

14750
113163

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, 1979



113163

011847

GGD-80-54

AUGUST 28, 1980

For sale by:

Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402

Telephone (202) 783-3238

Members of Congress; heads of Federal, State,
and local government agencies; members of the press;
and libraries can obtain GAO documents from:

U.S. General Accounting Office
Document Handling and Information
Services Facility
P.O. Box 6015
Gaithersburg, Md. 20760

Telephone (202) 275-6241



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

B-199862

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, 1979, 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), or in the continuing resolution for fiscal year 1980 (Public Law 96-86, Oct. 12, 1979), to pay a salary to the Majority Printing Clerk after September 30, 1978.

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.

On August 3, 1978, the Board of Directors authorized the purchase of property suitable as a site for the corporation's printing operations. During the fiscal year ended August 31, 1979, the corporation purchased unimproved property in Fairfax County, Virginia, on which it plans to erect a building.

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, 1979, 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 cost of certain benefits and services such as space, utilities, and ordinary building repairs and maintenance furnished to the corporation without charge or (2) the salary paid to David R. Ramage as Majority Printing Clerk, which was paid from appropriated funds (see previous page).

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, 1979, and the results of its operations and the changes in its financial position for the year then ended.

- - - - -

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, 1979 (note a)

ASSETS

CURRENT ASSETS:

Cash		\$ 82,363.11	
Pension plan escrow		19,659.84	
Relocation contingency fund		5,069.55	
Land and building fund		11,888.11	
Accounts receivable--trade		121,539.93	
Accounts receivable--other		12,234.10	
Note receivable (note b)		15,000.00	
Inventory (cost)		57,100.94	
Prepaid expenses		<u>415.49</u>	
Total current assets			\$325,271.07

FIXED ASSETS:

Land acquired for future building		75,091.01	
Printing equipment	\$123,971.35		
Less accumulated depreciation	<u>73,841.28</u>		
		50,130.07	
Station wagon	6,906.60		
Less accumulated depreciation	<u>6,906.60</u>		
		-	
Furniture and equipment	1,664.50		
Less accumulated depreciation	<u>1,101.39</u>		
		<u>563.11</u>	
Total fixed assets			<u>125,784.19</u>

TOTAL ASSETS

\$451,055.26

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.

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:		
Accounts payable		\$43,739.02
Pension plan payable		29,735.15
Accrued taxes		7,648.06
Accrued salaries		5,020.00
Unearned income		<u>3,394.93</u>
Total liabilities		\$ 89,537.16
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	\$319,212.91	
Prior years'		
tax expense	<u>(2,407.41)</u>	
	316,805.50	
Net income for		
fiscal year	<u>43,712.60</u>	
Balance at end of		
fiscal year		<u>360,518.10</u>
Total stockholder's		
equity		<u>361,518.10</u>
TOTAL LIABILITIES AND		
STOCKHOLDER'S EQUITY		<u>\$451,055.26</u>

DAVID R. RAMAGE, INC.

STATEMENT OF INCOME AND EXPENSE

FISCAL YEAR ENDED AUGUST 31, 1979

(notes a and c)

NET SALES		\$1,207,454.63
PRINTING EXPENSES:		
Camera supplies	\$ 22,282.57	
Depreciation (straight-line method)	12,448.83	
Express and postage	250.20	
Leased equipment	21,406.81	
Material and paper	427,944.84	
Repairs and parts	10,467.12	
Salaries	273,064.53	
Taxes	20,101.28	
Subcontracts	143,159.34	
Type, composition, and ink	19,537.22	
Union pension fund	5,335.11	
Union welfare fund	16,381.68	
Total printing expenses		<u>972,379.53</u>
Gross profit from sales		235,075.10
ADMINISTRATIVE EXPENSES:		
Accounting fees	3,193.80	
Station wagon	1,954.87	
Depreciation (straight-line method)	1,316.93	
General expenses	1,342.79	
Employee pension plan (note d)	29,976.88	
Promotion	3,196.19	
Insurance	24,370.62	
Legal	6,531.70	
Officers' salaries	79,220.00	
Office salaries	18,065.34	
Taxes	3,822.14	
Telephone	365.75	
Total administrative expenses		<u>173,357.01</u>
Net operating profit		61,718.09
NONOPERATING INCOME:		
Gain on sale of assets	241.26	
Interest income	6,683.25	
Net income before taxes		<u>68,642.60</u>
ESTIMATED FRANCHISE AND INCOME TAXES:		
District of Columbia	7,160.00	
United States	17,770.00	
Total estimated franchise and income taxes		<u>24,930.00</u>
Net income		<u>\$ 43,712.60</u>
EARNINGS PER SHARE		\$ 437.13

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, 1979 (note a)

FUNDS PROVIDED:	
Net sales	\$1,207,454.63
Interest income	6,683.25
Sale of office equipment	260.00
Decrease in working capital	<u>17,001.32</u>
Total funds provided	<u>\$1,231,399.20</u>
FUNDS APPLIED:	
Costs (excluding depreciation and other items not requiring outlay of funds)	\$1,156,900.78
Purchase of land	72,091.01
Prior fiscal years' tax expense	<u>2,407.41</u>
Total funds applied	<u>\$1,231,399.20</u>

ANALYSIS OF CHANGES IN WORKING CAPITALFOR FISCAL YEAR ENDED AUGUST 31, 1979

	<u>Increase or (decrease)</u>
WORKING CAPITAL CHANGES:	
Cash	\$(24,502.33)
Pension plan escrow	(10,224.57)
Relocation contingency fund	(34,131.60)
Land and building fund	11,888.11
Accounts receivable--trade	(27,104.84)
Accounts receivable--other	6,245.85
Estimated excess tax payments	(9,380.00)
Inventory (cost)	655.78
Prepaid expenses	(4.60)
Accounts payable	71,234.80
Pension plan payable	768.96
Accrued taxes	(6,007.45)
Accrued salaries	3,010.10
Unearned income	<u>550.47</u>
NET DECREASE IN WORKING CAPITAL	<u>\$(17,001.32)</u>

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, 1979a/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/Loan at 6.75-percent interest to a subcontractor corporation due July 31, 1980.

c/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 (\$1,395.27)--paid from appropriated funds.

d/Employee pension plan provides for normal retirement on the plan anniversary date nearest to the employee's 65th birthday. The plan, offered at no cost to the employees, generally covers non-union employees starting at age 25 who have had 1 year's service.

(410582)



AN EQUAL OPPORTUNITY EMPLOYER

**UNITED STATES
GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548**

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE**



THIRD CLASS