



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

126250

30473

B-114862

FEBRUARY 15, 1985

The Honorable Benjamin J. Guthrie  
Clerk of the House of Representatives

Dear Mr. Guthrie:

Subject: Examination of the House of Representatives  
Stationery Revolving Fund's Financial State-  
ments for the Years Ended June 30, 1984 and  
1983 (GAO/AFMD-85-30)

Pursuant to your May 10, 1984 request, we have examined the balance sheets of the House of Representatives Stationery Revolving Fund as of June 30, 1984 and 1983, and the related statements of operations 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 House of Representatives Stationery Revolving Fund as of June 30, 1984 and 1983, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements. These principles and policies were consistently applied during the period except for the change, with which we concur, in the method of computing depreciation as described in note 1 to the financial statements.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosures II through V present the fund's financial statements and accompanying notes for the years ended June 30, 1984 and 1983.

We are sending a copy of this report to the Chairman of the Committee on House Administration.

*for Henry Eschwege*  
Comptroller General  
of the United States



126250

Enclosures

031261

(916743)

REPORT ON INTERNAL ACCOUNTING CONTROLS  
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the House of Representatives Stationery Revolving Fund for the years ended June 30, 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 controls, and our review of compliance with laws and regulations for the year ended June 30, 1984.

As part of our examination, we made a study and evaluation of the revolving fund's system of internal accounting controls to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the revolving fund's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting controls taken as a whole or on any of the categories of controls identified below.

For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- receipts,
- disbursements,
- equipment,
- inventory, and
- receivables.

Our study included all of the control categories listed above.

The management of the House of Representatives Stationery Revolving Fund is responsible for establishing and maintaining a system of internal accounting controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements.

Because of inherent limitations in any system of internal accounting controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting controls of the revolving fund taken as a whole or on any of the categories of controls identified in the third paragraph. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

As part of our examination we also tested the revolving fund's compliance with applicable laws and regulations. In our opinion, the 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.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
BALANCE SHEET

<u>ASSETS</u>	<u>June 30,</u>	
	<u>1984</u>	<u>1983</u>
<b>CURRENT ASSETS</b>		
Cash in U.S. Treasury	\$1,666,382	\$1,119,542
Petty cash	1,200	1,200
Accounts receivable	43,497	47,585
Merchandise inventory	<u>1,305,205</u>	<u>1,433,538</u>
Total current assets	<u>3,016,284</u>	<u>2,601,865</u>
<b>FIXED ASSETS</b>		
Equipment (note 2)	174,193	174,353
Less accumulated depreciation	<u>97,671</u>	<u>68,854</u>
Total fixed assets	<u>76,522</u>	<u>105,499</u>
<b>TOTAL ASSETS</b>	<u>\$3,092,806</u>	<u>\$2,707,364</u>
 <u>LIABILITIES AND GOVERNMENT EQUITY</u>		
<b>LIABILITIES</b>		
Accounts payable	\$ 389,672	\$ 162,771
Deferred income	<u>57,150</u>	<u>54,100</u>
Total liabilities	<u>446,822</u>	<u>216,871</u>
<b>GOVERNMENT EQUITY</b>		
Contributed capital	1,600,000	1,600,000
Fund balance		
Balance at beginning of year	890,493	728,154
Net income	155,491	162,339
Balance at end of year	<u>1,045,984</u>	<u>890,493</u>
Total government equity	<u>2,645,984</u>	<u>2,490,493</u>
<b>TOTAL LIABILITIES AND GOVERNMENT EQUITY</b>	<u>\$3,092,806</u>	<u>\$2,707,364</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
STATEMENT OF OPERATIONS

	<u>Years ended June 30,</u>	
	<u>1984</u>	<u>1983</u>
REVENUE		
Sales	\$6,541,061	\$5,704,157
Service charges	<u>124,930</u>	<u>115,999</u>
Total revenue	<u>6,665,991</u>	<u>5,820,156</u>
OPERATING EXPENSES		
Cost of sales	6,481,523	5,609,779
Depreciation expense	<u>28,977</u>	<u>29,032</u>
Total operating expenses	<u>6,510,500</u>	<u>5,638,811</u>
NET INCOME FROM OPERATIONS	<u>155,491</u>	<u>181,345</u>
Net value of equipment transferred to Bureau of Prisons (note 4)	<u>-</u>	<u>19,006</u>
NET INCOME	\$ <u>155,491</u>	\$ <u>162,339</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Years ended June 30,</u>	
	<u>1984</u>	<u>1983</u>
<b>FUNDS PROVIDED</b>		
Net income from operations	\$155,491	\$181,345
Provision for depreciation	<u>28,977</u>	<u>29,032</u>
Cash from operations	184,468	210,377
Decrease in accounts receivable	4,088	-
Decrease in merchandise inventory	128,333	-
Increase in accounts payable	226,901	-
Increase in deferred income	<u>3,050</u>	<u>1,398</u>
Total funds provided	<u>546,840</u>	<u>211,775</u>
<b>FUNDS APPLIED</b>		
Increase in accounts receivable	-	1,827
Increase in merchandise inventory	-	193,215
Decrease in accounts payable	-	46,818
Purchase of equipment	<u>-</u>	<u>8,157</u>
Total funds applied	<u>-</u>	<u>250,017</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>\$546,840</u>	<u>\$(38,242)</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES  
STATIONERY REVOLVING FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1984 AND 1983

**Note 1. Significant Accounting Policies**

The House of Representatives Stationery Revolving Fund, established July 17, 1947 (2 U.S.C. 46b-1), is administered by the Office Supply Service under the jurisdiction of the Clerk of the House of Representatives and is subject to the rules and regulations of the Committee on House Administration. The Office Supply Service furnishes House members, committees, departments, and officers with stationery and supplies at cost (exclusive of salaries and other operating expenses incurred in operating the revolving fund).

Office Supply Service operations are financed from the House of Representatives Stationery Revolving Fund and appropriations to the Clerk of the House and the Architect of the Capitol. All receipts from operations are deposited into the revolving fund and are available for operations. Employees' salaries and benefits and certain other benefits and services such as space, building repairs, maintenance, and utilities are paid from appropriated funds and are not charged to the revolving fund.

Inventories are stated at cost using average method of valuation.

Equipment purchased prior to fiscal year 1982 is depreciated over a 10-year life using the straight-line method with no salvage value. Equipment purchased in fiscal year 1982 and later years is depreciated over a 5-year life using the straight-line method with no salvage value.

A 10-percent service charge is added to all non-official sales which consist primarily of sales to staff. Members' purchases of office supplies are funded through the allowances and expenses appropriation. The Stationery Revolving Fund is reimbursed monthly through transfers from the allowances and expenses appropriation for the members' net monthly transactions.

Accounts receivable include amounts owed to the Office Supply Service at year end by committees, departments, and officers of the House, and the value of merchandise returned to vendors for credit, replacement, or repairs.

Deferred income represents amounts to be recognized as revenue in subsequent periods when prepaid special order merchandise is delivered to members.