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REPORT TO THE CONGRESS 096744

~~74-0005~~



LM096744

Audit Of The Minority Printing
Clerk, Fiscal Year Ended
September 30, 1973

B-164163

House of Representatives

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

~~701857~~

096744

MARCH 1, 1974

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

B-164163

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

The General Accounting Office has audited the accounts of the Minority Printing Clerk, House of Representatives, for the fiscal year ended September 30, 1973, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1). The act requires that the results of our audit be reported to the Congress. \$45,000.00

GENERAL COMMENTS

2 The Minority Printing Clerk operates as Thomas J. Lankford, Incorporated, which was organized and incorporated on December 16, 1973, primarily to provide printing and related services for Members of the House of Representatives. 2,012.18

The position of Minority Printing Clerk was established pursuant to House Resolution 295 (July 7, 1943, 78th Cong.) and was made permanent by the Legislative Branch Appropriation Act, 1945 (58 Stat. 343). The Minority Printing Clerk, appointed by the Minority Leader, receives an annual salary from appropriated funds.

The Minority Printing Clerk's offices and plant are in the west underground garage of the House of Representatives. He supplies official printing to the minority 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 financial statements for the fiscal year ended September 30, 1973, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements on the basis of statements furnished by the firm of certified public accountants employed by Thomas J. Lankford, Incorporated. The income and expense statement does not include the costs 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 annual salary (\$12,800.00) of the Minority Printing Clerk which is paid from appropriated funds.

Because official printing is supplied to the minority leadership at no charge, the income and expense statement includes the costs of, but does not include any revenue for, the printing services.

In our opinion, the accompanying statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the Minority Printing Clerk, operating as Thomas J. Lankford, Incorporated, at September 30, 1973, and the results of its operations and the changes in its financial position for the year then ended.

A copy of this report is being sent today to the Minority Leader of the House of Representatives.

845 00017

Thomas B. Staats

Comptroller General
of the United States

SCHEDULES

SCHEDULE 2

THOMAS J. LANKFORD, INCORPORATED

INCOME AND EXPENSE STATEMENT FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 1973 (note a)

NET SALES		\$621,080.07
DIRECT PRINTING EXPENSES:		
Depreciation (straight-line method)	\$ 21,112.77	
Envelope addressing	1,568.60	
Express and postage	10,045.06	
Leased equipment	7,700.00	
Material and paper	234,175.58	
Camera supplies	7,201.12	
Plate cutting	1,011.39	
Repairs	6,182.33	
Salaries	171,976.80	
Subcontracts	12,792.19	
Payroll taxes	8,304.52	
Type, composition, and ink	37,245.63	
Union pension fund	2,497.44	
Union training fund	186.20	
Union welfare fund	7,008.17	
Uniforms	259.65	
	<u>529,267.45</u>	
Gross profit from sales		91,812.62
ADMINISTRATIVE EXPENSES:		
Accounting fees	7,908.01	
Advertising and promotion	13,121.66	
Station wagon expenses	2,716.63	
Depreciation (straight-line method)	2,040.25	
Employee pension plan (note b)	32,292.55	
General expenses	618.47	
Insurance	5,592.16	
Legal fees	2,769.30	
Officers' salaries:		
President-Treasurer	\$78,732.50	
Secretary	<u>14,955.00</u>	
	93,687.50	
Taxes	5,264.66	
Telephone	326.44	
Bad debts	<u>1,752.96</u>	
		<u>168,090.59</u>
Net operating loss		-76,277.97
NONOPERATING INCOME:		
Miscellaneous income		77.60
NONOPERATING EXPENSES:		
Interest expense		<u>-1,817.35</u>
Net loss before taxes		-78,017.72
INCOME AND FRANCHISE TAXES:		
United States, refund claim	28,042.07	
District of Columbia (minimum)	<u>-25.00</u>	
		<u>28,017.07</u>
Net loss		- <u>\$ 50,000.65</u>

^a Does not include the cost of certain benefits and services--such as space, utilities, ordinary building repairs and maintenance, and salary--which are paid from appropriated funds.

^b Covers all employees of Thomas J. Lankford, Incorporated, after 2 years of service at no cost to the employees.

SCHEDULE 3

THOMAS J. LANKFORD, INCORPORATED

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE

FISCAL YEAR ENDED SEPTEMBER 30, 1973

FUNDS PROVIDED:

Net sales	\$621,080.07
Miscellaneous income	77.60
Additional allowance on equipment trade-in in prior year	1,365.00
Decrease in working capital	<u>32,394.80</u>
Total funds provided	<u>\$654,917.47</u>

FUNDS APPLIED:

Costs (excluding depreciation)	\$648,005.30
Purchase of printing equipment	4,436.00
Increase in cash surrender value of officer's life insurance	<u>2,476.17</u>
Total funds applied	<u>\$654,917.47</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

INCREASE OR DECREASE (-) IN CURRENT ASSETS

Cash	\$ -137.15
Accounts receivable	-25,167.94
Inventory	94,779.63
Prepaid expenses	-6,302.12

INCREASE (-) OR DECREASE IN CURRENT
LIABILITIES

Accounts payable	-60,268.18
Note payable	-40,000.00
Accrued interest payable	-692.35
Accrued salaries payable	7,180.23
Accrued taxes payable	14,793.69
Unearned income	<u>-16,580.61</u>

DECREASE IN WORKING CAPITAL \$-32,394.80