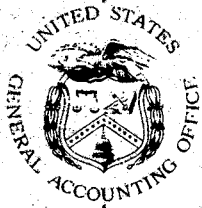


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RELEASED

**Audit Of The Senate Recording
Studio Revolving Fund For
Fiscal Year 1970** B-125079

United States Senate

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

089812

~~915262~~

NOV. 18, 1970



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

B-125079

Dear Mr. Dunphy:

This is our report on an audit of the Senate Recording Studio Revolving Fund for the fiscal year 1970. The audit was made pursuant to your request dated June 12, 1970.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Stacks".

Comptroller General
of the United States

The Honorable Robert G. Dunphy
Sergeant at Arms
United States Senate

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*COMPTROLLER GENERAL'S
REPORT TO THE SERGEANT
AT ARMS, UNITED STATES
SENATE*

AUDIT OF THE SENATE RECORDING STUDIO
REVOLVING FUND, FISCAL YEAR 1970 B-125079

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) made the audit pursuant to a request dated June 12, 1970, by the Sergeant at Arms, United States Senate.

FINDINGS AND CONCLUSIONS

In the opinion of GAO, the accompanying financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practice and financial arrangement described on page 6, present fairly the financial position of the Senate Recording Studio Revolving Fund at June 30, 1970, and the results of its operations and the sources and application of its funds for the year then ended.

CHAPTER 1

INTRODUCTION

The General Accounting Office has made an audit of the SENATE RECORDING STUDIO REVOLVING FUND for the fiscal year ended June 30, 1970. 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 in the circumstances. We also made the accounting entries necessary to close the books and prepared the accompanying financial statements (schedules 1 through 3).

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 is operated by the Sergeant at Arms of the Senate under the direction and control of the Committee on Rules and Administration of the Senate. The Studio makes film and tape recordings for the Vice President and for members and committees of the Senate. The prices or rates to be charged for services are set by the Committee on Rules and Administration.

The Studio operations are financed through a revolving fund and from appropriated funds. All moneys received for recordings and from any other source 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 those for utilities, are paid from appropriated funds. These payments are not recorded in the Studio's accounting records and therefore are not shown on the financial statements included with this report.

CHAPTER 2

FINANCIAL POSITION

A comparative statement of assets and liabilities of the Senate Recording Studio Revolving Fund on June 30, 1970 and 1969, is presented as schedule 1. The following comments relate to items shown on this statement.

CASH (U.S. TREASURY)

The cash balance at June 30, 1970, was \$838,864, a decrease of \$217,714, from the balance at June 30, 1969. The decrease is mainly due to payments for construction of new studio facilities. The cost of these facilities amounted to \$461,629 at June 30, 1970. Final payments for construction and video-tape equipment, to provide additional recording services for the senators, will require additional cash outlays.

ACCOUNTS RECEIVABLE

Accounts receivable amounted to \$43,918 at June 30, 1970, an increase of \$8,637 over the amount outstanding at June 30, 1969. We did not obtain confirmations of receivables; however, our examination showed that of the June 30, 1970, balance, \$25,021 was collected during July.

A comparison of the aging of accounts receivable at June 30, 1970 and 1969, follows.

Days outstanding	<u>June 30, 1970</u>		<u>June 30, 1969</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1 through 59	\$21,012	47.8	\$23,362	66.2
60 " 89	7,198	16.4	4,801	13.7
90 " 119	1,709	3.8	2,695	7.6
120 or more	<u>13,999</u>	<u>32.0</u>	<u>4,423</u>	<u>12.5</u>
Total	<u>\$43,918</u>	<u>100.0</u>	<u>\$35,281</u>	<u>100.0</u>

As of August 31, 1970, all but \$472 had been collected on the accounts outstanding 120 days or more.

EQUIPMENT AND FURNISHINGS

A summary of the equipment and furnishings account for the year follows.

<u>Type of equipment</u>	<u>Balance July 1, 1969</u>	<u>Addi- tions</u>	<u>Dis- posals</u>	<u>Balance June 30, 1970</u>
Motion picture	\$223,515	\$2,003	\$15,415	\$210,103
Radio	33,814	680	961	33,533
Office	<u>937</u>	<u>-</u>	<u>653</u>	<u>284</u>
Total	<u>\$258,266</u>	<u>\$2,683</u>	<u>\$17,029</u>	<u>\$243,920</u>

The additions included two film-loop trees, a color TV receiver, two amplifiers, and several equipment racks for motion picture and radio components. The disposals consisted of equipment that had become obsolete.

CHAPTER 3

OPERATIONS

A comparative statement of revolving fund operations for the fiscal years ended June 30, 1970 and 1969, is presented as schedule 2. The excess of revenue over costs amounted to \$104,360 for fiscal year 1970 compared with \$63,420 for fiscal year 1969. Present sales prices were established for black and white motion pictures in 1956, for color motion pictures in 1959, and for radio recordings in 1970.

CHAPTER 4

OPINION OF FINANCIAL STATEMENTS

The financial statements included with this report were prepared by us from the Studio's accounting records, which are maintained on the accrual basis. Employee salaries and benefits and certain other operating expenses are paid from appropriated funds and are not included in the financial statements of the revolving fund.

In our opinion, the accompanying financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practice and financial arrangement described above, present fairly the financial position of the Senate Recording Studio Revolving Fund at June 30, 1970, and the results of its operations and the sources and application of its funds for the year then ended.

FINANCIAL STATEMENTS

S E N A T E R E C O R D I N G S T U D I O

R E V O L V I N G F U N D

C O M P A R A T I V E S T A T E M E N T O F A S S E T S A N D L I A B I L I T I E S

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A S S E T S

	<u>1970</u>	<u>1969</u>
CURRENT ASSETS:		
Cash (U.S. Treasury)	\$ 838,864	\$1,054,112
Undeposited receipts	<u> -</u>	<u> 2,466</u>
Total	838,864	1,056,578
Accounts receivable	43,918	35,281
Inventory of materials and supplies, at cost	20,364	18,983
Work in process	112	1,568
Prepaid bond premiums	<u> 307</u>	<u> 439</u>
Total current assets	<u>903,565</u>	<u>1,112,849</u>
FIXED ASSETS:		
Equipment and furnishings	243,920	258,266
Less accumulated depreciation	<u>134,149</u>	<u>134,629</u>
	109,771	123,637
Tools and minor equipment	750	750
Advance on new studio facilities	<u>461,629</u>	<u>134,470</u>
Total fixed assets	<u>572,150</u>	<u>258,857</u>
TOTAL ASSETS	<u><u>\$1,475,715</u></u>	<u><u>\$1,371,706</u></u>

LIABILITIES AND CAPITAL

	<u>1970</u>	<u>1969</u>
CURRENT LIABILITIES:		
Accounts payable	\$ <u>11,633</u>	\$ <u>11,861</u>
CAPITAL AND EXCESS OF REVENUE OVER COSTS:		
Contributed capital	183,619	183,619
Standby equipment--donated	<u>50</u>	<u>173</u>
	<u>183,669</u>	<u>183,792</u>
Excess of revenue over costs:		
Balance, prior years	1,176,053	1,112,633
Fiscal year	<u>104,360</u>	<u>63,420</u>
	<u>1,280,413</u>	<u>1,176,053</u>
Total capital and excess of revenue over costs	<u>1,464,082</u>	<u>1,359,845</u>
TOTAL LIABILITIES AND CAPITAL	<u>\$1,475,715</u>	<u>\$1,371,706</u>

SCHEDULE 2

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED JUNE 30, 1970 AND 1969

	<u>Motion picture</u>		<u>Radio</u>		<u>Total</u>	
	<u>1970</u>	<u>1969</u>	<u>1970</u>	<u>1969</u>	<u>1970</u>	<u>1969</u>
REVENUE:						
Sales	\$117,661	\$75,907	\$73,599	\$50,423	\$191,260	\$126,330
Gain on disposition of fixed assets	-	3,000	-	-	-	3,000
Total revenue	<u>117,661</u>	<u>78,907</u>	<u>73,599</u>	<u>50,423</u>	<u>191,260</u>	<u>129,330</u>
COSTS:						
Film and radio materials	50,634	30,921	6,661	3,965	57,295	34,886
Outside processing	9,393	13,648	-	-	9,393	13,648
Maintenance and repairs	321	557	921	78	1,242	635
" supplies	852	1,675	329	643	1,181	2,318
Office supplies and expenses	233	14	213	14	446	28
Insurance	66	66	67	66	133	132
Depreciation of equipment	14,923	12,789	920	1,474	15,843	14,263
Loss on disposition of fixed assets	357	-	227	-	584	-
Loss on disposition of inventory	427	-	356	-	783	-
Total costs (note a)	<u>77,206</u>	<u>59,670</u>	<u>9,694</u>	<u>6,240</u>	<u>86,900</u>	<u>65,910</u>
Excess of revenue over costs (note a)	<u>\$ 40,455</u>	<u>\$19,237</u>	<u>\$63,905</u>	<u>\$44,183</u>	<u>\$104,360</u>	<u>\$ 63,420</u>

^aSalaries of \$190,823 (\$165,345 in fiscal year 1969), employee benefits of \$15,431 (\$11,853 in fiscal year 1969), and certain other operating expenses of the Studio have been provided for by appropriations and are not included as expenses in determining the excess of revenue over costs of the Senate Studio Revolving Fund.

SENATE RECORDING STUDIO

REVOLVING FUND

COMPARATIVE STATEMENT OF

SOURCES AND APPLICATION OF FUNDS

FISCAL YEARS ENDED JUNE 30, 1970 AND 1969

	<u>1970</u>	<u>1969</u>
FUNDS PROVIDED:		
Sales	\$191,260	\$126,330
Decreases in working capital	209,055	97,509
Disposition of equipment	<u>-</u>	<u>3,000</u>
Total funds provided	<u>\$400,315</u>	<u>\$226,839</u>
FUNDS APPLIED:		
Costs (excluding depreciation and other items not requiring cur- rent outlay of funds)	\$ 70,473	\$ 51,583
Equipment additions	2,683	40,786
Advance on new studio facilities	<u>327,159</u>	<u>134,470</u>
Total funds applied	<u>\$400,315</u>	<u>\$226,839</u>

APPENDIX

ROBERT G. DUNPHY
SERGEANT AT ARMS

United States Senate

OFFICE OF THE SERGEANT AT ARMS
WASHINGTON, D.C. 20510

June 12, 1970

The Honorable Elmer B. Staats
Comptroller General of the United States
General Accounting Office
441 G Street, N. W.
Washington, D. C. 20548

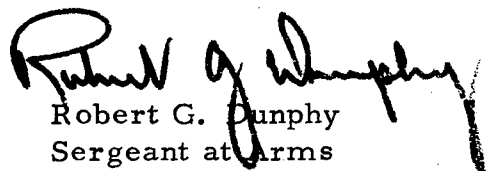
Dear Mr. Staats:

Please arrange to have the annual audit made on the books and accounts of the Senate Recording Studio which is under the jurisdiction of the Sergeant at Arms, United States Senate.

The period to be covered is from July 1, 1969, through June 30, 1970.

Please submit all copies of this report to me.

Sincerely,


Robert G. Dunphy
Sergeant at Arms