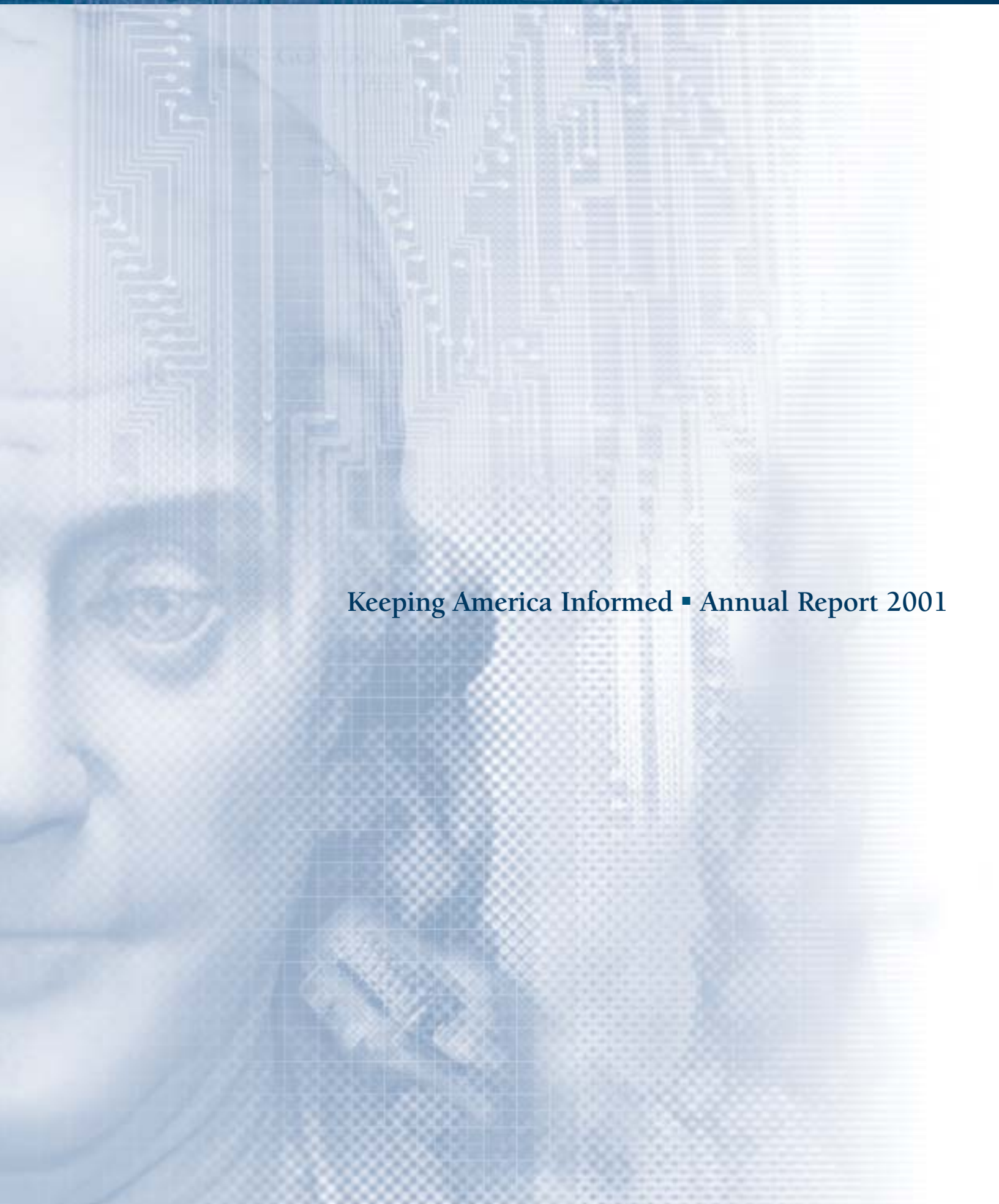
United States Government Printing Office



Keeping America Informed ▪ Annual Report 2001

United States Government Printing Office

Keeping America Informed ▪ Annual Report 2001

Fiscal Year 2001

keeping
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Public Printer's Message

In the post-9/11 environment, GPO has initiated several steps to improve the security of our personnel and buildings.

As they were for everyone else in America, the events of 2001 were overshadowed at GPO by September 11 and the subsequent anthrax attacks on Capitol Hill. GPO responded by offering whatever assistance we could. When the Equal Employment Opportunity Commission's regional office was destroyed at the World Trade Center complex, we established a secure area on our Web site so that displaced EEOC employees could continue working from home or other locations. Personnel from GPO's Office of the Inspector General responded to a request from the FBI to help with the rescue and recovery efforts at the Pentagon and the World Trade Center.

When anthrax forced the closure of House and Senate office buildings, we provided temporary space for personnel from the Office of the Clerk of the House and the Senate's Office of Legislative Counsel to continue their work. We turned over the loading docks at our paper warehouse in Washington, DC, to the Capitol Police for use in screening deliveries to Capitol Hill, with up to 70 trucks a day passing through this process. Mail operations at GPO were severely hampered for a time, particularly those serving our sales of publications program, but fortunately all tests for the presence of bioagents in GPO proved negative.

In the post-September 11 environment, GPO has initiated several steps to improve the security of our personnel and buildings. These include planning for enhanced security systems for GPO and the development of off-site production and Web site capabilities to provide for continuity of operations in an emergency. We implemented rapid-turnaround production and procurement procedures to meet essential military printing requirements. We were also confronted by new issues involving the continued provision of public access to certain kinds of Government information that before September 11 had been widely available. We have been working closely with the library community and Federal agencies to ensure that all of our partners in providing public access understand procedures for and the implications of restricting public access to previously accessible information products.

Throughout the rest of the year, GPO continued the trend of providing an increased array of electronic and print information services and reducing its size. GPO's Web site, ***GPO Access*** (**http://www.gpo.gov/gpoaccess/**), today makes available nearly 225,000 online titles, which are downloaded by the public at the ever-growing rate of 31 million per month. Total employment stood at approximately 3,000 at yearend, a reduction of more than 35% since I took office in 1993.

Financially, GPO ended the year reporting a loss of approximately $1.6 million from the results of normal business operations, a margin of 2 tenths of one percent on $712.4 million in total revenues. However, this figure does not reflect two unusual accounting adjustments: a $12 million write-off of the cost of the Sales Program's Integrated Processing System (IPS), and a required increase of $31.4 million in the long-term estimated liability of workers' compensation benefits under the Federal Employees Compensation Act (FECA). Altogether, these factors resulted in a reported loss of $45 million. Our financial

statements have been prepared to reflect the uniqueness of the two adjustments. The loss will be covered by GPO's retained earnings and will not require additional appropriations.

The implementation of IPS, which will replace the Sales Program's legacy automated systems, has been delayed by modification work on the original off-the-shelf system to make it fit the Program's needs. IPS has been certified by the GPO's Inspector General to be capable of operations, and training is currently being undertaken to implement the system. During the period in which IPS was under development it was not depreciated, in accordance with generally accepted accounting principles (GAAP). However, for FY 2001, GPO's auditors recommended several options for making an accounting entry for IPS. A one-year write-off of IPS' capitalized costs was among the recommended options. We selected this option because it obviates the need to assign these costs via depreciation to future years at a time when the Sales Program is cutting expenses to meet reduced order volume. All of the system's acquisition costs have been paid for and the one-time write-off causes no additional reduction of GPO's available funds.

The adjustment to the long-term liability of GPO's workers' compensation program is based on actuarial assumptions that are different from those used to compute this liability in prior years. The difference has arisen due to changes in the assumptions used by the Department of Labor affecting the computation of this liability governmentwide, a figure which is currently forecast at $24.7 billion. The adjustment in GPO's liability conforms to accepted Government accounting practice. As adjusted, this liability is essentially a 37- to 55-year forecast of what GPO's responsibility for workers' compensation could be in view of historical benefit payment patterns, current information related to benefit claims, and Labor Department assumptions. The required reporting of this forecast does not cause any expenditure by GPO, does not affect GPO's printing rates, and does not reflect a reduction in GPO's available funds. It is important to note that the FECA adjustment is not indicative of an increase in GPO's workplace injury and illness rates, which remain comparable to other Federal agencies with substantially industrial missions, such as the Bureau of Engraving and Printing and the U.S. Mint.

As I reported to Congress last year, the success of our Internet efforts have come at a price, resulting in an ongoing decline in our sales of print publications.

As I reported to Congress last year, the success of our Internet efforts have come at a price, resulting in an ongoing decline in our sales of print publications. In response, we have taken a number of steps to reduce program costs and increase revenues. In the past 5 years, we have cut FTE's in the sales program from 529 to 392, or 26%. Further FTE reductions of 25 and 35 are planned for FY 2002 and 2003, respectively, yielding an additional reduction of 15% during that period. We have reduced warehouse space for the program by closing our Springbelt, VA, paper warehouse and consolidating paper warehouse operations in our documents warehouse space in Laurel, MD. We have made across-the-board pricing adjustments of 20% over the past two years. In addition, we are emphasizing our online ordering service, and we have implemented a toll-free telephone ordering number and expanded credit card payments to include American Express.

GPO has indeed come a long way in the past decade. That journey has been made possible by the skilled and dedicated efforts of the men and women who work here.

Along with these actions, we have begun closing those GPO retail bookstores around the Nation that no longer are economically viable. Closing these stores will reduce costs, and we expect to retain a substantial portion of store revenues through our online, fax, phone, and mail order operations served by our warehouse. Quick turnaround service for purchasers can be provided by express overnight delivery. At the same time, free public access to Government information will remain unaffected through local Federal depository libraries as well as GPO's Internet site. In FY 2001, we closed 4 bookstores, followed by two in early 2002. Additional closings are planned pending notification to the respective Members of Congress and affected employees.

In spite of the decline in the volume of publications sold, I believe the continued operation of a sales program that provides the public with an opportunity to purchase their own copies of Government documents, pursuant to the provisions of chapter 17 of Title 44, is justified. Our objective is to reduce the costs of this program to a level consistent with the program revenues. However, part of the costs of the sales program are indirect overhead expenses that impose a proportionally greater burden on the program as revenues have declined. This overhead includes many expenses that are unique to Government agencies. Until 1978, these sales program costs were covered by an annual appropriation. As GPO strives to find a way to continue providing the public service afforded by the sales program while minimizing its costs, it may become necessary to discuss other funding options for the program, including restoring the appropriation that once subsidized overhead costs assigned to the program.

GPO has indeed come a long way in the past decade. That journey has been made possible by the skilled and dedicated efforts of the men and women who work here. Not only would GPO's achievements have been impossible without them, but they have carved out an important role for GPO to fulfill in the electronic age ahead. It's been a great privilege to work with them.

Michael F. DiMario

MICHAEL F. DIMARIO
April 2002

Highlights

GPO was named the top in-plant printing operation in the Nation for the third year in a row.

GPO Ranked Top In-Plant for Third Consecutive Year

For the third year in a row, GPO was named the top in-plant printing operation in the Nation, in a survey conducted by *In-Plant Graphics*, a widely respected journal of the in-plant printing industry. The ranking was released in the December 2000 issue of *In-Plant Graphics.*

In-Plant Graphics ranked in-plant operations from Federal, State, and local governments; universities; and the insurance, retail, and manufacturing sectors. The survey considered factors like annual sales, number of employees, budget, and number of printed jobs. According to the editor's note in the December 2000 issue, "we feel the in-plants on our list are models of efficiency. We have written stories on many of them [GPO was profiled by *In-Plant Graphics* in 1996, 1998, and 1999] and found them to be extremely cost conscious and customer focused. They continually look out for the good of their parent organizations. In short, they not only are large, they are extremely well run—and that is precisely the type of in-plant that *In-Plant Graphics* is proud to honor."

GPO Receives Clean Opinion in Audit of FY 2000 Finances

For the fourth consecutive year, GPO received an "unqualified opinion" in a comprehensive, independent audit of its financial operations by the nationally recognized accounting firm KPMG LLP.

KPMG conducted a thorough audit of GPO's financial statements for fiscal 2000, concluding that they "are presented fairly, in all material respects, in conformity with generally accepted accounting principles."

In summarizing the findings for GPO, KPMG partner Paul Geraty said, "An 'unqualified opinion' is the highest level of assurance that an audit firm can give on an organization's financial statements." Geraty also praised GPO's financial management team, led by Comptroller R. Bruce Holstein, saying the audit finding is "a sign of how seriously GPO's financial area regards its ability to meet outside financial standards."

The fiscal 2000 audit was the fourth consecutive financial audit since an annual audit requirement for GPO was enacted by Congress in 1996.

The KPMG audit "noted no instances of material noncompliance with laws and regulations we tested," although it recommended the establishment of certain data processing controls. The 2000 financial audit findings continue GPO's trend of "unqualified" audit opinions—the best that auditors can issue. KPMG audits of GPO's 1997, 1998, and 1999 finances each produced an "unqualified" opinion.

On March 2, 2001, *Government Executive* magazine reported that "twelve of the 17 Federal agencies that submitted their fiscal 2000 financial statements to Congress [in compliance with the Chief Financial Officers Act of 1990] this week received clean audit opinions, the highest number ever." The magazine also reported that "auditors gave clean opinions to only 11 of the 24 largest agencies' fiscal 1999 books as of March 1 last year."

Declining publications sales have resulted primarily from the public's increased ability to access Government publications free of charge over the Internet.

GPO's FY 2002 Appropriations Approved

With Senate passage on November 1, 2001, of the conference agreement on H.R. 2647, the Legislative Branch Appropriations Act for FY 2002, Congress completed action on GPO's appropriations, clearing the measure for the President. The President signed the bill into law on November 12, 2001.

Under Title I of the Act, $71.5 million was approved for GPO's Congressional Printing and Binding Appropriation, which is used to cover the costs of printing work that GPO performs for Congress, such as the *Congressional Record*, bills, reports, and hearings. This is the full amount requested by GPO for FY 2002.

Under Title II of the Act, $27.9 million was approved for the Salaries and Expenses Appropriation of the Superintendent of Documents, also the full amount requested by GPO. This funding is used to cover the costs of distributing Government publications as required by law (including distribution to Federal depository libraries), cataloging and indexing documents, distributing Government publications to recipients designated by law, and distributing Government publications to other nations which agree to send copies of their official publications to the Library of Congress.

The Salaries and Expenses Appropriation for FY 2002 includes funding for additional staff to locate and catalog online Government information, modernize GPO's cataloging system, and support the Federal Depository Library Program (FDLP) Electronic Collection made available through ***GPO Access***.

GPO's request of 3,260 full-time equivalent (FTE) employees for FY 2002 was also approved. Together, the two appropriations to GPO total $99.4 million, representing about 4% of total legislative branch funding overall.

Earlier in the year, in the supplemental appropriation for FY 2001, GPO was provided with $9.9 million to fund a prior year shortfall in congressional printing and binding and $6 million for energy-efficient air conditioning and lighting improvements recommended by the General Accounting Office. Also, there was a Government-wide recission of .22% that reduced the two FY 2002 Appropriations by $218,000. With the supplemental and recission, GPO's appropriations for FY 2001, which originally were $99.4 million, totaled $115.1 million.

Also approved was a legislative amendment that will extend the life of GPO's early retirement and separation incentive programs for an additional three years. These programs were originally enacted in FY 1999 for 3 years. Under them, 98 GPO employees have taken early-out retirements, resulting in an estimated $5 million in savings.

GPO Closes Bookstores

Responding to declining sales of Government publications, GPO closed 4 of its bookstores in 2001. In July, the San Francisco and McPherson Square bookstores were closed, and in August GPO closed the Boston bookstore. The bookstore in Philadelphia was closed in September. The closings reduced the number of GPO bookstores nationwide to 20 by the end of 2001.

GPO hosted 3 different releases of documents by the Office of Management and Budget in FY 2001 in both print and online formats.

Declining publications sales have resulted primarily from the public's increased ability to access Government publications free of charge over the Internet, including most prominently nearly 225,000 Government titles available on ***GPO Access***. Nearly 31 million documents are being retrieved by the public every month from ***GPO Access***. ***GPO Access*** features a number of regulatory information titles, such as the *Federal Register* and the *Code of Federal Regulations*, that once were the mainstays of bookstore sales. While a number of bookstores continue to generate net income, there are others whose sales have been declining and which have been operating at a loss.

The San Francisco, Boston, and Philadelphia bookstores were selected for closing due to their financial profiles. Although generating net income, the McPherson Square bookstore's sales were declining and Washington, DC, was the only city in the Nation with more than one bookstore. The McPherson Square bookstore began operations in 1987, the Boston bookstore began in 1970, the San Francisco bookstore in 1969, and the Philadelphia bookstore in 1977.

The employees at the McPherson Square bookstore and one employee from the San Francisco bookstore were transferred to GPO's Central Office. A Boston employee was transferred to GPO's Boston regional procurement office, and two Philadelphia employees were transferred to the Philadelphia regional procurement office. One employee each in San Francisco and Boston retired. The remaining San Francisco employee found another Federal job through the hiring preference provided by Federal reduction-in-force (RIF) procedures, while 2 Philadelphia employees faced RIF procedures. GPO personnel staff provided assistance to these employees.

GPO has worked closely with the congressional delegations for each bookstore area, and with the local media, to point out that the bookstore closings will not deprive local citizens of access to Government information. In addition to ***GPO Access***, information can still be purchased from GPO by phone, fax, mail, and online, and there are multiple Federal depository library collections in San Francisco, Boston, Washington, DC, and Philadelphia that provide public access to Government documents.

GPO Hosts Release of Federal Budget Documents

GPO hosted 3 different releases of budget documents by the Office of Management and Budget in FY 2001 in both print and online formats.

The first publication was the *FY 2002 Economic Outlook, Highlights from FY 1994 to FY 2001, FY 2002 Baseline Projections*, released on January 16, 2001. Issued in the last week of President Clinton's administration, the publication summarized historical data and provided estimates of the economy's direction. The second publication was *A Blueprint for New Beginnings: A Responsible Budget for America's Priorities*. It was released on February 28, 2001, to provide general information about the

GPO Access fulfills approximately 31 million document retrievals per month, with a total of more than 355 million retrievals during fiscal year 2001 alone.

budget being prepared by President Bush's administration. The full, traditional *Budget of the U.S. Government* was published on April 9, 2001.

Fourth Biennial Report on *GPO Access* Released

The fourth *Biennial Report to Congress on the Status of GPO Access* was released by GPO in December 2001. The report was transmitted to Congress in accordance with section 4103 of Title 44, U.S.C., and was made available on ***GPO Access***.

According to the report, the information resources on ***GPO Access*** cover all three branches of Government, and include the *Congressional Record* and all major congressional publications, the *Federal Register* and *Code of Federal Regulations*, the *United States Code*, and other key Government documents. The databases also include such noteworthy publications as the *Budget of the United States Government, Countering the Changing Threat of International Terrorism -- The Report of the National Commission on Terrorism*, the *Public Papers of the Presidents*, and the *Energy Citations Database*.

As of December 2001, ***GPO Access*** provided public access to approximately 225,000 titles through links to more than 130,000 titles on GPO servers and more than 94,000 additional titles on other Federal agency Web sites. Recent statistics indicate that ***GPO Access*** fulfills approximately 31 million document retrievals per month, with a total of more than 355 million retrievals during fiscal year 2001 alone.

Since the last *Biennial Report* in 1999, ***GPO Access*** has added new applications and publications, and improved several existing applications. Numerous system enhancements have also been made, including the implementation of a distributed caching service, the monitoring of referrals from other Web sites, and improvements to the GPO's Online Bookstore. In addition, a LISTSERV mailing list server has been brought online, with ***GPO Access*** offering automated e-mail notification service for a range of publications carried by the Superintendent of Documents Sales Program. Since September 11, initial steps have been taken to develop a ***GPO Access*** mirror site in a geographically removed location.

The report notes that the cost of ***GPO Access*** has been significantly lower than was originally estimated by the Congressional Budget Office (CBO) in the legislation creating the system (Pub. L. 103-40). CBO estimated that creating and operating the online system would cost approximately $6 million in appropriated funds over the first 5 years. In addition, CBO said the provision of free online access to Federal depository libraries would cost another $2 million to $10 million per year in appropriated funds and that, beginning in FY 1995, GPO would incur annual costs of $750,000 to keep the directory of publications current and to maintain the electronic storage facility. In fact, the total cost of ***GPO Access*** has been $19 million since it began operations in 1994, 61% less than the high range of the estimate.

The report cites high levels of customer satisfaction with ***GPO Access***, noting that in

In the hours just before and after the Supreme Court's historic opinion in the case of Bush v. Gore, the Court's Web site, hosted by GPO Access, was hit for a total of 1.1 million page views.

June 2001, ***GPO Access*** was recognized with an E-Gov 2001 "Trailblazer" award; that in May 2001, LibrarySpot.com selected the U.S. Supreme Court Web site, which is developed and hosted by GPO, to be featured among the best and most useful library and reference sites online; and that in March 2001, the Congressional Bills database on ***GPO Access*** was featured in the Legislative Branch section of GovSpot.com. Also, in December 2000, Lightspan's Study Web selected the *U.S. Constitution: Analysis and Interpretations* application on ***GPO Access*** as "one of the best educational resources on the Web."

GPO Servers Provided Public Access to Supreme Court Opinions in Florida Election Case

GPO provided the servers and bandwidth to cope with the U. S. Supreme Court's release of its opinion in the case of *George W. Bush v. Palm Beach County Canvassing Board* in December 2000. GPO hosts the Supreme Court Web site and had prepared in advance for an unusual load by increasing the number of servers containing the Court's Web site and using load-balancing equipment to assure that all servers were used as efficiently as possible. At the time of the release at 11:55 a.m. on December 4, GPO had dedicated 14 servers to the Court's Web site.

Traffic on the Court's Web site began to increase almost as soon as the Florida Supreme Court issued its opinion in *Palm Beach County Canvassing Board v. Harris* on November 21. In the days leading up to the release of the opinion, the Court posted a collection of 43 petitions, briefs, and oral arguments related to the case on its Web site. For the period November 21 to December 5, the Court's Web site received 4,346,687 page views, approximately double the normal volume for a two-week period.

Later, in the hours just before and after the U.S. Supreme Court's historic opinion in the case of *George W. Bush, et al., Petitioners v. Albert Gore, Jr., et al.* (No. 00-949) on December 12, the Court's Web site was hit for a total of 1.1 million page views. GPO replicated the Court's Web pages on a total of 19 servers in anticipation of the opinion's release. The 65-page opinion, which included all dissents, was presented as a 330 KB Acrobat Portable Document Format (PDF) file. When displayed in an Acrobat Reader, the opinion appeared as an exact facsimile of the original printed slip opinion.

Traffic on the site began to increase sharply at 4:00 p.m. and peaked in the minutes just after the opinion's release at about 10:00 p.m., totaling 1.1 million page views by 7:30 a.m. the next day. Between November 21, the day before the election case reached the Supreme Court for the first time, and December 13, the day after the final opinion, the Court's Web site had 6.4 million page views. During a normal month, the Court's site handles roughly 1.5 million page views.

GPO Access Makes Davis-Bacon Wage Data Available

The database containing *Wage Determinations Issued Under the Davis-Bacon and Related Acts* was made available without

GPO and the Department of Energy (DOE) partnered in 2001 to launch a new Web service that increases access to the body of scientific and technical Government information.

charge on ***GPO Access*** during FY 2001. A co-operative project of GPO and the Wage and Hour Division of the Department of Labor, the database includes the new annual issuance of the recompiled Wage Determination dataset. This dataset of more than 1,600 Wage Determinations is updated weekly, as new and modified Determinations are issued by the Wage and Hour Division.

The Davis-Bacon Wage Determinations Web site on ***GPO Access*** gives users the choice of browsing all determinations by State or searching the full database. Users who choose to browse by State are directed to a table that shows the Wage Determinations by county, and then by type of construction (highway, heavy, building, and residential). Users who choose to search the full database can target their searches by State, by construction type, and by date. There is also the option of searching by Wage Determination number.

Regardless of the method used to select a determination, it is displayed to the user full-text, as provided by the Department of Labor, in HTML (HyperText Markup Language) format. This provides for rapid searching, fast screen views, and quick printing.

The Davis-Bacon Act requires that each contract over $2,000 to which the United States or the District of Columbia is a party for the construction, alteration, or repair of public buildings or public works contain a clause setting forth the minimum wages to be paid to various classes of laborers and mechanics employed under the contract. Contractors and subcontractors are required to pay workers employed directly on the site of the work no less than the locally prevailing wages and fringe benefits paid on projects of a similar character. Under the Act, the Secretary of Labor is responsible for determining the local prevailing wage rates.

U.S.- China Security Review Commission Web Site Hosted by GPO

The U.S.-China Security Review Commission, effective with the 107th Congress, selected the GPO to develop and host its official Web site. Available at **www.uscc.gov**, the site sets forth the Commission's objective of analyzing the national security implications of trade and economic ties between the United States and the People's Republic of China, and provides a schedule of its hearings in 2001.

GPO and Energy Department Launch New Web-Based Service

GPO and the Department of Energy (DOE) partnered in 2001 to launch a new Web service that increases access to the body of scientific and technical Government information. The *Energy Citations Database*, at **www.osti.gov/energycitations**, is a searchable index that describes publications from 1948 to the present.

Developed by DOE's Office of Scientific and Technical Information (OSTI), the *Energy Citations Database* provides bibliographic records for energy and energy-related scientific and technical information from DOE and its predecessor agencies, the Atomic Energy Commission (AEC) and the Energy Research and Development Administration (ERDA). Indexed publications are

GPO Access and the eCFR, an online version of the Code of Federal Regulations developed by GPO, both received the E-Gov 2001 "Trailblazer" honorable mention awards.

from disciplines of interest to the DOE such as chemistry, physics, environmental science, geology, engineering, climatology, oceanography, computer science and related disciplines. Publications in the database represent various forms of literature used to announce DOE's research results, including report literature, conference papers, journal articles, books, dissertations, and patents.

Regular updates to the database will ensure that results of recent research and development are made available. When available, the full text of indexed publications issued since 1995 are linked through the *DOE Information Bridge*, another GPO/OSTI partnership. Publications prior to 1995 are available at more than 1,300 Federal depository libraries located throughout the country and territories.

DOE Information Bridge was the first GPO/OSTI partnership established in 1997. GPO and DOE jointly launched *PubSCIENCE*, an electronic system providing public access to a DOE database of scientific and technical literature, in 1999. In 2000, GPO and DOE initiated two additional services, called the *GrayLIT Network* and *Federal R&D Project Summaries*, that provide users with the ability to find information regardless of where it resides - by searching for documents across multiple databases of many Federal agencies - in response to a single query. The *Energy Citations Database* and other partnership online services are accessible through *GPO Access*.

GPO Access Adds New Listserver Option

GPO announced a new ***GPO Access*** service, GPOLISTSERV (**http://listserv.access.gpo.gov**) in 2001. Through this service, the public has a quick and easy way to receive up-to-date notice about many of the resources available from ***GPO Access***.

Customers can subscribe to e-mail listservers moderated by GPO or hosted on ***GPO Access*** for other Federal agencies. Lists currently available include the *Federal Register Table of Contents* and the *Merit Systems Protection Board Decisions and Studies* lists. Customers can also register to receive free e-mail updates when new publications are placed on sale by the Superintendent of Documents. This service allows customers to specify one or more area of interest from a topic list that currently includes: Business, Elementary and Secondary Education, Defense and Security, Health Care, Military History, and Travel and Tourism. This service can also be reached via GPO's Online Bookstore at **http://bookstore.gpo.gov/alertservice.html**.

GPO Online Products Win Two "Trailblazer" Awards

GPO Access and the eCFR, an online version of the *Code of Federal Regulations* developed by GPO for the National Archives and Records Administration, both received the E-Gov 2001 "Trailblazer" honorable mention awards. In an announcement on May 2, 2001, the Government Solutions Center Selection Committee said that GPO's were two of only 22 Trailblazer Awards selected from more than 300 nominations. The Secretary of Commerce was the keynote speaker at the July 12, 2001, awards ceremony.

In spite of the September 11 attacks, in October 2001 nearly 400 Federal depository librarians and agency representatives attended the 10th annual Federal Depository Library Conference in Alexandria, VA

Depository Library Conferences

In April 2001, more than 150 Government information librarians met in San Antonio, TX, to discuss issues of importance to Government information users nationwide as well as the national library community. The occasion for the gathering was the 58th semiannual meeting of the Depository Library Council, an advisory group to the Public Printer. The Council is composed of 15 representatives of the Government information community who advise GPO on issues related to the Federal Depository Library Program (FDLP).

Highlights of the April conference included remarks from the Public Printer and GPO's Superintendent of Documents on the outlook for the FDLP, presentations from the Census Bureau and the National Park Service, and programs such as "Local Strategies for Ongoing Access to Electronic U.S. Government Information," "Incorporating Federal Government Resources in Virtual Libraries," and "Electronic Spanish Language Information Resource Locators." The National Commission on Libraries and Information Science (NCLIS) provided an update on its "Assessment of the Federal Government's Information Policies and Practices."

In spite of the September 11 attacks, in October 2001 nearly 400 Federal depository librarians and agency representatives attended the 10th annual Federal Depository Library Conference, the Nation's premier event for Government information librarians. The conference was held in Alexandria, VA, concurrent with the 59th meeting of the Depository Library Council to the Public Printer.

Highlights of the October conference included discussions on depository library promotion, education resources on the Web, permanent public access strategies for electronic publications, baseline electronic proficiencies, and more. GPO's ongoing transition to a more electronic FDLP was the primary focus of the event, as was discussion of development of a mirror site for ***GPO Access*** at a location outside Washington, DC. One announcement welcomed by the group was that cataloging records for online electronic publications will now be included in the online *Monthly Catalog of U.S. Government Publications*. Other agency participants, such as the Census Bureau, U.S. Geological Survey, Federal Aviation Administration, National Imagery and Mapping Agency, Forest Service, Department of Energy, and the Bureau of Labor Statistics, presented updates on their public information activities and products.

Withdrawal of USGS CD-ROM from Depository Libraries

In the wake of the September 11 attacks, Federal agencies began reviewing their public information products. One agency, the U.S. Geological Survey (USGS), determined that one of its publications, a CD-ROM entitled *Source Area Characteristics of Large Public Surface-Water Supplies in the Conterminous United States: An Information Resource for Source-Water Assessment, 1999*, should be withdrawn from public access in Federal depository libraries and destroyed.

In the wake of the September 11th attacks, the U.S. Geological Survey determined that one of its publications should be withdrawn from public access in Federal depository libraries and destroyed.

By letter dated October 5, 2001, the USGS asked the GPO to "request that depository libraries receiving the [*Source-Water* CD-ROM] be instructed to destroy their copies." When a member of the library community questioned the USGS on the need for this action, a USGS e-mail reply dated October 31, 2001, said: "Subsequent contact with the Government Printing Office and the USGS Committee that sets official policy on restriction of sensitive information has reconfirmed the validity of the original written instruction from USGS and GPO to destroy the report."

By letter dated October 12, 2001, Superintendent of Documents Francis J. Buckley, Jr. requested Federal depository libraries to withdraw and destroy their depository copies of the USGS CD-ROM. The Superintendent of Documents is the GPO official who by law is responsible for the operation of the Federal Depository Library Program (FDLP).

The Superintendent of Documents' October 12 letter went to the 335 Federal depository libraries that had selected this document for their collections (there are 1,310 Federal depository libraries nationwide). The letter was subsequently published in the Superintendent of Documents publication "Administrative Notes," which is made available to the entire depository library community and is posted on GPO's Web site, at **www.gpo.gov/su_docs/fdlp/pubs/adnotes/**. The Superintendent of Documents' request applied only to copies of the *Source-Water* CD-ROM distributed under the FDLP.

The Superintendent of Documents' request followed established policy for the withdrawal of documents from the FDLP. This policy has been communicated in writing to all Federal depository libraries. Under the FDLP, the Government may request the removal of materials from depository libraries since it is a well-established principle of law that all FDLP materials remain Government property. Requests to withdraw happen rarely, however. Since FY 1995, the GPO has distributed 230,019 tangible product (print, microfiche, and CD-ROM) titles to depository libraries, and recalled just 20 (16 to be destroyed, 3 returned to the agency, 1 removed from shelves). Such actions are taken only on the request of the issuing agency, most commonly because the titles contain information that is erroneous or has been superseded. The Superintendent of Documents has no statutory ability to deny agency document withdrawal requests, but instead serves as the statutory conduit for carrying them out. Prior to initiating any withdrawal request, the Superintendent of Documents' policy is to carefully review each request and ensure that all such requests to GPO are made in writing.

In partnership with Federal depository libraries, the GPO has been the Government's agent for providing public access to Government information for nearly two centuries. The GPO takes very seriously any Federal agency's request to restrict access to Government information that has been made public. However, the GPO also has a duty under the law to cooperate with Federal agencies in the appropriate distribu-

In another move to improve the efficiency of the Government's printing, GPO installed an automated system that allows printing and other contractors to submit invoices via a fax gateway.

tion of the official information they publish. Any agency withdrawal requests are handled in accordance with law and established policy.

GPO Offers Printing Contractors Paperless Billing System

In another move to improve the efficiency of the Government's printing, GPO installed an automated system that allows printing and other contractors to submit invoices via a fax gateway. Submitted this way, contractors' bills are read in digital format by GPO's processing equipment, and go directly into the billing database where they are scheduled for payment automatically.

The new system functions through a bar code cover sheet that is used to identify, index, and control the invoices. The bar coding greatly reduces the possibility of data entry errors and speeds scheduling of payments.

Contractors can now fax their invoices and supporting documentation to GPO 24 hours a day, 7 days a week. This billing option saves postage and helps contractors get paid faster. Contractors also know immediately if the fax has been delivered to GPO.

GPO's contractors can find detailed instructions on how to use the system and the fax phone number at: **http://winapps.access.gpo.gov/fms/vouchers/barcode.** Before the first invoice is faxed to GPO, contractors are encouraged to call GPO at 202-512-2073 so that the first transmission can be monitored. This will help assure that the contractor's implementation is operating properly.

GPO Provides Printing Expertise to D.C. Government

During the year, GPO designed and produced a large suite of materials promoting the D.C. Government's Tuition Assistance Grant Program (TAGP). Over 20 high-quality products were delivered on-time under very tight deadlines. The D.C. Government has ordered even more products for the second phase of the campaign. The campaign creates an awareness of TAGP, which provides college tuition money to D.C. high school graduates and residents.

GPO's design team used a colorful grid of photos and text blocks that created a unifying appearance for all the campaign material describing the TAGP. The centerpiece of the campaign was the application form, a booklet with separate cover that had to be made available in an online version and in print. Other pieces included both English and Spanish versions of a brochure and a flyer, a postcard, a poster for use in schools, a poster for use in Metro trains and buses, stationery, a bumper sticker, banners, and poster enlargements for use at the kickoff press conference and at exhibits.

GPO's Printing Procurement Department handled the procurement of what was almost entirely four-color printing. The Postscript Section in GPO's Production Department produced about 20 large posters for the Mayor's press conference, and GPO's Binding Division mounted the posters on foam-core board for display.

GPO received the Federal Champion Award from WasteWise, an EPA program that unites more than 1,160 businesses, government agencies, and institutions in an effort to reduce waste.

GPO-Designed Publication Receives NEA Award

Medical Guidelines, a publication series designed for the Department of Health and Human Services by GPO's Typography and Design Division, was selected from 332 entries as one of 35 projects honored with the National Endowment of the Arts' highest award, the Federal Design Achievement Award.

In making the award, the selecting committee noted, "The books and booklets contained in this series are well organized, appropriately structured, and convey information in a clear and concise manner. The sensitivity to typographical detail and attention to craft are very evident and superior to the level exhibited by too many Government agencies."

Environmental Protection Agency Honors GPO

GPO was among 54 organizations that received recognition from the Environmental Protection Agency (EPA) at a November 2001 awards ceremony in Washington, DC, for their extraordinary accomplishments in reducing waste.

GPO received the Federal Champion Award from WasteWise, an EPA program that unites more than 1,160 businesses, government agencies, and institutions in an effort to reduce waste. The program is free, voluntary, and fosters cooperation among people working to find practical methods to reduce municipal solid waste and improve financial performance.

GPO saved $20,000 in 2000 by initiating a program to repair approximately 4,000 wooden pallets, equivalent to 80 tons. Pallets that cannot be repaired are chipped and sold by a contractor for use as mulch. GPO achieved more than $10,000 in net income from the sale of more than 11 tons of computers and electronic equipment for reuse. A new program to recycle all toner cartridges also saved GPO about $27,000 in 2000.

U.S. Government Printing Office

Performance Measures

September 30, 2001

Operating Performance Measures

GPO met its on-time delivery goal by attaining a 95 percent on-time delivery rate, and nearly met the quality acceptance goal of 99 percent with a 98.2 percent rating.

Overtime Management

GPO makes an ongoing effort to minimize overtime hours. In fiscal year 2001, overtime hours decreased to 198,000 hours from 204,000 hours in fiscal year 2000, or 2.9 percent. The cost of overtime in fiscal year 2001 decreased by about $355,000 from fiscal year 2000's level. GPO successfully achieved its goal for fiscal year 2001, with actual overtime hours worked well under the upper limit of 220,000 overtime hours established at the beginning of the year. Our goal for fiscal year 2002 will be reduced to an upper limit of 200,000 overtime hours.

Production Chargeable Hours

Chargeable hours decreased to 652,000 in fiscal year 2001 from 706,000 in fiscal year 2000, a decrease of 54,000 hours, or 7.6 percent, while the number of employees available for work decreased 5.1 percent. The results for 2001 met GPO's goal of achieving sufficient chargeable hours necessary to break-even. GPO's fiscal year 2002 goal is to have enough chargeable hours to achieve break-even in Production Operations. Due to the mix in hourly rates charged for the various printing processes, a specific chargeable hour target cannot be established.

Congressional Record Delivery

The *Congressional Record* is an important tool and product of the legislative process, and its production is a large part of GPO's mission. To gauge how well GPO is serving Congress by producing the *Congressional 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 77 percent in fiscal year 2001, compared with 85.2 percent in fiscal year 2000.

On-Time Delivery of Procured Printing

The Printing Procurement Department contracted with commercial printers to ship 147,800 jobs in fiscal year 2001 compared with 155,200 jobs in fiscal year 2000. For fiscal year 2001, GPO's goal was to have at least 95 percent of procured printing orders delivered on schedule and a quality acceptance rate of at least 99 percent. GPO met its on-time delivery goal by attaining a 95 percent on-time delivery rate, and nearly met the quality acceptance goal of 99 with a 98.2 percent rating. The goals for fiscal year 2002 remain the same as those for fiscal year 2001.

Financial Performance Measures

Cash Management

Payment Performance – In fiscal year 2001, GPO continued to earn millions of dollars from taking favorable prompt payment discounts offered by contractors for the payment of invoices within the discount period. GPO earned prompt payment discounts of $6.6 million on purchased printing expense of $432 million. This represents a discount rate of 1.5 percent, as compared to 1.6 percent for the prior fiscal year. Total discounts taken were less due to an $87 million decrease in the total purchased printing expense base of $519 million in fiscal year 2000. The 1.5 percent discount rate earned exceeded the 1.4 percent goal set for fiscal year 2001. Our goal will remain at 1.4 percent for fiscal year 2002.

GPO implemented an automated workflow invoice processing system that should reduce lost prompt payment discounts.

Discounts lost decreased to $278,000 in fiscal year 2001 from $288,000 in fiscal year 2000. The percentages of discounts lost to discounts offered were 4 percent and 3.4 percent in fiscal years 2001 and 2000, respectively. We did not achieve our goal set for fiscal year 2001, which was a maximum of 2.5 percent. At the end of fiscal year 2001, GPO implemented an automated workflow invoice processing system that should reduce lost prompt payment discounts.

Electronic Payments – The use of electronic funds transfer (EFT) payments results in savings for GPO and the Department of the Treasury because paper checks do not have to be produced and processed. In fiscal year 2001, approximately 25,500 monthly payments, or 91 percent, of all GPO payments were made by EFT, compared with 25,800 monthly payments, or 94 percent of all payments in fiscal year 2000. Our goal for fiscal year 2001 was to increase EFT payments to 97 percent of all payments. Our goal in fiscal year 2002 is to increase EFT payments to 96 percent of all payments made.

Debt Management

Federal Receivables – In fiscal year 2001, GPO billed Federal agencies $665 million for printing and binding services. Of this amount, $489.7 million (73.6 percent) was collected using the Department of Treasury's On-Line Payment and Collection (OPAC) system; $33.8 million (5.1 percent) was from funds residing in Printing and Binding Deposit Accounts maintained by the GPO; and $11.5 million (1.7 percent) was collected via credit card. These methods enable the collection of funds within 30 days or less, as opposed to the more traditional methods of collection which require the creation and exchange of paper documents.

Total GPO government accounts receivable at the end of fiscal year 2001 is $9.3 million, compared with $8.4 million at the end of fiscal year 2000. The Department of Defense (DoD), with an average monthly balance of $5 million for billings outstanding for more than 90 days, representing 48.6 percent of all of GPO's delinquent receivables, is

GPO's largest delinquent customer. At the end of fiscal year 2001, DoD owed GPO $485,000 for billed, completed work that was between 31 and 60 days overdue, $262,000 that was between 61 and 90 days overdue, and $5.7 million that was more than 90 days overdue. GPO and DoD have, in recent years, used Treasury's OPAC system to simultaneously bill and collect certain DoD invoices for printing and publishing services. This agreement has had a significant impact in reducing GPO's receivables from DoD. As recently as fiscal year 1998, accounts receivable from DoD were $34.9 million, including $14.1 million overdue by more than 90 days.

GPO is committed to maintaining strong financial systems and internal controls to ensure accountability, integrity, and reliability.

GPO also offers Printing and Binding Deposit Accounts to allow agencies to prepay for their printing. These accounts greatly simplify customer agency accounting and have the added benefit of providing detailed customer account information, via a secure Web site, which enables customers to either download or print their transactions. At the end of the year, there were 222 printing and binding deposit accounts valued at $42 million.

GPO continues to offer agencies the option to pay their printing and binding bills by credit card. Credit card usage increased in fiscal year 2001 to $11.5 million for nearly 13,000 print jobs from $10.6 million for nearly 12,000 print jobs in fiscal year 2000. The average price per job (about $900 per job in each year) paid via credit card indicates that customers find it an easy way to pay for small printing jobs.

Management Discussion and Analysis

The consolidated financial statements of GPO were prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. GAAP also requires that accounting principles used be applied in a consistent manner with that of the previous year.

The principal consolidated financial statements report the financial position and the results of operations of the agency pursuant to the requirements of 31 U.S.C. §3515(b). The principal consolidated financial statements were audited by an independent external auditor selected by the Public Printer in accordance with 44 U.S.C.§ 309(e).

The consolidated financial statements and reports are prepared from the GPO's financial management system. Transactions are recorded on the accrual basis and are within budgetary limitations established to facilitate compliance with legal constraints and controls over the use of federal funds. GPO's annual financial statements and accompanying notes provide information on the agency's financial position, results of operations, changes in net position, and disclose all significant events and economic affairs controlled by GPO, in conformity with applicable laws, regulations, standards, and policies relevant to financial reporting.

GPO is committed to maintaining strong financial systems and internal controls to ensure accountability, integrity, and reliability. Our internal controls are designed to

provide reasonable assurance that obligations and costs are in compliance with applicable laws and regulations; funds, property, and other assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and revenues and expenses are properly recorded and accounted for to enable our agency to prepare reliable financial reports and maintain accountability over assets.

GPO Instruction 825.18A *Internal Control Program* effectively adopts the internal control standards and assessment methodology used by the executive branch. GPO managers regularly conduct vulnerability assessments and internal control reviews of GPO's programs, operations, and other activities. The GPO Inspector General monitors the program and keeps the Public Printer informed of the progress by management. The GPO Internal Control Program has strengthened management controls and improved the economy, efficiency, and effectiveness of GPO's programs, operations, and other activities.

The GPO Printing Procurement Program continues to be the best acquisition service for the Federal printing dollar.

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. GPO strives to operate and manage its resources efficiently and to achieve steady gains in productivity.

There has been a steady decline in demand in recent years for traditional printing within the Federal government. All major programs within GPO have been impacted by this dynamic: less printing is produced and procured and fewer printed publications are sold. The GPO workforce reflects this decrease in demand as well, with the number of employees on the rolls decreasing from 8,500 employees in fiscal year 1976 to 3,026 at September 30, 2001.

GPO's Plant Printing Operations produces the *Congressional Record* and all other documents relative to the legislative process. However, neither Congress nor GPO can accurately forecast the printing workload that may be required to support and record legislative proceedings. In those years where congressional printing requirements exceeds the funding provided, GPO uses its authority to temporarily fund the shortfall through the Revolving Fund. In the majority of years, funding has been adequate.

In fiscal year 2000, the funding needed to provide Congress with its printing services exceeded the annual $71.3 million appropriation by an estimated $9.9 million in cumulative obligations. During fiscal year 2001, Congress approved a $9.9 million supplemental appropriation and a $9.5 million appropriation transfer to the Revolving Fund to pay down the cumulative shortfall through fiscal year 2000. GPO estimates a shortfall of $5.9 million at the end of fiscal year 2001.

The GPO Printing Procurement Program continues to be the best acquisition service for the Federal printing dollar. The Program offers the advantage of a centralized staff of technical experts to ensure that the customer agency's printing requirements are met at the lowest cost. Customer orders are offered, via the competitive bid process, to the

commercial printing industry to obtain the best offer. GPO's commercial printing contractors are capable of producing over 350 types of products. GPO's Printing Procurement staff has fulfilled the needs of its customers for timely and cost effective printing, as shown by their on-time delivery and quality acceptance rate performance measures. This program, as with other print-on-paper operations, must continually look for ways to reduce costs and increase efficiency in an environment of declining demand. GPO is looking to streamline the printing procurement process by developing requirements for a web-based, simplified purchase agreement application, which will allow customer agencies to electronically transmit their specifications to GPO. GPO will be able to rank potential contractors and electronically place the order with the contractor that provides the best value for the Federal Government. Contractors will also be able to electronically receive orders and bill GPO for the finished product.

Three bookstores that were not recovering their operating expenses (San Francisco, Boston, and McPherson Square, DC) were closed during the year.

The GPO Sales of Publications Program has experienced a significant decrease in sales activity and the number of titles available for sale. This decline corresponds to advances in electronic information technology, such as the world wide web, and increases in electronic publishing by customer agencies. The Sales of Publications Operations 2001 revenue of $42.4 million declined from fiscal year 2000 revenue of $45.5 million. This continues the downward trend that began in fiscal year 1995, when revenue was $80 million. Years of diminished revenue and virtually fixed labor costs have caused the Sales Program to sustain significant annual operating losses. This is significant in that the Sales Program receives no appropriated funds, and must recover costs to continue operations.

In an effort to improve this situation, 3 bookstores that were not recovering their operating expenses (San Francisco, Boston, and McPherson Square, DC) were closed during the year, and management plans to close additional stores in fiscal year 2002. Also, continued efforts to downsize through attrition are being employed in other areas of the Sales Program, as well as efforts to consolidate space to reduce overhead costs. Sales Program customers are also being encouraged to do business with the U. S. Government Online Bookstore as a means of providing more efficient customer service while lowering administrative and staffing costs. To generate additional revenue, efforts are being intensified to identify and obtain additional Government publications for sale to the public.

During fiscal year 2001, GPO management revalued the Integrated Processing System (IPS) for accounting purposes. This computer system is being developed for use by the Superintendent of Documents for the Sales of Publications Program. IPS is designed to replace about 18 older computer systems. IPS was initially expected to have a useful life of 5 years. However, the project, which was begun in fiscal year 1995, was not operational as of September 30, 2001. Therefore, the capitalized asset was declared by management to be "impaired," and was written-off in 2001. This write-off of $12 million has been presented as an "Impairment loss" on the financial statements for fiscal year 2001.

Efforts are focused on purchasing from the GSA Schedule, commercial, off-the-shelf cataloging and library management software that meets system requirements.

The Salaries and Expense Appropriation by Congress funds the administration of the Federal Depository Library Program (FDLP), the Cataloging and Indexing Program, and the distribution component of the International Exchange Program of the Library of Congress. GPO's cataloging and locator services have emerged as a critical element in the FDLP's provision of current public access to U.S. Government publications. Long recognized as the national authority for cataloging government publications, FDLP is also gaining recognition as a center of excellence in other aspects of managing an electronic collection for permanent public access.

In order to provide FDLP services more timely and efficiently, GPO is in the process of acquiring an up-to-date library cataloging and data management system that will enhance the ability to perform the statutorily authorized functions of the Cataloging and Indexing Program and the FDLP. Efforts are focused on purchasing from the GSA Schedule, commercial, off-the-shelf cataloging and library management software that meets system requirements. Significant costs and time associated with a full competitive procurement will be saved with this approach. Internal workflow procedures will be adjusted, as necessary, to mesh with the new system, minimizing modifications to the standard software.

Fiscal Year 2001 Financial 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 customer agencies, sales to the public, and transfers from the Congressional Printing and Binding Appropriation and the Superintendent of Documents Salaries and Expenses Appropriation. These two annual appropriations are used to reimburse the Revolving Fund for costs incurred while performing congressional work and fulfilling statutory requirements associated with the distribution of government publications, respectively. Reimbursements to the Revolving Fund from the appropriations are recorded as revenue, and generally, unexpended appropriations are returned to the U.S. Treasury after 5 years have passed.

GPO's comprehensive, audited principle financial statements include all economic events impacting the agency. In fiscal year 2001, GPO recorded an accrued unfunded liability of $67.7 million and an accrued expense of $31.4 million resulting from the change in the actuarial estimate of the long-term liability for accident compensation. GPO is required to include the actuarial estimate of Federal Employees' Compensation Act (FECA) liability and the accrued FECA expense in its consolidated financial statements in order to comply with applicable accounting standards.

To improve financial reporting, the change in the actuarial estimate of workers' compensation liability is now presented as a separate cost element in the financial statements.

However, GPO does not include the actuarial estimate of the future cost of accident compensation in the computation of rates and prices used to charge Congress, Executive Agencies, or the Public, and does not include it in its requests for annual appropriations. GPO has included in its rate structure and prices only the actual cost of accident compensation paid to the Department of Labor (DoL) for the period reported. The future costs of GPO's accident compensation will be paid from revenues earned in the year the expense is paid.

To improve financial reporting, the change in the actuarial estimate of workers' compensation liability is now presented as a separate cost element in the financial statements. In prior statements, this cost was incorporated in the expense category entitled "Personnel Compensation and Benefits." This enhancement provides readers with a better representation of actual personnel compensation and benefits.

The Consolidated Statements of Revenues and Expenses reflect the "Change in actuarial liabilities" and the "Impairment loss" for IPS separately under "Other Operating Expenses." This presentation method highlights two major events that had a significant economic effect on the Agency's operating results. GPO's expenses for fiscal year 2001 increased by about $43.5 million as a result of these two items.

GPO's revenues, expenses, and income or loss before other operating expenses for fiscal years 2001 and 2000 are summarized in the table on the next page entitled "GPO's Major Operations." GPO's loss before the aforementioned expenses was approximately $1.5 million in fiscal year 2001, compared with income of approximately $3.3 million in fiscal year 2000. After inclusion of the aforementioned expenses, GPO had losses of $45 million and $115,000 for fiscal years 2001 and 2000, respectively.

Revenues and expenses declined by $95 million (12 percent) and $90.1 million (11 percent) in fiscal years 2001 and 2000, respectively, before inclusion of the expenses for the impairment loss and change in the actuarial estimate for workers' compensation liability. Part of this decrease in revenue and expense is attributable to cyclical work for the U.S. Census Bureau. During fiscal year 2000, GPO provided about $70 million in commercially procured printing for the Decennial Census of the United States.

Printing and Binding Operations had income before other operating expenses for the year of approximately $6 million compared with income before other operating expenses of approximately $15 million in fiscal year 2000. Revenues were $663.3 million compared with $756.7 million in fiscal year 2000. The income for fiscal year 2001 is before the aforementioned costs recognized for the increase in the actuarial estimate for workers' compensation liability, and the impairment loss for IPS.

The Sales of Publications Operations revenue of $42.4 million declined by $3.1 million, or 6.8 percent when compared to fiscal year 2000 revenue of $45.5 million. The Sales of Publications loss before other operating expenses was $7.6 million in fiscal year 2001 and $11.8 million in fiscal year 2000. The loss before other operating expenses for

fiscal year 2001 is before the costs recognized for the increase in the estimate for workers' compensation liability and the impairment loss for IPS.

The Equity for the Sales of Publications Operations reflects an accumulated deficit of approximately $35.9 million resulting from program operations since fiscal year 1993. Due to statutory restrictions that required earnings (i.e., receipts in excess of costs) to revert to the U.S. Treasury, the Sales of Publications Operations Program was unable to accumulate retained earnings until Public Law 103-69 amended 44 U.S.C. §1709 in 1993. Prior to the 1993 revision, over $17 million in excess receipts was transferred to the Treasury as required by statute, and over $28 million was used to fund the Salaries and Expenses of the Superintendent of Documents, as directed by Congress.

The following table summarizes the consolidated revenues and income (loss) before other operating expenses in each major operation of GPO during fiscal years 2001 and 2000.

GPO's Major Operations - Unaudited (Dollars in thousands)	**2001**		**2000**	
	Revenues	Income (Loss) before Other Operating Expenses	Revenues	Income (Loss) before Other Operating Expenses
Revolving Fund:				
Printing and binding operations:				
Purchased printing				
Central	$259,959	$ 5,455	$330,620	$ 3,161
Regional	214,371	(1,733)	226,992	(2,881)
Subtotal	474,330	3,722	557,612	280
In-house printing				
Central	186,216	3,328	195,830	15,291
Regional	759	(1,224)	1,217	(752)
Subtotal	186,975	2,104	197,047	14,539
Other	2,005	128	2,020	174
Subtotal of printing and binding operations	663,310	5,954	756,679	14,993
Information dissemination:				
Sales of publications	42,407	(7,607)	45,479	(11,815)
Agency distributions	4,435	105	5,215	129
Subtotal	46,842	(7,502)	50,694	(11,686)
Appropriations:				
Salaries and expenses	29,653	-	29,824	-
Congressional printing and binding	86,100	-	81,064	-
Subtotal	115,753	-	110,888	-
Total before eliminations	825,905	(1,548)	918,261	3,307
Eliminations (1)	(113,497)	-	(110,892)	-
Total after eliminations	$712,408	$ (1,548)	$807,369	$ 3,307

1. The eliminations include revenue recognized by one area of the GPO for products or services produced or provided to another area of GPO. In order to avoid reporting the expense and revenue for intra-company transactions, eliminating entries must be made. In fiscal year 2001, major eliminations included printing work charged to the Congressional Printing and Binding Appropriation ($86.1 million), publications printed for the Sales of Publications Program for resale to customers ($9.6 million), and printing for programs funded by the Salaries and Expenses Appropriation ($14.8 million).

Fiscal Year 2002 Projections

GPO projects breakeven operations for fiscal year 2002, with revenue and expenses expected to remain at about the same levels experienced in fiscal year 2001. However, congressional activity, in the form of legislation to stimulate the economy and deal with other issues related to the war against terrorism, may increase GPO's revenue stream during the year. GPO expects to operate at less than the congressionally mandated full-time equivalent ceiling of 3,260 for fiscal year 2002, with no degradation in core products and services. This is possible primarily to efficiencies from recent investments in new technology and on-going automation efforts.

GPO will continue to develop and employ efficient business practices and production processes to contain costs, and emphasize cost-effective methods of providing customer agencies and the public with government information and dissemination services.

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Independent Auditors' Report

The Public Printer
United States Government Printing Office:

We have audited the accompanying consolidated balance sheets of the United States Government Printing Office (the GPO) as of September 30, 2001 and 2000, and the related consolidated statements of revenues and expenses and cash flows for the years then ended. We have also examined management's assertions, included in the statement of assurance to us dated March 5, 2002 at page 48, regarding the effectiveness of the GPO's internal control over financial reporting that were in place as of September 30, 2001. The objective of our audits was to express an opinion on the fair presentation of the GPO's consolidated financial statements. The objective of our examination of management's assertions regarding internal control over financial reporting was to express an opinion on management's assertions. In connection with our audits, we also tested the GPO's compliance with certain provisions of applicable laws and regulations that could have a direct material effect on its consolidated financial statements.

Summary

As stated in our opinion on the consolidated financial statements and on management's assertions about the effectiveness of internal control over financial reporting we conclude that:

- The GPO's consolidated financial statements as of September 30, 2001 and 2000, and for the years then ended, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America; and
- The GPO management has fairly stated, in all material respects, its assertions that internal control over financial reporting in place as of September 30, 2001, provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the consolidated financial statements, based upon criteria established under GPO Instruction 825.18A, *Internal Control Program.*

Our consideration of internal control over financial reporting resulted in deficiencies in the design and/or operation of the GPO's EDP general controls and internal control over its process for estimating its year-end workers' compensation liability, being identified as reportable conditions.

The results of our tests of compliance with laws and regulations disclosed no instances of non-compliance that are required to be reported herein under *Government Auditing Standards.*

KPMG LLP. KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss association.

Note: **The Public Printer's letter referenced above can be found on page 73**

The following sections discuss our opinion on the GPO's consolidated financial statements, our opinion on management's assertions regarding internal control over financial reporting, our tests of the GPO's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of the GPO as of September 30, 2001 and 2000, and the related consolidated statements of revenues and expenses and cash flows for the years then ended.

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of the GPO as of September 30, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the GPO's consolidated financial statements taken as a whole. The consolidating and supplemental information on pages 38 through 47 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. This information has not been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, accordingly, we express no opinion on it.

The information contained in the performance measures section has not been audited and, accordingly, we express no opinion on it.

Opinion on Management's Assertions about the Effectiveness of Internal Controls Over Financial Reporting

We have examined management's assertions included in its statement of assurance to us dated March 5, 2002, that internal controls designed by management provide reasonable, but not absolute, assurance that as of September 30, 2001, the following objectives were met:

- Transactions are properly recorded, processed, and summarized to permit the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and
- Transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the consolidated financial statements.

In our opinion, management's assertions that internal controls in place as of September 30, 2001, provide reasonable assurance that transactions are properly recorded, processed, and summarized to permit the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the consolidated financial statements, are fairly stated in all material respects, based upon criteria established under GPO Instruction 825.18A, *Internal Control Program*.

(Continued)

Note: The consolidating and supplemental information referenced above can be found on pages 58 through 72.

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the GPO's ability to record, process, summarize, and report financial data consistent with the assertions by management in the consolidated financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the consolidated financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal control, misstatements, due to error or fraud, may nevertheless occur and not be detected.

We noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions, however, we do not consider the reportable conditions described below to be material weaknesses.

EDP General Controls

Deficiencies in the design and or operations of the GPO's EDP general controls are considered a reportable condition. This condition, which has been previously reported to management in prior years' audit reports, relates to the following areas.

- **Entity-Wide Security Program**
  - There are several areas regarding an enterprise-wide security program that are inadequate. The program should establish a framework for assessing risk, developing and implementing effective security procedures, and monitoring the effectiveness of these procedures. Without a well-designed program, security controls may be inadequate; responsibilities may be unclear, misunderstood, and improperly implemented; and controls may be inconsistently applied.

  Examples of weaknesses include:

  - Establishment of risk assessment standards and the routine performance of formal risk assessments has not been implemented.
  - The draft security program policy has not been finalized and implemented.
  - Program management has not consistently conducted and documented periodic system reviews of application software systems and associated hardware.
  - Compliance with GPO Personnel Security Program policy has not been enforced and termination and transfer procedures should be revised.
- **Access Controls**
  - Certain access controls require modification in order to provide a more secure environment. Access controls should provide reasonable assurance that computer resources (data files, application programs, and computer-related facilities and equipment) are protected against unauthorized modification, disclosure, loss, or impairment. These controls include controls over physical access to computer resources, and controls that prevent unauthorized access to sensitive files.

(Continued)

Examples of weaknesses include:

- Clear and concise criteria to classify entity-wide resources have not been established.
- A policy that requires resource owners to periodically review access authorization listings and privileges has not been established.
- Access privileges to Oracle utilities and "agents" have not been reviewed and restricted.
- Internal and external network security vulnerabilities to the GPO network have not been restricted.
- An entity-wide policy for review of audit logs and access violations has not been implemented.

- **Application Change Control and Systems Development**
  - Certain controls over the modification of application software programs are deficient. These controls should be designed to ensure that only authorized programs and modifications are implemented. Without proper controls, there is a risk that security features could be inadvertently or deliberately omitted or "turned off" or that processing irregularities or malicious code could be introduced.

Examples of weaknesses include:

- An Office of Information Resource Management (OIRM) and Production systems development methodology has not been formally established.
- Application development standards and procedures have not been adhered to.
- An entity-wide development methodology has not been developed.

- **Segregation of Duties**
  - Certain controls over separating the work responsibilities so that one individual does not control all critical stages of a process need improvement. These controls should be designed to ensure that duties are divided to diminish the likelihood that errors and wrongful acts will go undetected because the activities of one group or individual will serve as a check on the activities of another. Inadequately segregated duties increase the risk that erroneously or fraudulent transactions could be processed, that proper program changes could be implemented, and that computer resources could be damage or destroyed.

Examples of weaknesses include:

- Development of a policy and a security plan for application systems has not been established.
- Management oversight, guidelines, guidance, and support to assist the local network administrators have not been provided.

- **Service Continuity**
  - Losing the capability to process, retrieve, and protect information maintained electronically can significantly impact an agency's ability to accomplish its mission. For this reason, an agency should have (1) procedures in place to protect information resources and minimize the risk of unplanned interruptions and (2) a plan to recover critical operations should interruptions occur.

Examples of weaknesses include:

- Tape backup controls have not been implemented and emergency response procedures have not been developed.
- Contingency planning efforts have not been finalized.

(Continued)

We again recommend that the GPO develop a formal action plan to review and revise its EDP general controls. This plan should address each of the five areas discussed above as well as any other areas that impact the general EDP control environment, set forth appropriate corrective action steps, assign responsibilities to employees, and establish target completion dates for each action. This plan should be adopted by the GPO and provide for periodic reviews towards achievement of corrective actions.

Workers' Compensation Liability

The GPO has developed its estimate for workers' compensation at fiscal year end using a methodology which is not a generally accepted actuarial approach for calculating such liabilities. In order to determine the reasonableness of the GPO's estimate, our procedures have included having our actuary review the methodology and assumptions for reasonableness. Such procedures resulted in significant adjustments to the GPO's estimate of the liability as of fiscal year end. We recommend that the GPO engage a third-party actuary who specializes in the calculation of workers' compensation liability to develop the GPO's estimate in the future.

We also noted other matters involving internal control over financial reporting and its operation that we do not consider to be reportable conditions. These matters, along with further technical details and related recommendations of the reportable conditions, will be reported to the GPO management in a separate letter.

Compliance with Laws and Regulations

The results of our tests of compliance with the laws and regulations described in the "Responsibilities" section of this report disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Consistency of Other Information

The performance measures, the consolidating financial statements, and other supplemental information contain a wide range of data, some of which are not directly related to the consolidated financial statements. We do not express an overall opinion on this information. However, we compared this information for consistency with the consolidated financial statements. Based on this limited work, we found no material inconsistencies with the consolidated financial statements.

Responsibilities

Management's Responsibility

Management is responsible for:

- Preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, and for preparing the supplemental information and performance measures;
- Establishing and maintaining adequate internal control over financial reporting; and
- Complying with laws and regulations.

In fulfilling this responsibility, estimates and adjustments are required to assess the expected benefits and related costs of internal control policies.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements of the GPO, based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United

(Continued)

States of America and *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

We are also responsible for expressing an opinion, based on our examination, on whether management's assertions regarding the effectiveness of internal control over financial reporting are fairly stated, in all material respects, based on criteria established under GPO Instruction 825.18A, *Internal Control Program*. We conducted our examination of management's assertions regarding the effectiveness of the GPO's internal control over financial reporting in place as of September 30, 2001, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

As part of obtaining reasonable assurance about whether the consolidated financial statements are free of material misstatement, we performed test of the GPO's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct material effect on the determination of consolidated financial statement amounts. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to the GPO. Providing an opinion on compliance with laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion.

To fulfill these responsibilities, we:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- Assessed the accounting principles used and significant estimates made by GPO management;
- Evaluated the overall financial statement presentation;
- Assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements;
- Obtained an understanding of the internal control over financial reporting;
- Tested and evaluated the design and operating effectiveness of internal control;
- Tested compliance with certain provisions of laws and regulations that may materially affect the financial statements; and
- Performed such other procedures as we considered necessary in the circumstances.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by GPO Instruction 825.18A. We limited our internal control testing to those controls necessary to achieve the objectives outlined in our opinion on management's assertions about the effectiveness of internal control over financial reporting. Because of inherent limitations in any internal control, misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

We believe that our audits and examination provide a reasonable basis for our opinions.

(Continued)

Distribution

This report is intended solely for the information and use of the Public Printer, the Joint Committee on Printing, the GPO management, and the GPO's Office of Inspector General, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 5, 2002

U.S. Government Printing Office

Consolidated Balance Sheets

As of September 30, 2001 and 2000
(Dollars in thousands)

Assets	2001	2000
Current Assets		
Funds with U.S. Treasury (Note 2E)	$209,642	$224,869
Accounts receivable, net (Note 4)	126,934	146,206
Inventories, net (Note 2F)	22,458	20,667
Prepaid expenses	374	731
Total current assets	359,408	392,473
Property, Plant, and Equipment (Notes 2G & 5)		
Land and buildings	18,633	18,633
Equipment and building improvements	166,645	177,243
Total property, plant, and equipment	185,278	195,876
Less: Accumulated depreciation and amortization	(134,312)	(127,884)
Net property, plant, and equipment	50,966	67,992
Total assets	$410,374	$460,465

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

U.S. Government Printing Office

Consolidated Balance Sheets (continued)

As of September 30, 2001 and 2000
(Dollars in thousands)

Liabilities and Net Position	2001	2000
Current Liabilities		
Accounts payable and accrued expenses (Note 6)	$ 74,162	$ 97,298
Deferred revenues (Note 7)	59,512	84,630
Accrued annual leave (Note 2I)	10,048	10,449
Total current liabilities	143,722	192,377
Other Liabilities		
Workers' compensation liability (Notes 2L and 8)	67,653	36,217
Total other liabilities	67,653	36,217
Total liabilities	211,375	228,594
Commitments and Contingencies (Notes 9 and 10)		
Net Position (Note 11)		
Cumulative results of operations:		
Retained earnings	52,092	97,113
Invested capital	92,879	92,879
Unexpended Appropriations	54,028	41,879
Net position	198,999	231,871
Total liabilities and net position	$410,374	$460,465

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

U.S. Government Printing Office

Consolidated Statements of Revenues and Expenses

For the Fiscal Years Ended September 30, 2001 and 2000
(Dollars in thousands)

	2001		2000	
	Amount	Percent of Revenues	Amount	Percent of Revenues
Revenues				
Printing and binding	$550,435	77.2	$646,540	80.1
Sales of publications	42,407	6.0	45,479	5.6
Appropriations (Note 12)	115,131	16.2	110,135	13.7
Reimbursements	4,435	0.6	5,215	0.6
Total revenues	712,408	100.0	807,369	100.0
Expenses				
Printing and reproduction	415,449	58.3	498,326	61.7
Personnel compensation and benefits	203,759	28.6	199,769	24.8
Supplies and materials	39,126	5.5	39,215	4.9
Rents, communications, and utilities	24,783	3.5	25,384	3.1
Publications sold	9,558	1.3	12,887	1.6
Depreciation and amortization	7,338	1.0	7,886	1.0
Other services	8,333	1.2	8,740	1.1
Surplus publications	2,270	0.3	2,790	0.3
Travel and transportation	3,340	0.5	9,065	1.1
Total expenses	713,956	100.2	804,062	99.6
Income (loss) before other operating expenses	(1,548)	(0.2)	3,307	0.4
Other Operating Expenses:				
Impairment loss (Note 2H)	(12,037)	(1.7)	-	-
Changes in actuarial liabilities (Notes 2L and 8)	(31,436)	(4.4)	(3,422)	(0.4)
Net loss	$ (45,021)	(6.3)	$ (115)	0.0

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

U.S. Government Printing Office

Consolidated Statements of Cash Flows

For the Fiscal Years Ended September 30, 2001 and 2000
(Dollars in thousands)

	2001	2000
Cash Flows from Operating Activities		
Net loss	$ (45,021)	$ (115)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,339	7,886
Impairment loss	12,037	-
Depreciation expense funded from appropriated capital	-	(444)
(Gain) Loss on disposal of property, plant, and equipment	(61)	58
Revenue from donated assets	(170)	-
Changes in assets and liabilities:		
(Increase) decrease in assets-		
Accounts receivable	19,273	17,808
Inventories	(1,791)	1,153
Prepaid expenses	357	(121)
Increase (decrease) in liabilities-		
Accounts payable and accrued expenses	(23,135)	6,721
Deferred revenue	(25,118)	23,163
Accrued annual leave	(401)	(93)
Workers' compensation liability	31,436	3,422
Total adjustments	19,766	59,553
Net cash provided by (used in) operating activities	(25,255)	59,438
Cash Flows from Investing Activities		
Capital expenditures	(2,387)	(2,685)
Proceeds from sale of property, plant, and equipment	107	60
Net cash provided by (used in) investing activities	(2,280)	(2,625)
Cash Flows from Financing Activities		
Increase (decrease) in unexpended appropriations	12,308	(7,716)
Net cash provided by (used in) financing activities	12,308	(7,716)
Net (Decrease) Increase in Funds with U.S. Treasury	(15,227)	49,097
Funds with U.S. Treasury, beginning of year	224,869	175,772
Funds with U.S. Treasury, end of year	$209,642	$224,869

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

U.S. Government Printing Office

Notes to Consolidated Financial Statements

September 30, 2001 and 2000

1. Reporting Entity:

The U.S. Government Printing Office (GPO) is a legislative branch agency of the Federal Government. GPO's mission and authority is derived from various statutes codified in Title 44 *Public Printing and Documents* of the *United States Code*. The Congress established GPO to provide the Federal Government with an economic, efficient, and effective means for the production, procurement, and dissemination of Government information products.

The Public Printer of the United States, appointed by the President of the United States with the advice and consent of the U.S. Senate, serves as the agency head and oversees GPO's programs and operations. These programs and operations are funded through a business-type revolving fund, authorized by 44 U.S.C. §309, and appropriations provided by the Congress. The GPO Revolving Fund maintains a system of accounts and records transactions to comply with the requirements of Section 309 of Title 44.

GPO's programs and operations are subject to the oversight of the Joint Committee on Printing (JCP) which is comprised of members of the U.S. House of Representatives and the U.S. Senate. GPO relies on appropriated funds to finance certain information dissemination programs of the Superintendent of Documents and Congress' printing and binding requirements. Budget requests are subject to review by the House and Senate Appropriations Committees' Subcommittees on Legislative Branch Appropriations. GPO also receives funds from customer agencies as reimbursement for products and services, and from the public for the sale of publications.

2. Significant Accounting Policies:

A. Basis of Consolidation

GPO prepares annual financial statements that meet the requirements of 31 U.S.C. §3515(b) in accordance with 44 U.S.C. §309(e). The accompanying consolidated financial statements of GPO include the accounts of all funds under the agency's control (see Note 2C) that have been established and maintained to account for the resources of GPO.

GPO maintains its fund balances with the U.S. Department of the Treasury and submits required information incorporating its financial and budget data into the overall Federal Government structure. For purposes of financial management and reporting, GPO has issued a regulation (GPO Instruction 825.18A *Internal Control Program*) which effectively adopts the federal standards for financial reporting and internal controls in a manner consistent with a legislative agency. GPO has not adopted 31 U.S.C. §3512 (formerly the Federal Managers' Financial Integrity Act of 1982), the Federal Management Improvement Act of 1996, and the Government Performance and Results Act of 1993, as

these statutes are not applicable to GPO. However, GPO uses these authoritative sources as guidance in its operations.

The financial statements do not include the effects of centrally administered assets and liabilities of the Federal government, as a whole, such as interest on the public debt, which may in part be attributable to GPO.

All significant intra-agency balances and transactions have been eliminated in the preparation of the consolidated financial statements. Intra-agency transactions that were eliminated to consolidate GPO financial statements for the years ended September 30, 2001 and 2000, are reflected in the following table.

(Dollars in thousands)

	2001	2000
Printing and reproduction:		
Congressional printing and binding	$ 86,100	$ 81,064
Sales of publications	9,558	12,887
Salaries and expenses	14,759	13,475
GPO internal use	356	374
Total printing and reproduction	110,773	107,800
Data processing	2,102	2,339
Miscellaneous	622	753
Total	$113,497	$110,892

In addition, there is an elimination within the In-house Printing Program of revenues and expenses and other internal transactions (e.g., internal-use forms, electronic repairs) provided by In-house Printing Operations. This elimination was $4,583,000 and $4,360,000 for the years ended September 30, 2001 and 2000, respectively.

Beginning in Fiscal Year 1998, GPO provided the U.S. Census Monitoring Board with administrative support services for a fee. This reimbursable inter-agency service agreement expired on September 30, 2001. The expenses incurred on behalf of the [former] Board and the subsequent reimbursements to GPO have been removed from GPO's financial statements.

B. Basis of Accounting

As allowed by the Federal Accounting Standards Advisory Board (FASAB), and as further discussed in the following paragraphs, the accompanying consolidated financial statements of GPO have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), applicable to commercial enterprises. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

As a legislative branch agency, GPO is not required to follow the executive agency accounting principles established by the Comptroller General under 31 U.S.C. §3511. GPO has historically prepared its consolidated financial statements in accordance with GAAP, based on accounting standards issued by the Financial Accounting Standards Board (FASB), the private-sector standards setting body. In October 1999, the Federal Accounting Standards Advisory Board (FASAB) was designated by the American Institute of Certified Public Accountants (AICPA) as the standards setting body for GAAP financial statements of federal government entities. FASAB has indicated, however, that financial statements prepared based upon accounting standards published by the FASB may also be regarded as GAAP for those federal agencies, such as GPO, that have issued financial statements based upon FASB accounting standards in the past. Accordingly, consistent with historic reporting, the consolidated financial statements of GPO are presented in accordance with accounting standards published by the FASB.

C. Methods of Funding

The Department of Treasury maintains a *revolving fund* and a *general fund* for the accounting of resources financing GPO's various programs and operations authorized by the Congress. Each of these funds is a distinct fiscal and accounting entity that accounts for cash and other financial resources together with all related liabilities and equities.

Revolving Fund – The GPO Revolving Fund is an intergovernmental revolving fund established by Congress on July 1, 1953 (44 U.S.C. §309). This business-type revolving fund is available without fiscal year limitation for financing the operation and maintenance of GPO, except for those programs of the Superintendent of Documents that are funded by specific appropriations (see General Fund).

The GPO Revolving Fund is a self-sustaining financial entity used primarily to temporarily finance and account for GPO's Printing and Binding Operations and the Sales of Publications Operations. Accordingly, the two major sources of revenue to the revolving fund are reimbursements from the Congress and other customers for the cost of printing and binding services, and publication sales to the public.

The Printing and Binding Operations account for the revenues and expenses associated with services provided by GPO's printing plants (i.e., in-plant printing) and Printing Procurement Program (i.e., commercially procured printing). The costs of these services are recovered through rates charged customers that include direct costs, overhead, and related expenses permitted under 44 U.S.C. §309(b).

The Sales of Publications Program sells Federal government information products to the public. The sales price of a Federal government publication is established in accordance with 44 U.S.C. §1708. Book dealers and purchasers of large quantities may be allowed a price discount of up to 25 percent for purchases.

General Fund – The General Fund is financed by two annual congressional appropriations. These appropriated funds finance the cost of GPO's support of the Congress and

the information dissemination provided without charge to recipients by the Superintendent of Documents.

The larger of the two annual appropriations made available to GPO is the *Congressional Printing and Binding Appropriation*. This appropriation is used to pay the cost of the printing and binding requirements of the Congress, and the printing, binding, and distribution of publications authorized by law to be distributed without charge to the recipient.

The second annual appropriation made available to GPO is the *Superintendent of Documents, Salaries and Expense Appropriation*. This appropriation is used to fund the following four information dissemination programs of the Superintendent of Documents: the Federal Depository Library Program (FDLP), the Cataloging and Indexing Program, the By-Law Distribution Program, and the International Exchange Program. The majority of these appropriated funds finance the FDLP, the largest and most visible Federal government information dissemination program.

Both of these two annual appropriations are used to reimburse the GPO Revolving Fund for the cost of printing and binding, and other services and supplies furnished by GPO in accordance with *Title 44 Public Printing and Documents*.

D. Revenue Recognition

In-house Printing and Binding – By law, GPO must be reimbursed for the cost of printing and binding services furnished customers. Consequently, all Revolving Fund revenues from in-house printing and binding work (work not commercially procured) are recognized on a value-added basis, as work is performed.

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 printer to the customer agency.

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

Appropriation Revenues – Appropriation revenues are recorded when qualifying expenses are incurred. The amount of appropriations expended and the programs funded by appropriations are presented in Note 12B. Unexpended appropriations are recorded as a component of Net Position. Unexpended appropriation balances are generally canceled after five years.

Deferred Revenues – Deferred revenues result from the receipt of customer remittances for products or services that will be delivered or provided in the future. Deferred revenues are classified into the following categories: deferred subscription revenue, customer deposits-held on account, customer deposits-unfilled orders, and advance billings to Federal agencies.

"Deferred subscription revenue" represents the value of paid subscription service that has not yet been provided to customers for products such as the *Congressional Record* and the *Federal Register*. The category "Customer deposits-held on account" represents amounts received from customers for deposit in pre-established accounts that provide customers the convenience of sending periodic payments to pay for products ordered, rather than remitting payments for each item ordered. "Customer deposits-unfilled orders" represent funds received for products (subscriptions, publications, etc.) not available for immediate shipment. Revenue for these transactions will be recognized at the time the products are delivered. Finally, "Advance billings to Federal agencies" are advance payments made by agencies to cover the cost of producing large printing orders. This revenue is recognized as work is completed.

E. Funds with U.S. Treasury

Funds with U.S. Treasury represent all balances in GPO's accounts with the Department of the Treasury. A table of items included in GPO's funds with the U.S. Treasury, including funds on-hand or in-transit to the Treasury, as of September 30, 2001 and 2000 follows.

(Dollars in thousands)

	2001	2000
Revolving fund:		
Unrestricted	$ 89,901	$ 84,099
Restricted	81,990	92,429
On-hand or in-transit	262	248
Total revolving fund	172,153	176,776
Appropriations by fiscal year:		
1996	-	5,698
1997	2,227	11,318
1998	640	1,747
1999	665	1,544
2000	3,768	27,786
2001	30,189	-
Total appropriations	37,489	48,093
Total	$209,642	$224,869

In 1997, the U.S. General Accounting Office (GAO) defined restricted funds with U.S. Treasury for GPO as funds with U.S. Treasury held for customer deposit accounts and employees' accrued salaries and annual leave. These funds cannot be used other than for those purposes.

In fiscal year 2001, GPO received $6 million under Public Law 107-20, dated July 24, 2001, in supplemental funding for the express purpose of replacing air conditioning and

lighting systems. These unexpended appropriated funds are included in the restricted balance in 2001.

An agreement between GPO and the Census Monitoring Board (CMB) provided for CMB funds to be reported on GPO's Treasury statements. For fiscal year 2001, GPO included $1,425,273 for the CMB on GPO's FACTS II Treasury report; however, this amount was excluded from GPO's financial statements. In fiscal year 2000, this amount was $2,464,000.

All appropriated funds were either expended or obligated at September 30, 2001 and 2000 (see Note 12), with the exception of the $6 million supplemental appropriation discussed above.

F. Inventories

Inventories of publications held for sale are valued at the lower of cost, using the weighted average cost method, or market, and are net of an allowance for surplus publications. The allowance for surplus publications is established for the estimated 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, 2001 and 2000 follow.

(Dollars in thousands)

	2001	2000
Publications for sale	$12,690	$11,520
Allowance for surplus publications	(2,715)	(2,643)
Publications for sale, net	9,975	8,877
Paper	5,564	4,874
Materials and supplies	9,101	8,984
Allowance for obsolescence	(2,182)	(2,068)
Paper, materials, and supplies, net	12,483	11,790
Inventories, net	$22,458	$20,667

G. 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 JCP Regulation Number 26, *Government Printing and Binding Regulations*. This valuation approximates fair market value.

Major alterations and renovations are capitalized while normal maintenance and repair costs are expensed as incurred. Depreciation and amortization of property, plant, and equipment is calculated on a straight-line basis over the respective estimated useful life of the asset. The standard estimated useful life, or range of estimated useful lives, for each asset category follows.

Category	Estimated Useful Life
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.

H. Impairment Loss, Write-down of Software Development Project

In fiscal year 2001, GPO management reconsidered the capitalized costs associated with the Superintendent of Documents Integrated Processing System (IPS) which has been under development since 1995. The software project was initiated to develop a state-of-the-art order processing system to track transactions from order receipt to final shipment, as well as handle customer-related issues. As of September 30, 2001, IPS was not fully operational and had not been deployed by the Superintendent of Documents to replace legacy systems currently in use.

The capitalized cost of the IPS system was approximately $12 million including hardware items required to operate the system. Furthermore, the software was originally assigned a useful life of 5 years upon implementation. However, GPO management made the determination that the 6-year delay in activating the software had rendered the asset "impaired" and negated the future economic benefit to GPO. This resulted in a $12 million write-down in fiscal year 2001.

I. Annual, Sick, and Other Types of Leave

Annual leave is accrued as a liability when earned, and the liability is reduced when leave is used. Each year the annual leave liability is adjusted to reflect current pay rates. At September 30, 2001 and 2000, the liability for accrued annual leave was $10,048,000 and $10,449,000, respectively.

Sick leave and other types of non-vested leave are expensed when used. There is no limit on the amount of sick leave that may be accumulated, and no payment is made for unused sick leave.

J. Accounting for Intra-agency 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. Federal agencies are required to record or report only those financial matters for which they are directly responsible. 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 10).

K. 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 non-operating (investing) uses of funds. For purposes of these financial statements, cash is considered to be funds with U.S. Treasury, as defined in Note 2E.

L. Workers' Compensation Liability

The Workers' Compensation Liability (WCL) is the estimated liability for future compensation and medical benefits that GPO will be obligated to pay. GPO discounted the value of estimated future payments to reflect the time value of money and increased future payments for estimated cost of living adjustments and consumer price index increases. The probability of future payments was based on historical benefit payment patterns combined with current information related to individual benefit claims. The estimated liability of $67.7 million as of September 30, 2001, increased by $31.4 million from the prior year, primarily due to changes in assumptions made by the Department of Labor which are summarized in Note 8.

M. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the reporting period. Actual results could differ from these estimates.

N. Reclassification of Fiscal Year 2000 Balances

Reclassifications have been made to fiscal year 2000 balances to present them on a comparable basis with the fiscal year 2001 financial statements.

3. Employee Benefit Plans:

GPO funds a portion of pension contributions for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and also makes payroll deductions from employees for their pension contributions. The required

employer contributions are established by the U.S. Office of Personnel Management (OPM). OPM is responsible for government-wide reporting of CSRS and FERS assets, accumulated plan benefits, and unfunded liabilities. Therefore, GPO is not required to disclose the unfunded pension liability and post-employment benefits relative to its employees.

A. Civil Service Retirement System

The majority of GPO's employees were covered by the CSRS, a defined benefit plan. Total GPO (employer) contributions to CSRS for employees covered under this retirement program were 9.01 percent of basic pay in both fiscal years 2001 and 2000 for Congressional Record indexers, investigators, and law officers; and 8.51 percent of basic pay in both fiscal years for all other employees. GPO's contributions were $9.0 million and $9.3 million for the fiscal years ended September 30, 2001 and 2000, respectively.

B. Federal Employees Retirement System

On January 1, 1987 the Federal Employees Retirement System (FERS) was created pursuant to Public Law 99-335. Using the Social Security system as a base, FERS provides a defined benefit plan (Basic Benefit Plan) and a voluntary (defined contribution) plan. Employees first 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 to match voluntary employee contributions of up to 4 percent of base pay.

In both fiscal years 2001 and 2000, GPO (employer) contributions to FERS were 15.4 percent of basic pay for Congressional Record indexers; 23.3 percent of basic pay for investigators and law officers; and 10.7 percent of basic pay for all other employees covered under this plan. Total GPO contributions were $5.6 million and $5.1 million in fiscal year 2001 and 2000, respectively. Contributions by GPO to TSP for fiscal years 2001 and 2000 were $2.0 million and $1.9 million, respectively.

C. Social Security System

For employees covered by FERS, GPO matches contributions to the Social Security Administration (SSA) under the Federal Insurance Contributions Act (FICA). GPO contributes matching amounts of 6.2 percent of gross pay (up to $80,400 in 2001 and $76,200 in 2000) 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, 2001 and 2000 totaled $5.9 million and $5.7 million, respectively.

D. Pension and Other Post-Employment Benefits Provided by Others

OPM is responsible for the administration and funding of certain government-wide programs that provide pension and other post-employment benefits to retired employees of the Federal government. These OPM programs provide benefits to former employees of GPO.

OPM administered pension programs include CSRS and FERS (see Notes 3A and 3B). Other OPM programs provide health and life insurance benefits to active, inactive and retired government employees. Permanent employees of GPO may participate in the Federal Employees Health Benefit Program (FEHBP) and/or Federal Employee Group Life Insurance Program (FEGLIP) before and after their retirement.

FASAB Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, requires agencies that follow Federal Accounting Standards to recognize their share of the *normal cost* of pension and other post-employment benefits provided by others, such as OPM. To the extent that normal costs exceed current contributions, the standard requires that an additional expense be recognized by the employing agency for the future estimated cost of post-employment benefits not currently funded. SFFAS No. 5 also requires that the estimated expense amount be offset by an equal amount of imputed financing. OPM, which is responsible for these programs, represents the source of imputed financing for the post-employment benefits.

As allowed by the FASAB, GPO has historically elected to prepare its financial statements on the basis of GAAP for commercial enterprises, and accordingly has reflected only the current cost of these programs in its financial statements since OPM is responsible for funding the normal cost component.

4. Accounts Receivable:

Accounts receivable as of September 30, 2001 and 2000, consists of the following.

(Dollars in thousands)

	2001	2000
Federal Agencies:		
Unbilled completed work	$108,954	$132,319
Unbilled work in process	10,062	5,568
Billed completed work	9,340	8,376
Subtotal	128,356	146,263
Other receivables:		
The public	622	604
GPO employees	1,148	1,132
Subtotal	1,770	1,736
Total accounts receivable	130,126	147,999
Allowance for doubtful accounts	(3,192)	(1,793)
Total accounts receivable, net	$126,934	$146,206

The majority of GPO 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 been presented. At September 30, 2001, this balance included finished work for which invoices have not been prepared of $33.4 million, unbilled commercial printing of $45.5 million, and finished work of $30.1 million that was collected via the U. S. Treasury's On-line Payment and Collections (OPAC) system in October 2001. At September 30, 2000, this balance included finished work for which invoices had not be prepared of $36.6 million, unbilled commercial printing of $72 million, and finished work of $23.7 million that was collected via the U.S. Treasury's OPAC system in October 2000.

Unbilled work in process represents the amount of work performed on customer orders as of September 30, 2001 and 2000, that, by law, must be reimbursed by GPO customers.

Employee accounts receivable includes amounts owed by current and former employees who were advanced leave. Leave indebtedness for employees is repaid in biweekly installments or by other GPO employees on their behalf, through the donated leave program.

The allowance for doubtful accounts is based on GPO's collection experience. The allowance account increased from approximately $1.8 million at September 30, 2000 to approximately $3.2 million at September 30, 2001 due to an increase in Department of Defense accounts receivable greater than 18 months old.

5. Property, Plant, and Equipment:

Property, plant, and equipment as of September 30, 2001 and 2000 consisted of the following.

(Dollars in thousands)

	Acquisition Value	Accumulated Depreciation & Ammortization	**2001** Net Book Value	**2000** Net Book Value
Land	$ 9,977	$ -	$ 9,977	$ 9,977
Buildings	8,656	8,656	-	-
Subtotal	18,633	8,656	9,977	9,977
Building improvements	55,468	41,984	13,484	15,444
Leasehold improvements	1,049	915	134	162
Plant machinery and equipment	75,133	54,617	20,516	22,454
Office machinery and equipment	18,105	14,659	3,446	4,681
Computer software	9,485	8,594	891	10,492
Furniture and fixtures	3,084	2,030	1,054	1,335
Vehicles	3,185	2,857	328	417
Capital improvements in process	22	-	22	-
Software development in process	1,114	-	1,114	3,030
Subtotal	166,645	125,656	40,989	58,015
Total	$185,278	$134,312	$50,966	$67,992

6. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses as of September 30, 2001 and 2000 were composed of the following.

(Dollars in thousands)

	2001	**2000**
Accounts payable:		
Commercial printing	$42,701	$66,209
U.S. Government agencies	12,848	12,758
Other	4,908	6,388
Total accounts payable	60,457	85,355
Accrued salaries and wages	12,968	11,177
State and local payroll taxes	737	766
Total accounts payable and accrued expenses	$74,162	$97,298

The liability for commercial printing accounts payable of $42.7 million as of September 30, 2001, reflects a decrease in the account balance of about 36 percent when compared to the $66.2 million balance in the account at the end of fiscal year 2000. This decrease in the liability account balance was, in part, due to a large volume of Internal Revenue Service work in the account at September 30, 2000.

7. Deferred Revenues:

As of September 30, 2001 and 2000, deferred revenue consisted of the following.

(Dollars in thousands)

	2001	2000
Customer deposits-held on account	$47,607	$61,956
Deferred subscription revenue	9,206	11,922
Customer deposits-unfilled orders	1,588	1,241
Advance billings to Federal agencies	1,111	9,511
Total	**$59,512**	**$84,630**

Customer deposits-held on account totaled $47.6 million at September 30, 2001. This represents $42 million received in advance from printing and binding customer agencies to cover future printing requirements and $5.6 million received in advance by Sales of Publications Program customers enabling them to purchase publications without remitting cash with each order. Customer deposits are refunded upon request.

The decrease in customer deposits-held on account from $61.9 million in fiscal year 2000 to $47.6 million in fiscal year 2001, primarily results from one customer (Center for Medicare and Medicaid Services) that withdrew $10.6 million in 2001 to fund unexpected postage costs.

The $1.1 million in advance billings to Federal agencies is a decline of $8.4 million when compared to the $9.5 million balance at the end of fiscal year 2000. In fiscal year 2000, GPO collected $8.1 million in advance from the Internal Revenue Service (IRS) to provide necessary capital to fund large IRS printing jobs.

8. Summary of Significant Assumptions for Workers' Compensation Liability:

The Workers' Compensation Liability, including the Medical Liability, is estimated at approximately $67.7 million at September 30, 2001, compared to $36.2 million at the end of fiscal year 2000. The estimate also includes a factor to cover those individuals injured but not reported.

The Workers' Compensation Liability in both years represents the sum of projected annual benefit payments after adjusting for the effect of inflation on both wages and medical payments, and after discounting to present value using the Congressional Budget Office's economic assumptions for 10-year Treasury notes and bonds.

Interest Assumptions	2001	2002	2003	2004	2005 and thereafter
2001	N/A	5.21%	5.21%	5.21%	5.21%
2000	6.80%	5.80%	5.80%	5.80%	5.80%

Wage inflation factors (cost of living adjustment, or COLA) and medical inflation factors (consumer price index for medical costs, or CPIM) were used to calculate the estimated future compensation and medical payments. The COLA and CPIM factors used to develop the estimated liability at September 30, 2001 and 2000 follow.

September 30, 2001

Factors	2002	2003	2004	2005	2006 and thereafter
COLA	3.00%	2.56%	2.50%	2.50%	2.50%
CPIM	4.15%	4.09%	4.09%	4.09%	4.09%

September 30, 2000

Factors	2001	2002	2003	2004	2005 and thereafter
COLA	1.84%	1.70%	1.57%	1.45%	1.45%
CPIM	3.83%	3.92%	3.98%	4.02%	4.02%

Retention rates used to develop the estimated liability for fiscal years 2001 and 2000 are shown on the following table. They were developed using the Agency's historical data. Beginning in fiscal year 2001, claims were divided into two categories: permanent disability/death (PD), and non-permanent disability (NP).

Retention Rates	2001		2000
	PD	NP	Combined
Medical Claims	97.9%	59.1%	84.0%
Compensation Claims	97.3%	73.9%	95.0%

The future payments were estimated over the life expectancy of each claimant. The life expectancy rates were based on annuity tables to estimate the expected remaining life based upon claimant's age as of September 30, 2001. Life expectancy tables were taken from the Center for Disease Control's *National Vital Statistics Report,* Volume 48, No. 18, dated February 5, 2001, for the fiscal year 2001 estimate, and from the Department of the Treasury's Internal Revenue Service Publication 939, *General Rule for Pensions and Annuities,* dated June 1997, for the fiscal year 2000 estimate.

9. Commitments:

A. Operating Leases

As of September 30, 2001, GPO was committed to various non-cancelable operating leases, primarily covering warehouse, retail, and office 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 non-cancelable lease terms in excess of one year, follows.

(Dollars in thousands)

Fiscal Year	Warehouse	Retail	Office	Total
2002	$1,642	$ 274	$197	$2,113
2003	1,642	243	114	1,999
2004	1,586	169	85	1,840
2005	964	159	83	1,206
2006	241	111	-	352
2007 and beyond	-	96	-	96
Total minimum lease payments	$6,075	$1,052	$479	$7,606

Rent expense for the years ended September 30, 2001 and 2000, were $5,577,000 and $6,044,000, respectively.

B. Commitments on Undelivered Orders

Some of GPO's orders for goods and services have been placed, but have not been delivered at fiscal year-end. Total undelivered orders for all GPO activities were approximately $109.7 million and $110.9 million as of September 30, 2001 and 2000, respectively.

10. Contingencies:

Administrative Proceedings, Legal Actions, and Claims

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 $34,000 and $85,000 for the years ended September 30, 2001 and 2000, respectively, and are not reflected in GPO's consolidated financial statements.

11. Net Position:

A. Revolving Fund Cumulative Results of Operations:

Retained Earnings — Retained earnings for the Revolving Fund includes net operating results since its inception, reduced by excess receipts from the sales of publications deposited as "miscellaneous receipts" in the Treasury of the United States, and by transfers to other Federal agencies.

Invested Capital — Invested Capital represents Federal resources directly appropriated to GPO by Congress to invest in GPO assets, namely land, buildings, equipment, and capital. The Revolving Fund was established in 1953 with capital appropriations of $33.8 million and buildings and land with a fair market value in 1953 of $415,000. Subsequently, Congress provided additional funding to GPO of $75.5 million for capital, land, and other improvements.

During fiscal year 2001, GPO changed its accounting for certain items previously reported as invested capital. Specifically, depreciation of assets acquired with Federal appropriations that are restricted to the acquisition of fixed assets, as well as donated fixed assets, are no longer recorded as an adjustment directly to invested capital. Additionally, invested capital is now reported as a component of the cumulative results of operations.

Below is a summary of the changes to the cumulative results of operations in the fiscal years ended September 30, 2001 and 2000.

(Dollars in thousands)

Cumulative Results of Operations	Retained Earnings	Invested Capital	Total
Balance at September 30, 1999	$95,000	$95,616	$190,616
Donated equipment, net	-	(65)	(65)
Reclassification to transfer depreciation expense for air-conditioning system	-	(444)	(444)
Net loss for fiscal year ending September 30, 2000	(115)	-	(115)
Balance at September 30, 2000, as previously reported	94,885	95,107	189,992
Reclassification of book-value of air-conditioning system	2,228	(2,228)	-
Balance at September 30, 2000, as restated	97,113	92,879	189,992
Net loss for fiscal year ending September 30, 2001	(45,021)	-	(45,021)
Balance at September 30, 2001	$52,092	$92,879	$144,971

B. Unexpended Appropriations:

As of September 30, 2001, GPO had obligated services for the unexpended appropriations for the Congressional Printing and Binding of $21,118,000, and Salaries and Expenses of $14,108,000, for a total of $35,226,000. At September 30, 2000, these

amounts were $26,012,000 for the Congressional Printing and Binding and $15,867,000 for Salaries and Expenses, totaling $41,879,000.

In fiscal year 2001, Congress (Public Law 107-20) authorized the transfer of $9.5 million from the Congressional Printing and Binding Appropriations to the Printing and Binding Revolving Fund to cover the cost of Congressional work submitted, but not completed. Also, Congress approved $3.3 million transferred from the Salaries and Expenses Appropriations to the Printing and Binding Revolving Fund to pay for the printing and distribution of government publications selected by the depository libraries. These are also included in unexpended appropriations as of September 30, 2001.

In August 2001, Congress authorized $6 million to enable GPO to replace antiquated air conditioning and lighting systems. This amount is included in unexpended appropriations as of September 30, 2001. These replacement systems will be capitalized as assets upon completion, along with internal engineering services required in planning and installation.

12. Appropriated Funds:

A. Available Appropriations

Total net appropriations made available, after rescissions and supplemental appropriations, for fiscal years ended September 30, 2001 and 2000, were $81,205,000 and $73,297,000, respectively, for Congressional Printing and Binding, and $27,893,000 and $29,872,000, respectively, for Salaries and Expenses of the Superintendent of Documents.

B. Expended Appropriations

Expended appropriations for program operations for the years ended September 30, 2001 and 2000 follow.

(Dollars in thousands)

	2001	2000
Congressional printing and binding:		
Congressional Record products	$ 19,727	$ 21,179
Miscellaneous publications and printing and binding	23,658	19,188
Hearings	16,742	18,954
Bills, resolutions, and amendments	10,878	5,173
Details to Congress	2,685	2,332
Other	12,410	14,238
Total congressional printing and binding	86,100	81,064
Salaries and expenses:		
Depository library distribution	25,188	25,755
Cataloging and indexing	3,602	2,866
By-law distribution	592	673
International exchange	271	530
Total salaries and expenses	29,653	29,824
Total expended appropriations	115,753	110,888
Reconciliation of expended appropriations to the consolidated statements of revenues and expenses:		
Total expended appropriations	115,753	110,888
Eliminations (Intra-agency)	(622)	(753)
Consolidated revenues from appropriations	$115,131	$110,135

13. Concentration of Credit Risk:

GPO financial instruments, none of which are held for trading purposes, consist primarily of funds with the U.S. Treasury, accounts receivable, and accounts payable at September 30, 2001 and 2000. GPO estimates the fair value of financial instruments at September 30, 2001 and 2000 to be the carrying value. Funds with the U.S. Treasury represent balances in GPO's accounts with the U.S. Department of the Treasury, accounts receivable are primarily due from various agencies, and accounts payable are primarily due to various commercial vendors.

14. Major Customers:

GPO's primary customers are Federal agencies. Revenues from those customers representing 10 percent or more of GPO's revenues follow.

(Dollars in thousands)

	2001		2000	
	Amount	Percent	Amount	Percent
Department of Defense	$123,517	17.3%	$136,376	16.9%
Department of the Treasury	$ 94,256	13.2%	$102,509	12.7%
Department of Health & Human Services	$ 81,037	11.4%	$ 68,333	9.6%
Congress of the United States	$ 76,600	10.8%	$ 81,064	10.0%

U.S. Government Printing Office

Consolidating Balance Sheet by Fund Type

As of September 30, 2001
(Dollars in thousands)
(Unaudited)

	Revolving Fund		General Fund				
Assets	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total Before Eliminations	Eliminations	Consolidated
Current Assets							
Funds with U.S. Treasury	$163,986	$ 8,168	$16,370	$21,118	$209,642	$ -	$209,642
Accounts receivable, net	168,378	1,267	1,386	-	171,031	(44,097)	126,934
Inventories:							
Publications for sale, net	-	9,975	-	-	9,975	-	9,975
Paper	5,564	-	-	-	5,564	-	5,564
Materials and supplies, net	6,919	-	-	-	6,919	-	6,919
Total inventories, net	12,483	9,975	-	-	22,458	-	22,458
Prepaid expenses	374	-	-	-	374	-	374
Total current assets	345,221	19,410	17,756	21,118	403,505	(44,097)	359,408
Property, Plant, and Equipment							
Land and buildings	18,633	-	-	-	18,633	-	18,633
Building improvements	55,468	-	-	-	55,468	-	55,468
Leasehold improvements	1,049	-	-	-	1,049	-	1,049
Plant machinery and equipment	75,133	-	-	-	75,133	-	75,133
Office machinery and equipment	18,105	-	-	-	18,105	-	18,105
Computer software	9,485	-	-	-	9,485	-	9,485
Furniture and fixtures	3,084	-	-	-	3,084	-	3,084
Vehicles	3,185	-	-	-	3,185	-	3,185
Capital improvements in process	22	-	-	-	22	-	22
Software development in process	1,114	-	-	-	1,114	-	1,114
Less: Accumulated depreciation and amortization	(134,312)	-	-	-	(134,312)	-	(134,312)
Net property, plant, and equipment	50,966	-	-	-	50,966	-	50,966
Total assets	$396,187	$19,410	$17,756	$21,118	$454,471	$(44,097)	$410,374

U.S. Government Printing Office

Consolidating Balance Sheet by Fund Type (continued)

As of September 30, 2001
(Dollars in thousands)
(Unaudited)

	Revolving Fund		General Fund				
Liabilities and Net Position	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total Before Eliminations	Eliminations	Consolidated
Current Liabilities							
Accounts payable and accrued expenses	$ 75,652	$38,959	$ 3,648	$ -	$118,259	$(44,097)	$ 74,162
Deferred revenue	43,153	16,359	-	-	59,512	-	59,512
Accrued annual leave	10,048	-	-	-	10,048	-	10,048
Total current liabilities	128,853	55,318	3,648	-	187,819	(44,097)	143,722
Other Liabilities							
Workers' compensation liability	67,653	-	-	-	67,653	-	67,653
Total other liabilities	67,653	-	-	-	67,653	-	67,653
Total liabilities	196,506	55,318	3,648	-	255,472	(44,097)	211,375
Net Position							
Cumulative results of operations:							
Retained earnings (accumulated deficit)	90,589	(38,497)	-	-	52,092	-	52,092
Invested capital	90,290	2,589	-	-	92,879	-	92,879
Unexpended appropriations	18,802	-	14,108	21,118	54,028	-	54,028
Net position	199,681	(35,908)	14,108	21,118	198,999	-	198,999
Total liabilities and net position	$396,187	$19,410	$17,756	$21,118	$454,471	$(44,097)	$410,374

U.S. Government Printing Office

Consolidating Schedule of Revenues and Expenses by Fund Type

For the Fiscal Year Ended September 30, 2001
(Dollars in thousands)
(Unaudited)

	Revolving Fund		General Fund				
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total Before Eliminations	Eliminations	Consolidated
Revenues							
Printing and Binding	$663,310	$ -	$ -	$ -	$663,310	$(112,875)	$550,435
Sales of Publications	-	42,407	-	-	42,407	-	42,407
Appropriations	-	-	29,653	86,100	115,753	(622)	115,131
Reimbursements	-	4,435	-	-	4,435	-	4,435
Total revenues	663,310	46,842	29,653	86,100	825,905	(113,497)	712,408
Expenses							
Printing and reproduction	425,007	356	14,759	86,100	526,222	(110,773)	415,449
Personnel compensation and benefits	166,127	28,241	11,032	-	205,400	(1,641)	203,759
Supplies and materials	37,452	1,150	638	-	39,240	(114)	39,126
Rents, communications, and utilities	14,391	9,721	913	-	25,025	(242)	24,783
Publications sold	-	9,558	-	-	9,558	-	9,558
Depreciation and amortization	6,500	555	283	-	7,338	-	7,338
Other services	7,014	1,465	581	-	9,060	(727)	8,333
Surplus publications	-	2,270	-	-	2,270	-	2,270
Travel and transportation	865	1,028	1,447	-	3,340	-	3,340
Total expenses	657,356	54,344	29,653	86,100	827,453	(113,497)	713,956
Income (loss) before other operating expenses	5,954	(7,502)	-	-	(1,548)	-	(1,548)
Other Operating Expenses:							
Impairment loss	-	(12,037)	-	-	(12,037)	-	(12,037)
Changes in actuarial liabilities	(31,436)	-	-	-	(31,436)	-	(31,436)
Net loss	$(25,482)	$(19,539)	$ -	$ -	$(45,021)	$ -	$(45,021)

U.S. Government Printing Office

Consolidating Schedule of Cash Flows by Fund Type

For the Fiscal Year Ended September 30, 2001
(Dollars in thousands)
(Unaudited)

	Revolving Fund		General Fund				
	Printing and Binding Operations	Sales of Publications Operations	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total Before Eliminations	Eliminations	Consolidated
Cash Flows from Operating Activities							
Net loss	$(25,482)	$(19,539)	$ -	$ -	$(45,021)	$ -	$(45,021)
Adjustments to net loss:							
Depreciation and amortization	7,339	-	-	-	7,339	-	7,339
Impairment loss	12,037	-	-	-	12,037		12,037
Gain on disposal of property, plant, and equipment	(61)	-	-	-	(61)	-	(61)
Revenue from donated assets	(170)	-	-	-	(170)	-	(170)
Changes in assets and liabilities:							
(Increase) decrease in assets-							
Accounts receivable	4,027	1,478	(1,174)	-	4,331	14,942	19,273
Inventories	(694)	(1,097)	-	-	(1,791)	-	(1,791)
Prepaid expenses	357	-	-	-	357	-	357
Increase (decrease) in liabilities-							
Accounts payable and accrued expenses	(21,978)	16,401	(384)	(2,232)	(8,193)	(14,942)	(23,135)
Deferred revenue	(22,265)	(2,853)	-	-	(25,118)	-	(25,118)
Accrued annual leave	(401)	-	-	-	(401)	-	(401)
Workers' compensation liability	31,436	-	-	-	31,436	-	31,436
Total adjustments	9,627	13,929	(1,558)	(2,232)	19,766	-	19,766
Net cash provided by (used in) operating activities	(15,855)	(5,610)	(1,558)	(2,232)	(25,255)	-	(25,255)
Cash Flows from Investing Activities							
Capital expenditures	(2,387)	-	-	-	(2,387)	-	(2,387)
Proceeds from sale of property, plant, and equipment	107	-	-	-	107	-	107
Net cash used in investing activities	(2,280)	-	-	-	(2,280)	-	(2,280)
Cash Flows from Financing Activities							
Increase (decrease) in unexpended appropriations	18,802	-	(1,599)	(4,895)	12,308	-	12,308
Net cash used in financing activities	18,802	-	(1,599)	(4,895)	12,308	-	12,308
Net Increase (decrease) in Funds with U.S. Treasury	667	(5,610)	(3,157)	(7,127)	(15,227)	-	(15,227)
Funds with U.S. Treasury, beginning of year	162,997	13,778	19,849	28,245	224,869	-	224,869
Funds with U.S. Treasury, end of year	$163,664	$ 8,168	$16,692	$21,118	$209,642	$ -	$209,642

U.S. Government Printing Office

Supplemental Schedule of Balance Sheets for Revolving Fund

As of September 30, 2001 and 2000
(Dollars in thousands)
(Unaudited)

	Printing and Binding Operations		Sales of Publications Operations	
Assets	2001	2000	2001	2000
Current Assets				
Funds with U.S. Treasury	$163,986	$162,996	$ 8,168	$13,779
Accounts receivable	168,378	172,855	1,267	2,745
Inventories	12,483	11,789	9,975	8,878
Prepaid expenses	374	731	-	-
Total current assets	345,221	348,371	19,410	25,402
Property, Plant, and Equipment				
Land and buildings	18,633	18,633	-	-
Building improvements	55,468	55,495	-	-
Leasehold improvements	1,049	1,214	-	-
Plant machinery and equipment	75,133	75,348	-	-
Office machinery and equipment	18,105	17,592	-	-
Computer software	9,485	18,544	-	-
Furniture and fixtures	3,084	3,062	-	-
Vehicles	3,185	2,958	-	-
Capital improvements in process	22	-	-	-
Software development in process	1,114	3,030	-	-
Less: Accumulated depreciation and amortization	(134,312)	(127,884)	-	-
Net property, plant, and equipment	50,966	67,992	-	-
Total assets	$396,187	$416,363	$19,410	$25,402

Total Revolving Fund 2001			Total Revolving Fund 2000		
Before Eliminations	Eliminations	Consolidated	Before Eliminations	Eliminations	Consolidated
$172,154	$ -	$172,154	$176,775	$ -	$176,775
169,645	(44,097)	125,548	175,600	(29,444)	146,156
22,458	-	22,458	20,667	-	20,667
374	-	374	731	-	731
364,631	**(44,097)**	**320,534**	**373,773**	**(29,444)**	**344,329**
18,633	-	18,633	18,633	-	18,633
55,468	-	55,468	55,495	-	55,495
1,049	-	1,049	1,214	-	1,214
75,133	-	75,133	75,348	-	75,348
18,105	-	18,105	17,592	-	17,592
9,485	-	9,485	18,544	-	18,544
3,084	-	3,084	3,062	-	3,062
3,185	-	3,185	2,958	-	2,958
22	-	22	-	-	-
1,114	-	1,114	3,030	-	3,030
(134,312)	-	(134,312)	(127,884)	-	(127,884)
50,966	**-**	**50,966**	**67,992**	**-**	**67,992**
$415,597	**$(44,097)**	**$371,500**	**$441,765**	**$(29,444)**	**$412,321**

U.S. Government Printing Office

Supplemental Schedule of Balance Sheets for Revolving Fund

As of September 30, 2001 and 2000
(Dollars in thousands)
(Unaudited)

	Printing and Binding Operations		Sales of Publications Operations	
Liabilities and Net Position	2001	2000	2001	2000
Current Liabilities				
Accounts payable and accrued expenses	$ 75,652	$ 97,470	$38,959	$23,007
Deferred revenue	43,153	65,418	16,359	19,212
Accrued annual leave	10,048	10,449	-	-
Total current liabilities	128,853	173,337	55,318	42,219
Other Liabilities				
Workers' compensation liability	67,653	36,217	-	-
Total other liabilities	67,653	36,217	-	-
Total liabilities	196,506	209,554	55,318	42,219
Net Position				
Cumulative results of operations:				
Retained earnings (accumulated deficit)	90,589	116,519	(38,497)	(19,406)
Invested capital	90,290	90,290	2,589	2,589
Unexpended appropriations	18,802	-	-	-
Net position	199,681	206,809	(35,908)	(16,817)
Total liabilities and net position	$396,187	$416,363	$19,410	$25,402

Total Revolving Fund 2001			Total Revolving Fund 2000		
Before Eliminations	Eliminations	Consolidated	Before Eliminations	Eliminations	Consolidated
$114,611	$(44,097)	$ 70,514	$120,477	$(29,444)	$ 91,033
59,512	-	59,512	84,630	-	84,630
10,048	-	10,048	10,449	-	10,449
184,171	(44,097)	140,074	215,556	(29,444)	186,112
67,653	-	67,653	36,217	-	36,217
67,653	-	67,653	36,217	-	36,217
251,824	(44,097)	207,727	251,773	(29,444)	222,329
52,092	-	52,092	97,113	-	97,113
92,879	-	92,879	92,879	-	92,879
18,802	-	18,802	-	-	-
163,773	-	163,773	189,992	-	189,992
$415,597	$(44,097)	$371,500	$441,765	$(29,444)	$412,321

U.S. Government Printing Office

Consolidating Schedule of Income (Loss) before Other Operating Expenses by Major Program

For the Fiscal Years Ended September 30, 2001 and 2000
(Dollars in thousands)
(Unaudited)

	Printing and Binding Operations		Information Dissemination Operations		Congressional Printing and Binding	
	2001	2000	2001	2000	2001	2000
Revenues:						
Printing and binding	$648,276	$739,993	$ -	$ -	$ -	$ -
Sales of blank paper	12,307	13,675	-	-	-	-
Sales of waste and scrap	722	991	-	-	-	-
Sales of publications	-	-	42,407	45,479	-	-
Appropriations	-	-	29,653	29,824	86,100	81,064
Reimbursements	-	-	4,435	5,215	-	-
Total revenues	661,305	754,659	76,495	80,518	86,100	81,064
Expenses:						
Printing and reproduction	425,007	511,213	15,115	13,849	86,100	81,064
Personnel compensation and benefit	165,917	161,212	39,273	40,140	-	-
Supplies and materials	37,432	37,152	1,788	2,163	-	-
Rents, communications, and utilities	13,660	12,876	10,634	12,096	-	-
Publications sold	-	-	9,558	12,887	-	-
Depreciation and amortization	5,823	6,179	838	1,029	-	-
Other services	6,775	7,304	2,046	2,089	-	-
Surplus publications	-	-	2,270	2,790	-	-
Travel and transportation	865	3,904	2,475	5,161	-	-
Total expenses	655,479	739,840	83,997	92,204	86,100	81,064
Income (loss) before Other Operating Expenses	$ 5,826	$ 14,819	$(7,502)	$(11,686)	$ -	$ -

Other Operations		Total GPO Before Eliminations		Eliminations		Total GPO	
2001	2000	2001	2000	2001	2000	2001	2000
$2,005	$2,020	$650,281	$742,013	$(112,875)	$(110,139)	$537,406	$631,874
-	-	12,307	13,675	-	-	12,307	13,675
-	-	722	991	-	-	722	991
-	-	42,407	45,479	-	-	42,407	45,479
-	-	115,753	110,888	(622)	(753)	115,131	110,135
-	-	4,435	5,215	-	-	4,435	5,215
2,005	2,020	825,905	918,261	(113,497)	(110,892)	712,408	807,369
-	-	526,222	606,126	(110,773)	(107,800)	415,449	498,326
210	250	205,400	201,602	(1,641)	(1,833)	203,759	199,769
20	17	39,240	39,332	(114)	(117)	39,126	39,215
731	704	25,025	25,676	(242)	(292)	24,783	25,384
-	-	9,558	12,887	-	-	9,558	12,887
677	678	7,338	7,886	-	-	7,338	7,886
239	197	9,060	9,590	(727)	(850)	8,333	8,740
-	-	2,270	2,790	-	-	2,270	2,790
-	-	3,340	9,065	-	-	3,340	9,065
1,877	1,846	827,453	914,954	(113,497)	(110,892)	713,956	804,062
$ 128	$ 174	$ (1,548)	$ 3,307	$ -	$ -	$ (1,548)	$ 3,307

U.S. Government Printing Office

Supplemental Schedule of Income (Loss) before Other Operating Expenses for Printing and Binding Operations

For the Fiscal Years Ended September 30, 2001 and 2000
(Dollars in thousands)
(Unaudited)

	Plant Printing Operations		Regional Printing	
	2001	2000	2001	2000
Revenues:				
Printing and binding	$173,187	$181,164	$ 759	$1,217
Sales of blank paper	12,307	13,675	-	-
Sales of waste and scrap	722	991	-	-
Total revenues	186,216	195,830	759	1,217
Expenses:				
Printing and reproduction	-	-	-	-
Personnel compensation and benefits	128,589	125,195	1,316	1,311
Supplies and materials	36,026	35,801	179	294
Rents, communications, and utilities	6,451	6,492	412	274
Depreciation and amortization	5,182	5,520	7	33
Other services	5,963	6,375	60	43
Travel and transportation	677	1,156	9	14
Total expenses	182,888	180,539	1,983	1,969
Income (loss) before Other Operating Expenses	$ 3,328	$ 15,291	$(1,224)	$ (752)

Total In-House Printing				Purchased Printing				Total Printing and Binding Operations			
2001	Percent of Revenues	2000	Percent of Revenues	2001	Percent of Revenues	2000	Percent of Revenues	2001	Percent of Revenues	2000	Percent of Revenues
$173,946	93	$182,381	92	$474,330	100	$557,612	100	$648,276	98	$739,993	98
12,307	7	13,675	7	-	-	-	-	12,307	2	13,675	2
722	-	991	1	-	-	-	-	722	-	991	-
186,975	100	197,047	100	474,330	100	557,612	100	661,305	100	754,659	100
-	-	-	-	425,007	90	511,213	93	425,007	63	511,213	66
129,905	70	126,506	65	36,012	8	34,706	6	165,917	26	161,212	22
36,205	19	36,095	18	1,227	-	1,057	-	37,432	6	37,152	5
6,863	4	6,766	3	6,797	1	6,110	1	13,660	2	12,876	2
5,189	3	5,553	3	634	-	626	-	5,823	1	6,179	1
6,023	3	6,418	3	752	-	886	-	6,775	1	7,304	1
686	-	1,170	1	179	-	2,734	-	865	-	3,904	1
184,871	99	182,508	93	470,608	99	557,332	100	655,479	99	739,840	98
$ 2,104	1	$ 14,539	7	$ 3,722	1	$ 280	-	$ 5,826	1	$ 14,819	2

U.S. Government Printing Office

Supplemental Schedule of Income (Loss) before Other Operating Expenses for Information Dissemination

For the Fiscal Years Ended September 30, 2001 and 2000
(Dollars in thousands)
(Unaudited)

	Sales of Publications Programs			
	2001	Percent of Revenues	2000	Percent of Revenues
Revenues:				
Sales of publications	$42,407	100	$45,479	100
Appropriations	-	-	-	-
Reimbursements	-	-	-	-
Total revenues	42,407	100	45,479	100
Expenses:				
Printing and reproduction	292	1	270	1
Personnel compensation and benefits	25,834	61	26,319	57
Supplies and materials	1,052	2	1,196	3
Rents, communications, and utilities	8,277	20	9,461	21
Publications sold	9,558	23	12,887	28
Depreciation and amortization	499	1	658	1
Other services	1,337	3	1,210	3
Surplus publications	2,270	5	2,790	6
Travel and transportation	895	2	2,503	6
Total expenses	50,014	118	57,294	126
Income (loss) before Other Operating Expenses	$ (7,607)	(18)	$ (11,815)	(26)

Agency Distribution Services				Salaries and Expenses Programs				Total Information Dissemination			
2001	Percent of Revenues	2000	Percent of Revenues	2001	Percent of Revenues	2000	Percent of Revenues	2001	Percent of Revenues	2000	Percent of Revenues
$ -	-	$ -	-	$ -	-	$ -	-	$42,407	55	$45,479	57
-	-	-	-	29,653	100	29,824	100	29,653	39	29,824	37
4,435	100	5,215	100	-	-	-	-	4,435	6	5,215	6
4,435	**100**	**5,215**	**100**	**29,653**	**100**	**29,824**	**100**	**76,495**	**100**	**80,518**	**100**
64	1	104	2	14,759	50	13,475	46	15,115	20	13,849	17
2,407	55	2,674	51	11,032	37	11,147	37	39,273	51	40,140	51
98	2	177	3	638	2	790	3	1,788	2	2,163	3
1,444	33	1,379	26	913	3	1,256	4	10,634	14	12,096	15
-	-	-	-	-	-	-	-	9,558	12	12,887	16
56	1	82	2	283	1	289	1	838	1	1,029	1
128	3	159	3	581	2	720	2	2,046	3	2,089	3
-	-	-	-	-	-	-	-	2,270	3	2,790	3
133	3	511	10	1,447	5	2,147	7	2,475	3	5,161	6
4,330	**98**	**5,086**	**97**	**29,653**	**100**	**29,824**	**100**	**83,997**	**109**	**92,204**	**115**
$ 105	**2**	**$ 129**	**3**	$ -	-	$ -	-	**$ (7,502)**	**(9)**	**$(11,686)**	**(15)**

U.S. Government Printing Office

Supplemental Schedule of Appropriated Funds

For the Fiscal Years Ended September 30, 2001 and 2000
(Dollars in thousands)
(Unaudited)

	Revolving Fund Appropriation	Salaries and Expenses Appropriation	Congressional Printing and Binding Appropriation	Total	
				2001	2000
Unexpended Appropriations, beginning of year (on cash basis)	$ -	$20,010	$28,244	$ 48,255	$ 53,060
Funds Provided					
Appropriations	-	27,893	71,305	99,198	103,169
Supplemental Appropriations	6,000	-	9,900	15,900	-
Transfers	12,802	-	-	12,802	-
Total funds available	18,802	47,903	109,449	176,155	156,229
Funds Applied					
Obligated appropriations:					
Current year	-	17,264	61,645	78,909	77,115
Prior years	-	10,966	17,186	28,152	31,021
Funds transferred to the Revolving Fund	-	3,302	9,500	12,802	-
Total funds applied	-	31,532	88,331	119,863	108,136
Unexpended Appropriations, end of year (on cash basis)	18,802	16,371	21,118	56,291	48,093
Adjustments					
Intra-agency accounts receivable	-	1,385	-	1,385	50
Intra-agency accounts payable	-	(3,648)	-	(3,648)	(6,264)
Unexpended Appropriations, end of year (on accrual basis)	$18,802	$14,108	$21,118	$ 54,028	$ 41,879

United States Government Printing Office
Washington, DC 20401

March 5, 2002

Mr. Paul Geraty
KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Dear Mr. Geraty:

In connection with your examination of our assertion regarding internal controls over financial reporting of the United States Government Printing Office (GPO) as of September 30, 2001, and for the year then ended, we make the following representations:

1. The GPO is responsible for establishing and maintaining an internal control structure.
2. Pursuant to GPO Instruction 825.18A, *Internal Control Program*, "internal control" as it relates to the consolidated financial statements, is a process that is effected by the agency's management and other personnel, and is designed to provide reasonable assurance that the following objectives are met:
    a. Reliable financial reporting. Transactions are properly recorded, processed, and summarized to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
    b. Compliance with applicable laws and regulations. Transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that could have a direct and material effect on the consolidated financial statements.
3. Except as disclosed in the Independent Auditors' Report, all internal controls are operated in accordance with applicable policies and procedures and are effective in meeting the foregoing objectives as set forth in GPO Instruction 825.18A, *Internal Control Program.*

There have been no changes subsequent to September 30, 2001 that would significantly affect internal controls over financial reporting.

Sincerely,

MICHAEL F. DiMARIO

Public Printer