BUREAU OF ENGRAVING AND PRINTING

ANNUAL FINANCIAL REPORT 2024

EMBRACING CHANGE INTO THE FUTURE

Mission

To develop and produce United States banknotes, trusted worldwide.

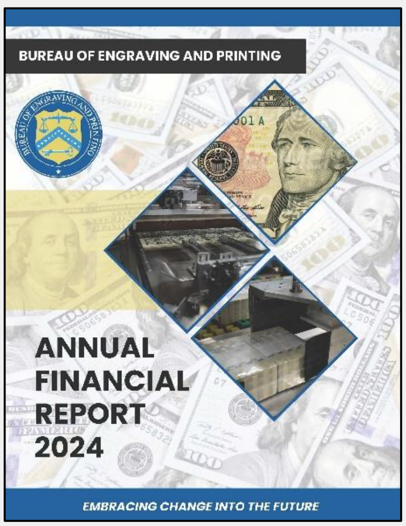
Core Values

Integrity • Fairness • Performance • Respect

Vision

To set the world standard for banknotes through excellence in manufacturing and innovation.

Embracing Change into the Future



The Bureau of Engraving and Printing (BEP or Bureau) began printing currency in 1862, with the mission to develop and produce United States (U.S.) currency notes, trusted world-wide. Currency production at the BEP has since evolved into a highly complex, state-of-the-art process, with the same unique mission that remains today, as the sole producer of U.S. currency notes. To support the next generation of trusted and secure U.S. currency notes, the BEP is prioritizing the ongoing strategic goals of modernizing production and facilities, investing in BEP's workforce, and enhancing security feature development for future banknote designs. By focusing on these initiatives, BEP ensures its capability to develop and produce the safest, most secure currency well into the next century.

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Message from the Director

Patricia S. Collins

It is my honor to serve as the 27th Director in the Bureau of Engraving and Printing's (BEP or Bureau) 162-year esteemed history. I am extremely proud of BEP's accomplishments in Fiscal Year (FY) 2024 and impressed by the fortitude and dedication our highly specialized and diverse workforce continues to show toward BEP's unique mission which began in 1862 to print United States currency, trusted world-wide.

We continue collaboration efforts with our primary customer, the Board of Governors of the Federal Reserve System (FRB), to fulfill production needs in meeting ongoing, high currency demand, and prioritizing the Bureau's ongoing strategic goals. Our goals include modernizing production and our facilities, investing in BEP's future workforce through targeted training and outreach, enhancing security feature development for future banknote designs and IT security initiatives. We seek to exceed customer expectations for improving our raw materials supply chain and quality assurance and management systems related to our products and services.

The BEP ended the fiscal year with a net positive income, successfully delivering 5.7 billion currency notes in FY 2024 to the FRB and is on track to complete BEP's Annual Print Order commitment of 5.9 billion notes for calendar year 2024. We maintain a firm commitment to safety and environmental stewardship by further reducing the agency's carbon footprint through strategic upgrades, efficiency improvements and energy saving projects, inclusive of increasing the steady reduction of scope 1 and 2 greenhouse gas (GHG) emissions by approximately eight percent since FY 2023, and 55 percent since tracking began in FY 2008 per Executive Order 13514.

Development of the next redesign family of banknotes remains on schedule for anticipated release of the $10 in 2026, which will include new and innovative security features, as well as a raised tactile feature to assist the blind and visually impaired community denominate U.S. currency notes.

Strategic evolution remains the driving force of our equipment retooling and production goals. The Bureau installed and validated new equipment and technology at the Western Currency Facility (WCF) in Fort Worth, Texas and the Washington D. C. Facility (DCF) this year, including a highly automated and more efficient Inspection Finishing System (IFS) which replaces older, Single Note Inspection (SNI) reclamation technology.

Notably, we are also on track to break ground for the new, smaller and more efficient Washington, DC-area Currency Replacement Facility (DCRF) in Beltsville, MD in 2025. The BEP received 100 percent of the final design in January 2024. The Supplemental Environmental Assessment was completed and signed-off on in September 2024. Federal, state and local construction/environmental permitting is ongoing, with the awarding of the construction contract anticipated at the end of the calendar year. The

$1.784 billion, state-of-the-art, one-million square foot building is vital in supporting the production of the next generation of security driven, technologically sophisticated banknotes.

The BEP's strong performance is a testament to the outstanding production efforts and quality work of all BEP employees. The BEP remains committed to its holistic investment in its workforce and the U.S. Currency Program (USCP). Cooperation with stakeholders and public outreach remain a vital component in the success of BEP initiatives and projects. I know the importance of effectiveness and dedication from my years in the printing industry and as a retired colonel with a 24-year career in the U.S. Army. I am proud of the work we have done and look forward to leading and building upon the legacy of BEP's excellence forged over the past century.

Patricia D Collins

Message from the CFO


Steven A. Fisher

It is my honor to serve as the Chief Financial Officer of the BEP and to present the Financial Statements for the FY ended September 30, 2024. As entrusted stewards of the USCP resources, the BEP is committed to sound financial management and reporting practices that improve the overall effectiveness and efficiency of operations. The BEP earned an unmodified opinion on the financial statements from independent auditors for the 40th consecutive year and closed out FY 2024 in a positive net cash flow position. These accomplishments are a testament to the discipline and dedication of BEP employees towards fulfilling the mission of the Bureau, as the sole producer of U.S. currency notes.

The Bureau is in a strong financial position with a net increase in cash of $161.3 million and an excess of revenue over expenses of $271.7 million. This was primarily driven by our capital program which includes the new DCRF and our major retooling effort bringing over 40 new production machines to our facilities. In addition to supporting the need for replacement note production equipment, the BEP allocated production capacity to essential projects that support the strategic priorities of the USCP. These multiyear projects include completing banknote series changes as well as finalizing the new “Catalyst” series of notes.

The U.S. Department of the Treasury (Treasury) previously announced the $10 note would be the first of the newly redesigned “Catalyst” family of notes to be ready for circulation in 2026. To achieve the planned security feature and banknote design milestones required to meet 2026, the Bureau expended $72.6 million in research and development and completed feasibility testing on the Catalyst $10 notes during the year.

Of note, regarding production equipment, the BEP commissioned the IFS at the WCF and at the DCF. The IFS, a state-of-the-art computer system integrated with cameras and sophisticated customized software, improves efficiencies and quality, and reduces spoilage by thoroughly examining sheets and sending only unfit notes for destruction while reclaiming the remaining notes for packaging.

To further support the next generation of banknote production and provide the necessary space for new printing and processing technology, the BEP along with the U.S. Army Corps of Engineers (USACE), made significant progress in the multiyear effort of replacing the DCF with the new DCRF. Through site development of the Beltsville, MD campus which included demolishing existing and dilapidated facilities as well as extensive tree removal, BEP was able to realize $17.2 million in land improvements during the year.

In FY 2025, the Bureau will remain committed to effective and efficient fiscal management while continuing to deliver quality manufacturing, implement improvements to operations, upgrade equipment and facilities, and redesign the next generation of trusted and secure U.S. currency notes.

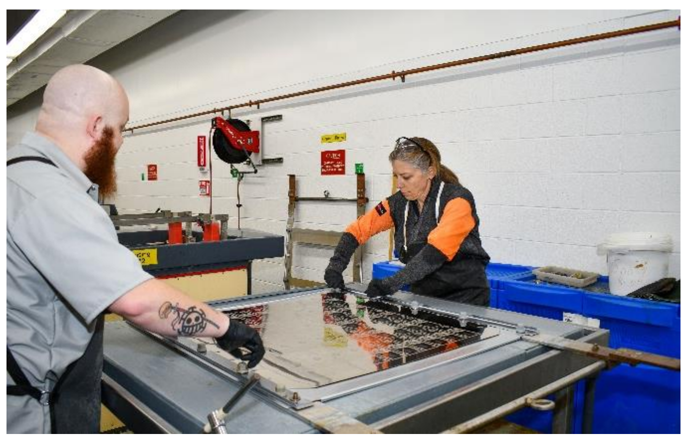
Steven A. Fisher

Highlights of the Year

During FY 2024, the Bureau welcomed a new Director, focused efforts on the redesign of the next family of banknotes, installed new production equipment, and completed the final design for the DCRF, all while improving efficiencies, reducing environmental impact and resuming public tours of BEP facilities following the National Health Emergency. The BEP successfully fulfilled the FRB order for new currency while executing various projects and activities to innovate and modernize production capabilities.

BEP Welcomed New Director

On March 25, 2024, Patricia S. Collins was officially named the 27th Director of the BEP by Treasury Secretary Janet L. Yellen. Director Collins comes to the BEP from the Government Publishing Office (GPO) where she served as Deputy Director and Chief Operating Officer. Prior to joining the GPO in May 2020, she retired as a Colonel following a 24-year career in the U.S. Army. During her military career, she served several tours of duty to Bosnia, Iraq and Afghanistan. A pioneer in her field, she was one of a small number of women to serve in Special Operations, the first woman in the Department of Defense to complete the Military Free Fall Jumpmaster Course and the first female amputee to continue active-duty service post amputation.



Above: Director Collins prepares a currency printing plate in the DCF Intaglio Plate Making Section.

Left: Lead Letter and Script Engraver Thomas Biles explains the engraving process to Director Collins.

Treasurer Malerba Visits BEP Facilities

Treasurer of the United States Chief Marilynn Malerba visited the WCF and the DCF during the year, participated in note-signing events for each shift and toured production operations. She made note of the professionalism and friendliness of BEP employees and currency production innovations. Treasurer Malerba toured the new WCF Expansion Project areas, including the production sections where the Series 2021 $1 notes that bear her signature are produced. At the DCF, the Treasurer toured intaglio, offset printing and the Currency Overprinting Processing Equipment and Packaging sections where she viewed the Series 2021 $100 32-subject currency sheets.

Treasurer Malerba signs a Series 2021 $1 note for Police Officer Sergeant RV Kerr IV and Police Officer/ Corporal Glenn Wilson.

Plate Printer Kevin Smith (left) and Printing Officer Wayne Winebrenner (far right) explain the intaglio printing process to Treasurer Malerba.

Final Design for Washington, D.C.-area Currency Replacement Facility Completed

During FY 2024 the BEP, working in partnership with the USACE, completed the design of the new facility and demolished and removed the remaining dilapidated structures on the proposed site, paving the way for the new construction. In May 2024, the project team held a bi-lingual community information open house about the traffic and utilities Supplemental Environmental Assessment (EA) at the Beltsville Agricultural Research Center's (BARC) Log Lodge. This open house was a follow-up to a January 2024 community listening session regarding the traffic and utilities mitigation associated with the construction of the DCRF. The public comment period closed after 51 days. The proposed mitigation efforts make it possible to meet the improvements as outlined in the final Environmental Impact Statement (EIS) and subsequent utility and construction-related design changes. The USACE completed the traffic and utilities Supplemental EA in September 2024 and is actively pursuing the construction contract award by early 2025.

Employee Craftsman Demonstrations Return to the Western Currency Facility

Employee Craftsmanship Demonstrations were held at the WCF Tour and Visitor Center in March and July, after a four-year pause. The craft demonstrations were canceled in March 2020 due to the COVID-19 pandemic and the WCF Tour and Visitor Center remained closed until June 2023. Thousands of visitors participated to learn about the specialized skills BEP employees use to produce the nation's currency. One goal of the event was to educate the public and inspire students to pursue Science, Technology, Engineering, Art and Math (STEAM) career fields, especially in public service.

BEP Hosts American Council of the Blind Production Tour Visit

The BEP hosted an experiential visit for American Council of the Blind (ACB) members on March 1, 2024, in Washington, D.C. The special tactile currency production tour took place in the Large Examining and Printing Equipment (LEPE) section, where 50-subject sheets are processed. The staff explained each step of the currency production process to the guests, including the process for printing the Raised Tactile Feature (RTF) that will appear on the next redesigned currency family of notes to assist the blind and visually impaired community denominate Federal Reserve notes.

Various items representing every facet of prepress and currency production were on display for the guests. Guests with vision impairments were able to touch the RTF acuity coupons used during the RTF development, as well as prints and plates of engraved portraits and specialty products to experience the tactility of intaglio engraving. The meaningful access initiative remains a priority for BEP. The RTF is expected to appear on the first redesigned denomination of the next family of banknotes in 2026.

LEPE Supervisor John Bernhard shows a sheet of $20 notes to ACB members during a visit to the DCF.

Offset/Letterpress Assistant Supervisor Mark Agambar, left, explains the alto plate making process to ACB Executive Director Dan Spoone.

Western Currency Facility Environmental Excellence Awards

The WCF received the Pretreatment Stewardship Award during the City of Fort Worth's Environmental Excellence Awards Ceremony in November 2023. The award recognizes the WCF for having 14 consecutive years of 100 percent compliance with environmental standards and regulations.

The Fort Worth Water and Code Compliance Departments sponsor the annual event to highlight efforts in environmental compliance and pollution prevention by industries in Fort Worth. For more than a decade, the WCF has continually improved processes geared toward reducing environmental impact. Some recent improvements include replacing aging air pollution control equipment with new equipment and implementing the Single Note Inspection (SNI) process, which reclaims individual notes that pass quality standards from sheets of currency containing at least one defective note. Additionally, with six Super Orlof Intaglio Generation III presses fully operational, the WCF now collects used solvent from these presses and is able to recycle nearly 6,000 gallons of solvent per year and reuse it for manual cleaning of all presses in the section.

From left to right: City Councilman Alan Blaylock, Facilities Support Branch Manager Chuck Witta, Associate Director of Manufacturing (WCF) Ron Voelker, Environmental Engineering Branch Manager Virginia Baldwin, Fort Worth Interim Environmental Services Director Cody Whittenburg, Fort Worth Environmental Program Manager Laly Joseph and Fort Worth Senior Environmental Specialist Jennifer Flood. Fort Worth Water Director Chris Harder is behind Voelker and Baldwin.

Bureau of Engraving and Printing Profile

The mission of the BEP – which began printing currency in 1862 – is to develop and produce U.S. currency notes, trusted worldwide. The Bureau operates on the authority conferred upon the Secretary of the Treasury by 31 U.S.C. 321(a) (4) to engrave and print currency and other security documents. Operations are financed by a revolving fund established in 1950 in accordance with Public Law 81-656. This fund is reimbursed through product sales. Additionally, in 1977, Public Law 95-81 authorized the Bureau to include a surcharge in an amount sufficient to fund future capital investments. This eliminated the need for direct annual appropriations from Congress.

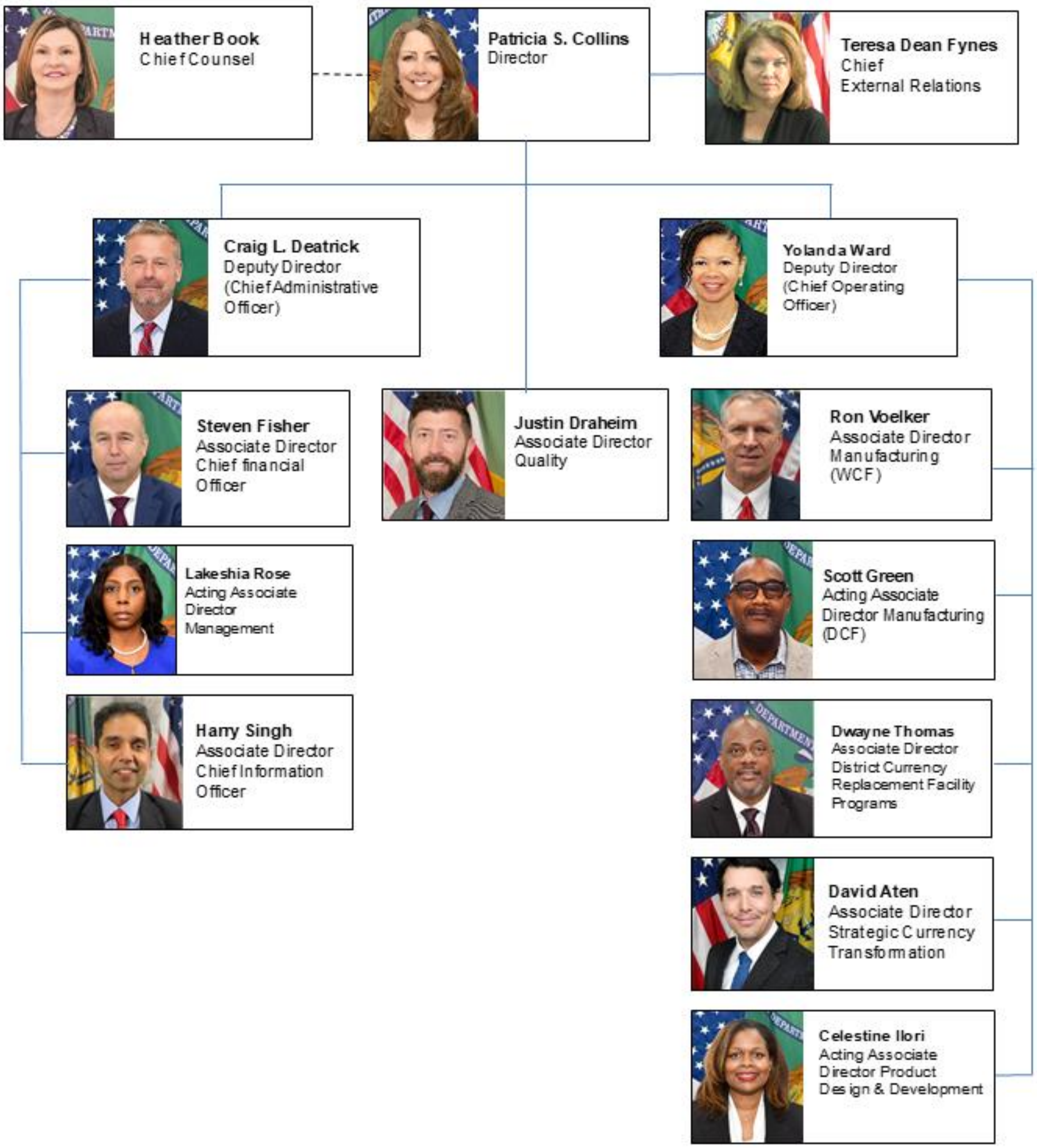
The Bureau is the sole manufacturer of U.S. currency notes and produces other security documents issued by the federal government. In support of producing U.S. currency, the BEP creates manufacturing engraving plates, dyes and specialized inks; purchases materials, supplies and equipment; and stores and delivers products in accordance with customer requirements. The Bureau provides technical assistance and advice to other federal agencies in the design and production of security documents, which may require counterfeit deterrence due to their innate value or other characteristics. Additionally, the BEP is responsible for the accountability and destruction of internally generated security waste products. As a service to the public, the Bureau also processes claims for the redemption of mutilated currency.

The Bureau occupies three Treasury-owned facilities and one leased facility. The DCF Main and Annex buildings, house research and development activities and produce Federal Reserve notes and other security products. The DCF Main building became operational in 1914 and the DCF Annex building in 1938. In 1987, the City of Fort Worth, TX donated the land and building shell to the U.S. Treasury Department which accepted the property under its gift acceptance statutory authority (the BEP does not have gift acceptance authority). All three buildings are owned by the U.S. Treasury Department (See Note 2 of the Financial Statements). The BEP built out the shell and has included those capital improvements in its financial statements (See Note 5 of the Financial Statements). The WCF began operations in 1991 and was established to provide increased production capacity, reduce transportation costs, streamline the manufacturing process and enhance the nation's emergency preparedness. The BEP also leases a warehouse located in Landover, Maryland. In addition, the BEP owns 104 acres of land in Beltsville, Maryland, and plans are underway to construct a new currency facility (i.e., the DCRF) at this location to eventually replace the existing DCF.

Organization

The BEP's organization structure is displayed in the following chart. The Bureau's Senior Executive Team (SET) consists of the Director, two Deputy Directors (a Chief Operating Officer and a Chief Administrative Officer), nine Associate Directors, the Chief Counsel and the Chief of External Relations. Various planning committees and subcommittees – composed of a cross-section of Bureau senior and mid-level managers representing diverse organizational units – report to the SET. These groups serve to promote effective communication, increased collaboration, and participative, proactive management through organizational lines.

2024 Executive Organizational Structure

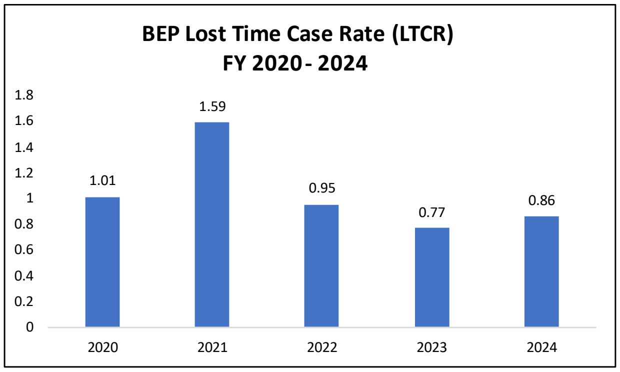


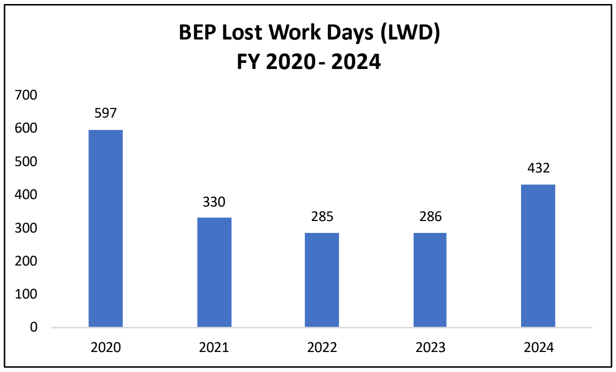
Safety, Health and Environmental Management

The DCF's Office of Environment, Health and Safety (OEHS) and the WCF's Safety and Occupational Health Branch (SOHB) manage programs reducing the Bureau's environmental impact and to protect workers from injuries and illnesses. The environmental management system conforms to International Organization for Standardization (ISO) 14001:2015, an internationally recognized standard focused on managing and improving environmental programs. The BEP is continually improving the management system, earning ISO:14001 certification for the 17th consecutive year, achieved third-party audits and made long-term improvements in key performance metrics pertaining to employee safety and its Environmental Management System. The safety, health and environmental management goals are to (1) maintain a downward trend in occupational injury and illness rates and (2) continue minimizing the environmental impact of operations while producing high-quality products. The BEP engages personnel at all levels and many OEHS improvements result from employee suggestions, technical work groups and employee-led safety and environmental projects.

Employee Health and Safety

The key performance indicators for safety are the recordable lost time case rate (LTCR) and lost workdays (LWD), as defined by the Occupational Safety and Health Administration (OSHA). Calculation of the OSHA LTCR is based on the number of lost time cases multiplied by 200,000 (hours worked annually by 100 workers) divided by the total number of hours worked. In FY 2024, the LTCR increased from FY 2023.





The LTCR in FY 2024 was 0.86 cases per 100 employees, a 12 percent increase from the FY 2023 LTCR of 0.77. The LWD in FY 2024 increased by 51 percent compared to FY 2023. The increase is largely attributable to two injuries that were serious, unexpected, and non-preventable despite proper safety measures that were in place. The two injuries accumulated 253 days of the total lost workdays in FY 2024. The OEHS and SOHB continued their efforts to focus on the process of returning employees to work. The initiative includes the following key aspects:

- Utilizing electronic reporting via the Employees’ Compensation Operations & Management Portal (ECOMP).

- Maintaining partnerships with supervisors to support the return-to-work program with light and limited duty assignments.

- A continued focus on promoting accountability through reporting of root cause analysis and corrective action plans on injuries to executive management.

- Sharing injury and illness data and case status updates during monthly safety committee and leadership meetings.

The OEHS and SOHB continue to work to prevent injuries and illnesses through hazard anticipation and evaluation and controls, including engineering and administrative controls such as training, employee awareness and job safety analyses. Personal Protective Equipment (PPE) is utilized to effectively control hazards until implementation of additional engineering and process changes or, as a last resort, when other controls do not adequately control the hazard.

During FY 2024, the BEP performed health and safety risk assessments for several components within BEP to proactively identify hazards and develop targeted controls. The OEHS and SOHB increased the number of exposure monitoring surveys from 17 in FY 2023 to 44 in FY 2024 and made improvements to the overall program. The BEP continued its efforts ensuring that all operations continued safely, in accordance with the updated Centers for Disease Control and Prevention (CDC) guidance for respiratory viruses, including COVID-19. The BEP transitioned from organizational protocols toward personal, individual decisions and accountability by the workforce to prevent the spread of COVID-19 and other respiratory viruses at the workplace. The BEP will continue to follow CDC guidance and encourage employees to get vaccinated against COVID-19 by offering administrative leave hours for any employee who chooses to be vaccinated against COVID-19 during their tour of duty. The BEP intensified the focus on incident reviews by conducting round table reviews with supervisors, managers, union representation and subject matter experts resulting in corrective actions that better supported the workers impacted by each decision. The BEP also provided worker’s compensation and light and limited duty program information sessions to employees.

Protecting the Environment

During FY 2024, the BEP reduced its buildings' scope 1 and scope 2 GHG emissions by 7.9 percent year-over-year from FY 2023. Since FY 2008, the year Executive Order 13514 began requiring federal facilities to conduct annual GHG surveys, the BEP has reduced its GHG emissions by 55 percent. Reductions in GHG emissions are attributable to the completion of energy saving projects and use of carbon pollution-free electric (CFE) supply contracts. Annual electric usage at the DCF and the warehouse located in Landover, Maryland is matched 50 percent by supplier-provided solar and wind renewable energy certificates, and the electric supply at the WCF is 75 percent carbon-free through use of CFE energy attribute certificates. In comparison to FY 2023, the number of currency notes printed on intaglio presses increased by 0.6 percent, while the generation of regulated wastes (air, water and industrial solid wastes) increased by 18.4 percent. The increase in waste generation is primarily due to increased wastewater discharge, due to temporary suspension of wiping solution recycling at the DCF. Testing of this process resumed late in the year.

The Bureau remains committed to reducing the environmental impact of operations. The following are specific ongoing FY 2024 projects with significant environmental benefits:

Single Note Inspection (SNI) Process – The BEP continued to develop and use SNI, a process that reclaims individual notes meeting quality standards from sheets of currency – each sheet contains 32 or 50 notes – containing at least one defective note. Previously, the BEP shredded all sheets that contained at least one defective note. The BEP is currently running SNI on $1, $5, $20, $50 and $100 currency notes. During FY 2024, the BEP reclaimed 167.0 million notes at the WCF and 111.3 million notes at the DCF, which diverted 321.1 tons of currency wastepaper materials from solid waste disposal. This resulted in material and environmental cost savings of $17.2 million.

Also, without reclaiming these notes, the BEP would have used an additional 77.9 tons of ink and 3.6 tons of solvent to complete the Annual Print Order (APO), which would have generated an additional 857,512 gallons of wastewater, 2.3 tons of air pollutants and 84.3 tons of industrial solid and hazardous wastes.

Wiping Solution Recycling Plant (WSRP) – Without recycling, wastewater generated from onsite pre-treatment of wiping solution is the Bureau's largest industrial waste stream. The plant can either clean used water-based solution for reuse on currency presses or produce 100 percent fresh (unrecycled) wiping solution. The DCF and WCF began testing and evaluating high-performance ultrafiltration-based wiping solution recycling systems; further evaluation is needed.

Washington, DC-area Currency Replacement Facility – The OEHS is significantly involved in the DCRF project. At the new facility, the BEP will consolidate and modernize DCF production and warehouse facilities to incorporate sustainable features and provide a safer worksite for BEP employees. The new facility is designed to meet Leadership in Energy and Environmental Design (LEED) Gold classification and will include interior and exterior water efficiency and recycling features, low air pollutant emissions and a 5-megawatt rooftop solar array. The new facility will improve the energy efficiency of DCF operations and reduce the Bureau's carbon footprint.

High-Efficiency Lighting Systems – The BEP upgraded interior lighting by installing LED lamps throughout large areas at both facilities. LED lamps reduce energy consumption and provide a better lighting experience and work environment while also reducing fluorescent bulb breakage and hazardous waste disposal costs. At the DCF, the BEP completed a comprehensive four-year re-lamping project in FY 2023, saving 3,810 megawatt hours (MWh) of electricity and reducing GHG emissions by 1,278 metric tons of carbon dioxide every year thereafter. The project provides the DCF with an estimated annual energy savings of $0.2 million, and a rebate of $0.1 million from the DC Sustainable Energy Utility (DCSEU) as a result. At the WCF, the re-lamping project is ongoing and scheduled for completion in FY 2025. This project will reduce energy consumption by over 3,800 MWh and reduce GHG emissions by about 900 metric tons.

Solar Array – The WCF is planning to install a 2-acre, 600 kilowatt (kW), solar photovoltaic array that will produce enough solar electricity estimated to offset approximately 3,800 metric tons of GHG annually. The BEP system is currently under design, and the BEP expects to award the construction contract during FY 2025.

Physical Vapor Deposition (PVD) Plating – In FY 2024, the BEP installed a second PVD coating unit specially designed for intaglio plate production at the DCF and began installing two similar units at the WCF. The first PVD unit was installed at the DCF in early FY 2022. The BEP successfully began producing Series 2021 $10 notes using the PVD coating process in April 2024. In the future the PVD process will replace the existing chromium coating process on all denominations at both BEP facilities. The PVD process occurs under an extreme vacuum in a noble gas environment and eliminates the formation of hexavalent chromium. When in full operation, the unit eliminates occupational exposures. While hard chromium coating generates large amounts of wastewater and hazardous waste, PVD coating eliminates these wastes, with negligible air emissions.

The BEP is deeply committed to reducing its environmental impact and improving the safety of its employees and plans to continue these multiyear projects in the coming year.

Strategic Plan

The Bureau supports the U.S. Department of the Treasury strategic plan by providing trusted and secure U.S. currency notes for public use, while implementing its own five-year strategic plan (2022-2026). The plan serves as a roadmap toward the Bureau's goal of ensuring high quality, cost-effective and flexible business operations for years to come. As a world leader in security printing, the BEP remains resolute in producing quality currency, controlling costs, environmental stewardship and providing safe working conditions. The ingenuity, industriousness and commitment of BEP employees propel the Bureau forward in meeting its goals.

To support the overall mission and focus on key issues affecting the Bureau and its employees, the BEP has three strategic goals:

(1) **Execution:** To safely and timely deliver quality products to our stakeholders in a cost-effective and environmentally responsible manner.

(2) **Innovation:** To create innovative designs, processes and products that exceed stakeholders' expectations.

(3) **Excellence:** To achieve overall excellence by balanced investment in people, processes, facilities, and technology.

The BEP accomplishes these goals through execution of the following eight objectives:

(1) **Exceed customer expectations:** Consistently deliver high-quality products and services that exceed customer expectations and requirements.

(2) **Deliver quality products and services:** Enhance the quality assurance (QA) system to assure efficient and effective note production, products and services, optimized production support, and administrative processes and practices.

(3) **Deliver new security features and capabilities:** Develop, implement and deliver new and effective security features, and provide meaningful access for blind and visually impaired individuals.

(4) **Develop next family of banknotes:** Develop and test banknotes containing new overt and covert security features to deter counterfeiting.

(5) **Modernize production facilities and equipment:** Create modern manufacturing systems to support 21st century manufacturing capabilities that will allow for the continued delivery of secure and accessible currency for all.

(6) **Modernize and protect information technology:** Support optimization and accessibility of IT functionality and security, institutionalize new industry advances while keeping current functionality cost-effectively operational throughout transition periods.

(7) **Improve organizational efficiency, effectiveness, and sustainability**: Enhance efficiency, effectiveness and climate adaptability responses through Bureau business functions that sustain operations to consistently deliver environmentally friendly, timely and high-quality products and services that meet customer expectations.

(8) **Build workforce of today and tomorrow:** Create and sustain a high performing, results-driven, diverse and inclusive workforce that consistently demonstrates high levels of teamwork, collaboration, job satisfaction and pride in organizational, team and individual work accomplishments.

The Bureau has fully positioned itself to meet its strategic goals and related objectives and will uphold its tradition of excellence by taking advantage of opportunities to maintain a diverse and talented workforce, enhance product quality, promote counterfeit deterrence and streamline the manufacturing process.

Facility Modernization

In recent years, the Bureau has undertaken two major capital projects to modernize its currency production facilities. The first project – a major expansion of the WCF provides the infrastructure and systems to support critical facility and production needs – completed in FY 2023. With completion of the WCF Expansion project, focus has shifted to the second major project – construction of a new, world class currency production facility in the Washington, D.C. area that will eventually replace the existing DCF. The DCRF, coupled with strategic renovations of the WCF, will allow the BEP to meet the challenges of increasingly complex designs necessary to produce more secure, high-quality currency notes in demand worldwide.

In FY 2024, the DCRF project continued to progress, meeting significant key milestones toward the successful construction of a more modern production facility. The Bureau and the USACE successfully completed the relocation of the U.S. Department of Agriculture (USDA) existing operations from the site in Beltsville, Maryland. Additionally, the Bureau and the USACE completed the demolition of 21 buildings abandoned by the USDA to prepare the site for the construction of the new facility.

Design and construction plans were developed based on numerous studies and input from Bureau employees and led to the final design for the new facility receiving approval from the project's Executive Oversight Committee. The current design calls for a one-story, secure, environmentally friendly building with a hybrid transportation plan and a public space for visitors. The plans indicate the facility will achieve LEED Gold Certification, an internationally recognized certification from the U.S. Green Building Council that specifies a high level of energy efficiency or renewable product usage achievement.

As BEP moves closer to realizing an updated and modern production facility, this landmark achievement will position BEP to effectively and efficiently produce currency well into the future.


USACE rendering showing the DCRF.

Currency Quality Assurance Program

U.S. currency notes continue to increase in complexity by incorporating improved counterfeit deterrence, machine readability, self-authentication features, and accessibility to the blind and visually impaired. To maintain note fitness and reliable use in commerce amidst this evolving complexity, the BEP is continually assessing and updating Quality Assurance (QA) systems and processes. During FY 2024, the Bureau continued to implement and execute plans and initiatives to maintain high-quality currency, leveraged technology to effectively support quality management systems, and engaged and developed its workforce to build a sustainable future.

Priority Initiatives

The Currency Quality Assurance (CQA) program provides a long-term roadmap of objectives and tasks to identify and implement improvements across the organization that align with the current International Organization for Standardization (ISO) certified Quality Management System (QMS). A robust CQA program is necessary to address every aspect of the U.S. currency lifecycle: from product development and acquisition of material, through process and production control, to final release and delivery. A strong QMS and CQA program ensure production of secure U.S. currency at world-class quality levels.

The program demonstrated quality system improvements in over nine functional areas during the year and continued to lead towards long-term quality systems maturity. Advancements in the transition from chrome plated printing plates to physical vapor disposition (PVD) plates occurred, moving the Bureau towards more environmentally friendly and safer technology while maintaining high print quality. Further, the new, highly automated IFS began to replace older SNI note reclamation technology and $1 note reclamation is now in production on the new IFS lines.

Future banknote development was also in the forefront. The Bureau established drafts of the Quality Standards and Quality Control Plan for the redesign of the $10 note, which is scheduled to be ready for production in 2026. A great deal of planning went into the 2024 Tolerances for Inspection and Quality Trial for the new $10 note design. This is a several month test focused on establishing well proven and documented quality standards and manufacturable tolerances.

The Calibration Program maintained a 100 percent Operational Availability Rate of critical-to-quality assets for 12-plus consecutive months. The assets in the program have continued to grow by approximately 10 percent in FY 2024 with new assets added, including automated press inspection, environmental, health and safety, industrial hygiene, medical, and wastewater systems.

Corrective and Preventative Actions

The Corrective and Preventative Actions (CAPA) process identifies, tracks and corrects the causes of non-conformances or potential non-conformances in U.S. currency production. Continual improvement by CAPA investigations is based upon rigorous root-cause analysis and thorough documentation of the corrective action plans. Once a CAPA closes, it is assessed, evaluated, and scored for its effectiveness in addressing the original nonconformance. For FY 2024, CAPA effectiveness continued to score higher than target.

A semi-annual CAPA review is held with the FRB to discuss investigations into quality defects and concerns. During FY 2024, the BEP's quality engineers, QA specialists and scientists, in addition to multiple directorates across the BEP, suppliers, the U.S. Secret Service (USSS) and the FRB successfully resolved several complex CAPA investigations.

Quality Management Controls

In FY 2024, external ISO Registrar auditors conducted the BEP's ISO 9001:2015, a globally recognized standard for quality management, recertification audits, and both facilities successfully continued to maintain ISO certification. The external auditors noted several strengths, including employee knowledge and longevity of service, as well as cleanliness of the facilities, and the high-quality levels of currency notes produced.

The Quality Audit Program is key in driving continuous improvement of the QMS and assuring conformance to the ISO 9001:2015 requirements. During FY 2024, the Quality Audit team completed a full schedule of internal and external supplier audits. The audits resulted in improved supplier processes to ensure delivery of consistently high-quality raw materials utilized in the manufacturing process.

Materials Management

Materials management focuses on raw material key characteristics, inspection of incoming materials, material traceability, final quality release process improvement, and alignment of materials with supply chain activities. The goal of the materials management efforts is to improve the quality and performance of raw materials while reducing costs to the extent practical.

The Bureau continued to perform round-robin laboratory testing with suppliers and expanded its laboratory materials testing capabilities with new testing equipment and training. The testing, along with annual supplier reviews, provides a means for improving collaboration with critical-to-quality suppliers.

Data Analytics

The Bureau made significant advances in utilizing data and effective analysis to expedite decision making on quality-related matters. A unified Laboratory Information Management System was implemented to centrally store a vast amount of data on a secure site accessible to all Quality Laboratories. Additionally, data visualization software was installed to better analyze and understand long-term trends and patterns in quality. The BEP also samples production notes for regular process performance and capability analysis to provide statistical indications of how the Bureau is meeting quality standards and if production processes are in control. The BEP developed strategies to improve engagement and participation in the Bureau's Analytics Community of Practice. A robust community of practice in analytics is considered a strength for the Bureau and the USCP.

Key Performance Indicators

The Bureau uses key performance indicators (KPIs) to quantify the effectiveness and efficiency of overall organizational performance. Annually, the SET establishes targets for each measure, based on various factors such as trend data, price factors and anticipated productivity improvement. Actual performance against the targets depends on the Bureau's ability to meet annual currency production, spoilage, efficiency and capacity utilization goals.

FY 2024 Key Performance Indicators: Target vs. Actual Results

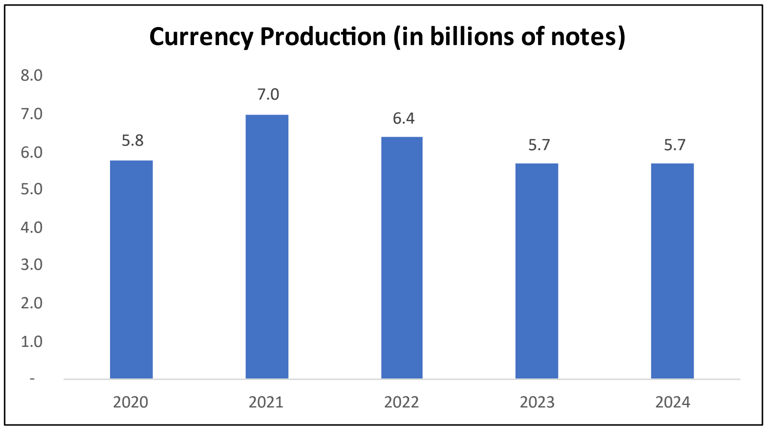
Key Performance Indicators	FY 2024 Target	FY 2024 Actual
1. Manufacturing Cost (per 1,000 notes)	$70.27	$66.97
2. Currency Production (in billions of notes)	5.2	5.7
3. Productivity (year-over-year change)	-5.9%	0.1%
4. Spoilage	9.6%	7.0%

Explanation of KPIs

The following metrics are the KPIs utilized by the SET in periodically assessing the performance and progress towards achieving BEP's strategic goals. The table above compares the actual results to the target for each metric in FY 2024.

Manufacturing Cost

Manufacturing cost is the total cost associated with manufacturing a product on a per unit basis (the unit is 1,000 banknotes). The calculation is as follows: the total manufacturing cost over the number of units produced. For BEP, the manufacturing costs include direct labor, materials and applied manufacturing overhead. In FY 2024, the actual manufacturing cost per 1,000 currency notes was below the target due to material savings achieved from lower-than-expected spoilage. The savings in spoilage is due to continued reclamation of individual notes through the SNI and IFS processes. The Bureau runs the $1, $5, $20, $50 and $100 notes on reclamation equipment, resulting in significant savings from reduced spoilage. In addition, the IFS will replace SNI and adaptations will occur for those reclamation processes to run for all denominations.

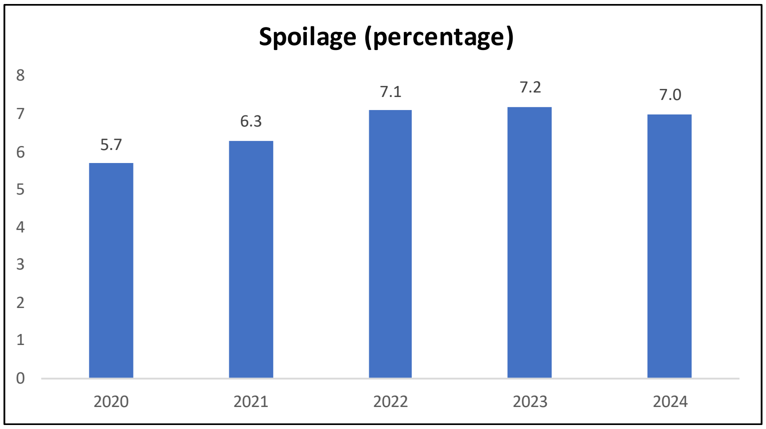


Currency Production

Currency production is the total number of currency notes produced and delivered to the Federal Reserve banks during the fiscal year. The number of currency notes produced is based on the APO submitted by the FRB. The FRB submits the APO at the start of each year for the calendar-year, and as needs shift, the BEP and the FR will adjust as necessary. The initial CY 2024 APO was for a range of 5.3 to 6.9 billion notes. During the year, the BEP and the FRB adjusted the APO within these ranges to best match available production with fluctuating currency demand.

Productivity

Productivity measures output per unit of input and is a key indicator of the efficiency of the production process. For BEP, the output is the number of currency sheets produced and the input is the number of full-time employees (FTEs). The output of currency production is determined by the APO, and the number of FTEs remains consistent year-over-year. In FY 2024, the target change in productivity was set at a year-over-year decrease of 5.9 percent. The BEP produced 91,455 sheets of currency per FTE in FY 2024 in comparison to 91,391 sheets per FTE in FY 2023, resulting in a year-over-year increase of 0.1 percent in productivity. Overall, productivity was higher than the target due to increased output achieved throughout the year.



Spoilage

Spoilage is material wastage or loss occurring during the manufacturing process. It is an inherent result of any production process, as it is unavoidable and expected, and is a key indicator of the overall effectiveness of the production process and quality of material inputs. The calculation for spoilage is the total number of spoiled units, divided by the total units produced, multiplied by 100. In FY 2024, overall currency spoilage was below the established target, due to the continued reclamation of the $1, $5, $20, $50 and $100 notes through the SNI and IFS processes during the year, as noted above for driving the savings in manufacturing cost.

FY 2020-2024 Comparable Key Performance Indicators

Key Performance Indicators	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
1. Manufacturing Cost (per 1,000 notes)	$56.19	$61.81	$63.96	$59.81	$66.97
2. Currency Production (in billions of notes)	5.8	7.0	6.4	5.7	5.7
3. Productivity (year-over- year change)	-10.5%	14.3%	-2.5%	-10.9%	0.1%
4. Spoilage	5.7%	6.3%	7.1%	7.2%	7.0%

KPI 5-Year Trend Analysis

The above table provides the most recent five-year actual results by KPI. The result for each KPI is highly dependent on the total number of notes included in the APO, as well as the quantity of each specific denomination.

Manufacturing Cost

Between FY 2020 and FY 2024, actual manufacturing cost steadily increased from $56.19 to $66.97. The increase in manufacturing cost over this period is mainly driven by the costs of inflation (labor and materials), the decreasing order over the same period and the increased demand for higher denomination notes. As the denomination value goes up, additional security features are required, resulting in a more complex and costly production process.

Currency Production

Currency production fluctuated from 5.8 billion notes in 2020 to 5.7 billion notes in FY 2024. Annual currency production is determined by the APO submitted by the FRB each year and adjusted accordingly as needed. In FY 2021 and FY 2022, the FRB increased the APO significantly in response to the pandemic and the surge in demand for currency, especially for high denomination notes, resulting from economic stimulus packages. Beginning in FY 2023, the APO gradually declined to pre-pandemic levels as the national and global economies faced residual impacts from the pandemic and the demand for currency shifted. We expect decreasing demand over the course of the next few years.

Productivity

Productivity is a measure of volume (sheets) produced by employee total. The positive trend in 2024 indicates higher production per employee is occurring at BEP in FY 2024 compared to FY 2023, indicating an improvement in efficiency overall for the organization. There is always forward production for future periods (work that has started and not yet delivered to the customer), and that production affects the productivity. This forward production occurred in FY 2024, as it does each year. Generally, when APO requirements are lower, productivity gains are more difficult to achieve and the APO volume has a substantial effect on productivity overall.

Spoilage

Spoilage has remained steady in the range of 6 percent to 7 percent over the past several years. Overall, currency spoilage has remained below the target each year due to maturation of the BEP quality system and expansion of the reclamation process. As of FY 2024, reclamation has now expanded to include $1, $5, $20, $50 and $100 notes. Overall product mix also impacts spoilage and a shift in the order from the $1 note to the $100 note increases both cost and spoilage significantly. Although in more recent years, the reclamation process has expanded, overall spoilage has not decreased significantly due to the increased production of the higher denomination notes that undergo a more complex manufacturing process and inherently result in more normal spoilage.

Prompt Payment

To ensure federal agencies pay invoices in a timely manner, Congress passed the Prompt Payment Act (PPA), and the Office of Management and Budget (OMB) issued Circular A-125, which is now codified as part of the Code of Federal Regulations (CFR). Generally, the CFR requires payment within 30 days after the agency has received a proper invoice. An invoice is deemed received on the later of receipt date or seven days after delivery of good or services unless the contract specifies other terms. If this time frame is not met, an interest penalty must be paid to the vendor. Within Treasury, the late payment rate performance target is that no more than two percent of the invoices subject to the PPA shall be paid late (i.e., at least 98 percent are paid within 30 days).

BEP's prompt payment performance (FY 2020-2024)

Performance Measure	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Number of invoices paid late	151	19	3	8	7
Interest paid	$11,277	$1,377	$458	$1,623	$990
Percentage of invoices paid late	3.23%	0.36%	0.05%	0.15%	0.14%

In FY 2024, the BEP paid 99.86 percent of all invoices on time, and the percentage of invoices paid late has remained within the target range established by Treasury. In recent years, the BEP established a cross-functional team comprised of staff from the Office of Financial Management, the Office of the Chief Procurement Officer, the Office of Compliance (OC) and the Office of Supply Chain Management. This team worked on various process improvements, which yielded a significant improvement in the Bureau's prompt payment performance rate. The team continues to meet to ensure the Bureau's prompt payment performance rate is within or below the Treasury's acceptable range of two percent.

Management Discussion & Analysis

Please read the following in conjunction with the Financial Statements and Notes and the Performance and Accountability Report financial data.

Cash

Cash increased by $161.3 million due to cash collections related to capital investment projects. Cash flows provided by operations were $322.3 million and $156.0 million in FY 2024 and FY 2023, respectively.

Accounts Receivable

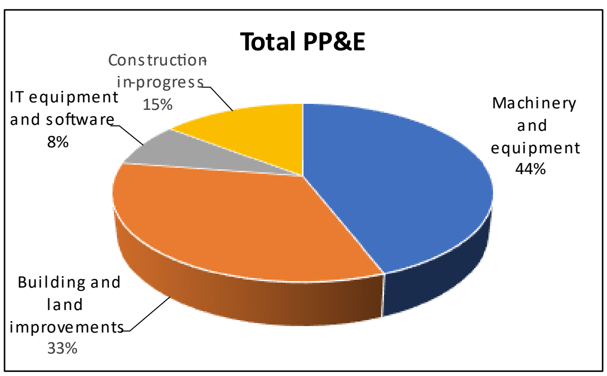
Accounts receivable decreased by $22.3 million primarily due to timing of billings issued to the FRB related to the non-exchange surcharge for capital investment projects as well as additional billings issued in the prior year related to paper billing rate changes.

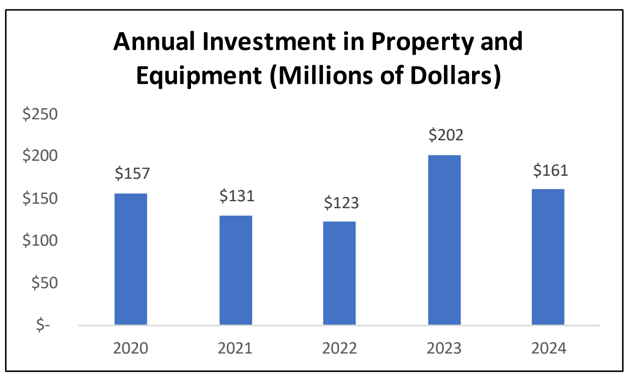
Inventories

Net inventories increased by $11.6 million mainly due to additional part orders and work in process (WIP) on the new nsLEPE and IFS, as well as an increase in raw material paper and ink purchases for the transition and testing related to the banknote series changes.

Property and Equipment

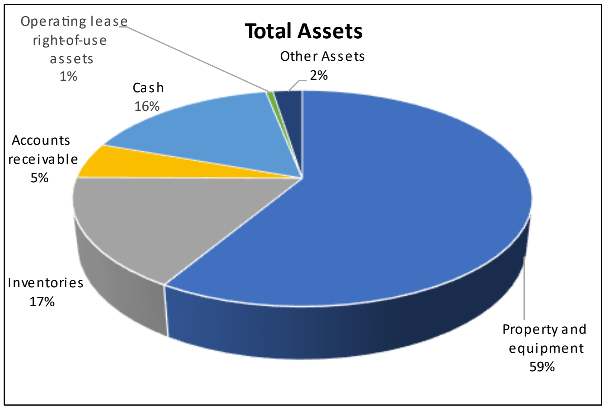
Net property and equipment increased by $99.3 million. The increase is attributed to capital investments in currency manufacturing equipment and construction projects in excess of depreciation.

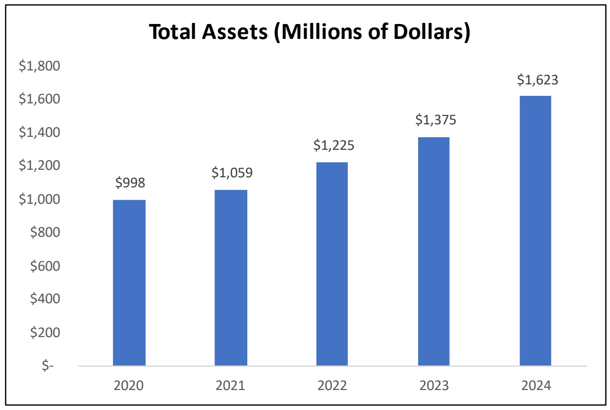




Operating Lease Right-of-use Assets

Operating lease right-of-use assets decreased by $3.6 million as a result of amortization of the amount due on the remaining term for leases where the BEP is the lessee.





Accounts Payable

Accounts payable decreased from $38.3 million in FY 2023 to $29.3 million in FY 2024 due to a decrease in outstanding payments to commercial and Federal vendors.

Accrued Current Liabilities

Accrued current liabilities decreased from $43.7 million in FY 2023 to $35.1 million in FY 2024 mainly due to amortization of the current portion due on the remaining term for leases where the BEP is the lessee.

Advances

Advances decreased from $24.2 million in FY 2023 to $20.1 million in FY 2024 primarily due to a decrease in outstanding mutilated currency claims.

Workers' Compensation Liabilities

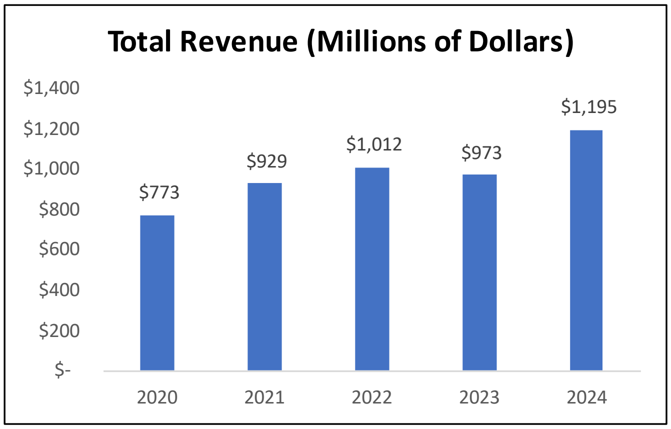
The actuarial workers' compensation liability increased from $51.4 million in FY 2023 to $52.1 million in FY 2024, due to an increase in the overall estimated liability for future Federal Employees' Compensation Act (FECA) benefits for Treasury.

Operating Lease Liabilities

Operating lease liabilities decreased by $3.8 million due to amortization of the long-term portion due on the remaining term for leases where BEP is the lessee.

Revenue

Overall, revenue increased by $221.9 million, from $973.3 million in FY 2023 to $1,195.3 million in FY 2024. Revenue from currency sales increased by $122.9 million and non-exchange surcharge for capital investments and other increased by $99.0 million.

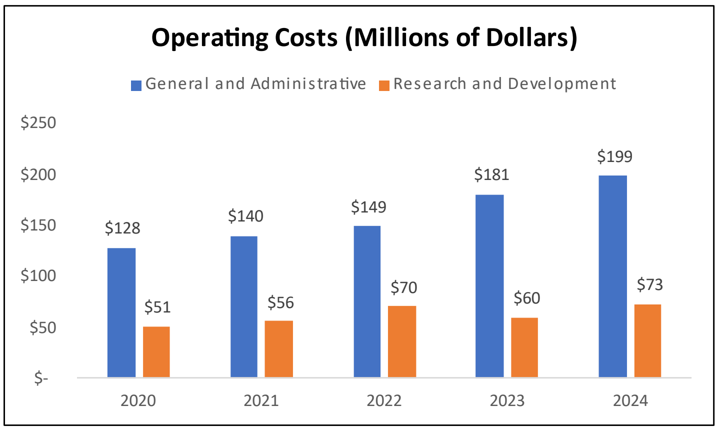


Cost of Goods Sold

Cost of goods sold increased by $37.5 million from $614.7 million in FY 2023 to $652.2 million in FY 2024. This was due, in large part, to an increase in the quantity of higher denomination notes produced and delivered, with the majority of the increase in the higher cost $20, $50 and $100 notes.

Operating Costs

Operating costs increased by $30.1 million in FY 2024 mainly due to an increase in general and administrative expenses with additional dedicated funding to IT systems support and upgrades, as well as an increase in research and development for the new banknote series changes.



Legal Compliance

The Bureau is committed to ensuring its financial activities are carried out in full compliance with applicable laws and regulations. To ensure this responsibility is met, the BEP maintains a strong control environment, including a formal Internal Controls Policy Committee (ICPC), chaired by the CFO, which meets regularly during the year. Additionally, the Office of Compliance conducts a variety of Internal Control Reviews and evaluations and independent inspections through-out the fiscal year. Additionally, financial managers direct annual reviews of financial operations and program compliance with applicable laws and regulations. During FY 2024, the Bureau fully complied with all laws and regulations considered material to internal control over financial reporting.

Federal Managers' Financial Integrity Act Plans and Accomplishments

The Federal Managers' Financial Integrity Act (FMFIA) enacted in 1982, requires agencies to perform regular evaluations of internal controls and financial management systems to protect against waste, fraud and abuse. These internal control requirements were further increased by the subsequent passages of the Chief Financial Officers Act of 1990, the Federal Financial Management Improvement Act of 1996, and the Sarbanes-Oxley Act of 2002.

The Bureau has a history of strong internal controls and an aggressive monitoring program with the following key elements:

- Comprehensive financial management controls
- Personnel security controls
- Production and quality controls
- Computer security and information resources management controls
- Strong physical security and product accountability functions to safeguard products and assets.

To enhance product accountability, the Bureau maintains an accountability help desk at the DCF and the WCF. The help desks are staffed by personnel knowledgeable in all aspects of the Bureau's accountability system. They provide training and day-to-day assistance to accountability system users to prevent, minimize or resolve product accountability issues. In addition, they review and update existing accountability procedures and reports to provide the controls needed to properly track and account for Bureau securities.

Ongoing efforts to improve internal controls include compliance reviews and an active internal control awareness program. The Bureau conducts compliance review tests at both facilities to promote compliance with operating policies and procedures through unannounced reviews in production, storage and offline components with security items. During FY 2024, the BEP performed 131 unannounced reviews. The results of the reviews were reported to executives, office chiefs, supervisors and managers responsible for enforcing policies and procedures and implementing corrective actions.

The Internal Control Awareness Program promotes the visibility and understanding of internal control issues, objectives and requirements. Internal review personnel conduct management and organizational reviews at both facilities to strengthen the Bureau's internal controls, ensure compliance with existing policies and procedures, and safeguard assets.

The Bureau's Internal Control Policy Committee is comprised of senior level executives and is chaired by the Chief Financial Officer. The committee provides overall guidance and coordination to the internal control program and fosters an environment in which accountability for results and cost-effective controls are maintained to ensure reliable financial reporting, effective operations and compliance with applicable laws and regulations.

The accompanying financial statements and annual audit are important elements in the stewardship of the Bureau's revolving fund. For the 40th consecutive year, the Bureau received an unmodified opinion on its financial statements from an independent, certified public accounting firm. Additionally, management has assessed the effectiveness of, and concluded, the BEP maintained effective internal control over financial reporting based on criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management-Integrated Framework and the requirements of Appendix A of OMB Circular A-123, "Management's Responsibility for Internal Control." The BEP's integrity of the revolving fund and the reliability of financial data used for managerial decision making are demonstrated by the unmodified audit opinion on the financial statements, management's assessment of effective internal control over financial reporting and the FMFIA review process.

In FY 2024, the Bureau's Chief Information Officer (CIO) continued to emphasize increased security and accountability, standardization of Bureau hardware, software and IT-related processes, and enhanced governance of the IT program and resources. The Bureau's major applications and general support systems are compliant in meeting the requirement for Security Assessment and Authorization (SAA) at least every three years. Additionally, the BEP remains committed to full implementation of the National Institute of Standards and Technology (NIST) SP800-53 and SP800-53A management, operational and technical controls for IT systems as well as 100 percent implementation of the United States Government Configuration Baseline for Microsoft software and NIST-approved configurations for other operating systems and databases.

During FY 2024, the CIO Directorate planned and executed an assessment of IT security controls for BEP systems hosted on the Oracle cloud service, OMCS. These assessments tested security controls across several IT security control families to determine if the controls were effectively designed and operating. Testers examined artifacts and reviewed all available system specific security documents. As of September 30, 2024, all evaluated security controls were operating effectively.

Custody of Assets

In addition to the production of currency, the BEP has many high-value items used for various purposes such as research, product testing and historical reference. Consequently, the Bureau has a unique fiduciary responsibility to the American public to safeguard assets and high-value items.

Currency products and other items used in testing, experimental research and other offline activities are expensed immediately and not carried as assets in the Bureau's financial statements. While the costs expensed may be immaterial to the financial statements, many of these items have high intrinsic value. Therefore, the Bureau ensures that strong controls are in place to properly safeguard these items. The Bureau also has display areas at each of its facilities and maintains historical collections at the DCF. The displays and historical collections include valuable currency artifacts, former postage stamp collections and other securities produced by the Bureau. While these collections are not included in the inventory balances as reported in the financial statements, the BEP maintains appropriate custodial records and controls.

To effectively manage its fiduciary and custodial responsibilities, the Bureau has implemented effective internal control and security systems. To ensure these systems are functioning properly, management implemented an organizational focus on safeguarding and accounting for all assets, which is reflected in the Bureau's organizational structure. The CFO oversees the Office of Compliance and is responsible for internal controls oversight. This office evaluates and monitors internal control systems and maintains a comprehensive product accountability system. The Office of Security, which reports to the Associate Director for Management, plans, administers and monitors the BEP's security programs. These programs include personnel, securities destruction, and physical and operational security.

Through this structure, individual unit managers are accountable and responsible for maintaining proper custody and safeguarding all assets under their control.

Assurance Statement

The Bureau, including the organizations under its purview, is responsible for meeting the objectives of FMFIA Section 2 and Section 4, as well as implementing the requirements of the Federal Financial Management Improvement Act (FFMIA), Digital Accountability and Transparency Act, and the Reports Consolidation Act of 2000. The FFMIA implementation guidelines are included in the internal control requirements of the OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The objectives of OMB Circular A-123, including its appendices, are to ensure: (1) alignment of strategic goals with the agency's mission; (2) effective and efficient operations; (3) reliable reporting; and (4) compliance with applicable laws and regulations.

Management is responsible for managing risks and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. Risk management practices that identify, assess, respond to and report on risks are taken when designing and assessing internal controls. The BEP conducted its assessment of risk and internal controls in accordance with OMB Circular A-123 and OMB Circular A-123, Appendix A, Management of Reporting and Data Integrity Risk. Based on the results of this assessment, the Bureau provided reasonable assurance that the internal controls over strategic, operational, reporting, and compliance objectives were operating effectively as of September 30, 2024.

In addition, the BEP assessed its financial management systems in accordance with OMB Circular A-123, Appendix D, Compliance with the FFMIA. Based on the results of this assessment, our financial management systems substantially complied with FFMIA Section 803(a) as of September 30, 2024.

The Bureau considered the results of extensive testing and assessment across the organization and independent audits as part of its evaluation process.

Summary of Office of Inspector General Audits

The Bureau began FY 2024 with two open recommendations, and the Treasury's Office of Inspector General issued five new recommendations during FY 2024. These pertained to training, policy and/or procedural adherence, and internal controls. During FY 2024, the Bureau implemented corrective action on four recommendations and is continuing efforts to implement three open recommendations.

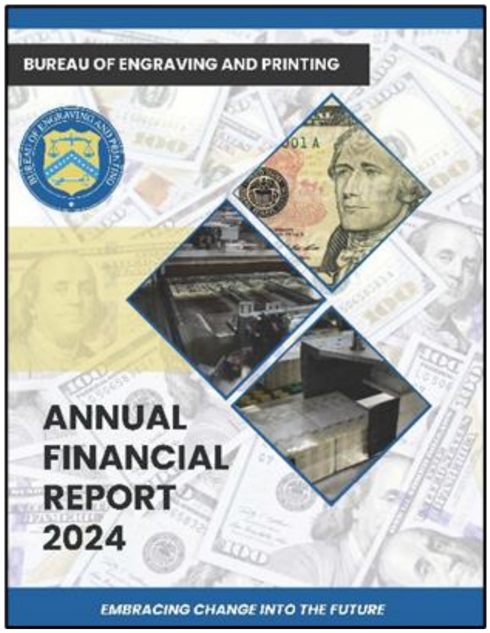
Limitations of the Financial Statements

The following financial statements are for the Bureau of Engraving and Printing, a component of the Department of the Treasury. As such, the statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity. The principal financial statements were prepared to report the financial position, results of operations and cash flows of the Bureau. They were prepared using the Bureau’s financial books and records maintained in accordance with private sector generally accepted accounting principles. These statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

Financial Statements

Years ended September 30, 2024 and 2023

(With Independent Auditors' Reports Thereon)



THE DEPARTMENT OF THE TREASURY
BUREAU OF ENGRAVING AND PRINTING
FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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

Independent Auditors' Report

Acting Inspector General
Department of the Treasury

Director
Bureau of Engraving and Printing, Department of the Treasury:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bureau of Engraving and Printing (the Bureau), which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of operations and cumulative results of operations, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bureau as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bureau and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bureau's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bureau's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2024, we considered the Bureau's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements as of and for the year ended September 30, 2024 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 24-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bureau's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
December 12, 2024

THE DEPARTMENT OF THE TREASURY
BUREAU OF ENGRAVING AND PRINTING
Balance Sheets
As of September 30, 2024 and 2023

	2024	2023
	(In Thousands)	
ASSETS		
Current assets:		
Cash (Note 3)	$ 266,164	$ 104,908
Accounts receivable (Note 10)	87,579	109,843
Inventories (Note 4)	268,700	257,133
Prepaid expenses	118	123
Total current assets	622,561	472,007
Property and equipment, net (Note 5)	950,356	851,062
Operating lease right-of-use assets (Note 13)	9,794	13,421
Other assets, net (Note 6)	39,946	38,822
Total assets	$ 1,622,657	$ 1,375,312
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities (Notes 7 and 8):		
Accounts payable	$ 29,335	$ 38,320
Accrued liabilities	35,134	43,665
Advances	20,112	24,249
Total current liabilities	84,581	106,234
Workers' compensation liability (Note 8)	57,991	56,945
Operating lease liabilities (Note 13)	6,069	9,840
Total liabilities	$ 148,641	$ 173,019
Commitments and contingencies (Note 12)		
Equity		
Invested capital	39,591	39,591
Cumulative results of operations	1,434,425	1,162,702
Total equity	$ 1,474,016	$ 1,202,293
Total liabilities and equity	$ 1,622,657	$ 1,375,312

See accompanying notes to the financial statements.

THE DEPARTMENT OF THE TREASURY
BUREAU OF ENGRAVING AND PRINTING

Statements of Operations and
Cumulative Results of Operations

For the Years Ended September 30, 2024 and 2023

	2024	2023
	(In Thousands)	
Revenue (Note 10):		
Sales	$ 949,483	$ 826,571
Non-exchange surcharge for capital investments	240,015	140,359
Other	5,777	6,400
Total revenue	1,195,275	973,330
Cost of goods sold	652,217	614,736
Gross margin	543,058	358,594
Operating costs:		
General and administrative expenses	198,763	181,295
Research and development	72,572	59,953
Total operating costs	271,335	241,248
Excess of revenues over expenses	271,723	117,346
Cumulative results of operations at beginning of year	1,162,702	1,045,356
Cumulative results of operations at end of year	$ 1,434,425	$ 1,162,702

See accompanying notes to the financial statements.

THE DEPARTMENT OF THE TREASURY
BUREAU OF ENGRAVING AND PRINTING
Statements of Cash Flows
For the Years Ended September 30, 2024 and 2023

	2024	2023
	(In Thousands)	
Cash flows from operating activities		
Excess of revenues over expenses	$ 271,723	$ 117,346
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation	61,762	54,043
Loss from obsolescence	3,115	3,578
(Gain) loss from disposal of property and equipment	(11)	1,460
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	22,264	(12,288)
(Increase) decrease in inventories	(11,567)	(20,437)
(Increase) decrease in prepaid expenses	5	6
(Increase) decrease in operating lease right-of-use assets	3,627	(13,421)
(Increase) decrease in other assets	(4,239)	(6,755)
Increase (decrease) in accounts payable	(8,985)	2,559
Increase (decrease) in accrued liabilities	(8,531)	4,092
Increase (decrease) in advances	(4,137)	15,168
Increase (decrease) in workers' compensation liability	1,046	817
Increase (decrease) in operating lease liabilities	(3,771)	9,840
Net cash provided by operating activities	322,301	156,008
Cash flows from investing activities		
Purchases of property and equipment	(161,045)	(201,551)
Net cash used in investing activities	(161,045)	(201,551)
Net (decrease) increase in cash	161,256	(45,543)
Cash at beginning of year	104,908	150,451
Cash at end of year	$ 266,164	$ 104,908

See accompanying notes to the financial statements.

THE DEPARTMENT OF THE TREASURY
BUREAU OF ENGRAVING AND PRINTING
Notes to the Financial Statements
September 30, 2024 and 2023

1. Reporting Entity

The Bureau of Engraving and Printing (BEP or Bureau), a component of the United States (U.S.) Department of the Treasury, is the U.S. Government's security printer. The Bureau designs and produces U.S. currency. The Bureau also advises and assists federal agencies in the design and production of other U.S. Government documents requiring counterfeit deterrence or secure production.

The Bureau operates under basic authorities conferred by the Act of July 11, 1862, (12 Stat. 532; also, 31 U.S.C. 5114) and other laws and regulations. In accordance with the provisions of Public Law 81-656, effective August 4, 1950, the operations of the Bureau are financed by means of a revolving fund. This fund is reimbursed through billings to the Bureau's customers for products delivered. Public Law 95-81 authorized the Bureau to include in its product prices an amount to provide funding for the acquisition of capital equipment and future working capital. Invested capital represents the historical value of the initial contribution made to the revolving fund by the Federal Government and the appraised value of the land transferred to the Bureau without reimbursement for the District Currency Replacement Facility (DCRF).

The financial statements represent the consolidation of BEP’s federal Revolving Fund and a Deposit Fund. The majority of all financial transactions are contained within the BEP Revolving Fund, which finances the Bureau’s operations. The Mutilated Currency Claims Fund, which is a Deposit Fund, is used to redeem damaged paper currency received from the public. All significant balances and transactions between the funds have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

The Federal Accounting Standards Advisory Board (FASAB) has been designated by the American Institute of Certified Public Accountants as the standards-setting body for financial statements of Federal Government entities, with respect to the establishment of GAAP. FASAB has indicated, however, that financial statements prepared based upon accounting standards published by the FASB may also be regarded as in conformity with GAAP for those federal agencies, such as the Bureau, that have issued financial statements based upon FASB accounting standards in the past. Accordingly, consistent with historical reporting, the Bureau’s financial statements are presented in accordance with accounting standards published by the FASB. Certain presentations and disclosures may be modified, if needed, to prevent the disclosure of classified information.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and related revenues and expenses. The significant estimates to the Bureau's financial statements are the actuarial estimates made by the U.S. Department of Labor (DOL) in arriving at the liabilities for workers' compensation, allowances for obsolescence, the useful lives of property and equipment, the likelihood of losses associated with contingent liabilities, and certain accrued expenses at the date of the financial statements. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Cash

Cash represents the aggregate amount of the Bureau's funds held on deposit with the U.S. Treasury and are available to pay liabilities.

Inventories

Raw material and supply inventories are stated at standard cost, except for one advanced counterfeit deterrent material, which is valued using the first-in-first-out (FIFO) method. Finished goods inventories are valued at standard cost by denomination. All methods approximate actual cost. Cost elements included in work-in-process and finished goods inventories are direct materials, direct labor, manufacturing overhead and manufacturing support.

Any raw materials inventory determined obsolete is immediately expensed resulting in no allowance for inventory obsolescence for raw materials.

Property and Equipment

Property and equipment are recorded at cost. Major alterations and renovations are capitalized, while maintenance and repair costs are expensed as incurred. The capitalization threshold is $50,000. The Bureau capitalizes all cost associated with new construction and building improvements.

The Bureau occupies and uses buildings and land owned by the U.S. Department of the Treasury. The Bureau is not charged for the use of the buildings or land but is responsible for maintenance and repair of all buildings and land improvements. The land and building shell for the Bureau's Western Currency Facility (WCF) were donated by the City of Fort Worth, Texas, to the U.S. Department of the Treasury. The land for the DCRF was transferred by the U.S. Department of Agriculture to the BEP and is not depreciated (See Note 5).

Depreciation of property and equipment is calculated using the straight-line method over the following estimated useful lives:

Land	N/A
Machinery and equipment	3 - 15 years
Building and land improvements	3 - 40 years
Information technology (IT) equipment and software	3 - 5 years
Office machines	5 - 10 years
Furniture and fixtures	5 - 10 years
Motor vehicles	3 - 9 years

Other Assets

Other assets consist principally of machine repair parts and tools, which are used in the production of the Bureau's products. Other assets are stated at standard cost, which approximates actual cost, net of a reserve for obsolescence.

Employee Retirement Plans

Bureau employees participate in the contributory Civil Service Retirement System (CSRS) or Federal Employees' Retirement System (FERS), to which the Bureau and employees make contributions according to plan requirements. Consistent with reporting under multiemployer pension plans, the Bureau does not report CSRS and FERS assets, accumulated plan benefits or future liabilities, if any, applicable to its employees. This data is reported for plan participants by the Office of Personnel Management (OPM).

Postretirement Benefits Other than Pensions

Postretirement benefits for former Bureau employees, specifically health care costs and life insurance, are administered and paid by OPM through appropriations received from the U.S. Government. The Bureau does not reimburse OPM for these payments. The Bureau's financial statements do not include the cost of employee postretirement benefits paid by OPM or the actuarial liability for such benefits.

Workers' Compensation Costs

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 the Bureau's employees under FECA are administered by the DOL and are ultimately paid by the Bureau.

The FECA liability consists of two components. The first component, the accrued FECA liability, is based on actual claims paid by DOL but not yet reimbursed by the Bureau. The Bureau reimburses the DOL for the amount of actual claims normally within one to two years after payment is made by the DOL. As a result, the Bureau recognizes a current and non-current liability for actual claims paid by the DOL, to be reimbursed by the Bureau.

The second component, the actuarial FECA liability, is the estimated liability for future benefit payments. These future workers' compensation estimates were generated by the DOL from an application of actuarial procedures developed to estimate the liability for future FECA benefits. The actuarial liability for future worker's 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 claim data and 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 Department of the Treasury's Yield Curve for Treasury Nominal Coupon Issues to reflect the average duration in years for income payments and medical payments.

Discount rates as of September 30, 2024, were 2.648 percent and 2.399 percent for income payments and medical in year one and subsequent years, respectively. Discount rates as of September 30, 2023, were 2.326 percent and 2.112 percent for income payments and medical in year one and subsequent years, respectively. The U.S. Department of the Treasury allocated the overall liability to Treasury components based on past claims paid information provided by the DOL.

Annual, Sick, and Other Leave

Annual leave is accrued as a liability when earned and the accrual is reduced as leave is taken. The balance in this accrued liability account reflects current pay rates.

Sick leave and other types of non-vested leave are expensed as the leave is taken.

Revenue Recognition

The vast majority of revenue is from sales to the Federal Reserve Board and is recognized when finished goods satisfactorily pass all Bureau quality control standards and are delivered to the on-site depository vaults designated for the Federal Reserve Board and are available for immediate shipping by the Federal Reserve Board. Finished goods are released for shipment in accordance with customer requirements. Revenue from the sale of uncut currency to the public is recognized at the time the product is shipped. The Bureau does not record an allowance for returns because of a historically negligible return rate. Also, the BEP bills the Federal Reserve Board and recognizes revenue related to expenses incurred for WCF expansion, the DCRF project, and the production equipment.

Tax Status

The Bureau is a federal entity, and therefore is not subject to federal, state or local income taxes. Accordingly, no provision for income taxes is made.

Contingencies

Liabilities from loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation cost can be reasonably estimated. Loss contingencies that do not meet these criteria, but are reasonably possible and estimable are not accrued, but are disclosed in Note 12.

Fair Value Measurements

FASB Accounting Standard Codification (ASC) 820-10, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Bureau's financial instruments are comprised of cash, accounts receivable, accounts payable, accrued liabilities, and advances as of September 30, 2024, and 2023, respectively. The carrying amounts of these financial instruments approximate fair value because of the short-term nature of these instruments. The Bureau holds no financial instruments that are required by ASC 825-10, Financial Instruments - Overall, to be valued, reported or disclosed at fair value as of September 30, 2024, or 2023.

Leases

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended, which, along with related amendments, replaced existing capital and operating lease reporting and disclosure requirements. ASU No. 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on the statement of financial position through both a right-of-use asset and a corresponding lease liability, and additional qualitative and quantitative disclosures. The Bureau adopted Topic 842 using a modified retrospective transition approach effective October 1, 2022, which resulted in the recognition of operating lease liabilities and right-of-use assets of approximately $16.9 million. As a result, there was no cumulative effect adjustment recognized. The Bureau elected to adopt the package of transition practical expedients and, therefore, did not reassess (1) whether existing or expired contracts contained a lease, (2) lease classification for existing or expired leases, or (3) the accounting for initial direct costs that were previously capitalized. Additionally, the Bureau has adopted the lease-related disclosures in Note 13.

3. Cash

The year-end cash balances by fund are as follows as of September 30, 2024, and 2023:

	(In Thousands)	
	2024	**2023**
Bureau revolving fund	$ 245,907	$ 80,699
Mutilated currency claims fund	20,257	24,209
Total	$ 266,164	$ 104,908

The balance in the Mutilated Currency Claims Fund, consisting of advances available to process claims for mutilated currency submitted for redemption by the public (including banks), is offset by a liability to the public, which is included in advances on the balance sheets as of September 30, 2024, and 2023, respectively (See Note 7).

4. Inventories

Inventories consist of the following as of September 30, 2024 and 2023:

	(In Thousands)	
	2024	**2023**
Raw material and supplies	$ 116,511	$ 109,478
Work-in-process	91,751	74,911
Finished goods - currency	39,287	40,213
Finished goods - uncut currency	17,449	28,539
E-Reader inventory	3,702	3,992
Total	$ 268,700	$ 257,133

5. Property and Equipment, net

Property and equipment consist of the following as of September 30, 2024, and 2023:

	(In Thousands)	
	2024	**2023**
Land	$ 7,156	$ 7,156
Machinery and equipment	838,155	736,456
Building and land improvements	632,358	605,486
IT equipment and software	153,103	174,046
Office machines	106	-
Furniture and fixtures	3,090	1,579
Donated assets - artwork	125	125
Motor vehicles	425	425
Leasehold improvements	230	230
	1,634,748	1,525,503
Less accumulated depreciation	959,263	931,961
	675,485	593,542
Construction-in-progress	274,871	257,520
Property and equipment, net	$ 950,356	$ 851,062

Depreciation expense for the years ended September 30, 2024, and 2023 was $61.8 million and $54.0 million, respectively.

The majority of the increase in Property and Equipment from 2023 to 2024 was due to an increase in spending for the acquisition of new production equipment and building improvements. Equipment spending occurred primarily on the Production Rotary Screen Process and the non-sequential Large Examining and Printing Equipment (ns-LEPE). The increase in spending on construction projects occurred primarily on the DCRF.

The Bureau occupies and uses buildings and land owned by the U.S. Department of the Treasury. The land and building shell for the Fort Worth, Texas, facility were donated by the City of Fort Worth to the U.S. Department of the Treasury in 1987. Treasury retains ownership of these assets and discloses them as appropriate in its consolidated financial statements. At the time of donation, the land had an appraised value of $1.5 million, and the building shell cost was $5.6 million. In accordance with the provisions of Public Law 81-656, Bureau financial statements include only the costs to build out the Texas facility.

In accordance with the provisions of Section 7602 of the Agriculture Improvement Act of 2018, Bureau financial statements include the land to build the DCRF, at the appraised value at the time of the transfer from the Department of Agriculture of $7.2 million.

6. Other Assets, net

Other assets consist principally of machine repair parts and tools. The allowance for obsolescence for these parts and tools for years ended September 30, 2024, and 2023 was $26.0 million and $22.9 million, respectively.

7. Current Liabilities

All current liabilities are funded and consist of the following as of September 30, 2024, and 2023:

(In Thousands)

	2024	2023
Intragovernmental	$ 8,302	$ 7,828
With the public	76,279	98,406
Total current liabilities	$ 84,581	$ 106,234

Accrued current liabilities consist of the following as of September 30, 2024, and 2023:

(In Thousands)

	2024	2023
Payroll	$ 15,593	$ 23,836
Annual leave	11,238	11,999
Worker's compensation	4,364	4,029
Operating lease	3,770	3,611
Other	169	190
Total accrued liabilities	$ 35,134	$ 43,665

Advances consist of the following as of September 30, 2024, and 2023:

(In Thousands)

	2024	2023
Mutilated currency	$ 20,294	$ 24,247
Other	(182)	2
Total advances	$ 20,112	$ 24,249

8. Workers' Compensation Liability

Claims incurred and paid by the DOL as of September 30, 2024, and 2023, but not yet reimbursed to the DOL by the Bureau, are approximately $10.3 million and $9.5 million, respectively. Of these balances, approximately $4.4 million and $4.0 million represent a current liability, as of September 30, 2024, and 2023, respectively. The Bureau will reimburse the DOL for these claims in the next two years. The Bureau's estimated noncurrent, actuarially derived future workers' compensation liability was approximately $52.1 million and $51.4 million as of September 30, 2024, and 2023, respectively. The Bureau's estimated, undiscounted, non-current, actuarially derived future workers' compensation liability was approximately $71.9 million and $68.2 million as of September 30, 2024, and 2023, respectively.

9. Employee Retirement Plans and Postretirement Benefits Other than Pensions

Employer contributions to the retirement plans were $40.0 million and $33.6 million for fiscal years 2024 and 2023, respectively. The CSRS employer contribution rate for fiscal years 2024 and 2023 was 7.0 percent. The FERS agency contribution rate for fiscal years 2024 and 2023 was 18.4 percent. The cost of providing the CSRS and FERS benefits is more than the amounts contributed by the Bureau and the employees to OPM. The total costs of providing benefits, including the costs financed by OPM, were $57.4 million and $43.7 million in 2024 and 2023, respectively.

OPM paid costs totaling $16.0 million and $15.6 million for the Federal Employees Health Benefits Program (FEHBP) and Federal Employees Group Life Insurance (FEGLI) programs in 2024 and 2023, respectively. These costs are not included in the Bureau's Statements of Operations. The Bureau paid costs totaling $20.9 million and $19.6 million for the FEHBP and FEGLI programs in 2024 and 2023, which are included in the Bureau's Statement of Operations and Cumulative Results of Operations.

10. Concentration of Revenue

The Bureau's principal customers are other federal and quasi-federal governmental organizations. During 2024 and 2023, the Bureau's revenues from sales, non-exchange surcharge for capital investment, and services from these organizations as well as the outstanding amounts due from them as of September 30, 2024, and 2023, are reflected in the following table:

	Revenue (In Thousands)		Accounts Receivable (In Thousands)	
	2024	**2023**	**2024**	**2023**
Sales:				
Currency production	$ 942,159	$ 826,077	$ 86,128	$ 69,447
Public sales	7,324	494	6	380
Total sales	949,483	826,571	86,134	69,827
Non-exchange surcharge for capital investments:				
Production equipment	204,669	39,146	-	2,081
WCF expansion	1,429	47,220	-	17,349
New facility	33,917	53,993	-	-
Total non-exchange surcharge for capital investments	240,015	140,359	-	19,430
Other:				
Mutilated currency	3,445	4,666	789	1,203
Meaningful access	1,085	1,015	280	266
Other intragovernmental	1,247	719	-	1
Other	-	-	376	19,116
Total other	5,777	6,400	1,445	20,586
Total	$ 1,195,275	$ 973,330	$ 87,579	$ 109,843

Revenues from other federal agencies are derived principally from the sale of security printing products to U.S. Government agencies and related fees charged.

11. Principal Suppliers

The Bureau is dependent upon sole suppliers for distinctive currency paper and several advanced counterfeit deterrent materials.

12. Commitments and Contingencies

The Bureau is a party in various administrative proceedings, legal actions and claims brought against the Federal Government by employees, contractors and other parties. Contingencies for litigations involving the Bureau, where the risk of loss was probable do not exist as of September 30, 2024, and 2023. Contingencies, where the risk of loss is reasonably possible, are approximately $1.2 million and $1.7 million as of September 30, 2024, and 2023, respectively. Since the risk of loss for these litigations is not probable, the Bureau did not record any liability. Management believes the ultimate resolution of these litigations will not have a material impact on the reported financial position, results of operations and cash flows.

In 2007, a judge ruled the current U.S. currency design violates Section 504 of the Rehabilitation Act. The court awarded no monetary damages. However, the Bureau is required to provide meaningful access to United States currency for blind and other visually impaired persons as part of the next currency redesign. The cost of currency changes necessary to provide meaningful access will be incorporated into future currency redesign costs. As an interim measure, the Bureau is providing currency readers, free of charge, to eligible blind and visually impaired individuals.

The Bureau has contracted to purchase printing equipment, and IT Hardware costing approximately $651.3 million. As of September 30, 2024, the Bureau has made cumulative payments of $209.7 million, and the remaining commitment outstanding is $441.6 million. Delivery of the printing equipment will be determined upon successful completion of final factory inspection tests. Delivery of IT Hardware will be determined upon completion of testing and installation. The Bureau entered into an Inter-Agency Agreement with the United States Army Corps of Engineers for the design review, construction and contract administration of the DCRF. As of September 30, 2024, the Bureau has obligated $1,783.9 million for these projects and has made cumulative payments of $380.4 million. Progress payments related to the above contracts are included in construction-in-progress within Property and Equipment on the balance sheets as of September 30, 2024.

The Bureau does not carry commercial insurance on its physical assets because by law the Federal Government is self-insured.

On September 30, 2024, and 2023, 1,205 and 1,124 employees, respectively, or 62 percent and 59 percent of our workforce for fiscal years 2024 and 2023, respectively, were covered by collective bargaining agreements. The BEP collective bargaining agreements exclude pay provision negotiations. There are a total of 18 agreements, of which, 3 are currently under negotiation. Zero agreements are set to expire within the next year.

13. Leases

The Bureau leases warehouse space and vehicles under long-term operating leases expiring in 2027. Operating leases as a lessee are included in operating right-of-use (ROU) assets and operating lease liabilities on the Balance Sheet. Rent expense, under operating leases that provide for scheduled rent increases over their terms, is recognized on a straight-line basis.

Right -of-use assets represent the right to use an underlying asset for the lease term if the expected lease term is greater than 12 months. The Bureau has elected a policy to not recognize ROU assets and lease liabilities for any short-term leases, generally comprised of office equipment.

Lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and related liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate (five-year yield established by the Department of the Treasury). The commencement date is when the Bureau takes possession of the asset, or in the case of real estate leases, when the landlord makes the building available for use. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option.

Variable lease payments are generally provided for rent escalations based on increases in property taxes and operating expenses attributed to usage. Changes in variable payments, other than those attributed to indexed rate estimates, are recognized in the period in which they occur and thus not included in the measurement of ROU assets and operating lease liabilities.

The Bureau partially subleases the warehouse space to other components of Treasury under various inter-agency agreements. Lease payments due to the Bureau are fixed and paid over the term of the lease and there are no variable payments associated with the subleases. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. The Bureau leases do not contain residual value guarantees.

The following table presents the various components of lease expense as of September 30, 2024, and 2023:

(In Thousands)

	2024	2023
Operating lease expense	$ 4,041	$ 4,018
Variable lease expense	812	470
Short-term lease expense	285	488
Sub-lease income	(1,075)	(512)
Total lease expense	$ 4,063	$ 4,464

The following table presents supplemental information relating to the cash flows arising from the lease transactions as of September 30, 2024, and 2023. Cash payments related to variable lease costs and short-term leases are not included in the measurement of ROU assets and operating lease liabilities, as such, are excluded from the amounts below.

	(In Thousands)	
	2024	**2023**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 4,041	$ 4,018
Non-cash right-of-use assets for lease liabilities		
Beginning balance	$ 13,421	$ 16,910
In exchange for new lease liabilities	-	-
Accumulated amortization, ROU assets	(3,627)	(3,489)

The weighted average lease term and discount rate for the Bureau's leases as of September 30, 2024 and 2023 is approximately 2 years and 6 months and 3.90 percent, and 3 years and 6 months and 3.90 percent, respectively.

The table below represents a maturity analysis of expected undiscounted cash flows for leases on an annual basis for the next five years. For the years ending September 30, 2024, and 2023:

	(In Thousands)
	2024
2025	$ 4,087
2026	4,103
2027	2,159
2028	-
2029	-
Total future lease payments	10,349
Less: Imputed interest	(510)
Total lease liabilities	$ 9,839
Less: Current lease liabilities	3,770
Total non-current lease liabilities	$ 6,069

14. Subsequent Events

The Bureau has evaluated subsequent events through December 12, 2024, the date the financial statements were available to be issued. There were no material events that required additional accruals or disclosures.