

November 1990

FINANCIAL AUDIT

U.S. Government Printing Office's Financial Statements for Fiscal Year 1989



Comptroller General
of the United States

B-204646

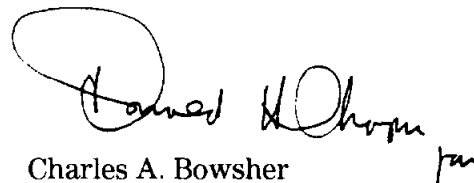
November 8, 1990

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

This report presents the results of our audit of the consolidated financial statements of the U.S. Government Printing Office (GPO) for the fiscal year ended September 30, 1989, and our reports on GPO's internal control structure and on its compliance with laws and regulations. We conducted our audit under the authority of 44 U.S.C. 309 (d) and in accordance with generally accepted government auditing standards. Our audit was also done in response to the June 13, 1989, request of Chairman Wendell H. Ford of the Joint Committee on Printing.

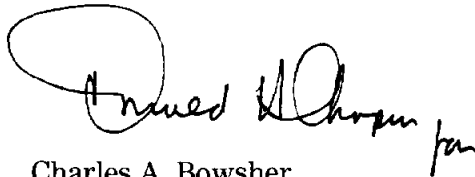
Our report describes limitations on the scope of our examination, as a result of which we limited our opinion to GPO's consolidated balance sheet as of September 30, 1989. The report on GPO's internal control structure discloses no material weaknesses. The report on compliance with laws and regulations discloses that GPO complied with the provisions of laws and regulations for the transactions we tested which could have materially affected its financial statements.

We are sending copies of this report to the Director of the Office of Management and Budget, the Secretary of the Treasury, and the Public Printer of the Government Printing Office.



Charles A. Bowsher
Comptroller General
of the United States

to satisfy ourselves as to the balances of accounts receivable, inventories, and accounts payable as of October 1, 1988, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying consolidated statements of revenue and expenses by function and retained earnings, changes in financial position, and status of appropriated funds for the fiscal year ended September 30, 1989.

A handwritten signature in black ink, appearing to read "Charles A. Bowsher". The signature is written in a cursive style with a large, looping initial "C".

Charles A. Bowsher
Comptroller General
of the United States

May 18, 1990

- Conversion (Printing and Binding): The physical production of a job, including the inventories of paper, materials, and supplies required for in-house printing.
- Conversion (Superintendent of Documents): The acquisition, disposal, and cost of inventory for publications sold by the Superintendent of Documents.
- Expenditure (Payroll): Compensating GPO employees and recording liabilities for accrued salaries, wages, benefits, and other withholdings; state and local payroll taxes; and accrued annual leave.
- Expenditure (Printing and Reproduction): Expenditures incurred to procure printing and binding work from commercial vendors.
- Expenditure (Supporting Services): Expenditures incurred to procure goods and services, including paper, materials, supplies, employee travel, transportation, rents, communications, and utilities.
- Revenue (Printing and Binding): The billing and collection processes for both in-house and commercially procured printing and binding work for federal customers.
- Revenue (Superintendent of Documents): The collection process for the sale of government publications.
- Financial Reporting: The reporting process within GPO, which includes the processing and flow of financial data from the other transaction cycles to the consolidation and preparation of the financial statements.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures, identified whether they had been placed in operation, and assessed control risk. We performed tests of control procedures for the Treasury, Conversion (Printing and Binding), Expenditure (Payroll), Expenditure (Printing and Reproduction), and Revenue (Printing and Binding) categories. Such tests included, but were not limited to, reviewing and analyzing the reconciliation of general ledger accounts to subsidiary records; reviewing supporting documents, such as vouchers and purchase orders; reviewing billing computations and reports to ensure that the proper agencies had been billed at appropriate amounts; and making observations and inquiries regarding data input and processing procedures.

Our consideration of the internal control structure would not necessarily disclose all its potential material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be

Report on Compliance With Laws and Regulations

We have audited the consolidated financial statements of the U.S. Government Printing Office (GPO) for the fiscal year ended September 30, 1989, and have issued our opinion thereon.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of GPO is responsible for compliance with laws and regulations applicable to GPO. As part of obtaining reasonable assurance as to whether the consolidated financial statements were free of material misstatement, we selected and tested transactions and records to determine GPO's compliance with certain provisions of the following laws and regulations:

- Public Printing and Documents (44 U.S.C. 305, 309, 310, 1102, 1704, and 1708);
- Anti-Deficiency Act (31 U.S.C. 1341);
- Government Printing and Binding Regulations, Title II; and
- GPO Printing Procurement Regulations, chapter 1, section 5.

Our objective was not to provide an opinion on overall compliance with these provisions. Also, because of the limited purpose for which our tests of compliance were made, the laws and regulations tested did not cover all the requirements with which GPO has to comply.

The results of our tests for fiscal year 1989 indicate that, for the items tested, GPO complied in all material respects with those provisions of laws and regulations which could have had a material effect on the financial statements. With respect to items not tested, nothing came to our attention that caused us to believe that GPO had not complied, in all material respects, with those provisions.

During our audit, we identified other compliance matters which, while not material, nevertheless warrant management's attention. We are reporting these matters separately to GPO's management.

Financial Statements

Liabilities and Investment	1989	1988
Current Liabilities:		
Accounts payable (Note 6)	\$ 101,922	\$ 82,463
Advances from customers (Note 7)	69,261	34,993
Accrued salaries, wages, benefits and other withholdings	4,371	4,156
State and local payroll taxes	2,188	1,233
Total Current Liabilities	<u>\$177,742</u>	<u>\$122,845</u>
Other Liabilities:		
Accrued annual leave	10,354	10,064
Excess receipts from sales of publications, due U S Treasury (Note 8)	2,262	4,439
Total Other Liabilities	<u>\$ 12,616</u>	<u>\$ 14,503</u>
Total Liabilities	<u>\$190,358</u>	<u>\$137,348</u>
Investment of U.S. Government:		
Appropriations Unliquidated obligations	33,357	33,996
Revolving Fund:		
Contributed capital (Note 9)	110,051	110,236
Retained earnings	168,313	164,411
Reserved for intra-office funding (Note 8)	7,377	11,424
Total Revolving Fund	<u>\$285,741</u>	<u>\$286,071</u>
Total Investment	<u>\$319,098</u>	<u>\$320,067</u>
Total Liabilities and Investment	<u>\$509,456</u>	<u>\$457,415</u>

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited.

Financial Statements

Information Dissemination				Total GPO		
Sales of Publications	Agency Distribution Services	Salaries and Expenses	Total	Eliminations	1989	1988
-	-	-	-	(\$ 36,869)	\$ 916,024	\$843,798
75,695	-	-	\$ 75,695	-	75,695	71,751
-	-	\$22,858	22,858	(359)	22,499	21,092
-	\$4,821	-	4,821	-	4,821	4,895
\$75,695	\$4,821	\$22,858	\$103,374	(\$37,228)	\$1,019,039	\$941,536
\$27,043	\$2,766	\$ 7,231	\$ 37,040	(\$ 3,223)	\$ 212,101	\$205,853
1,322	46	433	1 801	-	4,872	3,647
13,346	1,502	2,439	17 287	(578)	30,430	32,012
1,207	115	11,564	12 886	(32,737)	662,641	590,688
1,191	106	500	1 797	(483)	5,118	3,531
1,798	182	479	2,459	(207)	63,900	61,491
204	22	212	438	-	6,491	6,646
19,851	-	-	19,851	-	19,851	16,384
4,533	-	-	4,533	-	4,533	4,898
\$70,495	\$4,739	\$22,858	\$ 98,092	(\$37,228)	\$1,009,937	\$925,150
\$ 5,200	\$ 82	-	\$ 5,282	-	\$ 9,102	\$ 16,386
					\$ 164,411	\$152,464
					\$ 173,513	\$168,850
					(5 200)	(4,439)
					\$ 168,313	\$164,411

Note Fiscal year 1988 consolidated financial statements, including notes, are unaudited

Financial Statements

Status of Appropriated Funds

Fiscal Years Ended September 30, 1989, and 1988 (Notes 1 and 2)
(in thousands of dollars)

	Congressional Printing and Binding	Printing and Binding	Salaries and Expenses	Total Appropriated Funds	
				1989	1988
Status of Appropriations, Beginning of Fiscal Year	\$11,308	\$3,063	\$18,425	\$ 32,796	\$ 46,271
Funds Provided:					
Appropriations	72,000	-	13,731	85,731	89,521
Intra-Office Funding	-	-	11,424	11,424	5,500
Reimbursements	-	-	-	-	4,895
Total Funds Available	\$83,308	\$3,063	\$43,580	\$129,951	\$146,187
Funds Applied:					
Obligated appropriations					
Current Fiscal Year	59,999	-	15,905	75,904	84,029
Prior Fiscal Years	10,267	3,063	6,459	19,789	24,207
Funds returned to U.S. Treasury	-	-	-	-	5,155
Total Funds Applied	\$70,266	\$3,063	\$22,364	\$ 95,693	\$113,391
Status of Appropriations, End of Fiscal Year	\$13,042	-	\$21,216	\$ 34,258	\$ 32,796

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

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited.

Inventories—Publications for sale are valued using the first-in, first-out cost method. The allowance for unsaleable publications is established to estimate the value of potentially obsolete publications held in inventory at fiscal yearend. Paper, materials and supplies are valued using the moving-average cost method.

Property, Plant, and Equipment—Property, plant, and equipment are carried at cost. Expenditures which substantially increase the useful life of the assets are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method with estimated useful lives ranging from 42 to 50 years for buildings and from 3 to 30 years for machinery and equipment and building improvements. Depreciation expense for machinery and equipment and building improvements is recovered from billings to customer agencies. Buildings and structures have been paid from Legislative Branch appropriations. Accordingly, depreciation is recorded but not reimbursed on these items.

Intra-Office Funding—The Salaries and Expenses Appropriation was funded in part by excess receipts derived from sales of publications. Pursuant to Pub. L. 100-458 this type of funding provided \$11,424,000 to the Appropriation in fiscal year 1989. For fiscal year 1990, Pub. L. 101-163 and Pub. L. 101-164 will provide the Salaries and Expenses Appropriation \$7,377,000 from the sale of publications, and \$513,000 from the sale of land.

Pensions—GPO employees are covered by the Civil Service Retirement and Disability Fund, the Federal Old-Age, Survivor, and Disability Insurance Fund, and/or the Federal Employee Retirement Fund. Consequently, GPO is responsible for withholding the required percentage from each employee's salary and for contributing to the funds. GPO's contributions were \$13,723,000 and \$12,645,000 in 1989 and 1988, respectively.

Prior Period Adjustment—The prior period adjustment to excess receipts results from decreasing Deferred Subscription Revenue by \$640,000. This amount represents the value of subscriptions that were actually shipped in fiscal year 1988, but the appropriate revenue was not recognized. In accordance with Generally Accepted Accounting Principles, retained earnings at September 30, 1988, have been adjusted and comparative data recast to reflect the correction.

Note. Fiscal year 1988 consolidated financial statements, including notes, are unaudited.

Financial Statements

(6) Accounts Payable

Accounts payable comprised the following

Category	September 30	
	1989	1988
Commercial printing	\$ 88,770,000	\$ 71,090,000
U S Government agencies	7,649,000	6,538,000
Other	5,503,000	4,835,000
Totals	<u>\$101,922,000</u>	<u>\$82,463,000</u>

(7) Advances from Customers

Advances from customers comprised the following:

Category	September 30	
	1989	1988
Advanced billings to customer agencies *	\$ 38,222,000	\$ 6,127,000
Customer deposits for publication orders	8,308,000	8,314,000
Deferred subscription revenue	20,338,000	17,895,000
Undelivered publication orders	2,393,000	2,657,000
Totals	<u>\$69,261,000</u>	<u>\$34,993,000</u>

* Fiscal year 1989 includes \$33,304,000 advanced from the Bureau of the Census for printing and reproduction services related to the 1990 Decennial Census

(8) Amount Due U.S. Treasury

Title 44 requires GPO to deposit in the U.S. Treasury excess receipts from sales of publications. The amount due the U.S. Treasury as of September 30, 1989, was determined as follows.

Amount due U.S. Treasury, September 30, 1988	\$ 3,799,000
Prior Period Adjustment to Excess Receipts	640,000
Fiscal Year 1989 Excess Receipts	5,200,000
Amount of Excess Receipts to be used to finance Fiscal Year 1990 Salaries and Expenses	
Appropriation as per Public Laws 101-163 and 101-164	(7,377,000)
Amount Due U.S. Treasury, September 30, 1989	<u>\$2,262,000</u>

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited

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Financial Statements

(9) Contributed Capital

Contributed capital was derived from the following

Contributed Capital	September 30	
	1989	1988
Beginning net worth when the Revolving Fund was established	\$ 33,807,000	\$ 33,807,000
Book value of contributed buildings and land	454,000	530,000
Appropriations for improvements to air conditioning and electrical systems	12,900,000	12,900,000
Appropriations for working capital and site acquisition	62,600,000	62,600,000
Donated equipment	290,000	399,000
Totals	\$110,051,000	\$110,236,000

(10) Expended Appropriations

Expended appropriations were as follows

Programs	September 30	
	1989	1988
Congressional Printing and Binding	\$ 71,890,000	\$ 77,642,000
Printing and Binding	3,063,000	2,235,000
Depository library distribution	19,332,000	17,391,000
Cataloging and indexing	2,103,000	2,184,000
Statutory distribution	924,000	1,213,000
International exchange	482,000	292,000
Agency Distribution Services	—	5,333,000
Totals	\$97,794,000	\$106,290,000

Note. Fiscal year 1988 consolidated financial statements, including notes, are unaudited.

Financial Statements

(3) Accounts Receivable

Accounts receivable comprised the following

	September 30	
	1989	1988
U.S. Government agencies	\$ 34,548,000	\$ 35,285,000
Unbilled completed work	159,986,000	121,588,000
Unbilled work in process	53,030,000	59,324,000
Other	3,390,000	1,950,000
Totals	\$250,954,000	\$218,147,000

(4) Inventory—Publications for Sale, Net

Publications for sale, net, comprised the following

	September 30	
	1989	1988
Publications for sale	\$ 16,506,000	\$ 15,585,000
Allowance for unsaleable publications	(3,500,000)	(3,400,000)
Publications for sale, net	\$13,006,000	\$12,185,000

(5) Property, Plant, and Equipment

Property, plant, and equipment consist of the following.

	Acquisition Value	Accumulated Depreciation	September 30	
			Net Book Value	Net Book Value
Land	\$ 9,992,000	—	\$ 9,992,000	\$ 9,992,000
Buildings	8,656,000	\$ 8,631,000	25,000	101,000
Building improvements	35,621,000	17,668,000	17,953,000	18,250,000
Leasehold improvements	824,000	175,000	649,000	671,000
Plant machinery and equipment	67,368,000	46,027,000	21,341,000	22,702,000
Office machinery and equipment	8,305,000	5,835,000	2,470,000	1,832,000
Computer software	420,000	315,000	105,000	10,000
Furniture and fixtures	349,000	205,000	144,000	58,000
Motor vehicles	746,000	664,000	82,000	109,000
Capital improvements in progress	347,000	—	347,000	324,000
Totals	\$132,628,000	\$79,520,000	\$53,108,000	\$54,049,000

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited

Notes to Financial Statements

As of September 30, 1989, and September 30, 1988

(1) Organization

The Government Printing Office (GPO) provides printing, binding, and distribution services to the Congress and Federal agencies and distributes publications to the public. Title 44 of the U.S. Code authorizes the GPO Revolving Fund to finance these operations. The Revolving Fund is reimbursed by payments from agencies, receipts from sales of publications, and by transfers from the Salaries and Expenses, Congressional Printing and Binding, and prior year Printing and Binding Appropriations. In accordance with Pub. L. 100-458, for fiscal year 1989 Agency Distribution Services became part of the Revolving Fund. For prior years this program was included in the Salaries and Expenses Appropriation.

Beginning in fiscal year 1988, the Printing and Binding and the Congressional Printing and Binding Appropriations were combined into one appropriation. This appropriation is for printing and binding performed directly for Congress and for printing and binding of publications authorized by law to be distributed without charge to recipients.

The Salaries and Expenses Appropriation is for necessary expenses incurred by the Superintendent of Documents for depository library, international exchange, and other statutory distribution of publications, and for the cataloging and indexing of Government publications.

(2) Summary of Significant Accounting Policies

Principles of Consolidation – The consolidated financial statements include all GPO funds. Inter-fund and inter-operational transactions and balances have been eliminated.

Basis of Accounting – Assets, liabilities, revenue, and expenses are recognized on the accrual basis of accounting following generally accepted accounting principles and the associated principles of fund accounting. During fiscal year 1989, the method of determining the liability for publications received but not billed at yearend was changed. The effect of this change on the financial statements was immaterial.

Expense Allocations – General and administrative expenses have been distributed among the various expense categories. To the extent practicable general and administrative expenses were allocated to the various programs based on the estimated level of effort associated with each program.

Revenue Recognition – Printing and binding revenue is recognized on the basis of work performed by GPO due to the fact that all printing and binding work is required by law to be reimbursed on the basis of services rendered. Revenue from commercially-procured printing and binding is recognized on the constructive-receipt concept. Revenue from distributing and selling publications to the public is recognized when publications have been shipped, or when services have been performed.

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited.

Financial Statements

Consolidated Statement of Changes in Financial Position

Fiscal Years Ended September 30, 1989 and 1988 (Notes 1 and 2)
(in thousands of dollars)

	1989	1988
Funds Provided:		
Net Income	\$ 9,102	\$ 16,386
Add expenses not requiring working capital		
Depreciation	6,491	6,646
Total Funds Provided by Operations	15,593	23,032
Book value of retired assets	67	209
Appropriations	85,731	89,521
Reimbursements to Appropriation	—	4,895
Increase in accrued annual leave	290	1,060
Total Funds Provided	\$101,681	\$118,717
Funds Applied:		
Purchase of fixed assets	5,804	5,019
Funds returned to U.S. Treasury from appropriations	—	5,155
Expended Appropriations (Note 10)	97,794	106,290
Total Funds Applied	\$103,598	\$116,464
Increase (Decrease) in Working Capital	(\$ 1,917)	\$ 2,253

Changes in Working Capital

Current Assets:

Cash		
On-hand and in-transit	(\$ 126)	(\$ 710)
Revolving Fund	13,511	20,344
Appropriations	1,462	(13,475)
Accounts receivable	32,807	(18,039)
Publications for sale	821	(29)
Paper	2,508	2,995
Materials and supplies	1,999	339

Current Liabilities:

Accounts payable	(19,459)	5,234
Advances from customers	(34,268)	122
Accrued salaries, wages, benefits and other withholdings	(216)	5,883
State and local payroll taxes	(956)	(411)

Increase (Decrease) in Working Capital	(\$ 1,917)	\$ 2,253
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The accompanying notes are an integral part of these financial statements

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited.

Financial Statements

Consolidated Statement of Revenue and Expenses by Function and Retained Earnings

Fiscal Years 1989 and 1988 (Notes 1 and 2) (in thousands of dollars)

	Printing and Binding		Total
	In-House Printing	Purchased Printing	
Revenue:			
Printing and Binding	\$226,530	\$726,363	\$952,893
Sales of Publications		-	-
Appropriations	-	-	-
Reimbursements	-	-	-
Total Revenue	\$226,530	\$726,363	\$952,893
Expenses:			
Personnel compensation and benefits	\$148,284	\$30,000	\$178,284
Travel and transportation	697	2,374	3,071
Rents, communications and utilities	11,104	2,617	13,721
Printing and reproduction		682,492	682,492
Other services	3,116	688	3,804
Supplies and materials	60,606	1,042	61,648
Depreciation	5,412	641	6,053
Publications sold	-	-	-
Unsaleable publications	-	-	-
Total Expenses	\$229,219	\$719,854	\$949,073
Net Income or (Loss)	(\$ 2,689)	\$ 6,509	\$ 3,820

Retained Earnings, Beginning of Fiscal Year

Retained Earnings Before Payable to U.S. Treasury

Less

Excess receipts from sales of publications, due U.S. Treasury

Retained Earnings, End of Fiscal Year

The accompanying notes are an integral part of these financial statements

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited

Financial Statements

Consolidated Balance Sheet

As of September 30, 1989, and 1988 (Notes 1 and 2) (in thousands of dollars)

Assets	1989	1988
Current Assets:		
Cash		
On-hand and in-transit	\$ 1,024	\$ 1,150
Revolving Fund	128,420	114,909
Appropriations	34,258	32,796
Accounts receivable (Note 3)	250,954	218,147
Inventories		
Publications for sale, net (Note 4)	13,006	12,185
Paper	17,918	15,410
Materials and supplies	10,768	8,769
Total Current Assets	<u>\$456,348</u>	<u>\$403,366</u>
Property, Plant, and Equipment (Note 5):		
Land and buildings	18,648	18,648
Equipment and building improvements	113,980	111,887
	<u>132,628</u>	<u>130,535</u>
Less accumulated depreciation	(79,520)	(76,486)
Net Property, Plant, and Equipment	<u>53,108</u>	<u>54,049</u>
Total Assets	<u>\$509,456</u>	<u>\$457,415</u>

The accompanying notes are an integral part of these financial statements

Note: Fiscal year 1988 consolidated financial statements, including notes, are unaudited.

detected within a timely period by employees in the normal course of performing their assigned functions. We found no matters involving the internal control structure and its operation that we consider to be material weaknesses.

However, we did identify weaknesses in the internal control structure and its operations which, while not material to the consolidated financial statements, nevertheless warrant management's attention. We are reporting these matters separately to GPO's management.

Report on Internal Control Structure

We have audited the consolidated financial statements of the U.S. Government Printing Office (GPO) for the fiscal year ended September 30, 1989, and have issued our opinion thereon.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of GPO for the fiscal year ended September 30, 1989, we considered its internal control structure in order to determine our auditing procedures. Our purpose was to express an opinion on the financial statements, not to provide assurance on the internal control structure.

GPO's management is responsible for establishing and maintaining an internal control structure. To fulfill this responsibility, management must make estimates and judgments that assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that (1) assets are safeguarded against loss from unauthorized use or disposition and (2) transactions are executed in accordance with management's authorization and recorded properly so that financial statements can be prepared in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Projection of any evaluation of the current structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For purposes of this report, we have classified GPO's significant internal control structure policies and procedures into the following transaction cycles:

- Treasury: Cash (funds with the U.S. Treasury), Investment of the U.S. Government, the Congressional Printing and Binding Appropriation, and the Salaries and Expenses Appropriation.
- Conversion (Fixed Assets): Acquiring, improving, depreciating, and disposing of property.



United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-204646

To the Public Printer
U.S. Government Printing Office

We have audited the accompanying consolidated balance sheet of the U.S. Government Printing Office (GPO) as of September 30, 1989, and the related consolidated statements of revenue and expenses by function and retained earnings, changes in financial position, and status of appropriated funds for the fiscal year then ended. These consolidated financial statements are the responsibility of GPO's management. Our responsibility is to express an opinion on these statements based on our audit. We did not audit the consolidated financial statements of the Government Printing Office for the year ended September 30, 1988, and, accordingly, do not express an opinion on them. In addition to this report on our audit, we are reporting on our consideration of GPO's internal control structure and compliance with laws and regulations.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. However, we were unable to satisfy ourselves as to the amounts of accounts receivable, inventories, and accounts payable as of October 1, 1988, as well as to the consistent application of accounting principles because it was not practical for us to perform adequate auditing procedures without an inordinate expenditure of time. These amounts are material to determining the consolidated revenue and expense and funds provided and applied for the year ended September 30, 1989.

In our opinion, the accompanying consolidated balance sheet presents fairly, in all material respects, the financial position of the Government Printing Office as of September 30, 1989, in conformity with generally accepted accounting principles, except for our inability to express an opinion on the consistent application of accounting principles for the reasons discussed in the preceding paragraph. Because we were unable

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Abbreviation

GPO U.S. Government Printing Office

