



090428
~~B-114871~~
RESTRICTED - Not to be released outside the Comptroller General's Office except by specific approval of the Office of Congressional Relations

B-114871
1-13-75
090428



Audit Of The United States Senate Restaurants For The Period July 1, 1973, To June 29, 1974

Architect of the Capitol

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**

GGD-75-39

~~906264~~
090428

JAN. 13, 1975



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

B-114871

The Honorable George M. White
Architect of the Capitol

Dear Mr. White:

We have audited the United States Senate Restaurants for the period July 1, 1973, to June 29, 1974, pursuant to section 5 of the act of July 6, 1961 (40 U.S.C. 174j-5).

GENERAL COMMENTS

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

The Senate Restaurants consist of the following facilities and are normally open at the hours shown. During recess or adjournment other operating hours may be in effect.

	Monday through Friday		Saturday	
	Open a.m.	Close p.m.	Open a.m.	Close p.m.
Capitol:				
Dining rooms:				
Senators' (note a)	8:00	4:30	8:00	2:00
Public and press (note a)	8:00	4:30	Closed	
Family	11:00	3:00	Closed	
Senators' private	11:00	3:00	Closed	
Snackbar (note a)	7:30	7:00	Closed	
Dirksen Office Building:				
Cafeterias:				
North (staff)	8:00	4:00	Closed	
South (visitors) (note b)	11:00	3:00	Closed	
Carryout	8:00	7:00	Closed	
Senators' dining room	11:00	3:00	Closed	

B-114871

	Monday		Saturday	
	through Friday		Open	Close
	Open	Close	Open	Close
	a.m.	p.m.	a.m.	p.m.
Cigarstand	8:00	4:00	Closed	
Russell Office Building:				
Coffee shop	8:00	4:00	8:00	2:00
Vending section		24 hours	daily	
Cigarstand	8:00	4:00	8:00	2:00

a/Remains open as long as Senate is in session.

b/May be reserved for staff at peak periods.

Sales and transfers from the appropriation for the contingent expenses of the Senate provide funds for operating the Restaurants. In fiscal year 1974, \$400,000 was made available from the contingent expenses of the Senate for operating the Restaurants. These funds are deposited in the U.S. Treasury to the credit of the Senate Restaurants Revolving Fund. Funds appropriated to the Architect of the Capitol for construction or maintenance are available to the Restaurants for purchasing equipment. These purchases are not recorded as assets of the Restaurants.

The Legislative Branch Appropriation Act, 1972 (Public Law 92-51 approved July 9, 1971), provided that management personnel salaries and miscellaneous expenses, such as for paper, cleaning, and laundry, may be paid from the Senate Office Building appropriation. Management personnel salaries and miscellaneous expenses of the Restaurants paid from or obligated against this appropriation during fiscal year 1974 totaled \$470,330 as compared to \$436,823 in fiscal year 1973. These amounts were not considered in determining the net operating loss of the Restaurants for the period audited. (See sch. 2.)

OPERATIONS

Senate Restaurants' operations in fiscal year 1974 resulted in a net loss of \$311,086, compared with a net loss in fiscal year 1973 of \$348,342. The difference between the losses in fiscal years 1974 and 1973 was \$37,256 and resulted primarily from increased sales.

A condensed comparison of food and beverage and cigarstand sales with operating results for each of the restaurant facilities for fiscal years 1974 and 1973 follows.

	<u>1974</u>		<u>1973</u>	
	<u>Sales</u>	<u>Operating profit or loss (-)</u>	<u>Sales</u>	<u>Operating profit or loss (-)</u>
Food and beverages:				
Capitol dining rooms	\$ 372,001	\$-282,026	\$ 327,373	\$-262,829
Snackbar	60,237	1,248	58,470	4,825
Coffee shop	225,089	58,232	174,877	36,208
Vending section	38,064	6,994	31,173	11,402
Cafeterias	717,648	-204,482	663,123	-197,715
Senators' dining room	37,768	-17,997	23,097	-23,396
Carryout	<u>214,763</u>	<u>38,305</u>	<u>182,561</u>	<u>28,072</u>
Total	<u>\$1,665,570</u>	<u>\$-399,726</u>	<u>\$1,460,674</u>	<u>\$-403,433</u>
Number of persons served	<u>1,979,640</u>		<u>1,974,236</u>	
Cigarstands:				
Capitol dining rooms (note a)	\$ 79,099	\$ 16,762	\$ 56,031	\$ 12,156
Dirksen Office Building	202,397	42,911	153,416	30,247
Russell Office Building	<u>151,752</u>	<u>28,966</u>	<u>83,550</u>	<u>12,687</u>
Total	\$ <u>433,248</u>	\$ <u>88,639</u>	\$ <u>292,997</u>	\$ <u>55,090</u>

a/Operating expenses included under food and beverages.

A comparative statement of assets and liabilities of the Senate Restaurants Revolving Fund on June 29, 1974, and June 30, 1973; a comparative statement of operations for fiscal years 1971-74; and a statement of changes in financial position for fiscal year 1974 are presented as schedules 1, 2, and 3.

B-114871

A comparison of sales and operations for each of the Restaurants for fiscal year 1974 is included as an exhibit.

ACCOUNTS RECEIVABLE

A comparison of accounts receivable at June 30, 1974 and 1973, follows.

<u>Days outstanding</u>	<u>June 30, 1974</u>		<u>June 30, 1973</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
0 to 30	\$20,761	63.7	\$16,480	49.5
31 to 60	7,494	23.0	11,693	35.2
61 to 90	1,832	5.6	2,607	7.8
Over 90	<u>2,511</u>	<u>7.7</u>	<u>2,488</u>	<u>7.5</u>
Total	<u>\$32,598</u>	<u>100.0</u>	<u>\$33,268</u>	<u>100.0</u>

FOOD COST ANALYSES

In 1970, we helped the Restaurants' management make management studies, including food cost analyses of menu items. These analyses are used (1) to maintain food costs at the desired level and (2) as support for requests to the Subcommittee on the Restaurants for a price increase should it become necessary. All analyses are to be included in the Master Food Cost Analyses book and are to be updated by the Restaurants' Administrative Officer regularly. In view of the current increases in food costs, these analyses have become increasingly important.

During fiscal year 1974, the Administrative Officer made food cost analyses of 110 of about 136 menu items.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards. We reviewed operations, observed the physical count of stock on hand, examined selected financial transactions and records, verified customers' account balances through confirmations and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements of the United States Senate Restaurants (schs. 1, 2, and 3) on the basis of the accounting records maintained by the Senate Restaurants' Accounting Office. The accrual method of accounting was used except for costs of equipment and furnishings. These costs were charged to operations in the year in which the equipment and furnishings were acquired rather than over the period of their useful lives. 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, trash disposal, menus and forms printed by the Government Printing Office, and services of the staff of the Architect of the Capitol--all of which are furnished to the Restaurants without charge.

In our opinion, the financial statements (schs. 1, 2, and 3) which were prepared in accordance with the accounting practices and financial arrangements described above and on a basis consistent with that of the preceding year, except for the items paid from the Senate Office Building appropriation and described on page 2, present fairly the financial position of the United States Senate Restaurants at June 29, 1974, the results of operations, and the changes in financial position for the fiscal year then ended.

Sincerely yours,



Comptroller General
of the United States

UNITED STATES SENATE RESTAURANTS
 COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
 JUNE 29, 1974, AND JUNE 30, 1973

	<u>June 29, 1974</u>	<u>June 30, 1973</u>
ASSETS		
CASH:		
Funds with U.S. Treasury	\$242,601	\$139,350
Undeposited receipts	-	20,676
Petty cash and change funds	<u>8,500</u>	<u>8,500</u>
	\$251,101	\$168,526
ACCOUNTS RECEIVABLE	33,241	33,917
INVENTORIES:		
Food, beverages, merchandise, and supplies, at cost	46,283	38,934
China, glassware, and silver- ware	<u>39,726</u>	<u>29,445</u>
	86,009	68,379
Total assets	<u>\$370,351</u>	<u>\$270,822</u>
LIABILITIES AND EQUITY		
LIABILITIES:		
Amounts due vendors	87,690	106,355
Net payroll and benefits	43,551	23,431
Federal and D.C. taxes with- held	6,969	5,862
Employees' accrued leave	55,579	48,007
Unclaimed wages	<u>1,751</u>	<u>1,270</u>
Total liabilities	<u>\$195,540</u>	<u>\$184,925</u>
EQUITY OF THE UNITED STATES		
SENATE:		
Contributed capital	51,200	51,200
Capitalization of china, glassware, and silverware inventory, July 1, 1967	36,361	36,361
Operating funds:		
Balance at beginning of year	-1,664	-3,322
Current year appropriations	<u>400,000</u>	<u>350,000</u>
	398,336	346,678
Less net loss for fiscal year	<u>311,086</u>	<u>348,342</u>
	87,250	-1,664
Total equity	<u>174,811</u>	<u>85,897</u>
Total liabilities and equity	<u>\$370,351</u>	<u>\$270,822</u>

BEST DOCUMENT AVAILABLE

UNITED STATES SENATE RESTAURANTS
 COMPARATIVE STATEMENT OF OPERATIONS
 FOR FISCAL YEARS ENDED JUNE 29, 1974, JUNE 30, 1973,
 JUNE 24, 1972, AND JUNE 26, 1971

	FY ended June 29, 1974		FY ended June 30, 1973		FY ended June 24, 1972		FY ended June 26, 1971	
	Amount	Percent of sales						
SALE OF FOOD AND BEVERAGES:								
Regular	\$1,480,837	88.9	\$1,297,460	88.8	\$1,089,329	88.4	\$ 958,550	86.7
Catering	184,733	11.1	163,215	11.2	143,437	11.6	146,796	13.3
Total	1,665,570	100.0	1,460,675	100.0	1,232,766	100.0	1,105,346	100.0
Cost of food and bever- ages sold	788,854	47.4	684,073	46.8	557,964	45.3	464,598	42.0
GROSS PROFIT	876,716	52.6	776,602	53.2	674,802	54.7	640,748	58.0
OPERATING EXPENSES:								
Salaries and wages:								
Straight time	976,520	58.6	894,450	61.2	794,985	64.5	902,621	81.7
Overtime	68,388	4.1	75,803	5.2	94,273	7.6	70,252	6.3
Leave expense	72,932	4.4	64,860	4.4	33,482	2.7	71,058	6.4
Employee meals	52,471	3.2	47,882	3.3	41,477	3.4	37,534	3.4
Employee benefits	80,087	4.8	73,127	5.0	63,465	5.2	74,643	6.8
Laundry and uniforms	-	-	50	-	8,737	.7	54,678	5.0
Paper supplies	-	-	2,235	.2	11,212	.9	40,734	3.7
Cleaning supplies	-	-	10,001	.7	9,704	.8	21,059	1.9
Miscellaneous	15,132	.9	6,705	.5	8,544	.7	11,759	1.1
China, glassware, and silverware	20,168	1.2	23,366	1.6	-	-	-	-
Kitchen utensils	10,553	.6	5,711	.4	26,243	2.1	30,912	2.7
Vending machine rent- als	1,521	.1	1,508	.1	180	-	-	-
Total	a,b 1,297,772	77.9	b,c 1,205,698	82.6	b,d 1,092,302	88.6	1,315,250	119.0
LOSS ON FOOD AND BEVERAGE OPERATIONS	421,056	25.3	429,096	29.4	417,500	33.9	674,502	61.0
CIGARSTAND MERCHANDISE:								
Sales	433,248	100.0	292,997	100.0	221,430	100.0	187,797	100.0
Cost of sales	331,708	76.6	219,914	75.0	165,854	74.9	140,485	74.8
PROFIT ON CIGARSTAND OPERATIONS	101,540	23.4	73,083	25.0	55,576	25.1	47,312	25.2
NET PROFIT FROM SALES OF NEWSPAPERS	e 1,994		e 1,960		e 2,409		-	
VENDING MACHINE COMMIS- SIONS	6,436		5,711		6,213		6,763	
NET OPERATING LOSS	311,086		348,342		353,302		620,427	
EQUIPMENT EXPENDITURES	-		-		-		2,665	
NET LOSS FOR THE PERIOD	a \$ 311,086		c \$ 348,342		d \$ 353,302		\$ 623,092	

a Does not include \$470,330 which, as provided for by Public Law 93-145, was paid from or obligated against the FY 1974 Senate Office Building appropriation for expenses which in years before 1972 were paid from the Senate Restaurants Revolving Fund. This amount was for personnel compensation, \$272,069; personnel benefits, \$24,896; other services, \$59,362; and supplies and materials, \$114,003.

b Includes operating expenses for the cigarstands.

c Does not include \$436,823 which, as provided for by Public Law 92-342, was paid from or obligated against the FY 1973 Senate Office Building appropriation for expenses which in years before 1972 were paid from the Senate Restaurants Revolving Fund. This amount was for personnel compensation, \$263,641; personnel benefits, \$22,581; other services, \$62,070; and supplies and materials, \$88,531.

d Does not include \$398,291 which, as provided for by Public Law 92-51, was paid from or obligated against the FY 1972 Senate Office Building appropriation.

e Before FY 1972, the net profit from sales of newspapers was included in cigarstand sales.

UNITED STATES SENATE RESTAURANTS
 STATEMENT OF CHANGES IN FINANCIAL POSITION
 FOR FISCAL YEAR ENDED JUNE 29, 1974

FUNDS PROVIDED BY:		
Sales	\$2,107,249	
Appropriations	<u>400,000</u>	
Total funds provided		<u>\$2,507,249</u>

FUNDS APPLIED TO:		
Cost of merchandise sold	\$1,120,562	
Salaries and wages	1,250,398	
Other operating expenses	47,375	
Increase in working capital	<u>88,914</u>	
Total funds applied		<u>\$2,507,249</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

INCREASE OR DECREASE (-) IN CURRENT ASSETS:		
Cash		\$82,575
Accounts receivable		-676
Inventory of food, tobacco, and beverages		7,349
Inventory of china, glassware, and silverware		10,281
INCREASE (-) OR DECREASE IN CURRENT LIABILITIES:		
Amounts due vendors		18,665
Net payroll and benefits		-20,120
Federal and D.C. taxes withheld		-1,107
Employees' accrued leave		-7,572
Unclaimed wages		<u>-481</u>
Increase in working capital		<u>\$88,914</u>

U.S. SERRATE RESTAURANT		FISCAL YEAR 1974		Year to Date		ACCOUNTING PERIOD		Dirksen Bldg.		Cafeteria		Senator's Dr.		Catty Out	
STATEMENT OF OPERATIONS		July 1, 73 thru June 29, 74		Russell Bldg.		Cigar Stand		Vending Machine		Migr Stand		Senato's Dr.		Catty Out	
COMBINED OPERATIONS		AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES
FOOD															
SALES		1480,837	88.9	294,740	79.2	60,237		38,064		-0-		610,175	85.0	37,768	214,763
Food		184,733	11.1	77,261	20.8							107,473	15.0		
Catering		1665,570	100.0	372,001	100.0	225,089		38,064		-0-		717,648	100.0	37,768	214,763
TOTAL		788,854	47.4	187,210	50.3	31,768		22,064		-0-		330,250	46.0	19,875	99,505
COST OF FOOD SOLD		876,716	52.6	184,791	49.7	28,469		16,000		-0-		387,398	54.0	17,893	115,257
GROSS PROFIT ON FOOD		976,520	58.6	358,339	91.0	18,821		10,728		6,223		456,161	63.6	29,127	61,435
OPERATING EXPENSES		68,388	4.1	44,655	12.0	4,359		1,410		133		9,285	1.3	10	2,115
Labor: Straight Time		72,832	4.4	25,281	6.8	1,437		778		478		33,999	4.7	2,189	4,596
Overtime		52,471	3.2	16,900	4.5	806		-0-		-0-		27,590	3.8	1,015	2,903
Leave Expense		80,087	4.8	27,759	7.5	1,577		868		523		37,321	5.2	2,410	5,048
Employee Meals		1250,398	75.1	452,935	121.8	26,979		13,784		7,357		564,555	78.6	34,751	76,096
Employee Benefits		1,521	0.1					1,521		4.0					
TOTAL LABOR COSTS															
Vending Machine Rental															
Paper Supplies															
Cleaning Supplies															
Miscellaneous Expense		15,132	0.9	5,899	1.6	236		137		0.4		6,104	0.9	468	805
Kitchen Supplies		10,553	0.6	1,768	0.4	6		-0-				8,574	1.2	-0-	51
Replacements		33,716	2.0	11,120	3.0	-0-		-0-				21,464	3.0	1,132	-0-
TOTAL OPERATING EXPENSES		1311,321	78.7	471,722	126.8	27,221		15,442		7,446		600,496	83.7	36,351	76,952
PROFIT OR (LOSS) ON FOOD OPERATIONS		(434,604)	(26.1)	(286,931)	(77.1)	1,248		558		(7,446)		(213,098)	(29.7)	(18,458)	(48.9)
CIGAR STANDS															
SALES		433,248	100.0	79,099	100.0	151,752		202,397		100.0					
COST OF SALES		331,708	76.6	62,337	78.8	115,770		153,601		75.9					
PROFIT OR (LOSS) ON CIGAR STAND OPERATIONS		101,541	23.4	16,762	21.2	35,982		48,797		24.1					
VENDING MACHINES COMMISSIONS		1,994		434				6,436							
NET PROFIT OR (LOSS) ON OPERATIONS		(324,633)		(269,735)		1,248		6,994		42,911		(213,098)		(18,458)	38,305
(a) Adjustment of C.G.S. EST. EMBROIDERY EXPENSE		15,548		4,471								8,617		461	
NET INCOME OR (DEFICIT)		(311,085)		(265,264)		1,248		6,994		42,911		(204,482)		(17,997)	38,305

NOTE: CENTS HAVE BEEN OMITTED; THEREFORE, COLUMNS WILL NOT FOOT. (a) Adjustment to reduce charge China, Glassware & Silverware to Actual Cost

BEST DOCUMENT AVAILABLE