

RESTRICTED — Not to be released outside the General Accounting Office except by the Office of Management and Budget or by the Office of the Inspector General. This document is kept by the GAO.

B-125079
3-15-74

~~090311~~



RELEASED 090311

Audit Of The Senate Recording Studio Revolving Fund For Fiscal Year 1973

B-125079

United States Senate

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

~~906733~~ 090311

MARCH 15, 1974



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-125079

The Honorable William H. Wannall
Sergeant at Arms
United States Senate

Dear Mr. Wannall:

We have audited the Senate Recording Studio Revolving Fund for the fiscal year ended June 30, 1973, pursuant to your request dated June 28, 1973.

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, which is operated by the Sergeant at Arms of the Senate under the direction and control of the Senate Committee on Rules and Administration, makes film, videotape, and audiotape recordings for the Vice President and for Members and committees of the Senate. The prices or rates to be charged for these services are set by the Committee on Rules and Administration.

Studio operations are financed from a revolving fund and from funds appropriated to the Secretary of the Senate. All moneys received from operations are deposited into the revolving fund and are available for the operation of the Studio. Employee salaries and benefits and certain other operating expenses, such as utilities, are paid from appropriated funds. These payments are not recorded in the Studio's accounting records but are shown in a footnote to the statement of revolving fund operations. (See sch. 2.)

FINANCIAL POSITION

A comparative statement of assets and liabilities of the revolving fund at June 30, 1973 and 1972, is presented as schedule 1. The following comments relate to items shown on that statement.

Accounts receivable

Accounts receivable amounted to \$48,626 at June 30, 1973, an increase of \$2,100 from the amount at June 30, 1972.

The ages of the accounts receivable at June 30, 1973 and 1972, follow.

Days outstanding	June 30, 1973		June 30, 1972	
	Amount	Percent	Amount	Percent
1 through 59	\$32,910	67.7	\$28,508	61.0
60 through 89	5,793	11.9	6,586	14.2
90 through 119	1,726	3.6	5,157	11.2
120 or more	<u>8,197</u>	<u>16.8</u>	<u>6,275</u>	<u>13.6</u>
Total	<u>\$48,626</u>	<u>100.0</u>	<u>\$46,526</u>	<u>100.0</u>

The Sergeant at Arms, U.S. Senate, requires the Senate Recording Studio to notify him monthly of any Senator's account in which the balance exceeds \$1,000. During the last 3 months of fiscal year 1973, a number of Senators had balances in their accounts which exceeded \$1,000. Through administrative oversight, the Studio failed to provide the Sergeant at Arms with a list of the members with excessive account balances. When we brought this matter to their attention, Studio personnel resumed the monthly reporting.

Although we did not confirm the accounts receivable directly with the individual Senators, we did employ alternative procedures to satisfy ourselves as to the validity of the outstanding balances. As of September 6, 1973, \$32,871 in open receivables had been paid. This represents 69.2 percent of the balance.

Equipment and furnishings

A summary of the changes in the equipment and furnishings account for the fiscal year ended June 30, 1973, follows.

	Balance July 1, <u>1972</u>	Addi- tions	Adjust- ments	Balance June 30, <u>1973</u>
Motion picture	\$238,681	\$ 902	-\$568	\$239,015
Radio	36,841	-	-	36,841
Video	<u>603,427</u>	<u>59,719</u>	<u>-</u>	<u>663,146</u>
Total	<u>\$878,949</u>	<u>\$60,621</u>	<u>-\$568</u>	<u>\$939,002</u>

The additions to motion picture equipment consisted of two amplifiers for the film laboratory. Additions to video equipment consisted of accessories to the video camera and recorder package.

The adjustments consisted of a writeoff, as an expense, of freight charges carried since 1969 and never posted to the individual equipment cards. Since it was not possible to determine to which equipment the freight charges applied, it was decided to write off the freight as an ordinary expense on the income statement.

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1973 and 1972, is presented as schedule 2. Revenues exceeded costs by \$9,882 for fiscal year 1973. The decrease of \$24,961 between fiscal years 1973 and 1972 was due primarily to a \$46,437 decrease in overall sales during the year. Motion picture, radio and video sales decreased \$12,464, \$9,450, and \$24,523, respectively.

The extraordinary gains in motion picture, radio, and video resulted from unusually large adjustments to the film supplies, video supplies, and maintenance supplies stockroom inventory accounts in order to bring these accounts into agreement with the physical inventory taken by us and Recording Studio personnel.

SCOPE OF AUDIT

Our audit was made in accordance with generally accepted auditing standards and 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.

OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements were prepared by us from the Recording Studio's accounting records. Employee salaries and benefits and certain other operational expenses were paid from appropriated funds and are shown in a footnote on the statement of revolving fund operations.

In our opinion, the financial statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the financial arrangements described above, present fairly the financial position of the Senate Recording Studio Revolving Fund at June 30, 1973, and the results of its operations and the changes in its financial position for the year then ended.

Sincerely yours,

A handwritten signature in cursive script, reading "James P. Abate".

Comptroller General
of the United States

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1973 AND 1972

A S S E T S

	<u>1973</u>	<u>1972</u>
CURRENT ASSETS:		
Cash (in U.S. Treasury)	\$ 394,644	\$ 337,547
Accounts receivable	48,626	46,526
Inventory of materials and supplies, at cost	19,392	26,114
Work in process	<u>1,535</u>	<u>106</u>
Total current assets	<u>464,197</u>	<u>410,293</u>
FIXED ASSETS:		
Equipment and furnishings (note a)	939,002	878,949
Less accumulated depreciation	<u>328,811</u>	<u>246,036</u>
	610,191	632,913
New Studio facilities	531,896	531,896
Less accumulated depreciation	<u>76,906</u>	<u>50,311</u>
	454,990	481,585
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>1,065,931</u>	<u>1,115,248</u>
TOTAL ASSETS	<u>\$1,530,128</u>	<u>\$1,525,541</u>

^a Does not include the value of equipment obtained during fiscal year 1972 from the General Services Administration at no cost. The Studio estimated the value of this equipment at \$939.

L I A B I L I T I E S A N D C A P I T A L

	<u>1973</u>	<u>1972</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>10,890</u>	\$ <u>16,109</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	<u>183,619</u>	<u>183,619</u>
Excess of revenue over costs:		
Balance prior years	1,325,813	1,290,970
Prior year's adjustments	-76	-
Fiscal year	<u>9,882</u>	<u>34,843</u>
Total	<u>1,335,619</u>	<u>1,325,813</u>
Total capital and excess of revenue over costs	<u>1,519,238</u>	<u>1,509,432</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$1,530,128</u>	<u>\$1,525,541</u>

SCHEDULE 2

SENATE RECORDING STUDIO
REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS
FISCAL YEARS ENDED JUNE 30, 1973 AND 1972

	Total		Motion Picture		Radio		Video	
	1973	1972	1973	1972	1973	1972	1973	1972
REVENUE:								
Sales	\$175,058	\$221,495	\$48,453	\$60,917	\$44,763	\$54,213	\$81,842	\$106,365
COSTS:								
Film, radio, and video materials	52,808	75,080	23,594	30,612	7,225	8,420	21,989	36,048
Outside processing	-	55	-	55	-	-	-	-
Maintenance and repairs	5,144	13,712	1,054	7,818	1,671	1,738	2,419	4,156
Maintenance supplies	671	635	340	400	152	91	179	144
Office supplies and expense	471	419	157	140	157	140	157	139
Insurance	-	112	-	37	-	37	-	38
Depreciation of equipment	82,735	67,095	16,330	15,483	671	738	65,734	50,874
Depreciation of new Studio facilities	26,595	26,110	8,865	8,704	8,865	8,703	8,865	8,703
Loss on writeoff of fixed assets	568	3,434	568	2,861	-	354	-	219
Total costs (note a)	168,992	186,652	50,908	66,110	18,741	20,221	99,343	100,321
Excess of revenue over costs or excess of costs over revenue (-) before extraordinary gains	6,066	34,843	-2,455	-5,193	26,022	33,992	-17,501	6,044
EXTRAORDINARY GAINS ON INVENTORY	3,816	-	2,321	-	64	-	1,431	-
Excess of revenue over costs or excess of costs over revenue (-)	\$ 9,882	\$ 34,843	\$ -134	\$ -5,193	\$26,086	\$33,992	-\$16,070	\$ 6,044

^aSalaries of \$252,547 in fiscal year 1973 (\$258,858 in fiscal year 1972), employee benefits, and certain other operating expenses of the Studio have been paid from appropriated funds and are not included as expenses in determining the excess over costs of the revolving fund.

SENATE RECORDING STUDIO

REVOLVING FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR FISCAL YEARS ENDED JUNE 30, 1973 AND 1972

	<u>June 30, 1973</u>	<u>June 30, 1972</u>
FUNDS PROVIDED:		
Sales	\$175,058	\$221,495
Decrease in working capital	-	59,122
Extraordinary gains	<u>3,817</u>	<u>-</u>
Total funds provided	<u>\$178,875</u>	<u>\$280,617</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 59,132	\$ 90,013
Equipment additions	60,621	176,715
New Studio facilities	-	13,889
Increase in working capital	<u>59,122</u>	<u>-</u>
Total funds applied	<u>\$178,875</u>	<u>\$280,617</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	<u>Increase or decrease (-) in working capital</u>
CURRENT ASSETS:	
Cash	\$57,097
Accounts receivable	2,100
Inventory of materials and supplies	-6,723
Work in process	<u>1,429</u>
Net increase in current assets	53,903
CURRENT LIABILITIES:	
Accounts payable	<u>5,219</u>
Net increase in working capital	<u>\$59,122</u>