life, which is generally measured in years. The monthly depreciation, or amortization, of a capitalized asset commences at the beginning of the first full-month after the date that the capitalized asset was placed in service.

Rents, Communications, and Utilities – Rent and lease costs are incurred for the use of building space, equipment, and motor vehicles. GPO leases office and warehouse space from the General Services Administration and commercial lessors. GPO also rents automobiles and other motor vehicles. Communications costs include data, voice, video, and wireless services. Utilities include electricity, gas, steam, and water. Expenses are recorded as services are provided and energy resources are used.

Travel, Transportation, and Postage – This category includes travel and transportation costs of persons or things, including employee relocation costs, and postage expenses. Travel costs are incurred by persons on official business for audits, attendance at conferences, inspections, investigations, training, or other authorized business of the Agency. Transportation includes shipping costs for printing and reproduction products from GPO or contractors to customer agencies, depository libraries, or other GPO locations. Incurred travel expenses are accrued when they are estimable, while transportation costs are generally recorded on the date of shipment. Postage and commercial mail services are recorded as expenses when the delivery services are provided by the U.S. Postal Service and commercial carriers.

Publications Sold – Publications sold expense represents the cost of publications sold to customers and the cost of subscriptions issued to subscribers. Expenses are recorded at the time of publication sale or subscription issuance. Additionally, this expense includes any change in the estimated cost of the publications held in inventory for sale to the public that are potentially obsolete, damaged, or surplus. The allowance for surplus publications is based on life cycle studies of product sales that provide a historical basis for the determination of potential excess inventory on hand.

M. Consolidated Statements of Cash Flows

The consolidated statements of cash flows report the cash provided by and used in operating, investing, and financing activity categories. This statement identifies cash flows from GPO operations and is used to identify financing acquired from outside sources, and to identify the major non-operating (investing) uses of funds.

N. Use of Estimates

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities at the date of the consolidated financial statements, and the amount of revenues and expenses reported during the reporting period. Actual results could differ from these estimates.

The estimates that most significantly impact assets, liabilities, revenues, and expenses reflected in the accompanying consolidated financial statements are: the allowance for inventory obsolescence for supplies, materials, and publications held for sale; the allowance for doubtful accounts related to accounts receivable; the estimated useful lives of capitalized assets; the actuarial estimated liability for future workers' compensation benefits; and the estimate for contingent liabilities.

O. Fair Value Measurement

GPO applies FASB Accounting Standards Codification, *Fair Value Measurements and Disclosures* (ASC 820-10) for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820-10 defines "fair value" as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted price quote in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). GPO's financial instruments consist of cash, accounts receivable, accounts payable, and accrued liabilities as of September 30, 2016 and 2015. The carrying amounts of these financial instruments approximate fair value because of the short-term nature of these instruments. GPO holds no financial instruments that are measured at fair value on a recurring basis.

P. Tax Status

As a Legislative Branch agency within the Federal Government, GPO is not subject to Federal, state, or local income taxes. Accordingly, no provisions for income taxes are recorded by the Agency.

2. Fund Balance with Treasury

A table of items included in GPO's fund balance with Treasury, including funds on-hand or in-transit to the Treasury, as of September 30, 2016 and 2015 follows:

	(Dollars in thousands)	
	2016	**2015**
Fund Balances:		
Revolving fund:		
Unrestricted	**$ 256,733**	**$ 203,405**
Restricted:		
Customer deposit accounts	**134,072**	**131,422**
Other	**27,642**	**21,221**
Total revolving fund	418,447	356,048
General funds:		
Congressional publishing	**61,039**	**61,951**
Salaries and expenses	**22,859**	**25,485**
Supplemental and other	**51,540**	**51,162**
Total general funds	**135,438**	**138,598**
Total	$ 553,885	$ 494,646

Unrestricted funds are available to meet the financial obligations of the Revolving Fund. Restricted funds are composed of customer deposit accounts, other deferred revenues, and restrictions for accrued wages and salaries, payroll taxes and other withholdings, and earned annual leave not used by employees. The restricted other amount represents funds for future planned capital investments to support the production of U.S. passports. These funds can only be used for the purpose specified.

The uses of general funds for CP and S&E appropriations are restricted by appropriation language. Supplemental and other general funds include unexpended appropriations made to GPO and are for specific purposes as discussed in Net Position, Unexpended Appropriations (Note 12. B.).

The total fund balance with Treasury increased $59.3 million (12 percent) to $553.9 million in fiscal 2016 from $494.6 million in fiscal 2015. Total general funds available decreased $3.2 million (2.3 percent). These funds are allocated to future approved projects.

3. Accounts Receivable, Net

Accounts receivable, net of an allowance for doubtful accounts, as of September 30, 2016 and 2015, consisted of the following:

	(Dollars in thousands)	
	2016	**2015**
Federal agencies:		
Unbilled accounts receivable	**$ 103,972**	**$ 113,341**
Billed completed work	**30,918**	**21,548**
Subtotal	134,890	134,889
Other receivables:		
The public	**132**	**140**
GPO employees	**961**	**1,051**
Subtotal	1,093	1,191
Total accounts receivable	135,983	136,080
Less: Allowance for doubtful accounts	**(703)**	**(3,958)**
Total accounts receivable, net	$ 135,280	$ 132,122

The majority of accounts receivable are due from other Federal agencies for goods and services provided by GPO. By law, these customers are required to reimburse the Revolving Fund for the cost of products provided by GPO.

Unbilled accounts receivable results from the delivery of the goods and performance of services for which bills have not been presented to the customer for payment. Accordingly, unbilled accounts receivable includes the value of work in process and completed work for customer orders as of September 30, 2016, and 2015.

The majority of employee accounts receivable is owed by current and former employees who were advanced leave. Employees generally repay their leave indebtedness through biweekly installments from their earned leave or from leave donations from other employees under the GPO Leave Donation Program.

Net accounts receivable increased by $3.2 million (2.4 percent) in fiscal 2016 from fiscal 2015.

4. Inventory, Net

Inventories, net of an allowance for surplus and obsolete stock increased by $4.9 million (13.9 percent) as of September 30, 2016 from the prior year, are detailed as follows:

	(Dollars in thousands)	
	2016	2015
Supplies and materials	**$ 29,933**	**$ 26,113**
Publications for sale	**4,836**	**4,574**
Paper	**4,498**	**5,150**
Work in process	**4,883**	**3,217**
Total inventory	44,150	39,054
Less: Allowance for surplus and obsolete inventory	**(3,803)**	**(3,637)**
Inventory, net	$ 40,347	$ 35,417

5. Prepaid Expenses

Prepaid expenses or advances to others were $85,000 as of September 30, 2016, and $350,000 as of September 30, 2015. The current year balance was primarily comprised of unused postage. The majority of the prepaid expenses in the prior year were for information technology services. Most of the fiscal 2015 prepaid expenses were either capitalized or expensed in fiscal 2016.

6. General Property, Plant, and Equipment, Net

General property, plant, and equipment, net as of September 30, 2016 and 2015, consisted of the following:

	(Dollars in thousands)	
	2016	**2015**
Land	**$ 9,971**	**$ 9,971**
Buildings and improvements	**100,834**	**93,932**
Plant machinery and equipment	**175,688**	**157,459**
Computers and computer software	**121,072**	**115,854**
Furniture and fixtures	**6,107**	**6,107**
Motor vehicles	**689**	**689**
Leasehold improvements	**14,572**	**14,534**
Capitalized software in process	**9,993**	**4,840**
Capital improvements in process	**9,900**	**10,831**
Total	448,826	414,217
Less: Accumulated depreciation and amortization	**(289,436)**	**(271,392)**
General property, plant, and equipment, net	$ 159,390	$ 142,825

General property, plant, and equipment, net increased by $16.6 million in fiscal 2016 from fiscal 2015 with capital additions of $38.3 million, offset by annual depreciation of $21.7 million. Building and improvements increased by $7 million. This included $4.6 million for renovations to GPO Building No. 4 for HVAC and $2 million for roof replacement. Machinery and equipment investment increase of $18 million was mainly for secure credential products manufacturing equipment and upgrades for passport production machines. Computers and computer software increase of $5 million in fiscal 2016 was mainly for FDsys software of $1.4 million and $1.6 million for IT security equipment.

Capitalized software in process increased by $5 million in fiscal 2016 compared to fiscal 2015 due in part to $4.4 million invested in the Composition System Replacement (CSR) software.

Depreciation expense was $21.7 million in fiscal year 2016 and $20.9 million in fiscal year 2015.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of September 30, 2016, and 2015, were composed of the following:

	(Dollars in thousands)	
	2016	**2015**
Accounts payable:		
Commercial printing	**$ 70,571**	**$ 65,548**
U.S. Government agencies	**6,552**	**6,771**
Other	**31,963**	**31,224**
Total accounts payable	109,086	103,543
Accrued salaries and payroll taxes	**14,171**	**11,021**
Total accounts payable and accrued expenses	$ 123,257	$ 114,564

Amounts recorded in Other category include $6.6 million payable to vendors for E-passport microchip integrated circuits, $4.5 million for other passport related expenses, $5.7 million for expenses related to Information Technology services, $2.2 million for fixed assets and $3.4 million for other operating expenses.

8. Deferred Revenues

As of September 30, 2016, and 2015, deferred revenues from customers consisted of the following:

	(Dollars in thousands)	
	2016	2015
Deposit accounts	**$ 134,072**	**$ 131,422**
Advance billings	**4,005**	**507**
Subscriptions	**758**	**897**
Unfilled orders	**223**	**330**
Total	$ 139,058	$ 133,156

GPO held $134.1 million and $131.4 million in customer deposit accounts as of September 30, 2016, and 2015, respectively. Of these amounts, Federal Government customers had advanced funds of $132 million and $129.7 million for printing and binding deposit accounts, and customers advanced $2.1 million and $1.7 million for publication and information sales program deposit accounts as of September 30, 2016, and 2015, respectively. The funds in these deposit accounts will be applied to future orders placed by customers or refunded on request. The $5.9 million (4.4 percent) increase in deferred revenues for fiscal 2016 from fiscal 2015 was primarily driven by $2.7 million increase in deposit accounts and $3.5 million increase in advance billings which is offset by minor decreases in subscriptions and unfilled orders.

GPO defers the recognition of revenues for subscription services that will be provided to customers in the future. Customers pay for ink-on-paper subscriptions to the *Congressional Record*, the *Federal Register*, and other publications in advance of delivery. The revenues from subscriptions are recognized as the periodicals are published and distributed to subscribers. The unfilled subscription balances are refunded when the subscription is no longer available for sale, or the customer cancels the subscription.

GPO defers the recognition of revenues for unfilled customer orders of publications and other information products until the orders are shipped.

Advance billings are occasionally requested by customer agencies or used to finance high dollar orders until work is completed. GPO defers the recognition of revenues for advance billings to customers. This amount increased to $4 million in fiscal 2016 from $507,000 in the prior year.

9. Workers' Compensation Liability

Claims incurred and paid by DOL as of September 30, 2016, and 2015, but not reimbursed to DOL by GPO, are approximately $6 million for both periods. This component of the workers' compensation liability is considered current rather than long-term.

GPO's estimated discounted non-current, actuarially derived future workers' compensation liability was approximately $62 million and $62.4 million as of September 30, 2016, and 2015, respectively. These annual benefit payments have been discounted to present value using a composite rate from the Department of Treasury which resulted in discount rates as of September 30, 2016 and 2015, of 1.92 percent and 2.41 percent, respectively. GPO's estimated, undiscounted, non-current, actuarially derived future workers' compensation liability was

approximately $80.3 million and $85.9 million as of September 30, 2016, and 2015, respectively.

10. Commitments

10. A. Operating Leases

As of September 30, 2016, GPO was committed to various non-cancelable operating leases, primarily covering warehouse and office space. Some of these leases contain escalation clauses and renewal options. Annual lease and rental expenses for real and personal property were $4.3 million in fiscal 2016 and $4 million in fiscal 2015.

A schedule of future minimum rental payments required under operating leases by type, that have initial or remaining non-cancelable lease terms in excess of one year, follows:

Future Minimum Rental Payments Required Under Operating Leases

	(Dollars in thousands)		
Fiscal Year	**Warehouse**	**Office**	**Total**
2017	**230**	**492**	**722**
2018	**0**	**375**	**375**
2019	**0**	**20**	**20**
2020	**0**	**0**	**0**
2021 & Thereafter	**0**	**0**	**0**
Total Minimum Lease Payments	$ 230	$ 887	$ 1,117

10. B. Obligations

GPO had unliquidated obligations of $315.7 million at September 30, 2016, and $364 million at September 30, 2015, of which $132.9 and $134.7 million, respectively, were for unexpended appropriations (see Note 12. B.), $14.2 million and $11 million, respectively, for salaries and $168.6 million and $218.3 million, respectively, were undelivered orders related to commercial printing. The latter obligations include purchase orders and contractual obligations by GPO to acquire goods and services from the private sector and other sources. These orders are scheduled for delivery or performance in the future.

11. Contingencies

11. A. Administrative Proceedings, Legal Actions, and Claims

GPO is a party in various administrative proceedings, legal actions, and claims brought against the Federal Government by employees, contractors, and other parties. The uncertainty involving the outcome of these pending matters will be resolved when future events occur or fail to occur.

In some cases, legal matters relate to contractual arrangements GPO has entered into for goods and services procured on behalf of other Federal entities. The costs of administering, litigating, and resolving these actions are borne by the GPO Revolving Fund unless the costs are recovered from another Federal entity. As of September 30, 2016, the Agency had zero recorded probable liabilities. GPO had $50,000 recorded in estimated liabilities, as of September 30, 2015, related to claims in which management believes an adverse result against GPO was probable. Such amounts were included in accounts payable and accrued expenses in the financial statements. That claim was settled in fiscal 2016.

Contingencies where the risk of loss is reasonably possible are approximately $6.1 million and $1 million, as of September 30, 2016 and 2015, respectively. Management believes that the ultimate disposition of these matters will not have a material, adverse effect on GPO's consolidated financial position, results of operations, and cash flows.

The Department of Justice (DOJ) represents the GPO in all litigation in Federal court. In these cases, amounts paid under any judgment, compromise settlement, or award are funded from the Judgment Fund administered by the Department of the Treasury (31 U.S.C. § 1304). As a Legislative branch agency, GPO is not required to reimburse the fund for amounts paid on its behalf. The Judgment Fund paid a total of $5,000 in fiscal 2016 and $6,000 in fiscal 2015 on behalf of GPO.

11. B. Environmental Liabilities

GPO's Central Office in Washington, DC, is located in an industrial facility consisting of four buildings that contain asbestos building materials. When they were constructed asbestos was a common building material used as flame retardant, thermal system insulation, and in a variety of building materials (e.g., wall, floor, and ceiling tiles). GPO asbestos abatement efforts have been successful in the removal, enclosure, and encapsulation of friable asbestos to comply with applicable laws and regulations when unexposed asbestos is detected during building renovation projects.

The estimated costs to remove or remediate the visible and non-visible presumed asbestos containing material, both friable and non-friable, within the GPO facility, were $851,000 as of September 30, 2016, and $783,000 as of September 30, 2015. The increased liability is the result of recently conducted investigative asbestos mappings and surveys. These amounts are included in accounts payable and accrued expenses on the financial statements.

12. Net Position

12. A. Cumulative Results of Operations

Retained Earnings — Retained earnings include the net operating results of the Revolving Fund, since inception, less certain required transfers to other Federal agencies.

Invested Capital — Invested capital represents the resources of the Federal Government that were directly appropriated to the Agency by Congress for investment in GPO assets (land, buildings, equipment, and capital).

12. B. Unexpended Appropriations

The following table presents unexpended appropriation balances from September 30, 2014, through September 30, 2016, for appropriations made available to GPO:

Unexpended Appropriations

Appropriations (Dollars in thousands)	Revolving Fund	Salaries and Expenses	Congressional Publishing	Total
Unexpended balance at September 30, 2014	$ 38,628	23,466	59,239	121,333
2015 fiscal year appropriation activity:				
Received	**8,757**	**31,500**	**79,736**	**119,993**
Transferred	**7,233**	**(6,067)**	**(1,166)**	**0**
Expended	**(3,454)**	**(27,281)**	**(75,857)**	**(106,592)**
Unexpended balance at September 30, 2015	51,164	21,618	61,952	$ 134,734
2016 fiscal year appropriation activity:				
Received	**6,832**	**30,500**	**79,736**	**117,068**
Transferred	**2,739**	**(760)**	**(1,979)**	**0**
Expended	**(9,193)**	**(31,026)**	**(78,669)**	**(118,888)**
Unexpended balance at September 30, 2016	$ 51,542	$ 20,332	$ 61,040	$ 132,914

As of September 30, 2016, GPO had obligated all of the $61 million of the unexpended appropriations available for Congressional Publishing, and all of the $20.3 million of the unexpended appropriations available for Salaries and Expenses. The obligations are based on the estimated cost of open orders as of September 30, 2016. At September 30, 2015, the obligations were $62 million in Congressional Publishing Appropriations and $21.6 million in S&E Appropriations.

The Revolving Fund unexpended appropriations balances at September 30, 2016, and 2015 were $51.5 million and $51.2 million, respectively. The Revolving Fund unexpended appropriations balances are primarily the result of the following appropriation activities:

- In fiscal 2010, Congress appropriated $12.8 million to the Revolving Fund for information technology development and facilities repair. As of September 30, 2016, GPO had expended about $12.6 million from the appropriation. As of September 30, 2016, a balance of $213,000 was available for future expenditures. As of September 30, 2015, a balance of $226,000 was available for future expenditure.

- In fiscal 2010, GPO transferred approximately $2.2 million from prior year Salaries and Expenses Appropriations to the Revolving Fund. This transfer was authorized to cover appropriation shortfalls (about $1.5 million of the $2.2 million) and for FDLP improvements (about $688,000 of the total). As of September 30, 2016, GPO had expended the entire appropriation. At the end of fiscal 2015, a balance of about $1.6 million was available.

- In fiscal 2011, GPO transferred approximately $2.6 million from the Salaries and Expenses Appropriation to the Revolving Fund to cover salaries and expenses of the Superintendent of Documents. As of September 30, 2016, GPO had expended $1.6 million from this appropriation and a balance of $1 million was available for future expenditure. As of September 30 2015, a balance of $1.2 million was available for future expenditure.

- In fiscal 2012, GPO transferred approximately $9.9 million unexpended prior year balances of Congressional Publishing Appropriations remaining from fiscal 2011 and fiscal 2010 and $1.1 million from prior year Salaries and Expenses Appropriations to the Revolving Fund. These amounts are available to Congressional Publishing and Salaries and Expenses, respectively to offset requirements for new budget authority for fiscal 2012, and liquidate obligations incurred in subsequent years. These amounts were unexpended as of September 30, 2016.

- In fiscal 2013, GPO transferred approximately $3.2 million from the Salaries and Expenses Appropriations to the Revolving Fund. These amounts were available to the Revolving Fund to offset Salaries and Expenses requirements for new budget authority for fiscal 2013 and to liquidate obligations incurred in subsequent years. These amounts were unexpended as of September 30, 2016.

- In fiscal 2013, Congress appropriated $4 million to the Revolving Fund for information technology development. As of September 30, 2016, GPO had expended the entire appropriation. At the end of fiscal 2015, a balance of about $680,000 was available.

- In fiscal 2014, GPO transferred approximately $9.5 million from the Congressional Publishing Appropriations remaining from fiscal years 2009 through 2011 to the Revolving Fund, and $5.7 million from the Salaries and Expenses Appropriations from fiscal years 2009 and 2010 to the Revolving Fund. These amounts were available to the Revolving Fund to offset Salaries and Expenses requirements for new budget authority for fiscal 2014, and liquidate obligations incurred in subsequent years. These amounts were unexpended as of September 30, 2016.

- In fiscal 2014, Congress appropriated $8.1 million to the Revolving Fund for information technology development. As of September 30, 2016, GPO expended about $7.3 million from the appropriation leaving a balance of $781,000 available. At the end of fiscal 2015, a balance of about $4.1 million was available.

- In fiscal 2015, GPO transferred approximately $1.2 million from the Congressional Publishing Appropriations remaining from fiscal year 2010 to the Revolving Fund, and $6 million from the Salaries and Expenses Appropriations from fiscal year 2010 to the Revolving Fund. These amounts were unexpended as of September 30, 2016.

- In fiscal 2015, Congress appropriated $8.8 million to the Revolving Fund for information technology development and facilities upgrades. As of September 30, 2016, GPO

expended about $4.2 million from the appropriation leaving a balance of $4.6 million available. As of September 30, 2015 the unexpended balance was $6.8 million.

- In fiscal 2016, Congress appropriated $6.8 million to the Revolving Fund for information technology development and facilities upgrades. As of September 30, 2016, GPO expended about $1.3 million from the appropriation leaving a balance of $5.5 million available.

- In fiscal 2016, GPO transferred approximately $2 million from the Congressional Appropriations remaining from fiscal year 2011 to the Revolving Fund, and $760,000 from the Salaries and Expenses Appropriations remaining from fiscal year 2011. These amounts are available to Congressional Publishing and Salaries and Expenses, respectively to offset requirements for new budget authority for fiscal 2016, and liquidate obligations incurred in subsequent years. These amounts were unexpended as of September 30, 2016.

13. Appropriated Funds

13. A. Total Appropriations Made Available

The total appropriations made available to GPO for fiscal 2016 and 2015 were as follows:

	(Dollars in thousands)	
	2016	**2015**
Congressional publishing	**$ 79,736**	**$ 79,736**
Salaries and expenses	**30,500**	**31,500**
Revolving fund	**6,832**	**8,757**
Total available appropriations	$ 117,068	$ 119,993

13. B. Expended Appropriations

The total appropriations expended by GPO during fiscal 2016 and 2015 were as follows:

Expended Appropriations

	(Dollars in thousands) 2016	2015
Congressional publishing:		
Hearings	**$ 17,248**	**$ 16,900**
Congressional Record products	**21,411**	**21,428**
Miscellaneous publications and printing and binding	**19,206**	**18,828**
Bills, resolutions, and amendments	**5,948**	**4,982**
Details to Congress	**4,569**	**4,889**
Business and committee calendars	**3,712**	**2,116**
Committee reports	**2,930**	**2,608**
Other	**1,736**	**1,978**
Public document envelopes	**518**	**551**
Committee prints	**1,391**	**1,577**
Total Congressional publishing	78,669	75,857
Salaries and expenses:		
Depository library distribution	**23,127**	**19,542**
Cataloging and indexing	**6,741**	**6,680**
International exchange	**862**	**749**
By-law distribution	**296**	**310**
Total salaries and expenses	31,026	27,281
Revolving Fund:		
Infrastructure and systems improvements	**9,193**	**3,454**
Total revolving fund	**9,193**	**3,454**
Total expended appropriations	**118,888**	**106,592**
Reconciliation of expended appropriations to the consolidated statements of revenues, expenses, and changes in retained earnings:		
Total expended appropriations	118,888	106,592
Eliminations (Intra-agency)	**(98)**	**(41)**
Consolidated revenues from appropriations	$ 118,790	$ 106,551

14. Employee Benefit Plans

GPO funds a portion of pension contributions for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and makes payroll deductions from employees for their pension contributions. The Office of Personnel Management (OPM) determines the employer contributions for these defined benefit plans that are required to be paid by GPO. OPM is responsible for Government-wide reporting of CSRS and FERS assets, accumulated plan benefits, and unfunded liabilities. In accordance with FASB, and consistent with multi-employer pension plans, GPO has reflected only the required contribution to these programs in its financial statements. OPM is responsible for funding any other costs. Therefore, GPO is not required to record in the consolidated financial statements the unfunded pension liability and post-employment benefits relative to its employees.

Other OPM administered programs provide health, life, and long-term care insurance benefits to active, inactive, and retired employees. Permanent employees of GPO may participate in the Federal Employees Health Benefit Program, Federal Employee Group Life Insurance Program, and/or Federal Long Term Care Insurance Program before and after their retirement from the Agency.

Civil Service Retirement System

The CSRS is a defined benefit plan. Generally, it covers GPO employees first hired before 1984. Total GPO (employer) contributions to CSRS for employees covered under this retirement program were 7.5 percent of basic pay in both 2016 and 2015 for investigators and law-enforcement officers, and 7.0 percent of basic pay in both years for all other employees. GPO contributions were $1.1 million and $1.3 million for the years ended September 30, 2016 and 2015, respectively.

Federal Employees Retirement System

Using Social Security benefits as a base, FERS provides a defined benefit plan (Basic Benefit Plan) and a voluntary defined contribution plan. GPO employees first hired after December 31, 1983 were automatically covered by FERS and Social Security, while employees hired prior to January 1, 1984 were able to choose between joining this plan or remaining in CSRS.

The employer contribution rate to FERS for GPO law enforcement officers was 33.4 percent of basic pay in fiscal 2016 and 32.8 percent in fiscal 2015. The FERS contribution rate for all other employees was 15.1 percent in fiscal 2016 and 14.8 percent in fiscal 2015. GPO contributions to FERS totaled $17.1 million for fiscal 2016 and $16.2 million for fiscal 2015.

Thrift Savings Plan

The Thrift Savings Plan (TSP) allows employees to defer the recognition of income tax on contributions made to the plan. The TSP elective deferral limit for employees was $18,000 for both 2016 and 2015. Employees who were 50 years old or older were allowed additional catch-up contributions of $6,000 in both 2016 and 2015. For FERS employees, the employer is required to contribute 1 percent of the employee's base pay to the TSP, and to match voluntary employee contributions dollar-for-dollar for the first 3 percent of pay and 50 cents on the dollar for the next 2 percent of pay. Thus, the employer contribution to the TSP can be up to 5 percent

for FERS employees. Employees participating in CSRS may contribute to the TSP, but they do not receive any matching contributions from the employer. GPO made employer contributions to the TSP of $5 million in fiscal 2016 and $4.8 million in fiscal 2015.

Social Security System

As an employer, GPO matches employee contributions to the U.S. Social Security Administration (SSA) under the Federal Insurance Contributions Act (FICA) for employees in the FERS. GPO contributes 6.2 percent of gross pay (up to $118,500 in both 2016 and 2015) to SSA's Old Age, Survivors, and Disability Insurance (OASDI) Program. Additionally, GPO makes matching contributions for all employees of 1.45 percent of gross pay, without limit, to SSA's Medicare Hospital Insurance Program. Contributions to these SSA programs were for the years ended September 30, 2016, and 2015 totaled $10.2 million and $9.8 million, respectively.

15. Major Customers

GPO's primary customers are the Congress and large Federal agencies in the Executive Branch of the Federal Government. The following reflects GPO's top six customers in fiscal years 2016 and 2015:

	(Dollars in thousands)			
	2016		2015	
	Billings	% of Total	Billings	% of Total
U.S. Department of State	$ 299,727	35.6%	$ 223,518	31.1%
U.S. Congress	79,292	9.4%	75,994	10.6%
U.S. Dept. of Health & Human Services	73,471	8.7%	55,850	7.8%
U.S. Defense Logistics Agency	65,133	7.7%	55,430	7.7%
U.S. Dept. of Homeland Security	51,824	6.2%	48,112	6.7%
U.S. Department of the Veterans Affairs	48,135	5.7%	46,611	6.5%

16. Subsequent Events

GPO has evaluated subsequent events through December 15, 2016, the date which the financial statements were available to be issued, and found there were no material events that required financial adjustment, accrual, or further disclosure.

ABBREVIATIONS LIST

ASC	Accounting Standards Codification
CP	Congressional Publishing
CSRS	Civil Service Retirement System
DOL	U.S. Department of Labor
EFT	Electronic Funds Transfer
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FDLP	Federal Depository Library Program
FDsys	GPO's Federal Digital System
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FICA	Federal Insurance Contributions Act
LSCM	Library Services and Content Management
GAAP	U.S. Generally Accepted Accounting Principles
GAO	U.S. Government Accountability Office
GPO or Agency	U.S. Government Publishing Office
HTML	Hypertext Markup Language
IPAC	Intra-governmental Payment and Collection (System)
ISO	International Organization for Standardization
JCP	Joint Committee on Printing
OASDI	Old Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PACM	Presumed Asbestos Containing Material
PDF	Portable Document Format
PII	Personal Identifiable Information
S&E	Salaries and Expenses
SID	Security and Intelligent Documents
SSA	U.S. Social Security Administration
Treasury	U.S. Department of the Treasury
TSP	Thrift Savings Plan
U.S.C.	United States Code
VSIP	Voluntary Separation Incentive Program
XML	Extensible Markup Language