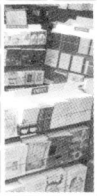
1987
Annual Report

# U.S. GOVERNMENT PRINTING OFFICE



# GPO Management

## The Joint Committee on Printing

Frank Annunzio
Representative from Illinois
Chairman

Wendell H. Ford
Senator from Kentucky
Vice Chairman

Joseph M. Gaydos
Representative from Pennsylvania

Dennis DeConcini
Senator from Arizona

Leon E. Panetta
Representative from California

Albert Gore, Jr.
Senator from Tennessee

Robert E. Badham
Representative from California

Ted Stevens
Senator from Alaska

Pat Roberts
Representative from Kansas

Mark O. Hatfield
Senator from Oregon

Richard Oleszewski
Staff Director

## GPO Senior Staff

Ralph E. Kennickell, Jr.
Public Printer of the United States

Joseph E. Jenifer
Deputy Public Printer

S. Bruce Scaggs
Assistant Public Printer
(Operations and Procurement)

Donald E. Fossedal
Assistant Public Printer
(Superintendent of Documents)

Burkey W. Boggs
Assistant Public Printer
(Night Operations)

Patricia R. Gardner
Assistant Public Printer
(Administration)

Grant G. Moy, Jr.
General Counsel

Joyce Blalock
Inspector General

Stuart M. Foss
Executive Advisor

James N. Joyner
Director, Customer Service Staff

## Table of Contents


Public Printer's Message ..... 1
Deputy Public Printer's Message ..... 3
Operations ..... 6
Procurement ..... 9
Superintendent of Documents ..... 11
Administration ..... 14
Human Resources ..... 16
Financial Highlights ..... 17
Financial Statements ..... 18

# Public Printer's Message

Ralph E. Kennickell, Jr.
*Public Printer*

It would not be overdramatic to say that fiscal 1987 was a watershed year for the Government Printing Office. Financially speaking, it was our best year ever; technologically, we began a reequipping process and expansion of services unprecedented in our history; to ensure our continued success, we built upon the complete turnaround in customer relations begun two years ago; and, in terms of human development, we committed ourselves to ambitious training and literacy programs.

When I say "best year ever," I mean that 1987 was remarkable for financial successes across the board. In-house printing showed a net income of $6.7 million; purchased printing contributed another $4.8 million in net income; and the publications sales program netted over $11.4 million. Taken together, our total net income of $22.9 million eclipses last year's figure by $14.1 million, an increase of 158 percent. In addition, our need for appropriated funds for salaries and expenses under the bylaw and depository library distribution and cataloging programs declined by $1.8 million. Although this improved financial picture can be partly attributed to the lifting of Gramm-Rudman restrictions, it is, in the main, a direct reflection of the improved attitude of our workforce, a workforce that believes in being demand-driven and service-oriented, men and women who are committed to working smarter and harder to reach a common goal.

**Fiscal 1987 was a watershed year for the Government Printing Office.**

GPO's management is similarly committed to giving those workers the best equipment and the most advanced technology possible to accomplish their duties. As detailed elsewhere in this report, such innovations as on-line or "dial-up" composition, a bid information list for our contractors, and software for access and retrieval of the *Congressional Record* data base represent current application of state-of-the-art technologies. We are also reequipping our plant with the modern machinery needed to meet the ever-growing challenges posed by our mission. A new five-color postal card press and microprocessor-controlled cut/pack system and a highly automated binding line for U.S. Passports were installed this year; these units should be joined next year by two new high-speed offset web presses that will replace our aging *Congressional Record* presses. Our ultimate goal is to have machines that are faster, more flexible, and capable of higher quality products.

**We could not have attained such financial heights without the commitment of our customers.**

We could not have attained such financial heights nor had the impetus to re-equip without the commitment of our customers. One of our greatest accomplishments has been to change our attitudes toward our customers as well as ourselves, thereby gaining their trust and confidence. Ours is no longer a relationship based on dictatorial powers, but one firmly founded in the importance of communication, in a spirit of cooperation, and in recognizing that we need one another. We are committed to expanding our services and to treating our customers as customers in the best sense of the word, and they have responded to that commitment with appreciation and a new interdependence.

We are also committed to human development in some very important areas. First, the initial phase of development has begun to create a Federal Publishing Institute. This concept will evolve into a tool to help our customers upgrade the skills of their printing and publishing personnel and be a common ground for discussing mutual problems, coping with the application and management of

emerging technologies, and pooling our resources to meet the future of the Federal information industry together. The groundwork is being laid for this effort through contacts with industry and intergovernmental groups and extensive research. The first phase should be well underway by late in fiscal year 1988.

**Freedom cannot hope to exist in an illiterate society.**

Second, we are taking a leadership role in the war on illiteracy in America. It is sad to reflect during the Bicentennial of the United States Constitution that many Americans cannot read, much less understand, this sacred document. We have joined with the Library of Congress in supporting the Presidential proclamation and Congressional resolution declaring 1987 "The Year of the Reader," and we are fully supporting the Federal Employee Literacy Training (FELT) program as well as other literacy programs. In addition, we are planning to sponsor a symposium on the economic impact of illiteracy on the print media in order to provide a neutral ground for the industry to discuss this vital issue. It is intolerable that an ever-expanding explosion of information is being directed at an increasingly illiterate population, for freedom cannot hope to exist in an illiterate society.

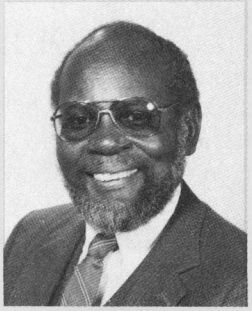
We are also committed to the improvement of communications among government printers around the world. The pressures of technological change and fiscal constraints are leading government printers to view the problems they face as common to all, and to look to each other for guidance and assistance in overcoming them. To that end, GPO will host the International Government Printers' Conference in June 1988. The Conference will provide delegates with a forum for the presentation of technical papers, discussion of the formation of a permanent International Government Printers' Association, an opportunity to gain information on GPO's International Exchange Visitor Program, and a chance to visit and review GPO's production, procurement, and distribution operations. It is our hope that Conference attendees will be able to gain new insights into current government printing issues in an environment which promotes the free exchange of information, ideas, opinions, experience, and expertise with professional colleagues and expert practitioners. We must recognize that, as the information industry expands explosively, the world, in essence, shrinks; that we are as much a part of the world community as we are of our immediate surroundings.

**As the information industry expands explosively, the world, in essence, shrinks.**

GPO's transformation as an agency has been dramatic. We are on the best financial footing in our history, we stand on the leading edge of applied technology, and we enjoy a remarkable relationship with our customers. With this success comes the serious responsibility to serve in a leadership role in the information industry. Therefore, as we enter this era of challenge and uncertainty, we confidently offer GPO as a catalyst, ready to facilitate the examination and advancement of the information needs of the Federal community, the Nation, and the world.

Ralph E. Kennickell, Jr.
*Public Printer*

# Deputy Public Printer's Message



Joseph E. Jenifer
*Deputy Public Printer*

Fiscal year 1987 was not only the most successful year in GPO's history, but it was one in which stock could be taken of how well we were doing our job. Looking only at the "bottom line" can cause an organization to lose sight of how it arrived at its success. To that end, we realized that, in order to become a truly service-oriented agency, certain organizational changes had to be made, changes which had a fundamental impact on the way we deal with our customers and with one another.

First, the position of Assistant Public Printer for Operations and Procurement was created, bringing together the Production and Printing Procurement Departments along with other vital support functions. This made it possible for GPO's printing and binding operations, representing nearly 90 percent of GPO's revenue, to work as a single unit to fulfill our customers' needs. Dividends have already been seen in terms of improved communications and a more streamlined decisionmaking process.

The second change involved service to Congress, our primary customer. In order to obviate potential problems in our second- and third-shift in-plant operations, which produce Congressional work almost exclusively, the position of Assistant Public Printer for Night Operations was established. This elevation to APP status marks the first time in GPO's history that such emphasis has been placed on our night operations and reflects our commitment to service and the importance we place upon maintaining our excellent relationship with the Congress.

The effort to improve our operations and communications, both internal and external, is a recurring theme throughout the accomplishments of the various organizations within GPO in fiscal year 1987. The transition has truly been made to a demand-driven, service-oriented agency, one that can meet the challenges of new technologies and rapid change in stride.

**Customer Service Staff**

The Customer Service Staff, which coordinates all aspects of the printing, binding, and distribution requirements of the Congress and Federal agencies, made substantial contributions to our record of achievement this year. Meetings with such groups as the Federal Publishers Committee and the Interagency Council on Printing and Publications Services, as well as the presentation of the well-regarded Printing Assistant Training Program, have been seized as opportunities to make customers aware of not only the services available through GPO but of the new attitude of cooperation as well.

The Departmental Account Representative Division continued to expand its customer outreach efforts, participating in over 600 meetings with agency representatives and making more than 150 visits to customers' facilities to discuss their publications programs. An important innovation was the establishment of an Electronic Publishing Section, which will help customer agencies in the identification and fulfillment of their needs in that burgeoning area; staffing is expected to be complete by early 1988.

Our Congressional Printing Management Division also made significant gains in expanding and improving services to our Capitol Hill customers. The Division coordinated the expansion of on-line or "dial-up" composition to eight Congressional offices in conjunction with the Graphic Systems Development Division. The number of incomplete Congressional Records produced dropped dramatically, and an overall improvement in turnaround time on Congressional work has met with great appreciation.

Through the full cooperation and input from the Production Planning Division, the Production Estimating and Planning System (PEPS) was completely revised, resulting in a more sophisticated and accurate scheduling and estimating program. The commercial binding contract, which allows fuller utilization of GPO's press capacity, saw a 31-percent decrease in jobs placed but a 5-percent increase in dollar volume. Savings accrued through suggested specification changes exceeded $120,000.

The Division of Typography and Design continued to play a leadership role in Federal graphic design, experiencing significant increases in its most important and technical workload areas. Of particular interest was the design of the "We the People" Commemorative Calendar for the Bicentennial of the U.S. Constitution. The demand for audio-visual and videotape productions remained at a high level, and approval was obtained for installation of a permanent projection system in the Carl Hayden Room and for construction of a soundproof recording and editing studio.

**Office of the Inspector General**

The role of the Office of the Inspector General (OIG) is to identify problems and weaknesses and prevent fraud, waste, and abuse. During fiscal year 1987, the Office of Audits (OA) issued 40 reports which assisted GPO managers to reduce costs, improve operations and strengthen internal controls against fraud, waste, and abuse. Implementation of OA recommendations resulted in management commitments to avoid costs or more effectively use resources in excess of $14.3 million. In addition, contractor claims audits resulted in claims reductions of approximately $2.4 million.

The Office of Investigations (OI) conducted a total of 50 investigations including 37 full-scope criminal, 11 noncriminal, and 2 proactive investigations. The OI issued 17 reports during the fiscal year. Due to fraud investigations of five New York City area contractors, the GPO was awarded $32,000 from fines and $565,300 in court-imposed restitution resulting from criminal prosecution. In addition to the fines and restitution, four company officials were convicted, four companies debarred and one company suspended. Civil litigation resulted in a monetary fine of $125,000 being awarded to GPO.

**Office of Public Affairs**

Among the more significant special activities supported by the Public Affairs staff during the fiscal year were those held in commemoration of the bicentennial of the Constitution of the United States. Input to the Bicentennial Commission itself, in the form of presentations at meetings and information as requested, was significant. The office also carried out the necessary provisions to allow 300 GPO employees to attend Citizenship Day activities on The Mall.

A new function added to the Public Affairs responsibility during fiscal year 1987 was the creation of a video coaching program for GPO executives. With the assistance of additional Public Affairs staff members, many of the Office's top officials received the training designed to enhance and improve their public communications skills.

Another activity of the Public Affairs staff was an open house ceremony marking the unveiling of GPO's new passport and postal card production operations, which was attended by nearly 100 guests and representatives of the media.

For the second year in a row, the Public Affairs office coordinated the distribution of the Budget of the United States, including making all provisions for GPO to host the accompanying press conference. Coordination activities for the 1988 International Government Printers' Conference were begun with a response card and conference prospectus mailed to each potential attendee during the fiscal year. Media coverage and awards recognition for the Adopt-A-Family aspect of the Community Outreach Program were highly favorable; GPO honored those from the Metropolitan Police Department who assisted in setting up the program.

# Operations

**Production Department**

The Assistant Public Printer (Operations and Procurement) and the Assistant Public Printer (Night Operations) are responsible for all pre-press, press, and binding operations at GPO's central office printing plant, as well as for the provision of quality control and related technical assistance to all GPO production and procurement operations.

GPO's central office printing plant primarily serves the short-turnaround printing requirements of the U.S. Congress. It is located four blocks north of the U.S. Capitol and employs nearly 2,100 production personnel to provide a full line of printing, binding, and related products and services to the Federal community. Last year, GPO's central office in-plant operations produced a net income of $7.7 million. Major congressional products include the *Congressional Record,* bills, resolutions, amendments, reports, and hearings.

The Electronic Photocomposition Division (EPD) continues to successfully meet the needs of Congress by accomplishing the typesetting of the *Congressional Record,* hearings, calendars, reports, and other documents required by the legislative process. The *Federal Register* remains constant as one of our major daily accomplishments; the number of pages of *Register* produced last year grew over previous years. The introduction of laser scanners as a method of data capture has enhanced our mode of operation, while improving the product quality. It is estimated that 50 percent of *Federal Register* manuscript is captured in this manner.

Graphic Systems Development Division (GSDD) has been able to introduce new features into the production environment this year, including development of an automated change page feature integrated into the Automated Composition System. In the coming year, the Applications Section will be expanded into two sections: one to support the agencies producing work through the conventional in-house GPO system and the other to support the agencies producing work remotely, through either the dial-up system or the PC-based composition system.

**On-line or "Dial-up" Composition Service**

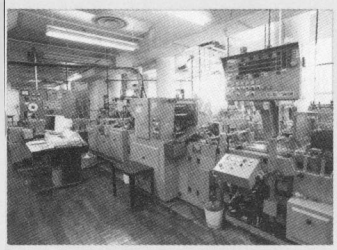
*The Government Printing Office has developed an on-line, or "dial-up," composition service which gives its customers access to the full power of GPO's composition system in their own offices. Using this system, keystrokes are captured by the customer on a microcomputer and transmitted to GPO over ordinary telephone lines. They are automatically composed, returned to the originator, and printed out in proof form on a non-impact printer.*

*The system allows the user to maintain complete control over content, format, and data base maintenance, and speeds up the production cycle for initial proofs from a week or more to as little as an hour or two, depending on the size of the document. It provides the user with a logically-structured data base that can be used in many other applications, including indexing, extracting, and data retrieval, and it gives the user access to the full range of GPO's typefaces and formats.*

*A demonstration room has been established to allow customers to see the system at work. New customers participating in the system telecommunicate data to this room and their work is processed through it for a period of time so that the Applications Specialists can provide full training and support.*

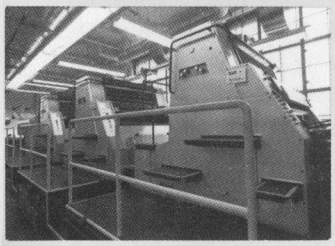
Specific goals of the Press Division are to continue to attack the problems of waste reduction, overruns, underruns, shortages, stock control, plate remakes, and spoilages, in a combined effort to reduce operating costs resulting from these problems. The modernization and/or equipment overhaul in most sections of the division will continue in order to keep in step with the automation taking place throughout the industry. The Offset Press Section continues to operate its training program, earmarked to promote workers from within the GPO to journeyman pressmen, assistants, and feeder operators. In addition, the new postal card section is in full operation.

The Binding Division's proposed 3-year modernization plan is now in the third year. Equipment replacement will continue until all outdated equipment has been replaced. Plans for workforce consolidation and some unit relocations are underway. Twenty-one bookbinder trainees entered our program during the past year. As of September 30, 1987, eight employees had successfully completed the training. Additional trainees will be assigned to the program as necessary, depending upon the division's staffing levels and workload requirements.



Installation of the new automated United States Passport production line was completed in December 1986. Cover material and text were available in January 1987, and the equipment began to run on live work. A number of major problems were encountered and resolved with major production increases being made in July and August 1987. During the month of August, production exceeded 90,000 books per week.

**New Equipment for Producing Postal Cards and Passports**



*The United States Passport is perhaps the most important high-quality security product of the Government Printing Office. The previous passport binding process was a highly labor-intensive operation; by contrast, GPO's new UP205 automated passport binding machine is designed to produce 4,200 passports an hour with minimal manual intervention. This system, which gives GPO the capacity to produce 7 million passports each year, represents state-of-the-art electronic technology, offers a greater number of security features, and produces a higher quality product with lower production costs than previous methods.*

*GPO also produces over 500 million postal cards each year for the U.S. Postal Service. GPO's new postal card press is a sheet-fed, five-color unit capable of printing 10,000 impressions, or 800,000 cards, per hour. All functions are controlled from a computer console; settings for each inking unit are made from this station and can be stored on a tape cassette for later recall. The 34-ton press is virtually vibration-free.*

*Skids of printed sheets of postal cards are transported from the delivery unit to the new UST-12 cut and pack system. This completely automated, computer-controlled machine, installation of which was completed in December 1986, is capable of cutting and packing 6,000 sheets, or 480,000 postal cards, every hour. Its ingenious design incorporates several 90 degree turns in the production cycle that were necessitated by the logistics of the building in which it was installed.*

The workload in the Electronic Systems Development Division (ESDD) is expected to increase over the next several years. Unlike previous years, when most new equipment was installed within the GPO main plant, the trend for the next few years will be the installation of equipment serviced by GPO at various sites where data bases are captured. Non-impact printers and text editing systems will communicate with GPO for the purpose of transferring data files for composition and transmittal of copy files to these printers for proofing purposes. Corrected files will then be forwarded by the optimum method for final typesetting and printing. This expansion will require maintenance over a much wider area than now covered.

**Quality Control and Technical Department**

The Quality Control and Technical Department develops, coordinates, and monitors quality systems for products produced and procured by GPO. These systems encompass specifications and standards, inspection and sampling, process controls, quality audits, mathematical studies, and analysis and management reports.

During the past 12 months, Quality Control personnel tested 10,213 material samples against applicable specifications and responded to 8,242 requests to resolve technical and quality problems. The Department manufactured 260,845 pounds of ink, produced 143,359 pounds of adhesive, handled 1,280 press rollers, recovered 7,946 troy ounces of silver, $38,202 worth of scrap film and recycled approximately $4,800 worth of waste ink.

Of significance to the Federal community and the graphic arts industry at large, quality attribute development projects have achieved benchmark goals, and paper and material specifications have been developed in unprecedented numbers to support both Operation and Procurement needs and timetables.

**Engineering Service**

Engineering Service provided enhanced support to the agency in the traditional areas of building maintenance, building renovation, and equipment installation and servicing. For example, the Inspector General's office project on the fifth floor was completed. The cafeteria project, a major renovation to correct health code violations, and the adjacent seventh floor stairwell is nearing completion. Representatives of the JCP have visited the site to observe project progression.

The Service installed a new cutting and packing machine in the Postal Card Section at a cost of $68,000. In addition to the above, a major renovation was also carried out in GPO Building 4, in preparation for the International Government Printers' Conference scheduled to take place in 1988. This project included repairs to the HVAC systems, constructing new offices, and remodeling of the lobby and security areas.

# Procurement

The Assistant Public Printer (Operations and Procurement) is responsible for the purchasing of the Government's printing and binding requirements from commercial contractors and for the acquisition and management of all materials, supplies, paper, and equipment used by the Office.

**Printing Procurement Department**

In fulfilling the information needs of the Federal establishment, GPO adheres to the Governmentwide policy of utilizing private sector contractors to the maximum possible extent to obtain products and services at the most competitive prices. Reflecting this policy, about 74 percent of GPO's total fiscal year 1987 printing and binding revenue came from work contracted to commercial printers.

Printing Procurement continued to exemplify the GPO motto "demand-driven, service-oriented" by being responsive to both customer agencies and contractors. During fiscal year 1987, more impossible schedules were met than at any time in recent history. A pilot program was implemented to provide a Bid Information Center (BIC) that allows contractors to access our specifications via telecommunications using their personal computers. Enhancements to the Procurement Information Control System (PICS) has reduced inputting errors on print orders making the verifications of vouchers and payment to contractors faster. This allows GPO to take full advantage of payment discounts and reduces contractor complaints concerning slow payment.

**Computerized Bid Information Center for Contractors**

*In an effort to transmit specification information to contractors more quickly, GPO's Printing Procurement Department has expanded its efforts to inform printing contractors of bidding opportunities by establishing an electronic bulletin board system. Called the Bid Information Center (BIC), this system marks the first electronic data link between GPO and its contractors.*

*Using this pilot system, printing contractors can access specification information on any major jobs; small-purchase contracts, or those valued at under $10,000, will be included in the next phase of the system. BIC provides a brief synopsis of all formally advertised printing jobs available for bid as well as actual award information. Participants can have GPO's mainframe computer search its data base for jobs based on type of product, timeframe, GPO office (including the Central Office in Washington, DC, and all 19 regional and satellite offices), or any combination of these criteria. In addition to helping increase the volume of bidding, and, therefore, the amount of competition on GPO work, Public Printer Kennickell said of the system, "In the future, this link may open the door to electronic mailing of specifications, receipt of bids, exchange of compliance information, and many other exciting possibilities."*

*BIC can be accessed using a wide variety of computer terminals, personal computers, and related software, keeping initial start-up costs low. Contractor response has been very positive; by the end of fiscal year 1987, 46 contractors had subscribed to the system, which carries a quarterly participation fee of $100. The system also received favorable attention in the editor's column of the June 1987 issue of* Printing Impressions *magazine under the heading, "Your Computer as a Money Maker."*

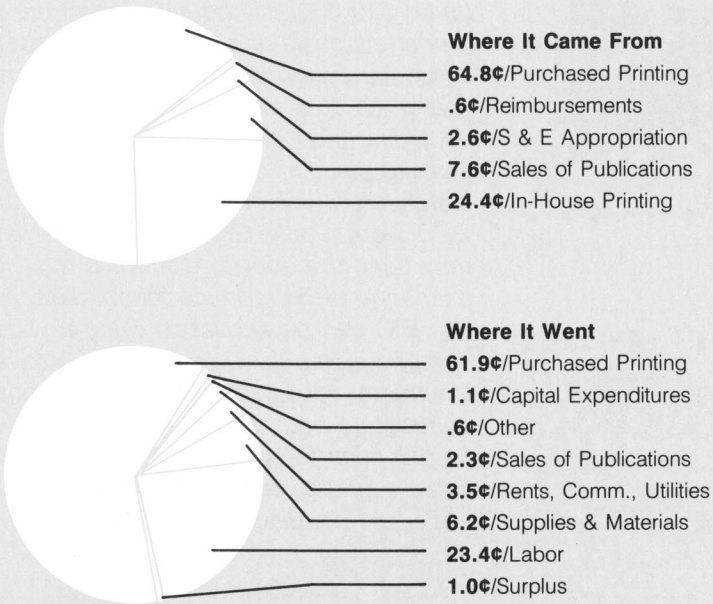
The increased workload and revenue in the Printing Procurement Department was a major improvement over 1986. An overall increase of 4 percent in workload generated $591.8 million in revenue, an increase of 5 percent over fiscal year 1986. The increase was due mainly to the purchase of new tax forms mandated by the new tax laws that took effect in calendar year 1987.

Computers continue to be a valuable operating tool for Printing Procurement. The main operating system, System 36, has been upgraded to increase memory and provide the capability to increase the hard disk storage. The system is currently used to develop specifications, abstract bids, type letters, create bid lists and many other functions, including the ability to separate reliable from unreliable contractors in the categories of responsibility and quality.

**Materials Management Service**

By continuing to implement the use of computers for recordkeeping, the operating divisions within Materials Management Service (MMS) are doing their job more efficiently and effectively than in the past, saving both time and money for the GPO. The purging of over 800 seldom-used items from the inventory records; the accuracy rate in locating paper in stores (over 99 percent accuracy rate); and significant dollar savings due to better accountability of paper assets are a few examples of efficiency directly attributed to the use of computers. One item of particular significance is an on-line automated Postal Card System developed by GPO to ensure that every post office in the United States has the proper supply of postal cards. This system was adopted as the official distribution system by the U.S. Postal Service.

**GPO's 1986 Revenue Dollar**



## Superintendent of Documents

The Assistant Public Printer (Superintendent of Documents) is responsible for a broad range of Government information dissemination programs and services through the sale of Government publications, the compilation of catalogs and indexes of Government publications, the distribution of publications to depository libraries as required by law, and reimbursable mailings. Funding for these programs was provided through $73.4 million in publication sales, $19.9 million from the Superintendent of Documents salaries and expenses appropriation, and $4.9 million from other Government agencies for reimbursable distribution services.

**Marketing**

In fiscal year 1987, the Office of Marketing further refined and expanded its efforts to improve public awareness of and access to Government information. During the fiscal year, 650,000 "U.S. Government Books" catalogs were produced, an increase of 212,000 over the previous year. Much of the increase was due to the debut of new radio and television Public Service Announcements, which have been widely broadcast on all four TV networks and on hundreds of independent TV and radio stations. An arrangement with the Internal Revenue Service resulted in the distribution of 1.2 million catalog request cards through IRS regional offices and a consequent distribution of approximately 140,000 catalogs. The bimonthly *New Books* list was redesigned to enhance its value as a promotional tool. Numerous direct mail flyers produced by Marketing were mailed to hundreds of thousands of potential customers.

**Public Service Announcements on Television**

*During fiscal year 1987, the Superintendent of Documents' Office of Marketing oversaw the production and distribution of television Public Service Announcements (PSAs) promoting GPO's free* U.S. Government Books *catalog of new and popular publications sold by the Superintendent of Documents. The new PSAs, the first ever produced commercially for GPO, have appeared on all four major television networks and on hundreds of individual stations across the nation.*

*A contract for the PSAs was procured through Materials Management Service, and Marketing worked closely with the contractor to develop appropriate PSA concepts. After careful review, two concepts were selected: the humorous "Confused Agent," an encounter between bumbling spies; and "Spokesman," featuring Public Printer Kennickell. Scripts for 60-, 30-, 20-, and 10-second spots were then developed by the contractor and edited by Marketing.*

*The U.S. Capitol and portions of GPO's physical plant were used as "stage sets" for filming the PSAs. GPO's bindery, Main Bookstore, and Building 4 warehouse area were all used as locations for the new spots. "Confused Agent" was completed during an all-night filming session in Building 4; the next day, the U.S. Capitol, the bindery, and the Main Bookstore served in turn as backdrops for the Public Printer's "Spokesman" spot. GPO employees in all areas were extremely supportive during the various phases of this unusual project.*

*After completion and final editing, videocassettes of the PSAs were distributed to television networks and stations accompanied by a letter explaining their purpose and a copy of the* U.S. Government Books *catalog. Their broad acceptance by the media and the public is reflected by an increase of more than 200,000 catalogs distributed in fiscal year 1987.*

Marketing continued to develop sales promotions in cooperation with publishing agencies and maintained a close and ongoing liaison with agency publishers throughout the Federal Government. Bookstore marketing highlights included the production of flyers for distribution in Government bookstores, direct mail letters to specific audiences in selected bookstore cities, and the development of signage and display racks for promotional materials.

Other marketing activities supporting the publications sales program included an extensive program of exhibits at conventions, meetings, and conferences, and the production of special bookmarks and notepads to mark the Bicentennial of the United States Constitution.

Marketing efforts on behalf of the Federal Depository Library program included the development of a poster explaining the Superintendent of Documents classification system for publications, the production of a poster promoting map depository libraries in cooperation with the U.S. Geological Survey, and the circulation of four portable display units promoting the availability of Government information in libraries. Special exhibit collections of books related to the Bicentennial of the Constitution began circulating in the library community. Marketing also continued to distribute large quantities of Depository Library brochures and bookmarks to depository libraries.

**Document Sales Service**

Fiscal year 1987 was the best year for the Sales Program since it was placed in the position of being self-sustaining by the Congress in 1978. Revenue was up substantially over fiscal year 1986. Publication orders were up as well as subscription service line items ordered. The positive financial position is allowing the reduction in prices of approximately 80 percent of our subscription services. Publication prices are expected to remain stable for the next 2 years, assuming the number of copies sold remains around the 26 million level as it has for the past 2 years and costs can be kept in line. Postage, however, is the biggest unknown in this scenario.

Order processing times at the Central Office were generally well within industry standards and within Office goals. At the last order processing time study, single line item "express processing" type orders were being placed in the mail stream in 6.2 working days. Orders for more than one line item where the books were in stock and the money was correct or a deposit account or credit card was used, were going in the mail in 9.4 working days. Subscription orders were generally being entered into the Mail List System in an average of 10 working days. Documents Sales Service is now developing its third generation of automated systems to improve timeliness further and add new controls and reference capabilities.

The Bookstore Program has become totally self-sustaining and plans are being made to expand the bookstore program substantially over the next eight years. Birmingham and Farragut West stores were relocated to new sites and plans have begun to relocate the Houston and Pittsburgh stores. In addition, work has begun to open new stores in Portland, Indianapolis and Minneapolis in fiscal year 1988.

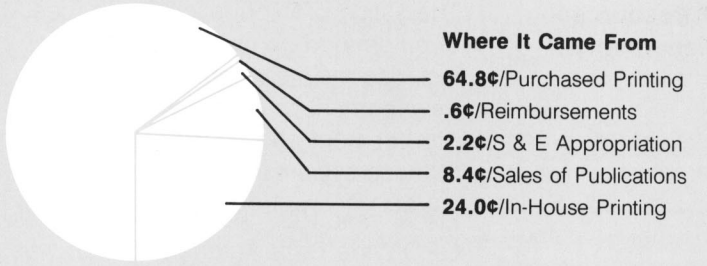
In response to the Resolution of the Joint Committee on Printing, the sale of publications in electronic format was begun by the Document Sales Service, Office of the Superintendent of Documents. A letter was sent to former and prospective customers on July 1 and a news release was prepared which announced the availability of both individual publications and subscriptions on magnetic tape and provided general pricing information. Initial subscription sales have been of the *Daily Bills, Congressional Record,* and the *Federal Register.* Single tape sales have been made of publications such as various titles of the *Code of Federal Regulations, Public Laws,* the *Government Manual, Congressional Directory, Statistical Abstract,* and issues of the *Federal Register.*

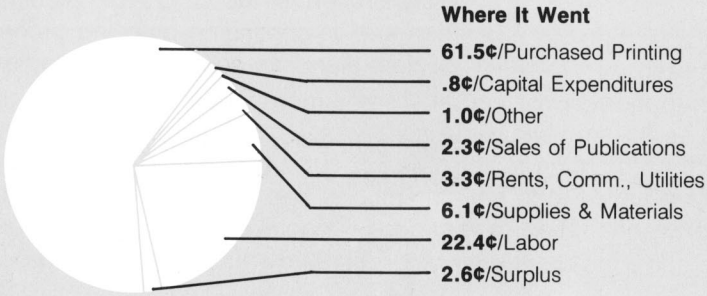
The Internal Revenue Service project was a success; about 70,000 orders from tax practitioners were processed, yielding revenue of $2.8 million against expenses of $1.5 million. The program has been expanded for tax year 1987.

**Library Programs Service**

The Library Programs Service commenced planning for the dissemination of Government publications to depository libraries in electronic formats. All hard-copy *Monthly Catalog* issues, including the 1987 *Periodicals Supplement* and various indexes, were produced and distributed on or ahead of schedule throughout fiscal year 1987. Fifteen percent fewer publication copies were distributed to depository libraries during fiscal year 1987, as compared with the previous fiscal year. This was largely due to year-long problems with the microfiche contractor, and, to a lesser extent, due to a dropoff in the number of items received for distribution.

**GPO's 1987 Revenue Dollar**



# Administration

The Assistant Public Printer (Administration) is responsible for a full range of information management, financial management, security, and support services which provide complete administrative assistance to the operations of the GPO.

**Financial Management Service**

The Financial Management Service (FMS) provided improved services at reduced costs through increased automation, improved productivity, and by focusing on management needs for improved financial information.

To assure that GPO rates are properly recovering costs and reflect the impact of new processes and equipment, analyses were conducted and new scales of prices were developed for the Central Office and the Rapid Response Center. New rates were established for postal cards produced on a new five-color press and processed on a new cut-and-pack system; for the new Passport Production Line, and the selling of magnetic tapes to the public. A publication, "Simplified Scale for Printing and Binding Books and Pamphlets," was updated and provided to agencies by the Customer Service Staff to provide our customers with a basis for estimating the cost of printing. Special studies of operating costs were conducted, such as an analysis of work flow and processes used for distribution of publications to depository libraries.

Cash management was substantially improved in 1987, through improved automation and closer monitoring of balances and trends. Management reports were developed on micro-computers. The automatic billing system, which was implemented in fiscal year 1986, processed $222 million in billings in fiscal year 1987, an increase of 68 percent over fiscal year 1986. FMS streamlined Department of the Army billings by transmitting them on computer tape in lieu of paper invoices. Billing procedures were revised to implement the change in International Exchange Program funding effective in fiscal year 1987, whereby costs are charged to the Salaries and Expenses Appropriation rather than the originating agency.

**Information Resources Management**

The Office of Information Resources Management (OIRM) provides a full-range of automated computing services for the U.S. Government Printing Office. This includes maintenance of a GPO-Wide Data Automation Plan; the design, development or procurement of approved systems and programs; and, the procurement and maintenance of equipment facilities for the efficient operation of these systems.

Fiscal year 1987 was a year of transition and accomplishment for the OIRM. A GPO-Wide Data Automation Plan was prepared, providing a strategy for meeting the GPO's future computing services requirements and a preliminary working calendar for implementing these requirements. With the re-establishment of the GPO ADP Steering Committee, and the Data Automation Plan and its continuing planning process, a foundation has been built for the efficient planning, selection, and implementation of information resources at the GPO.

Significant efforts were initiated during this fiscal year to procure and install a *Congressional Record* Full-Text Search and Retrieval System at the GPO.

**Electronic Access for the *Congressional Record***

*In January of 1986, GPO was directed by the Joint Committee on Printing to develop a system for electronic access and retrieval of the* Congressional Record. *After conferring with industry experts, a request for proposal was issued in November 1986 stating the specific requirements for the system; a contract was awarded in June to Data Retrieval Corporation for the necessary software, which was delivered on September 28, 1987.*

*GPO's Office of Information Resources Management (OIRM) formulated the specific requirements to be met by the contractor. For example, the data base will be cumulative for each Congress; the* Record *is printed daily when Congress is in session and averages about 31,168 pages per year. In addition, the entire data base, including Senate and House Proceedings, Extensions of Remarks, the Daily Digest, and the Congressional Record Index will be in an on-line mode for efficient and effective retrieval.*

*"User-friendliness" is the key to many of the requirements set out by OIRM. The system will provide for searching by key word or phrase, by a cross reference Thesaurus, and by alphabetic "browsing." The user will also be able to page through the* Record *and* Daily Digest *in the exact paging order as the printed version; cumulative daily indexing will also be available.*

*In keeping with GPO's philosophy on full-text data base development, the system will facilitate the publishing through GPO of secondary printed products based on the individual needs of Members of Congress, Committees, and other Congressional offices. The system will also allow for the incorporation of* Congressional Record *text excerpts by authorized Congressional offices into secondary data bases.*

Enhancements were also made to the Executive Information System as well as to other major administrative ADP systems. As in the past, major OIRM resources were applied to Public Documents programs. The first phase of the IRS Order Fulfillment System was implemented. This system handles the data entry and order processing of IRS publications for tax practitioners. An estimated 85,000 orders are anticipated for this tax year.

The Production and Procurement areas were provided with new systems and enhancements to better enable them to meet the mission requirements of the Federal Printing Program. The new online Automated Postal Card System was put into production in July, replacing a 12-year old batch system. This system keeps track of postal card requisitions for post offices throughout the United States, and of consolidated shipments of postal cards based on destination points.

**Security and Support Services**

Fiscal year 1987 was also a productive year for Security and Support Services. Physical Security responsibilities increased as a result of new passport and postal card production security requirements. The procurement of new security equipment and the introduction of new physical security measures contributed to Security Service's ability to meet the challenges of an increased terrorist threat. Support Services continued to automate the administrative functions of the Office as well as to make economic changes to better serve the information and support needs of GPO management and employees.

## Human Resources

The Assistant Public Printer (Human Resources) is responsible for all personnel, labor-management relations, equal employment opportunity, and employee safety matters at GPO. This area includes the Policy and Evaluation Staff, Personnel Service, Labor and Employee Relations Service, Equal Employment Opportunity Service, and Occupational Health and Environmental Services.

Throughout fiscal year 1987, the Labor Relations Branch, Labor and Employee Relations Service, conducted negotiations with the Joint Council of Unions on a new master agreement covering 13 bargaining units. The parties worked on new policies and procedures involving leave including a new type of leave to be called parental leave. New policies were also agreed upon in the areas of performance appraisal, corrective actions and union representation.

In fiscal year 1987, there was a revived interest in apprentice training programs throughout the GPO. The decision was made to hire apprentices in the occupations of carpenter, electrician, machinist, painter, pipefitter, offset press feeder, bookbinder, and stationary engineer. In addition, a team of GPO employees visited the New Zealand Government Printing Office to study their Modular Apprentice Training program. Personnel is presently evaluating the program for application in the GPO.

Extensive recruitment efforts were undertaken in a number of areas to fill certain hard-to-fill vacancies. Paid advertisements were used and recruitment brochures were developed, printed and distributed. A major effort also went into providing information to employees concerning the new Federal Employees' Retirement System (FERS).

A new automated classification system has been developed and is presently being tested. Text was prepared and put into a data base for two occupational series—the GG-525 Accounting Technician series and GG-1102 Contracting series. Modifications and enhancements to the system are on-going.

Equal Employment Opportunity Service staff members participated in on-site program reviews at GPO installations in Dallas, Denver, Pueblo, Atlanta, Boston, New York, and Philadelphia. The reviews included: assessment of implementation of EEO procedures, deficiencies, recommending corrective measures and providing technical assistance.

The GPO Affirmative Action Plan and the Accomplishment Report of Affirmative Action for Minorities and Women covering fiscal year 1987 were submitted to the Equal Employment Opportunity Commission during the first quarter of the fiscal year.

The Employee and Organizational Assistance Branch, Occupational Health and Environmental Services, conducted a number of surveys in an effort to improve the health and welfare of the workforce. Surveys were conducted of the workforce to solicit opinions regarding a potential smoking policy in the Central Office, and the quality of health services being made available to employees in the field.

The Safety Branch initiated a new safety and health inspection data base during the fourth quarter of fiscal year 1987 and provided oversight for the installation of the new fire alarm, detection and communication system.

# Financial Highlights

Title 44 of the U.S. Code requires the U.S. Government Printing Office (GPO) to fulfill the printing and binding needs of the Federal Government and to distribute Government publications to the general public. GPO's printing and binding operations are accomplished through a central printing plant located at Washington, DC; 6 smaller regional printing plants; and the procurement of printing and binding through the central office, 14 regional offices, and 6 smaller satellite offices. Superintendent of Documents operations include the sale of publications, distribution to depository libraries, reimbursable and statutory distribution, and the cataloging and indexing of all Government documents.

All GPO activities are financed through a revolving fund, which is reimbursed by payments from customer agencies, sales made to the general public, and transfers from various appropriations. GPO's consolidated financial statements also include the activities and fund balances of the Congressional Printing and Binding and the Printing and Binding appropriations. These annual appropriations are used to reimburse GPO for costs incurred in performing printing and binding for the Congress and for the printing, binding, and distribution of Government publications authorized to be distributed without charge to recipients designated by law. Reimbursements from the appropriations are included in GPO's total printing and binding revenue.

### Results of GPO Operations

GPO achieved a consolidated net income for fiscal year 1987 of $22.9 million, compared to $8.8 million for fiscal year 1986. Total consolidated revenue increased by $45 million in 1987 to $871 million, while total expenses also increased by $31 million to a balance of $848 million. The increase in expenses was mainly generated by the increased dollar volume in procured printing. For the sixth consecutive year, GPO's Sales of Publications Program continued to produce a healthy net income, more than doubling last year's $5.5 million figure.

### Printing and Binding Operations

In fiscal year 1987 GPO's in-house and commercially procured products generated a revenue of $804.5 million, which is 89 percent of total GPO revenue. Revenue from commercially procured printing was $592 million, representing about 74 percent of the total dollar volume for printing and binding work.

### In-House Printing Operations

GPO's in-house printing operations earned $6.7 million in net income this year compared to a net income of only $179,000 for 1986. Total revenue was $212.7 million compared to $205.5 million last year, while expenses amounted to $206 million against $205.3 million in 1986.

### Central Office and Regional Printing Procurement Operations

GPO's printing procurement operations experienced solid gains in procured printing during 1987. Total revenue was $591.8 million, an increase of $28.9 million or 5 percent over 1986, resulting in a net income of $4.8 million.

# Financial Statements

## Consolidated Balance Sheet

As of September 30, 1987, and 1986 (Notes 1 and 2) (in thousands of dollars)

| Assets | 1987 | 1986 |
|---|---|---|
| **Current Assets:** | | |
| Cash | | |
| On-hand and in-transit | $1,860 | $1,370 |
| Revolving Fund | 94,564 | 100,336 |
| Appropriations | 46,271 | 49,539 |
| Accounts receivable (Note 3) | 236,186 | 202,593 |
| Inventories: | | |
| Publications for sale, net (Note 4) | 12,214 | 11,664 |
| Paper | 12,415 | 12,590 |
| Materials and supplies | 8,430 | 8,314 |
| **Total Current Assets** | **$411,940** | **$386,406** |
| **Property, Plant, and Equipment (Note 5):** | | |
| Land and buildings | 18,648 | 18,648 |
| Equipment and building improvements | 107,761 | 101,965 |
| | 126,409 | 120,613 |
| Less: accumulated depreciation | 70,348 | 65,174 |
| Net Property, Plant, and Equipment | 56,061 | 55,439 |
| **Total Assets** | **$468,001** | **$441,845** |

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

| Liabilities and Investment | 1987 | 1986 |
|---|---|---|
| **Current Liabilities:** | | |
| Accounts payable (Note 6) | $87,697 | $80,084 |
| Advances from customers (Note 7) | 35,115 | 35,492 |
| Accrued salaries, wages, benefits and other withholdings | 10,038 | 9,370 |
| State and local payroll taxes | 821 | 771 |
| **Total Current Liabilities** | **$133,671** | **$125,717** |
| **Other Liabilities:** | | |
| Accrued annual leave | 9,004 | 8,659 |
| Excess receipts from sales of publications, due U.S. Treasury (Note 8) | 11,424 | 5,516 |
| **Total Other Liabilities** | **$20,428** | **$14,175** |
| **Total Liabilities** | **$154,099** | **$139,892** |
| **Investment of U.S. Government:** | | |
| Appropriations: | | |
| Unliquidated obligations | 45,525 | 48,884 |
| **Revolving Fund:** | | |
| Contributed capital (Note 9) | 110,413 | 110,679 |
| Retained earnings (Note 10) | 152,464 | 141,012 |
| Reserved for intra-office funding (Note 8) | 5,500 | 1,378 |
| **Total Revolving Fund** | **$268,377** | **$253,069** |
| **Total Investment** | **$313,902** | **$301,953** |
| **Total Liabilities and Investment** | **$468,001** | **$441,845** |

## Consolidated Statement of Revenue and Expenses by Function and Retained Earnings

Fiscal Years 1987 and 1986 (Notes 1 and 2) (in thousands of dollars)

| | Printing and Binding (Note 11) | | |
|---|---|---|---|
| | In-House Printing | Purchased Printing | Total |
| **Revenue:** | | | |
| Printing and Binding | $212,718 | $591,804 | $804,522 |
| Sales of Publications | – | – | – |
| Appropriations | – | – | – |
| Reimbursements | – | – | – |
| **Total Revenue** | **$212,718** | **$591,804** | **$804,522** |
| **Expenses:** | | | |
| Personnel compensation and benefits | $137,888 | $26,725 | $164,613 |
| Travel and transportation | 430 | 1,624 | 2,054 |
| Rents, communications and utilities | 10,826 | 2,739 | 13,565 |
| Printing and reproduction | – | 552,657 | 552,657 |
| Other services | 2,511 | 1,246 | 3,757 |
| Supplies and materials | 49,307 | 1,387 | 50,694 |
| Depreciation | 5,060 | 670 | 5,730 |
| Publications sold | – | – | – |
| Unsaleable publications | – | – | – |
| **Total Expenses** | **$206,022** | **$587,048** | **$793,070** |
| **Net Income** | **$6,696** | **$4,756** | **$11,452** |

**Retained Earnings, Beginning of Fiscal Year**

Retained earnings before payable to U.S. Treasury

Less:
Excess receipts from current sales of publications, due U.S.Treasury

**Retained Earnings, End of Fiscal Year**

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

| Information Dissemination | | | | Total GPO | |
|---|---|---|---|---|---|
| Sales of Publi-cations | Salaries and Expenses | Total | Eliminations | 1987 | 1986 |
| — | — | — | ($31,825) | $772,697 | $736,637 |
| $73,448 | — | $73,448 | — | 73,448 | 62,850 |
| — | $19,942 | 19,942 | (372) | 19,570 | 21,505 |
| — | 4,931 | 4,931 | — | 4,931 | 4,806 |
| **$73,448** | **$24,873** | **$98,321** | **($32,197)** | **$870,646** | **$825,798** |
| $23,943 | $9,529 | $33,472 | ($2,807) | $195,278 | $194,261 |
| 1,002 | 250 | 1,252 | — | 3,306 | 2,901 |
| 11,698 | 3,819 | 15,517 | (597) | 28,485 | 28,597 |
| 1,407 | 9,348 | 10,755 | (28,098) | 535,314 | 511,132 |
| 1,815 | 807 | 2,622 | (478) | 5,901 | 4,276 |
| 1,959 | 876 | 2,835 | (217) | 53,312 | 51,087 |
| 122 | 244 | 366 | — | 6,096 | 6,013 |
| 17,343 | — | 17,343 | — | 17,343 | 15,899 |
| 2,751 | — | 2,751 | — | 2,751 | 2,786 |
| **$62,040** | **$24,873** | **$86,913** | **($32,197)** | **$847,786** | **$816,952** |
| **$11,408** | | **$11,408** | | **$22,860** | **$8,846** |
| | | | | **$141,012** | **$137,682** |
| | | | | $163,872 | $146,528 |
| | | | | 11,408 | 5,516 |
| | | | | **$152,464** | **$141,012** |

## Consolidated Statement of Changes in Financial Position

Fiscal Years Ended September 30, 1987, and 1986 (Notes 1 and 2)
(in thousands of dollars)

| | 1987 | 1986 |
|---|---|---|
| **Funds Provided:** | | |
| Net Income | $22,860 | $8,846 |
| Add expenses not requiring working capital: | | |
| Depreciation | 6,096 | 6,013 |
| Total Funds Provided by Operations | 28,956 | 14,859 |
| Book value of retired assets | 46 | 29 |
| Appropriations | 95,085 | 103,941 |
| Reimbursements | 4,931 | 4,806 |
| Increase in accrued annual leave | 345 | 306 |
| **Total Funds Provided** | **$129,363** | **$123,941** |
| **Funds Applied:** | | |
| Purchase of fixed assets | 7,030 | 8,977 |
| Funds returned to U.S. Treasury: | | |
| From appropriations | 8,758 | 23,546 |
| Public Law 99-177 reductions | – | 4,469 |
| Printing and Binding | 71,110 | 68,025 |
| Obligated appropriations (Note 12) | 24,885 | 26,659 |
| **Total Funds Applied** | **$111,783** | **$131,676** |
| **Increase (Decrease) in Working Capital** | **$17,580** | **($7,735)** |

**Changes in Working Capital**

| | | |
|---|---|---|
| **Current Assets:** | | |
| Cash: | | |
| On-hand and in-transit | $490 | $110 |
| Revolving Fund | (5,772) | 42,701 |
| Appropriations | (3,268) | (23,318) |
| Accounts receivable | 33,593 | (27,176) |
| Publications for sale | 550 | 666 |
| Paper | (175) | 465 |
| Materials and supplies | 116 | 357 |
| **Current Liabilities:** | | |
| Accounts payable | (7,613) | (1,513) |
| Advances from customers | 377 | 851 |
| Accrued salaries, wages, benefits and other withholdings | (668) | (876) |
| State and local payroll taxes | (50) | (2) |
| **Increase (Decrease) in Working Capital** | **$17,580** | **($7,735)** |

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

## Status of Appropriated Funds

Fiscal Years Ended September 30, 1987, and 1986 (Notes 1 and 2)
(in thousands of dollars)

| | Congressional Printing and Binding | Printing and Binding | Salaries and Expenses | Total Appropriated Funds | |
|---|---|---|---|---|---|
| | | | | 1987 | 1986 |
| **Status of Appropriations, Beginning of Fiscal Year** | **$31,454** | **$2,428** | **$15,657** | **$49,539** | **$72,857** |
| **Funds Provided:** | | | | | |
| Initial Appropriations | 62,000 | 10,700 | 22,385 | 95,085 | 103,941 |
| Intra-Office Funding | – | – | 1,378 | 1,378 | 3,000 |
| Reimbursements | – | – | 4,931 | 4,931 | 4,806 |
| **Total Funds Provided** | **$93,454** | **$13,128** | **$44,351** | **$150,993** | **$184,604** |
| **Funds Applied:** | | | | | |
| Printing and Binding | 62,445 | 8,620 | – | 71,065 | 78,058 |
| Obligated appropriations | – | – | 24,839 | 24,839 | 28,992 |
| Funds returned to U.S. Treasury | 4,708 | 142 | 3,908 | 8,758 | 23,546 |
| Public Law 99-177 reductions | – | – | – | – | 4,469 |
| **Total Funds Applied** | **$67,153** | **$8,762** | **$28,747** | **$104,662** | **$135,065** |
| **Status of Appropriations, End of Fiscal Year** | **$26,301** | **$4,366** | **$15,604** | **$46,271** | **$49,539** |

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

# Notes to Financial Statements*

## (1) Organization

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

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

## (2) Summary of Significant Accounting Policies

**Principles of Consolidation**—The consolidated financial statements include all funds of the Government Printing Office. Inter-fund and inter-operational transactions and balances have been eliminated.

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

**Expense Allocations**—General and administrative expenses have been distributed among the various expense categories. To the extent practicable, general and administrative expenses were allocated to the various programs based on the estimated level of effort associated with each program.

**Revenue Recognition**—Printing and binding revenue is recognized on the basis of work performed by the Government Printing Office due to the fact that all printing and binding work is required by law to be reimbursed on the basis of services rendered. Revenue on work procured from commercial printers is recognized on constructive date of shipment or actual date of payment, whichever occurs first. Revenue for distributing and selling publications to the public is recognized when publications have been shipped, or when services have been performed. GPO guarantees prices on a large volume of in-house work. The estimated losses, if any, on work substantially completed during the fiscal year have been recorded in the appropriate period.

**Inventories**—Publications for sale are valued using the weighted-average cost method, while paper, materials and supplies are valued using the moving-average cost method.

**Property, Plant and Equipment**—Property, plant, and equipment are carried at cost. Expenditures which substantially increase the useful life of the assets are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method with estimated useful lives ranging from 42 to 50 years for buildings and from 3 to 30 years for machinery and equipment and building improvements. Depreciation expense for machinery and equipment and building improvements is recovered from billings to customer agencies. Buildings and structures have been paid for from Legislative appropriations. Accordingly, depreciation is recorded but not reimbursed on these items.

* As of September 30, 1987, and September 30, 1986

**Intra-Office Funding**—Salaries and Expenses Appropriation was funded in part by excess receipts derived from sales of publications. In Fiscal Year 1987, this type of funding provided $1,378,000 to the Appropriation. For Fiscal Year 1988, the Legislative Branch Appropriation Bill (H.R. 2714), if approved, will provide the Salaries and Expenses Appropriation $5,500,000 from the sales of publications.

**Balanced Budget and Emergency Deficit Control Act of 1985, Public Law 99-177**—As a result of this legislation, funds were sequestered during Fiscal Year 1986. For ease of presentation, reductions are referred to in the financial statements, accompanying notes, and schedules as Public Law 99-177 Reductions.

**Pensions**—Government Printing Office employees are covered by the Civil Service Retirement and Disability Fund, the Federal Old-Age, Survivor, and Disability Insurance Fund or the Federal Employee Retirement Fund. Consequently, the GPO is responsible for withholding the required percentage from each employee's salary and for contributing to the funds. The GPO's contributions were $11,616,000 and $11,332,000 in 1987 and 1986, respectively.

**Contingencies**—GPO is involved in three major lawsuits, pending in Claims Court at report date. The lawsuits stem from the termination of the contract for Program 600-S. Plaintiffs have claimed approximately $73 million plus attorney's fees and other associated costs. However, except in very narrow circumstances, once such claims enter into litigation, at either the District Court or Claims Court level, ultimate payment usually is disbursed from the judgment fund administered by the General Accounting Office.

### (3) Accounts Receivable

Accounts receivable as of September 30, 1987, and 1986, is comprised of the following:

| Accounts Receivable | 1987 | 1986 |
|---|---|---|
| Billed to Government Agencies | $52,256,000 | $40,984,000 |
| Unbilled completed work | 132,404,000 | 118,585,000 |
| Unbilled work in process | 50,166,000 | 42,082,000 |
| Other | 1,360,000 | 942,000 |
| **Totals** | **$236,186,000** | **$202,593,000** |

Other accounts receivable for 1987 include non-trade promissory notes from the Refectory Cafe Limited of $151,000. At the end of the prior year, this note was $165,000.

### (4) Publications for Sale, Net

Publications for sale, net as of September 30, 1987, and 1986, are comprised of the following:

| | 1987 | 1986 |
|---|---|---|
| Publications for sale | $15,614,000 | $14,759,000 |
| Allowance for unsaleable publications | (3,400,000) | (3,095,000) |
| **Publications for sale, net** | **$12,214,000** | **$11,664,000** |

### (5) Property, Plant, and Equipment

Property, plant, and equipment as of September 30, 1987, and 1986, is comprised of the following:

| | | | 1987 | 1986 |
|---|---|---|---|---|
| | Acquisition Value | Accumulated Depreciation | Net Book Value | Net Book Value |
| Land | $9,992,000 | – | $9,992,000 | $9,992,000 |
| Buildings | 8,656,000 | $8,472,000 | 184,000 | 283,000 |
| Building improvements | 31,292,000 | 14,946,000 | 16,346,000 | 16,827,000 |
| Leasehold improvements | 759,000 | 149,000 | 610,000 | 507,000 |
| Plant machinery and equipment | 66,179,000 | 41,303,000 | 24,876,000 | 24,308,000 |
| Office machinery and equipment | 6,525,000 | 4,396,000 | 2,129,000 | 3,017,000 |
| Computer software | 309,000 | 261,000 | 48,000 | 86,000 |
| Furniture and fixtures | 256,000 | 187,000 | 69,000 | 65,000 |
| Motor vehicles | 707,000 | 634,000 | 73,000 | 120,000 |
| Capital improvements in progress | 1,734,000 | – | 1,734,000 | 234,000 |
| **Totals** | **$126,409,000** | **$70,348,000** | **$56,061,000** | **$55,439,000** |

## (6) Accounts Payable

Accounts payable as of September 30, 1987, and 1986, is comprised of the following:

| Accounts Payable | 1987 | 1986 |
|---|---|---|
| Commercial printing | $75,007,000 | $69,233,000 |
| Government | 7,312,000 | 6,490,000 |
| Other | 5,378,000 | 4,361,000 |
| **Totals** | **$87,697,000** | **$80,084,000** |

## (7) Advances from Customers

Advances from customers as of September 30, 1987, and 1986, are comprised of the following:

| Advances | 1987 | 1986 |
|---|---|---|
| Advanced billings to customer agencies for printing services | $5,501,000 | $8,125,000 |
| Customer deposits for publications | 8,148,000 | 7,606,000 |
| Subscriptions, including prepaid subscription service and unearned subscription revenue | 19,263,000 | 17,985,000 |
| Undelivered publication orders | 2,203,000 | 1,776,000 |
| **Totals** | **$35,115,000** | **$35,492,000** |

## (8) Amount Due U.S. Treasury

Title 44 requires the Government Printing Office to deposit in the United States Treasury excess receipts from sales of publications. The amount due the U.S. Treasury through September 30, 1987, was determined as follows:

| | |
|---|---|
| Amount due U.S. Treasury, September 30, 1986 | $5,516,000 |
| Amount requested to be used to finance Fiscal Year 1988 Salaries and Expenses Appropriation from intra-office funding | (5,500,000) |
| Fiscal Year 1987 Excess Receipts | 11,408,000 |
| **Amount Due U.S. Treasury, September 30, 1987** | **$11,424,000** |

## (9) Contributed Capital

Contributed capital as of September 30, 1987, and 1986, was derived from the following:

| Contributed Capital | 1987 | 1986 |
|---|---|---|
| Beginning net worth when the Revolving Fund was established | $33,807,000 | $33,807,000 |
| Book value of contributed buildings and land | 613,000 | 712,000 |
| Appropriations for improvements to air conditioning and electrical systems | 12,900,000 | 12,900,000 |
| Appropriations for working capital and site acquisition | 62,600,000 | 62,600,000 |
| Donated equipment | 493,000 | 660,000 |
| **Totals** | **$110,413,000** | **$110,679,000** |

U. S. Government Printing Office : 1988 O — 206-503 : QL 2

## (10) Retained Earnings

In Fiscal Year 1986, the GPO contracted to purchase a parcel of land adjoining the Central Office complex. The amount of retained earnings still restricted by this purchase commitment is approximately $9,500,000.

## (11) Printing and Binding

In-house printing and binding and purchased printing net income or loss for central and regional operations for September 30, 1987, and 1986, are as follows:

| | 1987 | 1986 |
|---|---|---|
| In-house printing | | |
| Central | $7,668,000 | $900,000 |
| Regional | (973,000) | (721,000) |
| Subtotal | 6,695,000 | 179,000 |
| Purchased printing | | |
| Central | 4,824,000 | 2,372,000 |
| Regional | (67,000) | 779,000 |
| Subtotal | 4,757,000 | 3,151,000 |
| **Totals** | **$11,452,000** | **$3,330,000** |

## (12) Expended Appropriations

At September 30, 1987, and 1986, the expended appropriation for current and prior year's appropriations are as follows:

| Programs | 1987 | 1986 |
|---|---|---|
| Depository library distribution | $15,897,000 | $18,043,000 |
| Cataloging and indexing | 2,357,000 | 2,330,000 |
| By-law distribution | 977,000 | 1,105,000 |
| International exchange | 295,000 | — |
| Distribution for other agencies | 5,359,000 | 5,181,000 |
| **Totals** | **$24,885,000** | **$26,659,000** |

UNITED STATES OF AMERICA
GOVERNMENT PRINTING OFFICE