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Examination of the financial statements of the Government Printing Office (GPO) for fiscal year 1976 showed that the statements presented fairly the financial position of GPO at September 30, 1976, and the results of its operations and changes in its financial position for the 15-month period then ended, except for certain accounting policy changes. GPO is responsible for furnishing printing and binding services ordered by the Congress, executive departments, and independent agencies of the Federal Government. In addition, GPO offers publications for sale to the public. GPO's activities are financed by a revolving fund which receives funds from appropriations for printing and binding services performed for the Congress, reimbursements for printing services from departments and agencies of the Federal Government, sales of Government publications to the public, and special appropriations for certain GPO programs. Findings/Conclusions: During the reviewed period, the GPO Office of Audits issued 47 audit reports making recommendations to GPO management on a variety of subjects to enhance the economy, efficiency, and effectiveness of GPO operations. Procedural controls have been strengthened and improved, resulting in recovery of overpayments to printing and binding contractors in excess of \$31,000. (Author/SC)

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REPORT TO THE CONGRESS

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

Examination Of Financial Statements Government Printing Office Fiscal Year 1976

The financial statements of the Government Printing Office present fairly its financial position at September 30, 1976, and the results of its operations and changes in its financial position for the 15-month period then ended.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114829

To the President of the Senate and the
Speaker of the House of Representatives

This report summarizes the results of our examination of the financial statements of the Government Printing Office for fiscal year 1976.

We made our examination pursuant to the act of October 22, 1968, as amended (44 U.S.C. 309 (c)).

We are sending copies of this report to the Director, Office of Management and Budget; the Chairman, Joint Committee on Printing; and the Public Printer.


Comptroller General
of the United States

D I G E S T

The Government Printing Office is responsible for furnishing printing and binding work ordered by the Congress, executive departments, and independent agencies of the Federal Government. In addition the Government Printing Office offers many publications for sale to the public.

In GAO's opinion the financial statements (schedules 1 through 5) present fairly the financial position of the Government Printing Office at September 30, 1976, the results of its operations and the changes in its financial position for the 15-month period then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States applied on a basis consistent with that of the preceding year, except for accounting policy changes regarding revenue from subscription sales and the basis of cost for publications for sale, with which GAO concurs. (See p. 19, note 12.)

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ABBREVIATIONS

GAO	General Accounting Office
GPO	Government Printing Office

CHAPTER 1

INTRODUCTION

The Government Printing Office (GPO) is responsible for furnishing printing and binding services ordered by the Congress, executive departments, and independent agencies of the Federal Government. In addition, GPO offers many publications for sale to the public.

The Public Printer, appointed by the President with the advice and consent of the Senate, is responsible for managing GPO. The Joint Committee on Printing, consisting of the Chairman and two members of the Senate Committee on Rules and Administration, and the Chairman and two members of the House Committee on House Administration, acts as GPO's Board of Directors.

The Superintendent of Documents, appointed by the Public Printer, directs the Public Documents Area (previously Public Documents Department), which sells Government publications to the general public. These sales are accomplished through orders mailed to GPO; through a distribution center in Pueblo, Colorado; and through 24 bookstores throughout the United States. The Public Documents Area prepares official catalogs and indexes, and mails certain publications for the Congress and Federal Departments and agencies.

CHAPTER 2

OPERATIONS

The Government Printing Office's activities are financed by a revolving fund which receives funds from four major sources: appropriations for printing and binding services performed for the Congress, reimbursements for printing services from departments and agencies of the Federal Government, sales of Government publications to the public, and special appropriations for certain GPO programs.

PRINTING AND BINDING SERVICES

GPO provides in-house printing and binding services, as well as commercial printing contracts. In fiscal year 1976 61.2 percent of the revenue from these activities resulted from services performed by commercial firms. GPO reported a profit of about \$12.1 million in fiscal year 1976 on this type of service, which can be retained. (See schedule 2.)

PUBLIC SALES PROGRAM

The public sales program is funded through sales revenue and appropriations by the Congress. Sales revenue is derived from sales of publications priced at cost as determined by the Public Printer, plus 50 percent, pursuant to the United States Code (44 U.S.C. 1708). Periodically the excess of sales program revenue over expenses is transferred from GPO to miscellaneous receipts, in part, during the program year in which they originated and, in part, during the following year. During fiscal year 1976 excess fiscal year 1975 funds of about \$11.6 million and excess fiscal year 1976 funds of \$5 million were transferred to miscellaneous receipts. (See schedule 5.)

Sales program revenue, including appropriations, exceeded expenses by approximately \$23.4 million and \$11.6 million in fiscal years 1976 and 1975, respectively. Without the appropriations the 1976 and 1975 GPO sales program would have had losses of \$7.7 million and \$12 million, respectively.

APPROPRIATIONS

The Congress appropriates funds to GPO for non-revenue-producing activities of the Superintendent of Documents, congressional printing and binding, and certain improvements to GPO facilities.

Appropriation for non-revenue-producing activities of the Superintendent of Documents

The Congress annually appropriates funds to enable the Superintendent of Documents to distribute Government publications for Members of Congress and other Government agencies, finance the depository library program, and catalog and index documents printed under GPO auspices. GPO spent \$20.7 million for these activities in fiscal year 1976, compared with \$12.7 million in fiscal year 1975.

Appropriation for congressional printing and binding

The Congress annually appropriates funds to GPO for congressional printing and binding services. The appropriation also provides funds for (1) printing and binding services for the Architect of the Capitol; (2) printing, binding, and distributing the Federal Register and the Code of Federal Regulations; and (3) printing and binding Government publications authorized by law to be distributed without charge. Appropriated funds are transferred to the revolving fund to reimburse it for the cost of these services. The appropriation was \$136.6 million for fiscal year 1976 and \$80 million for fiscal year 1975.

As shown in schedule 4 open commitments at September 30, 1976 exceeded the unexpended balance of appropriations by \$5.3 million. This amount is an estimate of the cost to complete unfinished printing and binding work authorized in fiscal year 1976 and prior years. About \$1.8 million of this will be disbursed using the fiscal year 1977 appropriation, and \$3.5 million will be disbursed using fiscal year 1978 funds. This funding practice is consistent with that of prior years. Since fiscal year 1958 GPO's appropriation acts have included provisions permitting each year's appropriation to be used for paying obligations incurred in preceding fiscal years.

Appropriation for air-conditioning and electrical improvements

Since fiscal year 1970 the Congress has authorized GPO to use \$1 million from its revolving fund and has appropriated an additional \$12.9 million to increase the plant's electrical capacity and improve and extend air-conditioning to additional areas. The electrical project was completed at a cost of \$456,058. As of fiscal year 1976 about \$13.3

million had been obligated or spent on the air-conditioning project.

Appropriation for site acquisition

In fiscal year 1974 the Congress appropriated \$4.6 million for the acquisition of a new site for GPO. There are no obligations outstanding against this appropriation.

CHAPTER 3

INTERNAL AUDIT

The Office of Audits conducts independent audits of GPO operations, functions, and/or organizational units both in Washington, D.C., and at various field locations; performs such external audits, including contract audits, as are deemed necessary; and reports its findings and recommendations to the Public Printer. The Office of Audits maintains liaison with GAO and other outside audit activities. The Office of Audits consists of a director, five auditors, one contract specialist, one printing specialist, one accounting technician, and two secretaries. The director reports directly to the Public Printer.

During a 15-month period (July 1975 through Sept. 1976) the Office of Audits issued 47 audit reports making recommendations to GPO management on a variety of subjects which enhanced the economy, efficiency, and effectiveness of GPO operations. Procedural controls were strengthened and improved, resulting in recovery of overpayments to printing and binding contractors in excess of \$31,000.

During this period the Office of Audits implemented Phase I of an automated data program which summarizes, samples, and prints detailed computerized data. The automated program permits the auditors to obtain detailed data quickly and accurately. In fiscal year 1977 this office plans to develop other automated programs to streamline operations.

For the past several years, the Office of Audits has assisted in the financial audit by reviewing several financial accounts. We reviewed the internal auditors' work and, to the extent possible, relied on it.

CHAPTER 4

STATUS OF ITEMS PREVIOUSLY REPORTED

TO THE CONGRESS

In our fiscal year 1975 report we recommended that to improve management and control over the commercial accounts payable and the corresponding effect on accounts receivable, to provide for a more accurate cost of publications sold, and to provide for an annual estimate of the deferred subscription's accrual, the Public Printer should direct that action be taken on the following matters:

- Establish a system with related procedures and controls that would enable GPO to accurately account for its accounts payable.
- Establish procedures to develop actual cost data to be used in computing cost of publications sold.
- Establish a deferred subscription liability account, which would provide for an annual estimate of the deferred subscription's accrual.

During our review this year, we followed up on the above recommendations and proposed actions that had been taken by the Public Printer.

ACCOUNTS PAYABLE (COMMERCIAL PRINTING)

Our review indicated that GPO was taking corrective action to alleviate most of the problems concerning this account. New procedures include controls over all daily inputs for purchase orders and print orders, all daily payments for commercial printing, and for the maintenance and resolution of unmatched payments.

The new procedures were being developed during our review and were expected to be fully implemented for fiscal year 1977. Our review of the September 30, 1976, accrual revealed that GPO used statistical sampling methods to arrive at a balance sheet figure for fiscal year 1976. Our analysis indicated that the amount shown for the commercial printing part of accounts payable was fairly stated.

COST OF PUBLICATIONS SOLD

Although GPO is still using a retail inventory pricing method, the cost to sales ratio computed this year was based on actual costs for an acceptable sample, which we believe resulted in a satisfactory inventory balance, as of September 30, 1976. Based on this action and GPO's agreement to use invoiced costs for recording amounts purchased, we believe that the cost of publications sold on the income and expense statement was fairly stated, as of September 30, 1976.

UNEARNED INCOME

Our review of the unearned income account balance as of September 30, 1976, disclosed that GPO had established a deferred subscription liability account. We believe that the balance of this account was reasonably stated, as of September 30, 1976.

CHAPTER 5

SCOPE OF EXAMINATION AND OPINION

ON FINANCIAL STATEMENTS

SCOPE OF EXAMINATION

We have examined the statements of assets, liabilities, and investments of GPO for the 15-month period ended September 30, 1976, and the related statements of revenue and expenses, changes in financial position, status of appropriations and other fund balances, and status of amounts due the U.S. Treasury from the sale of publications for the period then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other auditing procedures, as we considered necessary. We previously examined and reported on GPO's financial statements for fiscal year 1975.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements (schedules 1 through 5) present fairly the financial position of GPO at September 30, 1976, the results of its operations and the changes in its financial position for the 15-month period then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States applied on a basis consistent with that of the preceding year, except for accounting policy changes regarding revenue from subscription sales and the basis of cost for publications for sale with which we concur. (See p. 19, note 12.)

We previously reported on the financial statements of GPO for the fiscal year ended June 30, 1975. We were unable to express an overall opinion on these financial statements taken as a whole. However, the individual amounts shown in the statements--except for the accounts receivable, accounts payable, cost of publications sold, understatement of deferred income, and overstatement of retained earnings--were presented fairly as of June 30, 1975, and for the fiscal year then ended, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States.

FINANCIAL STATEMENTS

GOVERNMENT PRINTING OFFICE

STATEMENT OF ASSETS, LIABILITIES, AND INVESTMENTS

AS OF SEPTEMBER 30, 1976, AND JUNE 30, 1975 (note 1)

	<u>Revolving</u> <u>fund</u>	<u>1976</u> <u>Other</u> <u>funds</u>	<u>Combined</u> <u>funds</u>	<u>1975</u> <u>Combined</u> <u>funds</u>
(000 omitted)				
<u>ASSETS</u>				
<u>FUND BALANCES WITH U.S. TREASURY & CASH</u>				
Fund balances in U.S. Treasury	\$ 18,508	\$ 56,569	\$ 75,077	\$ 35,739
Cash on hand and in transit	1,709	4	1,713	1,916
	<u>20,217</u>	<u>56,573</u>	<u>76,790</u>	<u>37,655</u>
<u>ACCOUNTS RECEIVABLE AND ADVANCES:</u>				
Accounts receivable:				
Government agencies (note 2)	116,812	161	116,973	118,336
Other	894	-	894	1,318
Advances to employees	40	-	40	12
	<u>117,746</u>	<u>161</u>	<u>117,907</u>	<u>119,666</u>
<u>INVENTORIES: (note 3)</u>				
Publications for sale, net	19,424	-	19,424	16,095
Printing work-in-process, at standard value	23,473	-	23,473	19,803
Paper, envelopes, and other supplies at cost	14,322	-	14,322	14,653
	<u>57,219</u>	<u>-</u>	<u>57,219</u>	<u>50,551</u>
<u>PROPERTY, PLANT, AND EQUIPMENT:</u>				
Land and buildings, at cost	-	9,085	9,085	9,085
Equipment and building appurtenances (note 4)	48,730	2,027	50,807	48,104
	<u>48,730</u>	<u>11,112</u>	<u>59,892</u>	<u>57,189</u>
Less allowance for depreciation	28,472	7,988	36,460	36,682
	<u>20,308</u>	<u>3,124</u>	<u>23,432</u>	<u>20,507</u>
Total assets	<u>\$235,490</u>	<u>\$ 59,858</u>	<u>\$295,348</u>	<u>\$228,379</u>
<u>LIABILITIES AND INVESTMENTS</u>				
<u>LIABILITIES:</u>				
Accounts payable (note 11)	\$ 34,469	\$ 6,661	\$ 41,130	\$ 28,832
Accrued salaries and wages (note 5)	2,190	-	2,190	3,193
Amounts withheld from employees for purchase of savings bonds and payment of taxes	2,223	-	2,223	1,545
Employees' accrued annual leave	5,216	534	5,750	5,925
Customers' deposits, prepaid subscriptions, and unearned revenue (note 6)	22,502	-	22,502	8,031
	<u>66,600</u>	<u>7,195</u>	<u>73,795</u>	<u>47,526</u>
<u>INVESTMENT OF U.S. GOVERNMENT:</u>				
Capital	104,715	-	104,715	104,716
Retained earnings reserved	16,162	-	16,162	6,993
Retained earnings unreserved	38,236	-	38,236	35,274
Appropriations and other fund balances (schedule 4)	-	52,663	52,663	22,234
Income from sales of publications payable to U.S. Treasury (schedule 5)	9,777	-	9,777	11,636
	<u>168,890</u>	<u>52,663</u>	<u>221,553</u>	<u>160,853</u>
Total liabilities and investment of U.S. Government	<u>\$235,490</u>	<u>\$ 59,858</u>	<u>\$295,348</u>	<u>\$228,379</u>

GAO's opinion of these financial statements appears on page 8. The notes on page 15 are an integral part of this statement.

GOVERNMENT PRINTING OFFICEREVOLVING FUNDCONSOLIDATED STATEMENT OF REVENUE AND EXPENSES FOR15-MONTH PERIOD ENDED SEPTEMBER 30, 1976,AND FISCAL YEAR ENDED JUNE 30, 1975 (note 1)

	<u>1976</u>	<u>1975</u>
	<u>(000 omitted)</u>	
REVENUE:		
Printing and binding services performed for Government agencies and the Congress (note 7)	\$505,145	\$418,452
Document sales to the public	53,972	34,454
Services associated with document sales:		
Reimbursements by appropriations to the Superintendent of Documents	31,169	23,645
Services associated with depository libraries, cataloging and indexing, and distribution for other agencies:		
Reimbursements by appropriations to the Superintendent of Documents	20,668	12,655
Blank paper sales:		
Receipts from other Government agencies	18,626	20,811
Other	<u>4,751</u>	<u>1,122</u>
Total revenue	<u>\$634,331</u>	<u>\$511,139</u>
DIRECT COSTS:		
Labor	\$122,804	\$ 86,449
Material	39,969	43,336
Purchases of printing	289,727	263,449
Cost of publications sold	13,504	8,916
Cost of publications destroyed	<u>2,635</u>	<u>3,004</u>
Total direct costs	<u>\$468,639</u>	<u>\$405,154</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Total expenses	<u>130,134</u>	<u>93,560</u>
Total expenses	<u>\$598,773</u>	<u>\$498,714</u>
NET INCOME TO THE REVOLVING FUND:		
NET INCOME TO THE REVOLVING FUND:	<u>\$ 35,558</u>	<u>\$ 12,425</u>
Less amount payable to the Treasury (schedule 5)	<u>23,427</u>	<u>11,636</u>
NET INCOME RETAINED BY THE REVOLVING FUND	<u>\$ 12,131</u>	<u>\$ 789</u>
CHANGE IN EARNINGS RETAINED BY THE REVOLVING FUND:		
Balance--July 1, 1975	\$ 42,267	
Add: Net income retained by revolving fund	12,131	
Balance--September 30, 1976	<u>\$ 54,398</u>	

GAO's opinion on these financial statements appears on page 8. The notes on page 15 are an integral part of this statement.

GOVERNMENT PRINTING OFFICE

REVOLVING AND OTHER FUNDS

STATEMENT OF CHANGES IN FINANCIAL POSITION

15-MONTH PERIOD ENDED SEPTEMBER 30, 1976, AND

FISCAL YEAR ENDED JUNE 30, 1975 (note 1)

	<u>1976</u>	<u>1975</u>	
	(000 omitted)		
FUNDS PROVIDED:			
Printing and binding services	\$505,145	\$418,452	
Document sales to the public	\$ 53,972		
Less adjustment of prior years' earnings	<u>8,650</u>	34,454	
Sale of paper	18,626	20,811	
Appropriations:			
For congressional printing and binding	136,618	80,000	
For Superintendent of Documents	55,554	36,765	
For GPO project planning	<u>210</u>		
Total appropriations	192,382		
Working capital		12,000	
Other revenue	4,751	1,122	
Miscellaneous:			
Disposal of fixed assets	136	21	
Reimbursements to salary and expense appropriation	<u>955</u>	701	
Total miscellaneous funds	<u>1,091</u>		
Restoration of funds		<u>412</u>	
Total funds available	<u>\$767,317</u>	<u>\$604,738</u>	
FUNDS APPLIED:			
Operating expenses, net of depreciation and change in accrued annual leave	596,143	496,772	
Payments for congressional printing and binding	108,406	71,564	
Purchases of equipment	5,684	7,313	
Funds returned to U.S. Treasury	<u>19,484</u>	<u>6,183</u>	
Total funds applied	<u>\$729,717</u>	<u>\$581,832</u>	
INCREASE IN WORKING CAPITAL	<u>\$ 37,600</u>	<u>\$ 22,906</u>	
	Sept. 30, <u>1976</u>	June 30, <u>1975</u>	Increase or <u>decrease (-)</u>
ANALYSIS OF WORKING CAPITAL:			
Increase in current assets:			
Fund balances with U.S. Treasury	\$ 76,790	\$ 37,655	\$ 39,135
Accounts receivable and advances	137,907	119,666	18,241
Inventories	<u>57,219</u>	<u>50,551</u>	<u>6,668</u>
	\$271,916	\$207,872	\$ 64,044
Liabilities excluding employees' accrued annual leave	<u>68,045</u>	<u>41,601</u>	<u>26,444</u>
Total working capital	<u>\$203,871</u>	<u>\$166,271</u>	<u>\$ 37,600</u>

GAO's opinion on these financial statements appears on page 8. The notes on page 15 are an integral part of this statement.

GOVERNMENT PRINTING OFFICE

STATUS OF APPROPRIATIONS AND OTHER FUND BALANCES

AS OF SEPTEMBER 30, 1976, AND JUNE 30, 1975 (note 1)

	Appropriation			1976 total	1975 total
	Printing and binding for the Congress	Superin- tendent of Documents	Other (note 8)		
(000 omitted)					
BALANCES AT BEGINNING OF YEAR	\$ 10,021	\$ 5,208	\$7,006	\$ 22,235	\$ 12,176
SOURCES OF FUNDS:					
Appropriations	136,618	55,554	210	192,382	116,765
Reimbursements	-	955	-	955	701
Increase in investment of fixed assets	-	-	309	309	253
Restoration of funds	-	-	-	-	412
Total	<u>\$146,639</u>	<u>\$ 61,717</u>	<u>\$7,525</u>	<u>\$215,881</u>	<u>\$130,307</u>
USE OF FUNDS:					
Amounts paid to the revolving fund in pay- ment for:					
Congressional printing and binding (note 9)	\$108,406	\$ -	\$ -	\$108,406	\$ 71,564
General sales distribu- tion (note 9)	-	26,140	-	26,140	23,645
Special sales distribu- tion (note 9)	-	5,029	-	5,029	-
Distribution for other agencies (note 9)	-	8,266	-	8,266	5,007
Depository library distribution (note 9)	-	10,753	-	10,753	6,284
Cataloging and indexing (note 9)	-	1,650	-	1,650	734
Depreciation on build- ings, furniture, and fixtures	-	-	124	124	194
Increase in liability for employees' annual leave, Superintendent of Documents	-	-	2	2	15
Unobligated funds returned to U.S. Treasury	-	2,639	210	2,848	-
Total deductions	<u>\$108,406</u>	<u>\$ 54,476</u>	<u>\$ 336</u>	<u>\$163,218</u>	<u>\$108,073</u>
BALANCES AT END OF YEAR	<u>\$ 38,233</u>	<u>\$ 7,241</u>	<u>\$7,189</u>	<u>\$ 52,663</u>	<u>\$ 22,234</u>
APPROPRIATION BALANCE-- SEPTEMBER 30, 1976	\$ 38,233				
OBLIGATIONS--SEPTEMBER 30, 1976 (note 10)	<u>43,515</u>				
UNFUNDED OBLIGATIONS	<u>\$ 5,282</u>				

GAO's opinion on these financial statements appears on page 8. The notes on page 15 are an integral part of this statement.

GOVERNMENT PRINTING OFFICEREVOLVING FUNDSTATUS OF AMOUNTS DUE U.S. TREASURYFROM SALE OF PUBLICATIONS FOR THE15-MONTH PERIOD ENDED SEPTEMBER 30, 1975, AND FISCAL YEARENDED JUNE 30, 1975 (note

	<u>1976</u>	<u>1975</u>
	—(000 omitted)—	
REVENUE:		
Document sales to the public	\$53,972	\$34,454
Reimbursements by appropriations to the Superintendent of Documents	31,169	23,645
Other revenue	<u>969</u>	<u>622</u>
Total revenue	<u>\$86,110</u>	<u>\$58,721</u>
EXPENSES:		
Cost of publications sold	\$13,504	\$ 8,916
Cost of publications destroyed	2,635	3,004
OTHER EXPENSES:		
Salaries and expenses	31,169	23,645
Postage expense	<u>15,375</u>	<u>11,520</u>
Total expenses	<u>\$62,683</u>	<u>\$47,085</u>
AMOUNT PAYABLE TO THE U.S. TREASURY	<u>\$23,427</u>	<u>\$11,636</u>
STATUS OF PAYMENTS DUE U.S. TREASURY:		
Balance payable at beginning of year	\$11,636	\$ 6,183
Amount payable to U.S. Treasury	<u>23,427</u>	<u>11,636</u>
Total amount payable to U.S. Treasury	<u>\$35,063</u>	<u>\$17,819</u>
Less: Payments to U.S. Treasury	16,636	6,183
Reduction of prior years payable to U.S. Treasury (note 12)	<u>8,650</u>	<u>-</u>
BALANCE PAYABLE AT END OF YEAR	<u>\$ 9,777</u>	<u>\$11,636</u>

GAO's opinion on these financial statements appears on page 8. The notes on page 15 are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies:

- a. Financial statements--The financial statements of GPO include the combined accounts of the printing and binding operation and selling documents to the public. Intraoffice revenues, costs, and profit on documents purchased by the Superintendent of Documents for sale to the public are not eliminated.
- b. Accrual accounting--Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting. Earned revenue generated by the printing and binding operation is recognized when work-in-process costs are accumulated for work performed. Revenue generated by the sales of publications operation is recognized when nonsubscription publications have been shipped or when services have been performed.
- c. Inventories--Publications for sale inventory is computed by using a statistical sampling method to arrive at total costs, printing work-in-process is recorded at standard value, paper inventory is recorded using a cost method based on a moving average adjusted quarterly to reflect current prices, and the materials and supplies inventory is computed on a moving average basis.
- d. Fixed assets--Land, buildings, and equipment are stated at cost. Major improvements and betterments to existing plant and equipment are capitalized. Expenditures for maintenance and repairs, which do not extend the life of the applicable assets, are charged to expense as incurred.

Depreciation of the plant equipment and machinery is provided on a basis estimated by GPO to be sufficient to write off the cost of the assets over their useful lives, using the straight-line method.

When properties are retired or otherwise disposed of, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting profit or loss is charged or credited to earnings. Reserved retained earnings represent funds for future acquisitions of machinery and equipment.

- e. Other funds--Appropriations and other fund balances on the balance sheet include account balances of the Congressional Printing and Binding Appropriation, Office of the Superintendent of Documents Salaries and Expenses Appropriation, Site Acquisition Appropriation, and the value of building structures and land which is specifically excluded from the GPO Revolving Fund by law (44 U.S.C. 309(c)).

2. Accounts receivable:

The \$136.8 million includes \$82.2 million, which has been reclassified from work-in-process and finished work. This amount represents sales recognized as of September 30, 1976. Accounts Receivable Government is net of a \$509,572 allowance for doubtful accounts. The allowance was set up based on an aging of \$42,113,367 of receivables.

3. Inventories:

Publications for sale inventory is net of a \$1,022,292 allowance for unsalable publications and is computed using the retail inventory pricing method. Printing work-in-process represents inplant work at standard value. Paper, envelopes, and other supplies are composed of \$9,847,820 for paper and envelopes using a cost method based on a moving average adjusted quarterly to reflect current prices, and \$4,474,720 for materials and supplies computed on a moving average basis.

A statistical sampling technique verified the amount of publications for sale in the account as of September 30, 1976, within an acceptable range.

4. Plant and equipment--revolving fund:

The status of assets by class is as follows:

	<u>Acquisition value</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
CLASS I			
Plant machinery and equipment	\$27,363,842	\$20,279,668	\$ 7,084,174
CLASS II			
Building appurtenances	20,133,410	7,474,413	12,658,997
CLASS III			
Office machinery and equipment	585,783	294,622	291,161
CLASS IV			
Furniture and fixtures	346,304	194,968	151,336
CLASS V			
Motor vehicles	<u>351,365</u>	<u>228,544</u>	<u>122,821</u>
Total	<u>\$48,780,704</u>	<u>\$28,472,215</u>	<u>\$20,308,489</u>

5. Accrued salaries and wages:

Accrued salaries and wages does not include a liability of \$21,465,037 for the net value of sick leave earned and accumulated by employees of GPO.

6. Deferred income:

Customers' deposits, prepaid subscriptions, and unearned revenue includes approximately \$12.5 million unearned income from subscriptions.

7. Intraoffice sales:

Printing and binding services performed for Government agencies and the Congress includes intraoffice sales of \$19,468,709 and related profit for printing and binding work performed for the Superintendent of Documents' Sales Program. The associated costs for these sales are included in overall costs as they cannot be specifically identified for financial statement presentation.

8. Other funds:

Other funds at September 30, 1976, include:

--\$4,600,000 for acquisition of a new site for GPO.

--\$1,795,887 book value of GPO buildings, structure, and land.

--\$1,327,691 book value of the Superintendent of Documents' furniture, machinery, and equipment.

--Less \$534,599 of accrued annual leave for the employees of Superintendent of Documents.

9. Payments to revolving fund from appropriations:

Payments to the revolving fund from appropriations for fiscal years 1976 and 1975 were as follows:

	<u>1976</u>	<u>1975</u>
	(000 omitted)	
From congressional printing and binding appropriations:		
Congressional Record	\$ 19,910	\$ 9,140
Hearings	23,688	17,861
Miscellaneous printing and binding	12,592	10,328
Bills, resolutions, and amendments	10,121	8,532
Miscellaneous publications	7,972	3,731
Federal Register	13,032	8,377
Committee prints	6,683	4,475
House and Senate calendars	2,369	1,715
Documents	2,618	481
Supplements to the Code of Federal Regulations	3,541	2,672
Committee reports	3,942	2,778
Franked envelopes	1,120	857
Publications for international exchange	534	546
Documental franks	76	71
Automation of Federal Register	<u>108</u>	<u>-</u>
Total payments	<u>\$108,406</u>	<u>\$71,564</u>
From Superintendent of Documents' appropriations:		
General sales distribution	\$26,140	\$23,645
Special sales distribution	5,029	-
Distribution for other agencies	8,266	5,637
Depository library distribution	10,753	6,284
Cataloging and indexing	<u>1,650</u>	<u>734</u>
Total payments	<u>\$51,838</u>	<u>\$36,300</u>

10. Obligations:

Included in the obligations are prior years' amounts for printing and binding which were estimated in accordance with practices applied on a basis consistent with that used in prior years. These amounts include many jackets pertaining to classified, sensitive, and other information that may not be published or released in the immediate future. Obligations as of September 30, 1976 include \$5.3 million which will be paid from appropriations for subsequent fiscal years.

11. Accounts payable--other funds:

The amounts shown represent intraoffice payables.

12. Reduction of prior years payable to U.S. Treasury:

Balance payable to U.S. Treasury is net of prior period adjustments of \$8,649,967 due to accounting policy changes during the 15-month period ended September 30, 1976. These changes were for both the deferral of unrealized revenue from subscription sales amounting to \$12,512,430 and for the recognition of publications purchased based on invoiced cost, which was \$3,862,463 less than the estimated costs.

APPENDIXES



United States
Government
Printing Office

Washington, D.C. 20401

OFFICE OF THE PUBLIC PRINTER

October 12, 1977

Mr. Stewart D. McElyea
Director, Field Operations Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. McElyea:

Thank you for giving us the opportunity to review the draft report to the Congress on the examination of financial statements of the Government Printing Office for Fiscal Year 1976. We fully concur in the conclusions of the report and its detailed contents.

Sincerely,

A handwritten signature in cursive script that reads "T. F. McCormick".

T. F. McCORMICK
Public Printer



PRINCIPAL OFFICIALS OF THE GOVERNMENT PRINTING OFFICE
RESPONSIBLE FOR ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
PUBLIC PRINTER:		
John J. Boyle	Nov. 1977	Present
Thomas F. McCormick	Mar. 1973	Nov. 1977
DEPUTY PUBLIC PRINTER (OPERATIONS):		
Vacant	Nov. 1977	Present
John J. Boyle	June 1973	Nov. 1977
ASSISTANT PUBLIC PRINTER (MANAGEMENT AND ADMINISTRATION):		
Walter C. DeVaughn	June 1973	Present
ASSISTANT PUBLIC PRINTER (SUPERINTENDENT OF DOCUMENTS):		
Carl A. LaBarre	July 1975	Present
W. H. Lewis	June 1973	July 1975
ASSISTANT PUBLIC PRINTER (PLANNING):		
W. H. Lewis	July 1975	Present