

DOCUMENT RESUME

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Audit of the Senate Recording Studio Revolving Fund for the Fiscal Year Ended March 31, 1978. GGD-78-86; B-125079. August 3, 1978. 3 pp. + 3 enclosures (4 pp.).

Report to F. Nurdy Hoffman, Senate: Sergeant at Arms; by Elmer B. Staats, Comptroller General.

Issue Area: Accounting and Financial Reporting (2800).

Contact: General Government Div.

Budget Function: General Government: Legislative Functions (801).

Organization Concerned: Senate: Recording Studio.

Congressional Relevance: Senate Committee on Rules and Administration.

Authority: Legislative Branch Appropriation Act [of] 1957 (2 U.S.C. 123b).

The Senate Recording Studio is operated by the Sergeant at Arms of the Senate under the direction and control of the Senate Committee on Rules and Administration. The studio makes film, video tape, and audiotape recordings for the Vice President, Senators, and committees of the Senate. 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 operation of the studio. Employee salaries and benefits and other operating expenses are paid from appropriated funds. Findings/Conclusions: A review of the Senate Recording Studio's accounting records and financial transactions was conducted in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. During fiscal year 1978, costs exceeded revenues by \$12,374, a decrease of \$27,271 over the excess costs for the period ended March 31, 1977. The primary cause of the decrease in costs over revenue was an increase in sales of about 25%. The financial statements, which were prepared on a basis consistent with that of the previous year, present fairly the financial position of the Senate Recording Studio Revolving Fund at March 31, 1978 and 1977, the results of its operations, and the changes in its financial position for the periods then ended. (RRS)

7204

REPORT BY THE

Comptroller General

OF THE UNITED STATES

Audit Of The Senate Recording Studio Revolving Fund For The Fiscal Year Ended March 31, 1978



GGD-78-86

AUGUST 3, 1978



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

B-125079

The Honorable F. Nordy 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, 1978, pursuant to your February 22, 1978, 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, 1978 and 1977, is presented as schedule 1. The following comments relate to items on that statement.

Accounts receivable

Accounts receivable amounted to \$34,628 on March 31, 1978. An analysis of the age of the accounts receivable at March 31, 1978 and 1977, follows.

<u>Days outstanding</u>	<u>March 31, 1978</u>		<u>March 31, 1977</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$23,030	66.5	\$25,878	67.0
60 through 89	2,925	8.4	3,647	9.4
90 through 119	1,448	4.2	712	1.9
120 or more	<u>7,225</u>	<u>20.9</u>	<u>8,396</u>	<u>21.7</u>
Total	<u>\$34,628</u>	<u>100.0</u>	<u>\$38,633</u>	<u>100.0</u>

As of May 31, 1978, \$23,420, or 67.6 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, 1978, follows.

<u>Equipment</u>	<u>Balance March 31, 1977</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 1978</u>
Motion picture	\$ 252,948	\$ -	\$486	\$ 252,462
Radio	70,577	134	-	70,711
Video	<u>695,744</u>	<u>4,950</u>	<u>74</u>	<u>700,620</u>
Total	<u>\$1,019,269</u>	<u>\$5,084</u>	<u>\$560</u>	<u>\$1,023,793</u>

Changes were additions of a teleprompter typewriter, a power supply, and nine amplifiers; reclassification of a speaker cabinet from motion picture to radio; and reductions to the recorded value of motion picture and donated video equipment. No equipment was disposed of during the year.

OPERATIONS

A comparative statement of revolving fund operations for the periods ended March 31, 1978 and 1977, is presented as schedule 2. During fiscal year 1978, costs exceeded revenue by \$12,374, a decrease of \$27,271 over the excess costs for the period ended March 31, 1977. The main cause for the decrease in costs over revenue was an increase in sales of about 25 percent.

SCOPE OF AUDIT

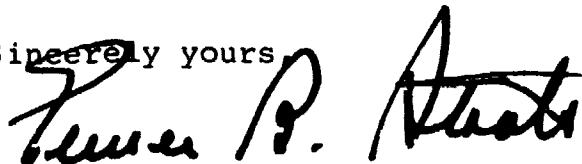
We reviewed the Senate Recording Studio's accounting records and financial transactions in accordance with the Comptroller General's standards for auditing financial transactions, accounts, and reports of governmental activities. These standards include generally accepted auditing standards. Our examination 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, 1978 and 1977; the results of its operations; and the changes in its financial position for the periods then ended.

Sincerely yours,



Comptroller General
of the United States

SCHEDULES

SCHEDULE 1

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

MARCH 31, 1978 AND 1977

A S S E T S

	March 31, <u>1978</u>	March 31, <u>1977</u>
CURRENT ASSETS:		
Cash (in U.S. Treasury)	\$ 829,491	\$ 738,136
Accounts receivable	34,628	38,633
Inventory of materials and supplies, at cost	52,203	37,710
Work in process	<u>-</u>	<u>1,699</u>
Total current assets	<u>916,322</u>	<u>816,178</u>
FIXED ASSETS:		
Equipment (note a)	1,023,793	1,019,269
Less accumulated deprecia- tion	<u>706,454</u>	<u>512,287</u>
Total	<u>317,339</u>	<u>406,982</u>
New Studio facilities	531,896	531,896
Less accumulated deprecia- tion	<u>203,231</u>	<u>176,637</u>
Total	<u>328,655</u>	<u>355,259</u>
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>646,754</u>	<u>762,991</u>
TOTAL ASSETS	<u>\$1,563,076</u>	<u>\$1,579,169</u>

a/The estimated value of equipment obtained from the General Services Administration at no cost and valued at \$388 for fiscal year 1978 and at \$462 for fiscal year 1977 is included in equipment.

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

	March 31, <u>1978</u>	March 31, <u>1977</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>4,357</u>	\$ <u>8,002</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,619	183,619
Standby equipment donated	<u>388</u>	<u>462</u>
Total	<u>184,007</u>	<u>184,081</u>
Excess of revenue over costs:		
Balance prior years	1,387,086	1,426,731
Fiscal period	<u>-12,374</u>	<u>-39,645</u>
Total	<u>1,374,712</u>	<u>1,387,086</u>
Total capital and excess of revenue over costs	<u>1,558,719</u>	<u>1,571,167</u>
TOTAL LIABILITIES AND CAPITAL	<u><u>\$1,563,076</u></u>	<u><u>\$1,579,169</u></u>

SENATE RECORDING STUDIO
REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FOR FISCAL YEARS ENDED MARCH 31, 1978 AND 1977

	Total		Motion picture		Radio		Video	
	FY 1978	FY 1977	FY 1978	FY 1977	FY 1978	FY 1977	FY 1978	FY 1977
REVENUE:								
Sales	\$166,740	\$132,993	\$ 30,794	\$ 29,493	\$51,954	\$41,240	\$ 83,992	\$ 62,260
COSTS:								
Film, radio, and video materials	47,665	41,546	12,089	16,548	17,471	13,765	18,105	11,233
Maintenance and repairs	9,474	12,881	4,656	4,218	179	206	4,639	8,457
Maintenance supplies	246	489	47	108	76	152	123	229
Office supplies and expense	394	582	131	194	132	194	131	194
Depreciation of equipment	94,167	90,402	17,591	16,796	6,562	6,536	70,014	67,070
Depreciation of new Studio facilities	26,594	26,595	8,864	8,865	8,865	8,865	8,865	8,865
Loss on obsolete inventory	574	143	287	8	287	127	-	8
Total costs (note a)	179,114	172,638	43,665	46,737	33,572	29,845	101,877	96,056
EXCESS OF REVENUE OVER COSTS OR EXCESS OF COSTS OVER REVENUE (-)	\$-12,374	\$-39,645	\$-12,871	\$-17,244	\$18,382	\$11,395	\$-17,885	\$-33,796

a/Salaries of \$410,338 for the fiscal year ended March 31, 1978 (\$363,659 for the fiscal year ended March 31, 1977), 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 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, 1978 AND 1977

	March 31, <u>1978</u>	March 31, <u>1977</u>
FUNDS PROVIDED:		
Sales	\$ <u>166,740</u>	\$ <u>132,993</u>
Total funds provided	\$ <u><u>166,740</u></u>	\$ <u><u>132,993</u></u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requir- ing the outlay of funds)	\$ 58,353	\$ 55,641
Net equipment additions	4,598	52,945
Increase in working capital	<u>103,789</u>	<u>24,407</u>
Total funds applied	\$ <u><u>166,740</u></u>	\$ <u><u>132,993</u></u>

ANALYSIS OF CHANGES IN WORKING CAPITAL
FOR FISCAL YEARS ENDED 1978 AND 1977

	Increase or decrease (-) in working capital	
	March 31, <u>1978</u>	March 31, <u>1977</u>
WORKING CAPITAL CHANGES:		
Cash	\$ 91,355	\$32,132
Accounts receivable	-4,005	-7,520
Inventory of materials and supplies	14,493	4,156
Work in process	-1,699	1,672
Accounts payable	<u>3,645</u>	<u>-6,033</u>
INCREASE IN WORKING CAPITAL	<u><u>\$103,789</u></u>	<u><u>\$24,407</u></u>