
BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Examination Of The U.S. Government Printing Office's Financial Statements For The Fiscal Years Ended September 30, 1982 And 1981

GAO examined the financial statements of the Government Printing Office for the fiscal years ended September 30, 1982 and 1981. The examination was made in accordance with generally accepted government auditing standards.

In GAO's opinion, the financial statements present fairly the financial position of the Government Printing Office as of September 30, 1982 and 1981, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.



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JANUARY 28, 1983

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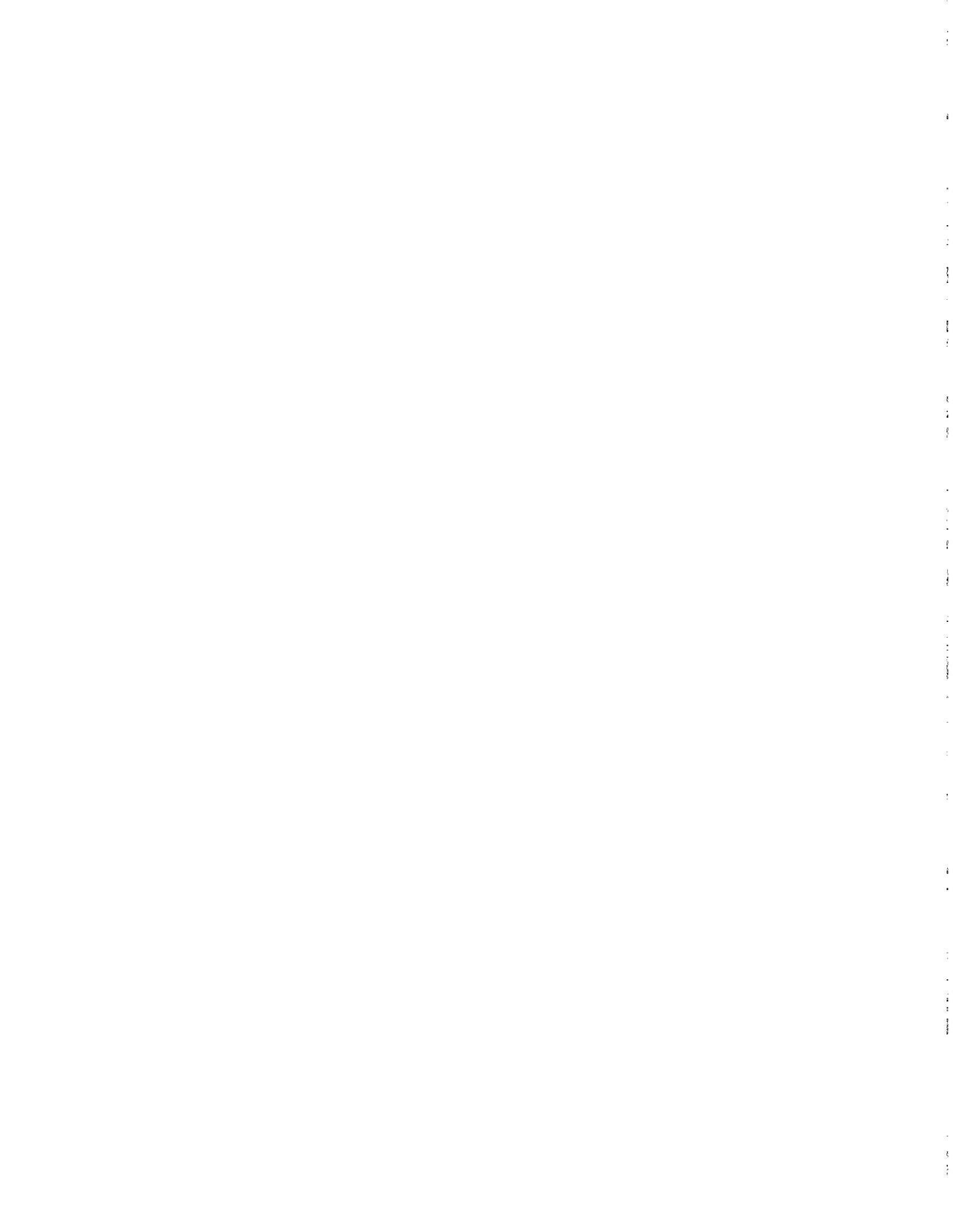
B-204646

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

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

This report transmits our opinion on GPO's financial statements for the fiscal years ended September 30, 1982 and 1981. Our audit was made in accordance with generally accepted government auditing standards and provisions of GPO's enabling legislation (44 U.S.C. 309(c)). We are sending copies of this report to the Director of the Office of Management and Budget, the Chairman of the Joint Committee on Printing, and the Public Printer.

Charles A. Bonser
Comptroller General
of the United States





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

B-204646

To the Public Printer
U.S. Government Printing Office

We have examined the consolidated balance sheets of the U.S. Government Printing Office as of September 30, 1982, and 1981, and the related consolidated statements of revenue and expense by function and retained earnings and changes in financial position for the years then ended. Our examinations were made pursuant to the audit authority contained in the U.S. Government Printing Office's enabling legislation (44 U.S.C. 309(c)) and in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

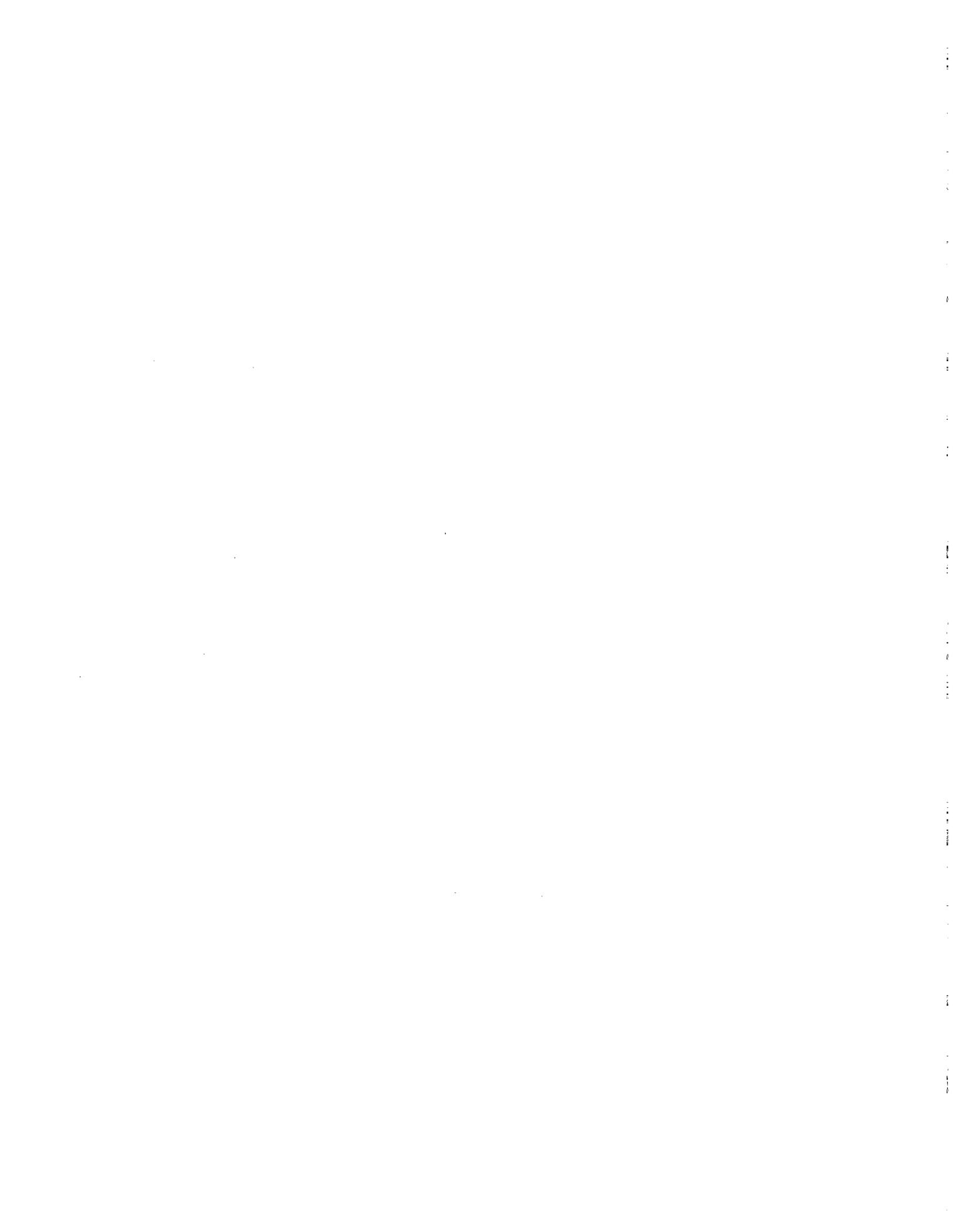
In our opinion, the financial statements referred to above present fairly the financial position of the U.S. Government Printing Office as of September 30, 1982, and 1981, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

A handwritten signature in cursive script, reading "Charles A. Brooks".

Comptroller General
of the United States

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REPORT ON INTERNAL ACCOUNTING CONTROLS

We have examined the financial statements of the U.S. Government Printing Office for the year ended September 30, 1982, and have issued our report thereon. As part of our examination, we made a study and evaluation of the system of internal accounting control of the U.S. Government Printing Office to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- Treasury cycle.
- Expenditure cycle.
- Payroll cycle.
- Conversion cycle.
- Revenue cycle.
- Financial reporting cycle.

Our study included all of the control categories listed above except that we did not evaluate the accounting controls over the Treasury and Payroll cycles because it was more efficient to expand substantive audit tests. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on GPO's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the U.S. Government Printing Office is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, management is required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that (1) assets are safeguarded against loss from unauthorized use or disposition and (2) transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to

future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation was made for the limited purpose described in the first paragraph and would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the U.S. Government Printing Office taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the U.S. Government Printing Office for the year ended September 30, 1982, and have issued our report thereon. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the U.S. Government Printing Office complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected the entity's financial statements.

Nothing came to our attention in connection with our examination that caused us to believe that the agency was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

U.S. GOVERNMENT PRINTING OFFICE
 CONSOLIDATED BALANCE SHEET
 AS OF SEPTEMBER 30, 1982 AND 1981 (NOTES 1 and 2)
 (IN THOUSANDS OF DOLLARS)

ASSETS	<u>1982</u>	<u>1981</u>	LIABILITIES AND INVESTMENT	<u>1982</u>	<u>1981</u>
Current Assets:			Current Liabilities:		
Cash:			Accounts payable (NOTE 6)	\$ 59,906	\$ 72,620
On-hand and in-transit	\$ 738	\$ 1,099	Advances from customers (NOTE 7)	26,710	24,745
Revolving fund	51,470	22,692	Accrued salaries and wages	6,135	4,747
Appropriations	77,473	82,618	Savings bonds and taxes withheld	<u>1,079</u>	<u>754</u>
Accounts receivable (NOTE 3)	182,037	199,418	Total Current Liabilities	<u>93,830</u>	<u>102,866</u>
Inventories (NOTE 4):			Other Liabilities:		
Publications for sale, net	12,534	16,858	Accrued annual leave	<u>7,693</u>	<u>6,945</u>
Paper, material and supplies	<u>19,726</u>	<u>19,121</u>	Total Liabilities	<u>101,523</u>	<u>109,811</u>
Total Current Assets	<u>343,978</u>	<u>341,806</u>			
 			Investment of U.S. Government:		
Property, Plant, and Equipment (NOTE 5):			Appropriations obligated but unexpended		
Land and buildings	17,594	9,085	(SCHEDULE 1)	<u>77,972</u>	<u>65,373</u>
Equipment and building improvements	<u>84,280</u>	<u>79,930</u>	Revolving fund:		
	101,874	89,015	Contributed capital (NOTE 8)	111,745	107,525
Less accumulated depreciation	<u>47,490</u>	<u>45,120</u>	Retained earnings	<u>107,122</u>	<u>102,992</u>
Net Property, Plant and Equipment	<u>54,384</u>	<u>43,895</u>	Total Revolving Fund	<u>218,867</u>	<u>210,517</u>
			Total Investment	<u>296,839</u>	<u>275,890</u>
 			Total Liabilities and Investment	<u>\$398,362</u>	<u>\$385,701</u>
Total Assets	<u>\$398,362</u>	<u>\$385,701</u>			

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

U. S. GOVERNMENT PRINTING OFFICE
 CONSOLIDATED STATEMENT OF REVENUE AND EXPENSE BY FUNCTION AND RETAINED EARNINGS
 FISCAL YEAR 1982 AND 1981 (NOTES 1 AND 2)
 (IN THOUSANDS OF DOLLARS)

	Plant Printing Operations	Procured Printing	Regional Printing	Total Printing and Binding Operations	Supr. of Documents Sale of Publications	S&E Programs	Eliminations	Total GPO	
								1982	1981
Revenue:									
Printing & Binding	\$184,193	\$437,498	\$13,216	\$634,907	---	---	(\$26,702)	\$608,205	\$643,938
Sales of Publications	---	---	---	---	\$55,001	---	---	55,001	51,299
Appropriation	---	---	---	---	---	\$19,608	(1,267)	18,541	23,077
Reimbursements	---	---	---	---	---	6,954	---	6,954	7,326
Total Revenue	\$184,193	\$437,498	\$13,216	\$634,907	\$55,001	\$26,762	(\$27,969)	\$688,701	\$725,640
Expenses:									
Publications sold	---	---	---	---	\$15,189	---	---	\$ 15,189	\$ 15,731
Unsaleable publications	---	---	---	---	3,607	---	---	3,607	10,977
Personnel comp. & benefits	\$129,571	\$ 16,045	\$ 8,744	\$154,360	16,915	\$ 9,682	(1,668)	179,289	177,022
Transportation	519	2,516	98	3,133	252	389	---	3,774	5,501
Rents, comm. & utils.	8,220	1,234	1,371	10,825	10,190	4,740	---	25,755	27,990
Printing & reproduction	---	412,653	---	412,653	630	9,215	(25,034)	397,464	422,149
Other services	2,429	592	205	3,226	2,473	1,866	(1,267)	6,298	6,479
Supplies & materials	42,792	538	3,550	46,880	676	763	---	48,319	53,921
Depreciation	4,153	260	218	4,631	138	107	---	4,876	4,410
Total Expenses	\$187,684	\$433,838	\$14,186	\$635,708	\$50,070	\$26,762	(\$27,969)	\$684,571	\$724,180
Net Income/(Loss)	(\$ 3,491)	\$ 3,660	(\$ 970)	(\$ 801)	\$ 4,931			\$ 4,130	\$ 1,460
Retained Earnings at Start of Year								102,992	101,532
Retained Earnings at End of Year								\$107,122	\$102,992

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

U.S. GOVERNMENT PRINTING OFFICE
 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
 YEARS ENDED SEPTEMBER 30, 1982 AND 1981 (NOTES 1 and 2)
 (IN THOUSANDS OF DOLLARS)

	<u>1982</u>	<u>1981</u>
Funds Provided:		
Net income	\$ 4,130	\$ 1,460
Add expenses not requiring working capital:		
Depreciation	4,876	4,410
Other	<u>416</u>	<u>545</u>
Total Funds Provided by Operations	9,422	6,415
Proceeds from sale of fixed assets	240	49
Increase in unexpended appropriations	27,938	19,667
Increase in contributed capital	4,600	---
Increase in accrued annual leave	<u>748</u>	<u>73</u>
Total Funds Provided	<u>42,948</u>	<u>26,204</u>
Funds Applied:		
Purchase of fixed assets	16,020	7,853
Refunds to U.S. Treasury	15,340	1,381
Decrease in contributed capital	<u>380</u>	<u>545</u>
Total Funds Applied	<u>31,740</u>	<u>9,779</u>
Increase in Working Capital	<u>\$11,208</u>	<u>\$16,425</u>

CHANGES IN WORKING CAPITAL

	<u>1982</u>	<u>1981</u>
Current Assets:		
Cash:		
On-hand and in-transit	(\$ 361)	(\$ 868)
Revolving fund	28,778	9,044
Appropriations	(5,145)	36,437
Accounts receivable	(17,381)	(14,117)
Publications for sale	(4,324)	(9,680)
Paper, materials and supplies	605	(4,256)
Current Liabilities:		
Accounts payable	12,714	2,108
Advances from customers	(1,965)	(1,997)
Accrued salaries and wages	(1,388)	(293)
Savings bonds and taxes withheld	<u>(325)</u>	<u>47</u>
Increase in Working Capital	<u>\$11,208</u>	<u>\$16,425</u>

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

Schedule 2

U.S. GOVERNMENT PRINTING OFFICE
 TRANSFERS TO REVOLVING FUND FROM
 PRINTING AND BINDING APPROPRIATIONS
 FISCAL YEARS ENDED SEPTEMBER 30, 1982 AND 1981 (NOTES 1 AND 2)
 (IN THOUSANDS OF DOLLARS)

	<u>1982</u>	<u>1981</u>
Hearings	\$20,730	\$20,010
Miscellaneous printing and binding	8,267	8,662
Bills, resolutions and amendments	5,826	7,025
Miscellaneous publications	6,410	5,530
Committee prints	3,879	7,025
House and Senate calendars	1,918	1,901
Documents	2,315	1,444
Committee reports	2,613	3,915
Franked envelopes	1,054	763
Publications for International Exchange	1,654	2,080
Document franks	109	127
Details to Congress	5,311	5,548
Government Manual	109	142
Weekly Compilation of Presidential Documents	77	521
Public Papers of the President	123	(43)
Congressional Record Daily	13,093	10,760
Congressional Record Index	817	434
Congressional Record Bi-Weekly	465	(14)
Congressional Record Bound	<u>3,076</u>	<u>2,767</u>
Total Transfers	<u>\$77,846</u>	<u>\$78,597</u>

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

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Total Transfers	<u>\$77,846</u>	<u>\$78,597</u>

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

U.S. GOVERNMENT PRINTING OFFICE
NOTES TO FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 1982 AND SEPTEMBER 30, 1981

(1) ORGANIZATION

The Government Printing Office provides printing, binding, and distribution services to the Congress and Federal agencies and distributes publications to the public. Title 44 of the U.S. Code established the Government Printing Office Revolving Fund to finance operations. The Revolving Fund is reimbursed by payments from the agencies and by transfers from the following appropriations:

-- The Congressional Printing and Binding Appropriation is for printing and binding performed directly for Congress.

-- The Printing and Binding Appropriation is for printing and binding of Government publications authorized by law to be distributed without charge to the recipients.

-- The Salaries and Expenses Appropriation is for expenses incurred by the Superintendent of Documents operations for depository library and other by-law distribution of publications and for the cataloging and indexing of government publications.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include all funds of the Government Printing Office. Inter-fund and inter-operational transactions and balances have been eliminated. The Fiscal Year 1981 amounts have been restated to conform to Fiscal Year 1982 statement presentation. General and administrative expenses are included in the appropriate object class.

Basis of Accounting - Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting following generally accepted accounting principles.

Revenue Recognition - Printing and binding revenue is recognized on the basis of work performed by the Printing Office due to the fact that all printing and binding work is required by law to be reimbursed on the basis of services rendered. Revenue on work procured from commercial printers is recognized when work is delivered. The Superintendent of Documents, which distributes and sells publications to the public, recognizes revenue when publications have been shipped, or when services have been performed.

Inventories - Inventories are priced at the lower of cost or market. Various inventory valuation methods are used to determine the cost of different inventories: Publications for sale are computed using the average cost method; Materials and supplies are computed using the moving average method; and Paper is computed using the first-in, first-out method.

Property, Plant, and Equipment - Property, plant, and equipment is carried at cost. Expenditures which substantially increase the useful life of the assets are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method with estimated useful lives ranging from 42 to 50 years for buildings and from 3 to 30 years for equipment and building appurtenances. Fully depreciated assets still in use total \$15,905,638 in 1982. Retirements are removed from the accounts.

Pensions - The Government Printing Office employees are covered by the Civil Service Retirement and Disability Fund. Consequently, GPO has the responsibility for withholding 7 percent of each employee's salary and for contributing a matching amount to the plan. GPO's matching amounts were \$11,327,797 and \$10,177,589 in 1982 and 1981, respectively.

(3) ACCOUNTS RECEIVABLE

Accounts receivable as of September 30, 1982 and 1981, is comprised of the following:

<u>Accounts Receivable</u>	<u>1982</u>	<u>1981</u>
Billed to Government		
Agencies	\$ 27,492,736	\$ 25,466,019
Unbilled completed work	55,238,241	57,729,754
Unbilled work in process	98,433,367	115,788,057
Other	872,765	434,083
Totals	<u>\$182,037,109</u>	<u>\$199,417,913</u>

The Government Printing Office does not establish an Allowance for Doubtful Accounts because government agencies are required to reimburse it for all work performed on their behalf. Prior accounts receivable loss experiences do not justify the need for an allowance.

(4) INVENTORIES

The inventory of publications for sale is net of an allowance for unsaleable publications amounting to \$2,570,777 and \$7,420,792 for Fiscal Years 1982 and 1981, respectively. For 1982 and 1981, paper, materials and supplies are comprised of \$12,860,295 and \$12,129,461 for paper, and \$6,865,127 and \$6,991,561 for materials and supplies, respectively.

The paper inventory valuation method was changed in Fiscal Year 1981 from standard cost to first-in, first-out. The effect of the change was not material.

(5) PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of September 30, 1982 and 1981 is as follows:

	Acquisition Value	1982		1981
		Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 8,938,326	---	\$ 8,938,326	\$ 429,314
Buildings	8,655,859	\$ 7,978,213	677,646	776,455
Building improvements	30,239,569	11,701,935	18,537,634	17,899,403
Plant machinery and equipment	48,775,962	26,011,220	22,764,742	22,077,695
Office machinery and equipment	3,344,972	1,238,750	2,106,222	2,424,455
Furniture and fixtures	284,635	133,044	151,591	149,793
Motor vehicles	662,111	426,848	235,263	137,596
Capital improvements in progress	973,047	---	973,047	---
Totals	<u>\$101,874,481</u>	<u>\$ 47,490,010</u>	<u>\$54,384,471</u>	<u>\$43,894,711</u>

Purchases of land, equipment, and other property for Fiscal Years 1982 and 1981 were \$16,020,307 and \$7,853,905, respectively. Land adjacent to the Government Printing Office was acquired for \$8,509,012 during Fiscal Year 1982. Acquisition value includes \$5,175,724 in percentage completion payments for equipment that is not fully operational and, therefore, not being depreciated. Repairs and maintenance costs are expensed, and in Fiscal Year 1982, included \$618,000 for renovation of offices of the Personnel Service. Depreciation expense for Fiscal Years 1982 and 1981 was \$4,876,000 and \$4,410,000, respectively.

Depreciation expense for equipment and building improvements is recovered from billings to customer agencies. Buildings and structures have been paid for from Congressional appropriations. Accordingly, depreciation is recorded but not reimbursed on these items.

(6) ACCOUNTS PAYABLE

Accounts payable as of September 30, 1982 and 1981 is comprised of the following:

<u>Accounts Payable</u>	<u>1982</u>	<u>1981</u>
Commercial printing	\$52,152,145	\$ 64,982,612
Other	\$ 7,752,785	\$ 7,636,937
Totals	<u>\$59,904,930</u>	<u>\$ 72,619,549</u>

Accounts payable for commercial printing are recorded on the constructive date of delivery. Other accounts payable are also recorded when services are rendered or when the goods are received.

(7) ADVANCES FROM CUSTOMERS

Advances from customers as of September 30, 1982 and 1981 are comprised of the following:

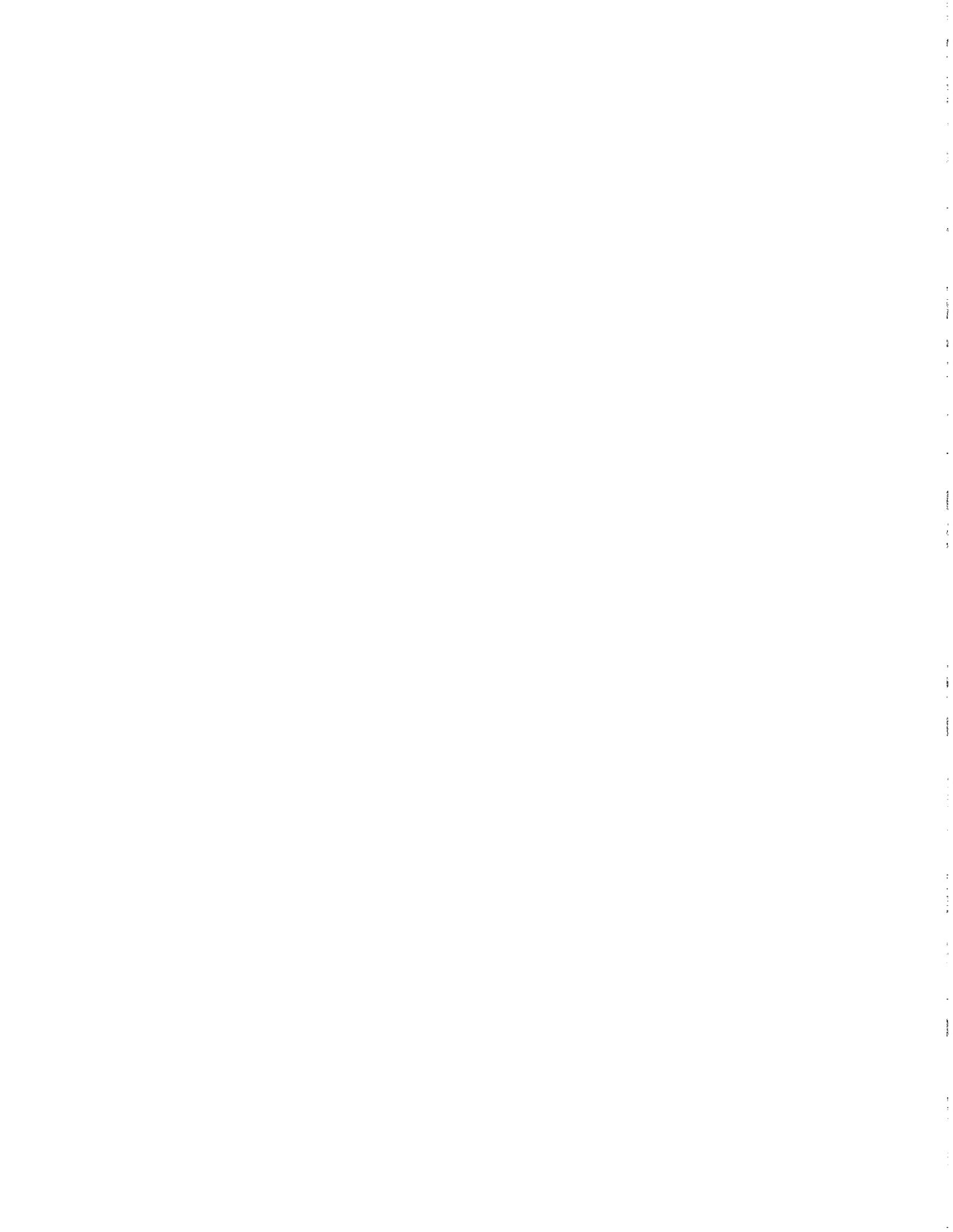
<u>Advances</u>	<u>1982</u>	<u>1981</u>
Advance billings to customer agencies for printing services	\$ 3,035,561	\$ 3,183,325
Customer deposits for publications	6,971,533	6,528,949
Subscriptions	15,091,072	13,880,709
Undelivered publication orders	<u>1,612,084</u>	<u>1,151,610</u>
Totals	<u>\$26,710,250</u>	<u>\$24,744,593</u>

Advances from customers represent amounts which have been received by the Government Printing Office but not earned. In 1982, the procedure for estimating deferred subscription revenue was improved in order to more closely match revenues with delivery of publications. Net income of the Superintendent of Documents Sales of Publications operation was increased in 1982 by \$1,947,285 due to this change in estimate.

(8) CONTRIBUTED CAPITAL

Contributed capital as of September 30, 1982 and 1981 was derived from the following:

<u>Contributed Capital</u>	<u>1982</u>	<u>1981</u>
Appropriations for improvements to air conditioning and electrical system	\$ 12,900,000	\$ 12,900,000
Appropriations for working capital	62,600,000	58,000,000
Beginning net worth when the Revolving Fund was established	33,807,127	33,807,127
Donated equipment	1,330,512	1,611,693
Book value of contributed buildings and land	<u>1,106,960</u>	<u>1,205,768</u>
Totals	<u>\$111,744,599</u>	<u>\$107,524,588</u>



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