



090426

B-114842

RESTRICTED — Not to be released outside the General Accounting Office on the basis of specific approval by the Office of Congressional Relations.

1-22-75

RELEASED

090426



LM090426

Audit Of The House Recording Studio Revolving Fund For Fiscal Year 1974

House of Representatives

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

GGD-75-51

~~906268~~

090426

JAN. 22, 1975



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

B-114842

The Honorable W. Pat Jennings
Clerk of the House of Representatives

Dear Mr. Jennings:

We have audited the House Recording Studio Revolving Fund for the fiscal year ended June 30, 1974, pursuant to your request dated June 1, 1974.

GENERAL COMMENTS

The House Recording Studio was established pursuant to the provisions of section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio is operated by a director under the jurisdiction of the Clerk of the House of Representatives and subject to the direction and control of the Committee on the House Recording Studio.

The Studio makes film and audio-tape and video-tape recordings for Members of the House of Representatives. The prices to be charged Members for services are established by the Clerk of the House, subject to the approval of the Committee on the House Recording Studio.

Studio operations are financed through a revolving fund and through funds appropriated to the Clerk of the House. All moneys received from operations are deposited into the revolving fund and are available for the operation of the Studio. Employee salaries and benefits and certain other operating expenses, such as utilities, are paid from appropriated funds. These payments are not recorded in the Studio's accounting records but are shown in a footnote to the financial statements.

FINANCIAL POSITION

A comparative statement of the assets and liabilities of the revolving fund at June 30, 1974 and 1973, is presented as schedule 1. The following comments relate to items on this statement.

Accounts receivable

Accounts receivable amounted to \$23,878 at June 30, 1974, an increase of \$1,450 from the amount at June 30, 1973. The ages of the accounts receivable at June 30, 1974 and 1973, follow:

GGD-75-51

<u>Days outstanding</u>	<u>June 30, 1974</u>		<u>June 30, 1973</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$21,125	88.47	\$20,317	90.58
60 through 89	2,190	9.18	1,277	5.69
90 through 119	542	2.26	564	2.52
120 or more	<u>21</u>	<u>.09</u>	<u>270</u>	<u>1.21</u>
Total	<u>\$23,878</u>	<u>100.00</u>	<u>\$22,428</u>	<u>100.00</u>

Equipment

A summary of the changes in the equipment and furnishings accounts during the fiscal year, including capitalization adjustments, follows:

	<u>Balance June 30, 1973</u>	<u>Addi- tions</u>	<u>Dis- posals</u>	<u>Balance June 30, 1974</u>
Radio	\$ 57,351	\$ 1,314	\$ -	\$ 58,665
Video	510,750	82,464	505	592,709
Motion picture	134,211	2,081	2,817	133,475
Office and shop	<u>5,418</u>	<u>877</u>	<u>-</u>	<u>6,295</u>
Total	<u>\$707,730</u>	<u>\$86,736</u>	<u>\$3,322</u>	<u>\$791,144</u>

Equipment additions in the video department included light fixtures and dimmer packs for studio lighting, a chroma key module for special effects equipment, and a video-tape recorder/reproducer with the following accessories: a color drop out compensator, a color amplitude and velocity error corrector, an electronic splicer, a tape-editing programer, and a remote control panel. The addition to the radio equipment was a cassette recorder/reproducer. The motion picture equipment additions included lighting fixtures and a guillotine splicer. The addition to the office and shop equipment was a cassette transcriber.

The equipment additions included excess items acquired in prior years from other Federal agencies at no cost and assigned the value of \$4,366 during the current audit. The excess equipment was accounted for as follows:

Radio	\$ 81
Video	2,864
Motion picture	894
Office and shop	<u>527</u>
Total	<u>\$4,366</u>

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1974 and 1973, is presented as schedule 2. Revenues exceeded costs by \$51,166 in fiscal year 1974 compared with \$4,974 in fiscal year 1973. The increase of \$46,192 in revenue for the fiscal year period resulted primarily from a \$33,640 increase in total sales and a \$14,836 decrease in operating costs.

Also a change in the motion picture and video rates contributed to the increased sales. Effective January 21, 1974, the studio raised charges in the motion picture department due to increased expenses for materials and processing associated with color film. On the same date, the studio also raised the time block charge for origination of video-tape programs to compensate for increased expenses.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards and included a review of the controls over equipment and inventories, an examination of selected financial transactions, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements from the accounting records of the Studio which were maintained on an accrual basis. Employee salaries and benefits and certain other operating expenses, were paid from appropriated funds and are shown in a footnote to the financial statements.

In our opinion, schedules 1, 2, and 3, which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangement described above, present fairly the financial position of the House

Recording Studio Revolving Fund at June 30, 1974, the results of its operations, and the changes in its financial position for the year then ended.

Copies of this report are being furnished for transmittal to the Members of the Committee on the House Recording Studio. A copy is also being sent to the Chairman, Committee on House Administration.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Atates". The signature is written in dark ink and is positioned above the printed name and title.

Comptroller General
of the United States

HOUSE OF REPRESENTATIVES
HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1974 AND 1973

	A S S E T S		L I A B I L I T I E S A N D C A P I T A L	
	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>
CURRENT ASSETS:				
Cash revolving fund	\$301,932	\$195,913	\$ 77,856	\$ 4,536
Petty cash	<u>90</u>	<u>78</u>		
Total	302,022	195,991	183,410	183,410
Accounts receivable	23,878	22,428	<u>4,366</u>	-
Inventory of materials and supplies at cost	<u>21,109</u>	<u>21,276</u>	<u>187,776</u>	<u>183,410</u>
Total current assets	<u>347,009</u>	<u>239,695</u>		
FIXED ASSETS:				
Equipment and furnishings	a/791,144	707,730	492,545	486,538
Less accumulated depreciation	<u>329,447</u>	<u>266,934</u>	<u>637</u>	<u>-</u>
Total fixed assets	<u>461,697</u>	<u>440,796</u>	<u>543,074</u>	<u>492,545</u>
TOTAL ASSETS	<u>\$808,706</u>	<u>\$680,491</u>	<u>730,850</u>	<u>675,955</u>
			Total capital and excess of revenue over costs	<u>\$808,706</u>
				<u>\$680,491</u>

a/The current estimated value, \$4,366, of excess equipment obtained from other Federal agencies at no cost during prior years is included in the equipment and furnishings for fiscal year 1974.

HOUSE OF REPRESENTATIVES

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1974 AND 1973

	Total		Motion picture		Radio		Video	
	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>
REVENUE:								
Sales	\$ <u>143,085</u>	\$ <u>109,445</u>	\$ <u>23,129</u>	\$ <u>17,722</u>	\$ <u>47,196</u>	\$ <u>34,136</u>	\$ <u>72,760</u>	\$ <u>57,587</u>
COSTS:								
Film materials	12,949	12,654	12,949	12,654	-	-	-	-
Supplies used	548	96	75	38	466	58	7	-
Outside processing	134	936	134	936	-	-	-	-
Maintenance and repair	12,977	32,232	3,457	10,127	495	2,041	9,025	20,064
Depreciation of equipment	62,148	57,974	10,116	9,125	5,120	4,827	46,912	44,022
Office supplies and expenses	2,279	2,537	759	846	760	846	760	845
Miscellaneous expenses	939	381	313	127	313	127	313	127
Total costs (note a)	<u>91,974</u>	<u>106,810</u>	<u>27,803</u>	<u>33,853</u>	<u>7,154</u>	<u>7,899</u>	<u>57,017</u>	<u>65,058</u>
Excess of revenue over costs or excess of costs over revenue (-) from operations	51,111	2,635	-4,674	-16,131	40,042	26,237	15,743	-7,471
EQUIPMENT AND INVENTORY DISPOSALS:								
Sale of surplus studio property	87	1,882	87	549	-	83	-	1,250
Gain or loss (-) on disposal of equipment and inventory	<u>-32</u>	<u>457</u>	<u>-10</u>	<u>308</u>	<u>-11</u>	<u>98</u>	<u>-11</u>	<u>51</u>
EXCESS OF REVENUE OVER COSTS OR EXCESS OF COSTS OVER REVENUE (-)	\$ <u>51,166</u>	\$ <u>4,974</u>	\$ <u>-4,597</u>	\$ <u>-15,274</u>	\$ <u>40,031</u>	\$ <u>26,418</u>	\$ <u>15,732</u>	\$ <u>-6,170</u>

a/Salaries of \$280,775 (\$243,865 in 1973), employee benefits, and certain other operating expenses of the Studio were provided by appropriations and are not included as expenses in determining the excess of revenue over costs of the House Recording Studio Revolving Fund.

HOUSE OF REPRESENTATIVES

HOUSE RECORDING STUDIO

REVOLVING FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

FISCAL YEARS ENDED JUNE 30, 1974 AND 1973

	<u>1974</u>	<u>1973</u>
FUNDS PROVIDED:		
Sales	\$143,085	\$109,445
Sale of equipment	87	1,882
Trade-in allowances	870	4,461
Net gains on trade-ins	100	457
Inventory materials acquired at no cost	<u>134</u>	<u>-</u>
Total funds provided	<u>\$144,276</u>	<u>\$116,245</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 29,958	\$ 47,882
Equipment additions	79,876	102,114
Increase or decrease (-) in working capital	<u>34,442</u>	<u>-33,751</u>
Total funds applied	<u>\$144,276</u>	<u>\$116,245</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or decrease (-) in working capital
CURRENT ASSETS:	
Cash	\$106,031
Accounts receivable	1,450
Inventory of materials and supplies (note a)	<u>282</u>
Total current assets	107,763
CURRENT LIABILITIES:	
Accounts payable	<u>-73,321</u>
Net increase in working capital	<u>\$ 34,442</u>

a/Inventories of materials and supplies at June 30, 1974, was \$167 less than the June 30, 1973, balance. The June 30, 1973, balance was subsequently reduced by \$449 to correct an error, thus resulting in a net increase of \$282 in the June 30, 1974, account.

