

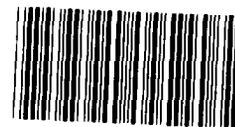
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BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Audit Of The House Majority Printing Clerk: Fiscal Year Ended August 31, 1980



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AFMD-81-75
AUGUST 24, 1981

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

B-204148

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, 1980, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1). Comparative financial statements for fiscal 1980 and 1979 are presented on pages 4 to 8. Our opinion on these statements is on page 2.

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 Majority Printing Clerk's pay increased from \$2,000 to \$16,743, the annual pay rate set in accord with the pay adjustment which became effective October 1, 1977. As of October 1, 1978, however, the Majority Printing Clerk's pay from appropriated funds was discontinued.

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 received a salary as president of the corporation during the fiscal year ended August 31, 1980.

The Majority Printing Clerk's offices and printing plant are in the west underground garage of the House of Representatives. The Printing Clerk does official printing for 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 corporation's board of directors authorized the purchase of property suitable as a site for the corporation's printing operations. In fiscal 1979, the corporation purchased unimproved property in Fairfax County, Virginia, on which it plans to build. In fiscal 1980, the corporation obtained architect and site engineer services and deposited money with Fairfax County for sewerage and environmental protection purposes.

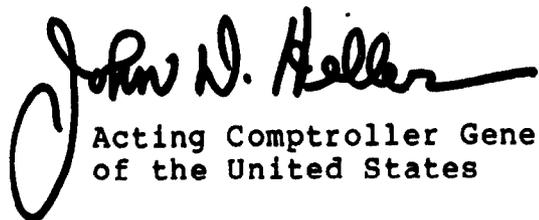
AUDITOR'S OPINION

We have examined the balance sheet of the Majority Printing Clerk, operating as David R. Ramage, Inc., as of August 31, 1980 and 1979, and the related statements of operations and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted government auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of David R. Ramage, Inc., as of August 31, 1980 and 1979, and the results of its operations and changes in financial position for the years then ended, in conformity with the financial accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

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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 is being sent to the majority leader of the House of Representatives, and copies will be available to Members and the public.


Acting Comptroller General
of the United States

SCHEDULES

SCHEDULE 1

DAVID R. RAMAGE, INC.

COMPARATIVE BALANCE SHEET

AUGUST 31, 1980 AND 1979 (note 1)

ASSETS	August 31, <u>1980</u>	August 31, <u>1979</u>
CURRENT ASSETS:		
Cash	\$107,334.78	\$ 82,363.11
Pension plan escrow	16,732.14	19,659.84
Relocation contingency fund	30,432.72	5,069.55
Land and building fund	12,652.56	11,888.11
Accounts receivable--trade	236,522.52	121,539.93
Accounts receivable--other	19,130.52	12,234.10
Note receivable (note 2)	15,000.00	15,000.00
Inventory (cost)	43,870.59	57,100.94
Prepaid expenses	3,005.33	415.49
Deposits	<u>9,900.00</u>	<u>-</u>
Total current assets	<u>494,581.16</u>	<u>325,271.07</u>
FIXED ASSETS:		
Land acquired for future building	<u>88,957.69</u>	<u>75,091.01</u>
Printing equipment	153,830.44	123,971.35
Less accumulated depreciation	<u>81,838.32</u>	<u>73,841.28</u>
	<u>71,992.12</u>	<u>50,130.07</u>
Station wagon	17,077.60	6,906.60
Less accumulated depreciation	<u>8,036.71</u>	<u>6,906.60</u>
	<u>9,040.89</u>	<u>-</u>
Furniture and equipment	2,519.00	1,664.50
Less accumulated depreciation	<u>1,227.69</u>	<u>1,101.39</u>
	<u>1,291.31</u>	<u>563.11</u>
Total fixed assets	<u>171,282.01</u>	<u>125,784.19</u>
Total assets	<u>\$665,863.17</u>	<u>\$451,055.26</u>

The accompanying notes are an integral part of this statement.

SCHEDULE 1

LIABILITIES AND STOCKHOLDERS' EQUITY	August 31, <u>1980</u>	August 31, <u>1979</u>
CURRENT LIABILITIES:		
Accounts payable	\$131,061.60	\$ 43,739.02
Pension plan payable	32,936.16	29,735.15
Accrued taxes	18,558.93	7,648.06
Accrued salaries	-	5,020.00
Unearned income	<u>3,224.03</u>	<u>3,394.93</u>
Total liabilities	<u>185,780.72</u>	<u>89,537.16</u>
STOCKHOLDERS' 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>
Retained earnings:		
Balance at be- ginning of fiscal year	360,518.10	319,212.91
Prior years' tax expense	<u>(2,401.41)</u>	<u>(2,407.41)</u>
	358,116.69	316,805.50
Net income for fiscal year	<u>120,965.76</u>	<u>43,712.60</u>
Balance at end of fiscal year	<u>479,082.45</u>	<u>360,518.10</u>
Total stockholders' equity	<u>480,082.45</u>	<u>361,518.10</u>
Total liabilities and stockholders' equity	<u>\$665,863.17</u>	<u>\$451,055.26</u>

DAVID R. RAMAGE, INC.

COMPARATIVE STATEMENT OF OPERATIONS

FOR THE FISCAL YEARS ENDED

AUGUST 31, 1980 AND 1979 (note 1)

	FY 1980	FY 1979
NET SALES (note 3)	<u>\$2,029,234.92</u>	<u>\$1,207,454.63</u>
PRINTING EXPENSES:		
Camera supplies	33,521.88	22,282.57
Depreciation (note 1)	8,837.12	12,448.83
Express and postage	351.87	250.20
Leased equipment	26,199.32	21,406.81
Material and paper	787,357.57	427,944.84
Repairs and parts	15,416.58	10,467.12
Salaries	366,739.65	273,064.53
Taxes	26,368.38	20,101.28
Subcontracts	274,203.81	143,159.34
Type, composition, and ink	44,797.34	19,537.22
Union pension fund	6,949.70	5,335.11
Union welfare fund	<u>16,558.40</u>	<u>16,381.68</u>
Total printing expenses	<u>1,607,301.62</u>	<u>972,379.53</u>
Gross profit from sales	<u>421,933.30</u>	<u>235,075.10</u>
ADMINISTRATIVE EXPENSES:		
Accounting fees	3,315.00	3,193.80
Station wagon	3,803.19	1,954.87
Bad debts	2,727.99	-
Building expense	1,443.09	-
Contributions	675.00	-
Depreciation (note 1)	1,256.41	1,316.93
General expenses	2,442.42	1,342.79
Employee pension plan (note 4)	36,561.13	29,976.88
Promotion	4,519.66	3,196.19
Insurance	20,006.21	24,370.62
Legal	8,667.16	6,531.70
Officers' salaries	88,400.00	79,220.00
Office salaries	34,647.40	18,065.34
Taxes	7,871.18	3,822.14
Telephone	<u>225.13</u>	<u>365.75</u>
Total administrative expenses	<u>216,560.97</u>	<u>173,357.01</u>
Net operating profit	<u>205,372.33</u>	<u>61,718.09</u>
NONOPERATING INCOME:		
Gain on sale of assets	-	241.26
Interest income	5,552.03	6,683.25
Miscellaneous income	<u>56.32</u>	<u>-</u>
Less: Loss on sale of assets	<u>5,608.35</u>	<u>6,924.51</u>
Net nonoperating income	<u>1,714.92</u>	<u>-</u>
Net nonoperating income	<u>3,893.43</u>	<u>6,924.51</u>
Net income before taxes	<u>209,265.76</u>	<u>68,642.60</u>
ESTIMATED FRANCHISE AND INCOME TAXES:		
District of Columbia	21,300.00	7,160.00
United States	<u>67,000.00</u>	<u>17,770.00</u>
Total estimated franchise and income taxes	<u>88,300.00</u>	<u>24,930.00</u>
Net income	<u>\$ 120,965.76</u>	<u>\$ 43,712.60</u>
EARNINGS PER SHARE	\$ 1,209.66	\$ 437.13

The accompanying notes are an integral part of this statement.

DAVID R. RAMAGE, INC.COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITIONFOR THE FISCAL YEARS ENDED AUGUST 31, 1980 AND 1979 (note 1)

	<u>FY 1980</u>	<u>FY 1979</u>
FUNDS PROVIDED:		
Net sales	\$2,029,234.92	\$1,207,454.63
Interest income	5,552.03	6,683.25
Miscellaneous income	56.32	-
Sale of printing equipment	500.00	-
Sale of office equipment	-	260.00
Decrease in working capital	-	17,001.32
	<u>\$2,035,343.27</u>	<u>\$1,231,399.20</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$1,902,069.06	\$1,156,900.78
Purchase of land	-	72,091.01
Building site preparation costs	13,866.68	-
Purchase of printing equipment	32,914.09	-
Purchase of office equipment	854.50	-
Purchase of station wagon	10,171.00	-
Prior fiscal years' tax expense	2,401.41	2,407.41
Increase in working capital	73,066.53	-
	<u>\$2,035,343.27</u>	<u>\$1,231,399.20</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	<u>Increase or (decrease)</u>	
	<u>FY 1980</u>	<u>FY 1979</u>
WORKING CAPITAL CHANGES:		
Cash	\$ 24,971.67	\$(24,502.33)
Pension plan escrow	(2,927.70)	(10,224.57)
Relocation contingency fund	25,363.17	(34,131.60)
Land and building fund	764.45	11,888.11
Accounts receivable--trade	114,982.59	(27,104.84)
Accounts receivable--other	6,896.42	6,245.85
Estimated excess tax payments	-	(9,380.00)
Inventory (cost)	(13,230.35)	655.78
Prepaid expenses	2,589.84	(4.60)
Deposits	9,900.00	-
Accounts payable	(87,322.58)	71,234.80
Pension plan payable	(3,201.01)	768.96
Accrued taxes	(10,910.87)	(6,007.45)
Accrued salaries	5,020.00	3,010.10
Unearned income	170.90	550.47
	<u>\$ 73,066.53</u>	<u>\$(17,001.32)</u>
NET CHANGE IN WORKING CAPITAL	<u>\$ 73,066.53</u>	<u>\$(17,001.32)</u>

The accompanying notes are an integral part of this statement.

DAVID R. RAMAGE, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 1980

1. 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

Certain benefits and services, such as space, utilities, and ordinary building repairs and maintenance, are paid from appropriated funds and furnished to the corporation at no charge.

2. Loan at 6.75 percent interest to a subcontractor corporation due July 31, 1981.
3. The increased sales volume for fiscal 1980 was a result of an election year.
4. 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 nonunion employees starting at age 25 who have had 1 year's service.

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