

“Publishing defines a broad range of services that includes print, digital, and future technological advancements.”



Davita Vance-Cooks

Director of the U.S. Government Publishing Office



March 16, 2015

The Honorable Joseph R. Biden
The President of the Senate

The Honorable John A. Boehner
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, 2014. The report contains the results of GPO's financial statements conducted by an independent accounting firm.

Respectfully submitted,

A handwritten signature in black ink that reads "Davita Vance-Cooks".

DAVITA VANCE-COOKS

Director

U.S. Government Publishing Office

FISCAL YEAR 2014 WAS A YEAR OF CHALLENGE

Like other Federal agencies, GPO shuttered most of its operations during the two-week Government shutdown that began the year, though we remained minimally staffed to produce the essential information products required by Congress and Federal agencies during that period. In the months that followed, one of our principal tasks was to offset the loss of revenue sustained as a result of the October 2013 shutdown and the impact of sequestration on our customer agencies.

We implemented a range of cost-saving measures, including the successful conduct of a buyout program that targeted 100 positions for reduction, primarily in our overhead areas. Other measures included continuing restraints on other overhead costs and the completion of wage negotiations with GPO's unions that yielded agreements holding wage increases to the rate of those paid to other Civil Service employees.

As a result, I am pleased to report that we were able to finish FY 2014 with positive net income of \$6.8 million on \$696.3 million in revenues, net of funds collected for capital improvements in passport operations and the impact of our long term liability for workers' compensation under the Federal Employees Compensation Act (FECA).

Contributing to our financial efforts was improved customer service as registered in the latest customer satisfaction survey. Focusing on GPO's products, services, and programs, the cost-effectiveness of services, and satisfaction with our Web site



and customer service, the survey showed that 91% of our Federal agency customers are satisfied with overall service from their primary GPO location, 90% are likely to recommend GPO to a colleague, and 90% say they do not believe they can beat or match GPO pricing.

We also continued to expand publishing options in both digital and print for Congress and Federal agencies. For example, we opened our eBook program to Federal depository libraries, making these types of agency publications available to a broader segment of the public. Working with the House of Representatives Bulk Data Task Force and the Library of Congress, we began making summaries of House bills available to the public in XML bulk data format, and by year's end there

was an agreement with the Senate to make their bill data available in XML bulk data format as well.

During the year, we reconfigured our facilities to take delivery of equipment that will be used to produce the next generation passport. We also installed a new zero make-ready press, whose high efficiency will reduce the cost of printed congressional hearings, the Code of Federal Regulations, and other Government publications.

Throughout FY 2014, we continued our transformation from a print-centric to a digital-centric operation. Information retrievals from our Federal Digital System (FDsys, at www.FDsys.gov) topped one billion since beginning operations just 5 years ago, and new collections were added ranging from audio books to digital

AND CHANGE.

editions of historic publications like the Warren Report on the assassination of President Kennedy and the Civil Rights Act of 1964.

During the fiscal year, FDsys made possible the establishment of the first digital-only Federal depository library, with others likely to follow. Thanks to a partnership we forged with the Digital Public Library of America (DPLA), more than 150,000 records from GPO's digital Catalog of Government Publications are now also available to the public through the DPLA's Web site.

At the end of the fiscal year, we were one of 5 institutions named by the Library of Congress and the National Institute of Museum and Library Services to be part of

the National Digital Stewardship Residency program, under which we are now preparing to become the first Federal agency certified as a Trustworthy Digital Depository for Government information. Accompanying these efforts was our announcement that we are moving to cloud technology beginning in 2015, the first legislative branch agency to do so.

Since assuming leadership of GPO, I have focused on improving communications with GPO's employees, believing that the dedicated men and women who carry out the critically important task of *Keeping America Informed* deserve better opportunities to be heard by GPO's management and to have their concerns addressed.

Among these channels is the Office of Personnel Management's annual Federal Employee Viewpoint Survey, which we use as one method to help identify and address employee concerns.

Early in the fiscal year, I was especially pleased to learn that GPO was named one of the best places to work among medium-sized Federal agencies, according to rankings produced by the Partnership for Public Service from data provided by the 2013 Viewpoint Survey. The survey's data also led the Partnership to announce that GPO was one of the most innovative Federal agencies.

Our ongoing efforts to address the concerns and conditions that lead to complaints being filed with



GPO's Business Operations (BusOps) Committee, composed of the heads of GPO's business units and executive staff, meets weekly to guide the agency's functions and activities.

GPO's Office of Equal Employment Opportunity also were reflected in FY 2014, a year when data showed the fewest number of formal complaints filed in the past decade.

GPO began FY 2014 as the Government Printing Office, and as its chief executive officer I held the official title of Public Printer. From the moment that GPO first opened its doors on March 4, 1861, the same day that Abraham Lincoln was inaugurated as President, successive generations of the men and women of the Government Printing Office compiled an unparalleled record of service to the Nation. We used continually evolving print technologies to produce every great American state paper from the Emancipation Proclamation forward, and a myriad of other publications along the way, for Congress, the President, Federal agencies, and the courts, while ensuring their efficient and equitable distribution to the public to Keep America Informed. This is a history of which GPO will always justifiably be proud.

For many years, however, GPO has not been solely focused on printing ink on paper. In the 1970s our typesetting systems were computerized and in 1994 we began disseminating digital content online. Our digital technologies, digital products, and digital services have become so integral to our operations that our official designation as a printing office was no longer accurate or meaningful. We have reached a point in which our name must catch up with who we are and what we do. Now is



the time for a new name for the digital age.

The information needs of Congress, Federal agencies, and the public have evolved beyond print, and GPO has transformed itself to meet its customers' needs. Publishing defines a broad range of services that includes not just print but digital and an ever-expanding array of future technological advancements. The name Government Publishing Office better reflects the services that GPO provides today and will be called on to provide tomorrow.

I conclude this message as the first Director of the U.S. Government Publishing Office, so named by the Consolidated and Continuing Appropriations Act for FY 2015 that was passed by Congress and signed into law by President Obama in December 2014. It is a change that was endorsed in the 2013 report on GPO by the National Academy

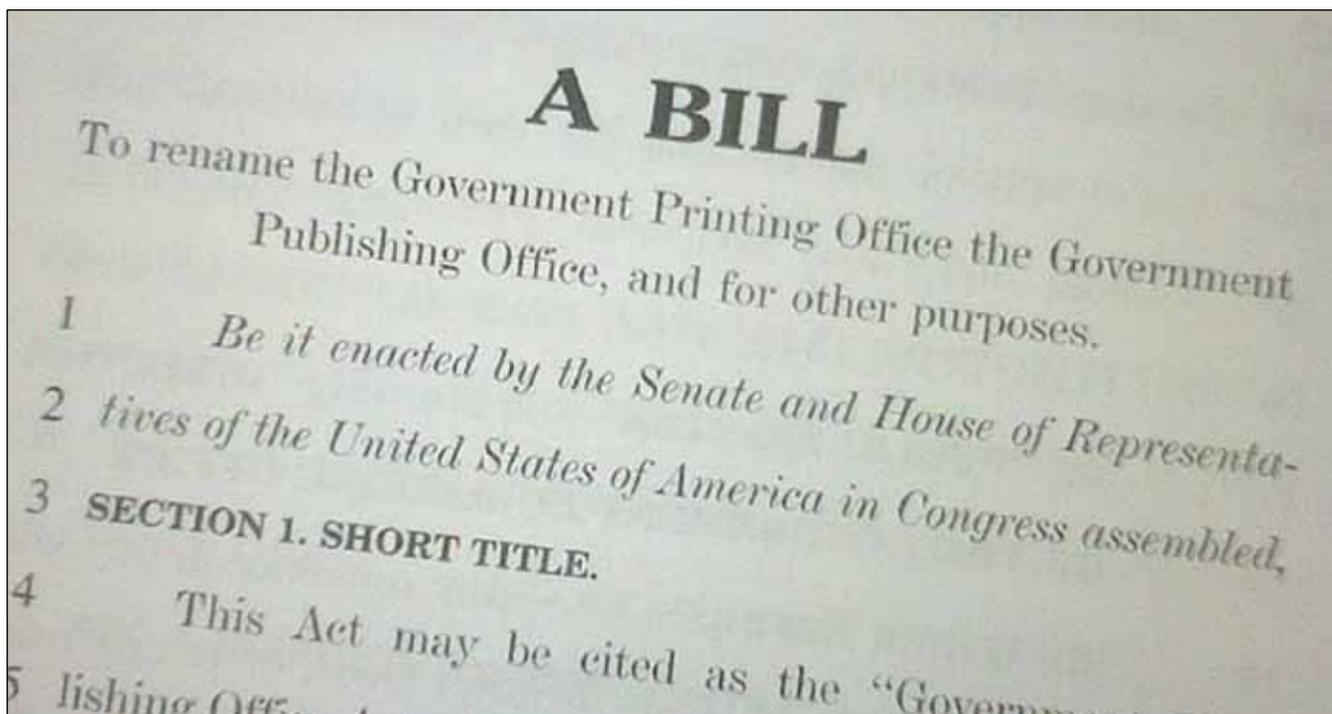
on Public Administration. It is a change that I wholeheartedly supported in testimony on my confirmation before the Senate and in oversight and appropriations hearings before the House and Senate in 2013 and 2014.

I deeply appreciate the efforts of the Members of Congress and President Obama for their support of our digital transformation. With pride in our past and confidence in our future, under our new name we will continue to meet the information needs of Congress, Federal agencies, and the public and carry out our mission of *Keeping America Informed*.

A handwritten signature in cursive script that reads "Davita Vance-Cooks".

Davita Vance-Cooks
Director
U.S. Government Publishing Office
March 2015

GPO: A NEW NAME FOR THE DIGITAL AGE



During hearings on her confirmation as the head of GPO in June 2013 before the Senate Rules and Administration Committee and in testimony before an oversight hearing of the House Administration Committee in December of that year, Davita Vance-Cooks said, “It’s time for our name to catch up with who we are and what we do. It’s time for a new name for the digital age.”

The essential purpose of GPO has always been to create the information products and services required by Congress and Federal agencies and distribute them to the public—in other words, to carry out the informing function that is an essential component of Government in a democracy.

GPO’s performance of this function is traceable to the requirement in Article I of the Constitution that “each House shall keep a journal of its proceedings and from time to time publish the same,” and it is a function that we recognize today in our mission statement: *Keeping America Informed*.

From the time GPO opened in 1861 to the late twentieth century, the various technologies used for printing were the most effective and economical way the informing function could be performed.

Throughout that period, GPO continually adopted improvements to lower the cost and improve the productivity of Government printing, 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 they pale by comparison with the transformation that accompanied our incorporation of electronic information technologies, which began over 50 years ago in 1962 when the Joint Committee on Printing directed the agency to develop a new system of computer-based composition. That order led to the development of GPO’s first electronic photo-composition system, which by the early 1980s had completely supplanted machine-based hot metal typesetting.



In September 2014, GPO took delivery of a new high efficiency, zero make-ready press to produce congressional hearings, the *Code of Federal Regulations*, and other products.

Subsequently, with the enactment of the GPO Electronic Information Access Enhancement Act in 1993 (Public Law 103-40), the databases generated by our composition system were uploaded to the Internet via GPO's first Web site, GPO Access, vastly expanding the agency's information dissemination capabilities. Those functions continue today with our Federal Digital System, which provides free public access to nearly one million Government titles in digital format.

The enactment of Public Law 103-40 fundamentally changed GPO's business model. Since that time, we have been undergoing a transformation from a printing operation to a publishing operation

in which the management of the life cycle of information content—including ingest, storage, maintenance, and replication in a variety of format options, including both digital and print—represents the focus of our work.

As a result of these sweeping changes, GPO is now fundamentally different from what it was as recently as a generation ago: smaller, leaner, and equipped with digital production capabilities that are the bedrock of the information systems relied upon daily by Congress, Federal agencies, and the public to ensure open and transparent Government in the digital era. In the digital environment, GPO's transformation is continuing with the development of new ways of delivering Government infor-

mation, including mobile apps and bulk data download files.

Today, GPO is no longer just for printing, a finding that was underscored by the National Academy of Public Administration in a study of GPO commissioned by Congress in 2011 and released in January 2013, entitled *Rebooting the Government Printing Office: Keeping America Informed in the Digital Age*.

In that report, the Academy said, "In the digital age, GPO's core mission of authenticating, preserving, and distributing Federal information remains critically important to American democracy." The Academy said that "the Federal Government needs to establish a broad government-wide strategy to manage digital information," and



GPO's popular annual Open House for Federal agency customers drew attendance from across the Federal Government for presentations on the variety of digital and print publishing solutions GPO offers.

that “GPO has a critical role to play in developing a government-wide strategy that...effectively provides information to current and future generations.” To carry out that role, we believe GPO needs a name that effectively conveys who we are and what we do.

Modern publishing operations provide a suite of services to ensure access to the information they disseminate, from conventional printing to eBooks, digital publishing, mobile access, social media, and other strategies. All of these services are provided by GPO today. Yet with “printing” as our middle name, our expertise in these areas and the availability of these services from GPO is

obscured from Congress, Federal agencies, and the public.

In the digital information age, for example, Members of Congress and the public quite naturally question the need for a Government Printing Office when the same information is available online (answer: GPO puts the information online). Federal agencies may not recognize that GPO represents the most effective means of getting their information disseminated to the public when they think the agency is limited to just printing. The public may not recognize the GPO as the single rich source it has become for free access to vast range of information in digital formats from all three branches of the Federal Government.

With so much of the Government's information being published digitally, and with GPO's products, services, processes, and employees now so heavily invested in digital technology, the time has come for our name to change. Our current name reflects a century and a half of proud tradition and history, which I respectfully embrace. But I also acknowledge that it is limiting.

Our current name does not adequately describe who we are. It does not adequately describe what we do. We are so much more than that. We are no longer the Government Printing Office. We are the Government Publishing Office.

THE U.S. GOVERNMENT PUBLISHING OFFICE (GPO)

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. Congress and the President recognized this change in our operations in the Consolidated and Continuing Appropriations Act of FY 2015 (P.L. 113-235), which contains a provision redesignating GPO's official name as the Government Publishing Office. GPO currently employs about 1,700 staff.

Along with sales of publications in digital and tangible formats to the public, GPO supports 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), which today makes more than 1 million Federal titles available online from both GPO and links to servers in other agencies. In FY 2014 FDsys

averaged 36 million retrievals per month, with a spike up to 49.5 million during the Government shutdown of October 2013. We also provide public access to Government information through partnerships with approximately 1,200 libraries nationwide participating in the Federal Depository Library Program.

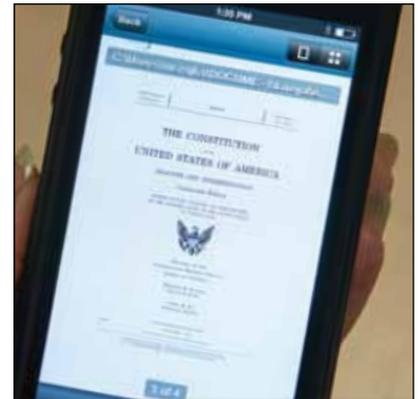
In addition to GPO's Web site, www.gpo.gov, we communicate with the public routinely via Facebook <http://www.facebook.com/USGPO>, Twitter twitter.com/USGPO, YouTube <http://www.youtube.com/user/gpoprinter>, and Pinterest <http://pinterest.com/usgpo/>.

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 print contracting 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.

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.



In April 2014, GPO participated in the Third Science and Engineering Festival at the Walter Washington Convention Center in Washington, DC. Staffed by volunteers from Security and Intelligent Documents and other employees, GPO's booth featured several interactive demonstrations. GPO produced a mock passport brochure to help students understand how we use secure printing techniques and features to produce the U.S. passport for the Department of State and secure credentials for other agencies. GPO was one of more than 1,000 exhibitors at the three-day expo, which was visited by more than 325,000 students, parents, and teachers.

Yet they pale by comparison with the transformation that accompanied our incorporation of electronic information technologies, which began over 50 years ago in 1962 when the Joint Committee on Printing directed the agency to develop a new system of computer-based composition.

That order led to the development of GPO's first electronic photo-composition 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 Web site, GPO Access, vastly expanding the agency's information dissemination capabilities. Those functions

continue today with FDsys on a more complex and comprehensive scale.

While transforming to an increasingly digital footing, GPO continues to provide an array of printing services to support the needs of Congress, Federal agencies, and the public. GPO is retooling its print operations to utilize a smaller, more flexible, more digitally-based equipment profile than previously. In FY



In February 2014, 84 employees from units throughout GPO graduated from the Leadership Evaluation and Development Program's (LEAD) Class of 2013. The LEAD Program is open to all GPO employees and focuses on three attributes of great leaders: inspiration, motivation, and accountability.

2014 we took delivery of a new zero make-ready press to support congressional and Federal agency publishing requirements, which will eventually replace three aging presses that have been in place since 1979. We are continually reviewing product and equipment options to ensure that our publishing activities are conducted with the most efficient, effective technologies available.

As a result of these sweeping technology changes — digital products, digital equipment, and digital 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 bedrock 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 GPO for the Government information environment and technology challenges of the future, our transformation is continuing with the development of new ways of delivering Government information, including mobile apps and bulk data download files.

Strategic Vision

GPO is continuing its transformation from a print-centric to a content-centric publishing operation. Our implementation of a digital transformation is consistent with the goals outlined in President Obama's Roadmap for a Digital Government (*Digital Government:*

Building a 21st Century Platform to Better Serve the American People, May 2012). It is also 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 GPO's transition to a digital future.

In the years ahead, GPO will continue to develop an integrated, diversified product and services portfolio that focuses primarily on digital. Although industry experts predict 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, we recognize

that the volume of tangible print that is requisitioned from GPO is declining and will continue to decline.

Strategic Plan

GPO's strategic plan, which is available for public review at <http://www.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 the fiscal year to review the plan and approve it before it is issued.

GPO's customers understand technological change and are

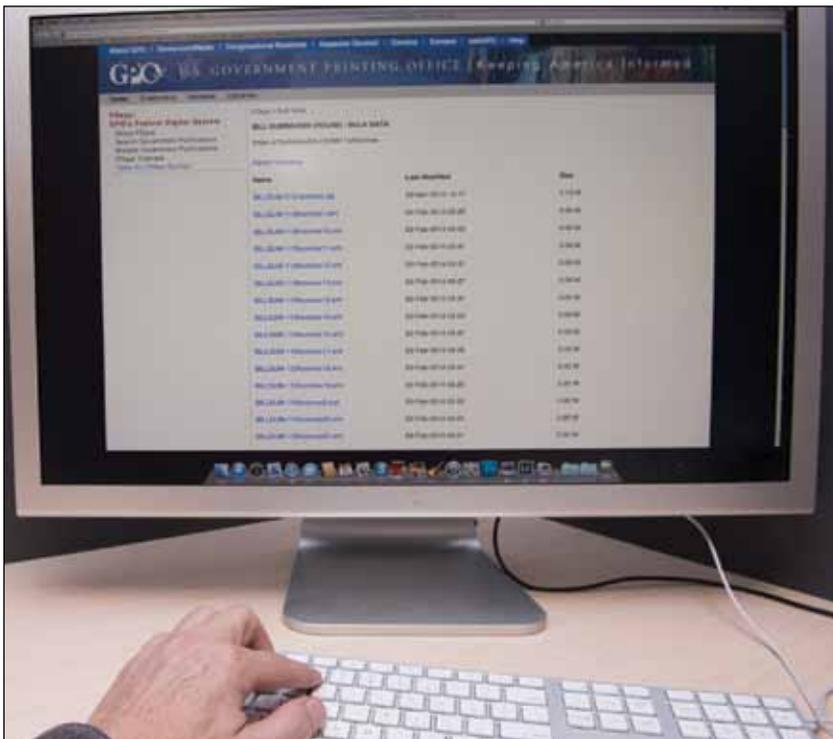


increasingly demanding digital solutions. Accordingly, it is important that GPO fosters an environment that embraces change and innovation, which leads to new products and services, new methods, and new ways of thinking. There has been an exponential growth in digital requirements by Congress and Federal agencies. Moreover, the

public – including the library and Government information user communities – has signaled its strong desire for increased access to Government information digitally.

GPO has changed to anticipate and accommodate those requirements. The content received from Congress and Federal agencies needs to be managed through a life cycle process that supports the primary requirement to make the digital version of publications permanently available online, and to print only when required or otherwise necessary. This policy is consistent with the President's executive order of November 2011 dealing with printing.

In transforming its business model, GPO is 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.



GPO and Congress

Information is the lifeblood of the congressional process. Bills, amendments, resolutions, hearings, committee reports, committee prints, and the record of floor proceedings contained in the *Congressional Record* – all these are essential to the conduct of legislative business on Capitol Hill. Without them, there would be no record of business and the legislative process would grind to a halt. To produce congressional products under the close guidance and control of the House

of Representatives and the Senate is why GPO was originally established, and this work continues as the agency’s primary mission.

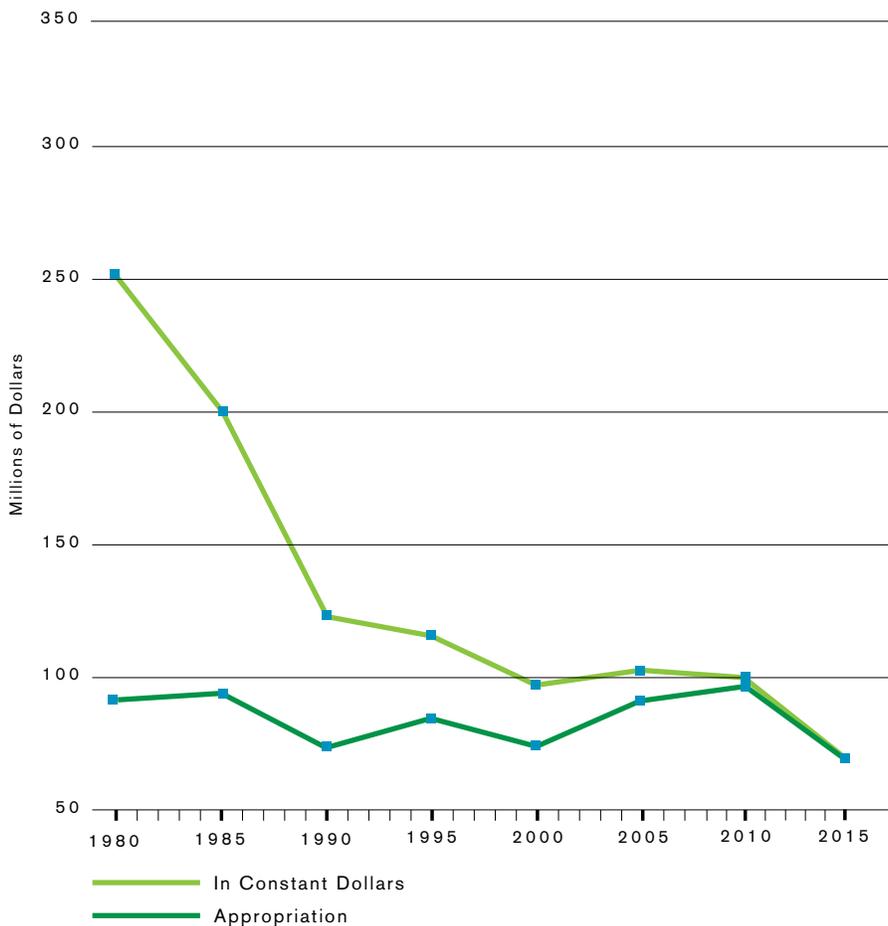
For the Clerk of the House, the Secretary of the Senate, and the committees of the House and the Senate, GPO publishes the documents and publications required by the legislative and oversight processes of Congress in digital and tangible formats. This includes the daily *Congressional Record*, bills, reports, legislative calendars, hearings, committee

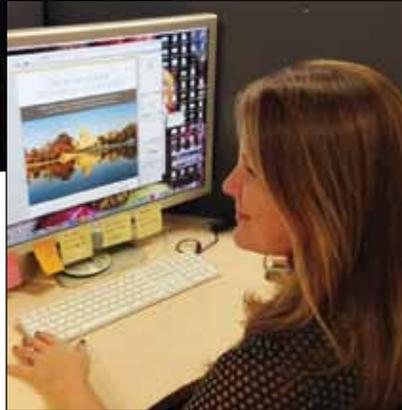
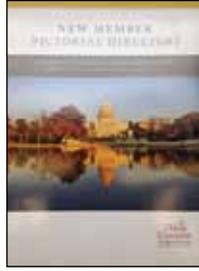
prints, and documents, as well as stationery, franked envelopes, memorials and condolence books, programs and invitations, phone books, and the other products needed to conduct the business of Congress. We also detail expert staff to support the publishing requirements of House and Senate committees 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 (formerly known as the Congressional Printing and Binding 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

Congressional Publishing Appropriation | FY 1980 – FY 2015





Many GPO employees worked on the *New Member Pictorial Directory* for the 114th Congress.

format. We are also collaborating with the Library on the digitization of historical 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 a principal contributor to lowering the cost, in real economic terms, of congressional information products. In FY 1980, as we replaced hot metal typesetting with electronic photocomposition, the appropriation for Congressional Publishing was \$91.6 million, the equivalent in today's dollars of \$263 million. By comparison, our approved funding for FY 2015 is \$79.7 million, a reduction of more than two-thirds in constant dollar terms.

Productivity increases resulting from technology have enabled us to make substantial reductions in staffing requirements while continuing to improve services

for Congress. In FY 1980, GPO employment was 6,450. Today, we have 1,695 employees on board, representing a reduction of 4,755, or more than 70%. This is the smallest GPO workforce of any time in the past century.

Highlights of FY 2014 Congressional Work

In FY 2014, essential staff from GPO remained on duty throughout the Government shutdown in October 2013 to meet the publishing requirements of Congress throughout the shutdown period without any interruption or reduction in service. During the year, we published the *Congressional Directory* for the 113th Congress under the direction of the Joint Committee on Printing, and late in the year we released the *New Member Pictorial Directory for the 114th Congress* as prepared by the Committee on House Administration. We also worked

with the Office of the Clerk of the House to prepare an eBook version of *Hispanic Americans in Congress 1822-2012*.

At the direction of the House Appropriations Committee, and in support of the House's task force on bulk data, in 2014 we began work with the Library of Congress to make House bill status information prepared by the Congressional Research Service available in XML bulk data format. Late in the year our work in making legislative information available in XML bulk data format was expanded to include Senate bills, at the request of the Secretary of the Senate.

GPO is 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.

GPO and Federal Agencies

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 produced by GPO, 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.

GPO's Official Journals of Government business unit acts as the liaison between the Office of the Federal Register and the agency, while our Plant Operations business unit provides in-plant production services for those requirements. The agency's Customer Services business unit provides publishing support to Federal agencies primarily by contracting out to the private sector printing and information product industry. The Customer Services business unit is conducted out of Washington, D.C., and also from 15 regional offices around the United States.

Highlights of FY 2014 Agency Operations

For the past three years we have made the *Budget of the U.S. Government* available as a mobile app.

One of GPO's major agency customers is the Office of the *Federal Register* (OFR), which produces the daily Federal Register and 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*. GPO produces these publications in both digital and tangible formats.

Since 1926 GPO has been responsible for producing the U.S. passports for the Department of State. 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 – that we produce in Washington, DC, as well as a secure remote facility in Mississippi – is now the most secure identification credential obtainable. In FY 2014, we made changes to our facilities to begin installing equipment that will be used to produce the next-generation passport, an even more secure document.

Since 2008, we have served as an integrator of secure identification smart cards to support the credentialing requirements of Federal agencies and other Government entities. Our secure credential unit has been certified by the General Services Administration (GSA) as the only government-to-government provider of credentials meeting the requirements of Homeland Security Presidential Directive 12 (HSPD-12).

We anticipated that the sequester implemented during FY 2013 would negatively impact funding for printing and other information products ordered through GPO. In response, we implemented increased controls on spending, reprioritized capital investment plans, and closely monitored costs. GPO was able to continue its support of Federal agency publishing and information product requirements without any interruption or reduction in service.

During the October 2013 Government shutdown, GPO initially scaled back support of Federal agency requirements consistent with Office of Management and Budget and related requirements for a lapse in funding. However, as the shutdown continued and some agencies returned to business (such as the Department of Defense), GPO responded to their essential requirements by increasing resources accordingly. Additionally, GPO provided public access via FDsys to health and safety regulatory information issued by the Office of the Federal Register during the shutdown.

GPO reported positive results on a customer satisfaction survey of approximately 500 Federal agencies that was administered in FY 2014. The survey focused on GPO's products, services, and programs, the cost-effectiveness of services, and satisfaction with GPO's Web site and customer service. Some of the results included:

- 91% of customers are satisfied with overall service from their primary GPO location



In April 2014, GPO hosted the INTERQUEST Digital Printing in Government/Higher Education Conference. More than 100 people from throughout the industry attended the event.

- 90% are likely to recommend GPO to a colleague
- 90% say they do not believe they can beat or match GPO pricing

The survey was conducted in support of GPO’s Strategic Plan, which emphasizes a customer-centric approach through agency-wide procedures, policies, and activities implemented to ensure GPO is meeting customers’ needs and exceeding their expectations.

Partnership with Industry

Other than congressional and inherently governmental work such as the *Federal Register*, the *Budget*, and secure 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 FY 2014, this work

amounted to approximately \$289.3 million.

Approximately 16,000 individual firms are registered to do business with GPO, 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 great economic opportunity for the private sector.

The decline in print government-wide has reduced the amount of work we produce through this partnership, the result of the ongoing transformation of Federal agency information requirements from print to digital, the President’s initiative to reduce Federal printing, and to some extent funding reductions for overall Federal spending including

sequestration. However, this partnership achieves significant savings and efficiencies for the printing that it continues to produce, and in the process generates private sector jobs nationwide.

We have long advocated that where Federal agency printing is required, this partnership is the most cost-effective way of producing it. We were interested to see the results of a Government Accountability Office study, conducted at the request of the Joint Committee on Printing and completed in 2013, which 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.

GPO and Open, Transparent Government

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), Federal Digital System (FDsys), Publications Sales, and Social Media.

Federal Depository Library Program

The FDLP has legislative antecedents that date back 200 years, to 1813. Across those years, 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 these available to the public at no charge while providing additional help and assistance to depository library users.

The program today serves millions of Americans through a network of approximately 1,200 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



In April 2014, 250 guests gathered in Harding Hall and another 300 joined GPO online for the kick-off of the annual Depository Library Council Meeting and Federal Depository Library Conference.



Federal Depository Library Conference attendees were able to attend multiple workshops throughout the Conference.

is primarily digital, supported by FDsys and other digital resources. This overwhelming reliance on digital content allowed for the first digital-only Federal depository library designation in FY 2014, with others to follow.

In FY 2014, GPO completed work on our FDLP Forecast Study, a collaborative research project between GPO and depository libraries, which surveyed all depository libraries to assess the current conditions of the program. Primary issues identified in the survey include budget constraints, use of physical space, staffing, and collection scope changes. Results from this initiative will serve as a blueprint for developing a new

National Plan for Access to Federal Government Information.

Also supporting the Federal depository libraries and the public nationwide is the work GPO does under its statutory mandate to catalog a comprehensive index of public documents issued or published by the Federal Government that are not confidential in character. The public interface for accessing these cataloging records is GPO's *Catalog of U.S. Government Publications* (CGP).

In FY 2014, there were 25.6 million successful searches of the CGP, an increase of 10.5 million over FY 2013. Also during this period, more than 13,800 new cataloging records were added to

the CGP, of which 60% contained direct online links to the cataloged content. Additionally, more than 150 free Federal Government eBooks from various agencies are now available via the CGP, with more being added continuously. Thanks to a partnership we forged with the Digital Public Library of America (DPLA), more than 150,000 records from GPO's digital Catalog of Government Publications are now also available to the public through the DPLA's Web site.

Federal Digital System

GPO has been providing access to digital congressional and Federal agency documents since 1994.

Today, FDsys provides the majority of congressional and Federal agency content to the FDLP as well as other online users. This system has reduced the cost of providing public access to Government information significantly when compared with print, while expanding public access dramatically through the Internet.

Public utilization of FDsys has increased substantially. In FY 2014, FDsys recorded its one billionth document retrieval since replacing our original online Web site, GPO Access. Currently, FDsys serves as a secure preservation repository for more than 1 million individual titles from all three branches of

the Government, the only system of its kind in operation today. In FY 2014, FDsys averaged 36 million retrievals per month, with a spike of up to 49.5 million during the October 2013 Government shutdown.

GPO is continually adding collections to FDsys to provide increased public access to Government information. In FY 2014, new collections were added ranging from audio books to digital editions of historic publications like the Warren Report on the assassination of President Kennedy and the Civil Rights Act of 1964. At the end of the year, we were one of 5 institutions named by the Library of Congress and the National Institute of Museum and Library Services to be part of the National Digital Stewardship Residency program, under which we are now preparing to become the first Federal agency certified as a Trustworthy Digital Depository for Government information.

During the October 2013 Government shutdown, the FDsys congressional and regulatory information collections were continually updated as an essential function in order to provide public access to this essential information. The other collections on FDsys were not updated but were still accessible. All other information on gpo.gov (concerning our Online Bookstore, FDLP.gov, Contractor Connect, etc.) remained static during the shutdown.

GPO Achieves Savings in Information Dissemination

Since FY 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 of \$27.3 million in constant dollars. For FY 2016, we are proposing to fund this function at \$8.2 million, a reduction of nearly 70% in constant dollar terms. Along with appropriations to GPO's 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.

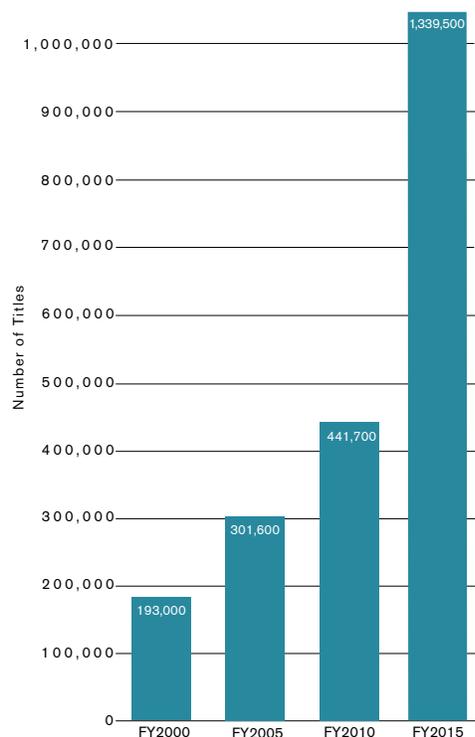
Publication and Information Sales Program

Along with the FDLP and FDsys, which are no-fee public access programs, GPO provides public access to official Federal information through public sales featuring secure ordering through an online bookstore, 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 Amazon, Apple, Google's eBookstore, Barnes & Noble, OverDrive, Ingram, Zinio, and other online vendors to make popular Government titles such as the *Public Papers of the President-Barack Obama*, the *Financial*

Number of Titles Available Online through GPO | FY 2000 – FY 2015

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





Participants in GPO's Executive Leadership Program studied leadership cases during a tour of the Gettysburg battlefield. Here they discussed the leadership actions of Union Brigadier General John Buford on the first day of the battle.

Crisis Inquiry Report, and *Ponzimonium: How Scam Artists are Ripping Off America* available as eBooks. Additionally, in FY 2014 we worked with Congress to make *Hispanic Americans in Congress* available as an eBook.

Reimbursable Distribution Program

We operate distribution programs for the information products of other Federal agencies on a reimbursable basis, including General Services Administration (GSA) Consumer Information Center publications, from warehouses in Pueblo, CO, and Laurel, MD.

GPO and Social Media

We use Facebook, Twitter, YouTube, and a book blog to share information about GPO news and events and to promote specific publications and products. By the end of FY 2014, we had 3,932



Customer Services managers from GPO's Central and regional offices across the Nation met in Washington in May 2014 to discuss current and future plans for serving the publishing needs of Federal agencies.

likes on Facebook, 5,372 followers on Twitter, and 120,000 views across 66 videos on YouTube. On Pinterest, we had 422 followers pinning on 15 boards of Federal

Government information. Our book blog, Government Book Talk, focuses on increasing the awareness of new and classic Federal publications through reviews and discussions.

GPO Finances

Business Operations Revolving Fund

All GPO activities are financed through our Business Operations Revolving Fund, which until the passage of P.L. 113-235 was called the Revolving Fund. This business-like fund is used to pay all of GPO's 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 GPO's 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. GPO pays its 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 GPO 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 GPO to fund a significant amount of technology modernization. However, appropriations for essential investments in technology and plant upgrades are also necessary and are requested annually.

Appropriated Funds

GPO's Congressional Publishing Appropriation, whose name was changed from the Congressional Printing and Binding Appropriation by P.L. 113-235, is used to reimburse the Business Operations Revolving Fund for 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, whose name was changed from the Salaries and Expenses Appropriation of the Superintendent of Documents by P.L. 113-235, is used to pay for 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 continually seeks to ensure the efficiency and effectiveness of its operations to help control the cost of congressional work.

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



GPO management served breakfast to employees at GPO's annual Employee Appreciation Day event in September 2014.

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.

The final appropriated funding for GPO for FY 2014 was approved in P.L. 113-76 at \$119.3 million, including \$79.7 million for Congressional Printing and Binding, \$31.5 million for the Salaries and Expenses of the Superintendent of Documents, and \$8.1 million for the Revolving Fund.

FY 2014 Financial Results

Revenue totaled \$696.3 million while expenses charged against GPO's budget were \$672.3 million,

for an overall net income of \$24 million from operations. Included in both GPO's revenue and net income is approximately \$15.1 million in funds set aside for passport-related capital investments, as agreed to by GPO and the Department of State, and \$2.1 million in funds resulting from an 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 2014 was \$6.8 million.

Funds appropriated directly by Congress provided nearly \$109.6 million (including funds from the Congressional Publishing and Public Information Programs appropriations, along with appropriations to the Business Operations Revolving Fund), or about 16% of total revenue. All other GPO activities, including inplant 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 2014, the cost of this work totaled \$267.3 million, or about 40% of total expenses. The second largest component was personnel compensation and benefits. These totaled \$206.3 million, or about 31% of all expenses.

U.S. GOVERNMENT PUBLISHING OFFICE Financial Statements

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/2014_AnnualReport_financials.pdf.

For FY 2014 (October 1, 2013 - September 30, 2014) the GPO received a clean audit opinion on its consolidated financial statements from KPMG LLP.

GPO achieved positive financial results before other operating expenses and Passport Capital Reserve. Net income was \$24 million in FY 2014 compared to net income \$29.5 million in FY 2013.

GPO's FY 2014 operating income included \$15.1 million in reserved funds for planned capital investments for increasing production capacity for the next generation U.S. passport, as arranged and agreed between the Department of State and GPO. Similar type funds totaled \$20.7 million for FY 2013. 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 SID capital projects are completed and put into use.

Other operating expenses in FY 2014 included a credit of \$2.1 million to reflect a reduction to the Agency's future workers' compensation liability. This long-term worker's compensation credit adjustment is required to accurately record the actuarially determined liability at September 30, 2014. After adjusting for these two unique transactions, GPO had net income after capital projects reserve and workers' compensation liability adjustment of \$6.8 million compared with \$7.3 million in FY 2013.

Summary of Net Income (in thousands)	2014	2013
Net Income	\$ 24,004	\$ 29,458
Less Passport Capital Projects Reserve	(15,120)	(20,740)
Decrease in Workers' Compensation Liability	(2,123)	(1,418)
Net Income After Capital Projects Reserve and Workers' Compensation Liability Adjustment	\$ 6,761	\$ 7,300

In FY 2014, both operating revenue and operating expenses decreased from FY 2013. Operating revenue was down \$22.6 million or 3.1 percent (to \$696.3 million from \$718.9 million), while operating expenses dropped \$16.5 million or 2.4 percent (to \$674.4 million from \$690.9 million). This moderate decline in revenue was primarily attributable to a decrease in Printing and Binding revenue. Correspondingly the decrease in operating expenses was due primarily to a decrease in printing and reproduction, and supplies and materials expenses, partially offset by an increase in personnel compensation expenses.

Four of the five business units comprising Printing and Binding Operations generated moderately lower revenues for FY 2014 on a like-for-like basis, including Security and Intelligent Documents (SID) recording a 6.2 percent decline in U.S. passport unit demand to 12.2 million units in FY 2014 from 13 million passport books in prior year.

Cash provided by operations decreased by \$5.6 million from the prior year due primarily to a reduction in customer deposit collections (deferred revenues) as well as increases in accounts receivable and inventories. The GPO invested \$36.4 million for capital items in FY 2014 compared similarly to the \$36.3 million invested in FY 2013.

Summary Statements of Cash Flows (in thousands)	2014	2013
Cash flows from Operating Activities		
Net Income	\$ 24,004	\$ 29,458
Provided by (used in) operating activities		
Depreciation and other	20,737	21,896
(Increase) decrease in assets	(18,322)	21,155
Increase (decrease) in liabilities	(29,939)	(14,259)
Increase (decrease) in workers' compensation liability	(2,123)	(1,418)
Total adjustments	(29,647)	27,374
Net cash provided by operating activities	(5,643)	56,832
Cash flows used in investing activities	(36,376)	(36,289)
Cash flows provided by financing activities	9,496	7,117
Net increase (decrease) in cash balance	\$ (32,523)	\$ 27,660

The GPO's Balance Sheet strengthened moderately in FY 2014 as a result of the operating performance. Working capital increased by \$15.6 million, to \$372.1 million in FY 2014 from \$356.5 million in FY 2013, although total current assets decreased by \$14.2 million, to \$647.1 million in FY 2014 from \$661.3 million in FY 2013.

Total assets grew by a modest \$1.6 million to \$777.8 million in FY 2014 from \$776.2 million in FY 2013. Cash (referred to as the fund balance with Treasury, FBWT) decreased to \$475.7 million in FY 2014 from \$508.3 million in FY 2013 with the overall reduction in agency orders being the key driver of this metric, with returned customer deposits as a contributing factor.

GPO ended fiscal 2014 with an increase in retained earnings of \$24 million to \$221.6 million, compared to \$197.6 million at the end of FY 2013.

Summary Balance Sheets (in thousands)

2014

2013

Assets

Current Assets

Fund balance with Treasury	\$ 475,744	\$ 508,267
Accounts receivable, net	133,507	123,224
Inventory, net	34,379	28,804
Prepaid expenses	3,504	1,040
Total current assets	647,134	661,335

General property, plant and equipment, net	130,651	114,900
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Total Assets	\$ 777,785	\$ 776,235
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Liabilities and Net Position

Current Liabilities

Accounts payable and accrued expenses	\$ 105,078	\$ 96,155
Deferred revenues	160,296	198,947
Accrued annual leave	9,608	9,707
Total current liabilities	274,982	304,809

Noncurrent Liabilities

Workers' compensation liability	66,983	69,106
Total Liabilities	341,965	373,915

Net position

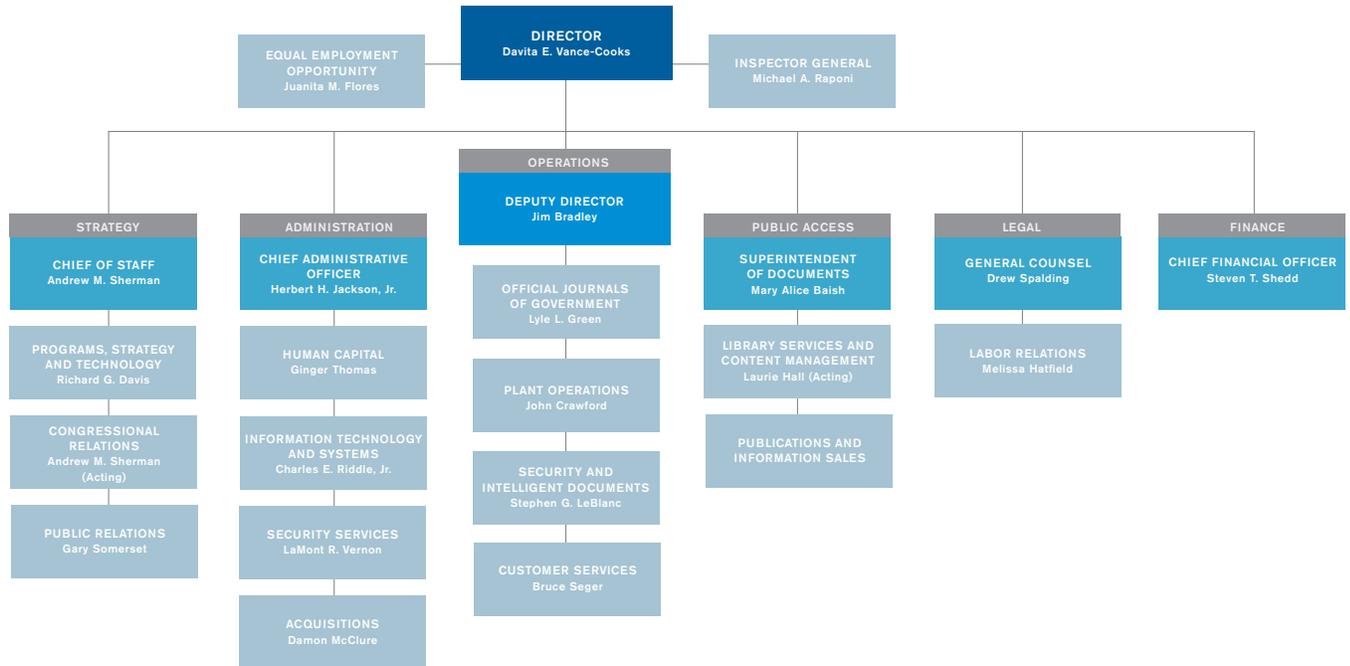
Cumulative results of operations

Retained earnings	221,608	197,604
Invested capital	92,879	92,879
Unexpended appropriations	121,333	111,837

Total Net Position	435,820	402,320
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Total Liabilities and Net Position	\$ 777,785	\$ 776,235
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U.S. GOVERNMENT PUBLISHING OFFICE Organizational Chart



Facebook <http://www.facebook.com/USGPO>

Twitter <https://twitter.com/usgpo>

Pinterest <http://pinterest.com/usgpo/>

YouTube <http://www.youtube.com/user/gpoprinter>

Government Book Talk Blog <http://govbooktalk.gpo.gov>

“**Publishing** defines a broad range of services that includes print, digital, and future technological advancements.”



I. Management Discussion and Analysis (Unaudited)	2
Mission	3
Basis of Financial Reporting	3
Programs and Operations	4
Funding	4
Programs and Operations Overview	5
Management Initiatives to Improve GPO Operations.....	7
Financial Position and Results for Fiscal Year 2014	10
Consolidated Balance Sheets	10
Consolidated Statements of Revenues, Expenses, and Changes in Retained Earnings	10
Consolidated Revenues	11
Consolidated Expenses	13
Changes in Retained Earnings	15
Consolidated Statements of Cash Flows	15
Performance Measures	16
Operating Performance Measures	16
Financial Performance Measures	17
Possible Future Effects of Existing Events and Conditions	18
Fiscal Year 2015 Financial Projections	20
II. Inspector General’s Report	21
III. Independent Auditors’ Report	26
IV. Financial Statements	38
Consolidated Balance Sheets	39
Consolidated Statements of Revenues, Expenses, and Changes in Retained Earning	40
Consolidated Statements of Cash Flows	41
Notes to the Financial Statements	42
1. Summary of Significant Accounting Policies	43
2. Fund Balance with Treasury	51
3. Accounts Receivable, Net	51
4. Inventory, Net.....	52
5. Prepaid Expenses.....	53
6. General Property, Plant, and Equipment, Net	53
7. Accounts Payable and Accrued Expenses.....	54
8. Deferred Revenues.....	55
9. Workers’ Compensation Liability	55
10. Commitments	56
11. Contingencies.....	57
12. Net Position.. ..	58
13. Appropriated Funds	60
14. Employee Benefit Plans	61
15. Major Customers	63
16. Voluntary Separation Incentive Program.....	63
17. Subsequent Events.....	63
Abbreviations List	64

SECTION I

**MANAGEMENT
DISCUSSION
AND
ANALYSIS
(UNAUDITED)**

U.S. Government Printing Office Management Discussion and Analysis (Unaudited) As of September 30, 2014

Mission

The core mission of the U.S. Government Printing Office (GPO or Agency) is *Keeping America Informed*, by producing, protecting, preserving, and distributing the official information products and publications of the Federal 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, Revolving Fund for Operation and Maintenance of Government Printing 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 Public Printer informed of management's progress in addressing internal control deficiencies identified in audits, reviews, and investigations. The OIG and occasionally the

Section I: Management Discussion and Analysis (Unaudited)

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 Printing and Binding (CP&B) Appropriation and the Salaries and Expenses (S&E) Appropriation of the Superintendent of Documents for work performed and authorized to be billed to these appropriations.

The CP&B and S&E appropriations reimburse GPO's 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&B and S&E appropriations are recorded as revenue when related liabilities are incurred. Unexpended CP&B 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

Section I: Management Discussion and Analysis (Unaudited)

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*, 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 Operations – The Plant Operations 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, documents, forms, tickets, and smartcards 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 passports for the U.S. Department of State. Additionally, SID supports the U.S. Department of Homeland Security's Trusted Traveler border crossing smartcard program 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

Section I: Management Discussion and Analysis (Unaudited)

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 found 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 printing 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 and development, e-book design, illustration, photography, and multi-media. This business unit's work includes designs for Presidential Inauguration materials, the U.S. passport, and numerous other security design efforts. Other examples of recent Web design and development projects for agency clients include the National Interagency Fire Center, U.S. Department of Commerce, Federal Mine Safety and Health Review Commission, Open World Leadership Center, and the Federal Housing Finance Agency Office of the Inspector General, among others. This business unit also offers hosting services for Federal agency customers looking for in-government web-hosting solutions.

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 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

Section I: Management Discussion and Analysis (Unaudited)

Pueblo, CO, and Laurel, MD. This business unit also supports the GSA's popular Federal Citizen Information Center in Pueblo.

Library Services and Content Management – 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 1,200 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. Library Services and Content Management's 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), the FDLP Community Site (<http://community.fdlp.gov>), and Ben's Guide to the U.S. Government (<http://bensguide.gpo.gov>).

Management Initiatives to Improve GPO Operations

GPO's Strategic Plan for Fiscal Years 2014 through 2018 outlines goals the Agency is working toward in order to carry out its mission of *Keeping America Informed* in the evolving Digital Age. *Keeping America Informed* in this age requires that the information products and publications of the Federal Government offered are official, digital, and secure. The GPO Strategic Plan promotes the Agency's core values of commitment, customer service, dependability, diversity, integrity, and teamwork. The document serves as a roadmap for the Agency in satisfying its stakeholders, strengthening GPO's organizational foundation, offering benchmark products and service to its customers and pro-actively engaging its workforce. All Agency policy decisions, budgeting and capital investment decisions, workforce development, industry partnerships, customer relations, and operational decision-making are based on this strategic plan. The complete version of GPO's Fiscal Years 2014 through 2018 Strategic Plan and previous plans are available online at http://www.gpo.gov/pdfs/about/2014-2018_GPO_Strategic_Plan.pdf. The following are some of the strategic accomplishments GPO achieved in fiscal 2014:

Federal Digital System (FDsys) Achievements

GPO's FDsys is the content management, preservation repository, and advanced search engine system that allows users to search, browse, access, and download Federal information. Content includes the official versions of the: *Congressional Record*, *Federal Register*, *Budget of the U.S. Government*, *Compilation of Presidential Documents*, *U.S. Code*, *Code of Federal Regulations*, and many others. In fiscal 2014, GPO implemented the following improvements for FDsys users:

Section I: Management Discussion and Analysis (Unaudited)

- Added to the House Bill Summaries XML Bulk Data collection
- Provided access to Privacy Act Issuances in XML
- Enabled access to an additional 31 Federal court opinions
- Created custom metadata fields to support the management of print on demand files in FDsys
- Developed utilities, reports, and a user interface for automated preservation processes
- Continued the development of the Next Generation FDsys public Web site.

Publishing Achievements

In addition to printing the daily versions of the *Congressional Record*, *Federal Register*, and other previously mentioned titles, GPO accomplished the following initiatives in fiscal 2014 that advanced the Agency's publishing role:

Secure Document Materials Testing (SDMT) Laboratory – GPO's Plant Operations continued to improve the laboratory information management system that will allow the Plant to support SID and the Department of State in the development of the next generation passport and other secure documents.

Advanced Binding Equipment Implementation – Installed a new high efficiency digital Case Maker and Automatic Sewing Machine to improve production and quality of bound books for our core Congressional customers.

Zero Make-Ready (ZMR) 7 Color Process Press – GPO retrofitted production space to install a new ZMR press that will allow GPO to continue providing high quality products to customers, while improving efficiency.

Security Achievements

The Nation's security program is supported by GPO's role in producing secure credentials for Federal agencies. In addition to producing electronic U.S. passports for the U.S. Department of State, GPO's portfolio of secure credentials includes Trusted Traveler cards for Customs and Border Protection, HSPD-12 cards for the Department of Homeland Security, contractor IDs for the Pentagon, and White House visitor badges.

Secure Federal Credentials – GPO plays a vital role in the security programs of our agency customers and our Nation. Since 2005, GPO has produced more than 100 million of the latest electronic passports for the Department of State. These proven passport technologies are built into a family of secure credential products. Our agency customers acquire secure credential design, printing, manufacturing, personalization, and delivery from GPO. Work is performed in GPO facilities by GPO employees with proper clearances.

Smart Card and Credential Customers – SID worked closely with several Federal agency customers on the design, printing, personalization, and fulfillment of several product lines. These include Department of State, Department of Homeland Security, Transportation Security Administration, and multiple Federal law Enforcement Agencies (i.e., leather-bound Credentials).

Other Notable Achievements

The Agency measures its production performance against commercial industry benchmarks and standards. In fiscal 2014, GPO received and maintained certifications and awards including the following.

Positive Customer Survey – GPO reported positive results on a customer satisfaction survey of approximately 500 Federal agency customers. The survey focused on GPO's products, services, and programs, the cost-effectiveness of services, and satisfaction with GPO's website and employee customer service. The survey also allowed respondents to provide narrative feedback on how GPO could improve services. Some of the results included:

- 91 percent of customers are satisfied with overall service from their primary GPO location
- 90 percent of customers are likely to recommend GPO to a colleague
- 90 percent of customers say they do not believe they can beat or match GPO pricing

Designation as an Innovative Agency – GPO was named among the most innovative agencies in the Federal Government by the Partnership for Public Service. The Agency is rated among the top ten most innovative mid-size agencies based upon the data analysis from the 2013 Best Places to Work in the Federal Government® Employee Viewpoint Survey. Federal agencies designated as innovative are said by the Partnership to excel in fostering innovation and what drives innovation in the government space.

Industry Certifications – GPO Plant Operations maintained the following best-in-class certifications: G7 Master Printer certification for GRACoL Proof, Digital Offset and Sheet-fed Offset Printing; Graphic Arts Industry Color Viewing Standard ISO 3664:2009; and certification as an Institutional Member of the Library Binding Institute demonstrating compliance with ANSI/NISO/LBI Library Binding Standard Z39.78-2000. Security and Intelligent Documents business unit has maintained the ISO 9001 certification for both the Washington, DC, and Stennis, MS, production facilities.

Green Initiatives – GPO Plant Operations renewed its Sustainable Green Printer (SGP) certification by continuing to maintain existing sustainable practices, as well as upgrading the oxidizer control, which captures discharges of hazardous air pollutants.

Optimization of Office Space – GPO completed a project to reconfigure space leased by the U.S. Commission on International Religious Freedom (USCIRF) in order to accommodate additional work areas. Also, the operational footprint of GPO's manufacturing activities was compressed by over 30,000 square feet to make room for new equipment and processes associated with Next Generation Passport production. In addition, GPO's lease costs were reduced with the relocation of the Customer Service Hampton Roads, VA office to Virginia Beach, VA.

Financial Position and Results for Fiscal Year 2014

The following is an overview of the financial position and operating results reflected in GPO's basic financial statements as of and for the fiscal year ended September 30, 2014.

Consolidated Balance Sheets

The consolidated balance sheets present the combined amounts that GPO had available to use (assets) versus the amounts the Agency owed (liabilities), and the residual amounts (net position) after liabilities were subtracted from assets.

GPO's total assets, consisting of current assets and general property, plant, and equipment, increased by \$1.6 million (less than 1.0 percent), to \$777.8 million as of September 30, 2014, from \$776.2 million as of September 30, 2013. Current assets decreased by \$14.2 million, primarily due to a \$32.6 million decrease in fund balance with Treasury, which was partially mitigated by a \$10.3 million increase in accounts receivable, and a \$5.6 million increase in inventory. The remaining increase in GPO's total assets resulted from an increase in the value of general property, plant and equipment (PP&E) of \$15.8 million (13.8 percent) during fiscal 2014 (to \$130.7 million as of September 30, 2014 from \$114.9 million as of September 30, 2013). The increase in the value of PP&E during fiscal 2014 was primarily due to the net effect of \$36.5 million in capital acquisitions, which increased the value, offset by approximately \$20.7 million in depreciation expense, which decreased the net value.

GPO's total liabilities (current and long-term) decreased by \$32 million (8.5 percent), to \$342 million as of September 30, 2014, from \$373.9 million as of September 30, 2013. The total decrease was primarily due to a decrease in deferred revenues of approximately \$38.6 million (19.4 percent), the result of the return of \$36.8 million in cash deposits to the customer agencies, and a \$2.1 million decrease associated with the long term workers' compensation. These reductions were partially offset by an increase in accounts payable and accrued expenses of \$8.9 million (9.3 percent).

GPO's net position increased to \$435.8 million as of September 30, 2014 from \$402.3 million as of September 30, 2013. The increase of \$33.5 million (8.3 percent) in GPO's net position was primarily the result of increases in unexpended appropriations of \$9.5 million and retained earnings of \$24 million. Unexpended appropriations increased as a result of the net of an increase in unexpended Revolving Fund appropriations of \$16.1 million (\$38.6 million at year-end 2014 from \$22.5 million at year-end 2013), offset by a decrease in unexpended CP&B appropriations of \$4.6 million (\$59.2 million at year-end 2014 from \$63.8 million at year-end 2013), and a decrease in unexpended S&E appropriations of \$2.1 million (\$23.5 million at year-end 2014 from \$25.6 million at year-end 2013).

Consolidated Statements of Revenues, Expenses, and Changes in Retained Earnings

The consolidated statements of revenues, expenses, and changes in retained earnings present the accrued reimbursements for goods sold and services provided (revenues), the accrued cost of assets and services used (expenses) in the creation of revenues, and the changes, within the periods presented, of the accumulated net income of the Agency (changes in retained earnings).

Consolidated Revenues – GPO’s consolidated revenues (net of eliminations) are derived from four major sources: Printing & Binding; Appropriations; Sales of Publications; and Agency Distributions. Consolidated revenues were \$696.3 million in fiscal 2014 and \$718.9 million in fiscal 2013. The decrease of \$22.6 million (3.1 percent) was attributable to decreases in Printing and Binding, Appropriations, and Sales of Publications revenues, offset by a slight increase in Agency Distributions revenues. Printing and Binding revenues decreased to \$574.7 million in fiscal 2014 from \$595.5 million in fiscal 2013, a decrease of \$20.8 million (3.5 percent). Appropriations revenues decreased to \$109.6 million in fiscal 2014 from \$110.4 million in fiscal 2013, a \$739,000 (less than 1 percent) decrease. Sales of Publications revenue decreased by \$1.2 million (15.4 percent), to \$6.6 million in fiscal 2014 from \$7.8 million in fiscal 2013. Agency Distributions revenues of \$5.3 million in fiscal 2014, were flat compared to fiscal 2013.

■ Printing and Binding Revenues

GPO earns revenues from Federal Government customers for printing, binding, and related services performed by GPO business units and from work performed by commercial contractors. Printing and binding revenues were based on a system of rates, prices, and surcharges designed to recover costs. The revenues for printing and binding originate from the programs and operations of five business units at GPO: Plant Operations, Official Journals of Government, Security and Intelligent Documents, Customer Services, and Creative and Digital Media Services. The revenues earned from jobs produced by GPO employees are generally recognized on a value-added basis, as work is performed. Revenues from contracted jobs are generally recognized on the date that contract requirements are fulfilled, i.e., the date finished products are shipped by the contractor to the customer agency. Revenues from the production of passports for the U.S. Department of State are recognized at negotiated rates per passport at the time that the manufacturing process is completed.

Plant Operations generated revenues of \$118.5 million in fiscal 2014, compared with revenues of \$126.7 million in fiscal 2013. This represents a decrease of \$8.2 million (6.5 percent). Revenues were generated from the production of paper and digital versions of the *Congressional Record* and all other legislative materials, as well as other documents including the *Federal Register* and the *Code of Federal Regulations*. Plant Operations revenues in fiscal 2014 included \$74.8 million from the CP&B Appropriations, compared to \$76.2 million in fiscal 2013.

Official Journals of Government generated revenues of \$11.3 million in fiscal 2014, compared with revenues of \$11.9 million in fiscal 2013. Revenues generated by providing administrative services to the U.S. Congress were approximately \$5 million in both fiscal 2014 and fiscal 2013. Revenue from employees (printing specialists) detailed to House and

Section I: Management Discussion and Analysis (Unaudited)

Senate Committees was about \$4 million in fiscal 2014 compared with \$4.5 million in fiscal 2013.

Overall revenues for the SID business unit decreased to \$225.1 million in fiscal 2014 from \$230.8 million in fiscal 2013, or \$5.7 million (2.5 percent). SID's major product is the U.S. passport. GPO produced about 12.2 million passports in fiscal 2014, compared to about 13 million in fiscal 2013. As a result of this decline, passport revenues decreased to \$194.3 in fiscal 2014 from \$214.9 million in fiscal 2013, a decrease of \$20.6 million (9.6 percent). SID revenues in fiscal 2014 for the Trusted Traveler card and other smart card secure credentials for the U.S. Department of Homeland Security, other agencies, and the District of Columbia increased to \$30.8 million in 2014 from \$16 million in 2013, an increase of \$14.8 million (92.5 percent). GPO manufactured 3 million smart cards in fiscal 2014 compared to 1.2 million in fiscal 2013, a 150 percent increase.

Customer Services revenues decreased \$9.4 million (3.1 percent) to \$289.3 million in fiscal 2014 from \$298.7 million in fiscal 2013. Fiscal 2014 revenue decreased due to fewer customer orders from Department of State, Defense Logistics Agency, Department of Veterans Affairs, Social Security Administration and Department of Commerce. Revenues from the *GPOExpress*SM program decreased \$100,000 to \$6.2 million in fiscal 2014 from \$6.3 million in fiscal 2013.

Creative and Digital Media Services revenues were \$2.1 million in fiscal 2014 compared with \$1.6 million in fiscal 2013, an increase of approximately \$500,000 (31.3 percent). The increase results from more customer agencies requests for these services.

■ Appropriation Revenues

GPO receives annual, no-year, and multi-year appropriations from Congress to finance certain costs in accordance with the underlying appropriation act and enabling legislation. The Consolidated Appropriations Act, 2014 (Public Law 113-76, January 17, 2014) made a total of \$119.3 million in annual appropriations available to the Agency for fiscal 2014.

Revenues earned from appropriations provided to GPO totaled \$109.6 million for fiscal 2014 and \$110.4 million for fiscal 2013. The decrease in appropriation revenue of approximately \$800,000 (less than 1.0 percent) was primarily due to decreases in appropriation revenues from the CP&B and S&E appropriations. Revenue from appropriations made directly to the Revolving Fund was \$7.1 million in fiscal 2014. In comparison, direct Revolving Fund appropriation revenue was \$4.6 million in fiscal 2013, an increase of \$2.5 million. Revolving Fund appropriation revenue is a reimbursement of qualifying expenses and is recognized when the qualifying expenses are incurred. The \$7.1 million recognized as revenues in fiscal 2014 primarily included \$5.4 million for FDsys implementation and \$831,000 for GPO's composition system replacement software development project. In fiscal 2013, the \$4.6 million recognized as revenues primarily included \$3.4 million for FDsys implementation and approximately \$712,000 for GPO's composition system replacement software development project.

Revenues from the CP&B Appropriation were \$74.8 million in fiscal 2014 compared to

Section I: Management Discussion and Analysis (Unaudited)

\$76.2 million in fiscal 2013, a decrease of approximately \$1.4 million (1.8 percent). The annual CP&B Appropriation is used to fund printing and binding and related information product services provided to Congress by the Plant Operations business unit and services provided by the Official Journals of Government business unit.

The S&E Appropriation provided revenues of \$27.9 million in fiscal 2014 and \$29.6 million in fiscal 2013, a decrease of \$1.7 million (5.7 percent). The S&E Appropriation is provided annually by Congress to fund the dissemination of Federal Government information to the public by GPO's Library Services and Content Management business unit.

■ Sales of Publications Revenues

GPO earns revenues from the sales of publications in print and digital formats to the public and others. The Publication and Information Sales Program sells publications, subscriptions, and other Federal Government information products, including e-books, at prices designed to recover costs. Revenue from the sales of publications totaled \$6.6 million for fiscal 2014 and \$7.8 million for fiscal 2013, a decrease of \$1.2 million (15.4 percent). The number of publications sold increased to 183,000 (13.7 percent increase) in fiscal 2014 from 161,000 in fiscal 2013. Revenue and the number of publications sold or subscribed to do not have a linear correlation. Publication and subscription revenues have been declining as agencies publish in digital format and cancel subscriptions for traditional printed periodicals and other paper-based documents.

■ Agency Distribution Revenues

GPO earns revenues from Federal agencies for the storage, packaging, and distribution of Federal Government publications to the public and others. Agency Distributions provides these services on a cost reimbursement basis, at rates and prices designed to recover costs. Revenues from Agency Distributions totaled \$5.3 million for both fiscal 2014 and fiscal 2013. Although the revenue remained the same, the quantity of items processed increased to 42.4 million units in fiscal 2014 from 32.9 million units in fiscal 2013 (a 28.9 percent increase in volume). Revenue and the number of items distributed do not have a one to one correlation. GPO and customer agencies have varying distribution requirements and varying reimbursement rates.

Consolidated Expenses – GPO incurred total consolidated operating expenses, before other operating expenses, of \$674.4 million for fiscal 2014 and \$690.9 million for fiscal 2013, a decrease of \$16.5 million (2.4 percent). The decrease in operating expenses was due primarily to a decrease in printing and reproduction, and supplies and materials expenses, partially offset by an increase in personnel compensation expenses. A brief description of the major expense categories for the Agency follows:

■ Printing and Reproduction Expenses

GPO incurred expenses for printing and reproduction of \$267.3 million for fiscal 2014 and \$277.2 million for fiscal 2013. This represents a decrease of \$9.9 million (3.6 percent). The decrease was attributable to a reduction in purchases of printed products from private sector contractors by the Customer Services business unit on behalf of customer agencies, primarily due to the Federal shutdown at the start of fiscal 2014. The decrease was driven by a

Section I: Management Discussion and Analysis (Unaudited)

reduction in the number of customer agency orders shipped fiscal 2014, GPO shipped about 67,000 customer agency orders, compared to about 68,000 orders in fiscal 2013, a 1.5 percent decrease.

■ Personnel Compensation and Benefits Expenses

GPO incurred expenses for personnel compensation and benefits of \$206.3 million during fiscal 2014 and \$202.7 million during fiscal 2013. This represents an increase in personnel compensation and benefit expense of \$3.6 million (1.8 percent). GPO had 1,830 employees on the rolls at September 30, 2014, compared to 1,879 a year earlier. Agency employees received a 1 percent pay increase in fiscal 2014, while continuing in-grade increases. Also, fiscal 2014 includes an accrual of \$2.2 million for the agency buyout to reduce future personnel expenditures.

■ Supplies and Materials Expenses

The supplies and materials expense category includes production-related paper and materials, general office supplies, and equipment, furniture, and vehicle purchases that were expensed because they did not meet GPO's capitalization threshold. GPO expenses for supplies and materials were \$122.1 million in fiscal 2014 and \$132 million in fiscal 2013. This represents a decrease of \$9.9 million (7.5 percent). The reduced number of passports produced is the primary reason for the decrease. Passport volumes decreased by 6.2 percent to 12.2 million passports in fiscal 2014 from 13 million passports in fiscal 2013, while smart card production increased by 150 percent to 3 million cards in fiscal 2014, compared to about 1.2 million cards in fiscal 2013.

■ Other Services Expenses

This expense category includes the cost of professional services provided by contractors for building security, consulting, system development, equipment maintenance, audits, investigations, and employee training. These expenses are recognized when services ordered have been performed. GPO incurred expenses for these services of \$32.5 million in fiscal 2014 and \$31.3 million in fiscal 2013. This represents an increase of \$1.2 million (3.8 percent). The increases in expenses were primarily in support charges, miscellaneous services, maintenance, and training.

■ Depreciation and Amortization Expenses

Total depreciation and amortization expenses decreased to \$20.7 million or by \$1.2 million (5.5 percent) in fiscal 2014 from \$21.9 million in fiscal 2013.

■ Rents, Communications, and Utilities Expenses

This expense group includes rents for building space outside of the immediate Washington, DC area, leased equipment and vehicles, telecom and utilities. GPO incurred expenses for rents, communications, and utilities of \$14.7 million for fiscal 2014 and \$15.1 million for fiscal 2013. This decrease of \$400,000 (2.6 percent) was mainly due to reduced rent expenses.

■ Travel, Transportation, and Postage Expenses

Section I: Management Discussion and Analysis (Unaudited)

This expense category includes the cost of employee travel and relocation, commercial transportation and delivery services, postage (including postage reimbursable from customer agencies), and commercial courier services. GPO incurred expense for travel, transportation, and postage of \$8.3 million for fiscal 2014 and \$8.1 million for fiscal 2013. This represents an increase of \$200,000 (2.5 percent).

■ Publications Sold Expenses

This expense is incurred when GPO's Publication and Information Sales business unit sells publications, subscriptions, and other Federal Government information products to customers. This expense totaled \$2.5 million in fiscal 2014, compared to \$2.6 million in fiscal 2013, a decrease of \$100,000 (3.8 percent).

Changes in Retained Earnings – GPO's retained earnings increased by \$24.0 million to \$221.6 million at the end of fiscal 2014, compared to \$197.6 million at the end of fiscal 2013.

As presented on the table below, GPO's retained earnings include the planned uses of net income that is authorized by the responsible parties. The GPO and the Department of State annually agree to a price to be charged per passport, as well as a plan of capital investments required 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.

	(Dollars in thousands)	
	2014	2013
Net Income	\$ 24,004	\$ 29,458
Less: Passport Capital Projects Reserve	(15,120)	(20,740)
Increase/(Decrease) in Workers' Compensation Liability	(2,123)	(1,418)
Net Income/(Loss) After Capital Projects Reserve and Workers' Compensation Liability Adjustment	\$ 6,761	\$ 7,300

Excluding income required to be invested in capital projects to support the production of U.S. passports, and the adjustment to the long-term Workers' Compensation Liability adjustment, GPO had net income of about \$6.8 million in fiscal 2014, compared to \$7.3 million in 2013.

Consolidated Statements of Cash Flows

The consolidated statements of cash flows present GPO's cash position at the beginning and end of the reporting period, and the sources and uses of cash for all operating, investing, and

Section I: Management Discussion and Analysis (Unaudited)

financing activities.

Fund Balance with Treasury (cash) decreased by \$32.6 million during fiscal 2014, compared with an increase of \$27.7 million in fiscal 2013. The decrease in cash during fiscal 2014 was primarily the result of the following:

- In fiscal 2014, cash used in operating activities was \$5.6 million. The cash outflows were mainly attributed to increases in deferred revenues of \$38.7 million, accounts receivable of \$10.3 million, inventory of \$5.6 million; and, lower net income of \$5.5 million compared to prior year. These negative outflows were partially offset by an increase in accounts payable of \$8.8 million.
- Cash invested in capital assets was \$36.5 million in fiscal 2014. In fiscal 2014, investments were made primarily in new secure credentials production equipment, information technology upgrades, and facilities improvements.
- In fiscal 2014, GPO's unexpended appropriations increased by \$9.5 million, due to increases in the unexpended year-end balances in the Revolving Fund appropriation of \$16.1 million, partially offset by decreases in the CP&B and S&E Funds appropriations of \$4.5 million and \$2.1 million, respectively. Contributing to the Revolving Fund increase was a \$15.2 million transfer from the CP&B and S&E appropriations to the Revolving Fund.

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 and financial performance measures used by the Agency.

Operating Performance Measures

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. The on-time delivery rate was 97.1 percent for fiscal 2014 and 97.1 percent for fiscal 2013. The Agency's goal of 95 percent or better was met for fiscal 2014. The goal will remain the same for fiscal 2015.

On-Time Delivery and Quality Acceptance of Procured Printing

Customer Services contracted with commercial businesses to produce and ship approximately

Section I: Management Discussion and Analysis (Unaudited)

67,000 orders for GPO customers in fiscal 2014. For fiscal 2014, the goals were to have at least 95 percent of procured printing orders delivered on schedule and a quality acceptance rate of at least 99 percent. Customer Services met both of these goals for fiscal 2014, with 97.1 percent of procured printing orders delivered on time and a quality acceptance rate of 99.7 percent. In comparison, GPO contractors shipped approximately 68,000 orders in fiscal 2013, with 97.4 percent of the procured printing orders delivered on time and a quality acceptance rate of 99.8 percent. The two goals will remain the same for fiscal 2015.

Financial Performance Measures

Cash Management

Payment Discounts Earned — In fiscal 2014, GPO continued to save millions of dollars by taking favorable prompt payment discounts offered by contractors for the payment of invoices within the discount period. GPO earned prompt payment discounts of \$3.1 million on purchased printing expense of \$267.3 million. In comparison, GPO earned \$3.4 million in discounts on \$277.2 million in printing expenses last year. The average discount rate earned was 1.2 percent in both fiscal years 2014 and 2013. The average discount rate earned for fiscal 2014 met the targeted goal, which was 1.2 percent. The goal for fiscal 2015 will remain 1.2 percent.

Lost prompt payment discounts increased to \$599,000 in fiscal 2014 from \$426,000 in fiscal 2013. As a result, the percentage of discounts lost to discounts offered was 16.2 percent, compared to 11.1 percent in 2013. GPO will strive to improve the percentage of discounts lost to total printing expense in fiscal 2015.

Electronic Payments — Electronic Funds Transfer (EFT) is the most secure, efficient, and economical method of making payments to GPO contractors, employees, and other non-Federal entities. While it costs the U.S. Government \$1.03 to issue each check payment, the cost is only 10.5 cents to issue an EFT payment¹. In fiscal 2014, 90.2 percent of all payments were made by EFT (attained the goal). In comparison, about 89.1 percent of all payments were made by EFT in fiscal 2013. The goal for fiscal 2015 will remain 90 percent.

1. Source: U.S. Department of the Treasury, <http://www.fms.treas.gov/eft/index.html>

Possible Future Effects of Existing Events and Conditions

Several events and conditions may materially impact GPO's programs and operations in the future. A synopsis of each of these conditions follows:

Future Budget Uncertainties – The potential for Federal shutdowns due to lapses in appropriations, such as the Federal closure that occurred at the start of Fiscal 2014 (October 1 through October 16, 2013), can pose operational and financial risks to GPO. The business-like Revolving Fund requires an inflow of requisitions and orders to produce Federal information products that are subsequently billed and collected from customers to replenish the fund. The shutdown interrupted the normal inflow of customer orders, except for critical Congressional and Agency work, which GPO relies upon to pay operating expenses and invest in capital improvements. Retroactive pay to employees and other operating costs, such as utilities, during the shutdown timeframe were not able to be recovered as planned. Future shutdowns could hinder operations and capital investments as well as cause an increase in rates and prices charged for work performed.

Other Federal Appropriation Reductions – Printing and duplicating are considered a discretionary cost for most Federal customers. The potential for possible budget reductions and restrictions in the future may have an adverse effect on the availability of funds for Federal printing and duplicating provided by GPO.

Shift in Demand from Ink-on-Paper Products to Expanding Digital Publishing – GPO continues to manufacture and sell a sizable array of Federal information products. The increase in Government documents on Federal websites and on the Internet, and a downward trend in customer demand for printed documents will continue to place downward pressure on printing revenues, both in-plant and purchased from the commercial sector, and publication sales. GPO's customer base of Federal agencies will continue to need printed copies, albeit in reduced quantities, to accomplish their respective missions.

GPO will continue outreach efforts for Federal agencies to adapt to the future of Federal Government publishing. In transforming its business model, GPO is focusing on managing digital content for agency and public use. GPO's transformation is continuing with the development of new ways of delivering Government information, including apps and bulk data download files. The Congressional Record and Federal Register have shorter production runs than in past years because these products are available online. Production runs are expected to further decline as customers opt-out of paper copies and opt-into digital access. GPO has committed to capitalizing on efficiencies in operations, implementing improved printing technologies, and utilizing digital print methods to satisfy requirements unique to Federal customers in order to provide best value.

Section I: Management Discussion and Analysis (Unaudited)

The Publication and Information Sales Program business unit is still very much dependent on hard-copy sales for funding its operations. GPO has entered into e-book sales partnerships and Print-on-Demand solutions as more people turn toward electronic publications. This business unit will continue to identify market segments for the program's offerings, focusing on customer needs and providing world-class customer service to a niche customer base. However, operational efficiencies will need to continue to improve in order to achieve positive operating margins.

Rapid Changes in Technology – GPO has successfully adapted to changes in printing and information technology over the course of its history. In the last few years, the rate of change in technology has increased dramatically. GPO forecasts decreasing revenues in more traditional business lines and the need to continue transformative investments in efficient and productive equipment and systems to satisfy current and changing congressional and other key customer needs and GPO sustainability, while continuing to maintain and repair aging facilities.

Voluntary Separation Incentive Program – On September 3, 2014, GPO announced a Voluntary Separation Incentive Program under which incentive payments have been offered to encourage eligible employees to separate from service. The application period runs from September 8, 2014, to November 14, 2014. Eligible employees who are accepted under the program and voluntarily separate from the GPO no later than December 31, 2014, will receive the cash incentive. **As of September 30, 2014, GPO accrued \$2.2 million in the Revolving Fund for the estimated liability of the VSIP buyout incentive payments on an estimated 90 VSIP separations, as some employees historically reconsider their retirement decision.** These workforce reduction actions are estimated to reduce GPO operating costs by about \$7.1 million in 2015 and about \$9.2 million in 2016.

Fiscal Year 2015 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 2015 operating budget plans for the Agency to achieve 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 budget for 2015 will require that the Agency continue with the strict cost containment program implemented in fiscal 2011.

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 over 150 years.

SECTION II

INSPECTOR GENERAL'S REPORT



U.S. GOVERNMENT PUBLISHING OFFICE

OFFICE OF INSPECTOR GENERAL

**AUDIT REPORT
15-03**

**U.S. Government Publishing Office FY 2014
Independent Auditor's Report**

February 5, 2015



Date

February 5, 2015

To

Director, U.S. Government Publishing Office

From

Inspector General

Subject:

FY 2014 Independent Auditor's Report
Report Number 15-03

Attached is the Independent Auditor's Report on the U.S. Government Publishing Office's (GPO's) FY 2014 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, 2014, and 2013. The contract required that the audit be conducted in accordance with generally accepted government auditing standards (GAGAS).

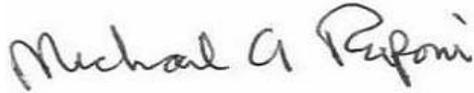
KPMG's opinion on GPO's financial statements was unqualified. KPMG's consideration of internal control resulted in one significant deficiency related to controls over financial reporting and one significant deficiency related to Information Technology General and Application Controls. A significant deficiency 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.

The significant deficiency in controls over financial reporting is an improvement from the FY 2013 audit at which time the deficiency was reported as a material weakness. KPMG made recommendations that GPO address each of the deficiencies.

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, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we do not express, an opinion on GPO's financial statements; or conclusions about the effectiveness of any internal control; or on GPO's compliance with laws and regulations. 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 me at (202) 512-0039.

A handwritten signature in black ink that reads "Michael A. Raponi". The signature is written in a cursive, slightly slanted style.

MICHAEL A. RAPONI
Inspector General

Attachment

cc:

Deputy Director, U.S. Government Publishing Office
General Counsel
Chief of Staff
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 Printing Office (GPO), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, 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 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.

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 Printing Office as of September 30, 2014 and 2013, 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 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, 2014, 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2014-01 and 2014-02, which we consider to be significant deficiencies.



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 of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*.

GPO's Responses to Findings

The GPO's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The GPO's responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the responses.

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

February 2, 2015

Schedule of Findings

Fiscal Year 2014 Significant Deficiencies

2014-01 Controls over Financial Reporting

In Fiscal Year (FY) 2013, we noted several matters that highlighted the need for improved controls over financial reporting in several key process areas. Although the Office of the Chief Financial Officer implemented policies and procedures in FY 2014 that improved controls over financial reporting, we noted that certain monthly account balance reconciliations and activities performed by accounting and finance staff were not timely prepared and reviewed by a supervisor. We also noted several instances where supervisory reviews were not adequately performed to detect errors in the reconciliations and account activities. Collectively, these matters are considered to be a significant deficiency in internal control over financial reporting. Specifically, we noted the following:

- The billings to revenue reconciliations for March and June 2014 were prepared using an incorrect FY 2014 beginning balance that did not agree to the amounts in the FY 2013 audited financial statements.
- The Government accounts receivable balance reported in the FY 2014 “4 Bucket Report”, used by GPO to calculate the allowance for doubtful accounts as of September 30, 2014, exceeded the Government accounts receivable balance reported in the general ledger by \$5.6 million. This difference was not investigated by GPO staff. Upon our review of the “4 Bucket Report,” we noted that the report included items, such as Intra-governmental Payment and Collection (IPAC) chargebacks and commercial accounts receivable that should have been excluded. This resulted in an overstatement of the allowance for doubtful accounts by \$948,452 as of September 30, 2014.
- The lag factor schedule used to estimate procured printing year end accrued expenses contained multiple mathematical errors which resulted in the overstatement of the accrual and expenses by approximately \$891,356, and revenue by approximately \$953,750, for the year ended September 30, 2014. We also noted that the lag factor accrual schedule did not take into account the last three months of the year resulting in an understatement of the accrual and expenses by approximately \$1,576,424, and an understatement of revenue by approximately \$1,686,744, for the year ended September 30, 2014.
- The March 2014 general ledger closed on May 9, 2014, however, we noted that several reconciliations were not performed and reviewed until June. For example, the March 2014 Work In process (WIP) reconciliation was prepared on June 10th and reviewed on June 17th and the March 2014 salaries payable and accrued annual leave reconciliations were prepared on June 11th and reviewed on June 16th.
- During our testwork over advanced billing, we noted that one out of three transactions tested in the amount of \$60,248 was incorrectly recorded as advanced billing. The project related to this transaction was completed and final billed in July 2014. Accordingly, this amount should have been recognized as revenue in FY 2014.
- During our testwork over unbilled accounts receivable, we tested a sample of 7 transactions and noted that unbilled accounts receivable and revenue, as of and for the year ended September 30, 2014, were overstated by approximately \$67,979, as a result of the following:
 - The related project for one of the transactions was completed during July 2014 and no further billings were anticipated. However, there is a remaining unbilled accounts receivable balance of \$43,356 as of September 30, 2014 which should have been reversed by charging it to the billing variance account.

- Unbilled accounts receivable and revenue were overstated by the amount of \$24,623 that relates to an unapplied materials credit that was not timely recorded prior to September 30, 2014.

The above issues occurred due to a lack of adequate supervisory review of the reconciliations and the detail of account balances and related activities. In addition, GPO's policies and procedures do not include specific guidance on the review procedures of the account reconciliations and activities that would guide GPO supervisors during their reviews.

The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states:

“Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives, such as the process of adhering to requirements or budget development and execution. They help ensure that actions are taken to address risks. Control activities are an integral part of an entity's planning, implementing, reviewing, and accountability for stewardship of government resources and achieving effective results.

Control activities occur at all levels and functions of the entity. They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records which provide evidence of execution of these activities as well as appropriate documentation. Control activities may be applied in a computerized information system environment or through manual processes.”

Management reviews are considered a key aspect of control monitoring. Examples of control activities include reviews by management at the functional or activity level. Specifically, the *Standards for Internal Control in the Federal Government* states:

“Internal control should generally be designed to assure that ongoing monitoring occurs in the course of normal operations. It is performed continually and is ingrained in the agency's operations. It includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties.”

Financial Procedure 0004 General Ledger Account Reconciliations states:

“The Director, Accounting Operations shall determine reconciliations assignments, which are normally due 5 business days after every monthly close except September.”

Recommendations:

We recommend that GPO management:

1. Continue to improve the controls in place over the preparation and review of periodic reconciliations to ensure that the reconciliations are adequately prepared and reviewed in a timely manner.
2. Develop and implement more detailed policies and procedures to guide supervisors during their review of the various accounts balances and related activities to ensure that the consolidated financial statements are properly stated at fiscal year end.

Management Response:

Management concurs with the finding. GPO management will continue to monitor the reconciliations for timeliness and accuracy during fiscal year 2015 as well as continue the CFO-led reconciliation review meetings to work on identified weaknesses. We will develop a more efficient aging report to review the allowance for doubtful accounts with a draft completed by June 30, 2015. The reconciliation review meetings will begin in February ending after all the account reconciliations have been reviewed satisfactorily and the monitoring of the reconciliations will continue through the fiscal year. In addition, the Office of the Plant Controller has a procedure in effect to review quarterly all plant monthly projects and plant projects more than three years old. This review procedure will be expanded to include all plant jackets. The next quarterly review will take place in February 2015. In projects where no further billings are anticipated and a variance has yet to be recognized, a negative billing variance will be recognized for any revenue remaining in unbilled accounts receivable. Accounting Operations will develop a finance procedure for adding revenue from invoices to projects (to include correcting errors).

2014-02 Internal Controls over Information Technology General and Application Controls

During FY 2014, we identified deficiencies in the design and/or operations of GPO's information technology (IT) general controls in the areas of Security Management, Access Controls, Segregation of Duties, and Contingency Planning. These deficiencies were generally due to resource constraints and competing priorities at GPO. The details of these conditions, several of which have been reported to management in prior years' audit reports, are as follows:

Security Management

Security management is the foundation of a security control structure that includes a framework to document security plans and procedures. GPO's major application - Procurement Information Control System (PICS) - did not have a finalized Certification and Accreditation (C&A) package. GPO's IT Security function does not have the resources to perform a security certification review of PICS. Accordingly, GPO started the process and plans to have it completed in FY 2015.

The lack of completed C&A package documentation means that system security risks and requirements have not been documented and assessed, increasing the likelihood of unidentified threats compromising the integrity and confidentiality of GPO financial information.

GPO Directive 825.33B: *Information Technology (IT) Security Program Statement of Policy*, dated May 2011, states:

“The Certification is the evaluation of IT system(s) security controls to ensure they are implemented and to determine the residual risk. Accreditation is the acceptance by the Designed Approving Authority (DAA) of the residual risk by senior management, based on threats to the system and the implemented security controls (the DAA may grant interim authority to operate on a case by case basis.) Systems will undergo C&A before they process any data. Additionally, systems will be re-accredited at least every 3 years, or when a significant change is made to the configuration of the system.”

Access Controls

Overall, access controls at GPO continue to require strengthening in order to provide a more secure financial processing and computing environment. GPO management made progress in addressing the access control deficiencies noted in prior years. However, we noted the following access control deficiencies that need improvement:

- The General Support System's (GSS) Active Directory (AD) is not configured to disable inactive user workstations. Instead, session timeout is configured at the individual workstation.
- GPO does not have a process in place to perform and document a periodic review of personnel with access to the IT GSS Platform to determine whether user access is appropriate.
- During our testwork, we identified 117 former employees that separated from GPO during the current year, and we noted the following:
 - 28 separated employees retained active GPO's Oracle Financials (GBIS) accounts for a period ranging from 31 to 114 days after their separation date. In addition, 2 of the 28 users attempted to login after their separation date.
 - 66 separated employees retained an active GSS account for a period ranging from 36 to 336 days after their separation date. In addition, 2 of the 66 users attempted to login after their separation date.
 - One separated employee retained an active PICS account for 84 days after their separation date.

GPO's current policies do not require session locks for the GSS to be configured within AD or to perform annual review of user's access. In addition, supervisors are not consistently following the account termination policies and procedures for separated users.

Failure to enforce consistent configuration settings, reviewing user access and disabling user accounts for terminated individuals increases the risk that the confidentiality and integrity of information and information systems will be compromised.

National Institute of Standard and Technology (NIST) Special Publication 800-53, *Security and Privacy Controls for Federal Information Systems and Organizations*, Revision 4, Control AC-11, *Session Lock* states:

“The information system:

1. Prevents further access to the system by initiating a session lock after [*Assignment: organization-defined time period*] of inactivity or upon receiving a request from a user; and
2. Retains the session lock until the user reestablishes access using established identification and authentication procedures”

GPO Directive 825.33B states:

“User lists and privileges will be periodically reviewed. The review will be the basis for modifying access levels, including denying access to individuals as a result of task changes or changes in employment status.”

“Access control lists will be reviewed and updated on a periodic basis. Access will be denied to individuals who have been terminated or, at the discretion of management, to those that are the subject of adverse personnel actions.”

“Access will be denied to individuals who have been terminated, or at the discretion of management, to those that are the subject of adverse personnel actions.”

“Each system will have a process in place that ensures individuals are denied access to the system when employment is terminated, at the discretion of management, or are the subject of adverse personnel actions.”

Segregation of Duties

Effective segregation of duties starts with effective entity-wide policies and procedures that are implemented at the system and application levels. GPO has not implemented automated controls to enforce segregation of duties to prevent conflicting roles from being assigned to a GBIS user. GPO stated they are in the process of implementing the Oracle Governance, Risk, and Compliance (GRC) module to automate the process to enforce segregation of duties.

Without the proper alignment of the segregation of duties procedures and the system user listing it makes it difficult for management to identify and monitor users with conflicting roles and responsibilities. This increases the likelihood that users with conflicting roles and responsibilities can go undetected.

GPO Directive 825.33B states:

“Access controls will enable the use of only the resources, such as data programs, necessary to fulfill an individual's job responsibilities and will enforce separation of duties based on roles and responsibilities.”

Contingency Planning

Losing the capability to process, retrieve, and protect data can significantly impact an agency's ability to accomplish its mission. For this reason, an agency should have (1) procedures in place to protect information resources and minimize the risk of unplanned interruptions, and (2) a plan to recover critical operations should interruptions occur. GPO did not finalize, approve and fully test the contingency plan for its general support system because the Office 365 project was not complete.

Without an effective contingency plan and testing process in place, GPO may not be able to successfully recover critical applications and systems to maintain business functions during the event of a service disruption.

GPO Directive 825.33B states:

“The GPO will safeguard its IT systems through the implementation of the GPO IT Security Program, which will accomplish the following: Define, document, and manage the contingency planning process, including training and testing, to provide IT systems with adequate continuity of operations upon disruption of normal operations.”

“The Chief Information Officer (CIO) is responsible for developing and maintaining an agency-wide IT Security Program, including providing for the continuity of operations in the event of system disruption. Contingency plan means a plan for emergency response, back-up operations, and post-disaster recovery for IT systems and installations in the event normal operations are interrupted. The contingency plan should ensure minimal impact upon data processing operations in the event the IT system or facility is damaged or destroyed.”

Recommendations:

We recommend that the Chief Information Officer (CIO):

Security Management

1. Complete the C&A package and supporting documents for PICS.

Access Controls

2. Update GPO's policies and procedures to require the Information Technology division to modify the GSS AD settings and include session timeout or distribute guidance to GPO personnel in order to inform them of recommended session timeout settings.
3. Formally document policies and procedures for periodically reviewing access to the GPO GSS to help ensure that access is reviewed on a defined frequency and that the review is documented and implement controls to monitor compliance for the periodic review.
4. Update GPO's policies and procedures for the timely removal of terminated users from GPO systems. This policy should also include a timeframe for removal of terminated users.
5. Communicate to supervisors the importance of timely submitting access termination request forms to system owner to allow for terminated users to be removed in a timely manner.
6. Increase the frequency that management monitors the timely removal of user access from GPO systems.

Segregation of Duties

7. Ensure that the implementation of the GRC Module for GBIS to automate segregation of duties is implemented by February 2015, the scheduled completion date.

Contingency Planning

8. Finalize and approve the contingency plan for GSS and periodically perform contingency plan testing and document the results.

Management Response:

Management concurs with all conditions noted.

SECTION IV

**FINANCIAL
STATEMENTS**

Section IV: Financial Statements

**U.S. Government Printing Office
Consolidated Balance Sheets
As of September 30, 2014 and 2013
(Dollars in Thousands)**

	2014	2013
ASSETS		
Current assets		
Fund balance with Treasury (Note 2)	\$ 475,744	\$ 508,267
Accounts receivable, net (Note 3)	133,507	123,224
Inventory, net (Note 4)	34,379	28,804
Prepaid expenses (Note 5)	3,504	1,040
Total current assets	647,134	661,335
General property, plant, and equipment, net (Note 6)	130,651	114,900
Total assets	\$ 777,785	\$ 776,235
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses (Note 7)	\$ 105,078	\$ 96,155
Deferred revenues (Note 8)	160,296	198,947
Accrued annual leave	9,608	9,707
Total current liabilities	274,982	304,809
Noncurrent liabilities		
Workers' compensation liability (Note 9)	66,983	69,106
Total liabilities	341,965	373,915
Commitments and contingencies (Notes 10 and 11)		
Net position (Note 12)		
Cumulative results of operations:		
Retained earnings	221,608	197,604
Invested capital	92,879	92,879
Unexpended appropriations	121,333	111,837
Total net position	435,820	402,320
Total liabilities and net position	\$ 777,785	\$ 776,235

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

Section IV: Financial Statements

U.S. Government Printing Office
 Consolidated Statements of Revenues, Expenses,
 and Changes in Retained Earnings
 For the Fiscal Years Ended September 30, 2014 and 2013
 (Dollars in Thousands)

	2014	2013
OPERATING REVENUES		
Printing and binding	\$ 574,745	\$ 595,492
Appropriations	109,611	110,350
Sales of publications	6,645	7,836
Agency distributions	5,299	5,260
Total operating revenues	696,300	718,938
OPERATING EXPENSES		
Printing and reproduction	267,281	277,200
Personnel compensation and benefits	206,303	202,698
Supplies and materials	122,128	132,005
Other services	32,466	31,320
Depreciation and amortization	20,737	21,896
Rents, communications, and utilities	14,739	15,051
Travel, transportation, and postage	8,255	8,110
Publications sold	2,510	2,618
Subtotal	674,419	690,898
Income before other expenses	21,881	28,040
OTHER EXPENSES		
Decrease in workers' compensation liability	2,123	1,418
Net Income	\$ 24,004	\$ 29,458
Retained Earnings, beginning of year	197,604	168,146
Retained Earnings, end of year	\$ 221,608	\$ 197,604

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

Section IV: Financial Statements

U.S. Government Printing Office
 Consolidated Statements of Cash Flows
 For the Fiscal Years Ended September 30, 2014 and 2013
 (Dollars in Thousands)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 24,004	\$ 29,458
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	20,737	21,896
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(10,283)	17,952
Inventory	(5,575)	3,087
Prepaid expenses	(2,464)	116
Increase (decrease) in liabilities:		
Accounts payable, accrued expenses, and other	8,812	(13,067)
Deferred revenues	(38,651)	(1,482)
Accrued annual leave	(100)	290
Workers' compensation liabilities	(2,123)	(1,418)
Total adjustments	(29,647)	27,374
Net cash (used in) provided by operating activities	(5,643)	56,832
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital purchases	(36,489)	(36,324)
Proceeds from sale of general property, plant, and equipment	113	35
Net cash used in investing activities	(36,376)	(36,289)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in unexpended appropriations	9,496	7,117
Net cash provided by financing activities	9,496	7,117
Net increase (decrease) in fund balance with Treasury	(32,523)	27,660
Fund balance with Treasury, beginning of year	508,267	480,607
Fund balance with Treasury, end of year	\$ 475,744	\$ 508,267

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

NOTES TO THE FINANCIAL STATEMENTS

U.S. Government Printing Office
Notes to the Financial Statements
September 30, 2014 and 2013

1. Summary of Significant Accounting Policies

A. Reporting Entity

The U.S. Government Printing 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 Public Printer, 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 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

The Government Printing Office (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 Printing and Binding Operations and Publication and Information Sales Program. The two major sources of revenue to the Revolving Fund are reimbursements from the Congressional Printing and Binding 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 Printing and Binding 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 Printing and Binding (CP&B) Appropriation is used to pay the cost of the

Section IV (con't.): Notes to the Financial Statements

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 GPO 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.

Section IV (con't.): Notes to the Financial Statements

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 Public Printer 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

Section IV (con't.): Notes to the Financial Statements

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

Section IV (con't.): Notes to the Financial Statements

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, 2014 and 2013. 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.

The approximate fair values in GPO's financial instruments represent GPO's best estimates of the amounts that would be received to sell those assets, or that would be paid to transfer those liabilities, in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. GPO developed those judgments based on the best information available in the circumstances.

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.

Section IV (con't.): Notes to the Financial Statements

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, 2014 and 2013 follows:

	(Dollars in thousands)	
	2014	2013
Fund Balances:		
Revolving fund:		
Unrestricted	\$ 159,441	\$ 167,733
Restricted:		
Customer deposit accounts	154,859	195,463
Other	38,503	31,705
Total revolving fund	352,803	394,901
General funds:		
Congressional printing and binding	59,238	63,759
Salaries and expenses	25,075	27,084
Supplemental and other	38,628	22,523
Total general funds	122,941	113,366
Total	\$ 475,744	\$ 508,267

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. These funds can only be used for the purpose specified.

The uses of general funds for CP&B and S&E 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 12B).

The total fund balance with Treasury decreased \$32.5 million (6.4 percent) to \$475.7 million in fiscal 2014 from \$508.3 million in fiscal 2013. Contributing to the decrease in this account from September 30, 2013 was \$40.6 million in cash deposits returned to customer agencies. Total general funds available increased \$9.6 million (8.4 percent), and 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, 2014 and 2013, consisted of the following:

Section IV (con't.): Notes to the Financial Statements

	(Dollars in thousands)	
	2014	2013
Federal agencies:		
Unbilled accounts receivable	\$ 96,172	\$ 98,377
Billed completed work	40,911	29,157
Subtotal	137,083	127,534
Other receivables:		
The public	370	205
GPO employees	1,166	1,225
Subtotal	1,536	1,430
Total accounts receivable	138,619	128,964
Less: Allowance for doubtful accounts	(5,112)	(5,740)
Total accounts receivable, net	\$ 133,507	\$ 123,224

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 GPO 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 yet. Accordingly, unbilled accounts receivable includes the value of work in process and completed work for customer orders as of September 30, 2014, and 2013.

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 \$10.3 million (8.4 percent) in fiscal 2014 from fiscal 2013. This increase was primarily attributable to an increase in printing orders from customer agencies during the fourth quarter of fiscal 2014.

4. Inventory, Net

Inventories, net of an allowance for surplus and obsolete stock increased by \$5.6 million (19.4 percent) as of September 30, 2014 from the prior year, are detailed as follows:

Section IV (con't.): Notes to the Financial Statements

	(Dollars in thousands)	
	2014	2013
Supplies and materials	\$ 24,074	\$ 19,447
Publications for sale	4,638	5,506
Paper	5,653	5,909
Work in process	4,006	2,595
Total inventory	38,371	33,457
Less: Allowance for surplus and obsolete inventory	(3,992)	(4,653)
Inventory, net	\$ 34,379	\$ 28,804

5. Prepaid Expenses

Prepaid expenses or advances to others were \$3.5 million as of September 30, 2014, and \$1 million as of September 30, 2013. The majority of this amount is for advance payments made by GPO (\$3.2 million) for planned leasehold improvements to the Stennis facility by the U.S. Army Corps of Engineers. The balance of the advance account is comprised of passport chips for calibrating new equipment, transit benefits and unused postage.

6. General Property, Plant, and Equipment, Net

Net property, plant, and equipment as of September 30, 2014 and 2013, consisted of the following:

	(Dollars in thousands)	
	2014	2013
Land	\$ 9,971	\$ 9,971
Buildings and improvements	90,899	86,008
Plant machinery and equipment	125,504	113,246
Computers and computer software	113,490	103,821
Furniture and fixtures	6,107	6,107
Motor vehicles	648	648
Leasehold improvements	10,582	10,544
Capitalized software in process	4,206	5,499
Capital improvements in process	28,192	17,222
Total	389,599	353,066
Less: Accumulated depreciation and amortization	(258,948)	(238,166)
General property, plant, and equipment, net	\$ 130,651	\$ 114,900

Section IV (con't.): Notes to the Financial Statements

General property, plant, and equipment increased by \$15.8 million in fiscal 2014 from fiscal 2013 with capital additions of \$36.5 million, offset by annual depreciation of \$20.7 million. Included in the machinery and equipment (M&E) investment increase of \$12.3 million was approximately \$9.7 million in laser perforation and collating and lamination equipment for next generation secure credential products. Some of the additional GPO capital investments in fiscal 2014 included about \$3 million for power system upgrades. A majority of capital additions for computers and computer software in fiscal 2014 included FDsys hardware and software for \$4 million, IT infrastructure upgrades for \$3 million, and Oracle enterprise system (GBIS) upgrades of \$1.2 million.

Capital improvements-in-progress (CIP) increased by \$11 million in fiscal 2014 compared to fiscal 2013. CIP included \$8.3 million for laser perforation, and card collating and lamination equipment projects for the ramp-up of new smart card capacity.

Depreciation expense was \$20.7 million in fiscal year 2014 and \$21.9 million in fiscal year 2013.

7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of September 30, 2014, and 2013, were composed of the following:

	(Dollars in thousands)	
	2014	2013
Accounts payable:		
Commercial printing	\$ 62,388	\$ 57,975
U.S. Government agencies	6,787	7,613
Other	26,948	25,455
Total accounts payable	96,123	91,043
Accrued salaries and payroll taxes	8,955	5,112
Total accounts payable and accrued expenses	\$ 105,078	\$ 96,155

The increase in accounts payable and accrued expenses of \$8.9 million resulted in part from an increase in printing orders received from customer agencies during the fourth quarter. The Other category includes payables to two vendors (\$4 million and \$2.9 million, respectively) for E-passport microchip integrated circuits. Additional types of Other payables includes the categories of professional services, including IT software development, maintenance, and systems security. The accrued salaries and payroll taxes for fiscal 2014 included \$2.2 million for estimated payments to employees participating in the Agency's 2014-2015 buyout program. These employees are scheduled to leave the Agency no later than December 31, 2014.

Section IV (con't.): Notes to the Financial Statements

8. Deferred Revenues

As of September 30, 2014, and 2013, deferred revenues from customers consisted of the following:

	(Dollars in thousands)	
	2014	2013
Deposit accounts	\$ 154,859	\$ 195,463
Advance billings	4,051	2,143
Subscriptions	1,111	1,176
Unfilled orders	275	165
Total	\$ 160,296	\$ 198,947

GPO held \$154.9 million and \$195.5 million in customer deposit accounts as of September 30, 2014, and 2013, respectively. Of these amounts, Federal Government customers had advanced funds of \$153 million and \$193.4 million for printing and binding deposit accounts, and customers advanced \$1.9 million and \$2.1 million for publication and information sales program deposit accounts as of September 30, 2014, and 2013, respectively. The funds in these deposit accounts will be applied to future orders placed by customers or refunded on request. The \$38.7 million (19.5 percent) reduction in fiscal 2014 from fiscal 2013 was primarily driven by the return of \$36.8 million in cash deposits to the customer agencies.

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 \$4.1 million in fiscal 2014 from \$2.1 million in the prior year.

9. Workers' Compensation Liability

Claims incurred and paid by DOL as of September 30, 2014, and 2013, but not yet reimbursed to DOL by GPO, are approximately \$6 million and \$6.7 million, respectively. This component of worker's compensation liability is considered current rather than long-term.

Section IV (con't.): Notes to the Financial Statements

GPO's estimated non-current, actuarially derived future workers' compensation liability was approximately \$67 million and \$69.1 million as of September 30, 2014, and 2013, respectively. GPO's estimated, undiscounted, non-current, actuarially derived future workers' compensation liability was approximately \$99.3 million and \$105.3 million as of September 30, 2014, and 2013, 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, 2014 and 2013, of 3.00 percent and 3.26 percent, respectively.

10. Commitments

10. A. Operating Leases

As of September 30, 2014, 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 \$3.7 million in both fiscal 2014 and fiscal 2013.

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

Future Minimum Rental Payments Required Under Operating Leases

Fiscal Year	(Dollars in thousands)		
	Warehouse	Office	Total
2015	\$ 533	\$ 477	\$ 1,010
2016	0	367	367
2017	0	361	361
2018	0	234	234
2019 & Thereafter	0	9	9
Total Minimum Lease Payments	\$ 533	\$ 1,448	\$ 1,981

10. B. Obligations

GPO had unliquidated obligations of \$364.2 million at September 30, 2014, and \$242.1 million at September 30, 2013, of which \$233.9 million and \$125.1 million, respectively, were undelivered orders related to commercial printing. These obligations include purchase orders and contractual obligations by GPO to acquire goods and services from the private sector and other sources. Some of these orders are scheduled for delivery or performance in the next fiscal year.

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 both September 30, 2014, and 2013, GPO has zero recorded estimated liabilities, respectively, related to claims in which management believes the likelihood of an adverse result against GPO is probable. If such amounts were to present themselves in future years, they would be included in accounts payable and accrued expenses in the financial statements.

Contingencies where the risk of loss is reasonably possible, are approximately \$1.3 million and \$640,000, as of September 30, 2014 and 2013, 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 \$4.6 million in fiscal 2014 and \$2.2 million in fiscal 2013 on behalf of GPO and other Federal Agencies. In fiscal 2014, \$4.6 million was paid under a Consent Decree to resolve a lawsuit related to past recycling of wastepaper that may have contained polychlorinated biphenyl (PCB). GPO was one of 5 agencies identified in the Consent Decree. No allocation of the payment amount was made by DOJ and, based on the language of the Consent Decree, GPO's share of the payment amount, if any, is not determinable. In fiscal 2013 a \$2 million payment was made by DOJ to settle a suit in which GPO was one of 19 Federal agency defendants. The suit related to toxic waste that was disposed of by GPO in 1992. The total settlement amount was recorded by DOJ against GPO in their reporting system, and DOJ did not attempt to attribute fair-shares of the settlement to each of the 19 agencies involved. GPO estimates that its fair-share of the settlement paid from the Judgment Fund in fiscal 2013 on its behalf was approximately \$100,000.

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

Section IV (con't.): Notes to the Financial Statements

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 \$722,000 as of September 30, 2014, and \$453,000 as of September 30, 2013. 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 GPO 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, 2012, through September 30, 2014, for appropriations made available to GPO:

Unexpended Appropriations

Appropriations (Dollars in thousands)	Revolving Fund	Salaries and Expenses	Congressional Printing and Binding	Total
Unexpended balance at September 30, 2012	\$ 19,913	\$ 26,984	\$ 57,823	\$ 104,720
2013 fiscal year appropriation activity:				
Received	3,967	31,437	82,130	117,534
Transferred	3,239	(3,239)	0	0
Expended	(4,597)	(29,627)	(76,193)	(110,417)
Unexpended balance at September 30, 2013	22,522	25,555	63,760	111,837
2014 fiscal year appropriation activity:				
Received	8,064	31,500	79,736	119,300
Transferred	15,158	(5,675)	(9,483)	0
Expended	(7,116)	(27,914)	(74,774)	(109,804)
Unexpended balance at September 30, 2014	\$ 38,628	\$ 23,466	\$ 59,239	\$ 121,333

As of September 30, 2014, GPO had obligated all of the \$59.2 million of the unexpended appropriations available for Congressional printing and binding, and all of the \$23.5 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, 2014. At September 30,

Section IV (con't.): Notes to the Financial Statements

2013, the obligations were \$63.8 million in Congressional Printing and Binding Appropriations and \$25.6 million in Salaries and Expenses Appropriations.

The Revolving Fund unexpended appropriations balances at September 30, 2014, and 2013 were \$38.6 million and \$22.5 million, respectively. The Revolving Fund unexpended appropriations balances are primarily the result of the following appropriation activities:

- In fiscal 2001, Congress authorized the transfer of \$3.3 million to the Revolving Fund from prior year Salaries and Expenses Appropriations to pay for the printing and distribution of publications to depository libraries. As of September 30, 2014, GPO had expended \$2.7 million from this appropriation. At the end of fiscal 2014, the balance available for future expenditure was \$555,000. At the end of fiscal 2013, there was \$740,000 available.
- In fiscal 2010, Congress appropriated \$12.8 million to the Revolving Fund for information technology development and facilities repair. As of September 30, 2014, GPO had expended about \$12.5 million from the appropriation, of which about \$138,000 was expended in fiscal 2014. At the end of fiscal 2014, a balance of \$226,000 was available for expenditure. At the end of fiscal 2013, a balance of \$364,000 was available for expenditure.
- In fiscal 2010, GPO transferred a total of \$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, 2014, and 2013, a balance of \$1.5 million was available for future expenditure.
- In fiscal 2011, GPO transferred \$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, 2014, GPO had expended \$1.4 million from this appropriation. As of September 30, 2014, a balance of \$1.2 million was available. At the end of fiscal 2013, a balance of \$2.6 million was available for expenditure.
- In fiscal 2012, GPO transferred a total of \$9.9 million unexpended prior year balances of Congressional Printing and Binding 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 Printing and Binding and Salaries and Expenses, respectively to offset requirements for new budget authority for fiscal 2015, and liquidate obligations incurred in subsequent years. These amounts were unexpended as of September 30, 2014.
- In fiscal 2013, GPO transferred \$3.2 million from the Salaries and Expenses Appropriations to the Revolving Fund. These amounts are available to the Revolving Fund to offset Salaries and Expenses requirements for new budget authority for fiscal 2014 and to liquidate obligations incurred in subsequent years. These amounts were unexpended as of September 30, 2014.

Section IV (con't.): Notes to the Financial Statements

- In fiscal 2013, Congress appropriated \$4 million to the Revolving Fund for information technology development. As of September 30, 2014, GPO had expended about \$2.8 million from the appropriation. As of September 30, 2014, a balance of \$1.2 million was available. At the end of fiscal 2013, a balance of about \$3 million was available.
- In fiscal 2014, GPO transferred about \$9.5 million from the Congressional Printing and Binding 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 are 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, 2014.
- In fiscal 2014, Congress appropriated \$8.1 million to the Revolving Fund for information technology development. As of September 30, 2014, GPO expended about \$3.7 million from the appropriation leaving a balance of \$4.4 million available.

13. Appropriated Funds

13. A. Total Appropriations Made Available

The total appropriations made available to GPO for fiscal 2014 and 2013 were as follows:

	(Dollars in thousands)	
	2014	2013
Congressional printing and binding	\$ 79,736	\$ 82,130
Salaries and expenses	31,500	31,437
Revolving fund	8,064	3,967
Total available appropriations	\$ 119,300	\$ 117,534

Section IV (con't.): Notes to the Financial Statements

13. B. Expended Appropriations

The total appropriations expended by GPO during fiscal 2014 and 2013 were as follows:

Expended Appropriations

	(Dollars in thousands)	
	2014	2013
Congressional printing and binding:		
Hearings	\$ 15,156	\$ 18,339
Congressional Record products	20,928	18,818
Miscellaneous publications and printing and binding	22,391	24,236
Bills, resolutions, and amendments	4,327	4,496
Details to Congress	3,848	4,232
Business and committee calendars	3,470	2,209
Committee reports	1,423	1,713
Other	2,150	823
Public document envelopes	409	492
Committee prints	672	835
Total Congressional printing and binding	74,774	76,193
Salaries and expenses:		
Depository library distribution	19,657	20,245
Cataloging and indexing	6,975	8,030
International exchange	953	996
By-law distribution	329	356
Total salaries and expenses	27,914	29,627
Revolving Fund:		
Infrastructure improvements	7,118	4,423
Workforce retraining	0	174
Total revolving fund	7,118	4,597
Total expended appropriations	109,806	110,417
Reconciliation of expended appropriations to the consolidated statements of revenues, expenses, and changes in retained earnings:		
Total expended appropriations	109,806	110,417
Eliminations (Intra-agency)	(195)	(67)
Consolidated revenues from appropriations	\$ 109,611	\$ 110,350

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

Section IV (con't.): Notes to the Financial Statements

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 2014 and 2013 for investigators and law-enforcement officers, and 7.0 percent of basic pay in both years for all other employees. GPO contributions were \$1.8 million and \$2 million for the years ended September 30, 2014 and 2013, 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 33.3 percent of basic pay in fiscal 2014 and 30.7 percent in fiscal 2013. The FERS contribution rate for all other employees was 15.1 percent in fiscal 2014 and 14.2 percent in fiscal 2013. GPO contributions to FERS totaled \$14.7 million for fiscal 2014 and \$14.4 million for fiscal 2013.

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 \$17,500 for both 2014 and 2013. Employees who were 50 years old or older were allowed additional catch-up contributions of \$5,500 in 2014 and 2013. 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 \$4.8 million in fiscal 2014 and \$4.7 million in fiscal 2013.

Social Security System

Section IV (con't.): Notes to the Financial Statements

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 \$117,000 in 2014 and \$113,700 in 2013) 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 for the years ended September 30, 2014, and 2013 totaled \$9.9 million and \$9.7 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 2014 and 2013:

	(Dollars in thousands)			
	2014		2013	
	Billings	% of Total	Billings	% of Total
U.S. Department of State	\$ 208,508	31.3%	\$ 219,343	31.2%
U.S. Congress	75,071	11.3%	75,370	10.7%
U.S. Dept. of Health & Human Services	46,859	7.0%	44,398	6.3%
U.S. Defense Logistics Agency	46,432	7.0%	56,253	8.0%
U.S. Dept. of Homeland Security	43,011	6.5%	36,203	5.1%
U.S. Department of the Veterans Affairs	35,984	5.4%	37,341	5.3%

16. Voluntary Separation Incentive Program

In fiscal 2014, the Public Printer established the *Voluntary Separation Incentive Program* (VSIP) and the *Voluntary Early Retirement Authority* (VERA) under Federal authority 2 U.S.C. 60q, and with the approval of the House of Representatives Committee on House Administration, Senate Committee on Rules and Administration, and OPM. The Agency offered buyouts of up to \$25,000, and early outs, with a goal of achieving a reduction of 100 positions. As of September 30, 2014, a total of 104 employees had voluntarily agreed to separate from GPO under the program. As of September 30, 2014, GPO accrued \$2.2 million in the Revolving Fund for the estimated liability of the VSIP buyout incentive payments on an estimated 90 VSIP separations, as some employees historically reconsider their retirement decision.

17. Subsequent Events

Subsequent to the financial statements date of September 30, 2014, the "Consolidated and Further Continuing Appropriations Act, 2015" (H.R. 83) passed by Congress in December 2014 and signed into law by President Obama changed the name of the Government Printing Office to the Government Publishing Office. The name change had no financial impact on the agency. GPO has also evaluated all other significant subsequent events through February 2, 2015, 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.

Section IV (con't.): Abbreviations List

ABBREVIATIONS LIST

ASC	Accounting Standards Codification
CP&B	Congressional Printing and Binding
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 Printing 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



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