

GAO

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

March 2002

FINANCIAL AUDIT

Senate Restaurants Revolving Fund for Fiscal Years 2001 and 2000



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United States General Accounting Office
Washington, D.C. 20548

March 15, 2002

The Honorable Christopher J. Dodd
Chairman, Committee on Rules
and Administration
United States Senate

The Honorable Alan M. Hantman
Architect of the Capitol

As you 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, 2001, and 2000 by contracting with independent public accounting firms.¹ The contracts required that the audits be done in accordance with U.S. generally accepted government auditing standards and the joint GAO/PCIE² *Financial Audit Manual*.

In its fiscal year 2001 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.

¹Clifton Gunderson LLP audited the financial statements of the Fund as of September 30, 2001, and KPMG Peat Marwick LLP audited the financial statements of the Fund as of September 30, 2000. KPMG Peat Marwick LLP expressed an unqualified opinion on the Fund's fiscal year 2000 financial statements.

²President's Council on Integrity and Efficiency (PCIE).

Although Clifton Gunderson LLP found that the Fund maintained effective internal control, it did identify certain matters involving the Fund's internal control that, while not significant enough to be considered reportable conditions,³ 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 primarily by the Architect of the Capitol and the U.S. Senate.

- The Fund's financial statements for fiscal years 2001 and 2000 include direct financial support provided by the Architect and the U.S. Senate in the form of transferred appropriations, and/or appropriated capital totaling \$700,000 in each year.
- The Fund's financial statements for fiscal years 2001 and 2000 do not include other support that benefits the operation of the restaurants. Specifically, the Architect of the Capitol provided about \$110,000 and \$133,000 in fiscal years 2001 and 2000, respectively, for the purchase and maintenance of restaurant-related capital items, which remain the property of the Architect. In addition, during fiscal years 2001 and 2000, 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 operating trends continue, the Fund will continue to require future support to maintain continuing operations. Such support will be greater in the coming year due to the effect on the Senate Restaurants' operation from the September 11, 2001, terrorist attack and the October 2001 anthrax incidents.

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

³Reportable 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.

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 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.

This report is a matter of public record and is intended for the use of the U.S. Senate, the Architect of the Capitol, the management of the Senate Restaurants, and other interested parties. We are sending copies of this report to Senator Mitch McConnell, Ranking Member, Senate Committee on Rules and Administration; Senator Richard J. Durbin, Chairman, and Senator Robert F. Bennett, Ranking Member, Subcommittee on Legislative Branch, Senate Committee on Appropriations; Senator Tom Daschle, Majority Leader; and Senator Trent Lott, Minority Leader. Copies of this report will be made available to others upon request. This report will also be available on GAO's homepage (www.gao.gov). Should you or your staff have any questions concerning our review of the audits, please contact me on (202) 512-9406 or Hodge Herry, Assistant Director, on (202) 512-9469. You can also reach us by email at franzelj@gao.gov or herryh@gao.gov.



Jeanette M. Franzel
Acting Director
Financial Management and Assurance

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

Independent Auditor's Report

When Relationships Count™



Independent Auditor's Report

Comptroller General
United States General Accounting Office

In our audit of the United States Senate Restaurants Revolving Fund (the Fund) for fiscal year 2001, 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, and
- no reportable noncompliance with laws and regulations we tested.

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

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, 2001 and the results of operations and cash flows for the year then ended. The financial statements of the Fund as of September 30, 2000 were audited by other auditors whose report dated January 12, 2001, expressed an unqualified opinion on those financial statements.

As discussed in note 1, the financial statements present the financial positions 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. 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.

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Restaurants Revolving Fund

As discussed in note 1, the operations of the Fund are economically dependent on direct support provided through the United States Senate and the Architect. If operating trends continue, the Fund will continue to require financial support to maintain operations. Due to the effect on operations from the September 11, 2001 terrorist attack and the October 2001 anthrax incident, the Fund will require substantial support in the coming fiscal year.

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, 2001 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 General Accounting Office (GAO) *Standards for Internal Control in the Federal Government*.

Compliance with Laws and Regulations

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. However, our tests for compliance with selected provisions of laws and regulations disclosed no instances of noncompliance that would be reportable under U. S. generally accepted government auditing standards. This conclusion is intended solely for the information of the General Accounting Office, the Architect of the Capitol, management of the Senate Restaurants and the United States Senate, and is not intended to be and should not be used by anyone other than these specified parties.

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, 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.

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

- 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.

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; and (6) tested compliance with selected provisions of 40 U.S.C. 174j-1 through j-9, certain provisions of the Legislative Branch Appropriation 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, 2001. 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 audit in accordance with U. S. generally accepted auditing standards and *Government Auditing Standards* as issued by the Comptroller General of the United States.

Agency Comments and our Evaluations

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

Clifton Henderson LLP

Calverton, Maryland
January 11, 2002

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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
September 30, 2001 and 2000

ASSETS

	2001	2000
Cash:		
Funds with U. S. Treasury	\$ 990,309	\$ 874,819
Petty cash and change funds	<u>20,500</u>	<u>20,500</u>
Total cash	1,010,809	895,319
Prepaid expenses	7,141	11,353
Accounts receivable, Senate customer accounts (note 3)	153,378	113,489
Vendor commissions and other income receivables (note 2(d))	22,032	15,123
Food, beverage, and merchandise inventory (note 2(c))	135,278	143,055
China, glassware, silverware, and tableware (note 2(c))	<u>109,489</u>	<u>75,669</u>
TOTAL ASSETS	<u>\$ 1,438,127</u>	<u>\$ 1,254,008</u>

LIABILITIES AND U. S. GOVERNMENT EQUITY (DEFICIT)

Accounts payable and accrued expenses:		
Due to vendors and customers	\$ 164,977	\$ 358,064
Payroll and related benefits	268,413	303,842
Deferred income (note 2(e))	<u>38,146</u>	<u>27,201</u>
Total accounts payable and accrued expenses	471,536	689,107
Other liabilities:		
Employees' accrued leave (note 2(f))	235,472	183,019
Loans from Senate contingent fund (note 5)	<u>350,000</u>	<u>400,000</u>
Total other liabilities	585,472	583,019
Total liabilities	1,057,008	1,272,126
U. S. Government equity:		
Appropriated capital (note 5)	2,847,144	2,847,144
Cumulative results of operations (deficit)	<u>(2,466,025)</u>	<u>(2,865,262)</u>
Total U. S. Government equity (deficit)	381,119	(18,118)
TOTAL LIABILITIES AND U. S. GOVERNMENT EQUITY	<u>\$ 1,438,127</u>	<u>\$ 1,254,008</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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Restaurants Revolving Fund

Statements of Operations and Changes in U.S. Government Equity (Deficit)

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
STATEMENTS OF OPERATIONS AND
CHANGES IN U. S. GOVERNMENT EQUITY (DEFICIT)
Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
SALES AND OTHER OPERATING INCOME (NOTE 6)		
Sales:		
Regular food services	\$ 3,731,411	\$ 3,653,383
Catering	4,605,198	4,217,783
Sundry shop sales	700,502	654,605
Vending machine commissions and other operating income	<u>329,007</u>	<u>176,852</u>
Total	<u>9,366,118</u>	<u>8,702,623</u>
COST OF SALES		
Food and beverages	2,688,127	2,470,304
Sundry shop merchandise	<u>555,488</u>	<u>502,950</u>
Total	<u>3,243,615</u>	<u>2,973,254</u>
Gross income from sales and other operating income	<u>6,122,503</u>	<u>5,729,369</u>
OPERATING EXPENSES		
Personnel and benefits (note 4)	5,872,547	5,580,741
Supplies and materials	535,404	486,775
Miscellaneous	<u>65,315</u>	<u>50,294</u>
Total operating expenses	<u>6,473,266</u>	<u>6,117,810</u>
Loss from operations	(350,763)	(388,441)
OTHER SOURCES OF FUNDS		
Appropriated funds (note 1)	<u>750,000</u>	<u>750,000</u>
Net income	399,237	361,559
U. S. GOVERNMENT EQUITY (DEFICIT), BEGINNING OF YEAR	<u>(18,118)</u>	<u>(379,677)</u>
U. S. GOVERNMENT EQUITY (DEFICIT), END OF YEAR	<u>\$ 381,119</u>	<u>\$ (18,118)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

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Statements of Cash Flows

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 399,237	\$ 361,559
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in assets:		
Accounts receivable	(46,798)	83,895
Food, beverage, and merchandise inventory	7,777	3,209
China, glassware, silverware, and tableware	(33,820)	(488)
Prepaid expenses	4,212	(11,353)
Effects of changes in operating assets and liabilities:		
Increase (decrease) in liabilities:		
Due to vendors	(193,087)	(173,178)
Payroll and related benefits	(35,429)	(11,552)
Employees' accrued leave	52,453	806
Deferred income	<u>10,945</u>	<u>(22,483)</u>
Net cash provided by operating activities	165,490	230,415
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayments to Senate contingent fund	<u>(50,000)</u>	<u>(50,000)</u>
Net increase in cash	115,490	180,415
CASH, BEGINNING OF YEAR	<u>895,319</u>	<u>714,904</u>
CASH, END OF YEAR	<u>\$ 1,010,809</u>	<u>\$ 895,319</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Notes to Financial Statements

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

NOTE 1 – ORGANIZATION

The United States Senate Restaurant 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 positions 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.

ECONOMIC DEPENDENCY

The Fund's operations are economically dependent on direct financial support provided by the Architect of the Capitol (the Architect) and the United States Senate (the Senate). Beginning with fiscal year 1998, the Architect is required to transfer appropriated funds to the Fund, pursuant to Public Law 105-55, 111 Stat. 1189, Title 1, 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 operating trends continue, the Fund will continue to require future support to maintain operations.

For the fiscal years ended September 30, 2001 and 2000, the Fund's financial statements include direct financial support received from the Architect and the Senate through transferred appropriations, loan proceeds, and/or increases in appropriated capital totaling \$700,000 in each year as follows:

	<u>2001</u>	<u>2000</u>
Transfers of appropriations from the Architect	\$ 750,000	\$ 750,000
Decrease	<u>(50,000)</u>	<u>(50,000)</u>
in loans from Senate contingent fund		
Total direct support	<u>\$ 700,000</u>	<u>\$ 700,000</u>

Subsequent to September 30, 2001, the Fund has received its appropriated funds from the Architect for fiscal year 2002 and has budgeted them to support the Fund at current operating levels. In addition, subject to approval of the Committees on Appropriations of the House of Representatives and Senate, the Architect of the Capitol is scheduled to transfer approximately \$550,000 to the Fund in fiscal year 2002 for down time and canceled business due to the effect on operations from the September 11, 2001 terrorist attack and the October 2001 anthrax incident.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

NOTE 1 – ORGANIZATION (CONTINUED)

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. For the fiscal year ended September 30, 2001 and 2000, this support totaled \$109,584 and \$133,033, respectively. Identifiable costs paid directly by the Architect on behalf of the Fund for these items in fiscal years 2001 and 2000, are as follows:

	<u>2001</u>	<u>2000</u>
Equipment maintenance	\$ 8,664	\$ 10,869
China, glassware, silverware, and tableware	-	9,266
Equipment purchases	<u>100,920</u>	<u>112,898</u>
Total	<u>\$ 109,584</u>	<u>\$ 133,033</u>

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. If operating trends for the Restaurants continue, the Fund will require future support, as described above, to maintain continuing operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 could differ from management's estimates.

(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.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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 cost 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 of the Capitol 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 of the Capitol and not the Fund, they are not recorded in the Fund's financial statements.

(d) VENDOR COMMISSIONS RECEIVABLE

Vendor commissions receivable represents vending machine commissions earned in the current fiscal year but not received until after September 30.

(e) DEFERRED INCOME

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

(f) 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 carryover a maximum of 240 hours each calendar year.

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

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

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, 2001 and 2000 follows:

	2001		2000	
	Amount	Percent	Amount	Percent
Days Outstanding				
0 to 30	\$ 71,314	47.0%	\$ 82,256	72.5%
31 to 60	10,854	7.0%	205	0.2%
61 to 90	25,110	16.0%	11,545	10.2%
Over 90	<u>46,100</u>	<u>30.0%</u>	<u>19,483</u>	<u>17.1%</u>
Total	<u>\$ 153,378</u>	<u>100.0%</u>	<u>\$ 113,489</u>	<u>100.0%</u>

In accordance with policies established by the Committee, the Fund's accounting office mails monthly delinquent notice letters. These letters are signed by the Architect and are mailed to customers whose accounts are delinquent for over 30 days.

NOTE 4 – PERSONNEL AND BENEFITS

Fund employees are covered by the Civil Service Retirement System (CSRS) or the newer Federal Employees' Retirement System (FERS), to which the Fund contributes. For employees covered by FERS, the Fund also contributes one percent of pay to the Thrift Savings Plan (TSP) and matches employee contributions to the TSP, up to an additional four 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.

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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
September 30, 2001 and 2000

NOTE 4 – PERSONNEL AND BENEFITS (CONTINUED)

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 during fiscal years 2001 and 2000 are listed in the following table:

	<u>2001</u>	<u>2000</u>
Pension-related and other benefits		
CSRS	\$ 63,204	\$ 62,670
FERS	363,894	360,105
TSP	86,944	81,592
FEHBP	378,852	339,752
FEGLI	6,337	6,322
FICA	187,332	191,555
HIT	54,387	55,500
Leave expense	253,633	229,171
Employee meals	80,660	81,765
Others	<u>22,233</u>	<u>13,826</u>
Total benefits	<u>\$ 1,497,476</u>	<u>\$ 1,422,258</u>

NOTE 5 – FINANCING ACTIVITIES

In managing the Fund, the Architect has access to two types of supplemental funding: (1) appropriations, and (2) loans. Under 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. Also, 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 items appropriation account of the Senate's contingent fund and loan repayments are deposited to the same account.

From October 1988 through September 1998, under the authority provided by 40 U.S.C. 174j-9, the Architect of the Capitol requested and received various loans from the Senate's contingent fund totaling \$2,250,000. Since FY 1998, the fund has not received any new loans.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

NOTE 5 – FINANCING ACTIVITIES (CONTINUED)

Between October 1989 and September 1999, the Fund paid all but \$450,000 of these loans with transfers of appropriated funds, referred to as “appropriated capital”, pursuant to 40 U.S.C. 174j-4, from the Senate’s contingent expense appropriation account. During fiscal year 1999, the Fund received transfers of appropriated capital from the Senate’s contingent expense appropriations account totaling \$890,000. The Fund used \$540,000 of the \$890,000 transfer received in fiscal year 1999 to repay loans from the Senate’s contingent fund. These loan repayments reduced the outstanding balance of loans from the Senate’s contingent fund at September 30, 1999 to \$450,000. In fiscal years 2000 and 2001, the Fund repaid \$50,000 of the outstanding loan balance with operating funds, reducing the outstanding balance of loans at September 30, 2000 and 2001 to \$400,000 and \$350,000. The transfer of appropriated capital received during fiscal year 1999 increased the Fund’s appropriated capital to \$2,847,144 at September 30, 1999. No appropriated capital transfer was received by the Fund in fiscal years 2000 and 2001.

The loan outstanding at September 30, 2001 and September 30, 2000 is as follows:

	<u>2001</u>	<u>2000</u>
Loan issued October 1996, due by September 30, 2003	<u>\$ 350,000</u>	<u>\$ 400,000</u>
	<u>\$ 350,000</u>	<u>\$ 400,000</u>

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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
September 30, 2001 and 2000

NOTE 6 – SALES

The following schedule provides a comparison of sales and commissions for the various Fund activities during fiscal years 2001 and 2000.

	Fiscal Year 2001		Fiscal Year 2000	
	Sales and commissions	Operating income (loss)	Sales and commissions	Operating income (loss)
Food and beverage operations:				
Special functions	\$ 4,419,352	\$ 573,525	\$ 4,045,154	\$ 902,770
Capitol dining rooms and sundry	467,279	(404,673)	406,599	(535,125)
North Servery Cafeteria	2,261,198	(606,384)	2,164,751	(604,253)
South Buffet	282,112	(115,603)	254,536	(136,370)
Coffee shop*	19,016	(820)	133,859	(37,677)
Snack bar	190,696	(48,026)	168,114	(57,081)
Senate chef	<u>726,875</u>	<u>(7,319)</u>	<u>725,674</u>	<u>(49,367)</u>
Total	<u>8,366,528</u>	<u>(609,300)</u>	<u>7,898,687</u>	<u>(517,103)</u>
Sundry shop operations:				
Southside Deli	263,857	(20,155)	210,560	(18,443)
Hart office building	<u>406,726</u>	<u>(50,315)</u>	<u>416,524</u>	<u>(29,747)</u>
Total sundry	<u>670,583</u>	<u>(70,470)</u>	<u>627,084</u>	<u>(48,190)</u>
Vending machine commissions and other operating income*	<u>329,007</u>	<u>329,007</u>	<u>176,852</u>	<u>176,852</u>
Total	<u>\$ 9,366,118</u>	<u>\$ (350,763)</u>	<u>\$ 8,702,623</u>	<u>\$ (388,441)</u>

* The coffee shop operated for one month in FY 2001 and was replaced by the private subcontractor doing business as Cups and Company. Subcontract income was \$49,784 for FY 2001. Also, in FY 2001, the vending machine commissions included a one-time settlement of \$75,995.

NOTE 7 – RECLASSIFICATIONS

Certain amounts in the prior period have been reclassified to conform to the current year's presentation. These reclassifications have no effect on previously reported U. S. Government equity.

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

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