



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

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B-199627

JULY 3, 1985

The Honorable Ernest E. Garcia
Sergeant at Arms
United States Senate



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Dear Mr. Garcia:

Subject: Examination of the Senate Barber Shops
Revolving Fund's Financial Statements for
the Years Ended December 31, 1984 and 1983
(GAO/AFMD-85-55)

Pursuant to the preceding Sergeant at Arm's February 22, 1985, request, we have examined the balance sheets of the Senate Barber Shops Revolving Fund as of December 31, 1984 and 1983, and the related statements of operations and undistributed income, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Senate Barber Shops Revolving Fund as of December 31, 1984 and 1983, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and with the financial accounting policies described in the note to the financial statements, applied on a consistent basis.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosures II through V present the Revolving Fund's financial statements and accompanying note for the years ended December 31, 1984 and 1983.

Sincerely yours,

for Henry Eschwege
Comptroller General
of the United States

Enclosures

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REPORT ON INTERNAL ACCOUNTING CONTROLS
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Senate Barber Shops Revolving Fund for the years ended December 31, 1984 and 1983. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our study and evaluation of the system of internal accounting control and our review of compliance with laws and regulations for the year ended December 31, 1984. (Our report on internal accounting controls and compliance with laws and regulations for the year ended December 31, 1983, is presented in GAO/AFMD-85-24, dated February 22, 1985.)

We did not complete a study and evaluation of the Revolving Fund's internal control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Revolving Fund's financial statements. We concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the year ended December 31, 1984.

While we did not complete a study and evaluation of the Revolving Fund's internal control system, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do study and evaluate the internal control system, material weaknesses in the internal control system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system taken as a whole.

As part of our examination, we also tested the Revolving Fund's compliance with applicable laws and regulations. In our opinion, the Senate Barber Shops Revolving Fund complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Revolving Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

SENATE BARBER SHOPS REVOLVING FUND
BALANCE SHEET

	December 31,	
<u>ASSETS</u>	<u>1984</u>	<u>1983</u>
Cash	\$31,196	\$29,124
Petty cash	<u>75</u>	<u>75</u>
Total assets	<u>\$31,271</u>	<u>\$29,199</u>
<u>LIABILITIES AND GOVERNMENT EQUITY</u>		
<u>Liabilities</u>		
Amount due Senate Disbursing Office	\$ <u>75</u>	\$ <u>75</u>
Total liabilities	<u>75</u>	<u>75</u>
<u>Government Equity</u>		
Fund capital pursuant to Public Law 95-26	10,000	10,000
Undistributed income	<u>21,196</u>	<u>19,124</u>
Total government equity	<u>31,196</u>	<u>29,124</u>
Total liabilities and government equity	<u>\$31,271</u>	<u>\$29,199</u>

The accompanying note is an integral part of this statement.

SENATE BARBER SHOPS REVOLVING FUNDSTATEMENT OF OPERATIONS AND UNDISTRIBUTED INCOME

	<u>Years ended December 31,</u>	
	<u>1984</u>	<u>1983</u>
Service revenues	\$93,616	\$83,384
Operating expenses	<u>7,230</u>	<u>6,518</u>
Net income	86,386	76,866
Prior-period undistributed income	<u>19,124</u>	<u>17,831</u>
	105,510	94,697
Transfers to U.S. Treasury	<u>84,314</u>	<u>75,573</u>
Undistributed income	<u>\$21,196</u>	<u>\$19,124</u>

The accompanying note is an integral part of this statement.

SENATE BARBER SHOPS REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Years ended December 31,</u>	
	<u>1984</u>	<u>1983</u>
FUNDS PROVIDED		
Net income	<u>\$86,386</u>	<u>\$76,866</u>
TOTAL FUNDS PROVIDED	<u>86,386</u>	<u>76,866</u>
FUNDS APPLIED		
Amount transferred to U.S. Treasury	<u>84,314</u>	<u>75,573</u>
TOTAL FUNDS APPLIED	<u>84,314</u>	<u>75,573</u>
INCREASE IN CASH	<u>\$ 2,072</u>	<u>\$ 1,293</u>

The accompanying note is an integral part of this statement.

SENATE BARBER SHOPS REVOLVING FUNDNOTE TO FINANCIAL STATEMENTSYEARS ENDED DECEMBER 31, 1984 AND 1983Note 1. Significant Accounting Policies

The Senate Employees Barber Shop Revolving Fund was authorized by the Legislative Branch Appropriations Act of 1977 (Public Law 94-440, approved October 1, 1976).

The Supplemental Appropriations Act of 1977 (Public Law 95-26, approved May 4, 1977), amended the initial legislation to provide for the Revolving Fund to include all Senate barber shops and renamed it the Senate Barber Shops Revolving Fund. This change was effective April 1, 1977. All moneys received by the Senate barber shops are deposited in the Revolving Fund and are available for disbursement by the Secretary of the Senate for the necessary supplies and expenses of the Senate barber shops. Employee salaries and benefits, furnishings, space, utilities, and building repairs and maintenance are paid from appropriated funds and are not charged to the Revolving Fund.

The law provides that on or before December 31 of each year, the Secretary of the Senate shall withdraw from the Revolving Fund and deposit in the Treasury of the United States as miscellaneous receipts all moneys in excess of \$10,000 in the Revolving Fund at September 30. The undistributed income of \$21,196 at December 31, 1984, represents net income earned from October 1 through December 31, 1984.

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