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# Audit Of The House Recording Studio Revolving Fund For Fiscal Year 1971

B-114842

House of Representatives

BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES

~~900808~~

090595

OCT. 19, 1971



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 fiscal year 1971. The audit was made pursuant to your request dated June 1, 1971.

Additional copies of this report are being furnished to you 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 dark ink, reading "James B. Stacks". The signature is written in a cursive style with a large, stylized initial "J".

Comptroller General  
of the United States

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

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

AUDIT OF THE HOUSE RECORDING STUDIO  
REVOLVING FUND FOR FISCAL YEAR 1971  
B-114842

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) made an audit of the House Recording Studio Revolving Fund pursuant to a request dated June 1, 1971, by the Clerk of the House of Representatives.

FINDINGS AND CONCLUSIONS

In GAO's opinion the accompanying financial statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year--except for the change in accounting for transistors and diodes which GAO approved--and in accordance with the accounting practice and financial arrangement described on page 6, present fairly the financial position of the revolving fund, at June 30, 1971, the results of its operations, and the sources and application of its funds for the year then ended.

## C o n t e n t s

	<u>Page</u>
DIGEST	1
INTRODUCTION	2
FINANCIAL POSITION	3
Accounts receivable	3
Equipment	3
OPERATIONS	5
OPINION OF FINANCIAL STATEMENTS	6
	Schedule
FINANCIAL STATEMENTS	
Comparative statement of assets and liabilities, June 30, 1971 and 1970	1 9
Comparative statement of operations, fiscal years ended June 30, 1971 and 1970	2 10
Comparative statement of sources and application of funds, fiscal years ended June 30, 1971 and 1970	3 11
APPENDIX	
Letter dated June 1, 1971, from the Clerk of the House of Representatives	15

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

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## INTRODUCTION

The General Accounting Office audit of the HOUSE RECORDING STUDIO REVOLVING FUND for the fiscal year ended June 30, 1971, 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. We also made the accounting entries necessary to close the books and prepared the accompanying financial statements. (Schs. 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 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 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 as a footnote to the financial statements.

## FINANCIAL POSITION

A comparative statement of the assets and liabilities of the revolving fund at June 30, 1971 and 1970, is presented as schedule 1. The following comments are furnished with respect to items shown on this statement.

### ACCOUNTS RECEIVABLE

Accounts receivable amounted to \$21,109 at June 30, 1971, an increase of \$5,886 from the amount outstanding at June 30, 1970. Confirmations received from members of amounts owed represented about 80 percent of total receivables at June 30, 1971. No material discrepancies were noted.

The age of the accounts receivable at June 30, 1971, and at June 30, 1970, is shown below.

Days outstanding	June 30, 1971		June 30, 1970	
	Amount	Percent	Amount	Percent
1 through 59	\$18,247	86.4	\$12,936	85.0
60 " 89	2,018	9.6	1,786	11.7
90 " 119	784	3.7	499	3.3
120 or more	<u>60</u>	<u>.3</u>	<u>2</u>	<u>.0</u>
Total	<u>\$21,109</u>	<u>100.0</u>	<u>\$15,223</u>	<u>100.0</u>

### EQUIPMENT

A summary of the changes in the equipment accounts during the fiscal year and the balances at July 1, 1970, and June 30, 1971 follows.

Type of equipment	Balance July 1, 1970	Additions	Dis- posals	Balance June 30, 1971
Television	\$415,716	\$4,462	\$ -	\$420,178
Motion picture	118,460	1,312	2,350	117,422
Radio	54,026	243	-	54,269
Office and shop	<u>5,586</u>	<u>-</u>	<u>-</u>	<u>5,586</u>
Total	<u>\$593,788</u>	<u>\$6,017</u>	<u>\$2,350</u>	<u>\$597,455</u>

Television equipment additions consisted of a microphone, a teleprompter reader, a timer and related equipment, and a camera cable. Motion picture equipment additions consisted of a microphone and a camera and parts. Radio equipment additions consisted of two timers and related equipment.

Equipment disposals consisted of two recorder-playback units in the motion picture category.

The Studio acquired surplus property, some of which was repaired and put into use and assigned an estimated value of \$1,430. Since the equipment was acquired without cost to the Studio, however, it was not recorded in the accounting records or statements and was not depreciated.



## OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1971 and 1970, is presented as schedule 2. The excess of revenue over costs amounted to \$23,912 for fiscal year 1971 compared with \$48,909 for fiscal year 1970. 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.

During fiscal year 1971 the Studio made a change in its accounting system for transistors and diodes. Previously they had been expensed when acquired. A physical inventory of these items was taken and an asset control account was set up as of July 1, 1970. Since all these items had previously been expensed, the change resulted in a credit to capital of \$3,926. If this change in the accounting system had not been made, the net income for fiscal year 1971 would have been \$499 less than the amount reported in schedule 2.

## OPINION OF 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--except for the change in accounting for transistors and diodes which we approved--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, 1971, and the results of its operations and the sources and application of its funds for the year then ended.

**FINANCIAL STATEMENTS**

# HOUSE OF REPRESENTATIVES

## HOUSE RECORDING STUDIO

### REVOLVING FUND

#### COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1971 AND 1970

#### A S S E T S

	<u>1971</u>	<u>1970</u>
CURRENT ASSETS:		
Cash (U.S. Treasury)	\$204,234	\$140,282
Petty cash	<u>78</u>	<u>53</u>
Total	204,312	140,335
Accounts receivable	21,109	15,223
Inventory of materials and supplies, at cost	<u>18,821</u>	<u>17,740</u>
Total current assets	<u>244,242</u>	<u>173,298</u>
FIXED ASSETS:		
Equipment (note a)	597,455	593,788
Less accumulated depreciation	<u>190,391</u>	<u>143,378</u>
Total fixed assets	<u>407,064</u>	<u>450,410</u>
TOTAL ASSETS	<u>\$651,306</u>	<u>\$623,708</u>

<sup>a</sup>Does not include surplus equipment acquired from General Services Administration at no cost. The studio has assigned an estimated value of \$1,430 to the items that have been repaired and are currently in use.

L I A B I L I T I E S      A N D      C A P I T A L		
	<u>1971</u>	<u>1970</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>127</u>	\$ <u>367</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	439,931	391,022
Fiscal year	23,912	48,909
Capitalization of supplies acquired and expensed in prior years	<u>3,926</u>	<u>-</u>
	<u>467,769</u>	<u>439,931</u>
 Total capital and excess of revenue over costs	<u>651,179</u>	<u>623,341</u>
 TOTAL LIABILITIES AND CAPITAL	<u>\$651,306</u>	<u>\$623,708</u>

# SCHEDULE 2

## HOUSE OF REPRESENTATIVES

### HOUSE RECORDING STUDIO

#### REVOLVING FUND

#### COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1971 AND 1970

	Motion picture		Radio		Television		Total	
	<u>1971</u>	<u>1970</u>	<u>1971</u>	<u>1970</u>	<u>1971</u>	<u>1970</u>	<u>1971</u>	<u>1970</u>
REVENUE:								
From sales	\$20,326	\$40,511	\$33,162	\$41,017	\$63,460	\$57,749	\$116,948	\$139,277
COSTS:								
Film materials	8,528	16,166	-	-	-	-	8,528	16,166
Outside processing	6,644	9,589	-	-	-	-	6,644	9,589
Maintenance and re-pairs	3,526	2,155	1,885	1,731	21,310	19,474	26,721	23,360
Office supplies and other expenses	593	426	593	427	593	426	1,779	1,279
Loss on disposal of equipment	235	-	-	-	-	-	235	-
Depreciation of equipment	<u>6,868</u>	<u>4,819</u>	<u>4,538</u>	<u>5,115</u>	<u>37,723</u>	<u>30,040</u>	<u>49,129</u>	<u>39,974</u>
Total costs (note a)	<u>26,394</u>	<u>33,155</u>	<u>7,016</u>	<u>7,273</u>	<u>59,626</u>	<u>49,940</u>	<u>93,036</u>	<u>90,368</u>
Excess of revenue over costs or excess of costs over revenue(-) (note a)	<u>\$-6,068</u>	<u>\$ 7,356</u>	<u>\$26,146</u>	<u>\$33,744</u>	<u>\$ 3,834</u>	<u>\$ 7,809</u>	<u>\$ 23,912</u>	<u>\$ 48,909</u>

<sup>a</sup>Salaries of \$211,784 (\$191,205 in fiscal year 1970) employees' benefits of \$17,834 (\$13,672 in fiscal year 1970), and certain other operating expenses of the Studio were provided by appropriations and were not included as expenses in determining the excess of revenue over costs of the revolving fund.

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

## HOUSE RECORDING STUDIO

## REVOLVING FUND

## COMPARATIVE STATEMENT OF SOURCES AND

## APPLICATION OF FUNDS

FISCAL YEARS ENDED JUNE 30, 1971 AND 1970

	<u>1971</u>	<u>1970</u>
FUNDS PROVIDED:		
Sales	\$116,948	\$139,277
Disposition of equipment	-	2,399
Decrease in working capital	<u>-</u>	<u>74,823</u>
Total funds provided	<u>\$116,948</u>	<u>\$216,499</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring cur- rent outlay of funds)	\$ 43,673	\$ 50,395
Equipment additions	6,017	166,104
Increase in working capital	<u>67,258</u>	<u>-</u>
Total funds applied	<u>\$116,948</u>	<u>\$216,499</u>

## APPENDIX



W. Pat Jennings  
Clerk

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

June 1, 1971


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 conduct an audit of  
the House Recording Studio and the Office Equipment Service of  
the House of Representatives for Fiscal Year 1971.

With kind regards, I remain

Sincerely,



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

WPJ:el