

GAO

Report to the Committee on Rules and
Administration, U.S. Senate, and the
Architect of the Capitol

March 2006

FINANCIAL AUDIT

Senate Restaurants Revolving Fund for Fiscal Years 2005 and 2004



G A O

Accountability ★ Integrity ★ Reliability

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United States Government Accountability Office
Washington, D.C. 20548

March 31, 2006

The Honorable Trent Lott
Chairman
The Honorable Christopher J. Dodd
Ranking Minority Member
Committee on Rules and Administration
United States Senate

The Honorable Alan M. Hantman
Architect of the Capitol

As requested, we provided for audits of the financial statements of the U.S. Senate Restaurants Revolving Fund (the Fund) for the fiscal years ended September 30, 2005 and 2004, by contracting with the independent public accounting firm of Clifton Gunderson LLP. The contract required that the audit be conducted in accordance with U.S. generally accepted government auditing standards and the joint GAO/President's Council on Integrity and Efficiency (PCIE)¹ *Financial Audit Manual*.

In its audit of the Fund, Clifton Gunderson LLP found the following:

- The financial statements were presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.
- The Fund maintained effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations.
- There was no reportable noncompliance with selected provisions of laws and regulations it tested.

Although Clifton Gunderson LLP found that the Fund maintained effective internal control, it did identify certain matters involving the Fund's control environment that while not significant enough to be considered reportable

¹PCIE is an interagency council that is charged with promoting integrity and effectiveness in federal programs and primarily consists of the presidentially appointed inspectors general (IG) under the IG Act, as amended.

conditions,² deserve management attention. Clifton Gunderson LLP is reporting these matters along with its recommendations for improvement to management in a separate letter.

As disclosed in Clifton Gunderson LLP's report and in more detail in the notes to the Fund's financial statements, the operation of the Senate Restaurants is economically dependent on financial and other support provided through the Architect of the Capitol (the Architect) and by the U.S. Senate. The financial statements present the financial position and the results of activities financed through the Fund and are not intended to present the financial position and results of operations of the Senate Restaurants as a whole.

- The Fund's financial statements for fiscal years 2005 and 2004 include direct financial support received from the Architect and the Senate totaling \$850,000 and \$1,100,000, respectively, from transferred appropriations.
- The Fund's financial statements for fiscal years 2005 and 2004 do not include other support that benefits the operation of the restaurants. Specifically, the Architect provided approximately \$161,183 and \$217,407 in fiscal years 2005 and 2004, respectively, for the purchase and maintenance of restaurant-related capital items, which remain the property of the Architect, and professional fees. In addition, during fiscal years 2005 and 2004, the Architect and the Government Printing Office provided the Fund with support services, the value of which cannot be readily determined.

As disclosed in Clifton Gunderson LLP's report and note 1 to the Fund's financial statements, losses from operations totaled \$680,965 and \$1,058,543 in fiscal years 2005 and 2004, respectively. If losses from operations continue, the Fund will continue to require future support to maintain operations.

In connection with the audit of the Fund's financial statements performed by Clifton Gunderson LLP, we reviewed its report and related audit

²Reportable conditions are matters coming to the auditor's attention that in the auditor's judgment should be communicated because they represent significant deficiencies in the design or operation of internal control, which could adversely affect the entity's ability to meet the internal control objectives described in the report.

documentation and, as necessary, met with Clifton Gunderson LLP representatives and the Fund's management. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on the Fund's financial statements and about the effectiveness of its internal control or conclude on its compliance with laws and regulations. Clifton Gunderson LLP is responsible for the accompanying auditor's report and for the conclusions expressed in the report. However, our review disclosed no instances in which Clifton Gunderson LLP did not comply, in all material respects, with U.S. generally accepted government auditing standards and the joint GAO/PCIE *Financial Audit Manual*.

This report is a matter of public record and is intended for the use of the U.S. Senate, the Architect, the management of the Senate Restaurants, and other interested parties. We are sending copies of this report to the Chairman and Ranking Minority Member, Subcommittee on Legislative Branch, Senate Committee on Appropriations, and the Majority Leader and Minority Leader of the Senate. Copies of this report will be made available to others upon request. This report is also available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-3406 or sebastians@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Contributors to this report were Julie T. Phillips, Assistant Director, and Kwabena Ansong.



Steven J. Sebastian
Director
Financial Management and Assurance

Report on Audit of the U.S. Senate Restaurants Revolving Fund

Independent Auditor's Report



Independent Auditor's Report

Comptroller General
United States Government Accountability Office

In our audits of the United States Senate Restaurants Revolving Fund (the Fund) for fiscal years 2005 and 2004, we found

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- the Fund had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations as of September 30, 2005; and
- no reportable noncompliance in fiscal year 2005 with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions and (2) the scope of our audits.

Opinion on Financial Statements

The financial statements, including the accompanying notes, present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the financial position of the Fund as of September 30, 2005 and 2004, and the results of its operations and cash flows for the fiscal years then ended.

As discussed in note 1, the financial statements present the financial position and the results of operations of the Fund and are not intended to present the financial position and results of operations of the Senate Restaurants as a whole. Amounts for capital expenditures and related repairs and maintenance purchased by the Architect of the Capitol (the Architect) for the benefit of the Fund are not reflected in the Fund's financial statements. Also, the financial statements do not include such costs as space and utilities, which are not readily identifiable.

As discussed in Note 1, the operations of the Fund are economically dependent on direct support provided through the Architect and by the United States Senate. In fiscal years 2005 and 2004, the Fund received \$850,000 and \$1,100,000, respectively, in direct financial support to cover losses from operations, which totaled \$680,965 and \$1,058,543, respectively, during the same period. If losses from operations continue, the Fund will continue to require financial support to maintain operations.

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Opinion on Internal Control

The Fund maintained, in all material respects, effective internal control over financial reporting (including safeguarding assets) and compliance as of September 30, 2005, that provided reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements would be prevented or detected on a timely basis. Our opinion is based on criteria established by the U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*.

We found certain matters involving the control environment that we do not consider reportable conditions.¹ We are communicating these matters to the Fund's management, along with our recommendations for improvement, in a separate letter.

Compliance with Laws and Regulations

Our tests for compliance in fiscal year 2005 with selected provisions of laws and regulations disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Objectives, Scope, and Methodology

The Fund's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that control objectives are met; and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, and (2) management maintained effective internal control as of September 30, 2005, the objectives of which are the following:

- Financial reporting: Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- Compliance with applicable laws and regulations: Transactions are executed in accordance with laws governing the use of budget authority and with other laws and regulations that could have a direct and material effect on the financial statements.

¹ Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Appendix I
Report on Audit of the U.S. Senate
Restaurants Revolving Fund

We are also responsible for testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements.

In order to fulfill these responsibilities, we (1) examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; (2) assessed the accounting principles used and significant estimates made by management; (3) evaluated the overall presentation of the financial statements; (4) obtained an understanding of internal control related to financial reporting (including safeguarding assets) and compliance with laws and regulations (including execution of transactions in accordance with budget authority); (5) tested relevant internal control over financial reporting (including safeguarding assets) and compliance, and evaluated the design and operating effectiveness of internal control for the fiscal year ended September 30, 2005; and (6) tested compliance in fiscal year 2005 with selected provisions of 2 U.S.C. 2042-2050, certain provisions of the Legislative Branch Appropriations Act, Department of the Treasury regulations on cash, Office of Personnel Management regulations on employee benefits and employer costs, and Internal Revenue Service regulations on federal income and Social Security tax withholdings.

We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with controls may deteriorate.

We did not test compliance with all laws and regulations applicable to the Fund. We limited our tests of compliance to those laws and regulations that we deemed applicable to the financial statements for the fiscal year ended September 30, 2005. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our work in accordance with U.S. generally accepted government auditing standards and the joint GAO/President's Council on Integrity and Efficiency (PCIE) *Financial Audit Manual*.

Agency Comments and Our Evaluation

In commenting on the draft of this report, the Fund's management concurred with the facts and conclusions in our report.

Clifton Henderson LLP

Calverton, Maryland
December 16, 2005

Appendix I
Report on Audit of the U.S. Senate
Restaurants Revolving Fund

Balance Sheets

**UNITED STATES SENATE RESTAURANTS REVOLVING FUND
BALANCE SHEETS
As of September 30, 2005 and 2004**

ASSETS

| | <u>2005</u> | <u>2004</u> |
|--|----------------------------|----------------------------|
| Cash: | | |
| Funds with U.S. Treasury | \$ 1,399,235 | \$ 1,150,920 |
| Petty cash and change funds | <u>20,500</u> | <u>20,500</u> |
| Total cash | 1,419,735 | 1,171,420 |
| Accounts receivable, Senate customer accounts (note 3) | 53,757 | 91,314 |
| Vendor commissions and other income receivables | 30,507 | 25,946 |
| Food, beverage, and merchandise inventory | 144,065 | 159,130 |
| China, glassware, silverware, and tableware | 199,891 | 163,515 |
| Prepaid expenses | <u>4,318</u> | <u>11,048</u> |
| TOTAL ASSETS | <u>\$ 1,852,273</u> | <u>\$ 1,622,373</u> |

LIABILITIES AND U.S. GOVERNMENT EQUITY

| | | |
|---|----------------------------|----------------------------|
| Accounts payable and accrued expenses: | | |
| Due to vendors and customers | \$ 318,530 | \$ 278,414 |
| Payroll and related benefits | 227,813 | 217,545 |
| Deferred income | <u>25,999</u> | <u>25,073</u> |
| Total accounts payable and accrued expenses | 572,342 | 521,032 |
| Other liabilities: | | |
| Employees' accrued leave | <u>263,472</u> | <u>253,917</u> |
| Total liabilities | <u>835,814</u> | <u>774,949</u> |
| U.S. government equity: | | |
| Appropriated capital (note 4) | 2,847,144 | 2,847,144 |
| Cumulative results of operations (deficit) | <u>(1,830,685)</u> | <u>(1,999,720)</u> |
| Total U.S. government equity | <u>1,016,459</u> | <u>847,424</u> |
| TOTAL LIABILITIES AND U.S. GOVERNMENT EQUITY | <u>\$ 1,852,273</u> | <u>\$ 1,622,373</u> |

The accompanying notes are an integral part of these statements.

Appendix I
Report on Audit of the U.S. Senate
Restaurants Revolving Fund

Statements of Operations and Changes in U.S. Government Equity

| UNITED STATES SENATE RESTAURANTS REVOLVING FUND STATEMENTS OF OPERATIONS AND CHANGES IN U.S. GOVERNMENT EQUITY For the Fiscal Years Ended September 30, 2005 and 2004 | | |
|--|---------------------|-------------------|
| | 2005 | 2004 |
| SALES AND OTHER OPERATING INCOME (NOTE 5) | | |
| Sales: | | |
| Food services | \$ 4,480,140 | \$ 3,935,428 |
| Catering | 4,802,560 | 4,529,533 |
| Sundry shop sales | 678,946 | 647,642 |
| Vending machine and other commissions | <u>343,626</u> | <u>324,746</u> |
| Total | <u>10,305,272</u> | <u>9,437,349</u> |
| COST OF SALES | | |
| Food and beverages | 3,261,152 | 2,944,689 |
| Sundry shop merchandise | <u>454,607</u> | <u>450,135</u> |
| Total | <u>3,715,759</u> | <u>3,394,824</u> |
| Gross income from sales and other operating income | <u>6,589,513</u> | <u>6,042,525</u> |
| OPERATING EXPENSES | | |
| Personnel and benefits (note 6) | 6,705,688 | 6,579,896 |
| Supplies and materials | 529,425 | 485,965 |
| Miscellaneous | <u>35,365</u> | <u>35,207</u> |
| Total operating expenses | <u>7,270,478</u> | <u>7,101,068</u> |
| Loss from operations | (680,965) | (1,058,543) |
| OTHER FUNDING | | |
| Direct financial support (notes 1 and 4) | <u>850,000</u> | <u>1,100,000</u> |
| Net income | 169,035 | 41,457 |
| U.S. GOVERNMENT EQUITY, BEGINNING OF YEAR | <u>847,424</u> | <u>805,967</u> |
| U.S. GOVERNMENT EQUITY, END OF YEAR | <u>\$ 1,016,459</u> | <u>\$ 847,424</u> |

The accompanying notes are an integral part of these statements.

Appendix I
Report on Audit of the U.S. Senate
Restaurants Revolving Fund

Statements of Cash Flows

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2005 and 2004

| | 2005 | 2004 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 169,035 | \$ 41,457 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Effects of changes in operating assets and liabilities: | | |
| Accounts receivable | 37,557 | 98,231 |
| Vendor commissions receivable | (4,561) | 1,415 |
| Food, beverage, and merchandise inventory | 15,065 | (2,093) |
| China, glassware, silverware, and tableware | (36,376) | (25,869) |
| Prepaid expenses | 6,730 | 23,328 |
| Due to vendors | 40,116 | 8,452 |
| Payroll and related benefits | 10,268 | 59,509 |
| Employees' accrued leave | 9,555 | (1,611) |
| Deferred income | 926 | (45,573) |
| Net cash provided by operating activities | 248,315 | 157,246 |
| CASH, BEGINNING OF YEAR | <u>1,171,420</u> | <u>1,014,174</u> |
| CASH, END OF YEAR | <u>\$ 1,419,735</u> | <u>\$ 1,171,420</u> |

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2005 and 2004

NOTE 1 – ORGANIZATION

The United States Senate Restaurants Revolving Fund (the Fund) operates facilities for senators, employees of the Senate, and (in certain locations) the general public. The Architect of the Capitol (the Architect), under the direction of the Senate Committee on Rules and Administration (the Committee), is responsible for managing the restaurants. The restaurant management recommends price changes, which are subject to the Committee's approval.

The financial statements present the financial position and the results of operations of the Fund and are not intended to present the financial position and results of operations of the Senate Restaurants as a whole.

ECONOMIC DEPENDENCY

The Fund's operations are economically dependent on direct financial support provided through the Architect and by the United States Senate (the Senate). Under 2 U.S.C. 2050, the Architect is required to transfer appropriated funds to the Fund for use in paying certain management personnel and miscellaneous operating expenses of the restaurants. Support provided directly by the Senate consists of appropriations, loans, and transfers of appropriated capital (equity) to the Fund from the Senate's contingent fund used to finance the Fund's recurring operating losses. If losses from operations continue, the Fund will continue to require future support to maintain operations.

The Architect also provides other financial support that is not included in the Fund's financial statements. The Architect uses appropriated funds among other things to purchase and maintain restaurant-related capital items, which remain the property of the Architect and are thus not reflected in the Fund's financial statements.

In addition, the Architect and the Government Printing Office use appropriated funds – the value of which cannot readily be determined – to provide the Fund with space, utilities, garbage disposal, and printing in support of restaurant operations. These costs do not appear in the Fund's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements are prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

This information is an integral part of the accompanying financial statements.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2005 and 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates and assumptions may also affect the reported revenues and expenses during the reporting period. Actual results of those amounts could differ from management's estimates and assumptions.

(c) FUNDS WITH U.S. TREASURY

Cash receipts from sales and commissions are deposited in the U.S. Treasury and credited to the Fund for use in operating the various restaurant facilities.

(d) ACCOUNTS RECEIVABLE

Accounts receivable are uncollateralized customer obligations, which generally require payment within 30 days from the invoice date. Accounts receivable are stated at the invoice amount. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices. Interest accrues at 2 percent per month on balances over 60 days past due.

Management has determined that there is no need for an allowance for doubtful accounts, which is based on management's assessment of the collectibility of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the Fund could be adversely affected.

(e) VENDOR COMMISSIONS RECEIVABLE

Vendor commissions receivable represents vending machine commissions earned in the current fiscal year but not received until next fiscal year.

(f) INVENTORY

Under its authority to use funds as necessary for restaurant operations, the Fund acquires various types of inventory items (food, beverage, merchandise, china, glassware, silverware, and tableware). These inventories are valued at lower of cost or market using the first-in, first-out method.

This information is an integral part of the accompanying financial statements.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2005 and 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charges for breakage and shortages of china, glassware, silverware, and tableware purchased by the Fund are based on periodic physical counts and are treated as current period expenses in the Fund's statements of operations.

(g) DEFERRED INCOME

Deferred income represents catering deposits received as of September 30 for events that will occur subsequent to year-end.

(h) EMPLOYEES' ACCRUED LEAVE

Employees accrue annual leave on a biweekly basis. Full-time hourly and salaried workers accrue leave at rates ranging from 4 to 8 hours, depending on length of service. Part-time employees accrue leave at fluctuating biweekly rates, based on the amount of hours worked each pay period. Employees may carry over a maximum of 240 hours each calendar year.

NOTE 3 – ACCOUNTS RECEIVABLE, SENATE CUSTOMER ACCOUNTS

The Committee allows senators, former senators, and certain Senate officials to have customer accounts. A comparison of the aged customer accounts receivable at September 30, 2005 and 2004 follows.

| | 2005 | | 2004 | |
|------------------|------------------|--------------|------------------|--------------|
| | Amount | Percentage | Amount | Percentage |
| Days outstanding | | | | |
| 0 to 30 | \$ 51,915 | 96.6 | \$ 79,643 | 87.2 |
| 31 to 60 | 106 | .2 | 680 | .8 |
| 61 to 90 | 1,296 | 2.4 | 4,235 | 4.6 |
| Over 90 | 440 | .8 | 6,756 | 7.4 |
| Total | \$ 53,757 | 100.0 | \$ 91,314 | 100.0 |

Management actively pursues collection of all past due amounts. In accordance with policies established by the Committee, the Fund's accounting office mails monthly statements, which include the current charge (with supporting receipt) to all accounts with a balance. Customers whose accounts are delinquent over 30 days will receive a telephone reminder. Customers whose accounts are delinquent over 60 days will receive an e-mail reminder. Additional collection procedures are pursued on all balances that are delinquent for over 120 days, or accounts that are over 60 days delinquent with balances over \$10,000. The ultimate collection of all delinquent receivables is ensured through closeout procedures, which require payment of all past due balances at the time a senator leaves office.

This information is an integral part of the accompanying financial statements.

**UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2005 and 2004**

**NOTE 3 - ACCOUNTS RECEIVABLE, SENATE CUSTOMER ACCOUNTS
(CONTINUED)**

As of December 16, 2005, all balances outstanding over 60 days have been collected.

NOTE 4 - FINANCING ACTIVITIES

In managing the Fund, the Architect has access to three types of supplemental funding: (1) appropriations, (2) loans, and (3) transfers of appropriated capital (equity). Under 2 U.S.C. 2050, the Architect is required to transfer appropriated funds to the Fund for use in paying certain management personnel and miscellaneous operating expenses of the restaurants. For the fiscal years ended September 30, 2005 and 2004, the Fund's financial statements include direct financial support received from the Architect and the Senate through transferred appropriations of \$850,000 and \$1,100,000, respectively.

Also, 2 U.S.C. 2049 allows the Architect, with the approval of the Committee, to borrow from the Senate contingent fund the amounts necessary to manage the Fund. The Committee establishes the loan amounts and repayment periods. The loaned funds come from the miscellaneous appropriation account of the Senate's contingent fund, and loan repayments are deposited to the same account. The last loan requested was received in fiscal year 1998 and repaid in fiscal year 2002.

Under 2 U.S.C. 2044, the Secretary of the Senate, at the request of the Architect and with the approval of the Committee, may transfer funds from the Senate's contingent expenses appropriation account to the Fund as appropriated capital. The Fund's total appropriated capital is \$2,847,144 as of September 30, 2005 and 2004. No appropriated capital transfers have been received by the Fund since fiscal year 1999.

This information is an integral part of the accompanying financial statements.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2005 and 2004

NOTE 5 – SALES, COMMISSIONS, AND OTHER OPERATING INCOME

The following schedule provides a comparison of sales, commissions, and operating income for the various Fund activities during fiscal years 2005 and 2004.

| | Fiscal year 2005 | | Fiscal year 2004 | |
|---------------------------------------|----------------------------------|--|----------------------------------|--|
| | Sales and commissions | Operating income (loss) | Sales and commissions | Operating income (loss) |
| Regular food services: | | | | |
| Catering | \$ 4,802,560 | \$ 221,128 | \$ 4,529,533 | \$ (40,716) |
| Capitol dining rooms | 267,898 | (436,655) | 291,677 | (395,256) |
| North Servery Cafeteria | 2,755,772 | (617,163) | 2,365,654 | (555,378) |
| South Buffet | 426,963 | (22,500) | 349,468 | (90,863) |
| Snack bar | 223,462 | (84,987) | 195,334 | (114,434) |
| Senate chef | <u>806,045</u> | <u>(73,490)</u> | <u>733,295</u> | <u>(140,819)</u> |
| Total regular food services | <u>9,282,700</u> | <u>(1,013,667)</u> | <u>8,464,961</u> | <u>(1,337,466)</u> |
| Sundry shop operations: | | | | |
| Southside Deli | 327,100 | (7,119) | 293,366 | (25,917) |
| Hart Office Building | <u>351,846</u> | <u>(3,805)</u> | <u>354,276</u> | <u>(19,906)</u> |
| Total Sundry shop operations | <u>678,946</u> | <u>(10,924)</u> | <u>647,642</u> | <u>(45,823)</u> |
| Vending machine and other commissions | <u>343,626</u> | <u>343,626</u> | <u>324,746</u> | <u>324,746</u> |
| Total | \$ 10,305,272 | \$ (680,965) | \$ 9,437,349 | \$ (1,058,543) |

NOTE 6 – PERSONNEL AND BENEFITS

Personnel and benefits consist of salaries and wages for Fund employees; employee benefits for Fund employees; and contract labor, which includes on-call wait staff used for special functions and events. The following table presents a breakout of the amounts included in each category for the fiscal years ended September 30, 2005 and 2004.

| | 2005 | 2004 |
|-------------------------------|---------------------|---------------------|
| Personnel and benefits | | |
| Salaries and wages | \$ 3,834,756 | \$ 3,876,807 |
| Employee benefits | 1,863,713 | 1,822,603 |
| Contract labor | <u>1,007,219</u> | <u>880,486</u> |
| Total | \$ 6,705,688 | \$ 6,579,896 |

This information is an integral part of the accompanying financial statements.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2005 and 2004

NOTE 6 – PERSONNEL AND BENEFITS (CONTINUED)

Fund employees are covered by the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS), to which the Fund contributes. For employees covered by FERS, the Fund also contributes 1 percent of pay to the Thrift Savings Plan (TSP) and matches employee contributions to the TSP, up to an additional 4 percent of pay. While the Fund has no liability for benefit payments to its former employees under the pension programs, the federal government is liable for the benefit payments through the Office of Personnel Management.

The Fund also contributes to other employee benefits, including health insurance (FEHBP), life insurance (FEGLI), Social Security (FICA), Medicare (HIT), leave expense, employee meals, local transportation assistance, and employee physicals.

Contributions made by the Fund for employee benefits during fiscal years 2005 and 2004 are listed in the following table.

| | <u>2005</u> | <u>2004</u> |
|--------------------------|----------------------------|----------------------------|
| Employee benefits | | |
| FEHBP | \$ 568,643 | \$ 535,330 |
| FERS | 457,360 | 438,208 |
| Leave expense | 276,892 | 283,462 |
| FICA | 199,282 | 201,632 |
| TSP | 114,426 | 110,282 |
| Employee meals | 83,009 | 79,600 |
| Transit subsidy | 51,954 | 55,765 |
| HIT | 58,883 | 54,825 |
| CSRS | 46,632 | 56,845 |
| FEGLI | <u>6,632</u> | <u>6,654</u> |
| Total | <u>\$ 1,863,713</u> | <u>\$ 1,822,603</u> |

NOTE 7 – OTHER FUNDING NOT IN FINANCIAL STATEMENTS

Identifiable costs paid directly by the Architect for the benefit of the Fund that are not reflected in the Fund's financial statements include equipment maintenance, equipment purchases, and professional fees totaling \$161,183 and \$217,407 for fiscal years 2005 and 2004, respectively.

This information is an integral part of the accompanying financial statements.

**UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2005 and 2004**

NOTE 8 – SUBSEQUENT EVENT

In October 2005, the Fund received \$850,000 of appropriated funds from the Architect for fiscal year 2006 for the support of management personnel and other operating expenses of the restaurants.

This information is an integral part of the accompanying financial statements.

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