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REPORT BY THE

# Comptroller General

OF THE UNITED STATES



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## Audit Of The Senate Recording Studio Revolving Fund For The Fiscal Year Ended March 31, 1979



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GGD-79-83  
JULY 20, 1979



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-125079

The Honorable F. Nurdy Hoffmann  
Sergeant at Arms  
United States Senate

Dear Mr. Hoffmann:

We audited the Senate Recording Studio Revolving Fund for the fiscal year ended March 31, 1979, pursuant to your January 31, 1979, request.

GENERAL COMMENTS

The Senate Recording Studio was established pursuant to section 105 of the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 123b). The Studio, 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 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 expenses are neither recorded in the Studio's accounting records nor included in determining the results of Studio operations.

FINANCIAL POSITION

A comparative statement of assets and liabilities of the revolving fund at March 31, 1979 and 1978, is presented as schedule 1. The following comments relate to items on that statement.

Accounts receivable

Accounts receivable amounted to \$26,398 on March 31, 1979. An analysis of the age of the accounts receivable at March 31, 1979 and 1978, follows.

<u>Days outstanding</u>	<u>March 31, 1979</u>		<u>March 31, 1978</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$14,990	56.8	\$23,030	66.5
60 through 89	5,616	21.2	2,925	8.4
90 through 119	2,365	9.0	1,448	4.2
120 or more	<u>3,427</u>	<u>13.0</u>	<u>7,225</u>	<u>20.9</u>
Total	<u>\$26,398</u>	<u>100.0</u>	<u>\$34,628</u>	<u>100.0</u>

As of May 31, 1979, \$17,506, or 66.3 percent, of the accounts receivable balance had been paid.

Equipment

A summary of the changes in the equipment account for the period ended March 31, 1979, follows.

<u>Equipment</u>	<u>Balance March 31, 1978</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 1979</u>
Motion picture	\$ 252,462	\$3,410	\$ -	\$ 255,872
Radio	70,711	-	-	70,711
Video	<u>700,620</u>	<u>128</u>	<u>74</u>	<u>700,674</u>
Total	<u>\$1,023,793</u>	<u>\$3,538</u>	<u>\$ 74</u>	<u>\$1,027,257</u>

Changes were additions of a 16 mm edge track recorder and a microphone, and reduction to the recorded value of donated video equipment.

OPERATIONS

A comparative statement of revolving fund operations for the periods ended March 31, 1979 and 1978, is presented as schedule 2. ( During fiscal year 1979, costs exceeded revenue by \$48,374, an increase of \$36,000 over the excess costs for the period ended March 31, 1978. The main cause for the increase in costs over revenue was a decrease in sales of about 36 percent. )

SCOPE OF AUDIT

We reviewed the Senate Recording Studio's accounting records and financial transactions in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. These standards include generally accepted auditing standards. Our examination included such tests of the accounting records and such auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the financial statements from the Studio's accounting records. We adjusted these records, which were maintained on a cash basis, to present the financial position and results of the revolving fund operations on an accrual basis.

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, 1979 and 1978; the results of its operations; and the changes in its financial position for the periods then ended.

Sincerely yours,

  
DEPUTY Comptroller General  
of the United States

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

	March 31, <u>1979</u>	March 31, <u>1978</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>2,493</u>	\$ <u>4,357</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,619	183,619
Standby equipment donated	<u>314</u>	<u>388</u>
Total	<u>183,933</u>	<u>184,007</u>
Excess of revenue over costs:		
Balance prior years	1,374,712	1,387,086
Fiscal period	<u>(48,374)</u>	<u>(12,374)</u>
Total	<u>1,326,338</u>	<u>1,374,712</u>
Total capital and excess of revenue over costs	<u>1,510,271</u>	<u>1,558,719</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$1,512,764</u>	<u>\$1,563,076</u>

## SENATE RECORDING STUDIO

## REVOLVING FUND

## COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

MARCH 31, 1979 AND 1978

## A S S E T S

	March 31, <u>1979</u>	March 31, <u>1978</u>
CURRENT ASSETS:		
Cash (in U.S. Treasury)	\$ 915,309	\$ 829,491
Accounts receivable	26,398	34,628
Inventory of materials and supplies, at cost	<u>39,623</u>	<u>52,203</u>
Total current assets	<u>981,330</u>	<u>916,322</u>
FIXED ASSETS:		
Equipment (note a)	1,027,257	1,023,793
Less accumulated deprecia- tion	<u>798,643</u>	<u>706,454</u>
Total	<u>228,614</u>	<u>317,339</u>
New Studio facilities	531,896	531,896
Less accumulated deprecia- tion	<u>229,826</u>	<u>203,231</u>
Total	<u>302,070</u>	<u>328,665</u>
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>531,434</u>	<u>646,754</u>
TOTAL ASSETS	<u>\$1,512,764</u>	<u>\$1,563,076</u>

a/The estimated value of equipment obtained from the General Services Administration at no cost and valued at \$314 for fiscal year 1979 and at \$388 for fiscal year 1978 is included in equipment.

SENATE RECORDING STUDIO  
REVOLVING FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
FOR FISCAL YEARS ENDED MARCH 31, 1979 AND 1978

	Total		Motion picture		Radio		Video	
	<u>FY 1979</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1978</u>
REVENUE:								
Sales	\$ <u>107,326</u>	\$ <u>166,740</u>	\$ <u>4,247</u>	\$ <u>30,794</u>	\$ <u>38,055</u>	\$ <u>51,954</u>	\$ <u>65,024</u>	\$ <u>83,992</u>
COSTS:								
Motion picture, radio, and video materials	31,996	47,665	5,442	12,089	13,488	17,471	13,066	18,105
Maintenance and repairs	3,816	9,474	391	4,656	137	179	3,288	4,639
Maintenance supplies	200	246	7	47	71	76	122	123
Office supplies and miscellaneous expenses	634	394	211	131	211	132	212	131
Depreciation of equipment	92,189	94,167	15,636	17,591	6,523	6,562	70,030	70,014
Depreciation of new Studio facilities	26,595	26,594	8,865	8,864	8,865	8,865	8,865	8,865
Loss on obsolete inventory	270	574	90	287	90	287	90	-
Total costs (note a)	<u>155,700</u>	<u>179,114</u>	<u>30,642</u>	<u>43,665</u>	<u>29,385</u>	<u>33,572</u>	<u>95,673</u>	<u>101,877</u>
EXCESS OF REVENUE OVER COSTS OR (EXCESS OF COSTS OVER REVENUE)	\$ <u>(48,374)</u>	\$ <u>(12,374)</u>	\$ <u>(26,395)</u>	\$ <u>(12,871)</u>	\$ <u>8,670</u>	\$ <u>18,382</u>	\$ <u>(30,649)</u>	\$ <u>(17,885)</u>

aSalaries of \$433,870 for the fiscal year ended March 31, 1979 (\$410,338 for the fiscal year ended March 31, 1978), 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 or revenue over costs or the excess of costs over revenue of the revolving fund.

## SENATE RECORDING STUDIO

## REVOLVING FUND

## COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEARS ENDED MARCH 31, 1979 AND 1978

	March 31, <u>1979</u>	March 31, <u>1978</u>
FUNDS PROVIDED:		
Sales	\$ <u>107,326</u>	\$ <u>166,740</u>
Total funds provided	\$ <u>107,326</u>	\$ <u>166,740</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requir- ing the outlay of funds)	\$ 36,916	\$ 58,353
Net equipment additions	3,538	4,598
Increase in working capital	<u>66,872</u>	<u>103,789</u>
Total funds applied	\$ <u>107,326</u>	\$ <u>166,740</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL  
FOR FISCAL YEARS ENDED 1979 AND 1978

	Increase or (decrease) in working capital	
	March 31, <u>1979</u>	March 31, <u>1978</u>
WORKING CAPITAL CHANGES:		
Cash	\$ 85,818	\$ 91,355
Accounts receivable	(8,230)	(4,005)
Inventory of materials and supplies	(12,580)	14,493
Work in process	-	(1,699)
Accounts payable	<u>1,864</u>	<u>3,645</u>
INCREASE IN WORKING CAPITAL	\$ <u>66,872</u>	\$ <u>103,789</u>

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