

A Tradition of Excellence





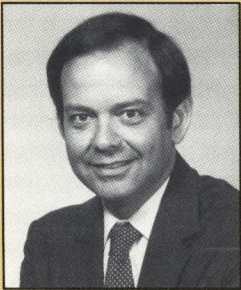
About Our Cover

The U.S. Government Printing Office was established on March 4, 1861, and has experienced considerable change throughout its 125-year history. In keeping with our theme of "A Tradition of Excellence," it is appropriate that we reflect on that history and remember those qualities that have helped mold GPO's present and which will lay the groundwork for its future. The juxtapositioning of old and new photographs throughout this report illustrates the changing face of GPO and, in a larger sense, of the information industry. Our front cover depicts the facade of Building 1, completed in 1903, as it appeared in 1935, while the photo above shows the GPO complex today.

Table of Contents

Public Printer's Message	1
GPO Management	4
Deputy Public Printer's Message	6
Administration	10
Human Resources	12
Operations	14
Procurement	16
Superintendent of Documents	18
Financial Highlights	22
Financial Statements	24

Public Printer's Message



Ralph E. Kennickell, Jr.
Public Printer

During fiscal year 1986, we observed the 125th anniversary of the establishment of the Government Printing Office. Just as significant, we saw the consolidation and fruition of major changes in the structure and spirit of the GPO begun over the past two years, changes that have restored GPO to its traditional status as the natural vessel for information policy execution for the Federal Government. It is appropriate that this revitalization took place as we proudly celebrated our anniversary year, but it is a transformation that might have seemed impossible two years ago.

Upon taking office as the 21st Public Printer in December 1984, it was evident to me that GPO suffered from a lack of clear and positive direction. There was contention where there should have been consensus, alienation instead of cooperation. GPO had a reputation for arrogance among its customers and was known within the industry as being anachronistic and unresponsive. The long-term outlook for GPO's very survival was bleak if it were to continue to operate in the same fashion. Instead, we stand today on the leading edge of a new and brighter era for GPO and for the Federal information industry as a whole. How did we, as an agency, accomplish this task? Technology has played a vital role, to be sure: a state-of-the-art computerized Executive Information System that is the envy of management firms across the country; a "dial-up" composition system linking microcomputers and laser printers to our photocomposers via phone lines or fiberoptic links; on-line retrieval capability for the Congressional Record Index; modernization of our pressroom and bindery, including a new five-color offset press and binding line for producing passports and postal cards; the full and final transition from hot metal to electronic photocomposition, capped

off by a fully automated electronic job shop; and a sophisticated electronic network linking together our far-flung procurement operations. In fact, the new technology is the backbone of GPO's resurgence.

But all the new technology in the world would be of little consequence without the energy, enthusiasm, and expertise of good people working toward a common goal—a phenomenon we have achieved in an incredibly short time. It came about through a revolutionary concept: a policy of simple honesty and fairness towards people. The real key to success in any organizational endeavor is to recognize the human potential of the people involved and to help them realize that potential through giving them a sense of their own worth and the feeling that they are valued as human beings. Although simple in theory, this concept is complex in its application, especially in an organization as diverse as GPO.

We began with investing our employees with the goal of making GPO a truly "demand-driven, service-oriented agency." It is a goal based upon the harsh reality that we now must compete to survive in today's marketplace and, more importantly, upon the idea that what we do and how we do it can truly make a difference. This latter idea has paved the way for entrepreneurial risk-taking among our managers that is exemplified by aggressive customer outreach and marketing programs; by electronic information systems that link together our procurement effort, facilitate service, lower costs, or make information more readily available for managerial decisionmaking; and by development of systems and programs that take advantage of the full range of new technology, both in-house and through commercial contracts. It can be found in the operating partnership

We stand today on the leading edge of a new and brighter era for GPO and for the Federal information industry as a whole.

that has developed between labor and management and in the real application of equal opportunity that allows individuals to rise commensurate with their abilities. It is embodied in a new sense of pride among workers and managers alike in the GPO's tradition of excellence and in a commitment to upholding that tradition in a new era. This new-found pride and commitment has led to significantly improved productivity which, coupled with new program efficiencies, has allowed us to meet all of the budget restrictions imposed by Gramm-Rudman-Hollings with minimum impact on our operations. As a matter of fact, we can assist customer agencies more severely impacted by the necessary budget restrictions with their printing and distribution work, thus ensuring that their information needs and those of the public will continue to be met. Pride and commitment has also been manifested in the spirit of volunteerism exuded by our employees, especially in our community outreach efforts. The generosity and caring that has characterized the response to our Adopt-A-Family program is, in a real sense, another facet of GPO's own sense of family pride.

We have looked outward as well for the best possible advice and guidance in fulfilling our mission, strengthening and broadening our contacts with the printing and publishing industry. In addition to the Depository Library Council, we have revitalized GPO's participation in the Federal Publishers' Committee and the Interagency Council on Printing and Publications Services, both of which are important vehicles for intragovernmental cooperation and constructive feedback. GPO also intends to establish an Academic Advisory Council, bringing together distinguished educators from some of the most respected printing management schools to provide us with a

"brain trust" of expert knowledge. We are also learning from the experiences of printing officials from foreign governments through an on-going visitation and exchange program; and we plan to host a major conference of government printers from around the world in Washington in 1988. We have strengthened our policy of procuring the best possible services at the lowest possible cost from commercial contractors. We have long recognized the benefits of utilizing the private sector, routinely dealing with over 10,000 printing companies comprising about 30 percent of the nation's total.

Sometimes it is true that statistics fail to support the narrative, but the numbers compiled over the past year truly attest to our progress. In fiscal year 1986, GPO produced or procured more than 1 billion publications on over 369,000 printing orders from virtually every agency in the Federal Government, an average of almost 1,500 per day, generating \$768 million in revenues for a net income of \$3.3 million. Utilizing the nation's \$55 billion printing industry, GPO's Printing Procurement Department processed 311,000 of those orders valued at more than \$563 million. In addition, our sales program sold over 27 million publications at a total value of \$63 million, resulting in a net income of \$5.5 million. GPO ended fiscal year 1986 with a net income of \$8.8 million despite the Government-wide impact of Gramm-Rudman-Hollings. In fact, GPO has generated total revenues in excess of \$800 million in each of the last two years, realizing substantial net income to the government—and the taxpayer—in each of its main program areas. Further, in each of those years we have been in the unusual and enviable position of requesting less funding from Congress to finance specific Congressional printing and documents distribution needs.

As we begin our second 125-year epoch, it is important to reflect on the qualities that have made GPO's tradition of excellence.

As we begin our second 125-year epoch, it is important to reflect on the qualities that have made GPO's tradition of excellence. They are much the same qualities that will stand us in good stead in the future: pride in craftsmanship, confidence in our capabilities, a sense of partnership, and a commitment to public service. By harnessing these qualities through a policy of fairness, a new corporate orientation, improved customer service, the best available advice and guidance, greater reliance on the resources of the private sector, and the embracing and full utilization of the new technologies,

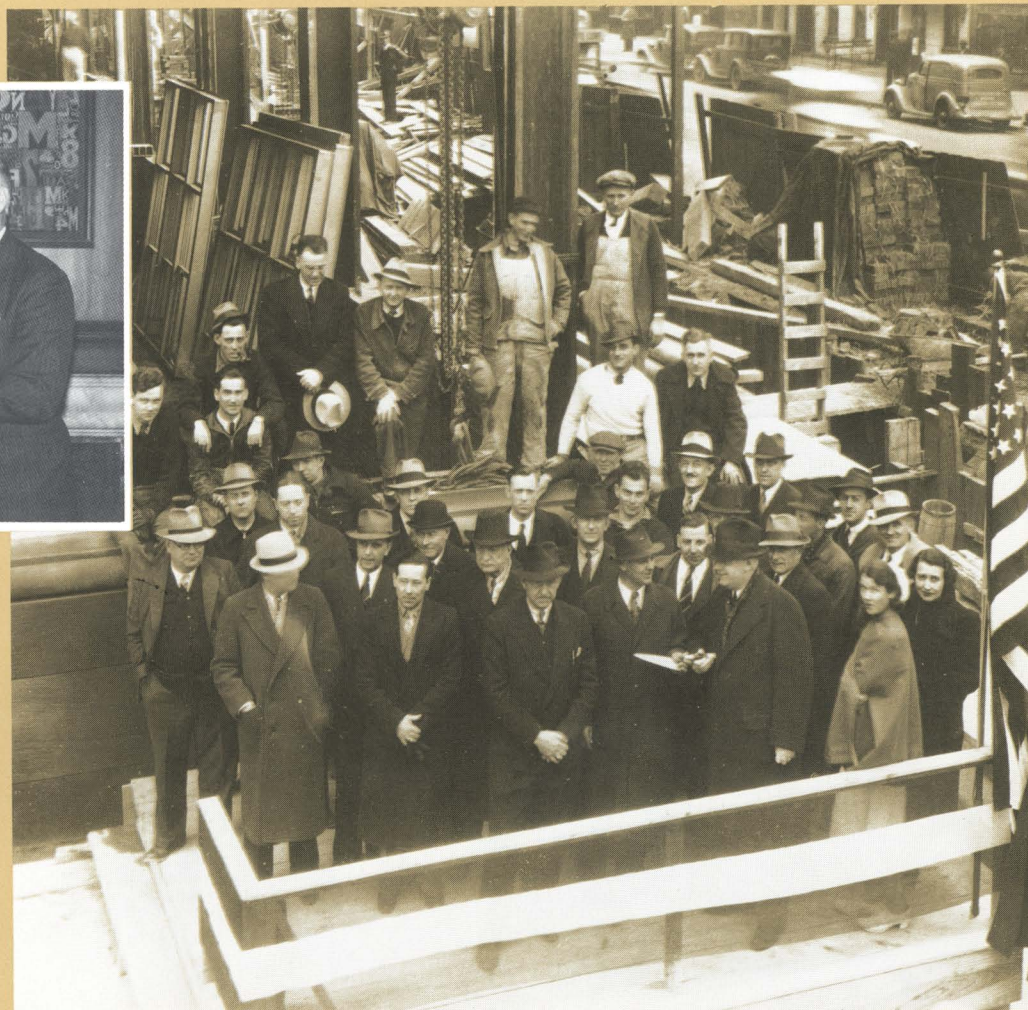
GPO can successfully meet the challenges of fiscal constraint and technological change. GPO is prepared to lead the way with new, imaginative, and innovative approaches to meeting the information needs of our customer agencies and the public. We look forward to GPO's bright future as the vessel that carries and shapes Federal information policy and practices.



Ralph E. Kennickell, Jr.
Public Printer



Public Printer Augustus Giegengack officiated at the cornerstone-laying ceremonies for Building 3 on February 21, 1939 (right). Public Printer Ralph E. Kennickell, Jr., presents a commemorative plaque to Senator Charles McC. Mathias, Jr., Chairman of the Joint Committee on Printing, on the occasion of GPO's 125th anniversary, March 4, 1986 (inset).

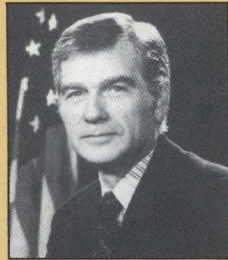


GPO Management

The Joint Committee on Printing



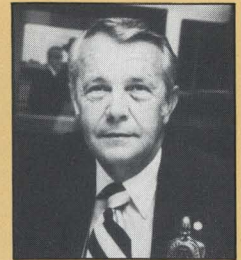
Charles McC. Mathias, Jr.
Senator from Maryland
Chairman



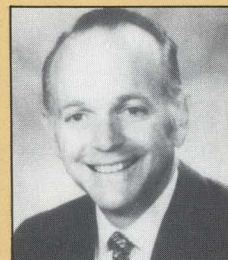
Mark O. Hatfield
Senator from Oregon



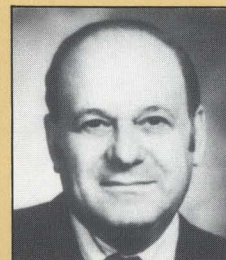
Ted Stevens
Senator from Alaska



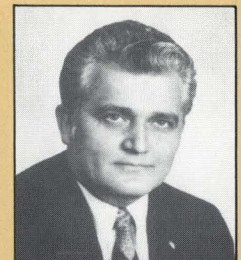
Wendell H. Ford
Senator from Kentucky



Dennis DeConcini
Senator from Arizona



Frank Annunzio
Representative from Illinois
Vice Chairman



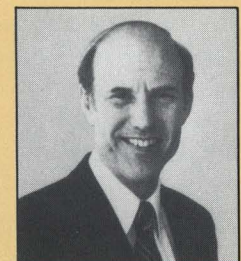
Joseph M. Gaydos
Representative from Pennsylvania



Ed Jones
Representative from Tennessee

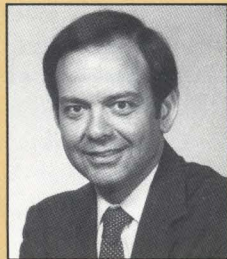


Robert E. Badham
Representative from California

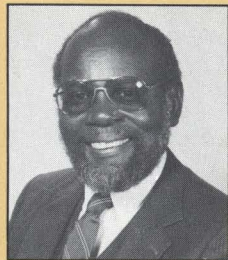


Pat Roberts
Representative from Kansas

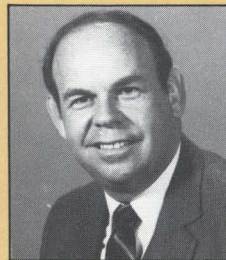
GPO Senior Staff



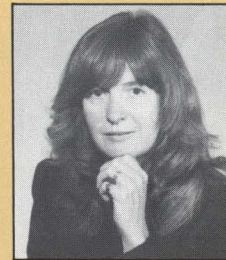
Ralph E. Kennickell, Jr.
Public Printer



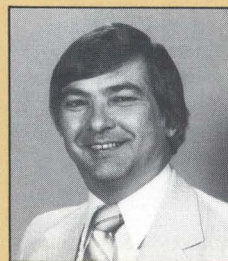
Joseph E. Jenifer
Deputy Public Printer



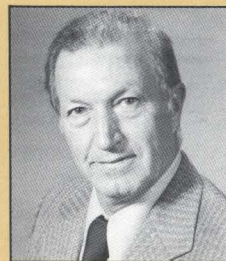
Stuart M. Foss
Assistant Public Printer
(Human Resources)



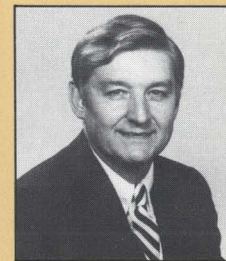
Patricia R. Gardner
Assistant Public Printer
(Administration)



Burkey W. Boggs
Assistant Public Printer
(Operations)

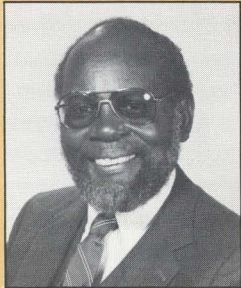


S. Bruce Scaggs
Assistant Public Printer
(Procurement)



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

Deputy Public Printer's Message



Joseph E. Jenifer
Deputy Public Printer

GPO stands at a crossroads in its history and in the history of the information industry. On the one hand, it occupies what has always been a comfortable niche in the Federal establishment, overseen by Congress and protected by Title 44 of the U.S. Code, performing many of its familiar tasks with relatively low-technology equipment. Conversely, it also occupies an important and potentially vulnerable role in the burgeoning information processing revolution, in which the means of data access are becoming increasingly decentralized, and the distinction between data processing and information reproduction and dissemination are becoming more and more blurred.

Twenty years ago, GPO helped lead the way in automated electronic photocomposition by developing the Linotron 1010 in conjunction with, appropriately enough, the Mergenthaler Linotype Company. It was perhaps as much of a technological marvel in its day as movable type was in Gutenberg's time, as the Linotype itself was in 1886, or as microchip-based electronics are today. The Linotron 1010 represents a turning point in GPO's perception of its role in the application of technology; it became proactive rather than reactive. Last year, I noted yet another milestone on this journey, the final phase-out of our hot metal typesetting operation. This transition was a feat not only of technology but of people, labor and management alike, as it occurred gradually, with minimal job displacement and with no detriment to the traditions of GPO's service to its customers.

Today, I am proud to say that GPO has taken up the challenge to stay in the forefront of technology application as well as to maintain its adherence to traditional values of service and craftsmanship. As will be seen in the follow-

ing pages of this annual report, we are pursuing innovative approaches in such areas as electronic networking and data transfer, management systems, contracting, customer service, and marketing. Such innovation, complemented by a sense of tradition, will ensure a bright future for GPO as it carries the Federal information industry forward.

Individualized Service to Customers

GPO's Customer Service Staff made important contributions to preserving our tradition of excellence in 1986.



Today's Electronic Job Section, featuring such equipment as the PDP 11/40 (above) and Xeta workstations (below) is geared for the economical composition of specialty work.



GPO has taken up the challenge to stay in the forefront of technology application as well as to maintain its adherence to traditional values of service and craftsmanship.

Hot metal typesetting, exemplified by this late 1930's scene in the Monotype casting section (below), was a mainstay of GPO's product line until the 1980's.

The Staff, which coordinates all aspects of the printing, binding, and distribution requirements of the Congress and Federal agencies, was the focal point for interagency advisory committees and was responsible for the highly successful Printing Assistant Training Program.

The Departmental Account Representative Division completed its transformation into a full-service organization providing individualized attention to our customers. Our Account Representatives have engaged in

an aggressive and well-received customer outreach program, including over 500 meetings with agency representatives and more than 100 agency visits. Suggestions by Division personnel saved customers over a quarter of a million dollars in 1986.

GPO's Congressional Printing Management Division continued its efforts to improve services to Congress. Major achievements included: complete automation of the Congressional Record mailing lists, which allowed the Record to also be offered on microfiche;



new procedures allowing more expedient production of the Bound Record; and cost savings totaling an estimated \$400,000. To ensure continued satisfaction with GPO's service, the Superintendent met with the staff heads of all House committees, and is scheduled to meet with the Senate committees early in fiscal year 1987.

In consonance with its mission of planning in-plant work in the most cost-effective manner possible, the Production Planning Division was responsible for several economy measures during 1986. The commercial binding contract, which allows us to more fully utilize GPO's press capacity and save our customers money on binding costs, saw an increase of 24 percent in jobs placed and a 4 percent increase in dollar volume, to 932 jobs and \$2,350,000 respectively. Production planners saved an additional \$63,000 through suggested specification changes.

A high level of demand for design and art services from the Typography and Design Division reflected staff reductions in the graphics areas of our customers. Among the publications that involved the efforts of Division personnel were "The State of Small Business 1986" for the Small Business Administration, "Advance" magazine for the African Development Foundation, and a series of full-color recruitment brochures for the Naval Supply Systems Command.

Combating Waste, Fraud, and Abuse

An important key to GPO's internal corporate health is the development of a highly professional Office of the Inspector General (OIG). This approach continued to pay dividends as recommendations from audits of GPO operations generated potential cost savings

of over \$825,000. In all, the OIG issued 19 audit reports containing recommendations for more efficiency and improved internal controls against waste, fraud, and abuse.

Investigations conducted by the OIG led to the conviction of two contractors and one former GPO official and the fining or debarment of several other contractors for fraudulent activities. Monies recovered through summary judgment and compensatory damages amounted to over \$200,000.

Maintenance of Facilities

The Industrial Services Department provided extensive support in maintenance and cleaning, construction, equipment maintenance, and around-the-clock utilities service.

Two major and necessary maintenance projects were completed in 1986. Windows were replaced on the first five floors of Building 1 with double-glazed units that will reduce heat loss by 40 percent. The roof over Buildings 3 and 4 was replaced and reinsulated, reducing heat loss by 50 percent.

Other efforts included the installation of the new five-color sheetfed press and passport binding machine, the beginning of a 12,000 square foot renovation to house the Office of the Inspector General, and the start of the much-needed cafeteria renovation. In addition, two consecutive contracts for asbestos removal were awarded in 1986.

Public Affairs and Community Programs

The Office of Legislative and Public Affairs (LPA) was, in large measure, responsible for the success of several important and highly visible programs during 1986.

Under the chairmanship of the Historian/Curator and with the active support of the entire LPA, the formal

Collating signatures was a tedious, labor-intensive operation for GPO's bindery employees in 1912 (below), while GPO's state-of-the-art computer-controlled adhesive binding system requires minimal manual intervention (inset).

125th anniversary celebration on March 4 and Open House on March 5 were very well-received. The Staff also coordinated all arrangements for the press conference marking the release of the Budget of the United States, which was held for the first time ever in GPO's Harding Hall. It included the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Chairman of the Council of Economic Advisers, who addressed nearly 500 reporters.

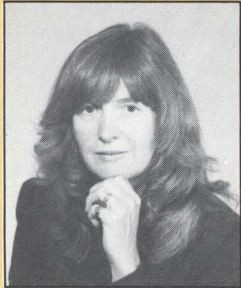
A program was established for the creation of regional public affairs representatives, and a two-day training conference for them was held to help

incorporate GPO's regional employees into the full range of GPO programs and benefits.

The LPA Staff also implemented phase two of the GPO Community Outreach Program in November 1985 with the inauguration of the Adopt-A-Family project, a partnering of needy families in the Washington area with GPO organizations. By March 1986, 15 families had been screened and matched with various areas within GPO. It is hoped that this effort, which has been enthusiastically supported throughout GPO, will continue to expand and serve as a model for business and government alike.



Administration



Patricia R. Gardner
Assistant Public Printer
(Administration)

Dramatic developments in automation and increased productivity keynoted improved operations in GPO's Financial Management Service.

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.

Productivity Through Automation

Dramatic developments in automation and increased productivity keynoted improved operations in GPO's Financial Management Service (FMS). The implementation of the second phase of the Voucher Order Processing and Payment System allowed automatic billing of 131,540 commercially procured jobs representing \$132.1 million. FMS was also involved in the planning and scheduling of the new "Lady Liberty" paper check program which will replace the computer card check. A program of monthly financial briefings designed to aid GPO managers in better understanding financial planning was continued and enhanced by computer graphics. In addition, a microcomputer option for the submission of internal budget estimates and justifications was provided and automatically uploaded to the mainframe.

Information Management

This year of continued innovation witnessed the reorganization of Data Systems Service into a new entity entitled the Office of Information Resources Management (OIRM). This reorganization, which consolidates systems and services and brings GPO up-to-date with industry and government, brings together several additional GPO components, including the Information and Office Automation Group, the Production Information Management Group, the Telecommunications Group, and the Data Base Management Group. In addition, a major assessment and evaluation study of

OIRM was conducted by an outside consultant during fiscal year 1986. Although it commended the level of service OIRM provides, room for improvement was noted in the area of coordination and planning. As a result, OIRM and senior GPO officials established the IRM Steering Committee made up of senior level executives and the supporting ADP Coordinators group comprising technically oriented representatives from major GPO components.

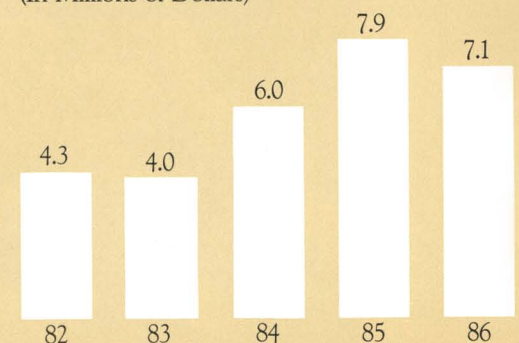
Services to users increased dramatically, as computer programs in use were up by 26 percent and on-line transactions increased by over 20 percent to 36.6 million. Major enhancements were made to the Executive Information System as well as to other administrative ADP systems. Public Documents systems underwent major data processing changes; one Mail List System modification to support the Commerce Business Daily operations in Chicago was expected to result in savings of \$150,000 in mailing costs. The major recurring theme was the planned interfacing of ADP systems to provide data more quickly and to eliminate the need for redundant files.

Security and Support Efforts

As their new title indicates, Security and Support Services combined their

Discounts Taken On Commercial Printing

(In Millions of Dollars)



The GPO Paymaster's Office as it appeared in 1914 (below) contrasts with today's microcomputers and sophisticated software used by Financial Management Service (inset).

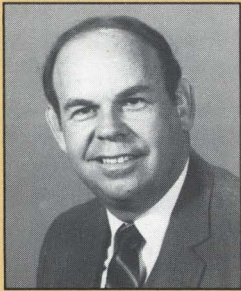
operations in 1986. Major efforts in the security area included establishment of the Emergency Command Center, installation of a new fire and security emergency alarm system, implementation of anti-terrorist measures, procurement of an enhanced Emergency Communications System, and coordination of GPO's National Emergency Program with the Federal Emergency Management Agency. Security also improved GPO training efforts by inviting specialists from the FBI, ATF, and other law enforcement agencies to share their expertise, and by utilizing the Federal Law Enforcement Training

Center's 8-week training course.

The support area developed a number of automated programs to better serve GPO offices and employees, including the parking program, the GPO Directives Program, the processing of intraoffice subscriptions, and monthly and cumulative postage reports. The Mail Management staff provided vital support in helping GPO celebrate its 125th Anniversary through a temporary postal station for the processing of commemorative cachet envelopes. A much-needed renovation of the Mail and Messenger Section was also completed this year.



Human Resources



Stuart M. Foss
Assistant Public Printer
(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.

Established last year by combining several scattered but related functions from throughout GPO, Human Resources underwent a major reorganization in fiscal year 1986 intended to place its management on a more rational footing and to provide a vehicle for the more efficient and effective delivery of its services. The reorganization included: the merger of Labor-Management Relations and Employee Relations; the merger of the Safety Office with the Occupational Health Division under the Director, Occupational Health and Environmental Services; the establishment of a Manpower Planning function; and the transfer of the Personnel Security Branch from Administration.

Upward Mobility Survey

Perhaps the most important achievement of Human Resources in fiscal

year 1986 was the completion of a ten-month upward mobility survey personally conducted by the Assistant Public Printer (Human Resources) and the Public Printer's Special Assistant. The survey, involving on-site visits to all of GPO's regional offices and including interviews with 87 percent of our regional personnel, resulted in a report titled "Improving Upward Mobility in the Regional Printing Procurement Offices."

The report identified problem areas and made recommendations for improving the situation, including specific changes to the overall training program, making regional managers accountable for employee development, encouraging them to use vacancies for upward mobility, and assisting them in utilizing the incentive awards program. Human Resources will work closely with Procurement during fiscal year 1987 to implement these recommendations.

A prime concern for the Labor and Employee Relations Service was

GPO's bindery chiefs met for this group photo in 1914.



Perhaps the most important achievement of Human Resources in fiscal year 1986 was the completion of a ten-month upward mobility survey.

negotiating the impact and implementation of the 1985 wage agreement providing for an 8-hour day including a paid half-hour lunch period. Negotiations were also conducted with the Joint Council of Unions on a new master agreement covering 13 bargaining units as well as on the impact of several reorganizations and the implementation of the OSHA Hazard Communications Standard. In order to keep GPO managers and supervisors apprised of the changes in labor relations law, a newsletter entitled "Labor Lore" was developed and is being distributed regularly.

On-site EEO Reviews

The Equal Employment Opportunity Service participated in on-site reviews of EEO implementation at GPO installations in Seattle, San Francisco, Los Angeles, Columbus, Chicago, and St. Louis. It also continued to expand the agency effort to enhance the competitiveness of GPO employees within the agency through career planning seminars, individual guidance, comprehensive career planning guides, upward mobility training for GPO supervisors, and similar programs.

The year was also highlighted by increased participation in the Career Awareness Program, which provides students of our adopted schools, Dunbar High School and the Lemuel Penn Career Center, with in-depth exposure to careers prior to their completion of high school. Another major success was the Mayor's Summer Youth Employment Program, in which GPO provided 58 worksites throughout the central office and facilities within the District, including the Office of the Public Printer. A concerted effort was made to provide quality education-based work experience and training for 96 participants.

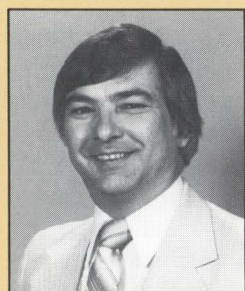
Recruitment Programs

In order to fill certain hard-to-fill vacancies, the Personnel and Workforce Management Service established intensive recruitment programs including paid advertisements, expanded sources, and frequent contacts with OPM. The Office implemented its first Student Volunteer Program; in addition, expansion of the Cooperative Education Program in the Office of the Inspector General was approved, involving several area universities. Of special note were the approximately 955 applications received for the Bookbinder Training Program. This was probably the largest number of applications ever received for a GPO vacancy announcement. In the area of training and career development, a new self-study program called Growth Resources on Wheels was introduced to provide managers an opportunity for personal enrichment and to obtain new ideas and techniques.

Health and Safety

Employee health and safety is always a top priority at GPO. To that end, the office of Occupational Health and Environmental Services continued its efforts, begun last year, in working with top management and the unions on the Alcohol and Drug Abuse Task Force to develop new and more effective approaches to assist our employees. In the same regard, it conducted an in-depth program evaluation of the drug and alcohol counseling services it provides. Other important accomplishments of this area included development of the Hazard Communication Program, formation of an Emissions Control Committee to help comply with the Clean Air Act, and oversight for asbestos removal projects.

Operations



Burkey W. Boggs
Assistant Public Printer
(Operations)

GPO's in-plant operation has undergone a dramatic transformation over the past decade, a change that has seen traditional crafts displaced yet traditional craftsmanship preserved.

The Assistant Public Printer (Operations) is 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 2,200 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 \$1.6 million. Major congressional products include the Congressional Record, bills, resolutions, amendments, reports, and hearings.

GPO printed 27 daily editions of the Congressional Record totaling more than 300 pages each in 1986, with 5 exceeding 400 pages. GPO produced a total of 44,216 Congressional Record pages in 1986, 11,896 more than in 1985, an increase of 37 percent. This increase was largely due to Congress being in session 56 more days than in 1985.

The Federal Register, GPO's major Executive Branch daily product, contains proposed and final regulations and announcements by Federal agencies. It comprised 52,212 total pages in 1986, a 7-percent drop from 1985 that is attributable to the effects of Gramm-Rudman-Hollings. Approximately 32,000 copies of the Register were printed each day; there were 267 separate issues averaging 196 pages each.

The central office plant also produced nearly 5 million passports for the State Department and over 536 million postal cards for the U.S. Postal Service during 1986.

Technological Transformation

GPO's in-plant operation has undergone a dramatic transformation over the past decade, a change that has seen traditional crafts displaced yet traditional craftsmanship preserved. All hot metal composing activities have been converted to electronic photocomposition and the majority of letterpress equipment has been replaced with off-set technology. The objective in every instance has been to utilize the newest technology effectively to continue our tradition of service.

In the forefront of this transformation has always been electronics technology, and 1986 was no exception. The Graphic Systems Development Division (GSDD) developed a dial-up data base composition service which gives customers the full power of GPO's composition system in their offices. This system, which permits transmission of data keyed on word processors or microcomputers over phone lines to GPO for page composition and return for proofing via laser printers, is presently in use by the Federal Aviation Administration (FAA), the Office of the Clerk of the House, and the House Veterans' Affairs Committee. The Senate Office of Legislative Counsel is also connected into the system through a fiberoptic cable. GSDD also wrote a totally automated change page feature for the Automated Composition System that will be used for FAA's documentation program and the Congressional Record. GPO's Electronic Systems Development Division, in addition to providing technical support for the dial-up composition networks, assembled and made operational a Text Edit System from surplus equipment. The system, which serves as the prime unit for composing FAA data, represents a savings of about \$60,000 over a new unit.

In fiscal year 1986 the new Electronic Job Section became fully operational and exceeded its performance expectations.

Of great significance beyond even the Federal community was the development of Composition Attributes and their distribution for review throughout the industry.

Electronic Job Section Operational

In fiscal year 1986, the new Electronic Job Section became fully operational and exceeded its performance expectations. A major accomplishment of this section was the complete production of the 316-page *Annual Report of the President on Small Business*. The data base for the book, which contained charts, graphs, and illustrations, was received on floppy diskettes and was converted for use in the Modular Composition System (MCS).

In another important initiative, the traditional two-person proofreading teams have been supplanted by individual silent reading. This change, obviated by a rapidly diminishing supply of qualified proofreaders, has significantly increased the number of folios read with no apparent decrease in accuracy.

As reported last year, the Press Division acquired four surplus 19 x 25-inch presses in lieu of new equipment. Three of these units have been overhauled and are in operation. In addition, a new 36-inch web press was installed, giving more flexibility in printing a variety of jobs including congressional bills, Presidential Documents, the Postal Bulletin, and, in the future, the House Calendar. The new 5-color, 50-inch sheet-fed press for the production of passports and postal cards is being installed in Building 4 and should be operational by early 1987.

The Binding Division benefited from the much-needed resolution of the promotion and training aspects of the court decision on the class action discrimination case. The promotion area of the case was satisfied initially with the selection of 15 women to fill positions from Group Chief through Foreman. The procedures for testing and selecting Bookbinder Trainees were

also completed; 20 trainees are scheduled to begin the program during fiscal year 1987. A new microprocessor-controlled cutting machine was installed to support the automated passport system.

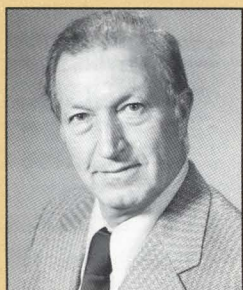
Of special note is the Production Department's attack on waste and spoilages in a concerted effort to reduce financial losses. The waste plan achieved a savings of \$245,088 during 1986, including a reduction of 8 percent in back-to-press jobs and a decline of 31 percent in spoilages.

Achievements in Quality

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 analyses, and management reports.

Highlights of this area's 1986 achievements include development of a successful weigh count operation to eliminate more than \$100,000 in shortages claimed by outside binding firms annually. Quality Control developed various paper specifications, including the Fosdic forms for the 1990 Census, and reformulated our standard inks to comply with the discontinuance of hazardous raw materials. This area also worked with Production, Customer Service, and the Internal Revenue Service on bar coding requirements including designs, process control, and a course in bar code fundamentals. Of great significance beyond even the Federal community was the development of Composition Attributes for the Quality Assurance Through Attributes Program (QATAP) and their distribution for review throughout the industry.

Procurement



S. Bruce Scaggs
Assistant Public Printer
(Procurement)

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.

The Assistant Public Printer (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.

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 73 percent of GPO's total fiscal year 1986 printing and binding revenue came from work contracted to commercial printers.

Owing largely to the effects of the Gramm-Rudman-Hollings Act, the Printing Procurement Department experienced a slight drop in orders procured, from over 314,000 last year to 311,082 in fiscal year 1986. Revenue decreased by 5.7 percent, from \$597 million to \$563 million, reflecting a trend towards smaller orders. This was still 3 percent above the \$547 million procured in fiscal year 1984. About 70 percent of total orders were placed through GPO's regional procurement offices.

There were significant administrative accomplishments in 1986. For example, a comprehensive training program was

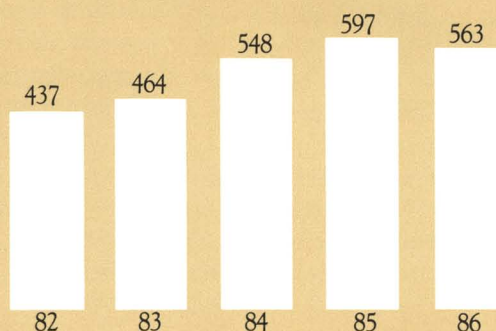
planned and instituted for 18 college graduates. A state-of-the-art information network, the IBM System 36, was installed Department-wide, including the Regional Printing Procurement Offices. This system provides increased access to the Procurement Information Control System (PICS), more direct control over specification development in both one-time bid jobs and term contracts, and on-site capability of generating specifications in the regional offices. PICS also received extensive upgrading, including interfaces with the Production Estimating and Planning System (PEPS) and the Executive Information System (EIS) and two automated print order systems.

New Term Contract Services

Several new term contract services were developed during fiscal year 1986. For example, a new contract for U.S. Savings Bonds was awarded which is expected to garner savings of nearly \$650,000 over the Treasury Department's previous contract. Over \$5 million in orders were placed on a similar contract for paper checks in only its first full year.

A new contract was written for the Social Security Administration's time-critical Program Operations Manual System which drastically reduces the time required to deliver the product to the ultimate user. The Internal Revenue Service asked GPO to write and award contracts for some of their most critical printing needs that were previously procured by waivers. One of these is a five-year contract for the Internal Revenue Manual, Part Three, worth just under \$1 million per year. In addition, the Defense Mapping Agency allowed GPO to award a contract for its publication "Sailing Directions" at a savings of \$250,000 over the previous direct procurement.

Purchased Printing Revenue (In Millions of Dollars)



In order to bring our services closer to our major customers, four regional satellite offices were opened during fiscal year 1986.

Bringing Services Closer to Customers

In order to bring our services closer to major customers, four regional satellite offices were opened during fiscal year 1986 in Charleston, SC; San Diego, CA; Oklahoma City, OK; and New Orleans, LA. A Management Exchange Program was established to enhance the effectiveness of the Superintendent's office and selected RPPO's, and an electronic publishing committee was formed, comprising the managers of four regional offices. Additionally, a number of public seminars on "How to do Business with GPO" have greatly increased awareness of our services.

Despite slightly lower workload and revenue figures, it is evident that more, and more complex, services are being requested as customer agencies' funding is cut back and they are forced to look for ways to make their printing dollars go further. One area which will demand our attention is automated publishing contracts. With increasing frequency, agencies are requesting contracts for data base management, electronic distribution, and on-demand printing. We are responding and will continue to respond by training our personnel in different methods of contracting such as two-step formal advertising and negotiation.

Managing Materials

GPO's Materials Management Service (MMS) is responsible for the acquisition and management of materials, supplies, equipment, and services for GPO.

During 1986, the total value of MMS procurements was \$98.5 million, including \$41 million for paper; paper prices rose by more than 14 percent in contrast to last year's 19-percent decline. The value of paper and envelopes issued was \$47.3 million, representing 104.9 million pounds, with paper for in-plant use comprising 60 percent of the total value.



Public Printer Kennickell cuts the ribbon to open the GPO satellite procurement office at Tinker AFB, Oklahoma, on June 11, 1986.

Procured Printing vs. In-House Work

Fiscal Year 1986
(Dollars in Millions)

\$562.9/Procured Printing _____
\$13.7/Regional Printing _____
\$171.8/Plant Printing* _____

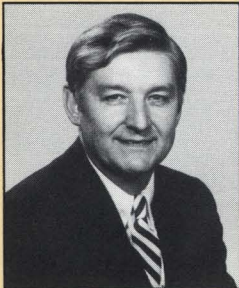
Procured Printing vs. In-House Work

Fiscal Year 1985
(Dollars in Millions)

\$596.0/Procured Printing _____
\$13.2/Regional Printing _____
\$171.8/Plant Printing* _____

*Excludes blank paper and other operations.

Superintendent of Documents



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

GPO's Sales of Publications Program produced revenue of \$62.8 million against expenses of \$57.3 million, for a net income of \$5.5 million, a 25 percent increase over 1985.

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 \$62.8 million in publication sales, \$21.8 million from the Superintendent of Documents salaries and expenses appropriation, and \$4.8 million from other Government agencies for reimbursable distribution services.

Increased Revenue From Sales

In 1986, GPO's Sales of Publications program produced revenue of \$62.8 million against expenses of \$57.3 million, for a net income of \$5.5 million, a 25 percent increase over 1985. Although primarily a mail order operation, \$11.5 million in sales were realized through GPO's network of 23 bookstores, a 24 percent increase over 1985, and almost \$2.5 million in revenue came from consigned agent sales. On June 2, 1986, GPO bookstore

sales of the "Tax Reform Act, H.R. 3838," Parts 1, 2, and Report, totaled \$459,945. On September 22, 1986, GPO bookstore sales of the "Tax Reform Act of 1986, H.R. 3838" totaled \$554,630. These were the largest single day sales totals in GPO bookstore history.

The implementation of Retail Stock Accounting on October 1, 1985, has resulted in more complete data for managers and increased accuracy of status and availability information. The accuracy of the data has resulted in a savings of \$100,000, as there was no requirement for an annual physical inventory to be conducted this year.

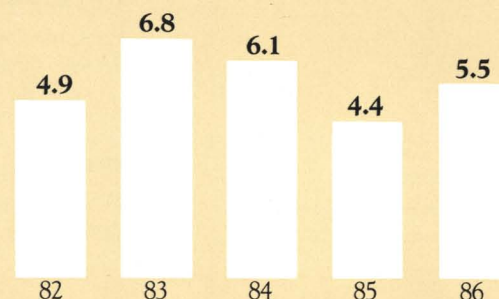
Due to the impact of Gramm-Rudman-Hollings, several agencies asked GPO to sell forms that had previously been distributed at no charge by the issuing agency. GPO sold mortgage application forms for the Department of Housing and Urban Development and the Veterans' Administration, and Medicare forms for the Health Care Financing Administration. In addition, GPO signed an agreement with the Internal Revenue Service to sell IRS forms to tax practitioners for the 1986 tax year.

Another result of Gramm-Rudman-Hollings was the Congressional Sales Program. Its creation was a cooperative effort among GPO, the Secretary of the Senate, and other concerned parties from the private and public sector. Sales of Congressional committee prints and hearings began on April 14, 1986, at Main GPO, and other Congressional items were offered for sale in the Senate Document Room on June 2, 1986.

The number of copies sold in the Low-Priced Publications Program continued to soar, as 971,000 copies were distributed, an increase of 125 percent over 1985.

Net Income from Sales of Publications

(In Millions of Dollars)



Marketing Government Information

In fiscal year 1986, the Office of Marketing broadened and deepened its efforts to increase public awareness of and access to Government information. The quarterly "U.S. Government Books" catalog continued as the leading public promotional vehicle as 438,000 copies were mailed. Catalog requests were generated largely by the reissuing of our print and broadcast media Public Service Announcements (PSA's); now several years old, the TV spots will be replaced by a new series set for distribution in early 1987. Four new direct mail flyers in the successful "Books for Professionals" series were produced, and 396,000 copies were printed and distributed.

Marketing continued its ongoing efforts to foster agency-sponsored promotions, and staff members assisted agency publishing officials with their marketing and promotional efforts. Bookstore marketing efforts were another focal point of activity, and included new flyers, localized radio scripts, and the development of marketing skills among bookstore personnel. In addition, members of the Marketing staff visited 10 bookstores to gauge their specific needs. The Marketing staff also continued to support the needs of the Depository Library Program through presentations, speeches, development of a portable display unit, and the distribution of 1 million bookmarks and over 500,000 brochures during 1986.

Depository Library Services

As of the end of fiscal year 1986, there were 1,394 libraries designated as Federal depositories required by law to ensure free public access to Government publications. During 1986, GPO distributed over 24.5 million copies of 51,000 titles in both paper and

microfiche format, representing a continued decline in the number of titles and copies distributed. In addition, the Department of Energy distributed 2.1 million copies of microfiche to depositories, a decline from 10.2 million in 1985 reflecting the end of its retrospective fiche distribution last year. The U.S. Geological Survey distributed 1.1 million maps, a program begun in 1985.

Sales of Publications

Revenue from GPO's Sales of Publications Program in 1986 was \$62.8 million, an increase of \$3.5 million over fiscal year 1985. Expenses associated with the program increased by only \$2.4 million, to \$57.3 million, resulting in a net income of \$5.5 million compared to \$4.4 million last year. The total number of publications sold increased slightly over fiscal year 1985, due in part to increased patronage of the GPO bookstore system. The dollar volume of bookstore sales increased by 22 percent, to \$11.5 million.

Salaries and Expenses

Salaries and expenses associated with the operation of the By-Law Distribution Program, the Reimbursable Distribution Program, the Depository Library Program, and the Cataloging and Indexing Program decreased by \$2.2 million from fiscal year 1985 to a total of \$26.7 million. This decrease was due to the sequestering of funds under the Gramm-Rudman-Hollings Deficit Reduction Act and a decline in the cost for printing services for the Depository Library Program.

Capital Expenditures

Capital expenditures this year amounted to nearly \$9 million compared to \$8.8 million last year. Major acquisitions and efforts included

upgrading of equipment at the regional printing offices, renovation and construction of offices for the Inspector General, relocation of the Philadelphia Bookstore, renovation of the Denver Regional Procurement Office, a new embossing press for the Production Department, and the installation of text editing systems and non-impact printers.

The Micrographics Section converted 29,000 titles to microfiche for a total of 12.8 million copies for distribution, a decline of 547,000 from last year, but representing 56.5 percent of total copies distributed compared to 54 percent in 1985. Microfiche conversion has become more vital in light of the lower salaries and expenses appropriation mandated by Congress.

Of special note is the 35 percent decline in library claims for non-receipt of publications, from 62,000 to less than 40,000 this year. This dramatic decrease can be attributed to the emphasis placed on quality assurance by management and to the implementation last year of the Lighted Bin System.

The volume of new publications received for classification declined, with 131,897 new publications received for fiscal year 1986. This decrease and the effective recruiting of new staff resulted in a 64 percent reduction in classification backlogs. Responsiveness to user correspondence and inquiries was greatly improved, and the consistency and accuracy of the classification process has been greatly enhanced by the system-wide usage of "A Practical Guide to the Superintendent of Documents Classifications System" which was distributed to all depository libraries this year.

Library Programs Service catalogers processed 28,581 titles in 1986, a slight gain over last year which was achieved without last year's commercial cataloging contract and with four fewer catalogers.

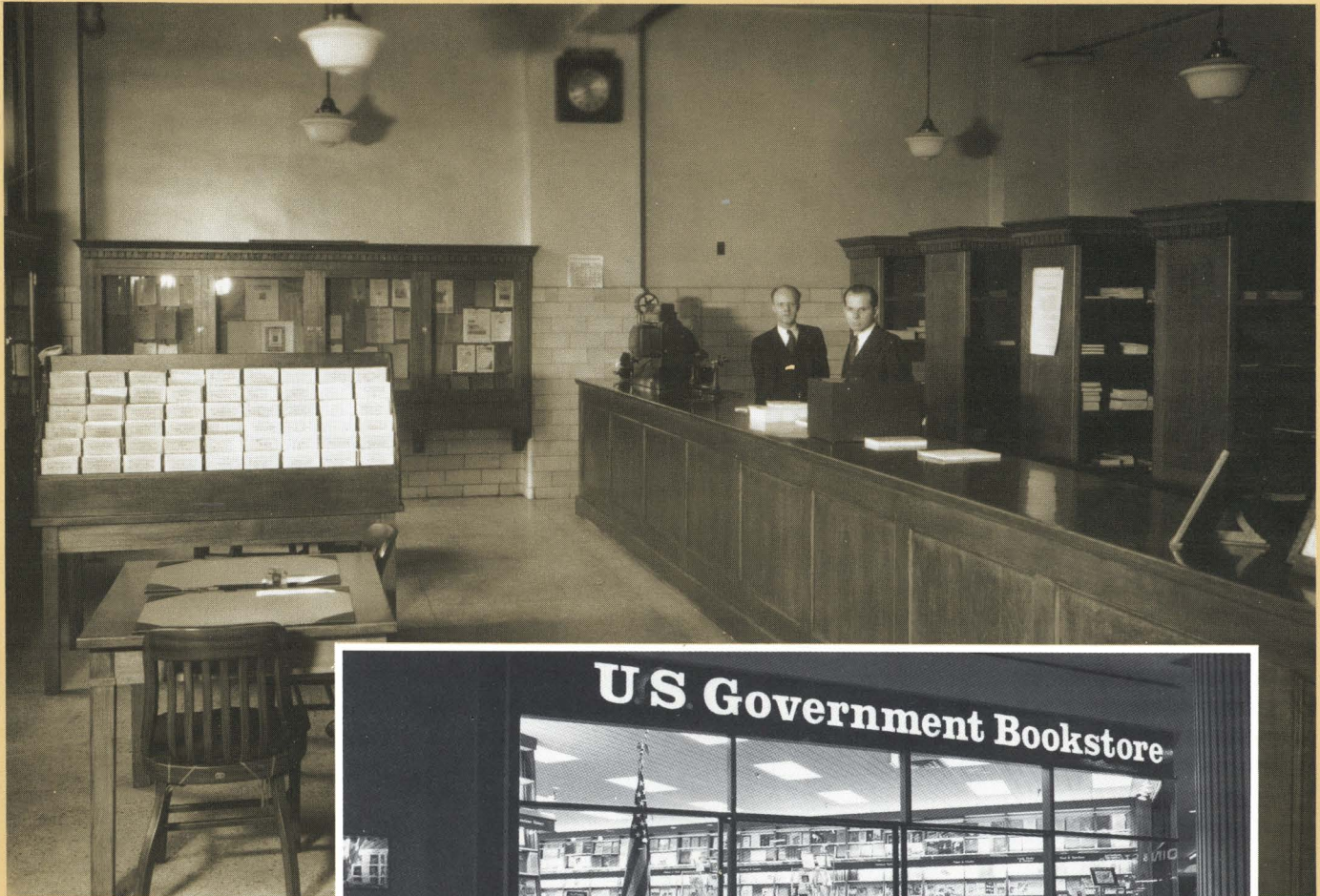
Fiscal year 1986 marked the first full year for the newly reorganized Depository Library Inspection Team. The team is completely trained and is fully staffed for the first time in three years. The number of individual inspections reached a record high of 335, covering 27 states. Seven libraries were placed on probation, four were removed from probation, and one was removed from the program.

By Law and Reimbursable Mailing

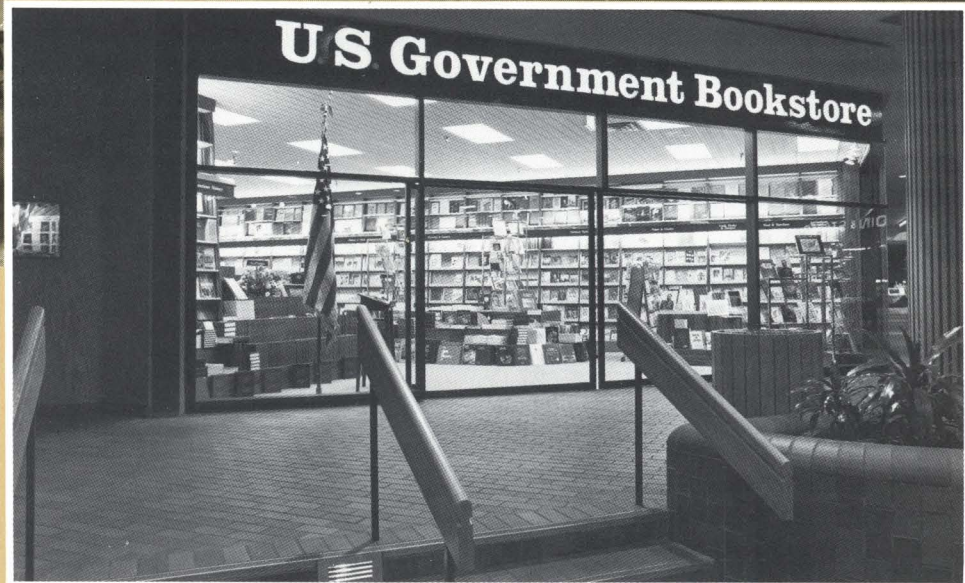
In accordance with statutory requirements, GPO distributed approximately 7.2 million free copies of Government publications in fiscal year 1986, virtually the same number as last year. This ended a three-year decline in statutory workload from the 17 million publications distributed in 1982.

GPO's largest reimbursable distribution operation is the Consumer Information Center (CIC), which is operated on behalf of the General Services Administration at the Public Documents Distribution Center in Pueblo, CO. During 1986, 19.2 million catalogs and other publications were distributed through this facility, a decline from the 21.9 million handled last year.

GPO also received and mailed about 27.8 million publications for other Government agencies, down from 28.1 million a year ago. In all, GPO received \$4.8 million in customer agency reimbursements for this service.



The GPO bookstore circa 1933 (above) and its lineal descendent, the modern Kansas City, MO, bookstore, located in a commercial shopping mall (inset).



A section of the Documents Division as it appeared in 1914.



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 5 smaller satellite offices. Superintendent of Documents operations include the sale of publications, distribution to depository libraries, reimbursible 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

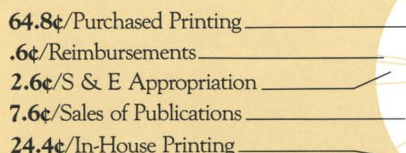
GPO achieved a consolidated net income for fiscal year 1986 of \$8.8 million, compared to \$10.4 million for fiscal year 1985. This decrease can be attributed to the overall effect of the Gramm-Rudman-Hollings balanced budget act. Total consolidated revenue decreased by \$33 million in 1986 to \$826 million, while total expenses also decreased by \$32 million to a balance of \$817 million. The decrease in expenses was mainly generated by the decreased dollar volume in procured printing. For the fifth consecutive year, GPO's Sales of Publications Program continued to produce a healthy net income.

Printing and Binding Operations

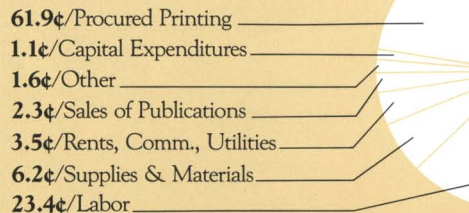
In fiscal year 1986 GPO's in-house and commercially procured products generated a revenue of \$768 million, which is 90 percent of total GPO revenue. Revenue from commercially procured printing was \$563 million, representing about 73 percent of the total dollar volume for printing

GPO's 1986 Revenue Dollar

Where It Came From



Where It Went



and binding work. During the year, GPO processed 369,000 printing orders, an average of nearly 1,500 orders a day. The average value of an order produced in-house was about \$3,550; the average revenue generated from a commercially-procured job was about \$1,800. GPO used or sold nearly 105 million pounds of paper, 61 percent of which was used for in-house printing and 39 percent of which was sold to customer agencies.

Central Plant Printing Operations

GPO's central plant printing operations (excluding materials operations) earned \$1.6 million in net income this year compared to a net income of \$1.4 million for 1985. Total revenue was \$142.2 million compared to \$140.9 million last year, while expenses amounted to \$140.6 million against \$139.5 million in 1985. Materials operations experienced a net loss of \$934,000, a significant improvement over last year's \$2.3 million loss. Other operations, including the sale of waste and scrap, generated a net income of \$252,000, compared to \$1.1 million last year.

Regional Printing Operations

The Chicago, Denver, and Seattle regional plants recorded modest net

surpluses in 1986 while the San Francisco plant broke even. Losses were posted by the Rapid Response Center, located at the Washington, DC Navy Yard, and the New York office. Overall, GPO's regional printing operations experienced a combined net deficit of \$720,000 in fiscal year 1986 compared to a \$1.3 million loss last year.

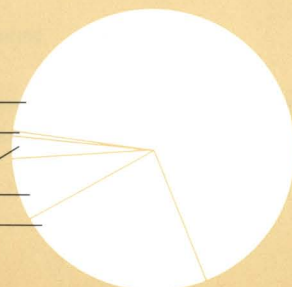
Central Office and Regional Printing Procurement Operations

Although GPO's printing procurement operations experienced some reversals in procured printing during 1986, both revenue and volume were still greater than those recorded in 1984. Total revenue was \$562.9 million, a decrease of \$33.9 million or 6 percent under 1985, resulting in a net income of \$3.2 million. Of the revenue, \$154.2 million was from central office term contracts, \$170.5 million was from central office one-time bid work, and the balance was from regional operations. Most of the decline from last year was in central office one-time bid work (\$21.2 million). Approximately 311,000 orders were procured during the year, a decrease of 3,000 from the recordsetting number procured in 1985 but still about 4,000 more than in 1984.

GPO's 1985 Revenue Dollar

Where It Came From

66.7¢/Purchased Printing
.5¢/Reimbursements
2.8¢/S & E Appropriation
6.9¢/Sales of Publications
23.1¢/In-House Printing



Where It Went

63.5¢/Procured Printing
1.0¢/Capital Expenditures
1.6¢/Other
2.0¢/Sales of Publications
3.3¢/Rents, Comm., Utilities
6.4¢/Supplies & Materials
22.2¢/Labor



Financial Statements

Consolidated Balance Sheet

As of September 30, 1986, and 1985 (Notes 1 and 2) (in thousands of dollars)

Assets	1986	1985
Current Assets:		
Cash:		
On-hand and in-transit	\$1,370	\$1,260
Revolving Fund	100,336	57,636
Appropriations	49,539	72,857
Accounts receivable (Note 3)	202,593	229,769
Inventories:		
Publications for sale, net (Note 4)	11,664	10,998
Paper	12,590	12,125
Materials and supplies	<u>8,314</u>	<u>7,956</u>
 Total Current Assets	 <u>386,406</u>	 <u>392,601</u>
 Property, Plant, and Equipment (Note 5):		
Land and buildings	18,648	18,648
Equipment and building improvements	<u>101,965</u>	<u>94,091</u>
	120,613	112,739
Less: accumulated depreciation	<u>65,174</u>	<u>60,169</u>
Net Property, Plant, and Equipment	<u>55,439</u>	<u>52,570</u>
 Total Assets	 <u>\$441,845</u>	 <u>\$445,171</u>

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

Liabilities and Investment	1986	1985
Current Liabilities:		
Accounts payable (Note 6)	\$81,055	\$79,542
Advances from customers (Note 7)	35,492	36,343
Accrued salaries and wages	8,349	7,473
Taxes and other withholdings	<u>821</u>	<u>819</u>
Total Current Liabilities	<u>125,717</u>	<u>124,177</u>
Other Liabilities:		
Accrued annual leave	8,659	8,353
Excess receipts from sales of publications, due U.S. Treasury (Note 8)	<u>5,516</u>	<u>4,378</u>
Total Other Liabilities	<u>14,175</u>	<u>12,731</u>
Total Liabilities	<u>139,892</u>	<u>136,908</u>
Investment of U.S. Government:		
Appropriations obligated but unexpended	<u>48,884</u>	<u>59,836</u>
Revolving Fund:		
Contributed capital (Note 9)	110,679	110,745
Retained earnings (Note 10)	141,012	137,682
Reserved per Public Law 99-500 (Note 8)	<u>1,378</u>	<u>—</u>
Total Revolving Fund	<u>253,069</u>	<u>248,427</u>
Total Investment	<u>301,953</u>	<u>308,263</u>
Total Liabilities and Investment	<u>\$441,845</u>	<u>\$445,171</u>

Consolidated Statement of Revenue and Expenses by Function and Retained Earnings

Fiscal Years 1986 and 1985 (Notes 1 and 2) (in thousands of dollars)

	Printing and Binding (Note 11)		
	In-House Printing	Purchased Printing	Total
Revenue:			
Printing and Binding	\$205,472	\$562,933	\$768,405
Sales of Publications	—	—	—
Appropriations	—	—	—
Reimbursements	—	—	—
Total Revenue	\$205,472	\$562,933	\$768,405
Expenses:			
Personnel compensation and benefits	\$139,025	\$26,021	\$165,046
Travel and transportation	508	1,663	2,171
Rents, communications and utilities	10,439	2,705	13,144
Printing and reproduction	—	527,031	527,031
Other services	2,243	817	3,060
Supplies and materials	47,786	1,244	49,030
Depreciation	5,292	301	5,593
Publications sold	—	—	—
Unsaleable publications	—	—	—
Total Expenses	\$205,293	\$559,782	\$765,075
Net Income	\$179	\$3,151	\$3,330

Retained Earnings, Beginning of Fiscal Year

Retained Earnings Before Payable to U.S. Treasury

Less:

Excess receipts from 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			Eliminations	Total GPO	
Sales of Publi- cations	Salaries and Expenses	Total		1986	1985
—	—	—	(\$31,768)	\$736,637	\$771,162
\$62,850	—	\$62,850	—	62,850	59,301
—	\$21,853	21,853	(348)	21,505	24,229
—	4,806	4,806	—	4,806	4,177
\$62,850	\$26,659	\$89,509	(\$32,116)	\$825,798	\$858,869
\$22,843	\$9,217	\$32,060	(\$2,845)	\$194,261	\$190,440
485	245	730	—	2,901	2,605
11,928	4,129	16,057	(604)	28,597	28,597
948	11,181	12,129	(28,028)	511,132	545,683
819	842	1,661	(445)	4,276	3,890
1,506	745	2,251	(194)	51,087	54,559
120	300	420	—	6,013	5,765
15,899	—	15,899	—	15,899	14,516
2,786	—	2,786	—	2,786	2,418
\$57,334	\$26,659	\$83,993	(\$32,116)	\$816,952	\$848,473
\$5,516		\$5,516		\$8,846	\$10,396
				137,682	131,664
				\$146,528	\$142,060
				5,516	4,378
				\$141,012	\$137,682

Consolidated Statement of Changes in Financial Position

Fiscal Years Ended September 30, 1986, and 1985 (Notes 1 and 2) (in thousands of dollars)

	1986	1985
Funds Provided:		
Net Income	\$8,846	\$10,396
Add expenses not requiring working capital:		
Depreciation	6,013	5,765
Book value of retired assets	1	51
Total Funds Provided by Operations	14,860	16,212
Disposal of fixed assets	28	72
Appropriations	103,941	122,868
Reimbursements	4,806	4,177
Increase in accrued annual leave	306	312
Total Funds Provided	123,941	143,641
Funds Applied:		
Purchase of fixed assets	8,977	8,814
Funds returned to U.S. Treasury:		
From Sales of Publications	—	8,238
From Appropriations	23,546	49,771
Public Law 99-177 Reductions	4,469	—
Printing and Binding	68,025	69,262
Obligated Appropriations (Note 12)	26,659	28,934
Total Funds Applied	131,676	165,019
Decrease in Working Capital	(\$7,735)	(\$21,378)

Changes in Working Capital

Current Assets:

Cash:		
On-hand and in-transit	\$110	(\$509)
Revolving Fund	42,700	11,150
Appropriations	(23,318)	(8,030)
Accounts receivable	(27,176)	(18,723)
Publications for sale	666	1,413
Paper	465	(5,089)
Materials and supplies	358	165

Current Liabilities:

Accounts payable	(1,513)	1,682
Advances from customers	851	(2,692)
Accrued salaries and wages	(876)	(719)
Taxes and other withholdings	(2)	(26)

Decrease in Working Capital	(\$7,735)	(\$21,378)
------------------------------------	------------------	-------------------

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

Status of Appropriated Funds

Fiscal Years Ended September 30, 1986, and 1985 (Notes 1 and 2) (in thousands of dollars)

	Congressional Printing and Binding	Printing and Binding	Salaries and Expenses	Total Appropriated Funds	
				1986	1985
Status of Appropriations, Beginning of Fiscal Year	\$51,223	\$4,752	\$16,882	\$72,857	\$80,887
Funds Provided:					
Initial Appropriations	69,405	11,555	22,981	103,941	122,868
Intra-Office Funding	—	—	3,000	3,000	—
Reimbursements	—	—	4,806	4,806	4,177
Total Funds Provided	120,628	16,307	47,669	184,604	207,932
Funds Applied:					
Printing and Binding	65,523	12,535	—	78,058	59,273
Obligated appropriations	—	—	28,992	28,992	26,031
Funds returned to U.S. Treasury	20,667	847	2,032	23,546	49,771
Public Law 99-177 Reductions	2,984	497	988	4,469	—
Total Funds Applied	89,174	13,879	32,012	135,065	135,075
Status of Appropriations, End of Fiscal Year	\$31,454	\$2,428	\$15,657	\$49,539	\$72,857

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

Notes to Financial Statements

As of September 30, 1986, and September 30, 1985

(all amounts in thousands of dollars)

(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.

Restatement of Comparative Data—The Status of Appropriated Funds has been revised to reflect funds expended rather than billings rendered. The change has no effect on the net income or loss of Government Printing Office operations.

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

Expense Allocation—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. During Fiscal Year 1986, the GPO guaranteed prices on a large volume of in-house work. The estimated losses, if any, on work completed substantially during the fiscal year have been recorded in the accounts.

Cash Management—During Fiscal Year 1986, the Government Printing Office instituted improved cash management procedures. These procedures decreased the cycle time between cash paid out to contractors and cash received from customer agencies. The large increase of cash on hand at yearend is a direct result of the implementation of these procedures.

Inventories—Various inventory valuation methods are used; 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 appurtenances. 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. Fully depreciated assets still in use total \$24,111 in 1986. Retirements are removed from the accounts.

Intra-Office Funding—Beginning in Fiscal Year 1986, the Salaries and Expenses Appropriation was funded in part by excess receipts derived from sales of publications. In Fiscal Year 1986, this type of funding provided \$3,000 to the Appropriation. In Fiscal Year 1987, \$1,378 will be provided to the Salaries and Expenses appropriation from this source.

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 or the Federal Old-Age, Survivor, and Disability Insurance Fund. Consequently, the GPO has the responsibility for withholding the required percentage from each employee's salary and for contributing to the funds. The GPO's contributions were \$11,332 and \$11,045 in 1986 and 1985, respectively.

Federal Employee Retirement System—Effective January 1, 1987, all employees hired on or after January 1, 1984, will be covered by the new Federal Employees Retirement System (FERS). Employees currently covered by the Civil Service Retirement System (CSRS) will be allowed to make an irrevocable election to FERS. The Federal Employee Retirement System is a three-tiered retirement plan composed of Social Security Benefits, a Basic Benefit Plan, and a Savings Plan in which employees under FERS may choose from Government Securities, Fixed Income, and Common Stock Index Investment Funds. Employees covered by CSRS may also participate in the Savings Plan. However, for CSRS employees, the Government will not contribute to the Savings Plan. CSRS employee funds will be invested in the Government Securities Fund only. On January 1, 1987, the GPO will be required to make a retroactive contribution to the Savings Plan. The contribution will be one-percent of the salaries and wages for all employees hired on or after January 1, 1984, retroactive to the date of their employment. As a result, a current liability has been recorded in the accounts for \$50.

Contingencies—The Government Printing Office has received a claim for various costs associated with the termination of the contract for Program 600-S. If all amounts claimed are recognized and GPO determined to be liable, eventual payment may exceed \$26,500. As a comprehensive review of the claim is now underway, no estimate of any potential settlement amount can be made at this time.

(3) Accounts Receivable

Accounts receivable as of September 30, 1986, and 1985, is comprised of the following:

Accounts Receivable	1986	1985
Billed to Government Agencies	\$40,984	\$44,135
Unbilled completed work	118,585	126,730
Unbilled work in process	42,082	57,646
Other	<u>942</u>	<u>1,258</u>
Totals	<u>\$202,593</u>	<u>\$229,769</u>

Other accounts receivable for 1986 include a non-trade promissory note from the Refectory Cafe Limited of \$165. At the end of the prior year, this note was \$32.

(4) Publications for Sale, Net

Publications for sale, net as of September 30, 1986, and 1985, are comprised of the following:

	1986	1985
Publications for sale	\$14,759	\$13,540
Allowance for unsaleable publications	<u>(3,095)</u>	<u>(2,542)</u>
Publications for sale, net	<u>\$11,664</u>	<u>\$10,998</u>

(5) Property, Plant, and Equipment

Property, plant, and equipment as of September 30, 1986, and 1985, is comprised of the following:

	1986		1985	
	Acquisition Value	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$9,992	—	\$9,992	\$9,992
Buildings	8,656	\$8,373	283	381
Building improvements	30,712	13,885	16,827	15,449
Leasehold improvements	636	129	507	48
Plant machinery and equipment	62,439	38,131	24,308	21,762
Office machinery and equipment	6,985	3,882	3,103	3,948
Furniture and fixtures	244	179	65	78
Motor vehicles	715	595	120	102
Capital improvements in progress	234	—	234	810
Totals	<u>\$120,613</u>	<u>\$65,174</u>	<u>\$55,439</u>	<u>\$52,570</u>

(6) Accounts Payable

Accounts payable as of September 30, 1986, and 1985, is comprised of the following:

Accounts Payable	1986	1985
Commercial printing	\$69,233	\$66,597
Other	<u>11,822</u>	<u>12,945</u>
Totals	<u>\$81,055</u>	<u>\$79,542</u>

(7) Advances from Customers

Advances from customers as of September 30, 1986, and 1985, are comprised of the following:

Advances	1986	1985
Advanced billings to customer agencies for printing services	\$8,125	\$10,616
Customer deposits for publications	7,606	7,474
Subscriptions, including prepaid subscription service and unearned subscription revenue	17,985	16,042
Undelivered publication orders	<u>1,776</u>	<u>2,211</u>
Totals	<u>\$35,492</u>	<u>\$36,343</u>

(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, 1986, was determined as follows:

Amount due U.S. Treasury, September 30, 1985	\$4,378
Amount used to finance Fiscal Year 1986 Salaries and Expenses Appropriation as per Public Law 99-151	(3,000)
Amount to be used to finance Fiscal Year 1987 Salaries and Expenses Appropriation as per Public Law 99-500	(1,378)
Fiscal Year 1986 Excess Receipts	<u>5,516</u>
Amount Due U.S. Treasury, September 30, 1986	<u>\$5,516</u>

(9) Contributed Capital

Contributed capital as of September 30, 1986, and 1985, was derived from the following:

Contributed Capital	1986	1985
Beginning net worth when the Revolving Fund was established	\$33,807	\$33,807
Book value of contributed buildings and land	712	811
Appropriations for improvements to air conditioning and electrical systems	12,900	12,900
Appropriations for working capital and site acquisition	62,600	62,600
Donated equipment	<u>660</u>	<u>627</u>
Totals	<u>\$110,679</u>	<u>\$110,745</u>

(10) Retained Earnings

During the fiscal year, the GPO contracted to purchase a parcel of land adjoining the Central Office Complex. The amount of retained earnings restricted by this purchase commitment is approximately \$9,500.

(11) Printing and Binding

In-house printing and binding and purchased printing net income or (loss) for central and regional operations for September 30, 1986, and 1985, are as follows:

	1986	1985
In-House Printing		
Central	\$900	\$221
Regional	(721)	(1,260)
Subtotal	179	(1,039)
Purchased Printing		
Central	2,372	3,207
Regional	779	3,850
Subtotal	3,151	7,057
Totals	<u>\$3,330</u>	<u>\$6,018</u>

(12) Obligated Appropriations

Obligated appropriations at September 30, 1986, and 1985, are as follows:

Programs	1986	1985
Distributions for other agencies	\$6,286	\$6,236
Depository library distribution	18,043	20,037
Cataloging and indexing	2,330	2,661
Totals	<u>\$26,659</u>	<u>\$28,934</u>

A Tradition of Excellence

Throughout the history of the GPO, composing has been the backbone of our operation. This craft had changed little from the time of Gutenberg until the late 19th century, when a revolution of mechanization occurred. With the introduction of the Mergenthaler Linotype in 1886 and the Lanston Monotype in 1892, the handsetting of foundry type was rendered obsolete. The Government Printing Office entered this modern era in 1904 with the purchase of 46 Linotypes and 28 Monotypes. In its heyday, the Composing Division comprised in excess of 150 Linotypes and Intertypes, 120 Monotype keyboards, and 125 casters, and as recently as 1969 hit its high of 1,706 employees. A 1925 account reported that GPO has the capacity to machine-set the entire Holy Bible within only 6 hours.

The real story of hot metal composing is one of people—the men and women who learned and devoted themselves to an exacting craft requiring knowledge not only of the printing process but of things beyond the walls of this Office. There were linguists, grammarians, and other experts to whom the Federal Government turned time and again for the “last word” in language and usage. This amazing versatility of the GPO compositor has always been reflected in the U.S. Government Printing Office *Style Manual*, and in-house product that has long been an industry-wide standard.

The transition to electronic photocomposition is complete, and technology will continue to play a major role in the operations of the GPO. We will strive to insure that the tradition of excellence built over the past 125 years will continue as well.

These scenes of (clockwise from bottom left) the Hand Section in 1912, the Job Section in 1914, the Linotype and the Proofroom Section in 1933, and the Electronic Job Section today graphically depict the evolution of typesetting technology in GPO.

