

DOCUMENT RESUME

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Audit of the Minority Printing Clerk, Fiscal Years Ended September 30, 1974, 1975, and 1976. GGD-77-41; B-164163. March 31, 1977. 8 pp.

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

Issue Area: Accounting and Financial Reporting (2800).

Contact: General Government Div.

Budget Function: General Government: Central Fiscal Operations (803).

Organization Concerned: Thomas J. Lankford, Inc.

Congressional Relevance: House Committee on House

Administration; Senate Committee on Rules and

Administration; Congress; House of Representatives: Minority Printing Clerk.

Authority: Legislative Branch Appropriation Act [of] 1945 (58 Stat. 343).

The Minority Printing Clerk is appointed by the Minority Leader and receives an annual salary from appropriated funds. The Clerk operates as Thomas J. Lankford, Inc., a firm organized in 1963, primarily to provide printing and related services for Members of the House of Representatives.

Findings/Conclusions: Financial statements were examined for fiscal years ended September 30, 1974, 1975, and 1976. The "Comparative Statement of Financial Condition" showed assets, (including current assets, investment, and fixed assets), liabilities, and stockholder's equity. Total assets and liabilities plus stockholder's equity were balanced at \$467,916.59 for 1976, \$354,538.28 for 1975, and \$457,045.65 for 1974. Other statements examined were the "Comparative Statement of Income and Expense", and the "Comparative Statement of Changes in Financial Position." A summary of significant accounting policies stated that books are maintained on a cash basis throughout the fiscal year and converted to an accrual basis at the end of the year. It also described depreciation methods, and inclusion of inventory and investment tax credit. The income and expense statement included costs of printing services supplied to the minority leadership at no charge but did not include costs of certain benefits and services nor the Clerk's annual salary. The statements were found to be consistent with those of preceding years and to present the financial position fairly. (HTW)

REPORT TO THE CONGRESS



*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

Audit Of The Minority
Printing Clerk, Fiscal Years
Ended September 30, 1974,
1975, And 1976

House of Representatives



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 Minority Printing Clerk, House of Representatives, for the fiscal years ended September 30, 1974, 1975, and 1976, 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. Also, in accordance with sections 232 and 233 of the 1970 act, copies of this report are being furnished to committees and Members of the Congress. In addition, in following our normal procedures, the report will be available to the public.

GENERAL COMMENTS

The position of Minority Printing Clerk was established pursuant to House Resolution 295 (July 7, 1943, 78th Cong.) and 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 operates as Thomas J. Lankford, Incorporated, a firm organized and incorporated on December 16, 1963, primarily to provide printing and related services for Members of the House of Representatives.

The Minority Printing Clerk's offices and printing 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 years ended September 30, 1974, 1975, and 1976, 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 Thomas J. Lankford, Incorporated. The income and expense statement 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 Minority Printing Clerk, which is paid from appropriated funds.

The income and expense statement includes the costs of printing services supplied to the minority leadership at no charge.

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 Minority Printing Clerk, operating as Thomas J. Lankford, Incorporated, at September 30, 1974, 1975, and 1976, and the results of its operations and the changes in its financial position for the years then ended.

We are sending a copy of this report to the Minority Leader of the House of Representatives.



Comptroller General
of the United States

SCHEDULE 1

THOMAS J. LANKFORD, INCORPORATED

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

SEPTEMBER 30, 1976, 1975, AND 1974

	September 30, <u>1976</u>	September 30, <u>1975</u>	September 30, <u>1974</u>
ASSETS			
CURRENT ASSETS:			
Cash	\$ 47,223.96	\$ 2,648.44	\$ 31,230.31
Accounts receivable-- trade	291,115.33	214,362.45	277,711.90
Accounts receivable-- other	625.50	40.50	-
Income tax claim	-	32,267.71	-
Refundable overpayment of income taxes	1,200.00	6,200.00	-
Inventory (cost)	74,532.80	57,722.53	89,399.07
Prepaid expenses	<u>7,067.73</u>	<u>7,992.23</u>	<u>12,591.11</u>
Total current assets	<u>421,765.32</u>	<u>321,233.86</u>	<u>410,932.39</u>
INVESTMENT:			
Cash surrender value of officer's life insur- ance policy	<u>18,974.74</u>	<u>12,263.21</u>	<u>10,183.66</u>
FIXED ASSETS:			
Printing equipment	229,793.37	210,078.85	206,561.85
Less accumulated de- preciation	<u>203,108.08</u>	<u>192,054.75</u>	<u>176,175.23</u>
	<u>26,685.29</u>	<u>18,024.10</u>	<u>30,386.62</u>
Station wagon	7,458.37	7,458.37	7,458.37
Less accumulated de- preciation	<u>7,250.61</u>	<u>4,764.74</u>	<u>2,278.87</u>
	<u>207.76</u>	<u>2,693.63</u>	<u>5,179.50</u>
Office equipment	400.00	400.00	400.00
Less accumulated de- preciation	<u>116.52</u>	<u>76.52</u>	<u>36.52</u>
	<u>283.48</u>	<u>323.48</u>	<u>363.48</u>
Total fixed assets	<u>27,176.53</u>	<u>21,041.21</u>	<u>35,929.60</u>
TOTAL ASSETS	<u>\$467,916.59</u>	<u>\$354,538.28</u>	<u>\$457,045.65</u>

SCHEDULE 1

	September 30, <u>1976</u>	September 30, <u>1975</u>	September 30, <u>1974</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$194,689.88	\$103,970.24	\$128,421.72
Notes payable	95,000.00	120,000.00	135,000.00
Accrued interest	2,113.15	2,477.50	2,780.21
Accrued salaries	5,626.49	1,323.69	8,358.70
Accrued taxes	2,638.83	205.28	2,209.56
Unearned income	<u>2,091.14</u>	<u>4,399.68</u>	<u>7,037.68</u>
Total liabilities	<u>302,159.49</u>	<u>232,376.39</u>	<u>283,807.87</u>
STOCKHOLDER'S EQUITY:			
Capital stock--common:			
\$100 par value;			
1,500 shares au-			
thorized; 375			
shares issued and			
outstanding	37,500.00	37,500.00	37,500.00
Capital in excess of			
par value	<u>51,464.36</u>	<u>51,464.36</u>	<u>51,464.36</u>
Total capital	<u>88,964.36</u>	<u>88,964.36</u>	<u>88,964.36</u>
Retained earnings:			
Balance at beginning			
of fiscal year	33,197.53	84,273.42	57,247.07
Net profit or (loss)			
for fiscal year	<u>43,595.21</u>	<u>(51,075.89)</u>	<u>27,026.35</u>
Balance at end of			
fiscal year	<u>76,792.74</u>	<u>33,197.53</u>	<u>84,273.42</u>
Total stock-			
holder's			
equity	<u>65,757.10</u>	<u>122,161.89</u>	<u>173,237.78</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$467,916.59</u>	<u>\$354,538.28</u>	<u>\$457,045.65</u>

THOMAS J. LANKFORD, INCORPORATED

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 1976, 1975, AND 1974 (note a)

	1976	1975	1974
NET SALES	\$1,197,495.32	\$721,723.95	\$993,651.15
PRINTING EXPENSES:			
Camera supplies	16,717.02	10,663.71	6,775.52
Depreciation (straight-line method);	11,053.33	15,879.57	18,451.22
Express and postage	7,239.93	10,870.02	8,369.05
Leased equipment	9,413.98	6,549.27	8,530.00
Material and paper	430,100.26	265,930.93	377,346.02
Payroll taxes	14,015.30	10,116.17	11,226.28
Plate cutting	-	-	167.69
Repairs and parts	13,921.49	6,380.03	8,495.82
Salaries	266,662.56	185,055.91	231,835.16
Subcontracts	72,493.83	47,914.01	30,711.93
Type, composition, and ink	69,424.11	35,850.84	52,124.53
Union pension fund	3,023.13	3,122.17	3,001.51
Union training fund	328.10	380.95	366.05
Union welfare fund	7,765.42	8,104.92	8,138.43
Total printing expense	<u>922,358.46</u>	<u>606,819.25</u>	<u>765,539.21</u>
Gross profit from sales	<u>275,136.86</u>	<u>114,904.70</u>	<u>228,111.94</u>
ADMINISTRATIVE EXPENSES:			
Accounting fees	26,830.00	20,767.00	17,337.38
Bad debts	120.50	-	-
Advertising and promotion	21,928.77	15,341.73	13,908.75
Station wagon	5,136.05	4,707.66	2,299.80
Depreciation (straight-line method)	2,525.87	2,525.87	2,465.41
Employee pension plan (note b)	28,978.81	39,946.13	39,756.01
General expenses	1,373.56	1,142.57	978.67
Insurance	8,118.25	8,775.80	7,379.19
Legal fees	4,620.48	1,946.35	703.13
President-Treasurer salary	77,400.00	78,323.20	70,200.00
Secretary salary	17,480.23	10,917.53	11,900.00
Taxes	7,081.29	5,196.06	5,779.24
Telephone	776.95	544.04	395.19
Total administrative expenses	<u>202,370.76</u>	<u>190,133.94</u>	<u>173,122.77</u>
Net operating profit (loss)	<u>72,766.10</u>	<u>(75,229.24)</u>	<u>54,989.17</u>
NONOPERATING INCOME:			
Miscellaneous income	110.39	1,414.43	53.97
Interest income	2,604.90	1.35	733.40
Gain on sale of inventory	240.50	148.53	931.69
Recovery of prior years bad debts	2,363.97	1,590.70	-
Total nonoperating income	<u>5,319.76</u>	<u>3,155.01</u>	<u>1,719.06</u>
NONOPERATING EXPENSES:			
Interest expense	9,915.65	11,244.37	11,147.92
Profit (loss) before taxes	<u>68,170.21</u>	<u>(83,318.60)</u>	<u>45,560.31</u>
INCOME AND FRANCHISE TAXES:			
United States	17,800.00	c/(32,267.71)	15,136.28
District of Columbia	6,775.00	25.00	3,397.68
Total income and franchise taxes	<u>24,575.00</u>	<u>(32,242.71)</u>	<u>18,533.96</u>
Net profit (loss)	<u>\$ 43,595.21</u>	<u>\$(51,075.89)</u>	<u>\$ 27,026.35</u>
EARNINGS (LOSS) PER SHARE	<u>\$ 116.25</u>	<u>\$ (136.20)</u>	<u>\$ 27.07</u>

a/Does not include the cost of certain benefits and services--such as space, utilities, ordinary building repairs and maintenance, and the printing clerk's salary (\$13,466, \$14,209, and \$14,920 in fiscal years 1974, 1975, and 1976 respectively)--paid from appropriated funds.

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

c/Refund claimed for taxes paid in prior periods, as a result of fiscal year 1975 operating loss carryback under provisions of the tax law.

THOMAS J. LANKFORD, INCORPORATED
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 1976, 1975, AND 1974

	<u>September 30, 1976</u>	<u>September 30, 1975</u>	<u>September 30, 1974</u>
FUNDS PROVIDED:			
Net sales	\$1,197,495.22	\$721,723.95	\$993,651.15
Recovery of prior years' bad debts	2,363.97	1,590.70	-
Miscellaneous income	110.39	1,414.43	53.97
Interest income	2,604.90	1.35	733.40
Gain on sale of inventory	240.50	148.53	931.69
Trade-in allowance on station wagon	-	-	3,418.58
Decrease in working capital	-	38,267.05	-
Total funds provided	<u>\$1,202,815.08</u>	<u>\$763,146.01</u>	<u>\$998,788.79</u>
FUNDS APPLIED:			
Costs (excluding depreciation)	1,145,640.67	757,549.46	947,407.23
Increase in cash surrender value of officer's life insurance	6,711.53	2,079.55	2,480.03
Purchase of printing equipment	19,714.52	3,517.00	-
Purchase of office equipment	-	-	400.00
Purchase of station wagon	-	-	6,966.48
Increase in working capital	<u>30,748.36</u>	<u>-</u>	<u>41,535.05</u>
Total funds applied	<u>\$1,202,815.08</u>	<u>\$763,146.01</u>	<u>\$998,788.79</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

FOR FISCAL YEARS ENDED SEPTEMBER 30, 1976, 1975, AND 1974

	<u>Increase or decrease(-) in working capital</u>		
	<u>September 30, 1976</u>	<u>September 30, 1975</u>	<u>September 30, 1974</u>
WORKING CAPITAL CHANGES:			
Cash	\$ 575.52	-\$28,581.87	\$ 29,440.91
Accounts receivable	7,337.88	-63,308.95	123,370.75
Income tax claim	-32,267.71	32,267.71	-28,042.07
Inventory	16,810.27	-31,676.54	-22,376.63
Prepaid expenses	-924.50	-4,598.88	-3,825.42
Refundable overpayment of income taxes	-5,000.00	6,200.00	-15,477.55
Accounts payable	-90,719.64	24,451.48	46,395.00
Notes payable	25,000.00	15,000.00	-85,000.00
Accrued interest payable	364.35	302.71	-2,002.44
Accrued salaries payable	-4,302.80	7,035.01	-8,257.00
Accrued taxes payable	-2,433.55	2,004.28	-2,233.43
Unearned income	<u>2,308.54</u>	<u>2,638.00</u>	<u>9,542.93</u>
INCREASE OR DECREASE(-) IN WORKING CAPITAL	<u>\$30,748.36</u>	<u>-\$38,267.05</u>	<u>\$ 41,535.05</u>

THOMAS J. LANFORD, INCORPORATEDSUMMARY OF SIGNIFICANT ACCOUNTING POLICIESSEPTEMBER 30, 1976, 1975, AND 1974

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 upon 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 & equipment	10 years
Station wagon	3 years

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

The investment tax credit is applied as a reduction of the current tax liability.