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United States General Accounting Office

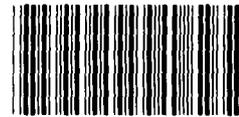
GAO

Report to the Sergeant at Arms  
United States Senate

May 1986

# FINANCIAL AUDIT

## Senate Barber Shops Revolving Fund—Years Ended December 31, 1985 and 1984



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**Comptroller General  
of the United States**

B-199627

May 12, 1986

The Honorable Ernest E. Garcia  
Sergeant at Arms  
United States Senate

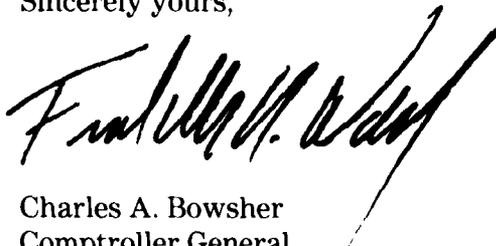
Dear Mr. Garcia:

Pursuant to your January 8, 1986, request, we have examined the balance sheets of the Senate Barber Shops Revolving Fund as of December 31, 1985 and 1984, and the related statements of operations and undistributed income, and of changes in financial position for the years then ended. Our examinations were 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. We completed our audit work on January 31, 1986.

In our opinion, the financial statements referred to above present fairly the financial position of the Senate Barber Shops Revolving Fund as of December 31, 1985 and 1984, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and with the financial accounting policies described in note 1 to the financial statements, applied on a consistent basis.

This report contains our report on internal accounting controls and compliance with laws and regulations. Our report also presents the Revolving Fund's financial statements and accompanying notes for the years ended December 31, 1985 and 1984.

Sincerely yours,

  
Charles A. Bowsler  
Comptroller General  
of the United States

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# Report on Internal Accounting Controls and Compliance With Laws and Regulations

We have examined the financial statements of the Senate Barber Shops Revolving Fund for the years ended December 31, 1985 and 1984. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the year ended December 31, 1985. (Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1984, is presented in GAO/AFMD-85-55, dated July 3, 1985.)

We did not complete a study and evaluation of the Fund's internal control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Fund's financial statements. We concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the year ended December 31, 1985.

While we did not complete a study and evaluation of the Fund's internal control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do make a study and evaluation of the internal control system, material weaknesses in the internal control system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system taken as a whole.

As part of our examination, we also tested the Fund's compliance with applicable laws and regulations. In our opinion, the Senate Barber Shops Revolving Fund complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

# Balance Sheet

	December 31,	
	1985	1984
<b>Assets</b>		
Current Assets		
Cash	\$37,462	\$31,196
Petty cash	75	75
<b>Total current assets</b>	<b>37,537</b>	<b>31,271</b>
Fixed Assets (notes 1 & 2)		
Furniture, fixtures, and equipment	8,620	0
Less accumulated depreciation	72	0
<b>Total fixed assets</b>	<b>8,548</b>	<b>0</b>
<b>Total Assets</b>	<b>\$46,085</b>	<b>\$31,271</b>
<b>Liabilities and Government Equity</b>		
Liabilities		
Amount due Senate Disbursing Office	\$ 75	\$ 75
<b>Total liabilities</b>	<b>75</b>	<b>75</b>
Government Equity		
Fund capital pursuant to Public Law 95-26	10,000	10,000
Undistributed income	36,010	21,196
<b>Total government equity</b>	<b>46,010</b>	<b>31,196</b>
<b>Total Liabilities and Government Equity</b>	<b>\$46,085</b>	<b>\$31,271</b>

The accompanying notes are an integral part of this statement.

# Statement of Operations and Undistributed Income

	Years ended December 31,	
	1985	1984
Service revenues	\$116,452	\$ 93,616
Operating expenses	9,479	7,230
Net income	106,973	86,386
Prior-period undistributed income	21,196	19,124
	128,169	105,510
Transfers to U.S. Treasury	92,159	84,314
<b>Undistributed Income</b>	<b>\$ 36,010</b>	<b>\$ 21,196</b>

The accompanying notes are an integral part of this statement.

# Statement of Changes in Financial Position

	<u>Years ended December 31,</u>	
	<u>1985</u>	<u>1984</u>
<b>Funds Provided</b>		
Net income	\$106,973	\$86,386
Provision for depreciation	72	0
<b>Total funds provided</b>	<b>107,045</b>	<b>86,386</b>
<b>Funds Applied</b>		
Amount transferred to U.S. Treasury	92,159	84,314
Purchases of furniture, fixtures, and equipment	8,620	0
<b>Total funds applied</b>	<b>100,779</b>	<b>84,314</b>
<b>Increase in Cash</b>	<b>\$ 6,266</b>	<b>\$ 2,072</b>

The accompanying notes are an integral part of this statement.

# Notes to Financial Statements

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## Note 1. Significant Accounting Policies

The Senate Employees Barber Shop Revolving Fund was authorized by the Legislative Branch Appropriations Act of 1977 (Public Law 94-440, approved October 1, 1976).

The Supplemental Appropriations Act of 1977 (Public Law 95-26, approved May 4, 1977) amended the initial legislation to provide for the Revolving Fund to include all Senate barber shops and renamed it the Senate Barber Shops Revolving Fund. This change was effective April 1, 1977. All moneys received by the Senate barber shops are deposited in the Fund and are available for disbursement by the Secretary of the Senate for the necessary supplies and expenses of the Senate barber shops. Since the revolving fund is part of the contingent fund of the Senate, payments are approved by the Senate Committee on Rules and Administration under 2 U.S.C. 68. Such approval is conclusive on all government departments and officers.

Employee salaries of about \$190,000, benefits, certain furnishings, space, utilities, and building repairs and maintenance are paid from appropriated funds and are not charged to the Fund.

The law provides that on or before December 31 of each year, the Secretary of the Senate shall withdraw from the Fund and deposit in the Treasury of the United States as miscellaneous receipts all moneys in excess of \$10,000 in the Fund at September 30. The undistributed income of \$36,010 and \$21,196 at December 31, 1985 and 1984, respectively, represents net income earned from October 1 through December 31 each year.

Furniture, fixtures, and equipment are at cost. Depreciation is computed on the straight-line method over the 10-year useful life of the property.

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## Note 2. Fixed Assets

In 1985, the Fund's revenues were used to purchase fixed assets necessary for operating the barber shop. Previously, assets had been purchased with appropriated funds and were not reported on the Fund's balance sheet.

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