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Audit Of The House Recording Studio Revolving Fund For Fiscal Year 1970

B-114842

House of Representatives

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

91 5250

NOV. 13, 1970



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

B-114842

Dear Mr. Jennings:

This is our report on an audit of the House Recording Studio Revolving Fund for the fiscal year 1970. The audit was made pursuant to your request dated June 1, 1970.

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 FISCAL YEAR 1970
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 1, 1970, by the Clerk of the House of Representatives.

FINDINGS AND CONCLUSIONS

In the opinion of GAO, the accompanying financial statements (sch. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practice and financial arrangement described on page 6, present fairly the financial position of the House Recording Studio Revolving Fund, House of Representatives, at June 30, 1970, and the results of its operations and the sources and application of its funds for the year then ended.

INTRODUCTION

The General Accounting Office has made an audit of the HOUSE RECORDING STUDIO REVOLVING FUND for the fiscal year ended June 30, 1970. Our audit was made 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 in the circumstances. We also made the accounting entries necessary to close the books and prepared the accompanying financial statements (sch. 1 through 3).

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. The Studio Director, Mr. William C. Moody, was appointed on March 2, 1970.

The Studio makes film, audio tape, and video tape recordings for members of the House of Representatives. The prices or rates to be charged for 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 through a revolving fund and from appropriated funds. All moneys received from recordings or from any other source 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 those for utilities, are paid from appropriated funds. These payments are not recorded in the Studio's accounting records, and therefore are not shown in the financial statements.

FINANCIAL POSITION

A comparative statement of the assets and liabilities of the House Recording Studio Revolving Fund at June 30, 1970 and 1969, is presented as schedule 1. The following comments are furnished with respect to items shown on this statement.

ACCOUNTS RECEIVABLE

Accounts receivable amounted to \$15,223 at June 30, 1970, a decrease of \$6,680 from the amount outstanding at June 30, 1969. Replies were received from 80.2 percent of the members to whom requests for confirmations were sent. The total of the amounts confirmed represented about 80 percent of the total receivables at June 30, 1970. No material discrepancies were noted.

The aging of the accounts receivable at June 30, 1970, and at June 30, 1969, is shown below.

Days outstanding	June 30, 1970		June 30, 1969	
	Amount	Percent	Amount	Percent
1 through 59	\$12,936	85.0	\$16,455	75.2
60 " 89	1,786	11.7	1,977	9.0
90 " 119	499	3.3	1,734	7.9
120 or more	<u>2</u>	<u>.0</u>	<u>1,737</u>	<u>7.9</u>
Total	<u>\$15,223</u>	<u>100.0</u>	<u>\$21,903</u>	<u>100.0</u>

EQUIPMENT

A summary of changes in the equipment accounts during the fiscal year and the balances at July 1, 1969, and June 30, 1970 follow:

Type of equipment	Balance July 1, 1969	Additions	Dis- posals	Balance June 30, 1970
Television	\$297,227	\$119,543	\$1,054	\$415,716
Motion Picture	74,757	43,703	-	118,460
Radio	58,886	2,858	7,718	54,026
Office and Shop	<u>5,586</u>	<u>-</u>	<u>-</u>	<u>5,586</u>
Total	<u>\$436,456</u>	<u>\$166,104</u>	<u>\$8,772</u>	<u>\$593,788</u>

Television equipment additions consisted of a video switcher, a teleprompter with typewriter, rail light lifts, one video camera, and related equipment. Motion picture equipment additions included a rail light lift, a teleprompter with typewriter, an optical recording system, and a magnetic film system. Radio equipment additions consisted of a radio timer, power supply unit, one tape recorder, and related equipment.

Equipment disposals consisted of several video equipment racks and four radio recorders.

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1970 and 1969, is presented as schedule 2. The excess of revenue over costs amounted to \$48,909 for fiscal year 1970 compared with \$30,326 for fiscal year 1969. 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.

OPINION OF FINANCIAL STATEMENTS

The accompanying statements were prepared by us from the accounting records of the Studio, which are maintained on an accrual basis. Employee 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, schedules 1, 2, and 3, which were prepared on a basis consistent with that of the preceding year 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, 1970, and the results of its operations and the sources and application of its funds for the year then ended.

FINANCIAL STATEMENTS

H O U S E O F R E P R E S E N T A T I V E S

H O U S E R E C O R D I N G S T U D I O

R E V O L V I N G F U N D

C O M P A R A T I V E S T A T E M E N T O F A S S E T S A N D L I A B I L I T I E S

J U N E 3 0 , 1 9 7 0 A N D 1 9 6 9

A S S E T S

	<u>1970</u>	<u>1969</u>
CURRENT ASSETS:		
Cash (U.S. Treasury)	\$140,282	\$204,774
Petty cash	<u>53</u>	<u>52</u>
Total	140,335	204,826
Accounts receivable	15,223	21,903
Inventory of materials and supplies, at cost	<u>17,740</u>	<u>23,642</u>
Total current assets	<u>173,298</u>	<u>250,371</u>
FIXED ASSETS:		
Equipment	593,788	436,456
Less accumulated depreciation	<u>143,378</u>	<u>109,778</u>
Total fixed assets	<u>450,410</u>	<u>326,678</u>
TOTAL ASSETS	<u>\$623,708</u>	<u>\$577,049</u>

^aDollar difference due to rounding.

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

	<u>1970</u>	<u>1969</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>367</u>	\$ <u>2,618</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	<u>183,410</u>	<u>183,410</u>
Excess of revenue over costs:		
Balance, prior years	391,022 ^a	360,695
Fiscal year	<u>48,909</u>	<u>30,326</u>
	<u>439,931</u>	<u>391,021^a</u>
Total capital and excess of revenue over costs	<u>623,341</u>	<u>574,431</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$623,708</u>	<u>\$577,049</u>

SCHEDULE 2

HOUSE OF REPRESENTATIVES

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1970 AND 1969

	<u>Motion picture</u>		<u>Radio</u>		<u>Television</u>		<u>Total</u>	
	<u>1970</u>	<u>1969</u>	<u>1970</u>	<u>1969</u>	<u>1970</u>	<u>1969</u>	<u>1970</u>	<u>1969</u>
REVENUE:								
From sales	\$40,511	\$36,108	\$41,017	\$28,725	\$57,749	\$32,463	\$139,277	\$97,296
COSTS:								
Film materials	16,166	15,187	-	-	-	-	16,166	15,187
Outside processing	9,589	5,943	-	-	-	-	9,589	5,943
Maintenance and repairs	2,155	3,021	1,731	1,372	19,474	6,590	23,360	10,983
Office supplies and ex- pense	426	338	427	338	426	338	1,279	1,014
Depreciation of equip- ment	<u>4,819</u>	<u>2,942</u>	<u>5,115</u>	<u>4,163</u>	<u>30,040</u>	<u>26,738</u>	<u>39,974</u>	<u>33,843</u>
Total costs (note a)	<u>33,155</u>	<u>27,431</u>	<u>7,273</u>	<u>5,873</u>	<u>49,940</u>	<u>33,666</u>	<u>90,368</u>	<u>66,970</u>
Excess of revenue over costs or excess of costs over revenue (-) (note a)	\$ <u>7,356</u>	\$ <u>8,677</u>	\$ <u>33,744</u>	\$ <u>22,852</u>	\$ <u>7,809</u>	\$ <u>-1,203</u>	\$ <u>48,909</u>	\$ <u>30,326</u>

^aSalaries of \$191,205 (\$168,937 in fiscal year 1969) employees' benefits of \$13,672 (\$11,209 in fiscal year 1969), 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

COMPARATIVE STATEMENT OF SOURCE AND

APPLICATION OF FUNDS

FISCAL YEARS ENDED JUNE 30, 1970 AND 1969

	<u>1970</u>	<u>1969</u>
FUNDS PROVIDED:		
Sales	\$139,277	\$97,295
Disposition of equipment	2,399	620
Decrease in working capital	<u>74,823</u>	<u>-</u>
Total funds provided	<u>\$216,499</u>	<u>\$97,915</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring cur- rent outlay of funds)	\$ 50,395	\$33,117
Equipment additions	166,104	16,879
Increase in working capital	<u>-</u>	<u>47,919</u>
Total funds applied	<u>\$216,499</u>	<u>\$97,915</u>

APPENDIX

W. Pat Jennings
Clerk

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

June 1, 1970

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

Dear Mr. Staats:

I would be grateful if you would cause an audit to be made of the House Recording Studio of the House of Representatives for fiscal year 1970.

With kind regards, I am

Sincerely,


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