



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

B-114891
6-16-70

089783

Capitol

JUN 16 1970

B-114891

Dear Mr. Campioli:

RSN000007

The General Accounting Office has made an audit of the House of Representatives Restaurant for the period June 30, 1968, to June 28, 1969. This audit was made pursuant to section 208(c)(2) of the act of October 9, 1940 (40 U.S.C. 174k).

Our audit included an examination of the financial statements for the year ended June 28, 1969, in conformance with generally accepted auditing standards, and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

GENERAL COMMENTS

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. His management 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 carry-out service in the Longworth Building; the cafeteria and carry-out service in the Rayburn Building; and the carry-out service in the Cannon Building. The cafeteria and carry-out service units are operated throughout the year. The congressional restaurant and the 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,

915424

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 the purchase of equipment. Such purchases, however, are not recorded as assets of the Restaurant.

OPERATIONS

The operation of the House Restaurant for fiscal year 1969 resulted in a net operating loss of \$172,225, compared with a net operating loss of \$362,712 for fiscal year 1968. The total net loss, including equipment expenditures, amounted to \$172,292 for fiscal year 1969, a decrease of \$194,670 from the total net loss for fiscal year 1968. The decrease in the loss was caused primarily by the closing of the dining room in the Rayburn Building, the discontinuance of a food line in the Longworth Cafeteria, the shorter hours of the operating units, and a general increase in food prices effective July 1, 1968.

A comparative statement of assets and liabilities of the House Restaurant as of June 28, 1969, and June 29, 1968, is presented as schedule 1. A comparative statement of operations for fiscal years 1966 through 1969 is presented as schedule 2 and a statement of sources and application of funds for fiscal year 1969 as schedule 3. A comparison of sales and operating results for each of the units for fiscal year 1969 is presented as schedule 4. A condensed comparison of the sales and operating results for each of the units for fiscal years 1969 and 1968 is shown as follows:

	<u>1969</u>		<u>1968</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	\$ 184,230	-\$180,897	\$ 200,943	-\$227,120
Rayburn Building	13,975	-28,327	20,470	-34,114
	-	-	23,430	-25,860
Cafeterias:				
Longworth Building	400,969	-35,655	406,906	-74,145
Capitol Building	94,461	-16,676	88,993	-31,985
Rayburn Building	350,527	-17,576	359,159	-67,195
Carry-out service:				
Longworth Building	88,243	21,132	97,074	24,401
Cannon Building	86,746	20,234	59,686	4,378
Rayburn Building	<u>89,558</u>	<u>17,915</u>	<u>92,950</u>	<u>16,360</u>
Total	<u>\$1,308,709</u>	<u>-\$219,850</u>	<u>\$1,349,611</u>	<u>-\$415,300</u>
Number of persons served	<u>1,522,482</u>		<u>1,680,386</u>	
Cigar-stand merchandise:				
Congressional dining room	\$ 26,727	\$ 4,844	\$ 35,086	\$ 5,676
Cafeterias:				
Longworth Building	130,289	22,029	127,906	22,313
Capitol Building	17,096	3,645	18,468	3,238
Rayburn Building	<u>62,621</u>	<u>12,483</u>	<u>75,003</u>	<u>15,106</u>
Total	<u>\$ 236,733</u>	<u>\$ 43,001</u>	<u>\$ 256,463</u>	<u>\$ 46,393</u>

ACCOUNTS RECEIVABLE

The following schedule shows a comparison of the receivables at June 30, 1969, and June 30, 1968.

	<u>June 30, 1969</u>		<u>June 30, 1968</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30	\$30,354	56	\$17,800	49
31 to 60	14,096	26	10,440	29
61 or more	<u>9,698</u>	<u>18</u>	<u>8,290</u>	<u>22</u>
Total	<u>\$54,148</u>	<u>100</u>	<u>\$35,530</u>	<u>100</u>

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.

On April 23, 1970, your office advised us that policies covering extension of credit and establishment of collection procedures were being formulated by the Committee on the House Restaurant.

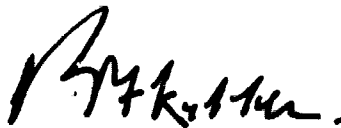
OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements (schedules 1 through 3) are based on accounting records of the Architect of the Capitol. Transactions are recorded on an accrual basis except that equipment and furnishings acquired with Restaurant funds are treated as expenses when acquired rather than being capitalized and charged off as expenses 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 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 28, 1969, and the results of its operation and the sources and application of its funds for the year then ended.

Sincerely yours,



Assistant Comptroller General
of the United States

Enclosures - 4

The Honorable Mario E. Campioli
Acting Architect of the Capitol

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 28, 1969, AND JUNE 29, 1968

	<u>June 28, 1969</u>	<u>June 29, 1968</u>
ASSETS		
CASH:		
Funds with U.S. Treasury	\$140,504	\$170,496
Undeposited receipts	10,664	17,184
Petty cash and change funds	<u>11,050</u>	<u>11,050</u>
	\$162,218	\$198,730
ACCOUNTS RECEIVABLE	54,100	36,452
INVENTORIES OF FOOD, BEVERAGES, AND MERCHANDISE, AT COST	<u>43,695</u>	<u>38,411</u>
Total assets	<u>\$260,013</u>	<u>\$273,593</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Amounts due vendors	\$ 84,780	\$ 30,452
Net payroll and benefits	31,859	35,582
Federal and D.C. withholding taxes	7,515	34,358
Reserve for unclaimed wages	148	148
" " accrued leave	63,078	64,806
" " purchase of china, glassware, silverware, and kitchen utensils	<u>11,677</u>	<u>-</u>
Total liabilities	<u>\$199,058</u>	<u>\$215,346</u>
EQUITY OF THE HOUSE OF REPRESENTATIVES:		
Balance at beginning of year	58,247	165,208
Current year appropriation	<u>175,000</u>	<u>260,000</u>
	233,247	425,208
Less net loss for fiscal year (schedule 2)	<u>172,292</u>	<u>366,961</u>
Balance at end of year	<u>60,955</u>	<u>58,247</u>
Total liabilities and equity	<u>\$260,013</u>	<u>\$273,593</u>

HOUSE OF REPRESENTATIVES RESTAURANT

COMPARATIVE STATEMENT OF OPERATIONS

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

	Fiscal year ended							
	June 28, 1969		June 29, 1968		July 1, 1967		July 2, 1966	
	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales
FOOD AND BEVERAGES:								
Sales	\$1,308,709	100.0	\$1,349,611	100.0	\$1,293,968	100.0	\$1,139,866	100.0
Cost of sales	<u>505,319</u>	<u>38.6</u>	<u>580,522</u>	<u>43.0</u>	<u>550,933</u>	<u>42.6</u>	<u>527,720</u>	<u>46.3</u>
GROSS PROFIT	<u>803,390</u>	<u>61.4</u>	<u>769,019</u>	<u>57.0</u>	<u>743,035</u>	<u>57.4</u>	<u>612,086</u>	<u>53.7</u>
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	758,786	57.9	857,059	63.5	743,695	57.5	664,600	58.3
Overtime	25,857	2.0	51,510	3.8	44,554	3.5	-	-
Leave expense	61,342	4.7	68,495	5.1	59,100	4.6	48,604	4.3
Employee meals	24,960	1.9	35,454	2.6	33,866	2.6	30,214	2.6
" benefits	50,556	3.9	52,586	3.9	44,632	3.4	37,061	3.2
Laundry	36,461	2.8	43,006	3.2	39,686	3.1	32,634	2.9
Paper supplies	26,064	2.0	25,487	1.9	25,087	1.9	19,511	1.7
Cleaning supplies	7,294	0.6	10,900	0.8	9,455	0.7	7,552	0.7
Miscellaneous	12,096	0.9	19,585	1.5	13,698	1.1	9,941	0.9
Replacement of china, glassware, silverware, and kitchen utensils	<u>19,825</u>	<u>1.5</u>	<u>20,037</u>	<u>1.5</u>	<u>13,346</u>	<u>1.0</u>	<u>11,725</u>	<u>1.0</u>
TOTAL OPERATING EXPENSES	<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>	<u>867,912</u>	<u>76.1</u>
LOSS ON FOOD AND BEVERAGES OPERATION	<u>219,851</u>	<u>16.8</u>	<u>415,300</u>	<u>30.8</u>	<u>284,084</u>	<u>22.0</u>	<u>255,826</u>	<u>22.4</u>
CIGAR-STAND MERCHANDISE:								
Sales	236,733	100.0	256,463	100.0	212,892	100.0	184,366	100.0
Cost of sales	<u>193,732</u>	<u>81.3</u>	<u>210,070</u>	<u>81.9</u>	<u>174,414</u>	<u>81.9</u>	<u>149,840</u>	<u>81.2</u>
PROFIT ON CIGAR-STAND OPERATIONS	<u>43,001</u>	<u>18.2</u>	<u>46,393</u>	<u>18.1</u>	<u>38,478</u>	<u>18.1</u>	<u>34,526</u>	<u>18.8</u>
VENDING MACHINE COMMISSIONS	<u>4,625</u>		<u>6,125</u>		<u>5,652</u>		<u>6,447</u>	
MISCELLANEOUS RECEIPTS	<u>-</u>		<u>-</u>		<u>-</u>		<u>10</u>	
NET OPERATING LOSS	172,225		362,712		239,954		214,843	
EQUIPMENT EXPENDITURES	<u>67</u>		<u>4,249</u>		<u>3,644</u>		<u>4,414</u>	
NET LOSS FOR YEAR	<u>\$ 172,292</u>		<u>\$ 366,961</u>		<u>\$ 243,598</u>		<u>\$ 219,257</u>	

HOUSE OF REPRESENTATIVES RESTAURANT

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

FOR FISCAL YEAR ENDED JUNE 28, 1969

FUNDS PROVIDED BY:	
Appropriations	\$ 175,000
Sales	<u>1,550,067</u>
Total funds provided	<u>\$1,725,067</u>
FUNDS APPLIED TO:	
Cost of merchandise sold	\$ 699,051
Salaries and wages	784,643
Other operating expenses	238,598
Increase in working capital	2,708
Equipment expenditures	<u>67</u>
Total funds applied	<u>\$1,725,067</u>

HOUSE OF REPRESENTATIVES RESTAURANT

FISCAL YEAR 19 69 13th ACCOUNTING PERIOD

STATEMENT OF OPERATIONS

FISCAL YEAR '69 TO DATE - JUNE 30, 1968 THRU JUNE 26, 1969

	COMBINED OPERATIONS		CONG. RESTAURANT		MEMBERS' DINING ROOM		CAPITOL CAFETERIA		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	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	
FOOD																			
SALES																			
Food.....	1,332,964	86.0	157,845	85.6	13,975	100.0	94,460	100.0	375,042	93.5	88,243	100.0	86,746	100.0	227,093	64.7	89,557	100.0	
Catering.....	175,744	14.0	26,384	14.4					25,926	6.5					123,432	35.3			
TOTAL	1,308,708	100.0	184,229	100.0	13,975	100.0	94,460	100.0	400,969	100.0	88,243	100.0	86,746	100.0	350,526	100.0	89,557	100.0	
COST OF FOOD SOLD	505,318	38.6	84,523	45.9	6,250	44.7	39,435	41.7	159,470	39.7	25,612	29.0	30,180	34.8	129,338	36.9	30,507	34.1	
GROSS PROFIT ON FOOD	803,389	61.4	99,705	54.1	7,724	55.3	55,025	58.3	241,498	60.3	62,630	71.0	56,565	65.2	221,188	63.1	59,050	65.9	
OPERATING EXPENSES																			
Labor: Straight Time.....	758,786	57.9	198,934	107.9	27,404	196.1	57,512	60.9	205,016	51.1	29,243	33.2	25,941	29.9	184,640	52.6	30,092	33.6	
Overtime.....	25,857	2.0	14,697	8.0	782	5.6	1,128	1.2	5,497	1.4	1,701	1.9	145	0.2	1,748	0.5	155	0.2	
Leave Expense.....	61,341	4.7	17,579	9.6	2,506	17.9	3,661	3.9	18,927	4.7	3,190	3.6	2,448	2.8	11,117	3.2	1,909	2.1	
Employee Meals.....	24,959	1.9	7,197	3.9	655	4.7	1,236	1.3	7,611	1.9	910	1.0	809	0.9	5,525	1.6	913	1.0	
Employee Benefits.....	50,556	3.9	15,687	8.5	2,373	17.0	3,641	3.8	12,868	3.2	1,411	1.6	1,320	1.5	11,140	3.2	2,111	2.4	
TOTAL LABOR COSTS	921,501	70.4	254,096	137.9	33,722	241.3	67,181	71.1	249,921	62.3	36,457	41.3	30,665	35.3	214,273	61.1	35,183	39.3	
Laundry.....	36,461	2.8	13,069	7.1	1,468	10.5	1,232	1.3	10,562	2.6	1,060	1.2	1,054	1.2	6,672	1.9	1,338	1.5	
Paper Supplies.....	26,063	2.0	1,412	0.8	155	1.1	1,815	1.9	3,510	0.9	3,692	4.2	4,074	4.7	7,515	2.1	3,887	4.3	
Cleaning Supplies.....	7,293	0.6	2,440	1.3	215	1.5	235	0.3	2,287	0.6	46	0.1	69	0.1	1,885	0.6	113	0.1	
Miscellaneous Expense.....	12,095	0.9	4,056	2.2	420	3.0	253	0.3	2,851	0.7	240	0.3	468	0.6	3,155	0.9	610	0.7	
(China, Glassware, Silverware & Kitchen Utensils) Replacements.....	19,824	1.5	5,527	3.0	69	0.5	944	1.0	8,020	2.0					5,261	1.5			
TOTAL OPERATING EXPENSES	1,023,240	78.2	280,603	152.3	36,091	257.9	71,702	75.9	277,153	69.1	41,497	47.1	36,332	41.9	238,764	68.1	41,134	45.9	
PROFIT OR (LOSS) ON FOOD OPERATIONS	(215,850)	(16.8)	(180,897)	(98.2)	(28,327)	(202.6)	(16,676)	(17.6)	(35,655)	(8.8)	21,132	23.9	20,233	23.3	(17,576)	(5.0)	17,915	20.0	
CIGAR STANDS																			
SALES																			
.....	239,733	100.0	26,727	100.0			17,095	100.0	130,289	100.0					62,621	100.0			
COST OF SALES																			
.....	193,732	81.8	21,883	81.9			13,450	78.7	108,260	83.0					50,139	80.1			
PROFIT OR (LOSS) ON CIGAR STAND OPERATIONS																			
.....	46,001	18.2	4,844	18.1			3,645	21.3	22,029	17.0					12,482	19.9			
VENDING MACHINES COMMISSION																			
.....	4,625											1,367		2,069					1,180
NET PROFIT OR (LOSS) ON OPERATIONS																			
.....	(172,291)		(176,053)		(28,327)		(13,030)		(13,625)		22,500		22,303		(5,093)		19,103		
EQUIPMENT EXPENDITURES																			
.....	67																		
NET INCOME OR (DEFICIT)																			
.....	(172,291)																		

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