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Audit Of
The House Of Representatives
Restaurant For The Period
June 25, 1972, To June 23, 1973

B-114891

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

904708 [090441]

JAN. 28. 1974



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

B-114891

The Honorable Wayne L. Hays, Chairman H 175
Committee on House Administration
House of Representatives

Dear Mr. Chairman:

We audited the House of Representatives Restaurant for the period 645 7
June 25, 1972, to June 23, 1973, pursuant to section 208(c)(2) of the act
of October 9, 1940 (40 U.S.C. 174k).

GENERAL COMMENTS

The House Restaurant is operated primarily for Members and employees
of the House. House Resolution 317, 92nd Congress, made permanent by
Public Law 92-51, approved July 9, 1971, assigned responsibility for
operating the Restaurant to the Committee on House Administration and
assigned direct supervision to the Select Committee on the House Restaurant. HSE 6000

The Restaurant facilities consist of (1) two cafeterias, one each in
the Longworth and Rayburn Buildings, (2) the congressional and Members'
dining rooms in the House wing of the Capitol, (3) a catering service in
the Rayburn Building, (4) a bakery, in the Longworth Building, which
supplies a large percentage of the baked goods the other units use, and
(5) four carryouts, one each in the Longworth, Cannon, Rayburn, and
Capitol Buildings. During fiscal year 1973, the Longworth Building
Cafeteria was normally open on Saturday. When the Congress adjourns for
a significant period, one of the cafeterias and the congressional and
Members' dining rooms are closed.

Sales and, when needed, allocations from the appropriations for House
of Representatives Miscellaneous Items provide funds for operating the
Restaurant. In accordance with the act of October 9, 1940, these funds
are deposited with the Treasurer of the United States to the credit of
the Restaurant's Revolving Fund. Funds appropriated to the Architect
of the Capitol for construction or maintenance are available to the
Restaurant for purchasing equipment. These purchases are not recorded
as assets of the Restaurant.

OPERATIONS

House Restaurant operations in fiscal year 1973 resulted in a net
income of \$18,881, compared with a net loss in fiscal year 1972 of
\$73,712, including equipment expenditures of \$345. The difference between

the fiscal year 1972 loss and the fiscal year 1973 net income totaled \$92,593 and resulted primarily from increased sales volume and decreased operating expenses.

A condensed comparison of food and beverage and cigar-stand merchandise sales with operating results for each of the Restaurant facilities for fiscal years 1973 and 1972 follows.

	1973		1972	
	<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'	\$ 221,454	-\$154,909	\$ 212,728	-\$191,887
	18,982	-30,453	19,728	-36,995
Cafeterias:				
Longworth Building	441,186	5,396	420,582	-4,535
Rayburn Building	359,747	3,314	319,742	-12,863
Carryout service:				
Longworth Building	89,178	20,946	84,858	18,800
Cannon Building	143,624	26,304	141,600	31,835
Rayburn Building	96,660	17,824	97,359	13,128
Capitol Building	94,193	15,452	80,309	6,019
Catering service:				
Rayburn Building	205,349	54,359	181,865	35,520
Bakery	(a)	-12,343	(b)	(b)
Total	<u>\$1,670,373</u>	<u>\$ -54,110</u>	<u>\$1,558,771</u>	<u>-\$140,978</u>
Number of guests served	<u>1,665,873</u>		<u>1,632,350</u>	
Cigar-stand merchandise:				
Congressional dining room	\$ 26,471	\$ 7,266	\$ 31,414	\$ 7,540
Cafeterias:				
Longworth Building	149,554	35,941	140,669	33,621
Rayburn Building	85,947	21,570	81,417	18,148
Carryout service:				
Capitol Building	<u>10,767</u>	<u>2,771</u>	<u>10,160</u>	<u>2,510</u>
Total	<u>\$ 272,739</u>	<u>\$ 67,548</u>	<u>\$ 263,660</u>	<u>\$ 61,819</u>

^aSales of \$42,161 were made to other Restaurant facilities and are included in their costs.

^bIn prior years the retail units absorbed the bakery costs.

A comparative statement of assets and liabilities of the House Restaurant on June 23, 1973, and June 24, 1972; a comparative statement of operations for fiscal years 1970, 1971, 1972, and 1973; and a statement of changes in financial position for fiscal year 1973 are presented as schedules 1, 2, and 3. A comparison of sales and operating results for each of the units for fiscal year 1973 is presented as exhibit I.

ACCOUNTS RECEIVABLE

A comparison of accounts receivable at June 30, 1973 and 1972, follows.

Days outstanding	June 30, 1973		June 30, 1972		1973 increase over 1972	
	Amount	Percent	Amount	Percent	Amount	Percent
0 - 30	\$39,142	58.9	\$32,913	66.9	\$ 6,229	36.1
31 - 60	18,627	28.1	10,927	22.2	7,700	44.6
61 - 90	4,730	7.1	2,627	5.4	2,103	12.2
Over 90	<u>3,919</u>	<u>5.9</u>	<u>2,695</u>	<u>5.5</u>	<u>1,224</u>	<u>7.1</u>
Total	<u>\$66,418</u>	<u>100.0</u>	<u>\$49,162</u>	<u>100.0</u>	<u>\$17,256</u>	<u>100.0</u>

SCOPE OF AUDIT

Our audit, which was made in accordance with generally accepted auditing standards, included such tests of the accounting records and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1, 2, and 3) on the basis of accounting records maintained by the House Restaurant Accounting Office. Transactions were recorded on an accrual basis, except that the cost of equipment and furnishings purchased with Restaurant funds was recorded as an expense in the period acquired rather than charged off over the period of their useful life.

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, ordinary building repairs and maintenance, utilities, garbage disposal, menus and forms printed by the Government Printing Office, and services of the staffs of the Select Committee on the House Restaurant and the Committee on House Administration, all of which are furnished to the Restaurant without charge.

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In our opinion, the financial statements (schs. 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 above, present fairly the financial position of the House of Representatives Restaurant at June 23, 1973, the results of its operations, and the changes in its financial position for the fiscal year then ended.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Blount". The signature is written in dark ink and is positioned above the typed name.

Comptroller General
of the United States

HOUSE OF REPRESENTATIVES RESTAURANT
COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

JUNE 23, 1973, AND JUNE 24, 1972

ASSETS	<u>June 23, 1973</u>		<u>June 24, 1972</u>	
CASH:				
Funds with U.S. Treasury	\$147,585		\$118,121	
Undeposited receipts	8,339		27,733	
Petty cash and change funds	<u>12,950</u>	\$168,874	<u>12,950</u>	\$158,804
PREPAID EXPENSES		187		-
ACCOUNTS RECEIVABLE		66,812		48,118
INVENTORY OF FOOD, BEVERAGES, MERCHANDISE, AND SUPPLIES, AT COST		<u>51,793</u>		<u>50,179</u>
Total assets		<u>\$287,666</u>		<u>\$257,101</u>
LIABILITIES AND EQUITY				
LIABILITIES:				
Amounts due vendors	\$ 85,530		\$ 68,003	
Net payroll and benefits	38,728		35,044	
Federal and D.C. withholding taxes	6,454		5,808	
Unclaimed wages	-		202	
Employees' accrued leave	50,156		52,301	
Allowance for purchase of china, glassware, silverware, and kitchen utensils	<u>13,882</u>		<u>21,708</u>	
Total liabilities		<u>\$194,750</u>		<u>\$183,066</u>
EQUITY:				
Contributed capital		50,000		50,000
Operating funds:				
Balance at beginning of year	24,035		1,824	
Current-year appropriations	<u>-</u>		<u>a95,923</u>	
	24,035		97,747	
Net profit or loss (-) (sch. 2)	<u>18,881</u>	<u>42,916</u>	<u>-73,712</u>	<u>24,035</u>
Total equity		<u>92,916</u>		<u>74,035</u>
Total liabilities and equity		<u>\$287,666</u>		<u>\$257,101</u>

^aTransferred from Clerk of the House.

SCHEDULE 2

HOUSE OF REPRESENTATIVES RESTAURANT
 COMPARATIVE STATEMENT OF OPERATIONS
 FOR FISCAL YEARS ENDED JUNE 23, 1973, JUNE 24, 1972,
 JUNE 26, 1971, AND JUNE 27, 1970

	June 23, 1973		June 24, 1972		June 26, 1971		June 27, 1970	
	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales	Amount	Percent of sales
SALES OF FOOD AND BEVERAGES:								
Regular services	\$1,413,650	84.6	\$1,342,147	86.1	\$1,307,380	85.7	\$1,281,422	86.1
Catering	256,723	15.4	216,624	13.9	217,641	14.3	206,522	13.9
Total	1,670,373	100.0	1,558,771	100.0	1,525,021	100.0	1,487,944	100.0
Cost of food and beverages sold	634,431	38.0	581,234	37.3	647,388	42.5	628,264	42.2
GROSS PROFIT	1,035,942	62.0	977,537	62.7	877,633	57.5	859,680	57.8
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	^{a,b} 699,863	41.9	713,560	45.8	901,650	59.1	868,984	58.4
Overtime	39,374	2.4	35,924	2.3	46,892	3.1	39,062	2.6
Leave expense	53,510	3.2	68,315	4.4	72,831	4.8	76,647	5.2
Employee meals	27,008	1.6	27,899	1.8	27,600	1.8	27,461	1.8
Employee benefits	61,439	3.7	64,675	4.1	70,715	4.6	61,030	4.1
Administrative costs	97,143	5.8	83,220	5.3	-	-	-	-
Laundry	23,798	1.4	35,871	2.3	56,809	3.7	49,577	3.3
Paper supplies	45,790	2.7	45,253	2.9	44,665	2.9	35,524	2.4
Cleaning supplies	16,173	1.0	13,804	.9	15,022	1.0	13,600	0.9
Miscellaneous	15,063	.9	18,495	1.2	30,929	2.0	23,595	1.6
Replacement of china, glassware, silverware, and kitchen utensils	10,891	.7	11,499	.7	23,549	1.6	22,557	1.5
Total	1,090,052	65.3	1,118,515	71.7	1,290,662	84.6	1,218,037	81.8
LOSS ON FOOD AND BEVERAGE OPERATION	54,110	3.3	140,978	9.0	413,029	27.1	358,357	24.0
CIGAR-STAND MERCHANDISE:								
Sales	272,739	100.0	263,661	100.0	300,915	100.0	263,972	100.0
Cost of sales	183,079	67.1	184,798	70.1	223,364	74.2	204,038	77.3
GROSS PROFIT FOR TOBACCO	89,660	32.9	78,863	29.9	77,551	25.8	59,934	22.7
CIGAR-STAND LABOR AND BENEFITS	^b 22,112	8.1	17,044	6.5				
PROFIT ON CIGAR-STAND OPERATIONS	67,548	24.8	61,819	23.4				
VENDING MACHINE COMMISSION	5,443		5,792		4,563		5,053	
NET OPERATING INCOME OR LOSS (-)	18,881		-73,367		-330,915		-293,370	
EQUIPMENT EXPENDITURES	-		345		9,813		5,345	
NET PROFIT OR LOSS (-) FOR THE YEAR	\$ 18,881		\$ -73,712		\$ -340,728		\$ -298,715	

^aStraight time (\$90,595) and employee benefits (\$7,545) for administrative personnel were reported under administration costs for the period July 25, 1972, through June 23, 1973.

^bStraight time (\$17,932), overtime (\$712), leave expense (\$1,398), employee meals (\$562), and employee benefits (\$1,506) for cigar-stand personnel were reported under cigar-stand labor and benefits for the period July 25, 1972, through June 23, 1973.

HOUSE OF REPRESENTATIVES RESTAURANT
STATEMENT OF CHANGES IN FINANCIAL POSITION
FISCAL YEAR ENDED JUNE 23, 1973

FUNDS PROVIDED:	
Sales	\$1,948,555
	<u> </u>
Total	<u>\$1,948,555</u>

FUNDS APPLIED:	
Cost of merchandise sold	\$ 817,510
Salaries and wages	903,306
Other operating expenses	216,684
Increase in working capital	<u>11,055</u>
	<u> </u>
Total	<u>\$1,948,555</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

INCREASE OR DECREASE (-) IN CURRENT ASSETS:	
Cash	\$ 10,070
Accounts receivable	18,694
Inventories	1,614
Prepaid expenses	187
DECREASE IN CURRENT LIABILITIES:	
Amounts due vendors	-17,527
Payroll, benefits, and taxes payable	-4,330
Employees' accrued leave	2,145
Unclaimed wages	<u>202</u>
	<u> </u>
Increase in working capital	<u>\$ 11,055</u>

EXHIBIT I

HOUSE OF REPRESENTATIVES RESTAURANT
STATEMENT OF OPERATIONS
FISCAL YEAR 19 73
13th ACCOUNTING PERIOD
FISCAL YEAR TO DATE - JUNE 25, 1972 THRU JUNE 23, 1973

	COMBINED OPERATIONS		CONGRESSIONAL RESTAURANT		MEMBERS' DINING ROOM		CAPITOL CARRY-OUT		LONGWORTH CAFETERIA		LONGWORTH CARRY-OUT		CANNON CARRY-OUT		RAYBURN CAFETERIA		RAYBURN CARRY-OUT		RAYBURN CATERING		BAKERY	
	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	AMOUNT	% OF SALES	AMOUNT	% OF SALES
FOOD																						
SALES																						
Food	1,413,650.65	84.6	183,271.18	82.8	18,982.05	100.0	94,192.85	100.0	427,995.11	97.0	89,178.26	100.0	143,624.24	100.0	359,746.79	100.0	96,660.17	100.0	205,348.91	100.0	42,161.18	100.0
Catering	256,722.85	15.4	38,182.75	17.2			13,191.19	3.0														
TOTAL	1,670,373.50	100.0	221,453.93	100.0	18,982.05	100.0	94,192.85	100.0	441,186.30	100.0	89,178.26	100.0	143,624.24	100.0	359,746.79	100.0	96,660.17	100.0	205,348.91	100.0	42,161.18	100.0
COST OF FOOD SOLD																						
Transfers from Baker																						
Purchased from Vendors	634,431.24	38.0	91,818.75	41.5			27,834.15	29.5														
Less Inter-Unit Sales																						
TOTAL	634,431.24	38.0	91,818.75	41.5			27,834.15	29.5														
GROSS PROFIT ON FOOD	1,035,942.26	62.0	129,635.18	58.5	18,982.05	100.0	66,358.70	70.8	441,186.30	97.0	89,178.26	100.0	115,790.09	80.7	359,746.79	100.0	68,826.00	71.3	205,348.91	100.0	20,000.00	47.5
OPERATING EXPENSES																						
Labor	699,862.79	41.9	173,760.96	78.5	24,910.03	131.2	30,635.05	32.5	163,612.49	37.0	21,630.84	24.3	36,271.36	25.3	132,929.17	37.0	26,635.93	27.6	65,239.71	31.8	24,237.25	57.5
Straight Time	39,374.22	2.4	18,902.81	8.5	1,107.24	5.8	237.25	.3	10,496.53	2.4	1,218.55	1.4	1,326.72	.9	2,386.24	.7	1,141.06	1.2	2,270.18	1.1	287.64	.7
Overtime	141,957.09	8.5	38,645.55	17.5	4,914.31	25.9	7,168.33	7.6	34,151.36	7.7	3,578.21	4.0	6,827.03	4.7	25,940.73	7.2	5,753.39	6.0	10,494.89	5.1	4,483.26	10.6
Employee Benefits	881,194.10	52.8	231,309.32	104.5	30,931.61	162.9	38,040.63	40.4	208,260.38	47.1	26,427.60	29.7	44,425.11	30.9	161,256.14	44.9	33,530.38	34.8	78,004.78	38.0	29,008.15	68.8
TOTAL LABOR COSTS	97,142.51	5.8	23,508.50	10.6	7,965.67	42.0	4,759.99	5.1	19,137.05	4.3	3,788.59	4.2	6,314.25	4.4	15,057.09	4.2	4,371.41	4.5	10,005.68	4.9	2,234.28	5.3
Administrative Costs	23,798.41	1.4	9,902.80	4.5	1,098.74	5.8	193.34	.2	4,304.60	1.0	293.35	.3	549.19	.4	3,815.34	1.1	589.65	.6	2,541.50	1.2	509.90	1.2
Laundry	45,789.72	2.7	4,039.47	1.8	334.90	1.8	4,170.39	4.4	8,315.28	1.9	3,060.28	3.4	6,806.60	4.7	10,774.79	3.0	3,850.96	4.0	3,559.98	1.7	877.07	2.1
Paper Supplies	16,172.84	1.0	3,359.70	1.5	309.16	1.6	13.46	.1	5,022.11	1.1	123.01	.1	428.81	.3	5,828.07	1.6	368.49	.3	787.68	.4	32.33	.1
Cleaning Supplies	15,063.43	.9	4,696.17	2.1	779.79	4.1	699.81	.7	2,551.74	.6	892.09	1.0	1,218.11	.8	1,743.33	.5	911.17	.1	1,256.80	.6	314.42	.7
Miscellaneous Expense (Light, Glue, or Stationery & Other Items)	10,891.29	.7	4,429.60	2.0	585.46	3.0			2,205.42	.5					1,798.73	.5	911.17	.1	1,058.86	.5	813.22	1.9
TOTAL OPERATING EXPENSES	1,090,052.30	65.3	281,245.56	127.0	42,005.33	221.2	47,877.64	50.8	249,796.38	56.5	34,584.92	38.7	59,742.07	41.5	200,273.49	55.8	43,522.06	45.1	97,215.28	47.3	33,789.37	80.1
PROFIT OR (LOSS) ON FOOD OPERATIONS	(54,110.04)	(3.3)	154,908.78	(70.0)	(30,453.27)	(160.3)	15,451.63	16.5	5,395.96	1.3	20,946.44	23.6	26,304.11	18.4	3,314.06	.8	17,824.40	18.3	54,358.80	26.6	(12,343.39)	(29.2)
TOBACCO AND CANDY STANDS																						
SALES	272,738.72	100.0	26,472.42	100.0			10,766.71	100.0	149,553.64	100.0												
COST OF SALES	183,078.74	67.1	16,944.05	64.0			7,180.11	66.7	99,907.27	66.8												
GROSS PROFIT	89,659.98	32.9	9,527.37	36.0			3,586.60	33.3	49,646.37	33.2												
Labor Expense & Benefits	22,112.03	8.1	2,261.01	8.5			815.66	7.6	13,705.40	9.2												
PROFIT OR (LOSS) ON TOBACCO AND CANDY STANDS OPERATIONS	67,547.95	24.8	7,266.36	27.5			2,770.94	25.7	35,940.97	24.0												
VENDING MACHINES COMMISSIONS	5,442.58																					
NET PROFIT OR (LOSS) ON OPERATIONS	18,880.49		(147,642.42)		(30,453.27)		18,222.57		41,336.93		21,438.18		29,199.47		21,883.74		19,879.88		54,358.80		(12,343.39)	
EQUIPMENT EXPENDITURES																						
NET INCOME OR (DEFICIT)	18,880.49																					