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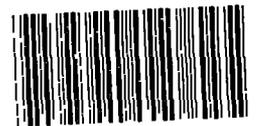
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BY THE COMPTROLLER GENERAL

**Report To The Sergeant At Arms,
United States Senate**

OF THE UNITED STATES

**Audit Of The Senate Recording
And Photographic Studios Revolving Fund
For The Fiscal Year Ended March 31, 1981**



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-203087

The Honorable Howard S. Liebengood
Sergeant at Arms
United States Senate

Dear Mr. Liebengood:

This report summarizes the results of our examination of the Senate Recording and Photographic Studios Revolving Fund for the fiscal year ended March 31, 1981, pursuant to your January 27, 1981, request. Comparative revolving fund financial statements for fiscal 1981 and 1980 are on pages 3 to 9. Our opinion on these statements is on page 2.

The Senate Recording Studio was established pursuant to section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio, operated by the Sergeant at Arms and Doorkeeper of the Senate under the direction and control of the Senate Committee on Rules and Administration, shoots film and does video and audiotaping for the Vice President, Senators, and committees of the Senate. The charges for these services are set by the Committee on Rules and Administration.

Pursuant to section 108 of the Supplemental Appropriations and Rescission Act, 1980 (2 U.S.C. 123b-1) the Senate Recording Studio was changed to the Senate Recording and Photographic Studios. The act provided that the Sergeant at Arms and Doorkeeper shall, subject to the approval of the majority and minority leaders promulgate rules and regulations, and set fees, for photographs and photographic services provided by the Photographic Studio. The Photographic Studio began operations in October 1980.

The Studios' operations are financed from a revolving fund and from funds appropriated to the Secretary of the Senate. All moneys received from operations are deposited in the revolving fund and are available for the operation of the Studios. Employee salaries and benefits and certain other operating expenses, such as utilities, are paid from appropriated funds. These expenses are neither recorded in the Studios' accounting records nor included in determining the results of the Studios' operations.

For the fiscal year ended March 31, 1981, the revolving fund's net loss was \$28,964 for the combined operation compared to a loss of \$29,242 for the fiscal year ended March 31, 1980, for the Recording Studio alone.

The revolving fund's operating results for the motion picture, radio, and video activities of the Recording Studio improved from a net loss of \$29,242 for fiscal 1980 to a net profit of \$4,177 for fiscal 1981. This improvement resulted primarily from (1) discontinuing, during fiscal 1981, the motion picture activity which had a substantial loss in fiscal 1980, (2) reducing maintenance and repair costs for video equipment, and (3) not losing funds due to the disposal of equipment and obsolete inventory items.

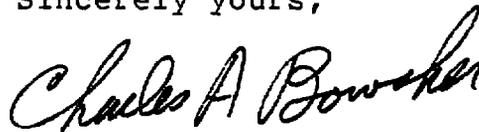
The Recording Studio's improved operating results were offset by the new Photographic Studio's net loss of \$33,141. This loss appeared to be primarily due to start-up costs for the Studio and a need to adjust prices for photographs and services.

AUDITOR'S OPINION

We have examined the balance sheet of the Senate Recording and Photographic Studios Revolving Fund as of March 31, 1981, and of the Senate Recording Studio Revolving Fund as of March 31, 1980, 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 Senate Recording and Photographic Studios Revolving Fund as of March 31, 1981, and of the Senate Recording Studio Revolving Fund as of March 31, 1980, and the results of the funds' 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.

Sincerely yours,



Comptroller General
of the United States

SENATE RECORDING AND PHOTOCRAPIIC STUDIOSREVENUE FUNDCOMPARATIVE BALANCE SHEETMARCH 31, 1981 AND 1980

A S S E T S

	March 31, <u>1981</u>	March 31, <u>1980</u>
CURRENT ASSETS		
Cash (in U S Treasury)	\$ 529,896	\$ 985,381
Accounts receivable (note 2)	54,780	38,207
Inventory of materials and supplies, at cost	<u>32,490</u>	<u>27,572</u>
Total current assets	<u>617,166</u>	<u>1,051,160</u>
FIXED ASSETS		
Equipment (notes 3 and 4)	1,377,119	853,858
Less accumulated deprecia- tion	<u>772,217</u>	<u>696,334</u>
Total	<u>604,902</u>	<u>157,524</u>
Recording Studio facilities	531,896	531,896
Less accumulated deprecia- tion	<u>283,016</u>	<u>256,421</u>
Total	<u>248,880</u>	<u>275,475</u>
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>854,532</u>	<u>433,749</u>
TOTAL ASSETS	<u>\$1,471,698</u>	<u>\$1,484,909</u>

L I A B I L I T I E S A N D
G O V E R N M E N T E Q U I T Y

CURRENT LIABILITIES		
Accounts payable	\$ <u>19,781</u>	\$ <u>3,954</u>
GOVERNMENT EQUITY		
Contributed capital	183,619	183,619
Standby equipment donated (note 3)	<u>166</u>	<u>240</u>
Total	<u>183,785</u>	<u>183,859</u>
Excess of revenue over costs		
Balance prior years	1,297,096	1,326,338
Fiscal year loss	<u>(28,964)</u>	<u>(29,242)</u>
Total	<u>1,268,132</u>	<u>1,297,096</u>
Total capital and excess of revenue over costs	<u>1,451,917</u>	<u>1,480,955</u>
TOTAL LIABILITIES AND GOVERNMENT EQUITY	<u>\$1,471,698</u>	<u>\$1,484,909</u>

The accompanying notes are an integral part of this statement

STATE RECORDING AND PHOTOGRAPHIC STUDIOS
REVOLVING FUND
COMPARATIVE STATEMENT OF OPERATIONS
FOR FISCAL YEARS ENDED MARCH 31, 1981 AND 1980

	<u>Total</u>		<u>Recording Studio</u>						<u>Photographic Studio</u>	
	<u>FY 1981</u>	<u>FY 1980</u>	<u>Motion picture</u>		<u>Radio</u>		<u>Video</u>		<u>(note 1)</u>	
			<u>FY 1981</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1980</u>
REVENUE										
Sales	\$195,079	\$175,878	\$ -	\$ 807	\$63,495	\$71,182	\$105,359	\$103,889	\$ 26,225	\$ -
COSTS										
Motion picture radio, video and photographic materials	95,221	50,960	-	202	21,623	26,691	21,369	24,067	52,279	-
Maintenance and repairs	18,842	28,055	-	69	204	214	18,142	27,772	496	-
Maintenance supplies	412	505	-	5	155	202	257	298	-	-
Office supplies and miscellaneous expenses	2,922	208	-	69	630	70	641	69	1,651	-
Outside processing of film	126	726	-	726	-	-	126	-	-	-
Depreciation of equipment	79,925	84,070	-	6,459	6,224	6,523	68,711	71,088	4,990	-
Depreciation of Recording Studio facilities	26,595	26,595	-	8,865	13,297	8,865	13,298	8,865	-	-
Loss on obsolete inventory	-	7,598	-	7,352	-	246	-	-	-	-
Loss on obsolete equipment	-	6,403	-	6,403	-	-	-	-	-	-
Total costs	224,043	205,120	-	30,150	42,133	42,811	122,544	132,159	59,366	-
NET PROFIT OR (LOSS) FROM OPERATIONS	<u>\$(28,964)</u>	<u>\$(29,242)</u>	<u>\$ -</u>	<u>\$(29,343)</u>	<u>\$21,362</u>	<u>\$28,371</u>	<u>\$(17,185)</u>	<u>\$(28,270)</u>	<u>\$(33,141)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement

SENATE RECORDING AND PHOTOGRAPHIC STUDIOS

REVOLVING FUND

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEARS ENDED MARCH 31, 1981 AND 1980

	March 31, <u>1981</u>	March 31, <u>1980</u>
FUNDS PROVIDED:		
Sales	\$195,079	\$175,878
Decrease in working capital	<u>449,821</u>	<u>-</u>
Total funds provided	<u>\$644,900</u>	<u>\$175,878</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$117,523	\$ 88,052
Net equipment additions	527,377	19,457
Increase in working capital	<u>-</u>	<u>68,369</u>
Total funds applied	<u>\$644,900</u>	<u>\$175,878</u>

Analysis of changes in working capital
for fiscal years 1981 and 1980

	Increase or (decrease) in working capital	
	March 31, <u>1981</u>	March 31, <u>1980</u>
WORKING CAPITAL CHANGES:		
Cash	\$(455,485)	\$ 70,072
Accounts receivable	16,573	11,809
Inventory of materials and supplies	4,919	(12,051)
Accounts payable	<u>(15,828)</u>	<u>(1,461)</u>
INCREASE OR (DECREASE) IN WORKING CAPITAL	<u>\$(449,821)</u>	<u>\$ 68,369</u>

The accompanying notes are an integral part of this statement.

SENATE RECORDING AND PHOTOGRAPHIC STUDIOS

REVOLVING FUND

SIGNIFICANT ACCOUNTING POLICIES

AND

NOTES TO FINANCIAL STATEMENTS

Fiscal Years Ended March 31, 1981 and 1980

1. Significant Accounting Policies

The Senate Recording Studio was changed to the Senate Recording and Photographic Studios pursuant to section 108 of the Supplemental Appropriations and Rescission Act, 1980 (2 U.S.C. 123b-1). The newly created Photographic Studio began operations in October 1980.

The Senate Recording and Photographic Studios are both financed from the former Senate Recording Studio Revolving Fund and from funds appropriated to the Secretary of the Senate. All moneys received from operations are deposited in the revolving fund and are available for the operation of the Studios.

The Comparative Statement of Operations does not include employee salaries, which were \$508,825 for the Recording Studio (\$480,088 for the fiscal year ended March 31, 1980) and \$146,097 for the Photographic Studio (from October 1, 1980, to March 31, 1981); employee benefits; and certain other benefits or services, such as space, building repairs and maintenance and utilities. All these expenses are paid from appropriated funds. These expenses are not recorded in the Studios' accounting records and are not charged to the revolving fund.

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

Equipment in the Recording Studio is depreciated over a 10-year life and equipment in the Photographic Studio is depreciated over a 5-year life. Both Studios use the straight-line method.

2. Accounts receivable from Senators, committees, and the Keeper of Stationery amounted to \$54,780 (Recording Studio, \$40,450; Photographic Studio, \$14,330) at March 31, 1981, an increase of \$16,573 from the amount receivable at March 31, 1980. An analysis of the ages of the accounts receivable at March 31, 1981 and 1980, follows.

RECORDING STUDIO

<u>Days outstanding</u>	<u>March 31, 1981</u>		<u>March 31, 1980</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$32,479	80.3	\$26,783	70.1
60 through 89	2,447	6.1	2,850	7.5
90 through 119	979	2.4	2,065	5.4
120 or more	<u>4,545</u>	<u>11.2</u>	<u>6,509</u>	<u>17.0</u>
Total	<u>\$40,450</u>	<u>100.0</u>	<u>\$38,207</u>	<u>100.0</u>

PHOTOGRAPHIC STUDIO

<u>Days outstanding</u>	<u>March 31, 1981</u>		<u>March 31, 1980</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$12,653	88.3	-	-
60 through 89	893	6.2	-	-
90 through 119	376	2.6	-	-
120 or more	<u>408</u>	<u>2.9</u>	<u>-</u>	<u>-</u>
Total	<u>\$14,330</u>	<u>100.0</u>	<u>-</u>	<u>-</u>

Since the Photographic Studio did not become operational until about October 1, 1980, there were no receivables for it at March 31, 1980.

As of June 5, 1981, \$31,168, or 77 percent, of the Recording Studio's accounts receivable balance had been paid and as of June 12, 1981, \$11,946, or 83 percent, of the Photographic Studio's accounts receivable balance had been paid.

The Recording Studio writes a monthly letter to the Senate Sergeant at Arms listing all Senators with outstanding accounts of \$1,000 or more. This is in accord with the policy established by the Senate Committee on Rules and Administration.

3. The estimated value of video equipment obtained from the General Services Administration at no cost is included at a value of \$166 and \$240 at March 31, 1981, and March 31, 1980, respectively.
4. A summary of the changes in the equipment account for the 12 months ended March 31, 1981, follows.

<u>Equipment</u>	<u>Balance March 31, 1980</u>	<u>Addi- tions</u>	<u>Reduc- tions</u>	<u>Balance March 31, 1981</u>
Recording Studio:				
Motion picture	\$ 63,340	\$ -	\$4,042	\$ 59,298
Radio	70,461	-	-	70,461
Video	720,057	420,560	74	1,140,543
Subtotal	<u>853,858</u>	<u>420,560</u>	<u>4,116</u>	<u>1,270,302</u>
Photographic Studio	-	106,817	-	106,817
Total	<u>\$853,858</u>	<u>\$527,377</u>	<u>\$4,116</u>	<u>\$1,377,119</u>

Equipment additions were as follows:

Recording Studio--video.

portable camera system - 2
production switching system
portable videotape recorder - 2
videotape recorder-reproducer and tracking accessory
minicom routing switcher
oscilloscope and signal generator test equipment
character generator with console
heterodyne color adapter - 2
director's console
Bolex tripod
video and pulse delay system
silver zinc battery - 3
microphone - 7
television monitor - 13

Photographic Studio:

Durst printer system
color negative film processor
print processor
densitometer
film developing system
color print processor and accessories
Pako easel
silver recovery system - 3
power supply Wheelit folding table
copy camera system
Hope 094 processor
paper cutter - 2
base and wall cabinets
Honeywell Pressmaster flash - 4
image dryer
light table
Bogen stand - 3
thermostatic mixing valve with filters

Omega D-5 condenser enlarger - 3
Bogen umbrella set and accessories
dry mount press and accessories
prism viewfinder
film dryer
Kodak carousel projector
camera - 4
camera lense - 15

Equipment reductions--all at the Recording Studio--were

video: recorded value of donated equipment

motion picture: projector, footage counter,
and densitometer

5. Motion picture activities as a separate department were discontinued in fiscal 1981. The Recording Studio retained some motion picture equipment and rental projectors but sends all film to a commercial lab for processing. The video department absorbed the motion picture department revenues and costs.

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