

US GOVERNMENT PRINTING OFFICE

ANNUAL REPORT

FISCAL YEAR 1996

# U.S. Government Printing Office

## Performance Measures September 30, 1996

### Operating Performance Measures

#### **Congressional Record Delivery**

The Congressional Record is an extremely important tool and product of the legislative process, and is a large part of GPO's mission. To gauge how well GPO is serving Congress by producing the Record timely, GPO has established a deadline of 9 AM the following day, when copy is received in GPO by midnight, regardless of whether the Senate or the House of Representatives is in session.

Our actual on-time delivery rate was 78.6 percent in fiscal year 1996, compared with 96.9 percent in fiscal year 1995. The decline in the indicator resulted from a decision to reduce cost and several other factors. In prior years when copy was delivered extremely late from Congress, GPO would produce a "cut" Record, an issue containing the timely copy, and then produce a second book with the other copy. GPO management and Congressional leadership decided to forego the extra expense of producing a second book. Other factors that contributed to the decline in the on-time delivery percentage were that copy was received after midnight on 21 occasions, and unusually large issues (exceeding 300 printed pages) were produced on 13 occasions.

#### **Overtime Management**

GPO makes an ongoing effort to minimize overtime hours. In fiscal year 1996, overtime hours decreased to 238,000 hours from 358,000 hours in fiscal year 1995, or 33.5 percent. The cost of overtime in fiscal year 1996 decreased by \$3.4 million to \$7.5 million from \$10.9 million in fiscal year 1995, or 31.2 percent. We were successful in achieving our goal in fiscal year 1996, actual overtime hours worked were well below the 358,000 overtime hours threshold. Our goal for fiscal year 1997, which takes into account the reduction in staffing over the last year, sets a level of 333,000 overtime hours as our upper limit.

#### **Production Chargeable Hours**

Chargeable hours decreased to 955,000 in fiscal year 1996 from 1,179,000 in fiscal year 1995, a decrease of 224,000 hours, or

19.0 percent. The results for 1996 did not meet our goal of equaling or exceeding the chargeable hours necessary to achieve break-even operations. The decrease in chargeable hours results from less work being done in the Plant. The drop in workload has caused additional downsizing: in September 1996, there were 116 fewer employees (6.7 percent fewer employees) in GPO's central plant than there were in September, 1995. Our fiscal year 1997 chargeable hour goal is to achieve the level necessary to achieve break even in the Plant.

### **On-Time Delivery of Procured Printing**

The Printing Procurement Department contracted with commercial printing firms to ship 180,000 jobs in fiscal year 1996 compared with 207,000 jobs in fiscal year 1995. For fiscal year 1996, 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 95 percent on-time delivery rate and a 99.2 percent quality acceptance rate. The goals for fiscal year 1997 remain the same as those for fiscal year 1996.

## **Financial Performance Measures**

### **Cash Management**

■ **Payment Performance** - In fiscal year 1996, GPO continued its strong payment performance by taking prompt payment discounts when it was to the government's advantage. GPO's total purchased printing expense for fiscal year 1996 was \$513.4 million after deducting prompt payment discounts of \$7.5 million. The resultant 1.46 percent of discounts taken to net purchased printing exceeded our fiscal year 1996 goal of 1.4 percent. Our goal for fiscal year 1997 remains 1.4 percent.

Discounts lost increased to \$193,000 in fiscal year 1996 from \$163,000 in fiscal year 1995. The percentages of discounts lost to discounts offered were 2.5 percent and 2.1 percent in fiscal years 1996 and 1995, respectively. We achieved our goal set for fiscal year 1996, which was a maximum of 2.5 percent. Our goal for fiscal year 1997 remains at 2.5 percent.

■ **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 1996, approximately 21,500 monthly payments, or 85 percent, of all GPO payments were made by EFT, compared with 22,000 monthly payments, or 83 percent of all payments in fiscal year 1995. Our goal for fiscal year 1996, which was to show an increase in the percentage of EFT payments of total payments, was met.

## Debt Management

■ **Federal Receivables** - In fiscal year 1996, GPO billed Federal agencies \$760.3 million for printing and binding services. Of this amount, \$437.9 million, or 57.6 percent, was collected using the Department of the Treasury's On-Line Payment and Collection (OPAC) system.

In fiscal year 1996, GPO's average monthly receivables more than 90 days overdue were \$9.2 million, or 25.8 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 \$8.3 million, or 91.1 percent of all of GPO's delinquent receivables, was by far GPO's largest delinquent account. At the end of fiscal year 1996, DoD owed GPO \$9.0 million that was between 31 and 60 days overdue, \$3.1 million that was between 61 and 90 days overdue, and \$8.4 million that was more than 90 days overdue.

The DoD's slow payment process results from procedures requiring that all GPO invoices pass through duplicate review processes before payment is initiated; also, DoD does not use Treasury Department's OPAC system. Defense Printing Service (DPS) bills its customers who review GPO's invoices prior to paying DPS. After DPS has been paid, GPO's invoices are sent to Defense Finance and Accounting Service where they are reviewed a second time before GPO is paid. This additional layer of DoD administration has had a sustained 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. DoD had initially scheduled this conversion for fiscal year 1996, but later changed it to fiscal year 1997. GPO's goal for fiscal year 1997 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 disbursed or received. GAAP also requires that the statements be 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 regulations, 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 systems that provide management data and initiates modifications or improvements deemed necessary to promote operational efficiencies and encourage adherence to prescribed managerial policies.

## **Operating 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 services and products. GPO strives to operate and manage its resources as efficiently as possible, and to achieve steady gains in productivity. An example of GPO's fulfilling this role is found in GPO ACCESS. This Internet-based system rapidly and efficiently diffuses a wide range of government information at no cost to the user. GPO computer systems will also be used to support government-wide procurement operations in fiscal year 1997 when the Commerce Business Daily is electronically published and disseminated.

Neither Congress nor GPO has the ability to accurately forecast 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 shortfalls through the Revolving Fund. Funding by Congress for their printing requirements in recent years has been adequate and no near-term shortfalls are anticipated.

Over the last few years there has been a steady decline in traditional printing and binding in the Federal government. Recent GPO financial operating results reflect this decline. However, GPO is responding by continuing to downsize its workforce, by reducing operating costs, by trying to attain a larger share of the Federal printing market, and by encouraging

customers to adopt electronic-media products when cost effective.

GPO continues to pursue avenues that will increase the efficiency and effectiveness of the Federal government. A good example of this is the 5-year strategic alliance formed by GPO and the Department of Commerce (DoC) in fiscal year 1996. As a result of this agreement, GPO is developing a secure, electronic version of the Commerce Business Daily that will allow Federal procurement offices world-wide to enter their solicitations to GPO's Internet Web-site. The agreement also requires GPO to make the solicitations available instantaneously to prospective bidders. So that the private sector is not adversely affected, the data will also be made available to commercial value-added-providers. The traditional paper version of the Commerce Business Daily will continue to be printed by a commercial printer and sold to small businesses and other subscribers. Finally, GPO will also provide all accounting services related to customer accounts for DoC. One measure of the efficiency created by this alliance is that customer charges per electronic solicitation will be reduced by 72 percent!

#### **Fiscal Year 1996 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 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. GPO was adversely affected by the funding-related government-wide shutdowns in fiscal year 1996. As a result, GPO workload was severely reduced in almost all programs.

GPO experienced a consolidated net loss of \$16.9 million in fiscal year 1996, compared with a \$3.0 million loss in fiscal year 1995. Revenues decreased by \$34.1 million (4.0 percent) overall, while expenses decreased by only \$20.2 million (2.4 percent).

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

	1996		1995	
	Revenues	Net Income or (Loss)	Revenues	Net Income or (Loss)
<b>Revolving Fund:</b>				
<b>Printing and binding operations:</b>				
<b>Purchased printing-</b>				
Central	\$358,851	\$5,184	\$355,575	\$5,376
Regional	200,772	(5,006)	219,090	(3,715)
<b>Subtotal</b>	<b>559,623</b>	<b>178</b>	<b>574,665</b>	<b>1,661</b>
<b>In-house printing-</b>				
Central	188,378	(6,567)	195,875	(7,619)
Regional	3,081	(2,019)	4,995	(1,064)
<b>Subtotal</b>	<b>191,459</b>	<b>(8,586)</b>	<b>200,870</b>	<b>(8,683)</b>
<b>Other</b>	<b>4,741</b>	<b>745</b>	<b>2,128</b>	<b>784</b>
<b>Subtotal of printing and binding operations</b>	<b>755,823</b>	<b>(7,663)</b>	<b>777,663</b>	<b>(6,238)</b>
<b>Information dissemination:</b>				
Sales of publications	70,470	(8,908)	80,136	3,249
Agency distributions	4,425	(340)	5,252	(36)
<b>Subtotal</b>	<b>74,895</b>	<b>(9,248)</b>	<b>85,388</b>	<b>3,213</b>
<b>Appropriations:</b>				
Salaries and expenses	31,338	-	27,582	-
Congressional printing and binding	82,406	-	73,066	-
<b>Subtotal</b>	<b>113,744</b>	<b>-</b>	<b>100,648</b>	<b>-</b>
<b>Eliminations</b>				
<b>Subtotal</b>	<b>(125,933)</b>	<b>-</b>	<b>(111,120)</b>	<b>-</b>
<b>Total</b>	<b>\$818,529</b>	<b>(\$16,911)</b>	<b>\$852,579</b>	<b>(\$3,025)</b>

### Summary of Results

Consolidated revenues decreased to \$818.5 million in 1996 from \$852.6 in 1995. The largest revenue decrease occurred in Printing and Binding Operations, which decreased by \$21.9 million. Sales Program revenue, which dropped \$9.6 million, was adversely affected by the government-wide shutdowns. As a result of the fall off in revenue, GPO's loss increased to \$16.9 million in fiscal year 1996 compared with \$3.0 million in fiscal year 1995.

### Printing and Binding Operations

In fiscal year 1996, GPO Printing and Binding Operations

contributed revenues of \$751.1 million, compared with \$775.5 million in fiscal year 1995. Printing and Binding Operations generated 79.5 percent of total pre-elimination revenues of \$944.5 million, compared with 80.5 percent last year. Revenues from commercially procured printing were \$559.6 million, or 59.2 percent of total pre-elimination revenues.

**Purchased Printing Operations** - Central and regional printing procurement operations reported revenues of \$559.6 million in fiscal year 1996, compared with \$574.7 million in 1995. Expenses for printing procurement activities were \$559.4 million, compared with \$573.0 million in the previous fiscal year. The procurement operations experienced a net gain of \$178,000, compared with a net gain of nearly \$1.7 million in fiscal year 1995.

■ **Central** - Revenues from Central Office printing procurement activities were \$358.9 million, compared with \$355.6 million in fiscal year 1995. Expenses for Central Office printing procurement activities were \$353.7 million, compared with \$350.2 million in the previous fiscal year. The net gain for Central Office printing procurement activities was \$5.2 million, compared with a fiscal year 1995 net gain of \$5.4 million.

■ **Regional** - Regional printing procurement revenues were \$200.8 million, compared with \$219.1 million in the previous year, while expenses decreased to \$205.8 million from \$222.8 million in 1995. The net loss in regional printing procurement increased to \$5.0 million in fiscal year 1996 from a \$3.7 million net loss in fiscal year 1995.

**In-house Printing Operations** - Central and regional in-house printing operations generated revenues of \$191.5 million in 1996, compared with revenues of \$200.9 million in 1995. This operation experienced a net loss of \$8.6 million, compared with a net loss of \$8.7 million in fiscal year 1995.

■ **Central** - Central Plant Printing Operations incurred a loss of \$6.6 million on revenues of \$188.4 million in 1996, compared with a net loss of \$7.6 million on revenues of \$195.9 million in fiscal year 1995.

■ **Regional** - GPO regional printing operations generated revenues of \$3.1 million in fiscal year 1996, compared with revenues of \$5.0 million in 1995; and a net loss of \$2.0 million in fiscal year 1996, compared with a net loss of \$1.1 million in 1995.

In fiscal year 1996, as a result of continuing losses brought on by a steadily declining demand for printing in the field locations, the New York, San Francisco, and Chicago Regional Printing Offices were closed, and the Juneau Satellite Printing Office was scheduled to be closed early in fiscal year 1997. These actions will leave Denver as the lone city hosting a GPO



regional plant.

**Other Operations** - Other Operations consist of revenues and expenses related to the sale of retired assets, the pay parking program, the Commerce Business Daily billing and collecting program, and other transactions. Other Operations generated net income of \$745,000 in fiscal year 1996, compared with net income of \$784,000 in 1995.

### **Information Dissemination**

**Sales of Publications Program** - GPO's Sales of Publications Program generated a net loss of \$8.9 million in 1996, compared with fiscal year 1995 net income of \$3.2 million. Total revenues decreased to \$70.5 million, compared with \$80.1 million in fiscal year 1995, while expenses increased to \$79.4 million from \$76.9 million. Revenues from the sale of electronic government information were \$4.3 million in fiscal year 1996, compared with \$3.9 million in fiscal year 1995. Bookstore revenues decreased to \$13.2 million, compared with \$15.2 million in fiscal year 1995. The government-wide shutdowns contributed to the drop in program revenue.

**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 \$4.4 million and a loss of \$340,000 in fiscal year 1996, compared with revenues of \$5.3 million with net loss of \$36,000 in fiscal year 1995. The loss in fiscal year 1996 was due to the correction of overbillings to GSA for postage. These overbillings had occurred over the prior two years.

### **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 \$31.3 million in fiscal year 1996, compared with \$27.6 million in fiscal year 1995.

**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 1996, reimbursements from the appropriation were \$82.4 million, compared with \$73.1 million in fiscal year 1995.

### **Eliminations**

Financial statement eliminations consist of transactions for printing and binding, publications, and other services provided by GPO to operations funded within GPO. Eliminations of intra-office transactions increased to \$125.9 million in fiscal year 1996 from \$111.1 million in fiscal year 1995.

### **Fiscal Year 1997 Projections**

The consolidated operating loss of \$3.0 million in fiscal year 1995 increased to a \$16.9 million underrecovery in fiscal year 1996. Despite this increase in the operating loss, management is hopeful of returning GPO to breakeven operations soon. Unsettled external issues, however, create some uncertainty regarding GPO's ability to fully recover its costs. The Department of Justice (DoJ) rendered a decision in fiscal year 1996 that GPO's "control" over Executive Branch printing was unconstitutional, and granted executive agencies the authority to bypass GPO to purchase printing. The effect of this decision was subsequently mitigated by a letter, signed by Office of Management and Budget Director Leon Panetta, which requested that Executive Agencies continue to use GPO services until the DoJ decision is reviewed. GPO is hopeful that prudence will prevail and that the long-standing, but too often bypassed, regulation that requires government printing to be ordered through GPO is strengthened, not removed.

GPO will continue to reduce the size of its workforce in fiscal year 1997. GPO will be at or below the Appropriation Committee's ceiling of 3,600 full-time equivalents at fiscal year end. An early-out retirement (without incentive) is being offered to employees. GPO has eliminated a \$2 million a year loss by closing all but one regional printing plant.

GPO will continue to improve operations and services. The Superintendent of Documents critically reviewed and downsized its inventory of publications during fiscal year 1996. As a result, inventory holding and handling expenses, as well as the surplus inventory cost, will be reduced in fiscal year 1997 and beyond. The Superintendent of Documents operation also expects to award a contract to acquire a fully integrated order processing system in fiscal year 1997. This system will vastly improve customer services by allowing more efficient and faster processing of orders, inquiries, and complaints. In all, 18 antiquated computer systems will be replaced by the new system.

GPO ACCESS continues to be a popular source for electronic government information. This award-winning system became free to users on December 1, 1995, and now averages 3 million documents retrieved from 72 databases each month! In fiscal year 1997, GPO will increase GPO ACCESS' utility further by distributing additional agency publications in electronic format, including the remaining volumes of the Code of Federal Regulations and the

Commerce Business Daily.

Printing Procurement Operations will be reengineering its outdated backbone system for contracting. The new system will be PC-based and networked. It will provide many efficiencies throughout the procurement cycle, will enhance GPO's ability to conduct electronic commerce, and will improve communications with customer agencies and commercial printers.

U.S. Government Printing Office  
**CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES**  
For the Fiscal Years Ended September 30, 1996 and 1995  
(Dollars in Thousands)

	1996		1995 (Audited)	
	Amount	Percent of Revenues	Amount	Percent of Revenues
<b>REVENUES</b>				
Printing and binding	\$631,582	77.2 %	\$669,597	78.6 %
Sales of publications	70,470	8.6	80,136	9.4
Appropriations	112,052	13.7	97,594	11.4
Reimbursements	4,425	0.5	5,252	0.6
<b>Total revenues</b>	<b>818,529</b>	<b>100.0</b>	<b>852,579</b>	<b>100.0</b>
<b>EXPENSES</b>				
Printing and reproduction	491,289	60.0	513,297	60.2
Personnel compensation and benefits	207,376	25.4	213,548	25.1
Supplies and materials	49,056	6.0	53,101	6.2
Rents, communications, and utilities	35,180	4.3	31,452	3.7
Publications sold	22,163	2.7	18,803	2.2
Depreciation and amortization	8,208	1.0	7,805	0.9
Other services	8,483	1.0	4,721	0.6
Surplus publications	8,710	1.1	5,945	0.7
Travel and transportation	4,975	0.6	6,932	0.8
<b>Total expenses</b>	<b>835,440</b>	<b>102.1</b>	<b>855,604</b>	<b>100.4</b>
<b>NET LOSS</b>	<b>(\$16,911)</b>	<b>(2.1)%</b>	<b>(\$3,025)</b>	<b>(0.4)%</b>

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

U.S. GOVERNMENT PRINTING OFFICE  
**CONSOLIDATED BALANCE SHEETS**  
of September 30, 1996 and 1995  
(Dollars in Thousands)

	1996	1995 (Audited)	1996	1995 (Audited)
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Funds with U.S. Treasury (Note 2D)	\$157,080	\$148,079		
Accounts receivable, net (Note 4)	156,256	170,117	\$80,274	\$79,336
Inventories, net (Note 2E)	26,219	33,177	37,294	38,467
Prepaid expenses	347	265	11,070	11,225
	-----	-----	-----	-----
Total current assets	339,902	351,638	128,638	129,028
	-----	-----	-----	-----
<b>PROPERTY, PLANT, AND EQUIPMENT (Note 2F)</b>				
Land and buildings	18,633	18,633	27,537	24,914
Equipment and building improvements	167,787	164,818	27,537	24,914
	-----	-----	-----	-----
Total property, plant, and equipment	186,420	183,451	156,175	153,942
Less: Accumulated depreciation and amortization	(114,608)	(107,764)	-----	-----
	-----	-----	-----	-----
Net property, plant, and equipment	71,812	75,687	191,832	209,220
	-----	-----	63,707	64,163
	-----	-----	-----	-----
Total assets	\$411,714	\$427,325	255,539	273,383
	=====	=====	-----	-----
			Total liabilities and equity of the U.S. government	\$427,325
			-----	=====

LIABILITIES AND EQUITY OF THE U.S. GOVERNMENT

CURRENT LIABILITIES

Accounts payable and accrued expenses (Note 5)	\$80,274	\$79,336
Deferred revenue (Note 6)	37,294	38,467
Accrued annual leave (Note 2G)	11,070	11,225
	-----	-----
Total current liabilities	128,638	129,028
	-----	-----

OTHER LIABILITIES

Allocated workers' compensation liability (Note 2J)	27,537	24,914
	-----	-----
Total other liabilities	27,537	24,914
	-----	-----
Total liabilities	156,175	153,942
	-----	-----

COMMITMENTS AND CONTINGENCIES (Note 7)

EQUITY OF THE U.S. GOVERNMENT

Revolving Fund (Note 8C)	191,832	209,220
Appropriated Funds (Note 9)	63,707	64,163
	-----	-----
Total equity of the U.S. government	255,539	273,383
	-----	-----

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

U.S. Government Printing Office  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Fiscal Years Ended September 30, 1996 and 1995  
(Dollars in Thousands)

	1996	1995 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(\$16,911)	(\$3,025)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,208	7,805
Depreciation expense funded from appropriated capital	(444)	-
Gain on disposal of property, plant, and equipment	(86)	(119)
Changes in assets and liabilities:		
(Increase) decrease in assets-		
Accounts receivable	13,859	2,047
Inventories	6,958	(4,991)
Prepaid expenses	(82)	(14)
Increase (decrease) in liabilities-		
Accounts payable and accrued expenses	938	(4,388)
Deferred revenue	(1,173)	3,411
Accrued annual leave	(154)	371
Allocated workers' compensation liability	2,622	(3,010)
Total adjustments	30,646	1,112
Net cash used in operating activities	13,735	(1,913)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(4,445)	(15,011)
Proceeds from sale of property, plant, and equipment	167	139
Net cash used in investing activities	(4,278)	(14,872)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in unexpended appropriations	333	15,684
Funds returned to U.S. Treasury - from Salaries and Expenses Appropriation	(789)	-
Net cash provided by financing activities	(456)	15,684
<b>NET INCREASE (DECREASE) IN FUNDS WITH U.S. TREASURY</b>	9,001	(1,101)
<b>FUNDS WITH U.S. TREASURY, beginning of year</b>	148,079	149,180
<b>FUNDS WITH U.S. TREASURY, end of year</b>	157,080	148,079

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

**U.S. Government Printing Office**  
**Notes to Consolidated Financial Statements**  
**As of September 30, 1996**

**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 transactions related to printing and binding, and distribution services. Sales of Publications Operations accounts are used to record transactions related to the 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: the Salaries and Expenses Appropriation and the Congressional Printing and Binding Appropriation.

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, 1996 and 1995, consisted of the following services.

	1996	1995 (Audited)
	-----	-----
Printing and reproduction	\$122,212,000	\$105,816,000
Data processing	2,029,000	2,250,000
Miscellaneous	1,692,000	3,054,000
	-----	-----
Total	\$125,933,000	\$111,120,000
	=====	=====

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 \$4,402,000 and \$5,400,000 for the years ended September 30, 1996 and 1995, respectively.

To the extent feasible, 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 contractor 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.

**Appropriation Revenues** - Appropriation revenues are recorded when the 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, 1996 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, 1996 and 1995, follows.

	1996	1995 (Audited)
Revolving fund	\$89,132,000	\$80,481,000
Appropriations:		
1991	0	1,820,000
1992	0	471,000
1993	3,872,000	4,261,000
1994	12,808,000	19,832,000
1995	15,456,000	39,165,000
1996	35,028,000	-
Total appropriations	67,164,000	65,549,000
On-hand and in-transit	784,000	2,049,000
<b>Total</b>	<b>\$157,080,000</b>	<b>\$148,079,000</b>

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 1996 and 1995, all appropriated funds were expended or obligated. Obligated and unobligated appropriation balances are cancelled after 5 years. In 1996 and 1995, no such cancellations were required for fiscal years 1991 and 1990, respectively.

**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.

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, 1996 and 1995, are as follows.

	1996	1995 (Audited)
	-----	
Publications for sale	\$12,771,000	\$15,231,000
Allowance for surplus publications	(4,263,000)	(4,511,000)
	-----	
Publications for sale, net	8,508,000	10,720,000
	-----	
Paper	9,456,000	13,529,000
Materials and supplies	10,134,000	10,336,000
Allowance for obsolescence	(1,879,000)	(1,408,000)
	-----	
Paper, materials, and supplies, net	17,711,000	22,457,000
	-----	
Inventories, net	\$26,219,000	\$33,177,000
	=====	

**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>Estimated Useful 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).

Property, plant, and equipment as of September 30, 1996 and 1995, consisted of the following.

	Acquisition Value	Accumulated Depreciation & Amortization	1996 Net Book Value	1995 Net Book Value (Audited)
Land	\$9,977,000	\$ -	\$9,977,000	\$9,977,000
Buildings	8,656,000	8,656,000	-	-
Building improvements	54,915,000	32,667,000	22,248,000	23,926,000
Leasehold improvements	1,298,000	962,000	336,000	482,000
Plant machinery and equipment	82,759,000	55,062,000	27,697,000	29,307,000
Office machinery and equipment	15,088,000	11,681,000	3,407,000	3,982,000
Computer software	7,258,000	3,818,000	3,440,000	2,541,000
Furniture and fixtures	2,439,000	627,000	1,812,000	1,884,000
Vehicles	1,581,000	1,135,000	446,000	588,000
Capital improvements in process	0	-	0	4,000
Software development in process	2,449,000	-	2,449,000	2,996,000
<b>Total</b>	<b>\$186,420,000</b>	<b>\$114,608,000</b>	<b>\$71,812,000</b>	<b>\$75,687,000</b>

#### 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 non-vested 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 benefit plans (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. 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. It does not include the estimated future costs for claims incurred but not approved at year-end. The allocated liability totaled approximately \$27.5 million at September 30, 1996, and \$24.9 million at September 30, 1995.

The actuarially computed liability was discounted at September 30, 1996, using a discount rate of 7.0 percent for fiscal year 1997 and thereafter. At September 30, 1995, the liability was calculated, using a discount rate of 7.1 percent for fiscal year 1996, 6.6 percent for fiscal year 1997, and 7.0 percent thereafter.

#### **K. Reclassification of Fiscal Year 1995 Balances**

Certain reclassifications have been made to fiscal year 1995 balances to present them consistently with the fiscal year 1996 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 1996 and 1995. 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 \$8.7 million and \$9.3 million for the years ended September 30, 1996 and 1995, 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, 1996 and 1995, 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 \$4.5 million and \$4.4 million, respectively. Additional contributions of GPO's share to the TSP for the years ended September 30, 1996 and 1995, were \$1.5 million and \$1.4 million, respectively.

#### **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 \$62,700) 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, 1996 and 1995, amounted to \$5.2 million and \$5.4 million, respectively.

**4. Accounts Receivable:**

Accounts receivable as of September 30, 1996 and 1995, consists of the following.

	1996	1995 (Audited)
<b>Federal Agencies:</b>		
Unbilled completed work	\$100,222,000	\$118,917,000
Unbilled work in process	12,625,000	11,511,000
Billed completed work	42,674,000	39,451,000
	-----	
Subtotal	155,521,000	169,879,000
	-----	
<b>Other receivables:</b>		
The public	1,526,000	2,009,000
GPO employees	1,057,000	1,116,000
	-----	
Subtotal	2,583,000	3,125,000
	-----	
Total accounts receivable	158,104,000	173,004,000
	-----	
Allowance for doubtful accounts	(1,848,000)	(2,887,000)
	-----	
Total accounts receivable, net	\$156,256,000	\$170,117,000
	=====	

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, 1996, is unbilled commercial printing of \$54.1 million, unbilled direct mail-to-customer agency paper shipments of approximately \$1.0 million, finished work in the process of being billed of \$34.0 million, and finished work for which invoices have not been prepared as of September 30, 1996, valued at \$11.0 million.

Unbilled work in process represents the amount owed on work performed on customer orders as of September 30, 1996 and 1995, that by law must be reimbursed by GPO customers.

Employees accounts receivable for fiscal year 1996 includes \$997,000 and \$60,000 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.

**5. Accounts Payable and Accrued Expenses:**

Accounts payable and accrued expenses are composed of the following as of September 30, 1996 and 1995.

	1996	1995 (Audited)
	-----	
<b>Accounts payable:</b>		
Commercial printing	\$48,294,000	\$52,268,000
U.S. Government agencies	15,868,000	10,671,000
Other	6,583,000	7,518,000
	-----	
<b>Total accounts payable</b>	<b>70,745,000</b>	<b>70,457,000</b>
<b>Accrued salaries and wages</b>	<b>8,727,000</b>	<b>8,036,000</b>
<b>State and local payroll taxes</b>	<b>802,000</b>	<b>843,000</b>
	-----	
<b>Total accounts payable</b>		
<b>and</b>		
<b>accrued expenses</b>	<b>\$80,274,000</b>	<b>\$79,336,000</b>
	=====	

**6. Deferred Revenue:**

As of September 30, 1996 and 1995, deferred revenue consisted of the following.

	1996	1995 (Audited)
	-----	
Deferred subscription revenue	\$18,101,000	\$21,560,000
Customer deposits--held on accounts	7,725,000	8,389,000
Customer deposits--unfilled orders	2,813,000	2,210,000
Advanced billings to Federal agencies	8,655,000	6,308,000
	-----	
<b>Total</b>	<b>\$37,294,000</b>	<b>\$38,467,000</b>
	=====	

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 as revenue at the time the products are delivered. Customer deposits for publication orders are recognized as revenue 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, 1996, 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. A schedule of future minimum rental payments required under operating leases by type, which have initial or remaining noncancelable lease terms in excess of one year follows. Rent expenses for the years ended September 30, 1996 and 1995, were \$6,550,000 and \$6,606,000, respectively.

<b>Fiscal Year</b>	<b>Warehouse</b>	<b>Office</b>	<b>Retail</b>	<b>Total</b>
1997	\$ 2,260,000	\$182,000	\$ 412,000	\$ 2,854,000
1998	2,260,000	110,000	252,000	2,622,000
1999	2,203,000	104,000	181,000	2,488,000
2000	1,576,000	81,000	70,000	1,727,000
2001	214,000		38,000	252,000
2002 and beyond			2,000	2,000
Total minimum lease payments	\$ 8,513,000	\$477,000	\$ 955,000	\$ 9,945,000

**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 \$108.6 million and \$130.0 million as of September 30, 1996 and 1995, 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 \$80,000 and \$84,000 for the years ended September 30, 1996 and 1995, respectively, and are not reflected in the GPO's 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 transfers to other Federal agencies.

### **B. Invested Capital**

Invested Capital represents Federal government resources directly appropriated to GPO by Congress to invest in GPO assets - primarily land, buildings, equipment, and working capital. The Revolving Fund was established in 1953 with 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).

Increases to Invested Capital are also recorded when printing equipment is donated to GPO. Invested Capital is reduced over the useful life of the donated asset or when retired. The net book value of assets donated to GPO from other agencies was \$349,000 and \$381,000 in fiscal years 1996 and 1995, respectively.

GPO received \$12,900,000 of Revolving Fund appropriations during the 1970's for an air-conditioning system. 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 system from invested capital to cumulative results of operations. Since 1994, Invested Capital has been reduced annually by \$440,000 to reflect the air-conditioning system's depreciation.

### **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 1996 and 1995. See Note 9 for Appropriated Funds summary.

	Cumulative Results of Operations	Invested Capital	Total Revolving Fund
Revolving Fund balance, September 30, 1994	\$111,037,000	\$101,049,000	\$212,086,000
Donated equipment, net (see Note 88)	-	159,000	159,000
Net loss for fiscal year 1995	(3,025,000)	-	(3,025,000)
Revolving Fund balance, September 30, 1995	108,012,000	101,208,000	209,220,000
Donated equipment, net (see Note 88)	-	(33,000)	(33,000)
Reclassification to transfer depreciation expense for air-conditioning system	-	(444,000)	(444,000)
Net loss for fiscal year 1996	(16,911,000)	-	(16,911,000)
Revolving Fund balance, September 30, 1996	\$91,101,000	\$100,731,000	\$191,832,000

## 9. Appropriated Funds:

### A. Expended Appropriations

Total appropriations initially made available for fiscal years 1996 and 1995 were \$83,770,000 and \$89,724,000 for Congressional Printing and Binding, and \$30,307,000 and \$32,207,000 for Salaries and Expenses of the Superintendent of Documents, respectively. In fiscal year 1995, Public Law 104-19 rescinded portions of GPO's 1995 appropriations as part of the emergency supplemental appropriations act that was enacted to fund anti-terrorist initiatives. 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 these rescissions.

Expended appropriations for program operations for the years ended September 30, 1996 and 1995, were as follows.

	1996	1995 (Audited)
Congressional printing and binding:		
Congressional Record products	\$26,817,000	\$20,657,000
Miscellaneous publications and printing and binding	18,458,000	18,493,000
Hearings	11,178,000	12,166,000
Bills, resolutions, and amendments	11,279,000	9,164,000
Details to Congress	3,107,000	2,557,000
Other	11,567,000	10,029,000
Total congressional printing and binding	82,406,000	73,066,000
Salaries and expenses:		

Depository library distribution	27,119,000	23,119,000
Cataloging and indexing	3,186,000	3,306,000
By-law distribution	505,000	478,000
International exchange	528,000	679,000
	-----	-----
Total salaries and expenses	31,338,000	27,582,000
	-----	-----
Total expended appropriations	\$113,744,000	\$100,648,000
	=====	=====
Reconciliation of expended appropriations to the consolidated statements of revenues and expenses:		
Total expended appropriations	\$113,744,000	\$100,648,000
Eliminations (Intra-agency)	(1,692,000)	(3,054,000)
	-----	-----
Consolidated revenues from appropriations	\$112,052,000	\$97,594,000
	=====	=====

See Note 11 for 1997 GPO funding appropriations.

## B. Unexpended Appropriations

As of September 30, 1996, GPO had unexpended appropriations that were obligated for Salaries and Expenses and Congressional Printing and Binding services of \$20,734,000 and \$42,973,000, respectively, as shown in the accompanying supplemental Schedule of Appropriated Funds. In fiscal year 1995, these amounts were \$22,553,000 and \$41,610,000, respectively.

### 10. Related-Party Transactions:

The Refectory Cafe, Ltd. (RCL), a non-profit 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 \$14,900 at September 30, 1996, 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. Any Plan assets remaining after liquidation will be deposited in the GPO Revolving Fund to offset GPO's expenditures.

#### **11. Subsequent Events:**

Public Law 104-197 approved on September 16, 1996, provides \$110,746,000 in Federal funds to GPO for fiscal year 1997. Of these funds, \$81,669,000 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 \$29,077,000 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.

U.S. GOVERNMENT PRINTING OFFICE  
**SUPPLEMENTAL BALANCE SHEET BY FUND TYPE**  
 As of September 30, 1996  
 (Dollars in Thousands)

	Revolving Fund		General Fund		Congressional Printing and Binding Appropriation	Total Before Eliminations	Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications	Salaries and Expenses Appropriation					
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Funds with U.S. Treasury	\$57,534	\$32,381	\$23,907	\$43,258	\$157,080	\$	-	\$157,080
Accounts receivable, net:								
From other Federal agencies	164,496	2,057	341	0	166,894	(12,108)	-	154,786
From the public	236	216	-	-	452	-	-	452
From GPO employees	1,018	-	-	-	1,018	-	-	1,018
Inventories:								
Publications for sale, net	-	8,507	-	-	8,507	-	-	8,507
Paper	9,457	-	-	-	9,457	-	-	9,457
Materials and supplies, net	8,255	-	-	-	8,255	-	-	8,255
Prepaid expenses	347	-	-	-	347	-	-	347
<b>Total current assets</b>	<b>241,343</b>	<b>43,161</b>	<b>24,248</b>	<b>43,258</b>	<b>352,010</b>	<b>(12,108)</b>		<b>339,902</b>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>								
Land and buildings	18,633	-	-	-	18,633	-	-	18,633
Building improvements	54,915	-	-	-	54,915	-	-	54,915
Leasehold improvements	1,298	-	-	-	1,298	-	-	1,298
Plant machinery and equipment	82,758	-	-	-	82,758	-	-	82,758
Office machinery and equipment	15,088	-	-	-	15,088	-	-	15,088
Computer software	7,258	-	-	-	7,258	-	-	7,258
Furniture and fixtures	2,439	-	-	-	2,439	-	-	2,439
Vehicles	1,582	-	-	-	1,582	-	-	1,582
Capital improvements in process	0	-	-	-	0	-	-	0
Software development in process	2,449	-	-	-	2,449	-	-	2,449
Less: Accumulated depreciation and amortization	(114,608)	-	-	-	(114,608)	-	-	(114,608)
<b>Net property, plant, and equipment</b>	<b>71,812</b>				<b>71,812</b>			<b>71,812</b>
<b>Total assets</b>	<b>\$313,155</b>	<b>\$43,161</b>	<b>\$24,248</b>	<b>\$43,258</b>	<b>\$423,822</b>	<b>(\$12,108)</b>		<b>\$411,714</b>

The accompanying notes are an integral part of this schedule.

**U.S. GOVERNMENT PRINTING OFFICE**  
**SUPPLEMENTAL BALANCE SHEET BY FUND TYPE**  
 As of September 30, 1996  
 (Dollars in Thousands)

	Revolving Fund		General Fund		Total Before Eliminations	Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation			
<b>LIABILITIES AND EQUITY</b>							
<b>OF THE U.S. GOVERNMENT</b>							
<b>CURRENT LIABILITIES</b>							
Accounts payable and accrued expenses	\$81,296	\$7,287	\$3,514	\$285	\$92,382	(\$12,108)	\$80,274
Deferred revenue	8,644	28,650	-	-	37,294	-	37,294
Accrued annual leave	11,070	-	-	-	11,070	-	11,070
Total current liabilities	101,010	35,937	3,514	285	140,746	(12,108)	128,638
<b>OTHER LIABILITIES</b>							
Allocated workers' compensation liability	27,537	-	-	-	27,537	-	27,537
Total other liabilities	27,537	-	-	-	27,537	-	27,537
Total liabilities	128,547	35,937	3,514	285	168,283	(12,108)	156,175
Commitments and contingencies (Note 7)							
<b>EQUITY OF THE U.S. GOVERNMENT</b>							
Revolving fund	184,608	7,224	-	-	191,832	-	191,832
Appropriated funds	-	-	20,734	42,973	63,707	-	63,707
Total equity of the U.S. government	184,608	7,224	20,734	42,973	255,539	-	255,539
Total liabilities and equity of the U.S. government	\$313,155	\$43,161	\$24,248	\$43,258	\$423,822	(\$12,108)	\$411,714

The accompanying notes are an integral part of this schedule.

**U.S. GOVERNMENT PRINTING OFFICE**  
**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY FUND TYPE**  
For the Year Ended September 30, 1996  
(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			
<b>REVENUES</b>							
Printing and Binding	\$755,823	\$ -	\$ -	\$ -	\$755,823	(\$124,241)	\$631,582
Sales of Publications	-	70,470	-	-	70,470	-	70,470
Appropriations	-	-	31,338	82,406	113,744	(1,692)	112,052
Reimbursements	-	4,425	-	-	4,425	-	4,425
<b>Total Revenues</b>	<b>755,823</b>	<b>74,895</b>	<b>31,338</b>	<b>82,406</b>	<b>944,462</b>	<b>(125,933)</b>	<b>818,529</b>
<b>EXPENSES</b>							
Printing and reproduction	513,452	562	17,081	82,406	613,501	(122,212)	491,289
Personnel compensation and benefits	170,554	31,045	7,405	-	209,004	(1,628)	207,376
Supplies and materials	46,740	1,911	491	-	49,142	(86)	49,056
Rents, communications, and utilities	18,222	15,737	1,482	-	35,441	(261)	35,180
Publications sold	-	22,163	-	-	22,163	-	22,163
Depreciation and amortization	6,063	932	1,213	-	8,208	-	8,208
Other services	5,962	1,332	2,935	-	10,229	(1,746)	8,483
Surplus publications	-	8,710	-	-	8,710	-	8,710
Travel and transportation	2,493	1,751	731	-	4,975	-	4,975
<b>Total Expenses</b>	<b>763,486</b>	<b>86,143</b>	<b>31,338</b>	<b>82,406</b>	<b>961,373</b>	<b>(125,933)</b>	<b>835,440</b>
<b>NET (LOSS) INCOME</b>	<b>(\$7,663)</b>	<b>(\$9,248)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$16,911)</b>	<b>\$ -</b>	<b>(\$16,911)</b>

The accompanying notes are an integral part of this schedule.



**U.S. GOVERNMENT PRINTING OFFICE**  
**SUPPLEMENTAL SCHEDULE CASH FLOWS BY FUND TYPE**  
 For the Year Ended September 30, 1996  
 (Dollars in Thousands)

	Revolving Fund		General Fund		Eliminations	Consolidated
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net (loss) income	(\$7,663)	(\$9,248)	\$ -	\$ -	\$ -	(\$16,911)
Adjustments to net (loss) income:						
Depreciation and amortization	8,208	-	-	-	-	8,208
Depreciation expense funded from appropriated capital	(444)	-	-	-	-	(444)
Gain on disposal of property, plant, and equipment	(86)	-	-	-	-	(86)
Changes in assets and liabilities:						
(Increase) decrease in assets-						
Accounts receivable	10,889	544	(221)	58	2,589	13,859
Inventories	4,745	2,213	-	-	-	6,958
Prepaid expenses	(82)	-	-	-	-	(82)
Increase (decrease) in liabilities-						
Accounts payable and accrued expenses	1,482	(188)	2,006	227	(2,589)	938
Deferred revenue	2,346	(3,519)	-	-	-	(1,173)
Accrued annual leave	(154)	-	-	-	-	(154)
Allocated workers' compensation liability	2,622	-	-	-	-	2,622
Total adjustments	29,526	(950)	1,785	285	-	30,646
Net cash (used in) provided by operating activities	21,863	(10,198)	1,785	285	-	13,735
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Capital expenditures	(4,445)	-	-	-	-	(4,445)
Proceeds from sale of property, plant, and equipment	167	-	-	-	-	167
Net cash used in investing activities	(4,278)	-	-	-	-	(4,278)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Increase in unexpended appropriations	-	-	(1,031)	1,364	-	333
Funds returned to U.S. Treasury - from Salaries and Expenses Appropriation	-	-	(789)	-	-	(789)
Net cash provided by financing activities	-	0	(1,820)	1,364	-	(456)
<b>NET INCREASE (DECREASE) IN FUNDS WITH U.S. TREASURY</b>	17,585	(10,198)	(35)	1,649	-	9,001
FUNDS WITH U.S. TREASURY, beginning of year	39,950	42,580	23,939	41,610	-	148,079
FUNDS WITH U.S. TREASURY, end of year	\$57,535	\$32,382	\$23,904	\$43,259	\$ -	\$157,080

The accompanying notes are an integral part of this schedule.

**U.S. GOVERNMENT PRINTING OFFICE**  
**SUPPLEMENTAL SCHEDULE OF APPROPRIATED FUNDS**

For the Year Ended September 30, 1996 and 1995  
(Dollars in Thousands)

	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	1996	1995 (Audited)
				Total General Fund
APPROPRIATIONS, beginning of year (on cash basis)	\$ 23,939	\$ 41,610	\$ 65,549	\$ 50,529
FUNDS PROVIDED- Appropriations	30,307	83,770	114,077	116,331
Total funds available	54,246	125,380	179,626	166,860
FUNDS APPLIED				
Obligated appropriations:				
Current year	18,501	60,548	79,049	77,166
Prior years	11,049	21,574	32,623	24,145
Funds returned to U.S. Treasury	789	-	789	-
Total funds applied	30,339	82,122	112,461	101,311
APPROPRIATIONS, end of year (on cash basis)	23,907	43,258	67,165	65,549
ADJUSTMENTS				
Intra-agency accounts receivable	341	0	341	179
Intra-agency accounts payable	(3,514)	(285)	(3,799)	(1,565)
APPROPRIATIONS, end of year (on accrual basis)	\$ 20,734	\$ 42,973	\$ 63,707	\$ 64,163

The accompanying notes are an integral part of this schedule.



**U.S. GOVERNMENT PRINTING OFFICE**  
**SUPPLEMENTAL BALANCE SHEETS FOR REVOLVING FUND**  
 As of September 30, 1996 and 1995  
 (Dollars in Thousands)

	Printing and Binding Operations		Sales of Publications Operations		Total Revolving Fund 1996		Total Revolving Fund 1995 (Audited)	
	1996	1995 (Audited)	1996	1995 (Audited)	Before Eliminations	Eliminations	Before Eliminations	Eliminations
<b>LIABILITIES AND EQUITY OF THE U.S. GOVERNMENT</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses	\$81,296	\$79,815	\$7,287	\$7,475	\$88,583	\$76,475	\$87,290	\$77,771
Deferred revenue	8,644	6,298	28,650	32,169	37,294	37,294	38,467	38,467
Accrued annual leave	11,070	11,225	-	-	11,070	11,070	11,225	11,225
Total current liabilities	101,010	97,338	35,937	39,644	136,947	124,839	136,982	127,463
<b>OTHER LIABILITIES</b>								
Estimated workers' compensation liability	27,537	24,914	-	-	27,537	27,537	24,914	24,914
Total other liabilities	27,537	24,914	-	-	27,537	27,537	24,914	24,914
Total liabilities	128,547	122,252	35,937	39,644	164,484	152,376	161,896	152,377
<b>EQUITY OF THE U.S. GOVERNMENT</b>								
Revolving fund	184,608	192,748	7,224	16,472	191,832	191,832	209,220	209,220
Appropriated funds	-	-	-	-	-	-	-	-
Total equity of the U.S. Government	184,608	192,748	7,224	16,472	191,832	191,832	209,220	209,220
Total liabilities and equity of the U.S. government	\$313,155	\$315,000	\$43,161	\$56,116	\$356,316	\$344,208	\$371,116	\$361,597

The accompanying notes are an integral part of this schedule.

**U.S. GOVERNMENT PRINTING OFFICE**  
**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY MAJOR PROGRAM**  
**FOR THE YEARS ENDED SEPTEMBER 30, 1996 (Unaudited) AND 1995 (Audited)**  
(Dollars in Thousand)

	Printing and Binding Operations		Information Dissemination Operations		Congressional Printing and Binding		Other Operations		Total GPO Before Eliminations		Eliminations		Total GPO	
	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995
<b>REVENUES:</b>														
Printing and binding	\$733,700	\$754,464	\$	\$	\$	\$	\$4,741	\$2,128	\$738,441	\$756,592	(\$124,241)	(\$108,066)	\$614,200	\$648,526
Sales of blank paper	16,605	19,646	-	-	-	-	-	-	16,605	19,646	-	-	16,605	19,646
Sales of waste and scrap	777	1,425	-	-	-	-	-	-	777	1,425	-	-	777	1,425
Sales of publications	-	-	70,470	80,136	-	-	-	-	70,470	80,136	-	-	70,470	80,136
Appropriations	-	-	31,338	27,582	82,406	73,066	-	-	113,744	100,648	(1,692)	(3,054)	112,052	97,594
Reimbursements	-	-	4,425	5,252	-	-	-	-	4,425	5,252	-	-	4,425	5,252
<b>Total revenues</b>	<b>751,082</b>	<b>775,535</b>	<b>106,233</b>	<b>112,970</b>	<b>82,406</b>	<b>73,066</b>	<b>4,741</b>	<b>2,128</b>	<b>944,462</b>	<b>963,699</b>	<b>(125,933)</b>	<b>(111,120)</b>	<b>818,529</b>	<b>852,579</b>
<b>EXPENSES:</b>														
Printing and reproduction	513,452	532,100	17,643	13,947	82,406	73,066	-	-	613,501	619,113	(122,212)	(105,816)	491,289	513,297
Personnel compensation and benefits	170,062	176,114	38,450	38,709	-	-	492	543	209,004	215,366	(1,628)	(1,818)	207,376	213,548
Supplies and materials	46,709	51,269	2,402	1,899	-	-	31	25	49,142	53,193	(86)	(92)	49,056	53,101
Rents, communications, and utilities	17,512	10,440	17,219	20,534	-	-	710	755	35,441	31,729	(261)	(277)	35,180	31,452
Publications sold	-	-	22,163	18,803	-	-	-	-	22,163	18,803	-	-	22,163	18,803
Depreciation and amortization	5,449	5,672	2,145	2,130	-	-	614	3	8,208	7,805	-	-	8,208	7,805
Other services	3,813	3,916	4,267	3,904	-	-	2,149	18	10,229	7,838	(1,746)	(3,117)	8,483	4,721
Surplus publications	-	-	8,710	5,945	-	-	-	-	8,710	5,945	-	-	8,710	5,945
Travel and transportation	2,493	3,046	2,482	3,886	-	-	-	-	4,975	6,932	-	-	4,975	6,932
<b>Total expenses</b>	<b>759,490</b>	<b>782,557</b>	<b>115,481</b>	<b>109,757</b>	<b>82,406</b>	<b>73,066</b>	<b>3,996</b>	<b>1,344</b>	<b>961,373</b>	<b>966,724</b>	<b>(125,933)</b>	<b>(111,120)</b>	<b>835,440</b>	<b>855,604</b>
<b>NET (LOSS) INCOME</b>	<b>(\$8,408)</b>	<b>(\$7,022)</b>	<b>(\$9,248)</b>	<b>\$3,213</b>	<b>\$0</b>	<b>\$0</b>	<b>\$745</b>	<b>\$784</b>	<b>(\$16,911)</b>	<b>(\$3,025)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$16,911)</b>	<b>(\$3,025)</b>

The accompanying notes are an integral part of this schedule.

**U.S. GOVERNMENT PRINTING OFFICE**  
**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES FOR PRINTING AND BINDING OPERATIONS**

For the Years Ended September 30, 1996 (Unaudited) and 1995 (Audited)  
(Dollars in Thousands)

	Plant Printing Operations		Regional Printing		1996		1995		Total In-house Printing		Purchased Printing		Total Printing and Binding Oper		
	1996	1995	1996	1995	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	
<b>REVENUES</b>															
Printing and binding	\$170,996	\$174,804	\$3,081	\$4,995	\$174,077	91	\$179,799	90	\$559,623	100	\$574,665	100	\$733,700	98	
Sales of blank paper	16,605	19,646	-	-	16,605	9	19,646	10	-	-	-	-	16,605	2	
Sales of waste and scrap	777	1,425	-	-	777	-	1,425	-	-	-	-	-	777	-	
<b>Total revenues</b>	<b>188,378</b>	<b>195,875</b>	<b>3,081</b>	<b>4,995</b>	<b>191,459</b>	<b>100</b>	<b>200,870</b>	<b>100</b>	<b>559,623</b>	<b>100</b>	<b>574,665</b>	<b>100</b>	<b>751,082</b>	<b>100</b>	<b>775,535</b>
<b>EXPENSES</b>															
Printing and reproduction	-	-	-	-	-	-	-	-	513,452	92	532,100	94	513,452	69	
Personnel compensation and benefits	134,630	138,895	2,811	3,292	137,441	71	142,187	70	32,621	6	33,927	6	170,062	22	
Supplies and materials	44,819	49,277	848	1,231	45,667	24	50,508	25	1,042	0	761	-	46,709	6	
Rents, communications, and utilities	6,758	6,724	1,023	965	7,781	4	7,689	4	9,731	2	2,751	-	17,512	2	
Depreciation and amortization	4,940	4,989	207	345	5,147	3	5,334	3	302	0	338	-	5,449	1	
Other services	3,103	3,159	151	181	3,254	2	3,340	2	559	0	576	-	3,813	1	
Travel and transportation	697	450	58	45	755	0	495	-	1,738	0	2,551	-	2,493	0	
<b>Total expenses</b>	<b>194,947</b>	<b>203,494</b>	<b>5,098</b>	<b>6,059</b>	<b>200,045</b>	<b>104</b>	<b>209,553</b>	<b>104</b>	<b>559,445</b>	<b>100</b>	<b>573,004</b>	<b>100</b>	<b>759,490</b>	<b>101</b>	<b>782,557</b>
<b>NET (LOSS) INCOME</b>	<b>(\$6,569)</b>	<b>(\$7,619)</b>	<b>(\$2,017)</b>	<b>(\$1,064)</b>	<b>(\$8,586)</b>	<b>(4)</b>	<b>(\$8,683)</b>	<b>(4)</b>	<b>\$178</b>	<b>0</b>	<b>\$1,661</b>	<b>-</b>	<b>(\$8,408)</b>	<b>(1)</b>	<b>(\$7,022)</b>

The accompanying notes are an integral part of this schedule.

U.S. GOVERNMENT PRINTING OFFICE  
**SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES FOR INFORMATION DISSEMINATION**  
 For the Years Ended September 30, 1996 (Unaudited) and 1995 (Audited)  
 (Dollars in Thousands)

	Sales of Publications Programs		Agency Distribution Services		Salaries and Expenses Programs		Total Information Dissemination	
	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues	Percent of Revenues
<b>REVENUES</b>								
Sales of publications	100	\$ 80,136	100	\$ -	-	\$ -	-	\$ 80,136
Appropriations	-	-	-	-	100	27,582	100	27,582
Reimbursements	-	-	-	5,252	-	-	-	5,252
<b>Total revenues</b>	<b>100</b>	<b>80,136</b>	<b>100</b>	<b>5,252</b>	<b>100</b>	<b>27,582</b>	<b>100</b>	<b>112,970</b>
<b>EXPENSES</b>								
Printing and reproduction	465	1	97	2	84	2	17,081	48
Personnel compensation and benefits	28,776	42	2,269	51	2,279	43	7,405	26
Supplies and materials	1,756	2	155	4	145	3	491	1
Rents, communications, and utilities	13,773	20	1,964	45	2,435	46	1,482	5
Publications sold	22,163	31	-	-	-	-	-	-
Depreciation and amortization	852	1	80	2	132	3	1,213	4
Other services	1,190	2	1,046	3	152	3	2,935	10
Surplus publications	8,710	12	5,945	7	-	-	-	-
Travel and transportation	1,693	2	2,461	3	61	1	731	2
<b>Total expenses</b>	<b>79,378</b>	<b>113</b>	<b>76,887</b>	<b>108</b>	<b>5,288</b>	<b>101</b>	<b>31,338</b>	<b>100</b>
<b>NET (LOSS) INCOME</b>	<b>(\$8,908)</b>	<b>(13)</b>	<b>\$3,249</b>	<b>(\$340)</b>	<b>(8)</b>	<b>(\$36)</b>	<b>(\$0)</b>	<b>(\$9,248)</b>

The accompanying notes are an integral part of this schedule.