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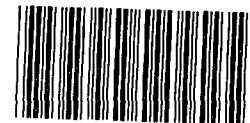
BY THE COMPTROLLER GENERAL

110424

Report To The Congress

OF THE UNITED STATES

Audit Of The Majority Printing Clerk, House Of Representatives, For The Fiscal Year Ended August 31, 1978



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SEPTEMBER 21, 1979



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON DC 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, 1978, 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 increased from \$2,000 to \$16,743, the annual pay rate established in accordance with the pay adjustment which became effective October 1, 1977. No funds were provided, however, in the Legislative Branch Appropriation Act, 1979 (Public Law 95-391, Sept. 30, 1978), to pay a salary to the Majority Printing Clerk.

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.

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On August 3, 1978, the Board of Directors authorized the purchase of property suitable as a site for the corporation's printing operations. Subsequently, the corporation made a \$3,000 purchase deposit on a real property parcel in Fairfax County, Virginia.

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, 1978, and such other auditing procedures as we considered necessary.

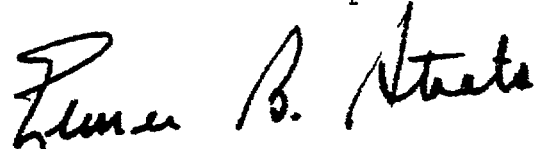
OPINION ON FINANCIAL STATEMENTS

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 was 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, 1978, 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

DAVID R. RAMAGE, INC.STATEMENT OF FINANCIAL CONDITIONAUGUST 31, 1978 (note a)

ASSETS

CURRENT ASSETS

Cash		\$106,865 44	
Pension plan escrow		29,884 41	
Relocation contingency fund		39,201 15	
Accounts receivable--trade		148,644.77	
Accounts receivable--other		5,988 25	
franchise and income tax			
payments	\$ 95,000 00		
Less Estimated franchise			
and income taxes for			
fiscal year 1978		<u>85,620 00</u>	
Estimated excess tax			
payments (note b)		9,380 00	
Note receivable (note c)		15,000 00	
Inventory (cost)		56,445 16	
Prepaid expenses		420 09	
Real property purchase deposit		<u>3,000 00</u>	
Total current assets			\$414,829 27

FIXED ASSETS

Printing equipment	123,971 35		
Less accumulated depreciation	<u>61,392 45</u>		
		62,578 90	
Station wagon	6,906 60		
Less accumulated depreciation	<u>5,755 50</u>		
		1,151 10	
Furniture and equipment	2,039 50		
Less accumulated depreciation	<u>1,291 82</u>		
		<u>747 68</u>	
total fixed assets			<u>64,477 68</u>

TOTAL ASSETS

\$479,306 95

GAO note The accompanying notes on page 5 are an integral part of this statement

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

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES		
Accounts payable		\$114,973 82
Pension plan payable		30,504 11
Accrued taxes		1,640 61
Accrued salaries		8,030 10
Unearned income		<u>3,945 40</u>
Total liabilities		\$159,094 04
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	\$218,969 31	
Fiscal year 1977 tax expense	<u>(406 49)</u>	
	218,562 82	
Net income for fiscal year	<u>100,650 09</u>	
Balance at end of fiscal year		<u>319,212 91</u>
Total stockholder s equity		<u>320,212 91</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		<u>\$479,306 95</u>

DAVID R. RAMAGE, INC.

STATEMENT OF INCOME AND EXPENSE

FISCAL YEAR ENDED AUGUST 31, 1978 (notes a and d)

NET SALES		\$1,412,119.41
PRINTING EXPENSES		
Camera supplies	\$ 24,730.70	
Depreciation (straight-line method)	13,112.68	
Express and postage	482.48	
Leased equipment	17,313.78	
Material and paper	467,691.27	
Repairs and parts	12,500.95	
Salaries	283,401.17	
Taxes	19,351.38	
Subcontracts	162,360.52	
Type, composition, and ink	30,743.61	
Union pension fund	4,424.90	
Union welfare fund	12,213.15	
Total printing expenses		<u>1,048,326.59</u>
Gross profit from sales		363,792.82
ADMINISTRATIVE EXPENSES:		
Accounting fees	3,698.91	
Station wagon	2,801.09	
Contributions	175.00	
Depreciation (straight-line method)	2,447.03	
General expenses	2,008.97	
Employee pension plan (note e)	30,645.47	
Promotion	2,931.45	
Insurance	22,018.34	
Officers' salaries	85,440.00	
Office salaries	24,737.60	
Taxes	4,408.85	
Telephone	528.22	
Travel	81.00	
Total administrative expenses		<u>181,921.93</u>
Net operating profit		181,870.89
NONOPERATING INCOME:		
Interest income	5,462.92	
NONOPERATING EXPENSE:		
Loss on sale of assets	<u>1,063.72</u>	<u>4,399.20</u>
Net income before taxes		186,270.09
ESTIMATED FRANCHISE AND INCOME TAXES.		
District of Columbia	18,810.00	
United States	<u>66,810.00</u>	
Total estimated franchise and income taxes		<u>85,620.00</u>
Net income		<u>\$100,650.09</u>
EARNINGS PER SHARE		\$ 1,006.50

GAO note. The accompanying notes on page 5 are an integral part of this statement.

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

DAVID R RAMAGE, INCSTATEMENT OF CHANGES IN FINANCIAL POSITIONFISCAL YEAR ENDED AUGUST 31, 1978 (note a)

FUNDS PROVIDED	
Net sales	\$1,412,119 41
Interest income	5,462 92
Trade-in allowance on printing equipment	525 10
Sale of printing equipment	1,000 00
Sale of station wagon	<u>1,000 00</u>
Total funds provided	<u>\$1,420,107 43</u>
FUNDS APPLIED	
Costs (excluding depreciation and other items not requiring outlay of funds)	\$1,300,308.81
Purchase of printing equipment	17,843 27
Purchase of office equipment	549 00
Fiscal year 1977 tax expense	406 49
Increase in working capital	<u>100,999 86</u>
Total funds applied	<u>\$1,420,107 43</u>

ANALYSIS OF CHANGES IN WORKING CAPITALFOR FISCAL YEAR ENDED AUGUST 31, 1978

	<u>Increase or (decrease)</u>
WORKING CAPITAL CHANGES	
Cash	\$ 81,594 66
Pension plan escrow	1,956 73
Relocation contingency fund	17,589 29
Accounts receivable--trade	59,759 48
Accounts receivable--other	(2,067 82)
Estimated excess tax payments	(14,795 00)
Inventory (cost)	31,016 38
Prepaid expenses	(2,184 90)
Real property purchase deposit	3,000 00
Accounts payable	(60,923 80)
Pension plan payable	(4,662 19)
Accrued taxes	(882 11)
Accrued salaries	(4,731 45)
Unearned income	<u>(3,669 41)</u>
NET INCREASE IN WORKING CAPITAL	<u>\$100,999 86</u>

GAO note The accompanying notes on page 5 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, 1978a/ 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 wagon	3 years

b/ Excess tax payments to be refunded or applied against subsequent years' taxesc/ Loan at 6 75-percent interest to a subcontractor corporation due July 31, 1979d/ 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 (\$16,651.35)--paid from appropriated fundse/ Employee pension plan provides for normal retirement on the plan anniversary date nearest to the employee's 65th birthday. The plan generally covers non-union employees starting at age 25 who have had 1 year's service at no cost to the employees

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