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## ***REPORT OF THE COMPTROLLER GENERAL OF THE UNITED STATES***

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### **Audit Of The Senate Recording Studio Revolving Fund For The Nine-Month Period Ended March 31, 1976**

United States Senate

GGD-76-99

SEPT. 8, 1976

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

B-125079

The Honorable F. Nordy Hoffman  
Sergeant at Arms  
United States Senate

Dear Mr. Hoffman:

We have audited the Senate Recording Studio Revolving Fund for the 9-month period ended March 31, 1976, pursuant to your request dated March 5, 1976.

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, video tape, and audiotape recordings for the Vice President, Senators, and committees of the Senate. The prices 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 referred to in a footnote to the statement of revolving fund operations. (See sch. 2.)

So that we could spread our legislative branch workload over the year, the Studio agreed to change the close of its annual accounting period for the revolving fund from June 30 to March 31. This report, therefore, covers the 9-month transitional period July 1, 1975, through March 31, 1976.

FINANCIAL POSITION

A comparative statement of assets and liabilities of the revolving fund at March 31, 1976, and June 30, 1975, is presented as schedule 1. The following comments relate to items on that statement.

Accounts receivable

Accounts receivable amounted to \$46,153 on March 31, 1976. The ages of the accounts receivable at March 31, 1976, and June 30, 1975, follow.

<u>Days outstanding</u>	<u>March 31, 1976</u>		<u>June 30, 1975</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$23,556	51.0	\$25,414	44.5
60 through 89	3,870	8.4	5,059	8.9
90 through 119	3,310	7.2	4,210	7.4
120 or more	<u>15,417</u>	<u>33.4</u>	<u>22,417</u>	<u>39.2</u>
Total	<u>\$46,153</u>	<u>100.0</u>	<u>\$57,100</u>	<u>100.0</u>

As of May 31, 1976, \$21,635 in open receivables had been paid. This represents 47 percent of the balance.

Equipment

A summary of the changes in the equipment account for the period ended March 31, 1976, follows.

	<u>Balance June 30, 1975</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 1976</u>
Motion picture	\$229,618	\$1,616	\$ -	\$231,234
Radio	66,704	3,161	-	69,865
Video	<u>665,954</u>	<u>235</u>	<u>216</u>	<u>665,973</u>
Total	<u>\$962,276</u>	<u>\$5,012</u>	<u>\$216</u>	<u>\$967,072</u>

Equipment additions were: two DBX limiters, two electronic amplifiers, two monitor speakers, a cassette-to-cassette duplicator, and a 3-inch digital clock. Deductions included a power supply, which was disassembled and used for parts, and adjustments to the recorded value of donated equipment.

ADJUSTMENT TO ACCUMULATED DEPRECIATION

Accumulated depreciation records were not previously maintained for individual equipment items. This lack of information during prior periods resulted in depreciation charges on some assets which were fully depreciated. To correct this problem we prepared accumulated depreciation

records for all equipment. Based on these records, we made a \$4,600 adjustment to the accumulated depreciation account for excess depreciation charges during prior periods. The revolving fund account for total excess of revenue over costs was similarly adjusted for the related understatement of net income.

#### OPERATIONS

A comparative statement of revolving fund operations for the periods ended March 31, 1976, and June 30, 1975, is presented as schedule 2. During the 9-month period ended March 31, 1976, costs exceeded revenue by \$7,565. This represents a turnabout from fiscal year 1975, when revenues exceeded costs by \$19,383. The main causes for the difference in operating results were that (1) fixed costs remained relatively constant while motion picture sales decreased substantially--about 31 percent--and (2) material costs and maintenance and repairs costs were relatively higher.

#### SCOPE OF AUDIT

We made our audit 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

We prepared the accompanying financial statements from the Studio's accounting records, which were adjusted to an accrual basis. Employee salaries and benefits and certain other operating expenses paid from appropriated funds are referred to in a footnote to schedule 2.

In our opinion, schedules 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 March 31, 1976, and June 30, 1975; the results of its operations; and the changes in its financial position for the periods then ended.

Sincerely yours,

ACTING

  
Comptroller General  
of the United States

## SCHEDULES

SCHEDULE 1

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

MARCH 31, 1976, AND JUNE 30, 1975

A S S E T S

	March 31, <u>1976</u>	June 30, <u>1975</u>
CURRENT ASSETS:		
Cash (in U.S. Treasury)	\$ 706,004	\$ 623,360
Accounts receivable	46,153	57,100
Inventory of materials and supplies, at cost	33,554	32,552
Work in process	<u>27</u>	<u>594</u>
Total current assets	<u>785,738</u>	<u>713,606</u>
FIXED ASSETS:		
Equipment (note a)	967,072	962,276
Less accumulated deprecia- tion (note b)	<u>522,559</u>	<u>460,672</u>
Total	<u>444,513</u>	<u>501,604</u>
New Studio facilities	531,896	531,896
Less accumulated deprecia- tion	<u>150,042</u>	<u>130,096</u>
Total	<u>381,854</u>	<u>401,800</u>
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>827,117</u>	<u>904,154</u>
TOTAL ASSETS	<u>\$1,612,855</u>	<u>\$1,617,760</u>

a/The estimated value of equipment obtained from the General Services Administration at no cost and valued at \$536 for fiscal period 1976 and at \$751 for fiscal year 1975 is included in equipment.

b/Adjustment for excess depreciation charges of \$4,600 in prior periods. (See p. 2.)

## SCHEDULE 1

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

	March 31, <u>1976</u>	June 30, <u>1975</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>1,969</u>	\$ <u>3,694</u>
 CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,619	183,619
Standby equipment donated	<u>536</u>	<u>751</u>
Total	<u>184,155</u>	<u>184,370</u>
Excess of revenue over costs:		
Balance prior years	1,429,696	1,410,313
Prior years' adjust-		
ments (note b)	4,600	-
Fiscal period	<u>-7,565</u>	<u>19,383</u>
Total	<u>1,426,731</u>	<u>1,429,696</u>
Total capital and excess of revenue over costs	<u>1,610,886</u>	<u>1,614,066</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$1,612,855</u>	<u>\$1,617,760</u>

## SENATE RECORDING STUDIO

## REVOLVING FUND

## COMPARATIVE STATEMENT OF OPERATIONS

FOR THE 9-MONTH PERIOD ENDED MARCH 31, 1976,

AND THE FISCAL YEAR ENDED JUNE 30, 1975

	Total		Motion picture		Radio		Video	
	Period ended March 31, 1976	FY 1975	Period ended March 31, 1976	FY 1975	Period ended March 31, 1976	FY 1975	Period ended March 31, 1976	FY 1975
REVENUE:								
Sales	\$125,407	\$186,260	\$26,219	\$48,158	\$43,202	\$58,821	\$ 55,986	\$ 79,281
COSTS:								
Film, radio, and video materials	36,125	49,199	13,668	20,901	13,661	14,793	8,796	13,505
Maintenance and repairs	7,219	5,944	1,412	847	367	292	5,440	4,805
Maintenance supplies	531	599	111	155	183	189	237	255
Office supplies and expense	261	730	87	243	87	244	87	243
Depreciation of equipment	66,487	84,915	11,728	15,480	4,855	3,067	49,904	66,368
Depreciation of new Studio facilities	19,947	26,595	6,649	8,865	6,649	8,865	6,649	8,865
Loss on obsolete inventory	-	1,335	-	1,102	-	99	-	134
Total costs (note a)	130,570	169,317	33,655	47,593	25,802	27,549	71,113	94,175
Excess of revenue over costs or excess of costs over revenue (-) from operations	-5,163	16,943	-7,436	565	17,400	31,272	-15,127	-14,894
OTHER REVENUE OR COSTS:								
Gain on equipment disposal	-	2,440	-	-	-	2,440	-	-
Video sets provided for Senate wing	-2,402	-	-	-	-	-	-2,402	-
EXCESS OF REVENUE OVER COSTS OR EXCESS OF COSTS OVER REVENUE (-)	\$ -7,565	\$ 19,383	\$ -7,436	\$ 565	\$17,400	\$33,712	\$-17,529	\$-14,894

a/Salaries of \$245,581 in the 9-month period ended March 31, 1976 (\$230,070 in the 9-month period ended June 30, 1975), 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 of revenue over costs of the revolving fund.



## SENATE RECORDING STUDIO

## REVOLVING FUND

## COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE 9-MONTH PERIOD ENDED MARCH 31, 1976,

AND THE FISCAL YEAR ENDED JUNE 30, 1975

	<u>March 31, 1976</u>	<u>June 30, 1975</u>
FUNDS PROVIDED:		
Sales	\$125,407	\$186,260
Gain on equipment disposal	<u>-</u>	<u>2,440</u>
Total funds provided	<u>\$125,407</u>	<u>\$188,700</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 46,538	\$ 57,808
Equipment additions	5,012	58,655
Increase in working capital	<u>73,857</u>	<u>72,237</u>
Total funds applied	<u>\$125,407</u>	<u>\$188,700</u>

Analysis of Changes in Working Capital  
for the 9-Month Period Ended March 31, 1976

	<u>Increase or decrease (-)</u>
CURRENT ASSETS:	
Cash	\$ 82,644
Accounts receivable	-10,947
Inventory of materials and supplies	1,002
Work in process	<u>-567</u>
Net increase in current assets	\$ 72,132
CURRENT LIABILITIES:	
Accounts payable	<u>1,725</u>
NET INCREASE IN WORKING CAPITAL	<u>\$ 73,857</u>