

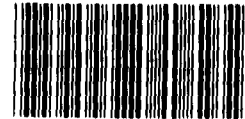


COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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10 JUL 1985

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The Honorable Benjamin J. Guthrie
Clerk of the House of Representatives

Dear Mr. Guthrie:

Subject: Examination of the House of Representatives
Recording Studio Revolving Fund's Financial
Statements for the Years Ended December 31,
1984 and 1983 (GAO/AFMD-85-52)

Pursuant to your November 13, 1984, request, we have examined the balance sheets of the House of Representatives Recording Studio Revolving Fund as of December 31, 1984 and 1983, 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 the House of Representatives Recording Studio Revolving Fund as of December 31, 1984 and 1983, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the accounting policies described in note 1 to the financial statements applied on a consistent basis.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosures II through V present the Fund's financial statements and accompanying notes for the years ended December 31, 1984 and 1983.

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

Sincerely yours,

Henry Eschwege
for 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 the House of Representatives Recording Studio Revolving Fund for the years ended December 31, 1984 and 1983. 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. This report pertains only to our study and evaluation of the system of internal accounting control, and our review of compliance with laws and regulations for the year ended December 31, 1984. (Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1983, is presented in GAO/AFMD-84-52, September 7, 1984.)

We did not complete a study and evaluation of the Fund'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 Fund's financial statements. We concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the year ended December 31, 1984.

While we did not complete the study and evaluation of the Fund's internal control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do make a study and evaluation 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.

As part of our examination, we also tested the Fund's compliance with applicable laws and regulations. In our opinion, the House Recording Studio Revolving Fund complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

HOUSE OF REPRESENTATIVES
RECORDING STUDIO REVOLVING FUND
BALANCE SHEET

	<u>December 31,</u>	
	<u>1984</u>	<u>1983</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Revolving fund cash (note 1)	\$ 668,411	\$ 505,128
Petty cash	<u>100</u>	<u>100</u>
Total Cash	668,511	505,228
Accounts receivable--Members	14,079	16,479
Inventory of materials and supplies, at cost	<u>29,131</u>	<u>29,849</u>
Total Current Assets	<u>711,721</u>	<u>551,556</u>
FIXED ASSETS:		
Equipment (note 2)	1,313,467	1,263,850
Less accumulated depreciation (note 1)	<u>723,397</u>	<u>606,548</u>
Net Fixed Assets	<u>590,070</u>	<u>657,302</u>
TOTAL ASSETS	<u><u>\$1,301,791</u></u>	<u><u>\$1,208,858</u></u>

LIABILITIES AND
GOVERNMENT EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$ <u>935</u>	\$ <u>2,649</u>
GOVERNMENT EQUITY:		
Contributed capital	<u>183,410</u>	<u>183,410</u>
Excess of revenue over costs:		
Balance at beginning of year	1,022,799	896,919
Net income	<u>94,647</u>	<u>125,880</u>
Balance at end of year	<u>1,117,446</u>	<u>1,022,799</u>
Total Government Equity	<u>1,300,856</u>	<u>1,206,209</u>
TOTAL LIABILITIES AND GOVERNMENT EQUITY	<u><u>\$1,301,791</u></u>	<u><u>\$1,208,858</u></u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES
RECORDING STUDIO REVOLVING FUND
STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31

	<u>Total</u>		<u>Photographic laboratory</u>		<u>Radio</u>		<u>Television</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
REVENUE:								
Sales	\$295,161	\$314,050	\$103,448	\$89,234	\$46,641	\$57,000	\$145,072	\$167,816
COSTS:								
Film materials	16,314	13,248	16,314	13,248	-	-	-	-
Supplies	8,345	7,300	8,345	6,810	-	490	-	-
Outside processing	596	1,298	596	1,298	-	-	-	-
Maintenance								
and repairs	36,167	43,227	6,693	4,996	4,914	5,402	24,560	32,829
Depreciation								
of equipment	118,230	111,255	13,356	12,623	16,761	15,063	88,113	83,569
Small equipment								
expense	5,728	12,480	3,548	7,516	940	806	1,240	4,158
Office supplies								
and expenses	4,330	3,400	1,444	1,134	1,443	1,133	1,443	1,133
Miscellaneous								
expenses	11,500	20,613	3,834	6,871	3,833	6,871	3,833	6,871
Total costs								
(note 1)	201,210	212,821	54,130	54,496	27,891	29,765	119,189	128,560
Income from								
operations	93,951	101,229	49,318	34,738	18,750	27,235	25,883	39,256
Other Income								
(note 3)	696	-	696	-	-	-	-	-
EQUIPMENT AND INVENTORY								
DISPOSALS:								
Gain or (loss)								
on disposal								
of equipment	-	24,945	-	2,784	-	2,099	-	20,062
Gain or (loss)								
on disposal								
of inventory	-	(294)	-	(294)	-	-	-	-
NET INCOME	\$ 94,647	\$125,880	\$ 50,014	\$37,228	\$18,750	\$29,334	\$ 25,883	\$ 59,318

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES
RECORDING STUDIO REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Years ended December 31,</u>	
	<u>1984</u>	<u>1983</u>
FUNDS PROVIDED:		
Net income from operations	\$ 93,951	\$101,229
Provision for depreciation	118,230	111,255
Income from silver recovery	<u>696</u>	<u>-</u>
Cash from operations	212,877	212,484
Decrease in accounts receivable	2,400	-
Decrease in inventory of materials and supplies	718	2,268
Gain on equipment disposal	<u>-</u>	<u>24,945</u>
Total Funds Provided	<u>215,995</u>	<u>239,697</u>
FUNDS APPLIED:		
Increase in accounts receivable	-	2,160
Decrease in accounts payable	1,715	1,241
Loss on inventory disposal	-	294
Purchase of equipment	<u>50,997</u>	<u>288,074</u>
Total Funds Applied	<u>52,712</u>	<u>291,769</u>
INCREASE (DECREASE) IN CASH	<u>\$163,283</u>	<u>\$(52,072)</u>

The accompanying notes are an integral part of this statement.

HOUSE RECORDING STUDIO REVOLVING FUNDNOTES TO FINANCIAL STATEMENTSNote 1. Significant Accounting Policies

- The House Recording Studio was established pursuant to section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio, operated by a director under the jurisdiction of the Clerk of the House of Representatives and subject to the direction and control of the Special Committee on the House Recording Studio, makes photographic prints, film, audio and video tape recordings for Members and committees of the House of Representatives. The prices charged for services are set by the Clerk of the House, subject to the approval of the Special Committee. The Congressional Handbook provides a detailed description of the Recording Studio's activities.
- Studio operations are financed from the Revolving Fund and from funds appropriated to the Clerk of the House and the Architect of the Capitol. All moneys received from operations are deposited into the Revolving Fund and are available for the Studio's operations.
- Each Member is authorized an allowance for the conduct of the official and representational duties of his or her office. Charges for Recording Studio services provided to Members may be paid (1) by the House Finance Office from a Member's allowance account, (2) directly by a Member, or (3) by a media organization through a Member.
- The Statement of Operations does not include the cost of (1) salaries, which were \$668,372 in 1984 and \$613,222 in 1983, or (2) employee benefits and certain other benefits or services, such as space, building repairs, maintenance, and utilities, which are paid directly from the Clerk of the House's or the Architect of the Capitol's appropriated funds and are not part of the Revolving Fund.
- Inventories are stated at cost and are charged to operations on a first-in, first-out basis.
- Equipment is depreciated over 10-year and 5-year lives using the straight-line method.

Note 2. A summary of the changes in the equipment account during 1983 and 1984, follows.

	<u>Television</u>	<u>Radio</u>	<u>Photographic laboratory</u>	<u>Office</u>	<u>Total</u>
Balance December 31, 1982	\$899,256	\$156,424	\$191,885	\$32,941	\$1,280,506
Additions	263,432	11,699	16,926	-	292,057*
Reductions	<u>(197,383)</u>	<u>(6,169)</u>	<u>(105,161)</u>	<u>-</u>	<u>(308,713)</u>
Balance December 31, 1983	965,305	161,954	103,650	32,941	1,263,850
Additions	25,089	25,908	-	-	50,997
Reductions	<u>-</u>	<u>-</u>	<u>(1,380)</u>	<u>-</u>	<u>(1,380)</u>
Balance December 31, 1984	<u>\$990,394</u>	<u>\$187,862</u>	<u>\$102,270</u>	<u>\$32,941</u>	<u>\$1,313,467</u>

*This figure represents value of equipment purchased during 1983. When adjusted for the undepreciated value of equipment traded-in (\$3,983), it corresponds with the funds applied (\$288,074) for purchase of equipment, per the statement of changes in financial position.

Note 3. Consists of income derived from the photographic laboratory silver recovery program.