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# Audit Of The Senate Recording Studio Revolving Fund For Fiscal Year 1974

United States Senate

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

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JAN. 31, 1975



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

B-125079

The Honorable William H. Wannall  
Sergeant at Arms  
United States Senate RSN 5

Dear Mr. Wannall:

We have audited the Senate Recording Studio Revolving Fund for the fiscal year ended June 30, 1974, pursuant to your request dated June 13, 1974.

GENERAL COMMENTS

9 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. 07.7

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, 1974 and 1973, is presented as schedule 1. The following comments relate to items shown on that statement.

Accounts receivable

On June 30, 1974, accounts receivable amounted to \$68,027.

The ages of the accounts receivable at June 30, 1974 and 1973, follow.

<u>Days outstanding</u>	<u>June 30, 1974</u>		<u>June 30, 1973</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$37,565	55.2	\$32,910	67.7
60 through 89	6,407	9.4	5,793	11.9
90 through 119	4,249	6.3	1,726	3.6
120 or more	<u>19,806</u>	<u>29.1</u>	<u>8,197</u>	<u>16.8</u>
Total	<u>\$68,027</u>	<u>100.0</u>	<u>\$48,626</u>	<u>100.0</u>

The total increase in accounts receivable during fiscal year 1974 was \$19,401, and accounts 120 or more days outstanding represented \$11,609 or 60 percent of the increase. In addition, accounts 120 or more days outstanding increased 142 percent during this period.

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 August 31, 1974, \$32,062 in open receivables had been paid. This represents 47.13 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, 1974, follows.

	Balance July 1, <u>1973</u>	<u>Additions</u>	<u>Adjustments</u>	Balance June 30, <u>1974</u>
Motion picture	\$239,015	\$ -	-\$2,133	\$236,882
Radio	36,841	-	1,446	38,287
Video	<u>663,146</u>	<u>1,376</u>	<u>-</u>	<u>664,522</u>
Total	<u>\$939,002</u>	<u>\$1,376</u>	<u>-\$ 687</u>	<u>\$939,691</u>

The additions to video equipment consisted of drapes with an eye beam track and surplus equipment acquired from the General Services Administration at no cost, which was assigned a value of \$845.

Adjustments to the motion picture equipment represented the value of (1) items transferred to the Office of the Sergeant at Arms, (2) transferred radio equipment included in the account, and (3) motion picture equipment not recorded in the account.

The adjustment to the radio account represents the value of the radio equipment transferred from the motion picture equipment inventory account.

### OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1974 and 1973, is presented as schedule 2. Revenues exceeded costs by \$74,956 for fiscal year 1974. The increase of \$65,074 between fiscal years 1974 and 1973 was due primarily to an \$85,381 increase in overall sales during the year. Motion picture, radio, and video sales increased \$22,943, \$24,931, and \$37,507, respectively.

### SCOPE OF AUDIT

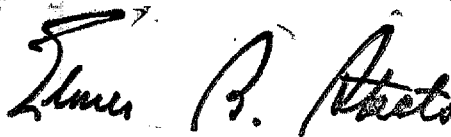
Our audit was made in accordance with generally accepted auditing standards and included a review of the controls over equipment and inventories, an examination of selected financial transactions, and such other auditing procedures as we considered necessary.

OPINION ON 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, 1974, and the results of its operations and the changes in its financial position for the year then ended.

Sincerely yours,



Comptroller General  
of the United States

FINANCIAL STATEMENTS

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1974 AND 1973

A S S E T S

	<u>1974</u>	<u>1973</u>
<b>CURRENT ASSETS:</b>		
Cash (in U.S. Treasury)	\$ 545,870	\$ 394,644
Accounts receivable	68,027	48,626
Inventory of materials and supplies, at cost	35,229	19,392
Work in process	<u>622</u>	<u>1,535</u>
Total current assets	<u>649,748</u>	<u>464,197</u>
<b>FIXED ASSETS:</b>		
Equipment and furnishings (note a)	939,691	939,002
Less accumulated depreciation	<u>411,734</u>	<u>328,811</u>
	<u>527,957</u>	<u>610,191</u>
New Studio facilities	531,896	531,896
Less accumulated depreciation	<u>103,501</u>	<u>76,906</u>
	<u>428,395</u>	<u>454,990</u>
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>957,102</u>	<u>1,065,931</u>
<b>TOTAL ASSETS</b>	<u><u>\$1,606,850</u></u>	<u><u>\$1,530,128</u></u>

a/ The current estimated value of equipment obtained from the General Services Administration at no cost and valued at \$845 is included in equipment and furnishings for fiscal year 1974.

## LIABILITIES AND CAPITAL

	<u>1974</u>	<u>1973</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>12,073</u>	\$ <u>10,890</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,619	183,619
Standby equipment donated	<u>845</u>	<u>-</u>
Total	<u>184,464</u>	<u>183,619</u>
Excess of revenue over costs:		
Balance prior years	1,335,619	1,325,813
Prior year's adjustments	-262	- 76
Fiscal year	<u>74,956</u>	<u>9,882</u>
Total	<u>1,410,313</u>	<u>1,335,619</u>
Total capital and excess of revenue over costs	<u>1,594,777</u>	<u>1,519,238</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$1,606,850</u>	<u>\$1,530,128</u>



SCHEDULE 2

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1974 AND 1973

	<u>Total</u>		<u>Motion Picture</u>		<u>Radio</u>		<u>Video</u>	
	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>
REVENUE:								
Sales	\$260,439	\$175,058	\$71,396	\$48,453	\$69,694	\$44,763	\$119,349	\$81,842
COSTS:								
Film, radio, and video materials	69,451	52,808	27,041	23,594	12,837	7,225	29,573	21,989
Maintenance and repairs	5,197	5,144	1,032	1,054	266	1,671	3,899	2,419
Maintenance supplies	-	671	-	340	-	152	-	179
Office supplies and expense	1,273	471	424	157	425	157	424	157
Depreciation of equipment	82,967	82,735	15,975	16,330	671	671	66,321	65,734
Depreciation of new Studio facilities	26,595	26,595	8,865	8,865	8,865	8,865	8,865	8,865
Loss on writeoff of fixed assets	-	568	-	568	-	-	-	-
Total costs (note a)	185,483	168,992	53,337	50,908	23,064	18,741	109,082	99,343
Excess of revenue over costs or excess of costs over revenue (-) before extraordinary gains	74,956	6,066	18,059	-2,455	46,630	26,022	10,267	-17,501
EXTRAORDINARY GAINS ON INVENTORY	-	3,816	-	2,321	-	64	-	1,431
Excess of revenue over costs or excess of costs over revenue (-)	\$ 74,956	\$ 9,882	\$18,059	\$ -134	\$46,630	\$26,086	\$ 10,267	-\$16,070

<sup>a</sup>Salaries of \$283,895 in fiscal year 1974 (\$252,547 in fiscal year 1973), 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, 1974 AND 1973

	<u>June 30, 1974</u>	<u>June 30, 1973</u>
FUNDS PROVIDED:		
Sales	\$260,439	\$175,058
Extraordinary gains	<u>-</u>	<u>3,817</u>
Total funds provided	<u>\$260,439</u>	<u>\$178,875</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requir- ing outlay of funds)	\$ 75,248	\$ 59,132
Equipment additions	531	60,621
Increase in working capital	<u>184,660</u>	<u>59,122</u>
Total funds applied	<u>\$260,439</u>	<u>\$178,875</u>

## ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or decrease (-) in working capital
CURRENT ASSETS:	
Cash	\$151,226
Accounts receivable	19,401
Inventory of materials and supplies	15,837
Work in process	<u>-913</u>
Net increase in current assets	185,551
CURRENT LIABILITIES:	
Accounts payable (note a)	<u>-891</u>
Net increase in working capital	<u>\$184,660</u>

a/ The difference between accounts payable on June 30, 1974 and 1973, was \$1,183. This difference was reduced \$292 to reflect voided vouchers and funds expended during 1973 but not accounted for until 1974.