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RELEASED

Audit Of The House Recording
Studio Revolving Fund For
The Period March 1, 1969,
Through June 30, 1969 B-114842

House of Representatives

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

JAN. 22, 1970

089772



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

B-114842

Dear Mr. Jennings:

The accompanying report summarizes the results of our audit of the House Recording Studio Revolving Fund, House of Representatives, for the period March 1, 1969, through June 30, 1969. The audit was made pursuant to your request dated June 5, 1969.

Additional copies of this report are being furnished for transmittal to the members of the Committee on the House Recording Studio.

A copy of this report is being sent to the Chairman, Committee on House Administration.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

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

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*COMPTROLLER GENERAL'S
REPORT TO THE CLERK OF
THE HOUSE OF REPRESENTATIVES*

AUDIT OF THE HOUSE RECORDING STUDIO
REVOLVING FUND FOR THE PERIOD
MARCH 1, 1969, THROUGH JUNE 30, 1969
B-114842

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) made the audit pursuant to a request dated June 5, 1969, by the Clerk of the House of Representatives.

FINDINGS AND CONCLUSIONS

In the opinion of GAO, the accompanying financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding period and in accordance with the accounting practices described on page 5, present fairly the financial position of the House Recording Studio Revolving Fund, House of Representatives, at June 30, 1969, and the results of its operations and the source and application of its funds for the period March 1, 1969, through June 30, 1969.

INTRODUCTION

The House Recording Studio was established pursuant to provisions of section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio is operated by a Studio Director under the jurisdiction of the Clerk of the House of Representatives, subject to the direction and control of the Committee on the House Recording Studio. Mr. William W. Hartnett served as Acting Director of the Studio from March 1, 1969, until Mr. David R. Ramage was appointed Director on June 1, 1969.

The Studio makes film, audio tape, and video tape recordings for members of the House of Representatives. The prices or rates charged for the Studio's services are established by the Clerk of the House, subject to the approval of the Committee on the House Recording Studio.

The Studio operations are financed in part through a revolving fund and in part from appropriated funds. All moneys received from recordings or from any other source are deposited into the revolving fund and are available for the care, maintenance, operation, and other expenses of the Studio. Employee salaries and benefits and certain other operating expenses, such as those for utilities and space used by the Studio, are paid from appropriated funds and are not recorded in the Studio's accounting records.

FINANCIAL POSITION

A statement of the assets and liabilities of the House Recording Studio Revolving Fund at June 30, 1969, is presented as schedule 1. The following comments are furnished with respect to certain items shown on this statement.

ACCOUNTS RECEIVABLE

Accounts receivable amounted to \$21,903 at June 30, 1969, an increase of \$5,592 from the amount outstanding at February 28, 1969.

Replies were received from approximately 82 percent of the members, with balances outstanding, to whom requests for confirmations were sent. The total of the amounts confirmed represented about 76 percent of the total receivables at June 30, 1969. No material discrepancies were noted.

The aging of the accounts receivable at June 30, 1969, and at February 28, 1969, is shown below.

<u>Days</u>	<u>June 30, 1969</u>		<u>February 28, 1969</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$16,455	75.2	\$14,933	91.6
60 " 89	1,977	9.0	456	2.8
90 " 119	1,734	7.9	185	1.1
120 or more	<u>1,737</u>	<u>7.9</u>	<u>737</u>	<u>4.5</u>
Total	<u>\$21,903</u>	<u>100.0</u>	<u>\$16,311</u>	<u>100.0</u>

At June 30, 1969, over 15 percent of the total accounts receivable were outstanding 90 days or more and consequently were classified as delinquent. However, all delinquent accounts at June 30, 1969, had been collected by September 30, 1969.

EQUIPMENT

A summary of the equipment accounts for the period under audit follows.

<u>Type of equipment</u>	Balance February 28, <u>1969</u>	Addi- tions	Balance June 30, <u>1969</u>
Television	\$295,625	\$1,602	\$297,227
Motion picture	74,498	259	74,757
Radio	58,876	10	58,886
Office and shop	<u>5,586</u>	<u>-</u>	<u>5,586</u>
Total	<u>\$434,585</u>	<u>\$1,871</u>	<u>\$436,456</u>

OPERATIONS

A statement of revolving fund operations for the period March 1, 1969, through June 30, 1969, and for fiscal year 1969 is presented as schedule 2. The excess of revenue over costs amounted to \$17,929 (excess revenues from motion picture services of \$2,593, radio services of \$11,131, and television services of \$4,205).

The prices charged for motion picture and radio tape services during this period were substantially the same as those charged in June 1956 by the Studio's predecessor, the Joint Senate and House Recording Facility.

SCOPE OF AUDIT

Our audit of the House Recording Studio Revolving Fund for the period March 1, 1969, through June 30, 1969, 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 in the circumstances.

OPINION OF FINANCIAL STATEMENTS

The financial statements included in this report were prepared by us from the accounting records of the Studio, which are maintained on an accrual basis. Employees salaries and benefits and certain other operating expenses are paid from appropriated funds and are not included in the financial statements of the revolving fund.

In our opinion, the accompanying financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding period and in accordance with the accounting practice and financial arrangement described above, present fairly the financial position of the House Recording Studio Revolving Fund, House of Representatives, at June 30, 1969, and the results of its operations and the source and application of its funds for the period March 1, 1969, through June 30, 1969.

FINANCIAL STATEMENTS

HOUSE OF REPRESENTATIVES

HOUSE RECORDING STUDIO

REVOLVING FUND

STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1969

A S S E T S

CURRENT ASSETS:

Cash:

In U.S. Treasury	\$189,986	
Undeposited receipts	<u>14,788</u>	\$204,774
Petty cash	100	
Less reimbursement pending	<u>48</u>	<u>52</u>

204,826

Accounts receivable		21,903
Inventory of materials and supplies (at cost)		<u>23,642</u>

Total current assets 250,371

FIXED ASSETS:

Equipment (at cost)	436,456	
Less accumulated depreciation	<u>109,778</u>	<u>326,678</u>

TOTAL ASSETS \$577,049

L I A B I L I T I E S A N D C A P I T A L

LIABILITIES:

Accounts payable	\$ <u>2,618</u>
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CAPITAL:

Contributed capital	\$183,410
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Excess of revenue over costs:

Balance, February 28, 1969	\$373,092
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For the period March 1, 1969, through June 30, 1969, schedule 2	<u>17,929</u>	<u>391,021</u>
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Total capital and excess of revenue over costs	<u>574,431</u>
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TOTAL LIABILITIES AND CAPITAL

<u>\$577,049</u>

SCHEDULE 2

HOUSE OF REPRESENTATIVES

HOUSE RECORDING STUDIO

REVOLVING FUND

STATEMENT OF OPERATIONS

FOR THE PERIOD

MARCH 1, 1969, THROUGH JUNE 30, 1969,

AND FOR FISCAL YEAR ENDED JUNE 30, 1969

	March 1, 1969, through June 30, 1969				Fiscal year 1969			
	Motion pic- tures	Radio	Tele- vision	Total	Motion pic- tures	Radio	Tele- vision	Total
REVENUE FROM SALES	\$14,494	\$13,709	\$16,804	\$45,007	\$36,108	\$28,725	\$32,463	\$97,296
COSTS:								
Film materials	6,879	-	-	6,879	15,187	-	-	15,187
Outside process- ing	2,855	-	-	2,855	5,943	-	-	5,943
Maintenance and repairs	1,065	888	3,529	5,482	3,021	1,372	6,590	10,983
Office supplies and other ex- penses	126	127	126	379	338	338	338	1,014
Depreciation of equipment	976	1,563	8,944	11,483	2,942	4,163	26,738	33,843
Total costs (note a)	11,901	2,578	12,599	27,078	27,431	5,873	33,666	66,970
Excess of revenue over costs or excess of costs over reve- nue(-) (note a)	\$ 2,593	\$11,131	\$ 4,205	\$17,929	\$ 8,677	\$22,852	\$-1,203	\$30,326

^aSalaries of \$56,055, employees' benefits of \$3,621, and certain other operating expenses of the Studio for the period March 1, 1969, through June 30, 1969, and salaries of \$168,937, employees' benefits of \$11,209, and certain other operating expenses of the Studio for fiscal year 1969 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 SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD MARCH 1, 1969, TO JUNE 30, 1969

FUNDS PROVIDED:

Sales	<u>\$45,007</u>
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FUNDS APPLIED:

Costs (excluding depreciation not requiring current outlay of funds)	\$15,595
Increase in equipment	1,871
Increase in cash	25,123
Increase in other working capital items	<u>2,418</u>
Total funds applied	<u>\$45,007</u>

APPENDIX

W. Pat Jennings
Clerk

Office of the Clerk
U.S. House of Representatives
Washington, D.C. 20515

June 5, 1969

Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
Washington, D. C.

Dear Mr. Staats:

I would appreciate it if you would cause an audit to be made of the Recording Studio Revolving Fund of the House of Representatives, commencing Monday, June 30, covering the period February 28, 1969 to June 30, 1969.

Sincerely,



W. PAT JENNINGS, Clerk
U. S. House of Representatives