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REPORT TO THE CONGRESS



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES



Audit Of The Majority Printing
Clerk, Fiscal Years Ended
August 31, 1974, 1975, And 1976

House of Representatives

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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 years ended August 31, 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 Majority 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 Majority Printing Clerk, appointed by the Majority Leader, receives an annual salary from appropriated funds.

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. He 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 financial statements for the fiscal years ended August 31, 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 David R. Ramage, Inc. The income and expense statement does not include (1) the costs of certain benefits and services, such as space, utilities, 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. The income and expense statement includes the costs of printing services supplied to the majority 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 Majority Printing Clerk, operating as David R. Ramage, Inc., at August 31, 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 Majority Leader of the House of Representatives.



Comptroller General
of the United States

SCHEDULE 1

DAVID R. RAMAGE, INC.

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

AUGUST 31, 1976, 1975, AND 1974

ASSETS	August 31, <u>1976</u>	August 31, <u>1975</u>	August 31, <u>1974</u>
CURRENT ASSETS:			
Cash	\$ 12,042.17	\$ 13,724.55	\$ 14,563.51
Pension plan escrow	18,729.56	208.21	205.02
Relocation con- tingency fund	20,312.50	-	-
Accounts receivable-- trade	119,564.30	100,933.61	61,997.33
Accounts receivable-- other	844.15	313.42	719.78
Notes receivable	7,000.00	-	-
Inventory (cost)	19,973.57	21,523.95	19,066.19
Prepaid expenses	2,492.79	801.03	1,488.97
Deferred finance charges	-	-	<u>1,547.38</u>
Total current assets	<u>200,959.04</u>	<u>137,504.77</u>	<u>99,588.18</u>
FIXED ASSETS:			
Printing equipment	102,451.73	91,918.79	81,786.29
Less accumulated depreciation	<u>56,108.63</u>	<u>46,580.81</u>	<u>37,674.47</u>
	<u>46,343.10</u>	<u>45,337.98</u>	<u>44,111.82</u>
Station wagon	11,904.32	4,997.72	4,997.72
Less accumulated depreciation	<u>6,148.82</u>	<u>4,997.72</u>	<u>3,470.48</u>
	<u>5,755.50</u>	<u>-</u>	<u>1,527.24</u>
Furniture and equipment	1,595.50	1,595.50	1,595.50
Less accumulated depreciation	<u>1,093.12</u>	<u>937.31</u>	<u>725.26</u>
	<u>502.38</u>	<u>658.19</u>	<u>870.24</u>
Total fixed assets	<u>52,600.98</u>	<u>45,996.17</u>	<u>46,509.30</u>
TOTAL ASSETS	<u>\$253,560.02</u>	<u>\$183,500.94</u>	<u>\$146,097.48</u>

SCHEDULE 1

LIABILITIES AND STOCKHOLDER'S EQUITY	August 31, <u>1976</u>	August 31, <u>1975</u>	August 31, <u>1974</u>
CURRENT LIABILITIES:			
Accounts payable	\$ 66,473.66	\$ 65,051.37	\$ 45,704.99
Notes payable	-	10,041.65	19,412.75
Pension plan pay- able	23,046.15	-	-
Accrued taxes	233.92	3,517.31	6,343.94
Accrued interest	-	49.51	37.51
Accrued salaries	2,203.39	4,015.00	1,649.00
Unearned income	<u>27.80</u>	<u>191.05</u>	<u>240.35</u>
Total liabilities	<u>91,984.92</u>	<u>82,865.89</u>	<u>73,388.54</u>
STOCKHOLDER'S EQUITY:			
Capital stock-- common:			
\$10 par value; 5,000 shares authorized; 100 shares issued and outstanding	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>
Retained earnings:			
Balance at be- ginning of fiscal year	99,635.05	71,708.94	44,177.97
Net profit for fiscal year	<u>60,940.05</u>	<u>27,926.11</u>	<u>27,530.97</u>
Balance at end of fiscal year	<u>160,575.10</u>	<u>99,635.05</u>	<u>71,708.94</u>
Total stock- holder's equity	<u>161,575.10</u>	<u>100,635.05</u>	<u>72,708.94</u>
TOTAL LIABILITY AND STOCKHOLDER'S EQUITY	<u>\$253,560.02</u>	<u>\$183,500.94</u>	<u>\$146,097.48</u>

SCHEDULE 2

SCHEDULE 2

DAVID R. RAMAGE, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

FISCAL YEARS ENDED AUGUST 31, 1976, 1975, AND 1974 (note a)

	August 31, 1976	August 31, 1975	August 31, 1974
NET SALES	\$1,037,550.22	\$561,272.23	\$502,956.28
PRINTING EXPENSES:			
Camera supplies	23,076.35	11,142.96	9,961.79
Depreciation (straight-line method)	9,527.82	8,992.96	8,296.18
Express and postage	140.96	229.24	751.43
Leased equipment	17,234.85	15,109.39	13,550.90
Material and paper	355,760.68	172,679.47	167,360.17
Repairs and parts	6,267.95	7,204.63	4,318.45
Salaries	213,966.48	138,323.01	118,445.64
Taxes	15,420.07	8,777.16	7,809.51
Subcontracts	114,395.04	42,500.15	34,934.40
Type, composition, and ink	24,338.80	12,092.43	9,695.94
Union pension fund	3,615.33	2,905.56	2,120.68
Union welfare fund	7,740.03	6,907.12	5,121.71
Union training fund	337.45	312.80	229.95
Freight and storage	-	1,036.15	1,597.30
Total printing expenses	<u>791,821.81</u>	<u>428,213.03</u>	<u>384,194.05</u>
Gross profit from sales	<u>245,728.41</u>	<u>133,059.20</u>	<u>118,762.23</u>
ADMINISTRATIVE EXPENSES:			
Accounting fees	5,265.00	5,000.00	4,950.00
Station wagon	1,775.92	2,636.71	1,319.31
Contributions	355.20	-	-
Depreciation (straight-line method)	1,306.91	1,739.29	1,877.96
General expenses	4,946.68	2,473.96	1,541.81
Employee pension plan	23,046.15	13,263.46	9,400.00
Promotion	4,081.08	3,283.31	2,244.12
Insurance	10,848.39	8,431.96	4,872.71
Officer salary	41,470.00	36,750.00	28,000.00
Office salaries	17,213.00	13,994.85	12,361.00
Taxes	2,136.48	1,719.15	1,696.26
Bad debts	4,469.05	-	2,031.15
Legal fees	-	300.00	150.00
Telephone	327.26	169.71	185.71
Travel	168.00	697.65	130.91
Total administrative expenses	<u>117,409.12</u>	<u>90,460.05</u>	<u>70,760.94</u>
Net operating profit	<u>128,319.29</u>	<u>42,599.15</u>	<u>48,001.29</u>
NONOPERATING INCOME:			
Interest income	<u>1,395.92</u>	<u>205.33</u>	<u>.07</u>
NONOPERATING EXPENSE:			
Interest expense	<u>-133.22</u>	<u>-2,576.88</u>	<u>-4,962.37</u>
Net profit before taxes	<u>129,581.99</u>	<u>40,227.60</u>	<u>43,038.99</u>
INCOME AND FRANCHISE TAXES:			
District of Columbia	18,500.00	3,503.16	2,998.72
United States	<u>50,141.94</u>	<u>8,798.33</u>	<u>12,509.30</u>
Total income and franchise taxes	<u>68,641.94</u>	<u>12,301.49</u>	<u>15,508.02</u>
Net profit	<u>\$ 60,940.05</u>	<u>\$ 27,926.11</u>	<u>\$ 27,530.97</u>
EARNINGS PER SHARE	<u>\$ 609.40</u>	<u>\$ 279.26</u>	<u>\$ 275.31</u>

a/Does not include the cost of certain benefits and services--such as space, utilities, ordinary building repairs, and maintenance, which are furnished to the corporation without charge, or the printing clerk's salary (\$13,415, \$14,148, and \$14,861 in fiscal years 1974, 1975, and 1976, respectively)--paid from appropriated funds.

SCHEDULE 3

SCHEDULE 3

DAVID R. RAMAGE, INC.

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FISCAL YEARS ENDED AUGUST 31, 1976, 1975, AND 1974

	<u>August 31, 1976</u>	<u>August 31, 1975</u>	<u>August 31, 1974</u>
FUNDS PROVIDED:			
Net sales	\$1,037,550.22	\$561,272.23	\$502,956.28
Interest income	<u>1,395.92</u>	<u>205.33</u>	<u>.07</u>
Total funds provided	<u>\$1,038,946.14</u>	<u>\$561,477.56</u>	<u>\$502,956.35</u>
FUNDS APPLIED:			
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 967,171.36	\$522,819.20	\$465,236.32
Decrease in long-term notes payable	-	-	12,412.75
Purchase of printing equipment	10,532.94	10,219.12	4,795.52
Purchase of station wagon	6,906.60	-	-
Increase in working capital	<u>54,335.24</u>	<u>28,439.24</u>	<u>20,511.76</u>
Total funds applied	<u>\$1,038,946.14</u>	<u>\$561,477.56</u>	<u>\$502,956.35</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

FOR FISCAL YEARS ENDED AUGUST 31, 1976, 1975, AND 1974

	<u>Increase or decrease (-) in working capital</u>		
	<u>August 31, 1976</u>	<u>August 31, 1975</u>	<u>August 31, 1974</u>
WORKING CAPITAL CHANGES:			
Cash	\$ -1,682.38	\$ -838.96	\$ 10,898.92
Pension plan escrow	18,521.35	3.19	205.02
Relocation contingency fund	20,312.50	-	-
Accounts receivable--trade	18,630.69	38,936.28	-10,599.62
Accounts receivable--other	530.73	-406.36	-4,598.21
Notes receivable	7,000.00	-	-
Inventory (cost)	-1,550.38	2,457.76	11,453.58
Prepaid expenses	1,691.76	-687.94	757.22
Deferred finance charges	-	-1,547.38	-3,903.01
Accounts payable	-1,422.29	-19,346.38	15,663.71
Notes payable	10,041.65	9,371.10	6,541.92
Pension plan payable	-23,046.15	-	-
Accrued taxes	3,283.39	2,826.63	-6,268.93
Accrued interest	49.51	-12.00	55.89
Accrued salaries	1,811.61	-2,366.00	-209.00
Unearned income	<u>163.25</u>	<u>49.30</u>	<u>514.27</u>
INCREASE IN WORKING CAPITAL	<u>\$ 54,335.24</u>	<u>\$ 28,439.24</u>	<u>\$ 20,511.76</u>

DAVID R. RAMAGE, INC.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESAUGUST 31, 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 and 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.

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