

COMMENTS ON THE OPERATIONS OF THE  
MAJORITY PRINTING CLERK,  
HOUSE OF REPRESENTATIVES

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 accordance 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 years ended August 31, 1982 and 1981.

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 year 1979, the corporation purchased unimproved property in Fairfax County, Virginia, on which it plans to build. In fiscal year 1980, the corporation obtained architect and site engineer services and deposited \$9,900 with Fairfax County for sewerage and environmental protection purposes. The deposit was refunded in fiscal year 1982. The corporation spent no additional funds on the property during fiscal years 1982 and 1981.

The net income after taxes was \$229,732 for fiscal year 1982 and \$60,341 for fiscal year 1981. The higher net income was due primarily to the normal increase in sales during an election year.

In January 1981, the corporation converted from a manual to a computerized payroll system. A data processing contractor now has responsibility for performing the corporation's weekly payroll functions.

DAVID R. RAMAGE, INC.  
BALANCE SHEET (note 1)

ASSETS	August 31	
	1982	1981
<b>CURRENT ASSETS:</b>		
Cash accounts:		
Checking account	\$247,991.80	\$182,508.82
Pension plan escrow	33,767.57	22,381.29
Relocation fund	15,941.44	11,620.11
Land and building fund	26,749.90	13,561.44
Accounts receivable--trade	315,847.04	184,751.35
Accounts receivable--other	3,655.54	9,843.04
Accrued interest receivable	999.38	3,376.12
Officer's loan--current portion	5,200.00	-
U.S. estimated tax deposits	1,037.87	10,092.81
Note receivable (note 2)	-	15,000.00
Inventory (cost)	87,227.94	53,015.05
Prepaid expenses	5,688.94	3,665.89
Deposits	-	9,900.00
	<u>744,107.42</u>	<u>519,715.92</u>
<b>FIXED ASSETS:</b>		
Land acquired for future building	88,957.69	88,957.69
Printing equipment	384,971.25	185,948.16
Less accumulated depreciation	110,900.17	96,039.57
	<u>274,071.08</u>	<u>89,908.59</u>
Station wagon	18,526.50	17,077.60
Less accumulated depreciation	9,999.64	11,427.04
	<u>8,526.86</u>	<u>5,650.56</u>
Furniture and equipment	2,757.06	2,637.56
Less accumulated depreciation	1,590.07	1,397.45
	<u>1,166.99</u>	<u>1,240.11</u>
	<u>372,722.62</u>	<u>185,756.95</u>
<b>OTHER ASSETS:</b>		
Officer's long term loan	9,100.00	9,300.00
	<u>\$1,125,930.04</u>	<u>\$714,772.87</u>

The notes in enclosure VI are an integral part of this statement.

LIABILITIES AND  
STOCKHOLDER'S EQUITY

	<u>1982</u>	<u>1981</u>
CURRENT LIABILITIES:		
Accounts payable	\$264,244.73	\$128,729.38
Pension plan payable	51,044.47	30,000.00
Accrued taxes	25,955.94	3,251.40
Accrued salaries	5,798.21	7,820.52
Accrued interest payable	1,270.52	-
Notes payable	67,201.01	-
Unearned income	<u>260.00</u>	<u>4,548.50</u>
Total liabilities	<u>415,774.88</u>	<u>174,349.80</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>
Retained earnings:		
Balance at be-		
ginning of		
fiscal year	539,423.07	479,082.45
Dividends paid	<u>(60,000.00)</u>	<u>-</u>
	479,423.07	479,082.45
Net income for		
fiscal year	<u>229,732.09</u>	<u>60,340.62</u>
Balance at end of		
fiscal year	<u>709,155.16</u>	<u>539,423.07</u>
Total stockholder's		
equity	<u>710,155.16</u>	<u>540,423.07</u>
Total liabilities and		
stockholder's equity	<u>\$1,125,930.04</u>	<u>\$714,772.87</u>

The notes in enclosure VI are an integral part of this statement.

DAVID R. RAMAGE, INC.  
STATEMENT OF OPERATIONS (note 1)

	<u>Years Ended August 31</u>	
	<u>1982</u>	<u>1981</u>
NET SALES	\$3,107,149.68	\$1,710,837.98
PRINTING EXPENSES:		
Camera supplies	34,256.52	34,691.11
Depreciation (note 1)	56,043.70	14,201.25
Express and postage	586.16	749.16
Leased equipment	57,374.80	33,909.81
Material and paper	1,233,489.29	617,083.43
Repairs and parts	23,370.07	18,319.52
Salaries	587,282.59	378,576.14
Taxes	43,082.94	31,951.46
Subcontracts	222,738.05	228,938.13
Type, composition, and ink	78,603.79	25,001.13
Union pension fund	10,665.44	9,397.87
Union welfare fund	30,559.84	25,586.84
Total printing expenses	<u>2,378,053.19</u>	<u>1,418,405.85</u>
Gross profit from sales	<u>729,096.49</u>	<u>292,432.13</u>
ADMINISTRATIVE EXPENSES:		
Accounting fees	-	1,000.00
Station wagon	4,023.42	4,066.86
Bad debts	21,352.30	38.44
Contributions	500.00	-
Depreciation (note 1)	5,671.82	3,560.09
General expenses	5,784.12	1,830.35
Employee pension plan (note 3)	65,217.80	42,584.48
Promotion	3,978.22	4,463.59
Insurance	39,634.09	22,244.57
Legal	1,551.67	1,472.76
Officers' salaries	107,380.00	88,740.00
Office salaries	71,226.67	36,240.63
Taxes	12,868.95	6,050.83
Telephone	298.90	216.20
Travel	-	254.00
Interest expense	<u>10,266.54</u>	<u>-</u>
Total administrative expenses	<u>349,754.50</u>	<u>212,762.80</u>
Net operating profit	<u>379,341.99</u>	<u>79,669.33</u>
NONOPERATING INCOME:		
Interest income	<u>6,840.65</u>	<u>4,671.29</u>
Net nonoperating income	<u>6,840.65</u>	<u>4,671.29</u>
Net income before taxes	<u>386,182.64</u>	<u>84,340.62</u>
ESTIMATED FRANCHISE AND INCOME TAXES:		
District of Columbia	39,082.74	8,700.00
United States	<u>117,367.81</u>	<u>15,300.00</u>
Total estimated franchise and income taxes	<u>156,450.55</u>	<u>24,000.00</u>
Net income	<u>\$ 229,732.09</u>	<u>\$ 60,340.62</u>
EARNINGS PER SHARE	\$ 2,297.32	\$ 603.41

The notes in enclosure VI are an integral part of this statement.

DAVID R. RAMAGE, INC.  
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Years Ended August 31</u>	
	<u>1982</u>	<u>1981</u>
<b>FUNDS PROVIDED:</b>		
Net sales	\$3,107,149.68	\$1,710,837.98
Interest income	6,840.65	4,671.29
Reduction in long term loan	200.00	-
Decrease in working capital	<u>17,033.58</u>	<u>-</u>
Total funds provided	<u>\$3,131,223.91</u>	<u>\$1,715,509.27</u>
<b>FUNDS APPLIED:</b>		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$2,870,632.42	\$1,637,407.31
Purchase of printing equipment	199,023.09	32,117.72
Purchase of office equipment	119.50	118.56
Purchase of station wagon	1,448.90	-
Long term loan	-	9,300.00
Dividends paid	60,000.00	-
Increase in working capital	<u>-</u>	<u>36,565.68</u>
Total funds applied	<u>\$3,131,223.91</u>	<u>\$1,715,509.27</u>

ANALYSIS OF WORKING CAPITAL INCREASES AND DECREASES

	<u>Years Ended August 31</u>	
	<u>1982</u>	<u>1981</u>
<b>WORKING CAPITAL CHANGES:</b>		
Checking account	\$ 65,482.98	\$ 75,174.04
Pension plan escrow	11,386.28	5,649.15
Relocation fund	4,321.33	(18,812.61)
Land and building fund	13,188.46	908.88
Accounts receivable--trade	131,095.69	(51,771.17)
Accounts receivable--other	(6,187.50)	(9,287.48)
Accrued interest receivable	(2,376.74)	3,376.12
Officer's loan--current portion	5,200.00	-
U.S. estimated tax deposits	(9,054.94)	10,092.81
Note receivable	(15,000.00)	-
Inventory (cost)	34,212.89	9,144.46
Prepaid expenses	2,023.05	660.56
Deposits	(9,900.00)	-
Accounts payable	(135,515.35)	2,332.22
Pension plan payable	(21,044.47)	2,936.16
Accrued taxes	(22,704.54)	15,307.53
Accrued salaries	2,022.31	(7,820.52)
Accrued interest payable	(1,270.52)	(1,324.47)
Note payable	(67,201.01)	-
Unearned income	<u>4,288.50</u>	<u>-</u>
NET CHANGE IN WORKING CAPITAL	<u>\$ (17,033.58)</u>	<u>\$ 36,565.68</u>

The notes in enclosure VI are an integral part of this statement.

DAVID R. RAMAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 1982 AND 1981

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 on assets acquired prior to fiscal year 1982 is provided at rates based on estimated useful lives using the straight line method. The accelerated cost recovery system was used for assets placed in service during fiscal year 1982. 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. A \$15,000 loan to a subcontractor together with approximately \$3,000 accrued interest was written off as uncollectible in August 1982.
3. Pension Plan

The company has a defined benefit pension plan covering its nonunion employees. The company's policy is to fund pension costs accrued. The expense of this plan for the years ended August 31, 1982 and 1981 was \$65,217.80 and \$42,584.48, respectively. A comparison of accumulated plan benefits and plan net assets for the company's pension plans, assuming rates of return of 6 percent, as of the two most recent actuarial valuation dates is presented below.

	<u>1982</u>	<u>1981</u>
Actuarial present value of accumulated plan benefits:		
Vested	\$178,789	\$ 88,475
Nonvested	<u>9,291</u>	<u>64,020</u>
Total	<u>\$188,080</u>	<u>\$152,495</u>
Plan net assets	<u>\$145,263</u>	<u>\$ 88,724</u>



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

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MARCH 22, 1984

To the President of the Senate and the  
Speaker of the House of Representatives

Subject: Examination of Financial Statements of the  
Majority Printing Clerk, House of Representa-  
tives, for the Fiscal Years Ended August 31,  
Fy 1982 and 1981 (GAO/AFMD-84-6)

Pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1), we have examined the balance sheets of David R. Ramage, Inc., the majority printing clerk, House of Representatives, as of August 31, 1982 and 1981, and the related statements of operations and changes in financial position for the years then ended. Our examinations were 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, 1982 and 1981, and the results of its operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements applied on a consistent basis.

Enclosures I and II contain our report on internal accounting controls and compliance with laws and regulations, and our comments on the corporation's operations. Enclosures III through VI present the corporation's financial statements and accompanying notes for the fiscal years ended August 31, 1982 and 1981.

The Legislative Reorganization Act of 1970 requires that the results of our audit be reported to the Congress. Copies of this report are being furnished to cognizant congressional committees. A copy is also being sent to the majority leader and to the majority printing clerk of the House of Representatives, and copies will be made available to members of the House or Senate and the public.

*Milton J. Jordan*

Acting Comptroller General  
of the United States

Enclosures



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REPORT ON INTERNAL ACCOUNTING CONTROLS  
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of David R. Ramage, Inc., the majority printing clerk, House of Representatives, for the years ended August 31, 1982 and 1981. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances.

We did not complete a study or evaluation of the entity's internal control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. We concluded that it was more practicable to expand our substantive audit tests in examining the financial statements for the year ended August 31, 1982.

We did not become aware of any condition during our expanded audit tests which we believe to be a material weakness in the internal controls. In cases where we do make an examination of the internal control system, material weaknesses in the internal control system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system taken as a whole.

We also reviewed the provisions of applicable laws and regulations to determine the material compliance requirements that may have a financial impact on the majority printing clerk's financial statements for the year ended August 31, 1982. In our opinion the majority printing clerk complied with the provisions of applicable laws and regulations that could have materially affected the financial statements.