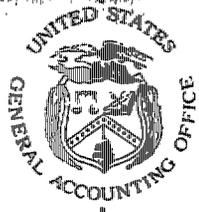


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Audit Of The House Recording Studio Revolving Fund For Fiscal Year 1972

B-114842

House of Representatives

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

7135-948-089947

NOV. 21, 1972



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

B-114842

Dear Mr. Jennings:

The General Accounting Office has audited the House Recording Studio Revolving Fund, for the fiscal year ended June 30, 1972, pursuant to your request dated June 6, 1972. 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.

GENERAL COMMENTS

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 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, 1972 and 1971, is presented as schedule 1. The following comments relate to items shown on this statement.

Accounts receivable

Accounts receivable amounted to \$13,719 at June 30, 1972, a decrease of \$7,390 from the amount at June 30, 1971. The ages of the accounts receivable at June 30, 1972 and 1971, are shown below.

<u>Days outstanding</u>	<u>June 30, 1972</u>		<u>June 30, 1971</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$12,601	91.85	\$18,247	86.44
60 through 89	597	4.35	2,018	9.56
90 through 119	165	1.20	784	3.71
120 or more	<u>356</u>	<u>2.60</u>	<u>60</u>	<u>.29</u>
Total	<u>\$13,719</u>	<u>100.00</u>	<u>\$21,109</u>	<u>100.00</u>

By August 24, 1972, the amount of accounts receivable collected and/or confirmed was \$13,036, or 95.78 percent, of the total receivables at June 30, 1972.

Equipment

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

	<u>Balance July 1, 1971</u>	<u>Adjust- ments</u>	<u>Addi- tions</u>	<u>Dis- posals</u>	<u>Balance June 30, 1972</u>
Television	\$420,178	\$1,373	\$ 2,390	\$ -	\$423,941
Motion picture	117,422	-1,585	33,376	635	148,578
Radio	54,269	-1,119	8,153	1,448	59,855
Office and shop	<u>5,586</u>	<u>-169</u>	<u>-</u>	<u>-</u>	<u>5,417</u>
Total	<u>\$597,455</u>	<u>-\$1,500</u>	<u>\$43,919</u>	<u>\$2,083</u>	<u>\$637,791</u>

Major additions to television equipment included video distribution amplifiers and a video monitor. Major additions

to motion-picture equipment included a camera, a densitometer, a color-film processor, sound-track applicators, and an automatic continuous chiller. Additions to radio equipment included a distortion analyzer, a magnetic tape eraser, and audio-cartridge systems.

The Studio also acquired surplus equipment from the General Services Administration and assigned to it an estimated value of \$500. This acquisition increased the value of such equipment on hand to \$1,930. Because the equipment was acquired at no cost to the Studio, it is not recorded in the accounting records but is shown in a footnote on the statement of assets and liabilities.

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1972 and 1971, is presented as schedule 2. Revenues exceeded costs by \$18,769 in fiscal year 1972 compared with \$23,912 in fiscal year 1971. The prices charged members for motion-picture and video- and audio-tape services during this period were the same as those charged in fiscal year 1971.

Acting on a decision of the Special Committee on the House Recording Studio to offer a balanced facility to members, the Studio is installing a color-film processor which will enable the Studio to process color motion-picture projects in-house. The Studio already has an in-house processing capability for audio- and video-tape projects. The motion-picture department's sales and profits have been declining in recent years. The introduction of the color-film processor and the reduction in motion-picture prices effective September 1972 are expected to reverse the trend. The department incurred a loss of \$15,545 in fiscal year 1972, an increase of \$9,477 over the loss in fiscal year 1971. The increased loss resulted from a reduction in sales of \$6,584 and from an increase in expenses of \$2,893. The principal changes in expenses were (1) increases in repairs of \$3,722 due mainly to preparing for the installation of the color-film processor and in losses on disposals of equipment of \$2,149 and (2) reductions in film materials of \$1,342 and in outside processing costs of \$1,714.

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OPINION ON FINANCIAL STATEMENTS

The accompanying financial statements were prepared by us 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, 1972, 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. Peets".

Comptroller General
of the United States

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

HOUSE OF REPRESENTATIVES

SCHEDULE 1

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1972 AND 1971

		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	
		1972	1971	1972	1971
CURRENT ASSETS:					
Cash revolving fund		\$282,098	\$204,234		
Petty cash		<u>9</u>	<u>78</u>	\$ 44,761	\$ 127
Total		282,107	204,312		
Accounts receivable		13,719	21,109		
Inventory of materials and supplies at cost		<u>17,845</u>	<u>18,821</u>		
Total current assets		<u>313,671</u>	<u>244,242</u>		
FIXED ASSETS:					
Equipment and furnishings (note a)		637,791	597,455		
Less accumulated depreciation		<u>236,753</u>	<u>190,391</u>		
Total fixed assets		<u>401,038</u>	<u>407,064</u>		
TOTAL ASSETS		<u>\$714,709</u>	<u>\$651,306</u>		
CURRENT LIABILITIES:					
Accounts payable				\$ 44,761	\$ 127
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			467,769		443,857
Fiscal year additions			<u>18,769</u>		<u>23,912</u>
Total capital and excess of revenue over costs			<u>669,948</u>		<u>651,179</u>
TOTAL LIABILITIES AND CAPITAL		<u>\$714,709</u>	<u>\$651,306</u>		

^a Does not include surplus equipment acquired from General Services Administration at no cost. The Studio has assigned an estimated value of \$1,930 to the items that have been repaired and are currently in use.

HOUSE OF REPRESENTATIVES

SCHEDULE 2

HOUSE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1972 AND 1971

	Total		Motion picture		Radio		Video	
	1972	1971	1972	1971	1972	1971	1972	1971
REVENUE:								
Sales	\$116,142	\$116,948	\$13,742	\$20,326	\$39,606	\$33,162	\$62,794	\$63,460
COSTS:								
Film materials	7,186	8,528	7,186	8,528	-	-	-	-
Supplies used	279	-	48	-	230	-	1	-
Outside processing	4,930	6,644	4,930	6,644	-	-	-	-
Maintenance and repair	30,270	26,721	7,248	3,526	3,746	1,885	19,276	21,310
Depreciation of equipment	49,368	49,129	6,653	6,868	4,583	4,538	38,132	37,723
Office supplies and expenses	2,514	1,779	838	593	838	593	838	593
Loss on disposal of equipment and inventory	2,826	235	2,384	235	442	-	-	-
Total costs (note a)	97,373	93,036	29,287	26,394	9,839	7,016	58,247	59,626
Excess of revenue over costs or excess of costs over revenue (-)	\$ 18,769	\$ 23,912	-\$15,545	\$-6,068	\$29,767	\$26,146	\$ 4,547	\$ 3,834

^aSalaries of \$244,198 (\$211,784 in 1971), 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, 1972 AND 1971

	<u>1972</u>	<u>1971</u>
FUNDS PROVIDED:		
Sales	\$ <u>116,142</u>	\$ <u>116,948</u>
Total funds provided	\$ <u>116,142</u>	\$ <u>116,948</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring out- lay of funds)	\$ 47,428	\$ 43,673
Equipment additions	43,919	6,017
Increase in working capital	<u>24,795</u>	<u>67,258</u>
Total funds applied	\$ <u>116,142</u>	\$ <u>116,948</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or decrease(-) in working <u>capital</u>
CURRENT ASSETS:	
Cash	\$77,795
Accounts receivable	-7,390
Inventory of materials and supplies	<u>-976</u>
Total current assets	69,429
CURRENT LIABILITIES:	
Accounts payable	<u>-44,634</u>
Net increase in working capital	<u>\$24,795</u>