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Audit Of The House Recording
Studio Revolving Fund For
Fiscal Year 1973

B-114842

House of Representatives

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

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NOV. 26, 1973



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

B-114842

C1
R The Honorable W. Pat Jennings
Clerk of the House of Representatives 648 2

Dear Mr. Jennings:

C2 We have audited the House Recording Studio Revolving Fund, for the fiscal year ended June 30, 1973, pursuant to your request dated June 4, 1973.

GENERAL COMMENTS

The House Recording Studio was established pursuant to the 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.

10 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, 1973 and 1972, is presented as schedule 1. The following comments relate to items on this statement.

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Accounts receivable

Accounts receivable amounted to \$22,428 at June 30, 1973, an increase of \$8,709 from the amount at June 30, 1972. The ages of the accounts receivable at June 30, 1973 and 1972, are shown below.

<u>Days outstanding</u>	<u>June 30, 1973</u>		<u>June 30, 1972</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$20,317	90.58	\$12,601	91.85
60 through 89	1,277	5.69	597	4.35
90 through 119	564	2.52	165	1.20
120 or more	270	1.21	356	2.60
Total	<u>\$22,428</u>	<u>100.00</u>	<u>\$13,719</u>	<u>100.00</u>

Equipment

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

	<u>Balance June 30, 1972</u>	<u>Addi- tions</u>	<u>Dis- posals</u>	<u>Balance June 30, 1973</u>
Radio	\$ 59,854	\$ 3,445	\$ 5,948	\$ 57,351
Video	423,941	87,000	191	510,750
Motion pic- ture	148,578	11,669	26,036	134,211
Office and shop	5,418	-	-	5,418
Total	<u>\$637,791</u>	<u>\$102,114</u>	<u>\$32,175</u>	<u>\$707,730</u>

Major additions to video equipment included a color camera, film projector, several monitors, and remote control panels. Major additions to motion picture equipment included a camera, a hot press, and a playback synchronizer. Additions to radio equipment included a stereo recorder/reproducer, an audio cartridge system, and a console mount.

The Studio made extensive use of trade-ins of old equipment to reduce the cash outlay for new equipment during fiscal year 1973. The Studio also acquired surplus equipment having an estimated value of \$725 from the General Services Administration. Several pieces of surplus equipment were disposed of through that agency. These items had an assigned value of \$1,025, leaving the value of surplus equipment on hand at

\$1,630. Because surplus 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 year ended June 30, 1973 and 1972, is presented as schedule 2. Revenues exceeded costs by \$4,974 in fiscal year 1973 compared with \$18,769 in fiscal year 1972.

The decrease of \$13,795 in fiscal year 1973 revenue, compared with fiscal year 1972 revenue, resulted from a \$6,697 reduction in sales, an \$8,980 increase in expenses, and a \$1,882 gain from the sale of surplus studio property.

Effective September 1972, the prices charged members for radio, motion picture, and video services were revised. In the radio department, the prices for only the 3-minute shows were reduced. In the video department, the price revision was accomplished by a change in concept. Instead of charging by the running time of a program, the Studio now charges on a block-time basis. This allows Members greater flexibility in that they can do more of the shorter length programs within one block time. In addition, duplication prices were increased. In the motion picture department, most of the prices were reduced.

SCOPE OF AUDIT

We made our audit 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.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements 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.

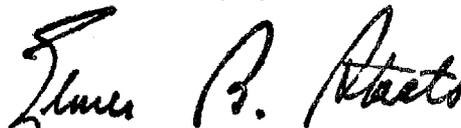
In our opinion, schedules 1, 2, and 3, which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangement described above, present fairly the financial position of the House

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Recording Studio Revolving Fund, at June 30, 1973, the results of its operations, and the changes in its financial position for the year then ended.

4 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,



Comptroller General
of the United States

SCHEDULES

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

	<u>1973</u>	<u>1972</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>4,536</u>	\$ <u>44,761</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	486,538	467,769
Fiscal year additions	<u>6,007</u>	<u>18,769</u>
	<u>492,545</u>	<u>486,538</u>
Total capital and excess of revenue over costs	<u>675,955</u>	<u>669,948</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$680,491</u>	<u>\$714,709</u>

HOUSE OF REPRESENTATIVES

HOUSE RECORDING STUDIO

REVOLVING FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

FISCAL YEARS ENDED JUNE 30, 1973 AND 1972

	<u>1973</u>	<u>1972</u>
FUNDS PROVIDED:		
Sales	\$109,445	\$116,142
Sale of equipment	1,882	-
Trade-in allowances	4,461	-
Net gains on trade-ins	<u>457</u>	<u>-</u>
Total funds provided	<u>\$116,245</u>	<u>\$116,142</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 47,882	\$ 47,428
Equipment additions	102,114	43,919
Increase or decrease (-) in working capital	<u>-33,751</u>	<u>24,795</u>
Total funds applied	<u>\$116,245</u>	<u>\$116,142</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or decrease (-) in working <u>capital</u>
CURRENT ASSETS:	
Cash	\$-86,116
Accounts receivable	8,709
Inventory of materials and supplies	<u>3,431</u>
Total current assets	-73,976
CURRENT LIABILITIES:	
Accounts payable	<u>40,225</u>
Net decrease in working capital	<u>\$-33,751</u>

SCHEDULE 2

HOUSE OF REPRESENTATIVES
HOUSE RECORDING STUDIO

REVOLVING FUND
CUMULATIVE STATEMENT OF OPERATIONS
FISCAL YEARS ENDED JUNE 30, 1973 AND 1972

	Total		Motion picture		Radio		Video	
	1973	1972	1973	1972	1973	1972	1973	1972
REVENUE:								
Sales	\$109,445	\$116,142	\$ 17,722	\$ 13,742	\$34,136	\$39,606	\$57,587	\$62,794
COSTS:								
Film materials	12,654	7,186	12,654	7,186	-	-	-	-
Supplies used	96	279	38	48	58	230	-	1
Outside processing	936	4,930	936	4,930	-	-	-	-
Maintenance and repair	32,232	30,270	10,127	7,248	2,041	3,746	20,064	19,276
Depreciation of equipment	57,974	49,368	9,125	6,653	4,827	4,583	44,022	38,132
Office supplies and expenses	2,537	2,514	846	838	846	838	845	838
Miscellaneous expenses	381	-	127	-	127	-	127	-
Total costs (note a)	106,810	94,547	33,853	26,903	7,899	9,397	65,058	58,247
Balance before equipment disposals	2,635	21,595	-16,131	-13,161	26,237	30,209	-7,471	4,547
EQUIPMENT DISPOSALS:								
Sale of surplus studio property	1,882	-	549	-	83	-	1,250	-
Gain or loss (-) on disposal of equipment and inventory	457	-2,826	308	-2,384	98	-442	51	-
EXCESS OF REVENUE OVER COSTS OR EXCESS OF COSTS OVER REVENUE (-)	\$ 4,974	\$ 18,769	\$-15,274	\$-15,545	\$26,418	\$29,767	\$-6,170	\$ 4,547

^aSalaries of \$243,865 (\$244,198 in 1972), 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.

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HOUSE OF REPRESENTATIVES

HOUSE RECORDING STUDIO

REVOLVING FUND

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