

DOCUMENT RESUME

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Audit of the Majority Printing Clerk, House of Representatives, for the Fiscal Year Ended August 31, 1977. GGD-78-88; B-164163. August 9, 1978. 2 pp. + 4 enclosures (5 pp.).

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Accounting and Financial Reporting: Operations, Financial Position, and Changes (2802).

Contact: General Government Div.

Budget Function: General Government: Legislative Functions (801).

Organization Concerned: House of Representatives: Majority Printing Clerk; David R. Ramage, Inc.

Congressional Relevance: House Committee on House Administration; Senate Committee on Rules and Administration; Congress.

Authority: Legislative Branch Appropriation Act [of] 1978 (P.L. 95-94). H. Res. 295 (78th Cong.).

The Majority Printing Clerk operates as David R. Ramage, Inc., a firm organized and incorporated to provide printing and related services for Members of the House of Representatives. The Printing Clerk supplies official printing to the majority leadership at no charge and offers, for a fee, printing and related services to Members of Congress, congressional committees, State societies, and political organizations. Findings/Conclusions: An audit was conducted of the Majority Printing Clerk in accordance with generally accepted auditing standards, including an examination of the accounting records for the fiscal year ended August 31, 1977. Financial statements were prepared from the accounting records of David R. Ramage, Inc. The statements, which were prepared on a basis consistent with that of preceding years, present fairly the financial position of the Majority Printing Clerk at August 31, 1977, and the results of its operations and changes in its financial position for the year then ended. (RES)

7274

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

**Audit Of The Majority Printing
Clerk, House Of Representatives,
For The Fiscal Year Ended
August 31, 1977**



GGD-78-88
AUGUST 9, 1978



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-164163

To the President of the Senate and the
Speaker of the House of Representatives

We audited the accounts of the Majority Printing Clerk, House of Representatives, for the fiscal year ended August 31, 1977, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1).

GENERAL COMMENTS

The position of Majority Printing Clerk originated from House Resolution 295 (July 7, 1943, 78th Cong.), which (1) authorized employment of a clerk in charge of printing for the majority caucus room and (2) provided that the clerk be

--designated by the majority leader and

--compensated at the rate of \$2,000 per annum from appropriated funds.

Over the years, the amount of the Majority Printing Clerk's compensation has increased from \$2,000 to \$15,650, the amount appropriated by the Legislative Branch Appropriation Act, 1978 (Public Law 95-94, Aug. 5, 1977).

The Majority Printing Clerk operates as David R. Ramage, Inc., a firm organized and incorporated on February 13, 1970, primarily to provide printing and related services for Members of the House of Representatives.

The Majority Printing Clerk's offices and printing plant are in the west underground garage of the House of Representatives. The Printing Clerk supplies official printing to the majority leadership at no charge and offers, for a fee, printing and related services to Members of Congress, congressional committees, State societies, and political organizations.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards. It included an examination of the accounting records for the fiscal year ended August 31, 1977, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1, 2, and 3) from the accounting records of David R. Ramage, Inc. The income and expense statement (sch. 2) includes the costs of printing services supplied to the majority leadership at no-charge, but does not include (1) the costs of certain benefits and services such as space, utilities, and ordinary building repairs and maintenance furnished to the corporation without charge or (2) the annual salary of the Majority Printing Clerk, which is paid from appropriated funds.

In our opinion, the accompanying statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of preceding years and in accordance with the financial arrangements described above, present fairly the financial position of the Majority Printing Clerk, operating as David R. Ramage, Inc., at August 31, 1977, and the results of its operations and the changes in its financial position for the year then ended.

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The Legislative Reorganization Act of 1970 requires that the results of our audit be reported to the Congress. Accordingly, copies of this report are being furnished to cognizant congressional committees. A copy of this report is being sent to the Majority Leader of the House of Representatives and copies will be available to Members and the public.



Comptroller General
of the United States

SCHEDULES

SCHEDULE 1

DAVID R. RAMAGE, INC.

STATEMENT OF FINANCIAL CONDITION

AUGUST 31, 1977 (note a)

ASSETS

CURRENT ASSETS:

| | | |
|---|------------------|-----------------|
| Cash | | \$25,270.78 |
| Pension plan escrow | | 27,927.68 |
| Relocation contingency fund | | 21,611.86 |
| Accounts receivable--trade | | 88,885.29 |
| Accounts receivable--other | | 8,056.07 |
| Franchise and income tax payments | \$ 47,275.00 | |
| Less: Estimated franchise and income taxes for fiscal year 1977 | <u>23,100.00</u> | |
| Estimated excess tax payments (note b) | | 24,175.00 |
| Note receivable (note c) | | 15,000.00 |
| Inventory (cost) | | 25,428.78 |
| Prepaid expenses | | <u>2,604.99</u> |
| Total current assets | | \$238,960.45 |

FIXED ASSETS:

| | | |
|-------------------------------|------------------|---------------|
| Printing equipment | 126,481.13 | |
| Less accumulated depreciation | <u>65,044.00</u> | |
| | | 61,437.13 |
| Station wagons | 11,904.32 | |
| Less accumulated depreciation | <u>8,451.02</u> | |
| | | 3,453.30 |
| Furniture and equipment | 1,490.50 | |
| Less accumulated depreciation | <u>1,146.99</u> | |
| | | <u>343.51</u> |

Total fixed assets 65,233.94

TOTAL ASSETS

\$304,194.39

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

SCHEDULE 1

LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|-----------------------|------------------|----------------------------|
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 54,050.02 | |
| Pension plan payable | 25,841.92 | |
| Accrued taxes | 758.50 | |
| Accrued salaries | 3,298.65 | |
| Unearned income | <u>275.99</u> | |
| Total liabilities | | \$ 84,225.08 |
| STOCKHOLDER'S EQUITY: | | |
| Capital stock-- | | |
| common: | | |
| \$10 par value; | | |
| 5,000 shares | | |
| authorized; | | |
| 100 shares | | |
| issued and | | |
| outstanding | 1,000.00 | |
| Retained earnings: | | |
| Balance at be- | | |
| ginning of | | |
| fiscal year | \$160,575.10 | |
| Fiscal year 1976 | | |
| tax refunds | 11,383.04 | |
| Net income for | | |
| fiscal year | <u>47,011.17</u> | |
| Balance at end of | | |
| fiscal year | | <u>218,969.31</u> |
| Total stockholder's | | |
| equity | | <u>219,969.31</u> |
| TOTAL LIABILITIES AND | | |
| STOCKHOLDER'S EQUITY | | <u><u>\$304,194.39</u></u> |

SCHEDULE 2

SCHEDULE 2

DAVID R. RAMAGE, INC.

STATEMENT OF INCOME AND EXPENSE

FISCAL YEAR ENDED AUGUST 31, 1977 (notes a and d)

| | | | |
|--|---------------|------------------|---------------------|
| NET SALES | | | \$901,001.48 |
| PRINTING EXPENSES: | | | |
| Camera supplies | \$ 18,383.52 | | |
| Depreciation (straight-line method) | 10,697.31 | | |
| Express and postage | 168.47 | | |
| Leased equipment | 11,315.46 | | |
| Material and paper | 280,687.02 | | |
| Repairs and parts | 4,694.16 | | |
| Salaries | 217,040.39 | | |
| Taxes | 13,720.97 | | |
| Subcontracts | 110,402.33 | | |
| Type, composition, and ink | 18,749.28 | | |
| Union pension fund | 3,798.40 | | |
| Union welfare fund | 9,665.25 | | |
| Union training fund | 190.40 | | |
| Total printing expenses | | | <u>699,512.96</u> |
| Gross profit from sales | | | 201,488.52 |
| ADMINISTRATIVE EXPENSES: | | | |
| Accounting fees | 4,426.92 | | |
| Station wagons | 1,961.34 | | |
| Contributions | 150.00 | | |
| Depreciation (straight-line method) | 2,428.75 | | |
| General expenses | 2,457.06 | | |
| Employee pension plan | 25,973.00 | | |
| Promotion | 3,439.38 | | |
| Insurance | 17,264.66 | | |
| Officers' salaries | 53,500.00 | | |
| Office salaries | 16,474.00 | | |
| Taxes | 4,712.47 | | |
| Bad debts | 759.04 | | |
| Legal fees | 300.00 | | |
| Telephone | 481.17 | | |
| Travel | 357.82 | | |
| Total administrative expenses | | | <u>134,685.61</u> |
| Net operating profit | | | 66,802.91 |
| NONOPERATING INCOME: | | | |
| Interest income | 4,123.29 | | |
| NONOPERATING EXPENSE: | | | |
| Interest expense | \$ 99.35 | | |
| Loss on retirement of assets | <u>715.68</u> | | |
| Net income before taxes | | <u>815.03</u> | <u>3,308.26</u> |
| | | | 70,111.17 |
| ESTIMATED FRANCHISE AND INCOME TAXES: | | | |
| District of Columbia | | 7,300.00 | |
| United States | | <u>15,800.00</u> | |
| Total estimated franchise and income taxes | | | <u>23,100.00</u> |
| Net income | | | <u>\$ 47,011.17</u> |
| EARNINGS PER SHARE | | | \$ 470. |

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

DAVID R. RAMAGE, INC.STATEMENT OF CHANGES IN FINANCIAL POSITIONFISCAL YEAR ENDED AUGUST 31, 1977 (note a)

FUNDS PROVIDED:

| | |
|------------------------------|---------------------|
| Net sales | \$901,001.46 |
| Interest income | 4,123.29 |
| Fiscal year 1976 tax refunds | <u>11,383.04</u> |
| Total funds provided | <u>\$916,507.81</u> |

FUNDS APPLIED:

| | |
|--|---------------------|
| Costs (excluding depreciation and other items not requiring outlay of funds) | \$844,271.86 |
| Purchase of printing equipment | 26,474.70 |
| Increase in working capital | <u>45,761.25</u> |
| Total funds applied | <u>\$916,507.81</u> |

ANALYSIS OF CHANGES IN WORKING CAPITALFOR FISCAL YEAR ENDED AUGUST 31, 1977Increase or decrease(-)

WORKING CAPITAL CHANGES:

| | |
|-------------------------------|----------------|
| Cash | \$ 13,228.61 |
| Pension plan escrow | 9,198.12 |
| Relocation contingency fund | 1,299.36 |
| Accounts receivable--trade | -30,679.01 |
| Accounts receivable--other | 7,211.92 |
| Estimated excess tax payments | 24,175.00 |
| Notes receivable | 8,000.00 |
| Inventory (cost) | 5,455.21 |
| Prepaid expenses | 112.20 |
| Accounts payable | 12,423.64 |
| Pension plan payable | -2,795.77 |
| Accrued taxes | -524.58 |
| Accrued salaries | -1,095.26 |
| Unearned income | <u>-248.19</u> |

NET INCREASE IN WORKING CAPITAL \$ 45,761.25

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

DAVID R. RAMAGE, INC.NOTES TO FINANCIAL STATEMENTSAUGUST 31, 1977a/Significant accounting policies:

The books are maintained on a cash basis throughout the course of the fiscal year and converted to an accrual basis at the end of the fiscal year.

Depreciation is provided at rates based on estimated useful lives using the straight line method. The lives generally used are as follows:

| | |
|--------------------------------|----------|
| Printing equipment--new | 10 years |
| Printing equipment--used | 5 years |
| Office furniture and equipment | 10 years |
| Station wagons | 3 years |

Inventory is stated on the statement of financial condition at cost.

b/Excess tax payments to be refunded or applied against subsequent years' taxes.

c/Loan at 6.75-percent interest to a subcontractor corporation due July 31, 1978.

d/Does not include the cost of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance (which are furnished to the corporation without charge) or the printing clerk's salary (\$15,580.51)--paid from appropriated funds.