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BY THE COMPTROLLER GENERAL

**Report To The Chairman,  
Committee On House Administration,  
House Of Representatives**

OF THE UNITED STATES

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**Audit Of The House Of Representatives  
Restaurant Revolving Fund For The Fiscal  
Year Ended October 3, 1981**



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

B-114891

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

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 ended October 3, 1981. We made our examination pursuant to a September 15, 1981, request from the Honorable Ed Jones, Chairman, Subcommittee on Services, Committee on House Administration. Our opinion on the financial statements is on page 2.

As of October 3, 1981, House Restaurant facilities consisted of (1) three cafeterias (one each in the House Annex No. 2, and the Longworth and the Rayburn Buildings), (2) the congressional and Members' dining rooms in the House wing of the Capitol, (3) catering services in the Rayburn and Longworth Buildings, and (4) five carryouts (one each in the Capitol, the House Annex No. 2, and the Longworth, Cannon, and Rayburn Buildings). Also, there were five tobacco and candy stands (two in the Capitol and one each in the House Annex No. 2 and the Longworth and Rayburn Buildings). During fiscal 1981, the Restaurant served 3,031,836 customers--a 5.9 percent increase compared to fiscal 1980. This increase was due primarily to a full year of service in the Longworth cafeteria which was closed for renovation for an extended period in fiscal 1980.

For the fiscal year ended October 3, 1981, the Revolving Fund's net income was \$28,981. The net income for the fiscal year ended October 4, 1980, was \$10,781.

Comparisons of operating results for the 2 fiscal years showed that the Revolving Fund's net loss on food operations decreased from \$200,828 in fiscal 1980 to \$128,960 in fiscal 1981. This change was mainly due to decreased labor costs relative to sales. During 1981 net income from tobacco stand sales decreased about \$55,857--from about \$185,718 to about \$129,861. This decrease was due to a lower gross profit margin on tobacco sales.

A comparison of sales, commissions, and operating results for the various Restaurant activities during fiscal 1981 and 1980 is presented as note 5 to the financial statements.

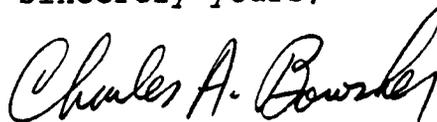
Funds appropriated to the Architect of the Capitol are used to purchase restaurant equipment and to pay for either improvements or changes in the facilities. The cost of these items, however, is not recorded in the House Restaurant Revolving Fund accounts. For additional information see note 1 to the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

AUDITOR'S OPINION

We have examined the balance sheet of the House of Representatives Restaurant Revolving Fund as of October 3, 1981, and October 4, 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 above present fairly the financial position of the House of Representatives Restaurant Revolving Fund as of October 3, 1981, and October 4, 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

HOUSE OF REPRESENTATIVES RESTAURANT REVOLVING FUNDCOMPARATIVE BALANCE SHEETOCTOBER 3, 1981, AND OCTOBER 4, 1980

	<u>October 3, 1981</u>	<u>October 4, 1980</u>
<b>ASSETS</b>		
<b>CASH:</b>		
Funds with U.S. Treasury	\$600,777	\$502,468
Undeposited receipts (note 1)	53,985	16,501
Petty cash and change funds	<u>19,975</u>	<u>18,725</u>
	\$ 674,737	\$ 537,694
PREPAID EXPENSES	7,960	13,468
ACCOUNTS RECEIVABLE (note 2)	232,027	310,125
INVENTORY OF FOOD, BEVERAGES, MERCHANDISE, AND SUPPLIES, AT COST	278,906	216,780
INVENTORY CHINA, GLASSWARE, AND SILVERWARE	<u>232,801</u>	<u>188,047</u>
<b>Total assets</b>	<b><u>\$1,426,431</u></b>	<b><u>\$1,266,114</u></b>
<b>LIABILITIES AND GOVERNMENT EQUITY</b>		
<b>LIABILITIES:</b>		
Amounts due vendors	\$335,410	\$244,780
Net payroll and benefits Federal and State withholding taxes	118,877	111,899
Employees' accrued leave	31,580	31,897
	<u>193,516</u>	<u>157,551</u>
<b>Total liabilities</b>	<b><u>\$ 679,383</u></b>	<b><u>\$ 546,127</u></b>
<b>GOVERNMENT EQUITY:</b>		
Contributed capital	50,000	50,000
Capitalization of china, glassware, and silver- ware	130,159	132,079
Operating funds:		
Balance at beginning of year	537,908	527,127
Net income (schedule 2)	<u>28,981</u>	<u>10,781</u>
	<u>566,889</u>	<u>537,908</u>
<b>Total equity</b>	<b><u>747,048</u></b>	<b><u>719,987</u></b>
<b>Total liabilities and government equity</b>	<b><u>\$1,426,431</u></b>	<b><u>\$1,266,114</u></b>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES RESTAURANT REVOLVING FUNDCOMPARATIVE STATEMENT OF OPERATIONSFISCAL YEARS ENDED OCTOBER 3, 1981, AND OCTOBER 4, 1980

	<u>October 3, 1981</u>		<u>October 4, 1980</u>	
	<u>Amount</u>	<u>Percent of sales</u>	<u>Amount</u>	<u>Percent of sales</u>
SALE OF FOOD:				
Regular services	\$4,062,749	65.2	\$3,731,309	68.8
Catering (note 1)	<u>2,166,018</u>	<u>34.8</u>	<u>1,688,534</u>	<u>31.2</u>
Total	6,228,767	100.0	5,419,843	100.0
Cost of food sold	<u>2,306,958</u>	<u>37.0</u>	<u>2,018,256</u>	<u>37.2</u>
GROSS PROFIT	<u>3,921,809</u>	<u>63.0</u>	<u>3,401,587</u>	<u>62.8</u>
OPERATING EXPENSES: (note 1)				
Salaries and wages				
Straight time	2,107,260	33.8	1,884,188	34.8
Overtime	72,365	1.2	105,782	2.0
Leave	171,696	2.8	149,053	2.8
Employee meals	89,060	1.4	94,759	1.7
Employee benefits	234,466	3.8	205,176	3.8
Administrative costs (note 3)	245,104	3.9	233,601	4.3
Laundry	88,145	1.4	91,335	1.7
Paper supplies	189,225	3.0	175,764	3.2
Cleaning supplies	72,223	1.2	71,671	1.3
Miscellaneous	105,156	1.7	89,217	1.6
Replacement of china, glassware, and silverware	73,204	1.2	66,469	1.2
Commissary costs	54,477	.9	45,103	.8
Contract labor	<u>548,388</u>	<u>8.8</u>	<u>390,297</u>	<u>7.2</u>
Total	<u>4,050,769</u>	<u>65.1</u>	<u>3,602,415</u>	<u>66.4</u>
PROFIT OR (LOSS) ON FOOD OPERATIONS	<u>(128,960)</u>	<u>2.1</u>	<u>(200,828)</u>	<u>3.7</u>
TOBACCO AND CANDY STAND MERCHANDISE:				
Sales	773,212	100.0	765,112	100.0
Cost of sales	<u>550,502</u>	<u>71.2</u>	<u>493,082</u>	<u>64.4</u>
GROSS PROFIT	<u>222,710</u>	<u>28.8</u>	<u>272,030</u>	<u>35.6</u>
TOBACCO AND CANDY STAND LABOR AND BENEFITS (note 4)	<u>92,849</u>	<u>12.0</u>	<u>86,312</u>	<u>11.3</u>
INCOME FROM TOBACCO AND CANDY STAND OPERATIONS	<u>129,861</u>	<u>16.8</u>	<u>185,718</u>	<u>24.3</u>
VENDING MACHINE COMMISSION	<u>28,080</u>		<u>25,891</u>	
NET INCOME FOR THE FISCAL YEAR	<u>\$ 28,981</u>		<u>\$ 10,781</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 3, 1981, AND OCTOBER 4, 1980

	<u>October 3, 1981</u>	<u>October 4, 1980</u>
<b>FUNDS PROVIDED:</b>		
Sales commissions and discounts	\$7,053,094	\$6,229,955
Increase in operating funds due to capitalization of china, glassware, and silverware	<u>-</u>	<u>160,182</u>
Total	<u>\$7,053,094</u>	<u>\$6,390,137</u>
<b>FUNDS APPLIED:</b>		
Cost of merchandise sold	\$2,880,495	\$2,530,449
Salaries and wages	2,749,431	2,525,270
Other operating expenses	1,394,187	1,163,456
Decrease in capitalization of china, glassware, and silverware	1,920	-
Increase in working capital	<u>27,061</u>	<u>170,962</u>
Total	<u>\$7,053,094</u>	<u>\$6,390,137</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

FISCAL YEARS ENDED OCTOBER 3, 1981, AND OCTOBER 4, 1980

	<u>Increase in working capital</u>	
	<u>October 3, 1981</u>	<u>October 4, 1980</u>
<b>WORKING CAPITAL CHANGES:</b>		
Cash	\$137,043	\$(21,662)
Accounts receivable	(78,098)	74,006
Inventories	106,880	173,543
Prepaid expenses	(5,508)	4,374
Amounts due vendors	(90,630)	(2,277)
Payroll, benefits, and taxes payable	(6,661)	(14,738)
Employees' accrued leave	<u>(35,965)</u>	<u>(42,284)</u>
Increase in working capital	<u>\$ 27,061</u>	<u>\$170,962</u>

The accompanying notes are an integral part of this statement.

HOUSE OF REPRESENTATIVES RESTAURANT

REVOLVING FUND

NOTES TO FINANCIAL STATEMENTS

OCTOBER 3, 1981

1. Significant Accounting Policies

Cash receipts from sales revenues are sent to the House Finance Office for deposit in 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.

2. Accounts receivable are billed at the end of each month. Balances at September 30, 1981, amounted to \$244,289, about 15 percent less than the September 30, 1980, balances. A comparison of the accounts receivable for fiscal 1981 and 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	\$112,829	46.2	\$178,214	63.5
31 to 60	93,543	38.3	10,356	3.7
61 to 90	12,501	5.1	15,160	5.4
Over 90	<u>25,416</u>	<u>10.4</u>	<u>77,094</u>	<u>27.4</u>
Total	<u>\$244,289</u>	<u>100.0</u>	<u>\$280,824</u>	<u>100.0</u>

At December 31, 1981, 94 percent of the September 30, 1981, 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 whose accounts were delinquent 90 days to encourage payment.

3. Administrative costs for the fiscal year ended October 3, 1981, consist of straight time - \$202,764, leave expense - \$20,034, employee meals - \$4,375, and employee benefits - \$17,931.

4. Tobacco and candy stand labor and benefits for the fiscal year ended October 3, 1981, consist of straight time - \$57,458, overtime - \$1,982, leave expense - \$5,004, employee meals - \$2,114, and employee benefits - \$8,025. Also, commissary labor and benefits of - \$18,266 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 1981 and 1980 follows.

	Fiscal 1981		Fiscal 1980	
	Sales and commis- sions	Operating income or (loss)	Sales and commis- sions	Operating income or (loss)
<b>Food:</b>				
Dining rooms:				
Congressional (note a)	\$ 480,477	\$(407,581)	\$ 518,038	\$(407,957)
Members	7,354	(24,478)	31,673	(42,010)
Cafeterias:				
Longworth Building (note b)	1,301,532	(57,569)	1,284,983	(1,359)
Rayburn Building (note c)	1,089,916	(19,054)	993,507	(41,354)
Annex No. 2 (note d)	671,565	(21,387)	509,843	(52,609)
Carryout service:				
Longworth Building	336,902	14,346	364,221	49,378
Cannon Building	523,768	74,624	209,067	15,978
Rayburn Building	316,986	38,909	281,777	41,158
Capitol	180,923	6,300	165,435	1,375
Catering service:				
Rayburn Building	1,319,344	266,930	1,061,299	249,239
Bakery	-	-	-	(12,667)
<b>Total</b>	<b>\$6,228,767</b>	<b>\$(128,960)</b>	<b>\$5,419,843</b>	<b>\$(200,828)</b>
<b>Tobacco and candy stands:</b>				
Congressional dining room	37,694	10,231	51,886	17,292
Cafeterias:				
Longworth Building	298,726	42,147	352,780	80,581
Rayburn Building	215,703	26,750	206,570	42,921
Carryout service:				
Capitol	33,393	9,905	28,426	9,600
Annex No. 2	187,696	40,828	125,450	35,324
<b>Total</b>	<b>\$ 773,212</b>	<b>\$ 129,861</b>	<b>\$ 765,112</b>	<b>\$ 185,718</b>
Vending machine commissions	28,080	28,080	25,891	25,891
<b>Total</b>	<b>\$7,030,059</b>	<b>\$ 28,981</b>	<b>\$6,210,846</b>	<b>\$ 10,781</b>

a/Includes catering sales of \$132,470 for fiscal 1981 and \$115,049 for fiscal 1980.

b/Includes catering sales of \$462,103 for fiscal 1981 and \$322,925 for fiscal 1980.

c/Includes sales of food to the Rayburn catering service of \$251,833 for fiscal 1981 and \$186,996 for fiscal 1980.

d/Includes catering sales of \$267 for fiscal 1981 and \$2,264 for fiscal 1980.

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