



REPORT TO THE CONGRESS

Examination Of
Financial Statements--
U.S. Government Printing Office,
Fiscal Year 1967 B - 114829

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*



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

B-114829

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

This is our report on the examination of financial statements of the Government Printing Office for fiscal year 1967.

Copies of this report are being sent to the Director, Bureau of the Budget, the Joint Committee on Printing, and the Public Printer.

A handwritten signature in black ink, reading "James P. Abate".

Comptroller General
of the United States

D I G E S T

WHY THE AUDIT WAS MADE

The Legislative-Judiciary Appropriation Act, 1954 (44 U.S.C. 63), requires the Comptroller General to audit annually the activities of the Government Printing Office (GPO).

FINDINGS AND CONCLUSIONS

The report contains the opinion of the General Accounting Office (GAO) that the accompanying financial statements, with exceptions as noted, present fairly the financial position of the GPO at June 30, 1967, the results of its operations, and the sources and applications of its funds for the year then ended, in conformity with principles and standards of accounting prescribed for executive agencies by the Comptroller General applied on a basis consistent with that of the preceding year. (See p. 17.)

GAO believes that improvements could be instituted in the following areas to better present the financial position and results of operations.

--GPO's accounting procedures do not provide for the consistent recording of all earned surcharges in the work in process accounts. (See p. 11.)

--Printing work performed for GPO by commercial printers and included as work in process on the financial statements as of June 30, 1967, should have been classified as accounts receivable. (See p. 13.)

The allowance for unsalable publications was not separately reported but was included in the cost of publications sold. (See p. 14.)

RECOMMENDATIONS OR SUGGESTIONS

GAO suggested that the Public Printer:

--Establish procedures for recording surcharges on production labor and printing procured commercially at the time these costs are charged to the work-in-process account.

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- Establish procedures to ensure that completed commercial work is properly classified in the financial statements.
- Provide for showing the allowance for unsalable publications as a separate line item on the statement of income and expense for the sales of publications operations.

AGENCY ACTIONS

The Public Printer stated that the suggested revisions in accounting procedures, other than showing the allowance for unsalable publications as a separate line item, probably would be costly to implement. He said there was some doubt as to whether the accounting benefits to be derived could justify the cost involved. GPO, however, will reexamine its practices in these areas and determine to what extent it can implement the suggestions beneficially.

ISSUES FOR FURTHER CONSIDERATION

GAO will follow up on GPO's actions in this regard and will continue to suggest methods of improving the presentation of the financial position and results of operations in the financial statements.

LEGISLATIVE PROPOSALS

None.

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AGENCY ACTIONS

The Public Printer stated that the suggested revisions in accounting procedures, other than showing the allowance for unsalable publications as a separate line item, probably would be costly to implement. He said there was some doubt as to whether the accounting benefits to be derived could justify the cost involved. GPO, however, will reexamine its practices in these areas and determine to what extent it can implement the suggestions beneficially.

ISSUES FOR FURTHER CONSIDERATION

GAO will follow up on GPO's actions in this regard and will continue to suggest methods of improving the presentation of the financial position and results of operations in the financial statements.

LEGISLATIVE PROPOSALS

None.

INTRODUCTION

The General Accounting Office has made an examination of the financial statements of the Government Printing Office for the fiscal year ended June 30, 1967, as required by the Legislative-Judiciary Appropriation Act, 1954 (44 U.S.C. 63), which also requires that a report on the results of the examination be furnished to the Congress and to the Public Printer. The scope of the examination is described on page 17.

GENERAL COMMENTS

The Government Printing Office is responsible for accomplishing printing and binding work ordered by the Congress and the individual departments, independent establishments, and agencies of the Federal Government. In addition, GPO prints, for sale to the public, documents of general interest that are not confidential in nature.

Responsibility for management of GPO is vested in the Public Printer who is appointed by the President of the United States with the advice and consent of the Senate. A Joint Committee on Printing, consisting of the Chairman and two Members of the Committee on Rules and Administration of the Senate and the Chairman and two Members of the Committee on House Administration of the House of Representatives, in essence, acts as the Board of Directors of GPO.

To conduct its printing and binding operations, GPO operates plants in New York, Chicago, Denver, Seattle, San Francisco, and Washington, D.C. Printing and binding work that cannot be accomplished within GPO is obtained under contract from commercial printers.

Sales of Government publications to the general public are carried out by GPO's Public Documents Division under the direction of the Superintendent of Documents. This Division prepares official catalogs and indexes, including a monthly catalog of all Government publications and a bi-weekly list of selected publications. In addition, the Division distributes publications to depository libraries,

mails certain publications for other Federal departments and agencies, and receives surplus copies of Government publications from such departments or agencies for sale or other disposition.

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ACTIVITIES

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FINANCING OF GPO ACTIVITIES

The activities of GPO are financed by a revolving fund and by annual appropriations. Each of these methods of financing is discussed below.

ACTIVITIES FINANCED THROUGH THE REVOLVING FUND

The revolving fund is used to finance the cost of composition work, as well as the cost of printing and binding the quantity ordered by the requisitioning agencies and by the Congress. Additional quantities of publications are usually printed for sale to the public, the cost of which is also financed by the revolving fund.

The revolving fund is reimbursed for this work by payments from Government agencies or by a charge, as subsequently discussed, against the appropriation for congressional printing and binding. Receipts from the sale of publications sold to the general public are also credited to the revolving fund. The excess of receipts from the sales of publications over related costs charged to the revolving fund is periodically transferred to the miscellaneous receipts of the United States Treasury. The sales prices, which give rise to the receipts transferred to the Treasury, are regulated by law (44 U.S.C. 72a) which provides that:

"The price at which additional copies of Government publications are offered for sale to the public by the Superintendent of Documents shall be based on the cost thereof as determined by the Public Printer plus 50 per centum ***."

The price for such publications is developed by (1) adding to the estimated cost of printing a 75 percent factor to cover the estimated cost of setup, mailing, and administration and (2) adding to the result, the 50 per centum provided by law.

During fiscal year 1967, the revolving fund was reduced by payments of \$8,141,734 to the United States Treasury, which represented the balance of net income from

sales of publications in fiscal year 1966 and partial payment of \$5.5 million of such income for fiscal year 1967.

APPROPRIATION FOR CONGRESSIONAL
PRINTING AND BINDING

The Congress each year appropriates funds to GPO for the cost of printing and binding work performed for the Congress. This appropriation is also used to accomplish the printing and binding for the Architect of the Capitol; printing, binding, and distribution of the Federal Register and Code of Federal Regulations; and printing and binding of Government publications authorized by law to be distributed without charge. Funds are transferred from the appropriation to the revolving fund in reimbursement of costs of the printing and binding work upon completion of the work and computation of the costs. The appropriation for fiscal year 1967 was \$21,500,000, of which \$19,570,394 was expended as of June 30, 1967.

GPO estimates that an additional \$4.8 million will be required to complete unfinished printing and binding work authorized during fiscal year 1967 and has included this amount in its budget for fiscal year 1969. This practice is consistent with that of prior years in that the appropriation acts for GPO starting with fiscal year 1958 have contained the provision that "*** this appropriation shall be available for the payment of obligations incurred under the appropriations for similar purposes for preceding fiscal years."

APPROPRIATION FOR THE ACTIVITIES OF
THE SUPERINTENDENT OF DOCUMENTS

An annual appropriation to the Superintendent of Documents finances the salaries and other expenses of the personnel engaged in the sale and distribution of documents to the public, distribution for other agencies, depository library distribution, and cataloging and indexing. As shown in schedule 2, appropriated funds totaling \$6,727,417 (including reimbursements) were made available in fiscal year 1967 for salaries and expenses of the Office of the Superintendent of Documents. This represented an increase of

\$601,491 over the \$6,125,926 (including reimbursements) appropriated for fiscal year 1966.

The increase was primarily for the purpose of expanding activities under the Depository Libraries Program and for increased pay costs for permanent employees.

Year*	Combined Fund*
59*	\$ 8,331,633
75*	2,598,982
120	57,760
	3,387,480
II	2,666,193
	17,032,066
62	62,892,815
	28,759,306
-	1,272,062
62	89,206,269

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COMMENTS ON FINANCIAL STATEMENTS

GPO does not prepare a consolidated schedule of revolving fund operations. Instead, that part of the revolving fund relating to printing and binding operations is shown as schedule 4 and that part relating to the sales of publications, together with sales distribution costs financed with appropriated funds, is shown as schedule 5.

Schedule 4 shows that, in fiscal year 1967, GPO's gross income from printing and binding operations increased to \$199,975,834 from \$175,878,649 in fiscal year 1966. Net income for fiscal year 1967 decreased to \$4,406,239 from \$5,887,211 in fiscal year 1966. The fiscal years 1967 and 1966 gross and net incomes were derived, as follows:

<u>Activity</u>	<u>Fiscal year</u> <u>1967</u>		<u>Fiscal year</u> <u>1966</u>	
	<u>Gross</u> <u>income</u>	<u>Net</u> <u>income</u>	<u>Gross</u> <u>income</u>	<u>Net</u> <u>income</u>
	—————(millions)—————			
Printing and binding services:				
Main plant	\$ 60.3	\$ 2.7	\$ 56.7	\$ 2.3
Field plants (note a)	7.4	.1	7.0	.2
Procured from commercial sources	91.8	.7	73.7	1.3
Paper and materials:				
Used for printing and binding at main plant and furnished to commercial sources	22.8	.7	22.3	1.4
Sold to Government agencies	15.2	.5	13.7	.8
Freight and delivery service	1.5	-.9	1.6	-.8
Miscellaneous	<u>.9</u>	<u>.6</u>	<u>.9</u>	<u>.7</u>
Total	<u>\$199.9</u>	<u>\$4.4</u>	<u>\$175.9</u>	<u>\$5.9</u>

^aIncludes paper and materials used for printing and binding.

The decrease in net income was primarily attributable to (1) a reduction of the surcharge applied to the cost of paper and materials from the prior rate of 15 percent to 12.5 percent from August 1, 1966, through January 31, 1967, and to 10 percent from February 1, 1967, to the end of fiscal year 1967 and (2) a reduction of the surcharge applied to the cost of commercially procured work from the prior rate of 7.5 percent to 6 percent from July 1, 1966, through January 2, 1967, and to 5 percent from January 3, 1967, to the end of fiscal year 1967.

Schedule 5 shows that, for fiscal years 1967 and 1966, the receipts from sales of publications exceeded related costs financed by the revolving fund and appropriated funds taken together. Although the receipts from sales of publications increased in fiscal year 1967, the net income--which is payable to the United States Treasury--decreased to \$7,079,062 from \$7,641,734 in fiscal year 1966. GPO's statements show that the reduction in net income was principally attributable to the reduction in the rate of gross profit on sales--from 61 percent in 1966 to 52 percent in 1967.

The decrease in the rate of gross profit was attributable largely to one increase in the allowance for unsalable publications from \$699,575 in 1966 to \$1,239,149 in 1967. The increase of \$539,574 resulted from basing the allowance for unsalable publications on 12.8 percent of the cost of publications on hand at June 30, 1967, which percentage approximates the loss experience during fiscal year 1967. During preceding years, the allowance for unsalable publications was based on a percentage of the cost of publications purchased. The change in the method of computing the allowance for unsalable publications constitutes a change in accounting practice which we consider acceptable.

The validity of the remainder of the difference in the gross profit rate shown for the 2 years by GPO's financial statements was not determinable because a physical count of the inventory of publications held for sale was not made at June 30, 1966. A physical count was not made at that time because the stock was in the process of being transferred to a new warehouse. Consequently, the value of the inventory at June 30, 1966, was estimated. Since variations between

the estimated and actual inventories at June 30, 1966, would affect the gross profit ratio of both years, we could not determine whether the difference in the rate of gross profit indicated by GPO's statement was accurate and whether it had any significance.

Schedule 2 shows the changes in the investment of the United States Government during fiscal year 1967 for the revolving fund, other funds, and all of these funds combined. The additions to the revolving fund consist of net income from printing and binding operations (\$4,406,239); income from sales of publications (\$7,079,062); and the appropriation of \$15 million additional capital. The principal additions to other funds consist of the appropriation for salaries and expenses of the Office of the Superintendent of Documents (\$6,727,417, as adjusted) and the recovery of funds (\$370,700) which had been previously expended by the General Services Administration from the appropriation for the site selection and design of a proposed new plant for GPO. The Legislative Branch Appropriation Act, 1967 (Public Law 89-545), provided that no further orders be placed or any work be undertaken for the site selection and design and that the unobligated balance of the funds previously appropriated for that purpose revert to the Treasury.

The major reductions in other funds consisted of the expenditures from the appropriations for salaries and expenses of the Superintendent of Documents (\$6,626,146--further details of costs and obligations charged against the appropriations are shown in schedule 3) and the unobligated balance of the appropriation for the site selection and design of the new plant which was withdrawn by the United States Treasury (\$2,211,708). The revolving fund was, as previously stated, reduced by payments of \$8,141,734 to the United States Treasury.

SUGGESTIONS FOR IMPROVING ACCOUNTING PROCEDURES

Revisions in the accounting procedures established by GPO for recording and reporting (1) income resulting from surcharges on printing and binding services, (2) the status of commercially procured printing, and (3) the provision for unsalable publications, are desirable, in our opinion, to improve the presentation of the financial position and results of operations in the financial statements. Our comments on each of these items follow.

INCOME RESULTING FROM SURCHARGES ON PRINTING AND BINDING SERVICES

To accurately measure income for a particular time period, generally accepted accounting principles provide that revenues be recorded in the accounting system at the time they are earned and that all applicable costs be charged against the earned revenues.

GPO follows the general practice of accumulating costs in its work-in-process accounts as work is performed. Contra amounts are recorded in the income account since all costs incurred by GPO are recoverable. Under GPO's accounting procedures, however, only certain of the surcharges which represent indirect costs are recorded in the work-in-process accounts as work progresses; other surcharges are not recorded until the work is considered to be completed for accounting purposes, which, particularly in the case of commercially procured work, is often some time after delivery.

More specifically, we found that the GPO, in its accounting for paper, materials, and freight charges related to Government work, properly included in the work-in-process accounts the surcharges applicable to these items. However, GPO does not include in its work-in-process accounts the surcharges applicable to in-house production labor and commercially procured printing charges until the work is completed and transferred to the finished work inventory. The failure to include these surcharges, which are designed to cover the additional costs in processing rush, night, and classified work performed in-house and the handling charges for commercially procured work, results in an understatement of the work-in-process inventory.

Our review showed that the cost of the work-in-process inventory at June 30, 1967, would have been increased by \$1.6 million had applicable surcharges been applied to production labor and printing procured commercially at the time those costs were charged to work in process. The details are as follows:

	Recorded cost of work in process at <u>June 30, 1967</u>	Understatement of cost of <u>work in process</u>
Production labor	\$ 8,596,273	\$1,107,200
Printing procured commercially (See p. 13 re "in process" classification)	<u>13,571,937</u>	<u>518,448</u>
Total	<u>\$22,168,210</u>	<u>\$1,625,648</u>

Because the work-in-process inventory was handled in the same manner at June 30, 1966, as at June 30, 1967, the net effect on the income for fiscal year 1967 resulting from a change in accounting procedures would be substantially less than the indicated understatement in the cost of the work-in-process inventory. Had both the inventory at June 30, 1966, and at June 30, 1967, been adjusted for the applicable surcharges, the net income for fiscal year 1967 would have been about \$70,000 less.

We believe that surcharges on production labor and on commercial printing should be recorded as income in the same manner as the surcharges on paper, materials, and freight. This would ensure more accurate and consistent reporting of income in accordance with the standard that revenues should be recorded when earned.

We suggest that the Public Printer establish procedures for recording surcharges on production labor and printing procured commercially at the time these costs are charged to the work-in-process account.

STATUS OF COMMERCIALY PROCURED PRINTING

At the close of fiscal year 1967, GPO adopted, pursuant to our suggestion, improved year-end inventory procedures which resulted in more accurate financial reporting. Under these procedures, the cost of \$6.6 million for printing jobs which had been completed in-house and delivered to the ordering agencies, which previously would have been shown as work in process and the related surcharges of \$318,000 for over-time, rush, classified, and night work were properly included in the statement of assets and liabilities as accounts receivable at a total value of \$6.9 million. This change in inventory cutoff procedures resulted in an increase of \$318,000 in the net gain from printing and binding operations for the 1967 fiscal year compared with the net gain that would have resulted if the cutoff procedures had remained unchanged.

The improved inventory cutoff procedures were only partially effective, however, because they were not made applicable to printing work performed under contracts with commercial printers, which had been completed and delivered to the ordering agencies. In this regard, our review showed that the \$13.6 million worth of printing work performed for GPO by commercial printers (previously discussed on p. 12) and included as work in process on the financial statements at June 30, 1967, should have been classified as accounts receivable because the work had been completed and delivered to the ordering agencies by that date. This misclassification resulted in an understatement of accounts receivable by about \$14.1 million at June 30, 1967, representing the \$13.6 million of printing cost plus the \$518,000 of surcharges for handling. Completed commercially procured work was also shown as work in process at June 30, 1966.

Generally accepted accounting terminology defines work in process as goods in the course of production. Accordingly, the commercially procured printing work which had been completed and delivered, in our opinion, should not have been regarded as work in process.

GPO procedures require printing work to be recorded as completed in the accounting records upon receipt of accounting and cost documents instead of when the work is physically

completed. Although this method of recording completed work may be acceptable for internal reporting, we believe that financial statements prepared for external reporting should show the physical status of inventories.

We suggest that the Public Printer establish procedures to ensure that completed commercial work is properly classified in the financial statements.

PROVISION FOR UNSALABLE PUBLICATIONS

The cost of publications--\$7,094,659 for fiscal year 1967 (schedule 5)--sold by the Superintendent of Documents includes an allowance of \$1,239,149 to cover the cost of publications which have or may eventually become unsalable.

Unsalable publications are those publications purchased for sale to the public, which are subsequently found to be in excess of the actual sales demand and which are destroyed when it is determined that the quantity on hand is excessive, usually several years after the publications were printed.

Since the allowance of \$1.2 million for unsalable publications is a significant element of cost, we believe that it should be shown separately on the GPO financial statements. Separate disclosure of this item would be more in accordance with the congressional policy of full disclosure of the financial results of Government activities (31 USC 65(a)). We therefore suggest that the Public Printer show the allowance for unsalable publications as a separate line item on the statement of income and expense for the sales of publications operations. (See schedule 5.)

AGENCY COMMENTS

In commenting on our draft report, the Public Printer stated that the suggested revisions in accounting procedures, other than showing the allowance for unsalable publications as a separate line item, would probably be costly to implement, and that there was some doubt as to whether the accounting benefits to be derived could justify the cost involved. The Public Printer stated, however, that the practices in these areas would be reexamined to determine to

what extent our suggestions could be beneficially implemented.

We will follow up on GPO's actions in this regard and will continue to suggest methods of improving the presentation of the financial position and results of operations in the financial statements.

STATUS OF ITEM PREVIOUSLY

REPORTED TO THE CONGRESS

CLARIFICATION OF GPO'S LEGAL AUTHORITY
FOR GRANTING COMPENSATORY TIME

In our report to the Congress for the fiscal year ended June 30, 1965 (B-114829, August 29, 1966), we pointed out that the legal authority for granting compensatory time in lieu of overtime pay to employees of GPO was not clear and advised the Public Printer that he should initiate action to obtain specific legislative authority for this practice.

The Public Printer subsequently informed us that appropriate amendments to the existing law had been prepared by GPO and submitted to the Joint Committee on Printing. Further action by the Joint Committee has been deferred until after the proposed recodification of Title 44, United States Code, "Public Printing and Documents."

SCOPE OF EXAMINATION

Our examination consisted principally of a review of GPO's statement of assets and liabilities as of June 30, 1967, and of the related statements of income and expense and summary of funds provided and applied for the year then ended. Our examination which was made in accordance with generally accepted auditing standards included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

OPINION OF FINANCIAL STATEMENTS

The financial statements accompanying this report were prepared by GPO. As explained on pages 11 to 14 of this report, we believe that some improvements are desirable in the accounting procedures established by GPO to improve the presentation of the financial position and results of operations in the financial statements.

GPO did not make a physical count of the inventory of publications held for sale at June 30, 1966, for the reasons stated on page 9. Since this inventory would affect the cost of publications sold in both fiscal years 1966 and 1967, we cannot form an opinion on the accuracy of the amounts shown for such costs in either fiscal year; however, the aggregate of the 2 years' cost of publications would, in our opinion, be fairly stated.

In our opinion, except for the comments in the preceding paragraph, the accompanying financial statements (schedules 1 through 7) present fairly the financial position of the Government Printing Office at June 30, 1967, the results of its operations, and the sources and application of its funds for the year then ended, in conformity with principles and standards of accounting prescribed for executive agencies by the Comptroller General of the United States applied on a basis consistent with that of the preceding year except for the changes, which we approve, in the method of estimating the allowance for unsalable publications and in year-end inventory cutoff procedures as described on pages 9 and 13 of this report, respectively.

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FINANCIAL STATEMENTS

the public, distribution for other agencies, depository library distribution, and cataloging and indexing. As shown in schedule 2, appropriated funds totaling \$6,727,417 (including reimbursements) were made available in fiscal year 1967 for salaries and expenses of the Office of the Superintendent of Documents. This represented an increase of

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GOVERNMENT PRINTING OFFICE
STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 1967

ASSETS

FUND BALANCES WITH U. S. TREASURY AND CASH:

Fund balances in U. S. Treasury
Cash on hand and in transit

	Revolving Fund	Other Funds ^a	Combined Funds
	\$ 13,373,766	\$ 930,680	\$ 14,304,466
	780,560	---	780,560
	<u>14,154,346</u>	<u>930,680</u>	<u>15,085,026</u>

ACCOUNTS RECEIVABLE AND ADVANCES:

Accounts receivable:
Government agencies
Other
Advances to employees

	Revolving Fund	Other Funds ^a	Combined Funds
	35,301,309	42,980	35,344,289
	43,943	---	43,943
	<u>1,656</u>	<u>---</u>	<u>1,656</u>
	<u>35,346,908</u>	<u>42,980</u>	<u>35,389,888</u>

INVENTORIES:

Publications for sale, at cost [1]
Printing work in process, at standard cost
Paper, envelopes, and other supplies, at cost

	Revolving Fund	Other Funds ^a	Combined Funds
	5,633,679	---	5,633,679
	26,038,931	---	26,038,931
	<u>11,653,263</u>	<u>---</u>	<u>11,653,263</u>
	<u>43,325,873</u>	<u>---</u>	<u>43,325,873</u>

DEFERRED CHARGES

PROPERTY, PLANT, AND EQUIPMENT:
Land and buildings, at cost
Equipment and building
Construction in progress
Less allowance for depreciation

	Revolving Fund	Other Funds ^a	Combined Funds
	---	9,085,173	9,085,173
	27,993,214	770,030	28,763,244
	<u>12,369</u>	<u>---</u>	<u>12,369</u>
	<u>28,005,583</u>	<u>9,085,203</u>	<u>37,090,786</u>
	<u>18,855,043</u>	<u>6,667,966</u>	<u>25,523,009</u>
	<u>9,150,540</u>	<u>2,417,237</u>	<u>11,567,777</u>
	<u>102,077,452</u>	<u>4,160,397</u>	<u>106,237,849</u>

Total Assets

^a Other funds consist of account balances of the Office of the Superintendent of Documents Salaries and Expenses appropriation and the value of building structures and land which is specifically excluded from the Government Printing Office revolving fund by law (44 U.S.C. 63).

^b Does not include a contingent liability estimated at \$110,000 for the value of compensatory time-off in lieu of overtime pay earned and accumulated by employees of the Government Printing Office; and does not include \$10,135,000 for the net value of sick leave earned and accumulated by employees of the Government Printing Office.

^c Accounts payable other funds consist of amounts owed to the Government Printing Office revolving fund by the Office of the Superintendent of Documents Salaries and Expenses appropriations.

GAO notes:

1. Publications for sale, at cost after deduction of allowance for unsalable publications of \$817,254.
2. Retained earnings of \$4,310,160 have been reserved for purchase of machinery and equipment.

LIABILITIES

Revolving Fund

Other Funds^a

Combined Funds

	Revolving Fund	Other Funds ^a	Combined Funds
	\$ 7,794,076	\$ 557,599 ^c	\$ 8,351,675
	2,261,226	317,756	2,578,982
	<u>57,760</u>	<u>---</u>	<u>57,760</u>
	<u>3,109,368</u>	<u>206,120</u>	<u>3,397,488</u>
	<u>2,666,195</u>	<u>---</u>	<u>2,666,195</u>
	<u>13,928,625</u>	<u>1,081,335</u>	<u>15,010,060</u>

LIABILITIES:

Accounts payable
Accrued salaries and wages
Amounts withheld from employees for purchase of savings bonds and payment of taxes
Employees' accrued annual leave
Customers' deposits and prepaid subscriptions

INVESTMENT OF U. S. GOVERNMENT:

Capital
Retained earnings [2]
Income from sales of publications payable to U. S. Treasury

Total investment of U. S. Government

	Revolving Fund	Other Funds ^a	Combined Funds
	99,815,383	3,077,462	102,892,845
	24,734,382	---	24,734,382
	<u>1,579,062</u>	<u>---</u>	<u>1,579,062</u>
	<u>86,128,827</u>	<u>3,077,462</u>	<u>89,206,289</u>

Total liabilities and investment of U. S. Government

\$102,077,452

\$4,160,997

\$106,238,449

SCHEDULE 2

GOVERNMENT PRINTING OFFICE
STATEMENT OF CHANGES IN INVESTMENT
OF UNITED STATES GOVERNMENT
FISCAL YEAR ENDED JUNE 30, 1967

	Revolving fund	Other funds ^a	Combined funds
BALANCE, JULY 1, 1966:			
Capital	\$44,815,383	\$5,070,851	\$49,886,234
Retained earnings	20,328,144	---	20,328,144
Income from sales of publications payable to U. S. Treasury	<u>2,641,734</u>	---	<u>2,641,734</u>
	<u>67,783,261</u>	<u>5,070,851</u>	<u>72,854,112</u>
ADDITIONS:			
Net income from printing and binding operations	4,406,239	---	4,406,239
Income from sales of publications payable to U. S. Treasury	7,079,062	---	7,079,062
Appropriation for the Government Printing Office Revolving Fund	15,000,000	---	15,000,000
Appropriation for the Office of the Superintendent of Documents, Salaries and Expenses (including reimbursements of \$299,791 and recoveries of prior years obligations of \$2,926)	---	6,727,417	6,727,417
Net increase in equipment purchased from appropriation for the Office of the Superintendent of Documents, Salaries and Expenses, including current year depreciation	---	20,523	20,523
Recovery of funds previously expended by General Services Administration for the selection of Site and General Plans and Designs of Buildings appropriation	---	<u>370,700</u>	<u>370,700</u>
Total additions	<u>26,485,301</u>	<u>7,118,640</u>	<u>33,603,941</u>
REDUCTIONS:			
Payments to U. S. Treasury of income from sales of publications	8,141,734	---	8,141,734
Depreciation on buildings, structures and facilities	---	121,867	121,867
Unobligated balance of the Office of the Superintendent of Documents, Salaries and Expenses, appropriations withdrawn by U. S. Treasury	---	2,982	2,982
Expenditures from the Office of the Superintendent of Documents, Salaries and Expenses, fiscal year 1967 appropriation	---	6,626,146	6,626,146
Expenditures from the Office of the Superintendent of Documents, Salaries and Expenses, fiscal year 1966 appropriation	---	99,986	99,986
Expenditures from the Selection of Site and General Plans and Designs of Buildings, fiscal year 1965 appropriation	---	33,203	33,203
Net increase in liability for employees' annual leave, Office of the Superintendent of Documents, Salaries and Expenses appropriation	---	16,138	16,138
Unobligated balance of the Selection of Site and General Plans and Designs of Buildings appropriation withdrawn by U. S. Treasury	---	<u>2,211,708</u>	<u>2,211,708</u>
Total reductions	<u>8,141,734</u>	<u>9,112,030</u>	<u>17,253,764</u>
BALANCE, JUNE 30, 1967:			
Capital	59,815,383	3,077,462	62,892,845
Retained earnings	24,734,382	---	24,734,382
Income from sales of publications payable to U. S. Treasury	<u>1,579,062</u>	---	<u>1,579,062</u>
	<u>\$86,128,827</u>	<u>\$3,077,462</u>	<u>\$89,206,289</u>

^aOther funds consist of the Office of the Superintendent of Documents, Salaries and Expenses appropriations; Selection of Site and General Plans and Designs of Buildings appropriation; and the value of building structures and land which is specifically excluded from the Government Printing Office Revolving Fund by law (44 U.S.C. 63).

SCHEDULE 3

GOVERNMENT PRINTING OFFICE
OFFICE OF THE SUPERINTENDENT OF DOCUMENTS
STATEMENT OF COSTS AND OBLIGATIONS
FISCAL YEAR 1967 - APPROPRIATED FUNDS
AS OF JUNE 30, 1967

	<u>Total</u>	<u>Sales distrib- ution</u>	<u>Program by activities</u>		
			<u>Distrib- ution for other agencies</u>	<u>Depository library distrib- ution</u>	<u>Catalog- ing and indexing</u>
Personnel compensation	\$3,393,416	\$2,709,062	\$ 832,842	\$ 208,963	\$242,547
Personnel benefits	223,295	162,112	34,164	12,505	14,514
Travel and transporta- tion of persons	1,500	1,451	---	49	---
Transportation of things	5,186	5,186	---	---	---
Rent, communications and utilities	231,098	91,947	19,614	112,916	6,621
Printing and repro- duction	1,637,337	351,763	---	1,189,365	96,209
Other services	175,557	129,210	27,563	9,480	9,304
Supplies and materials	392,966	161,803	210,055	17,990	3,118
Equipment	<u>65,779</u>	<u>48,413</u>	<u>10,327</u>	<u>3,553</u>	<u>3,486</u>
Total costs^a	6,726,132	3,660,947	1,134,565	1,554,821	375,799
Net decrease in unliq- uidated obligations	<u>-1,661</u>	<u>-1,461</u>	<u>-416</u>	<u>-93</u>	<u>329</u>
Total obligations	<u>\$6,724,491</u>	<u>\$3,659,486</u>	<u>\$1,134,149</u>	<u>\$1,554,728</u>	<u>\$376,120</u>

^aExclusive of expenses of \$2,093,601 financed from revenues from sales of publications.

SCHEDULE 4

GOVERNMENT PRINTING OFFICE
REVOLVING FUND
COMPARATIVE STATEMENT OF INCOME AND EXPENSE
PRINTING AND BINDING OPERATIONS
FISCAL YEARS ENDED JUNE 30, 1967, AND JUNE 30, 1966

	Fiscal year <u>1967</u>	Fiscal year <u>1966</u>	Increase or decrease (-)
Income:			
Printing and binding services performed	\$184,003,932	\$161,353,751	\$22,650,181
Blank paper sold to customers	15,080,375	13,603,060	1,477,315
Other income	<u>891,527</u>	<u>921,838</u>	<u>-30,311</u>
Total income	<u>199,975,834</u>	<u>175,878,649</u>	<u>24,097,185</u>
Expenses:			
Direct costs:			
Direct labor	51,917,060	48,774,084	3,142,976
Direct materials	38,586,546	35,348,487	3,238,059
Printing purchased from commercial sources	<u>89,253,118</u>	<u>70,829,719</u>	<u>18,423,399</u>
Total direct costs	<u>179,756,724</u>	<u>154,952,290</u>	<u>24,804,434</u>
Other expenses:			
Salaries and wages	6,946,863	6,535,263	411,600
Travel	29,533	18,050	11,483
Freight	1,620,467	1,699,029	-78,562
Communications	210,615	167,259	43,356
Heat, light, and power	433,311	420,279	13,032
Rental of buildings and equipment	438,074	469,248	-31,174
Materials and supplies	203,546	189,848	13,698
Employer's share of group life insurance	169,809	160,107	9,702
Employer's share of group health insurance	519,763	397,992	121,771
Employer's share of Civil Service retirement	3,151,141	2,957,207	193,934
Depreciation ^a	1,720,726	1,700,952	19,774
Miscellaneous expenses	<u>369,023</u>	<u>323,914</u>	<u>45,109</u>
Total other expenses	<u>15,812,871</u>	<u>15,039,148</u>	<u>773,723</u>
Total direct costs and other expenses	<u>195,569,595</u>	<u>169,991,438</u>	<u>25,578,157</u>
Net gain from printing and binding operations^a	<u>\$ 4,406,239</u>	<u>\$ 5,887,211</u>	<u>\$ -1,480,972</u>

^a Does not include depreciation on building structures which is specifically excluded from the Government Printing Office Revolving Fund by law (44 U.S.C. 63).

GOVERNMENT PRINTING OFFICE
 REVOLVING FUND
 COMPARATIVE STATEMENT OF INCOME AND EXPENSE
 SALES OF PUBLICATIONS OPERATIONS
 FISCAL YEARS ENDED JUNE 30, 1967, AND JUNE 30, 1966

	Fiscal year 1967	Fiscal year 1966	Increase or decrease (-)
REVOLVING FUND:			
Sales	\$14,832,789	\$13,664,320	\$1,168,469
Cost of publications sold ^[1]	<u>7,094,659</u>	<u>5,307,879</u>	<u>1,786,780</u>
Gross profit	<u>7,738,130</u>	<u>8,356,441</u>	<u>-618,311</u>
Other expenses:			
Administrative ^a	1,121,169	973,730	147,439
Mailing costs	<u>972,432</u>	<u>935,662</u>	<u>36,770</u>
Total other expenses	<u>2,093,601</u>	<u>1,909,392</u>	<u>184,209</u>
Other income:			
Gratuitous revenues	1,361,607	1,130,195	231,412
Miscellaneous	<u>72,926</u>	<u>64,490</u>	<u>8,436</u>
Total other income	<u>1,434,533</u>	<u>1,194,685</u>	<u>239,848</u>
Income from sales of publi- cations payable to U. S. Treasury	7,079,062	7,641,734	-562,672
OTHER FUNDS:			
Salaries and expenses financed from appropriated funds	<u>3,660,947</u>	<u>3,601,277</u>	<u>59,670</u>
Net income from sales of publications ^a	<u>\$ 3,418,115</u>	<u>\$ 4,040,457</u>	<u>\$ -622,342</u>

^aDoes not include depreciation of building structures which is specifically excluded from the Government Printing Office revolving fund by law (44 U.S.C. 63).

GAO note:

1. Cost of publications sold includes provisions for unsalable publications in the amount of \$1,239,149 for fiscal year 1967 and \$699,575 for fiscal year 1966.

SCHEDULE 6

GOVERNMENT PRINTING OFFICE
SUMMARY OF FUNDS PROVIDED BY OPERATIONS
AND APPROPRIATIONS AND THEIR APPLICATION
FISCAL YEAR ENDED JUNE 30, 1967

FUNDS PROVIDED:

Printing and binding operations:		
Printing and binding services performed	\$184,003,932	
Blank paper sold to customers	15,060,375	
Other income	865,818	
Proceeds from sale of equipment, net	<u>36,817</u>	\$200,006,942
Sales of publications:		
Sales	14,832,709	
Other income	<u>1,434,533</u>	16,267,322
Decrease in inventories	2,878,092	
Increase in accrued salaries and wages	<u>523,517</u>	3,431,609
Appropriation for printing and binding operations		15,000,000
Appropriation for the Office of the Superintendent of Documents, Salaries and Expenses (including reimbursements of \$299,791 and recoveries of prior years obligations of \$2,926)		6,727,417
Recovery of funds previously expended by General Services Administration for the Selection of Site and General Plans and Designs of Buildings appropriation		<u>370,700</u>
Total funds provided		<u>\$241,803,990</u>

FUNDS APPLIED:

Printing and binding expenses	\$195,569,395	
Less allowance for depreciation not requiring funds	<u>1,720,726</u>	\$193,848,669
Cost of publications sold	7,094,659	
Expenses of sales of publications financed from the Revolving Fund	2,093,601	
Payments to U. S. Treasury of income from sales of publications	<u>8,141,734</u>	17,329,994
Increase in cash	6,446,429	
Increase in accounts receivables and advances	11,273,598	
Increase in deferred charges	8,421	
Decrease in accounts payable	967,574	
Decrease in miscellaneous liabilities	1,894,690	
Purchase of equipment	<u>1,120,390</u>	21,651,102
Expenditures from the Selection of Site and General Plans and Designs of Buildings fiscal year 1965 appropriation		33,203
Expenditures from the Office of the Superintendent of Documents, Salaries and Expenses, fiscal year 1967 appropriation		6,626,146
Expenditures from the Office of the Superintendent of Documents, Salaries and Expenses, fiscal year 1966 appropriation		99,986
Unobligated balance of the Office of the Superintendent of Documents, Salaries and Expenses, appropriations withdrawn by the U. S. Treasury		2,902
Unobligated balance of the Selection of Site and General Plans and Designs of Buildings appropriation withdrawn by U. S. Treasury		<u>2,211,708</u>
Total funds applied		<u>\$241,803,990</u>

GOVERNMENT PRINTING OFFICE
 REVOLVING FUND
 STATEMENT OF NET CHANGE IN ASSETS AND LIABILITIES
 FROM INCEPTION OF REVOLVING FUND THROUGH JUNE 30, 1967

	<u>June 30, 1967</u>	<u>July 1, 1953^a</u>	Increase or decrease (-)
Cash	\$14,154,346	\$15,993,702	\$-1,839,356
Noncash current assets	<u>78,772,566</u>	<u>28,511,814</u>	<u>50,260,752</u>
Current assets	92,926,912	44,505,516	48,421,396
Less current liabilities	<u>15,948,625</u>	<u>13,846,687</u>	<u>2,101,938</u>
Working capital	<u>76,978,287</u>	<u>30,658,829</u>	<u>46,319,458</u>
Fixed assets	28,005,583	13,617,677	14,387,906
Less allowance for depreciation	<u>18,855,043</u>	<u>8,351,561</u>	<u>10,503,482</u>
Net fixed assets	<u>9,150,540</u>	<u>5,266,116</u>	<u>3,884,424</u>
Investment of U. S. Government	<u>\$86,128,827</u>	<u>\$35,924,945</u>	<u>\$50,203,882</u>

^aCapitalization as of July 1, 1953, less subsequent adjustments for revaluation of assets and funds returned to U. S. Treasury.