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B-204078

AUGUST 5, 1981

The Honorable Walter B. Jones
Chairman, Committee on Merchant
Marine and Fisheries
House of Representatives



116116

Dear Mr. Chairman:

Subject: Panama Canal Commission Expenditures for Entertainment, Official Residence, and Supervisory Board
(ID-81-57)

In your March 31, 1981, letter (see enc. II) you asked us to audit expenditures made by the Panama Canal Commission during the period October 1, 1979 to March 31, 1981, for

- entertainment;
- operation and maintenance, including staffing, of the official residence provided for the Administrator; and
- expenses of the Supervisory Board established by section 1102 of the Panama Canal Act of 1979.

You stated that the Committee had information that costs related to these three activities are scattered throughout the budget and that limitations contained in the Commission's 1981 Appropriations Act (Public Law 96-400) are applied only to the identified line items and not to related expenses in other parts of the budget. You further stated that your Committee had been unable to obtain a meaningful breakdown of actual expenditures for these activities and, in the case of the residence, the relationship of expenditures to those authorized by regulations issued pursuant to 5 U.S.C. 5913. (See enc. I for objectives, scope, and methodology of review.)

EXPENDITURES FROM APPROPRIATIONS

The following table shows the amounts we identified as having been spent by the Commission from appropriations during the 18-month period.

(487073)

517835

<u>Activity</u>	<u>Expenditures from appropriations</u>	
	<u>October 1, 1979 to September 30, 1980</u>	<u>October 1, 1980 to March 31, 1981</u>
Reception and representation, including entertainment	\$ 30,482	\$ 22,211
Staff, operate and maintain the official residence	\$240,230	\$ 86,362
Supervisory Board expenditures	\$ 30,204	\$ 49,127

Schedules 1, 2, and 3 to this letter contain detailed costs incurred and expenditures from appropriations.

POTENTIAL FOR EXCEEDING
SPENDING LIMITS

We found, as you suggest in your letter, that costs related to the three activities were scattered throughout the budget and that the Commission believed the spending limits applied only to certain budget line items and not to related costs in other parts of the budget. As a result, when we summed related costs, we found that the Commission was near a violation of the Anti-Deficiency Act with regard to its expenditures from appropriations for expenses of official reception and representation, including entertainment.

Specifically, according to our analysis, at March 31, 1981--6 months into fiscal year 1981--the Commission had already spent \$22,211 on reception, representation and entertainment and was faced with a limit of \$25,000 for the full year. The Commission believed it had spent only \$8,262 that was applicable to this spending limit.

The difference between these two positions arises because the Commission, following practices of its predecessor agency, recorded expenditures for entertainment in two separate accounts--Official Reception and Representation and Expenses of the Supervisory Board. The Commission believed that the limit applied only to the amounts reported as Official Reception and Representation and asserts that this was the intent of the Congress.

The Commission's assertion of congressional intent is rooted in the legislative history arising during hearings before the Subcommittee on the Panama Canal, Committee on Merchant Marine and Fisheries. On July 16, 1979, the agency presented its 1980 budget program which included both of the earlier mentioned accounts. The Subcommittee Chairman asked how much entertainment was included in the account for Board expenses. The agency provided a breakdown that clearly showed entertainment expenses were included in this

account. The amounts requested for fiscal year 1980 were authorized and appropriated without spending limitations.

Further, on March 12, 1980, the Commission provided your Committee with a detailed analysis of expenses paid from the Official Reception and Representation account. This analysis showed no Board expenses. The amounts requested for these two accounts were authorized and appropriated for fiscal year 1981. However, the Appropriations Act contained a spending limitation of \$25,000 for Official Reception and Representation (see Public Law 96-400).

The Commission believes then that the Congress is fully aware of its practice of distinguishing between entertainment provided during Supervisory Board sessions and that provided from the Official Reception and Representation account. Further, the Commission asserts that if the Congress believed entertainment were not properly a part of Board expenses, then it had ample opportunity to correct the matter and cites decisions of the Comptroller General in support of its position (35 Comp. Gen. 306, 308; 1955; see also 5 Comp. Gen. 455, 456; 1925).

We have long held that entertainment is not a necessary operating expense and therefore it must be specifically authorized. In this area, the Congress specifically authorized Official Reception and Representation expenses which include entertainment but limited the amount to be spent for these activities from the fiscal year 1981 appropriation to \$25,000. Thus, we believe that any expenditure from appropriations in excess of that amount will constitute a violation of the Anti-Deficiency Act. We have so notified the Commission.

Our finding does not raise any question of impropriety, fraud, or mismanagement on the part of the Commission. We believe the Commission was operating in good faith and the situation found is the result of a misunderstanding on the part of an agency recently brought under the rules and regulations that apply to appropriated fund agencies. The Congress recognized the difficulty of this transition in the Panama Canal Act of 1979 and precluded a finding of Anti-Deficiency Act violations during the Commission's first year of operation as an appropriated fund agency--October 1, 1979 to September 30, 1980.

CHANGES IN ACCOUNTING FOR COST OF THE OFFICIAL RESIDENCE

The Commission initially followed the policies and practices of its predecessor in accounting for the costs to staff, operate and maintain the official residence. However, some of these policies and practices were later modified resulting in a reduction of the costs charged for this activity without a corresponding reduction in total Commission costs.

We do not agree with the Commission's rationale for making the changes. Therefore, the amounts we identify for staffing, maintaining and operating the residence are greater than those recorded in Commission records for these activities at March 31, 1981.

From October 1, 1979 to early 1980, the Commission followed the policies of its predecessor organization in accounting for costs to maintain and operate the official residence provided for the Administrator. Under these policies:

- The staffing of the residence was not accumulated as a maintenance and operating cost. Household staff (i.e., cook, butler, and maids) were recorded as costs attributable to the Office of the Administrator; gardeners were charged to Grounds Maintenance; and guards were charged to Canal Protection.
- Electrical power consumption was charged to the residence at the rate for Commission-owned buildings, but water, sewerage, and garbage collection costs were not charged against the residence account.
- Overhead was being charged against the residence by Community Services Division. Other divisions charged overhead on a job order basis at the employee housing rate (i.e., electrical maintenance, etc.).
- Services performed by Commission divisions were generally identified to, and charged against the residence. (There were some minor administrative errors and operational problems.)

In early 1980, the Administrator caused these policies to be reexamined. As a result of this reexamination changes such as the following were made:

- One-half of the electrical power consumed by grounds lighting was reversed out of the account and charged to public facility lighting on the basis that the benefit from security lighting accrued to other than the official residence.
- A sidewalk built in the residence garden was reversed out of the accounts and charged to roads and parking areas on the basis that it was a general improvement to the grounds.
- Remodeling and refurbishing of furniture was reversed out of the account and charged to extraordinary repairs and maintenance to housing.

--The billing rate for electrical power use was changed from the rate for Commission-owned buildings to the lower employee housing rate on the basis that even though it is a Commission-owned building, it was a residence.

--Overhead, from Community Services Division, was reversed out and absorbed by other Commission buildings on the basis that charging the residence for these costs was an administrative decision that occurred in 1979.

The effect of these changes was to reduce Operation and Maintenance costs charged to the residence from October 1, 1979, to date of change by about \$16,900. The annual effect of these changes cannot be fully quantified. Costs for 1981 Operation and Maintenance were accumulated under the changed policies.

We disagree with the decision to treat the residence as other than Commission-owned property. For example, employee rates are for charges to be paid by employees. None of the charges for the official residence are paid by its occupant, rather they are paid by the Commission from appropriated funds. Additionally, none of the changes reduced total Commission costs, these costs were simply recorded elsewhere. For these reasons, we have reported costs for the residence at rates payable for Commissionowned buildings and reidentified other reversals with Operation and Maintenance of the residence.

ADDITIONAL SUPERVISORY
BOARD EXPENSES

Entertainment expenses considered expenses of the Supervisory Board were added to the Official Reception and Representation Expenses during our analysis to determine whether spending limits were exceeded. Even though this reduced expenses the Commission attributed to the Supervisory Board, we identified other expenses we believe properly attributable to this activity. Some of these-- travel of Commission personnel in support of Board functions-- have been quantified and others--salary of personnel who attend and support Board functions--have not.

The Commission believes it inappropriate to include these additional expenditures and advances an argument similar to that used in commenting on our analysis of expenditures for reception and representation. That is, the Commission believes its presentations to the Congress clearly show such expenses are not included in the Commission definition of Supervisory Board expenses.

Additionally, the Commission points out that our definition causes no financial hardship because there is no spending limit

on these expenses this year. However, it could have serious impact in fiscal year 1982 because the Committee is considering imposing a spending limit. The budget data furnished to the Committee for consideration does not include travel and salary for Commission personnel.

APPLICABILITY OF 5 U.S.C. 5913 ON
MAINTENANCE OF OFFICIAL RESIDENCES
IN FOREIGN AREAS

In the last paragraph of your request, you raised a question concerning the relationship of the expenditures for the residence of the Administrator to those authorized by the regulations issued pursuant to 5 U.S.C. 5913. This section of the U.S. Code concerns an overseas allowance to defray the unusual expenses incident to the operation and maintenance of official residences in foreign areas.

We have held (B-199251, Nov. 18, 1980, 60 Comp. Gen. _____) that:

"Under the Panama Canal Treaty effective October 1, 1979, the Republic of Panama regained full sovereignty over the Canal Zone. Section 3(b) of the implementing legislation, the Panama Canal Act of 1979, Public Law 96-70, September 27, 1979, 93 Stat. 459, provides in part that:

"* * * for purposes of applying the Canal Zone Code or other laws of the United States and regulations issued pursuant to such code or other laws to transactions, occurrences, or status on or after the effective date of this Act:

"(1) 'Canal Zone' shall be deemed to refer to the areas and installations in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements.

"The effect of Section 3(b) is to redefine the term 'Canal Zone' insofar as laws of the United States which refer to the Canal Zone apply to events occurring after the effective date of the Panama Canal Treaty.

"See H. Rep. No. 96-98, Part 1, p. 41. Accordingly, that area formerly known as the Canal Zone which has now been redefined as the areas and installations in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements, continues to be outside the definition of 'foreign area' for purposes of overseas differentials and allowances."

As such, the authority for expenditures of funds for operation and maintenance of the residence of the Administrator, located in the former "Canal Zone," does not fall under the aforementioned regulations. However, the Commission's 1981 Appropriations Act (Public Law 96-400) did authorize a \$60,000 limitation on expenditures for operation and maintenance of the residence.

CONCLUSIONS

We recognize that the Commission's predecessor was a government corporation and that making the transition from corporation to appropriated fund agency is complex and difficult. We recognize also, that all the expenses of the Commission are ultimately funded from tolls collected for use of the Panama Canal rather than from funds provided by U.S. taxpayers. Nonetheless, the Commission is an appropriated fund agency and subject to all the rules and regulations that apply to such agencies.

We believe the Commission is close to a violation of the Anti-Deficiency Act with respect to the spending limit for reception and representation and have so notified the Commission. We believe the situation we found is related to the difficulty of making the transition from a corporate form to an appropriated fund agency. We found no evidence of intent to circumvent the spending limits.

Additionally, we believe that changes made in accounting for the costs of the residence were not adequately disclosed. We also disagree with the rationale for certain of these changes as was discussed earlier.

Lastly, we believe that in assessing performance against the spending limits, the Commission needs to consider all expenditures for related activities rather than specific budget line items or how and where expenditures are recorded. We can appreciate how the Commission arrived at its conclusion but the weight of past decisions suggests that spending limits apply to the purposes of expenditures, not how the expenditures are budgeted or recorded.

MATTERS FOR CONSIDERATION BY THE COMMITTEE

In light of our findings, and the fact that the Commission believed that spending limits were applicable to specific budget line items rather than the total expenditures for all related activities regardless of how they are recorded in books of account, the Committee may wish to request specific detailed analyses from the Commission for these costs. It may well be that analyses constructed on the total expenditure basis of all related activities will disclose a need to adjust spending limits proposed for fiscal year 1982.

AGENCY COMMENTS

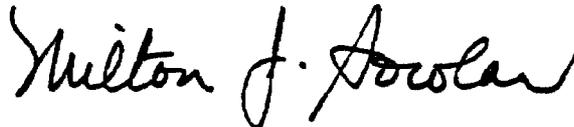
Because of the controversy raised by our findings, we have discussed these matters extensively with Commission officials. We have incorporated their comments where appropriate and have also appended their formal response. (See enc. III.)

The Commission continues to disagree with our decision to reclassify amounts charged as Board expenses to reception and representation. Nonetheless, the Administrator has imposed a moratorium on such expenses effective June 19, 1981, to remain in effect for the remainder of the fiscal year. Additionally, the Commission has agreed to provide the analyses to assess the effect on future operations of the positions we have taken in this report.

* * * * *

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of the report until 10 days from the date of the report. At that time we will send a copy to the Administrator, Panama Canal Commission, and other interested parties.

Sincerely yours,



Acting Comptroller General
of the United States

Enclosures - 6

C o n t e n t s

ENCLOSURE

Page

I	Objectives, scope, and methodology	1
II	Chairman's March 31, 1981, request	3
III	Agency comments	4

SCHEDULE

1	Cost for reception and representation, including entertainment, 1981 spending limit -- \$25,000	7
2	Costs to staff, maintain and operate the official residence of the Administrator, 1981 spending limit -- \$60,000	8
3	Cost to establish, maintain and support the Supervisory Board	9

OBJECTIVES, SCOPE, AND METHODOLOGY

The March 31, 1981, request from the Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, raised three issues:

- What amounts have been expended by the Commission for entertainment; operation and maintenance, including staffing, of the official residence provided for the Administrator; and expenses of the Supervisory Board established by section 1102 of the Panama Canal Act of 1979.
- Which of these amounts is to be considered in determining compliance with the spending limitations contained in the Commission 1981 Appropriations (Public Law 96-400).
- Is the official residence provided for the Administrator subject to the provisions of 5 U.S.C. 5913 and how are the expenditures for the residence related to expenditures authorized by regulations issued pursuant to this act.

The method we selected to address these issues began with an effort to identify all costs recorded in the Commission's books and records that we believed were related to the three activities. The information we developed represents our effort to identify the Commission's full cost for these activities and included such costs as unfunded costs (e.g., depreciation of the official residence), reductions in revenue (e.g., reductions in rental receipts to recognize representation responsibilities of certain Commission officials), and allocations of overhead. This step also required assertion of definitions and reclassification of cost on our part with which the Commission does not necessarily agree. (See enc. III.)

The next step was to distinguish between costs incurred and amounts expended from appropriated funds. This step eliminated items such as unfunded costs and reductions in revenue.

The third step was to determine which of the amounts expended from appropriations should be considered in determining compliance with spending limitations. This step entailed both audit and legal considerations. The disagreements raised in step one were intensified in this third step.

The fourth step was to determine the applicability of 5 U.S.C. 5913 to the expenditures for the official residence.

The scope of our work in pursuing the above methodology included:

- Interviewing Commission officials responsible for authorizing, incurring, recording and reporting costs.
- Examining Commission books, records and other documents made available by those we interviewed.
- Testing other Commission records and accounts to determine whether they contained costs related to the three activities.
- Touring the official residence.
- Researching legal questions raised during the course of this assignment.

During our work we did not attempt to evaluate the justification for expenditures made by the Commission for the three activities. Our sole purpose was to identify amounts expended and compare these amounts to spending limitations.

NINETY-SEVENTH CONGRESS

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U.S. House of Representatives
 Committee on
 Merchant Marine and Fisheries
 Room 1334, Longworth House Office Building
 Washington, D.C. 20515

March 31, 1981

The Honorable Milton J. Socolar
 Acting Comptroller General
 441 G Street, N.W.
 Washington, D.C. 20548

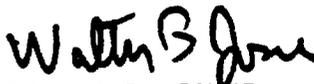
Dear Mr. Socolar:

In the performance of the oversight functions of the Committee on Merchant Marine and Fisheries and in the Committee's consideration of H.R. 2596, questions have arisen in regard to expenditures by the Panama Canal Commission in fiscal years 1980 and 1981 for entertainment, operation and maintenance, including staffing, of the official residence provided for the Administrator, and expenses of the supervisory Board established by section 1102 of the Panama Canal Act of 1979.

The justifications furnished in support of the budget estimates show the total amounts expended in 1980 and estimated for 1981 and 1982 for these activities, but other information furnished to the Committee indicates that costs related to these objects are scattered through the budget and that limitations continued in the 1981 Appropriation (P.L. 96-400) apply only to the identified line items and not to related expenses in other parts of the budget.

In any event the Committee has been unable to obtain a meaningful breakdown of actual expenditures for these objects of the appropriation or, in the case of the residence, the relationship of the expenditures to those authorized by the regulations issued pursuant to 5 U.S.C. 5913. Accordingly, it is requested that you audit the expenditures actually made for these specific purposes in FY 1980 and so far in FY 1981, and advise the Committee of your findings and recommendations at the earliest practicable date.

Sincerely,



WALTER B. JONES
 Chairman

PANAMA CANAL COMMISSION
OFFICE OF THE ADMINISTRATOR

APO MIAMI 34011

BALBOA, REPUBLIC OF PANAMA

JUN 26 1981

Mr. John P. Competello
Director, Latin America Branch
United States General Accounting Office
c/o American Embassy
Box E
Albrook, Republic of Panama

Dear Mr. Competello:

We have reviewed the proposed GAO report concerning Commission expenses for entertainment, the Administrator's residence and the supervisory Board addressed to the Chairman, Committee on Merchant Marine and Fisheries. In addition to the written comments which follow, more detailed comments were provided to representatives of your office at a meeting on June 15, 1981, and were considered by them in preparing the draft report.

Based on GAO's proposed reclassification of entertainment expenses for FY 1981, the conclusion is drawn that the Congressional limitation on official reception and representation expenses was about reached in mid-year. We disagree with the conclusion. The draft report contains the Commission's position that the legislative history cited therein clearly shows that the \$25,000 limitation on official reception and representation expenses was based on an estimate provided by the Commission of specific expenses to be paid with official reception and representation funds. No Board expenses were included. Also contained in the report is our view that in the FY 1980 authorization hearings, the agency specifically identified certain entertainment expenses as being included in the Board's expenses, and therefore, additional funds not subject to the limitation were, in fact, appropriated for entertainment expenses of the Board. The draft report, relying on a long-standing Comptroller General rule that funds for entertainment must be specifically authorized, concludes that the Commission is "dangerously near" an Anti-deficiency Act violation with respect to such expenses. Although we recognize that that is the general rule, we believe that where the legislative history demonstrates the intent of Congress to appropriate certain funds for entertainment purposes, the requirement for specific language is obviated. The two Comptroller General decisions cited in the applicable section of the draft report support that view.

While it is thus apparent that we are in disagreement concerning the applicability of the \$25,000 limitation, I wish to inform you that, as a precautionary measure, I ordered an immediate moratorium on the expenditure by the Commission of appropriated funds for entertainment purposes on June 19, to remain in effect for the duration of the current fiscal year.

JUN 26 1981

Mr. John P. Competello

With respect to the analysis of costs to maintain, operate, and staff the official residence of the Administrator, it should be noted that certain costs for security lighting and services are not related to costs of the residence. The lighting system provides security for the residence and the public area surrounding the residence. The portion considered applicable to the public area--one half of that security lighting--was therefore excluded from the residence and charged to public lighting. The costs of security services are not allocated to the residence because such services are essentially provided to the Administrator, not to the residence. Further, it has been a long-standing practice that security services and police and fire services are not allocated to the individual Commission activities.

In addition to the points raised above, we disagree with the proposed treatment of travel costs for Commission employees who travel to and from Board meetings as a cost chargeable to the Board's account. It is inappropriate to charge certain costs against the Board, such as employee travel and per diem, while excluding other costs incurred in support of Board functions, such as salaries, supplies, etc. To attempt to account for all Board-related costs is also impractical. For example, it would require breaking out those portions of employees' salaries attributable to time spent in preparation for and participation in Board functions, charging those amounts to the Board and deducting corresponding amounts from operating units' expenses. Such accounting purification would add an unjustified administrative burden without any tangible return. Budget estimates for Board costs have traditionally and logically been reported as those costs incurred directly by and for the Board members only.

It must again be emphasized that GAO's treatment of costs could have a serious impact on the functioning of the Board in FY 1982, since the House Merchant Marine and Fisheries Committee is considering placing a spending limitation on Board expenses. The budget estimate furnished that Committee for Board expenses in FY 1982 does not include travel and salary for Commission personnel.

We also disagree with GAO's conclusion that the Commission needs to consider all related expenditures rather than the specific budget line items in assessing performance against spending limits. The Commission's method of accounting for costs coincides with the presentation of the Commission's budget to Congress. For FY 1981, the Committee on Merchant Marine and Fisheries set certain spending limits on budget items detailed in the Commission's budget. The legislative history of those limitations clearly indicates that, with the exception of three items, none of which is of concern here, the limitation set by the Committee was the amount contained in the budget estimate. As such, accounting treatment of costs as submitted in the budget should prevail. The Commission should not be allowed nor required to deviate from that treatment.

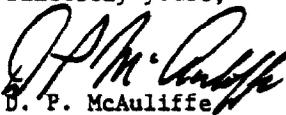
JUN 26 1981

Mr. John P. Competello

I am pleased to note the observation made in the report that no question of propriety, fraud or mismanagement on the part of the Commission has been raised. We have been operating in good faith, as the report brings out, and generally following long-standing practices in accounting for funding and expenditures that were familiar to the oversight committees of the Congress. This report will require clarification of the intent of the Congress with respect to accounts in question. The Commission would be prepared to provide the additional analyses suggested by the report to assist this clarification.

The above comments reflect some major concerns with the proposed GAO report. I wish to thank you and the audit team for meeting with us on June 15 to discuss your preliminary findings, and for giving consideration to, and including in the draft report, our views on these matters. I trust that the comments contained herein will be forwarded with your final report.

Sincerely yours,


D. P. McAuliffe
Administrator

COST FOR RECEPTION AND REPRESENTATION
INCLUDING ENTERTAINMENT

1981 SPENDING LIMIT -- \$25,000 (note a)

<u>ITEM</u>	<u>FULL COSTS</u>	<u>EXPENDITURES OF APPROPRIATIONS</u>	<u>APPLICABLE TO SPENDING LIMIT</u>
<u>Fiscal year 1980</u>			
Luncheon and dinner expenses	\$23,052	\$23,052	
Open houses	458	458	
Gifts, donations, and floral arrangements	974	974	
Special occasions	2,160	2,160	
Rental reductions, purchases and services for residence (note b)	<u>5,526</u>	<u>3,838</u>	
Total	<u>\$32,170</u>	<u>\$30,482</u>	
<u>Fiscal year 1981 (first 6 months)</u>			
Luncheon and dinner expenses	\$20,265	\$20,265	\$20,265
Open houses	87	87	87
Gifts, donations, and floral arrangements	872	872	872
Special occasions	38	38	38
Rental reductions, purchases and services for residence (note b)	<u>1,801</u>	<u>949</u>	<u>949</u>
Total	<u>\$23,063</u>	<u>\$22,211</u>	<u>\$22,211</u>

COST TO STAFF, MAINTAIN AND OPERATETHE OFFICIAL RESIDENCE OF THE ADMINISTRATOR1981 SPENDING LIMIT -- \$60,000 (note a)

<u>ITEM</u>	<u>FULL COSTS</u>	<u>EXPENDITURES OF APPROPRIATIONS</u>	<u>APPLICABLE TO SPENDING LIMIT</u>
<u>Fiscal year 1980</u>			
Staff (note c)	\$106,329	\$101,631	
Depreciation (note d)	8,613	-	
Utilities (notes e and f)	28,829	28,829	
Contract Services	12,782	12,782	
Commission Services (note f)	80,349	80,349	
Outside Purchases (note g)	<u>16,639</u>	<u>16,639</u>	
Total	<u>\$253,541</u>	<u>\$240,230</u>	
<u>Fiscal year 1981 (first 6 months)</u>			
Staff (note c)	\$57,379	\$54,796	\$ -
Depreciation (note d)	4,667	-	-
Utilities (notes e and f)	14,768	14,768	14,768
Contract Services	895	895	895
Commission Services (notes h and f)	13,983	13,983	13,983
Outside Purchases	<u>1,920</u>	<u>1,920</u>	<u>1,920</u>
Total	<u>\$93,612</u>	<u>\$86,362</u>	<u>\$31,566</u>

COST TO ESTABLISH, MAINTAIN
AND SUPPORT THE SUPERVISORY BOARD (note a)

<u>ITEM</u>	<u>FULL COSTS</u>	<u>EXPENDITURES OF APPROPRIATIONS</u>
<u>Fiscal year 1980</u>		
Commission Services (note f)	\$20,052	\$20,052
Work Meals (note i)	184	184
Travel (note j)	8,102	8,102
Other	<u>1,866</u>	<u>1,866</u>
Total	<u>\$30,204</u>	<u>\$30,204</u>
<u>Fiscal year 1981 (first 6 months)</u>		
Commission Services (note f)	\$12,780	\$12,780
Working Meals (note i)	2,472	2,472
Travel (note j)	19,636	19,636
Facility rental	7,684	7,684
Translation and secretarial	6,236	6,236
Other	<u>319</u>	<u>319</u>
Total	<u>\$49,127</u>	<u>\$49,127</u>

FOOTNOTES TO SCHEDULES

- a/There were no spending limits for fiscal year 1980 and none for expenses of the Supervisory Board during fiscal year 1981.
- b/The reduction in rents to recognize representation duties for certain Commission officials does not represent an expenditure from appropriations but a reduction in revenues.
- c/The amount under the full cost column for staffing includes unfunded accrued leave costs, which does not represent an expenditure of appropriations; and cost of the Household staff charged to the Office of Administrator; Gardners charged to Grounds Maintenance; and Guards charged to Canal Protection. Additionally, staffing costs are not considered in determining compliance with \$60,000 limitation in Public Law 96-400.
- d/Depreciation is an unfunded cost that is not an expenditure of appropriations.
- e/Includes an adjustment to reflect electrical power usage at the rate for Commission-owned buildings. These amounts do not include costs for sewerage and garbage disposal, but do include the cost for water.
- f/The amounts shown for Commission Services and Utilities include distribution of overhead. These overhead charges includes some non-funded costs such as depreciation and accrued leave. The amount of these unfunded costs while not quantified are estimated to be less than 10 percent. Additionally, Commission Services include maintenance costs, i.e., general, electrical, refrigeration, that had been reclassified, but were initially charged to the residence.
- g/Includes the cost of refurbishing items such as silver and china charged to Treaty-related costs.
- h/Because of policy changes in fiscal year 1980 (see letter, p. 4) some Commission services rendered in fiscal year 1981 could not be identified to the official residence.
- i/Includes the costs of meals and refreshments served in an office environment.
- j/Includes the cost of travel by Commission employees in support of board functions.