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BY THE COMPTROLLER GENERAL
Report To The Chairman,
Committee On House Administration
House Of Representatives
OF THE UNITED STATES

Audit Of The House Of Representatives
Restaurant Revolving Fund
--October 7, 1979, To October 4, 1980



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

B-202897

✓ The Honorable Augustus F. Hawkins, Chairman
Committee on House Administration
House of Representatives

HSE01700

Dear Mr. Chairman:

This report summarizes the results of our examination of the House of Representatives Restaurant Revolving Fund's financial statements for the fiscal year ending October 4, 1980. We made our examination pursuant to a September 15, 1980, request from the Honorable Ed Jones, Chairman, Subcommittee on Services. Our opinion on the financial statements appears on page 2.

HSE01714

As of October 4, 1980, House Restaurant facilities consisted of (1) three cafeterias: one each in the House Annex No. 2, the Longworth Building, and the Rayburn Building, (2) the congressional and Members' dining rooms in the House wing of the Capitol, (3) catering services in the Rayburn and Longworth Buildings, (4) a bakery in the Longworth Building, and (5) five carryouts: one each in the Capitol, Longworth, Cannon, Rayburn, and House Annex No. 2 Buildings. In addition to the food service facilities, there were five tobacco and candy stands: two in the Capitol Building and one each in the Longworth, Rayburn, and Annex No. 2 Buildings. During fiscal 1980, the Restaurant served 2,852,622 customers--a .2 percent decrease compared to fiscal 1979. This decrease was due primarily to the extended closing of the Longworth cafeteria for renovation.

During fiscal 1980, the newly constructed cafeteria in the Annex No. 2 Building began operations, the Cannon carryout was remodeled, the Longworth cafeteria was renovated, and the Longworth catering service was enlarged. Also, a centralized commissary system designed to improve stock management and control over the ordering and issuing of food, tobacco, and beverages was in full operation.

During the year, management incorporated various segments of the Restaurant accounting system and the Longworth and Rayburn cafeteria cash register operations into the computer system. To provide more precise accountability, the china, glassware, and silverware inventories were capitalized and catering labor and miscellaneous costs were integrated into the accounting system.

For the fiscal year ended October 4, 1980, the Revolving Fund's net income was \$10,781. The net income for the fiscal year ended October 6, 1979, was \$315,799.

Comparisons of operating results for the two fiscal years showed that the Revolving Fund had a net loss on food operations of \$200,828 in fiscal 1980 compared to net income of \$122,447 in fiscal 1979. This change was due to increased labor costs relative to sales. During 1980, net income from tobacco stand sales increased about \$17,770--from about \$167,948 to about \$185,718. This increase was due to a higher gross profit margin on tobacco sales.

A comparison of sales, commissions, and operating results for the various Restaurant activities during 1980 and 1979 is presented as note 5 to the financial statements.

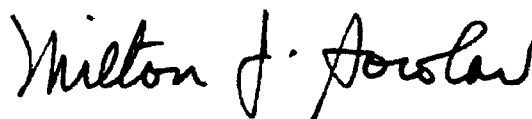
Funds appropriated to the Architect of the Capitol are used to purchase restaurant equipment and to pay for either improvements or changes in the facilities. The cost of these items, however, is not recorded in the House Restaurant Revolving Fund accounts. For additional information see note 1 to the financial statements.

AUDITOR'S OPINION

We have examined the balance sheet of the House of Representatives Restaurant Revolving Fund as of October 4, 1980, and October 6, 1979, 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 above present fairly the financial position of the House of Representatives Restaurant Revolving Fund as of October 4, 1980, and October 6, 1979, 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,



Acting Comptroller General
of the United States

HOUSE OF REPRESENTATIVES RESTAURANT REVOLVING FUNDCOMPARATIVE BALANCE SHEETOCTOBER 4, 1980, AND OCTOBER 6, 1979

	<u>October 4, 1980</u>	<u>October 6, 1979</u>
ASSETS		
CASH:		
Funds with U.S. Treasury	\$502,468	\$527,646
Undeposited receipts (note 1)	16,501	14,860
Petty cash and change funds	<u>18,725</u>	<u>16,850</u>
	\$ 537,694	\$ 559,356
PREPAID EXPENSES	13,468	9,094
ACCOUNTS RECEIVABLE (note 2)	310,125	236,119
INVENTORY OF FOOD, BEVERAGES, MERCHANDISE, AND SUPPLIES, AT COST	216,780	231,284
INVENTORY CHINA, GLASSWARE, AND SILVERWARE	<u>188,047</u>	<u>-</u>
Total assets	<u>\$1,266,114</u>	<u>\$1,035,853</u>
LIABILITIES AND GOVERNMENT EQUITY		
LIABILITIES:		
Amounts due vendors	\$244,780	\$242,503
Net payroll and benefits	111,899	102,589
Federal and State withholding taxes	31,897	26,469
Employees' accrued leave	157,551	115,268
Allowance for purchase of china, glassware, and silverware	<u>-</u>	<u>(28,103)</u>
Total liabilities	<u>\$ 546,127</u>	<u>\$ 458,726</u>
GOVERNMENT EQUITY:		
Contributed capital	50,000	50,000
Capitalization of china, glassware, and silver- ware	132,079	-
Operating funds:		
Balance at beginning of year	527,127	211,328
Net income (schedule 2)	<u>10,781</u>	<u>315,799</u>
Total equity	<u>719,987</u>	<u>577,127</u>
Total liabilities and government equity	<u>\$1,266,114</u>	<u>\$1,035,853</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES RESTAURANT REVOLVING FUND

COMPARATIVE STATEMENT OF OPERATIONS

FISCAL YEARS ENDED OCTOBER 4, 1980, AND OCTOBER 6, 1979

	Fiscal year ended		Fiscal year ended	
	October 4, 1980		October 6, 1979	
	Amount	Percent of sales	Amount	Percent of sales
SALE OF FOOD:				
Regular services	\$3,731,309	68.8	\$3,409,540	76.7
Catering (note 1)	<u>1,688,534</u>	<u>31.2</u>	<u>1,042,238</u>	<u>23.3</u>
Total	5,419,843	100.0	4,451,778	100.0
Cost of food sold	<u>2,018,256</u>	<u>37.2</u>	<u>1,737,068</u>	<u>39.1</u>
GROSS PROFIT	<u>3,401,587</u>	<u>62.8</u>	<u>2,714,710</u>	<u>60.9</u>
OPERATING EXPENSES: (note 1)				
Salaries and wages				
Straight time	1,884,188	34.8	1,562,467	35.1
Overtime	105,782	2.0	91,550	2.1
Leave expense	149,053	2.8	122,113	2.7
Employee meals	94,759	1.7	77,827	1.7
Employee benefits	205,176	3.8	165,161	3.7
Administrative costs (note 3)	233,601	4.3	184,555	4.1
Laundry	91,335	1.7	48,283	1.1
Paper supplies	175,764	3.2	168,498	3.8
Cleaning supplies	71,671	1.3	49,647	1.1
Miscellaneous	89,217	1.6	48,444	1.1
Replacement of china, glassware, and silverware	66,469	1.2	73,718	1.7
Commissary costs	45,103	.8	-	-
Contract labor	<u>390,297</u>	<u>7.2</u>	<u>-</u>	<u>-</u>
Total	<u>3,602,415</u>	<u>66.4</u>	<u>2,592,263</u>	<u>58.2</u>
PROFIT OR (LOSS) ON FOOD OPERATIONS	<u>(200,828)</u>	<u>3.7</u>	<u>122,447</u>	<u>2.7</u>
TOBACCO AND CANDY STAND MERCHANDISE:				
Sales	765,112	100.0	727,982	100.0
Cost of sales	<u>493,082</u>	<u>64.4</u>	<u>485,407</u>	<u>66.7</u>
GROSS PROFIT	272,030	35.6	242,575	33.3
TOBACCO AND CANDY STAND LABOR AND BENEFITS (note 4)	<u>86,312</u>	<u>11.3</u>	<u>74,627</u>	<u>10.2</u>
INCOME FROM TOBACCO AND CANDY STAND OPERATIONS	<u>185,718</u>	<u>24.3</u>	<u>167,948</u>	<u>23.1</u>
VENDING MACHINE COMMISSION	<u>25,891</u>		<u>25,404</u>	
NET INCOME FOR THE FISCAL YEAR	<u>\$ 10,781</u>		<u>\$ 315,799</u>	

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES RESTAURANT REVOLVING FUND
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
FISCAL YEARS ENDED OCTOBER 4, 1980, AND OCTOBER 6, 1979

	<u>Fiscal year ended</u> <u>October 4, 1980</u>	<u>Fiscal year ended</u> <u>October 6, 1979</u>
FUNDS PROVIDED:		
Sales commissions and discounts	\$6,229,955	\$5,205,164
Increase in operating funds due to capitalization of china, glassware, and silverware	<u>160,182</u>	<u>-</u>
Total	<u>\$6,390,137</u>	<u>\$5,205,164</u>
FUNDS APPLIED:		
Cost of merchandise sold	\$2,530,449	\$2,222,473
Salaries and wages	2,525,270	1,715,001
Other operating expenses	1,163,456	951,890
Decrease in reserve for replacement of china, glassware, and silverware	-	24,921
Increase in working capital	<u>170,962</u>	<u>290,879</u>
Total	<u>\$6,390,137</u>	<u>\$5,205,164</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

FISCAL YEARS ENDED OCTOBER 4, 1980, AND OCTOBER 6, 1979

	<u>Increase</u> <u>in working capital</u>	
	<u>October 4, 1980</u>	<u>October 6, 1979</u>
WORKING CAPITAL CHANGES:		
Cash	\$(21,662)	\$256,206
Accounts receivable	74,006	42,478
Inventories	173,543	86,841
Prepaid expenses	4,374	6,229
Amounts due vendors	(2,277)	(39,444)
Payroll, benefits, and taxes payable	(14,738)	(41,008)
Employees' accrued leave	<u>(42,284)</u>	<u>(20,423)</u>
Increase in working capital	<u>\$170,962</u>	<u>\$290,879</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES RESTAURANT

REVOLVING FUND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 4, 1980

1. Significant Accounting Policies

Cash receipts from sales revenues are sent to the House Finance Office for deposit to the U.S. Treasury and credit to the House Restaurant Revolving Fund for use in operating the various restaurant facilities.

The statements do not include the cost of equipment and furnishings acquired with funds appropriated to the Architect of the Capitol or the cost of certain benefits and services, such as space, building repairs and maintenance, utilities, garbage disposal, menus and forms printed by the Government Printing Office, and services of the staffs of the Committee on House Administration and its Subcommittee on Services, all of which are furnished to the Restaurant without charge.

Miscellaneous costs and service costs related to catered events held outside of normal operating hours were included by the House Restaurant as sales, cost of sales, and operating expenses in fiscal 1980 but were billed directly to customers. These costs and billings for the fiscal year ended October 4, 1980, consist of sales (\$529,939), cost of food sold (\$100,265), contract labor (\$390,297), flowers (\$26,513), and rentals (\$2,240).

2. The accounts receivable balances at September 30, 1980, amounted to \$280,824, about 22.3 percent greater than the September 30, 1979, balances. Of this amount, \$92,254, or 32.8 percent, was outstanding over 60 days, compared with \$58,052, or 25.3 percent, at September 30, 1979. A comparison of the accounts receivable between fiscal 1980 and 1979 follows.

<u>Days outstanding</u>	<u>September 30, 1980</u>		<u>September 30, 1979</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30	\$178,214	63.5	\$166,488	72.5
31 to 60	10,356	3.7	4,988	2.2
61 to 90	15,160	5.4	17,564	7.7
Over 90	<u>77,094</u>	<u>27.4</u>	<u>40,488</u>	<u>17.6</u>
Total	<u>\$280,824</u>	<u>100.0</u>	<u>\$229,528</u>	<u>100.0</u>

At January 21, 1981, 82.6 percent of the September 30, 1980, accounts receivable balance had been collected.

The Restaurant accounting office periodically prepares a list of outstanding accounts and submits the list to the Subcommittee on Services. During the year, the staff of the Subcommittee on Services mailed collection letters to customers whose accounts were delinquent 60 days and telephoned those who were delinquent 90 days to encourage payment.

3. Administrative costs for the fiscal year ended October 4, 1980, consist of straight time (\$194,403), leave expense (\$16,383), employee meals (\$5,067), and employee benefits (\$17,747).
4. Tobacco and candy stand labor and benefits for the fiscal year ended October 4, 1980, consist of straight time (\$53,517), overtime (\$3,008), leave expense (\$4,682), employee meals (\$2,271), and employee benefits (\$7,701). Also, commissary labor and benefits of \$15,032 were included in the tobacco and candy stand costs.
5. A comparison of sales, commissions, and operating results for the various restaurant activities during fiscal 1980 and 1979 is presented on page 6 in condensed form.

NOTES TO FINANCIAL STATEMENTS
(continued)

	1980		1979	
	<u>Sales and commis- sions</u>	<u>Operating income or (loss)</u>	<u>Sales and commis- sions</u>	<u>Operating income or (loss)</u>
Food:				
Dining rooms:				
Congressional (note a)	\$ 518,038	\$(407,957)	\$ 398,182	\$(301,229)
Members	31,673	(42,010)	18,940	(33,997)
Cafeterias:				
Longworth Building (note b)	1,284,983	(1,359)	1,067,756	36,855
Rayburn Building (note c)	993,507	(41,354)	1,005,532	42,624
Annex No. 2 Building (note d)	509,843	(52,609)	296,080	(35,782)
Carryout service:				
Longworth Building	364,221	49,378	298,117	35,394
Cannon Building	209,067	15,978	289,105	37,198
Rayburn Building	281,777	41,158	232,006	31,111
Capitol Building	165,435	1,375	179,917	12,715
Catering service:				
Rayburn Building	1,061,299	249,239	665,267	294,997
Bakery (note e)	-	(12,667)	876	2,561
Total	<u>\$5,419,843</u>	<u>\$(200,828)</u>	<u>\$4,451,778</u>	<u>\$ 122,447</u>
Tobacco and candy stands:				
Congressional dining room	51,886	17,292	43,332	11,993
Cafeterias:				
Longworth Building	352,780	80,581	355,267	76,624
Rayburn Building	206,570	42,921	204,787	47,916
Carryout service:				
Capitol Building	28,426	9,600	33,067	9,540
Annex No. 2 Building	<u>125,450</u>	<u>35,324</u>	<u>91,529</u>	<u>21,875</u>
Total	<u>\$ 765,112</u>	<u>\$ 185,718</u>	<u>\$ 727,982</u>	<u>\$ 167,948</u>
Vending machine commissions	<u>25,891</u>	<u>25,891</u>	<u>25,404</u>	<u>25,404</u>
Total	<u>\$6,210,846</u>	<u>\$ 10,781</u>	<u>\$5,205,164</u>	<u>\$ 315,799</u>

a/Includes catering sales of \$115,049 for fiscal 1980 and \$78,852 for fiscal 1979.

b/Includes catering sales of \$322,925 for fiscal 1980 and \$99,910 for fiscal 1979.

c/Includes sales of food to the Rayburn catering service of \$186,996 for fiscal 1980 and \$198,210 for fiscal 1979.

d/Annex No. 2 Building cafeteria was operated as a carryout unit in fiscal 1979.

e/Sales of \$876 in fiscal 1979 were made to the Senate Restaurants. These sales were discontinued in December 1978. Also, sales of \$100,664 in fiscal 1980 and \$149,349 in fiscal 1979 were made to other House Restaurant facilities, and are included in their costs.

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