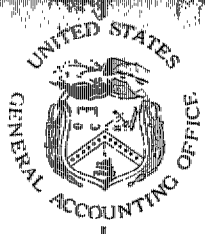


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Audit Of The Senate Recording Studio Revolving Fund For Fiscal Year 1972

B-125079

United States Senate

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

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JAN. 11, 1973



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

B-125079

Dear Mr. Wannall:

The General Accounting Office has audited the Senate Recording Studio Revolving Fund for the fiscal year ended June 30, 1972, pursuant to your request dated July 7, 1972.

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 audio tape 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, 1972 and 1971, is presented as schedule 1. The following comments relate to items shown on that statement.

Cash in U.S. Treasury

The cash balance at June 30, 1972, was \$337,547, a decrease of \$95,420 from the balance at June 30, 1971. The decrease was due mainly to expenditures of \$145,816 for video tape equipment.

B-125079

Accounts receivable

Accounts receivable amounted to \$46,526 at June 30, 1972, an increase of \$15,782 from the amount at June 30, 1971.

The ages of the accounts receivable at June 30, 1972 and 1971, follow.

<u>Days outstanding</u>	<u>June 30, 1972</u>		<u>June 30, 1971</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$28,508	61.0	\$20,909	68.0
60 " 89	6,586	14.2	2,957	9.6
90 " 119	5,157	11.2	2,787	9.1
120 or more	<u>6,275</u>	<u>13.6</u>	<u>4,091</u>	<u>13.3</u>
Total	<u>\$46,526</u>	<u>100.0</u>	<u>\$30,744</u>	<u>100.0</u>

Equipment and furnishings

A summary of the changes in the equipment and furnishings accounts for the fiscal year ended June 30, 1972, follows.

	<u>Balance July 1, 1971</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 1972</u>
Motion picture	\$218,622	\$ 30,899	-\$10,840	\$238,681
Radio	37,771	-	-930	36,841
Video	457,876	145,816	-265	603,427
Office	<u>284</u>	<u>-</u>	<u>-284</u>	<u>-</u>
Total	<u>\$714,553</u>	<u>\$176,715</u>	<u>-\$12,319</u>	<u>\$878,949</u>

Additions to motion picture equipment included a generator, a sound transfer system, and a double soundtrack

applicator system. Additions to video equipment included a prompter package system, a video camera package, a digital multimeter, a power supply, and a distortion analyzer.

The Studio also acquired surplus equipment, having an estimated value of \$939, from the General Services Administration. Because this equipment was acquired at no cost to the Studio, it is not recorded in the equipment accounts but is shown in a footnote on the statement of assets and liabilities.

The adjustments to the equipment and furnishings accounts consisted of the writeoff, as an expense, of items valued at less than \$100, under a new capitalization policy, and of items transferred to the Office of the Sergeant at Arms. An analysis of the effect of these writeoffs on Studio income follows.

	<u>Cost</u>	<u>Accumulated depreciation June 30, 1972</u>	<u>Loss</u>
Motion picture	\$10,840	-\$7,979	\$2,861
Radio	930	-576	354
Video	265	-46	219
Office	<u>284</u>	<u>-284</u>	<u>-</u>
Total	<u>\$12,319</u>	<u>-\$8,885</u>	<u>\$3,434</u>

New Studio facilities

The Studio spent an additional \$13,889 during fiscal year 1972 for new facilities which began operation in fiscal year 1971 at an original cost of \$518,008. These facilities--two radio studios, a film studio, and a video studio--were required because of the demands from Senators for services which could not be met by the old facilities.

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1972 and 1971, is presented as

schedule 2. Revenues exceeded costs by \$34,843 for fiscal year 1972, compared with an excess of \$10,557 for fiscal year 1971. The increase of \$24,286 was due primarily to an increase in video sales of \$70,569 during the year--the first complete year of operation of the new video equipment which was purchased in fiscal year 1971.

Motion picture and radio expenses included about \$1,300 for miscellaneous items purchased in the current year and transferred to the Office of the Sergeant at Arms.

Public Law 92-310 (86 Stat. 201), approved June 6, 1972, removes the requirement that Studio employees be bonded. The bond premium prepaid at June 30, 1971, was fully amortized during fiscal year 1972.

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 Studio's accounting records. Employee salaries and benefits and certain other operating 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--except for the effect of the new equipment capitalization policy which we approve--and in accordance with the financial arrangement described above, present fairly the

B-125079

financial position of the Senate Recording Studio Revolving Fund at June 30, 1972, 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, appearing to read "James P. Stets".

Comptroller General
of the United States

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

SENATE RECORDING STUDIO
REVOLVING FUND

SCHEDULE 1

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 30, 1972 AND 1971

		A S S E T S		L I A B I L I T I E S A N D C A P I T A L	
		1972	1971	1972	1971
CURRENT ASSETS:					
Cash (In U.S. Treasury)		\$ 337,547	\$ 432,967		
Accounts receivable		46,526	30,744		
Inventory of materials and supplies, at cost		26,114	26,731		
Work in process		106	17		
Prepaid bond premium		-	112		
Total current assets		<u>410,293</u>	<u>490,571</u>		
FIXED ASSETS:					
Equipment and furnishings		878,949 ^a	714,553		
Less accumulated depreciation		<u>246,036</u>	<u>187,827</u>		
		632,913	526,726		
New Studio facilities		531,896	518,008		
Less accumulated depreciation		<u>50,311</u>	<u>24,201</u>		
		481,585	493,807		
Tools and minor equipment		<u>750</u>	<u>750</u>		
Total fixed assets		<u>1,115,248</u>	<u>1,021,283</u>		
TOTAL ASSETS		<u>\$1,525,541</u>	<u>\$1,511,854</u>		
CURRENT LIABILITIES:					
Accounts payable		\$ 16,109	\$ 37,265		
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		1,290,970	1,280,413		
Fiscal year		<u>34,843</u>	<u>10,557</u>		
Total		<u>1,325,813</u>	<u>1,290,970</u>		
Total capital and excess of revenue over costs		<u>1,509,432</u>	<u>1,474,589</u>		
TOTAL LIABILITIES AND CAPITAL		<u>\$1,525,541</u>	<u>\$1,511,854</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.

SENATE RECORDING STUDIO
REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1972 AND 1971

	Total		Motion picture		Radio		Video	
	1972	1971	1972	1971	1972	1971	1972	1971
REVENUE:								
Sales	\$221,495	\$157,844	\$60,917	\$84,899	\$54,213	\$37,149	\$106,365	\$35,796
COSTS:								
Film, radio, and video materials	75,080	61,306	30,612	43,019	8,420	6,092	36,048	12,195
Outside processing	55	846	55	846	-	-	-	-
Maintenance and repairs	13,712	8,599	7,818	1,551	1,738	255	4,156	6,793
Maintenance supplies	635	1,091	400	877	91	180	144	34
Office supplies and expense	419	721	140	240	140	240	139	241
Insurance	112	221	37	73	37	74	38	74
Depreciation of equipment	67,095	50,302	15,483	14,176	738	699	50,874	35,427
Loss on writeoff of fixed assets	3,434	-	2,861	-	354	-	219	-
Depreciation of new Studio facilities	26,110	24,201	8,704	8,067	8,703	8,067	8,703	8,067
Total costs (note a)	186,652	147,287	66,110	68,849	20,221	15,607	100,321	62,831
Excess of revenue over costs or excess of costs over revenue(-)	\$ 34,843	\$ 10,557	-\$ 5,193	\$16,050	\$33,992	\$21,542	\$ 6,044	-\$27,035

^aSalaries of \$258,858 in fiscal year 1972 (\$237,214 in fiscal year 1971), 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

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR FISCAL YEARS ENDED JUNE 30, 1972 AND 1971

	June 30, <u>1972</u>	June 30, <u>1971</u>
FUNDS PROVIDED:		
Sales	\$221,495	\$157,844
Decrease in working capital	<u>59,122</u>	<u>438,627</u>
Total funds provided	<u>\$280,617</u>	<u>\$596,471</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 90,013	\$ 72,784
Equipment additions	176,715	467,308
New Studio facilities	<u>13,889</u>	<u>56,379</u>
Total funds applied	<u>\$280,617</u>	<u>\$596,471</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or decrease(-) in working <u>capital</u>
CURRENT ASSETS:	
Cash	-\$95,420
Accounts receivable	15,782
Inventory of materials and supplies	-617
Work in process	89
Prepaid bond premium	<u>-112</u>
Net decrease in current assets	-80,278
CURRENT LIABILITIES:	
Accounts payable	<u>21,156</u>
Net decrease in working capital	<u>-\$59,122</u>