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BY THE COMPTROLLER GENERAL

Report To The Clerk Of The House Of Representatives

OF THE UNITED STATES

Audit Of The House Recording Studio Revolving Fund For The Calendar Year 1980

115667

UNITED STATES GENERAL ACCOUNTING OFFICE

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

B-203568

The Honorable Edmund L. Henshaw, Jr.
Clerk of the House of Representatives

Dear Mr. Henshaw:

This report summarizes the results of our examination of the House Recording Studio Revolving Fund for the calendar year ended December 31, 1980, pursuant to your November 5, 1980, request. Comparative Recording Studio Revolving Fund financial statements for calendar 1980 and 1979 are presented on pages 3 to 7. Our opinion on these statements appears on page 2.

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 Committee on the House Recording Studio, makes graphic 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 Committee on the House Recording Studio.

As described in note 1 to the financial statements, Studio operations are financed from a 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 operation. Employee salaries and benefits and certain other operating expenses, such as utilities, are paid from appropriated funds. These expenses are neither recorded in the Studio's accounting records nor included in determining the results of Studio operations.

Each Member is authorized an allowance for the conduct of the official and representational duties of his office. (See encl. 1.) 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.

For the year ended December 31, 1980, the Revolving Fund's net income was $27,392. The net income for the year ended December 31, 1979, was $66,129.

The Studio's operating profit in 1980 was about $38,700 lower than in 1979. This can be attributed to the normal reduction in Studio use during election years and to the increased costs for replacement and repair parts. Specifically, there was a 12-percent decrease in average monthly sales and an 18-percent increase in average monthly operating costs as a percentage of sales. The principal operating cost increases were in (1) depreciation--from about 36.3 percent to 43.9 percent, (2) maintenance and repairs--from 14.5 percent to 20.5 percent, and (3) miscellaneous expenses--from 4.5 percent to 7.0 percent.

AUDITOR'S OPINION

We have examined the balance sheet of the House of Representatives Recording Studio Revolving Fund as of December 31, 1980, and December 31, 1979, and the related statements of operations and changes in financial position for the years then ended. Our examination was 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, 1980, and December 31, 1979, and the results of its operations and changes in financial position for the years then ended, in conformity with the financial accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

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

Sincerely yours,

Milton J. Socolar

Acting Comptroller General
of the United States

Enclosure

 SCHEDULE 1

HOUSE RECORDING STUDIO REVOLVING FUND

COMPARATIVE BALANCE SHEET

DECEMBER 31, 1980 AND 1979

ASSETS

	December 31, 1980	December 31, 1979
CURRENT ASSETS:		
Cash revolving fund	$ 399,900	$ 343,439
Petty cash	6	16
Total	399,906	343,455
Accounts receivable—Members (note 2)	10,304	25,582
Inventory of materials and supplies, at cost	27,794	25,939
Total current assets	438,004	394,976
FIXED ASSETS:		
Equipment (notes 3 and 4)	1,283,498	1,321,957
Less accumulated depreciation (note 1)	808,454	772,658
Total fixed assets	475,044	549,299
TOTAL ASSETS	$ 913,048	$ 944,275

LIABILITIES AND GOVERNMENT EQUITY

	December 31, 1980	December 31, 1979
CURRENT LIABILITIES:		
Accounts payable	$ 21,864	$ 77,419
GOVERNMENT EQUITY:		
Contributed capital	183,410	183,410
Excess property acquired from other Federal agencies	15,577	18,641
Total	198,987	202,051
Excess of revenue over costs:		
Balance prior years	664,805	598,676
Additions	27,392	66,129
Total	692,197	664,805
Total capital and excess of revenue over costs	891,184	866,856
TOTAL LIABILITIES AND GOVERNMENT EQUITY	$ 913,048	$ 944,275

The accompanying notes are an integral part of this statement.

HOUSE RECORDING STUDIO REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

CALENDAR YEARS 1980 AND 1979

	Total		Film		Radio		Video	
	1980	1979	1980	1979	1980	1979	1980	1979
REVENUE:								
Sales	$173,889	$196,822	$53,560	$48,842	$49,337	$61,346	$70,992	$86,634
COSTS:								
Film materials	9,139	8,596	9,139	8,596	-	-	-	-
Supplies	8,875	9,002	6,032	4,783	500	-	2,343	4,219
Outside processing	638	878	638	878	-	-	-	-
Maintenance and repairs	35,729	28,588	7,949	5,903	3,096	6,591	24,684	16,094
Depreciation of equipment	76,265	71,401	10,621	13,367	14,356	6,661	51,288	51,373
Office supplies and expenses	4,334	3,309	1,444	1,103	1,445	1,103	1,445	1,103
Miscellaneous expenses	12,195	8,919	4,065	2,973	4,065	2,973	4,065	2,973
Total costs (note 1)	147,175	130,693	39,888	37,603	23,462	17,328	83,825	75,762
Net profit or (loss) from operations	26,714	66,129	13,672	11,239	25,875	44,018	(12,833)	10,872
EQUIPMENT DISPOSALS:								
Gain or (loss) on disposal of equipment	678	-	-	-	691	-	(13)	-
NET PROFIT OR (LOSS)	$ 27,392	$ 66,129	$13,672	$11,239	$26,566	$44,018	$(12,846)	$10,872

The accompanying notes are an integral part of this statement.

SCHEDULE 2

SCHEDULE 3

HOUSE RECORDING STUDIO REVOLVING FUND

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

CALENDAR YEARS 1980 AND 1979

	1980	1979
FUNDS PROVIDED:		
Sales	$173,889	$196,822
Gain on disposal of equipment	678	-
Decrease in working capital	-	38,904
Total funds provided	$174,567	$235,726
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	$ 70,729	$ 59,292
Equipment additions	5,255	176,434
Increase in working capital	98,583	-
Total funds applied	$174,567	$235,726

Analysis of changes in working capital

calendar years 1980 and 1979

	Increase or (decrease) in working capital	
	1980	1979
WORKING CAPITAL CHANGES:		
Cash	$ 56,451	$ 13,975
Accounts receivable	(15,278)	16,380
Inventory of materials and supplies	1,855	(2,905)
Accounts payable	55,555	(66,354)
Increase or (decrease) in working capital	$ 98,583	$(38,904)

The accompanying notes are an integral part of this statement.

HOUSE RECORDING STUDIO REVOLVING FUND

NOTES TO FINANCIAL STATEMENTS

Calendar Year 1980

1. Significant Accounting Policies

Studio operations are financed from a 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 operation.

The Comparative Statement of Operations does not include the cost of salaries, which was $481,906 ($554,241 in 1979); employee benefits and certain other benefits or services such as space, building repairs, and maintenance; and utilities, which are paid from appropriated funds and not charged to the revolving fund.

Inventories are stated at cost, using the first-in, first-out valuation method.

Equipment is depreciated over a 10-year life using the straight-line method.

2. Accounts receivable from Members amounted to $10,304 at December 31, 1980, a decrease of $15,278 from the amount receivable at December 31, 1979. An analysis of the ages of the accounts receivable at December 31, 1980, and December 31, 1979, follows:

Days outstanding	December 31, 1980 Amount	December 31, 1980 Percent	December 31, 1979 Amount	December 31, 1979 Percent
1 through 59	$10,304	100.00	$24,972	97.62
60 through 89	-	-	528	2.06
90 through 119	-	-	46	.18
120 or more	-	-	36	.14
Total	$10,304	100.00	$25,582	100.00

The principal reason for the lower balance at December 31, 1980, is that in 1980 the Finance Office began paying Members' Studio bills in full each month from their allowance for official expense accounts.

3. The current estimated value of excess property acquired from other Federal agencies at no cost is included as $15,577 and $18,641 at December 31, 1980, and December 31, 1979, respectively.

4. Equipment accountability was changed from a manual system to a computer system. As a result of the change, minor adjustments were made to the recorded value of equipment.

A summary of the changes in the equipment account during the 12 months ended December 31, 1980, follows.

Equipment	Balance December 31, 1979	Additions	Reductions	Balance December 31, 1980
Video	$ 918,357	$2,413	$13,029	$ 907,741
Motion picture	188,450	159	2,357	186,252
Radio	179,047	2,683	28,328	153,402
Office and shop	36,103	-	-	36,103
Total	$1,321,957	$5,255	$43,714	$1,283,498

Equipment additions were

--video: one oscilloscope;

--motion picture: adjustment to recorded value of purchased equipment; and

--radio: one distortion measurement set.

Reductions included five video monitors, one voltmeter, one oscilloscope, five timers, two slide projectors, two audio duplicators, one audio console, five audio amplifiers, four mixer amplifiers, and adjustments to the recorded value of purchased and donated equipment.

HOUSE OF REPRESENTATIVES

COMMITTEE ON HOUSE ADMINISTRATION

REGULATIONS FOR MEMBERS

D. ALLOWANCE FOR OFFICIAL EXPENSES

1. Each Member is authorized an allowance for the conduct of the official and representational duties of the Office. This allowance shall consist of a base of *$40,000* plus:

(*a*) The dollar equivalent of 64 multiplied by the rate per mile multiplied by the mileage between the District of Columbia and the furthest point in the Member's District, according to the Rand McNally Standard Highway Mileage Guide, plus 10 percent. In no case shall the amount be less than *$3,000*.

The following rates per mile apply:	Per mile
Under 500 miles	*$0.18*
At least 500 but under 750 miles	*.17*
At least 750 but under 1,000 miles	*.16*
At least 1,000 but under 1,750 miles	*.15*
At least 1,750 but under 2,250 miles	*.14*
At least 2,250 but under 2,500 miles	*.13*
At least 2,500 but under 3,000 miles	*.12*
3,000 miles or over	*.11*

(*b*) (1) The dollar equivalent to 15,000 times the highest long-distance telephone rate per minute from the District of Columbia to the Member's District.

(2) If the Member has elected to utilize WATS or similar service in his or her office in the Capitol or House Office Building, the dollar amount calculated in (1) above will be reduced by one-half.

(3) In no case shall the equivalent amount specified in (1) above be less than $6,000 or the amount specified in (2) above be less than $3,000.

(*c*) The dollar equivalent to 2500 square feet multiplied by the highest applicable rate per square foot charged to Federal agencies in the district established by regulations issued by the Administrator of General Services pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949 as amended (40 U.S.C. 490(j)) for the rental of suitable office space.

2. This allowance may be used for the expenses of travel, office equipment lease, district office lease, stationary, telecommunications, mass mailings, postage, computer services and other official expenses.

3. (*a*) This allowance will be disbursed, upon proper certification and documentation, for the official expenses of the Member, the Member's employees or the Member's congressional office and shall be in the form of reimbursement to the Member or direct payment on behalf of the Member to a specified payee.

(*b*) Documentation shall include invoices, receipts or other evidence of expenses incurred.

(*c*) Official expenses are ordinary and necessary business expenses incurred in support of the Members official and representational duties,

(*d*) The following items or classes of items are excluded from those payable from this allowance:

(1) Expenses relating to the hiring and employment of individuals, including, but not limited to, employment service fees, transportation of interviewees to and from employment interviews and cost of relocation upon acceptance or termination of employment.

(2) Items purchased from other than the House stationery store which have a useful life in excess of the current term of the Member, and which would have a residual value of more than $25 upon the expiration of the current term of the Member.

(Rev. 10/1/79)

(3) Holiday greeting cards, flowers, and trophies.

(4) Personal advertisements (other than meeting or appearance notices).

(5) Donations or gifts of any type, except flags of the United States flown over the Capitol and items purchased for use as gifts when on official travel for the House of Representatives outside the United States its territories or possessions.

(6) Dues or assessments other than to legislative support organizations approved by the Committee on House Administration.

(7) Educational expenses for courses of study, information or training programs, unless the benefit accrues primarily to the House and the skill or knowledge is not commonly available.

(8) Purchases of radio and television time.

(9) Parking for Member and employees at district offices, except when included as an integral part of the lease or occupancy agreement for the district office space.

(916690)

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