

GAO

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

March 2005

FINANCIAL AUDIT

Senate Restaurants Revolving Fund for Fiscal Years 2004 and 2003



G A O

Accountability * Integrity * Reliability

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

March 9, 2005

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, 2004 and 2003, 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 reported these matters to management in a separate letter.

As disclosed in Clifton Gunderson LLP's report and note 1 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 2004 and 2003 include direct financial support received from the Architect and the Senate totaling \$1,100,000 and \$1,095,000, respectively, from transferred appropriations.
- The Fund's financial statements for fiscal years 2004 and 2003 do not include other support that benefits the operation of the restaurants. Specifically, the Architect provided approximately \$128,218 and \$176,300 in fiscal years 2004 and 2003, respectively, for the purchase and maintenance of restaurant-related capital items, which remain the property of the Architect. In addition, during fiscal years 2004 and 2003, 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, if losses from operations, which totaled \$1,058,543 and \$678,211 in fiscal years 2004 and 2003, respectively, 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 working papers 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,

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.

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 GAO's Web site at www.gao.gov. Should you or your staff have any questions concerning our review of the audits, please contact me on (202) 512-3406 or Hodge Herry, Assistant Director, on (202) 512-9469. You can also reach us at sebastians@gao.gov or herryh@gao.gov.



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 2004 and 2003, 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, 2004; and
- no reportable noncompliance in fiscal year 2004 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, 2004 and 2003, 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 (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 2004 and 2003, the Fund received \$1,100,000 and \$1,095,000, respectively, in direct financial support to cover losses from operations, which totaled \$1,058,543 and \$678,211, 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, 2004, 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) (formerly the General Accounting Office) *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 have communicated 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 2004 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, 2004, 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.

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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, 2004; and (6) tested compliance in fiscal year 2004 with selected provisions of 2 U.S.C. 2042-2050 (formerly 40 U.S.C. 174j-1 through j-10), 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, 2004. 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 a draft of this report, the Fund's management concurred with the facts and conclusions in our report.

Clifton Henderson LLP

Calverton, Maryland
December 17, 2004

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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, 2004 and 2003**

ASSETS		
	<u>2004</u>	<u>2003</u>
Cash:		
Funds with U.S. Treasury	\$ 1,150,920	\$ 993,674
Petty cash and change funds	<u>20,500</u>	<u>20,500</u>
Total cash	1,171,420	1,014,174
Accounts receivable, Senate customer accounts (note 3)	91,314	189,545
Vendor commissions and other income receivables	25,946	27,361
Food, beverage, and merchandise inventory	159,130	157,037
China, glassware, silverware, and tableware	163,515	137,646
Prepaid expenses	<u>11,048</u>	<u>34,376</u>
TOTAL ASSETS	<u>\$ 1,622,373</u>	<u>\$ 1,560,139</u>
LIABILITIES AND U.S. GOVERNMENT EQUITY		
Accounts payable and accrued expenses:		
Due to vendors and customers	\$ 278,414	\$ 269,962
Payroll and related benefits	217,545	158,036
Deferred income	<u>25,073</u>	<u>70,646</u>
Total accounts payable and accrued expenses	521,032	498,644
Other liabilities:		
Employees' accrued leave	<u>253,917</u>	<u>255,528</u>
Total liabilities	<u>774,949</u>	<u>754,172</u>
U.S. government equity:		
Appropriated capital (note 4)	2,847,144	2,847,144
Cumulative results of operations (deficit)	<u>(1,999,720)</u>	<u>(2,041,177)</u>
Total U.S. government equity	<u>847,424</u>	<u>805,967</u>
TOTAL LIABILITIES AND U.S. GOVERNMENT EQUITY	<u>\$ 1,622,373</u>	<u>\$ 1,560,139</u>

The accompanying notes are an integral part of these statements.

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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, 2004 and 2003

	<u>2004</u>	<u>2003</u>
SALES AND OTHER OPERATING INCOME (NOTE 5)		
Sales:		
Food services	\$ 3,935,428	\$ 3,764,873
Catering	4,529,533	4,616,692
Sundry shop sales	647,642	672,917
Vending machine and other commissions	<u>324,746</u>	<u>325,728</u>
Total	<u>9,437,349</u>	<u>9,380,210</u>
COST OF SALES		
Food and beverages	2,944,689	2,775,081
Sundry shop merchandise	<u>450,135</u>	<u>462,851</u>
Total	<u>3,394,824</u>	<u>3,237,932</u>
Gross income from sales and other operating income	<u>6,042,525</u>	<u>6,142,278</u>
OPERATING EXPENSES		
Personnel and benefits (note 6)	6,579,896	6,284,513
Supplies and materials	485,965	515,524
Miscellaneous	<u>35,207</u>	<u>20,452</u>
Total operating expenses	<u>7,101,068</u>	<u>6,820,489</u>
Loss from operations	(1,058,543)	(678,211)
OTHER FUNDING		
Direct financial support (notes 1 and 7)	<u>1,100,000</u>	<u>1,095,000</u>
Net income	41,457	416,789
U.S. GOVERNMENT EQUITY,		
 BEGINNING OF YEAR	<u>805,967</u>	<u>389,178</u>
U.S. GOVERNMENT EQUITY, END OF YEAR	<u>\$ 847,424</u>	<u>\$ 805,967</u>

The accompanying notes are an integral part of these statements.

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Statements of Cash Flows

**UNITED STATES SENATE RESTAURANTS REVOLVING FUND
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 41,457	\$ 416,789
Adjustments to reconcile net income to net cash provided by operating activities:		
Effects of changes in operating assets and liabilities:		
Accounts receivable	98,231	110,091
Vendor commissions receivable	1,415	-
Food, beverage, and merchandise inventory	(2,093)	(19,474)
China, glassware, silverware, and tableware	(25,869)	(21,400)
Prepaid expenses	23,328	(33,047)
Due to vendors	8,452	74,405
Payroll and related benefits	59,509	24,093
Employees' accrued leave	(1,611)	4,423
Deferred income	<u>(45,573)</u>	<u>42,323</u>
Net cash provided by operating activities	157,246	598,203
 CASH, BEGINNING OF YEAR	 <u>1,014,174</u>	 <u>415,971</u>
 CASH, END OF YEAR	 <u>\$ 1,171,420</u>	 <u>\$ 1,014,174</u>

The accompanying notes are an integral part of these statements.

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Notes to Financial Statements

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2004 and 2003

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 loans and transfers of appropriated capital (equity) to the Fund from the Senate's contingent fund. Loan proceeds and increases in appropriated capital provided by the Senate are 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 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) 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.

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, 2004 and 2003

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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.

(c) 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.

(d) VENDOR COMMISSIONS RECEIVABLE

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

(e) 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.

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.

Additionally, the Architect may use Senate Office Building and Capitol Building appropriations to purchase china, glassware, silverware, and tableware for restaurant operations. Because these assets are owned by the Architect and not the Fund, they are not recorded in the Fund's financial statements.

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

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UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2004 and 2003

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) DEFERRED INCOME

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

(g) 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.

(h) RECLASSIFICATION

Certain amounts in the prior year's presentation have been reclassified to conform with the current year's presentation. These reclassifications have no effect on previously reported net income.

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, 2004 and 2003 follows.

	<u>2004</u>		<u>2003</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Days outstanding				
0 to 30	\$ 79,643	87.2	\$ 88,437	46.7
31 to 60	680	.8	9,344	4.9
61 to 90	4,235	4.6	26,867	14.2
Over 90	<u>6,756</u>	<u>7.4</u>	<u>64,897</u>	<u>34.2</u>
Total	<u>\$ 91,314</u>	<u>100.0</u>	<u>\$ 189,545</u>	<u>100.0</u>

Management actively pursues collection of all past due amounts. In accordance with policies established by the Committee, the Fund's accounting office mails monthly delinquent notice letters to customers whose accounts are delinquent over 30 days. 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. As of December 17, 2004, substantially all balances outstanding over 60 days have been collected.

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

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

**UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2004 and 2003**

NOTE 4 – FINANCING ACTIVITIES

In managing the Fund, the Architect has access to two types of supplemental funding: (1) appropriations and (2) loans. Under 2 U.S.C. 2044 (formerly 40 U.S.C. 174j-4), 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, 2004 and 2003. No appropriated capital transfers have been received by the Fund since fiscal year 1999.

Also, 2 U.S.C. 2049 (formerly 40 U.S.C. 174j-9) 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.

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 2004 and 2003.

	Fiscal year 2004		Fiscal year 2003	
	Sales and commissions	Operating income (loss)	Sales and commissions	Operating income (loss)
Regular food services:				
Catering	\$ 4,529,533	\$ (40,716)	\$ 4,616,692	\$ 368,903
Capitol dining rooms	291,677	(395,256)	267,166	(391,876)
North Servery Cafeteria	2,365,654	(555,378)	2,242,215	(690,007)
South Buffet	349,468	(90,863)	312,545	(108,695)
Snack bar	195,334	(114,434)	202,874	(100,728)
Senate chef	<u>733,295</u>	<u>(140,819)</u>	<u>740,073</u>	<u>(64,330)</u>
Total	<u>8,464,961</u>	<u>(1,337,466)</u>	<u>8,381,565</u>	<u>(986,733)</u>
Sundry shop operations:				
Southside Deli	293,366	(25,917)	303,428	(16,546)
Hart Office Building	<u>354,276</u>	<u>(19,906)</u>	<u>369,489</u>	<u>(660)</u>
Total sundry	<u>647,642</u>	<u>(45,823)</u>	<u>672,917</u>	<u>(17,206)</u>
Vending machine and other commissions	<u>324,746</u>	<u>324,746</u>	<u>325,728</u>	<u>325,728</u>
Total	<u>\$ 9,437,349</u>	<u>\$(1,058,543)</u>	<u>\$ 9,380,210</u>	<u>\$ (678,211)</u>

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

**Appendix I
Report on Audit of the U.S. Senate
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**UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2004 and 2003**

NOTE 6 – PERSONNEL BENEFITS

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 2004 and 2003 are listed in the following table.

	2004	2003
Employee benefits		
FEHBP	\$ 535,330	\$ 494,183
FERS	438,208	423,901
Leave expense	283,462	259,972
FICA	201,632	199,204
TSP	110,282	105,507
Employee meals	79,600	74,394
Transportation	55,765	56,960
HIT	54,825	56,940
CSRS	56,845	56,188
FEGLI	6,654	6,645
Total employee benefits	\$ 1,822,603	\$ 1,733,894

NOTE 7 – OTHER FUNDING

For the fiscal years ended September 30, 2004 and 2003, the Fund's financial statements include direct financial support received from the Architect and the Senate through transferred appropriations of \$1,100,000 and \$1,095,000, respectively.

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

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UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2004 and 2003

NOTE 7 – OTHER FUNDING (CONTINUED)

Identifiable costs paid directly by the Architect on behalf of the Fund, which are not reflected in the Fund's financial statements, include the following for fiscal years 2004 and 2003.

	<u>2004</u>	<u>2003</u>
Equipment maintenance	\$ 24,007	\$ 24,941
Equipment purchases	<u>104,211</u>	<u>151,359</u>
Total	<u>\$ 128,218</u>	<u>\$ 176,300</u>

NOTE 8 – SUBSEQUENT EVENT

In November 2004, the Fund received \$850,000 of appropriated funds from the Architect for fiscal year 2005 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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