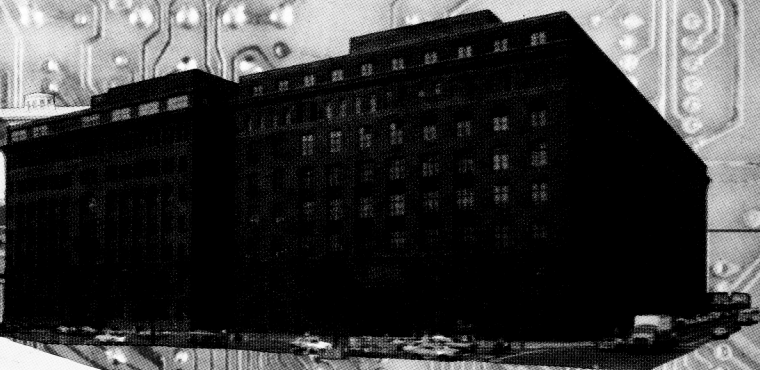
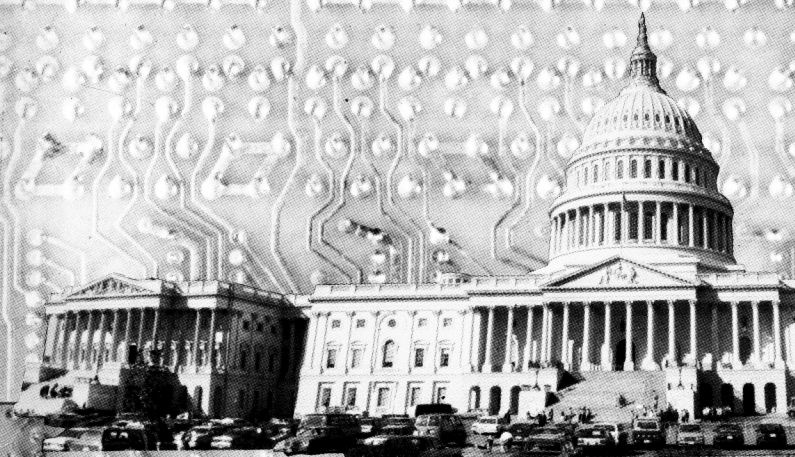


THE U.S. GOVERNMENT PRINTING OFFICE ANNUAL REPORT 1988



*The Evolution
Continues*



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)	James N. Joyner Assistant Public Printer (Administration and Resources Management)
M. Joseph Cannon Assistant Public Printer (Financial Policy and Planning)	Joyce Blalock Inspector General
Grant G. Moy, Jr. General Counsel	Stuart M. Foss Executive Advisor

Table of Contents

Public Printer's Message	1
Deputy Public Printer's Message	3
Operations	5
Procurement	10
Superintendent of Documents	12
Administration and Resources Management	14
Financial Policy and Planning	18
Financial Highlights	20
Financial Statements	22

Public Printer's Message



Ralph E. Kennickell, Jr.
Public Printer

I reflect with pride on the past year at the Government Printing Office, a year in which we strengthened our role as the "Nation's Printer." We continued to better our efforts in providing personal, individualized service to Congress and our customer agencies, and we became a leader and innovator in the integration of state-of-the-art electronic publishing technologies.

As the watchword for today's Federal Government continues to be economy, it is imperative that for every Government dollar spent a product or service of equal value is received. Budgetary constraints have substantially reduced the amount of money our customers can allocate for printing. Therefore, we work with our customers to evaluate their needs, render advice, suggest modifications, and monitor in-house and contractor performance to ensure maximum return on their printing dollars. Through these cost-saving efforts, the continuing modernization of our printing equipment, the integration of new technologies, and our employees striving to work smarter *and* harder, GPO continues to end each year on a firm financial basis. Fiscal year 1988 showed a consolidated net income of \$15.7 million, including \$7.6 million from in-house printing operations, \$4.3 million from procured printing operations, and \$3.8 million from sales of Government publications.

Fiscal year 1988 was also a year in which we reached out to diverse segments involved in the "information industry." In June, GPO hosted the International Government Printers' Conference. Fifty-two government printers from around the world met to exchange their opinions and share information and knowledge of new technology so vital to this industry. The largest gathering ever in attendance, this highly distinctive group took the historic step of formalizing themselves into the International Government Printers' Association, pledging in their charter's preamble to "provide a forum for the exchange of information, advice, and assistance in the resolution of problems common to the government printing industry, and to seek the improvement of government printing operations through the application of new technology, methods, and techniques."

During the last week of September, GPO hosted the 12th Annual National State Printing Association Conference. The association was formed in 1977 to provide a forum through which State printing officials could share their knowledge and expertise with peers and provide assistance to one another in solving problems relevant to the management of State printing operations. With 65 printers, representing nearly every State, the conference with its theme, "Technology and the Future of State Government Printing," brought together the largest gathering ever for the association.

Earlier in the year, GPO launched a leadership effort in the war against illiteracy in our Nation with its cosponsorship of a Symposium for the Graphic Arts Industry, "The Image of Print Media and the Problem of Functional Illiteracy in the United States." Coordinated by our Office of Innovation and Development and jointly conducted by the Academic Advisory Council of the Government

Printing Office and the Adult Literacy Initiative of the U.S. Department of Education, the symposium stressed that literacy is a major societal issue and is crucial to the future of the printing and publishing industry. Prominent speakers included: Then Secretary of Education Dr. William J. Bennett; Congressman William Goodling; Harold W. McGraw (Chairman Emeritus of McGraw-Hill, Inc., and President of the Business Council for Effective Literacy); and Dr. David Harman (internationally renowned literacy expert and author). In a letter to symposium attendees, Mrs. Barbara Bush, wife of the Vice President of the United States, wrote:

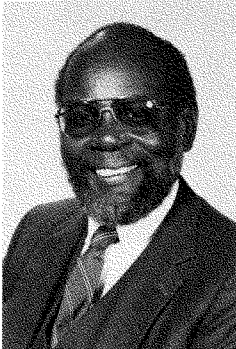
"The printing industry has an enormous stake in a more literate America—so much to lose as a consequence of functional illiteracy, and so much to contribute to our national movement. I offer congratulatory thanks to the U.S. Government Printing Office and the Department of Education for jointly sponsoring today's very ambitious symposium, and to the literacy experts and printing industry leaders who are joining forces in this innovative effort. This kind of cooperation is absolutely essential when it comes to working for literacy."

As a service organization, the GPO's future is dependent in large measure upon the needs and desires of our customers. The most recent years have seen a trend toward increasing requirements for even shorter schedules and more personalized service. It is imperative that the GPO continue to evolve in order to accommodate these requirements, for it is only through responsive service that GPO can fulfill its mission. As I look back over the accomplishments of the last 4 years, I feel strongly that GPO is an agency that is moving confidently toward the 21st century, able to adapt and grow, and be a leader and innovator in new publishing technologies. Even more, it is an agency where "demand-driven and service-oriented" is no longer a revolutionary credo, but a quiet, integral part of its day-to-day operations.

A handwritten signature in black ink, reading "Ralph E. Kennickell, Jr." in a cursive script.

Ralph E. Kennickell, Jr.
Public Printer

Deputy Public Printer's Message



Joseph E. Jenifer
Deputy Public Printer

Fiscal year 1988 saw further refinement in GPO's organizational structure. The Administration and Human Resources areas were combined in January under the Assistant Public Printer (Administration and Resources Management). In addition, the position of Assistant Public Printer (Financial Policy and Planning) was established to serve as chief financial officer of the GPO and represent the agency on all financial matters. The Office of Financial Policy and Planning also serves as GPO's strategic planning center.

As part of our continuing efforts to modernize our production processes, we purchased three new drilling machines for our Binding Division, procured a new film dispenser for our Negative Section, acquired a new 70-mm projection platemaker, developed custom software, and upgraded our Atex text processing systems. We also installed two new wastepaper baling machines including a dust collection/filtration system, and a new cleaning and crushing operation for emptied drums which brought us in line with new, more stringent environmental regulations.

As GPO evolves from an ink-on-paper operation to full integration of the most sophisticated electronic publishing technologies, we are reaching out into diverse and exciting new areas. A pilot project to test the feasibility of using FM radio sidebands as an alternative method of distributing data was tested by our Office of Innovation and Development with promising results. Through an agreement between GPO, the Office of the Federal Register, and a private contractor, the *Federal Register* has been broadcast to a number of receiving stations every night. Software was developed in our Graphic Systems Development Division to compare the data received over the FM antenna against the data that were broadcast. Although some errors were found in the received data, none were the result of the new FM broadcast technology.

CD-ROM mastering and replication is being accomplished through procurement, and we have leased a CD-Publisher PreMastering System which will be used in the production of CD-ROMs in-house. "Dial-up" composition is steadily growing with 40 customers, utilizing 136 workstations, taking advantage of this advanced technology at the close of the fiscal year.

Never in GPO's history has the spirit of change and technological growth been so palpable. While meeting the requirements of the present, we look forward with anticipation to our evolving role as a leader and innovator in the new and ever-changing technologies of the information industry.

The role of the Office of Inspector General is to identify problems and weaknesses and prevent fraud, waste, and abuse. During fiscal year 1988, the Office of Audits (OA) issued 50 reports which assisted GPO managers in reducing costs, improving operations, and strengthening internal controls against fraud, waste, and abuse. Implementation of OA recommendations resulted in cost savings and management commitments to avoid costs or more effectively use resources. Savings of up to \$15.2 million may result from questioned costs on contractor claims.

Office of
Inspector General

Office of Public Affairs



The Office of Investigations (OI) handled a total of 60 reported or referred matters. A total of 41 cases were opened and 28 closed. Of those cases opened, the OI conducted 34 criminal and 7 noncriminal investigations. The OI carried over 9 active investigations and closed 25 investigations from previous fiscal years. The OI presented three civil matters to United States Attorneys Offices resulting in court-assessed civil penalties totaling \$85,000, monetary fines totaling \$1,650, and restitutions totaling \$406,730.

During fiscal year 1988, GPO's Office of Public Affairs carried out its day-to-day recurring functions, while handling numerous special projects.

Foremost among those was the preparation, conduct, and followup required for the hosting of the 1988 International Government Printers' Conference. The commitment made to this major project brought about a level of success surpassing even the highest of expectations. With support and assistance from other GPO organizations and external sources, the Public Affairs staff assumed overall responsibility for the conference and assured that the 52 international delegates, numerous spouses, and corporate, association, and Federal attendees were provided personalized service and attention throughout the event. Along with handling all preliminary and onsite technical and material needs for the conference, the staff followed up with thank you letters and communications to those individuals involved with its success. This event was the first of its kind in GPO's history and has enhanced the reputation of the Office on a worldwide scale.

For the third year in a row, the Public Affairs Office coordinated the distribution of the Budget of the United States, provided for media opportunities, and handled arrangements for the GPO-hosted press conference. In addition, the Public Affairs staff was heavily involved in preparations and activities relating to Graph Expo '87, FOSE '88, the public celebration of "National Police Week," and the observance of "Constitution Week." Assistance in arranging for the Veterans Day program and in coordinating the Christmas Open House and Community Children's Day was also provided to the appropriate organizations. GPO's highly regarded Adopt-A-Family Program continued during the fiscal year under the coordination of this office, with eight families receiving assistance. Public Affairs support continued in the area of video coaching, with nearly all managers at the Department/Service level and above completing the program.

Another important accomplishment was the reinstatement of the notification to Members of Congress when a contract valued at more than \$100,000 is issued to a firm in their particular district or State. During fiscal year 1988, more than 1,300 notification letters, with accompanying news releases suggested for publication, were processed.

Operations

The Assistant Public Printer (Operations and Procurement) is responsible for all pre-press, press, and binding operations at GPO's central office printing plant; the quality control and related technical assistance to all GPO production and procurement operations; and technical expertise and liaison to GPO's customers to meet their printing requirements in the most cost-effective manner. The primary responsibility of the Assistant Public Printer (Night Operations) is to supervise the printing and delivery of the *Congressional Record* and *Federal Register*, and to correlate this delivery with the production of congressional bills, committee prints, documents, hearings, and reports; while, at the same time, rendering all possible assistance to requests for help in advancing departmental work.

Production Department

GPO's central office printing plant primarily serves the short-turnaround printing requirements of the Congress. It is located four blocks north of the U.S. Capitol and employs over 2,000 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 \$7.6 million. Major congressional products include the *Congressional Record*, bills, resolutions, amendments, reports, and hearings.

The Electronic Systems Development Division (ESDD) provides electronic technical services to the Congress, the GPO Production Department, other areas of the GPO, and other Government agencies. The workload in ESDD is increasing with the continuing expansion of dial-up composition and installation of a new text editing system which will require a substantial amount of wiring, testing, and training. The delivery of the Videocomp Model 570 phototypesetter will require retraining of technicians and rearranging the Phototypesetting Room. During the fiscal year, ESDD completed the process of upgrading all existing 30mb disk drives to 80mb disk drives on Atex systems; completed the process of upgrading all existing magnetic tape units from 800bpi to 800/1600bpi on the Atex systems; and installed text editing systems consisting of all or part of the following components: IBM AT Personal Computer or PS/2 Model 60, QMS laser printer, Hayes modem, with necessary cabling and switches at various agencies and congressional committees.

During the fiscal year, the Graphic Systems Development Division (GSDD) continued to design, develop, and integrate automated graphic systems into operations for the production of the publications. Creation of new sections within the division was also accomplished during the year. The Composition Development Section endeavors to improve the composition software that is used in the Production Department, the Data Base Development Section is involved with the premastering of CD-ROMs, and the Systems/Communications Development Section maintains the operating systems and communications networks. In addition, the new Remote Applications Section will handle the number of new customers who are running composition over dial-up lines, fiber optic cable, or using PC-based composition software. There are now 40

customers using the GPO dial-up systems. Fifteen of these customers are using the fully automatic system on the PDP-11/44. Seven of the 15 are connected into GPO over the Ethernet link and the other 8 are using modems. All modems now on the automatic system have been upgraded to operate at 9600 baud. The remaining customers will be moved onto the automatic system as their training period concludes. In support of the pilot project using FM radio sidebands as an alternative method of distributing data, software was developed in GSDD to compare the data received over the FM antenna against the data that were broadcast. In addition, the division has leased a CD-Publisher Premastering System which will be used in the production of CD-ROMs.



The Electronic Photocomposition Division (EPD) is responsible for the operations necessary to produce camera-ready pages for use in preparation of plates for printing. These operations include copy markup, proofreading, data capture via keystroke and laser scanner, computerized composition operations, and typesetting. EPD continues to improve and enhance the abilities of its electronic printing system. The production of the *Congressional Record* and the *Federal Register* runs smoothly and has been enhanced with the addition of timesaving devices, production standards for employees, and programming changes. The largest *Congressional Record* ever was printed in fiscal year 1988 and totaled 712 pages. Introduction of custom software on PCs with bar code reading devices now provides fast, accurate production standard measurement reports for proofreaders in the Proof and Copy Markup Section. These systems upload to and download from the mainframe automatically daily. Use of these systems in the EPD proofroom allows supervisors to search their files for missing or "hot" material. An apprenticeship program has been established in the keyboard and proofreading areas to ensure an adequate workforce in order to meet the needs of Congress and our customer agencies.

Specific goals of the Press Division are to continue to control the problems of waste, overruns and underruns, shortages, stock control, plate remakes, spoilage, and alcohol utilization, in an effort to reduce costs resulting from these problems. Improvements of new equipment replacing that which is old and worn out or outdated by new technology continues in all sections of the division. The Negative Section constructed a new camera workstation for the 70-mm camera and film processor. The section also procured a new film dispenser capable of cutting roll film up to 42 inches in width. The Plate Section acquired a new 70-mm projection platemaker and a new step-and-repeat machine to replace an older model which had become mechanically unreliable. The Postal Card Section expanded to include a night shift to operate both the five-color press and the cut/pack system. With the two-shift operation, production increased in excess of 150 million cards, bringing the total production of cards produced in fiscal year 1988 to over 600 million. The last of the group 60 presses was removed from service. This marks the end of an era as these presses were manufactured in 1925 for printing postal cards. During the year the section produced seven commemorative postal cards and a complete set of regular cards for the April rate increase.

Quality Control and Technical Department

The Binding Division performs all finishing operations on work processed in the GPO. The division's modernization plan is still progressing as outdated machinery is being replaced with new equipment. Three new drilling machines were installed; contracts were awarded to Heidelberg Corporation for an automated hardcover book line and a 3-inch jumbo minibinder; and specifications for a 24-box adhesive binder with a side-stitch unit were completed. In addition, as of September 30, the bookbinder training program has produced 21 operators. Twenty-one additional trainees are presently enrolled in the program. U.S. passport production increased by approximately 2 million books this fiscal year. This dramatic increase was attributable to a change to a nonwoven cover material and the addition of a second shift to operate the automated line. In addition, a number of equipment modifications were developed by employees assigned to this operation adding to the increased production. Peak issuing season production averaged approximately 200,000 books per week.

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, sampling and inspection, process controls, quality audits, mathematical studies and analyses, and management reports. The Department accepted new responsibilities this fiscal year to help the Office cope with increasingly more stringent environmental regulations and new technology being utilized both in the graphic arts industry and by our more technically sophisticated customer agencies.

Major Department accomplishments include the publication of GPO Contract Terms Quality Assurance Through Attributes Program for Microforms Publication 310.3, Technical Report No. 27, on sampling, and a number of new or revised quality procedures needed to refine the GPO quality assurance system. In addition, the Paper Division continued work on the expansion of the JCP Government Paper Specification Standards to cover a variety of new commercial grades from No. 1 premium paper to less expensive publication grades.

A new program was implemented to dispose of potentially hazardous wastes generated by the Office which included a cleaning and crushing operation for emptied drums that dramatically decreased disposal costs. The Department also supported a major and successful effort to bring our offset press operations into compliance with the volatile organic emission requirements imposed by the D.C. Department of Environmental Services.

During the past year Quality Control accomplished numerous projects including monitoring Office asbestos removal, testing GPO drinking fountains for possible high levels of lead, cooperative efforts with Naval investigators regarding fraudulent NATO gas coupons, working on U.S. passport and FBI fingerprint card specifications, and participation in interagency efforts to provide guidelines on the longevity of commercial paper. Congressional interest was apparent in our test of soy oil ink for printing the *Congressional Record* and the *Federal Register*.

Engineering Service

Engineering Service provided support to the agency in the traditional areas of building maintenance, building renovation, and equipment installation and servicing. A structural realignment of the Facilities and Engineering Divisions provided more efficient engineering services in support of the agency's production mission. Significant in this realignment was the development and refinement of the Service's data processing apparatus. In the Facilities Division, introduction of the maintenance job order (MJO) and service call computer system will allow customers to request Engineering's services, as well as provide information relative to services requested, by accessing this system via their on-line stations.

The Facilities Division processed 30,300 service calls and completed major projects of structural enhancements and equipment installations in the Binding and Press Divisions. The division also completed the GPO Self-Service Store, a major project in the Materials Management Service. The Engineering Division, which provides the Agency's structural design and production analysis needs, introduced the Computer Aided Drafting and Design (CADD) System. When completed, the system will eliminate manual drawing for various future projects. This fiscal year, the CADD System contributed immeasurably to the production of 10,000 prints of engineering drawings, the creation of 158 major new drawings, and 226 revised drawings. Other design projects either completed or in progress include the GPO Cafeteria renovation, a new audio-visual center in the Carl Hayden Room, replacement of the wastepaper bailing system, removal of asbestos, pollution control in the form of wastewater testing, and underground tank monitoring.

Customer Service Department

The Customer Service Department coordinates all aspects of the printing, binding, and distribution requirements of the Congress and Federal agencies. During the fiscal year, Department representatives maintained active membership on the major electronic publishing committees in the area to disseminate information concerning GPO's advances in technology and to keep abreast of the needs and desires of the publishing community. Customer demand continued to be our primary driving force, with efforts directed toward the achievement of customer satisfaction through timely response, accurate information, and maximum service.

As primary contact with our customer agencies, the Departmental Account Representative Division continued to expand and refine their customer outreach efforts. Division personnel were involved in over 700 meetings with representatives from the GPO, customer agencies, and commercial contractors. These meetings, including 268 agency visits, were concerned with all phases of planning and were a part of continuing efforts to offer more personalized service. The newly established Electronic Publishing Section made significant gains in staying abreast of current technology in such areas as CD-ROM, Standard Generalized Markup Language (SGML), and Computer Aided Acquisition and Logistics Support (CALS), in order to help GPO meet the technological challenges of the future.



The Congressional Printing Management Division (CPMD) coordinates the scheduling, printing, and distribution of congressional printing and binding, and performs as printing liaison specialists to the committees, offices, and officials of Congress. During fiscal year 1988, CPMD made significant gains in its efforts to automate congressional printing. In addition to receiving previously captured keystrokes on the approximately 250 to 300 pages of nominations which appear annually in the *Congressional Record*, coordinated efforts of congressional staff and GPO personnel resulted in an increase of customers using dial-up composition. At the end of fiscal year 1987 there were 8 congressional offices using dial-up composition; at the end of fiscal year 1988 there were 25 congressional dial-up customers, employing 42 systems. In conjunction with House Information Systems, receipt of files through the fiber optic cable from those congressional customers not yet using dial-up also increased.

The Production Planning Division continued their efforts to plan and schedule in-house work in a cost-effective and expeditious manner. With the cooperation and joint efforts of division personnel and PEPS staff programmers, the Production Estimating and Planning System (PEPS) was completed during the fiscal year. Under a new "negotiated price" policy, 249 jobs were produced by GPO, saving our customers approximately \$1.7 million. In addition, a negotiated price was established to allow the GPO to produce negatives at a discounted rate for commercially procured printing in order to increase the work-hours in-house and provide our customer agencies with a competitive price. During fiscal year 1988, the division placed 88,811 such negatives, resulting in an additional 800 hours worked in GPO's Offset Negative Section. The Estimating and Jacket Preparation Section saw an overall increase in the number of formal and informal cost estimates, and an increase in jackets written of 11 percent. The Paper and Materials Control Section received requisitions from various ordering agencies for supplying requirements of blank paper, envelopes, inks, glues, cold padding compounds, and other miscellaneous supplies totaling 4,149.

The demand for design, illustration, consultation, photographic and video, and quality control services from the Typography and Design Division continued to increase dramatically throughout the fiscal year. There was a 42-percent increase in both the number of dummy pages pasted and layout sketches prepared each month, reflecting a growing demand for design services from our customer agencies due to staff reductions in their graphic design departments. New graphics computer workstations have facilitated the design process and will be enhanced as the industry's capabilities increase. In addition, Technical Review staff conducted 386 press sheet and bindery inspections at contractors' plants nationwide, as well as performing proof and press sheet inspections in GPO production areas. Typography and Design Division personnel assisted in the production of a number of prestigious publications. Among these were: *The Capitol Magazine—a Pictorial History of the Capitol and of the Congress*; *The History of the Senate*; *Bicentennial Calendar*; *The Journey Continues*, a documentary of the Space Shuttle; and, the many volumes of the *Iran-Contra Reports*.

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 1988 printing and binding revenue came from work contracted to commercial printers.

In fiscal year 1988, the Printing Procurement Department (PPD) made substantial improvements in automation, training, and overall operations. Although the workload decreased by 33,709 jobs in fiscal year 1988, the dollar volume increased by \$56.5 million. The increased dollar volume was due to the printing of publications such as the AIDS booklet purchased by the Atlanta Regional Printing Procurement Office (RPPO) for \$3.4 million. This was the largest single-award contract ever issued by a GPO regional office. Automation continues to enhance PPD's ability to be more responsive to GPO's customer agencies. Twenty-three additional agencies were provided access to the Procurement Information and Control System (PICS) bringing the total number of agencies with access to 70. Many new reports, enhancements, and systems were implemented to further the Department's goal of procuring quality products in a timely manner.

A major contract, Program 50-S, was negotiated and awarded during the fiscal year. It is a \$9.2 million, 3-year contract that will procure all of the Air Force's technical publications. This automated publishing contract will be the prototype of all the military publications contracts of the future. To further improve our response time to our major customers, a satellite printing procurement office was opened in Pittsburgh, Pennsylvania. The first GPO contract for CD-ROM was awarded and successfully completed.

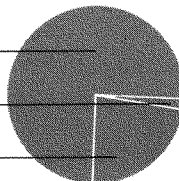
Procured Printing vs. In-House Work

Fiscal Year 1988
(Dollars in Millions)

\$648.3/Procured Printing

\$14.4/Regional Printing

\$154.3/Plant Printing*



*Excludes blank paper and other operations.

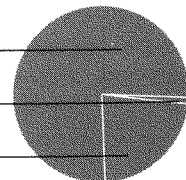
Procured Printing vs. In-House Work

Fiscal Year 1987
(Dollars in Millions)

\$591.8/Procured Printing

\$14.2/Regional Printing

\$145.8/Plant Printing*



Materials Management Service

The Materials Management Service is responsible for the acquisition of materials, equipment, supplies, commercial services, leasing of commercial and Federal space, and transportation services; receiving, shipping, and maintaining current inventory records of paper, envelopes, materials, and supplies; initiating and accounting for the shipment of Government postcards; and providing authorized support to GPO operations and other Federal agencies.

During fiscal year 1988, eight major contracts procured equipment and repairs ranging from a saddle binder, to a mainframe computer upgrade, to a roof replacement. In addition, 23 various pieces of equipment were purchased for the regional printing offices throughout the country. Two leases were negotiated for new bookstores, and space was obtained for a satellite printing procurement office. The paper warehouse is particularly careful to maintain an inventory adequate to support the pressrooms. During the fiscal year, an average of 33,400,000 pounds of paper was in inventory each month.

In an effort to decrease labor costs, the GPO Self-Service Store opened in August. Through the use of bar-coded products, laser scanners, and the capabilities of the Materials Management Procurement and Control System (MMPCS), the facility quickly became a success. Two heavy-duty wastepaper baling machines complete with a dust collection/filtration system were installed in January replacing three smaller, outdated baling machines which had been in service since 1967. The Materials Management Procurement and Control System was expanded to the Denver RPPO allowing completely on-line processing, eliminating all manual records.



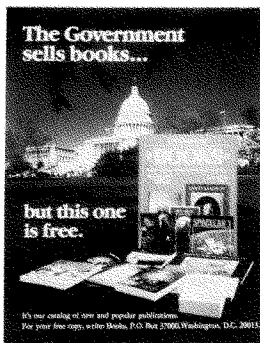
Superintendent of Documents

The Assistant Public Printer (Superintendent of Documents) is responsible for a broad range of Government information dissemination programs and services, including the sale of Government publications, the compilation of catalogs and indexes of Government publications, the distribution of publications to depository libraries and as otherwise required by law, as well as reimbursable publications fulfillment services.

Significant achievements in fiscal year 1988 included: Exhibits of GPO sales titles mounted at international book fairs in Frankfurt, Cairo, New Delhi, Manila, Buenos Aires, Mexico City, and Barcelona in cooperation with U.S. Information Agency's "Books Abroad" program; an exhibit of approximately 150 sales titles at the Sixth Riyadh International Book Fair in a cooperative project with the Department of Commerce Foreign Commercial Service; appointment of a Saudi bookdealer to distribute GPO sales titles; and continuing liaison with distributors in Canada, the United Kingdom, and Italy. In addition, a U.S.-based distributor agreed to provide global importing services for Government books in countries not served by previous distribution agreements.

Marketing

The Office of Marketing continued to develop and distribute promotional materials designed to increase public awareness of and access to Government information through the Publications Sales and Federal Depository Library Programs. A new series of print Public Service Announcements (PSAs) created a wave of public interest for the *U.S. Government Books* catalog of new and popular publications. PSA sets were distributed nationwide to major newspapers and magazines, journals, newsletters, college newspapers, and to Federal publishers Governmentwide. Since their distribution in June 1988, the new PSAs have appeared in almost 200 newspapers and magazines, generating approximately 12,000 requests for the catalog. As in past years, Marketing developed sales promotions in cooperation with publishing agencies.



During the fiscal year, Marketing produced 675,000 *U.S. Government Books* catalogs and 348,000 copies of *New Books*, a bimonthly listing of all new publications entering the sales program in a 2-month period. Marketing also produced more than 1 million direct-mail flyers promoting specific publications or groups of publications to specialized audiences. Expanded marketing efforts on behalf of the U.S. Government bookstore network included the development of flyer formats for use by individual bookstores conducting their own direct-mail programs, the creation and distribution of a flyer promoting the opening of a new bookstore in Portland, Oregon, direct-mail letters to specific audiences in bookstore cities, and extensive market research aimed at developing individual marketing plans for each bookstore.

Depository Library Program marketing highlights included the redistribution of broadcast Depository Library Public Service Announcements to almost 50 cable TV systems nationwide, the distribution of large quantities of promotional bookmarks, brochures, and Depository Library directories, and the development and distribution of "take-one" box-and-easel kits used for the dissemination of *U.S. Government Books* catalog request cards in depository libraries.

Library Programs Service

During fiscal year 1988, Library Programs Service distributed 14.5 million copies of more than 28,000 titles in both paper and microfiche. This represents a reduction from fiscal year 1987 volumes, primarily due to problems with microfiche contracts. All issues of the hard copy *Monthly Catalog* were completed and distributed ahead of schedule. GPO has taken several steps to enhance its position as a primary provider of bibliographic information in machine-readable format. A complete *Monthly Catalog* master file was presented to the Library of Congress Cataloging Distribution Service, which can now provide the most accurate data to its customers. This updated file is available for sale from the Superintendent of Documents, and this summer was released to OCLC, GPO's first MoCat tape subscriber.

The second edition of the *Government Printing Office Cataloging Guidelines* and a complete revision of the *Instructions to Depository Libraries* was developed and issued to all Federal Depository Libraries. Work was initiated on a revision of the *Guidelines for the Depository Library System* and the *Federal Depository Library Manual*. Late September saw the publication and distribution of *The United States Congressional Serial Set Catalog: Numerical Lists and Schedules of Volumes* for the 98th Congress.

The Information Technology Program moved beyond the initial planning phase during fiscal year 1988 when the first CD-ROM disk was distributed to selected depository libraries. September marked the debut of this format for the Depository Library Program, when disk, hard copy documentation, and a floppy disk containing retrieval software published by the Census Bureau (and procured through GPO) was distributed to 143 depository libraries. The remaining 1,251 depositories will receive the material early in fiscal year 1989.

Documents Sales Service

Fiscal year 1988 ended with a number of developments that should keep Documents' programs on a firm footing as we begin the new fiscal year. Several special projects continued to improve customer service and generate revenue, while the Reimbursable Mailings Program continued to grow. The transfer of several activities from Financial Management Service to the Order Division provided Documents with greater control over order processing and invoicing. Customers calling the order and information desk now receive improved service with the recently installed Voice Connect System. Callers automatically reach the system and using their pushbutton telephones, are guided through a listing of recently released publications, told about the service areas, and given the opportunity to place an order or speak directly to a clerk.

The bookstore program showed an increase in revenue for the fiscal year. Fiscal year 1988 also involved an opening of a new bookstore in Portland, Oregon, relocation of the Cleveland store, and the closing of the Commerce Department bookstore.

Automation projects showed progress during the year. Detailed Functional System Requirements for the Automated Sales Records System were completed. Further, data entry forms and a users guide were prepared for the Subscription Management System Interim. In addition, progress was made on development of the Subject Bibliography Production System. The IRS tax form fulfillment system was also improved for the upcoming tax year.

Administration and Resources Management

The Assistant Public Printer (Administration and Resources Management) is responsible for the information, financial, and human resource management; security; administrative support; and equal employment opportunity programs of the GPO.

Financial Management Service

Financial Management Service (FMS) is responsible for developing systems and procedures and for providing comprehensive accounting, collecting, disbursing, and billing services in support of GPO's operations. This year, FMS focused its efforts on improving service to GPO's customers, contractors, and employees, and on delivering timely and accurate financial information to GPO managers. Through the utilization of new office automation technology and new management approaches to the workflow process, FMS achieved a 3-percent decrease in its total operating costs from last year. In addition, emphasis on an improved cash management program resulted in approximately \$9 million taken in cash discounts offered by contractors and suppliers and a 10-percent increase in GPO's cash posture.



Financial Management Service has been actively involved in the automation of many of its functions. For example, the Millennium upgrade to the off-the-shelf general ledger software package was implemented. This upgrade eliminates the use of punched cards, allows the on-line design of reports, and provides an on-line query capability. The GPO Cost Center Data Base, which is the first data base designed specifically for use by all GPO organizations, was installed on the mainframe. In addition, the FMS Network, a local area network for on-line access to current financial data, was expanded to include top GPO management officials.

Financial Management Service converted the processing of U.S. Savings Bonds for 1,600 GPO employees to a personal computer-based system in April 1988. This change, which was necessitated by the Department of the Treasury's redesigned bond format and directive to issue paper bonds, is faster and more cost-effective than the manual system it replaced. An electronic funds transfer payment option for GPO's commercial printing contractors located throughout the United States was initiated in August; about 1,700 contractors have elected to participate thus far. This is the first step in the projected conversion of payment systems to electronic means, which will eventually include the option of direct deposit of employee paychecks and savings allotments. FMS is also investigating acquisition of an optical disk system that would virtually eliminate paper from the invoice processing system.

Information Resources Management

The Office of Information Resources Management (OIRM) provides Officewide information automation services. This year, OIRM implemented several new information systems and many major enhancements to existing systems to better serve the GPO, other Federal agencies, and the public. For example, the development of a structured, nonredundant corporate data base was greatly enhanced by the conversion of many conventional computer files to operate within GPO's Data Base Management System (ADABAS), the introduction of Computer Aided Software Engineering (CASE) tools, and the installation of SUPERNATURAL, a user query language.

Security and Support Services

The *Congressional Record* electronic access and retrieval system was installed in October 1987 and has operated in a pilot test mode. The contractor's proposal for system enhancements based on a modified user requirements report by the Senate Computer Center is under review. In addition, the Computer Data Center underwent major changes. The purchase of a new computer mainframe was finalized, and a new mainframe operating system was installed which provides additional parameters for the installation of new systems and removes operating restrictions from on-line systems.

The newly developed Government Bill of Lading System expedites the billing and control of bill of lading preparation, and the establishment of the GPO Self-Service Store on-line system permits users to obtain office supplies by utilizing bar code technology. Enhancements were also made to the IRS Order Fulfillment System; originally planned as a minor system, this has evolved as an all-inclusive system supporting data entry, order fulfillment, inquiry, on-line and batch reporting, billing, and credit card charging. For tax year 1987, the system handled approximately 42,000 orders providing over \$2.2 million in revenue.

Security and Support Services is responsible for GPO's law enforcement, physical and information security, and administrative support functions. During fiscal year 1988, GPO's Information Security Program was enhanced with the revision of guidelines concerning the handling of national security information within GPO. The Uniformed Police Branch received new communications equipment allowing it to maintain better radio contact with its police units, the Emergency Command Center, and various emergency response teams. Physical security within GPO has also been enhanced with the installation of a new closed-circuit television system and the acquisition of a new automated alarm system.

Security has also been active in developing and implementing antiterrorist procedures and facilities. It is presently working with the Capitol Police to devise new security measures to protect the Capitol from the introduction of contraband through materials GPO delivers to the Capitol. Responsibility for computer security and compliance with the Computer Security Act of 1987 was undertaken by the newly established Telecommunications and Automated Information Systems Security Group.

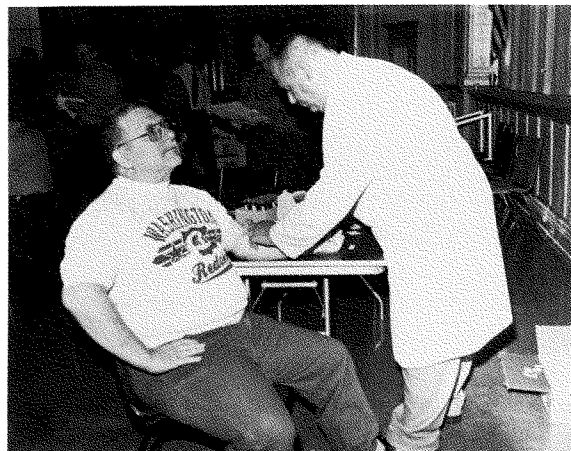
Support Services continued to automate and update Officewide functions and programs to better serve GPO's information and support needs. In an effort aimed at total accountability of postage expenses, which were in excess of \$12 million in the last year, postage meter systems have been installed in GPO's regional offices and bookstores. All administrative mail leaving the central office is also metered. The Technical Services Group will be responsible for receipt of contractors' mailing statements from the Postal Service and verification of billing and postage on future Printing Procurement contracts.

Human Resources

GPO's Office of Human Resources is responsible for programs and services which impact all areas of human resources management including policy development and all personnel, labor-management relations, and employee safety and health matters at GPO. Human Resources developed a number of innovative programs and initiatives to improve employee morale and meet workforce needs, as well as to improve support to management.

The introduction of state-of-the-art training resources highlighted the activities of Personnel Service. An interactive videodisc training station for individualized tutorial training was installed; the first application will be in the Executive Management Development Program. An automated classification system was developed, and plans for creating a training guide/manual are underway. A new Personal Computer Center was established; it has been used to train more than 300 employees, saving over \$40,000 in tuition thus far. Personnel also conducted an on-campus recruitment program for college graduates, and the apprentice program was revitalized.

The Labor and Employee Relations Service negotiated a Master Agreement with 13 central office unions covering about 4,000 employees as well as a 3-year wage agreement with 11 unions covering 2,600 employees. A central office smoking policy paralleling the GSA guidelines was also negotiated. Effective June 1988, the Joint Committee on Printing determined that GPO must negotiate wages for employees in the American Federation of Government Employees' bargaining unit, which precluded adopting the August wage increase for clerical employees. The Employee Relations Branch administered GPO's highly successful Combined Federal Campaign; a total of \$206,000 was collected, \$41,000 over GPO's goal.



Equal Employment Opportunity Service

Occupational Health and Environmental Services and the Policy and Evaluation Staff teamed up to address two of the most pressing social issues in today's workplace. At the direction of the Public Printer, they developed a policy and program directive on a drug-free workplace, including guidelines on reasonable suspicion testing, testing of job applicants, counseling, and disciplinary options. They have also established a GPO Task Force on AIDS, and developed an informational manual on the disease. This booklet, which will be distributed to all GPO employees, will include information concerning the disease and its effects, both emotional and physiological; health benefits; treatment centers and psychological support groups; and privacy considerations.

The Occupational Health Division held GPO's first annual Health Fair, providing GPO employees with such benefits as blood testing and computer-generated "Health Risk Assessments." As part of an all-out assault on smoking in the workplace, a formal "Freedom from Smoking" clinic was conducted. In addition, the position of Industrial Hygienist was established to monitor the workplace environment.

The Equal Employment Opportunity Service (EEO) assists GPO management in adhering to Government laws, regulations, and policies concerning equal employment opportunity for all employees and applicants for employment. The Service administers the discrimination complaint system, provides counseling services, and evaluates EEO plans and programs throughout GPO.

The Service prepared and submitted GPO's Multiyear Affirmative Employment Program Plan for fiscal years 1988-1992 to the Equal Employment Opportunity Commission. EEO also completed the first segment of a cyclical evaluation of all GPO installations, including the central office, regional offices, and bookstores. The evaluation is designed to determine strengths and weaknesses in all areas of the total EEO program; specific recommendations were made to the Public Printer as a result of this effort.

The Handicapped/Disabled Veterans Program was added to the Division of Affirmative Programs. Its mission includes establishing programs which address the concerns of employees and applicants with physical and mental handicaps, including the hearing impaired and disabled veterans.

Thanks to its activities in career programs and community-related efforts with its adopted schools, GPO was cited for the second consecutive year as an Outstanding Partner among Federal agencies as part of the Partners in Education Program. More than 80 students worked at GPO in the D.C. Government's Summer Youth Employment Program and 9 students from GPO-adopted schools participated in the In-School Program.

Financial Policy and Planning

The Assistant Public Printer (Financial Policy and Planning) serves as the chief financial officer of the Government Printing Office and represents the GPO on all financial matters before the House and Senate Appropriations Committees, the Joint Committee on Printing, the Office of Management and Budget, and other external agencies/departments. The Assistant Public Printer also serves as Chairman of the GPO Management Resources Committee (MRC). The Office of Financial Policy and Planning (FPP) is GPO's strategic planning center with responsibility for coordinating the establishment of all GPO financial policy, planning, and analysis, including the preparation of GPO's budget and capital investment priorities and the development of annual and outyear revenue and spending targets.

This year, FPP prepared and coordinated the presentation of GPO's fiscal year 1989 appropriations request before the Legislative Branch Appropriations subcommittees of the Senate and House of Representatives. The request was for \$104.5 million, including \$77.7 million for the Congressional Printing and Binding Appropriation and \$26.8 million for the Superintendent of Documents' Salaries and Expenses Appropriation. In addition, the appropriations package contained a variety of administrative proposals to provide GPO with additional authorities and otherwise clarify the intent of Title 44. Final congressional action on the request resulted in total appropriations of \$85.7 million (\$72 million for Congressional Printing and Binding and \$13.7 million for Salaries and Expenses). In addition, \$11.4 million in net income generated by the Superintendent of Documents' Sales of Publications Program in fiscal year 1987 was made available to offset the requirements of the Salaries and Expenses Appropriation. Most of the administrative proposals in the appropriations package were approved, with the exception of GPO's request for flextime authority and for elimination of the statutory ceiling on Full-Time Equivalent (FTE) employees.

The office is responsible for overseeing the execution of budget and spending priorities in accordance with congressional policy. A key policy governing GPO expenditures is the congressionally imposed limitation on employment of FTEs. For fiscal year 1988, the FTE ceiling was 5,237; the ceiling approved for fiscal year 1989 is 5,117. The office is responsible for proposing allocations of FTEs throughout GPO to the Public Printer and for monitoring their use.

The office provides essential staff support to the MRC by performing cost/benefit analyses on spending proposals requiring MRC approval. During the year, the staff performed cost/benefit analyses on 35 such projects, valued at \$4.6 million. Twenty-four of these projects were approved, valued at \$2.9 million, including the relocation of the Chicago RP&PO and the Atlanta bookstore. In addition to the fiscal year 1988 proposals submitted to the MRC, the fiscal year 1989 proposals for MRC approval were prepared and presented by office staff. Almost \$11.8 million in new spending projects was approved by the MRC for the coming fiscal year, while approximately \$5.8 million in new spending proposals was disapproved or deferred pending additional information or action.

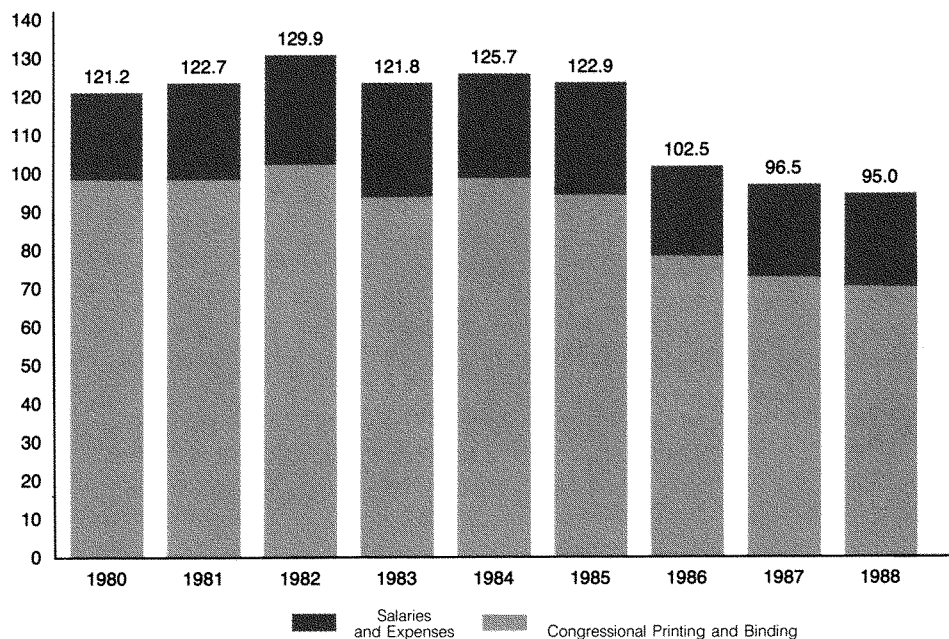
The formulation of financial policy outside of the budget process is also a responsibility of the Financial Policy and Planning area. For example, in response to the announcement of a moratorium on expenditures by Department of Defense agencies for the last half of the third quarter of fiscal year 1988, the office developed spending reduction guidelines to help offset anticipated decreases in revenue at GPO. These proposals were formally issued by the Public Printer and called for reductions in nonessential overtime as well as deferrals of travel, training, outside hires, and purchases of nonessential supplies and equipment.

Office staff are available to other GPO areas requiring financial policy and planning expertise. The office provided support to the management team participating in the 1988 wage negotiations by developing specific cost projections for the implementation of various wage and benefit proposals. Similar support was provided for management's analysis of the impact of granting bargaining status to the American Federation of Government Employees. In addition, support was provided for GPO's review of the Office of Technology Assessment's draft report, "Informing the Nation: The Future of Federal Electronic Printing, Publishing, and Dissemination."

Quarterly financial briefings covering GPO's operations were presented to GPO's management during the year, and in April, staff of the JCP were invited to attend the Public Printer's Quarterly Financial Briefing for the first time.

GPO Appropriations and Transfers

Millions of Dollars



Financial Highlights

Title 44 of the U.S. Code requires the U.S. Government Printing Office to fulfill the printing and binding needs of the Federal Government, and to distribute Government publications to the public. GPO's printing and binding activities are accomplished through a network of operations consisting of a Central Office in Washington DC, six regional printing plants, 14 regional procurement offices, and six satellite procurement offices. Superintendent of Documents' operations include the sale of publications, distribution to depository and international exchange libraries, reimbursable and statutory distribution, and the cataloging and indexing of Government documents.

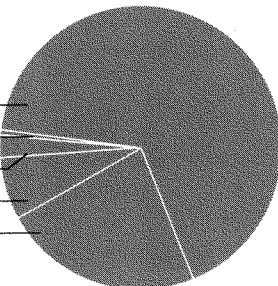
All GPO activities are financed through a revolving fund that is reimbursed by payments from customer agencies, sales to the public, and transfers from various appropriations. These appropriations are used to reimburse GPO for costs incurred in performing printing and binding for Congress and for the printing, binding, and distribution of Government publications that are, by statute, distributed without charge to the recipient. 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 1988 of \$15.7 million, compared to \$22.9 million in fiscal year 1987. Total revenue increased to \$940.9 million in 1988 from \$870.6 million in 1987, while total expenses increased to \$925.2 million in 1988 from \$847.8 million in 1987.

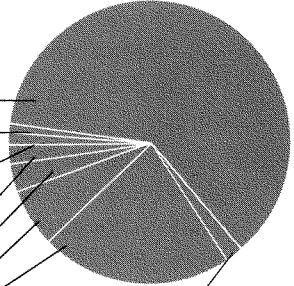
GPO's 1988 Revenue Dollar

Where It Came From



66.0¢/Purchased Printing
.5¢/Reimbursements
2.2¢/S & E Appropriation
7.6¢/Sales of Publications
23.7¢/In-House Printing

Where It Went



62.4¢/Procured Printing
.5¢/Capital Expenditures
1.5¢/Other
2.2¢/Sales of Publications
3.4¢/Rents, Comm., Utilities
6.5¢/Supplies & Materials
21.8¢/Labor
1.7¢/Surplus

**Printing and Binding
Operations**

In fiscal year 1988 GPO's in-house and commercially-procured activities generated revenue of \$875.3 million, accounting for 90 percent of GPO's total revenue before eliminations. Revenue from commercially-procured printing was \$648.3 million or 74 percent of the total printing and binding revenue.

**In-House Printing
Operations**

GPO's in-house printing operations earned \$7.6 million in net income this year compared to net income of \$6.7 million in 1987. Total revenues were \$227.0 million compared to \$212.7 million last year, while expenses were \$219.4 million compared to \$206.0 million in 1987.

**Central and Regional
Printing Procurement
Operations**

GPO's printing procurement operations generated revenue of \$648.3 million compared to last year's \$591.8 million. Net income was \$4.3 million, down from the prior year's net income of \$4.8 million. Central printing procurement's revenue increased to \$394.5 million from \$354.4 million in 1987. Regional printing procurement's revenue grew to \$253.8 million in 1988 from \$237.4 million in 1987.

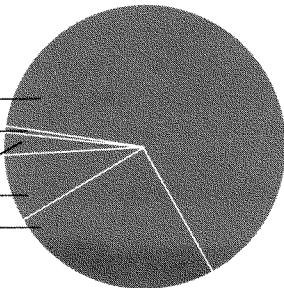
**Sales of Publications
Operations**

GPO's Sales of Publications Operations generated net income of \$3.8 million on sales of \$71.1 million, compared to net income of \$11.4 million on sales of \$73.4 million in 1987. Bookstore revenue increased 6 percent to \$13.0 million in 1988 from \$12.3 million in 1987.

GPO's 1987 Revenue Dollar

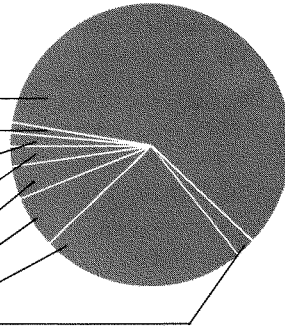
Where It Came From

64.8¢/Purchased Printing
.6¢/Reimbursements
2.2¢/S & E Appropriation
8.4¢/Sales of Publications
24.0¢/In-House Printing



Where It Went

61.5¢/Procured Printing
.8¢/Capital Expenditures
1.0¢/Other
2.3¢/Sales of Publications
3.3¢/Rents, Comm., Utilities
6.1¢/Supplies & Materials
22.4¢/Labor
2.6¢/Surplus



Financial Statements

Consolidated Balance Sheet

As of September 30, 1988, and 1987 (Notes 1 and 2) (in thousands of dollars)

Assets	1988	1987
Current Assets:		
Cash:		
On-hand and in-transit	\$1,150	\$1,860
Revolving Fund	114,909	94,564
Appropriations	32,796	46,271
Accounts receivable (Note 3)	218,147	236,186
Inventories:		
Publications for sale, net (Note 4)	12,185	12,214
Paper	15,410	12,415
Materials and supplies	<u>8,769</u>	<u>8,430</u>
 Total Current Assets	 <u>\$403,364</u>	 <u>\$411,940</u>
 Property, Plant, and Equipment (Note 5):		
Land and buildings	18,648	18,648
Equipment and building improvements	<u>111,887</u>	<u>107,761</u>
	130,535	126,409
Less: accumulated depreciation	<u>76,586</u>	<u>70,348</u>
Net Property, Plant, and Equipment	<u>53,949</u>	<u>56,061</u>
 Total Assets	 <u>\$457,313</u>	 <u>\$468,001</u>

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

Liabilities and Investment	1988	1987
----------------------------	------	------

Current Liabilities:		
Accounts payable (Note 6)	\$82,463	\$87,697
Advances from customers (Note 7)	35,633	35,115
Accrued salaries, wages, benefits and other withholdings	4,155	10,038
State and local payroll taxes	1,232	821
Total Current Liabilities	\$123,483	\$133,671
Other Liabilities:		
Accrued annual leave	10,064	9,004
Excess receipts from sales of publications, due U.S. Treasury (Note 8)	3,799	11,424
Total Other Liabilities	\$13,863	\$20,428
Total Liabilities	\$137,346	\$154,099
Investment of U.S. Government:		
Appropriations:		
Unliquidated obligations	33,996	45,525
Revolving Fund:		
Contributed capital (Note 9)	110,136	110,413
Retained earnings	164,411	152,464
Reserved for intra-office funding (Note 8)	11,424	5,500
Total Revolving Fund	\$285,971	\$268,377
Total Investment	\$319,967	\$313,902
Total Liabilities and Investment	\$457,313	\$468,001

Consolidated Statement of Revenue and Expenses by Function and Retained Earnings

Fiscal Years 1988 and 1987 (Notes 1 and 2) (in thousands of dollars)

	Printing and Binding		
	In-House Printing	Purchased Printing	Total
Revenue:			
Printing and Binding	\$227,030	\$648,296	\$875,326
Sales of Publications	—	—	—
Appropriations	—	—	—
Reimbursements	—	—	—
Total Revenue	<u>\$227,030</u>	<u>\$648,296</u>	<u>\$875,326</u>
Expenses:			
Personnel compensation and benefits	\$142,155	\$29,961	\$172,116
Travel and transportation	571	1,752	2,323
Rents, communications and utilities	10,780	2,961	13,741
Printing and reproduction	—	607,072	607,072
Other services	2,498	281	2,779
Supplies and materials	57,902	1,237	59,139
Depreciation	5,484	725	6,209
Publications sold	—	—	—
Unsaleable publications	—	—	—
Total Expenses	<u>\$219,390</u>	<u>\$643,989</u>	<u>\$863,379</u>
Net Income	<u>\$7,640</u>	<u>\$4,307</u>	<u>\$11,947</u>

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	1988	1987
—	—	—	(\$31,528)	\$843,798	\$772,697
\$71,111	—	71,111	—	71,111	73,448
—	\$21,518	21,518	(426)	21,092	19,570
—	4,895	4,895	—	4,895	4,931
\$71,111	\$26,413	\$97,524	(\$31,954)	\$940,896	\$870,646
\$26,885	\$9,735	\$36,620	(\$2,883)	\$205,853	\$195,278
984	340	1,324	—	3,647	3,306
14,057	4,777	18,834	(563)	32,012	28,485
1,376	10,024	11,400	(27,784)	590,688	535,314
638	651	1,289	(537)	3,531	5,901
1,899	640	2,539	(187)	61,491	53,312
191	246	437	—	6,646	6,096
16,384	—	16,384	—	16,384	17,343
4,898	—	4,898	—	4,898	2,751
\$67,312	\$26,413	\$93,725	(\$31,954)	\$925,150	\$847,786
\$3,799		\$3,799		\$15,746	\$22,860
				\$152,464	\$141,012
				\$168,210	\$163,872
				3,799	11,408
				\$164,411	\$152,464

Consolidated Statement of Changes in Financial Position

Fiscal Years Ended September 30, 1988, and 1987 (Notes 1 and 2) (in thousands of dollars)

	1988	1987
Funds Provided:		
Net Income	\$15,746	\$22,860
Add expenses not requiring working capital:		
Depreciation	6,646	6,096
Total Funds Provided by Operations	22,392	28,956
Book value of retired assets	209	46
Appropriations	89,521	95,085
Reimbursements	4,895	4,931
Increase in accrued annual leave	1,060	345
Total Funds Provided	\$118,077	\$129,363
Funds Applied:		
Purchase of fixed assets	5,019	7,030
Funds returned to U.S. Treasury from appropriations	5,155	8,758
Expended Appropriations (Note 10)	106,290	95,995
Total Funds Applied	\$116,464	\$111,783
Increase in Working Capital	\$1,613	\$17,580
Changes in Working Capital		
Current Assets:		
Cash:		
On-hand and in-transit	(\$710)	\$490
Revolving Fund	20,345	(5,772)
Appropriations	(13,475)	(3,268)
Accounts receivable	(18,039)	33,593
Publications for sale	(29)	550
Paper	2,995	(175)
Materials and supplies	339	116
Current Liabilities:		
Accounts payable	5,234	(7,613)
Advances from customers	(518)	377
Accrued salaries, wages, benefits and other withholdings	5,883	(668)
State and local payroll taxes	(411)	(50)
Increase (Decrease) in Working Capital	\$1,613	\$17,580

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

Status of Appropriated Funds

Fiscal Years Ended September 30, 1988, and 1987 (Notes 1 and 2)
(in thousands of dollars)

	Congressional Printing and Binding	Printing and Binding	Salaries and Expenses	Total Appropriated Funds	
				1988	1987
Status of Appropriations, Beginning of Fiscal Year	\$26,301	\$4,366	\$15,604	\$46,271	\$49,539
Funds Provided:					
Appropriations	70,359	—	19,162	89,521	95,085
Intra-Office Funding	—	—	5,500	5,500	1,378
Reimbursements	—	—	4,895	4,895	4,931
Total Funds Available	\$96,660	\$4,366	\$45,161	\$146,187	\$150,933
Funds Applied:					
Obligated					
appropriations:					
Current Fiscal Year	62,522	—	21,507	84,029	71,065
Prior Fiscal Years	18,043	935	5,229	24,207	24,839
Funds returned to U.S. Treasury	4,787	368	—	5,155	8,758
Total Funds Applied	\$85,352	\$1,303	\$26,736	\$113,391	\$104,662
Status of Appropriations, End of Fiscal Year	\$11,308	\$3,063	\$18,425	\$32,796	\$46,271

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

Notes to Financial Statements

As of September 30, 1988, and September 30, 1987

(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.

Beginning in fiscal year 1988, the Printing and Binding and the Congressional Printing and Binding Appropriations were combined into one appropriation. This appropriation is for printing and binding performed directly for Congress and for printing and binding of publications authorized by law to be distributed without charge to recipients.

The Salaries and Expenses Appropriation is appropriated for necessary expenses incurred by the Superintendent of Documents' operations for depository library, international exchange, and other by-law distribution of publications, and for the cataloging and indexing of Government publications. Customer agencies are billed for services performed on a reimbursable basis.

(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 based on the constructive-receipt concept. Revenue for distributing and selling publications to the public is recognized when publications have been shipped, or when services have been performed.

Inventories—Publications for sale are valued using the first-in, first-out cost method. During the year, the valuation method for publications for sale was changed from weighted-average cost method to first-in, first-out cost method. The effect of this change on the valuation of yearend inventory is immaterial. The allowance for unsaleable publications is established to estimate the value of potentially obsolete publications held in inventory at fiscal year end. 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 from Legislative appropriations. Accordingly, depreciation is recorded but not reimbursed on these items.

Intra-Office Funding—The Salaries and Expenses Appropriation was funded in part by excess receipts derived from sales of publications. Pursuant to Public Law 100-202 this type of funding provided \$5,500,000 to the Appropriation in fiscal year 1988. For fiscal year 1989, Public Law 100-458 will provide the Salaries and Expenses Appropriation \$11,424,000 from the sale of publications.

Pensions—Government Printing Office employees are covered by the Civil Service Retirement and Disability Fund, the Federal Old-Age, Survivor, and Disability Insurance Fund and/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 agency's contributions were \$12,645,000 and \$11,616,000 in 1988 and 1987, respectively.

Contingencies—GPO is involved in three major lawsuits pending in United States Claims Court at September 30, 1988. However, ultimate payment arising from the settlement of such actions usually is disbursed from the judgment fund administered by the General Accounting Office. Therefore, no estimated liability has been recorded.

(3) Accounts Receivable

Accounts receivable were comprised of the following:

	September 30	
	1988	1987
U.S. Government agencies	\$35,285,000	\$52,256,000
Unbilled completed work	121,588,000	132,404,000
Unbilled work in process	59,324,000	50,166,000
Other	1,950,000	1,360,000
Totals	\$218,147,000	\$236,186,000

(4) Inventory—Publications for Sale, Net

Publications for sale, net were comprised of the following:

	September 30	
	1988	1987
Publications for sale	\$15,585,000	\$15,614,000
Allowance for unsaleable publications	(3,400,000)	(3,400,000)
Publications for sale, net	\$12,185,000	\$12,214,000

(5) Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	September 30			
	Acquisition Value	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$9,992,000	—	\$9,992,000	\$9,992,000
Buildings	8,656,000	\$8,655,000	1,000	184,000
Building improvements	34,524,000	16,274,000	18,250,000	16,346,000
Leasehold improvements	824,000	153,000	671,000	610,000
Plant machinery and equipment	67,793,000	45,091,000	22,702,000	24,876,000
Office machinery and equipment	7,105,000	5,273,000	1,832,000	2,129,000
Computer software	309,000	299,000	10,000	48,000
Furniture and fixtures	239,000	181,000	58,000	69,000
Motor vehicles	769,000	660,000	109,000	73,000
Capital improvements in progress	324,000	—	324,000	1,734,000
Totals	\$130,535,000	\$76,586,000	\$53,949,000	\$56,061,000

(6) Accounts Payable

Accounts payable were composed of the following:

Category	September 30	
	1988	1987
Commercial printing	\$71,090,000	\$75,007,000
U.S. Government agencies	6,538,000	7,312,000
Other	4,835,000	5,378,000
Totals	<u>\$82,463,000</u>	<u>\$87,697,000</u>

(7) Advances from Customers

Advances from customers were comprised of the following:

Category	September 30	
	1988	1987
Advanced billings to customer agencies	\$6,127,000	\$5,501,000
Customer deposits for publication orders	8,314,000	8,148,000
Deferred subscription revenue	18,535,000	19,263,000
Undelivered publication orders	2,657,000	2,203,000
Totals	<u>\$35,633,000</u>	<u>\$35,115,000</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 as of September 30, 1988, was determined as follows:

Amount due U.S. Treasury, September 30, 1987	\$11,424,000
Amount to be used to finance	
Fiscal Year 1989 Salaries and Expenses	
Appropriation as per Public Law 100-458	(11,424,000)
Fiscal Year 1988 Excess Receipts	3,799,000
Amount Due U.S. Treasury, September 30, 1988	<u>\$3,799,000</u>

(9) Contributed Capital

Contributed Capital was derived from the following:

Contributed Capital	September 30	
	1988	1987
Beginning net worth when the Revolving Fund was established	\$33,807,000	\$33,807,000
Book value of contributed buildings and land	430,000	613,000
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	399,000	493,000
Totals	\$110,136,000	\$110,413,000

(10) Expended Appropriations

Expended appropriations were as follows:

Programs	September 30	
	1988	1987
Congressional Printing and Binding	\$77,642,000	\$62,490,000
Printing and Binding	2,235,000	8,620,000
Depository library distribution	17,391,000	15,897,000
Cataloging and indexing	2,184,000	2,357,000
By-law distribution	1,213,000	977,000
International exchange	292,000	295,000
Distribution for other agencies	5,333,000	5,359,000
Totals	\$106,290,000	\$95,995,000