

GAO

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

August 1993

FINANCIAL AUDIT

U.S. Senate Health Promotion Revolving Fund Financial Statements for 1991 and 1990





United States
General Accounting Office
Washington, D.C. 20548

Comptroller General
of the United States

B-246090

August 3, 1993

The Honorable Martha S. Pope
Sergeant at Arms
United States Senate

Dear Ms. Pope:

As you requested, we audited the accompanying statements of financial position of the Senate Health Promotion Revolving Fund as of December 31, 1991 and 1990, and the related statements of operations and cash flows for the years then ended. We found

- the financial statements were reliable in all material respects;
- internal controls were effective in protecting assets, assuring material compliance with laws and regulations, and assuring that there were no material misstatements in the 1991 financial statements; and
- no material noncompliance with laws and regulations we tested for 1991.

The following sections outline each conclusion in more detail and discuss the scope of our audits.

Opinion on Financial Statements

The financial statements and accompanying notes present fairly, in conformity with generally accepted accounting principles, the Revolving Fund's

- assets, liabilities, and government equity;
- revenues and expenses; and
- cash flows.

As discussed in notes 1 and 3, the financial statements present only the Senate Health Promotion Revolving Fund and do not present the financial position and results of operations of the entire Senate Office of Health Promotion.

Opinion on Internal Controls

The internal controls we evaluated were those designed to

- safeguard assets against loss from unauthorized use or disposition;
- assure the execution of transactions in accordance with laws and regulations; and

- properly record, process, and summarize transactions to permit the preparation of financial statements and to maintain accountability for assets.

Those controls in effect on December 31, 1991, provided reasonable assurance that losses, noncompliance, or misstatements material in relation to the financial statements would be prevented or detected. Our report on the internal control structure for 1990 is presented in GAO/AFMD-92-17, dated February 18, 1992.

Compliance With Laws and Regulations

Our tests for compliance with selected provisions of laws and regulations disclosed no material instances of noncompliance for 1991. Also, nothing came to our attention in the course of our other work to indicate that material noncompliance with such provisions occurred. Our report on compliance with laws and regulations for 1990 is also presented in GAO/AFMD-92-17, dated February 18, 1992.

Objectives, Scope, and Methodology

Management is responsible for

- preparing annual financial statements in conformity with generally accepted accounting principles,
- establishing and maintaining internal controls and systems to provide reasonable assurance that the control objectives mentioned above are met, and
- complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the financial statements are reliable (free of material misstatement and presented fairly in conformity with generally accepted accounting principles) and (2) relevant internal controls are in place and operating effectively. We are also responsible for testing compliance with selected provisions of laws and regulations.

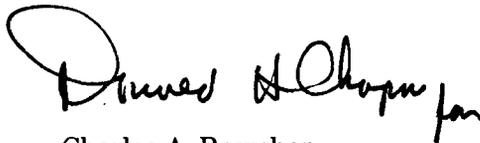
In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;

- evaluated and tested relevant internal controls which encompassed the following areas: revenues, expenditures, and financial reporting; and
- tested compliance with selected provisions of Section 4 of the Legislative Branch Appropriations Act, 1990, as amended, 2 U.S.C. 121c (Supp. IV 1992); 2 U.S.C. 68; and regulations for the Senate Office of Health Promotion.

We limited our work to accounting and other controls necessary to achieve the objectives outlined in our opinion on internal controls. Because of inherent limitations in any system of internal control, losses, noncompliance, or misstatements may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. We did our work in accordance with generally accepted government auditing standards. We completed our audit work on April 27, 1993.

Sincerely yours,



Charles A. Bowshe
Comptroller General
of the United States

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Financial Statements

Statements of Financial Position

	<u>December 31,</u>	
	<u>1991</u>	<u>1990</u>
Assets		
Cash in U.S. Treasury	\$ 6,649	\$8,282
Accounts receivable	0	64
Prepaid instructional expenses	<u>0</u>	<u>423</u>
Total Assets	\$ <u>6,649</u>	\$<u>8,769</u>
Liabilities and Government Equity		
Liabilities		
Accounts payable	\$ 6,902	\$1,390
Unearned participant fees	<u>1,020</u>	<u>423</u>
Total liabilities	7,922	1,813
Government Equity		
Cumulative results of operations (deficit) (note 4)	<u>(1,273)</u>	<u>6,956</u>
Total Liabilities and Government Equity	\$ <u>6,649</u>	\$<u>8,769</u>

The accompanying notes are an integral part of these financial statements.

Financial Statements

Statements of Operations

	<u>Year ended December 31,</u>	
	<u>1991</u>	<u>1990</u>
Revenues		
Participant fees		
Aerobics	\$18,993	\$16,371
Weight loss	11,678	3,267
Other	<u>3,595</u>	<u>1,060</u>
Total revenues	<u>34,266</u>	<u>20,698</u>
Expenses		
Instructional expenses		
Aerobics	14,010	8,900
Weight loss	11,678	3,267
Other	<u>3,940</u>	<u>1,575</u>
Total expenses (note 3)	<u>29,628</u>	<u>13,742</u>
Results of Operations	<u>\$ 4,638</u>	<u>\$ 6,956</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

	<u>Year ended December 31,</u>	
	<u>1991</u>	<u>1990</u>
Cash Flows From Operating Activities		
Cash received from participants	\$ 35,398	\$21,265
Cash paid to instructors	(24,164)	(12,983)
Net cash provided by operating activities	<u>11,234</u>	<u>8,282</u>
Cash Flows From Financing Activities		
Cash paid to U.S. Treasury	(12,867)	0
Net cash (used) by financing activities	<u>(12,867)</u>	<u>0</u>
Net Increase (Decrease) in Cash	(1,633)	8,282
Cash in U.S. Treasury, beginning of year	<u>8,282</u>	<u>0</u>
Cash in U.S. Treasury, End of Year	<u>\$ 6,649</u>	<u>\$ 8,282</u>
<hr/>		
Reconciliations of Results of Operations to Net Cash Provided by Operating Activities		
Results of operations	\$ 4,638	\$ 6,956
Adjustments to reconcile results of operations to net cash provided by operating activities		
Decrease (increase) in assets		
Accounts receivable	64	(64)
Prepaid instructional expenses	423	(423)
Increase in liabilities		
Accounts payable	5,512	1,390
Unearned participant fees	<u>597</u>	<u>423</u>
Total adjustments	<u>6,596</u>	<u>1,326</u>
Net Cash Provided by Operating Activities	<u>\$11,234</u>	<u>\$ 8,282</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note 1. Description of Entity

The Senate Health Promotion Revolving Fund (the Revolving Fund) was established within the contingent fund of the Senate on November 21, 1989, by the Legislative Branch Appropriations Act, 1990. It is administered by the Office of Senate Health Promotion under the jurisdiction of the Senate Sergeant at Arms, whose rules and regulations are subject to approval of the Senate Committee on Rules and Administration. The Revolving Fund began operations in 1990.

The Office of Senate Health Promotion provides health promotion education, services, classes, and activities for the Members, officers, and employees of the Senate. The Revolving Fund sponsors lifestyle change activities which include various regularly held programs such as aerobics and weight loss classes, on a fee basis. These fees are deposited in the Revolving Fund and are available without fiscal year limitation to defray the cost of these activities. In addition to the Revolving Fund activities, the Office of Senate Health Promotion also offers general health awareness programs at no cost to the participants, which include seminars, a videotape library, and an annual health fair.

Note 2. Significant Accounting Policies

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting following generally accepted accounting principles.

Accordingly, prepaid instructional expenses represent instructor fees paid to private vendors for classes not yet completed as of year-end. Similarly, unearned participant fees represent fees collected by the Revolving Fund from participants registered for classes not yet completed as of year-end.

Accounts payable consist of instructor fees owed to private vendors for services rendered.

Note 3. Other Costs of Revolving Fund Activities

Certain costs of Revolving Fund activities are financed with funds appropriated to the Senate or the Architect of the Capitol and, accordingly, are not included in the Revolving Fund's financial statements. Identifiable costs of Revolving Fund activities for the years ended December 31, 1991 and 1990, paid with appropriated funds, are shown in the

following table. Many of these costs are the result of an allocation of costs between Revolving Fund activities and other activities of the Office of Senate Health Promotion based upon management's estimate of time spent on each activity. The 1990 amounts have been restated to reflect only the costs related to Revolving Fund activities. Additional costs paid with other appropriated funds of the Senate or the Architect of the Capitol related to occupancy, office furnishing, equipment maintenance and repairs, and office supplies cannot be readily determined.

Identifiable Costs of Revolving Fund Activities Paid with
Appropriated Funds

	<u>1991</u>	<u>1990</u>
Employee salaries	\$34,880	\$34,928
Employee benefits	9,354	9,250
Lifestyle change activities		
materials and other expenses	2,778	1,189
Depreciation of equipment	2,083	1,814
Travel and training	387	1,164
Reference materials	331	514
Telephone	145	47
Other	<u>0</u>	<u>131</u>
Total	<u>\$49,958</u>	<u>\$49,037</u>

Note 4. Cumulative Results of Operations

The Secretary of the Senate is required by 2 U.S.C. 121c (c) (Supp. IV 1992) to withdraw from the Revolving Fund and deposit in the U.S. Treasury as miscellaneous receipts, on or before December 31 of each year, all funds exceeding \$5,000 as of the preceding September 30.

On September 30, 1991, funds in excess of \$5,000 amounted to \$12,867. On December 31, 1991, this amount was withdrawn from the Revolving Fund and deposited with the U.S. Treasury. As a result, the Revolving Fund shows a deficit balance in its Cumulative Results of Operations at December 31, 1991, as shown in the following table.

Statement of Cumulative Results of Operations

	<u>1991</u>	<u>1990</u>
Cumulative results of operations, beginning of year	\$ 6,956	\$ 0
Results of operations	4,638	6,956
Disbursement to U.S. Treasury	<u>(12,867)</u>	<u>0</u>
Cumulative Results of Operations, End of Year	<u>\$ (1,273)</u>	<u>\$6,956</u>



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