
April 1996

FINANCIAL AUDIT

U.S. Government Printing Office's Financial Statements for Fiscal Year 1995



**Comptroller General
of the United States**

B-261557

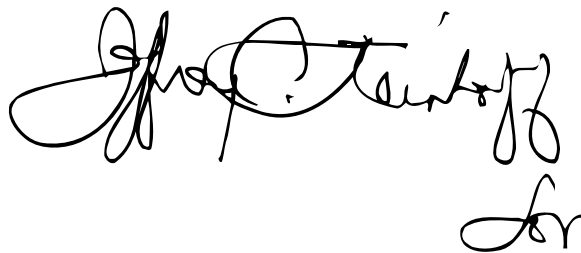
April 16, 1996

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

This report presents the results of the audit of the U.S. Government Printing Office's (GPO) financial statements for the fiscal year ended September 30, 1995.

We are sending copies of this report to the Chairman of the Joint Committee on Printing; the Chairmen and Ranking Minority Members of the Senate Committee on Governmental Affairs and the House Committee on Government Reform and Oversight; the Secretary of the Treasury; the Public Printer; the Director of the Office of Management and Budget, and other interested parties. Copies will be made available to others upon request.

This report was prepared under the direction of David L. Clark, Director, Audit Oversight and Liaison, who may be reached at (202) 512-9489 if you or your staffs have any questions.

A handwritten signature in black ink, appearing to read "Charles A. Bowshe", with a stylized flourish below it.

Charles A. Bowshe
Comptroller General
of the United States

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Abbreviations

DOD	Department of Defense
EDP	electronic data processing
GPO	Government Printing Office
JCP	Joint Committee on Printing

**Comptroller General
of the United States**

B-261557

The Honorable Michael F. DiMario
Public Printer
U.S. Government Printing Office

Under 44 U.S.C. 309(d), the General Accounting Office is responsible for auditing the U.S. Government Printing Office's (GPO) financial statements at least once every 3 years. The purpose of the audit was to determine whether the financial statements for the year ended September 30, 1995, were reliable in all material respects; whether management's assertion about the effectiveness of GPO's internal control structure over financial reporting was fairly stated; and whether GPO complied with selected provisions of certain laws and regulations, including those governing the use of its budget authority. The audit was conducted in accordance with generally accepted government auditing standards.

To help fulfill our responsibility under 44 U.S.C. 309(d), we contracted with the independent public accounting firm of Arthur Andersen LLP to perform audit work. We determined the scope of the audit work, monitored Arthur Andersen's progress at all key points, reviewed its audit working papers, and performed other procedures we deemed necessary. Our report, Financial Audit: U.S. Government Printing Office's Financial Statements for Fiscal Year 1992 (GAO/AFMD-93-62, May 11, 1993), presented the results of the last financial audit of GPO.

Reports on GPO's Financial Statements, Internal Controls, and Compliance With Laws and Regulations

We concur with Arthur Andersen's opinion that GPO's fiscal year 1995 consolidated financial statements present fairly, in all material respects, GPO's financial position as of September 30, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

The fiscal year 1994 financial statements (as restated - see note 2K) are unaudited and, thus, no opinion is expressed on them.

The audit of the fiscal year 1995 financial statements was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. Supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Arthur Andersen subjected this information to the auditing procedures it applied to the fiscal year 1995 consolidated financial statements, and opined that this information is fairly stated, in all material

respects, in relation to the consolidated financial statements taken as a whole. We concur with Arthur Andersen's opinion.

Arthur Andersen evaluated management's assertion that, as of September 30, 1995, GPO maintained an effective internal control structure over financial reporting. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that

- assets are safeguarded against loss from unauthorized acquisition, use, or disposition;
- transactions are executed in accordance with budgetary authority and with the laws and regulations that could have a direct and material effect on the financial statements; and
- transactions are properly recorded, processed, and summarized to permit the preparation of GPO's financial statements in accordance with generally accepted accounting principles and to maintain accountability over assets.

We concur with Arthur Andersen's opinion that GPO management's assertion on its internal control structure is fairly stated. GPO's assertion was based on its evaluation using OMB Circular A-123, Revised, "Management Accountability and Control," dated June 21, 1995.

Arthur Andersen also reported that the results of its tests of GPO's compliance with selected provisions of certain laws and regulations disclosed no instances of noncompliance that would be reportable under generally accepted government auditing standards. It further stated that the objective of its audit of GPO's consolidated financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, Arthur Andersen did not express such an opinion. We concur with Arthur Andersen's conclusions regarding GPO's compliance with laws and regulations.

Improvements Needed in Internal Controls

Based on the results of its audit work, Arthur Andersen identified several deficiencies in GPO's internal controls and operational procedures. While neither Arthur Andersen nor GAO consider these deficiencies to be material weaknesses in the design or operation of the internal control structure over financial reporting as of September 30, 1995, improvements in these areas are needed. In particular, GPO should

- correct internal control deficiencies identified during the audit of GPO's fiscal year 1992 financial statements¹ but which GPO had not addressed as of September 30, 1995,
- strengthen security over computer access by programmers and systems application personnel to the financial management and text processing electronic data processing (EDP) systems,
- strengthen contingency and back-up planning for the financial management and text processing EDP systems, and
- reconcile subsidiary ledgers for accounts receivable and accounts payable on a regular basis.

These areas are summarized in the enclosed Arthur Andersen report and are discussed in more detail in a separate letter from Arthur Andersen to the Public Printer. The letter also discussed a number of suggested improvements in internal controls and operations which warrant consideration by GPO management. Arthur Andersen discussed each of these issues with GPO management and incorporated management's comments in the report. We concur with Arthur Andersen's conclusions and suggestions in these areas.

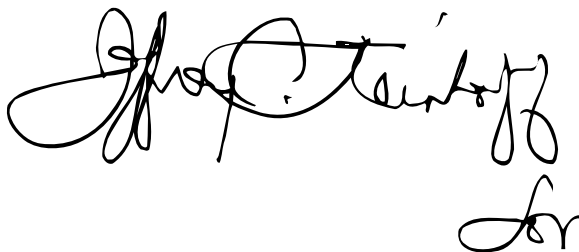
Additional Financial Information

Although GPO is not covered by the Chief Financial Officers Act of 1990, Public Law 101-576, it patterned certain aspects of its fiscal year 1995 consolidated financial statements after the requirements of the act and the associated Office of Management and Budget implementing regulations. Specifically, GPO included with its consolidated financial statements a Performance Measures section that describes selected operational and financial performance measures and management's comments on actions taken and being considered for improving GPO's financial position. For example, this section includes management's statement that it was able to reduce its operating loss by downsizing its workforce.

The Performance Measures section presents further analysis of the consolidated financial statements and is not a required part of those statements. The information presented therein was not subjected to the auditing procedures applied by Arthur Andersen in its audit and, accordingly, Arthur Andersen expressed no opinion on it. Arthur Andersen and GAO read this information and considered whether it, or the manner of

¹See GAO's Financial Audit: U.S. Government Printing Office's Financial Statements for Fiscal Year 1992 (GAO/AFMD-93-62, May 11, 1993), which includes Arthur Andersen's report on the audit. In addition, in January 1993, Arthur Andersen issued a report to GPO titled Comments and Suggestions for Consideration that contained recommendations for improving GPO's operations and internal control structure.

its presentation, was materially inconsistent with the information, or its manner of presentation, appearing in the financial statements and found no such inconsistencies.

A handwritten signature in black ink, appearing to read "Charles A. Bowsher". The signature is stylized with large loops and a long horizontal stroke. Below the main signature, there is a smaller, separate handwritten mark that looks like "for".

Charles A. Bowsher
Comptroller General
of the United States

December 15, 1995

Report on Audit of U.S. Government Printing Office

Report of Independent Public Accountants

ARTHUR ANDERSEN LLP

Report of Independent Public Accountants

To the Comptroller General of the United States
and the Public Printer:

This report presents our unqualified opinions on

- the fiscal year 1995 consolidated financial statements and supplemental schedules of the United States Government Printing Office ("GPO") and
- management's assertion that GPO maintained an effective internal control structure over financial reporting as of September 30, 1995.

This report also presents our findings about GPO's compliance with certain laws and regulations. In addition, this report describes management's responsibilities for financial reporting and the internal control structure over financial reporting and our responsibility for auditing the financial statements and examining management's assertion regarding the internal control structure over financial reporting.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of the United States Government Printing Office as of September 30, 1995, and the related consolidated statements of revenues and expenses and cash flows for the year then ended. In our opinion, the accompanying fiscal year 1995 consolidated financial statements present fairly, in all material respects, the financial position of GPO as of September 30, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The consolidated financial statements of GPO as of and for the year ended September 30, 1994, (as restated-see Note 2K) are unaudited and, accordingly, we do not express an opinion on them.

Supplemental Schedules

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental schedules (on pages 30 through 39) as of and for the year ended September 30, 1995, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the fiscal year 1995 consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the fiscal year 1995 consolidated financial statements taken as a whole.

Performance Measures

Our audit was made for the purpose of expressing an opinion on the fiscal year 1995 consolidated financial statements of GPO taken as a whole. The information contained in Performance Measures is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. This information has not been subjected to the auditing procedures applied in our audit of the fiscal year 1995 consolidated financial statements and, accordingly, we express no opinion on it. However, we compared this information for consistency with the 1995 consolidated statements and discussed the methods of measurement and presentation with GPO management. Based on this limited work, we found no material inconsistencies with the 1995 consolidated financial statements.

Opinion on Management's Assertion Regarding the Internal Control Structure Over Financial Reporting

In our opinion, management's assertion (included in its representation letter to us dated December 15, 1995) is fairly stated, in all material respects, based on the objectives stated below in relation to GPO's consolidated financial statements taken as a whole. Management's assertion, based on its evaluation using OMB Circular No. A-123 (revised as of June 21, 1995), is that, as of September 30, 1995, GPO maintained an effective internal control structure over financial reporting.

The objectives of an internal control structure over financial reporting are to provide management with reasonable, but not absolute, assurance that

- assets are safeguarded against loss from unauthorized acquisition, use, or disposition,
- transactions are executed in accordance with budgetary authority and with the laws and regulations that could have a direct and material effect on the financial statements, and
- transactions are properly recorded, processed, and summarized to permit the preparation of GPO's financial statements in accordance with generally accepted accounting principles and to maintain accountability over assets.

Because of inherent limitations in any internal control structure over financial reporting, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the internal control structure over financial reporting to future periods is subject to the risk that the internal control structure may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under standards established by the American Institute of Certified Public Accountants, reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure over financial reporting that, in our judgment, could adversely affect GPO's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of the internal control structure over financial reporting does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted that the following reportable conditions existed in GPO's design or operation of the internal control structure over financial reporting in effect at September 30, 1995, none of which we believe to be a material weakness. The reportable conditions are described more fully in a separate letter to the management of GPO dated December 15, 1995.

Reportable Conditions

1. Procedures for addressing and correcting identified deficiencies in GPO's internal control structure require improvement. Both the 1989 audit conducted by the General Accounting Office and the 1992 audit conducted by Arthur Andersen LLP identified numerous deficiencies in GPO's internal control structure, including the need to perform regular assessments of internal controls. No such assessment was performed prior to fiscal year 1995, and management has not addressed a number of previously identified control deficiencies at September 30, 1995.
2. In conjunction with our 1995 and 1992 work, we noted that there has been inadequate security over computer access by programmers and systems application personnel to the financial management and text processing electronic data processing ("EDP") systems. Therefore, unauthorized access to certain GPO EDP applications could occur, allowing users to modify financial and customer data without management's knowledge or approval.
3. In conjunction with our 1995 and 1992 work, we noted that inadequate contingency and backup planning has existed for the financial management and text processing EDP systems. There is no documented contingency plan, and production application backups are not rotated off-site. In the event of a disaster, GPO may not be able to recover critical processes in a timely manner.
4. Certain subsidiary ledgers for accounts receivable and accounts payable were not reconciled on a regular basis during fiscal year 1995. The lack of reconciliation in the accounts receivable area resulted from a change in personnel and responsibilities and a lack of adequate supervisory review. The lack of reconciliation in the accounts payable area resulted from unclear user needs and directions when the subsidiary ledger was established and inadequate supervisory review during the year. Misstatements of balances could occur and not be detected on a timely basis.

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Report on Audit of U.S. Government
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These matters were considered by us during our audit of the fiscal year 1995 consolidated financial statements and our examination of management's assertion regarding GPO's internal control structure and do not modify the opinions expressed above. We also noted other matters involving the design or operation of the internal control structure that we have reported to the management of GPO in a separate letter dated December 15, 1995.

Findings About Compliance With Certain Laws and Regulations

As part of obtaining reasonable assurance about whether the consolidated financial statements of GPO are free of material misstatement, we performed tests of GPO's compliance with the following provisions of laws and regulations, which were identified by GPO and the General Accounting Office:

- Title 44, U.S. Code, Public Printing and Documents
- Civil Service Reform Act of 1978
- Fair Labor Standards Act of 1938
- Federal Employees' Group Life Insurance Act of 1980
- Civil Service Retirement Act of 1930
- Federal Employees Health Benefits Act of 1959
- Debt Collection Act of 1982
- Federal Employees' Compensation Act
- Anti-Deficiency Act
- Budget and Accounting Procedures Act of 1950
- Congressional Operations Appropriations Act of 1995 (Public Law 104-53)

Instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes and regulations that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the consolidated financial statements or that their sensitivity warrants disclosure thereof.

The results of our tests of GPO's compliance with selected provisions of certain laws and regulations discussed above disclosed no instances of noncompliance that would be reportable under generally accepted government auditing standards. However, the objective of our audit of the consolidated financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Management's Responsibilities

Management is responsible for the following:

- Preparing the consolidated financial statements and supplemental schedules referred to above in conformity with generally accepted accounting principles and for preparing Performance Measures.
- Establishing, maintaining, and assessing the internal control structure to provide reasonable assurance that the broad objectives of internal controls, as cited earlier, are met.
- Complying with laws and regulations applicable to GPO.

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Auditors' Responsibilities

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* (1994 Revision) issued by the Comptroller General of the United States. Those standards require that we plan and perform an 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.

We have examined management's assertion (included in its representation letter to us dated December 15, 1995), that, as of September 30, 1995, GPO maintained an effective internal control structure over financial reporting. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* (1994 Revision), and, accordingly, included obtaining an understanding of the internal control structure over financial reporting, testing and evaluating the design and operating effectiveness of the internal control structure, and such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We have read the information presented in the Performance Measures and considered whether such information, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, appearing in the financial statements. If, based on such reading, we believe that there is a material inconsistency, we would be required to determine whether the financial statements, our report, or the other information should be revised.

This report is intended solely for the information and use of the Comptroller General of the United States, the Public Printer, the Joint Committee on Printing, and management of GPO and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Washington, D.C.,
December 15, 1995

Arthur Andersen LLP

Performance Measures

U.S. Government Printing Office

Performance Measures
September 30, 1995
(Unaudited)

Operating Performance Measures

Congressional Record Delivery

One measure of the plant's performance is the percentage of time that the *Congressional Record* is delivered on time, that is, by 9 A.M. the following day, regardless of whether the Senate or the House of Representatives is in session. Because this publication plays an extremely important role in the legislative process, Congress expects, and GPO strives for, timely delivery of the *Congressional Record*. During fiscal year 1995, our goal was to deliver the *Congressional Record* on schedule at least 95 percent of the time, including instances when late-evening congressional sessions and other reasons caused the copy to be furnished to GPO later than the scheduled time.

Our actual on-time delivery rate was 96.9 percent in fiscal year 1995 compared with 98.2 percent in fiscal year 1994. Management believes that this indicator will continue to be a useful barometer of GPO service to Congress in fiscal year 1996; therefore, our goal is to again achieve at least a 95 percent on-time delivery rate of the *Congressional Record*.

Overtime Management

GPO makes an ongoing effort to minimize overtime hours. In fiscal year 1995, overtime hours decreased to 358,000 hours from 454,000 hours in fiscal year 1994, or 21.1 percent. The cost of overtime in fiscal year 1995 decreased to \$10,860,000 from \$13,430,000 in fiscal year 1994, or 19.1 percent. We were successful in achieving our goal in fiscal year 1995, which was a maximum of 467,000 overtime hours, equivalent to fiscal year 1991's level. For fiscal year 1996, our goal has changed to reflect current staffing levels: we will set fiscal year 1995's level of 358,000 overtime hours as our upper-limit for 1996.

Production Chargeable Hours

Chargeable hours decreased from 1,259,000 in fiscal year 1994 to 1,138,000 in fiscal year 1995, a decrease of 121,000 hours, or 9.6 percent. The results for 1995 did not meet our goal of equaling or exceeding the chargeable hour target necessary to achieve break-even operations. The decrease in chargeable hours is due to continued downsizing as evidenced by 90 fewer employees in GPO's central plant in 1995. Our fiscal year 1996 chargeable hour goal in the central plant is to achieve the sufficient level of hours to break even.

On-Time Delivery of Procured Printing

The Printing Procurement Department contracted with commercial printing firms to ship 207,000 jobs in fiscal year 1995 compared with 231,000 jobs in fiscal year 1994. For fiscal year 1995, GPO's goal was to have at least 95 percent of procured printing orders delivered on-time and a quality acceptance rate of at least 99 percent. GPO attained a 94.3 percent on-time delivery rate and a 99.1 percent quality acceptance rate. The goals for fiscal year 1996 remain the same as those for fiscal year 1995.

Financial Performance Measures

Cash Management

- **Payment Performance** – In fiscal year 1995, GPO continued its strong payment performance by taking advantage of prompt payment discounts when it was to the government's advantage. GPO's total purchased printing expense for fiscal year 1995 was \$532.1 million after prompt payment discounts of \$7.9 million. The percentage of discounts to net purchased printing was 1.48 percent. This compares favorably to our goal, which was to meet or exceed our fiscal year 1994's percentage of 1.47 percent.

Discounts lost decreased to \$163,000 in fiscal year 1995 from \$218,000 in fiscal year 1994. The ratios of discounts lost to discounts offered were 2.1 and 2.9 percent in fiscal years 1995 and 1994, respectively. We surpassed our goal for fiscal year 1995, which was to lose no more than \$200,000 in discounts. Our goal for fiscal year 1996 is a 1.4 percent ratio of discounts to net purchased printing and a 2.5 percent ratio of discounts lost to discounts offered.

- **Electronic Payments** – The use of electronic funds transfer ("EFT") payments results in a savings for GPO and the Department of the Treasury because paper checks do not have to be produced and processed. In 1995, approximately 22,000 monthly payments, or 73.6 percent of all GPO payments made, were made by EFT, compared with 22,500 monthly payments, or 72.0 percent of all payments in fiscal year 1994. Our goal for fiscal year 1996 is to increase the percentage of EFT payments to 75 percent of total payments.

Debt Management

- **Federal Receivables** – In fiscal year 1995, GPO billed Federal agencies \$788.2 million for printing and binding services. Of this amount, \$468.1 million, or 59.4 percent, was collected using the Department of the Treasury's On-Line Payment and Collection system ("OPAC").

In fiscal year 1995, GPO's average monthly receivables more than 90 days overdue were \$11.1 million, or 27.6 percent of the monthly average of outstanding receivables. The Department of Defense's ("DoD") account at GPO, with an average monthly balance more than 90 days overdue of \$10.2 million, or 92 percent of all of GPO's delinquent receivables, was by far GPO's largest delinquent account. At the end of fiscal year 1995, DoD owed GPO \$8.3 million that was between 31 and 60 days overdue, \$2.6 million that was between 61 and 90 days overdue, and \$11.5 million that was more than 90 days overdue.

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The DoD's slow payment process results from Defense Printing Service ("DPS") requiring that all GPO invoices pass through its organization before payment is initiated; also, DoD does not use OPAC. DPS bills its customers and pays GPO after receipt of payment from its DoD customers. This additional layer of DoD administration has had an immediate negative impact on GPO's ability to collect from DoD since the inception of DPS in October 1992. GPO has been working with DoD management to resolve this problem, and a special task force has been established within DoD to research and pay GPO invoices. Another goal of the task force is to convert DoD's payment process from a manual to an electronic system. This conversion is scheduled for fiscal year 1996. GPO's goal for fiscal year 1996 is to improve the DoD receivables turnover while maintaining non-DoD collections at the current rate.

Management Comments

GPO's consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). GAAP requires that financial statements be prepared on the accrual basis of accounting, whereby expenses are recorded when incurred and revenues are recorded when earned, regardless of when cash is received or disbursed. The statements are prepared in a manner consistent with that of the previous year. The accompanying financial statements provide information on all events and economic affairs controlled by GPO in conformity with established procedures and promulgated accounting principles.

GPO's accounting system includes internal controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are properly recorded. To ensure that adequate internal controls are maintained, management monitors the accounting system and initiates modifications or improvements deemed necessary to promote operational efficiencies and encourage adherence to prescribed managerial policies.

Budgetary Issues

GPO's mission is to assist Congress and Federal agencies in the cost-effective creation and replication of information products and services and to provide effective and economical public access to government information products and services. GPO strives to operate and manage its resources as efficiently as possible and to achieve a steady gain in productivity.

Neither Congress nor GPO has the ability to accurately forecast or control the volume of printing that may be needed for the legislative process. In years where the workload exceeds the funding available, GPO exercises its authority to temporarily fund any shortfall through the Revolving Fund. There has been a decline in traditional printing and binding in the Federal government, and this trend is expected to continue. GPO will respond to the decline in demand for ink-on-paper products by continuing to downsize and reduce costs, by procuring a larger share of the Federal printing market, and by encouraging the adoption of electronic-media products when cost effective.

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GPO actively pursues avenues that will make GPO and the Federal government as a whole more efficient. GPO has agreed to perform reimbursable services, such as billing and collecting for advertisements in the *Commerce Business Daily* for the Department of Commerce, and has offered to provide support services to other governmental units in order to reduce administrative costs charged to GPO products and services.

GPO has invested in equipment modernization, new technology, and facilities improvements that have improved efficiency and will allow GPO to offer more comprehensive services to the marketplace. This includes increased reliance on printing-on-demand to reduce inventory carrying costs and to be more responsive to customers.

Since fiscal year 1990, GPO has achieved major cost reductions and efficiencies which have been passed on to our customers. During this period:

- Workload has continuously declined; thus, total hours charged to printing products have been reduced by 21 percent.
- The number of employees has been reduced by 1,075, with an annual savings in personnel compensation of \$54 million. Also, in fiscal year 1995, no pay raises were granted to GPO employees. Overtime has been reduced by 41 percent, and GPO employees detailed to Congress have been reduced by 23 percent.
- The number of supervisors and managers has been reduced by approximately 22 percent, and layers of administration have been eliminated.
- Facilities have been consolidated, and the lease of 61,000 square feet at Union Center Plaza in Washington, D.C., has been terminated. Additionally, GPO's main plant now occupies 33,000 fewer square feet than two years ago. This space has been reassigned to the Superintendent of Documents Operations.
- The Rapid Response Center printing facility at the Navy Yard in Washington, D.C., and the Seattle Regional Printing Office were closed.
- The time required to print most jobs has declined through the implementation of improved technology and production methods.

Fiscal Year 1995 Results

The public printing and documents chapters of Title 44, United States Code, require GPO to fulfill the printing needs of the Federal government and distribute government publications to the public. GPO's activities are financed through a Revolving Fund, which is reimbursed by payments from client agencies, sales to the public, and transfers from the Congressional Printing and Binding Appropriation and the Salaries and Expenses Appropriation of the Superintendent of Documents. These annual appropriations reimburse GPO for costs incurred while performing congressional work and fulfilling statutory requirements associated with the distribution of government publications. Reimbursements from these appropriations to the Revolving Fund are recorded as revenues.

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GPO experienced a consolidated net loss of \$3.0 million in fiscal year 1995, compared with a \$21.8 million loss in fiscal year 1994. The significant improvement in GPO's financial results in fiscal year 1995 compared with fiscal year 1994 is mainly attributed to the downsizing of GPO's workforce. Additionally, the increase in consolidated revenues of \$49.5 million (as discussed below) contributed to the \$18.7 million decrease in the net loss. GPO achieved this revenue increase without printing and binding price increases, which have been frozen since January 1990.

A summary, in thousands, of revenues and net income or loss in each of GPO's major operations is shown below.

	1995		1994	
	Revenues	Net Income or (Loss)	Revenues	Net Income or (Loss)
Revolving Fund:				
Printing and binding operations:				
Purchased printing-				
Central	\$355,575	\$ 5,376	\$322,281	\$ (641)
Regional	219,090	(3,715)	204,491	(5,515)
Subtotal	<u>574,665</u>	<u>1,661</u>	<u>526,772</u>	<u>(6,156)</u>
In-house printing-				
Central	195,875	(7,619)	192,241	(20,763)
Regional	4,995	(1,064)	5,346	(2,254)
Subtotal	<u>200,870</u>	<u>(8,683)</u>	<u>197,587</u>	<u>(23,017)</u>
Other	<u>2,128</u>	<u>784</u>	<u>2,414</u>	<u>949</u>
Subtotal of printing and binding operations	<u>777,663</u>	<u>(6,238)</u>	<u>726,773</u>	<u>(28,224)</u>
Information dissemination-				
Sales of publications	80,136	3,249	81,937	6,200
Agency distributions	5,252	(36)	5,606	250
Subtotal	<u>85,388</u>	<u>3,213</u>	<u>87,543</u>	<u>6,450</u>
Appropriations:				
Salaries and expenses	27,582	-	23,934	-
Congressional printing and binding	73,066	-	76,363	-
Subtotal	<u>100,648</u>	<u>-</u>	<u>100,297</u>	<u>-</u>
Eliminations	<u>(111,120)</u>	<u>-</u>	<u>(111,486)</u>	<u>-</u>
Total	<u>\$852,579</u>	<u>\$(3,025)</u>	<u>\$803,127</u>	<u>\$(21,774)</u>

Appendix I
Report on Audit of U.S. Government
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Summary of Results

Consolidated revenues increased by \$49.5 million to \$852.6 million in 1995. The Printing and Binding Operations, where revenue increased by \$53.5 million, experienced the greatest increase. Total expenses increased by \$30.7 million to \$855.6 million, primarily as a result of an increase in the value of printing and reproduction procured from commercial printers of \$43.3 million. However, operational expenses decreased due to the fiscal year 1994 Separation Incentive Program. Approximately \$17.7 million in personnel compensation costs were avoided in fiscal year 1995, compared with approximately \$4.8 million (\$13.5 million in compensation avoidance less \$8.7 million in separation incentive payments) in fiscal year 1994 when 357 GPO employees separated in the first quarter of the fiscal year.

Printing and Binding Operations

In fiscal year 1995, GPO's Printing and Binding Operations contributed revenues of \$669.6 million, compared with \$616.1 million in fiscal year 1994. Printing and Binding Operations generated 78.5 percent of total GPO revenue of \$852.6 million, compared with 76.7 percent last year. Revenues from commercially procured printing were \$574.7 million, or 69.2 percent of total GPO revenues of \$830.8 million (excluding revenues from the sales of blank paper and other operations).

- **Purchased Printing Operations** – Central and regional printing procurement operations reported revenues of \$574.7 million in fiscal year 1995, compared with revenues of \$526.8 million in 1994. Both central and regional procurement revenues increased even though total orders decreased. This occurred primarily as a result of the rise in paper prices that contractors charge GPO, which GPO passes on to its customer agencies as a cost of the job. A secondary reason for the revenue increase is that the surcharge limit that GPO charges customer agencies for work performed rose slightly in the first quarter of fiscal year 1995. This modification was adopted from a suggestion by the Interagency Council on Printing and Publication Services. The procurement operations experienced a net gain of \$1.7 million, compared with a net loss of \$6.2 million in fiscal year 1994.
- **Central** – Revenues from Central Office printing procurement activities were \$355.6 million, compared with \$322.3 million in fiscal year 1994. Expenses for Central Office printing procurement activities were \$350.2 million, compared with \$322.9 million in the previous fiscal year. The net gain for the Central Office printing procurement activities was \$5.4 million, compared with a fiscal year 1994 net loss of \$641,000.
- **Regional** – Regional printing procurement revenues were \$219.1 million, compared with \$204.5 million in the previous year, while expenses increased to \$222.8 million from \$210.0 million in 1994. The net loss in regional printing procurement decreased to \$3.7 million in fiscal year 1995 from a \$5.5 million loss in fiscal year 1994.
- **In-house Printing Operations** – Central and regional in-house printing operations generated revenues of \$200.9 million in 1995, compared with revenue of \$197.6 million in 1994. This operation experienced a net loss of \$8.7 million, compared with a net loss of \$23.0 million in fiscal year 1994.

- **Central** – Central Plant Printing Operations incurred a loss of \$7.6 million in 1995, compared with a net loss of \$20.8 million in fiscal year 1994. The decrease in the loss was primarily due to downsizing the Central Office plant workforce.
- **Regional** – GPO regional printing operations experienced a combined net loss of \$1.1 million in fiscal year 1995, compared with a net loss of \$2.3 million in 1994. The improvement in regional printing operations is largely the result of downsizing. When compared to the prior year, personnel compensation decreased by about \$600,000, and facilities rental expense decreased by about \$350,000.
- **Other Operations** – Other Operations consist of revenues and expenses related to the sale of retired fixed assets, the pay parking program, and other transactions. Other operations generated net income of \$784,000, compared with net income of \$949,000 in 1994.

Information Dissemination

- **Sales of Publications Program** – GPO's Sales of Publications Program generated net income of \$3.2 million in 1995, a \$3.0 million decrease from 1994 fiscal year net income of \$6.2 million. Total revenues decreased to \$80.1 million, compared with \$81.9 million in fiscal year 1994, due primarily to a decline in the number of customers. Revenues from the sale of government publications in electronic format were \$3.9 million in fiscal year 1995, compared with \$1.5 million in fiscal year 1994. The increase resulted from more customers subscribing to GPO's on-line ACCESS system. Bookstore revenues decreased to \$15.2 million, compared with \$16.5 million in fiscal year 1994. Most of the decrease in sales occurred in the Washington, D.C., area stores, which had sales buoyed by health care publications in fiscal year 1994. No product with a similar sales demand was made available in fiscal year 1995.
- **Agency Distribution Services** – Under contract with customer agencies, GPO distributes publications to recipients designated by those agencies and charges for the cost of services performed. This program had revenues of \$5.3 million and a loss of \$36,000 in fiscal year 1995 and revenues of \$5.6 million with net income of \$250,000 in fiscal year 1994. Revenue decreased due to a slight decline in workload.

Appropriations

- **Salaries and Expenses** – The Salaries and Expenses Appropriation is used to fund the Statutory Distribution Program, the Depository Library Program, the Cataloging and Indexing Program, and the International Exchange Program. These programs are administered and performed by Superintendent of Documents employees. The amount of expended appropriation was \$27.6 million in fiscal year 1995, compared with \$23.9 million in fiscal year 1994. The increase in the expended appropriation of \$3.7 million was partially due to depository libraries' funding for on-line GPO ACCESS.

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- **Congressional Printing and Binding** - Printing and binding expenses for work performed for Congress are reimbursed to the Printing and Binding Operations Revolving Fund upon billing. For fiscal year 1995, reimbursements from the appropriation were \$73.1 million, compared with \$76.4 million in fiscal year 1994.

Eliminations

Financial statement eliminations consist of revenues from publications sold, printing and binding, and other services provided to operations funded within GPO. Eliminations decreased to \$111.1 million in fiscal year 1995 from \$111.5 million in fiscal year 1994.

Fiscal Year 1996 Projections

GPO's future has brightened considerably during the last 12 months. The consolidated operating loss of \$21.8 million in fiscal year 1994 was reduced to a \$3.0 million underrecovery in fiscal year 1995. One significant reason for the turnaround was the downsizing of operations. The Separation Incentive Program conducted in fiscal year 1994 reduced operating expenses in fiscal year 1995 by approximately \$17.7 million. An "early out" retirement program for employees was conducted in September 1995, and 130 additional employees separated at no cost to GPO. This program will save approximately \$5.8 million in compensation in fiscal year 1996.

GPO will continue to reduce expenses during 1996. Our legislative mandate is to have 3,800 or fewer Full-Time Equivalent employees by the end of fiscal year 1996. Moreover, we will be closing additional regional plants, reducing warehouse space being utilized in support of our central plant, expanding on-demand printing, and continuing to implement cost-effective information technology in all major programs.

Every year new and improved operations have been implemented at GPO. ACCESS, GPO's acclaimed entry on the information superhighway, has won a 1994 Federal Technology Leadership Award from the Office of Management and Budget and *Government Executive* magazine. In March 1995, GPO ACCESS won a 1995 James Madison Award, sponsored by the Coalition on Government Information. GPO's 3 replacement presses used to print the *Congressional Record* and the *Federal Register* will be fully operational during the year. Consequently, the quality of these products will be much improved.

As a result of these actions, GPO management is confident that GPO will attain a break-even operating result for fiscal year 1996.

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Consolidated Balance Sheets

U.S. Government Printing Office

Consolidated Balance Sheets
As of September 30, 1995 and 1994
(Dollars in Thousands)

Assets	1995	1994 (Unaudited) (Restated - See Notes 2K & 8C)
Current assets:		
Funds with U.S. Treasury (Note 2D)	\$148,079	\$149,180
Accounts receivable, net (Note 4)	170,117	172,164
Inventories (Note 2E)	33,177	28,186
Prepaid expenses	265	251
Total current assets	<u>351,638</u>	<u>349,781</u>
Property, plant, and equipment (Note 2F):		
Land and buildings	18,633	18,633
Equipment and building improvements	164,818	152,617
Total property, plant, and equipment	183,451	171,250
Less- Accumulated depreciation and amortization	(107,764)	(102,908)
Net property, plant, and equipment	<u>75,687</u>	<u>68,342</u>
Total assets	<u>\$427,325</u>	<u>\$418,123</u>

Liabilities and Equity of U.S. Government	1995	1994 (Unaudited) (Restated - See Notes 2K & 8C)
Current liabilities:		
Accounts payable and accrued expenses (Note 5)	\$ 79,336	\$ 83,724
Deferred revenue (Note 6)	38,467	35,056
Accrued annual leave (Note 2G)	11,225	10,854
Total current liabilities	<u>129,028</u>	<u>129,634</u>
Other liabilities-		
Allocated workers' compensation liability (Note 2K)	24,914	27,924
Total other liabilities	<u>24,914</u>	<u>27,924</u>
Total liabilities	<u>153,942</u>	<u>157,558</u>
Commitments and contingencies (Note 7)		
Equity of U.S. government:		
Revolving Fund (Note 8C)	209,220	212,086
Appropriated funds (Note 9)	64,163	48,479
Total equity of U.S. government	<u>273,383</u>	<u>260,565</u>
Total liabilities and equity of U.S. government	<u>\$427,325</u>	<u>\$418,123</u>

The accompanying notes are an integral part of these consolidated balance sheets.

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Consolidated Statements of Revenues and Expenses

U.S. Government Printing Office

Consolidated Statements of Revenues and Expenses
For the Fiscal Years Ended September 30, 1995 and 1994
(Dollars in Thousands)

	1995		1994 (Unaudited) (Restated - See Note 2K)	
	Amount	Percent of Revenues	Amount	Percent of Revenues
Revenues:				
Printing and binding	\$669,597	78.6 %	\$616,091	76.7 %
Sales of publications	80,136	9.4	81,937	10.2
Appropriations	97,594	11.4	99,493	12.4
Reimbursements	5,252	0.6	5,606	0.7
Total revenues	<u>852,579</u>	<u>100.0</u>	<u>803,127</u>	<u>100.0</u>
Expenses:				
Printing and reproduction	513,297	60.2	469,382	58.4
Personnel compensation and benefits	213,548	25.1	227,767	28.4
Supplies and materials	53,101	6.2	48,566	6.0
Rents, communications, and utilities	31,452	3.7	30,339	3.8
Publications sold	18,803	2.2	19,396	2.4
Depreciation and amortization	7,805	0.9	6,166	0.8
Other services	4,721	0.6	5,753	0.7
Surplus publications	5,945	0.7	2,788	0.3
Travel and transportation	6,932	0.8	6,060	0.8
Separation incentive pay	-	-	8,684	1.1
Total expenses	<u>855,604</u>	<u>100.4</u>	<u>824,901</u>	<u>102.7</u>
Net loss	<u>\$ (3,025)</u>	<u>(0.4) %</u>	<u>\$(21,774)</u>	<u>(2.7) %</u>

The accompanying notes are an integral part of these consolidated balance sheets.

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Consolidated Statements of Cash Flows

U.S. Government Printing Office		
Consolidated Statements of Cash Flows		
For the Fiscal Years Ended September 30, 1995 and 1994		
(Dollars in Thousands)		
	1995	1994 (Unaudited) (Restated - See Note 2K)
Cash flows from operating activities:		
Net loss	\$ (3,025)	\$(21,774)
Adjustments to reconcile net loss to net cash used in operating activities-		
Depreciation and amortization	7,805	6,166
Gain on disposal of property, plant, and equipment	(119)	(104)
Changes in assets and liabilities-		
(Increase) decrease in assets:		
Accounts receivable	2,047	(14,047)
Inventories	(4,991)	1,035
Prepaid expenses	(14)	(17)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,388)	3,169
Deferred revenue	3,411	779
Accrued annual leave	371	(1,641)
Allocated workers' compensation liability	(3,010)	-
Total adjustments	1,112	(4,660)
Net cash used in operating activities	(1,913)	(26,434)
Cash flows from investing activities:		
Capital expenditures	(15,011)	(17,329)
Proceeds from sale of property, plant, and equipment	139	118
Net cash used in investing activities	(14,872)	(17,211)
Cash flows from financing activities:		
Increase in unexpended appropriations	15,684	17,189
Funds returned to U.S. Treasury - from sales of publications operations	-	(544)
Net cash provided by financing activities	15,684	16,645
Net decrease in funds with U.S. Treasury	(1,101)	(27,000)
Funds with U.S. Treasury, beginning of year	149,180	176,180
Funds with U.S. Treasury, end of year	\$148,079	\$149,180

The accompanying notes are an integral part of these consolidated balance sheets.

Notes to Consolidated Financial Statements

U.S. Government Printing Office

Notes to Consolidated Financial Statements
As of September 30, 1995

1. Organization:

The U.S. Government Printing Office ("GPO") was created by the Printing Act of 1860. The U.S. Congress enacted Title 44, a comprehensive codification of printing related laws, in 1968. This legislation provides to the Federal government an economic and efficient means for the production and procurement of congressional and Federal agency printing and binding and for the dissemination of information to the public.

The Public Printer, appointed by the President of the United States with the advice and consent of the U.S. Senate, oversees the operations of GPO. GPO discharges its responsibilities through the operation of a Revolving Fund and congressional appropriations.

2. Significant Accounting Policies:

A. Basis of Accounting

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

B. Basis of Consolidation

The accompanying consolidated financial statements of GPO include the accounts of all funds under GPO control that have been established and are maintained to account for the resources of GPO. Also provided are supplemental schedules that present GPO's financial position, results of operations, and cash flows by fund type and by program within each fund. GPO operations are financed through the operation of a Revolving Fund and a General Fund.

Revolving Fund accounts are established by law to finance a continuing cycle of operations with receipts derived from operations. These accounts are used to finance two major GPO programs: Printing and Binding Operations and Sales of Publications Operations.

Printing and Binding Operations accounts are used to record the transactions related to printing and binding and distribution services. Sales of Publications Operations accounts are used to record the transactions related to sales of publications and their distribution to the public.

General Fund accounts are used to record financial transactions arising under annual congressional appropriations under two major programs: Superintendent of Documents Salaries and Expenses Appropriation and the Congressional Printing and Binding Appropriation.

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The Salaries and Expenses Appropriation account is used to record transactions for expenses incurred by the Superintendent of Documents for depository library distributions, international exchange distributions, other statutory distribution of publications, and for the cataloging and indexing of government publications.

The Congressional Printing and Binding Appropriation account is used to record printing and binding performed for Congress and for printing and binding publications authorized by law to be distributed without charge to recipients.

All significant intra-agency balances and transactions have been eliminated in consolidation. Revenue and expense eliminations for the years ended September 30, 1995 and 1994, consisted of the following.

	<u>1995</u>	<u>1994</u>
Printing and reproduction services	\$105,816,000	\$108,450,000
Data processing services	2,250,000	2,232,000
Miscellaneous services	<u>3,054,000</u>	<u>804,000</u>
Total	<u>\$111,120,000</u>	<u>\$111,486,000</u>

In addition to the above eliminations, there is an elimination within the In-house Printing Program of revenues and expenses for services and other internal transactions (e.g., internal-use forms, electronic repairs) provided to and by the In-house Printing Operations. The eliminations were \$5,400,000 and \$4,329,000 for the years ended September 30, 1995 and 1994, respectively.

To the extent practicable, general and administrative expenses have been allocated among the various expense categories based on the estimated level of effort associated with each program.

C. Revenue Recognition and Expended Appropriations

In-house Printing and Binding – By law, GPO must be reimbursed by the party requesting its services for all printing and binding work. Consequently, all Revolving Fund revenues from in-house printing and binding work (work not commercially procured) are recognized as the work is performed by GPO.

Commercially Procured Printing and Binding – Revolving Fund revenues from commercially procured printing and binding are recognized on the date the contract requirements are fulfilled, which is generally the date of shipment by the commercial contractors to the requesting agency.

Distributing and Selling Publications – Revolving Fund revenues from distributing and selling publications are recognized when the publications have been shipped or when the services have been performed.

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Appropriation Revenues – Appropriation revenues are recorded when the related qualifying expenses are incurred.

The amount of appropriations expended and the programs funded by appropriations are presented in Note 9A. Unexpended appropriations are recorded as a component of Equity of U.S. government (see Note 9B).

D. Funds With U.S. Treasury

Funds with U.S. Treasury represent all unexpended balances for GPO's accounts with the Department of the Treasury. The amounts recorded by GPO at September 30, 1995, in Funds with U.S. Treasury agree with the balances recorded by the Department of the Treasury in its Government On-line Accounting Link System ("GOALS"). A breakdown of items included in this balance as of September 30, 1995 and 1994, follows.

	<u>1995</u>	<u>1994</u>
Revolving Fund	\$ 80,481,000	\$ 97,943,000
Appropriations:		
1991	1,820,000	1,903,000
1992	471,000	1,500,000
1993	4,261,000	8,316,000
1994	19,832,000	38,810,000
1995	39,165,000	-
Total appropriations	<u>65,549,000</u>	<u>50,529,000</u>
On hand and in transit	<u>2,049,000</u>	<u>708,000</u>
Total	<u>\$148,079,000</u>	<u>\$149,180,000</u>

For purposes of the statements of cash flows, cash includes all funds with the Department of the Treasury.

As explained in Note 9, at the end of both 1995 and 1994, all appropriated funds were expended or obligated. Obligated and unobligated appropriation balances are cancelled after five years. In 1995 and 1994, no such cancellations were required for fiscal years 1989 and 1990.

E. Inventories

Inventories of publications held for sale are valued at the lower of cost, using the weighted average cost method, or market and are shown net of an allowance for surplus publications. The allowance for surplus publications is established to estimate the value of potentially obsolete or excess publications held in inventory.

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Paper, materials, and supplies inventory includes the cost of production material (e.g., blank paper, spare parts, ink, and book cloth), as well as the cost of administrative-use supplies. This inventory is valued at the lower of cost, using the weighted moving average cost method, or market, net of an allowance for materials and supplies obsolescence. There is no provision for paper obsolescence due to the frequency of use. The components of inventories as of September 30, 1995 and 1994, are as follows.

	<u>1995</u>	<u>1994</u>
Publications for sale	\$15,231,000	\$15,109,000
Allowance for surplus publications	(4,511,000)	(3,725,000)
Publications for sale, net	<u>10,720,000</u>	<u>11,384,000</u>
Paper	13,529,000	8,403,000
Materials and supplies	10,336,000	10,082,000
Allowance for obsolescence	(1,408,000)	(1,683,000)
Paper, materials, and supplies, net	<u>22,457,000</u>	<u>16,802,000</u>
Inventories, net	<u>\$33,177,000</u>	<u>\$28,186,000</u>

F. Property, Plant, and Equipment

Property and equipment purchases and additions are valued at cost. Printing equipment transferred to GPO from other Federal agencies is valued in accordance with Regulation Number 26, *Government Printing and Binding Regulations*, published by the Joint Committee on Printing ("JCP"). This valuation generally approximates historical cost.

Major alterations and renovations are capitalized, while normal maintenance and repair costs are expensed as incurred.

Depreciation and amortization of property and equipment is calculated on a straight-line basis over their estimated useful lives. The following table presents the ranges of depreciable and amortizable lives of GPO assets.

<u>Category</u>	<u>Depreciable or Amortizable Life</u>
Buildings and improvements	42 to 50 years
Plant machinery and equipment	5 to 20 years
Office machinery and equipment	5 years
Computer hardware	5 years
Computer software	3 years
Furniture and fixtures	5 years
Vehicles	3 to 6 years

Leasehold improvements are amortized over the lesser of their useful lives or lease terms (see Note 7A for future minimum lease payment obligations).

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Property, plant, and equipment as of September 30, 1995 and 1994, consisted of the following.

	<u>Acquisition Value</u>	<u>Accumulated Depreciation & Amortization</u>	<u>1995 Net Book Value</u>	<u>1994 Net Book Value</u>
Land	\$ 9,977,000	\$ -	\$ 9,977,000	\$ 9,977,000
Buildings	8,656,000	8,656,000	-	-
Building improvements	54,911,000	30,985,000	23,926,000	20,172,000
Leasehold improvements	1,768,000	1,286,000	482,000	427,000
Plant machinery and equipment	81,563,000	52,256,000	29,307,000	19,048,000
Office machinery and equipment	14,633,000	10,651,000	3,982,000	4,209,000
Computer software	5,126,000	2,585,000	2,541,000	2,211,000
Furniture and fixtures	2,278,000	394,000	1,884,000	1,975,000
Vehicles	1,539,000	951,000	588,000	712,000
Capital improvements in process	4,000	-	4,000	6,792,000
Software development in process	2,996,000	-	2,996,000	2,819,000
Total	<u>\$183,451,000</u>	<u>\$107,764,000</u>	<u>\$75,687,000</u>	<u>\$68,342,000</u>

G. Annual, Sick, and Other Types of Leave

Annual leave is accrued as a liability as it is earned, and the liability is reduced as leave is taken. Each year the annual leave liability account is adjusted to reflect current pay rates.

Sick leave and other types of nonvested leave are expensed as the leave is taken. Although there is no limit on the amount of sick leave that can be accumulated, no lump sum payment is made for unused sick leave.

H. Accounting for Interagency Activities

Other Federal agencies make financial decisions and report certain financial matters on behalf of the entire Federal government, including matters in which individual agencies may be an indirect party-in-interest. This concept of having Federal agencies record or report only those financial matters for which they are directly responsible is consistent with the U.S. General Accounting Office's *Policies and Procedures Manual for Guidance of Federal Agencies*, Title 2, "Accounting," which requires financial matters to be identified with the agencies that have the budgetary authority and resources to manage them.

Financial matters maintained or reported by other Federal agencies in which GPO is indirectly involved include employee pension plan benefits (see Note 3) and certain legal situations (see Note 7C).

I. Statements of Cash Flows

The statements of cash flows identify cash receipts and payments and classify them into operating, investing, and financing activities. The disclosure of this information is intended to help assess the ability of GPO to generate funds from current operations, to identify financing acquired from outside sources, and to identify the major nonoperating (investing) uses of funds. For purposes of these statements, cash is considered to be Funds with U.S. Treasury, as defined in Note 2D.

J. Voluntary Early Retirement Program

During the first quarter of fiscal year 1994, GPO offered a Voluntary Early Retirement Program to lower future operating costs by reducing personnel compensation and benefits. Approximately 350 employees received up to \$25,000 lump sum payments during 1994, calculated based on years of service. The total cost of the program was \$8.7 million and is reflected in the fiscal year 1994 statement of revenues and expenses. No such incentive program was offered in 1995.

K. Allocated Workers' Compensation Liability

The Federal Employees Compensation Act ("FECA") provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and the beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor ("DOL"), which initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants.

In fiscal year 1993, DOL began providing the actuarially estimated liability for claims outstanding at the end of each fiscal year and allocated to GPO the DOL's estimate of GPO's portion of the actuarial liability. This liability includes the estimated future costs of death benefits, workers' compensation, and medical and miscellaneous costs for approved compensation cases. This liability does not include the estimated future costs for claims incurred but not approved at year-end. This allocated liability totaled approximately \$24.9 million at September 30, 1995, and \$27.9 million at September 30, 1994. The actuarially computed liability was discounted at September 30, 1995, using a discount rate of 7.1 percent for fiscal year 1996, 6.6 percent for fiscal year 1997, and 7.0 percent thereafter. At September 30, 1994, the liability was calculated using a discount rate of 7.0 percent for fiscal year 1995 and thereafter. At September 30, 1993, the discount rates used to compute the liability were 5.76 percent for fiscal year 1994 and 5.8 percent for fiscal year 1995 and thereafter.

GPO did not reflect the allocated workers' compensation liability in its previously issued 1993 or 1994 financial statements. In order to properly reflect this liability, the accompanying financial statements reflect a charge to beginning 1994 Equity of U.S. Government - Revolving Fund (cumulative results of operations) of \$27.9 million, which represents the allocated workers' compensation actuarial liability at September 30, 1993. Further, the fiscal year 1994 financial statements have been restated to reflect this item, resulting in a \$27.9 million increase in the previously reported 1994 liabilities and an equivalent reduction in Equity of U.S. Government - Revolving Fund. See Note 8C, which also summarizes the impact of the prior-period adjustment.

L. Reclassification of Fiscal Year 1994 Balances

Certain reclassifications have been made to fiscal year 1994 balances to present them consistently with the fiscal year 1995 financial statements.

3. Employee Benefit Plans:

GPO funds a portion of pension contributions for its employees under the Civil Service Retirement System and the Federal Employees Retirement System and also makes payroll deductions for employees for their pension contribution. GPO is not required to disclose the assets of either system nor the actuarial data with respect to accumulated plan benefits of the unfunded pension liability relative to its employees. This reporting is the direct responsibility of the Office of Personnel Management ("OPM"). The cost of health care benefits for retired employees and the reporting of such amounts are also the direct responsibility of OPM.

A. Civil Service Retirement System

The majority of GPO's employees were covered by the Civil Service Retirement System ("CSRS") during fiscal years 1995 and 1994. Total GPO matching contributions (7.5 percent for *Congressional Record* indexers, investigators, and law officers, and 7 percent for all other employees covered under this plan) to CSRS for all eligible employees were approximately \$9.3 million and \$9.8 million for the years ended September 30, 1995 and 1994, respectively.

B. Federal Employees Retirement System

On January 1, 1987, the Federal Employees Retirement System ("FERS"), a defined contribution plan, commenced pursuant to Public Law 99-335. Employees hired after December 31, 1983, were automatically covered by FERS and Social Security, while employees hired prior to January 1, 1984, were able to choose between joining this plan or remaining in CSRS. Unlike CSRS, FERS offers the Federal Government's Thrift Savings Plan ("TSP"), which requires GPO to contribute 1 percent of an enrolled employee's base pay, and additionally to match voluntary employee contributions up to 4 percent of base pay.

For the years ended September 30, 1995 and 1994, total GPO (employer) contributions to FERS (16.9 percent for *Congressional Record* indexers, 24.3 percent for investigators and law officers, and 11.4 percent for all other employees covered under this plan) were \$4.4 million and \$4.9 million, respectively. Additional contributions of GPO's share to the TSP for the years ended September 30, 1995 and 1994, totaled \$1.4 million and \$1.3 million, respectively.

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C. Social Security System

GPO also makes matching contributions to the Social Security Administration ("SSA") under the Federal Insurance Contributions Act ("FICA"). For employees covered by FERS, GPO contributes matching amounts of 6.2 percent of gross pay (up to \$61,200) to SSA's Old-Age, Survivors, and Disability Insurance ("OASDI") Program. Additionally, GPO makes matching contributions for all employees of 1.45 percent of gross pay to SSA's Medicare Hospital Insurance Program. Payments to these programs for the years ended September 30, 1995 and 1994, amounted to \$5.4 million and \$5.7 million, respectively.

4. Accounts Receivable:

Accounts receivable as of September 30, 1995 and 1994, consists of the following.

	<u>1995</u>	<u>1994</u>
Federal agencies:		
Unbilled completed work	\$118,917,000	\$107,969,000
Unbilled work in process	11,511,000	26,936,000
Billed completed work	39,451,000	37,716,000
Subtotal	<u>169,879,000</u>	<u>172,621,000</u>
Other receivables:		
The public	2,009,000	1,695,000
GPO employees	1,116,000	1,162,000
Subtotal	<u>3,125,000</u>	<u>2,857,000</u>
Total accounts receivable	<u>173,004,000</u>	<u>175,478,000</u>
Allowance for doubtful accounts	(2,887,000)	(3,314,000)
Total accounts receivable, net	<u>\$170,117,000</u>	<u>\$172,164,000</u>

The majority of GPO's accounts receivable are due from other Federal agencies. Unbilled completed work results from the delivery of goods or the performance of services for which bills have not yet been rendered. Included in this balance as of September 30, 1995, is unbilled commercial printing of \$54.1 million, unbilled direct mail-to-customer agency paper shipments of approximately \$1.2 million, finished work in the process of being billed of \$51.3 million, and finished work for which invoices have not been prepared as of September 30, 1995, valued at \$12.3 million.

Unbilled work in process represents the amount owed on work performed on customer orders as of September 30, 1995 and 1994, that by law must be reimbursed by GPO customers.

Employees accounts receivable for fiscal year 1995 includes \$1,059,000 and \$57,000 owed by current employees and former employees, respectively, who were advanced both annual and sick leave. Both types of leave for current employees will be repaid by these employees in biweekly installments or by other GPO employees on their behalf through the donated leave program.

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5. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses are composed of the following as of September 30, 1995 and 1994.

	<u>1995</u>	<u>1994</u>
Accounts payable:		
Commercial printing	\$52,268,000	\$55,167,000
U.S. government agencies	10,671,000	10,680,000
Other	7,518,000	8,284,000
Total accounts payable	<u>70,457,000</u>	<u>74,131,000</u>
Accrued salaries and wages	8,036,000	8,678,000
State and local payroll taxes	843,000	915,000
Total accounts payable and accrued expenses	<u>\$79,336,000</u>	<u>\$83,724,000</u>

6. Deferred Revenue:

As of September 30, 1995 and 1994, deferred revenue consisted of the following.

	<u>1995</u>	<u>1994</u>
Deferred subscription revenue	\$21,560,000	\$23,010,000
Customer deposits - held on accounts	8,389,000	8,469,000
Customer deposits - unfilled orders	2,210,000	2,598,000
Advance billings to Federal agencies	6,308,000	979,000
Total	<u>\$38,467,000</u>	<u>\$35,056,000</u>

Deferred revenue results from the receipt of customer remittances for products or services that will be delivered or provided in the future. Deferred subscription revenues for products such as the *Congressional Record*, the *Federal Register*, and the *Commerce Business Daily* are recognized at the time the products are delivered. Customer deposits for publication orders are recognized as customer orders are filled. At the time a customer cancels a subscription or closes a deposit account, the customer's unused account balance is refunded.

7. Commitments and Contingencies:

A. Operating Leases

As of September 30, 1995, GPO was committed to various noncancelable operating leases primarily covering warehouse, office, and retail space. Some of these leases contain escalation clauses and renewal options. The following is a schedule of future minimum rental payments required under operating leases by type, which have initial or remaining noncancelable lease

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terms in excess of one year. Rent expenses for the years ended September 30, 1995 and 1994, were \$6,606,000 and \$7,400,000, respectively. The decrease in rent expense is the result of operations of the Superintendent of Documents moving from leased to owned space, discontinuing printing operations in Seattle, and reducing space leased in GPO's New York Regional Printing Office.

<u>Fiscal Year</u>	<u>Warehouse</u>	<u>Office</u>	<u>Retail</u>	<u>Total</u>
1996	\$ 2,228,000	\$227,000	\$ 487,000	\$ 2,942,000
1997	2,260,000	103,000	376,000	2,739,000
1998	2,260,000	31,000	214,000	2,505,000
1999	2,203,000	25,000	143,000	2,371,000
2000	1,576,000	2,000	27,000	1,605,000
2001 and beyond	214,000	-	-	214,000
Total minimum lease payments	<u>\$10,741,000</u>	<u>\$388,000</u>	<u>\$1,247,000</u>	<u>\$12,376,000</u>

B. Commitments

GPO is committed, by contract, for goods and services that have been ordered but have not been delivered at fiscal year-end. Total undelivered orders for all GPO activities were approximately \$130.0 million and \$141.3 million as of September 30, 1995 and 1994, respectively.

C. Contingencies

GPO is a party to various administrative proceedings, legal actions, and claims brought by or against it. In the opinion of GPO management and legal counsel, the ultimate resolution of these proceedings, actions, and claims will not materially affect the financial position or results of operations of GPO.

Occasionally, GPO may be the named party, but another agency may administer and litigate the case. Amounts to be paid under any decision, settlement, or award pertaining thereto may be funded by those agencies. In most cases, tort claims are administered and resolved by the U.S. Department of Justice, and any amounts necessary for resolution are obtained from a Special Judgment Fund maintained by the Department of the Treasury. Amounts paid from this fund on behalf of the GPO were \$84,000 and \$79,000 for the years ended September 30, 1995 and 1994, respectively, and are not reflected in the accompanying consolidated financial statements.

8. Revolving Fund:

A. Cumulative Results of Operations

Cumulative results of operations for the Revolving Fund include net operating results since its inception, reduced by funds returned to the Department of the Treasury by legislative rescissions and by transfer to other Federal agencies. As explained in Note 2K, the cumulative results of operations at September 30, 1994, were reduced to reflect GPO's allocated liability for workers' compensation benefits.

B. Invested Capital

The Revolving Fund was established in 1953 using appropriated funds of \$33.8 million and buildings and land with a fair market value of \$415,000. Subsequently, Congress has provided additional funding to GPO for working capital (\$58 million since 1953) and land and other improvements (\$17.5 million since 1971). Invested Capital represents Federal government resources directly appropriated to GPO by Congress to invest in GPO assets - primarily land, buildings, equipment, and working capital.

Increases to Invested Capital are also recorded when printing equipment is donated to GPO. Invested Capital is reduced over the useful life of the asset. The net book value of assets donated to GPO from other agencies was \$381,000 and \$222,000 in fiscal years 1995 and 1994, respectively.

GPO received \$12,900,000 of Revolving Fund appropriations during the 1970s for an air-conditioning unit. This appropriation amount was recorded in Invested Capital in the Equity section. In 1994, a reclassification was made to transfer the cumulative depreciation expenses associated with the air-conditioning unit from invested capital to cumulative results of operations.

C. Summary of Revolving Fund Activity

Below is a summary of activity for the Revolving Fund portion of Equity of U.S. government in fiscal years 1995 and 1994. See Note 9 for Appropriation Fund summary.

	<u>Cumulative Results of Operations</u>	<u>Invested Capital</u>	<u>Total Revolving Fund</u>
Revolving Fund balance as of October 1, 1994, as previously reported	\$151,840,000	\$109,950,000	\$261,790,000
Adjustment to recognize workers' compensation liability (see Note 2K)	(27,924,000)	-	(27,924,000)
Reclassification to transfer accumulated depreciation expense for air- conditioning unit	<u>8,895,000</u>	<u>(8,895,000)</u>	<u>-</u>
Revolving Fund balance as of October 1, 1994, as restated	<u>132,811,000</u>	<u>101,055,000</u>	<u>233,866,000</u>
Donated equipment, net (see Note 8B)	-	(6,000)	(6,000)
Net loss for fiscal year 1994	<u>(21,774,000)</u>	<u>-</u>	<u>(21,774,000)</u>
Revolving Fund balance, September 30, 1994, as restated	<u>111,037,000</u>	<u>101,049,000</u>	<u>212,086,000</u>
Donated equipment, net (see Note 8B)	-	159,000	159,000
Net loss for fiscal year 1995	<u>(3,025,000)</u>	<u>-</u>	<u>(3,025,000)</u>
Revolving Fund balance, September 30, 1995	<u>\$108,012,000</u>	<u>\$101,208,000</u>	<u>\$209,220,000</u>

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9. Appropriations:

A. Expended Appropriations

Total appropriations initially made available for fiscal years 1995 and 1994 were \$89,724,000 and \$88,404,000 for Congressional Printing and Binding and \$32,207,000 and \$29,082,000 for Salaries and Expenses of the Superintendent of Documents, respectively. In fiscal year 1995, Public Law 104-19 rescinded portions of GPO's annual appropriations as part of the emergency supplemental appropriations act that was enacted to fund anti-terrorist initiatives and respond to the Oklahoma City bombing. The 1995 Congressional Printing and Binding Appropriation was reduced by \$5 million, and the 1995 Salaries and Expenses Appropriation was reduced by \$600,000 as a result of the rescissions.

Expended appropriations for program operations for the years ended September 30, 1995 and 1994, were as follows.

	<u>1995</u>	<u>1994</u>
Congressional Printing and Binding:		
<i>Congressional Record</i> products	\$ 20,657,000	\$ 22,064,000
Miscellaneous publications and printing and binding	18,493,000	17,126,000
Hearings	12,166,000	11,085,000
Bills, resolutions, and amendments	9,164,000	11,763,000
Details to Congress	2,557,000	3,564,000
Other	10,029,000	10,761,000
Total Congressional Printing and Binding	<u>73,066,000</u>	<u>76,363,000</u>
Salaries and expenses:		
Depository library distribution	23,119,000	19,846,000
Cataloging and indexing	3,306,000	2,844,000
By-law distribution	478,000	597,000
International exchange	679,000	647,000
Total salaries and expenses	<u>27,582,000</u>	<u>23,934,000</u>
Total expended appropriations	<u>\$100,648,000</u>	<u>\$100,297,000</u>
Reconciliation of expended appropriations to the consolidated statements of revenues and expenses:		
Total expended appropriations	\$100,648,000	\$100,297,000
Eliminations (Intra-agency)	<u>(3,054,000)</u>	<u>(804,000)</u>
Consolidated revenues from appropriations	<u>\$ 97,594,000</u>	<u>\$ 99,493,000</u>

See Note 11 for 1996 GPO funding appropriations.

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B. Unexpended Appropriations

As of September 30, 1995, GPO had unexpended appropriations obligated for Salaries and Expenses and Congressional Printing and Binding services of \$22,553,000 and \$41,610,000, respectively, shown in the accompanying supplemental Schedule of Appropriated Funds. In fiscal year 1994, these amounts were \$18,527,000 and \$29,952,000, respectively.

10. Related-Party Transactions:

The Refectory Cafe, Ltd. ("RCL"), a nonprofit corporation chartered in the District of Columbia in 1985, operated the GPO Cafeteria ("Cafeteria") until the RCL ceased operations on November 18, 1994. The members of the Board of Directors of the RCL were appointed by the former Public Printer and include the current Public Printer, the Deputy Public Printer, and one senior-level GPO manager. Employee food service is currently provided and managed by an independent contractor.

From its incorporation in 1985 through November 18, 1994, the Cafeteria sustained a cumulative loss of approximately \$600,000, primarily as a result of a steady decline in customers. In fiscal year 1995, GPO paid approximately \$100,000 to satisfy the RCL's creditors, as the Cafeteria was unable to meet these obligations. The RCL's bank account, with a balance of \$17,300 at September 30, 1995, will be used to resolve future claims against the Cafeteria that might arise, including amounts needed to terminate the RCL's employee pension plan ("Plan") as of November 1, 1995. Any remaining funds in the RCL account after all claims are satisfied will be deposited in the GPO Revolving Fund to offset GPO's expenditures.

The latest actuarial report prepared by the Massachusetts Mutual Life Insurance Company, the Plan trustee, states that the RCL Plan was fully funded as of July 1, 1994. The most recent actuarial report has not been issued; however, GPO believes that the Plan is fully funded. Any Plan assets remaining after liquidation will be deposited in the GPO Revolving Fund to offset GPO's expenditures.

11. Subsequent Events:

Public Law 104-53 approved on November 19, 1995, provides \$114,077,000 in Federal funds to GPO for fiscal year 1996. Of these funds, \$83,770,000 is to be used for the authorized printing and binding of the U.S. Congress and for the distribution of congressional information in any format, and \$30,307,000 is to be used for expenses of the activities of the Office of the Superintendent of Documents necessary to provide for the cataloging and indexing of government publications and their distribution to the public, members of Congress, other government agencies, and designated depository and international exchange libraries as authorized by law.

Management believes that GPO will be able to meet its operating requirements with the approved Federal funding and cash flows from operations. However, management's operating plans are dependent upon the volume and type of printing and binding services requested by Congress and other Federal agencies and management's control of operating costs. There can be no assurance that the approved Federal funding and cash flows from operations will be sufficient to meet GPO's operating requirements.

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Supplemental Schedules

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Supplemental Balance Sheet by Fund Type
As of September 30, 1995
(Dollars in Thousands)

Assets	Revolving Fund		General Fund		Total Before Eliminations	Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation			
Current assets:							
Funds with U.S. Treasury	\$ 39,950	\$42,580	\$23,939	\$41,610	\$148,079	-	\$148,079
Accounts receivable, net-							
From other Federal agencies	175,154	2,323	121	58	177,656	(9,519)	168,137
From the public	400	492	-	-	892	-	892
From GPO employees	1,088	-	-	-	1,088	-	1,088
Inventories-							
Publications for sale, net	-	10,721	-	-	10,721	-	10,721
Paper	13,529	-	-	-	13,529	-	13,529
Materials and supplies, net	8,927	-	-	-	8,927	-	8,927
Prepaid expenses	265	-	-	-	265	-	265
Total current assets	<u>239,313</u>	<u>56,116</u>	<u>24,060</u>	<u>41,668</u>	<u>361,157</u>	<u>(9,519)</u>	<u>351,638</u>
Property, plant, and equipment:							
Land and buildings	18,633	-	-	-	18,633	-	18,633
Building improvements	54,911	-	-	-	54,911	-	54,911
Leasehold improvements	1,768	-	-	-	1,768	-	1,768
Plant machinery and equipment	81,563	-	-	-	81,563	-	81,563
Office machinery and equipment	14,633	-	-	-	14,633	-	14,633
Computer software	5,126	-	-	-	5,126	-	5,126
Furniture and fixtures	2,278	-	-	-	2,278	-	2,278
Vehicles	1,539	-	-	-	1,539	-	1,539
Capital improvements in process	4	-	-	-	4	-	4
Software development in process	2,996	-	-	-	2,996	-	2,996
Less- Accumulated depreciation and amortization	(107,764)	-	-	-	(107,764)	-	(107,764)
Net property, plant, and equipment	<u>75,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,687</u>	<u>-</u>	<u>75,687</u>
Total assets	<u>\$315,000</u>	<u>\$56,116</u>	<u>\$24,060</u>	<u>\$41,668</u>	<u>\$436,844</u>	<u>\$(9,519)</u>	<u>\$427,325</u>

The accompanying notes are an integral part of this schedule.

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Supplemental Balance Sheet by Fund Type
As of September 30, 1995
(Dollars in Thousands)

Liabilities and Equity of U.S. Government	Revolving Fund		General Fund		Total Before Eliminations	Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation			
Current liabilities:							
Accounts payable and accrued expenses	\$ 79,815	\$ 7,475	\$ 1,507	\$ 58	\$ 88,855	\$(9,519)	\$ 79,336
Deferred revenue	6,298	32,169	-	-	38,467	-	38,467
Accrued annual leave	11,225	-	-	-	11,225	-	11,225
Total current liabilities	97,338	39,644	1,507	58	138,547	(9,519)	129,028
Other liabilities--							
Allocated Workers' Compensation liability	24,914	-	-	-	24,914	-	24,914
Total other liabilities	24,914	-	-	-	24,914	-	24,914
Total liabilities	122,252	39,644	1,507	58	163,461	(9,519)	153,942
Commitments and contingencies (Note 7)							
Equity of U.S. government:							
Revolving Fund	192,748	16,472	-	-	209,220	-	209,220
Appropriated Funds	-	-	22,553	41,610	64,163	-	64,163
Total equity of U.S. government	192,748	16,472	22,553	41,610	273,383	-	273,383
Total liabilities and equity of U.S. government	\$315,000	\$56,116	\$24,060	\$41,668	\$436,844	\$(9,519)	\$427,325

The accompanying notes are an integral part of this schedule.

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Supplemental Schedule of Revenues and Expenses by Fund Type
For the Year Ended September 30, 1995
(Dollars in Thousands)

	<u>Revolving Fund</u>		<u>General Fund</u>				
	<u>Printing and Binding Operations</u>	<u>Sales of Publications Operations</u>	<u>Salaries and Expenses Appropriation</u>	<u>Congressional Printing and Binding Appropriation</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues:							
Printing and binding	\$777,663	\$ -	\$ -	\$ -	\$777,663	\$(108,066)	\$669,597
Sales of publications	-	80,136	-	-	80,136	-	80,136
Appropriations	-	-	27,582	73,066	100,648	(3,054)	97,594
Reimbursements	-	5,252	-	-	5,252	-	5,252
Total revenues	<u>777,663</u>	<u>85,388</u>	<u>27,582</u>	<u>73,066</u>	<u>963,699</u>	<u>(111,120)</u>	<u>852,579</u>
Expenses:							
Printing and reproduction	532,100	816	13,131	73,066	619,113	(105,816)	513,297
Personnel compensation and benefits	176,657	31,387	7,322	-	215,366	(1,818)	213,548
Supplies and materials	51,294	1,539	360	-	53,193	(92)	53,101
Rents, communications, and utilities	11,195	18,960	1,574	-	31,729	(277)	31,452
Publications sold	-	18,803	-	-	18,803	-	18,803
Depreciation and amortization	5,675	1,005	1,125	-	7,805	-	7,805
Other services	3,934	1,198	2,706	-	7,838	(3,117)	4,721
Surplus publications	-	5,945	-	-	5,945	-	5,945
Travel and transportation	3,046	2,522	1,364	-	6,932	-	6,932
Total expenses	<u>783,901</u>	<u>82,175</u>	<u>27,582</u>	<u>73,066</u>	<u>966,724</u>	<u>(111,120)</u>	<u>855,604</u>
Net (loss) income	<u>\$ (6,238)</u>	<u>\$ 3,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,025)</u>	<u>\$ -</u>	<u>\$ (3,025)</u>

The accompanying notes are an integral part of this schedule.

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Supplemental Schedule of Cash Flows by Fund Type
For the Year Ended September 30, 1995
(Dollars in Thousands)

	Revolving Fund		General Fund		Total Before Eliminations	Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation			
Cash flows from operating activities:							
Net (loss) income	\$ (6,238)	\$ 3,213	\$ -	\$ -	\$ (3,025)	\$ -	\$ (3,025)
Adjustments to net (loss) income							
Depreciation and amortization	7,805	-	-	-	7,805	-	7,805
Gain on retirement of property, plant, and equipment	(119)	-	-	-	(119)	-	(119)
Changes in assets and liabilities:							
(Increase) decrease-							
Accounts receivable	6,307	(1,004)	(82)	(58)	5,163	(3,116)	2,047
Inventories	(5,655)	664	-	-	(4,991)	-	(4,991)
Prepaid expenses	(14)	-	-	-	(14)	-	(14)
Increase (decrease)-							
Accounts payable and accrued expenses	(4,090)	(2,890)	483	(1,007)	(7,504)	3,116	(4,388)
Deferred revenue	5,330	(1,919)	-	-	3,411	-	3,411
Accrued annual leave	371	-	-	-	371	-	371
Allocated workers' compensation liability	(3,010)	-	-	-	(3,010)	-	(3,010)
Total adjustments	6,925	(5,149)	401	(1,065)	1,112	-	1,112
Net cash (used in) provided by operating activities	687	(1,936)	401	(1,065)	(1,913)	-	(1,913)
Cash flows from investing activities:							
Capital expenditures	(15,011)	-	-	-	(15,011)	-	(15,011)
Proceeds from sale of property, plant, and equipment	139	-	-	-	139	-	139
Net cash used in investing activities	(14,872)	-	-	-	(14,872)	-	(14,872)
Cash flows from financing activities-							
Increase in unexpended appropriations	-	-	4,026	11,658	15,684	-	15,684
Net cash provided by financing activities	-	-	4,026	11,658	15,684	-	15,684
Net (decrease) increase in funds with U.S. Treasury	(14,185)	(1,936)	4,427	10,593	(1,101)	-	(1,101)
Funds with U.S. Treasury, beginning of year	54,135	44,516	19,512	31,017	149,180	-	149,180
Funds with U.S. Treasury, end of year	\$39,950	\$42,580	\$23,939	\$41,610	\$148,079	\$ -	\$148,079

The accompanying notes are an integral part of this schedule.

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Supplemental Schedule of Appropriated Funds
For the Year Ended September 30, 1995 and 1994
(Dollars in Thousands)

	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total General Fund	
			1995	1994
Appropriations, beginning of year (on cash basis)	\$19,512	\$ 31,017	\$ 50,529	\$ 32,461
Funds provided- Appropriations	31,607	84,724	116,331	117,486
Total funds available	<u>51,119</u>	<u>115,741</u>	<u>166,860</u>	<u>149,947</u>
Funds applied-				
Obligated appropriations-				
Current year	20,443	56,723	77,166	78,676
Prior years	6,737	17,408	24,145	20,742
Total funds applied	<u>27,180</u>	<u>74,131</u>	<u>101,311</u>	<u>99,418</u>
Appropriations, end of year (on cash basis)	23,939	41,610	65,549	50,529
Adjustments:				
Intra-agency accounts receivable	121	58	179	39
Intra-agency accounts payable	(1,507)	(58)	(1,565)	(2,089)
Appropriations, end of year (on accrual basis)	<u>\$22,553</u>	<u>\$ 41,610</u>	<u>\$ 64,163</u>	<u>\$ 48,479</u>

The accompanying notes are an integral part of this schedule.

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Supplemental Balance Sheets for Revolving Fund
As of September 30, 1995 and 1994
(Dollars in Thousands)

Assets	Printing and Binding Operations		Sales of Publications Operations		Total Revolving Fund			Total Revolving Fund		
	1995	1994	1995	1994	Before Eliminations	1995 Eliminations	Consolidated	Before Eliminations	1994 Eliminations	Consolidated
Current assets:										
Funds with U.S. Treasury	\$ 39,950	\$ 54,135	\$42,580	\$44,516	\$ 82,530	\$ -	\$ 82,530	\$ 98,651	\$ -	\$98,651
Accounts receivable	176,642	182,949	2,815	1,811	179,457	(9,519)	169,938	184,760	(12,635)	172,125
Inventories	22,456	16,801	10,721	11,385	33,177	-	33,177	28,186	-	28,186
Prepaid expenses	265	251	-	-	265	-	265	251	-	251
Total current assets	239,313	254,136	56,116	57,712	295,429	(9,519)	285,910	311,848	(12,635)	299,213
Property, plant, and equipment:										
Land and buildings	18,633	18,633	-	-	18,633	-	18,633	18,633	-	18,633
Building improvements	54,911	49,257	-	-	54,911	-	54,911	49,257	-	49,257
Leasehold improvements	1,768	1,619	-	-	1,768	-	1,768	1,619	-	1,619
Plant machinery and equipment	81,563	71,168	-	-	81,563	-	81,563	71,168	-	71,168
Office machinery and equipment	14,633	13,614	-	-	14,633	-	14,633	13,614	-	13,614
Computer software	5,126	3,704	-	-	5,126	-	5,126	3,704	-	3,704
Furniture and fixtures	2,278	2,181	-	-	2,278	-	2,278	2,181	-	2,181
Vehicles	1,539	1,463	-	-	1,539	-	1,539	1,463	-	1,463
Capital improvements in process	4	6,792	-	-	4	-	4	6,792	-	6,792
Software development in process	2,996	2,819	-	-	2,996	-	2,996	2,819	-	2,819
Less- Accumulated depreciation and amortization	(107,764)	(102,908)	-	-	(107,764)	-	(107,764)	(102,908)	-	(102,908)
Net property, plant, and equipment	75,687	68,342	-	-	75,687	-	75,687	68,342	-	68,342
Total assets	\$315,000	\$322,478	\$56,116	\$57,712	\$371,116	\$(9,519)	\$361,597	\$380,190	\$(12,635)	\$367,555

The accompanying notes are an integral part of this schedule.

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U.S. Government Printing Office

Supplemental Balance Sheets for Revolving Fund
As of September 30, 1995 and 1994
(Dollars in Thousands)

	Printing and Binding Operations		Sales of Publications Operations		Total Revolving Fund			Total Revolving Fund		
	1995	1994	1995	1994	Before Eliminations	1995 Eliminations	Consolidated	Before Eliminations	1994 Eliminations	- Consolidated
Liabilities and Equities of U.S. Government										
Current liabilities:										
Accounts payable and accrued expenses	\$ 79,815	\$ 83,905	\$ 7,475	\$10,365	\$ 87,290	\$(9,519)	\$ 77,771	\$ 94,270	\$(12,635)	\$ 81,635
Deferred revenue	6,298	968	32,169	34,088	38,467	-	38,467	35,056	-	35,056
Accrued annual leave	11,225	10,854	-	-	11,225	-	11,225	10,854	-	10,854
Total current liabilities	97,338	95,727	39,644	44,453	136,982	(9,519)	127,463	140,180	(12,635)	127,545
Other liabilities-										
Allocated workers' compensation liability	24,914	27,924	-	-	24,914	-	24,914	27,924	-	27,924
Total other liabilities	24,914	27,924	-	-	24,914	-	24,914	27,924	-	27,924
Total liabilities	122,252	123,651	39,644	44,453	161,896	(9,519)	152,377	168,104	(12,635)	155,469
Equity of U.S. government:										
Revolving Fund	192,748	198,827	16,472	13,259	209,220	-	209,220	212,086	-	212,086
Appropriated funds	-	-	-	-	-	-	-	-	-	-
Total equity of U.S. government	192,748	198,827	16,472	13,259	209,220	-	209,220	212,086	-	212,086
Total liabilities and equity of U.S. government	\$315,000	\$322,478	\$56,116	\$57,712	\$371,116	\$(9,519)	\$361,597	\$380,190	\$(12,635)	\$367,555

The accompanying notes are an integral part of this schedule.

Appendix I
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U.S. Government Printing Office

Supplemental Schedules of Revenues and Expenses by Major Program
For the Years Ended September 30, 1995 and 1994
(Dollars in Thousands)

	Printing and Binding Operations		Information Dissemination Operations		Congressional Printing and Binding		Other Operations		Total GPO Before Eliminations		Eliminations		Total GPO	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
Revenues:														
Printing and binding	\$754,464	\$706,459	\$ -	\$ -	\$ -	\$ -	\$2,128	\$2,414	\$756,592	\$708,873	\$(108,066)	\$(110,682)	\$648,526	\$598,191
Sales of blank paper	19,646	17,388	-	-	-	-	-	-	19,646	17,388	-	-	19,646	17,388
Sales of waste and scrap	1,425	512	-	-	-	-	-	-	1,425	512	-	-	1,425	512
Sales of publications	-	-	80,136	81,937	-	-	-	-	80,136	81,937	-	-	80,136	81,937
Appropriations	-	-	27,582	23,934	73,066	76,363	-	-	100,648	100,297	(3,054)	(804)	97,594	99,493
Reimbursements	-	-	5,252	5,606	-	-	-	-	5,252	5,606	-	-	5,252	5,606
Total revenues	775,535	724,359	112,970	111,477	73,066	76,363	2,128	2,414	963,699	914,613	(111,120)	(111,486)	852,579	803,127
Expenses:														
Printing and reproduction	532,100	488,778	13,947	12,691	73,066	76,363	-	-	619,113	577,832	(105,816)	(108,450)	513,297	469,382
Personnel compensation and benefits	176,114	188,127	38,709	40,905	-	-	543	559	215,366	229,591	(1,818)	(1,824)	213,548	227,767
Supplies and materials	51,269	46,667	1,899	1,958	-	-	25	36	53,193	48,661	(92)	(95)	53,101	48,566
Rents, communications, and utilities	10,440	10,960	20,534	18,780	-	-	755	849	31,729	30,589	(277)	(250)	31,452	30,339
Publications sold	-	-	18,803	19,396	-	-	-	-	18,803	19,396	-	-	18,803	19,396
Depreciation and amortization	5,672	5,043	2,130	1,120	-	-	3	3	7,805	6,166	-	-	7,805	6,166
Other services	3,916	4,721	3,904	1,881	-	-	18	18	7,838	6,620	(3,117)	(867)	4,721	5,753
Surplus publications	-	-	5,945	2,788	-	-	-	-	5,945	2,788	-	-	5,945	2,788
Travel and transportation	3,046	2,783	3,886	3,277	-	-	-	-	6,932	6,060	-	-	6,932	6,060
Separation incentive pay	-	6,453	-	2,231	-	-	-	-	-	8,684	-	-	-	8,684
Total expenses	782,557	753,532	109,757	105,027	73,066	76,363	1,344	1,465	966,724	936,387	(111,120)	(111,486)	855,604	824,901
Net (loss) income	\$ (7,022)	\$(29,173)	\$ 3,213	\$ 6,450	\$ -	\$ -	\$ 784	\$ 949	\$ (3,025)	\$(21,774)	\$ -	\$ -	\$ (3,025)	\$(21,774)

The accompanying notes are an integral part of this schedule.

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Supplemental Schedule of Revenues and Expenses for Printing and Binding Operations
For the Years Ended September 30, 1995 and 1994
(Dollars in Thousands)

	Plant Printing Operations		Regional Printing		Total In-House Printing				Purchased Printing				Total Printing and Binding Operations			
	1995	1994	1995	1994	1995	Percent of Revenues	1994	Percent of Revenues	1995	Percent of Revenues	1994	Percent of Revenues	1995	Percent of Revenue	1994	Percent of Revenues
Revenues:																
Printing and binding	\$174,804	\$174,341	\$ 4,995	\$ 5,346	\$179,799	90	\$179,687	91	\$574,665	100	\$526,772	100	\$754,464	97	\$706,459	98
Sales of blank paper	19,646	17,388	-	-	19,646	10	17,388	9	-	-	-	-	19,646	3	17,388	2
Sales of waste and scrap	1,425	512	-	-	1,425	-	512	-	-	-	-	-	1,425	-	512	-
Total revenues	195,875	192,241	4,995	5,346	200,870	100	197,587	100	574,665	100	526,772	100	775,535	100	724,359	100
Expenses:																
Printing and reproduction	-	-	-	-	-	-	-	-	532,100	94	488,778	93	532,100	69	488,778	67
Personnel compensation and benefits	138,895	147,758	3,292	3,921	142,187	70	151,679	78	33,927	6	36,448	7	176,114	22	188,127	26
Supplies and materials	49,277	44,511	1,231	1,168	50,508	25	45,679	23	761	-	988	-	51,269	7	46,667	6
Rents, communications, and utilities	6,724	6,837	965	1,319	7,689	4	8,156	4	2,751	-	2,804	1	10,440	1	10,960	2
Depreciation and amortization	4,989	4,371	345	392	5,334	3	4,763	2	338	-	280	-	5,672	1	5,043	1
Other services	3,159	3,921	181	215	3,340	2	4,136	2	576	-	585	-	3,916	1	4,721	1
Travel and transportation	450	585	45	51	495	-	636	-	2,551	-	2,147	-	3,046	-	2,783	-
Separation incentive pay	-	5,021	-	534	-	-	5,555	3	-	-	898	-	-	-	6,453	1
Total expenses	203,494	213,004	6,059	7,600	209,553	104	220,604	112	573,004	100	532,928	101	782,557	101	753,532	104
Net (loss) income	\$ (7,619)	\$ (20,763)	\$ (1,064)	\$ (2,254)	\$ (8,683)	(4)	\$ (23,017)	(12)	\$ 1,661	-	\$ (6,156)	(1)	\$ (7,022)	(1)	\$ (29,173)	(4)

The accompanying notes are an integral part of this schedule.

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Supplemental Schedule of Revenues and Expenses for Information Dissemination
For the Years Ended September 30, 1995 and 1994
(Dollars in Thousands)

	Sales of Publications Programs				Agency Distribution Services				Salaries and Expenses Programs				Total Information Dissemination			
	1995	Percent of Revenues	1994	Percent of Revenues	1995	Percent of Revenues	1994	Percent of Revenues	1995	Percent of Revenues	1994	Percent of Revenues	1995	Percent of Revenue	1994	Percent of Revenues
Revenues:																
Sales of publications	\$80,136	100	\$81,937	100	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 80,136	71	\$ 81,937	74
Appropriations	-	-	-	-	-	-	-	-	27,582	100	23,934	100	27,582	24	23,934	21
Reimbursements	-	-	-	-	5,252	100	5,606	100	-	-	-	-	5,252	5	5,606	5
Total revenues	80,136	100	81,937	100	5,252	100	5,606	100	27,582	100	23,934	100	112,970	100	111,477	100
Expenses:																
Printing and reproduction	732	1	719	1	84	2	245	4	13,131	48	11,727	49	13,947	12	12,691	11
Personnel compensation and benefits	29,108	37	30,206	37	2,279	43	2,549	46	7,322	26	8,150	34	38,709	35	40,905	37
Supplies and materials	1,394	2	1,516	2	145	3	138	2	360	1	304	1	1,899	2	1,958	2
Rents, communications, and utilities	16,525	21	14,983	18	2,435	46	2,014	37	1,574	6	1,783	7	20,534	18	18,780	17
Publications sold	18,803	23	19,396	24	-	-	-	-	-	-	-	-	18,803	17	19,396	17
Depreciation and amortization	873	1	819	1	132	3	80	1	1,125	4	221	1	2,130	2	1,120	1
Other services	1,046	1	1,081	1	152	3	129	2	2,706	10	671	3	3,904	3	1,881	1
Surplus publications	5,945	7	2,788	3	-	-	-	-	-	-	-	-	5,945	5	2,788	3
Travel and transportation	2,461	3	2,353	3	61	1	47	1	1,364	5	877	4	3,886	3	3,277	3
Separation incentive pay	-	-	1,876	2	-	-	154	3	-	-	201	1	-	-	2,231	2
Total expenses	76,887	96	75,737	92	5,288	101	5,356	96	27,582	100	23,934	100	109,757	97	105,027	94
Net (loss) income	\$ 3,249	4	\$ 6,200	8	\$ (36)	(1)	\$ 250	4	\$ -	-	\$ -	-	\$ 3,213	3	\$ 6,450	6

The accompanying notes are an integral part of this schedule.

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