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RELEASED

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Senate

Dear Mr. Dunphy:

The General Accounting Office has made an audit of the SENATE RECORDING STUDIO REVOLVING FUND for the fiscal year ended June 30, 1969, pursuant to your request dated June 11, 1969. Our audit 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 in the circumstances. We also made the accounting entries necessary to close the books and prepared the financial statements (see attached schedules 1 through 3).

GENERAL COMMENTS

The Senate 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 the Sergeant at Arms of the Senate under the direction and control of the Committee on Rules and Administration of the Senate. The Studio makes disks, films, and tape recordings for the Vice President and for members and committees of the Senate. The prices or rates to be charged for services are set by the Committee on Rules and Administration.

The Studio operations are financed in part through a revolving fund and in part from appropriated funds. All moneys received for recordings and from any other source are deposited into the revolving fund and are available for the care, maintenance, operation, and other expenses of the Studio. Employee salaries and benefits and certain other operating expenses, such as those for utilities and space used by the Studio, are paid from appropriated funds, are not recorded in the Studio's accounting records, and therefore are not shown on the financial statements included in this report.

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FINANCIAL POSITION

A comparative statement of assets and liabilities of the Senate Recording Studio Revolving Fund on June 30, 1969 and 1968, is attached as schedule 1. The following comments relate to certain items in schedule 1.

Cash (U.S. Treasury)

The cash balance at June 30, 1969, was \$1,056,578, a decrease of \$188,687 from the balance at June 30, 1968. A large portion of the balance will be used for new studio facilities. As of June 30, 1969, \$134,470 had been advanced to the construction contractor.

Accounts receivable

Accounts receivable amounted to \$35,281 at June 30, 1969, an increase of \$9,944 over the amount at June 30, 1968. We did not obtain confirmations of receivables; however, an examination of cash receipts showed that \$7,390 of the June 30, 1969, balance was collected during July.

A comparison of the aging of accounts receivable at June 30, 1969 and 1968, follows.

<u>Days</u>	<u>1969</u>		<u>1968</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$23,362	66.2	\$16,688	65.9
60 " 89	4,801	13.7	2,091	8.2
90 " 119	2,695	7.6	1,238	4.9
120 or more	<u>4,423</u>	<u>12.5</u>	<u>5,320</u>	<u>21.0</u>
Total	<u>\$35,281</u>	<u>100.0</u>	<u>\$25,337</u>	<u>100.0</u>

Equipment and furnishings

A summary of the equipment and furnishings account for the year follows.

<u>Type</u>	Balance June 30, <u>1968</u>	Addi- tions	Dis- posals	Balance June 30, <u>1969</u>
Motion picture	\$214,897	\$40,573	\$31,955	\$223,515
Radio	33,601	213	-	33,814
Office	<u>937</u>	<u>-</u>	<u>-</u>	<u>937</u>
Total	<u>\$249,435</u>	<u>\$40,786</u>	<u>\$31,955</u>	<u>\$258,266</u>

Equipment purchased by the Studio during the period included a motion picture printer, a film density analyzer, and various meters for the film studio and photo laboratory. The disposals represent equipment traded in on like items.

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1969 and 1968, is attached as schedule 2. The excess of revenue over costs amounted to \$63,420 for fiscal year 1969 compared with \$121,324 for fiscal year 1968. The increase in depreciation expense (\$4,970 to \$12,789) was caused by the addition of new motion picture equipment, of which equipment costing about \$75,000 was purchased at the end of the prior fiscal year. Present prices for black and white motion pictures and radio recordings are the same as those charged in June 1956 by the Studio's predecessor, the Joint Senate and House Recording Facility. Prices for color motion pictures were established in January 1969.

A comparative statement of source and application of funds for fiscal years 1969 and 1968 is attached as schedule 3.

OPINION OF FINANCIAL STATEMENTS

The Studio's accounting records are maintained on the accrual basis. The salaries of Studio personnel, the cost of employee benefits, and certain other operating expenses are paid from appropriated funds and are not included in the financial statements of the revolving fund.

In our opinion, the accompanying financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practice and financial arrangement described above, present fairly the financial position of the Senate Recording Studio Revolving Fund at June 30, 1969, and the results of its operations and the source and application of its funds for the year then ended.

Sincerely yours,



~~Assistant~~ Comptroller General
of the United States

Attachments - 3

The Honorable Robert G. Dunphy
Sergeant at Arms
United States Senate

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S E N A T E R E C O R D I N G S T U D I O

R E V O L V I N G F U N D

C O M P A R A T I V E S T A T E M E N T O F A S S E T S A N D L I A B I L I T I E S

J U N E 3 0 , 1 9 6 9 A N D 1 9 6 8

A S S E T S

	<u>1969</u>	<u>1968</u>
CURRENT ASSETS:		
Cash (U.S. Treasury)	\$1,054,112	\$1,231,185
Undeposited receipts	<u>2,466</u>	<u>14,080</u>
Total	1,056,578	1,245,265
Accounts receivable	35,281	25,337
Inventory of materials and supplies, at cost	18,983	12,180
Work in process	1,568	304
Prepaid bond premiums	<u>439</u>	<u>95</u>
Total current assets	<u>1,112,849</u>	<u>1,283,181</u>
FIXED ASSETS:		
Equipment and furnishings	258,266	249,435
Less accumulated depreciation	<u>134,629</u>	<u>152,141</u>
	123,637	97,294
Tools and minor equipment	750	750
Advance on new studio facilities	<u>134,470</u>	<u>-</u>
Total fixed assets	<u>258,857</u>	<u>98,044</u>
TOTAL ASSETS	<u><u>\$1,371,706</u></u>	<u><u>\$1,381,225</u></u>

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1969 AND 1968

	<u>Motion picture</u>		<u>Radio</u>		<u>Total</u>	
	<u>1969</u>	<u>1968</u>	<u>1969</u>	<u>1968</u>	<u>1969</u>	<u>1968</u>
REVENUE:						
From Sales	\$75,907	\$102,505	\$50,423	\$82,551	\$126,330	\$185,056
Gain on disposition of fixed assets	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,300</u>	<u>-</u>
Total revenue	<u>78,907</u>	<u>102,505</u>	<u>50,423</u>	<u>82,551</u>	<u>129,330</u>	<u>185,056</u>
COSTS:						
Film and radio materials	30,921	33,878	3,965	3,412	34,886	37,290
Outside processing	13,648	16,031	-	-	13,648	16,031
Maintenance and repairs	557	109	78	1,712	635	1,821
" supplies	1,675	992	643	757	2,318	1,749
Office supplies and expense	14	130	14	130	28	260
Insurance	66	60	66	60	132	120
Depreciation of equipment	<u>12,789</u>	<u>4,970</u>	<u>1,474</u>	<u>1,491</u>	<u>14,263</u>	<u>6,461</u>
Total costs (note a)	<u>59,670</u>	<u>56,170</u>	<u>6,240</u>	<u>7,562</u>	<u>65,910</u>	<u>63,732</u>
Excess of revenue over costs (note a)	<u>\$19,237</u>	<u>\$ 46,335</u>	<u>\$44,183</u>	<u>\$74,989</u>	<u>\$ 63,420</u>	<u>\$121,324</u>

^aSalaries of \$165,345 (\$150,133 in fiscal year 1968), employee benefits of \$11,853 (\$10,245 in fiscal year 1968), and certain other operating expenses of the Studio have been provided for by appropriations and are not included as expenses in determining the excess of revenue over costs of the Senate Recording Studio Revolving Fund.

LIABILITIES AND CAPITAL

1969

1968

CURRENT LIABILITIES:

Accounts payable

\$ 11,861

\$ 84,686

CAPITAL AND EXCESS OF REVENUE OVER COSTS:

Contributed capital

183,619

183,619

Standby equipment--donated

173

287

183,792

183,906

Excess of revenue over costs:

Balance, prior years

1,112,633

991,309

Fiscal year

63,420

121,324

1,176,053

1,112,633

Total capital and excess
of revenue over costs

1,359,845

1,296,539

TOTAL LIABILITIES AND CAPITAL

\$1,371,706

\$1,381,225

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT

SOURCE AND APPLICATION OF FUNDS

FISCAL YEARS ENDED JUNE 30, 1969 AND 1968

	<u>1969</u>	<u>1968</u>
FUNDS PROVIDED:		
Sales	\$126,330	\$185,056
Decrease in working capital items other than cash	-	89,526
Gain on disposition of fixed assets	<u>3,000</u>	<u>-</u>
Total funds provided	<u>129,330</u>	<u>274,582</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring current outlay of funds)	51,583	57,208
Equipment additions	40,786	76,003
Increase in working capital items other than cash	91,178	-
Advance on new studio facilities	<u>134,470</u>	<u>-</u>
Total funds applied	<u>318,017</u>	<u>133,211</u>
Increase or decrease(-) in cash	<u>-\$188,687</u>	<u>\$141,371</u>