

DOCUMENT RESUME

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Audit of the Senate Recording Studio Revolving Fund for the Fiscal Year Ended March 31, 1977. GGD-77-77; B-125079. August 17, 1977. 3 pp. + 3 enclosures (5 pp.).

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

Issue Area: Accounting and Financial Reporting (2800).

Contact: General Government Div.

Budget Function: Miscellaneous: Financial Management and Information Systems (1002).

Congressional Relevance: Senate Committee on Rules and Administration; Senate: Sergeant at Arms; Senate: Recording Studio. F. Nordy Hoffmann.

Authority: Legislative Branch Appropriation Act (2 U.S.C. 123b).

The Senate Recording Studio, operated by the Sergeant at Arms of the Senate under control of the Senate Committee on Rules and Administration, makes recordings for the Vice President, Senators, and committees of the Senate. Prices charged for these services are set by the Committee on Rules and Administration. Operations are financed from a revolving fund and from funds appropriated to the Secretary of the Senate. Moneys received from operations are deposited into the revolving fund. Employee salaries and benefits and certain other operating expenses are paid from appropriated funds and are not recorded in the Studio's accounting records. Findings/Conclusions: The following schedules presented fairly the financial position of the Senate Recording Studio Revolving Fund: (1) a comparative statement of assets and liabilities of the revolving fund at March 31, 1977 and 1976; (2) a comparative statement of revolving fund operations for periods ended March 31, 1977 and 1976; and (3) a comparative statement of changes in financial position for periods ended March 31, 1977 and 1976. Accounts receivable amounted to \$38,633 on March 31, 1977. As of May 31, 1977, \$28,773, or 74.5% of the accounts receivable balance had been paid. A summary of changes in the equipment account showed a total balance of \$967,072 as of March 31, 1976, and a total balance of \$1,019,269 as of March 31, 1977. The statement of revolving fund operations compared the 9 month period ended March 31, 1976, with the fiscal year (FY) ended March 31, 1977. During FY 1977, costs exceeded revenue by \$39,645, an increase of \$32,080 over the excess costs for the 9 month period ended March 31, 1976. This was accounted for mainly by a decrease in average monthly sales of about 20%.

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*REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES*

Audit Of The Senate Recording
Studio Revolving Fund For The
Fiscal Year Ended March 31, 1977



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, 1977, pursuant to your February 24, 1977, 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 not 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, 1977 and 1976, is presented as schedule 1. The following comments relate to items on that statement.

Accounts receivable

Accounts receivable amounted to \$38,633 on March 31, 1977. An analysis of the age of the accounts receivable at March 31, 1977 and 1976, follows.

<u>Days outstanding</u>	<u>March 31, 1977</u>		<u>March 31, 1976</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$25,378	67.0	\$23,556	51.0
60 through 89	3,647	9.4	3,870	8.4
90 through 119	712	1.9	3,310	7.2
120 or more	<u>8,396</u>	<u>21.7</u>	<u>15,417</u>	<u>33.4</u>
Total	<u>\$38,633</u>	<u>100.0</u>	<u>\$46,153</u>	<u>100.0</u>

As of May 31, 1977, \$28,773, or 74.5 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, 1977, follows.

<u>Equipment</u>	<u>Balance March 31, 1976</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 1977</u>
Motion picture	\$231,234	\$22,388	\$674	\$252,948
Radio	69,865	712	-	70,577
Video	<u>665,973</u>	<u>\$29,845</u>	<u>74</u>	<u>695,744</u>
Total	<u>\$967,072</u>	<u>\$52,945</u>	<u>\$748</u>	<u>\$1,019,259</u>

Equipment additions were: a teleprompter, a 16-mm printer, an audio console, a studio microphone, a digital clock, an amplifier assembly, 2 power supply units, a metering panel, a Lecternette, a video cassette player, a volt meter, a dehumidifier, 4 3/4-inch video cassette recorders, 4 monitors, and 23 amplifiers. Deductions included two air compressors which were disassembled and used for parts and adjustments to the recorded value of donated equipment.

OPERATIONS

A comparative statement of revolving fund operations for the periods ended March 31, 1977 and 1976, is presented as schedule 2. This statement compares the 9-month period ended March 31, 1976, with the fiscal year ended March 31, 1977. During fiscal year 1977 costs exceeded revenue by \$39,645, an increase of \$32,080 over the excess costs for the 9-month period ended March 31, 1976. The main cause for the increase in costs over revenue was a decrease in average monthly sales of about 20 percent.

SCOPE OF AUDIT

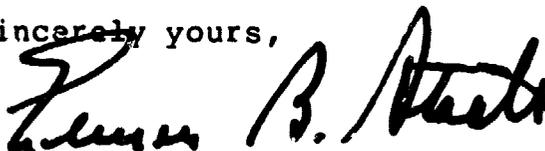
We made our audit in accordance with generally accepted auditing standards and included a review of the controls over equipment and inventories, an examination of selected financial transactions, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the 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, 1977 and 1976; 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, 1977 AND 1976

A S S E T S

	<u>March 31,</u> <u>1977</u>	<u>March 31,</u> <u>1976</u>
CURRENT ASSETS:		
Cash (in U.S. Treasury)	\$738,136	\$706,004
Accounts receivable	38,633	46,153
Inventory of materials and supplies, at cost	37,710	33,554
Work in process	<u>1,699</u>	<u>27</u>
Total current assets	<u>816,178</u>	<u>785,738</u>
FIXED ASSETS:		
Equipment (note a)	1,019,269	967,072
Less accumulated depreciation	<u>612,287</u>	<u>522,559</u>
Total	<u>406,982</u>	<u>444,513</u>
New Studio facilities	531,896	531,896
Less accumulated depreciation	<u>176,637</u>	<u>150,042</u>
Total	<u>355,259</u>	<u>381,854</u>
Tools and minor equipment	<u>750</u>	<u>750</u>
Total fixed assets	<u>762,991</u>	<u>827,117</u>
TOTAL ASSETS	<u><u>\$1,579,169</u></u>	<u><u>\$1,612,855</u></u>

a/ The estimated value of equipment obtained from the General Services Administration at no cost and valued at \$462 for fiscal year 1977 and at \$536 for fiscal period 1976 is included in equipment.

SCHEDULE 1

LIABILITIES AND CAPITAL

	<u>March 31,</u> <u>1977</u>	<u>March 31,</u> <u>1976</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>8,002</u>	\$ <u>1,969</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,619	183,619
Standby equipment donated	<u>462</u>	<u>536</u>
Total	<u>184,081</u>	<u>184,155</u>
Excess of revenue over costs:		
Balance prior years	1,426,731	1,429,696
Prior years' adjustments		4,600
Fiscal period	<u>-39,645</u>	<u>-7,565</u>
Total	<u>1,387,086</u>	<u>1,426,731</u>
Total capital and excess of revenue over costs	<u>\$1,571,167</u>	<u>1,610,886</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$1,579,169</u>	<u>\$1,612,855</u>

SCHEDULE 2

SCHEDULE 2

SENATE RECORDING STUDIO
REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FOR THE FISCAL YEAR ENDED MARCH 31, 1977,
AND THE 9-MONTH PERIOD ENDED MARCH 31, 1976

	Total		Motion Picture		Radio		Video	
	FY 1977	Period ended March 31, 1976	FY 1977	Period ended March 31, 1976	FY 1977	Period ended March 31, 1976	FY 1977	Period ended March 31, 1976
REVENUE:								
Sales	\$132,993	\$125,407	\$ 29,493	\$26,219	\$41,240	\$43,202	\$62,260	\$55,986
COSTS:								
Film, radio, and video materials	41,546	36,125	16,548	13,668	13,765	13,661	11,233	8,796
Maintenance and repairs	12,681	7,219	4,218	1,412	206	367	8,457	5,440
Maintenance supplies	489	531	108	111	152	183	229	237
Office supplies and expense	582	261	194	87	194	87	194	87
Depreciation of equipment	90,402	66,487	16,796	11,728	6,536	4,855	67,070	49,904
Depreciation of new Studio facilities	26,595	19,947	8,865	6,649	8,865	6,649	8,865	6,649
Loss on obsolete inventory	143	-	8	-	127	-	8	-
Total costs (note a)	172,638	130,570	46,737	33,655	29,845	25,802	96,056	71,113
Excess of revenue over costs or excess of costs over revenue (-) from operations	-39,645	-5,163	-17,244	-7,436	11,395	17,400	-33,796	-15,127
OTHER REVENUE OR COSTS:								
Unreimbursed equipment transfers	-	-2,402	-	-	-	-	-	-2,402
EXCESS OF REVENUE OVER COSTS OR EXCESS OF COSTS OVER REVENUE (-)	\$-39,645	\$ -7,565	\$-17,244	\$-7,436	\$11,395	\$11,400	\$-33,796	\$-17,529

a/Salaries of \$363,659 for the fiscal year ended March 31, 1977 (\$245,581 in the 9-month period ended March 31, 1976), 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.

SCHEDULE 3

SCHEDULE 3

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED MARCH 31, 1977,
AND THE 9-MONTH PERIOD ENDED MARCH 31, 1976

	<u>March 31, 1977</u>	<u>March 31, 1976</u>
FUNDS PROVIDED:		
Saler	\$132,993	\$125,407
Total funds provided	<u>\$132,993</u>	<u>\$125,407</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring outlay of funds)	\$ 55,641	\$ 46,538
Equipment additions	52,945	5,012
Increase in working capital	<u>24,407</u>	<u>73,857</u>
Total funds applied	<u>\$132,993</u>	<u>\$125,407</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL
FOR THE FISCAL YEAR ENDED MARCH 31, 1977,
AND THE 9-MONTH PERIOD ENDED MARCH 31, 1976

	<u>Increase or decrease (-) in working capital</u>	
	<u>March 31, 1977</u>	<u>March 31, 1976</u>
WORKING CAPITAL CHANGES:		
Cash	\$32,132	\$82,644
Accounts receivable	-7,520	-10,947
Inventory of materials and supplies	4,156	1,002
Work in process	1,672	-567
Accounts payable	<u>-6,033</u>	<u>1,725</u>
INCREASE IN WORKING CAPITAL	<u>\$24,407</u>	<u>\$73,857</u>