



United States
Government
Printing Office

Washington, D.C. 20401

OFFICE OF THE PUBLIC PRINTER

January 29, 1982

President of the Senate
Speaker of the House of Representatives

Dear Sirs:

Fiscal year 1981 marked a period of transition to the new realities imposed by fiscal constraints. Smaller Federal budgets brought an accompanying decline in the volume of business transacted at the Government Printing Office, as agencies trimmed their demands for the printed word. Printing and binding produced and procured by GPO and blank paper sales amounted to \$657 million, a decrease of \$28 million, or 4 percent, compared to the previous fiscal year. Despite the reduction in revenue, GPO achieved a net profit of \$1.5 million for the year.

The \$657 million in revenue realized from printing and binding services is distributed as follows: \$465 million (71 percent) for commercially-procured printing and binding, \$168 million (26 percent) for in-house printing and binding, and \$24 million (3 percent) for the sale of blank paper. Inventories of paper, materials, and supplies declined to \$19 million, and the publications inventory decreased to \$17 million, resulting in reductions of 18 percent and 36 percent, respectively, compared to fiscal year 1980. A comparison of fiscal year 1981 figures with those for fiscal year 1980 reveals a 6 percent decline in GPO's workforce from 6,900 to 6,500 and an 11 percent decrease (79,000 hours) for in-plant overtime.

The Sales of Publications Program experienced a \$9.7 million loss in fiscal year 1981, despite an increase in sales to the public from \$47 million to \$50 million. Much of this loss is attributable to the writeoff of \$11 million in unsaleable publications during fiscal year 1981. This unusually large writeoff was \$7.5 million higher than the average annual writeoff of \$3.5 million experienced over the last four years; however, it was necessary to correct the excessive growth of the publications inventory.

Progress was made towards obtaining the necessary equipment to expand our automated Procurement Information and Control System to the 13 Regional Printing Procurement Offices. Initially, the system will be tested in the Dallas, Chicago, and St. Louis offices, followed by expansion to the remaining offices.

The Quality Circles of Worklife program, a management technique which has achieved much success in the Far East, was introduced to GPO managers on an experimental basis during fiscal year 1981. This technique improves the quality of the goods and services produced and enables the quality circle members to more closely identify with the goals of the organization.

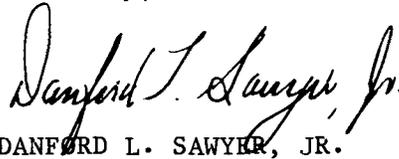
The workload of the Electronic Photocomposition Division increased as a result of the conversion of more congressional and departmental work to the photocomposition process. Major publications converted during the fiscal year include the House portion of the Congressional Record, the U.S. Government Manual, and the Congressional Directory. A new Block Addressable Memory program has been developed which will reduce the computer time required to typeset most jobs.

Two new printing presses have been installed in the Press Division, and a new 70-mm projection platemaker, which can produce as many plates per hour as six platemaker/strippers, is currently being installed.

The Binding Division has initiated action to acquire two modern binding and mailing systems to be used for producing the Congressional Record and the Federal Register. The combined cost for the systems is expected to be in excess of \$7 million, with an annual savings in production costs of \$3.5 million. The primary line is scheduled for delivery in June 1982.

This annual report contains only a sampling of the many positive actions currently underway at the Government Printing Office. From my vantage point, GPO's future looks promising. It has the potential of becoming a vibrant Government agency capable of performing its mission in an exemplary manner.

Sincerely,

A handwritten signature in cursive script that reads "Danford L. Sawyer, Jr." The signature is written in dark ink and is positioned above the printed name.

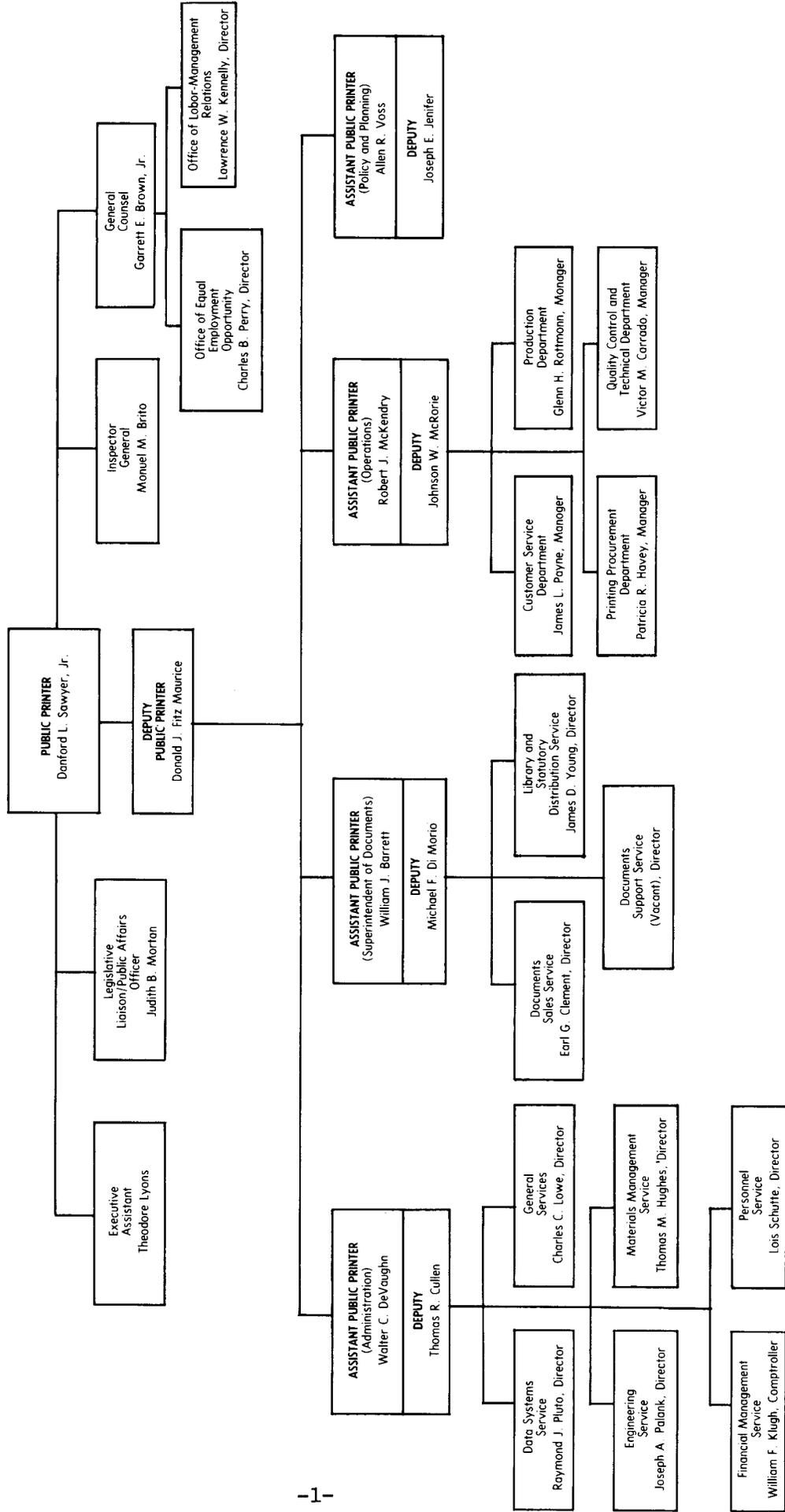
DANFORD L. SAWYER, JR.
Public Printer

TABLE OF CONTENTS

	<u>PAGE</u>
ORGANIZATIONAL CHART	1
<u>STAFF ACTIVITIES</u>	
Office of the Executive Assistant	3
Office of Legislative Liaison/Public Affairs	3
Office of the General Counsel	4
Office of Equal Employment Opportunity	4
Office of the Inspector General	5
<u>ASSISTANT PUBLIC PRINTER (POLICY AND PLANNING)</u>	7
<u>ASSISTANT PUBLIC PRINTER (OPERATIONS)</u>	9
Customer Service Department	9
Printing Procurement Department	10
Production Department	10
Quality Control and Technical Department	12
<u>ASSISTANT PUBLIC PRINTER (ADMINISTRATION)</u>	13
Data Systems Service	13
Engineering Service	14
Financial Management Service	15
General Services	16
Materials Management Service	16
Personnel Service	17
<u>ASSISTANT PUBLIC PRINTER (SUPERINTENDENT OF DOCUMENTS)</u>	19
Documents Sales Service	19
Library and Statutory Distribution Service	20
Documents Support Service	21
<u>COMPROLLER GENERAL'S OPINION</u>	23
<u>FINANCIAL STATEMENTS</u>	
Consolidated Balance Sheet	27
Consolidated Statement of Income and Retained Earnings	28
Consolidated Statement of Changes in Financial Position	29
Status of Appropriated Funds (Schedule 1)	30
Transfers to Revolving Fund from Printing and Binding Appropriations (Schedule 2)	31
Loss on Sales of Publications (Schedule 3)	32
Notes to Financial Statements	33



U.S. GOVERNMENT PRINTING OFFICE



STAFF ACTIVITIES

OFFICE OF THE EXECUTIVE ASSISTANT

The Executive Assistant divides his time and resources between internal operating demands and outside commitments and serves in his primary role as a confidential advisor to the Public Printer.

Administration of the Combined Federal Campaign, the Blood Donor Program, and the Incentive Awards Program was transferred to the Office of the Executive Assistant at the end of fiscal year 1981.

In addition, this office is responsible for coordination of the newly established Quality Circles of Worklife program. Quality Circles are small groups of workers who meet voluntarily on a regular basis to identify, analyze, and propose solutions for problems experienced in their jobs.

OFFICE OF LEGISLATIVE LIAISON/PUBLIC AFFAIRS

In August 1981, the Public Printer established the Office of Legislative Liaison/Public Affairs to provide direct liaison between the Government Printing Office and the Congress, the news media, other government agencies, private sector organizations, and the general public. The Office develops, recommends and coordinates the public affairs policy of the agency, provides a balanced information program to report the activities of the GPO, and informs other government agencies of services available from GPO.

The Office made initial contact with Congressional offices by a communication to all Members of Congress from the Public Printer. Appropriate trade associations received a letter from the Legislative Liaison/Public Affairs Officer. Personnel of this office met with legislative and public affairs officials of most executive and legislative branch agencies to review services available from GPO and to resolve existing problems.

On September 14, 1981, the Office in conjunction with other departments, participated for the first time in the Congressional Resource Exposition sponsored by the White House Office of Consumer Affairs. This Exposition was held to familiarize Congressional Staffs with all Federal Government Agencies. The new GPO organizational chart and numerous publications from the Superintendent of Documents Sales Program were presented by the staff.

The staff developed and instituted a procedure for oral and written notification to Members of Congress when GPO makes contract awards to businesses located within their State or district. A system was also established to record and properly handle all Congressional inquiries. A brochure was designed to explain the Depository Library System and the services available to the public free of charge.

The internal employee newsletter, Typeline, and the GPO Newsletter, prepared for customer agencies, will be produced in this office.

In order to help make the Sales Program of the Superintendent of Documents self-sustaining, this office will develop and implement a conceptual and organizational marketing plan to increase sales revenue. Toward this end, major commercial bookstores were contacted to solicit sales of GPO publications, and a study was initiated to review the marketability of new publications and the cost-effectiveness of existing marketing tools.

OFFICE OF THE GENERAL COUNSEL

The Office of the General Counsel provides legal advice and services in all areas of law affecting the Government Printing Office. To increase coordination between the offices, the Labor-Management Relations staff now reports to the General Counsel. This staff coordinates and administers the GPO Labor Relations Program by providing an efficient and effective representation of management's position in third-party proceedings and also engages in timely negotiations and grievance processing.

The number of legal opinions furnished to the Public Printer, other GPO managers, and the Joint Committee on Printing increased in fiscal year 1981. While the total number of court cases decreased slightly, a large portion of the staff's time was consumed by several complex class actions relating to Title VII of the Civil Service Reform Act. During fiscal year 1981, three GPO cases were appealed to the U.S. Court of Appeals for the District of Columbia, and four other cases were resolved in the GPO's favor.

Historically, GPO management has negotiated individually with the twenty unions which represent GPO employees. In an effort to develop uniform contract provisions, eliminate duplicate negotiations and reduce negotiating costs, combined negotiations are being conducted with the GPO Joint Council of Unions, which represents 14 Central Office unions, on many subjects of office-wide concern. The outcome of these negotiations will be included in a so-called Master Agreement. Negotiations on subjects peculiar to individual unions and units will continue to be held separately, and the results will be included in supplemental agreements.

The Government Printing Office's second labor-management agreement under Title VII of the Civil Service Reform Act is being negotiated with AFGE Local 1248 (Chicago).

OFFICE OF EQUAL EMPLOYMENT OPPORTUNITY

The Office of Equal Employment Opportunity assists the Public Printer in providing equal employment opportunity for all employees and applicants for employment without regard to race, color, religion, sex, age, national origin, or physical or mental handicap and provides a complete

and comprehensive range of affirmative programs. The programs are conducted in accordance with laws and regulations issued by the Equal Employment Opportunity Commission and the Office of Personnel Management. The Office also provides equal employment opportunity counseling to employees and applicants at the GPO and processes formal complaints of discrimination.

The Office of Equal Employment Opportunity continued to spearhead GPO's participation in the Adopt-a-School Program with Dunbar High School of Washington, D.C. Foremost in this activity is the Career Awareness Program, which gives students in-depth exposure to various careers prior to their completion of high school. The principal objectives are to motivate students to stay in school and develop their full potential and to help them make informed career choices.

The Government Printing Office commemorated its fourth annual observance of Afro-American History month with an array of musicians, choral groups, and cultural and performing artists, including talent from our adopted school, Dunbar High. In conjunction with the observance, a pictorial historical exhibit was displayed in Harding Hall and at the National Visitor Center in Washington, D.C.

OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General is responsible for administering audit, investigation, security, law enforcement, and conflict of interest services. These services concern fraud, waste, and abuse prevention and detection; criminal, general, and EEO discrimination complaint investigations; appraisals of GPO operations and programs; and external contract audits.

During the fiscal year, the Audit Group reviewed selected management and operating practices of the Central Office, Regional Printing Procurement and Field Printing Offices, Documents' Bookstores, and GPO's financial accounts, statements and related activities.

The Audit Group issued 15 audit reports during the fiscal year. These reports included recommendations to enhance the economy, efficiency and effectiveness of GPO operations and should result in significant cost reductions and stronger internal controls. A review of GPO's management and operating practices for the purchase, re-utilization, and disposal of pallets and skids resulted in recommendations which should result in considerable savings.

The Audit Group assisted GAO by examining selected accounts in the review of the fiscal year 1981 financial statements, and followed-up on prior audit recommendations. Reviews of the Chicago Field Printing Office and several Documents' Bookstores resulted in recommendations for improving management controls and strengthening inventory procedures. As a result of a follow-up review of a recent audit of the Depository Library Program, the Library and Statutory Distribution Service reported a cost savings of over \$1 million. In addition, the initiation of a review of

the Documents Sales Program surfaced major problems in ordering and in the destruction of unsaleable publications. Resolution of these problems should result in cost savings of several millions of dollars annually. Investigation and exposure of fraudulent and other activities by GPO employees and contractors resulted in the resignation of several GPO employees, and either the recovery or action for the recovery, direct savings, or cost avoidance in excess of \$300,000.

ASSISTANT PUBLIC PRINTER (POLICY AND PLANNING)

The Assistant Public Printer (Policy and Planning) provides advice and assistance to the Public Printer in developing long range plans and policy guidance for all functions of the Government Printing Office.

He is responsible for assessing the future demand for products and services by customers and clients of the Government Printing Office. On the basis of this assessment, plans are developed for the acquisition of facilities and equipment and the commitment of operating and managerial personnel for the performance of the missions of the Office in the most effective, economical, and efficient manner.

Included in facilities planning is the establishment of policy as to the use of land and buildings owned or leased by the Government Printing Office in concert with the Office needs. This responsibility includes preparing, or overseeing the preparation of, long-range plans for space needs of the various organizations of the Office.

The Assistant Public Printer (Policy and Planning) serves as Chairman of the Management Resources Committee and the Capital Investment Board. The functions of the Capital Investment Board are to identify major needs for new equipment, identify equipment that is not effective, and provide for acquisitions and replacements in a systematic and orderly manner. The functions of the Management Resources Committee are to set policies which will align the work force with the facilities and equipment plans so as to ensure the presence of the necessary performance skills and managerial resources to best accomplish the missions of the Office. He also serves as a member of the Budget Committee.

Additionally, the Assistant Public Printer (Policy and Planning) executes special projects as directed by the Public Printer.

ASSISTANT PUBLIC PRINTER (OPERATIONS)

The Assistant Public Printer (Operations) is responsible for the planning and production of printing and binding by in-house facilities as well as contractors. In this capacity, he supervises and coordinates the activities of the managers of the Customer Service, Printing Procurement, Production, and Quality Control and Technical Departments.

CUSTOMER SERVICE DEPARTMENT

Under the general direction of the Assistant Public Printer for Operations, the Customer Service Manager has direct responsibility for communicating with the Congress and the customer agencies of the Government Printing Office to insure that their requirements for graphic arts products and services are satisfied. To the extent necessary, each individual job requirement is developed, planned, and scheduled to deliver a completely satisfactory product in an effective and economical way. The work of the Customer Service Department includes resource management, typography and design services, and public as well as customer relations. Through the Customer Service Department an efficient transition is achieved between job design and the finished product.

The Congressional Information Division completed its first full year of operation as a separate entity. It was organized to furnish the services of printing specialists to the offices and committees of Congress and to coordinate the scheduling, printing, and distribution of congressional printing and binding. Face to face liaison has been established to guarantee that critically needed congressional work will be delivered according to specifications and without delay. During fiscal year 1981 this division processed over 30,000 congressional orders.

The Planning Service Division provides the liaison, technical assistance, and expediting of services which customer agencies require to accomplish their printing programs. This division receives and processes printing and binding orders, coordinates the development of schedules for these orders, and maintains communication regarding work in progress.

During fiscal year 1981 the Division of Plant Planning scheduled nearly 12,000 in-house jobs and initiated arrangements for more than 15,000 commercial procurements.

The Typography and Design Division maintained its efforts towards professionalism and cost effectiveness in Federal graphics. Although the overall demand for design and art services has remained at a high level, some decline in demand from last year was experienced for layout sketches, finished artwork, and paste-up dummies. However, the need for photolab production and press sheet inspections has increased. Among the publications which the Division worked on are The Capitol - A Pictorial History of the Capitol and the Congress, The United States and Russia, Masterplan for the U.S. Capitol, and the Dictionary of American Naval Fighting Ships.

The Typography and Design Division offered a quarterly "Editorial Planning for Printing Production" course, which attracted 222 participants from 49 agencies. The Division's seventh annual "Design Focus" seminar was attended by 51 representatives of 20 agencies.

PRINTING PROCUREMENT DEPARTMENT

The Printing Procurement Department, under the direction of the Printing Procurement Manager, is responsible for procuring printing, binding, and related products and services from commercial sources and for managing and operating the Field Printing Offices.

In fiscal year 1981, the Department commercially procured 260,000 orders valued at \$465 million. The value of printing and binding produced by Field Printing Offices reached \$14.3 million.

The first phase of a comprehensive automated procurement tracking and reporting system has been successfully implemented. The Central Office segment of the Procurement Information and Control System became fully operational on November 3, 1980, and substantial progress has been made toward expanding the System to the 13 Regional Printing Procurement Offices.

The project to standardize contract language and format was successfully completed by the Commercial Printing Specifications Division in March 1981. The standard language has been captured on word processing equipment which provides for the "automatic" generation of specifications. The creation of the data base of standard articles is the first step toward automatic specification generation through the use of computer stations at each printing specialist's work site.

During the past year the operations of the Chicago Field Printing Office and the Regional Printing Procurement Office were combined under one Manager. This completes the consolidation of management authority for all offices operating both procurement and printing facilities, with the exception of the Departmental Service Office in Washington, D.C. This action provides better control of operations and improved customer relations and services, since agencies now deal with one GPO representative for all of their printing needs.

PRODUCTION DEPARTMENT

Under the direction of the Production Manager, the six divisions of the Production Department are responsible for all in-house printing operations, including pre-press, press, binding, and related graphic arts work. The Department also details craftsmen and associated personnel to the Congress and Federal agencies and maintains a delivery service.

Major improvements were made in the pre-press area during fiscal year 1981, where the transition from hot metal composition to electronic photocomposition continued. Several congressional and departmental jobs, including the House portion of the Congressional Record, the U.S. Government Manual, and the Congressional Directory, were converted to the photocomposition process. The transfer of these and other jobs from the Composing Division to the Electronic Photocomposition Division resulted in a 73 percent decrease in the production of hot metal "ems" last year from the fiscal year 1980 total.

Future increases in pre-press efficiency were made possible during fiscal year 1981 by the Graphic Systems Development Division. The Division developed page formats and programs which will permit the photocomposition of many congressional and agency publications from a full-text data base. Among these are the Statistical Abstract of the United States, the Weekly Compilation of Presidential Documents, the Congressional Directory, and the U.S. Government Manual. In addition, the Division developed a new Block Addressable Memory program that will reduce the computer time required to typeset most jobs and a new system for updating the U.S. Code data base.

To meet expanded production requirements, the Electronic Photocomposition Division initiated the consolidation of all pre-press control and scheduling operations during fiscal year 1981. This consolidation will improve the flow of pre-press work, eliminate redundant record-keeping, and expedite job followup and tracking. The Division's facilities were also expanded last year. The first two phases of a three-phase construction project in the Division were completed. In the first phase, the consolidated Proof and Copy Markup Section was installed in a new work area on the seventh floor. The second phase, completed in January 1981, involved the construction of a separate computer room for two text processing system mainframes and the installation of 38 video keyboards. This unit provides backup in the event of a systems failure in the main text processing computer room. The third phase of the construction project involves the relocation of the Copy Preparation Section and Photohand Unit in contiguous areas and is in the final stage of planning.

Improvements were made in the Press Division and others were initiated in the Binding Division. Two new printing presses were installed and a new 70-mm projection platemaker, which is capable of producing as many plates per hour as six platemaker/strippers, is being installed. The modification of the Reproducible Inventory Control System eliminated the past practice of duplicating manual files, resulting in a labor savings of \$75,000 per year. The Binding Division will shortly receive new equipment to be used in binding the Congressional Record and Federal Register.

In cooperation with the Quality Control and Technical Department, the Production Support Division developed a comprehensive plan for implementing the production phase of GPO's quality control program. The Division helped reduce the rejection rate from 10 percent to less than 1 percent for passports, and several Division recommendations concerning passports were adopted by the State Department. The Library of Congress Branch was relocated from the Navy Yard Annex to the Central Office last year with a minimum of disruption to production.

Record-breaking sizes for single issues of the Congressional Record and the Federal Register were printed during fiscal year 1981, although annual production levels for each publication dropped below those recorded in fiscal year 1980. On November 21, 1980, the Department produced the largest single edition of the Congressional Record ever printed, comprising 392 pages. Overall, however, the total number of pages printed for the Record dropped 29 percent from the number printed during fiscal year 1980. In addition, the average number of pages per issue declined by 13 percent. Fiscal year 1981 was the first time since fiscal year 1978 in which the average number of pages per issue fell below 200.

On January 19, 1981, the Production Department produced the largest single issue of the Federal Register ever printed, totaling more than 1,200 pages. Containing 4,700 pieces of manuscript, the issue comprised three books and was produced in 40 separate parts. During that same four day workweek, a record was also set with the total production of 3,310 Register pages, an average of 828 pages per day. Annual production levels for the Register declined, however. The 68,000 pages produced was down by 15 percent from the previous year's total.

QUALITY CONTROL AND TECHNICAL DEPARTMENT

The Quality Control and Technical Department is responsible for the development of standards, quality attributes, testing and inspection methods, and the correlated testing of raw materials utilized in the printing and binding operations. In fiscal year 1981, the Department tested 9,000 samples of paper, ink, and other items to ensure the compliance of finished products with customer needs.

Selected supply items such as ink, type metals and adhesives are manufactured by the Graphic Supplies Division of the Department. In-house production of printing inks increased 11 percent from the preceding year to 168,000 pounds, while annual type metal production was halved in conjunction with the phasing out of hot metal composition at GPO.

In support of the environmental and personnel protection programs of GPO, procedures developed in 1980 to render safe the sludge from photopolymer platemaking operations have been implemented. Consequently, hazardous wastes are no longer produced from the platemaking operations.

ASSISTANT PUBLIC PRINTER (ADMINISTRATION)

To provide the support services essential for the effective functioning of the Government Printing Office, the Assistant Public Printer (Administration) supervises and coordinates the operations of the Comptroller and the directors of Data Systems Service, Engineering Service, General Services, Materials Management Service, and Personnel Service.

DATA SYSTEMS SERVICE

The Data Systems Service provides a full range of automated data processing services to ADP user organizations at the Government Printing Office. These services include the design, development, and procurement of computer systems and programs, and the implementation and processing of approved systems. During fiscal year 1981, several new systems were successfully brought into service. In addition, new economies were achieved in the use of existing hardware and software.

Data base technology at GPO took a giant step in January 1981, with the installation of the Data Base Management System. The System maintains an extensive GPO data base from which information can easily be extracted and manipulated for special report purposes. Two data base pilot applications were subsequently developed. The Personnel Service's Employee Data Base System includes on-line entry, edit, and information retrieval capabilities. Similar features are available on the Superintendent of Documents' Mail List On-line Query System. Both systems have on-line query capability, and, as a result, expensive special report requests have declined.

The Data Systems Service made continuing efforts to achieve new savings in the provision of ADP services. Annual savings of approximately \$60,000 were realized by cutting storage costs on the Printing Procurement Department's Bid List and Printing Cost Calculating System. Data Systems Service personnel eliminated non-essential data files and transferred infrequently used files from expensive on-line storage to inexpensive tape storage media, resulting in a 59 percent reduction in storage space requirements. Computer capacity was leased to the Navy on nights and weekends, generating a total Navy reimbursement of \$402,000 to GPO during fiscal year 1981.

Demand for Data Systems Service hardware facilities and software support was at an all-time high during the past fiscal year. Approximately 117,000 computer jobs were processed, representing an increase of 14 percent over fiscal year 1980. In addition, on-line teleprocessing transactions increased to 12.5 million, or 24 percent, over fiscal year 1980.

Continued improvements were made in the Data Systems Service training program to help personnel meet ever-increasing ADP workloads. The program, developed internally, identifies training needs by comparing the skills of each employee to the skills needed to accomplish forecasted projects. A major portion of the training undertaken in fiscal year 1981 was accomplished in-house through the use of cost-effective audiovisual facilities. The program was supplemented with review sessions and "mini-lectures" conducted by computer software engineers in the Technical Support Division and senior analysts in the Systems Analysis and Programming Division.

ENGINEERING SERVICE

The Engineering Service provides assistance in all professional engineering disciplines, as well as safety, fire, and environmental protection. Other responsibilities include inspection, management, and maintenance of all GPO facilities, machinery, and equipment in order to provide an effective and safe working environment for employees and to meet the operational, economic, and regulatory requirements of the agency.

A system developed by the Industrial Systems Division to extend the main memory of the PDP-11 text editing computers resulted in page composition which is four times faster with major reductions in downtime. Three more text editing systems and one utility phototypesetter were installed in the Electronic Photocomposition Division to support the continued conversion of the Congressional Record from hot metal to electronic composition. Also, a project was initiated to link all text editors by installing a minicomputer. This link will improve security, efficiency, control, and reliability.

On a reimbursable basis, the GPO electronic engineering staff continues to provide purchase, layout, and maintenance assistance on text-editing computer systems to outside agencies, including the House Information Services, the Senate Law Revision Council, and the National Labor Relations Board.

During fiscal year 1981, the Engineering Service renovated approximately 43,000 square feet of space throughout the building as required by expanding and/or consolidating functions; new technology and equipment; and health, safety, energy, and access considerations. Throughout fiscal year 1981 various freight and passenger elevator banks were in different phases of rehabilitation; this project will continue in fiscal year 1982.

Engineering is also responsible for installing and removing production equipment. Two 35" x 50" offset web presses and two automatic three-knife paper trimming machines were installed and placed into service. A total of 19 machines were installed, 45 machines were relocated, and 71 machines were removed and returned to stores for disposal.

In order to comply with health, safety and environmental regulations issued by the Department of Labor's Occupational Safety and Health Administration, the Environmental Protection Agency, and others, Engineering Service took the following actions in fiscal year 1981: performed safety and fire prevention inspections, developed a corridor plan to assure compliance with the Life Safety Code, and developed guidelines for handling and disposal of contaminated materials. Areas were surveyed to determine noise levels, and audiometric testing of employees was recommended where indicated. The Service also took industrial hygiene samplings related to air contamination, dust, chemicals, temperature, ultraviolet light, and ventilation. Employees were trained in defensive driving, use of fire fighting equipment, cardio-pulmonary resuscitation, etc. Evacuation signals (beacon lights) were provided for deaf employees. Engineering Service prepared specifications and drawings and awarded a contract for the installation of a fire sprinkler system throughout the office over a 3-year period.

Engineering Service monitored energy consumption in fiscal year 1981 and implemented reductions by installing overhead doors at the delivery loading dock and by replacing incandescent lighting with fluorescent, and mercury vapor with sodium fixtures. Steam consumption was reduced by 8.7 percent as a result of installing two new economizer-type heat exchangers which utilize steam condensate for hot water production and the utilization of reheat coils in the air conditioning system for heating in many areas.

Industrial Engineering studies achieved a \$2 million reduction in the equipment planned for the new Congressional Record bindery, produced a standard for inspecting and counting postal card sheets, and recommended a block layout for the Binding Division realignment which would reduce travel time of a document by 25 percent.

FINANCIAL MANAGEMENT SERVICE

The Financial Management Service provides a complete and integrated financial management program to support the Government Printing Office in carrying out its mission. This program includes a full range of services to all organizational entities to meet Office-wide managerial and operating requirements, both internal and external. The program is carried out utilizing modern management techniques and in accordance with pertinent laws, rules, regulations, and Office policies.

During the year, staff-year usage, including overtime, was cut by 12 percent (from 284 in fiscal year 1980 to 251 in fiscal year 1981). While the workload decreased by 3 percent (8.8 million units in 1980 to 8.6 million units in 1981), overall productivity increased by 8.8 percent (31,541 units per staff-year in 1980 compared to 34,327 units per staff-year in 1981).

This productivity increase was achieved by: (1) automating some manual systems, (2) changing the procedure for measuring operator and proofreader output, (3) transferring functions, and (4) refining established practices and procedures.

The General Ledger was converted from a manual to an automated system, which materially reduces the time needed to issue financial statements and increases our capability to develop needed reports for top management.

Greater emphasis was placed upon the analysis of capital investment proposals during the year, and GPO managers became more involved with the use of capital investment planning as a management tool.

GENERAL SERVICES

General Services provides an extensive variety of administrative and custodial services. Administrative services include space management, office automation, paperwork management, word processing and copier programs, records management, telephone and telecommunications, management analysis, historical records, the directives issuance system, the pay parking program, subscription control, travel assistance, bulletin boards, conference rooms, and administrative postage. Custodial services include cleaning, pest control, and snow removal for the Central Office and the Virginia and Maryland warehouses.

During fiscal year 1981, General Services drafted a historical record of major accomplishments of the Public Printers since the inception of the Government Printing Office in 1861.

An analysis of the trash removal operation proposed the elimination of two trucks and drivers and recommended areas where the work could be more economically done by contract, at a savings of about \$25,000.

In the area of communication, General Services achieved a reduction in commercial long distance telephone costs of \$2,500 through the monitoring of unwarranted calls. An improved one-call alert system was installed in the Photopolymer Section where excessive alcohol fumes could cause a serious explosion.

The Management, control, and efficiency of GPO cleaning operations were improved by reorganizing the workers under supervisors rather than work leaders and establishing additional supply rooms on the upper floors.

MATERIALS MANAGEMENT SERVICE

The Materials Management Service is responsible for the acquisition of materials, equipment, supplies, commercial services, and transportation services. They also receive, ship, and maintain current inventory records on paper, envelopes, materials, and supplies. The shipment of postal cards is initiated and accounted for by this Service.

The total value of procurement activities in fiscal year 1981 was \$80.6 million. Of this figure, \$38.2 million was for paper, envelopes and cartons; \$29.7 million was for services, communications, transportation, and travel; materials and supplies accounted for \$7.6 million; and \$5.1 million was spent on machinery and equipment.

Paper purchased by the pound amounted to 88.7 million pounds; paper purchased by the sheet totaled 302 million sheets; 162 million envelopes and 2.1 million containers were also purchased.

The biweekly average inventory of paper at the Government Printing Office during fiscal year 1981 was 37.1 million pounds but was down to 30.2 million pounds at the end of the year.

Transport rates negotiated under Section 10721 of the Interstate Commerce Act resulted in savings of over \$175,000. An easing of the regulation of the motor carrier industry has resulted in increased flexibility in the negotiation of rates, which in turn has produced savings of over 50 percent in transportation charges.

A total of 496 open-market invitations were issued during the fiscal year. The procurement of xerographic copier paper for agencies added significantly to this open market purchase activity.

Total occupancy of the 250,000 square foot Springbelt warehouse reduced personnel manning levels, required less materials handling equipment, and allowed the consolidation and control of bulk inventories of paper and materials.

In fiscal year 1981 the total materials inventory data base was incorporated into the on-line Procurement and Control System which was activated in 1980.

Sales through salvage operations consisted of 14.6 million pounds of waste paper, 1.3 million pounds of scrap iron, 810,000 pounds of scrap metal and dross, and 172,000 pounds of scrap photographic film.

PERSONNEL SERVICE

Personnel service administers GPO personnel programs in accordance with pertinent laws, policies of the Public Printer, and rules and regulations of the Office of Personnel Management.

Considerable progress toward an improved automated personnel processing and reporting system was made during the fiscal year. Three computer terminals and one printer were installed and an ad hoc computer query capability was developed. While the system is not yet fully operational, complete input and access capability should be achieved by January 1982.

External recruitment was curtailed for much of the fiscal year as a result of two hiring freezes. Total appointments for the year were slightly less than fiscal year 1980. Personnel separations increased slightly and internal placements remained relatively stable. However, total personnel actions processed almost doubled, primarily because of changes in the Federal Employee Group Life Insurance Program.

Personnel Service computed about 2,500 annuity estimates and processed about 400 retirement applications, including 178 under an early-out authority granted by the Office of Personnel Management in connection with the abolishment of 240 jobs in the Composing Division due to automation of the Congressional Record. By combining the early-out retirements with cross-training/reassignments, the planned reduction in jobs occurred without personnel terminations.

Numerous Personnel Service employees participated in developing policies, procedures, and training guides for GPO's new Performance Appraisal System in effect October 1, 1981. Over 500 supervisors were trained in their responsibilities for the system. Copies of all employee standards and appraisals will be maintained in the Employment Branch.

The Career Development Branch conducted a wide variety of training sessions. Of special note was the training of 151 supervisors who participated in the Management Development Course or Personnel Management Course; the 332 GPO supervisors and managers who attended the 16-hour Labor-Management Relations update seminar; and the 24 compositors who, through typing courses, have qualified for positions as Photocomposition Keyboard Operator Trainees in the Electronic Photocomposition Division.

During the past year the Employee Relations Branch gave special attention to employees injured on the job who had been unavailable for duty for one year or longer. When it was medically determined that an employee probably would not return to full duty, a separation disability action was initiated. This past year 30 such cases were processed and resulted in five employees returning to duty, six employees retiring on disability, 17 employees being separated from the rolls, and two employees resigning.

ASSISTANT PUBLIC PRINTER (SUPERINTENDENT OF DOCUMENTS)

The Superintendent of Documents is entrusted by law with supervision of the distribution of all public documents which have been printed for general use. The Superintendent fulfills this responsibility by offering publications for sale to the public, by distributing publications to designated depository libraries throughout the Nation, and by compiling and publishing comprehensive catalogs and indexes of the Government publications which are available to serve public information needs. The Superintendent's staff also performs the Government Printing Office's legally specified function of addressing, wrapping, mailing, and otherwise dispatching publications for the executive agencies. The Documents Area is comprised of three major services: the Documents Sales Service, the Library and Statutory Distribution Service, and the Documents Support Service.

DOCUMENTS SALES SERVICE

The Documents Sales Service makes Government publications available for purchase by the public, either by mail order, from a warehouse outlet at Laurel, Maryland, or through 26 bookstores distributed throughout the Nation. The value of publications sold exceeded \$50 million in fiscal 1981. In addition to its general sales program the Sales Service maintains special programs for distribution of the Congressional Record and the Federal Register and a center at Pueblo, Colorado for the distribution of consumer information. During fiscal year 1981, subscriptions and direct mail order business accounted for about 75 percent of total sales volume; about 17 percent of sales were made through the bookstore and warehouse outlet system; and the remaining 8 percent were effected through consignment agents and the Pueblo Center. The Sales Service now utilizes modern electronic information retrieval systems to control its warehouse inventories, which at year-end were valued at almost \$17 million, and to research and process inquiries and orders.

During the year, emphasis was placed on publication marketability and more effective promotional efforts. The Sales Management Division made our reference file of publications more readily available to the public by initiating participation in DIALOG, an internationally marketed bibliographic data base. Government Printing Office participation gives thousands of libraries and information centers direct computer access to our publications. A new standing order service was implemented, with over 1,000 immediate subscribers. Through this service subscribers automatically receive updated editions of such recurring key publications as the United States Government Manual, the Economic Report of the President, U.S. Industrial Outlook, The Budget in Brief, and Dictionary of Occupational Titles.

During fiscal year 1981, the Retail Distribution Division contributed to international cultural exchange by preparing a special book exhibit containing more than 18,000 U.S. Government publications for display in six different cities in the People's Republic of China.

By the end of fiscal year 1981, management's intention to achieve a more cost-effective sales program was reflected in slightly reduced staffing levels at the Laurel warehouse and a material reduction of inactive inventory. A new reporting system was made available to inventory managers to allow better screening and identification of slow-moving stock items. Items which were found to be obsolete or which showed minimal sales potential were eliminated.

Bookstore sales increased to \$8.7 million or 12 percent more in current unadjusted dollars than in fiscal year 1980. A 40 percent rise in credit card sales was reported. A series of audits led to the encouragement of improved financial management procedures for the bookstores. Efforts were initiated to improve inventory accountability and methods of financial reporting.

LIBRARY AND STATUTORY DISTRIBUTION SERVICE

The Library and Statutory Distribution Service manages the Depository Library Program, the classification and cataloging of U.S. Government publications, the GPO Micropublishing Program, and the statutory distribution of Government publications. The work of this service is accomplished through the combined resources of three divisions staffed by 202 permanent employees.

The Library Division is responsible for the Depository Library Program and for the cataloging and indexing of all Government publications. It issues a list of Government publications which is updated each month. The list provides a descriptive annotation of a publication's contents, classifies publications according to subject matter, and lists them by item identification numbers so as to facilitate the selection of only those publications needed by an individual depository library. The present-day cataloging technique is for Division personnel to use direct-access keyboards and a cathode ray tube screen for data entry and for researching bibliographic records.

Early in the fiscal year, arrangements were completed for a data base interface between GPO, the Congressional Research Service (Library of Congress), and the National Technical and Information Service. During the year a new cataloging code, the Anglo-American Cataloging Rules, was adopted. The Library and Statutory Distribution Service is the first organization in the world to begin cataloging under this new code.

The conversion to microfiche of Congressional Hearings and Committee Prints for distribution to Depository Libraries began January 3, 1981, with the 1st session of the 97th Congress, and distribution of Congressional Bills in microfiche format was begun in the final quarter of the fiscal year.

Superintendent of Documents inspectors for the Depository Library Inspection Program visited 173 libraries. Based on standards found in Guidelines for the Depository Library System, approximately 99 percent of the libraries inspected were found to be in compliance with the law and providing satisfactory public service.

The Depository Distribution Division is responsible for the physical receipt, storage, issuance, and preparation for shipment of all publications distributed to the depository libraries in accordance with Title 44, U.S. Code. During fiscal year 1981, more than 28 million publications were distributed to 1,353 depository libraries. Through the year this division holds 3-day orientation conferences for depository librarians from all parts of the Nation to acquaint them with the Depository Program and to establish a more personal working relationship.

The Consigned Stock Division is responsible for other kinds of statutory distribution outside of the library program. It also manages the receipt and mailing of publications for Government agencies on a reimbursable basis.

During fiscal year 1981, the Consigned Stock Division acquired additional warehouse space, and it was possible to increase accessibility of stock. As a result of improved space management, the time required to get publications from the warehouse to a user was reduced from 5 to 10 days to 24 hours.

DOCUMENTS SUPPORT SERVICE

The Documents Support Service provides the management and work-support services necessary for Superintendent of Documents operations. The work of this service is performed by three divisions staffed with 168 permanent employees.

The Administrative Division is charged with personnel staffing, records management, and word processing functions. It deals with certain categories of Congressional and specially controlled correspondence. This correspondence control function is supported by a minicomputer system which can store and retrieve all of the correspondence entered. During fiscal year 1981, over 90 percent of nearly 69,000 pieces of controlled mail processed received an answer within 10 days.

The Systems and Programming Division does planning and systems development work. Its staff of analysts coordinates operating policies and procedures and looks for potential improvements. It prepares the budget, schedules inventories, and conducts a quality assurance program.

During the fiscal year, analysts from the Systems and Programs Division designed and implemented significant improvements in the Documents Retail Order Processing System. This system generates a packing list for orders of nine or more line items and stores detailed sales data for managerial accounting purposes. The implementation of improvements included the training of all levels of user personnel and the documentation of operating procedures.

The Operations Branch completed a comprehensive review and evaluation of forms usage. Altogether, 156 forms were eliminated and 35 other forms were developed or revised. The combining of two depository library forms will reduce the number of pieces of paper traveling annually between GPO and the depository libraries by 100,000. In like manner, two forms sent to Sales Program customers were combined and revised.

The Receipts and Accounts Division is responsible for incoming customer monies. It accounts for cash, prepares billings and refunds, maintains accounts receivable and deposit accounts for customers, and maintains inventory and financial records for Consigned Agents and the bookstores. This division also handles all incoming and outgoing mail for the main GPO complex.

During fiscal year 1981, twelve rapid extraction desks were installed in the Mail Processing Branch. The new equipment opens each piece of mail and automatically feeds it to the mail analysis desk. Through use of this equipment, individual productivity has increased from 800 to 1000 pieces of mail daily. Five positions were relinquished to justify purchase of the equipment.



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

B-204646

December 28, 1981

To the Public Printer
U.S. Government Printing Office

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

In our opinion, the financial statements referred to above present fairly the financial position of the U.S. Government Printing Office as of September 30, 1981, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis. We did not audit the comparative financial statements for the year ended September 30, 1980, and accordingly, we do not express an opinion on them.

A handwritten signature in cursive script that reads "Charles A. Bowser".

Comptroller General
of the United States

AFMD-82-30

FINANCIAL STATEMENTS

U.S. GOVERNMENT PRINTING OFFICE
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 1981 AND 1980 (NOTES 1 and 2)
(IN THOUSANDS OF DOLLARS)

ASSETS	<u>1981</u>	Unaudited <u>1980</u>	LIABILITIES AND INVESTMENT	<u>1981</u>	Unaudited <u>1980</u>
Current Assets:			Current Liabilities:		
Cash:			Accounts payable (NOTE 6)	\$ 72,620	\$ 74,728
On-hand and in-transit	\$ 1,099	\$ 1,967	Advances from customers (NOTE 7)	24,745	22,747
Revolving fund	22,692	13,648	Accrued salaries and wages	4,747	4,454
Appropriations	82,618	46,181	Savings bonds and taxes withheld	<u>754</u>	<u>801</u>
Accounts receivable (NOTE 3)	199,418	213,534	Total Current Liabilities	<u>102,866</u>	<u>102,730</u>
Inventories (NOTE 4)	16,858	26,538			
Publications for sale, net	<u>19,121</u>	<u>23,377</u>	Other Liabilities:		
Paper, materials and supplies	341,806	325,245	Accrued annual leave	<u>6,945</u>	<u>6,872</u>
Total Current Assets	<u>341,806</u>	<u>325,245</u>	Total Liabilities	<u>109,811</u>	<u>109,602</u>
Property, Plant, and Equipment: (NOTE 5)			Investment of U.S. Government:		
Land and buildings	9,085	9,085	Paid-in-capital (NOTE 8)	107,525	108,070
Equipment and building appurtenances	79,930	74,846	Unexpended appropriations (Schedule 1)	65,373	47,087
Less: accumulated depreciation	<u>89,015</u>	<u>83,931</u>	Retained earnings	<u>102,992</u>	<u>101,532</u>
Total Property, Plant and Equipment	<u>43,895</u>	<u>41,046</u>	Total Investment	<u>275,890</u>	<u>256,689</u>
Total Assets	<u>\$385,701</u>	<u>\$366,291</u>	Total Liabilities and Investment	<u>\$385,701</u>	<u>\$366,291</u>

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

U.S. GOVERNMENT PRINTING OFFICE
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FISCAL YEARS ENDED SEPTEMBER 30, 1981 and 1980 (NOTES 1 and 2)
(IN THOUSANDS OF DOLLARS)

	<u>1981</u>	Unaudited <u>1980</u>
Revenue		
Printing and binding services for government agencies	\$554,461	\$564,586
Printing and binding services for Congress (Schedule 2)	78,597	95,809
Services performed by the Superintendent of Documents	30,403	28,315
Paper sales to Government agencies	24,284	25,189
Other revenue	<u>3,213</u>	<u>1,692</u>
Total Revenue	<u>690,958</u>	<u>715,591</u>
Expenses		
Labor	104,157	108,784
Materials	44,047	48,743
Purchases of contract printing	426,066	449,022
General and administrative expenses	105,554	88,424
Loss on sales of publications (Schedule 3)	<u>9,674</u>	<u>3,209</u>
Total Expenses	<u>689,498</u>	<u>698,182</u>
Net Income	1,460	17,409
Retained Earnings at beginning of year	<u>101,532</u>	<u>84,123</u>
Retained Earnings at end of year	<u>\$102,992</u>	<u>\$101,532</u>

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

U.S. GOVERNMENT PRINTING OFFICE
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEARS ENDED SEPTEMBER 30, 1981 AND 1980 (NOTES 1 and 2)
(IN THOUSANDS of DOLLARS)

	<u>1981</u>	<u>Unaudited 1980</u>
Funds Provided:		
Net income	\$ 1,460	\$17,409
Add expenses not requiring working capital:		
Depreciation	4,410	3,817
Other	545	291
Total funds provided by operations	<u>6,415</u>	<u>21,517</u>
Proceeds from sale of fixed assets	49	689
Increase in unexpended appropriations	19,667	815
Increase in paid-in-capital	---	3,312
Increase in accrued annual leave	<u>73</u>	<u>---</u>
Total Funds Provided	<u>26,204</u>	<u>26,333</u>
Funds Applied:		
Purchase of fixed assets	7,853	7,795
Decrease in accrued annual leave	---	142
Refunds to U.S. Treasury	1,381	625
Decrease in paid-in-capital	<u>545</u>	<u>---</u>
Total Funds Applied	<u>9,779</u>	<u>8,562</u>
Increase in Funds	<u>\$16,425</u>	<u>\$17,771</u>

CHANGES IN WORKING CAPITAL

Current Assets:		
Cash:		
On-hand and in-transit	(\$ 868)	\$ 889
Revolving fund	9,044	6,623
Appropriations	36,437	(2,646)
Accounts receivable	(14,117)	15,975
Publications for sale	(9,680)	(785)
Paper, materials and supplies	(4,256)	(990)
Current Liabilities:		
Accounts payable	2,108	(3,302)
Advances from customers	(1,997)	3,325
Accrued salaries and wages	(293)	(1,318)
Savings bonds and taxes withheld	<u>47</u>	<u>---</u>
Increase in Working Capital	<u>\$16,425</u>	<u>\$17,771</u>

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

U.S. GOVERNMENT PRINTING OFFICE
STATUS OF APPROPRIATED FUNDS
FISCAL YEARS ENDED SEPTEMBER 30, 1981 and 1980 (NOTES 1 and 2)
(IN THOUSANDS OF DOLLARS)

	<u>Printing and Binding</u>	<u>Superintendent of Documents</u>	<u>Site Acquisition</u>	<u>Total Appropriated Funds</u> <u>1981</u>	<u>Unaudited</u> <u>1980</u>
Unexpended Appropriations at Beginning of Year	\$ 33,169	\$ 9,316	\$ 4,640	\$ 47,125	\$ 43,851
Funds Provided:					
Appropriations	98,650	24,000	---	122,650	121,238
Reimbursements	---	7,326	---	7,326	8,526
Total Funds Provided	<u>131,819</u>	<u>40,642</u>	<u>4,640</u>	<u>177,101</u>	<u>173,615</u>
Funds Applied:					
Amounts transferred to the revolving fund for:					
Printing and Binding(Schedule 2)	78,597	---	---	78,597	95,809
Congressional Record Handling	---	182	---	182	437
Federal Register	---	1,323	---	1,323	1,745
Distributions for other agencies	---	9,679	---	9,679	9,176
Depository library distribution	---	18,009	---	18,009	16,612
Cataloging and indexing	---	2,557	---	2,557	2,124
Funds returned to U.S. Treasury	1,381	---	---	1,381	625
Total Funds Applied	<u>79,978</u>	<u>31,750</u>	<u>---</u>	<u>111,728</u>	<u>126,528</u>
Unexpended Appropriations at End of Year	<u>\$ 51,841</u>	<u>\$ 8,892</u>	<u>\$ 4,640</u>	<u>\$ 65,373</u>	<u>\$ 47,087</u>

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

U.S. GOVERNMENT PRINTING OFFICE
 TRANSFERS TO REVOLVING FUND FROM
 PRINTING AND BINDING APPROPRIATIONS
 FISCAL YEARS ENDED SEPTEMBER 30, 1981 AND 1980 (NOTES 1 AND 2)
 (IN THOUSANDS OF DOLLARS)

	<u>1981</u>	Unaudited <u>1980</u>
Hearings	\$20,010	\$26,005
Miscellaneous printing and binding	8,662	7,945
Bills, resolutions and amendments	7,025	8,206
Miscellaneous publications	5,530	6,930
Committee prints	7,025	6,035
House and Senate calendars	1,901	2,321
Documents	1,444	2,970
Supplements to the Code of Federal Regulations	---	4
Committee reports	3,915	4,895
Franked envelopes	763	983
Publications for International Exchange	2,080	1,206
Document franks	127	112
Automation of Federal Register	---	129
Details to Congress	5,548	5,327
Government Manual	142	104
Weekly Compilation of Presidential Documents	521	869
Public Papers of the President	(43)	615
Congressional Record Daily	10,760	13,073
Congressional Record Index	434	582
Congressional Record Bi-Weekly	(14)	231
Congressional Record Bound	<u>2,767</u>	<u>7,267</u>
 Total Transfers	 <u>\$78,597</u>	 <u>\$95,809</u>

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

U.S. GOVERNMENT PRINTING OFFICE
SUPERINTENDENT OF DOCUMENTS
LOSS ON SALES OF PUBLICATIONS
FISCAL YEARS ENDED SEPTEMBER 30, 1981 and 1980 (NOTES 1 AND 2)
(IN THOUSANDS OF DOLLARS)

	<u>1981</u>	Unaudited <u>1980</u>
Revenue		
Sales of publications to the public	\$ 50,568	\$47,594
Reimbursements by appropriations	182	437
Other revenue	<u>549</u>	<u>380</u>
Total Revenue	<u>51,299</u>	<u>48,411</u>
Expenses		
Cost of publications sold	15,731	16,461
Cost of publications destroyed	10,977	3,847
General and administrative expenses	26,815	24,789
Postage expense	<u>7,450</u>	<u>6,523</u>
Total Expenses	<u>60,973</u>	<u>51,620</u>
Loss on Sale of Publications	<u>(\$ 9,674)</u>	<u>(\$ 3,209)</u>

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

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Assets and liabilities and income and expenses are recognized on the accrual basis of accounting.

Principles of Consolidation - The consolidated financial statements include all funds of the Government Printing Office. All inter-fund and inter-organizational transactions have been eliminated. The fiscal year 1980 amounts have been restated to conform to fiscal year 1981 statement presentation.

Revenue Recognition - Printing and binding income is recognized as individual jobs pass through the production process. The practice of recognizing income prior to completing the job or billing the ordering agency is due to the fact that all printing and binding work is required by law to be reimbursed on the basis of services rendered. Therefore, a liability is incurred by the ordering agency as the Government Printing Office recognizes income. The Superintendent of Documents, which distributes and sells publications to the public, recognizes income when publications have been shipped, or when services have been performed.

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

Property, Plant, and Equipment - Property, plant, and equipment is carried at cost and includes expenditures which substantially increase the useful life of the assets. Routine maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method with estimated useful lives ranging from 42 to 50 years for buildings and from 3 to 30 years for equipment and building appurtenances.

2. UNAUDITED COMPARATIVE STATEMENTS

The comparative financial statements and information presented in the footnotes for fiscal year 1980 are unaudited. The General Accounting Office is required to audit the Government Printing Office's financial statements at least once every three years. The General Accounting Office's prior audit covered fiscal year 1978.

3. ACCOUNTS RECEIVABLE

Accounts Receivable as of September 30, 1981, and 1980, are comprised of the following:

<u>Accounts Receivable</u>	<u>1981</u>	<u>Unaudited 1980</u>
Government	\$ 25,466,019	\$ 33,718,393
Unbilled	173,517,811	179,048,123
Advances to Employees	37,352	31,899
Other	<u>396,731</u>	<u>735,646</u>
TOTAL	<u>\$199,417,913</u>	<u>\$213,534,061</u>

Accounts Receivable-Unbilled consists primarily of goods that have been delivered but not billed. At fiscal year end, printing and binding work-in-process is reclassified as Accounts Receivable-Unbilled; amounts reclassified for 1981 and 1980 were \$19,976,263 and \$24,731,206, respectively.

The Government Printing Office does not establish an Allowance for Doubtful Accounts because government agencies are required to reimburse it for all work performed on their behalf. Other accounts receivable result from sales of scrap to bonded contractors. Loss experience does not justify the need for an allowance.

4. INVENTORIES

Publications for sale inventory is net of an allowance for unsalable publications amounting to \$3,018,462 and \$3,570,934 for fiscal years 1981 and 1980, respectively. For 1981, paper, materials, and supplies are comprised of \$12,129,461 for paper, and \$6,991,561 for materials and supplies.

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

5. PROPERTY, PLANT, AND EQUIPMENT

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

	<u>Acquisition value</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land	\$ 429,314	\$ ---	\$ 429,314
Buildings	8,655,859	7,879,404	776,455
Plant machinery and equipment	47,170,410	25,092,715	22,077,695
Building appurtenances	28,695,523	10,796,120	17,899,403
Office machinery and equipment	3,274,558	850,103	2,424,455
Furniture and fixtures	268,323	118,530	149,793
Motor vehicles	<u>521,165</u>	<u>383,569</u>	<u>137,596</u>
TOTAL	<u>\$89,015,152</u>	<u>\$45,120,441</u>	<u>\$43,894,711</u>

Purchases of property, plant, and equipment for fiscal years 1981 and 1980 were \$7,853,905 and \$7,794,250, respectively. Depreciation expense for fiscal years 1981 and 1980 was \$4,409,954 and \$3,816,634, respectively.

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

6. ACCOUNTS PAYABLE

Accounts payable as of September 30, 1981, and 1980 is comprised of the following:

<u>Accounts Payable</u>	<u>1981</u>	<u>Unaudited 1980</u>
Commercial Printing	\$64,982,612	\$66,329,630
Other	<u>7,636,937</u>	<u>8,398,621</u>
TOTAL	<u>\$72,619,549</u>	<u>\$74,728,251</u>

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

7. ADVANCES FROM CUSTOMERS

Advances from customers as of September 30, 1981, and 1980 are comprised of the following:

<u>Advances</u>	<u>1981</u>	<u>Unaudited 1980</u>
Advance billings to customer agencies for printing services	\$ 3,183,325	\$ 2,880,573
Customer deposits for publications	6,528,949	6,159,760
Subscriptions	13,880,709	12,644,867
Unfilled orders	<u>1,151,610</u>	<u>1,061,661</u>
TOTAL	<u>\$24,744,593</u>	<u>\$22,746,861</u>

Advances from customers represent amounts which have been received by the Government Printing Office but not earned.

8. PAID-IN-CAPITAL

Paid-in-Capital as of September 30, 1981, and 1980 was derived from the following:

<u>Paid-in-Capital</u>	<u>1981</u>	<u>Unaudited 1980</u>
Appropriations for improvements to air conditioning and electrical system	\$ 12,900,000	\$ 12,900,000
Appropriations for working capital	58,000,000	58,000,000
Beginning net worth of the printing and binding and sales of publications operations when the revolving fund was established	33,807,127	33,807,127
Donated equipment	1,611,693	2,054,378
Book value of contributed buildings and land	<u>1,205,768</u>	<u>1,308,419</u>
TOTAL	<u>\$107,524,588</u>	<u>\$108,069,924</u>

