



089814

B-114891
11-13-70

RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Legislative Liaison, a record of which is kept by the Distribution Section, Publications Branch, OAS

RELEASED

Audit Of The
House Of Representatives
Restaurant For The
Period June 29, 1969,
To June 27, 1970

B-114891

Architect of the Capitol

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

089814

James

NOV. 13, 1970



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

B-114891

Dear Mr. Campioli:

This is our report on an audit of the financial operations of the House of Representatives Restaurant for the period June 29, 1969, to June 27, 1970. The audit was made pursuant to section 208(c)(2) of the act of October 9, 1940 (40 U.S.C. 174k).

Sincerely yours,

A handwritten signature in dark ink, reading "James B. Stacks". The signature is written in a cursive style with a large, stylized initial "J".

Comptroller General
of the United States

The Honorable Mario E. Campioli
Acting Architect of the Capitol

C o n t e n t s

	<u>Page</u>
DIGEST	1
INTRODUCTION	2
OPERATIONS	3
ACCOUNTS RECEIVABLE	5
OPINION OF FINANCIAL STATEMENTS	6
FINANCIAL STATEMENTS	
SCHEDULE	
1 Comparative statement of assets and liabilities, June 27, 1970, and June 28, 1969	9
2 Comparative statement of operations for fiscal years ended June 27, 1970, June 28, 1969, June 29, 1968, and July 1, 1967	10
3 Statement of sources and application of funds for fiscal year ended June 27, 1970	11
EXHIBIT	
I Statement of operations, June 29, 1969, through June 27, 1970	15

*COMPTROLLER GENERAL'S
REPORT TO THE ACTING
ARCHITECT OF THE CAPITOL*

AUDIT OF THE HOUSE OF REPRESENTATIVES
RESTAURANT FOR THE PERIOD JUNE 29, 1969,
TO JUNE 27, 1970 B-114891

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) is required by law to make an annual audit of the House of Representatives Restaurant.

FINDINGS AND CONCLUSIONS

The operation of the House Restaurant resulted in a net loss for fiscal year 1970 of \$298,715, which included equipment expenditures of \$5,345, compared with a net loss for fiscal year 1969 of \$172,292 which included equipment expenditures of \$67. The increase in the loss of \$126,423 was caused primarily by increased labor costs--from \$921,501 in fiscal year 1969 to \$1,073,184 in fiscal year 1970.

In GAO's opinion, the financial statements (schedules 1, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described on page 6 of this report, present fairly the financial position of the House of Representatives Restaurant at June 27, 1970, the results of its operations, and the sources and application of its funds for the year then ended.

INTRODUCTION

The General Accounting Office has made an audit of the House of Representatives Restaurant for the period June 29, 1969, to June 27, 1970. Our audit was made in accordance with generally accepted auditing standards, and included an examination of the financial statements for the year ended June 27, 1970, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The House of Representatives Restaurant is operated primarily for members and employees of the House. The Architect of the Capitol is responsible for the management of the Restaurant, pursuant to the provisions of House Resolution 590, Seventy-sixth Congress, and of section 208 of the act of October 9, 1940. The Architect's management of the Restaurant is subject to the direction of the Committee on the House Restaurant as provided by House Resolution 472, Ninety-first Congress, effective July 15, 1969.

The Restaurant facilities consist of the congressional and members' dining rooms and the cafeteria in the House wing of the Capitol; the cafeteria and carryout services in the Longworth and Rayburn Buildings; and the carryout service in the Cannon Building. The cafeteria and carryout service units are operated throughout the year. The congressional restaurant and members' dining rooms usually close when the Congress adjourns for long periods.

Funds for the operation of the Restaurant are provided by receipts from sales and by allocations from annual appropriations for Contingent expenses, House of Representatives, Miscellaneous Items, to cover losses and the acquisition of equipment. These funds are deposited into an account established with the Treasurer of the United States pursuant to the act of October 9, 1940. Also, funds appropriated to the Architect of the Capitol for construction or maintenance are available for purchases of equipment. These purchases are not recorded as assets of the Restaurant.

OPERATIONS

The operation of the House Restaurant in fiscal year 1970 resulted in a net loss of \$298,715, which included equipment expenditures of \$5,345, as compared with a net loss in fiscal year 1969 of \$172,292, which included equipment expenditures of \$67. The increase in the loss of \$126,423 was caused by higher food, labor, and other operating costs, which were not offset by corresponding increases in prices.

A condensed comparison of the food and beverage and cigar-stand merchandise sales and operating results for each of the units for fiscal years 1970 and 1969 follows:

	<u>1970</u>		<u>1969</u>	
	<u>Sales</u>	<u>Operating profit or loss(-)</u>	<u>Sales</u>	<u>Operating profit or loss(-)</u>
Food and beverages:				
Dining rooms:				
Congressional Members'	\$ 229,229	-\$234,673	\$ 184,230	-\$180,897
	20,409	-35,746	13,975	-28,327
Cafeterias:				
Longworth Building	394,027	-75,107	400,969	-35,655
Capitol Building	86,599	-35,155	94,461	-16,676
Rayburn Building	455,065	-35,533	350,527	-17,576
Carryout service:				
Longworth Building	93,374	19,430	88,243	21,132
Cannon Building	121,456	28,263	86,746	20,234
Rayburn Building	<u>87,785</u>	<u>10,164</u>	<u>89,558</u>	<u>17,915</u>
Total	<u>\$1,487,944</u>	<u>-\$358,357</u>	<u>\$1,308,709</u>	<u>-\$219,850</u>
Number of persons served	<u>1,677,360</u>		<u>1,522,482</u>	
Cigar-stand merchandise:				
Congressional dining room	\$ 38,820	\$ 8,614	\$ 26,727	\$ 4,844
Cafeterias:				
Longworth Building	137,982	33,171	130,289	22,029
Capitol Building	13,448	3,664	17,096	3,645
Rayburn Building	<u>73,722</u>	<u>14,485</u>	<u>62,621</u>	<u>12,483</u>
Total	<u>\$ 263,972</u>	<u>\$ 59,934</u>	<u>\$ 236,733</u>	<u>\$ 43,001</u>

A comparative statement of assets and liabilities of the House Restaurant at June 27, 1970, and June 28, 1969, is presented as schedule 1. A comparative statement of operations for fiscal years 1967 through 1970 is presented as

schedule 2 and a statement of sources and application of funds for fiscal year 1970 as schedule 3. A comparison of sales and operating results for each of the units for fiscal year 1970 is presented as an exhibit.

ACCOUNTS RECEIVABLE

The following schedule shows a comparison of the receivables at June 30, 1970, and June 30, 1969:

<u>Age</u>	<u>June 30, 1970</u>		<u>June 30, 1969</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30 days	\$31,796	57	\$30,354	56
31 to 60 days	12,037	22	14,096	26
over 60 days	<u>12,000^a</u>	<u>21</u>	<u>9,698</u>	<u>18</u>
Total	<u>\$55,833</u>	<u>100</u>	<u>\$54,148</u>	<u>100</u>

^aIncludes four accounts totaling \$1,482.50 which are over one year old.

In our audit report on the House Restaurant for fiscal year 1968, we recommended that the Architect of the Capitol establish a written policy providing procedures for the collection of overdue accounts. We were advised that policies covering extension of credit and establishment of collection procedures have been formulated and submitted to the Committee on the House Restaurant.

After reviewing a draft of this report, representatives of the Architect initiated action for the collection of the delinquent accounts receivables. Of the \$12,000 outstanding over 60 days at June 30, 1970, collection of \$5,806 had been made by September 30, 1970.

OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements (schedules 1 through 3) were prepared by us based on accounting records maintained by the Architect of the Capitol. Transactions are recorded on an accrual basis except that equipment and furnishing acquired with Restaurant funds are charged off as an expense in the period acquired rather than over the period of their useful life. Also, 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 furnished to the Restaurant without charge, such as space, ordinary building repairs and maintenance, utilities, garbage disposal, menus and forms printed by the Government Printing Office, and personal services of the staff of the Architect of the Capitol.

In our opinion, the financial statements (schedules 1 through 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices and financial arrangements described above, present fairly the financial position of the House of Representatives Restaurant at June 27, 1970, the results of its operations, and the sources and application of its funds for the year then ended.

FINANCIAL STATEMENTS

SCHEDULE 1

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 27, 1970, AND JUNE 28, 1969

ASSETS	<u>June 27, 1970</u>	<u>June 28, 1969</u>
CASH:		
Funds with U.S. Treasury	\$ 93,466	\$140,504
Undeposited receipts	23,489	10,664
Petty cash and change funds	<u>12,950</u>	<u>11,050</u>
	\$129,905	\$162,218
ACCOUNTS RECEIVABLE	62,350	54,100
INVENTORY OF FOOD, BEVERAGES, MERCHAN- DISE AND SUPPLIES, AT COST	<u>43,563</u>	<u>43,695</u>
Total assets	<u>\$235,818</u>	<u>\$260,013</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Amounts due vendors	\$ 89,427	\$ 84,780
Net payroll and benefits	36,608	31,859
Federal and D.C. withholding taxes	5,394	7,516
Unclaimed wages	202	148
Employees' accrued leave	81,047	63,078
Allowance for purchase of china, glassware, silverware, and kitchen utensils	<u>15,900</u>	<u>11,677</u>
Total liabilities	\$228,578	\$199,058
EQUITY OF THE HOUSE OF REPRESENTATIVES:		
Balance at beginning of year	\$ 60,955	\$ 58,247
Current year appropriation	<u>245,000^a</u>	<u>175,000^b</u>
	305,955	233,247
Less net loss for fiscal year (schedule 2)	<u>298,715</u>	<u>172,292</u>
Total equity	<u>7,240</u>	<u>60,955</u>
Total liabilities and equity	<u>\$235,818</u>	<u>\$260,013</u>

^aSupplemental appropriation, fiscal year 1969 (Public Law 91-47), \$36,000; regular appropriation, fiscal year 1970 (Public Law 91-145), \$159,000; supplemental appropriation, fiscal year 1970 (Public Law 91-305), \$50,000.

^bRegular appropriation, fiscal year 1969 (Public Law 90-417), \$175,000.

SCHEDULE 2

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF OPERATIONS

FOR FISCAL YEARS ENDED JUNE 27, 1970, JUNE 28, 1969, JUNE 29, 1968, JULY 1, 1967

	Fiscal year ended							
	June 27, 1970		June 28, 1969		June 29, 1968		July 1, 1967	
	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales
SALES OF FOOD AND BEVERAGES:								
Regular services	\$1,281,422	86.1	\$1,132,965	86.0	\$1,193,990	88.5	\$1,158,197	89.0
Catering	<u>206,522</u>	<u>13.9</u>	<u>175,744</u>	<u>14.0</u>	<u>155,621</u>	<u>11.5</u>	<u>135,771</u>	<u>11.0</u>
Total	1,487,944	100.0	1,308,709	100.0	1,349,611	100.0	1,293,968	100.0
Cost of food and beverages sold	<u>628,264</u>	<u>42.2</u>	<u>505,319</u>	<u>38.6</u>	<u>580,592</u>	<u>43.0</u>	<u>550,933</u>	<u>42.6</u>
GROSS PROFIT	<u>859,680</u>	<u>57.8</u>	<u>803,390</u>	<u>61.4</u>	<u>769,019</u>	<u>57.0</u>	<u>743,035</u>	<u>57.4</u>
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	868,984	58.4	758,786	57.9	857,059	63.5	743,695	57.5
Overtime	39,062	2.6	25,857	2.0	51,510	3.8	44,554	3.5
Leave expense	76,647	5.2	61,342	4.7	68,495	5.1	59,100	4.6
Employee meals	27,461	1.8	24,960	1.9	35,454	2.6	33,866	2.6
Employee benefits	61,030	4.1	50,556	3.9	52,586	3.9	44,632	3.4
Laundry	49,577	3.3	36,461	2.8	43,006	3.2	39,686	3.1
Paper supplies	35,524	2.4	26,064	2.0	25,487	1.9	25,087	1.9
Cleaning supplies	13,600	0.9	7,294	0.6	10,900	0.8	9,455	0.7
Miscellaneous	23,595	1.6	12,096	0.9	19,585	1.5	13,698	1.1
Replacement of china, glassware, silverware, and kitchen utensils	<u>22,557</u>	<u>1.5</u>	<u>19,825</u>	<u>1.5</u>	<u>20,237</u>	<u>1.5</u>	<u>13,346</u>	<u>1.0</u>
TOTAL OPERATING EXPENSES	<u>1,218,037</u>	<u>81.8</u>	<u>1,023,241</u>	<u>78.2</u>	<u>1,184,319</u>	<u>87.8</u>	<u>1,027,119</u>	<u>79.4</u>
LOSS ON FOOD AND BEVERAGES OPERATIONS	<u>358,357</u>	<u>24.0</u>	<u>219,851</u>	<u>16.8</u>	<u>415,300</u>	<u>30.8</u>	<u>284,084</u>	<u>22.0</u>
CIGAR-STAND MERCHANDISE:								
Sales	263,972	100.0	236,733	100.0	256,463	100.0	212,892	100.0
Cost of sales	<u>204,038</u>	<u>77.3</u>	<u>193,732</u>	<u>81.8</u>	<u>210,070</u>	<u>81.9</u>	<u>174,414</u>	<u>81.9</u>
PROFIT ON CIGAR-STAND OPERATIONS	<u>59,934</u>	<u>22.7</u>	<u>43,001</u>	<u>18.2</u>	<u>46,393</u>	<u>18.1</u>	<u>38,478</u>	<u>18.1</u>
VENDING MACHINE COMMISSIONS	<u>5,053</u>		<u>4,625</u>		<u>6,195</u>		<u>5,652</u>	
NET OPERATING LOSS	293,370		172,225		362,712		239,954	
EQUIPMENT EXPENDITURES	<u>5,345</u>		<u>67</u>		<u>4,249</u>		<u>3,644</u>	
NET LOSS FOR YEAR	<u>\$ 298,715</u>		<u>\$ 172,292</u>		<u>\$ 366,961</u>		<u>\$ 243,598</u>	

HOUSE OF REPRESENTATIVES RESTAURANT

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

FOR THE FISCAL YEAR ENDED JUNE 27, 1970

FUNDS PROVIDED BY:

Appropriations	\$ 245,000
Sales	1,756,969
Decrease in working capital	<u>49,491</u>
Total funds provided	<u>\$2,051,460</u>

FUNDS APPLIED TO:

Cost of merchandise sold	\$ 832,302
Salaries and wages	908,046
Other operating expenses	305,767
Equipment expenditures	<u>5,345</u>
Total funds applied	<u>\$2,051,460</u>

EXHIBIT

HOUSE OF REPRESENTATIVES RESTAURANT

FISCAL YEAR 19 70

13th ACCOUNTING PERIOD

STATEMENT OF OPERATIONS

FISCAL YEAR TO DATE - JUNE 29, 1969 THRU JUNE 27, 1970

	COMBINED OPERATIONS		CONG. RESTAURANT		MEMBERS' DINING ROOM		CAPITOL CAFETERIA	
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES
FOOD								
SALES								
Food.....	1,281,421	86.1	198,623	86.6	20,409	100.0	86,599	100.0
Catering.....	206,522	13.9	30,605	13.4				
TOTAL	1,487,944	100.0	229,229	100.0	20,409	100.0	86,599	100.0
COST OF FOOD SOLD.....	628,263	42.2	108,761	47.4	9,730	47.7	37,781	43.6
GROSS PROFIT ON FOOD	859,680	57.8	120,468	52.6	10,678	52.3	48,817	56.4
OPERATING EXPENSES	868,984	58.4	245,917	107.3	34,060	166.9	64,585	74.6
Labor: Straight Time	39,062	2.6	19,498	8.5	1,310	6.4	1,115	1.3
Overtime	76,647	5.2	22,324	9.7	3,580	17.5	5,676	6.5
Leave Expense	27,460	1.8	8,540	3.7	873	4.3	1,331	1.5
Employee Meals	61,029	4.1	19,242	8.4	2,978	14.6	3,955	4.6
Employee Benefits	1,073,184	72.1	315,522	137.6	42,803	209.7	76,664	88.5
TOTAL LABOR COSTS	49,576	3.3	20,356	8.9	2,261	11.1	1,414	1.6
Laundry	35,524	2.4	1,633	0.7	181	0.9	4,200	4.8
Paper Supplies	13,599	0.9	3,830	1.7	425	2.1	142	0.2
Cleaning Supplies	23,595	1.6	6,920	3.0	650	3.2	685	0.8
Miscellaneous Expense	22,556	1.5	6,878	3.0	102	0.5	866	1.0
(China, Glassware, Silverware & Kitchen Utensils) Replacements	1,218,037	81.8	355,142	154.9	46,424	227.5	83,972	97.0
TOTAL OPERATING EXPENSES	(358,357)	(24.0)	(234,673)	(102.3)	(35,746)	(175.2)	(35,155)	(40.6)
PROFIT OR (LOSS) ON FOOD OPERATIONS								
CIGAR STANDS								
SALES	263,972	100.0	38,820	100.0			13,447	100.0
COST OF SALES.....	204,038	77.3	30,206	77.8			9,783	72.8
PROFIT OR (LOSS) ON CIGAR STAND OPERATIONS	59,933	22.7	8,613	22.2			3,664	27.2
VENDING MACHINES COMMISSIONS	5,053							
NET PROFIT OR (LOSS) ON OPERATIONS	(293,370)		(226,060)		(35,746)		(31,491)	
EQUIPMENT EXPENDITURES	5,345							
NET INCOME OR (DEFICIT)	(298,715)							

NOTE: CENTS HAVE BEEN OMITTED; THEREFORE, COLUMNS WILL NOT FOOT.

L.H.O.B. CAFETERIA		L.H.O.B. CARRY-OUT		C.H.O.B. CARRY-OUT		RAYBURN CAFETERIA		RAYBURN CARRY-OUT	
AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES
377,396	95.8	93,373	100.0	121,455	100.0	295,778	65.0	87,784	100.0
16,630	4.2					159,286	35.0		
394,027	100.0	93,373	100.0	121,455	100.0	455,064	100.0	87,784	100.0
175,575	44.6	32,565	34.9	46,091	37.9	184,104	40.5	33,652	38.3
218,451	55.4	60,808	65.1	75,363	62.1	270,959	59.5	54,132	61.7
207,783	52.7	29,016	31.1	32,572	26.8	223,597	49.1	31,450	35.8
10,636	2.7	1,636	1.8	567	0.4	3,542	0.8	756	0.9
19,237	4.9	2,659	2.8	2,780	2.3	17,571	3.9	2,817	3.2
7,405	1.9	826	0.9	968	0.8	6,600	1.4	912	1.0
14,064	3.6	1,810	1.9	1,882	1.6	14,863	3.3	2,231	2.6
259,128	65.8	35,948	38.5	38,772	31.9	266,175	58.5	38,169	43.5
10,872	2.8	1,075	1.1	1,172	1.0	11,345	2.5	1,077	1.2
4,340	1.1	3,747	4.0	6,364	5.3	11,122	2.4	3,933	4.5
5,270	1.3	61	0.1	144	0.1	3,624	0.8	101	0.1
6,061	1.5	545	0.6	646	0.5	7,400	1.6	685	0.8
7,884	2.0					6,825	1.5		
293,558	74.5	41,378	44.3	47,100	38.8	306,492	67.3	43,967	50.1
(75,107)	(19.1)	19,430	20.8	28,263	23.3	(35,533)	(7.8)	10,164	11.6
137,981	100.0					73,722	100.0		
104,810	76.0					59,237	80.4		
33,171	24.0					14,484	19.6		
		1,058		2,193				1,800	
(41,936)		20,489		30,457		(21,048)		11,964	