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The General

RELEASED

Audit Of The United States  
Senate Restaurants For  
The Period June 30, 1968,  
To June 28, 1969

B-114871

Architect of the Capitol

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

1089769



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

B- 114871

Dear Mr. Stewart:

This is our report on an audit of the financial operations of the United States Senate Restaurants for the period June 30, 1968, to June 28, 1969. The audit was made pursuant to section 5 of the act of July 6, 1961 (40 U.S.C. 174j- 5).

Sincerely yours,

A handwritten signature in cursive script, reading "James B. Peets", is written over the typed name.

Comptroller General  
of the United States

The Honorable J. George Stewart  
Architect of the Capitol

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COMPTROLLER GENERAL'S  
REPORT TO THE ARCHITECT  
OF THE CAPITOL

AUDIT OF THE UNITED STATES SENATE  
RESTAURANTS FOR THE PERIOD JUNE 30,  
1968, TO JUNE 28, 1969 B-114871

D I G E S T

WHY THE AUDIT WAS MADE

The General Accounting Office (GAO) has completed its annual audit of the United States Senate Restaurants.

FINDINGS AND CONCLUSIONS

The operation of the Senate Restaurants resulted in a net operating loss of \$434,826 for fiscal year 1969 compared with a net operating loss of \$418,000 for fiscal year 1968. The total net loss, including equipment expenditures, amounted to \$434,993 for fiscal year 1969, a \$16,670 increase over the total net loss for fiscal year 1968. The increase in the loss was caused primarily by increased labor costs--from \$941,704 in fiscal year 1968 to \$952,429 in fiscal year 1969.

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 described on page 5 of this report, present fairly the financial position of the United States Senate Restaurants at June 28, 1969, 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 UNITED STATES SENATE RESTAURANTS for the period June 30, 1968, to June 28, 1969. Our audit included an examination of the financial statements for the fiscal year ended June 28, 1969, and such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Senate Restaurants are operated primarily for Senators and employees of the United States Senate. The Architect of the Capitol is responsible for the management of the restaurants subject to the direction of the Committee on Rules and Administration, as provided by the act of July 6, 1961 (40 U.S.C. 174j-1).

Facilities of the restaurants consist of several dining rooms and a snack bar in the Senate wing of the Capitol; a coffee shop in the Old Senate Office Building; and a cafeteria for use by Senators and employees, a cafeteria for use by visitors, a carryout shop, and a Senators' private dining room in the New Senate Office Building. The dining rooms in the Capitol are required to remain open when the Senate is in night session.

Funds for the operation of the restaurants are provided by receipts from sales and by an annual appropriation to cover losses and equipment purchases. The funds are deposited into an account established with the Treasurer of the United States pursuant to the act of July 6, 1961. Funds appropriated to the Architect of the Capitol for construction or maintenance are also available to the restaurants for the purchase of equipment. Equipment purchases, however, are not recorded as assets of the restaurants.

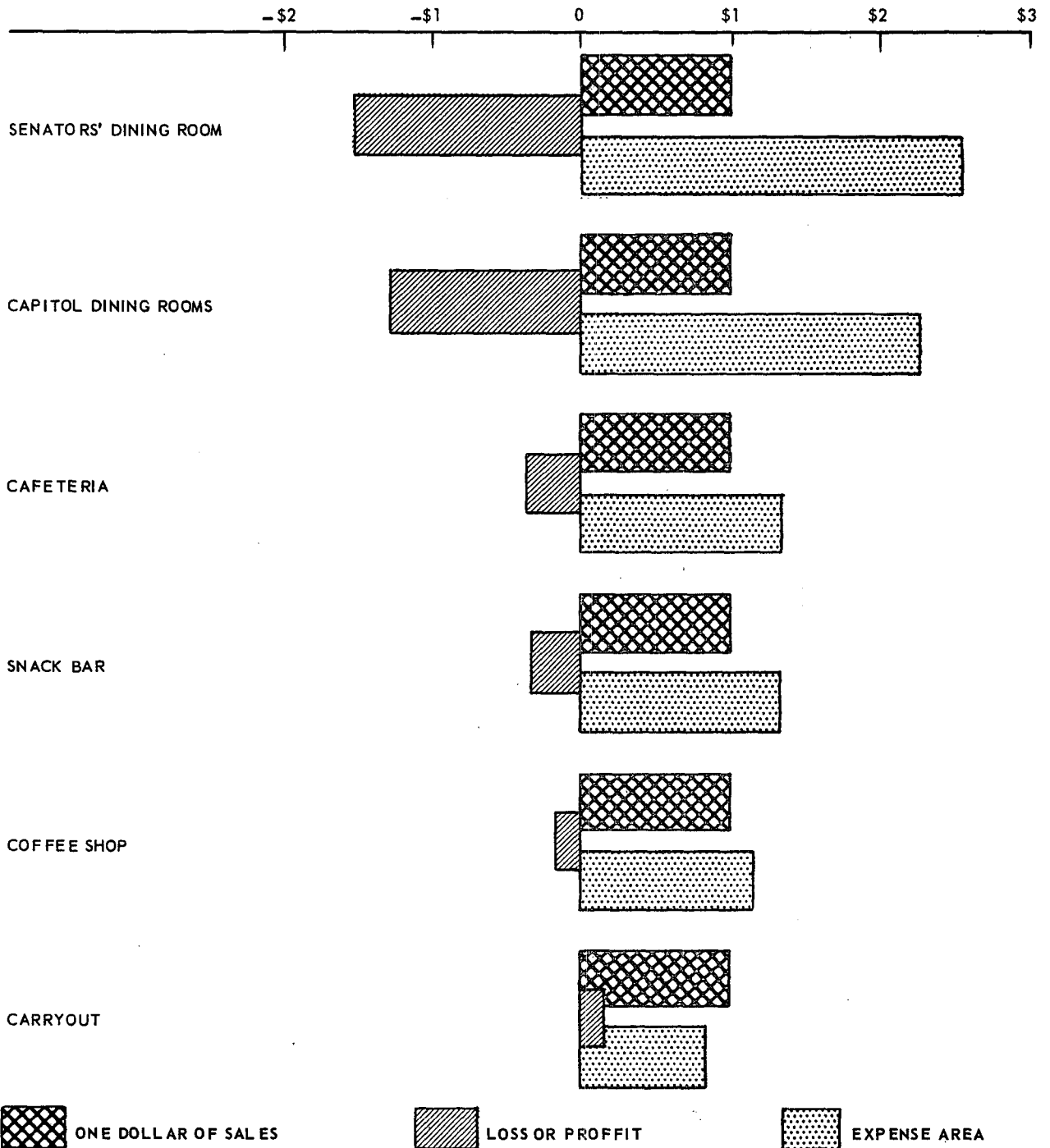
## OPERATIONS

The operation of the Senate Restaurants resulted in a net operating loss of \$434,826 for fiscal year 1969 compared with a net operating loss of \$418,000 for fiscal year 1968. The total net loss, including equipment expenditures, amounted to \$434,993 for fiscal year 1969, a \$16,670 increase over the total net loss for fiscal year 1968. The increase in the loss was caused primarily by increased labor costs--from \$941,704 in fiscal year 1968 to \$952,429 in fiscal year 1969.

A comparative statement of assets and liabilities of the Senate Restaurants on June 28, 1969, and June 29, 1968, is presented as schedule 1. A comparative statement of operations for fiscal years 1969, 1968, 1967, and 1966 is presented as schedule 2. A statement of sources and application of funds for fiscal year 1969 is presented as schedule 3. A comparison of sales and operating results for each of the units for fiscal year 1969 is presented as an exhibit. A condensed comparison of the sales and operating results for each of the units for fiscal years 1969 and 1968 is shown below.

	<u>1969</u>		<u>1968</u>	
	<u>Sales</u>	<u>Operating profit or loss(-)</u>	<u>Sales</u>	<u>Operating profit or loss(-)</u>
<b>Food and beverages:</b>				
Capitol dining rooms	\$ 206,891	\$-262,812	\$ 200,531	\$-266,032
Snack bar	26,650	-8,474	37,941	-5,268
Coffee shop	175,302	-27,594	147,350	-32,631
Cafeteria	469,686	-166,519	486,195	-151,679
Senators' dining room	16,033	-24,483	20,666	-31,224
Carryout service	<u>109,958</u>	<u>17,253</u>	<u>115,842</u>	<u>27,368</u>
<b>Total</b>	<b>\$<u>1,004,520</u></b>	<b>\$<u>-472,629</u></b>	<b>\$<u>1,008,525</u></b>	<b>\$<u>-459,466</u></b>
<b>Number of persons served</b>	<b><u>1,432,362</u></b>		<b><u>1,526,220</u></b>	
<b>Cigar-stand merchandise:</b>				
Capitol dining rooms	\$ 28,212	\$ 5,023	\$ 28,963	\$ 6,261
Snack bar	5,761	1,043	8,094	1,731
Coffee shop	44,232	9,893	45,527	9,671
Cafeteria	20,838	4,760	23,221	6,888
Senators' dining room	-	-	-	-
Carryout service	<u>48,767</u>	<u>11,097</u>	<u>49,458</u>	<u>11,130</u>
<b>Total</b>	<b>\$ <u>147,810</u></b>	<b>\$ <u>31,816</u></b>	<b>\$ <u>155,263</u></b>	<b>\$ <u>35,681</u></b>

# **A DOLLAR OF FOOD SALES COMPARED TO THE RELATED EXPENSE** FISCAL YEAR 1969



## OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements of the United States Senate Restaurants (schedules 1, 2, and 3) are based on accounting records of the Architect of the Capitol. Transactions are recorded in the records on an accrual basis except that equipment and furnishings acquired with restaurant funds are treated as expenses rather than being capitalized and charged off as an expense during 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 of certain benefits and services furnished 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, 2, and 3), which were prepared on a basis consistent with that of the preceding year and in accordance with the accounting practices described above, present fairly the financial position of the United States Senate Restaurants at June 28, 1969, the results of its operations, and the sources and application of its funds for the year then ended.





## FINANCIAL STATEMENTS



## UNITED STATES SENATE RESTAURANTS

## COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 28, 1969, AND JUNE 29, 1968

ASSETS	June 28, 1969	June 29, 1968
<b>CASH:</b>		
Funds with U.S. Treasury	\$ 45,806	\$ 88,622
Undeposited receipts	13,205	6,570
Petty cash and change funds	<u>8,500</u>	<u>8,500</u>
	\$ 67,511	\$103,692
<b>ACCOUNTS RECEIVABLE</b>	123,850 <sup>a</sup>	21,304 <sup>b</sup>
<b>INVENTORY OF FOOD, BEVERAGES, MERCHANDISE, AND SUPPLIES, at cost</b>	34,792	34,600
<b>INVENTORY OF CHINA, GLASSWARE, AND SILVERWARE</b>	<u>27,172</u>	<u>33,684</u>
<b>Total assets</b>	<u>\$253,325</u>	<u>\$193,280</u>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
Amounts due vendors	\$ 65,909	\$ 55,553
Net payroll	29,498	26,611
Employee benefits	5,217	4,953
Federal and D.C. withholding taxes	7,739	28,378
Reserve for employees' accrued leave	60,384 <sup>c</sup>	56,810
Unclaimed wages	<u>560</u>	<u>464</u>
<b>Total liabilities</b>	<u>\$169,307</u>	<u>\$172,769</u>
<b>EQUITY OF THE UNITED STATES SENATE:</b>		
Contributed capital	51,200	51,200
Capitalization of inventory of china, glassware, and silverware, July 1, 1967	36,361	36,361
Operating funds:		
Deficit:		
Balance beginning of year	67,050	19,727
Current year operations	434,826	418,000
Equipment expenditures	<u>167</u>	<u>323</u>
	502,043	438,050
Less current year appropriation	<u>498,500<sup>d</sup></u>	<u>371,000<sup>e</sup></u>
	-3,543	-67,050
<b>Total equity</b>	<u>84,018</u>	<u>20,511</u>
<b>Total liabilities and equity</b>	<u>\$253,325</u>	<u>\$193,280</u>

<sup>a</sup>Includes \$100,500 supplemental appropriation and \$1,088 due from vending machine company.<sup>b</sup>Includes \$6,000 supplemental appropriation and \$765 due from vending machine company.<sup>c</sup>Pay increase applicable to administrative employees, effective 7/13/69, increases the reserve for accrued leave by \$1,177.<sup>d</sup>Regular appropriation (Public Law 90-417), \$398,000; supplemental appropriation (Public Law 91-47), \$100,500.<sup>e</sup>Regular appropriation (Public Law 90-57), \$365,000; supplemental appropriation (Public Law 90-392), \$6,000.

UNITED STATES SENATE RESTAURANTS

COMPARATIVE STATEMENT OF OPERATIONS

FOR THE FISCAL YEARS ENDED JUNE 28, 1969, JUNE 29, 1968, JULY 1, 1967, AND  
JULY 2, 1966

	Fiscal year ended June 28, 1969		Fiscal year ended June 29, 1968	
	Amount	Percent of sales	Amount	Percent of sale
FOOD AND BEVERAGES:				
Food sales	\$ 876,531	87.3	\$ 890,289	88.3
Catering	<u>127,989</u>	<u>12.7</u>	<u>118,236</u>	<u>11.7</u>
Total	1,004,520	100.0	1,008,525	100.0
Cost of food sales	<u>404,947</u>	<u>40.3</u>	<u>400,412</u>	<u>39.7</u>
GROSS PROFIT	<u>599,573</u>	<u>59.7</u>	<u>608,113</u>	<u>60.3</u>
OPERATING EXPENSES:				
Straight time	773,044	77.0	747,268	74.0
Overtime	28,192	2.8	53,020	5.3
Leave expense	65,857	6.6	58,163	5.8
Employee meals	28,533	2.8	32,176	3.2
Employee benefits	56,803	5.7	51,077	5.1
Laundry	43,682	4.3	43,917	4.3
Paper supplies	28,518	2.8	30,094	3.0
Cleaning supplies	17,083	1.7	15,698	1.5
Miscellaneous expense	7,369	0.7	8,070	0.8
Replacements of china, glassware, silverware, and kitchen utensils	<u>23,121</u>	<u>2.3</u>	<u>28,096</u>	<u>2.8</u>
TOTAL OPERATING EXPENSES	<u>1,072,202</u>	<u>106.7</u>	<u>1,067,579</u>	<u>105.8</u>
LOSS ON FOOD AND BEVERAGES OPERATIONS	<u>472,629</u>	<u>47.0</u>	<u>459,466</u>	<u>45.5</u>
CIGAR-STAND MERCHANDISE:				
Sales	147,810	100.0	155,263	100.0
Cost of sales	<u>115,993</u>	<u>78.5</u>	<u>119,582</u>	<u>77.0</u>
PROFIT ON CIGAR-STAND OPERATIONS	<u>31,817</u>	<u>21.5</u>	<u>35,681</u>	<u>23.0</u>
VENDING MACHINE COMMISSIONS	<u>5,986</u>		<u>5,785</u>	
NET OPERATING LOSS	434,826		418,000	
EQUIPMENT EXPENDITURES	<u>167</u>		<u>323</u>	
NET LOSS FOR PERIOD	<u>\$ 434,993</u>		<u>\$ 418,323</u>	

Fiscal year ended July 1, 1967		Fiscal year ended July 2, 1966	
<u>Amount</u>	<u>Percent of sales</u>	<u>Amount</u>	<u>Percent of sales</u>
\$820,312	88.2	\$796,940	90.1
<u>109,145</u>	<u>11.8</u>	<u>87,565</u>	<u>9.9</u>
929,457	100.0	884,505	100.0
<u>376,604</u>	<u>40.5</u>	<u>372,589</u>	<u>42.1</u>
<u>552,853</u>	<u>59.5</u>	<u>511,916</u>	<u>57.9</u>
652,078	70.2	542,075	61.3
54,791	5.9	41,622	4.7
59,509	6.4	41,756	4.7
29,842	3.2	29,129	3.3
42,798	4.6	35,140	4.0
38,656	4.2	34,241	3.9
28,251	3.0	26,700	3.0
13,535	1.4	11,867	1.3
6,070	0.7	6,504	0.7
<u>16,301</u>	<u>1.7</u>	<u>15,748</u>	<u>1.8</u>
<u>941,831</u>	<u>101.3</u>	<u>784,782</u>	<u>88.7</u>
<u>388,978</u>	<u>41.8</u>	<u>272,866</u>	<u>30.8</u>
128,038	100.0	120,099	100.0
<u>97,734</u>	<u>76.3</u>	<u>95,573</u>	<u>79.6</u>
<u>30,304</u>	<u>23.7</u>	<u>24,526</u>	<u>20.4</u>
<u>6,111</u>		<u>6,738</u>	
352,563		241,602	
<u>4,010</u>		<u>4,049</u>	
<u>\$356,573</u>		<u>\$245,651</u>	

SCHEDULE 3

UNITED STATES SENATE RESTAURANTS

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

FOR THE FISCAL YEAR ENDED JUNE 28, 1969

FUNDS PROVIDED BY:

Sales	\$1,158,317
Appropriations	<u>498,500</u>
Total funds provided	<u>\$1,656,817</u>

FUNDS APPLIED TO:

Cost of merchandise sold	\$ 520,941
Labor costs	952,429
Other operating expenses	119,773
Equipment expenditures	167
Increase in working capital	<u>63,507</u>
Total funds applied	<u>\$1,656,817</u>

EXHIBIT





U. S. SENATE RESTAURANT

FISCAL YEAR IS 69

ACCOUNTING PERIOD

STATEMENT OF OPERATIONS

Year To Date  
June 30, 68 thru June 28, 1969

	COMBINED OPERATIONS		CAPITOL DR.		SNACK BAR		COFFEE SHOP		CATERING		SENATOR'S DR.		CARRY OUT		
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT
<b>FOOD</b>															
SALES	876,531	87.3	164,416	79.5	26,649		175,302		384,171	81.8	16,033		109,958		
Food	127,989	12.7	42,474	20.5					85,515	18.2					
Catering	1004,520	100.0	206,891	100.0	26,649	100.0	175,302	100.0	469,686	100.0	16,033	100.0	109,958	100.0	
<b>TOTAL</b>	404,948	40.3	93,251	45.1	12,891	48.4	70,509	40.2	184,942	39.4	6,869	42.8	36,485	33.2	
<b>COST OF FOOD SOLD</b>	599,572	59.7	113,640	54.9	13,758	51.6	104,791	59.8	284,744	60.6	9,164	57.2	73,473	66.8	
<b>GROSS PROFIT ON FOOD</b>	773,044	76.9	277,054	133.9	16,413	61.4	95,313	54.4	312,575	67.6	26,943	168.0	39,755	36.1	
<b>OPERATING EXPENSES</b>															
Labor: Straight Time	28,191	2.8	11,710	5.7	652	2.4	3,543	2.0	11,891	2.5	207	1.3	188	0.2	
Overtime	65,857	6.6	23,664	11.4	1,426	5.4	8,171	4.7	26,936	5.7	2,357	14.7	3,393	3.0	
Leave Expense	28,533	2.8	9,286	4.0	492	1.8	3,072	1.8	14,659	3.1	875	5.5	1,147	1.1	
Employee Meals	56,803	5.7	20,397	9.9	1,198	4.5	7,004	4.0	23,243	5.0	1,994	12.4	2,877	2.6	
Employee Benefits	952,429	94.8	341,112	164.9	20,180	75.7	117,213	66.9	394,305	83.9	32,377	201.9	47,241	43.0	
<b>TOTAL LABOR COSTS</b>	43,682	4.3	14,702	7.1	-0-	-0-	3,579	2.0	24,909	5.4	410	2.6	-0-	-0-	
Laundry	28,518	2.8	4,216	2.0	1,874	7.0	7,028	4.0	7,056	1.5	-0-	-0-	8,344	7.6	
Paper Supplies	17,083	1.7	5,248	2.5	64	0.3	1,465	0.8	9,925	2.1	-0-	-0-	379	0.3	
Cleaning Supplies	7,369	0.8	3,528	1.7	113	0.4	647	0.4	2,525	0.5	300	1.9	256	0.2	
Miscellaneous Expense (Chim. Glasses, Silverware Replacements, etc. Stationery)	23,121	2.3	7,647	3.7	-0-	-0-	2,463	1.4	12,451	2.7	559	3.5	-0-	-0-	
<b>TOTAL OPERATING EXPENSES</b>	1072,202	106.7	376,452	181.9	22,232	83.4	132,387	75.5	451,263	96.1	33,647	209.9	56,220	51.1	
<b>PROFIT OR (LOSS) ON FOOD OPERATIONS</b>	(472,629)	(47.0)	(262,812)	(127.0)	(8,474)	(31.8)	(27,594)	(15.7)	(166,510)	(35.5)	(24,483)	(152.7)	17,253	15.7	
<b>CGAR STANDS</b>															
SALES	147,809	100.0	28,212	100.0	5,761	100.0	44,232	100.0	20,837	100.0	-0-	-0-	48,767	100.0	
<b>COST OF SALES</b>	115,093	78.5	23,189	82.2	4,718	81.9	34,370	77.6	16,077	77.2	-0-	-0-	37,669	77.2	
<b>CGAR STAND OPERATIONS</b>	31,816	21.5	5,023	17.8	1,043	18.1	9,863	22.4	4,760	22.8	-0-	-0-	11,097	22.8	
<b>VENDING MACHINES COMMISSIONS</b>	6,987		599		-0-		2,993		2,395		(24,483)		28,350		
<b>NET PROFIT OR (LOSS) ON OPERATIONS</b>	(434,993)		(257,190)		(7,431)		(14,702)		(159,364)						
<b>EQUIPMENT EXPENDITURES</b>	147		38						129						
<b>NET INCOME OR (DEFICIT)</b>	(434,993)		(257,228)						(159,493)						

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