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United States General Accounting Office

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Report to the Sergeant at Arms, U.S.  
Senate

December 1987

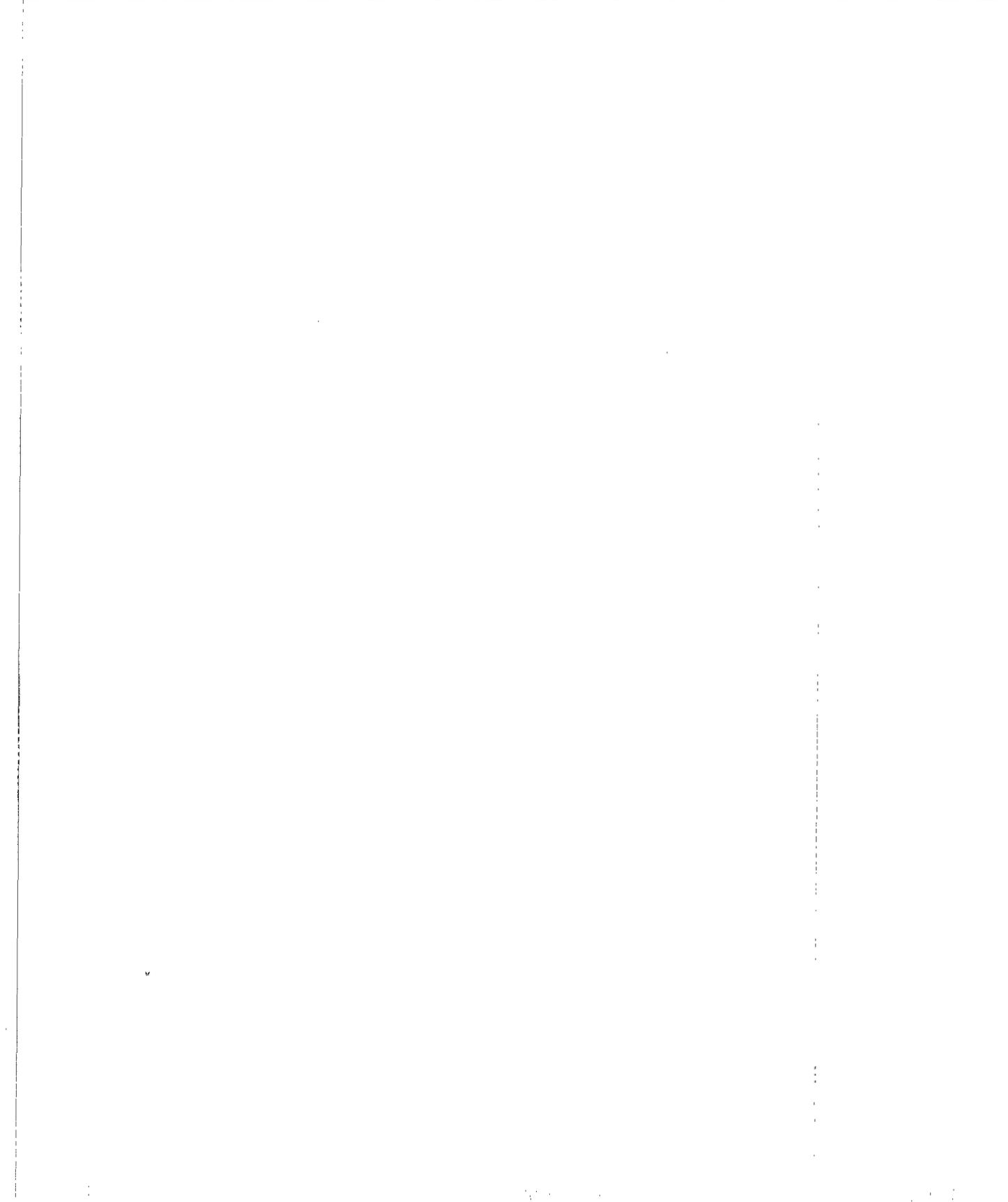
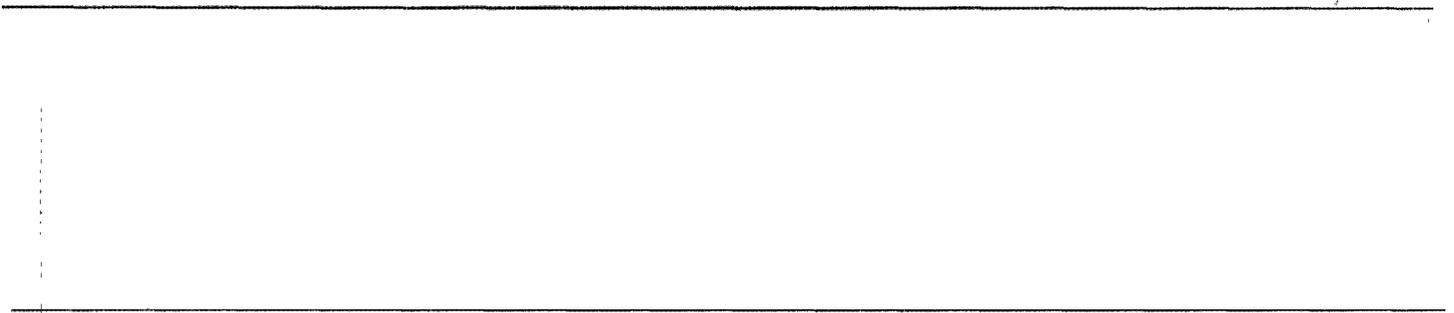
# FINANCIAL AUDIT

## Senate Recording and Photographic Studios Revolving Fund for 1987 and 1986



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Comptroller General  
of the United States

B-199745

December 16, 1987

The Honorable Henry K. Giugni  
Sergeant at Arms  
United States Senate

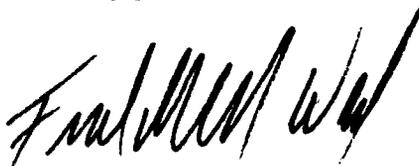
Dear Mr. Giugni:

As requested in your letter of March 12, 1987, we have examined the balance sheets of the Senate Recording and Photographic Studios Revolving Fund as of March 31, 1987 and 1986, and the related statements of operations and changes in financial position for the fiscal 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 July 31, 1987.

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, 1987 and 1986, and the results of its operations and the changes in its financial position for the fiscal years then ended, in conformity with generally accepted accounting principles and the 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. It also includes the Fund's financial statements and accompanying notes for the fiscal years ended March 31, 1987 and 1986.

Sincerely yours,

*for* 

Charles A. Bowsler  
Comptroller General  
of the United States

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

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We have examined the financial statements of the Senate Recording and Photographic Studios Revolving Fund for the fiscal years ended March 31, 1987 and 1986. 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 fiscal year ended March 31, 1987. Our report on internal accounting controls and compliance with laws and regulations for the fiscal year ended March 31, 1986, is presented in GAO/AFMD-87-2, dated December 30, 1986.

We did not complete a study and evaluation of the Fund's system of internal accounting controls 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. Based on our preliminary review, we concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the fiscal year ended March 31, 1987.

While we did not perform a complete study and evaluation of the Fund's system of internal accounting controls, 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 study and evaluate the internal accounting control system, material weaknesses in the 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 Recording and Photographic Studios 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

	March 31,	
	1987	1986
<b>Assets</b>		
Current Assets		
Cash in U.S. Treasury	\$971,337	\$937,147
Accounts receivable (note 2)	137,411	117,920
Inventory of materials and supplies, at cost	21,517	29,167
<b>Total current assets</b>	<b>1,130,265</b>	<b>1,084,234</b>
Fixed Assets		
Equipment (note 3)	1,756,240	1,651,166
Less accumulated depreciation	1,210,983	1,132,416
Total equipment	545,257	518,750
Recording studio facilities	531,896	531,896
Less accumulated depreciation	442,585	415,989
Total facilities	89,311	115,907
Tools and minor equipment	750	750
<b>Total fixed assets</b>	<b>635,318</b>	<b>635,407</b>
<b>Total Assets</b>	<b>\$1,765,583</b>	<b>\$1,719,641</b>
<b>Liabilities and Government Equity</b>		
Liabilities		
Accounts payable	\$24,844	\$11,888
Government equity		
Capital contributed	183,619	183,619
Revolving fund:		
Balance, beginning of year	1,524,133	1,399,731
Net income	32,987	124,403
Balance, end of year	1,557,120	1,524,134
<b>Total government equity</b>	<b>1,740,739</b>	<b>1,707,753</b>
<b>Total Liabilities and Government Equity</b>	<b>\$1,765,583</b>	<b>\$1,719,641</b>

The accompanying notes are an integral part of this statement.

# Statement of Operations

	Recording Studio				Photographic Studio		Total	
	Radio		Television		FY1987	FY1986	FY1987	FY1986
	FY1987	FY1986	FY1987	FY1986				
<b>Revenue</b>								
<b>Sales</b>	<b>\$53,983</b>	<b>\$87,430</b>	<b>\$193,899</b>	<b>\$291,549</b>	<b>\$84,294</b>	<b>\$91,810</b>	<b>\$332,176</b>	<b>\$470,789</b>
<b>Expenses</b>								
Radio, television, and photographic materials	22,318	36,922	32,863	33,428	64,485	72,681	119,666	143,031
Satellite transmission	0	0	17,081	36,488	0	0	17,081	36,488
Maintenance and repairs	195	1,791	11,178	12,786	6,431	5,745	17,804	20,322
Maintenance supplies	73	306	73	307	0	0	146	613
Office supplies and miscellaneous	1,802	934	1,803	934	1,415	1,250	5,020	3,118
Outside processing of film	0	0	0	0	3,228	4,205	3,228	4,205
Depreciation of equipment	9,093	6,453	79,588	73,757	15,398	34,550	104,079	114,760
Depreciation of recording studio facilities	13,297	13,297	13,298	13,298	0	0	26,595	26,595
<b>Total expenses</b>	<b>46,778</b>	<b>59,703</b>	<b>155,884</b>	<b>170,998</b>	<b>90,957</b>	<b>118,431</b>	<b>293,619</b>	<b>349,132</b>
<b>Income (Loss) From Operations</b>	<b>7,205</b>	<b>27,727</b>	<b>38,015</b>	<b>120,551</b>	<b>(6,663)</b>	<b>(26,621)</b>	<b>38,557</b>	<b>121,657</b>
<b>Other Income</b>								
Income from silver recovery	0	0	0	0	0	1,746	0	1,746
Unrecorded receipts	9	0	10	0	0	0	19	0
Reimbursement claim	0	0	0	0	151	0	151	0
Gain (loss) on disposal of equipment	0	1,000	(5,696)	0	(44)	0	(5,740)	1,000
<b>Total other income</b>	<b>9</b>	<b>1,000</b>	<b>(5,686)</b>	<b>0</b>	<b>107</b>	<b>1,746</b>	<b>(5,570)</b>	<b>2,746</b>
<b>Net Income (Loss)</b>	<b>\$7,214</b>	<b>\$28,727</b>	<b>\$32,329</b>	<b>\$120,551</b>	<b>\$(6,556)</b>	<b>\$(24,875)</b>	<b>\$32,987</b>	<b>\$124,403</b>

The accompanying notes are an integral part of this statement.

# Statement of Changes in Financial Position

	<b>Fiscal years ended March 31,</b>	
	<b>1987</b>	<b>1986</b>
<b>Funds Provided</b>		
Income from operations	\$38,557	\$121,657
Provision for depreciation	130,674	141,355
Increase in accounts payable	12,956	0
Decrease in inventory of materials and supplies	7,650	2,916
Proceeds from sale of equipment	4,800	1,000
Other income	170	1,746
<b>Total funds provided</b>	<b>194,807</b>	<b>268,674</b>
<b>Funds Applied</b>		
Increase in accounts receivable	19,491	16,564
Decrease in accounts payable	0	34,970
Equipment purchases	141,126	99,706
<b>Total funds applied</b>	<b>160,617</b>	<b>151,240</b>
<b>Increase in Cash</b>	<b>\$34,190</b>	<b>\$117,434</b>

The accompanying notes are an integral part of this statement.

# Notes to Financial Statements

## Note 1. Significant Accounting Policies

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, provides radio and television taping services to the Vice President, senators, and Senate committees. The Committee on Rules and Administration sets the charges for these services.

The Senate Photographic Studio was established pursuant to section 108 of the Supplemental Appropriations and Rescission Act, 1980 (2 U.S.C. 123b-1). The studio, operated by the Sergeant at Arms and Doorkeeper of the Senate subject to the approval of the majority and minority leaders, provides photographic services to Senate members and committees. The majority and minority leaders have approved a fee schedule for these services.

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 studios are financed from a revolving fund and from funds appropriated to the Secretary of the Senate. All moneys received from operations are deposited in a revolving fund in the U.S. Treasury and are available for the operation of the studios.

The statement of operations for fiscal year 1987 does not include employee salaries, which were \$848,649 for the recording studio (\$638,885 for the fiscal year ended March 31, 1986) and \$371,944 for the photographic studio (\$366,979 for the fiscal year ended March 31, 1986), employee benefits, or certain other benefits or services, such as space, building repairs and maintenance, and utilities. These expenses are paid from appropriated funds and are neither recorded in the studios' accounting records nor charged to the revolving fund.

Some fiscal year 1986 figures were restated due to minor adjustments relating to fiscal year 1986 transactions.

Inventories are stated at cost and are charged to operations using the first-in, first-out method of cost flow.

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. Recording studio facilities are depreciated over a 20-year life. Both studios use the straight-line method.

## Note 2. Accounts Receivable

Accounts receivable amounted to \$137,411 (recording studio, \$105,344; photographic studio, \$32,067) on March 31, 1987—an increase of \$19,491 from the amount receivable on March 31, 1986. An analysis of the ages of the accounts receivable on March 31, 1987 and 1986, follows.

**Table 1: Aging of Accounts Receivable**

	March 31, 1987		March 31, 1986	
	Amount	Percent	Amount	Percent
<b>Recording studio</b>				
Days outstanding				
1 through 60	\$56,818	54.0	\$45,148	51.6
61 through 90	8,452	8.0	12,194	13.9
91 through 120	2,883	2.7	9,319	10.6
over 120	37,191	35.3	20,909	23.9
<b>Total</b>	<b>105,344</b>	<b>100.0</b>	<b>87,570</b>	<b>100.0</b>
<b>Photographic studio</b>				
Days outstanding				
1 through 60	13,697	42.7	12,058	39.7
61 through 90	1,683	5.2	2,116	7.0
91 through 120	1,433	4.5	1,482	4.9
over 120	15,254	47.6	14,694	48.4
<b>Total</b>	<b>32,067</b>	<b>100.0</b>	<b>30,350</b>	<b>100.0</b>
<b>Total accounts receivable</b>	<b>\$137,411</b>		<b>\$117,920</b>	

As of June 1, 1987, \$49,736, or about 47 percent, of the recording studio's accounts receivable balance had been paid, and \$12,235, or about 38 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.

## Note 3. Equipment

A summary of the changes in the equipment account for the fiscal years ended March 31, 1987, and March 31, 1986, follows.

**Table 2: Changes in Equipment**

	Recording studio			Photographic studio	Total
	Television	Radio	Office		
Balance, March 31, 1985	\$1,251,105	\$73,597	\$35,655	\$195,428	\$1,555,785
Additions	28,183	63,777	12,300	8,793	113,053
Reductions	(348)	(6,624)	(10,470)	(230)	(17,672)
Balance, March 31, 1986	1,278,940	130,750	37,485	203,991	1,651,166
Additions	114,400	1,772	242	24,991	141,405
Reductions	(22,216)	(11,104)	0	(3,011)	(36,331)
<b>Balance, March 31, 1987</b>	<b>\$1,371,124</b>	<b>\$121,418</b>	<b>\$37,727</b>	<b>\$225,971</b>	<b>\$1,756,240</b>

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