U.S. Government Printing Office

Notes to Consolidated Financial Statements

September 30, 1998 and 1997

1. Organization:

The U.S. Government Printing Office (GPO), a Legislative Branch agency, was established by the public printing and documents statutes of Title 44 of the U.S. Code. Congress enacted this legislation to provide to the Federal government an economic and efficient means for the production and procurement of congressional and agency printing and binding, and for the dissemination of information to the public. The Public Printer, appointed by the President of the United States with the advice and consent of the U.S. Senate, oversees the operations of GPO. GPO discharges its responsibilities through the operation of a Revolving Fund and congressional appropriations.

2. Significant Accounting Policies:

A. Basis of Accounting

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

B. Basis of Consolidation

The accompanying consolidated financial statements of GPO include the accounts of all funds under GPO control that have been established and maintained to account for the resources of GPO. All significant intra-agency balances and transactions have been eliminated in consolidation. In addition, in Fiscal Year 1998, GPO established reimbursable agreements with the Census Monitoring Board and the Bi-Cameral Commission on the Future of Medicare. Under these agreements, GPO, for a fee, provides administrative support services. Expenses incurred and the concomitant reimbursements have been removed from GPO's financial statements.

Intra-agency transactions that must be eliminated to consolidate GPO financial statements for the years ended September 30, 1998 and 1997, consisted of the following.

	(Dollars in thousands)	
	1998	1997
Printing and reproduction:		
Congressional printing and binding	$73,185	$82,542
Sales of publications	16,806	18,175
Salaries and expenses	14,790	12,654
GPO internal use	379	573
Total printing and reproduction	105,160	113,944
Data processing	2,227	2,878
Miscellaneous	913	3,418
Total	$108,300	$120,240

In addition, there is an elimination within the In-house Printing Program of revenues and expenses for services and other internal transactions (*e.g.*, internal-use forms, electronic repairs) provided to and by the In-house Printing Operations. This elimination was $5,297,000 and $5,264,000 for the years ended September 30, 1998 and 1997, respectively.

C. Methods of Funding

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

Printing and Binding Operations accounts record transactions related to printing and binding performed for customer agencies and Congress. Sales of Publications Operations accounts are used to record transactions related to the sale of government publications and the distribution of publications on behalf of customer agencies.

▪ **General Fund** accounts record financial transactions arising under annual congressional appropriations. GPO operates two major programs that are financed in this manner: the Salaries and Expenses Appropriation and the Congressional Printing and Binding Appropriation.

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

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

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

D. Revenue Recognition and Expended Appropriations

▪ **In-house Printing and Binding –** By law, GPO must be reimbursed for printing and binding services by the customer agency. Consequently, all Revolving Fund revenues from in-house printing and binding work (work not commercially procured) are recognized on a value-added basis, *i.e.*, as work is performed.

The fiscal year 1997 total GPO and in-house printing revenue includes $12.8 million of revenue from unexpended appropriations in prior years. The $12.8 million represents the recovery of costs of performing work for the Congress during fiscal years 1994 and 1995 totaling $11.5 million, and for Depository Libraries during fiscal years 1994, 1995, and 1996 totaling $1.3 million. These funds had been appropriated and obligated but were not billed and collected at that time due to a restriction on increasing GPO prices, as required by law. This event did not reoccur in fiscal year 1998.

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

▪ **Distributing 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 the qualifying expenses are incurred. The amount of appropriations expended and the programs funded by appropriations are presented in Note 12A. Unexpended appropriations are recorded as a component of Equity of U.S. Government (see Note 12B). Obligated and unobligated appropriation balances are canceled after 5 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 advanced billings to Federal agencies.

Deferred subscription revenue represents the value of the subscription service that has not yet been provided for products such as the *Congressional Record*, the *Federal Register*, and the *Commerce Business Daily*. The category, "Customer deposits--held on account," represents amounts received from customers for deposit in pre-established accounts to provide the customer the convenience of sending periodic payments to pay for publications ordered, rather than remitting payments for every item ordered. "Customer deposits--unfilled orders," represents funds received for publications not available for immediate shipment. Revenue for these transactions will be recognized at the time the products (subscriptions, publications, etc.) are delivered. Finally, "Advanced 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 unexpended balances in GPO's accounts with the Department of the Treasury. A breakdown of items included in GPO's funds with the U. S. Treasury as of September 30, 1998 and 1997 follows.

	(Dollars in thousands)	
	1998	**1997**
Revolving fund	**$110,938**	**$106,114**
Appropriations:		
1993	**-**	**1,521**
1994	**2,210**	**4,181**
1995	**6,095**	**8,836**
1996	**8,151**	**10,030**
1997	**14,369**	**41,848**
1998	**22,573**	**-**
Total appropriations	**53,398**	**66,416**
On-hand and in-transit	**864**	**625**
Total	**$165,200**	**$173,155**

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 and cannot be used other than for those specific purposes. GPO had restricted funds with U.S. Treasury of $46.9 million and $28.7 million at September 30, 1998 and 1997, respectively. Also, the agreement between GPO and the Census Monitoring Board (CMB) provided for CMB funds to be reported on GPO's Treasury statements. GPO's "Year end Closing Statement" (TFS 2108) included $3,843,000 in unexpended CMB appropriations that have been excluded from GPO's financial statements.

All appropriated funds were either expended or obligated at September 30, 1998 and 1997 (See note 12).

F. Inventories

The components of inventories as of September 30, 1998 and 1997 are as follows.

	(Dollars in thousands)	
	1998	1997
Publications for sale	$11,093	$10,523
Allowance for surplus publications	(2,393)	(2,526)
Publications for sale, net	8,700	7,997
Paper	6,450	7,281
Materials and supplies	9,532	9,949
Allowance for obsolescence	(1,952)	(1,747)
Paper, materials, and supplies, net	14,030	15,483
Inventories, net	$22,730	$23,480

Inventories of publications held for sale are valued at the lower of cost, using the weighted average cost method, or market, and are shown net of an allowance for surplus publications. The allowance for surplus publications is established for the estimated value of potentially obsolete or excess publications held in inventory. In fiscal year 1998, GPO established a category of historical publications, which will never be destroyed. The effect of this change was a reduction of the allowance for surplus publications account, and a corresponding decrease in surplus publications expense of $361,000.

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.

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 historical net cost.

Major alterations and renovations are capitalized while normal maintenance and repair costs are expensed as incurred. Depreciation and amortization of property and equipment is calculated on a straight-line basis over their respective estimated useful lives. The range of estimated useful lives of GPO assets is as 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. Annual, Sick, and Other Types of Leave

Annual leave is accrued as a liability when earned, and the liability reduced when leave is used. Each year the annual leave liability is adjusted to reflect current pay rates. At September 30, 1998, the liability for accrued annual leave was $11,331,000 compared with $11,270,000 at September 30, 1997.

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.

I. 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 (GAO's Policies and Procedures Manual for Guidance of Federal Agencies, Title 2, "Accounting"). 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 10A).

J. 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 statements, cash is considered to be Funds with U.S. Treasury, as defined in Note 2E.

K. Workers' Compensation Liability

The Workers' Compensation Liability (WCL) is the estimated liability for future compensation and medical benefits that GPO is or 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.

L. Change in Accounting Estimate

In fiscal year 1998, GPO changed an accounting estimate used to recognize revenue from the sale of basic and supplemental subscriptions in the Sales of Publications Program. Customers purchasing a basic subscription are entitled to supplements (updates) when they are issued by the publishing agency. Prior to 1998, GPO recognized 75 percent of the revenue from basic and supplement subscriptions when the basic was shipped. The remaining 25 percent was recognized evenly over the following 36 months, which is the average life cycle of a basic and its supplements. In 1998, a study reestimated that 65 percent of the revenue should be recognized upon shipment of the basic and the remaining 35 percent recognized evenly over the ensuing 36 months. This change in estimate resulted in a reduction in Sales of Publications revenue and an increase in the Deferred Subscription Revenue liability account of $1.1 million in 1998.

M. Use of Estimates

The preparation of financial statements 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 1997 Balances

Certain reclassifications have been made to fiscal year 1997 balances to present them consistently with the fiscal year 1998 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 contribution. The required employer contributions are established by the U.S. Office of Personnel Management (OPM). OPM is responsible for government-wide reporting of FERS and CSRS 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, during fiscal years ending September 30, 1998 and 1997. Total GPO (employer) contributions to CSRS for employees covered under this retirement program were 9.01 percent in fiscal year 1998 (7.5 percent in fiscal year 1997) for *Congressional Record* indexers, investigators, and law officers, and 8.51 percent in fiscal year 1998 (7 percent in 1997) for all other employees. GPO's contributions were $9.8 million and $8.4 million for the years ended September 30, 1998 and 1997, respectively.

B. Federal Employees Retirement System

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

GPO (employer) contributions to FERS were 15.4 percent (16.9 percent in fiscal year 1997) for *Congressional Record* indexers, 23.3 percent (24.3 percent in 1997) for investigators and law officers, and 10.7 percent (11.4 percent in 1997) for all other employees covered under this plan. Total GPO contributions were $4.6 million in each year. TSP requires GPO to contribute 1 percent of an enrolled employee's base pay, and additionally to match voluntary employee contributions up to 4 percent of base pay. Additional contributions of GPO's share to the TSP for the years ended September 30, 1998 and 1997, totaled $1.7 million in fiscal year 1998 and $1.5 million in fiscal year 1997.

C. Social Security System

GPO also makes matching contributions to the Social Security Administration (SSA) under the Federal Insurance Contributions Act (FICA). For employees covered by FERS, GPO contributes matching amounts of 6.2 percent of gross pay (up to $68,400) 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, 1998 and 1997 totaled $5.4 million and $5.3 million, respectively.

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

Statement of Federal Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government*, requires federal agencies to follow Federal Accounting Standards to recognize their share of the "normal cost" of pension and other post-employment benefits provided by others. To the extent that normal costs exceed current contributions, the standard requires that an additional expense be recognized, or offset, by imputed funding.

As a Legislative agency, GPO has elected to prepare its financial statements on the basis of generally accepted accounting principles rather than Federal Accounting Standards 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, 1998 and 1997, consists of the following.

	(Dollars in thousands)	
	1998	**1997**
Federal Agencies:		
Unbilled completed work	**$120,667**	**$107,445**
Unbilled work in process	**16,089**	**18,357**
Billed completed work	**17,876**	**16,400**
Subtotal	**154,632**	**142,202**
Other receivables:		
The public	**814**	**1,735**
GPO employees	**972**	**1,029**
Subtotal	**1,786**	**2,764**
Total accounts receivable	**156,418**	**144,966**
Allowance for doubtful accounts	**(1,501)**	**(1,815)**
Total accounts receivable, net	**$154,917**	**$143,151**

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, 1998, this balance included finished work for which invoices have not been prepared of $55.1 million, unbilled commercial printing of $52.4 million, and finished work of $12.7 million that will be collected via the U. S. Treasury's OPAC in October 1998.

Unbilled work in process represents the amount of work performed on customer orders as of September 30, 1998 and 1997, that by law must be reimbursed by GPO customers.

Employees' accounts receivable for fiscal year 1998 includes $911,000 and $53,000 owed by current and former employees, respectively, 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.

5. Property, Plant, and Equipment:

Property, plant, and equipment as of September 30, 1998 and 1997 consisted of the following.

	(Dollars in thousands)			
	Acquisition Value	Accumulated Depreciation & Amortization	1998 Net Book Value	1997 Net Book Value
Land	$9,977	$ -	$9,977	$9,977
Buildings	8,656	8,656	-	-
Building improvements	55,166	36,516	18,650	20,382
Leasehold improvements	1,603	1,048	555	338
Plant machinery and equipment	81,397	57,856	23,541	25,060
Office machinery and equipment	19,355	13,902	5,453	4,915
Computer software	16,242	7,130	9,112	7,461
Furniture and fixtures	3,048	1,156	1,892	1,743
Vehicles	3,243	2,860	383	461
Capital improvements in process	256	-	256	-
Software development in process	3,994	-	3,994	2,424
Total	$202,937	$129,124	$73,813	$72,761

6. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses as of September 30, 1998 and 1997 were composed of the following.

	(Dollars in thousands)	
	1998	1997
Accounts payable:		
Commercial printing	$50,548	$50,630
U.S. Government agencies	15,420	17,805
Other	4,540	6,512
Total accounts payable	70,508	74,947
Accrued salaries and wages	10,154	9,032
State and local payroll taxes	790	799
Total accounts payable and accrued expenses	$81,452	$84,778

7. Deferred Revenue:

As of September 30, 1998 and 1997, deferred revenue consisted of the following.

	(Dollars in thousands)	
	1998	1997
Deferred subscription revenue	$14,718	$16,175
Customer deposits--held on account	24,700	7,883
Customer deposits--unfilled orders	1,362	1,433
Advanced billings to Federal agencies	2,785	3,989
Total	$43,565	$29,480

"Customer deposits--held on account" for printing and binding represent amounts received in advance from Federal agencies to cover future printing requirements. This is $17.6 million of the $24.7 million balance. The remainder constitutes customer deposits held for publication orders. At the time a customer closes a deposit account or cancels a subscription, the customer's unused account balance is refunded.

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

Projected annual benefit payments have been discounted to present value using the Office of

Management and Budget's economic assumptions for 10-year Treasury notes and bonds. Interest rate assumptions utilized for discounting purposes in 1998 and 1997 as provided by OMB were as follow.

	1998	1999	2000	2001	2002 and thereafter
1998	N/A	5.60	5.60	5.60	5.60
1997	6.24	5.82	5.60	5.45	5.40

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. Retention rates were developed using data provided by the Department of Labor to estimate the claims that would continue being paid in the future. The retention rate of 91.07% was applied to current claims in addition to future COLA and CPIM factors. The COLA and CPIM factors used to develop the estimated liability at September 30, 1998 and 1997 follow.

	1999	2000	2001	2002 and thereafter
COLA	1.5%	1.7%	2.2%	2.3%
CPIM	3.6%	3.8%	3.9%	3.9%

The future payments were estimated over the life expectancy of each claimant. The life expectancy rates were based on annuity tables prepared by the Internal Revenue Service and used to estimate the expected remaining life of federal retirees for determining reportable taxable pension benefits.

The Workers' Compensation Liability is approximately $28.9 million and $31.8 million at September 30, 1998 and 1997, respectively.

9. Commitments:

A. Operating Leases

As of September 30, 1998, GPO was committed to various non-cancelable operating leases, primarily covering warehouse, office, and retail space. Some of these leases contain escalation clauses and renewal options. A schedule of future minimum rental payments required under operating leases by type, which have initial or remaining non-cancelable lease terms in excess of one year follows.

	(Dollars in thousands)			
Fiscal Year	**Warehouse**	**Office**	**Retail**	**Total**
1999	**$2,203**	**$270**	**$496**	**$2,969**
2000	**1,576**	**247**	**380**	**2,203**
2001	**214**	**166**	**308**	**688**
2002	**-**	**89**	**240**	**329**
2003	**-**	**6**	**39**	**45**
2004 and beyond	**-**	**-**	**-**	**-**
Total minimum lease payments	**$3,993**	**$778**	**$1,463**	**$6,234**

Rent expenses for the years ended September 30, 1998 and 1997, were $5,958,000 and $6,099,000, 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 $91.7 million and $111.5 million as of September 30, 1998 and 1997, respectively.

10. Contingencies:

A. 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 $17,300 and $131,000 for the years ended September 30, 1998 and 1997, respectively, and are not reflected in the GPO's consolidated financial statements.

B. Year 2000 Computing Issue

The Year 2000 computing issue represents a significant challenge to the federal government. It is vulnerable to adverse effects of the Year 2000 issue as a result of, among other things, its dependence on computer systems to process financial transactions, deliver services, and perform operations; the age of and documentation for its existing computer systems; its need to interface with computer systems of other federal government agencies and other non-federal government organizations; its working capital to fund necessary remediation efforts; and its ability to complete necessary remediation prior to experiencing adverse consequences related to effects of the Year 2000 computing issue.

GPO faces unresolved issues related to the Year 2000 computing issue. GPO has developed a comprehensive plan and approach to address these challenges and monitors its activities against the plan. Management believes that its approach to addressing and remediating Year 2000 issues is comprehensive and appropriate. If the plan is successfully implemented, management believes that its mission critical systems will not experience adverse effects of the Year 2000 computing issue. However, due to the complexities of the Year 2000 computing issue, there can be no assurance: that a Year 2000 computing issue that may exist has been or will be identified; on the adequacy of GPO's Year 2000 remediation plans related to financial or operational issues; or on whether GPO is or will be Year 2000 compliant on a timely basis. Failure of GPO to successfully carry out and complete its comprehensive Year 2000 plan may result in changes in GPO's structure, operations, and mission; affect its ability to provide goods and services, or perform its mission, in a timely manner; and cause other operating disruptions.

11. Revolving Fund:

A. Cumulative Results of Operations

Cumulative results of operations for the Revolving Fund include net operating results since its inception, reduced by funds returned to the Department of the Treasury by legislative rescissions, and by transfers to other Federal agencies.

B. Invested Capital

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

Increases to Invested Capital are also recorded when printing equipment is donated to GPO. Invested Capital is reduced over the useful life of the donated asset or when retired. The net book value of assets donated to GPO from other agencies was $398,000 and $273,000 in fiscal years ending September 30, 1998 and 1997, respectively.

The Revolving Fund received appropriations totaling $12.9 million during the 1970's for an air-conditioning system that was recorded as Invested Capital. Invested Capital is reduced annually by $444,000 to reflect the air-conditioning system's depreciation.

In fiscal year 1998, Congress authorized that up to $11,017,000 of GPO's invested capital to be used to supplement the 1998 Congressional Printing and Binding Appropriation. Based on fiscal year 1998 expenditures and obligations, and an estimate of funding required to complete all work obligated during the year, GPO transferred $3,748,000 million to the 1998 Congressional Printing and Binding Appropriation, which was recorded as a reduction in invested capital.

C. Summary of Revolving Fund Activity

Below is a summary of activity for the Revolving Fund portion of Equity of U.S. Government in fiscal years ending September 30, 1998 and 1997. See Note 12 for Appropriated Funds summary.

	(Dollars in thousands)		
	Cumulative Results of Operations	Invested Capital	Total Revolving Fund
Revolving Fund balance, September 30, 1996	$91,101	$100,731	$191,832
Donated equipment, net	-	(77)	(77)
Reclassification to transfer depreciation expense for air-conditioning system	-	(444)	(444)
Net income for fiscal year ending September 30, 1997	7,569	-	7,569
Revolving Fund balance, September 30, 1997	98,670	100,210	198,880
Donated equipment, net	-	125	125
Reclassification to transfer depreciation expense for air-conditioning system	-	(444)	(444)
Fund transfer from Revolving Fund to Congressional Printing and Binding Operation	-	(3,748)	(3,748)
Net income for fiscal year ending September 30, 1998	1,375	-	1,375
Revolving Fund balance, September 30, 1998	$100,045	$96,143	$196,188

12. Appropriated Funds:

A. Expended Appropriations

Total appropriations initially made available for fiscal years ending September 30, 1998 and 1997, were $70,652,000 and $81,669,000 for Congressional Printing and Binding, respectively, and $29,077,000 in both years for Salaries and Expenses of the Superintendent of Documents.

Expended appropriations for program operations for the years ending September 30, 1998 and 1997, were as follows.

	(Dollars in thousands)	
	1998	1997
Congressional printing and binding:		
Congressional Record products	$17,337	$23,559
Miscellaneous publications and printing and binding	16,799	20,703
Hearings	16,945	15,400
Bills, resolutions, and amendments	8,762	10,138
Details to Congress	2,504	2,225
Other	10,838	10,517
Total congressional printing and binding	73,185	82,542
Salaries and expenses:		
Depository library distribution	26,830	23,986
Cataloging and indexing	2,959	3,112
By-law distribution	558	458
International exchange	615	340
Total salaries and expenses	30,962	27,896
Total expended appropriations	$104,147	$110,438
Reconciliation of expended appropriations to the consolidated statements of revenues and expenses:		
Total expended appropriations	$104,147	$110,438
Eliminations (Intra-agency)	(913)	(943)
Consolidated revenues from appropriations	$103,234	$109,495

B. Unexpended Appropriations

As of September 30, 1998, GPO had unexpended appropriations that were obligated for Salaries and Expenses and Congressional Printing and Binding services of $20,031,000 and $35,868,000, respectively. At September 30, 1997, these amounts were $21,916,000 and $34,653,000, respectively.

13. Related-party Transactions:

The Refectory Cafe, Ltd. (RCL), a non-profit corporation chartered in the District of

Columbia in 1985, operated the GPO Cafeteria (Cafeteria) until November 18, 1994. The members of the Board of Directors of the RCL, who were appointed by a former Public Printer, were the current Public Printer, the former Deputy Public Printer, and one senior-level GPO manager.

From its incorporation through November 18, 1994, the Cafeteria sustained cumulative losses of approximately $600,000. In fiscal year 1995, GPO paid approximately $100,000 to satisfy the RCL's creditors, as the Cafeteria was unable to meet these obligations. In fiscal year ending September 30, 1997, GPO and Massachusetts Mutual Life Insurance Company, the RCL's Pension Plan trustee, settled with all vested former Cafeteria employees. After liquidation of the Pension, $140,000 was deposited in the GPO Revolving Fund to offset GPO's expenditures in fiscal years 1995 and earlier.

14. Concentration of Credit Risk:

GPO financial instruments, none of which are held for trading purposes, consist primarily of cash and cash equivalents, accounts receivable, and accounts payable at September 30, 1998 and 1997. GPO estimates the fair value of financial instruments at September 30, 1998 and 1997 to be the carrying value. Cash and cash equivalents are held by the U.S. Treasury, accounts receivable are primarily due from various U.S. Government agencies, and the accounts payable are primarily due to various commercial vendors.

15. Major Customers:

GPO's primary customers are Federal agencies. Revenues from those customers representing 10% or more of GPO's revenues are as follows.

	(Dollars in thousands)			
	1998		1997	
	Amount	Percent	Amount	Percent
Department of Defense	$148,947	20.6%	$156,618	20.8%
Department of U.S. Treasury	$82,427	11.4%	$88,024	11.7%
Congress	$80,643	11.2%	$75,368	10.0%