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BY THE COMPTROLLER GENERAL

**Report To The Architect Of The Capitol**

OF THE UNITED STATES

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**Audit Of The United States Senate  
Restaurants Revolving Fund  
Fiscal Year Ended September 26, 1981**



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GAO/AFMD-82-60

JUNE 25, 1982

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

B-114871

The Honorable George M. White  
Architect of the Capitol

Dear Mr. White:

This report summarizes the results of our examination of the United States Senate Restaurants Revolving Fund for the period ended September 26, 1981. We made our examination pursuant to section 5 of the act of July 6, 1961 (40 U.S.C. 174j-5). Our opinion on the financial statements is on page 2.

The Senate restaurants are operated primarily for Senators and employees of the Senate. The Architect of the Capitol, under the direction of the Senate Committee on Rules and Administration, is responsible for managing the restaurants.

Receipts from sales, commissions, and transfers from the appropriations for the contingent expenses of the Senate are used to finance the activities of the Senate Restaurants Revolving Fund. For the period ended September 26, 1981, sales receipts and commissions amounted to \$4,596,935. No funds were transferred from the appropriation for contingent expenses of the Senate during the year.

Senate restaurant operations for the period ended September 26, 1981, resulted in a net operating loss of \$45,596, compared with a net operating profit of \$21,428 for the preceding period ended September 27, 1980. Overall, the Senate restaurants' operating results decreased from a profit of \$1,786 a month in the preceding period to a loss of \$3,800 a month in the period ended September 26, 1981, which constitutes a decrease of \$5,586 a month. The shift from a profit in fiscal 1980 to a loss in fiscal 1981 can be attributed primarily to higher labor costs which caused (1) an increase of \$15,928 in losses on cafeteria food operations, (2) a decrease of \$6,229 in the profit on fast food and cigarstand operations, and (3) an increase of \$45,137 in losses on the waiter serviced operations of the Senate restaurants.

A comparison of sales, commissions, and operating results for each of the restaurants' activities for 1981 and 1980 is presented as note 5 to the financial statements. Also, a statement of operations prepared by the Senate restaurants accounting staff for each of the restaurants' activities for fiscal 1981 is included as exhibit A.

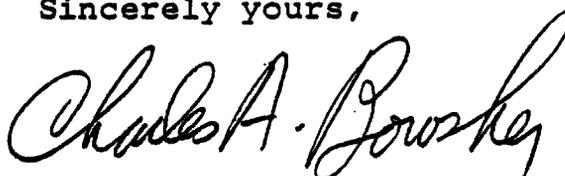
Funds appropriated to the Architect of the Capitol for Senate office buildings may be used to purchase restaurant equipment. The equipment is not recorded as assets of the Senate Restaurants Revolving Fund. Additional information on other restaurant costs paid from appropriated funds is contained in note 1 to the financial statements.

AUDITOR'S OPINION

We have examined the balance sheet of the United States Senate Restaurants Revolving Fund as of September 26, 1981, and September 27, 1980, and the related statements of operations and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to in the preceding paragraph present fairly the financial position of the United States Senate Restaurants Revolving Fund as of September 26, 1981, and September 27, 1980, and the results of its operations and changes in financial position for the years then ended, in conformity with the financial accounting policies described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Sincerely yours,



Comptroller General  
of the United States

UNITED STATES SENATE RESTAURANTS REVOLVING FUND  
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES  
SEPTEMBER 26, 1981, AND SEPTEMBER 27, 1980

ASSETS	<u>September 26, 1981</u>		<u>September 27, 1980</u>	
<b>CASH:</b>				
Funds with U.S. Treasury (note 1)	\$357,394		\$364,326	
Petty cash and change funds	<u>13,000</u>	\$370,394	<u>13,000</u>	\$377,326
ACCOUNTS RECEIVABLE (note 2)		147,959		119,478
<b>INVENTORIES:</b>				
Food, beverages, merchandise, and supplies, at cost	144,164		124,453	
China, glassware, silverware, and tableware, at cost	<u>111,009</u>	<u>255,173</u>	<u>114,359</u>	<u>238,812</u>
Total assets		<u>\$773,526</u>		<u>\$735,616</u>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES:</b>				
Amounts due vendors	\$187,135		\$134,822	
Net payroll and benefits	80,476		68,660	
Federal and State taxes withheld	27,897		22,605	
Employees' accrued leave	126,302		105,653	
Unclaimed wages	1,011		1,040	
Employees' physicals	880		10,209	
Supplemental service charge	12,042		8,176	
Deferred income	<u>-</u>		<u>1,070</u>	
Total liabilities		<u>\$435,743</u>		<u>\$352,237</u>
<b>EQUITY:</b>				
Contributed capital		51,200		51,200
Capitalization of china, glass- ware, silverware, and table- ware inventory (note 3)		45,944		45,944
Operating funds:				
Balance at beginning of year	286,235		264,807	
Net profit or (loss) (schedule 2)	<u>(45,596)</u>	<u>240,639</u>	<u>21,428</u>	<u>286,235</u>
Total equity		<u>337,783</u>		<u>383,379</u>
Total liabilities and equity		<u>\$773,526</u>		<u>\$735,616</u>

The accompanying notes are an integral part of this statement.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED SEPTEMBER 26, 1981, AND SEPTEMBER 27, 1980

	<u>September 26, 1981</u>		<u>September 27, 1980</u>	
	<u>Amount</u>	<u>Percent of sales</u>	<u>Amount</u>	<u>Percent of sales</u>
<b>SALE OF FOOD AND BEVERAGES:</b>				
Regular	\$2,963,879	77.2	\$2,843,295	80.8
Catering (note 1)	<u>877,629</u>	<u>22.8</u>	<u>674,410</u>	<u>19.2</u>
Total	3,841,508	100.0	3,517,705	100.0
Cost of food and beverages sold (note 1)	<u>1,632,569</u>	<u>42.5</u>	<u>1,541,389</u>	<u>43.8</u>
GROSS PROFIT	<u>2,208,939</u>	<u>57.5</u>	<u>1,976,316</u>	<u>56.2</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages:				
Straight time	1,786,940	46.4	1,593,270	45.3
Overtime	83,630	2.2	71,331	2.0
Leave expense	147,564	3.9	125,441	3.6
Employee meals	97,283	2.5	85,510	2.4
Employee benefits	207,383	5.4	177,210	5.0
Employee physicals	10,475	0.3	8,917	0.3
Miscellaneous	14,146	0.4	13,780	0.4
China, glassware, and silverware	52,571	1.4	38,732	1.1
Kitchen utensils	<u>6,527</u>	<u>0.2</u>	<u>5,919</u>	<u>0.2</u>
Total (note 1)	<u>2,406,519</u>	<u>62.7</u>	<u>2,120,110</u>	<u>60.3</u>
LOSS ON FOOD AND BEVERAGE OPERATIONS	<u>197,580</u>	<u>5.2</u>	<u>143,794</u>	<u>4.1</u>
<b>CIGARSTAND MERCHANDISE:</b>				
Sales	694,082	100.0	676,398	100.0
Cost of sales	<u>485,868</u>	<u>70.0</u>	<u>463,446</u>	<u>68.5</u>
GROSS PROFIT	<u>208,214</u>	<u>30.0</u>	<u>212,952</u>	<u>31.5</u>
Operating expenses	<u>91,453</u>	<u>13.3</u>	<u>83,413</u>	<u>12.3</u>
PROFIT ON CIGARSTAND OPERATIONS	<u>116,761</u>	<u>16.7</u>	<u>129,539</u>	<u>19.2</u>
<b>NEWSPAPERS (note 4):</b>				
Sales	29,068	100.0	27,101	100.0
Cost of sales	<u>26,122</u>	<u>89.7</u>	<u>23,425</u>	<u>86.4</u>
PROFIT FROM NEWSPAPER SALES	<u>2,946</u>	<u>10.3</u>	<u>3,676</u>	<u>13.6</u>
VENDING MACHINE COMMISSIONS	<u>32,277</u>		<u>32,007</u>	
NET PROFIT OR (LOSS) (note 1)	<u>(45,596)</u>		<u>21,428</u>	

The accompanying notes are an integral part of this statement.

UNITED STATES SENATE RESTAURANTS REVOLVING FUND

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

FISCAL YEARS ENDED SEPTEMBER 26, 1981, AND SEPTEMBER 27, 1980

	<u>September 26, 1981</u>	<u>September 27, 1980</u>
<b>FUNDS PROVIDED:</b>		
Sales and commissions (note 1)	\$4,596,935	\$4,253,211
Decrease in working capital	<u>45,596</u>	<u>-</u>
Total	<u>\$4,642,531</u>	<u>\$4,253,211</u>
<b>FUNDS APPLIED:</b>		
Cost of merchandise sold (note 1)	\$2,144,559	\$2,028,260
Salaries, wages, and benefits	2,424,125	2,144,660
Other operating expenses	73,847	58,863
Increase in working capital	<u>-</u>	<u>21,428</u>
Total	<u>\$4,642,531</u>	<u>\$4,253,211</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

FISCAL YEARS ENDED SEPTEMBER 26, 1981, AND SEPTEMBER 27, 1980

	<u>September 26, 1981</u>	<u>September 27, 1980</u>
		<u>Increase or (decrease) in working capital</u>
<b>WORKING CAPITAL CHANGES:</b>		
Cash	\$(6,932)	\$ 4,422
Accounts receivable	28,481	20,731
Inventory of food, tobacco, and beverages	19,711	20,766
Inventory of china, glassware, silverware, and tableware	(3,350)	7,736
Amounts due vendors	(52,313)	6,086
Net payroll and benefits	(11,816)	(6,224)
Federal and State taxes withheld	(5,292)	(4,208)
Employees' accrued leave	(20,649)	(13,917)
Employees' physicals	9,329	(10,209)
Supplemental service	(3,864)	(8,178)
Unclaimed wages	29	(570)
Accrued credits (overpayments of accounts receivable)	-	6,063
Deferred income	<u>1,070</u>	<u>(1,070)</u>
 <b>NET INCREASE OR (DECREASE) IN WORKING CAPITAL</b>	 <u>\$(45,596)</u>	 <u>\$ 21,428</u>

The accompanying notes are an integral part of this statement.

UNITED STATES SENATE RESTAURANTS

REVOLVING FUND

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 26, 1981

1. Significant Accounting Policies

Cash receipts from sales revenues are deposited in the U.S. Treasury to the credit of the Senate Restaurants Revolving Fund for use in operating the various restaurant facilities.

The statements do not include the cost of (1) equipment, management personnel salaries, and miscellaneous expenses such as paper, cleaning, and laundry, which are paid from funds appropriated to the Architect of the Capitol and (2) certain benefits and services such as space, building repairs and maintenance, utilities, garbage disposal, and menus and forms printed by the Government Printing Office and furnished to the restaurants without charge. Certain additional costs, as provided for under Public Law 92-51, were paid from the Legislative Branch appropriations for the Senate Office Buildings as follows:

<u>Fiscal year</u>	<u>Personnel compensation</u>	<u>Personnel benefits</u>	<u>Other services</u>	<u>Supplies and materials</u>	<u>Total</u>
1981	\$528,773	\$48,885	\$106,913	\$235,999	\$920,570
1980	493,749	44,961	110,999	211,186	860,895
1979	452,627	42,296	98,229	167,778	760,930
1978	407,185	41,251	79,336	170,997	698,769

Miscellaneous costs and supplemental service costs were billed directly to customers for catered events and were not included in the Senate Restaurants Revolving Fund financial statements before fiscal 1981. For the fiscal year ending September 26, 1981, sales of \$218,890 and related miscellaneous costs (\$82,955) and supplemental service costs (\$135,935) are included in the statements.

2. Accounts receivable are billed at the end of each month. Balances at September 30, 1981, amounted to \$162,192, about 35.5 percent greater than the September 30, 1980, balances. Of this amount, \$49,015, or 30.2 percent, was outstanding over 60 days, compared with \$36,154, or 30.2 percent, at September 30, 1980. A comparison of customers' accounts receivable at September 30, 1981, and September 30, 1980, follows.

<u>Days outstanding</u>	<u>September 30, 1981</u>		<u>September 30, 1980</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30	\$106,983	66.0	\$ 72,551	60.6
31 to 60	6,194	3.8	10,968	9.2
61 to 90	18,100	11.1	16,957	14.2
Over 90	<u>30,915</u>	<u>19.1</u>	<u>19,197</u>	<u>16.0</u>
<b>Total</b>	<b><u>\$162,192</u></b>	<b><u>100.0</u></b>	<b><u>\$119,673</u></b>	<b><u>100.0</u></b>

At December 31, 1981, 89.6 percent of the September 30, 1981, accounts receivable balance had been collected.

The restaurants accounting office prepares a monthly list of outstanding accounts and submits the list to the Architect of the Capitol. In accordance with the policy direction established by the Senate Committee on Rules and Administration, collection letters are mailed to selected customers whose accounts are delinquent over 90 days.

3. Initial capitalization of china, glassware, and silverware at July 1, 1967, was \$36,361 and capitalization of tableware at October 2, 1976, was \$9,583.
4. Total sales and cost of sales based on data reported for primary sales locations.
5. Sales, commissions, and operating results for the various restaurant activities during fiscal 1981 and 1980 are summarized on the following page.

	1981		1980	
	<u>Sales and commissions</u>	<u>Operating profit or (loss)</u>	<u>Sales and commissions</u>	<u>Operating profit or (loss)</u>
Food and beverages:				
Capitol din- ing rooms (note a)	\$ 820,099	\$(346,986)	\$ 731,901	\$(309,514)
Senators' dining room	74,062	(30,700)	86,274	(23,035)
Cafeterias (note a)	1,898,726	(19,596)	1,709,429	(3,668)
Coffee shop	429,651	91,021	379,110	66,549
Snackbar	160,050	13,971	149,954	11,211
Carryout	<u>458,920</u>	<u>94,710</u>	<u>461,037</u>	<u>114,663</u>
Total	<u>\$3,841,508</u>	<u>\$(197,580)</u>	<u>\$3,517,705</u>	<u>\$(143,794)</u>
Tobacco, candy and newspapers:				
Capitol din- ing rooms	83,770	7,128	87,177	16,328
Dirksen Of- fice Build- ing	276,531	52,247	370,259	64,127
Russell Office Building	<u>362,849</u>	<u>60,332</u>	<u>246,063</u>	<u>52,760</u>
Total	<u>\$ 723,150</u>	<u>\$ 119,707</u>	<u>\$ 703,499</u>	<u>\$ 133,215</u>
Vending machine commissions	<u>32,277</u>	<u>32,277</u>	<u>32,007</u>	<u>32,007</u>
Total	<u>\$4,596,935</u>	<u>\$(45,596)</u>	<u>\$4,253,211</u>	<u>\$ 21,428</u>

a/Prior to fiscal 1981, sales and related miscellaneous and supplemental service costs were not included in the financial statements.

U.S. SENATE RESTAURANT

FISCAL YEAR 19 81

ACCOUNTING PERIOD

Year to Date  
September 28, 1980 thru September 26, 1981

STATEMENT OF OPERATIONS

	COMBINED OPERATIONS		Capitol Drs.		Snack Bar		Coffee Shop		DOB Cigar Stand		ROB Cigar Stand		Cafeteria		Senator's Dr.		Carry Out		Vending		
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	
<b>FOOD SALES</b>																					
Food.....	2963,879	77.2	506,271	61.7	160,050		429,651		-0-		-0-		1334,925	70.3	74,062		458,921				
Catering.....	877,629	22.8	313,828	38.3									563,801	29.7							
Sub Total.....	3841,508	100.0	820,099	100.0	160,050	100.0	429,651	100.0					1898,726	100.0	74,062	100.0	458,921	100.0			
c) Supplemental Service Charges	135,935		53,661										82,274								
d) Memo Charges.....	82,955		29,111										53,844								
<b>TOTAL</b>	4060,397		902,870		160,050		429,651		-0-		-0-		2044,844		74,062		458,921				
<b>COST OF FOOD SOLD</b>	1632,569	42.5	318,137	38.8	76,868	48.0	195,880	45.6	-0-		-0-		808,242	42.6	30,822	41.6	202,618	44.2			
(a & d) Supplemental Service and Memo Charges	218,889		82,771										136,118		43,240	58.4	256,303	55.8			
<b>GROSS PROFIT ON FOOD</b>	2208,939	57.5	501,963	61.2	83,181	52.0	233,770	54.4	-0-		-0-		1090,483	57.4	43,240	58.4	256,303	55.8			
<b>OPERATING EXPENSES</b>																					
Labor: Straight Time.....	1858,924	48.4	630,830	76.9	50,477	31.5	110,602	25.7	20,677	8.2	39,548	10.9	822,171	43.3	57,397	77.5	127,221	27.7			
Overtime.....	85,794	2.2	52,867	6.5	6,079	3.8	3,720	0.9	448	0.2	728	0.2	18,103	1.0	754	1.0	3,096	0.7			
Leave Expense.....	149,373	3.9	50,785	6.2	4,080	2.6	8,776	2.0	1,648	0.7	3,199	0.9	65,971	3.5	4,704	6.3	10,212	2.2			
Employee Meals.....	99,240	2.6	28,777	3.5	1,822	1.1	4,949	1.2	502	0.2	922	0.3	55,747	2.9	1,866	2.5	4,655	1.0			
Employee Physicals.....	10,912	0.3	3,701	0.5	298	0.2	632	0.2	120	-0-	239	-0-	4,825	0.2	347	0.5	751	0.2			
Employee Benefits.....	215,743	5.6	73,352	8.9	5,890	3.7	12,657	2.9	2,406	1.0	4,588	1.3	95,328	5.0	5,785	9.2	14,738	3.2			
<b>TOTAL LABOR COSTS</b>	2419,986	63.0	840,312	102.5	68,645	42.9	141,335	32.9	25,801	10.3	49,223	13.6	1062,145	55.9	74,852	97.0	160,673	35.0			
Laundry.....																					
Paper Supplies.....																					
Cleaning Supplies.....																					
Miscellaneous Expense.....	14,748	0.4	6,401	0.8	314	0.2	985	0.2	195	0.1	407	0.1	5,377	0.3	575	0.8	493	0.1			
Kitchen utensils.....	6,528	0.2	1,102	0.1	143	0.1	177	-0-					4,961	0.3			145	-0-			
(China, Glassware, Silverware & Kitchen Utensils) Replacements.....	77,948	2.0	22,876	2.8	-0-		-0-		-0-		-0-		53,000	2.8	2,073	2.8	-0-	-0-			
<b>TOTAL OPERATING EXPENSES</b>	2519,211	65.6	870,691	106.2	69,103	43.2	142,497	33.1	25,996	10.4	49,630	13.7	1125,482	59.3	4,501	100.6	161,311	35.1			
<b>PROFIT OR (LOSS) ON FOOD OPERATIONS</b>	(310,272)	(8.1)	(368,730)	(45.0)	14,079	8.8	91,273	21.3	(25,996)	(10.4)	(49,630)	(13.7)	(34,999)	(1.9)	(31,261)	(42.2)	94,992	20.7			
<b>CIGAR STANDS</b>																					
<b>SALES</b>	694,082	100.0	80,092	100.0					251,141	100.0	362,849	100.0									
<b>COST OF SALES</b>	485,866	70.0	56,925	71.1					176,140	70.1	252,803	69.7									
<b>PROFIT OR (LOSS) ON CIGAR STAND OPERATIONS</b>	208,215	30.0	23,168	28.9					75,001	29.9	110,045	30.3									
Newspapers	2,946		(342)								3,288										32,277
<b>NET PROFIT OR (LOSS) ON OPERATIONS</b>	(66,835)		(345,904)		14,079		91,273		49,005		63,703		(34,999)		(31,261)		94,992				32,277
(a) Adj. Leave Expense	(4,139)		(1,391)		(108)		(252)		(46)		(83)		(1,854)		(124)		(281)				
(b) Adj. China, Glassware, Tableware and Silverware	25,377		7,436										17,257		685						
<b>NET INCOME OR (DEFICIT)</b>	(45,596)		(339,859)		13,971		91,021		48,960		63,620		(29,596)		(30,700)		94,710				32,277

NOTE: CENTS HAVE BEEN OMITTED; THEREFORE, COLUMNS WILL NOT FOOT. (a) Adjustment for Leave Expense to Actual Cost for 13 Acct. Periods (b) Adj. for China, Glassware, Tableware & Silverware to Actual Cost for the 13 Acct. Periods.

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