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<div class="home"><a href="/">Home</a>

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<div class="section1">

<h1 class="main-page-title1 section1\_title">About GPO</h1>

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<div class="main-page-intro1">The core mission of *Keeping America Informed*, dated to 1813 when Congress determined to make information regarding the work of the three branches of Government available to all Americans. **The U.S. Government Printing Office (GPO)** provides publishing and dissemination services for the official and authentic government publications to Congress, Federal agencies, Federal depository libraries, and the American public.</div>

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<p><span class="section2\_title"><strong>GPO Mission, Vision, Core Values, and Goals</strong></span><br /> Review GPO's <a href="/about/annualreport.htm">Annual Report FY2011&ndash;2015</a>.</p>

<p><span class="section2\_title"><strong>GPO's Strategic Plan&mdash;Customer Centric and Employee Driven</strong></span><br />

Review GPO's <a href="/pdfs/about/2011\_StrategicPlan.pdf">Strategic Plan for FY2011&ndash;2015</a>.</p>

<p><span class="section2\_title"><strong>Management Team</strong></span><br /> <a href="/about/management\_team.htm">View our organizational chart</a> and download leadership biographies.</p>

<p><span class="section2\_title"><strong>Frequently Asked Questions</strong></span><br />

<a href="/about/faq.htm">General questions</a>

150  
YEARS  
1861-2011





December 21, 2011

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 Printing Office (GPO) for the fiscal year ending September 30, 2011. The report contains the results of an audit of GPO's financial statements conducted by an independent accounting firm.

Respectfully submitted,

A handwritten signature in black ink that reads "Wm. J. Boarman". The signature is written in a cursive style.

WILLIAM J. BOARMAN  
Public Printer

## Public Printer's Message

When the Founding Fathers met in Philadelphia in the summer of 1787 to devise a new charter for the fledgling national government, they brought with them a tradition of “public printing”—the publication of official acts and proceedings for access by the people—as a means of assuring the people’s right to know about the activities and actions of their government. “The people have a right to know what their agents are doing or have done, and it should not be in the option of the legislature to conceal their proceedings,” said delegate James Wilson of Pennsylvania, a sentiment that was later enshrined in Article I, section 5, of the Constitution as a requirement that “Each House shall keep a Journal of its Proceedings, and from time to time publish the same, excepting such Parts as may in their Judgment require Secrecy...”

For the next 73 years, the early Congresses struggled to devise an effective, economical system for carrying out the constitutional responsibility to keep America informed, finally settling on the establishment of the Government Printing Office. Opening its doors on the day President Abraham Lincoln was inaugurated in 1861, 150 years ago this year, the new GPO carried out its job effectively and proved itself capable of changing with the times to meet the Government’s evolving printing and information needs.

In the ensuing years, the mechanization of printing, especially with the introduction of the linotype machine, led to vastly more efficient production, providing the printing needed by the growing Nation and helping the Government meet and overcome the crises of the Great Depression and two World Wars. In the postwar period, GPO adapted again, first incorporating

computers into its printing systems and then developing online products and systems to meet the information needs of the Government and the public in the increasingly digital era.

In 2011, GPO continued to perform the functions that trace their origins to the tradition of “public printing,” but using technologies and systems that the Founders could never have imagined. Information content produced on digital systems by Congress and Federal agencies is stored on GPO’s Federal Digital System (FDsys), where it can be accessed and processed for new and innovative uses, such as *Federal Register 2.0*.

Today’s U.S. passport, the direct descendant of the document first produced by Benjamin Franklin, is a hybrid of high-tech security printing with an embedded computer chip, facilitating travel across international borders worldwide while providing the highest standards of secure identity for American travelers. U.S. border crossings

for frequently travelling citizens are also expedited by the NEXUS, SENTRI, and FAST smart cards produced by GPO for the Department of Homeland Security, another hybrid print and digital product. And GPO’s longstanding partnerships with the printing industry and the Federal depository library community are strengthened by electronic links providing competitive bid opportunities and online search and retrieval to the broad spectrum of information produced by all three branches of the Government.

Not long after GPO first went to work, it was able to report a significant savings in Government printing over pre-GPO costs. That trend has continued throughout our history, perhaps nowhere more prominently than in the savings resulting from our conversion from hot metal to computerized typesetting more than a generation ago, yielding reductions of up to two-thirds in the cost of congressional printing today as compared to previous years.

Similarly, GPO’s implementation of online dissemination to depository libraries and other users in the early 1990s has resulted in significant savings over the cost of producing and distributing printed materials while at the same time broadening public access exponentially. I am pleased to report that our businesslike operations and its record of savings for the taxpayer continued in 2011, with the agency generating \$5.6 million in net income for the year.

The achievement of this positive financial result was not foreordained, however. Instead, the financial condition of the agency earlier in the year and the fiscal realities of 2011 presented GPO with a number of serious challenges. When I took office in January 2011, I found that overhead costs had increased significantly in recent years and were projected to increase further, threatening



our financial stability. There was also a longstanding problem of nearly \$30 million in unrecovered payments owed to the GPO by Federal agencies.

In response, we worked with the Senate and House Appropriations Committees to resolve GPO's funding for FY 2011 at a level that was significantly lower than what was originally requested. We cut our annual spending plan for FY 2011 as previously submitted to the Joint Committee on Printing (JCP) by 15%. We held the line on salary increases consistent with the pay freeze ordered by the President, reduced the number of senior-level

costs, we conducted the first-ever survey of Senate and House offices on their continued need for daily printed copies of the *Congressional Record* and other documents, resulting in the reduction of several hundred copies.

To meet what are expected to be substantially reduced appropriations levels for FY 2012, we conducted a buyout/early out retirement incentive program targeting a reduction of 15% of the workforce, and we expect to come in close to that target by the end of calendar 2011. We are also in discussions with outside agencies over their potential use of available GPO space, which could

While we worked to reduce costs, we made a commitment to do more with less.



managers, and implemented controls on hiring, travel, overtime, and related discretionary accounts. Together these actions resulted in a significant reduction in overhead expenses.

To address the problem of outstanding payments from Federal agencies, we created a multi-disciplinary task force, an effort that by yearend recovered approximately \$9 million. To help Congress reduce its printing

significantly reduce our facilities costs.

While we worked to reduce costs, we made a commitment to do more with less. We developed and released a Strategic Vision Plan that emphasizes customer service. The focus of the plan has begun to take hold as shown by the results of a recent survey of GPO's customer agencies. We submitted to the JCP a program of capital investments for

(Above) Public Printer Bill Boardman discussed GPO's buyout plan with employees on all 3 shifts in round-the-clock town hall meetings in June.

Few other Federal agencies can count as part of their heritage the scope of the work GPO has performed.

FY 2012 that will yield new efficiencies in GPO's services. We continued the development of our Federal Digital System (FDsys) as Congress and Federal agencies move increasingly to the use of digital information products. This year, at the request of the National Archives and Records Administration, we used FDsys to support public access to the previously unreleased grand jury proceedings involving President Nixon.

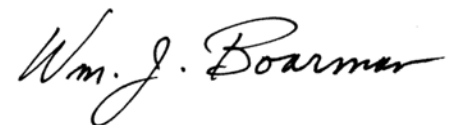
We started a Facebook page for GPO, implemented a new pilot project to make Federal court opinions freely available online to the public, and

to expand GPO's critically important information services to the Senate and House of Representatives, as well as Federal agencies and the public, is working and showing real and measurable benefits, and we plan to continue following this path.

In 2011, we observed the 150th anniversary of the day GPO opened its doors for business by presenting a public exhibit of our history, with a companion publication, *Keeping America Informed: The U.S. Government Printing Office/150 Years of Service to the Nation*. The exhibit features a copy of the most extraordinary document ever to have been printed by GPO, and perhaps ever issued by the Government: the Emancipation Proclamation, generously loaned to us by the Library of Congress. Both the exhibit and the book have been well-received, a testament to the extraordinary legacy of service that GPO has provided to Congress, Federal agencies, and the Nation over the past century and a half.

Few other Federal agencies can count as part of their heritage the scope of the work GPO has performed, from that first printing of the Emancipation Proclamation to the development of one of the Government's largest and most comprehensive Web sites. The multitude of men and women who have worked here over the past 150 years, who produced the documents that have lasted to this day, and who adapted to and made technology change a reality, are the source of that legacy. In this annual report is the story of the work they performed in 2011, and a preview of the legacy that is being carried forward into the years to come.

expanded our partnership with Google Books to include Federal consumer-oriented information made available by the General Services Administration as well as the first volume of the Public Papers of President Obama. We released a mobile app of our online Member Guide, the first of its kind by GPO, providing the public with access on a variety of devices to photos and other information about Members of Congress. I believe our program of reducing costs while continuing



(Above) GPO's 150th anniversary exhibit, *Keeping America Informed*, attracted thousands of visitors following its opening in June. (Left) Public Printer Boorman inspects an original printed edition of the 1862 Preliminary Emancipation Proclamation on its delivery by Library of Congress curators.



GPO opened for business on March 4, 1861, the same day President Abraham Lincoln was inaugurated. This year marks GPO's 150th anniversary of *Keeping America Informed*. GPO's mission can be traced to the requirement in Article I of the Constitution that each House of Congress shall keep a journal of its proceedings and from time to time publish the same.

Today, GPO produces the daily and permanent editions of the *Congressional Record*, bills, resolutions, amendments, hearings, committee reports, committee prints, documents, stationery, and a wide variety of other products, in both online and print formats, that are essential to the legislative process in Congress. GPO provides Congress with immediate, reliable service in a work environment under its direct control. All of the work performed by GPO for Congress is funded through the annual appropriation for Congressional Printing and Binding.

Digitized databases containing congressional information are now GPO's essential product. GPO's conversion to digital databases for the composition of congressional publications occurred more than a generation ago. Today the activities associated with creating congressional information databases comprise the majority of the work GPO performs for Congress.

In addition to using these databases to produce printed products as required by Congress, GPO uploads them to the Internet via our online information system, known previously as GPO Access and today as GPO's Federal Digital System (FDsys) [www.fdsys.gov](http://www.fdsys.gov). Since the agency first went online in 1994, these systems have provided Congress

and the public with the definitive source of congressional information. GPO authenticates documents on FDsys by digital signature. This signature assures



the public that the document has not been changed or altered. A digital signature, viewed through the GPO Seal of Authenticity, verifies the document's integrity and authenticity.

Throughout GPO's history, its employees have adapted to the various needs of Congress and technology changes to produce the *Congressional Record* in both online and print formats. Whenever Congress is in session, GPO employees in a matter of hours take the proceedings and debates of Congress and turn stacks of manuscript into the digital files that are then made available online via FDsys and in print.

Technological changes over the past generation have reduced the cost of this and other congressional publications

by more than two-thirds, and today the vast majority of the cost to produce the *Congressional Record*—nearly 70%—is in the creation of the digital file for dissemination online and in print. For those print copies needed by Congress, Federal agencies, and the public, production is on 100% recycled newsprint with vegetable oil-based ink.

By law and regulation, House and Senate offices and committees are provided by GPO with printed copies of the *Congressional Record* and the *Congressional Record Index*, and—on behalf of the Office of the Federal



(Left and above) In March, Public Printer Boorman explained to the Senate Appropriations Committee that 70% of the cost of producing congressional work, such as the *Congressional Record*, is related to preparing the digital file that is used for both digital access as well as printing.

Throughout GPO's history, its employees have adapted to the various needs of Congress and technology changes...

Register (OFR)—with copies of the *Federal Register*, the *Federal Register Index*, and the *Code of Federal Regulations*. At the same time, GPO makes all of these publications available online on FDsys. Since 1994, when GPO first began providing congressional information products in online digital formats, the number of printed copies of the *Congressional Record* that GPO has been required to produce overnight has declined from nearly 20,000 to about 3,000 today.

In May 2011, GPO developed and conducted the first-ever online survey of

publications from GPO quickly and easily. In addition, we followed up with offices and committees that did not respond to the survey or the Web form to ensure GPO is providing only the number of printed information products that congressional offices need. As a result of the survey, GPO is producing several hundred fewer copies of the *Congressional Record* every day Congress is in session.

GPO developed the agency's first mobile Web application in a digital guide to the Members of the 112th Congress. The public can take advantage

volumes of the Statutes at Large for 1951-2002, which are now available online via FDsys. GPO and LOC have begun work on digitizing the official debates of Congress from the permanent volumes of the *Congressional Record* from 1873-1998. GPO and LOC are also working together on a project to provide enhanced public online access to the *Constitution of the United States: Analysis and Interpretation* (CONAN), a Senate Document that analyzes Supreme Court cases relevant to the Constitution.

Since the agency's inception, GPO employees have worked through a



(Left) In October, GPO issued its first mobile app, providing handheld access to GPO's online guide to pictures and contact information for Members of the House and Senate, while earlier in the year GPO developed an online tool for congressional offices to opt in or out of receiving printed copies of the *Congressional Record* and other documents. (Right) In February, Public Printer Boorman and GPO Chief of Staff Davita Vance-Cooks accompanied the Archivist of the U.S. and staff of the Office of the Federal Register to the White House to present President Obama with the first volume of his Public Papers of the President. (Far right) OMB Director Jacob Lew and Public Printer Boorman unveiled President Obama's budget for FY 2012 as it came off the production line at GPO in January.

congressional offices and committees on their need for the printed *Congressional Record* and OFR publications. The online survey asked Members, committees, and other offices in the House and Senate of their needs for the daily *Congressional Record*, the *Congressional Record Index*, and other publications.

Initially, the survey elicited about a 50% response rate, with many—though not all—offices and committees requesting to reduce or opt out of their receipt of these publications. We created a new online form allowing congressional offices and committees to update their need for printed

of this free downloadable app on any mobile device. Users can search for Members of Congress by last name, state, chamber, or party. Each member's profile includes their picture, party affiliation, hometown, home state, and number of terms served. The creation of this app builds upon our role as the digital information platform for the Federal Government.

GPO is collaborating with the Library of Congress (LOC) to digitize some of our Nation's most important legislative documents. The collaboration has already resulted in the digitized

number of unusual conditions to meet the needs of Congress, Federal agencies, and the public. In August 2011, an earthquake measuring 5.8 on the Richter Scale shook the Washington, DC, area. Following an evacuation of the building to ensure the structure was still sound, GPO employees went back to work to serve the needs of the Congress and Federal agencies. Approximately 100 essential employees in the plant, IT, security, and facilities division worked through the night to be sure the *Congressional Record*, the Senate Calendar, and the daily *Federal Register* were printed and made available online.



## GPO and Federal agencies

For more than a century, GPO's mission under Title 44 of the U.S. Code has been to *Keep America Informed*: to fulfill the needs of the Congress and Federal agencies for official, authentic Government information products, and to make those products available to the public.

GPO's digital systems support key Federal publications, including the annual U.S. Budget and, most importantly, the Federal Register and associated products. For 75 of GPO's 150 years, the agency has worked with the Office of the Federal



Register (OFR) of the National Archives and Records Administration (NARA) to produce the *Federal Register*.

Through GPO's efforts, the online *Federal Register* is also being made available in extensible markup language (XML) to support bulk data downloads via [www.data.gov](http://www.data.gov), and with OFR, Working with the OFR, we developed the online *Federal Register 2.0*, an innovative approach to making information on Federal regulations and related documents available to the public. Our advanced authentication systems, supported by public key infrastructure (PKI), are an essential component for assuring the digital security of this and other Federal agency documents.

For the past two years, President Obama has asked Federal employees to submit suggestions on how to make the Government more effective and efficient and ensure taxpayer dollars are spent wisely through the White House SAVE Award (Securing Americans Value and Efficiency) initiative. The 2010 SAVE Award winning idea focused on the *Federal Register*, allowing recipients to opt-in for hard copy delivery in order to yield savings associated with printing and postage since the Federal Register is available and easily accessible online from GPO. GPO has been working with OFR in carrying out this White House initiative. As the quantities of the printed version of the Federal Register are reduced, GPO has adjusted staffing and resources accordingly.

Every year, GPO produces the *President's Budget of the United States Government* for the Office of Management and Budget (OMB). In February 2011, OMB Director Jacob Lew visited GPO to inspect the production of President Obama's *Budget of the United States Government FY 2012* in GPO's plant. Lew also met the employees who produce the *Budget* and was presented with his own copy by the Public Printer. In addition to printing the *Budget*, GPO makes it available online on FDsys.

GPO has a long history of working with the NARA and the OFR to produce the *Public Papers of the President*, which is published twice a year and covers a six-month period. The series includes volumes documenting the

administrations of Presidents Hoover, Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, Carter, Reagan, George H.W. Bush, Clinton, and George W. Bush. In February 2011, Public Printer Boarman, Archivist David Ferriero, GPO's Chief of Staff Davita Vance-Cooks, Director of the Federal Register Ray Mosley, and OFR staff presented President Barack Obama with the first volume of the *Public Papers* dedicated to his presidency in an Oval Office ceremony. The book, published by OFR and produced by GPO, is composed of a forward by President Obama, and public writings, addresses, remarks, and photographs that occurred from January 20-June 30, 2009.

Also in 2011, NARA turned to GPO to host the transcripts of President Nixon's Watergate grand jury testimony on FDsys. NARA opened 26 files from its Records of the Watergate Special Prosecution Force collection including transcripts of President Nixon's grand jury testimony of June 23-24, 1975. NARA sought GPO's services for its expertise in digital collections and role as the digital information platform for the Federal Government. This was the first time the public has had access to this historic collection.

The other major products that GPO produces are U.S. passports for the Department of State, the premier product of our secure and intelligent documents business unit. At one time no more than a conventionally printed blank book, the U.S. passport today incorporates a chip and antenna array capable of carrying biometric identification data, which with other security features has transformed this document into the most secure identification credential obtainable. In FY 2011, GPO produced 13 million U.S. passports for the Department of State through its main plant in Washington,

DC, and remote secure production facility at the Stennis Space Center in Mississippi.

GPO has also developed a line of secure identification “smart cards” used by a number of Federal agencies, including the Department of Homeland Security (DHS). In 2011, GPO achieved a milestone in the production of secure border credentials, when GPO employees produced the one millionth Trusted Traveler Program (TTP) card for DHS’ Customs and Border Protection (CBP). CBP’s Trusted Traveler Program provides an expedited entry process for pre-approved, low-risk travelers upon arrival in the United States. TTP cards include NEXUS, SENTRI and FAST and are approved travel documents under the Western Hemisphere Travel Initiative. GPO is now producing the Global Entry card, which is also part of TTP, and serves pre-approved international air travelers when they return to the United States. Global Entry cardholders present the cards at automated kiosks to enjoy expedited processing through customs.

GPO also produces a secure identification card for the District of Columbia government. The DC One Card is a consolidated credential designed to give adults and children access to DC government facilities and programs. GPO’s employees are responsible for designing, printing, personalizing, and mailing the DC One Cards. In July 2011, DC Mayor Vincent C. Gray visited GPO and toured the agency’s secure card center. Public Printer Bill Boarman presented Gray with his own personalized DC One Card. GPO is producing 20,000 DC One Cards for the DC Government.

GPO’s 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). GPO employees in the agency’s Secure Credential Center can print and personalize the cards with the cardholder’s picture and biographical data. GSA certified that GPO complies with Federal Information Processing Standard 201, which sets requirements to ensure that identification cards are secure and resistant to fraud. Federal agencies can now select GPO to produce their agency’s identification cards.

GPO works with Federal agencies to preserve and make available their collections of Government information on FDsys. In collaboration with the National Oceanic and Atmospheric Administration (NOAA) Coastal Services Center, GPO is providing digital access through FDsys to more than 5,000 coastal-related documents from the Coastal Zone Information Collection. The collection provides nearly 30 years of data and information crucial to the understanding of U.S. coastal management and NOAA’s mission to sustain healthy coasts. NOAA sought GPO’s preservation repository services on FDsys after planning to discontinue public access to the collection.

Other than congressional and inherently Governmental work such as the *Federal Register*, the Budget, and secure and intelligent documents, GPO produces virtually all other Federal information product requirements via contract through a longstanding partnership with the private sector printing industry. Our procurement operation handles approximately 75% of all work sent to GPO for production. This system is one of the Government’s longest running and most successful programs of utilizing the private sector, which is represented by more than 16,600 individual firms registered to do business with us, the vast majority of whom are small businesses averaging

20 employees per firm. Contracts are awarded on a purely competitive basis; there are no set-asides or preferences in contracting other than what is specified in law and regulation, including a requirement for Buy American. This partnership provides great economic opportunity for the private sector.

GPO closed out FY 2011 by conducting a customer satisfaction survey of more than 750 Federal agency customers. The survey focused on GPO’s printing and publishing services, billing processes, and employee customer service. This was the first customer satisfaction survey conducted since 2007 with the purpose of identifying ways GPO can better serve Federal agency customers. Some of the results included:

- 91 percent of customers are satisfied overall with the services they are receiving
- 89 percent of customers are likely to recommend GPO to a colleague
- 81 percent of customers utilize the forms and publications available on GPO’s Web site

The results of the customer satisfaction survey support a principal goal of GPO’s Strategic Plan, released in April 2011, to ensure that GPO meets customer agency needs and expectations. The survey reported improvements across the board in satisfaction with GPO’s billing process, including promptness of billing, accuracy of invoices, the billing problem resolution process, and satisfaction with GPO’s deposit accounts. Earlier this year GPO established a multidisciplinary task force to identify and resolve billing issues, to improve customer satisfaction and collect outstanding funds owed to GPO. By yearend, approximately \$9 million in outstanding payments had been recovered.

## GPO and the Public

In 2011, GPO celebrated 150 years of service to the Nation. To commemorate this milestone, the agency opened an exhibit at its headquarters in Washington, DC, and released a new book on GPO's history. The exhibit's centerpiece is an original, printed copy of the preliminary Emancipation Proclamation, issued in September 1862 by President Abraham Lincoln and printed by GPO. The document, on loan from the Library of Congress, shows a proofreader's edits marking revisions that were incorporated into the final version of the Proclamation that was issued in January 1863.

The exhibit tells the story of how GPO's employees through its history have moved from using hand-set type to employing hand-held devices for receiving the latest digital files of Government information. Among the exhibit's highlights are copies of the memorable work produced by GPO through the years, including Thomas Jefferson's Bible, the *Warren Commission Report on the Assassination of President Kennedy*, the colorful posters issued by the Government during World War II, a signed copy of President George H.W. Bush's 1991 State of the Union address, and the latest Web 2.0 version of the *Federal Register*. Also on display is the linotype machine that accompanied General John J. Pershing's headquarters staff in France during World War I, and visitors can use computer kiosks that provide access to GPO's Federal Digital System (FDsys).

To accompany the exhibit, GPO released *Keeping America Informed: The U.S. Government Printing Office/150 Years of Service to the Nation*, the first official history to be released in 50 years. Along with the text, *Keeping America Informed* includes many photographs that have never been published before. The book



explores GPO's history since it was created 150 years ago to bring an end to the costly and ineffective system of private sector printing originally used by the Federal Government. Through war and peace, boom and bust, GPO has produced countless historic publications for the Government. In addition to the Emancipation Proclamation, GPO has produced a vast range of documents that Americans have used for generations, such as passports, social security cards, census and tax forms, and others. The book focuses on GPO's role as the source of information by and about the Government and the successive technologies used by the agency to carry

GPO supports openness and transparency through its Federal Digital System (FDsys)



(Left) In September, Public Printer Boarman spoke at the dedication of a new Federal depository library at Towson University in Maryland, following its designation by Representative John Sarbanes. (Above) In October, hundreds of members of the Federal depository library community gathered in Arlington, VA, for the annual meeting of the Federal Depository Library Council, workshops, and an address by Public Printer Boarman.





out that role, from hand-set type to today's digital files.

Throughout its history, GPO has been an important part of the District of Columbia and today employs approximately 300 DC residents. GPO also performs work for the District on a reimbursable basis, including design services for a number of District agency brochures and annual reports. In July 2011 DC Mayor Vincent Gray visited GPO to promote the DC Summer Youth Employment Program. GPO placed 26 District youths in various summer positions, giving them the opportunity



Public Printer Bill Boorman and Washington, DC, Mayor Vincent Gray following a tour in July of GPO's smart card production facility, where GPO is producing the DC One Card for the District government.

to develop skills and undergo training in public service. He also toured GPO's 150th anniversary exhibit. Mayor Gray was the first DC Mayor to visit the agency in 35 years.

GPO supports openness and transparency in Government by providing permanent public access to Federal Government information at no charge through its Federal Digital System (FDsys), which has more than 250,000 Federal titles online and sees more than 25 million documents downloaded every month and through

partnerships with approximately 1,220 libraries nationwide participating in the Federal Depository Library Program (FDLP). FDLP members include public, academic, law, and other libraries located in virtually every congressional district across the Nation. These libraries are critical links between "We the People" and the information provided by the Federal Government. GPO provides the libraries with information products in online or tangible formats. The libraries in turn make these available to the public at no charge and provide additional help and assistance to depository library users.

In September 2011, Public Printer Bill Boorman and Superintendent of Documents Mary Alice Baish joined Representative John Sarbanes in designating Towson University's Albert S. Cook Library as a member of the FDLP. In October, GPO hosted the Fall Federal Depository Library Program Conference for more than 400 librarians nationwide.

GPO also provides public access to the wealth of official Federal information through a sales program featuring secure ordering through an online bookstore for GPO sales publications and a partnership with the private sector to offer Federal publications as eBooks. GPO and Google entered into a partnership to offer the public Federal Government titles in an eBook format. The titles are available from Google's eBookstore, and can be searched, purchased, and read on any connected device with a capable browser. The GPO and Google partnership has increased Government transparency by making Government publications accessible to the public in a digital format.

Today, GPO has more than 200 titles available in eBook format. Some noteworthy titles include the first volume of President Obama's *Public*

*Papers of the President*, *The Financial Crisis Inquiry Report*, and *Wings in Orbit*, the legacy of the space shuttle program. GPO's sales program commemorated the 10th anniversary of the September 11, 2001, attacks by making 9/11-related publications available to the public. GPO released for the first time the official edition of the *9/11 Commission Report* in an eBook format and the 10th anniversary edition of *Pentagon 9/11* with a new foreword by Secretary of Defense Leon Panetta.

For 40 years, GPO's Public Documents Distribution Center in Pueblo, Colorado has worked with the General Services Administration's (GSA) Federal Citizens Information Center to process and distribute orders for consumer publications. Last year, Congress passed an act naming the Center after former Representative Frank Evans, who died in June 2010. As a member of the House Appropriations Committee in the late 1960s, Representative Evans led the effort to establish the Center, which opened its doors for business in 1971. In April 2011, members of Representative Evans' family joined GPO's Assistant Public Printer of Operations Jim Bradley, representatives of the Pueblo city council, the GSA, and nearly 100 guests at the renaming ceremony. In September, Public Printer Boorman visited Pueblo to celebrate the Center's 40th anniversary and to tour the facility and meet with employees.

GPO continues to develop its social media presence in an effort to engage with the public and increase transparency. In February 2011, the agency launched a GPO Facebook page, adding to its existing social media profile which includes Twitter and YouTube. GPO's Government Book Talk blog is now in its second year and continues to connect the public to Government publications.

## 2011 U.S. Government Printing 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/2011\\_AnnualReport.pdf](http://www.gpo.gov/pdfs/congressional/archives/2011_AnnualReport.pdf).

For fiscal year 2011 (October 1, 2010 - September 30, 2011) GPO received a clean audit opinion on its consolidated financial statements from KPMG LLP.

For the eighth consecutive year, GPO achieved positive financial results before other operating expenses. Net income before other operating expenses was approximately \$2.9M in fiscal 2011 compared to net income before other operating expenses of approximately \$9.0M in fiscal 2010. In fiscal 2011, both operating revenue and operating expenses decreased from fiscal 2010. Operating revenue was down \$107.2M, or 11.5% (to \$821.1M from \$928.3M), while operating expenses dropped \$101.1M, or 11.0% (to \$818.2M from \$919.3M). The decrease in revenue and expenses was primarily due to a drop in activity within the Customer Services business unit.

Other operating expenses in 2011 included a credit of \$2.7M from a decrease to the Agency's long-term workers' compensation liability. The long-term worker's compensation charge is required to record the adjustment to the actuarially determined liability at September 30, 2011. Inclusive of other operating expenses, GPO had a net income of \$5.6M in 2011 compared to a net income of \$9.3M in 2010.

Summary of Revenues, Expenses, and Net Income (in thousands)	2011	2010
Operating Revenues	\$ 821,109	\$ 928,338
Operating Expenses	<u>818,212</u>	<u>919,340</u>
<b>Income before other operating expenses</b>	<b>2,897</b>	<b>8,998</b>
<b>Other Operating Expenses</b>		
Decrease in workers' compensation liability	<u>2,740</u>	<u>290</u>
<b>Net Income</b>	<b>\$ <u>5,637</u></b>	<b>\$ <u>9,288</u></b>

Operations provided \$46.4M in cash in 2011 as compared to \$86.0M in cash in 2010. The GPO invested \$12.7M on capital items in 2011 as compared to \$14.4M in 2010.

Summary Statements of Cash Flows (in thousands)	2011	2010
<b>Cash Flows from Operating Activities</b>		
<b>Net Income</b>	<b>\$ 5,637</b>	<b>\$ 9,288</b>
Provided by operating activities:		
Depreciation and other	21,499	19,911
Decrease in assets	202	36,727
Increase in liabilities	21,799	20,380
Workers' compensation liability	<u>(2,740)</u>	<u>(290)</u>
<b>Total adjustments</b>	<b><u>40,760</u></b>	<b><u>76,728</u></b>
<b>Net cash provided by Operating Activities</b>	<b>46,397</b>	<b>86,016</b>
<b>Cash flows used in Investing Activities</b>	<b>(12,667)</b>	<b>(14,447)</b>
<b>Cash flows provided by Financing Activities</b>	<b><u>12,959</u></b>	<b><u>12,470</u></b>
<b>Net Increase in Fund Balance with Treasury</b>	<b>\$ <u>46,689</u></b>	<b>\$ <u>84,039</u></b>

GPO's Balance Sheet continued to strengthen as a result of the positive operating performance. Working capital increased by \$18.9M, to \$316.2M in 2011 from \$297.3M in 2010, and total current assets increased by \$46.4M, to \$591.1M in 2011 from \$544.7M in 2010.

Total assets grew by \$38.9M to \$694.4M in 2011 from \$655.5M in 2010. Cash increased to \$386.9M in 2011 from \$340.2M in 2010. Inventory decreased by \$700,000 to \$31.9M in fiscal 2011 compared to \$32.6M in fiscal 2010. The decrease is attributable to a reduced number of passport chips held in inventory at the end of fiscal 2011.

GPO ended fiscal 2011 with retained earnings of \$165.3M, compared to \$159.7M at the end of fiscal 2010.

Summary Balance Sheets (in thousands)	2011	2010
<b>Assets</b>		
Current Assets		
Fund balance with Treasury	\$ 386,854	\$ 340,165
Accounts receivable, net	172,271	171,677
Inventory, net	31,919	32,570
Prepaid expenses	99	244
<b>Total current assets</b>	<b>591,143</b>	<b>544,656</b>
General property, plant and equipment, net	103,261	110,891
<b>Total Assets</b>	<b>\$ 694,404</b>	<b>\$ 655,547</b>
<b>Liabilities and Net Position</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 120,957	\$ 108,942
Deferred revenues	143,144	127,286
Accrued annual leave	10,843	11,153
<b>Total current liabilities</b>	<b>274,944</b>	<b>247,381</b>
Other Liabilities		
Workers' compensation liability	68,144	70,884
Voluntary separation incentive program	—	4,562
<b>Total Liabilities</b>	<b>343,088</b>	<b>322,827</b>
<b>Net position</b>		
Cumulative results of operations		
Retained earnings	165,288	159,651
Invested capital	92,879	92,879
Unexpended appropriations	93,149	80,190
<b>Total Net Position</b>	<b>351,316</b>	<b>332,720</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 694,404</b>	<b>\$ 655,547</b>



GPO's main Web site: [www.gpo.gov](http://www.gpo.gov)

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GPO's Federal Digital System: [www.fdsys.gov](http://www.fdsys.gov)

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

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Twitter: <http://twitter.com/USGPO>

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

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

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</div>
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    <div class="home"><a href="/">Home</
a>&nbsp;>&nbsp;>About GPO</div><div class="br"></div>
    <div class="section1">
        <h1 class="main-page-title1 section1_
title">About GPO</h1>
        <hr />
        <div class="main-page-intro1">The core mission of
<i>Keeping America Informed</i>, dated to 1813 when Congress determined
to make information regarding the work of the three branches of Government
available to all Americans. The U.S. Government Printing Office (GPO)
provides publishing and dissemination services for the official and authentic
government publications to Congress, Federal agencies, Federal depository
libraries, and the American public.</div>
    </div>
    <div class="section2">
    <div class="br"></div>
    <p><span class="section2_title"><strong>GPO
Mission, Vision, Core Values, and Goals</strong></span><br />
    Review GPO&rsquo;s <a href="/about/annualreport.
htm">Financial Year In Review | Fiscal Years 2011 And 2010
    <p><span class="section2_
title"><strong>GPO&rsquo;s Strategic Plan&mdash;Customer Centric and
Employee Driven</strong></span><br />
    Review GPO&rsquo;s <a href="/pdfs/about/2011_
StrategicPlan.pdf">Strategic Plan for FY2011&ndash;2015</a>.</p>
    <p><span class="section2_
title"><strong>Management Team</strong></span><br />
    <a href="/about/management_team.htm" />View our
organizational chart</a> and download leadership biographies.</p>
    <p><span class="section2_title"><strong>Frequently
Asked Questions</strong></span><br />
    <a href="/about/faq.htm">General questions</a>
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SECTION I  
MANAGEMENT'S  
DISCUSSION  
AND  
ANALYSIS  
(UNAUDITED)

U.S. Government Printing Office  
**Management's Discussion and Analysis**  
As of September 30, 2011

## **Mission**

The mission of the U.S. Government Printing Office (GPO or Agency) is *Keeping America Informed*, by providing publishing and dissemination services to its customers: the Congress, Federal agencies, and the public. GPO was created on June 23, 1860, when President James Buchanan signed Joint Resolution 25. GPO's first day of operation was March 4, 1861.

GPO accomplishes its mission by working in close partnership with all three branches of the Federal Government in the creation, collecting, cataloging and indexing, reproduction, dissemination, authentication, and preservation of Federal Government information. GPO utilizes conventional and digital technology to produce and distribute Federal Government information. To ensure that Federal information is readily available to all citizens, GPO makes it accessible in an array of communication mediums from traditional printed products to digital documents and online databases that are accessible through the Internet.

## **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 selected by the Public Printer 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. GAAP also requires that accounting principles be applied in a manner consistent with the previous year.

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 all significant financial events and economic affairs controlled by 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 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 Federal Government information 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 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, blank paper and paper products, and information products and design services;
- Sales of Government publications and information products to the general public, bookstores, book dealers, and businesses; and
- Fund transfers from the Congressional Printing and Binding (CP&B) Appropriation and the Salaries and Expenses (S&E) Appropriation.



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. 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 U.S. Department of the Treasury after five years. Congress has also made no-year and multi-year appropriations available to GPO's Revolving Fund for specific purposes. For example, appropriations have been made for building improvements, security enhancements, information systems, and workforce retraining. Reimbursements to the Revolving Fund from the CP&B and S&E appropriations are recorded as revenue when related liabilities are incurred.

## **Programs and Operations Overview**

GPO is organized into separate business units or segments, as described below, to carry out the various programs and operations of the Agency.

**Plant Operations** – The Plant Operations business unit publishes, conventionally and digitally, 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, and hearings. 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).

**Official Journals of Government** – The need for traditional printed versions of the official records of government (for example, the *Congressional Record* and the *Federal Register*) will remain until practicable alternatives are developed and accepted. The Official Journals of Government business unit supports congressional and agency requirements for traditional products, while ensuring the proper coordination of their digital versions with other GPO business operations in compliance with GPO's electronic information dissemination mandate.

**Security and Intelligent Documents** – This business unit designs, prints, manufactures, and distributes secure credentials, documents, 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 of our Nation's passports and a family of secure diplomatic drivers' licenses and protocol cards for the Department of State. Additionally, SID supports the Department of Homeland Security's Trusted Traveler border crossing smartcard program as well as the HSPD-12 PIV card program used for access to Federal facilities and systems. SID also provides secure products and services for the Department of Health and Human Services, the Department of Defense, and the District of Columbia government.

SID operates within a certified International Organization for Standardization (ISO) 9001 production and quality control environment. SID protects the Personal Identifiable Information

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

**Customer Services** – The majority of the Government's printing needs are satisfied through Customer Service's partnership with the printing and information product industries that takes advantage of the vast resources, expertise, and specialization within the private sector. This business unit receives printing requisitions from Federal customers and acquires the information products and services competitively from the private sector through various types of procurement vehicles tailored to the specific needs of customers. Thousands of businesses, small to large in size, openly compete for printing jobs. GPO assigns Customer Service teams to provide consulting, print procurement, contract administration, and other related services to Federal customers. Dedicated Customer Service teams are in continuous contact with Printing Officers and Program Managers at their assigned agencies to maintain high levels of satisfaction and to expand their expertise on each agency's specific mission, needs, and challenges. GPO's performance measures for on-time delivery and quality acceptance (see Performance Measures section) underscore the effectiveness of this partnership between industry and Government.

**Digital Media and Creative Services** – GPO provides Congress and Federal agency customers with many products and services to assist in the creation and dissemination of information. GPO's Digital Media team creates digital information solutions, including: Web design, Web development, Web consulting, and Web hosting for other Federal agencies. In addition, they offer digital consulting services to ensure compliance with Federal mandates.

GPO's Creative Services team is composed of professional designers who provide branding and identity design, Web graphics, and multi-media presentations. The team consults with agency customers to develop appropriate solutions based on audience, budget, and delivery schedule requirements. Their work includes designing annual reports, magazines, brochures, books, posters, and Web layout and pages. They also create specialized security designs for passports, credentials, and other secure documents.

**Publication and Information Sales Program** – GPO's Publication and Information Sales business unit increases public access to U.S. Government information through sales of Government information products. The public may purchase paper copies of Federal Government publications and subscriptions via GPO's Online Bookstore, as well as by e-mail, phone, fax, and mail. This business unit also works with commercial sales channels, including major bookstore chains and leading 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 Program** – This business unit provides a variety of global order fulfillment, inventory, and list management services to Federal agencies through distribution centers in Pueblo, CO, and Laurel, MD. This business unit supports the General Services Administration'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. The FDLP ensures equitable, secure, convenient, and permanent no-fee access to published U.S. Government information. The FDLP includes 1,214 designated Federal depository libraries throughout the United States and its territories that provide the American public free access to U.S. Government publications in tangible and electronic collections. Library Services and Content Management (LSCM) also supports the development of, promotion of, and education about GPO's Federal Digital System (FDsys), which provides direct online access to Federal Government publications from all three branches of Government ([www.fdsys.gov](http://www.fdsys.gov)). 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](http://www.fdlp.gov)), the FDLP Community Site (<http://community.fdlp.gov>), and Ben's Guide to the U.S. Government (<http://bensguide.gpo.gov>). LSCM's major operational functions include: cataloging, acquiring new electronic and tangible publications for the FDLP, Web services development and sustainment, program planning, distributing publications to libraries, education and outreach, library technical services, and archival management.

### **Management Initiatives to Improve Agency Operations**

GPO is the Federal Government's primary resource for producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the U.S. Government in digital and tangible forms. GPO is responsible for the production and distribution of information products and services for all three branches of the Federal Government, including U.S. Passports for the Department of State as well as the official publications, in both electronic and print formats, of Congress, the White House, and other Federal agencies. In addition to publication sales, GPO provides for permanent public access to Federal Government information at no charge through FDsys and through partnerships with libraries nationwide participating in the FDLP.

GPO's Strategic Vision Plan for 2011 – 2015 places emphasis on the effective and efficient accomplishment of the Agency's mission, while maintaining and promoting the Agency's core values of integrity, teamwork, commitment, and dependability. The plan has been developed to guide the Agency in satisfying stakeholders, strengthening GPO's organizational foundation, and offering best value and service. The plan also encourages employees to be fully engaged in accomplishing GPO's mission. Policy decisions, budgeting and capital investment decisions, workforce development, industry partnerships, customer relations, operational decision-making, and other actions are based-on or tied-to GPO's strategic plan.

The following is an overview of some of the major agency initiatives. These efforts will enable GPO to better satisfy the existing and future needs of Congress, Federal agencies, and the public.



**Congressional Printing Survey** – In 2011 GPO conducted its first-ever survey of Congressional offices and committees on their need for printed *Congressional Record*, *Congressional Record Index*, and Office of the Federal Register publications (*Federal Register*, *Federal Register Index*, and the *Code of Federal Regulations*).

The survey elicited about a 50 percent response rate, with many, though not all, offices and committees requesting to reduce or opt-out of receiving these publications. The greatest savings from the survey was a reduction in the number of printed copies of the *Congressional Record*. At May 2, 2011, the number of printed copies of the daily *Congressional Record* was 3,623. The number of copies printed at November 7, 2011 was 2,955, or a reduction of 18 percent within 6 months. This compares to an average annual reduction in printed copies over the last 17 years of about 4 percent. The 668 fewer copies included 590 copies paid for by the Congressional Printing and Binding Appropriation, thereby saving the appropriation almost \$300,000 annually.

During the year, there was also a White House initiative to reduce the number of printed copies of the *Federal Register* produced for Federal agencies. At May 2, 2011, there were 5,476 copies of the *Federal Register* printed daily. At November 7, 2011, the number was 2,644, a reduction of 2,832, or about 52 percent. The estimated production savings from this initiative were about \$400,000 annually.

**GPO's Federal Digital System Enhancements** – GPO's FDsys provides free online access to official information from all three branches of the Federal Government. FDsys is:

- **A Content Management System** – FDsys provides free online access to official Federal Government publications and securely controls digital content throughout its lifecycle to ensure content integrity and authenticity.
- **A Preservation Repository** – The repository guarantees long-term preservation and access to digital Government content. To meet this critical need for permanent access to Government information, FDsys follows archival system standards.
- **An Advanced Search Engine** – FDsys combines modern search technology with extensive metadata creation to ensure the highest quality search experience.

In fiscal 2011, GPO completed the migration of content to FDsys from *GPO Access* (the legacy site), as well as authenticated the majority of the collections that are available on FDsys. In 2011 the following FDsys enhancements were deployed:

- The Coastal Zone Information Center collection was added through a partnership with the National Oceanic and Atmospheric Administration (NOAA) Coastal Services Center. This collection provides digital access to more than 5,000 coastal related documents and nearly 30 years of data and information GPO received from the NOAA Central Library.
- Digitized *United States Statutes at Large* – In fiscal 2011, The *United States Statutes at Large*, years 1951 - 2002, covering the 82<sup>nd</sup> – 115<sup>th</sup> Congresses, were ingested and released on FDsys through a partnership with the Library of Congress.
- In partnership with the Administrative Office of the United States Courts, the United States Courts Opinions collection was made available on FDsys as a public beta. This pilot was at the request of the Judicial Conference to increase public access to select

opinions of the United States appellate, district, and bankruptcy courts. Collection holdings date from April 2004 and are authenticated with digital signatures.

- Microsoft Excel spreadsheets were added to the Economic Indicators collection.
- *The Government Manual* collection was updated to be able to accept XML data.
- *The Public Papers of the President* collection was updated to accept XML data. The XML data is also available through [Data.gov](http://Data.gov).
- Beginning with the 112<sup>th</sup> Congress, the Constitutional Authority Statements (CAS) printed in the *Congressional Record* were made available in FDsys as individual documents. This enables users to perform a search on and then link directly to the individual document CAS in HTML and PDF formats.

At September 30, 2011, there were more than 225,000 publications available on FDsys, including congressional Bills, the *Federal Register*, and the *United States Statutes at Large*. This volume of Government information represents over 8 million searchable granules of content. Additionally, a continuity of access backup site has been developed and deployed, providing uninterrupted availability to publications in FDsys.

Future enhancements to FDsys that will improve the transparency of Federal Government information are being developed, including the capability to accommodate the submission of large batches of content more efficiently, and the capability to support mobile applications to address the expanding market of e-reader and smart phone users.

**Conversion of GPO's Historic Shelflist** – GPO's historic shelflist (paper bibliographic records on 3"x 5" index cards), with over one million cards, contains records of materials distributed to Federal depository libraries dating from the 1870's to the shelflist's closure in 1992. The shelflist contains information on publications in all formats (monographs, serials, maps, integrating resources, and microfiche) as well as publications distributed by the publishing agency. The cards were also used by GPO staff to record information about how to obtain copies of a title, information discovered about publication history, and contact information for staff at the publishing agencies.

GPO is in the process of converting this material to electronic format so that it can be made available to the public and Federal depository libraries nationwide. At the end of fiscal 2011, the project had added over 100,000 records to GPO's *Catalog of U.S. Government Publications* (<http://catalog.gpo.gov>).

**GPO Partnerships** – Partnerships with the library community have been an important contributor to GPO's success in maintaining a vibrant Federal Depository Library Program. During fiscal 2011, the following partnerships helped increase the value of the FDLP to its users.

- GPO signed a partnership with the Department of Labor and the National Technical Information Service for permanent public access to the Davis-Bacon wage determination on the Wage Determinations Online Web site (<http://www.wdol.gov>). This is the official Federal Acquisition Regulations (FAR) mandated site, containing both current and archived wage determinations.

- GPO signed a partnership with the University of Iowa Libraries for permanent public access to their collection of digitized Federal posters which date from before World War II through the 1990's.
- GPO renewed the partnership with the University of Illinois at Chicago for the *Government Information Online: Ask a Librarian* service. The participating depository libraries provide e-mail and chat reference service to the public for questions about Government information.

**Efficient and Effective Printing Procurement** – GPO has continued to enhance existing contracting solutions and continues to explore new services that allow agency customers to work directly with GPO vendors. These programs generally handle small value or short turnaround requirements. Annual growth in these programs increases GPO efficiency and effectiveness in delivering services to agency clients.

The GPO*Express*<sup>SM</sup> Program allows Federal Government personnel to order from any of the approximate 1,900 FedEx Office<sup>SM</sup> print center locations, day or night. Agencies receive discounts on printing and finishing needs at any store location when they use the GPO*Express*<sup>SM</sup> card. GPO*Express*<sup>SM</sup> program sales increased in fiscal 2011 by 4 percent from fiscal 2010.

The GPO Online Paper Store allows Federal agencies to purchase environmentally safe, xerographic copier paper using a Web-based system. GPO teamed with Unisource® Worldwide, Inc., a global paper distributor, to develop the online store. Unisource® Worldwide, Inc. has approximately 85 domestic distribution centers that quickly fill customer orders. Program sales increased in fiscal 2011 by 9 percent from fiscal 2010.

During fiscal 2011 GPO surveyed 750 Federal agency customers with the purpose of identifying ways GPO can better serve them. This was the first customer survey since 2007. The results show that the majority of customers are satisfied with the service provided by GPO. Some of the key metrics measured by the survey:

- 91 percent of customers are satisfied overall with the services they are receiving,
- 89 percent of customers are likely to recommend GPO to a colleague, and
- 81 percent of customers utilize the forms and publications available on GPO's Web site.

**Modernizing Agency Information Systems** – GPO launched the GPO Enterprise Program in 2004 to replace unsustainable legacy systems. This major undertaking has been implementing modern application systems to support the Agency's business units. The applications, known collectively as the Government Printing Office Business Information System (GBIS), have provided a platform of financial application software on which to build more efficient and sustainable processes.

In fiscal 2011, a streamlined process for rebilling chargebacks from U.S. Department of the Treasury's Intra-governmental Payment and Collection (IPAC) System was completed. The new process enables one-step billing correction and rebilling versus a three-step process. In addition, a pre-billing process for the Defense Logistics Agency (DLA), a major GPO customer, was developed to provide a transaction validation process before IPAC billing and collection processes are initiated. The pre-bill process greatly improved transaction efficiency at both GPO

and DLA by providing the ability to resolve billing discrepancies quickly.

**Modernizing FDLP Legacy Systems** – Progress continued in fiscal 2011 related to the migration of several key legacy FDLP systems. The migration and modernization of these systems are essential to GPO's growth and efficiency in service to Federal depository libraries and the public.

- **Library Information System Transformation** – At the end of fiscal 2011, the Library Information System Transformation project to migrate three separate legacy systems to one modern platform was underway. The project will utilize Oracle Enterprise Architecture applications to replace the Depository Distribution and Information System's Item Lister functionality in the Library Services and Content Management business unit. A successful demonstration of preliminary development was conducted in 2011. The project is on track to launch in 2012.
- **Disposition of Depository Materials** – Progress continued in the development of a new tool to make the disposition of materials in Federal depository libraries more effective and efficient. Beta testing is targeted to begin in 2012.

**International Organization for Standardization (ISO) 9001:2008 Certification** – In fiscal 2011, GPO's secure passport production facility in Washington DC and the second secure production site at the Stennis Space Center in Mississippi maintained their ISO 9001:2008 certifications. ISO, the International Organization for Standardization, is the world's largest developer of international standards used by governments, businesses, and information technology companies and agencies. Achieving this certification assures GPO's customers that products and services are manufactured with business operating procedures that conform to globally recognized standards of excellence. Audited by an outside authorized ISO entity on an annual basis, the world class ISO 9001 certification guarantees customers that GPO, "says what it does, and does what it says."

**Process Improvement Methodology** – GPO continues to emphasize process study and improvement methodologies. GPO is analyzing and re-engineering programs and processes to be less costly, faster, and more effective. This program includes adopting appropriate characteristics and capabilities of high-performing organizations; developing and identifying best practices to assess organizational transformation, structure, and management; and conducting targeted reviews and assessments of management practices in industry and applying best practices and lessons learned.



## **Financial Position and Results for Fiscal Year 2011**

The following is an overview of the financial position and operating results reflected in GPO's basic consolidated financial statements as of and for the fiscal year ended September 30, 2011.

### **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 increased to \$694.4 million as of September 30, 2011, from \$655.5 million as of September 30, 2010. The increase of \$38.9 million (5.9 percent) in total assets was primarily attributable to \$46.7 million increase in fund balance with Treasury. The increase in fund balance with Treasury was due to faster collections and issue resolution through the billing system and an increase in deposit accounts.

Net value of general property, plant and equipment decreased to \$103.3 million as of September 30, 2011 from \$110.9 million as of September 30, 2010. The decrease of \$7.6 million (6.9 percent) during fiscal 2011 occurred primarily from the net effect of \$13.6 million in capital acquisition (which increased the net value), offset by \$21.5 million in depreciation expense recorded in fiscal 2011 (which reduced net value). Comparable figures in fiscal 2010 were a decrease of \$4.2 million in net value, \$15.7 million in capital acquisition, and \$19.9 million in depreciation expense.

GPO's liabilities increased to \$343.1 million as of September 30, 2011, from \$322.8 million as of September 30, 2010. The increase of \$20.3 million (6.3 percent) in total liabilities was primarily due to an increase in deferred revenues of approximately \$15.9 million (12.4 percent) and in accounts payable and accrued expenses of \$12.0 million (11.0 percent), offset by decreases of \$7.3 million (9.7 percent) associated with the long term workers' compensation (a \$2.7 million decrease) and prior years' voluntary separation incentive liabilities (a \$4.6 million decrease).

The increase in deferred revenues was primarily due to a \$13.7 million increase in customer deposit accounts for printing and binding and a \$2.7 million increase in advance billings, offset by a \$500,000 decrease in customer advanced payments for subscriptions. The increase in accounts payable and accrued expenses of \$12.0 million resulted from an increase in accounts payable to printing contractors of \$17.8 million, offset by decreases in payables for professional services of \$2.2 million, production materials of \$1.8 million, and capital assets of \$488,000.

GPO's net position increased to \$351.3 million as of September 30, 2011 from \$332.7 million as of September 30, 2010. The increase of \$18.6 million (5.6 percent) in GPO's net position was primarily the result of an increase in unexpended appropriations of \$12.9 million and an increase in retained earnings of \$5.6 million. Agency unexpended appropriations increased due to increases in unliquidated obligations in the Congressional Printing and Binding Appropriations of \$14.4 million (\$57.3 million at year-end 2011 from \$42.9 million at year-end 2010), offset by decreases in unliquidated obligations in the Salaries and Expenses Appropriations of \$500,000

(\$28.6 million at year-end 2011 from \$29.1 million at year-end 2010), and in unexpended Revolving Fund appropriations of \$900,000 (\$7.3 million at year-end 2011 from \$8.2 million at year-end 2010).

### **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 change, within the period presented, of the accumulated net income of the Agency (changes in retained earnings).

### **Consolidated Revenues**

GPO's consolidated revenues are derived from four major sources: Printing and Binding; Appropriations; Sales of Publications; and Agency Distributions. Consolidated revenues were \$821.1 million in fiscal 2011 and \$928.3 million in fiscal 2010. This is a decrease of about \$107.2 million (11.5 percent). Printing and binding revenues decreased to \$681.5 million in fiscal 2011 from \$774.0 million in fiscal 2010, a decrease of \$92.5 million (11.9 percent). Appropriation revenues decreased from \$134.9 million in fiscal 2010 to \$122.1 million in fiscal 2011. This is a \$12.8 million (9.5 percent) decrease.

#### **■ *Printing and Binding Revenues***

GPO earns revenues from Federal Government customers for printing, binding, and other 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 Digital Media and Creative 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 State Department are recognized at negotiated rates per passport at the time that the manufacturing process is completed.

Plant Operations generated revenues of \$140.4 million in fiscal 2011 compared with revenues of \$148.1 million in fiscal 2010. This represents a decrease of \$7.7 million (5.2 percent). Revenues were generated from the production of paper and electronic 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 2011 include approximately \$79.2 million from the Congressional Printing and Binding (CP&B) Appropriations, compared to \$89.1 million in fiscal 2010.

Official Journals of Government generated revenues of \$11.5 million in fiscal 2011 compared with revenues of \$10.0 million in fiscal 2010. Revenues generated by providing administrative services to the U.S. Congress were \$4.5 million in fiscal 2011 compared to \$4.3 million in fiscal 2010. Revenue from employees (printing specialists) detailed to House and Senate Committees increased by about \$700,000 from \$3.5 million in fiscal 2010 to \$4.2 million in fiscal 2011.

Overall revenues for the Security and Intelligent Documents (SID) business unit increased to \$209.4 million in fiscal 2011 from \$202.5 million in fiscal 2010, or \$6.9 million (3.4 percent). SID's major product is the electronic Passport, which was introduced in fiscal 2007. GPO produced 13.2 million electronic Passports in both fiscal 2011 and fiscal 2010. The electronic Passport revenues increased from \$196.4 million in fiscal 2010 to \$202.1 million in fiscal 2011, an increase of \$5.7 million (2.8 percent). The growth was attributable to greater production quantities of higher-priced tourist passports in fiscal 2011 over fiscal 2010. SID revenues in fiscal 2011 for the new Trusted Traveler and other secure credentials for the U.S. Department of Homeland Security increased from \$4.9 million in 2010 to \$7.3 million in 2011, an increase of \$2.4 million.

Customer Services revenues decreased \$103.3 million (20.8 percent) from \$496.1 million in fiscal 2010 to \$392.8 million in fiscal 2011. Fiscal 2010 included approximately \$51.1 million for the Decennial Census (2010). Fiscal 2011 revenue also decreased due to fewer customer orders from Department of Commerce, Defense Logistics Agency and the Department of Treasury. Revenues from the *GPOExpress*<sup>SM</sup> program increased \$400,000, from \$8.9 million in fiscal 2010 to \$9.3 million in fiscal 2011. Revenue from the reimbursable postage program increased from \$2.4 million in fiscal 2010 to \$2.5 million in fiscal 2011.

Digital Media and Creative Services revenues were \$3.6 million in fiscal 2011 compared with \$3.8 million in fiscal 2010, a decrease of \$200,000 (5.3 percent).

### ■ *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 Legislative Branch Appropriations Act, 2011 (Public Law 112-10, April 15, 2011) made a total of \$135.1 million in annual appropriations available to the Agency for fiscal 2011.

Revenues earned from appropriations provided to GPO totaled \$122.1 million for fiscal 2011 and \$134.9 million for fiscal 2010. The decrease in appropriation revenue of \$12.8 million (9.5 percent) was primarily due to decreases in appropriation revenues from the Revolving Fund, and CP&B. Revenue from appropriations to the Revolving Fund was \$5.2 million in fiscal 2011, which included \$1.7 million from fiscal 2011 appropriations and \$3.5 million from fiscal 2010 appropriations. In comparison, the Revolving Fund appropriation revenue was \$11.8 million in fiscal 2010. Year over year, this revenue decreased \$6.6 million (55.9 percent). The Revolving Fund appropriation revenue is a reimbursement of qualifying expenses and is recognized when the appropriated funds are made available and the qualifying expenses are incurred. In fiscal 2011 less Revolving Fund appropriations (\$1.7 million) were available than in fiscal 2010 (\$12.8 million), so less reimbursable expenses qualified. The \$5.2 million recognized as revenues in fiscal 2011 were related to qualifying expenses of \$3.3 million for FDsys development and \$1.9 million for roof, elevator repairs and infrastructure improvements. In fiscal 2010, the \$11.8 million recognized as revenues related to qualifying expenses of \$982,000 for prior year appropriation shortfalls; \$4.2 million for roof, elevator repairs, and infrastructure improvements; \$6.1 million for FDsys development; and \$548,000 for workforce retraining.

Revenues from the CP&B Appropriation were \$79.2 million in fiscal 2011 compared to \$89.1 million in fiscal 2010, a decrease of \$9.9 million (11.1 percent). The annual CP&B Appropriation is used to fund printing and binding provided to Congress by the Plant Operations business unit and services provided by the Official Journals of Government business unit. The decrease in revenues was mainly due to decreases in the *Congressional Record* products (\$4.9 million decrease), miscellaneous publications (\$2.9 million decrease), and Public Document Envelopes (\$2.2 million decrease).

The requirements of Congress for printing and other services requisitioned from GPO fluctuate because of many variables and cannot be precisely forecasted for budgeting purposes. Generally, the CP&B Appropriation has been adequate to cover the costs of GPO services to Congress. However, in years when congressional printing requirements exceed the annual funding provided by Congress, GPO uses the Revolving Fund to temporarily fund the shortfall until sufficient appropriated funds are available as authorized by Congress.

The S&E Appropriation provided revenues of \$37.6 million in fiscal 2011 and \$34.1 million in fiscal 2010. 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 to the public and others. The Publication and Information Sales Program sells publications, subscriptions, and other Federal Government information products at prices designed to recover costs. The demand for printed products continues to decline due to expansion in the availability of free information from the Federal Government on the Internet. Revenue from the sales of publications totaled \$11.4 million for fiscal 2011 and \$13.2 million for fiscal 2010, a decrease of about \$1.8 million (13.6 percent).

#### ■ *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 \$6.1 million for fiscal 2011 and \$6.2 million for fiscal 2010. This represents a decrease of \$100,000 (1.6 percent). Revenues for this program fluctuate because of the varying level of demand for services from customers over time.

### **Consolidated Expenses**

GPO incurred total consolidated operating expenses, before other operating expenses, of \$818.2 million for fiscal 2011 and \$919.3 million for fiscal 2010, a decrease of \$101.1 million (11.0 percent). The decrease in operating expenses was due primarily to a decrease in printing and reproduction expenses, especially decreased purchases of printing from private sector contractors by the Customer Services business unit, and decreases 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 \$362.1 million for fiscal 2011 and \$459.0 million for fiscal 2010. This represents a decrease in printing and reproduction expenses of \$96.9 million (21.1 percent), which was attributable to decreased purchases of printing from private sector contractors by the Customer Services business unit. Expenses for purchased printing decreased to \$361.2 million in fiscal 2011 from \$458.6 million in fiscal 2010.

■ ***Personnel Compensation and Benefits Expenses***

GPO incurred expenses for personnel compensation and benefits of \$237.0 million during fiscal 2011 and \$242.5 million during fiscal 2010. This represents a decrease in personnel compensation and benefit expenses of \$5.5 million (2.3 percent). The decrease was mostly due to fewer employees on board. GPO had 2,197 employees at September 30, 2011, compared to 2,300 employees at September 30, 2010.

■ ***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. The Security and Intelligent Documents and Plant Operations business units operate production facilities that incur significant costs for supplies, materials, and paper. GPO expenses for supplies and materials were \$126.9 million in fiscal 2011 and \$128.4 million in fiscal 2010. This represents a decrease of \$1.5 million (1.2 percent).

■ ***Other Services Expenses***

This expense category includes the cost of professional services provided by contractors for consulting, system development, maintenance of equipment, audits, investigations, and employee training. These expenses are recognized when services ordered have been performed. GPO incurred expenses for these services of \$39.2 million for fiscal 2011 and \$36.5 million for fiscal 2010. This represents an increase of \$2.7 million (7.4 percent). The increase was primarily due to a \$3.1 million increase in bad debt expenses and a \$1.5 million increase in IT equipment maintenance, offset by a \$1.5 million decrease in professional services expenses and a \$264,000 decrease in the use of photocopiers.

■ ***Depreciation and Amortization Expenses***

Total depreciation and amortization expense for fiscal 2011 was \$21.5 million compared with \$19.9 million in fiscal 2010. The increase of \$1.6 million in fiscal 2011 was largely the result of amortizing FDsys, placed into service during fiscal 2010, and depreciated for all of fiscal 2011, and amortizing new FDsys software modules placed into service in fiscal 2011.

■ ***Rents, Communications, and Utilities Expenses***

This expense group includes rents for building space outside of Washington, DC, leased equipment and vehicles, and utilities. GPO incurred expenses for rents, communications, and utilities of \$16.3 million for fiscal 2011 and \$16.6 million for fiscal 2010. This represents a decrease of \$300,000 (1.8 percent). The decrease was due primarily to a \$320,000 decrease in telecommunication service expenses.

### ■ *Travel, Transportation, and Postage Expenses*

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 mailing services. GPO incurred expense for travel, transportation, and postage of \$10.1 million for fiscal 2011 and \$12.4 million for fiscal 2010. This represents a decrease of \$2.3 million (18.5 percent). The decrease was primarily due to a decrease in employee travel of \$935,000, and a decrease in other mailing expenses of \$1.3 million.

### ■ *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 \$5.1 million in fiscal 2011 compared to \$4.0 million in fiscal 2010, an increase of \$1.1 million (27.5 percent). The increase was the result of the increased cost of producing publications for sale.

### **Changes in Retained Earnings**

GPO's retained earnings increased by \$5.6 million to \$165.3 million at the end of fiscal 2011, compared to \$159.7 million at the end of fiscal 2010. The increase resulted from GPO's income for fiscal 2011.

### **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 financing activities.

Fund Balance with Treasury (cash) increased by \$46.7 million during fiscal 2011 compared with an increase of \$84.0 million in fiscal 2010. The increase in cash during fiscal 2011 was primarily the result of the following.

- In fiscal 2011, GPO generated \$46.4 million from operations. This cash inflow was mainly attributable to an increase in deferred revenue, and accounts payable and accrued expenses.
- Cash invested in capital assets was \$12.7 million in fiscal 2011. In fiscal 2011, investments were made in FDsys software development and a large passport press.
- Financing activities provided a \$13.0 million cash inflow in fiscal 2011. In fiscal 2011, GPO's unexpended appropriations increased by \$13.0, due primarily to an increase in the unexpended year-end balance in the CP&B Appropriation of \$57.3 million in fiscal 2011 versus \$42.9 million in fiscal 2010.

## 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 Federal 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 96.6 percent for fiscal 2011 and 97.9 percent for fiscal 2010. The Agency's goal of 95 percent or better was achieved for fiscal 2011. The goal will remain the same for fiscal 2012.

#### **On-Time Delivery and Quality Acceptance of Procured Printing**

Customer Services contracted with commercial businesses to produce and ship approximately 84,000 orders for GPO customers in fiscal 2011. For fiscal 2011, 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 2011, with 97.3 percent of procured printing orders delivered on time and a quality acceptance rate of 99.9 percent. In comparison, GPO contractors shipped approximately 95,100 orders in fiscal 2010, with 96.8 percent of the procured printing orders delivered on time and a quality acceptance rate of 99.9 percent. The two goals will remain the same for fiscal 2012.

### Financial Performance Measures

#### **Cash Management**

**Payment Performance** – In fiscal 2011, 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 \$4.1 million on purchased printing expense of \$361.2 million. In comparison, GPO earned \$4.4 million in discounts on \$458.6 million in printing expenses last year. The average discount rate earned was 1.14 percent for fiscal 2011 and 0.96 percent for fiscal 2010. The average discount rate earned for fiscal 2011 was short of the goal of 1.4 percent due to fewer overall discounts being offered by printing contractors. The goal for fiscal 2012 will be 1.2 percent, which allows for a nominal rate of discounts lost (\$200,000), at fiscal 2011 volume.

Lost prompt payment discounts decreased to \$532,000 in fiscal 2011 from \$994,000 in fiscal 2010. As a result, the percentage of discounts lost to discounts offered was 12.0 percent, as



compared to 18.4 percent in 2010. GPO did not meet its goal in fiscal 2011 of 2.5 percent. GPO will strive to achieve 0.05 percent of discounts lost to total printing expense in fiscal 2012.

**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 \$0.11 to issue an EFT payment<sup>1</sup>. In fiscal 2011, 72.9 percent of all payments were made by EFT. In comparison, about 69.7 percent of all payments were made by EFT in fiscal 2010. While the Agency's EFT payments did not meet the goal of 90 percent for fiscal 2011, GPO will work with vendors to increase EFT participation rates and strive to achieve that goal for fiscal 2012.

### **Debt Management**

**Federal Receivables** – GPO billed customers about \$810.3 million for printing and binding services, including congressional services funded by appropriations, during fiscal 2011. The U.S. Department of the Treasury's Intra-governmental Payment and Collection (IPAC) System was used to collect about \$571.1 million or 70.5 percent of this debt from customers. Additionally, about \$92.5 million or 11.4 percent of this debt, was collected from funds held in customer Printing and Binding Deposit Accounts maintained by GPO. Furthermore, \$17.1 million, or 2.1 percent of this debt, was collected via credit card. These electronic-based methods allow the prompt collection of funds, as opposed to the more traditional methods of collection that require the creation and exchange of paper documents and checks through the mail.

GPO's billed accounts receivable from Federal Government customers totaled approximately \$55.6 million at the end of fiscal 2011, compared with \$57.8 million at the end of fiscal 2010. This represents a decrease in billed accounts receivable of approximately \$2.2 million.

IPAC collections initiated by GPO are sometimes charged back by Federal agencies, the customers, for various reasons. In these instances, GPO contacts the customer and inquires about the reason(s) for non-payment of the indebtedness. In most instances, the customer's financial representative requires additional information and supporting documentation on the billing before the IPAC collection is allowed. IPAC chargebacks, included in accounts receivable, totaled approximately \$20.1 million at the end of fiscal 2011 and \$26.4 million at the end of fiscal 2010.

The U.S. Department of Defense (DoD) is GPO's fourth largest customer and the largest debtor. Exclusive of IPAC chargebacks, DoD owed GPO about \$11.4 million at September 30, 2011, of which \$4.4 million, or 38.6 percent, was past due in payment (i.e., over 30 days old). DoD owed \$775,000 for invoices between 31 to 60 days old, \$400,000 between 61 to 90 days old, and \$3.2 million over 90 days old. DoD's indebtedness to GPO of \$3.2 million represents 9.6 percent of GPO's total billed accounts receivables of \$33.3 million, over 90 days old, at year-end. At September 30, 2010, DoD owed \$7.9 million to GPO.

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

At the end of the year, GPO maintained 1,195 Printing and Binding deposit accounts valued at \$132.6 million. Additionally, GPO held \$2.7 million in customer deposit accounts for the Publication and Information Sales Program. Combined, these customer deposit accounts totaled about \$135.3 million as of September 30, 2011. At September 30, 2010, GPO maintained \$121.6 million in these two customer deposit accounts (\$118.6 million and \$3.0 million, respectively). The \$13.7 million increase is primarily attributable to new customers, more accounts, and existing customers increasing their account balances.

Customer agencies have the option of paying GPO by credit card. Credit card receipts in fiscal 2011 totaled \$17.1 million, for about 21,000 printing jobs. In comparison, credit card receipts totaled \$17.2 million, for approximately 20,300 printing jobs, in fiscal 2010.

## 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.

**Federal Appropriation Reductions** – Printing and duplicating are considered a discretionary cost for Federal customers, generally. 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.

**Decline in Demand for Ink-on-Paper Products** – GPO continues to manufacture and sell a sizable array of Federal Government information products. The upward trend in Government electronic documents available on the Internet, and a downward trend in customer demand for printed documents, will continue to place downward pressure on in-plant printing revenues and publication sales.

GPO's customer base of Federal agencies will continue to need printed copies, albeit reduced quantities, to accomplish their respective missions. GPO is working with agencies to educate and assist them in effectively accomplishing the communications aspect of their missions. In fiscal 2011, nearly 500 customers attended general seminars on GPO's products and services, while about 150 customers attended tailored, customer agency specific presentations on GPO. GPO plans to continue these outreach programs for Federal agencies to adapt to the future of Federal Government communications.

Some Plant Operations core ink-on-paper products, such as the *Congressional Record* and *Federal Register*, have shorter production runs than in past years because these products are now available online. Production runs are expected to further decline as customers opt out of paper copies for digital access.

To offset potential decreases in revenue from lessening demand for printed products, Plant Operations 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.

The Publication and Information Sales Program business unit is still heavily dependent on hard-copy sales for funding its operations. However, GPO has recently entered into several e-book sales partnerships, as more and more people turn toward electronic publications. The Publication and Information Sales Program business unit had a negative contribution margin in fiscal 2011, but had positive contribution margins in the four preceding years. This business unit will continue to identify market segments for the program's vast offerings, employ focused advertising, and provide world-class customer service to a niche customer base. These efforts have been effective in stabilizing revenue. However, operational efficiencies will need to improve in order to achieve positive operating margins in the future.

**Demand for Security and Intelligent Documents** – The continued production of security and intelligent documents, primarily the electronic Passport, and the development of new security documents, such as Federal identification cards, will be vital to GPO's future success. GPO

produced 13.2 million electronic Passports in both fiscal years 2011 and 2010. Demand for electronic Passports is estimated at 10 million in fiscal 2012. This volume reduction is expected to result in decreased GPO revenue in fiscal 2012.

Demand growth is expected for sensitive documents, such as smartcards, immigration forms, Public Key Infrastructure (PKI) electronic certificates for credentialing, and traditional and embedded electronics security documents.

**Increasing Cost of Operations** – U.S.C. Title 44 requires that GPO recover direct labor, direct material, and overhead costs in the rates and prices charged for goods and services. During fiscal 2011, Agency management recognized that overhead costs had increased greatly over the last several years and had to be reduced. Beginning in the second quarter of fiscal 2011, organizations, staffing, and purchases for internal needs were subjected to increased scrutiny by managers at all Agency levels, with success. GPO's 2011 budget for agency overhead operations was approximately \$140 million. Actual overhead expenses for fiscal 2011 were approximately \$129.5 million. In fiscal 2012, continued scrutiny will yield further savings. In addition, the Voluntary Employee Separation Program and Voluntary Early Retirement Program will also reduce the cost of overhead operations.

**Rapid Changes in Technology** – GPO has successfully adapted to changes in printing and information technology over its 150-year history. In the last few years, the rate of change in technology has increased dramatically. Faced with a forecast of decreasing revenues and limited funds to invest in infrastructure improvements in fiscal 2012 and possibly beyond, GPO established an internal committee with the responsibilities of identifying strategic capital investments and melding the opportunities into an overall short- to long-term investment plan for the Public Printer's endorsement. The committee places emphasis on adapting GPO to satisfy current and future Congressional and other key customer needs and GPO sustainability, including improving efficiency and economy.

**IPAC Chargebacks** – GPO formed an IPAC chargeback resolution team in 2011 to resolve a problem that was threatening the financial health of the Revolving Fund. At one point during fiscal 2011, the IPAC chargeback receivable balance was \$28.3 million. This receivable represents the value of jobs GPO delivered, billed, and collected from customer agencies via Treasury's automated IPAC system, but were, for a variety of reasons, rejected. In six months of operation, the team successfully reduced the balance of chargeback receivables to \$20.1 million (at September 30, 2011). The team will continue its work in 2012.

**Lease of Available Building Space** – As personnel levels and the use of more efficient technologies have reduced the space requirements for GPO's operations, GPO has been making space available for other legislative branch entities on a reimbursable basis. In fiscal 2011, GPO continued to make space available to elements of the Architect of the Capitol, the U.S. Capitol Police, and the Senate Sergeant at Arms under space-sharing agreements approved by the Joint Committee on Printing. In House Report 112-148, accompanying H.R. 2551, the Legislative Branch Appropriations Act for FY 2012 (July 15, 2011), the House Appropriations Committee encouraged GPO "to explore the possibility of a lease agreement" for other available space in GPO's buildings to generate additional revenues. GPO will continue to compact operations to free additional space for leasing.



## Fiscal Year 2012 Financial Projections

On July 1, 1953, Congress established the GPO Revolving Fund 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 costs, including depreciation and overhead, in accordance with Section 309 of Title 44 U.S.C. The receipts and disbursements from the Agency's continuing cycle of business-type operations are recorded in the GPO Revolving Fund.

In fiscal 2011, GPO realized a net gain of \$2.9 million, before other operating expenses. Overall, including the annual long-term workers' compensation adjustment which is excluded from GPO's rate-setting process, GPO realized a net gain of \$5.6 million. Due to forecasts for decreased product demand, GPO initially projected an estimated net loss of about \$23.0 million for fiscal 2012, before other operating expenses. As a result of this estimated net loss, management requested authority, in fiscal 2011, for a Voluntary Separation Incentive Payment (VSIP) and for a Voluntary Early Retirement Authority (VERA) to occur in the first quarter of fiscal 2012. These workforce reduction actions are estimated to reduce personnel compensation and benefits by about \$26.0 million in fiscal 2012. This should result in a planned net income of approximately \$3.0 million, before other operating expenses, in 2012. Management also plans to continue with the strict cost containment program implemented during fiscal 2011 in fiscal 2012. Annual cost savings from the workforce reduction actions after fiscal 2012 are projected to be approximately \$34.7 million.

GPO's continued overall transformation, customer demand for secure and intelligent documents, and other management initiatives underway are essential to maintaining operations on sound footing, both organizationally and financially. The Agency expects fiscal 2012 to be a difficult year, but has made provisions in its operating plans to maintain financial stability. Achieving adequate financial results will help ensure that the GPO Revolving Fund remains financially self-sustaining as Congress intended and that GPO can continue *Keeping America Informed*, as it has for 150 years.

SECTION II  
INSPECTOR  
GENERAL'S  
REPORT

**Date**

December 21, 2011

**To**

Public Printer

**From**

Inspector General

**Subject**FY 2011 Independent Auditors' Report  
Report Number 12-02

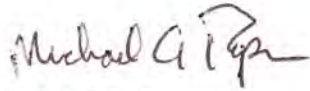
Attached is the Independent Auditors' Report on the U.S. Government Printing Office's (GPO) FY 2011 financial statements. We contracted with the independent certified public accounting firm of KPMG LLP (KPMG) to audit the financial statements of the GPO as of and for the years ended September 30, 2011 and 2010. 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 is unqualified. KPMG's consideration of internal control over financial reporting resulted in two significant deficiencies, which were not considered to be material weaknesses. These control deficiencies were over processing and maintenance of human resource and payroll information and information technology controls.

KPMG is responsible for the attached auditors' 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 internal control; or on GPO's financial management systems; or conclusions on GPO's compliance with laws and regulations. Our review disclosed no instances where KPMG did not comply, in all material respects, with GAGAS audit requirements.

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December 21, 2011  
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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 style with a large, stylized initial "M".

Michael A. Raponi  
Inspector General

Attachment

cc:  
Deputy Public Printer  
Chief of Staff  
General Counsel  
Chief Financial Officer  
Chief Information Officer



# SECTION III

# INDEPENDENT

# AUDITORS'

# REPORT



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036-3389

## Independent Auditors' Report

The Public Printer  
United States Government Printing Office:

We have audited the accompanying consolidated balance sheets of the United States Government Printing Office (GPO) as of September 30, 2011 and 2010, and the related consolidated statements of revenues, expenses, and changes in retained earnings and cash flows (hereinafter referred to as "consolidated financial statements") for the years then ended. The objective of our audits was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2011 audit, we also considered GPO's internal control over financial reporting and tested GPO's compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on these consolidated financial statements.

### Summary

As stated in our opinion on the consolidated financial statements, we concluded that GPO's consolidated financial statements as of and for the years ended September 30, 2011 and 2010, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

Our consideration of internal control over financial reporting resulted in identifying certain deficiencies that we consider to be significant deficiencies, as defined in the Internal Control over Financial Reporting section of this report, as follows:

- A. Controls over Processing and Maintenance of Human Resource and Payroll Information
- B. Information Technology General and Application Controls

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined in the Internal Control over Financial Reporting section of this report.

The results of our tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*, issued by the Comptroller General of the United States.

The following sections discuss our opinion on GPO's consolidated financial statements; our consideration of GPO's internal control over financial reporting; our tests of GPO's compliance with certain provisions of applicable laws, regulations, and contracts; and management's and our responsibilities.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of the United States Government Printing Office as of September 30, 2011 and 2010 and the related consolidated statements of revenues, expenses, and changes in retained earnings and cash flows for the years then ended.



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, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information in the Management's Discussion and Analysis section is presented for purposes of additional analysis and is not required as part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

### **Internal Control over Financial Reporting**

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2011 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described in Exhibit I that we consider to be significant deficiencies in internal control over financial reporting. 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.

Exhibit II presents the status of prior year significant deficiencies.

We noted certain additional matters that we have reported to management of GPO in a separate letter.

### **Compliance and Other Matters**

The results of our tests of compliance as described in the Responsibilities section of this report disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards*.

\* \* \* \* \*

### **Responsibilities**

**Management's Responsibilities.** Management is responsible for the consolidated financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, and contracts applicable to GPO.

**Auditors' Responsibilities.** Our responsibility is to express an opinion on the fiscal year 2011 and 2010 consolidated financial statements of GPO 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GPO's internal control over financial reporting. Accordingly, we express no such opinion.



An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall consolidated financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2011 audit, we considered GPO's internal control over financial reporting by obtaining an understanding of GPO's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GPO's internal control over financial reporting.

As part of obtaining reasonable assurance about whether GPO's fiscal year 2011 consolidated financial statements are free of material misstatement, we performed tests of GPO's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts applicable to GPO. However, providing an opinion on compliance with laws, regulations, and contracts was not an objective of our audit and, accordingly, we do not express such an opinion.

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GPO's responses to the findings identified in our audit are presented in Exhibit I. We did not audit GPO's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of GPO's management, GPO's Office of Inspector General, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

December 16, 2011



**Fiscal Year 2011 Significant Deficiencies****A. Controls over Processing and Maintenance of Human Resource and Payroll Information**

We noted the following areas where the United States Government Printing Office (GPO) needs to improve its internal controls over processing and maintenance of human resource and payroll information:

- a. We noted that 35 of 120 employees tested during the year were nominated and approved for a goal sharing payment. Of the 35, we noted 1 employee never received the goal sharing award of \$100 even though the employee was approved and included on the list of approved awardees that was sent to the National Finance Center (NFC), GPO's payroll/personnel service provider, for payments.
- b. We noted 24 of 120 balances tested where the annual leave balance recorded in Web Time & Attendance (WebTA) did not agree to the annual leave balance recorded by the NFC, which is reflected on the employee's Statement of Earning and Leave. WebTA is GPO's web-based time and attendance program which employees use to enter and keep track of their hours worked and leave used. GPO management detected and corrected the errors during the year for 21 of the 24 exceptions. However, for the remaining 3 employees tested, 2 had balances that were not detected or corrected by management as of September 30, 2011, resulting in an incorrect leave balance recorded at year end, and 1 employee separated from the agency in July 2010 with the incorrect leave balance.
- c. We noted for 2 of 72 personnel files reviewed that the GPO payment plan reflected on the Standard Form (SF)-50, *Notification of Personnel Action*, did not agree to the GPO payment plan reflected on the SF-52, *Request/or Personnel Action*, maintained in the employee's personnel file. However, we noted that in each of these instances the employee's rates of pay reflected on the SF-50 and SF-52 were in agreement with the amount being processed by NFC for the pay period tested.
- d. Of the 120 WebTA sheets reviewed, we identified 8 instances where the WebTA sheet was certified by a person not listed on the list of approved supervisors. Additionally, no evidence was made available to verify that the individuals who certified the timesheets had been delegated that authority by an approved supervisor or that the supervisor had reviewed the timesheet in the following period for reasonableness.

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

- 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.

**Fiscal Year 2011 Significant Deficiencies**

- 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.
- Transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from the initiation and authorization through its final classification in summary records. In addition, control activities help to ensure that all transactions are completely and accurately recorded.

The causes of the conditions above were deficiencies in the operating effectiveness of internal controls to ensure all information processed is properly reviewed for accuracy and reasonableness.

**Recommendations:**

We recommend that GPO strengthen its controls over the processing and maintenance of human resource and payroll information as follows:

1. Perform a review of all information uploaded to NFC to verify that the upload was successful and accurate.
2. Develop and implement Standard Operating Procedures detailing how to correctly enter leave adjustments in the WebTA system and the NFC mainframe.
3. Develop and implement policies and procedures for payroll personnel to reconcile annual leave balances per WebTA to NFC to ensure that leave hours are properly accrued and that the annual leave balance is correct at the end of each pay period.
4. Improve communication with NFC to ensure that: a) the GPO payment plan information reflected on the SF-50's maintained in employee personnel files are accurate; and b) employee pay plans provided to NFC agrees with employee actions and their personnel file.
5. Develop and implement policies and procedures over the maintenance of authorized and approved Web Time & Attendance certifiers. Policies and procedures should be established to prevent inappropriate delegations of certifying authority. In addition, all approved delegates should be properly trained and able to determine the reasonableness of hours and/or expenses which they are certifying.

**Management Response:**

Management concurs with these recommendations and has already worked to implement a corrective action plan.

## Fiscal Year 2011 Significant Deficiencies

### B. Information Technology General and Application Controls

During fiscal year 2011, deficiencies in the design and/or operations of GPO's information technology (IT) general and application controls were noted in the areas of Security Management, Access Controls, Segregation of Duties, Configuration Management, and Contingency Planning. These conditions 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:

#### 1. Security Management

GPO made progress in fiscal year 2011 to formalize its established information security objectives and high level policy. However, we noted that although GPO had previously completed the security assessment and authorization process for both the GPO Business Information System (GBIS) and the GPO General Support System (GSS), GBIS operated without a current security authorization since May 2010 when the Interim Authorization to Operate (IATO) for GBIS expired. Also, the following exceptions were observed during our test work:

- a. For both GSS and GBIS, System Security Plans and Risk Assessment Reports did not include IT security controls that were equivalent to the high impact control baseline from the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, *Recommended Security Controls for Federal Information Systems and Organizations*.
- b. For GBIS and the GSS, security assessment testing did not include a population of IT security controls equivalent to the high impact control baseline from NIST SP 800-53.

Operating an application in production without a current security authorization increases the risk that since the previous security assessment and authorization, the current state of the system, its controls or the environment it operates in will have changed to the point that the system security plan no longer describes the system's current controls or plans necessary controls, and the security assessment no longer considers the full range of significant risks to which the system is subject.

Incomplete system security plans may lead to incomplete security assessment testing that does not include all necessary IT security controls and does not document test procedures and results for all necessary IT security controls. Not performing security assessment testing of all necessary IT security controls, increases the risk that control gaps or weaknesses will not be detected and corrected or be mitigated with compensating controls. This may lead to necessary controls not being included in system security plans. The resulting control gaps may subject data and resources to unauthorized use, loss, or disclosure.

Additionally, not documenting system security plans in detail sufficient to plan IT controls that are identical or equivalent to the applicable NIST SP 800-53 baseline controls may lead to gaps in system security planning, and more specifically, may lead to the GPO not planning and implementing IT security controls that are equivalent or identical to those recommended by NIST SP 800-53.

**Fiscal Year 2011 Significant Deficiencies**

**2. 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 controls deficiencies that need improvement:

- a. User access was not consistently removed after users left GPO or changed job duties:
  - i. Of a sample selection of 15 separated GPO personnel, 3 retained access to GPO's Active Directory network.
- b. Periodic reviews of user access were not consistently documented:
  - i. The GPO Finance Office lacks documented evidence of a monthly GBIS user access review and recertification. On a monthly basis, IT Security sent user access lists to the Finance Office for review. However, the Finance Office did not retain evidence of its reviews.
  - ii. There is no process in place to document a periodic review of GPO GSS users.
- c. Audit logs at the application level for GBIS are not reviewed.

Access controls should provide reasonable assurance that computer resources (data files, application programs, and computer-related facilities and equipment) are protected against unauthorized access, modification, disclosure, loss, or impairment. Not timely removing accounts for separated users increases the risk that unauthorized users will gain access to information systems.

Not consistently documenting periodic reviews of user access increases the risk that users who no longer require access will retain access.

With no audit log reviews performed at the application level for GBIS, events within the application that may represent attempts to gain unauthorized access or otherwise circumvent controls may not be detected and responded to.

**3. Segregation of Duties**

Effective segregation of duties starts with effective entity-wide policies and procedures that are implemented at the system and application levels. Although Finance Office segregation of duties procedures document conflicting activities within GBIS, the procedures are not sufficiently detailed to identify which roles within GBIS are considered to be conflicting. Not identifying conflicting roles within GBIS may lead to GBIS users having conflicting access to this key financial system, which could result in a user having end-to-end control over a transaction such that they could both initiate and approve an erroneous transaction.

**4. Configuration Management**

GPO does not centrally manage the security patching of Microsoft Windows desktops and laptops. Desktop and laptop computers without current security patches may not be properly



### Fiscal Year 2011 Significant Deficiencies

safeguarded from security vulnerabilities. As a result, vulnerabilities may be exploited and data and resources may be subject to unauthorized use, loss, or disclosure.

GPO Information Technology and Systems (IT&S) management has implemented a process for centrally managing patching for Microsoft Windows servers using Microsoft Windows Server Update Services. GPO's first priority was to implement the patch management process for these servers. However, GPO has not yet created standard operating procedures for desktop/laptop patch management and has not yet expanded its centralized Microsoft Windows patch management process to include desktops and laptops.

#### 5. Contingency Planning

The contingency plan for GPO's GSS has not been finalized, approved or tested, and is still in draft form. GPO may not be able to successfully recover critical applications and systems to maintain business functions during the event of a service disruption, without an effective contingency plan and testing process in place. Without documented contingency plan test results, management may be unaware of any weaknesses in disaster recovery capabilities that could have been revealed by disaster recovery testing.

Federal Information Processing Standards (FIPS) Publication 200, *Minimum Security Requirements for Federal Information and Information Systems*, requires organizations to authorize the operation of organizational information systems.

NIST SP 800-53, Revision 3, *Recommended Security Controls for Federal Information Systems and Organizations*, provides more detailed guidance for the security authorization process and directs organizations to:

- Develop security plans for information systems that describe the security controls in place or planned for meeting the control requirements from NIST SP 800-53 including rationale for control tailoring and supplementation decisions, and
- Assess the planned security controls to determine the extent to which the controls are implemented correctly, operating as intended, and producing the desired outcome and to document the results of the assessment to provide to the authorizing official.

NIST SP 800-53, Revision 3, *Recommended Security Controls for Federal Information Systems and Organizations*, provides guidance for managing access controls and directs organizations to:

- Operate procedures for disabling and removing access when users are terminated, transferred, or information system usage or need-to-know/need-to-share changes;
- Periodically review accounts;
- Implement separation of duties through assigned information system access authorizations; and
- Review and analyze information system audit records for indications of inappropriate or unusual activity and report findings to designated organizational officials.

**Fiscal Year 2011 Significant Deficiencies**

NIST SP 800-53, Revision 3, *Recommended Security Controls for Federal Information Systems and Organizations*, states that organizations should remediate vulnerabilities by maintaining a process to install security patches.

In addition, NIST SP 800-53, Revision 3, *Recommended Security Controls for Federal Information Systems and Organizations*, states that organizations should develop contingency plans for their information systems that are reviewed and approved by designated officials, should test to determine the plans' effectiveness, should review the contingency plan test results, and initiate corrective actions.

**Recommendations:**

We recommend that GPO continue to strengthen its IT general and application controls in each of the five identified domains, as follows:

**1. Security Management**

We recommend that GPO management ensure that:

- a. GPO documents system security plans and risk assessments in detail sufficient to plan system security controls for general support systems and major applications that are equivalent to the NIST SP 800-53 high-impact baseline controls.
- b. Security assessment testing used to support decisions to authorize systems for operation covers all planned system security controls at the point of initial authorization and at least once every three years thereafter, and includes descriptions of the test procedures performed and the results obtained.
- c. The GBIS application is re-authorized to operate.

**2. Access Controls**

We recommend that GPO management ensure that:

- a. The sign out process for removing system access from separated personnel is evaluated, revised as necessary, and formally documented to help ensure that system access is removed at the time personnel leave GPO.
- b. A periodic review of users with access to the GPO GSS is implemented.
- c. Procedures for periodically reviewing and recertifying access to GPO systems, including GBIS, are evaluated, revised as necessary, and formally documented to help ensure that access is reviewed on a periodic basis and that the review is documented.
- d. GPO designs and implements a risk-based approach to reviewing application audit log events for GBIS.

**Fiscal Year 2011 Significant Deficiencies**

**3. Segregation of Duties**

We recommend that GPO management revise procedures for maintaining segregation of duties within GBIS so that the procedures include sufficient detail to identify conflicting roles within GBIS.

**4. Configuration Management**

We recommend that GPO management ensure that:

- a. IT&S completes the development of centrally managed desktop and laptop patch management procedures to help ensure that security patches are deployed to desktop and laptop computers in a timely manner.
- b. IT&S documents standard operating procedures for desktop and laptop patch management.

**5. Contingency Planning**

We recommend that GPO management:

- a. Finalize and approve the contingency plan for GPO's GSS.
- b. Periodically perform contingency plan testing, document the test plans and results, and take appropriate corrective action based on the results, if necessary, for GPO's GSS.

**Management Response:**

Management concurs with these recommendations and is in the process of implementing a corrective action plan.

## Status of Prior Year Findings

Prior Year Condition	Prior Year Recommendation	Status as of September 30, 2011
<b>Significant Deficiencies</b>		
<b>A. Controls over Preparation, Review, and Approval of Special Journal Entries</b>	<p>We recommended that GPO strengthen its internal control over the preparation, review and approval of special journal entries by :</p> <ol style="list-style-type: none"> <li>1. Requiring that GPO personnel responsible for preparing an entry (1) gather the necessary facts and supporting documentation to fully understand the entry that they are preparing; and (2) perform a self-review over the entry prior to submitting it for approval to ensure that the proper accounts, cost codes, function codes, and amounts are used for the journal entries.</li> <li>2. Developing standard operating procedures documenting the requirements and instructions for supervisors reviewing journal entries including: (1) which supervisors are qualified to review certain types of special journal entries that impact certain areas (i.e., for all entries that impact fixed assets, the Chief of Property and Accounting must approve); (2) what information should be verified before the entry can be approved; and (3) the type of documentation that is considered to be sufficient to support/justify the basis for the entry.</li> </ol>	<b>Closed</b>
<b>B. Controls over Processing and Maintenance of Human Resource Data</b>	<p>We recommended that GPO strengthen its controls over the processing and maintenance of human resource and payroll information as follows:</p> <ol style="list-style-type: none"> <li>1. Improve controls within the Human Capital Office and the Finance Department to ensure that only employees who are eligible to participate in GPO's annual goal sharing program pursuant to GPO Directive 665.22 receive annual goal sharing payments.</li> <li>2. Improve its internal controls to ensure that GPO payment plan information reflected on the SF-50s maintained in employee personnel files are accurate; and employee service dates reflected in WebTA agree with employee service dates reflected in NFC records and the SF-52 maintained in the employee's personnel file.</li> <li>3. Develop Standard Operating Procedures detailing how to correctly enter leave adjustments in the WebTA system and the NFC mainframe.</li> </ol>	<b>Significant Deficiency</b> This finding has been partially repeated in FY 2011; see Exhibit I.



Status of Prior Year Findings

Prior Year Condition	Prior Year Recommendation	Status as of September 30, 2011
	<p>4. Develop a report based on information from NFC that can be run bi-weekly that will identify any change made to an employee's record subsequent to the initial interface with NFC.</p> <p>5. Implement a control where payroll personnel reconcile the annual leave balances per WebTA to NFC ensuring that the proper numbers of hours are being accrued per pay period and that the annual leave balance is correct.</p>	
<p><b>C. Information Technology General and Application Controls</b></p>		
<p><b>1. Security Management</b></p>	<p>We recommended that GPO management document its system security plans in detail sufficient to plan system security controls for general support systems and major applications that are identical or equivalent to the applicable NIST SP 800-53 baseline controls. In addition, we recommended the following:</p> <ul style="list-style-type: none"> <li>a. GPO management document its risk assessments and considers a full range of significant risks to be consistent with risk assessment requirements from NIST SP 800-30. Also, we recommended that when creating a security authorization package, GPO document procedures performed and results obtained for security assessment testing of all planned IT security controls. Additionally, we recommended that GPO update the security authorization package for the GSS and, after planning and successfully testing the necessary IT security controls, re-authorizes it for operation.</li> <li>b. GPO management document and implement procedures to identify all personnel with significant information security responsibilities and ensure that they receive periodic role-based IT security training.</li> <li>c. GPO request that Oracle amend the scope of the SAS-70 report for Oracle On-Demand to include the Federal Zone where the servers for GBIS are hosted.</li> </ul>	<p><b>Significant Deficiency</b> This finding has been partially repeated in FY 2011; see Exhibit I.</p>
<p><b>2. Access Controls</b></p>	<p>We recommended that GPO management:</p> <ul style="list-style-type: none"> <li>a. Evaluate, revise as necessary, and formally document procedures for approving access to the GSS and GBIS to help ensure that approvals are documented prior to granting users access.</li> </ul>	<p><b>Significant Deficiency</b> This finding has been partially repeated in FY 2011; see</p>

Status of Prior Year Findings

	<ul style="list-style-type: none"> <li>b. Ensure that controls for removing system access from separated contractors, including the periodic contractor network access review and setting contractor network user accounts to expire, are consistently operated for all contractors with access to GPO’s network.</li> <li>c. Evaluate, revise as necessary and formally document procedures for periodically reviewing and recertifying access to GPO systems to help ensure that access that users do not need is removed timely.</li> <li>d. Restrict access to applications and systems, including the GBIS rate maintenance responsibility, to personnel based on defined roles and responsibilities. Access should be removed from user access accounts that do not require such access.</li> <li>e. Enhance its policies and procedures over password settings. With the exception of system service accounts, management should ensure that password expiration settings are applied to all users’ network accounts.</li> <li>f. Design and implement a risk-based approach to reviewing application audit log events for GBIS.</li> <li>g. Consistently perform and document a periodic review and recertification of the data center physical access list. The review and certification should be performed and documented, at a minimum, on a quarterly basis.</li> </ul>	<p>Exhibit I.</p>
<p><b>3. Segregation of Duties</b></p>	<p>We recommended that GPO management document the permissions used within GBIS, identify which permissions conflict, and ensure that conflicting permissions are not assigned to the same user.</p>	<p><b>Significant Deficiency</b> This finding has been repeated in FY 2011; see Exhibit I.</p>
<p><b>4. Configuration Management</b></p>	<p>We recommended that GPO management :</p> <ul style="list-style-type: none"> <li>a. Take steps to ensure that emergency changes to GBIS are approved and are tested as soon as possible after implementation into production.</li> <li>b. Complete the development of centrally managed desktop and laptop patch management procedures to help ensure that security patches are deployed to desktop and laptop computers in a timely manner. We also recommended that GPO document its standard operating procedures for patch</li> </ul>	<p><b>Significant Deficiency</b> This finding has been partially repeated in FY 2011; see Exhibit I.</p>

Status of Prior Year Findings

	management.	
<p><b>5. Contingency Planning</b></p>	<p>We recommended that management:</p> <ul style="list-style-type: none"> <li>a. Finalize and approve the contingency plan for GPO General Support System Number 1.</li> <li>b. Periodically perform contingency plan testing and document the test plans and the results for GPO General Support System Number 1.</li> </ul>	<p><b>Significant Deficiency</b> This finding has been repeated in FY 2011; see Exhibit I.</p>

# SECTION IV

# CONSOLIDATED

# FINANCIAL

# STATEMENTS

U.S. Government Printing Office  
**Consolidated Balance Sheets**  
 As of September 30, 2011 and 2010  
 (Dollars in Thousands)

	2011	2010
<b>ASSETS</b>		
<b>Current assets</b>		
Fund balance with Treasury (Note 2)	\$ 386,854	\$ 340,165
Accounts receivable, net (Note 3)	172,271	171,677
Inventory, net (Note 4)	31,919	32,570
Prepaid expenses (Note 5)	99	244
Total current assets	591,143	544,656
General property, plant and equipment, net (Note 6)	103,261	110,891
Total assets	\$ 694,404	\$ 655,547
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses (Note 7)	\$ 120,957	\$ 108,942
Deferred revenues (Note 8)	143,144	127,286
Accrued annual leave	10,843	11,153
Total current liabilities	274,944	247,381
<b>Other liabilities</b>		
Workers' compensation liability (Note 9)	68,144	70,884
Voluntary separation incentive program	-	4,562
Total liabilities	343,088	322,827
<b>Commitments and contingencies (Notes 10 and 11)</b>		
<b>Net position (Note 12)</b>		
<b>Cumulative results of operations:</b>		
Retained earnings	165,288	159,651
Invested capital	92,879	92,879
Unexpended appropriations	93,149	80,190
Total net position	351,316	332,720
Total liabilities and net position	\$ 694,404	\$ 655,547

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



U.S. Government Printing Office  
**Consolidated Statements of Revenues, Expenses,  
and Changes in Retained Earnings**

For the Fiscal Years Ended September 30, 2011 and 2010

(Dollars in Thousands)

	2011	2010
OPERATING REVENUES		
<b>Printing and binding</b>	\$ 681,510	\$ 774,031
<b>Appropriations</b>	122,089	134,894
<b>Sales of publications</b>	11,366	13,244
<b>Agency distributions</b>	6,144	6,169
Total operating revenues	821,109	928,338
OPERATING EXPENSES		
<b>Printing and reproduction</b>	362,108	459,027
<b>Personnel compensation and benefits</b>	236,960	242,477
<b>Supplies and materials</b>	126,887	128,377
<b>Other services</b>	39,223	36,497
<b>Depreciation and amortization</b>	21,520	19,913
<b>Rents, communications, and utilities</b>	16,274	16,610
<b>Travel, transportation, and postage</b>	10,098	12,393
<b>Publications sold</b>	5,142	4,046
Subtotal	818,212	919,340
Income before other expenses	2,897	8,998
OTHER EXPENSES		
<b>Decrease in workers' compensation liability (Note 9)</b>	2,740	290
Net Income	5,637	9,288
Retained Earnings, beginning of year	159,651	150,363
Retained Earnings, end of year	\$ 165,288	\$ 159,651

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

U.S. Government Printing Office  
**Consolidated Statements of Cash Flows**  
 For the Fiscal Years Ended September 30, 2011 and 2010  
 (Dollars in Thousands)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
<b>Net income</b>	\$ 5,637	\$ 9,288
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
<b>Depreciation and amortization</b>	<b>21,520</b>	<b>19,913</b>
<b>Gain on disposal of general property, plant and equipment</b>	<b>(21)</b>	<b>(2)</b>
<b>Changes in assets and liabilities:</b>		
<b>(Increase) decrease in assets-</b>		
<b>Accounts receivable</b>	<b>(594)</b>	<b>38,887</b>
<b>Inventory</b>	<b>651</b>	<b>(3,739)</b>
<b>Prepaid expenses</b>	<b>145</b>	<b>1,579</b>
<b>Increase (decrease) in liabilities-</b>		
<b>Accounts payable, accrued expenses, and other</b>	<b>6,251</b>	<b>(8,409)</b>
<b>Deferred revenues</b>	<b>15,858</b>	<b>28,652</b>
<b>Accrued annual leave</b>	<b>(310)</b>	<b>137</b>
<b>Workers' compensation liabilities</b>	<b>(2,740)</b>	<b>(290)</b>
Total adjustments	40,760	76,728
Net cash provided by operating activities	46,397	86,016
CASH FLOWS FROM INVESTING ACTIVITIES		
<b>Capital purchases</b>	<b>(12,688)</b>	<b>(14,449)</b>
<b>Proceeds from sale of general property, plant and equipment</b>	<b>21</b>	<b>2</b>
Net cash used in investing activities	(12,667)	(14,447)
CASH FLOWS FROM FINANCING ACTIVITIES		
<b>Increase in unexpended appropriations</b>	<b>12,959</b>	<b>12,470</b>
Net cash provided by financing activities	12,959	12,470
Net increase in fund balance with Treasury	46,689	84,039
<b>Fund balance with Treasury, beginning of year</b>	<b>340,165</b>	<b>256,126</b>
Fund balance with Treasury, end of year	\$ 386,854	\$ 340,165

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

# **U.S. Government Printing Office**

## **Notes to Consolidated Financial Statements**

### **September 30, 2011 and 2010**

## **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.

The Public Printer of the United States, appointed by the President of the United States 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. § 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 Section 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**

As allowed by the Federal Accounting Standards Advisory Board (FASAB), the consolidated financial statements of GPO have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as promulgated by the Financial Accounting Standards Board (FASB). Under GAAP, revenues are recognized when earned, and expenses are recognized when incurred, without regard to the timing of the receipt or disbursement of cash.

#### **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) 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 Congress 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. Accordingly, the two major sources of revenue to the Revolving Fund are reimbursements from the Congressional Printing and Binding Appropriations and other Federal customers for providing printing, binding and distribution services, including U.S. Passport production, and publication and subscription sales to the public.

The 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.

The 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 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 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. The 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 on hand.

### ***F. Property, Plant, and Equipment***

Property, plant and equipment purchases are generally valued at their acquisition cost. GPO capitalizes the cost of the property as an asset when the cost is \$25,000 or more, and the estimated useful life is two years or more. The costs of major alterations and renovations to the GPO facility are capitalized and depreciated, while the costs of maintenance and repairs are expensed when incurred. The depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the asset. The depreciation of an asset commences the month after the asset is first placed in service.

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

<b>Asset Category</b>	<b>Estimated Useful Life (Years)</b>
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. 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 Employee 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's employees under FECA are administered by U.S. 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.

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 the Office of Management and Budget's (OMB) economic assumptions for 10-year Treasury notes and bonds, which resulted in discount rates as of September 30, 2011 and 2010, of 3.535 percent and 3.653 percent in year one and 4.025 percent and 4.300 percent thereafter. The use of these rates approximates the use of average historical rates on marketable Treasury securities with maturities consistent with the projected benefit payments.

### ***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 U.S. 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) that 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.

***Other Services*** – This expense category includes the costs of professional services by contractors and the expenses related to a provision for uncollectible accounts receivable. The expenses for professional services are recognized when the contracted services have been performed. The expenses for uncollectible accounts receivable are recognized when receivables are deemed as potentially uncollectible, based on GPO's collection experience.

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

month after the date that the capitalized asset was placed in service.

***Rents, Communications, and Utilities*** – Rent and lease costs are incurred for the use of building space, equipment, and motor vehicles. GPO leases office and warehouse space from the U.S. General Services Administration and commercial landlords. 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 assesses the ability of GPO to generate funds from current operations, to identify financing acquired from outside sources, and to identify the major non-operating (investing) uses of funds.

### ***N. Use of Estimates***

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

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



contingent liabilities.

### ***O. Fair Value Measurement***

GPO adopted FASB Accounting Standards Codification, *Fair Value Measurements and Disclosures* (ASC 820-10), on October 1, 2008, 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 are comprised of cash, accounts receivable, accounts payable, and accrued liabilities as of September 30, 2011 and 2010. 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 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***

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

## 2. Fund Balance with Treasury

A table of items included in GPO's funds with Treasury, including funds on-hand or in-transit to the Treasury, as of September 30, 2011 and 2010 follows.

	(Dollars in thousands)	
	2011	2010
Fund Balances:		
<b>Revolving fund:</b>		
<b>Unrestricted</b>	\$ 115,967	\$ 101,016
<b>Restricted:</b>		
<b>Customer deposit accounts</b>	135,280	121,623
<b>Other</b>	38,874	34,205
Total revolving fund	290,121	256,844
<b>General funds:</b>		
<b>Congressional printing and binding</b>	57,258	42,922
<b>Salaries and expenses</b>	32,200	32,183
<b>Supplemental and other</b>	7,275	8,216
Total general funds	96,733	83,321
Total	\$ 386,854	\$ 340,165
Status of Fund Balance with Treasury:		
<b>Unobligated balance:</b>		
<b>Available</b>	\$ 157,727	\$ 111,989
<b>Unavailable</b>	7,275	8,216
Total	165,002	120,205
<b>Obligated balance not yet disbursed</b>	221,852	219,960
Total	\$ 386,854	\$ 340,165

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.

Supplemental and other general funds include unexpended appropriations made to GPO for specific purposes as discussed in Net Position, Unexpended Appropriations (Note 12B).

## 3. Accounts Receivable, Net

Accounts receivable, net of an allowance for doubtful accounts, as of September 30, 2011 and 2010, consisted of the following.

	(Dollars in thousands)	
	2011	2010
<b>Federal agencies:</b>		
<b>Unbilled accounts receivable</b>	\$ 122,697	\$ 117,608
<b>Billed completed work</b>	55,648	57,755
Subtotal	178,345	175,363
<b>Other receivables:</b>		
<b>The public</b>	1,701	1,795
<b>GPO employees</b>	1,346	1,255
Subtotal	3,047	3,050
Total accounts receivable	181,392	178,413
<b>Less: Allowance for doubtful accounts</b>	<b>(9,121)</b>	<b>(6,736)</b>
Total accounts receivable, net	\$ 172,271	\$ 171,677

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

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, 2011 and 2010.

Employee accounts receivable includes amounts 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.

The allowance for doubtful accounts at September 30, 2011 increased by \$2.4 million due to the increasing age of some unresolved chargebacks from U.S. Department of the Treasury's Intra-governmental Payment and Collection (IPAC) System.

#### 4. Inventory, Net

Inventories, net of an allowance for surplus and obsolete stock, as of September 30, 2011 and 2010, consisted of the following.

	(Dollars in thousands)	
	2011	2010
Supplies and materials	\$ 22,822	\$ 20,714
Publications for sale	6,723	7,859
Paper	4,488	5,172
Work in process	2,695	3,977
Total inventory	36,728	37,722
<b>Less: Allowance for surplus and obsolete inventory</b>	<b>(4,809)</b>	<b>(5,152)</b>
Inventory, net	\$ 31,919	\$ 32,570

## 5. Prepaid Expenses

Prepaid expenses were \$99,000 as of September 30, 2011, and \$244,000 as of September 30, 2010. The decrease of \$145,000 in prepaid expenses in fiscal 2011 was primarily due to reductions in prepaid training expenses to the Office of Personnel Management (OPM) in fiscal 2011.

## 6. General Property, Plant, and Equipment, Net

Net property, plant, and equipment as of September 30, 2011 and 2010, consisted of the following.

	(Dollars in thousands)	
	2011	2010
Land	\$ 9,971	\$ 9,971
Buildings and improvements	83,425	82,629
Plant machinery and equipment	98,063	93,121
Computers and computer software	94,798	85,703
Furniture and fixtures	6,113	6,113
Motor vehicles	772	719
Leasehold improvements	10,115	10,115
Capitalized software in process	1,710	3,103
Capital improvements in process	623	1,523
Total	305,590	292,997
<b>Less: Accumulated depreciation and amortization</b>	<b>(202,329)</b>	<b>(182,106)</b>
General property, plant and equipment, net	\$ 103,261	\$ 110,891

General property, plant, and equipment decreased by \$7.6 million in fiscal 2011 from fiscal 2010 due primarily to capital additions of approximately \$13.6 million and offset by annual depreciation of approximately \$21.5 million. The majority of the capital additions were for computers and computer software of \$7.3 million. The increase in computers and computer software was primarily due to FDsys software (\$4.4 million) placed into service during fiscal 2011. During fiscal 2011, GPO also made other capital expenditures including printing production equipment for passports of about \$4.0 million.

In process assets at September 30, 2011, were mainly composed of press machine upgrades \$355,000 and computer software upgrades of \$469,000. In fiscal 2010, GPO had the following in process assets: Heidelberg Press of about \$884,000, uninterruptible power supply to the data center of \$388,000, and a card punching and die cutting system of \$189,000.

Depreciation expense was \$21.5 million for fiscal 2011 and \$19.9 million for fiscal 2010. The increase of \$1.6 million in fiscal 2011 was largely the result of amortizing FDsys placed into service in fiscal 2010 and depreciated for the entire fiscal 2011, and amortizing new FDsys software modules placed into service in fiscal 2011. In addition, there was approximately \$153,000 in depreciation in fiscal 2011 for the new passport press.

## 7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of September 30, 2011, and 2010, were composed of the following.

	(Dollars in thousands)	
	2011	2010
<b>Accounts payable:</b>		
<b>Commercial printing</b>	\$ 71,501	\$ 53,687
<b>U.S. Government agencies</b>	7,700	8,213
<b>Other</b>	21,675	34,453
Total accounts payable	100,876	96,353
<b>Accrued salaries and payroll taxes</b>	<b>20,081</b>	<b>12,589</b>
Total accounts payable and accrued expenses	\$ 120,957	\$ 108,942

The increase in accounts payable and accrued expenses of \$12.0 million resulted primarily from an increase in accounts payable to printing contractors of \$17.8 million, offset by decreases in payables for professional services of \$2.2 million, production materials of \$1.8 million, and capital assets of \$488,000. At September 30, 2011 and 2010, accounts payable to U.S. Government agencies includes amounts due to DOL for unreimbursed FECA benefits paid by DOL on GPO's behalf of \$7.6 million and \$7.2 million, respectively. The accrued salaries payable and payroll tax for fiscal 2011 included \$7.2 million for estimated payments to employees participating in the Agency's 2011 – 2012 buyout program. These employees are scheduled to leave the Agency from October to December 2011.



## 8. Deferred Revenues

As of September 30, 2011 and 2010, deferred revenues from customers consisted of the following.

	(Dollars in thousands)	
	2011	2010
Deposit accounts	\$ 135,280	\$ 121,623
Advance billings	5,836	3,147
Subscriptions	1,846	2,308
Unfilled orders	182	208
Total	\$ 143,144	\$ 127,286

GPO held \$135.3 million and \$121.6 million in customer deposit accounts as of September 30, 2011 and 2010, respectively. Of these amounts, Federal Government customers had advanced funds of \$132.6 million and \$118.7 million for printing and binding deposit accounts, and customers advanced \$2.7 million and \$2.9 million for publication and information sales program deposit accounts as of September 30, 2011 and 2010, respectively. Additionally, GPO held advanced funds from the Federal Government and other customers of \$1.8 million and \$2.3 million for subscriptions for the sales of publications as of September 30, 2011 and 2010, respectively. The restricted funds in these deposit accounts will generally be applied to future orders placed by customers or refunded on request.

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 balance will be refunded in instances where the subscription is no longer available for sale, or the customers cancel their subscription.

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

GPO defers the recognition of revenues for advance billings to Federal Government customers. Advance billings are occasionally used to finance the cost of producing certain large printing and binding jobs. GPO will recognize the revenue as work is completed.

## 9. Workers' Compensation Liability

Claims incurred and paid by DOL as of September 30, 2011 and 2010, but not yet reimbursed to DOL by GPO, are approximately \$7.6 million and \$7.2 million, respectively. GPO will reimburse DOL for these claims. GPO's estimated non-current, actuarially derived future workers' compensation liability was approximately \$68.1 million and \$70.9 million as of

September 30, 2011 and 2010, respectively. GPO's estimated, undiscounted, non-current, actuarially derived future workers' compensation liability was approximately \$109.1 million and \$117.9 million as of September 30, 2011 and 2010, respectively.

## 10. Commitments

### 10. A. Operating Leases

As of September 30, 2011, 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. Lease and rental expenses for real and personal property were \$4.1 million and \$3.9 million for fiscal 2011 and 2010, respectively.

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
<b>2012</b>	<b>\$ 1,002</b>	<b>\$ 502</b>	<b>\$ 1,504</b>
<b>2013</b>	<b>697</b>	<b>197</b>	<b>894</b>
<b>2014</b>	<b>159</b>	<b>111</b>	<b>270</b>
<b>2015</b>	<b>-</b>	<b>113</b>	<b>113</b>
<b>2016</b>	<b>-</b>	<b>9</b>	<b>9</b>
<b>2017 and beyond</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total minimum lease payments	\$1,858	\$932	\$2,790

### 10. B. Obligations

GPO had unliquidated obligations of \$221.9 million and \$220.0 million, at September 30, 2011 and 2010, respectively, of which \$134.4 million and \$117.1 million, respectively, are 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 September 30, 2011 and 2010, GPO has recorded estimated liabilities of zero and \$2,290, respectively, related to claims that management believes the likelihood of an adverse result against GPO is probable. Such amounts are included in accounts payable and accrued expenses in the financial statements. Certain legal matters in which GPO is a named party may be administered and litigated on behalf of GPO by the U.S. Department of Justice. In these cases, amounts paid under any judgment, compromise settlement, or award are funded from the Judgment Fund administered by the U.S. Department of the Treasury (31 U.S.C. § 1304). The Judgment Fund paid a total of \$140,000 and \$81,000 on behalf of GPO for the years ended September 30, 2011 and 2010, respectively. These amounts are not reflected in GPO's consolidated financial statements.

There were no litigation contingencies involving GPO where the risk of loss was reasonably possible as of September 30, 2011 and 2010, respectively.

### *11. B. Environmental Liabilities*

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

The estimated costs to remove exposed asbestos within the GPO facility, mainly encapsulated pipe insulation, were \$578,000 as of September 30, 2011, and \$604,000 as of September 30, 2010. These amounts are included in accounts payable and accrued expenses on the financial statements. The cost to remediate all non-visible asbestos has not been accrued in the financial statements due to the inability to reasonably estimate the extent of non-visible asbestos, the cost and manner of asbestos remediation, and the dates when the liability will be settled.

## 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, 2009, through September 30, 2011, for appropriations made available to GPO.

#### Unexpended Appropriations

Appropriations (Dollars in thousands)	Revolving Fund Appropriation	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total
Unexpended balance at September 30, 2009	\$ 4,943	\$ 24,516	\$ 38,261	\$ 67,720
<b>2010 fiscal year appropriation activity:</b>				
<b>Received</b>	<b>12,782</b>	<b>40,911</b>	<b>93,768</b>	<b>147,461</b>
<b>Transferred</b>	<b>2,231</b>	<b>(2,231)</b>	<b>-</b>	<b>-</b>
<b>Expended</b>	<b>(11,840)</b>	<b>(34,144)</b>	<b>(89,107)</b>	<b>(135,091)</b>
<b>Appropriation restoration from previous year</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>100</b>
Unexpended balance at September 30, 2010	8,216	29,052	42,922	80,190
<b>2011 fiscal year appropriation activity:</b>				
<b>Received</b>	<b>1,656</b>	<b>39,831</b>	<b>93,580</b>	<b>135,067</b>
<b>Transferred</b>	<b>2,640</b>	<b>(2,640)</b>	<b>-</b>	<b>-</b>
<b>Expended</b>	<b>(5,237)</b>	<b>(37,627)</b>	<b>(79,244)</b>	<b>(122,108)</b>
Unexpended balance at September 30, 2011	\$ 7,275	\$ 28,616	\$ 57,258	\$ 93,149

As of September 30, 2011, GPO had obligated all the \$57.3 million of the unexpended appropriations available for Congressional printing and binding, and all of the \$28.6 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, 2011. At September 30, 2010, the obligations were \$42.9 million in Congressional Printing and Binding Appropriations and \$29.1 million in Salaries and Expenses Appropriations.

The Revolving Fund unexpended appropriations balances at September 30, 2011 and 2010 were \$7.3 million and \$8.2 million, respectively. The Revolving Fund unexpended appropriations balances are 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, 2011, GPO expended \$2.4 million from this appropriation. At the end of fiscal 2011, balances available for future expenditures were \$877,000, which remained the same as the end of fiscal 2010.

- In fiscal 2007, Congress appropriated \$1 million to the Revolving Fund for workforce retraining. As of September 30, 2011, GPO had expended \$407,000. At the end of fiscal 2011 and 2010, balances of \$593,000 and \$433,000 were available for future expenditures, respectively. The increase in amounts available for future expenditures resulted from the fiscal 2011 return of unused training funds of \$165,000 advanced to OPM in a prior year.
- In fiscal 2009, Congress appropriated \$4.995 million to the Revolving Fund for information technology development and facilities repair. GPO expended about \$4.973 million from this appropriation as of September 30, 2011. At the end of fiscal 2011, \$22,000 was available for future expenditures. At the end of fiscal 2010, \$183,000 was available for future expenditures.
- In fiscal 2010, Congress appropriated \$12.8 million to the Revolving Fund for information technology development and facilities repair. As of September 30, 2011, GPO expended about \$11.2 million from the appropriation, of which \$3.5 million was expended in fiscal 2011. At the end of fiscal 2011, a balance of \$1.6 million was available for expenditure. At the end of fiscal 2010, a balance of \$5.2 million was available for expenditure.
- In fiscal 2010, GPO transferred a total of \$2.231 million from prior year Salaries and Expenses Appropriations to the Revolving Fund. This transfer was authorized to cover appropriation shortfalls (about \$1.543 million of the \$2.231 million) and for FDLP improvements (about \$688,000 of the total). As of September 30, 2011 and 2010, a balance of \$1.543 million was available for future expenditure.
- In fiscal 2011, Congress appropriated \$1.656 million to the Revolving Fund for information technology development. As of September 30, 2011, GPO had expended the entire appropriation.
- In fiscal 2011, GPO transferred \$2.640 million from the Salaries and Expenses Appropriation to the Revolving Fund to cover salaries and expenses of the Superintendent of Documents in fiscal 2012. As of September 30, 2011, the balance of \$2.640 million was available for future expenditure.

### 13. Appropriated Funds

#### 13. A. Total Appropriation Made Available

The total appropriations made available to GPO, net of rescissions, for fiscal 2011 and 2010 were as follows.

	(Dollars in thousands)	
	2011	2010
<b>Congressional printing and binding</b>	\$ 93,580	\$ 93,768
<b>Salaries and expenses</b>	39,831	40,911
<b>Revolving fund</b>	1,656	12,782
Total available appropriations	\$ 135,067	\$ 147,461



**13. B. Expended Appropriations**

The total appropriations expended by GPO during fiscal 2011 and 2010 were as follows.

**Expended Appropriations**

	(Dollars in thousands)	
	2011	2010
Congressional printing and binding:		
<b>Hearings</b>	\$ 23,115	\$ 19,748
<b>Congressional Record products</b>	20,292	25,154
<b>Miscellaneous publications and printing and binding</b>	18,128	21,015
<b>Bills, resolutions, and amendments</b>	6,397	6,009
<b>Details to Congress</b>	4,177	2,493
<b>Business and committee calendars</b>	2,293	3,777
<b>Committee reports</b>	2,045	3,263
<b>Other</b>	1,354	1,801
<b>Public document envelopes</b>	753	2,946
<b>Committee prints</b>	690	2,901
Total congressional printing and binding	79,244	89,107
Salaries and expenses:		
<b>Depository library distribution</b>	26,373	24,414
<b>Cataloging and indexing</b>	9,027	7,547
<b>International exchange</b>	1,764	1,601
<b>By-law distribution</b>	463	582
Total salaries and expenses	37,627	34,144
Revolving Fund:		
<b>Infrastructure improvements</b>	5,396	11,292
<b>Workforce retraining</b>	(159)	548
Total revolving fund	5,237	11,840
Total expended appropriations	122,108	135,091
<b>Reconciliation of expended appropriations to the consolidated statements of revenues, expenses, and changes in retained earnings:</b>		
Total expended appropriations	122,108	135,091
<b>Eliminations (Intra-agency)</b>	(19)	(197)
Consolidated revenues from appropriations	\$ 122,089	\$ 134,894

## **14. Employee Benefit Plans**

GPO funds a portion of pension contributions for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and makes payroll deductions from employees for their pension contributions. 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 disclose the unfunded pension liability and post-employment benefits relative to its employees.

### **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 2011 and 2010 for investigators and law-enforcement officers, and 7.0 percent of basic pay in both years for all other employees. GPO contributions were \$3.4 million and \$3.8 million for the years ended September 30, 2011 and 2010, 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 25.7 percent basic pay in fiscal 2011 and 24.9 percent in fiscal 2010. The FERS contribution rate for all other employees was 11.7 percent in fiscal 2011 and 11.2 percent in fiscal 2010. GPO contributions to FERS totaled \$14.5 million for fiscal 2011 and \$13.8 million for fiscal 2010.

### **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 \$16,500 for 2011 and 2010. Employees, who were 50 years old or older, were allowed additional catch-up contributions of \$5,500 in 2011 and 2010. 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 \$4.9 million in fiscal 2011 and \$4.8 million in fiscal 2010.

### **Social Security System**

As an employer, GPO matches employee contributions to the U.S. Social Security Administration (SSA) under the Federal Insurance Contributions Act (FICA) for employees in the FERS. GPO contributes 6.2 percent of gross pay (up to \$106,800 in 2011 and 2010) 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, 2011 and 2010 totaled \$10.5 million and \$10.8 million, respectively.

### **Employment, Pension, and Other Post-Employment Benefits Provided by Others**

OPM is responsible for the management, administration, and funding of certain Government-wide programs that provide pension and other post-employment benefits to retired employees of the Federal Government. These OPM administered programs provide benefits to former employees of GPO. OPM administered pension programs include the CSRS and the FERS.

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.

## **15. Major Customers**

GPO's primary customers are the Congress and large Federal agencies in the Executive Branch of the Federal Government. In fiscal 2011 and 2010, billings to major customers, those representing approximately 10 percent or more of GPO's total revenue follow.

	(Dollars in thousands)			
	2011		2010	
	Amount	Percent	Amount	Percent
Department of State	\$207,102	25.2%	\$201,024	21.7%
Department of Health & Human Services	93,789	11.4%	105,689	11.4%
Congress of the United States	80,604	9.8%	90,824	9.8%
Department of Defense	78,795	9.6%	91,336	9.8%

## **16. Voluntary Separation Incentive Program**

In fiscal 2011, the Public Printer established the *Voluntary Separation Incentive Program* (VSIP) under authority of Public Law 108-447 and the approval of the Committee on House Administration and OPM. The Agency offered buyouts of up to \$25,000, and early outs, with a goal of achieving a 15 percent personnel reduction, or 330 positions. As of September 30, 2011, a total of 287 employees had voluntarily agreed to separate from GPO under the program. As of September 30, 2011, GPO accrued \$7.2 million in Revolving Fund cash to finance the estimated costs of the VSIP buyout incentive payments. Based on 287 VSIP separations, GPO will reduce estimated personnel costs and benefits by about \$34.7 million annually. The estimated savings in fiscal 2012 is approximately \$26.0 million, as many employees chose to leave in December 2011.

## **17. Subsequent Events**

GPO has evaluated subsequent events through December 16, 2011, the date which the financial statements were available to be issued. There were no material events that required adjustment, accrual, or disclosure.

## ACRONYM LIST

ASC	Accounting Standards Codification
CAS	Constitutional Authority Statements
CP&B	Congressional Printing and Binding
CSRS	Civil Service Retirement System
DLA	Defense Logistics Agency
DoD	U.S. Department of Defense
DOL	U.S. Department of Labor
EFT	Electronic Funds Transfer
FAR	Federal Acquisition Regulations
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
GBIS	U.S. Government Printing Office Business Information System
GPO or Agency	U.S. Government Printing Office
HTML	Hyper Text Markup Language
IPAC	Intra-governmental Payment and Collection (System)
ISO	International Organization for Standardization
JCP	Joint Committee on Printing
NOAA	National Oceanic and Atmospheric Administration
OASDI	Old Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PDF	Portable Document Format
PII	Personal Identifiable Information
PKI	Public Key Infrastructure
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
VERA	Voluntary Early Retirement Authority
VSIP	GPO Voluntary Separation Incentive Program
XML	Extensible Markup Language



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<div class="home"><a href="/">Home</

a>&nbsp;>&nbsp;   About GPO</div><div class="br"></div>

<div class="section1">

<h1 class="main-page-title1 section1\_title">About GPO</h1>

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<div class="main-page-intro1">The core mission of *Keeping America Informed*, dated to 1813 when Congress determined to make information regarding the work of the three branches of Government available to all Americans. The U.S. Government Printing Office (GPO) provides publishing and dissemination services for the official and authentic government publications to Congress, Federal agencies, Federal depository libraries, and the American public.



**U.S. GOVERNMENT PRINTING OFFICE**

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<p><span class="section2\_title"><strong>GPO Mission, Vision, Core Values, and Goals</strong></span><br /> Review GPO's <a href="/about/annualreport.htm">Annual Report FY2011&ndash;2015</a>.</p>



<p><span class="section2\_title"><strong>GPO's Strategic Plan&mdash;Customer Centric and Employee Driven</strong></span><br />

Review GPO's <a href="/pdfs/about/2011\_StrategicPlan.pdf">Strategic Plan for FY2011&ndash;2015</a>.</p>

<p><span class="section2\_title"><strong>Management Team</strong></span><br />

<a href="/about/management\_team.htm">View our organizational chart</a> and download leadership biographies.</p>

<p><span class="section2\_title"><strong>Frequently Asked Questions</strong></span><br />

<a href="/about/faq.htm">General questions</a>